

The Business Value of IT in Today's Digital World

QCON NY 2014

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Competition Today



Nike Zoom Kobe
Venomenon 4



Nike FlyKnit Racer



Nike Basketball
Hyperdunk+



Nike
AirMax
C20²
JW

Nike FlyKnit



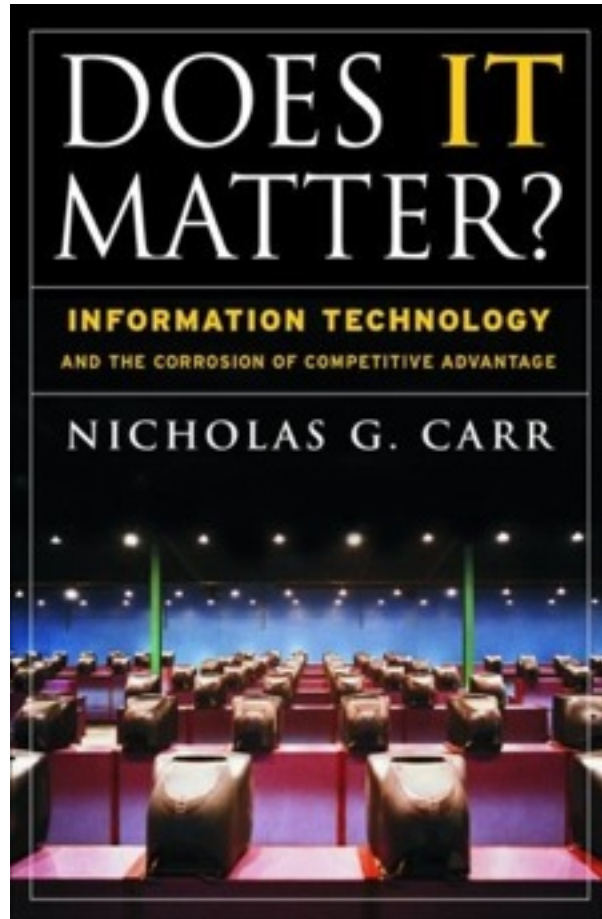
Cloud 2020 JW



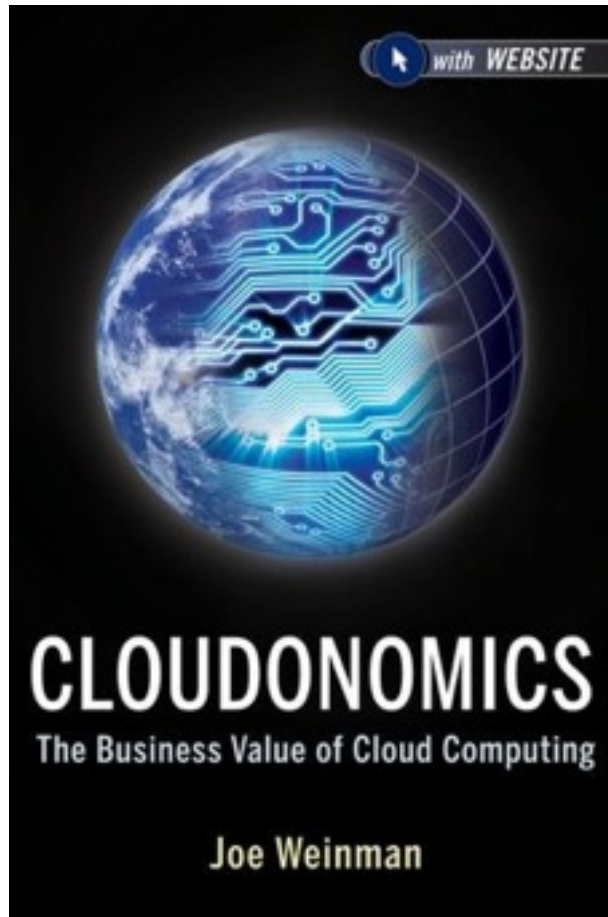
Nike Basketball Hyperdunk+



Does IT Matter?



Of course IT matters



Quantitative Analysis of Clouds

Common

- Penalty Cost Reduction to $\frac{1}{\sqrt{m}}$ for m independent demands

Location-independent

- Latency \propto to $\frac{1}{\sqrt{n}}$ for n nodes, adjusted by $\frac{1-\cos(2\beta)}{1-\cos(\beta)}$

Online

- Hub vs. P2P Benefit of $\frac{1}{n}$ Connections; Latency Penalty of $\frac{4}{3} \times \frac{45\pi}{128}$
- Smart networks improvement on n paths $\cong \frac{1}{2} + \frac{1}{(n+1)} - \sqrt{\frac{\pi}{2n}}$

Utility

- Pure Cloud Better when $\frac{P}{A} > U$; Hybrid Best with Breakeven at $t = T/U$

on-Demand

- Linear Benefit for $D(t) = kt$; Exponential for $D(t) = e^t$; $\frac{1}{\sqrt{n}}$ for Random Walk

Source: Joe Weinman, *Clouconomics*

Range of IT Value



Value Disciplines* + Digital Technologies = Digital Disciplines



Operational Excellence += Information Excellence

Product Leadership += Solution Leadership



Customer Intimacy += Collective Intimacy

Traditional Innovation += Accelerated Innovation



**Michael Treacy and Fred Wiersema, The Discipline of Market Leaders*

**Operational Excellence +=
Information Excellence**

Information Excellence

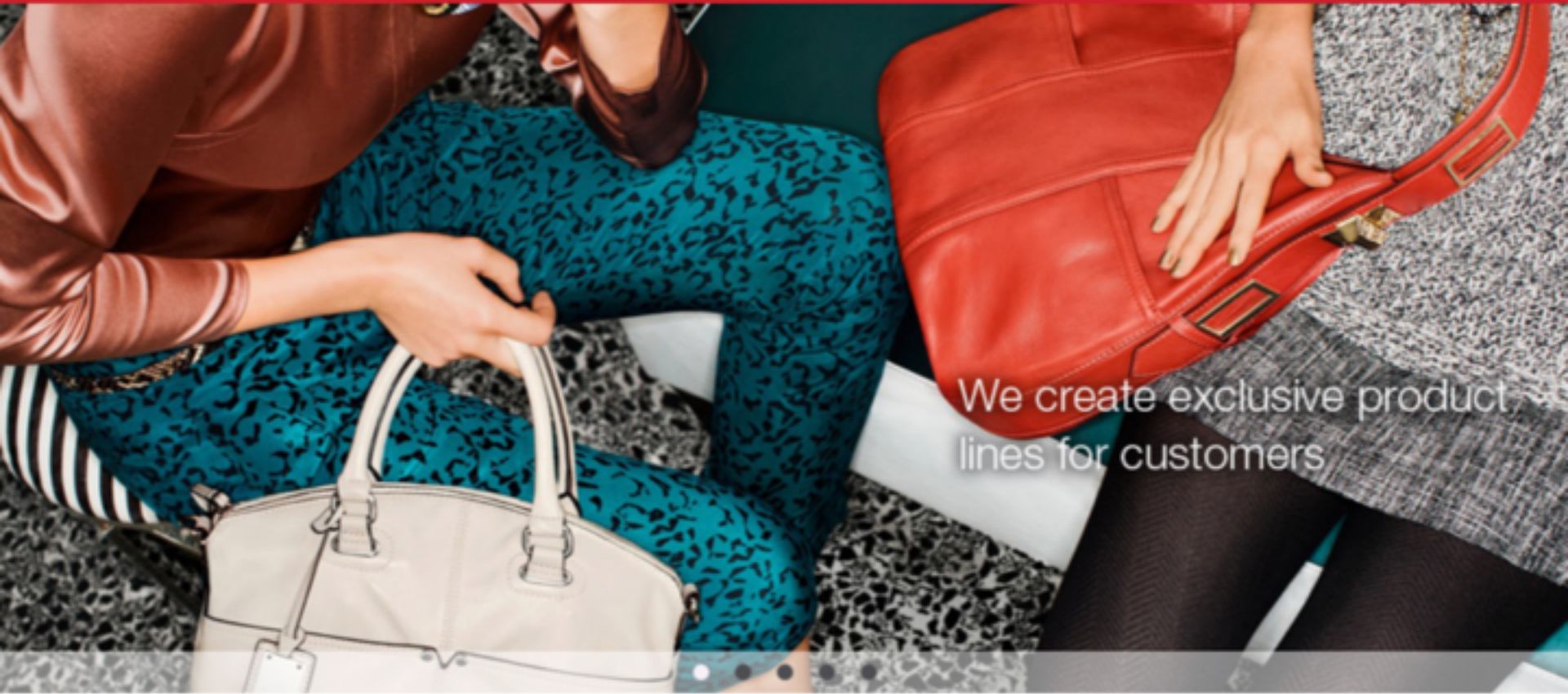


Information Excellence



Information Excellence





We create exclusive product lines for customers

WHAT'S NEW

Clarification Announcement
07 Jan 2014 (Announcement)

[Read More](#)

Li & Fung Reorganises Factory Support Services into New Business Unit

06 Jan 2014 (Press Release)

[Read More](#)

Re-Organisation to Expand Vendor Capabilities

LI&FUNG
INTERIM
RESULTS
2013

CORPORATE VIDEO

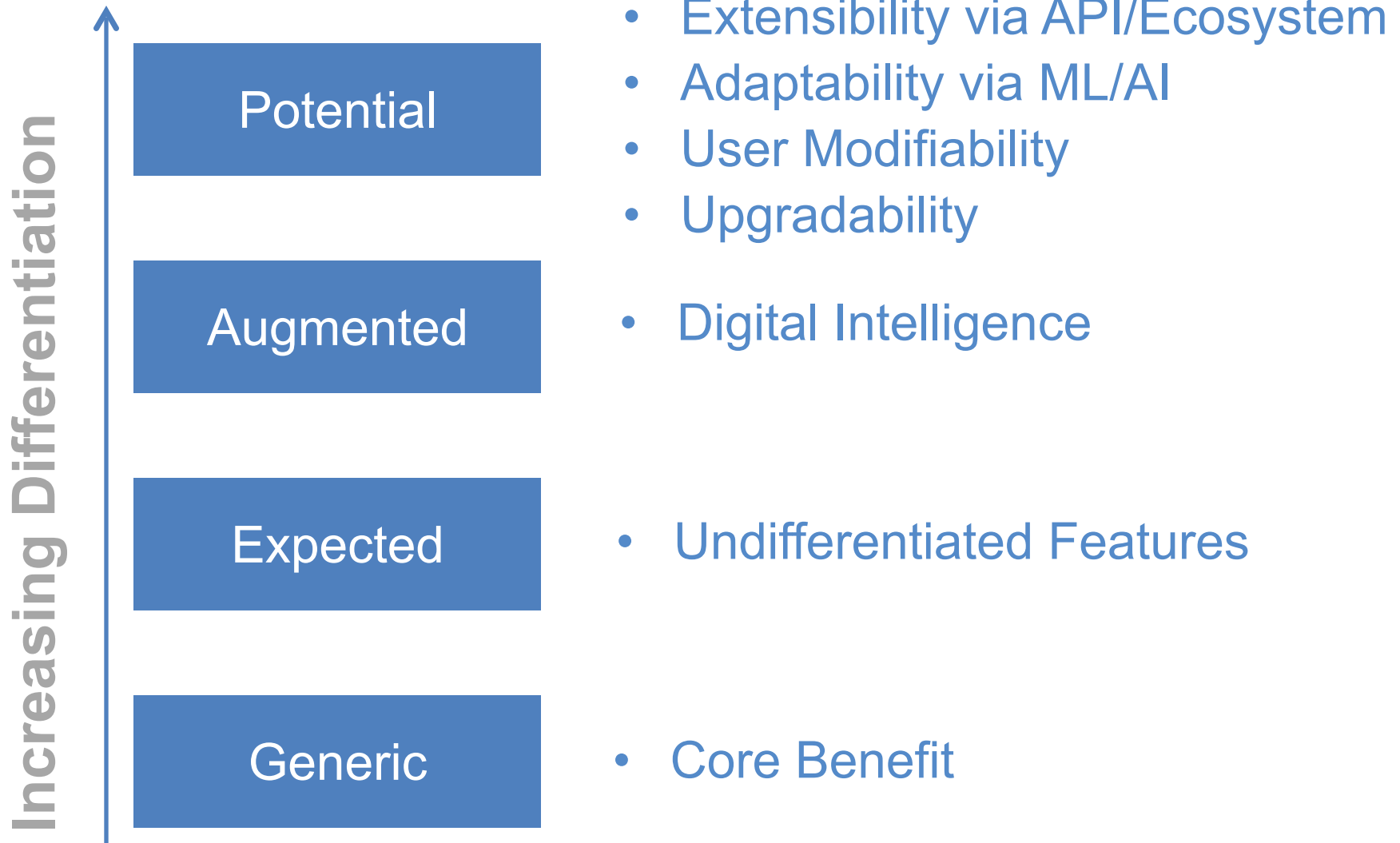
Stock Quote 10.14
-0.04 (0.39%)

00494.HK Feb 21, 16:01 (HKT)

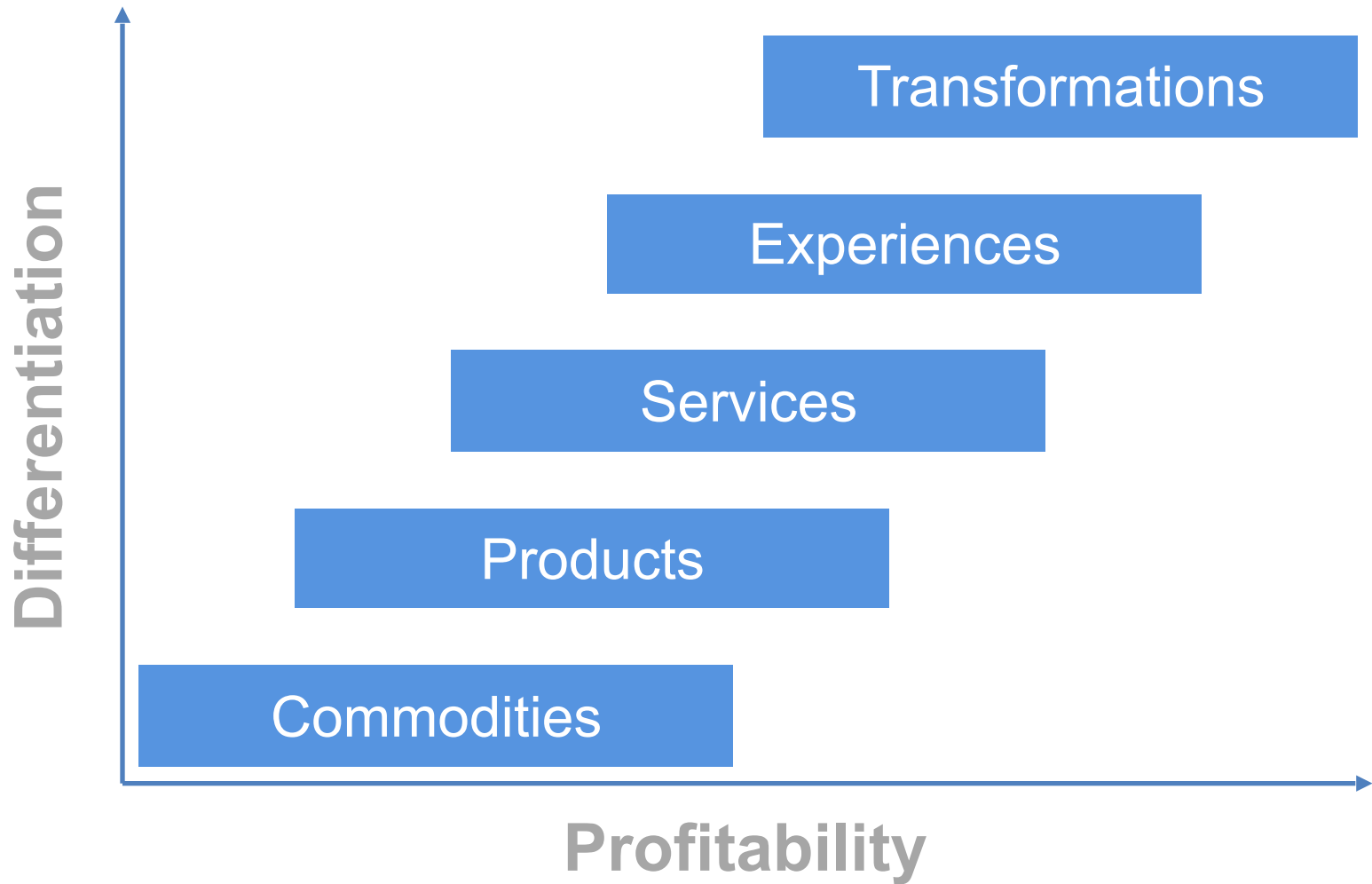
15-min, delayed Disclaimer
Irasia.com CFI

**Product Leadership +=
Solution Leadership**

Range of Product Value



The Experience Economy



Source: Joseph Pine & James Gilmore

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Solution Leadership



Solution Leadership



Solution Leadership



Community / Partner Ecosystem

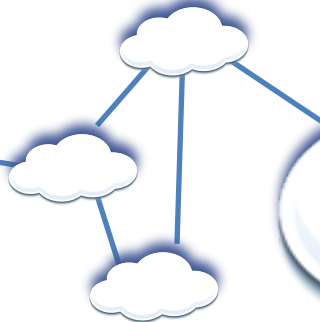
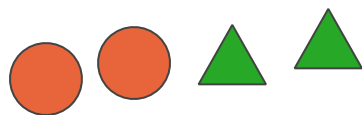


Platform

Platform



Social

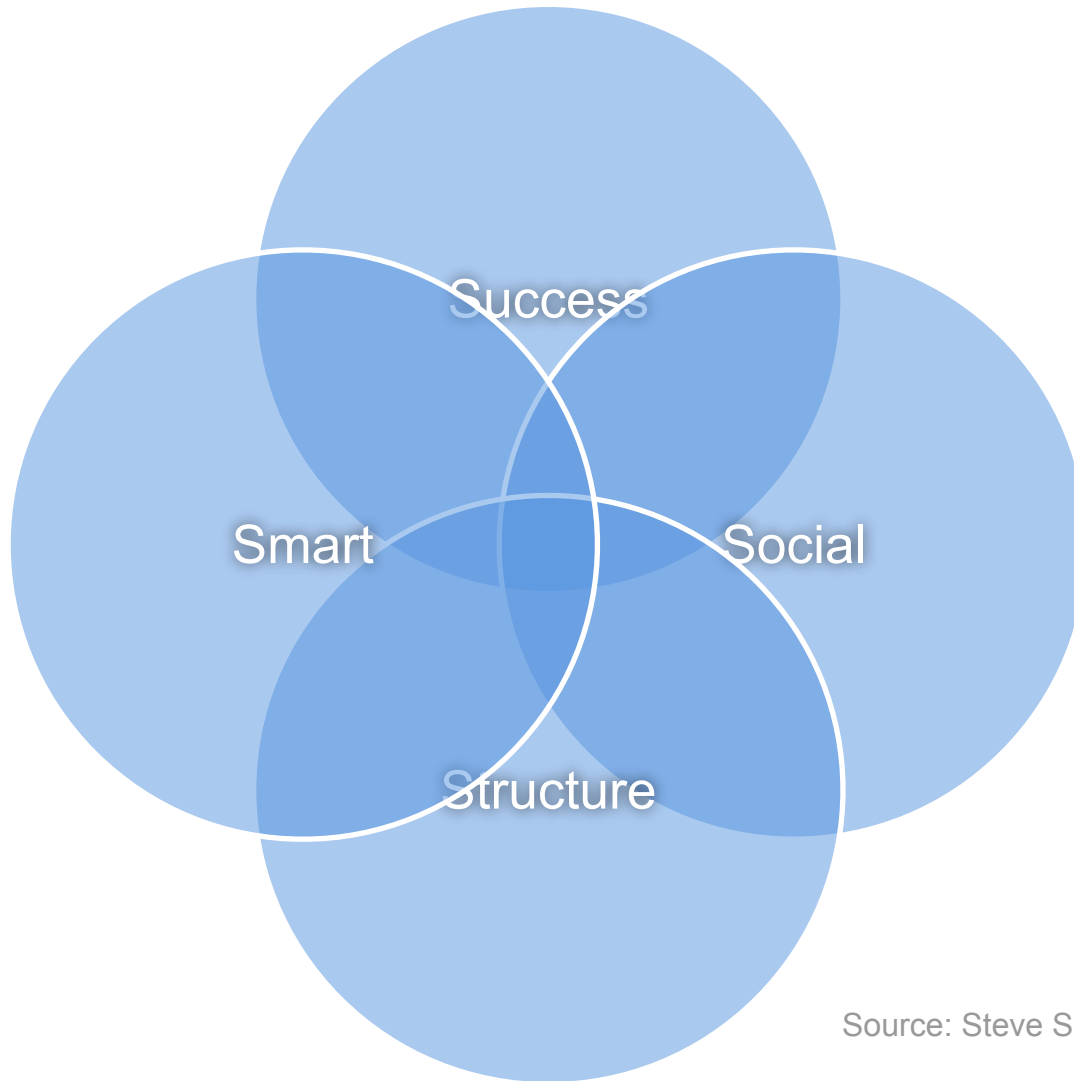


Product / Family /
Ecosystem

Network

Cloud Services

Gamification



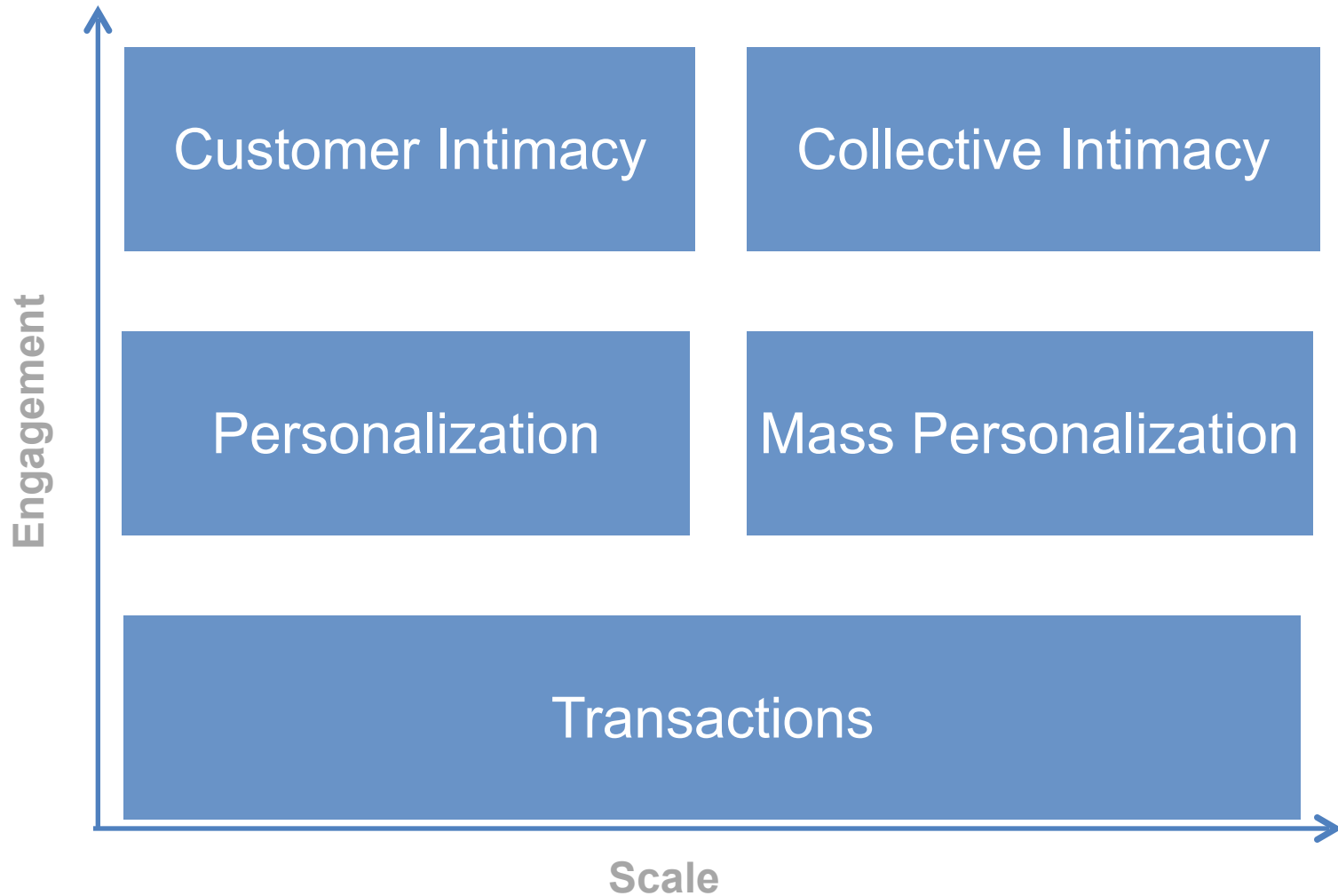
Source: Steve Sims, Badgeville

**Customer Intimacy +=
Collective Intimacy**

Customer Intimacy



From Transactions to Intimacy



Collective Intimacy



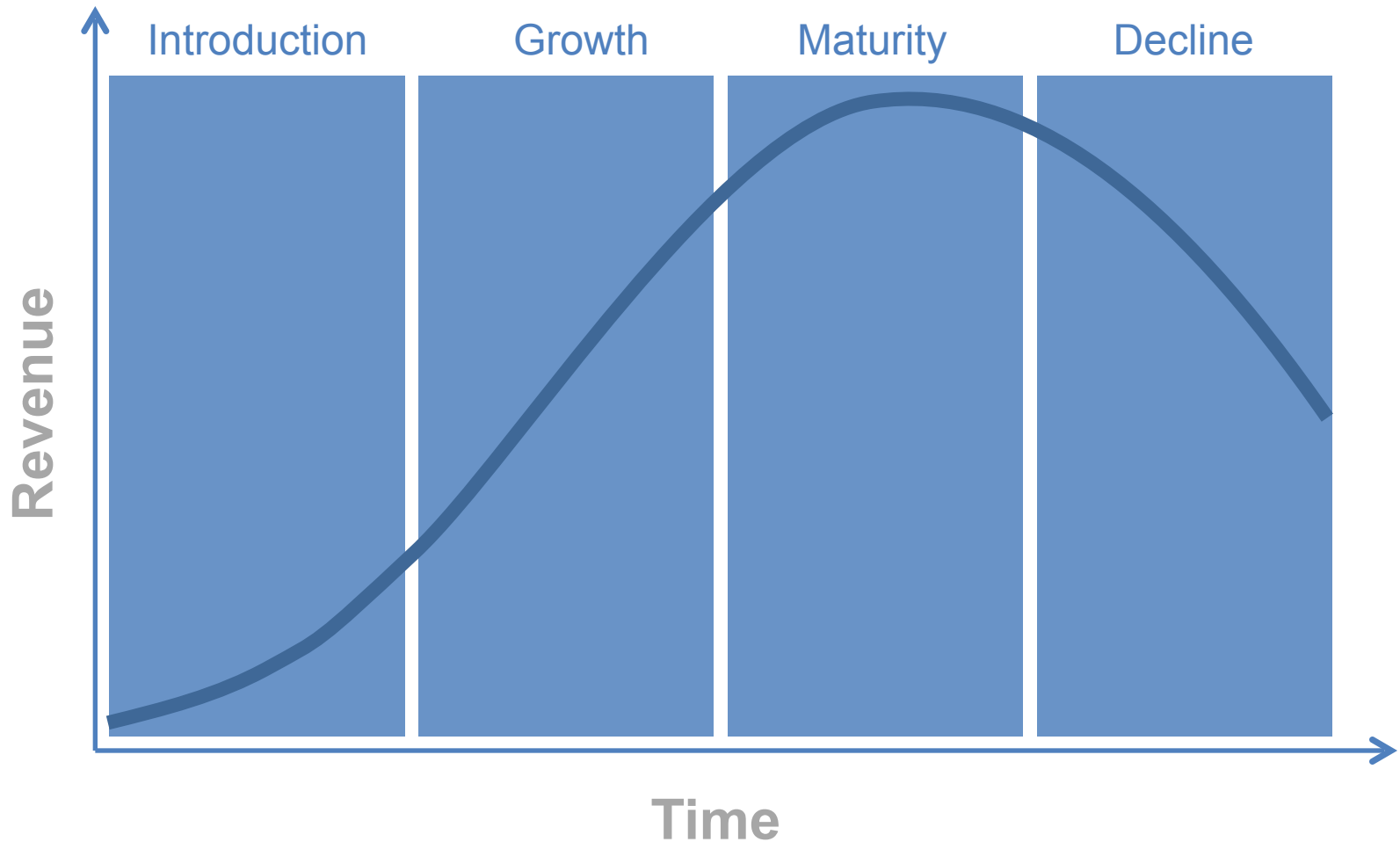
Source: Netflix

Collective Intimacy

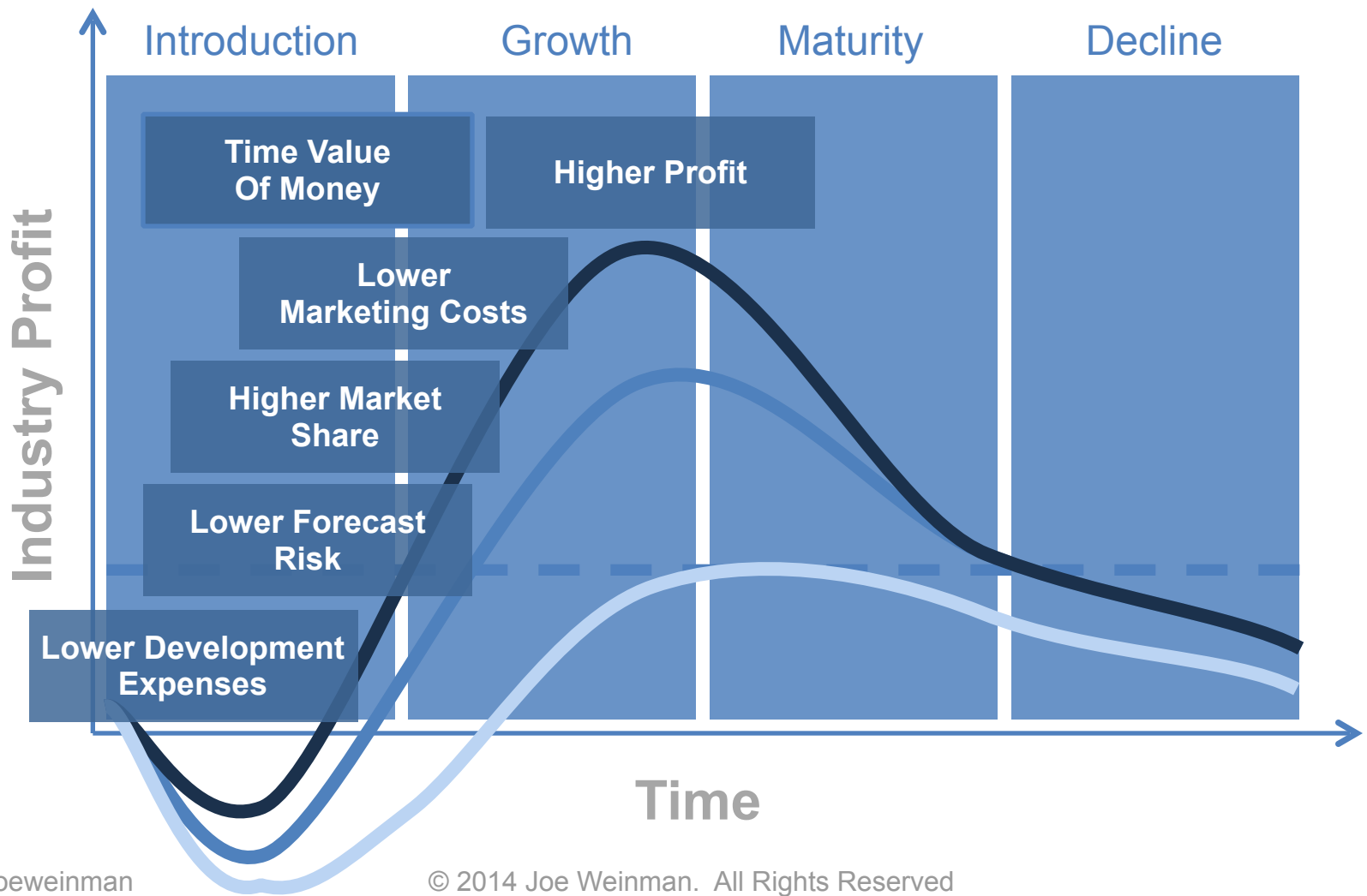
A woman with dark hair tied back, wearing a white lab coat, is looking through the eyepiece of a white and black microscope. She is in a laboratory setting, with another microscope visible in the background. The image has a blue tint.

**Traditional Innovation +=
Accelerated Innovation**

Product Life Cycle



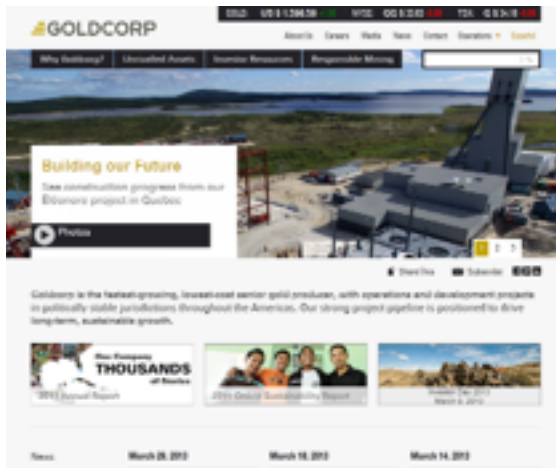
Industry Profit



Accelerated Innovation



Open Innovation



Goldcorp



Netflix



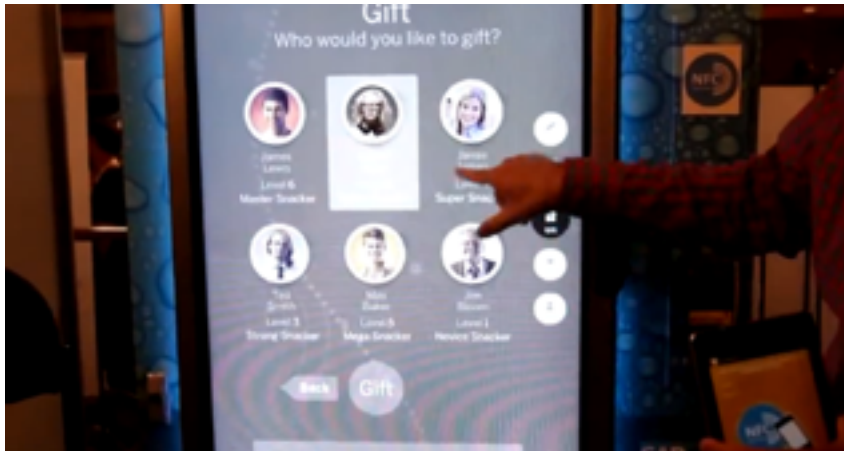
Innocentive

Accelerated Innovation

- **Internal += External**
- **Closed += Open**
- **Static += Dynamic**
- **Salaries += Prizes**
- **Cash += Reputation**
- **Waterfall → Agile**
- **Plan → Pivot**
- **Coding → Platform**

Putting It All Together

Putting It All Together



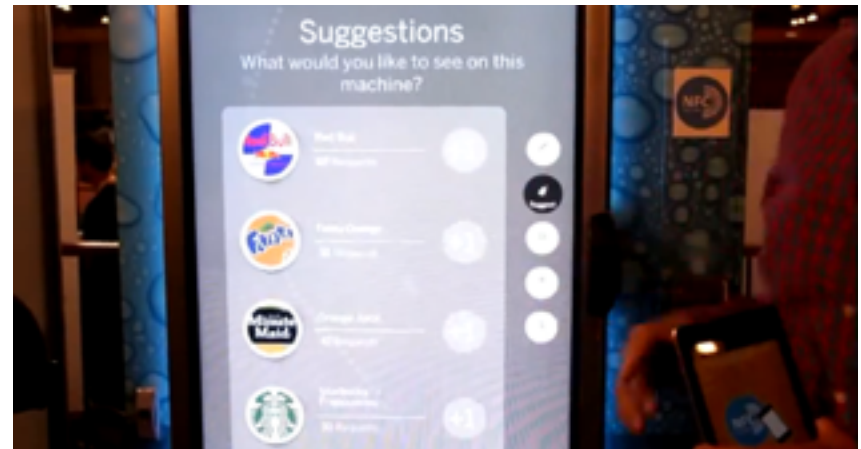
Solution Leadership



Information Excellence



Collective Intimacy



Accelerated Innovation

Early in the Journey



Source: estfacts.com

Thank You

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