

Lecture 6: Transcending industry boundaries to create synergistic value across industries

TERO OJANPERÄ



Peer discussions: last week's assignment

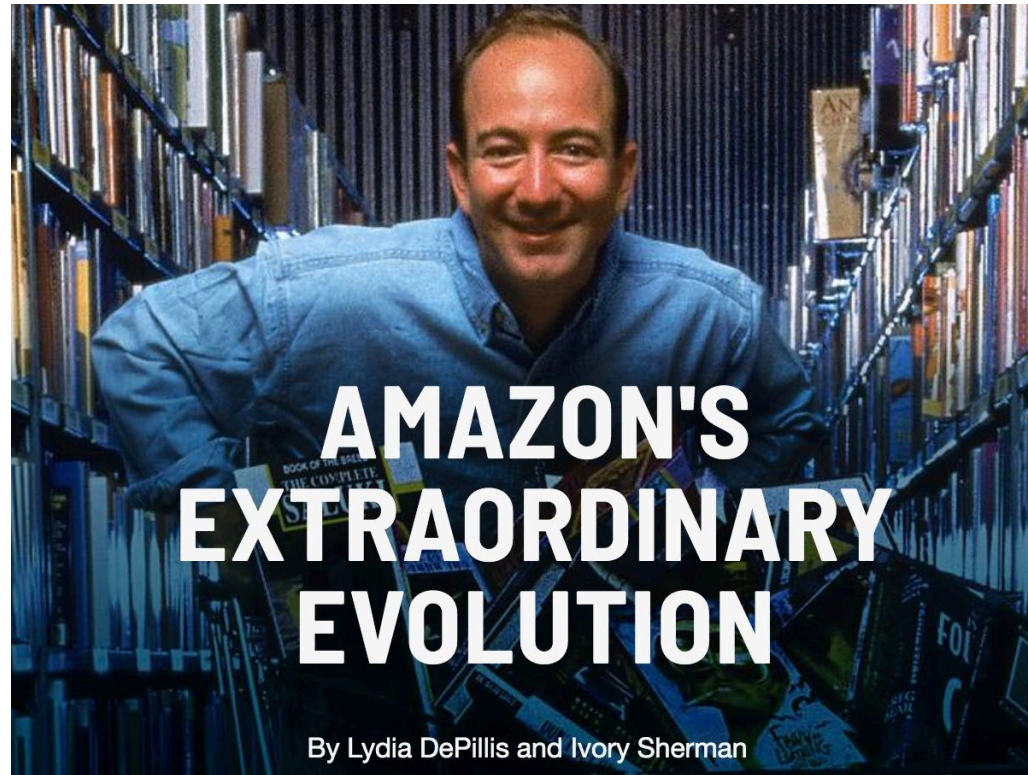
- How your company is currently leveraging AI for continuous learning and effective organizing?
- What could it do more and better?



Reflection on Amazon

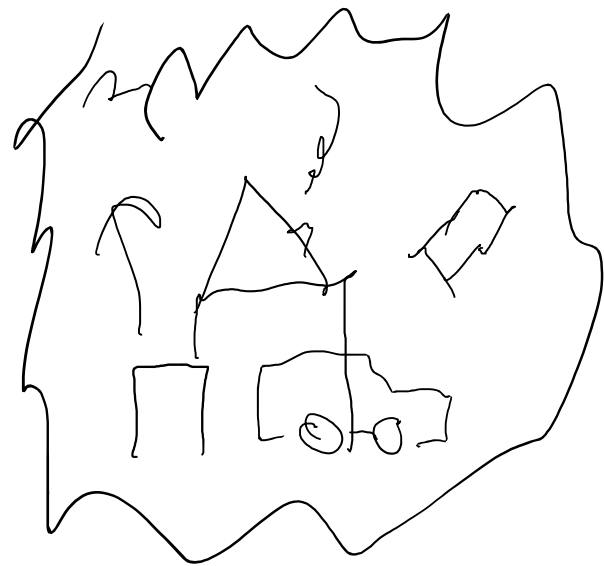
How did Amazon transcend industry boundaries?

What techniques do you think leaders have for coming up with creative ideas that help them transcend industry boundaries?



Learning objectives

- How to break psychological barriers to reach creative insights and to expand offering to a new sector by leveraging a platform's core capabilities
- Strategies to expand your platform
 1. Inside-out: starting from your current strengths and assets
 2. Outside-in: starting from market trends and opportunities
 3. 'What if we bought': considering how you could leverage another company's strengths

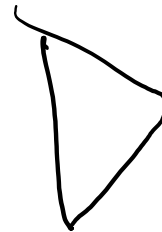


current BM



How to find focus?
- Backtracking
- experiments
- start friendly region
- Leverage best tech

find focus

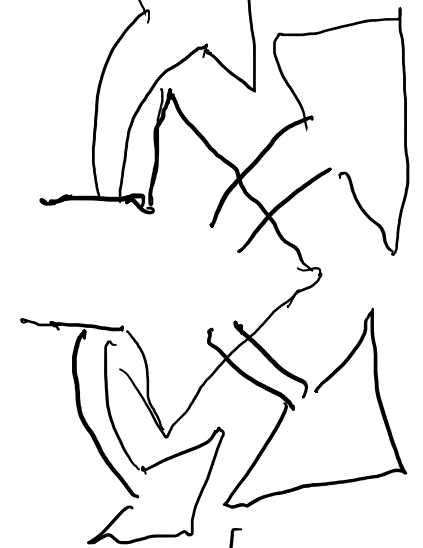


Refine & engage

How to engage platform stakeholders?
- Measure continuously
- Prioritize emotion
- Nudge referrals
- Enable stakeholder communication



How to create the unexpected?
- inside-out
- Outside-in
- What if we acquire
- Analogies

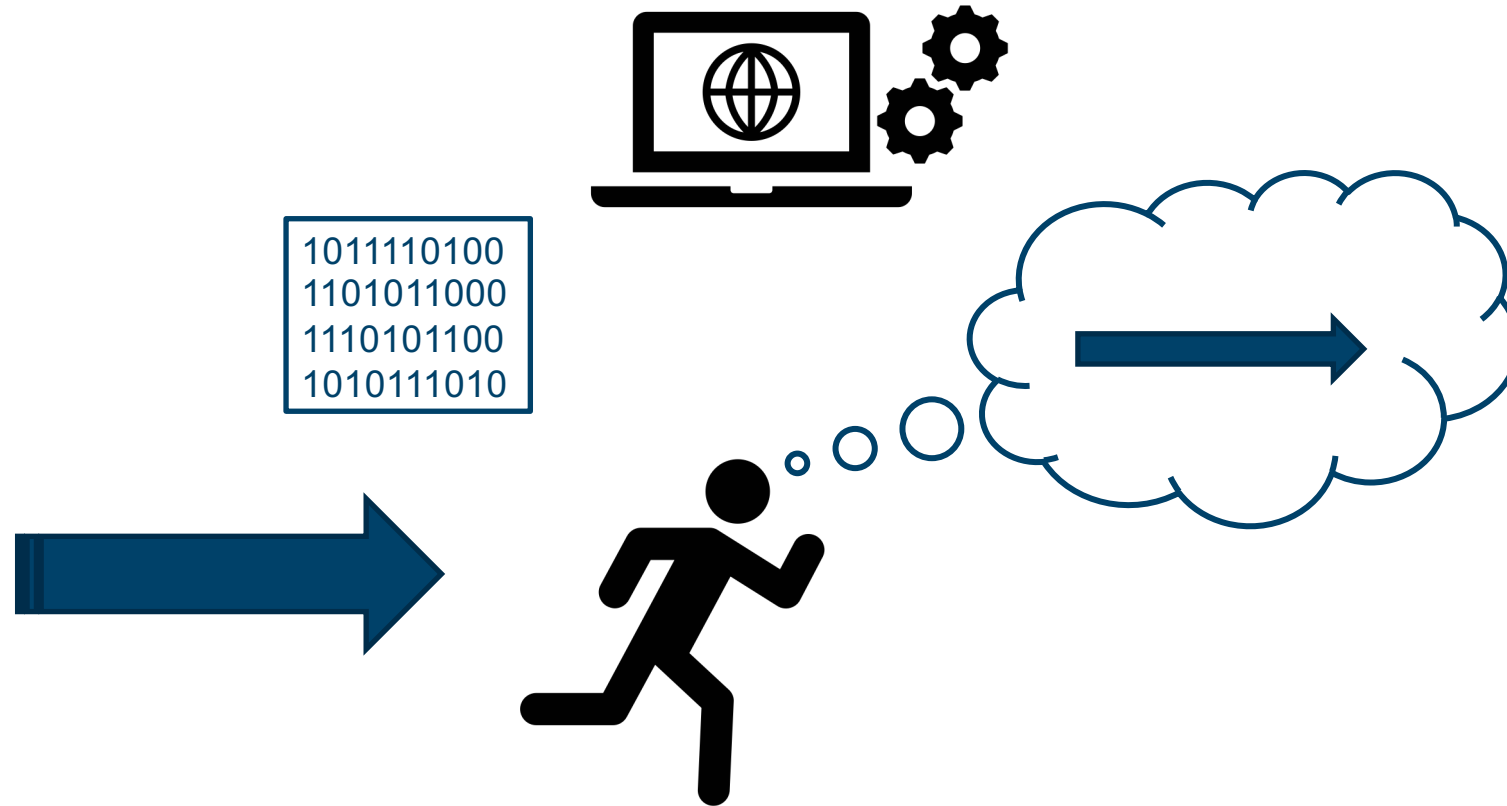


create the unexpected

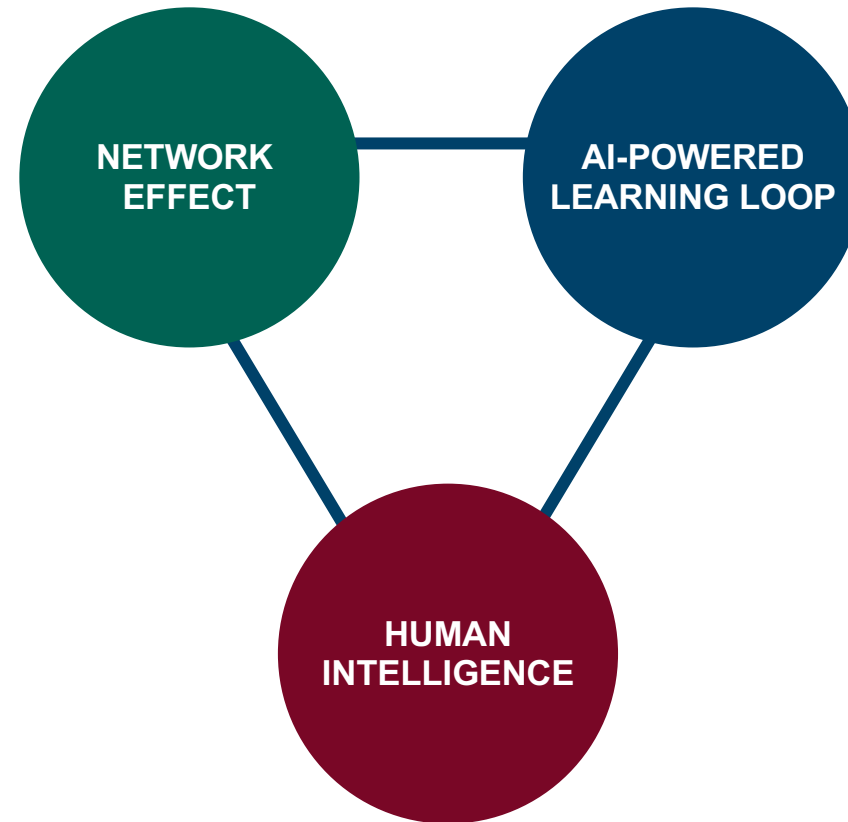
Busy minds and narrow imagination ...



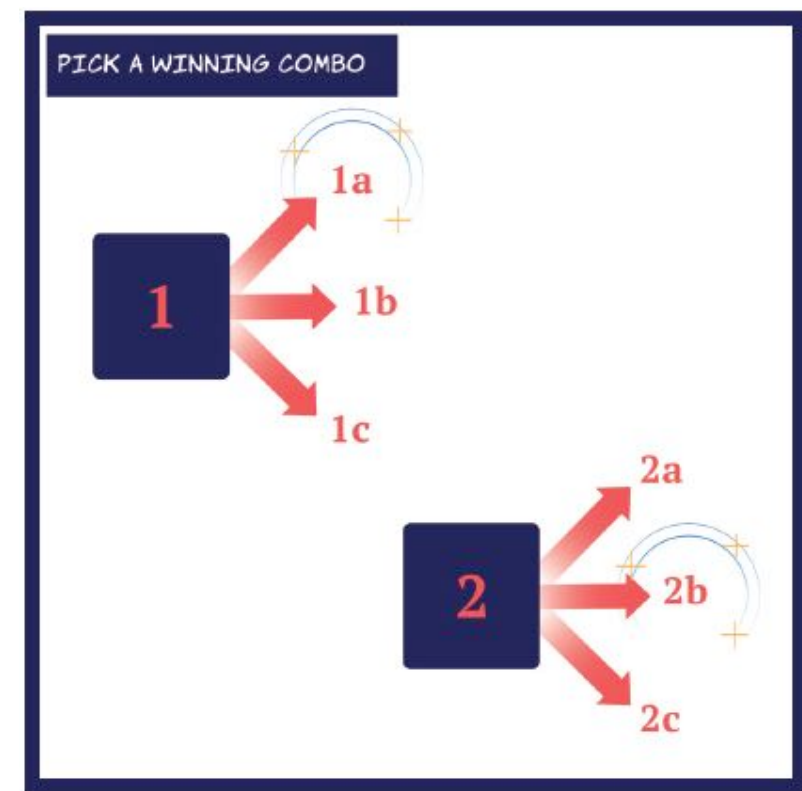
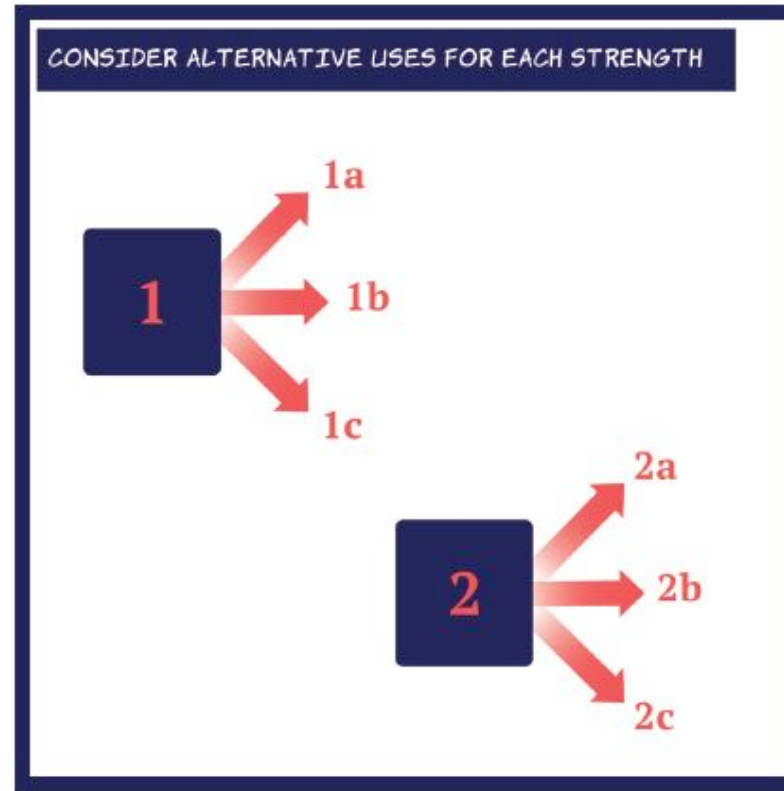
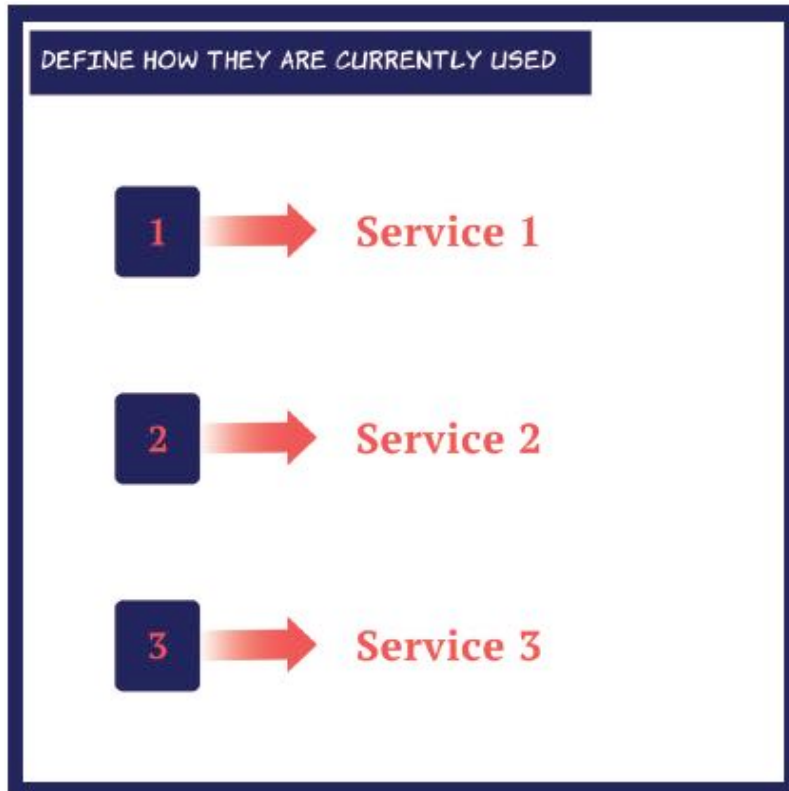
... and even algorithms won't help



Need for human creativity to create options for unexpected expansion leveraging your platform capabilities



Inside-out: start from your strengths



The classic VRIN framework can help you in seeing what constitutes a strength

- Valuable: does this resource or capability generate value? For example, clean water is valuable, as are uranium and cutting-edge programming ability.
- Rare: is the resource or capability rare or common? Uranium and cutting-edge programming abilities are rarer than water and, hence, more likely to be your strengths.
- Inimitable: Can it be copied? It's easy to copy, e.g., a business location but challenging to replicate cutting-edge programming ability.
- Non-substitutable: Can it be replaced with something else? You can replace tiles with concrete for most tasks, but not programmers with lumberjacks.


Amazon leveraged its core capabilities into new business

- Initially, they focused on an e-commerce company's natural capabilities, such as fulfilling and shipping orders
- the team realized Amazon was also running reliable, scalable, cost-effective data centers.

2003

June 10 **Amazon launches web hosting business**

Share price: \$34.07



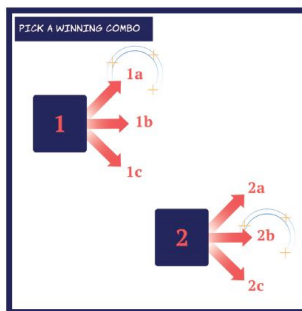
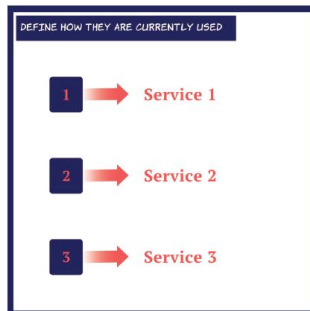
Source: Amazon/CNN

The company starts to generate extra income by licensing its platform to other e-commerce sites, like Borders.com and Target.com. Fifteen years later, Amazon Web Services dominates cloud hosting and is one of the company's biggest revenue drivers.

Group discussion: what could be your unexpected move?

Inside-out

- Choose one unique-ish strength your company has
- How is your company currently leveraging the strength?
- What other value could your company generate in a platform / ecosystem with the strength?
- What vision could be created from that?

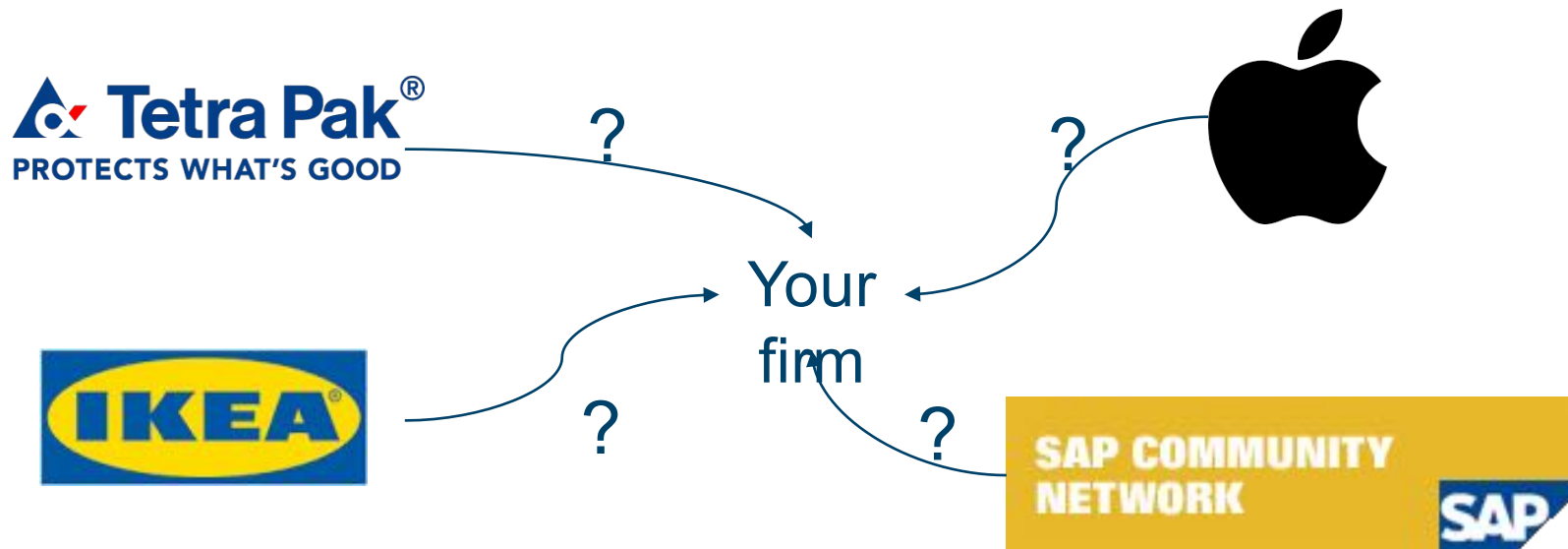


DEVELOP OUTSIDE-IN CONCEPTUAL INSIGHTS THROUGH THESE THREE STEPS

1. Monitor and reflect external trends (on-line shopping: Uber -> UberRush -> UberEats)
2. Consider analogies from other industries
3. Explore potential partnerships

Analogies open up new perspectives

- Reflect on what is most relevant in your current situation. E.g., is it channel or technology transition, legislation change, or some other force that creates new opportunities for your company?
- Identify relevant analogies for your company.
 - Create a list of 10 companies from at least five different industries that have faced a similar situation to the one your firm faces now and have taken actions to resolve that situation.
 - Map the analog's steps and consider what the analogous actions for your company would be.
- Select the three best ideas for further development. Think further how it would look like if your company took analogical actions.



Explore potential partnerships

1. Name a handful of potential partner companies
2. Consider what capabilities and stakeholders these companies have
3. Imagine what you could do together if you combined elements from your capabilities and stakeholders with theirs



PLATFORM ACTIVITY

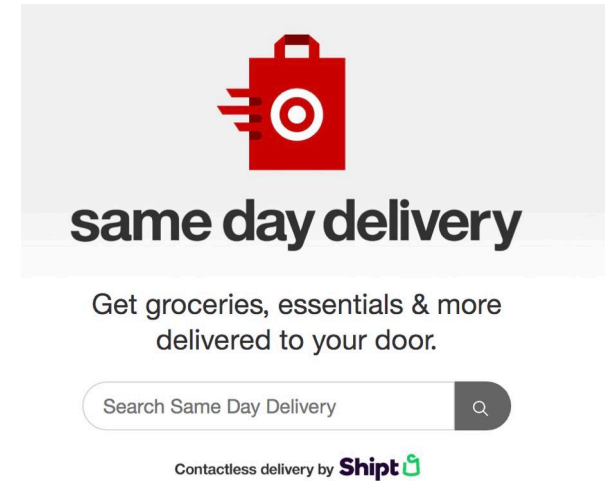
Today the TradeLens platform is securely sharing millions of shipment events and documents with permissioned parties across six continents, helping to reduce friction and simplify the process of trade.



[PERMISSIONED DATA](#)
[BLOCKCHAIN-ENABLED](#)
[STANDARDS-BASED](#)
[ENTERPRISE SECURITY](#)
[OPEN APIs](#)

“WHAT IF WE BOUGHT” MODEL

1. Transform the target company with your capabilities (Amazon + Wholefoods)



2. Use a target company's platform capabilities to transform your business model (Target + Shipt)

3. Buy out the competition to reinvent yourself (Facebook + WhatsApp)

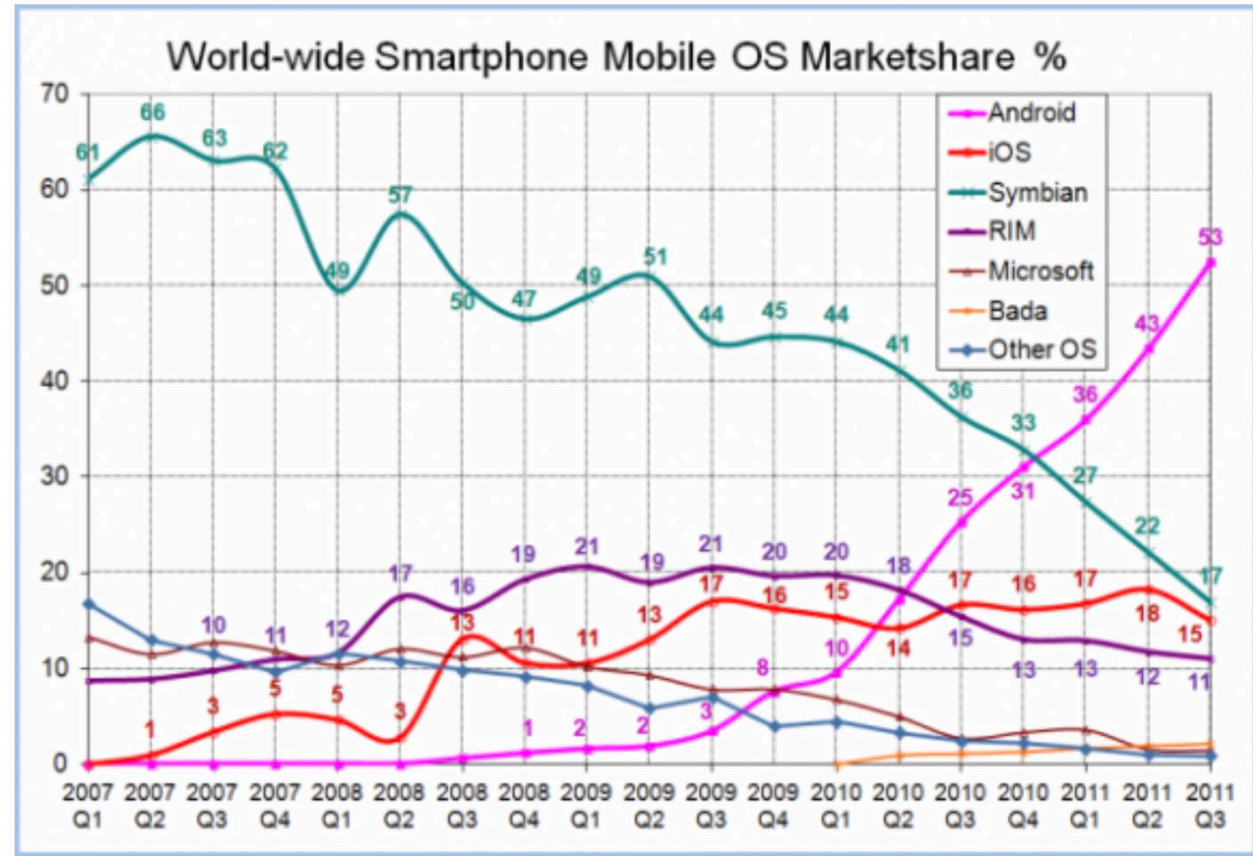


GOOGLE FROM SEARCH&ADS TO A MOBILE JUGGERNAUT

MOBILE PLATFORM

- **Outside-in:** SW development paradigm changing
- **Outside-in:** mobile emerging as a major platform

android 





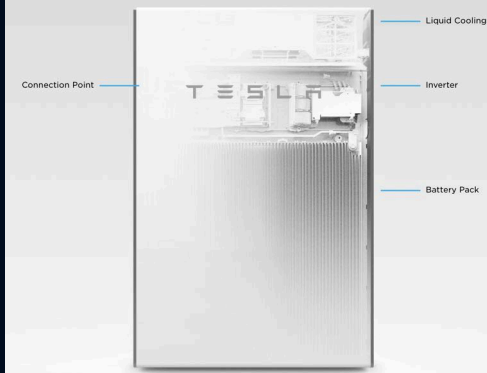
TESLA EXPANDING WITH CONCEPTUAL INSIGHTS

ENERGY SYSTEMS

- **Inside-out:** battery capabilities & UX & design



Inside Powerwall



COMING: RIDESHARING & ROBOTAXI

- **Outside-in:** ridesharing on the rise & desire to own car declining
- **Inside-out:** self-driving car capability

RIDE-SHARING APP



CUSTOM BUILT ROBOTAXI

“In cities where demand exceeds the supply of customer-owned cars, Tesla will operate its own fleet, ensuring you can always hail a ride from us no matter where you are”

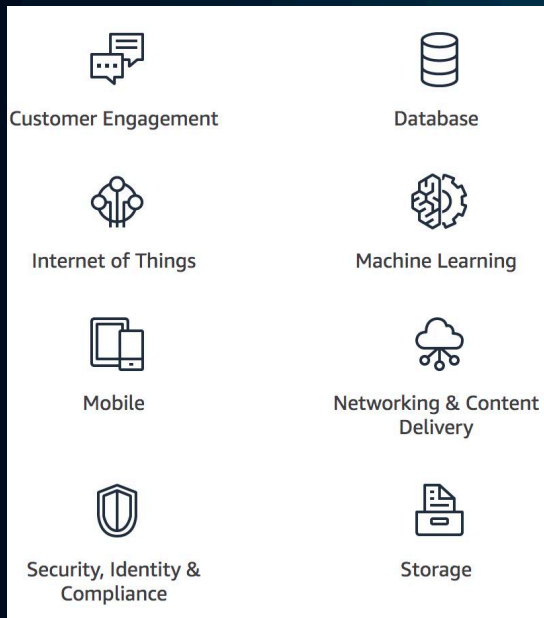
Master Plan part deux



AMAZON FROM BOOK STORE TO HEALTHCARE

AMAZON WEB SERVICES (AWS)

- **Inside-out:** internal computing capabilities



INTELLIGENT ASSISTANTS

- **Outside-in:** voice UI gaining tractions
- **Inside-out:** AI capabilities of AWS



AMAZON BUSINESS - HEALTHCARE

- **Inside-out:** Leverage commerce platform to simplify B2B

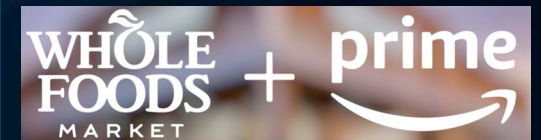


FOOD

- **What if we acquired**



amazonfresh Delivery



MANAGE PEOPLE AND EMOTIONS TO STIMULATE CREATIVITY

Manage emotions to boost creativity and develop conceptual insights

1. **when creating new ideas**, you need to generate *positive emotions*.
 2. **when evaluating ideas**, you need to change the positive climate to a more *critical* or even *negative* one. In the evaluation stage, you need to pinpoint your ideas' weaknesses, and mood-congruent thinking in a negative mode helps in this.
 3. **when seeking to elaborate and refine the ideas**, you need to facilitate *empathy*, such that the perspectives of all relevant stakeholders are sufficiently integrated into the conceptual insights.
- You can manage the emotional climate through the following means:
 - **Your example**. Display the emotion you need your team members to experience.
 - **Music**. Play music that arouses the needed emotional state before meetings and during breaks
 - **Food**. When you need positive emotions, make sure that people have enough energy and are not irritated due to hunger.
 - **Venue**. Pleasant locations and facilities support positive emotions, while slight discomfort activates more negative moods. For example, you could brainstorm on beanbags, then sit on hard benches for evaluation.

Summary

- Outside-in
 - What new opportunities are external trends creating for your company?
 - Could you do something analogical as another company has done?
 - Could you create something valuable and unique by partnering with another company?
- Inside-out
 - What are your current strengths?
 - Could you use your strengths in novel ways and combinations?
- What if we bought?
 - Could you transform a target company with your capabilities?
 - Could you transform your business model by acquiring a platform company?
- Leading the psychological dynamics
 - Do you have practices that optimize the psychological dynamics for creating conceptual insights?

Final Assignment

Write 1 page essay: how to break psychological barriers to reach creative insights and to expand offering to a new sector by leveraging a platform's core capabilities

Summarize your platform strategy and transformation of the case company based on the 6 lectures (5-8 pages)

- Deadline Wed 15.12