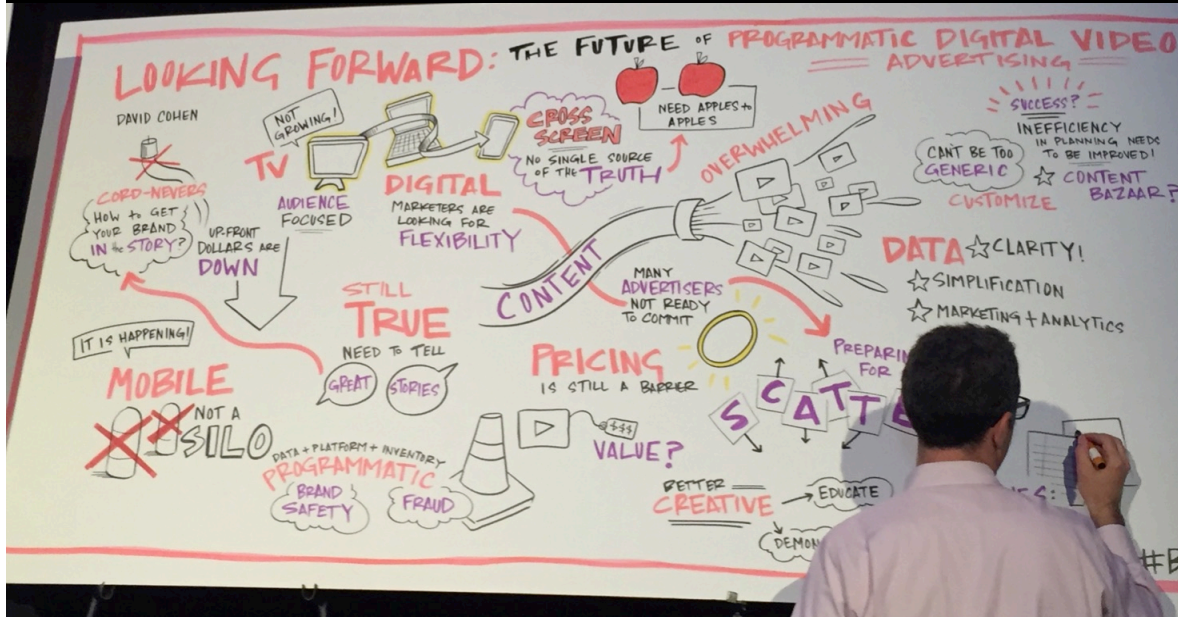


Digital Disruption

The Creation of a new Australian business landscape

October 2016



Agenda

- **Inside the mind of the Digital Attacker**
 - How they think of Funding
 - Tactics to grow large businesses very quickly
 - The DNA of business is being rewritten
 - Why 'Domestic Defenders' are struggling – and will continue to do so
- **Why the Australian business landscape is being fundamentally altered**

The Changing Australian Landscape

Future Fund



Google
Linkedin
Facebook Atlassian
Digital Challenger
Silicon Valley

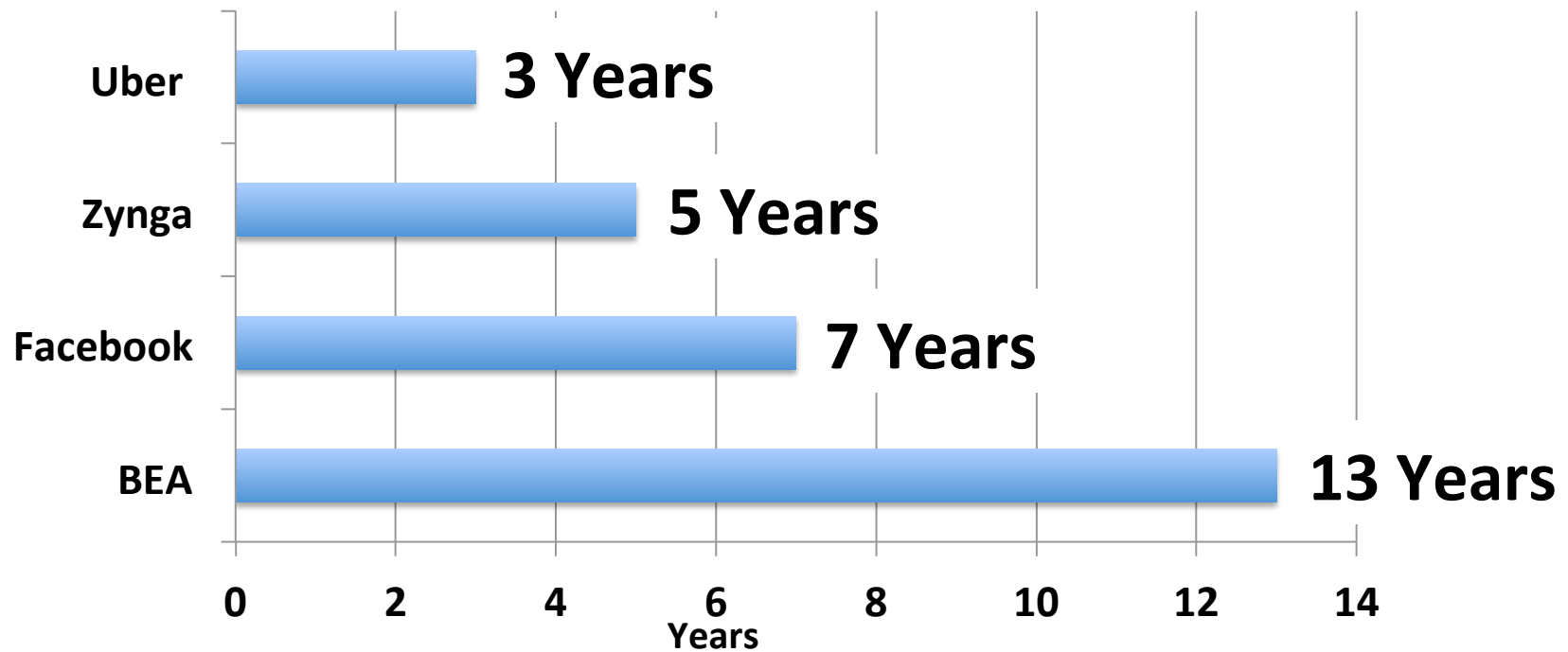
Verizon
Ford
Warner Bros
Digital Defender
USA

Seek
Digital Challengers
Australia

Telstra
Comm Bank
Seven
Digital Defender
Australia

Digital Attacker

Fast to Massive New Value





Digital Disruption

Software Eats Industry after Industry

Disrupting
Traditional
Industry

Amazon
-> online retail

Oz
Seek, wotif

Truly
Digital

Facebook
eBay

Apple: iPhone

Netscape
The birth of WWW

Amazon: cloud
Facebook: The birth of Data Science

Industry	Examples
Materials	
Medicine	
Insurance	
Banking	
Media	Netflix, Youtube
Transport	Uber, Tesla, Google
K-12	Khan Academy
Mobile	Google, Apple
Recruitment	Linkedin
Social	Facebook
eCommerce	Amazon, eBay
Software Industry	Oracle, Salesforce, Microsoft
Networking	Cisco, Juniper
PC	Apple
Semiconductors	Intel

90's

00's

10's

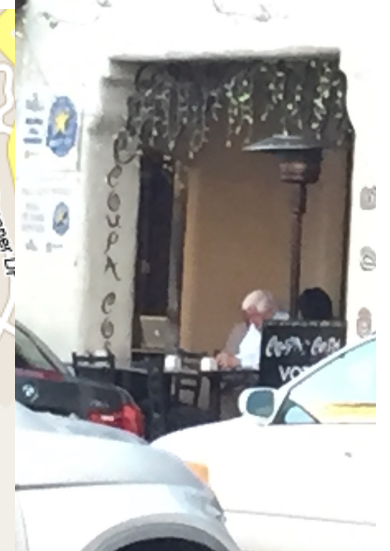
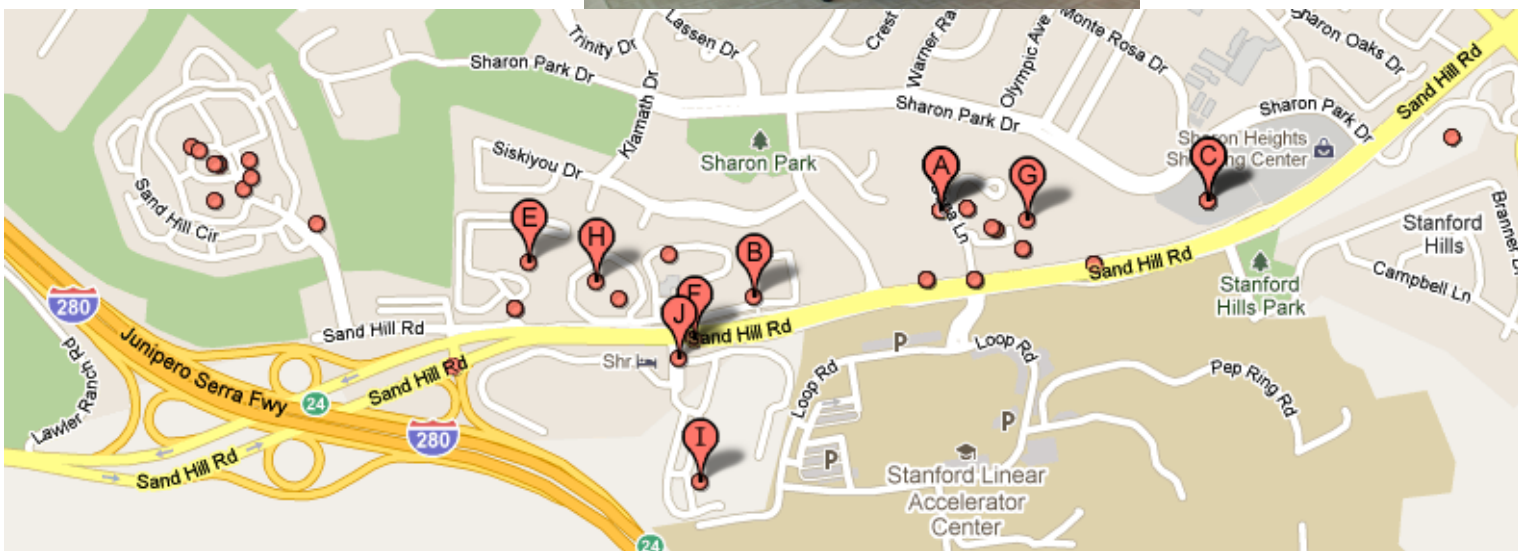
20's

October 16

Commercial in Confidence

6

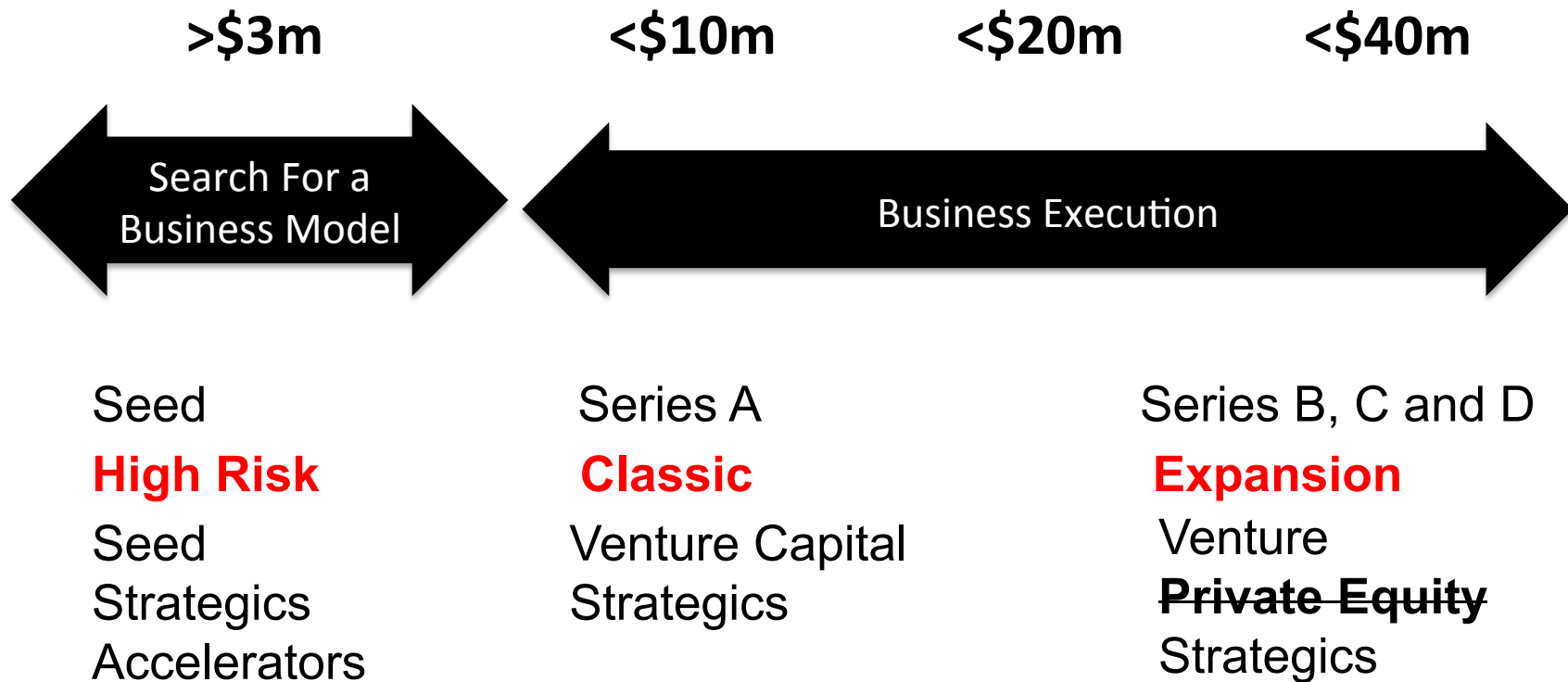
Silicon Valley



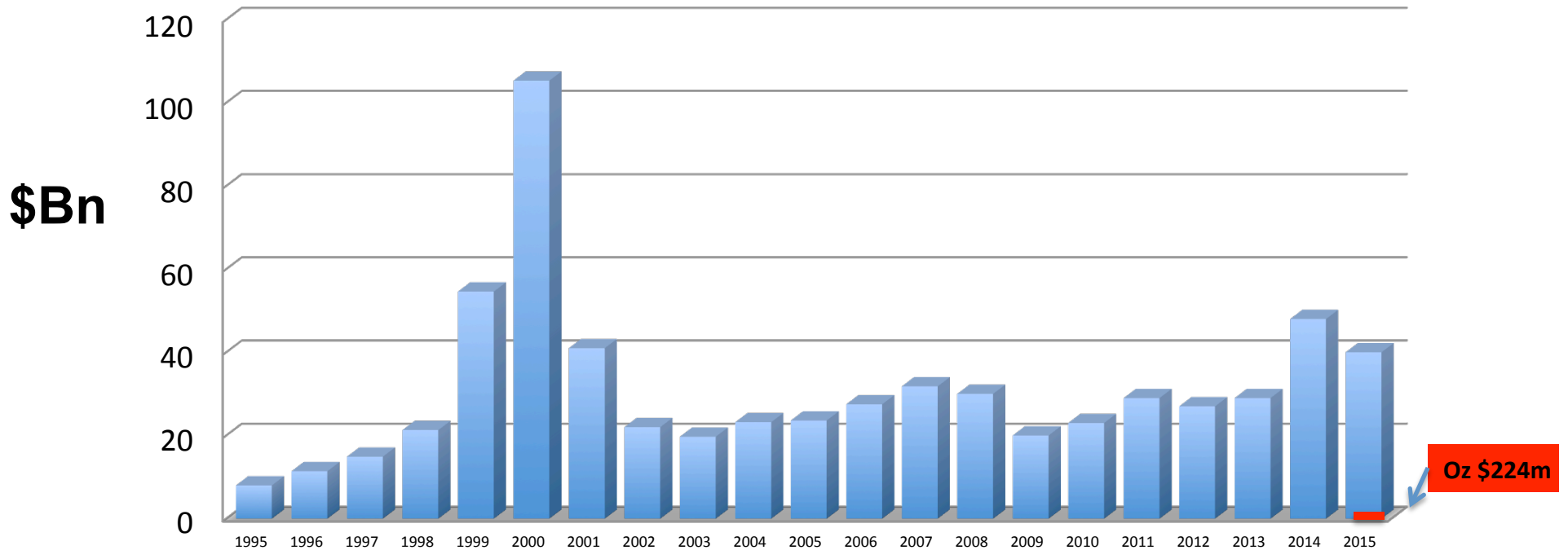
October 16

Commercial in Confidence

Silicon Valley Venture Capital



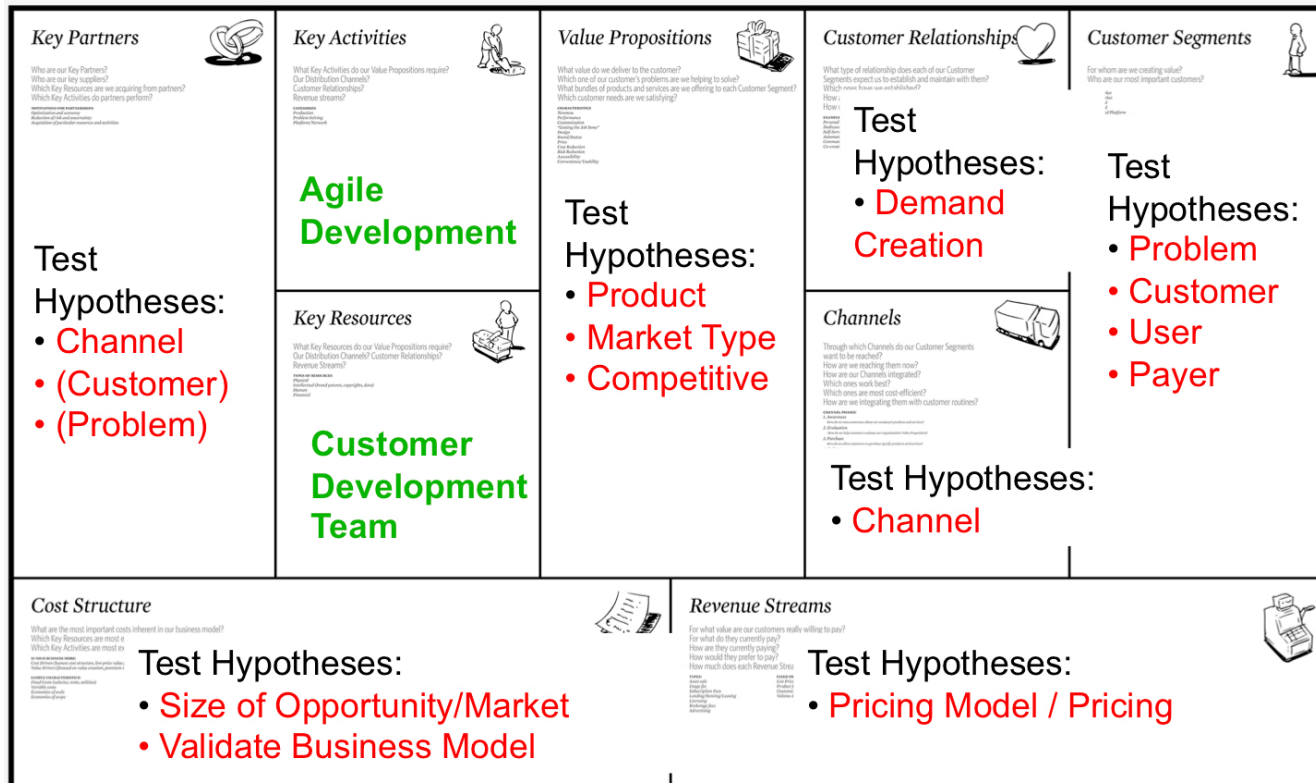
Venture is Alive and Well



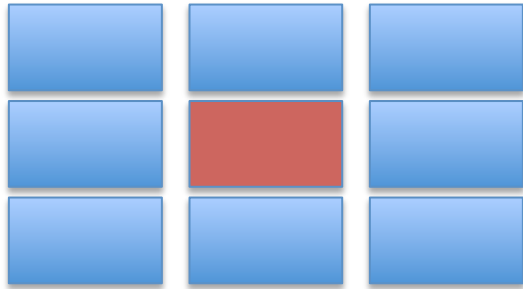
1995 - 2015 US Venture

Commercial in Confidence

Lean Launch – ‘Pretty Well Understood’



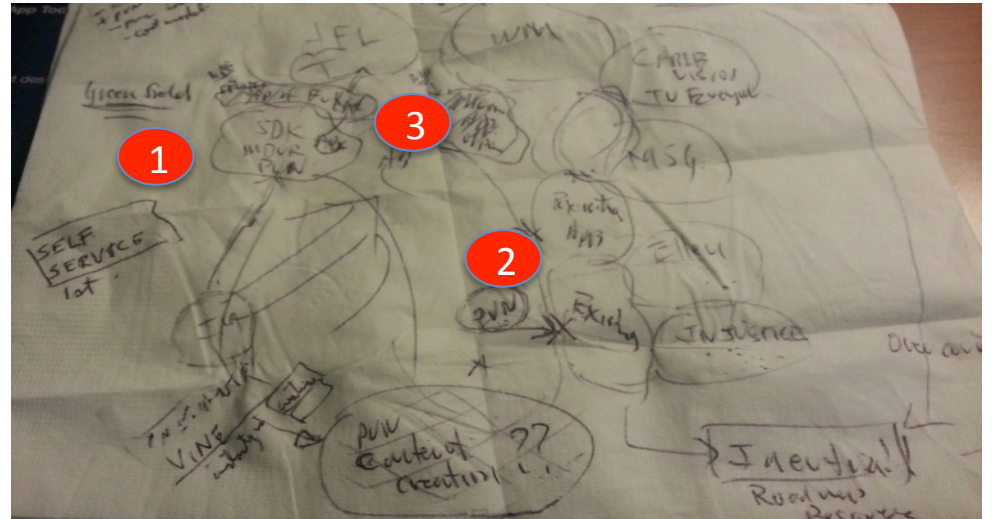
Finding Product / Market Fit



**Product
Definition**

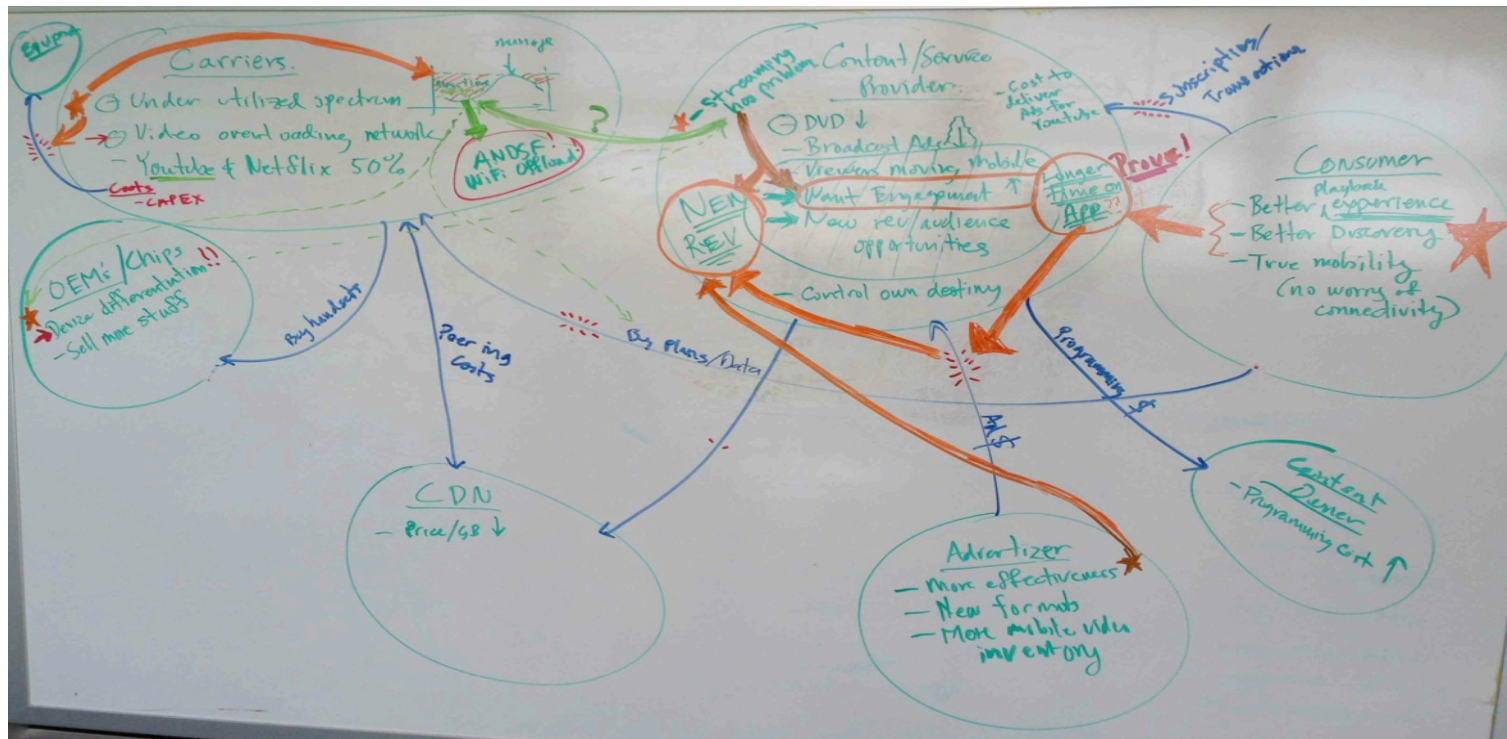


*Product / Market
Fit*

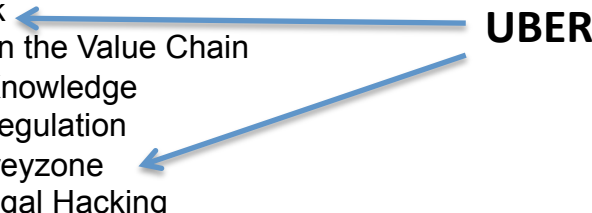


Go2Market

Industry Analysis is Critical



The Attacker can create Deep Advantages

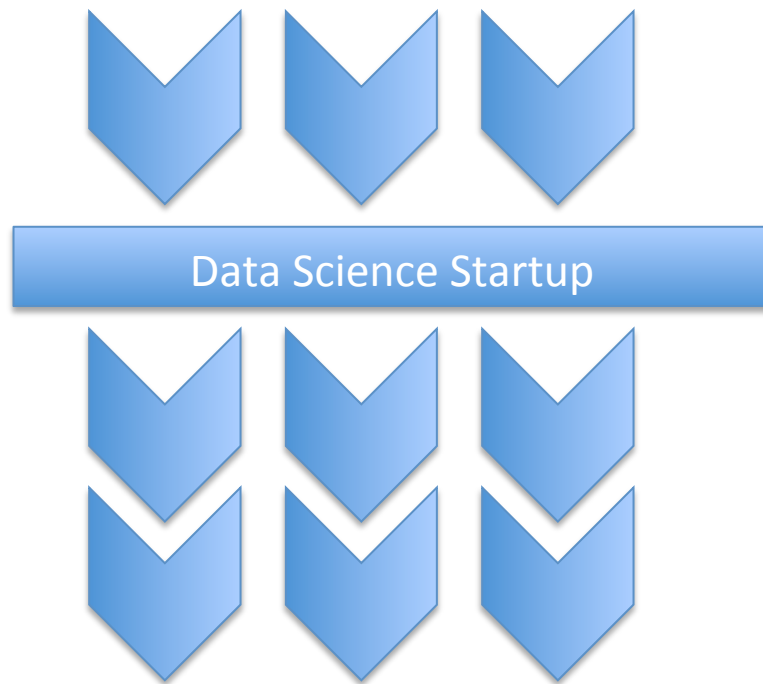
- Channel Conflict
 - Network Effects
 - Fast follower / Pioneers take the Arrows
 - Critical Mass
 - Strategy Tax
 - Data Network Effects
 - The Innovators Dilemma
 - The Dilemma of Small Numbers
 - Trends toward Consumerisation
 - Segmentation e.g. Millennial
 - Viral Adoption
 - Switzerland
 - The arms merchant
 - The knife fight
 - Full-stack
 - 2 points in the Value Chain
 - Hidden Knowledge
 - Exploit Regulation
 - Greyzone
 - Legal Hacking
 - Exploiting the addictive personality
 - Making Life Simple – Roboadvisor
 - Poison + Antidote
 - The Bloomberg model
 - Generating Win / Win data exchange
 - Middleman – The Value that they Create
 - Vertical markets
 - 2 sided markets B2B and B2C
 - 3 sided markets B2B2C
 - Creative Market Place
 - APX driven market
 - Reverse Markets
 - Social – deeper insight
 - Attacking a competitors innovation blindspots
 - They define their business too narrowly
 - They forget about their customer
 - They moves too slowly
 - They didn't listen to their own people
 - They failed to Foster a Culture of Innovation
- 
- UBER**

Accel – New \$2bn Fund



- A “**quantified, autonomous future**” made possible by the “**confluence of predictive analytics, artificial intelligence, machine learning and computer vision technologies.**”
- “Enterprise-grade tools that change the way businesses collaborate, communicate and innovate.
- A “**golden age of video**” is upon us. Think mobile production, distribution and monetization of video.
- Growth of an “**APX Economy**” where third-party APIs basically replace business processes. Think non-core capabilities like payment systems, analytics and search.
- “**Hardening security.**” Think defense against hackers and ransomware, let alone defending cyber warfare.
- People can “**capitalize on their talents wherever they are.**” Think the rise of an “**on-demand economy**” but on a global scale.

Data Science: Data Driven Enterprise



Industry can't hire the data scientists and the skills and outsources to experienced data science team.

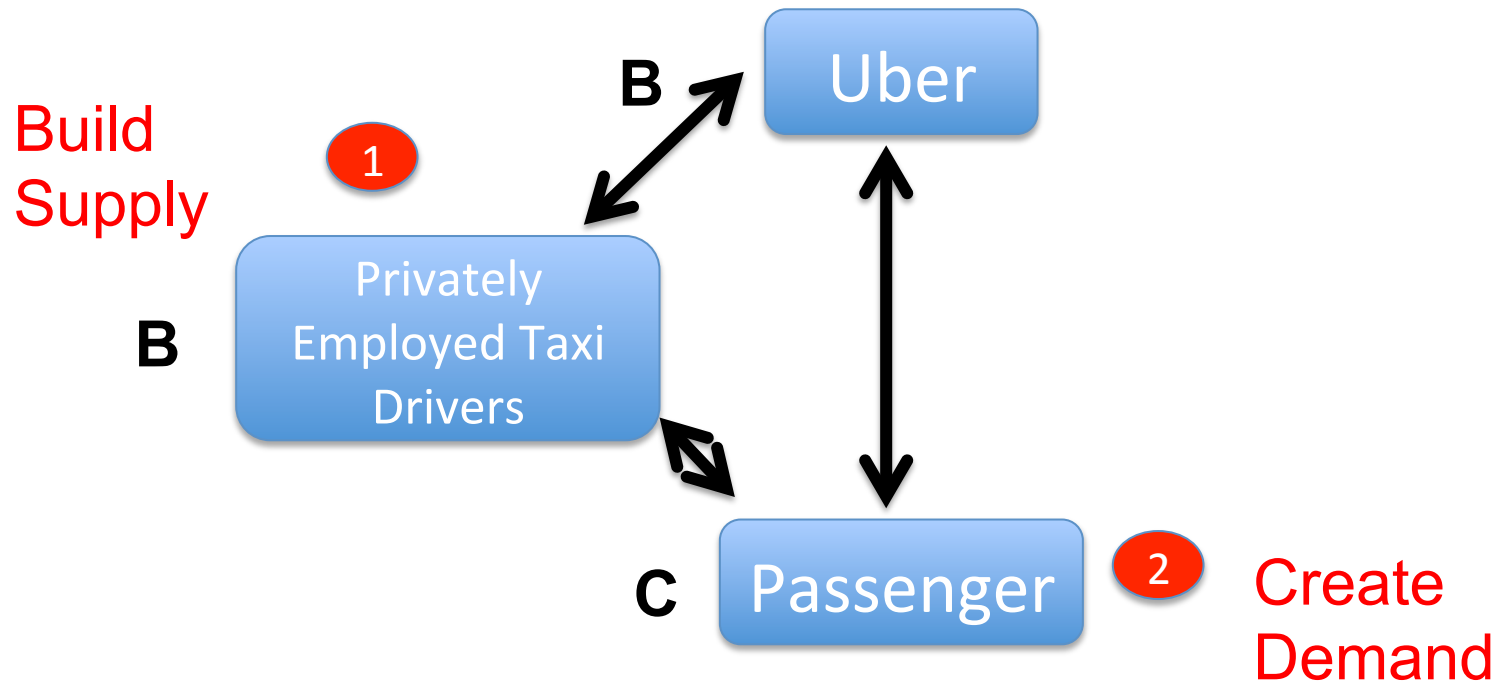
The Data Driven enterprise wires itself into the customers business work flow such that they can't do business without them. i.e. The Bloomberg model

Vertical Market Place

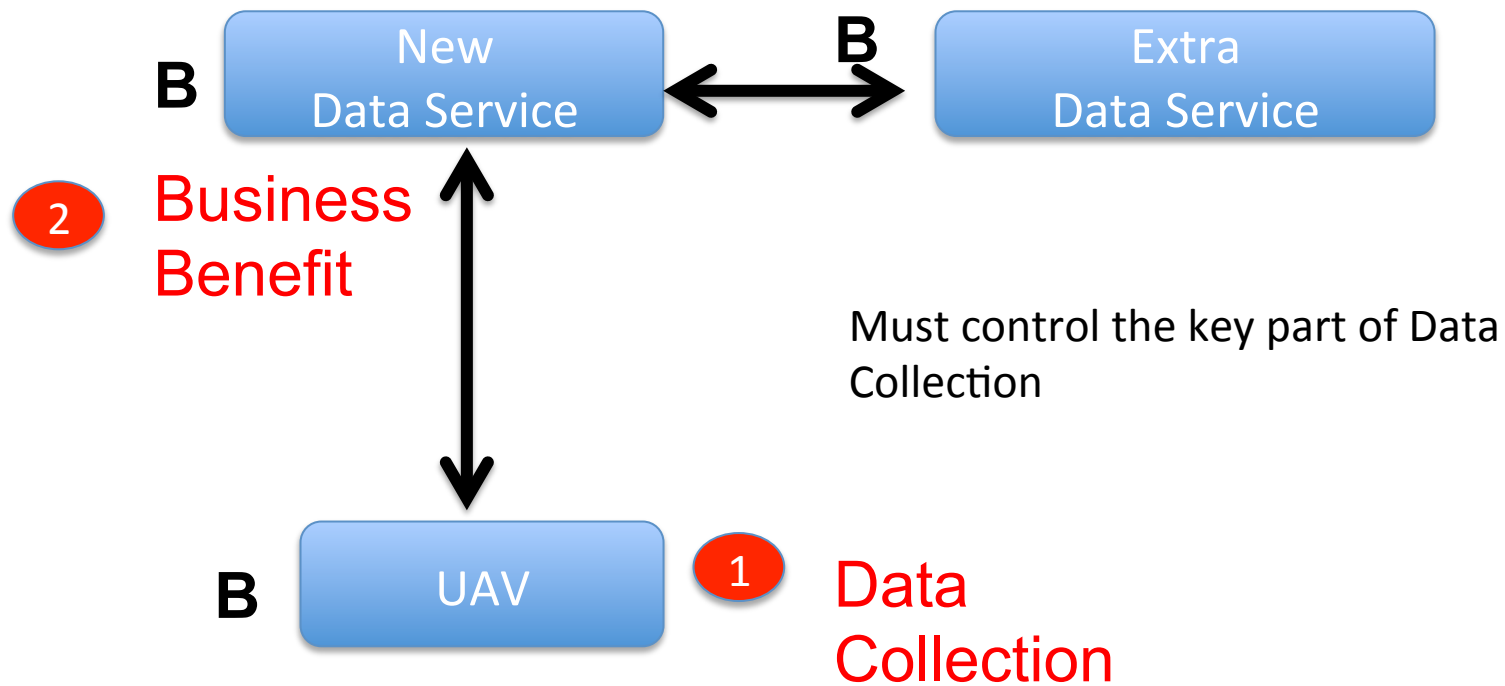
- APX Market Place
- Media Phone
- Data Driven



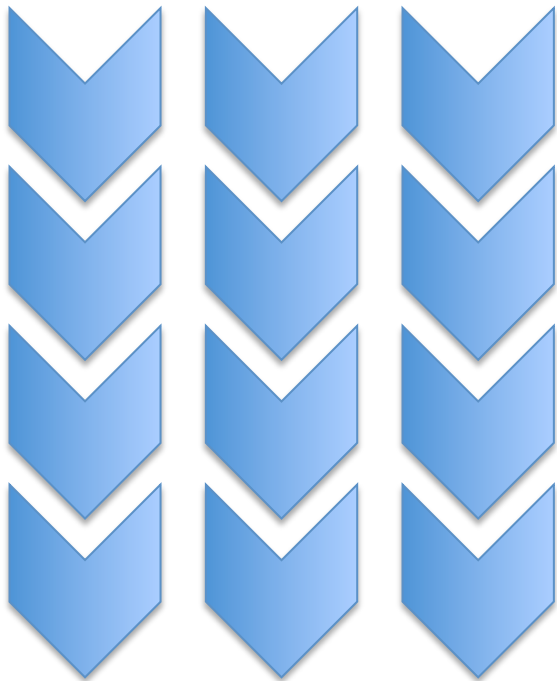
B2B2C



IOT Data Science



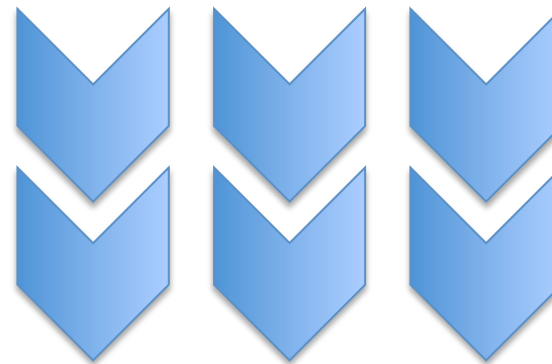
Fraud meets Data Science



Yesterday

October 16

Industry co-operates on pooling data for fraud prevention eg Las Vegas



Today

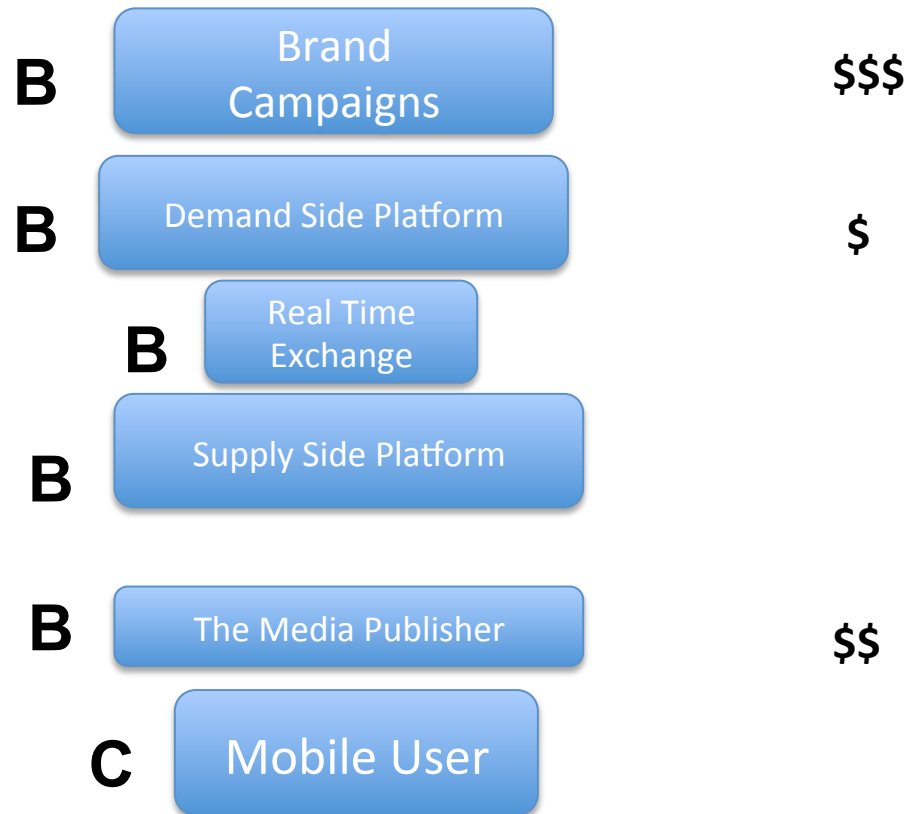
Commercial in Confidence

19

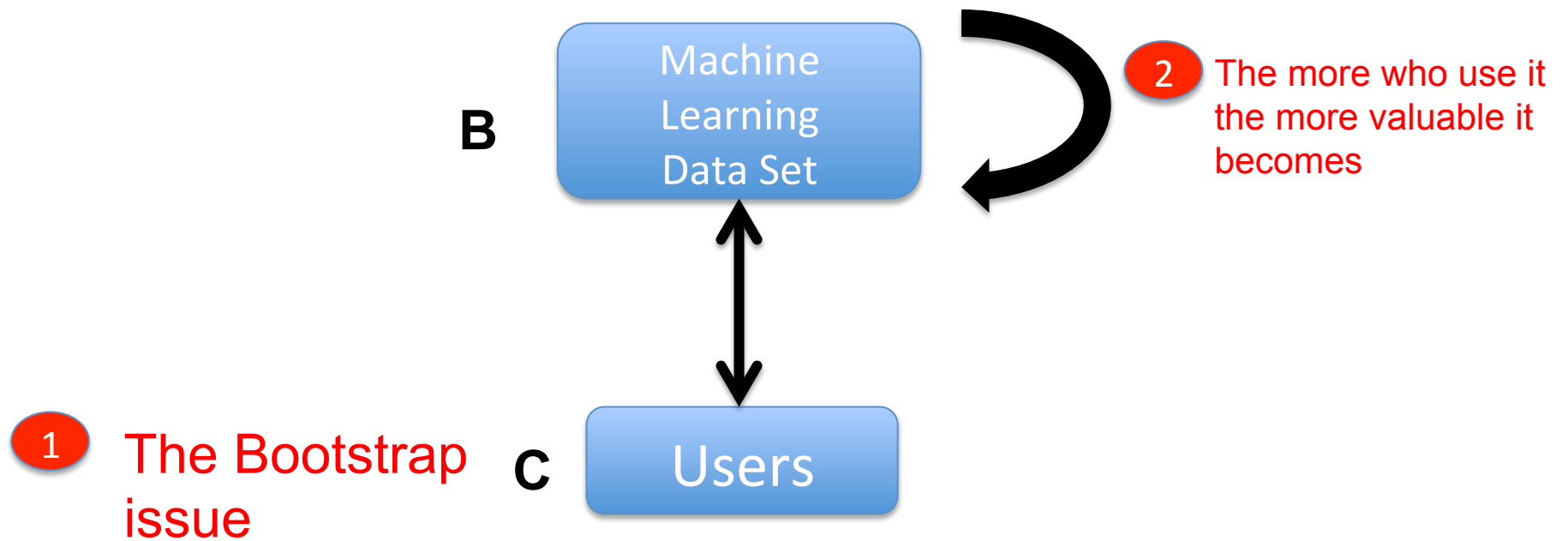
Mobile Video Ad Value Chain

*A Real Time
Dynamic
Trading System*

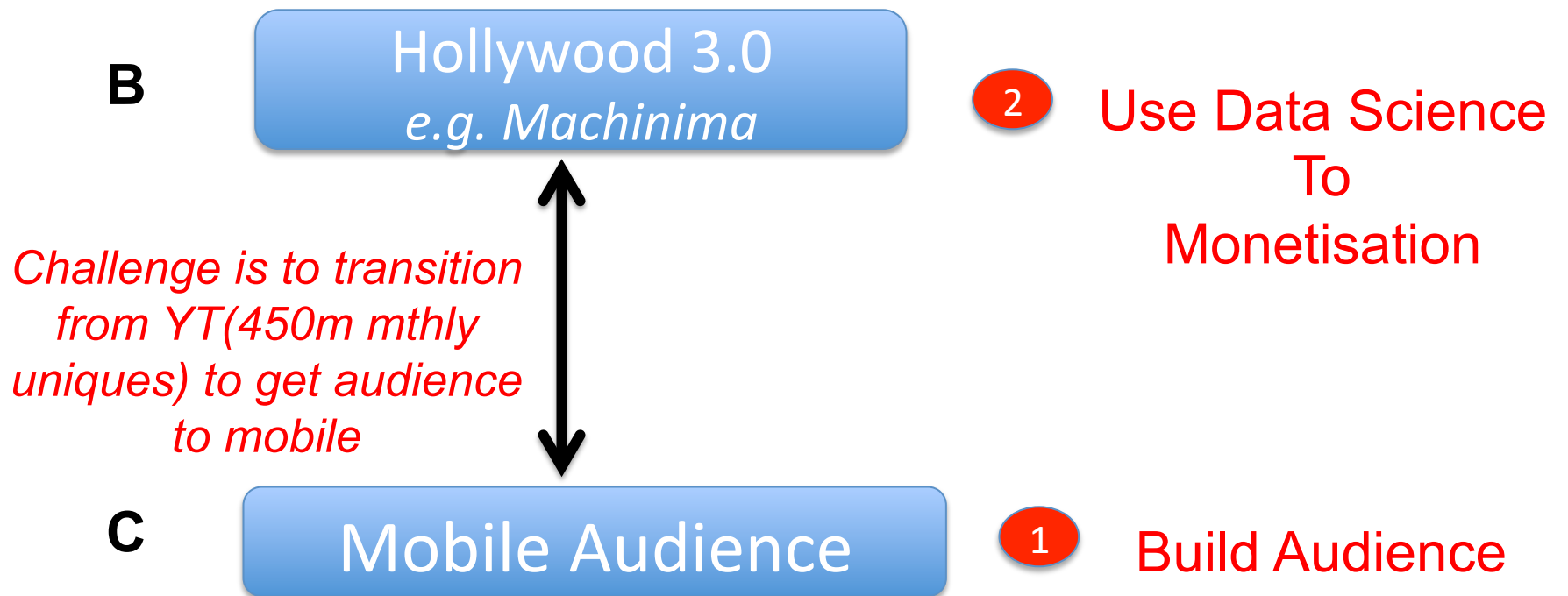
15 or 30 Sec ads



AI - The Data Network Effect



Mobile B2C



The Changing Australian Landscape

Future Fund



Google
Linkedin
Facebook Atlassian
Digital Challenger
Silicon Valley

Verizon
Ford
Warner Bros
Digital Defender
USA

Seek
Digital Challengers
Australia

Telstra
Comm Bank
Seven
Digital Defender
Australia

Digital Attacker

Summary

- **New DNA of Business being Created**
 - **Emerging business tactics**
 - **Concentrated investment strategies**
 - **Aggressive Scaling**
 - **NB Sequencing the startup against competitor**
- **Australian Business Landscape is being rewired**