



**Disruption**



**Innovation**

Twitter@terrellbjones



I was going to LAX  
2 hour limo ride

Can you review my website?



So I took a look



## Lots of nice images



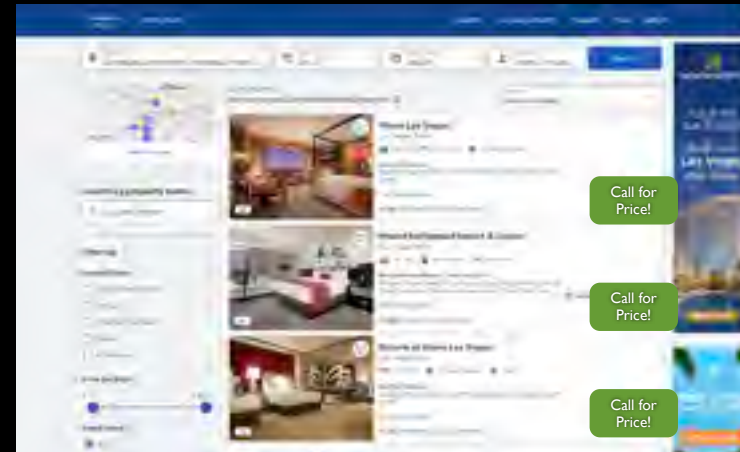
sententiae pro.

Pri ad dicat posidonium. Ei ius quas  
prodesset, ex mel periculis prodesset,  
commodo consequuntur his id. Natum  
omittam salutandi mea ne, id nec vero dicant  
ponderum. Ne soluta philosophia mel  
verterem disputationi et. Optima natus  
maiestatis in duo, ea eorum prodesset  
percipitur mea ius, sicut dolorum te. His  
probo detur, et an, qui et vidisse epicurei  
et, ius omnis impetus labitur id.

Way too many words!

Mea magna decore corrumpit ne, ne tritani  
patrioque inciderint qui, ad velit virtute  
eripuit eum. Te discere eligendi delectus pri.  
Stet disputando qui ei, usu idque voluptaria  
eu. Sea ut maiorum liberavisse, per in case  
illud, molestia

## But it didn't have



Wasn't  
Mobile



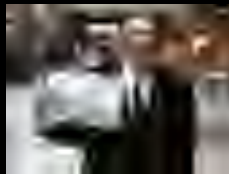
Couldn't  
Book



"I want them  
to call!"



Simplify



You don't need to change your core product



Create another website



Online Pricing and Booking

San Clemente OnLine Limo!

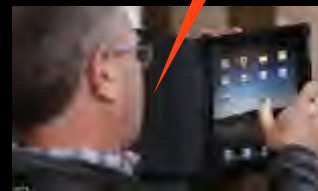
Let the two sites compete



**SILENCE**

“How old are you?”

“55”



“If you don’t  
change I don’t  
think you’ll make  
it to retirement.”

**BANKRUPT**

“How did you go bankrupt?”

“Two ways.

“First Gradually...

Then Suddenly”

Ernest Hemmingway  
*The Sun Also Rises*

[terryjones.com/live](http://terryjones.com/live)



- Notes
- Slides
- Review me
- Buy a book
- Take a poll

Why Innovate?



Perhaps everything is great!



Tremors



“Neither RedBox nor Netflix are even on our radar screen in terms of competition”

CEO Blockbuster  
2008

Some  
Leaders  
are  
worried



Things are moving faster



TeleChat took 75 years  
to reach 50 million users  
in 50 days



# It is a difficult time to be a leader

Speed of change

Information Overload



Lack of certainty

Talent

Twitter: Terrellbjones

# I can't take more...



# But you must!

# What if disruption IS coming?





You are going to have to be

- *Faster*
- *Cheaper*
- *More Connected*
- *New Models*
- *New Technology*



It's critical to understand



## Forces of disruption

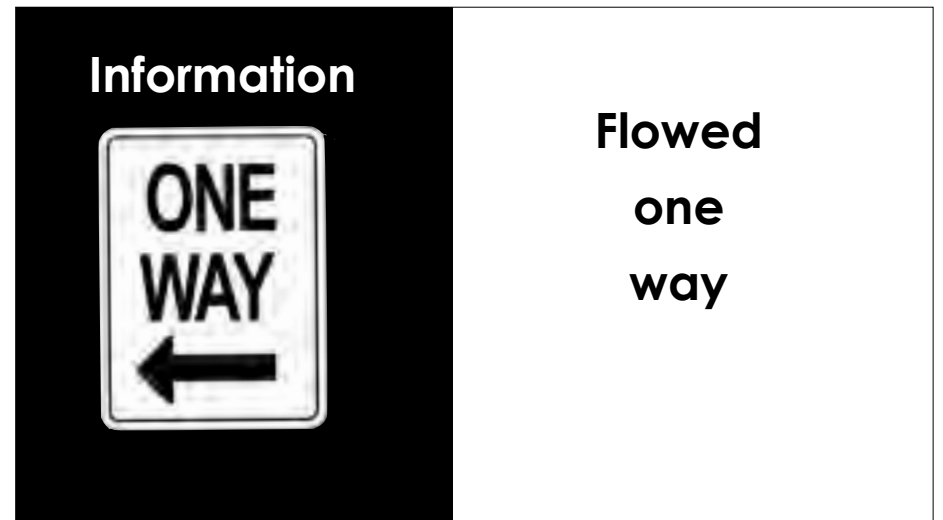
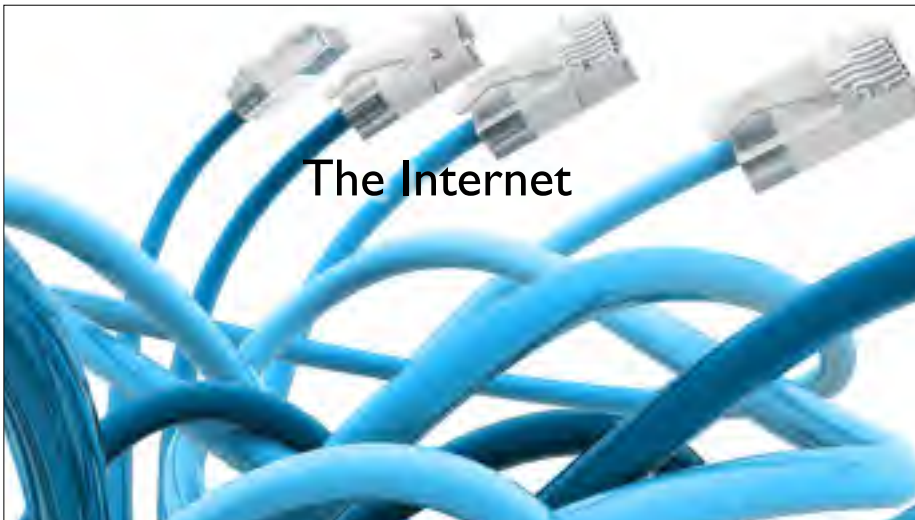


**Disruption**



**Innovation**

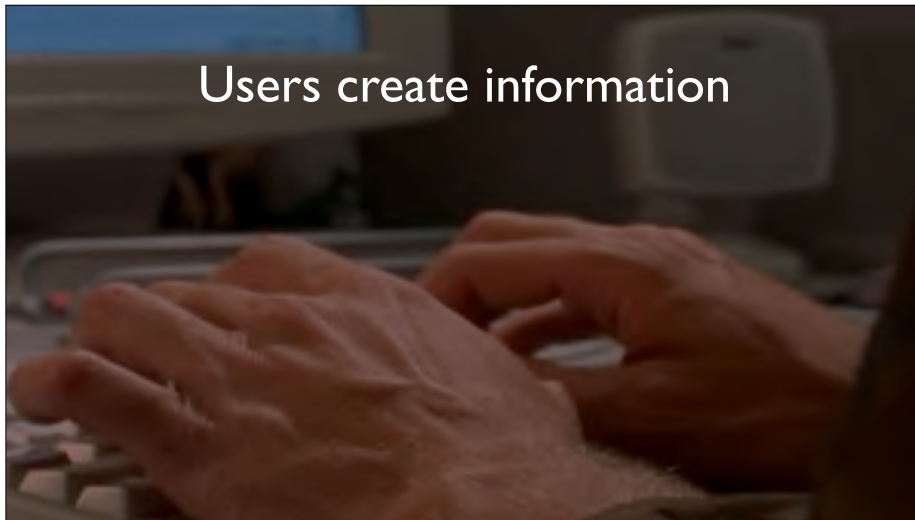
Twitter@terrellbjones





**DISRUPTION!**

- *New Model*
- By the song
- Digital/Free
- Digital/<\$
- Digital/<\$



Made it flow two ways

Information

# DISRUPTION!

- *New Model*
- Sharing
- Free/Sharing
- Sharing/Cheap
- Free/Sharing
- Free/Ad Based



A hand is shown popping a green balloon with a thin stick. Inside the balloon are icons for Airbnb, Instagram, Uber, Facebook, and a blue download arrow icon.

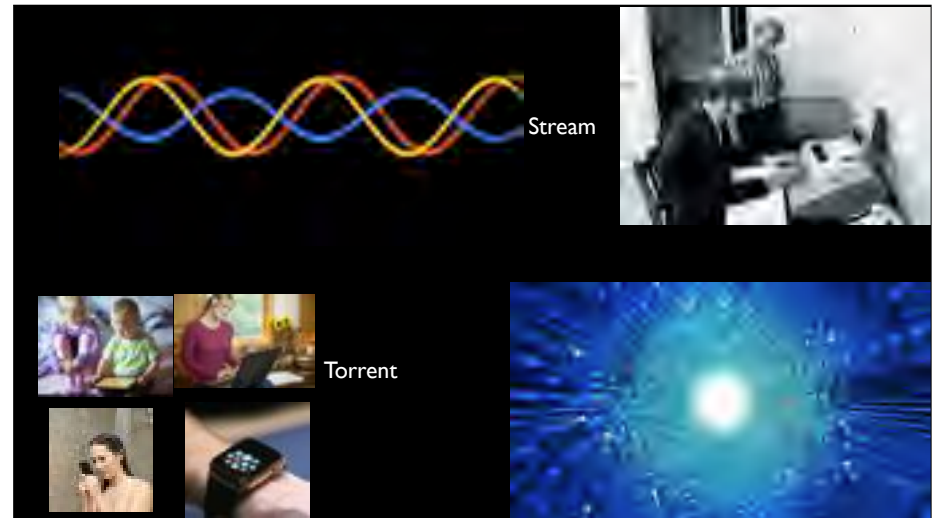


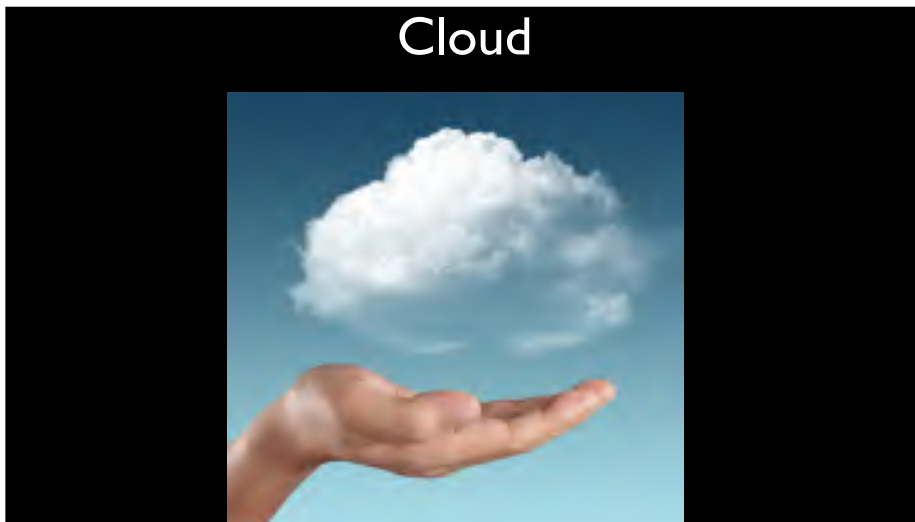
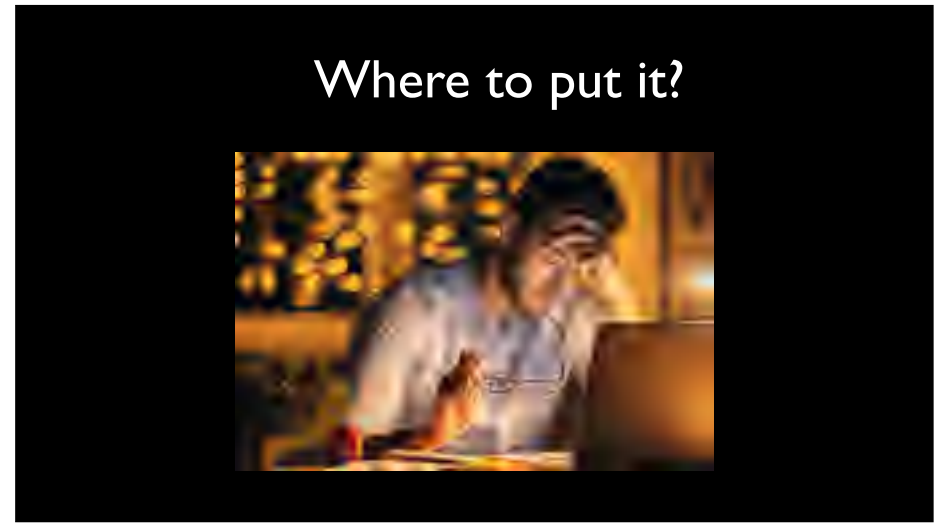
## Even More Speed



TESLA | INSURANCE

Tesla wrote \$500mm in auto last year





## Why is cloud important?

- Instantly available
- Insanely inexpensive
- Infinitely scalable



## Game Changer



It's why two people in a startup



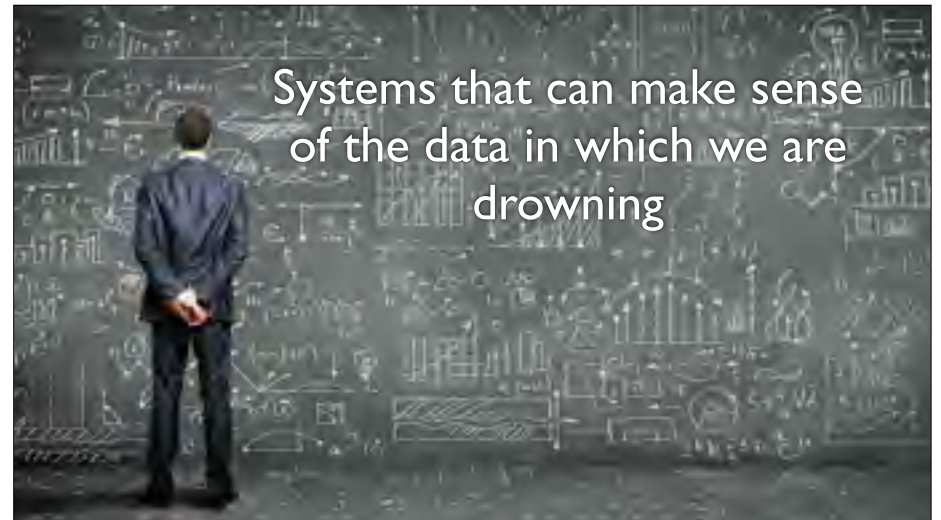
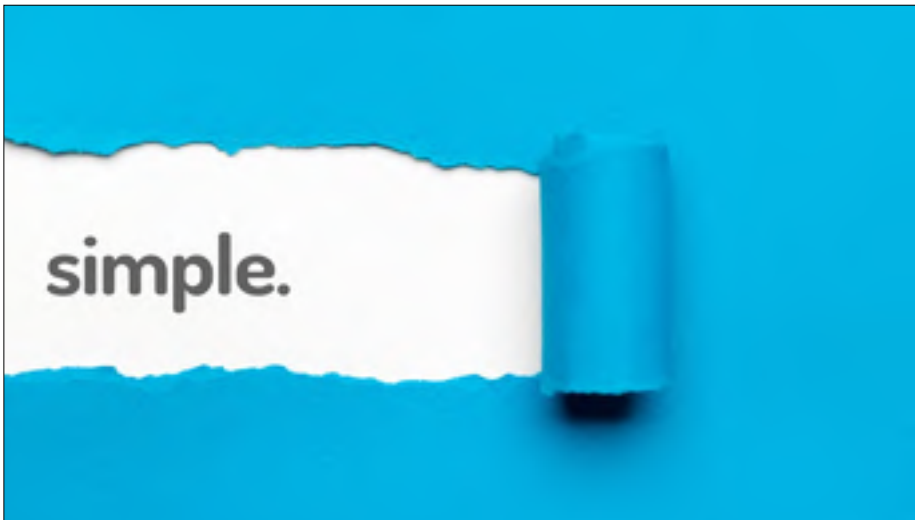
Have as much computing power  
as a Fortune 500 company!

It's all about  
instant learning  
from your customers

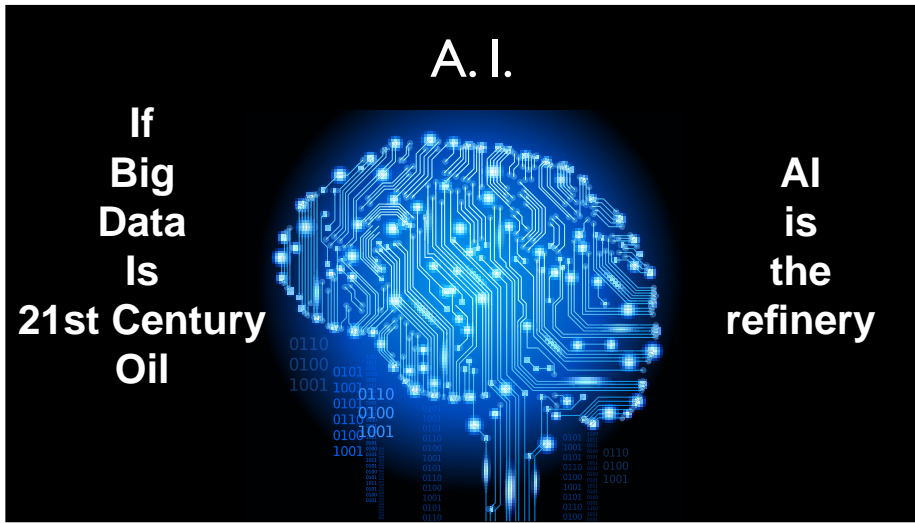


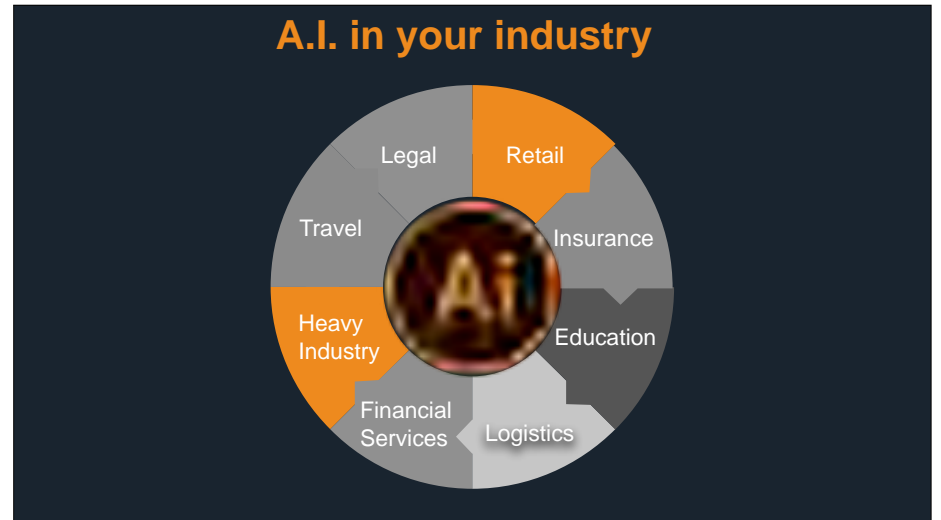
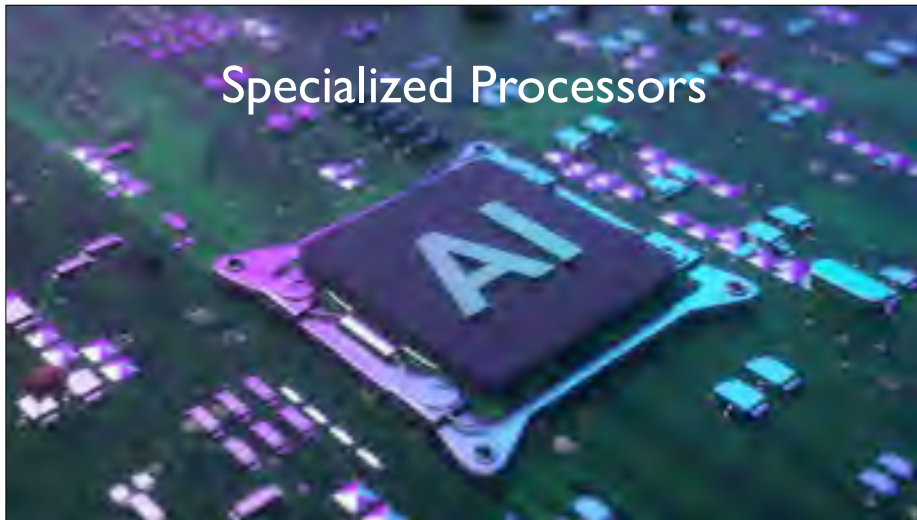
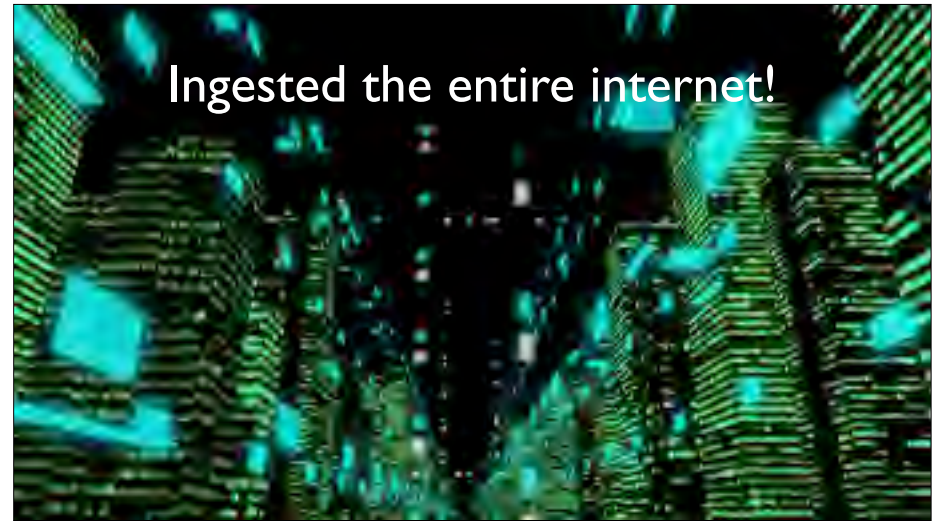
## Big Data







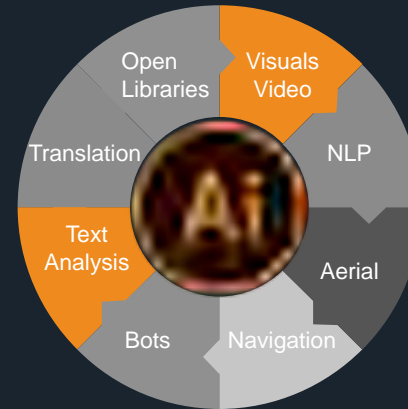




## A.I. in your enterprise



## A. I. Toolsets



Most valuable solutions  
combine data in new ways



**Corporate Data**

**Industry Data**

**Public Data**



START-UP

# Linked Data

- Patient Record
- Appointment Record
- Prescription Record
- Demographic Data
- Weather Data
- Pollen Data



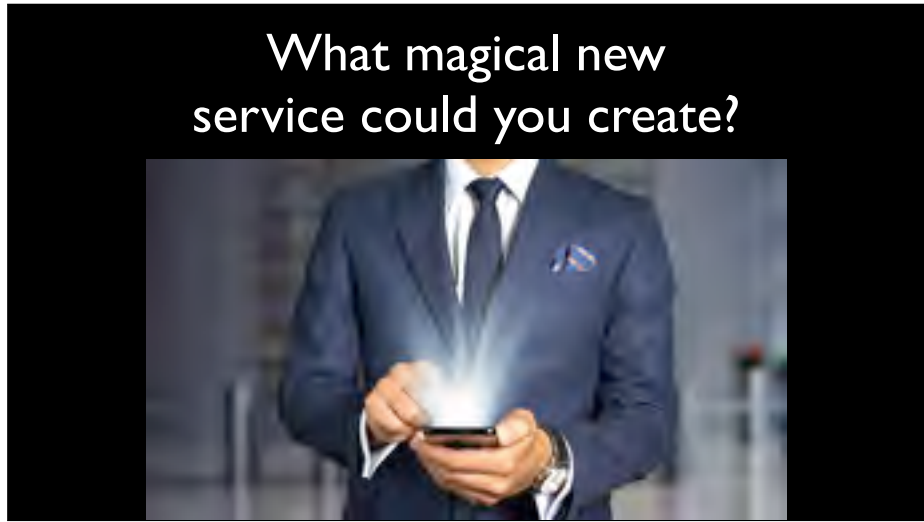
# Linked Data



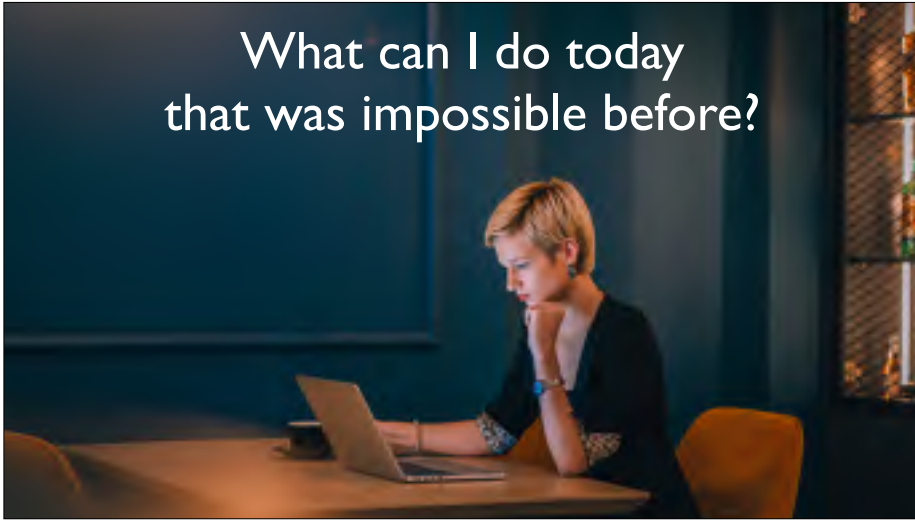
# Glass Half Full



# What magical new service could you create?



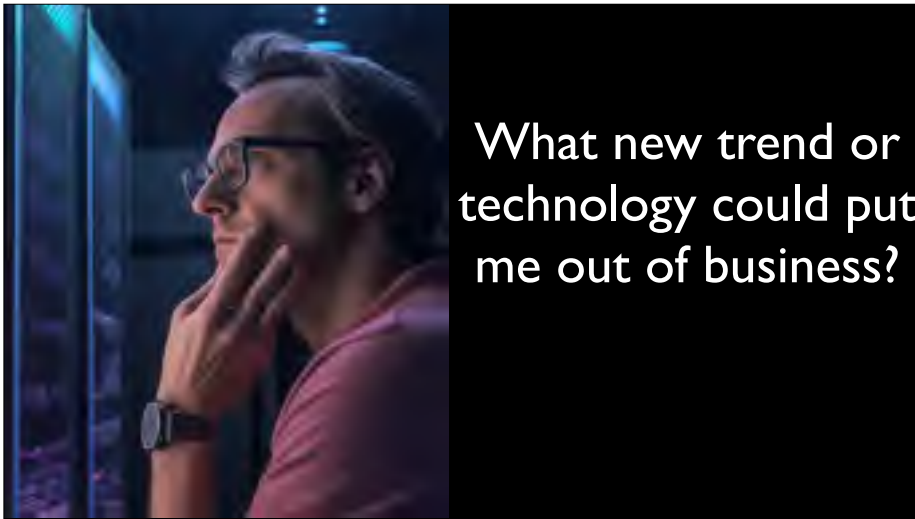
What can I do today  
that was impossible before?



Glass Half Empty



What new trend or  
technology could put  
me out of business?



AI makes it better



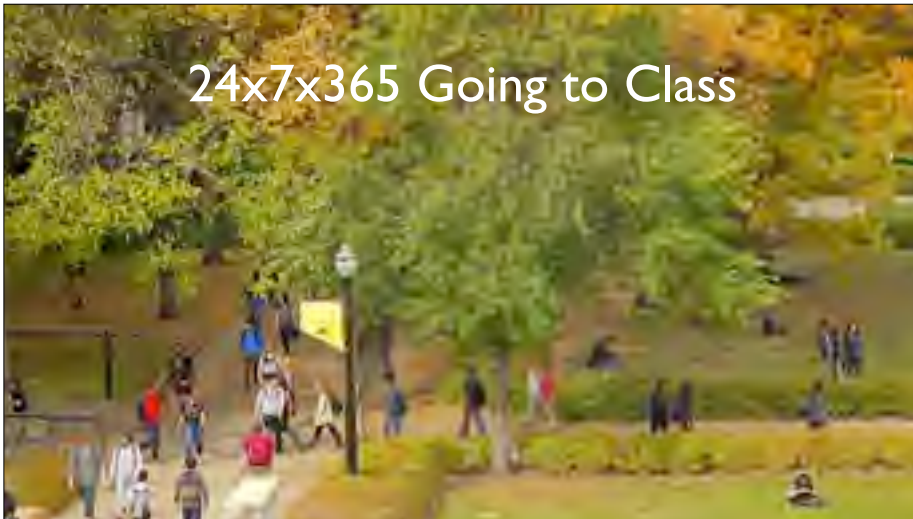
The most important feature of  
AI systems



Learning Systems



24x7x365 Going to Class



From just equipment to  
precision agriculture



## Farm Mapping

- Knows where to
- Water
- Fertilize
- Weed



## Will he switch?



## Learn faster than competitors

- Trends
- Selections
- Customers
- Layout
- Pricing



- Outline steps to validate a business idea
- Write a marketing plan for (XX) business
- Create (##) social media ads for (XX) business
- Write an article about 3D printing in (XX) business
- Write a press release about (XX)
- Create a sales pitch to a prospect
- Write a (length) blog post about the future of our industry
- Write a user manual for product.
- Write a response to a customer complaint
- Discuss an exit strategy for (XX) business
- Write a job description for (XX)

**How many of you have used it?**

# GPT = Many Transformations

- Copy Generation
- Image and Video Generation
- 3D Furniture Images
- Enhanced Search
- Auto White Paper
- Text to Podcast

# Online Sales Copy



## Shopify

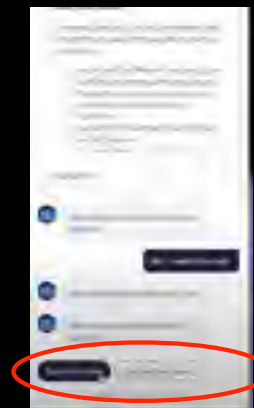


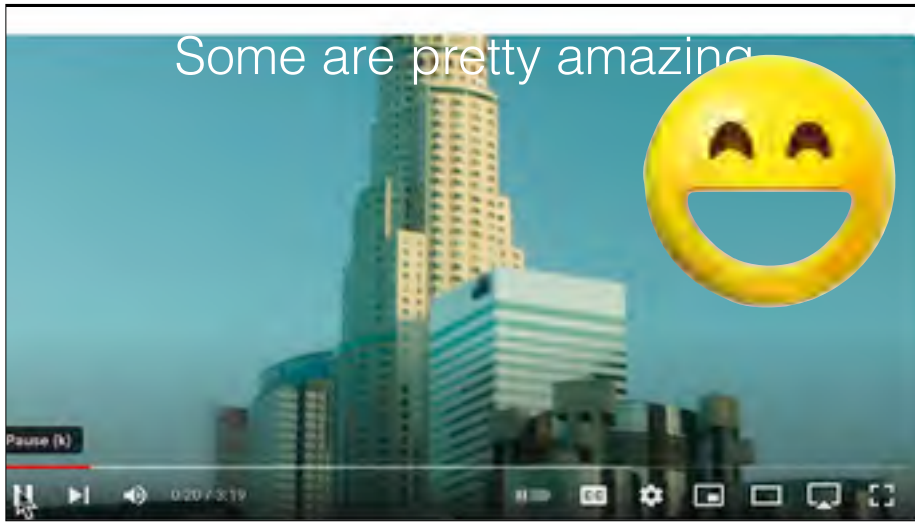
## AI Customer Service

- Pers
- Limited understanding
- Lack of empathy
- Multilingual
- User Frustration



## Too many end like this

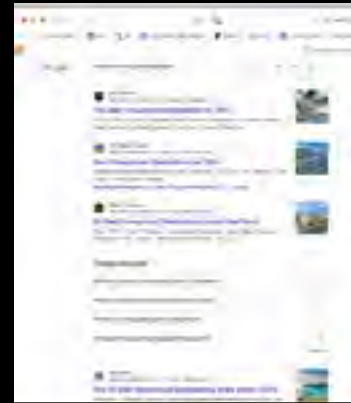




AI is the new UI



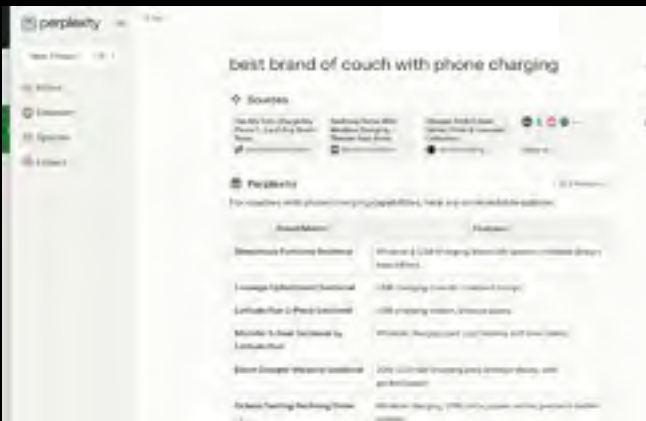
Search?



Find!



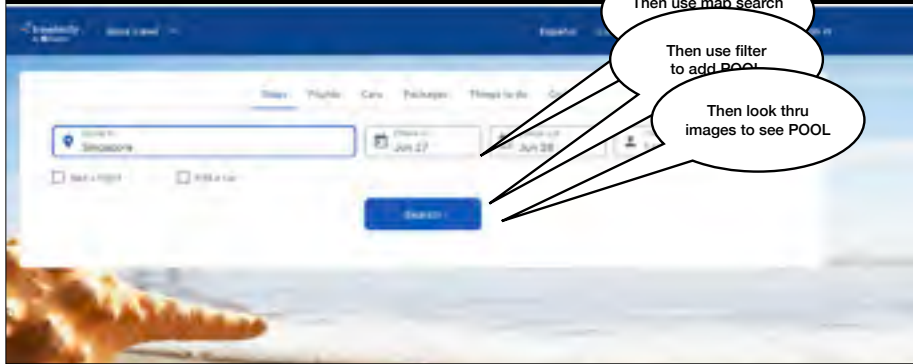
Your Site?



Conversational Commerce



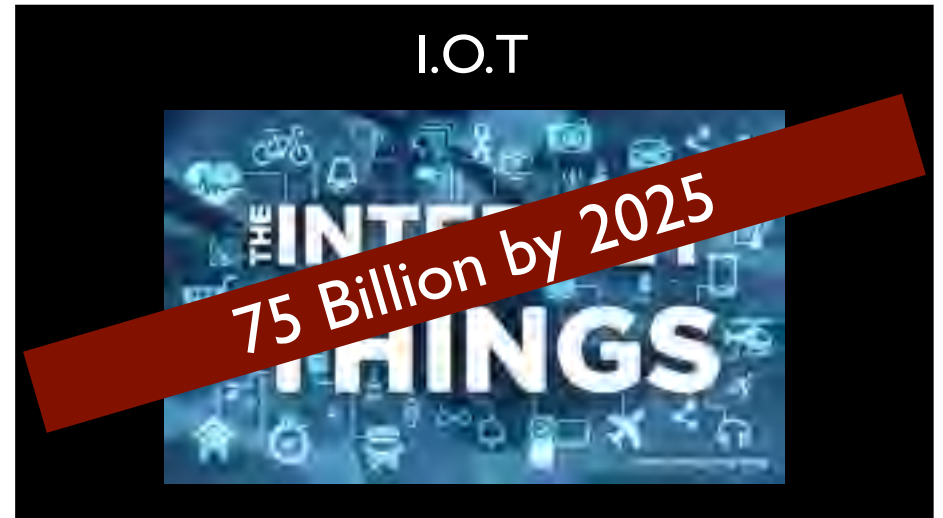
## The old way



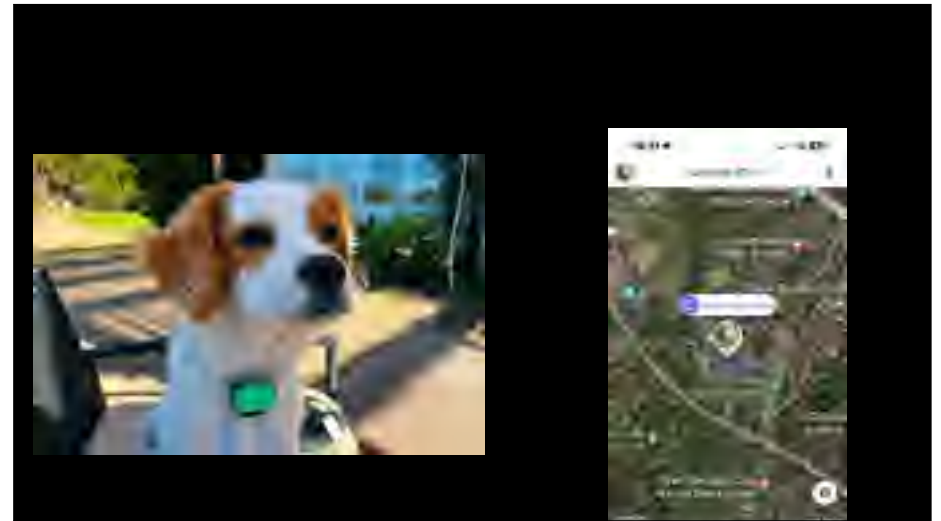
## Conversational Commerce



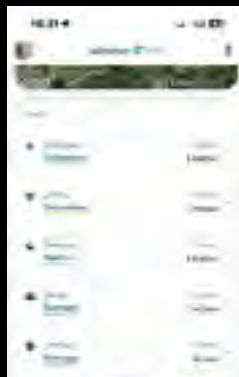
## I.O.T



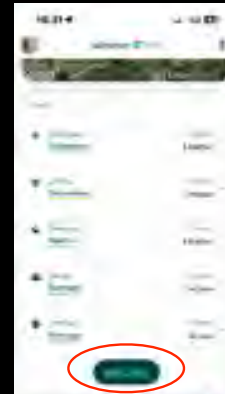
# From Sensing To Monitoring



## First diagnostics



## Then lead-gen



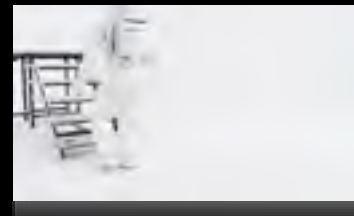
IOT in Furniture



Robotics



Robotics





## RPA (Robotic Process Automation)



## AR to display the product



*Wrong size Wrong Description*



## Additive Manufacturing



40% Mass Reduction  
20% Decrease Weight



90% of hearing aids 3D printed

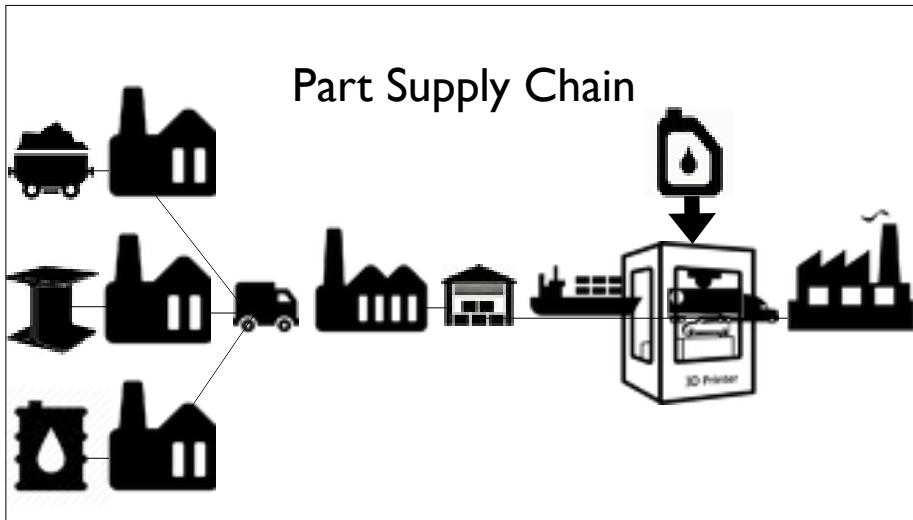
In 4 years!




Jet Engine Fuel Nozzle



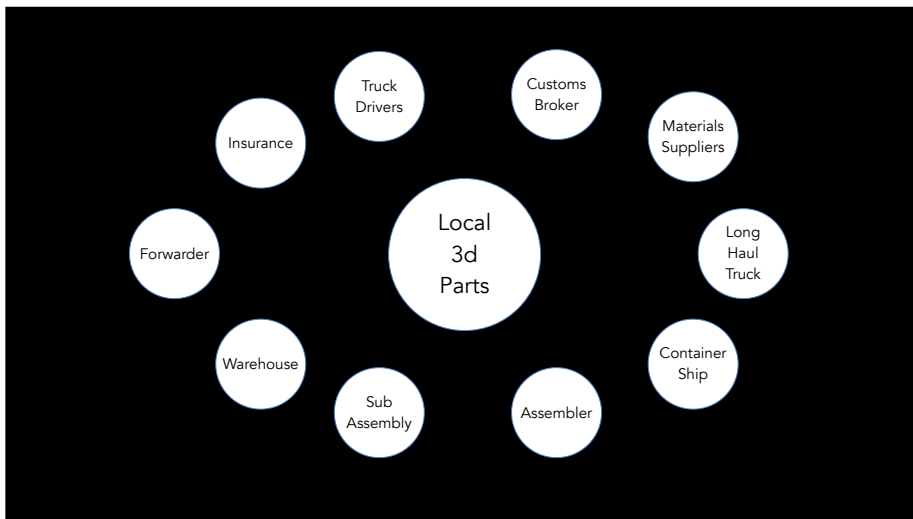




## Manufacturer Benefits



- Cheaper
- Lighter (25%)
- Stronger (5X)
- Faster (1 Year Faster to Market)
- No Inventory
- Fewer Sub Parts to Maintain (-20 Parts)
- Etc



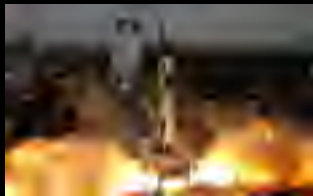
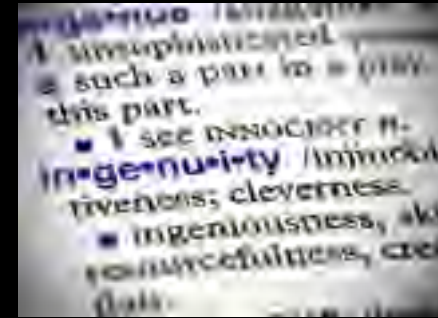
## Better to be the disruptor!

## How could Robotics and 3D Printing effect...

- Delivery times?
- Personalization ?
- Competition?



Constrained resources =



U.S  
Mars  
Mission

\$730,000,000



Indian  
Mars  
Mission

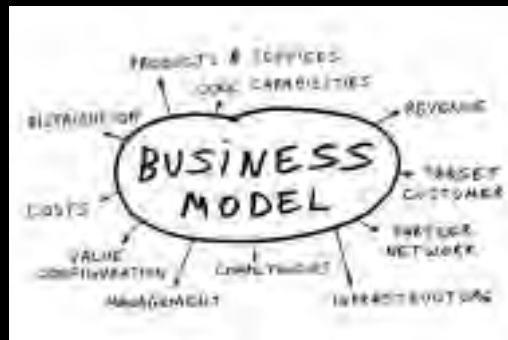
"Martian" = \$100mm!  
\$100,000,000

## Forces of disruption



“If you don't like **change**, you're going to like **irrelevance** even less.”

## New Business Models



# OPA

Other People's Assets

# Amazon Traditional



Add amazing software

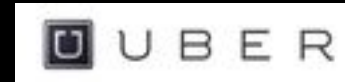


Used Books

# Traditional vs. Uber Company



Add amazing software



# Travelocity

Search for Products



Worth \$2.1 BILLION

COMPARE HUNDREDS  
OF TRAVEL SITES  
AT ONCE

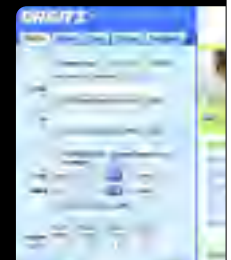
A dinner and a napkin...



Consumers were  
getting smarter



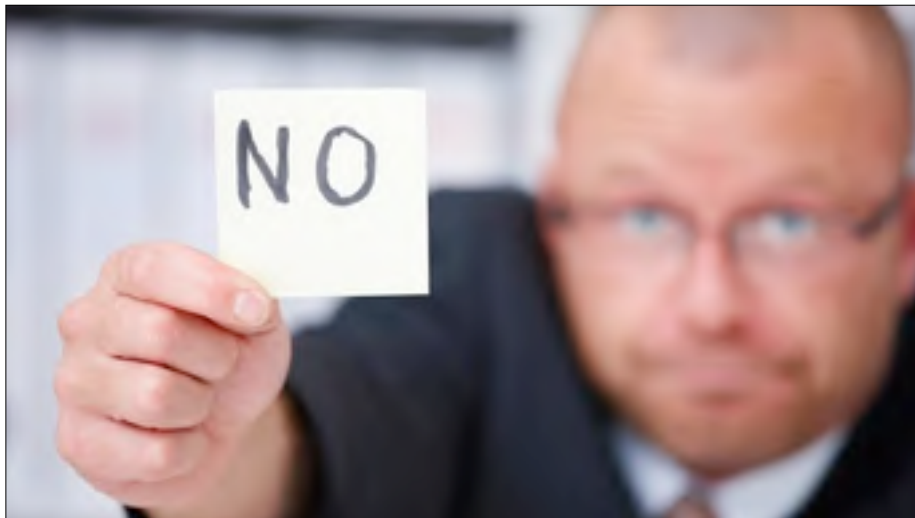
First they would search



Then go direct to buy



Meta Search




We sent lots of traffic





“Hey where is the traffic?”  
“Same place your money is...nowhere!”



### Be flexible



# ONI

## Outcomes Not Iron

### LAAS Lighting as a Service



- Providing LIGHT not Lamps
- 50% < in power consumption
- Fixtures that last 75% longer
- Equipment will be recycled and reused

## Experience Disruptors

- ~~Nokia~~
- ~~Apple Music~~
- NCR
- BMW
- ~~Yellow Cab~~
- ~~Levi's~~
- ~~Gillette~~
- Sealy
- Nieman Marcus
- Apple
- Spotify
- Sephora
- UBER
- Warby Parker
- Ring
- Dollar Shave Club
- Casper
- Stitch Fix

**Change how we buy & use**

## Less Capital



## More Speed



## What's the new model?





## Internet of Things

The Next Growth Driver for Insurance Industry







## Playing to their strength

- They know industrial processes
- They know inspection
- They know how to measure risk
- And they are comfortable with it



## Hold it Back?



From one perspective: A disruption



From another perspective: An innovation



You  
can  
act!



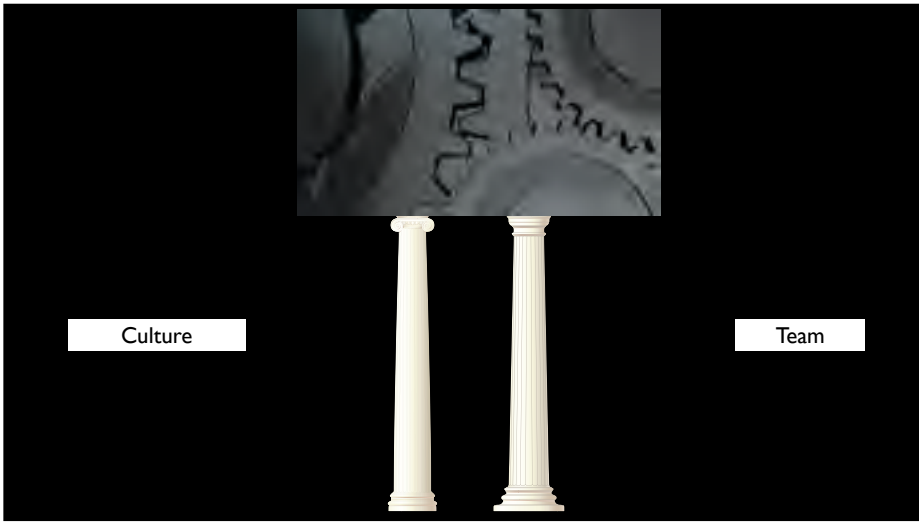


Innovation!



“Creativity is about **thinking up** new things.  
Innovation is about **doing** new things”

Theodore Levitt



Culture

Team



Culture eats strategy for lunch

Dick Clark  
Merck

You won't get any ideas unless...



Nurture the flame



This is NOT the Olympics



This is BASEBALL



“**Success** isn’t permanent and  
**failure** isn’t fatal ”

-Mike Ditka

You’ve got  
to experiment



Writer

Editor



## A/B/C/D Testing!

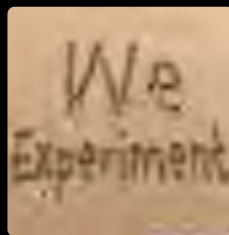


20% of Kayak is a test

## AI Multi-variant Testing

Only customers opinion matters

## Experiment



## When you fail.....



## Kill projects...NOT people



## Coach

Early on we built a CD Rom based travel product

Spent \$1 million dollars

Lost \$1 million dollars

“What did you learn?”

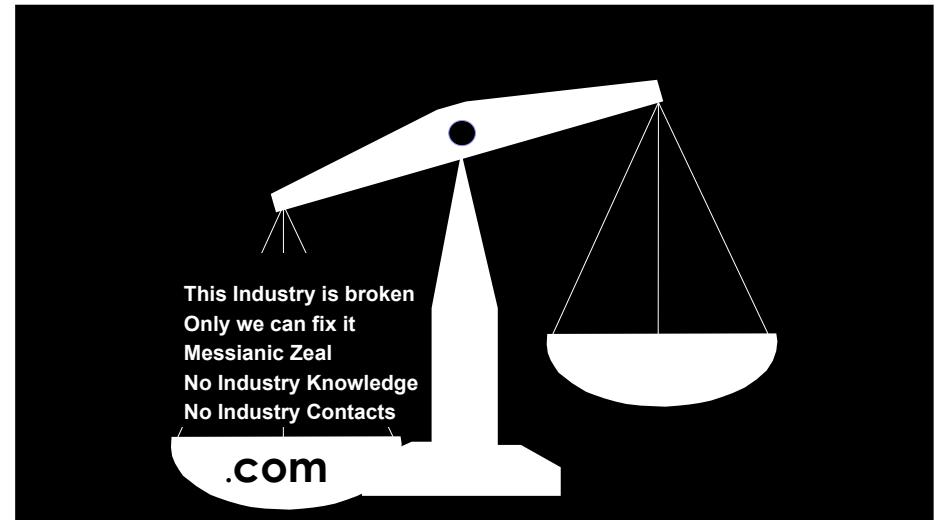
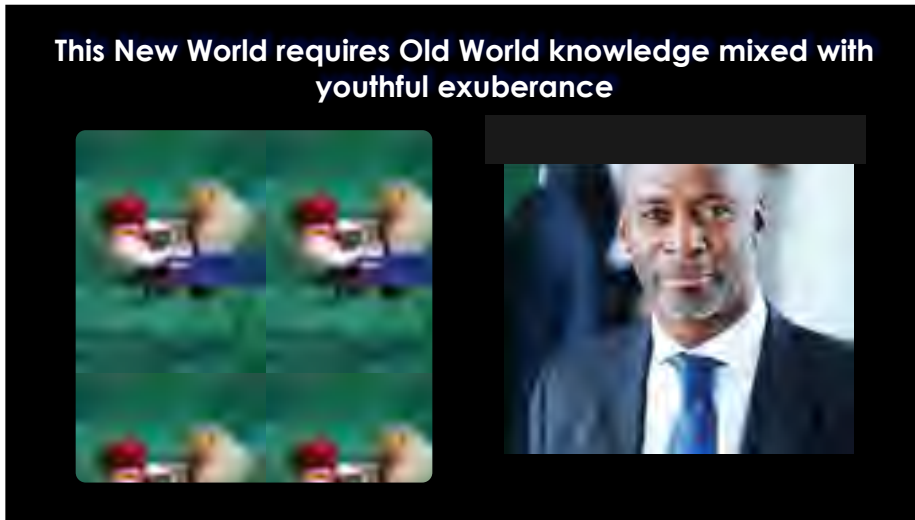
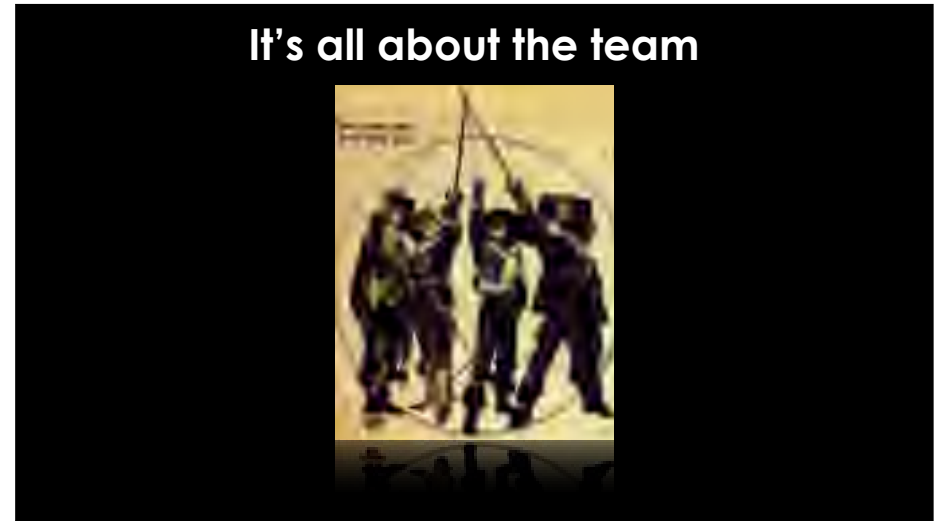


## Everyone needs a coach

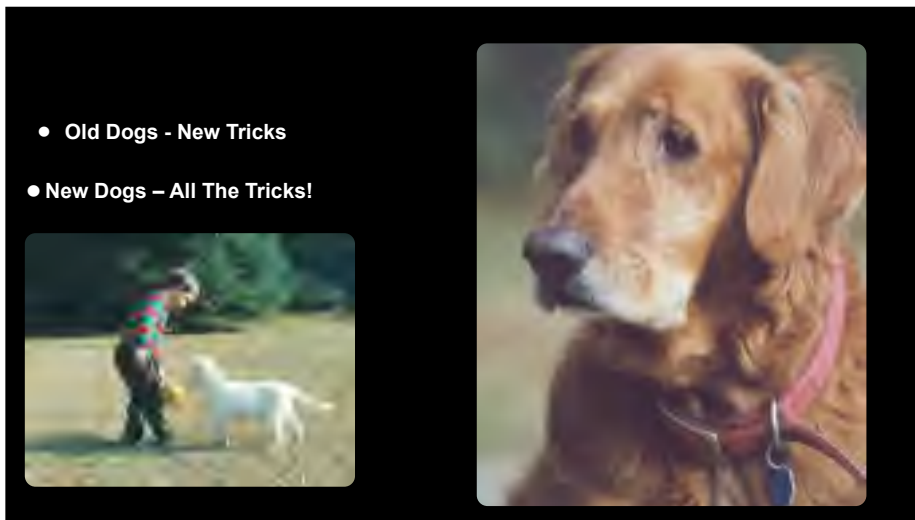
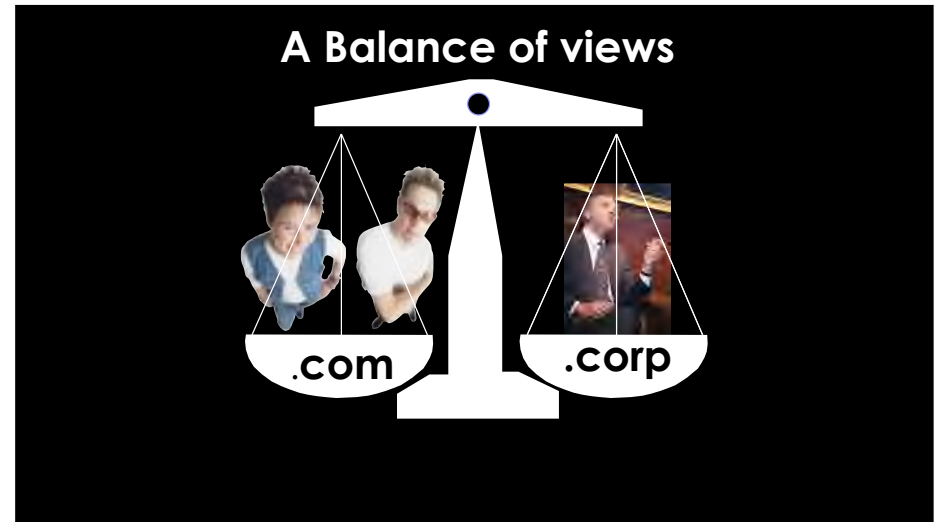


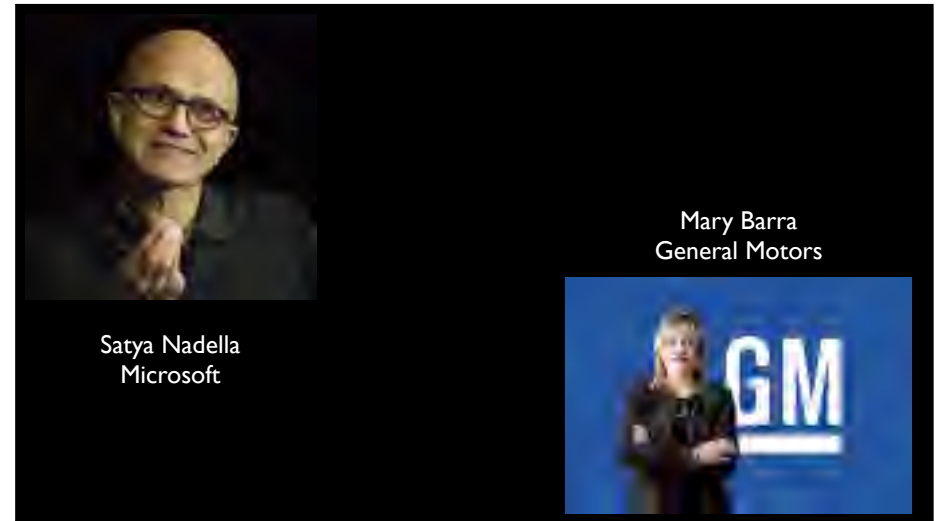
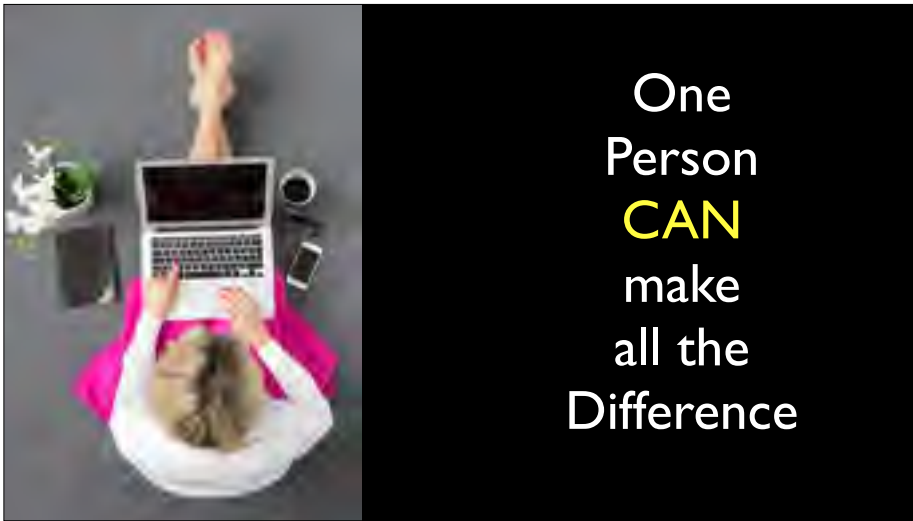
## Culture is a contact sport



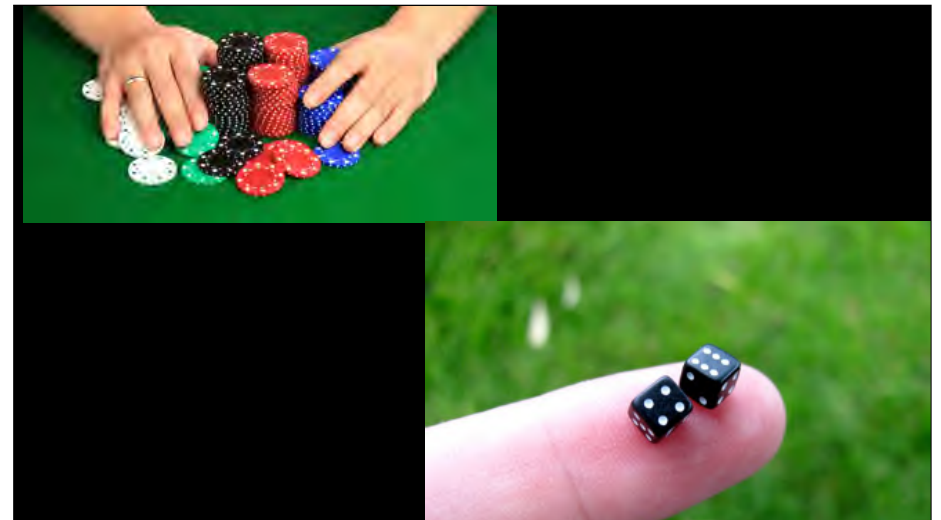




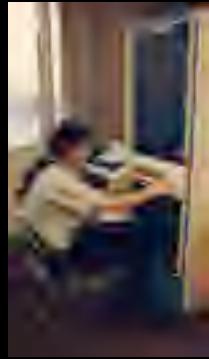








## 2nd Startup



## Sold to American Airlines



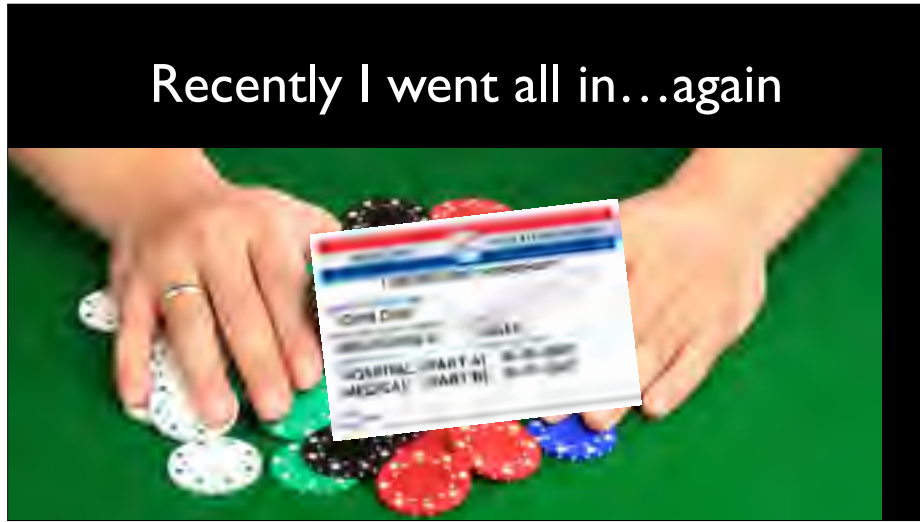
## 18 Years AA



- Director

## Big Risk







Take a risk tomorrow!



Check the mirror..again



Sentries



Listen To Your Customers!

- The Phone Booth Is A Symbol
- Every person in every job required to listen to two customer calls per month
- Must discuss root cause at staff meeting





Paul English, CTO

KAYAK



Clay in the customer's hands



75,000,000 Downloads



Gut feel?



“Intuition is simply the sum of all your experience!”

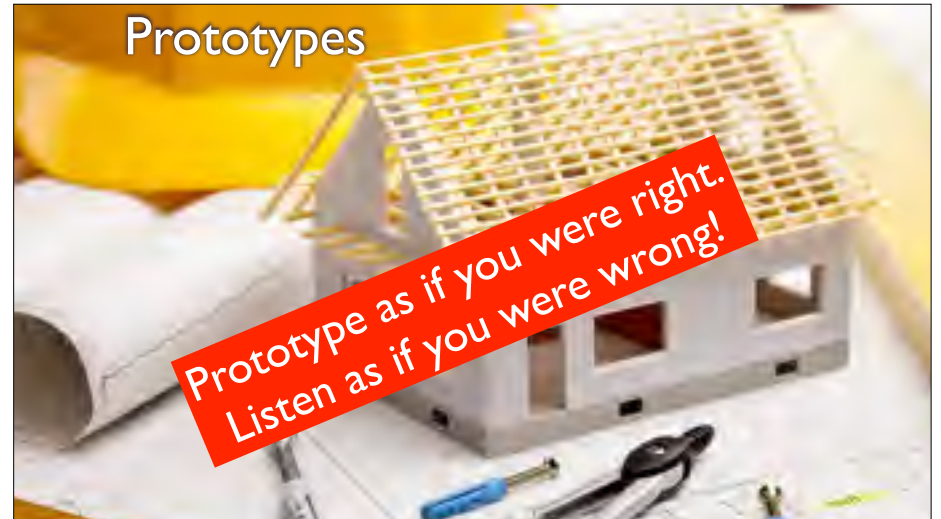
Jo Nesbo

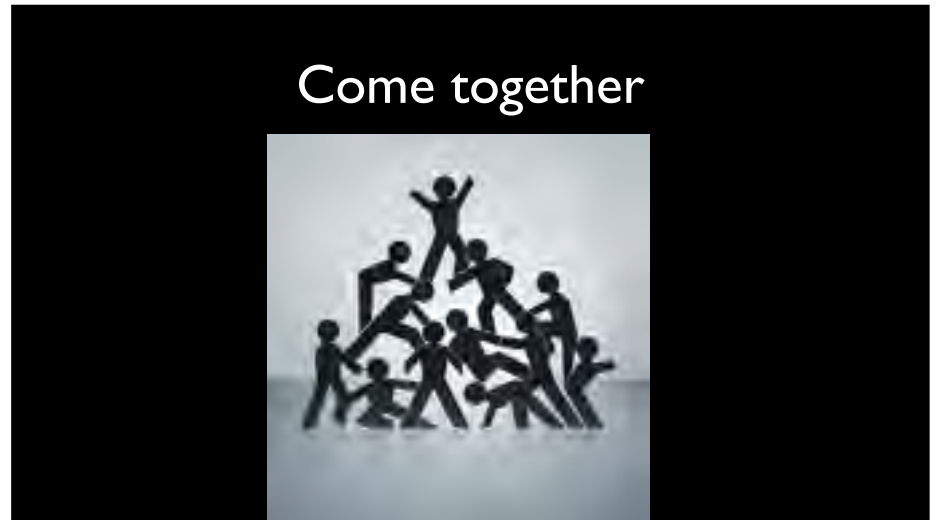
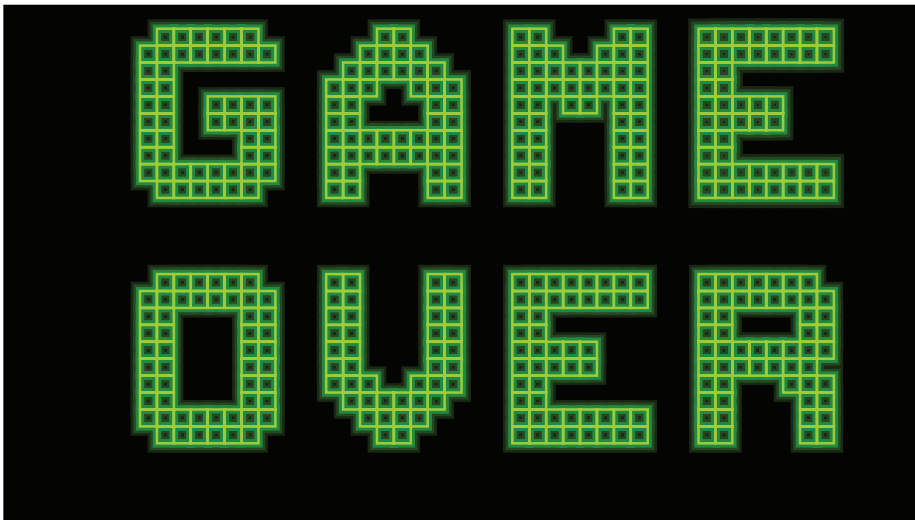
Don't bet the farm!



Prototypes

Prototype as if you were right.  
Listen as if you were wrong!







Chained to an old model?



We've  
ALWAYS  
done it  
this way

We've  
NEVER  
done it  
that way

You don't have to change the world to cause disruption



Apple didn't invent

They made them better



Why can't I buy a concept car?





“..the big prizes are found when you ask a question that challenges the corporate orthodoxy..”

–Andrew Cosslett  
intercontinental hotels

Let me tell you a story  
about technology and adaptation



Travelocity.com™  
POWERED BY SABRE™

## Initial Business Model

- Airline Commissions 10% +
- Hotel Commissions 10+
- Car Commissions 10%+
- Advertising
- Merchandise



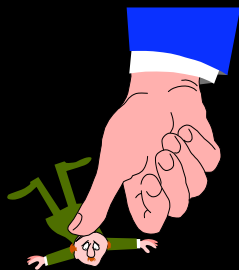
## Market Forces

**Microsoft**



- Microsoft enters market
- Contemplates Building Travel Into Browser

## Commission Cuts



10%  
↓  
8%

## Higher Margin Products

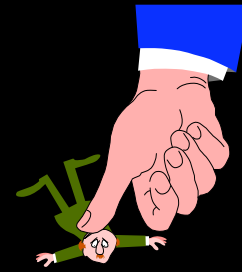




Went Public  
Acquired #3 Site & AOL Traffic



Commission Cuts



8%  
↓  
5%

Reduced Costs



Added Telephone Sales



Travelocity Terminator

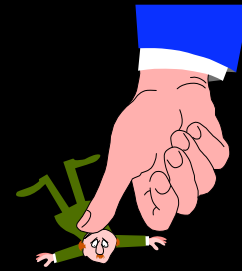


# 9/11

- Business fell 70%
- Leveled off at -30% of previous volume

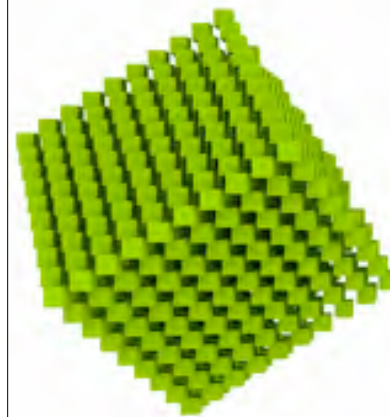
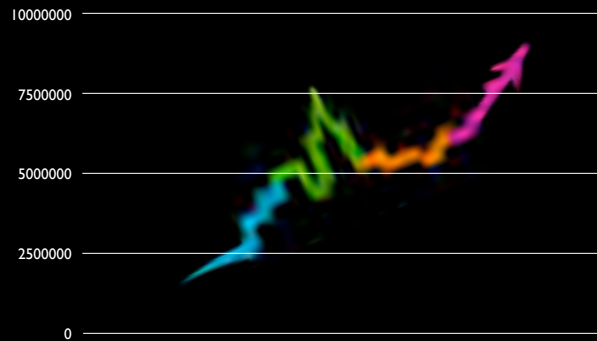


# Commission Cuts



5%  
↓  
0%

# But our sales....



Transforming  
our  
model

## Built Change Into The Plan

- Great Management ☺
- Rigidly controlled costs
- Listened to virtual customers
- Changed Rapidly
- Experimented, but failed fast



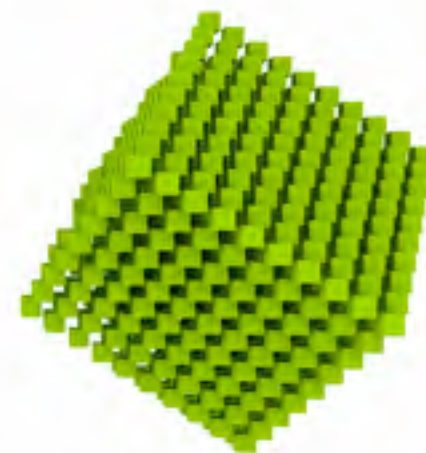
## Victory of the Lilliputians



## Failed To Compete!



They  
Didn't!



# Reimagine

“The *last 25* years were all about who could build things  
the **cheapest**.  
The *next 25* will be all about who can make things  
the **smartest**”



Antoine van Agtmael

## Lessons learned

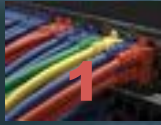


ON INNOVATION

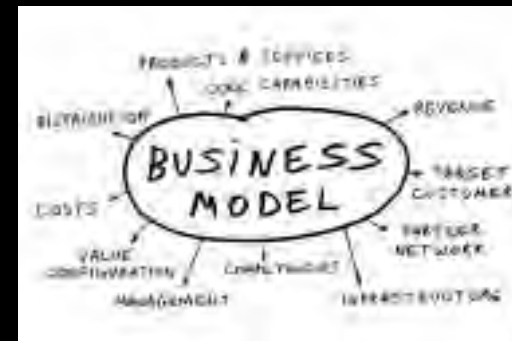


DISRUPTION OFF

## Forces of disruption



## New Business Models



ONI (outcomes not iron)

OPA (other people's assets)

OPI (other people's information)

D2C (direct to consumer)



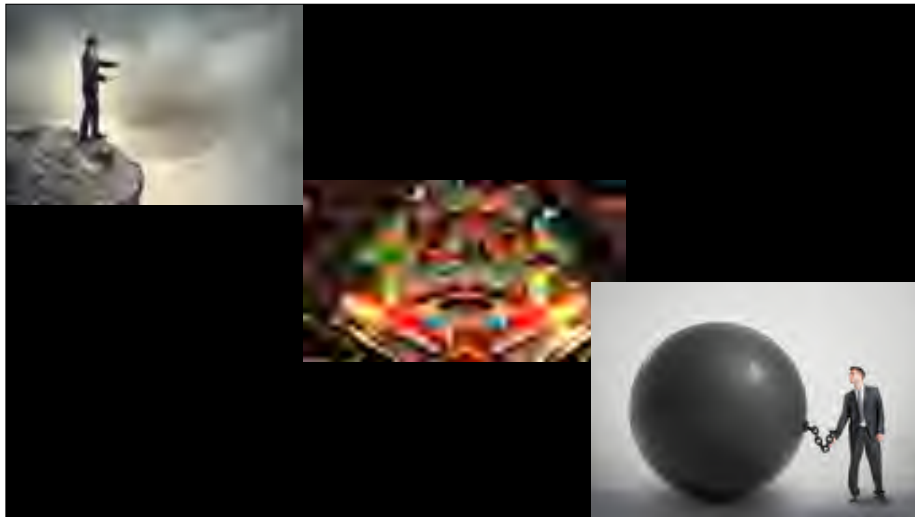
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# Disruption

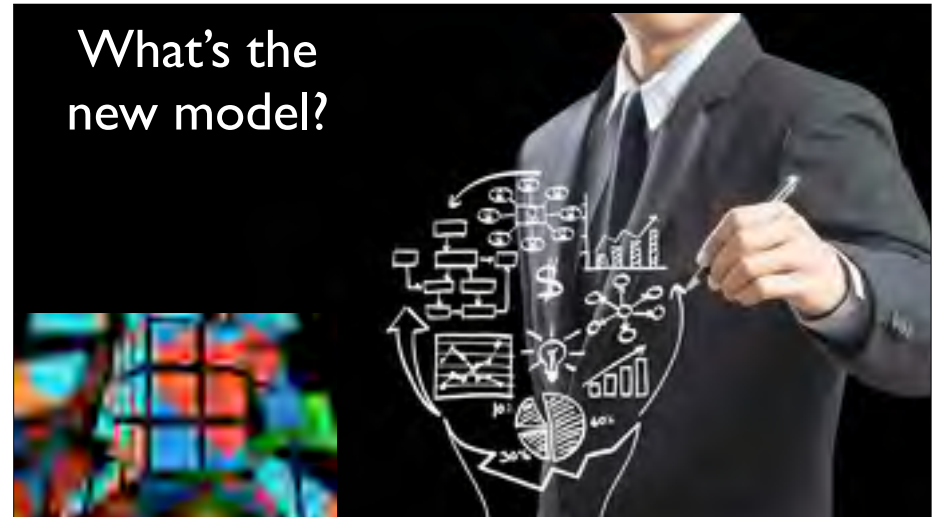


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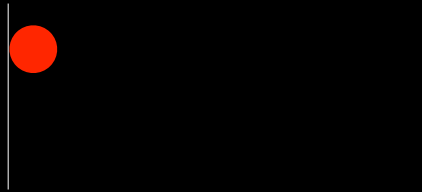
What's holding you back?



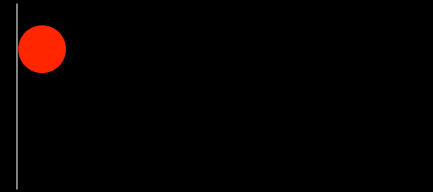
What's the new model?



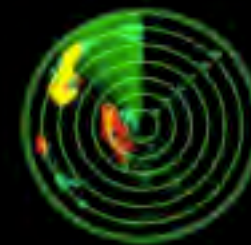
“Finite players play within  
boundaries



Infinite players play with  
Boundaries”



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The opportunities are out there



It won't be easy!



**“The Future Is  
A Foreign Country.  
They Do Things  
Differently There”**

Arthur C. Clarke

