



# VAN Satellite 2019

## Keynote summary

### Session: Scaling while maintaining your DNA

Speaker: Steve Sammartino

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#### How to know which technology rabbit to chase

You need to decide how you're going to harness the right technology in the right way to scale your business. And you have a lot of choices. We are living on the precipice of radical change. Moore's Law, which related to microchips, currently applies to more than 100 different technologies. While the industrial revolution took manual items – a hand pump or a horse and cart – and added artificial power, our current revolution is about adding a layer of artificial intelligence.

#### What do you need to think about?

- **What business are you in?** The business you're in is the problem you solve, not the way you solve it – because how we solve problems changes when new technology arrives.
- **Are your definitions current?** A TV is no longer the box in your living room. It's any audio/visual feed screened to a pair of eyeballs (e.g. Youtube). Can you expand or change your definition of: a client, a client meeting, advice, value or fees?
- **Should you add technology?** Adding technology doesn't always add value. You need to decide which parts you keep human and which parts you outsource to machines. Your job is to add a layer of humanity. What makes us human isn't intelligence, it's our ability to care and have relationships – to build trust. So, bring in the technology to outsource the mundane, but make sure you continue to overlay it with humanity. Midnight Oil may have used a drum track on *The Power and the Passion*, but it was Rob Hirst who delivered one of the greatest drum solos of all time.
- **Is your business based on yesterday's system?** Supermarkets will only remain profitable while their model is stable. Once drones deliver groceries ordered by smart pantries and fridges, retail supermarkets will become redundant. Don't get stuck in marketing myopia. You will always do better in the end by concentrating on meeting customers' needs rather than on selling products and services.
- **Can you flip your revenue model on its head?** When Radiohead realised digital downloads would kill their main revenue stream, they flipped their business model. Their next album, *Rainbows*, could be downloaded free – or for a donation. The move not only generated free PR, ensuring record turnouts in the *Rainbows* tour, but Radiohead made good money on album sales. With 30% of fans giving a donation, the average price paid per download (product cost zero) was \$9 – compared with \$1 per CD on their previous album. This was the base idea Spotify went on to scale.
- **Can you increase your margins by making complexity simple?** Apple can charge 2.5x the price of comparative products because of the brilliance of its designs.

- **Can you break the rules and still win?** Apple is also the world's most profitable retailer, despite the fact that it has more staff per square metre than any other retailer in the world. Why? Because we trust Apple staff to fix our devices and recommend the right product. NOTE: Steve Jobs tested this idea at **one** New York store before scaling.
- **Can you turn leaking value into a revenue generator?** HBO's Head of Marketing doesn't mind people ripping Games of Thrones off the web because those same people then create \$35M worth of marketing (via blogs and fan fiction) – for free.

### Steve's predictions

- Everything in your house will be cognitive.
- Offices will go away.
- The screen is temporary. Soon we'll move to language.
- Electric cars will create exurbs – 200 kms from our cities.
- Unless you're looking for it, the big business model shift will happen without you noticing it.
- By 2028, Australia will have more freelancers than PAYE workers, upweighting the importance of financial advisor.

### Steve's advice

- **Don't embrace technology without thinking about the human impact.** Qantas had a head office team watching for customers complaining on Twitter instead of empowering their front line staff to make decisions that would have prevented the complaint in the first place.
- **When technology decreases humanity, it's a bad use of the technology.** If you always put the human first, you won't damage your brand.
- **Test one thing with one customer ONCE**
- **Look sideways at big data.** What else can it tell you?

### How to scale without taking inordinate risks (the 3)

1. **Invest 10 mins in feeding your brain** – Every single day, read, listen to or watch something interesting on AI, blockchain, automation. Make a consistent effort and keep an open mind.
2. **Conduct a side project** – Test to see how the technology could help you put your clients first.
3. **Humans first** – You know you're making good use of technology if it increases the humanity of the interaction

*Steve Sammartino is Australia's leading Futurist and author of the best-selling books *The Great Fragmentation* and *The Lessons School Forgot*. Look out for his new book 'Think like a start-up' coming soon.*

*Check out some of Steve's experiments: a Lego rocket in orbit and a Lego car that runs on air.*