



EXECUTIVE PERSPECTIVES

QUARTERLY DIGEST OF NEWS & VIEWS

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Businesses today are leaving no stone unturned in creating value. Digitisation has ushered in organisations that continue to identify and address the customer's unmet needs. Digitisation has led to greater machine intelligence in decision-making, a shift from products to platforms, and new digital business models like the sharing economy, rapidly changing the face of work. It has transformed how businesses operate and engage with key stakeholders, including customers and investors. Whether you are a technology company or an incumbent looking to transition to the digital economy with new products, services, and business models, it becomes critical to understand these forces of digitisation and leverage them effectively to create competitive value.

ISB Executive Education programmes are designed to equip executives with these tools and frameworks to reimagine value creation, challenge status-quo, adopt an innovation mindset, and become change-makers in the new economy.

We bring to you the second issue of Executive Perspectives, with the theme - Value Creation in the Digital Age. ISB Executive Education is committed to sharing research-backed perspectives on various facets of digital transformation, strategy & organisation, leadership that help business executives achieve excellence.

Warm Regards,
Editorial Team
ISB Executive Education

In Focus: Value Creation in the Digital Age

Value Creation in the Digital Age – From Pipes to Platforms

In recent years, many technology startups and digital giants have leveraged the “platform business model” to gain competitive advantage over traditional incumbents in diverse industries. Google, Apple, Amazon, Alibaba, Uber, and Airbnb are all examples of companies that have leveraged the key principles of platform business models to fundamentally disrupt how value is created and extracted in diverse product markets and industries. Not surprisingly, these digital juggernauts have catapulted to trillion-dollar market valuations, making them some of the most highly valued companies in the world.

Platforms strive to create competitive value by deviating from the classic linear value-chain model or conventional “pipeline” businesses. These business models predate the digital economy, be it malls and credit cards that link consumers and merchants or auction exchanges that bring together buyers and sellers of goods. However, forces of digitisation, including the separation of information goods from physical artifacts and low marginal costs of creating and sharing information goods, have led to the significant growth of digital platforms that allow frictionless participation among different stakeholders.

While competing in the digital economy, traditional businesses must consider harnessing the power of technology to orchestrate or at least, participate in platform economies.

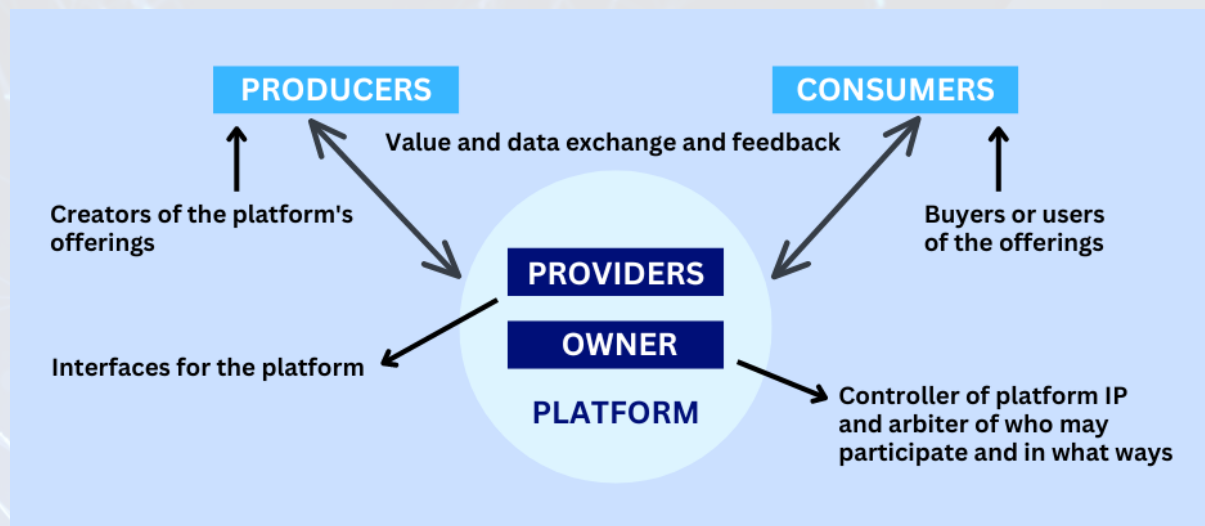
The key components in a platform ecosystem



A platform ecosystem consists of platform owners and providers who bring together producers and consumers of product and service offerings in high-value exchanges.

Owners (for example, Visa or Mastercard) control the platform’s intellectual property and govern the rules and architecture of what stakeholders are allowed to do on the platform. Providers (for example, banks that provide the credit card) serve as the platform’s interface with producers and consumers. In many cases, these roles may converge (e.g., Google, Facebook, Amazon).

Central to platforms is the concept of network effects of demand-side economies of scale. The value of a platform to participants on each side increases with the number of users who affiliate on the other side. Network effects are at the heart of pricing and other competitive strategies in platforms. They create barriers to exit for platform users and in turn, barriers to entry for competitors, helping build better products and tip winner-take-all markets.



Whether it is Uber in transportation, YouTube in media, or Airbnb in hospitality, we are witnessing the exponential growth of platform business models along key performance metrics like the number of users, volume of content, number of rooms, number of payments. Another example is Apple's domination in its industry in which Nokia and other companies had classic strategic advantages. Apple conceived the iPhone and its operating system as more than a product that was the output of a linear manufacturing pipeline. It imagined it as a means of connecting participants in two-sided markets—app developers on one side and app users on the other—generating value for both groups.

While many technology startups and digital giants may be born platform models, it is also feasible for industrial economy incumbents to invest in platform businesses. In the below article we provide insights into how you can think about “platformisation” of your business, and the key shifts in resources and capabilities that you need to invest in to make the transition from pipeline to platform.

What is Your ‘Information Good’?

Technologies like Internet of Things (IoT) make it possible for industrial economy incumbents to separate information from physical products. For example, General Electric, in generating digital twins of its industrial equipment through IoT, allowed information on the equipment to be separated from the equipment, analysed, and remotely controlled to drive timely decisions, including real-time and predictive maintenance. In such case, the operating and other information on the machine would serve as the basis for a platform that would connect developers of industrial equipment applications (such as asset optimization) with manufacturers of equipment. The first step, therefore, is to identify the information goods that would serve as the basis for platformisation efforts in the company.

What is Your Ecosystem?

Platform business models represent a fundamental shift in strategic focus from resource control to resource orchestration. They seek to maximise the total value of an expanding ecosystem in a circular, iterative, feedback-driven process. That is, the greater the resources that the platform can marshal, the greater the network effects and the greater the value it can create and extract. In the case of General Electric, the IoT-enabled equipment would sit at the centre of an ecosystem that included equipment buyers, their supply partners, and service providers. The resultant data, algorithms, and applications from this ecosystem would serve as the base for connecting developers and manufacturers and network effects. It becomes important, therefore, to identify the ecosystem that you need to orchestrate to create value and eliminate barriers to production and consumption for key ecosystem participants.

Data-driven Strategies

Besides leveraging disruptive technologies, your platform must extensively and effectively leverage data to maximise network effects and value creation. This will accelerate innovation and ecosystem value. As a platform's marketplace expands, increased interactions between producers and consumers result in reams of data. The larger the platform, the better the matches between supply and demand and the richer the data that can be used to find matches. Greater scale generates more value, which attracts more participants, which creates more value, producing a virtuous feedback loop.

Crowd-Based Capitalism

It is now common knowledge that the greater the scale of the platform, the more value it offers. Network effects require that platforms fuel entrepreneurship and build a robust community that generates financial value for all its stakeholders. While subsidisation (pricing below marginal costs) of one side of the network is a common network mobilisation strategy, resource orchestration at scale has also given rise to crowd-based capitalism or the sharing economy, where assets of a distributed and heterogeneous crowd of producers are mobilised to compete with those owned and controlled by large hierarchical organisations (Airbnb versus traditional hotel chains). YouTube has empowered millions of independent content creators by encouraging new value-creating activities that can also be monetised.

Platforms represent a shift in organisation and competition in the digital economy. Unlearning and learning the new rules of strategy will be critical to seize the unique opportunities offered in the new networked world, creating competitive value and survival.

Realising and Overcoming **DIGITAL MYOPIA**



Myopic view of digitalisation prevents firms from exploiting their full potential. Digital Transformation initiatives should be driven by strategic vision to achieve excellence.

Managers often fall into one of these traps leading to digital myopia:



Efficiency trap

- A few business executives **stop seeing value beyond achieving efficiency**, which is the inherent outcome of most digital interventions.
- Consequently, short-term wins reflected in profit numbers drive their digital motivation and often tend to lose the strategic harvest beyond efficiency.



Pockets of excellence trap

- Managers who tend to digitalise operations at the department level without an overarching digital strategy fall into this trap.
- **Digital interventions as a piecemeal could lead to pockets of excellence and impede competitiveness** over the long run.



Replacement trap

- **Limiting digitalisation to mere replacement of people** is another trap that business executives fall into.
- While a few drudgery jobs could fade away by digitalisation, the bigger agenda lies in communicating to the workforce that tasks are different from jobs and preparing them for the change.

Firms that reinvented their businesses successfully using the digitalisation



Prior to the launch of Disney+, Disney created a process management system by redesigning fragmented content creation and distribution processes. This led to its competitiveness amidst players like Netflix, and attracted about 129 million subscribers worldwide in 2022.



Between 2010 and 2017, in the first wave of digital transformation, DBS bank reorganized its operations and technology groups to form a unified setup. Employees were trained in lean principles in 2010, and process improvements drove operational excellence.



DHL's digital transformation began in 2019 with AI-Powered logistics deployment to eliminate missing shipments. They substituted their traditional quality control with an AI-driven quality assurance system that tracked shipments and flagged issues in real-time.

Business executives and managers should realise that the interactions of people, processes, and technology as architecture with one layer interacting with the other could help realise the true potential of digitalisation.

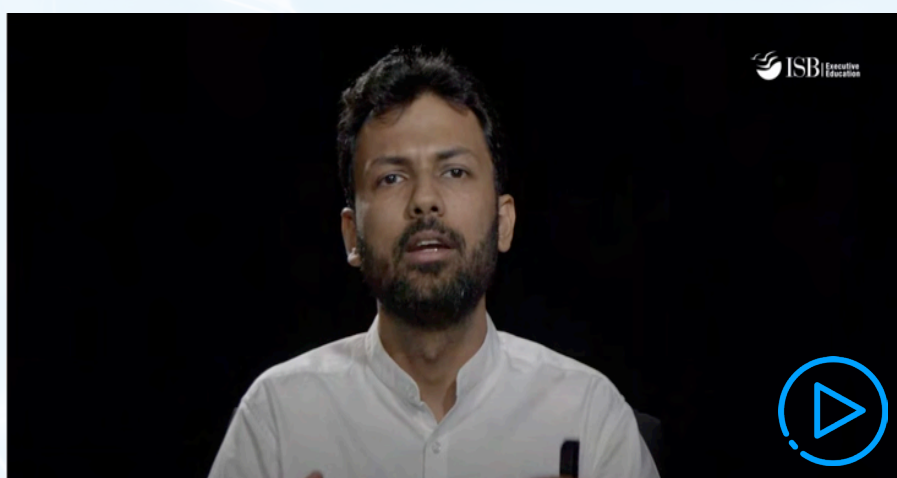
Research Bytes | Measuring the Impact of Telemedicine | Professor Sarang Deo

Businesses generate a ton of data, but a lot of it remains unused. Very little of it is analysed rigorously to evaluate the effectiveness of past decisions, or inform future decisions, both of which largely rely on the intuition of managers. Sarang Deo, Professor and Area Leader, Operations Management; Executive Director-Max Institute of Healthcare Management (MIHM) dives deeper into how data and research were used to evaluate the impact of telemedicine centres on patients' care-seeking behaviour.



Inside India | Firm Resilience in Crisis | Professor Shekhar Tomar

Technologically savvy firms that invested in data and artificial intelligence before the pandemic were more immune to the pandemic and its adverse consequences. Shekhar Tomar, Assistant Professor, Economics and Public Policy takes us through some of these firm strategies that help firms navigate recessionary periods and tough market conditions.



Atrium Talks | Data is Wisdom

Is Data the new oil? Deepa Mani, Deputy Dean, Executive Education and Digital Learning Professor of Information Systems and Bhagwan Chowdhry, Professor, Finance Executive Director – DIRI, say it is much better than that. The new data sources give you reliable information in real-time, and new creative methods allow you to identify the real variable that's causing the effect. They argue that Data is also a competitive advantage that needs to be democratised.



Industry Insights | Sanjay Goel, ATC | Professor Ram Nidumolu

American Tower Corporation, one of the largest global Real Estate Investment Trusts (REITs), is a leading independent owner, operator and developer of wireless and broadcast communications real estate. Sanjay Goel, Executive Vice President & President, Asia Pacific, American Tower Corporation and Ram Nidumolu, Professor of Organisational Behavior (Practice) discuss the telecom infrastructure industry and touch upon ATC's purpose, innovations within the company, what 6G could entail, ATC's core competencies, and more.



Learning Interventions to Thrive in the Digital Age

Programme Spotlight: Leading Technology Product Innovation

To create cutting-edge digital products, technology innovators need to build a culture of continuous innovation and inculcate the ability to adapt to change and disruption. Radical and disruptive innovations are harder to get right, have a lower success rate and present more risks. The most challenging part is not coming up with new ideas but driving market adoption.

The **Leading Technology Product Innovation** is designed to equip executives with tools, techniques, and frameworks to create innovative technology products and solutions, successfully scale them, and sustain growth and profits.

Key Takeaways

- Identify customer personas and segments to validate problem and solution hypotheses
- Define your ideas and appropriate metrics to rate them
- Learn how to create concept stories (pitch) and storyboards
- Understand your customers more deeply
- Explore nimble and agile ways to gather user feedback
- Build and ship minimum viable products (MVPs) early and often
- Use appropriate analytical methods to analyze product data and nimbly respond
- Explore examples of how traditional industries have reinvented themselves taking advantage of the latest technology and the evolving business models

Know more about the programme [here](#).

Vishal Karungulam, Group Product Manager – Data & Analytics Products, Google, Visiting Faculty (Product Innovation, Design Thinking, and Digital Transformation), ISB, shares what it takes to truly lead product innovation today.



Events from the Past Quarter

Topic Focused Programmes

These learning interventions cut across organisational functions and sectors, providing executives across hierarchies a diverse and distinctive set of tools, frameworks, behaviours and skills that enable them to play an expanded role in their functions and create an impact for self, teams, and organisations.

Programme	Dates
<u>Leading Technology Product Innovation</u>	Dec 10, 2022 – Dec 11, 2022
<u>Building Sustainable Organisations</u>	Nov 16, 2022 – Dec 13, 2022
<u>Managing Sales Teams and Distribution Channels</u>	Nov 23, 2022 – Dec 15, 2022
<u>Transforming Customer Experiences</u>	Nov 17, 2022 – Nov 19, 2022
<u>Designing Firms for Competitive Advantage</u>	Dec 16, 2022 – Nov 17, 2022
<u>Building High Performance Teams</u>	Dec 06, 2022 – Dec 07, 2022

Comprehensive Leadership Programmes

The Comprehensive Leadership Programmes are richly-blended, intensive learning journeys, designed to accelerate the leadership ascent of executives within their firms.

Programme	Dates
<u>Emerging Leaders Programme</u>	Jan 21, 2023 – Sep 23, 2023
<u>Women's Leadership Programme</u>	Feb 02, 2023 – Apr 15, 2023
<u>Global Advanced Management Programme</u>	Feb 27, 2023 – Jun 02, 2023

Roundup of the Past Quarter

Custom Solutions for Enterprises

Over the past quarter, ISB Executive Education has co-created and delivered distinct learning solutions for industry leaders such as Barclays, HMEL, MSDE, Royal Enfield, with others on the path of concluding their learning journeys.

ISB-Barclays Leading in the Age of Digital Disruption:

Senior executives of Barclays graduated from the programme with a deeper understanding of strategic execution capabilities, enabling them to successfully transition into global leadership roles. The programme equipped the executives to leverage digital technologies, become key influencers and thought leaders at the enterprise level, and appreciate macro trends in business and technology to identify further opportunity areas for transformation.



ISB-HMEL Digital Leadership:

HMEL embarked on a transformational learning journey with ISB through a bespoke multi-cohort programme co-created with the leaders at HMEL. The first one being the Strategic Thinking and Execution Programme, which concluded in Aug 2022. The Digital Leadership Programme equipped senior executives with tools and frameworks that help them

become globally competitive leaders, in an increasingly tech-enabled and agile world.

ISB-Royal Enfield Leadership Excellence and Development:

Executives from VECV and Royal Enfield graduated from the LEAD programme, equipped with research-led insights and global perspectives on strategic execution, value creation through Industry 4.0 and digital transformation, and driving growth through innovation. The programme also helped them discover how emerging technologies are disrupting the manufacturing ecosystem.



Custom Solutions for Government



ISB-SBI Digital Leadership:

The State Bank of India's senior management and leadership team from across departments participated in the Digital Leadership Programme, which was specifically designed to help the public sector bank understand and adopt the nuances of digital transformation while addressing business challenges in today's disruptive market landscape.

ISB-MSDE Capacity Building:

The programme equipped MSDE senior leaders with insights to achieve higher levels of performance and service delivery. The 5-day learning journey focused on covering key topics such as AI, innovation, digital products, tech-enabled models of delivery, navigating politico-socio-economic factors strategically and empowering them with leadership.



MoU

ISB Skills Hub announced collaboration with the NIESBUD - National Institute for Entrepreneurship and Small Business Development and the Indian Institute of Entrepreneurship (IIE) to impart professional skills to their community of youth and budding entrepreneurs with ISB's globally renowned curriculum.

The MoU was exchanged between Professor Deepa Mani, Deputy Dean, Digital Learning and Executive Education, ISB; Poonam Sinha, Director, NIESBUD; and Lalit Sharma, Director, IIE; in the presence of Rajesh Aggarwal, Secretary, MSDE.



Events from the Past Quarter

Accelerating Digital Transformation in Healthcare

Organisations can keep up with the accelerating consumer preferences in healthcare delivery only by embracing a digital mindset. The webinar, in collaboration with the Max Institute of Healthcare Management, along with distinguished faculty and industry experts, demystified the myths and challenges in healthcare.



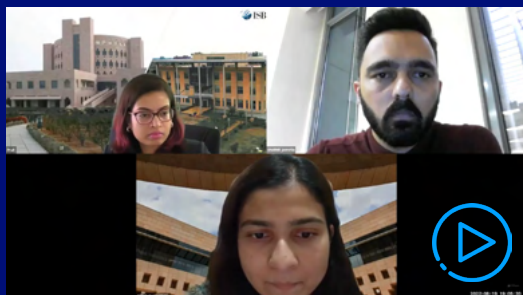
Masterclass on Personal and Organisational Resilience

Personal resilience, a critical need in today's dynamic economy, can be a game-changer for business leaders. Professor Ramnarayan S conducted an insightful Masterclass and gave a sneak peek into refining strategic thinking, thinking beyond functional expertise, leveraging the digital economy, and more as part of the General Management Programme.



Masterclass on Negotiation

What makes a good negotiator? Professor Pooja Mishra conducted an insightful Masterclass, diving deeper into the power and process of negotiation, as part of the Emerging Leaders Programme.



Faculty in Spotlight

ISB faculty includes leading academics with strong domain expertise that draws on extensive research, real-world engagements, and rich teaching experience in top global business schools. The faculty also includes accomplished industry practitioners, who have been at the helm of global businesses.



[Professor Krishnamurthy Subramanian](#) has been appointed as the Executive Director of International Monetary Fund (India) from November 1, 2022.



[Professor Ramabhadran Thirumalai](#) has been appointed as:

Member, Board of Directors of CDSL Ventures Ltd, a wholly owned subsidiary of CDSL (Central Depository Services Limited).

Member of the Regulatory Oversight Committees at India INX (exchange) and India ICC (clearing house).



[Dr Anjal Prakash](#) has joined the editorial board of Springer Nature's journal SN Business & Economics.



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