Day Out with CEO 2017

‘Bersama Melakar Transformasi Industri Lebuhraya’

Persatuan Syarikat-Syarikat Konsesi Lebuhraya Malaysia

November 2017
About Rainmaking
OUR MISSION

To realize the massive entrepreneurial potential at the crossover between the corporate & startup worlds.
Disruption
25 years ago - 1992

No Internet/WWW
No Mobile phone
No Google Maps
No Electric/Hybrid cars
No Uber

Many highway concession periods are >25 years
Disruptive Trends

- Public Transport Modality
- Ride-sharing
- Autonomous Vehicles
- Electric Vehicles
- Self-contained Townships
- E-Commerce
Key Technologies Have Become Better, Smarter & Cheaper

- Internet of Things
- Artificial Intelligence
- Autonomous Vehicles
- Machine Learning
- Big Data Analytics
- Energy Storage
- Electric vehicles
- Driverless vehicles
- Quantum Computing
- Advanced Materials
- Virtual/Augmented Reality
- Smart Homes
- Smart Logistics (drones+robots)
How Can Companies REALLY Innovate?
1. Embrace Learning & Experimentation
2. Create a Supportive Culture & Process
3. Gain New Perspectives
Innovation = Reducing the Time/Cost of Learning
Top Companies Run Thousands of Experiments per Year

- P&G: 7,000
- Google: 10,000
- Amazon: 1,900
- Netflix: 1,000
1. Embrace Learning & Experimentation
2. Create a Supportive Culture & Process
3. Gain New Perspectives
“Corporate innovation is a war that is fought on two fronts. As such, large companies need to stop thinking and acting as if they are single monolithic organizations with only one business model.”

*The Corporate Startup*
From

What’s the ROI?

To

What will you learn?
1. Embrace Learning & Experimentation
2. Create a Supportive Culture & Process
3. Gain New Perspectives
Better Service for Customers Through New Insights

Better Efficiency Using Expert Knowledge

New Growth From Borrowed Business Models
Innovation Compass
Innovation Strategy is about longer term renewal, navigating disruption, identifying possible directions of growth before they become obvious, and creating structures to be able to do that in parallel with Business As Usual.

Innovation Strategy must be aligned to the overall Group strategy.
Innovation Strategy is made up of the following components:

- **Investment Thesis**
- **Balanced Portfolios**

- **Compete**
  - H1
- **Collaborate**
  - H2
  - H3
Disruption Mapping

- Customer Journey(s)
- OR Value Chain
- &/OR Technology stack
1. A unique perspective of where the world is going and what sort of businesses will succeed

2. Clear articulation of the types of ideas that the firm feels best suited to invest in

3. The firm’s “anti-thesis”
Engines of Growth
3 Engines of Growth

Innovation Compass guides Business Units and the wider Group where and how to ‘invest’ in innovation:

1. **Internal Innovation Framework**
   Embedding a structured stage-gated approach to create, validate, prototype and scale ideas internally

2. **Commercial Pilot Program**
   Facilitating pilots with Series A+ startups to unlock meaningful commercial value for both

3. **Venture Development + Venture Investing**
   Building high-growth startups with the world’s most influential corporates
Internal Innovation Framework
1. Embrace Learning & Experimentation

2. Create a Supportive Culture & Process

3. Gain New Perspectives – Cross-Industry Collaboration (Smart Cities initiatives, public-private policy labs, etc.)
Creating a sustained internal capability to innovate

The Internal Innovation framework is designed based on the following best practice guiding principles:

- **Sustainable & Scalable**: for innovation to become a competitive advantage, innovation capabilities must be repeatable and scalable throughout the organisation.

- **Portfolio Approach**: running a range of innovation initiatives to increase the chance of real impact and sustainable success.

- **Innovation Accounting**: using tailored metrics and KPIs to measure innovation success and gain buy-in for future initiatives.

- **Across Multiple Horizons**: companies must balance their innovation initiatives to work for returns on three horizons: short-term (this year), mid-term (1-3 years) and long-term (3-5 years).

- **Supportive Culture and Mindset**: successful internal innovation requires an entrepreneurial mindset that is equipped to operate in uncertain environments, and a company culture that supports new behavior.

- **Fit for Purpose Processes & Structure**: ensuring the company can support and accelerate innovation initiatives e.g. through the procurement process.

- **New Knowledge & Skills**: having the knowledge to assess a portfolio of initiatives and the skill-set to execute them.

- **Outsourced/Internal**: the maturity of a company’s innovation capabilities, their culture & mindset, processes & structure, and knowledge & skills, will determine which initiatives should be delivered internally and which should be outsourced to unlock their full value.
Commercial Pilot Program
Value Innovation Platform

MDEC
Driving Transformation

GAMUDA
malaysia airlines

digi
IJM
KPI
HEALTHCARE

RAINMAKING
Venture Development Process Overview
Systematically de-risking new ventures to avoid over-investment at any stage

**Rapid Evaluation (2 weeks)**
- **Identification**
  - Prioritise within BU portfolio
  - Desk based research and assessment of idea or opportunity
- **Discovery**
  - In depth analysis to understand user, market and domain
- **Framing**
  - Prototype Business Models
  - Identify key assumptions to be tested
- **Prototype**
  - Test the solution in the market with continuous iterative releases
- **Go/No Go**

**Venture Validation (3 months)**
- **Co-Invest**
  - Align on shared upside whether on equity, profit share or cost saving basis
- **Build**
  - Plan growth model to scale users
  - Build full product
  - Set KPIs
- **Expand**
  - Marketing towards scale
- **Go/No Go**

**Venture Build (12+ months)**
- **Scale**
  - Exit (IPO)
- **License**
- **JV**
- **Integrate**
- **Exit or Invest**

**Graduate**
Innovation = New Business Models.

Asset heavy companies need to focus on H2/H3 ideas.

Capital deployment into new digital ventures can be done via a collaborative fund.

Explore, Learn, Experiment.

Don’t be Nokia.

IBM once sold punch-card machines.

BE BRAVE.