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The Innovation Enterprise Conference Series in Shanghai:
Key Takeaways from Day 1

FGRT attended Innovation Enterprise's most recent conference series in Shanghai on September 6–7. Below, we provide our key takeaways from day one.

1) Anne Chang from Google introduced Design Sprint, a framework that helps product developers to "sprint" through the full development cycle, completing a prototype with validation in just five days.

2) Retailers face a number of challenges in digitalization, particularly when dealing with data. Eddie Cai from GAP suggested retailers should focus not on big data, but on internal data, which is more feasible to handle.

3) Sophia Ong from Tencent Online Media Group shared a number of case studies showing how marketing technology disrupts brand marketing, involving big data analysis to identify new customer groups and creating highly relevant content to target audiences using artificial intelligence (AI) analysis.

4) Wang Lijie of JD.com talked about the company's spirit of innovation and its innovation journey since it was first established. JD.com sees its future growth drivers as: 1) driving innovation through organic growth; and 2) business model extension.

5) A panel comprised of retail technology startups talked about the mutually beneficial relationship that arises when corporates work with startups. Startups are an attractive option for companies wanting exposure to certain emerging technologies to drive innovation, and to do so quickly, without having to take the time and effort to build a team from scratch.

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About Innovation Enterprise Conferences

FGRT attended the latest conference series organized by Innovation Enterprise on September 6–7 in Shanghai. The conference featured three summits, namely Chief Innovation Officer Summit, Big Data & Analytics Innovation Summit and Digital Marketing & Strategy Innovation Summit.

1. Innovation Through Design Sprint

Anne Chang, Head of Product Design at Google, introduced Design Sprint, a framework created by Google that helps to improve and expedite innovation.

A veteran of product innovation, Chang has launched over 40 products throughout her career—some with great success, and others not so much. As the world continues to change quickly, it has become ever more challenging to design products that meet customers' needs.

Source: FGRT

Design Sprint enables product developers to "sprint" through the full development cycle in just five days. The team usually consists of five to seven members, including one design sprint master to act as the facilitator, as well as members from different business units. It features a five-phase framework:

- **Phase 1—Understand:** The team brainstorms to uncover the business opportunities, the competitive landscape and the target audience. Members write down "opportunity notes" to capture ideas, create a user journey and invite domain experts to share their knowledge.

- **Phase 2—Sketch:** The team shares a wide range of ideas, using the "crazy eight" approach, where each member needs to come up with eight ideas in eight minutes. The goal is to generate as many ideas as possible.

- **Phase 3—Decide:** The team uses a decision matrix and democratic dot voting to identify ideas for the next phase.

- **Phase 4—Prototype:** The team designs and prepares prototypes that can be tested.

- **Phase 5—Validate:** The team conducts testing with users that are the target audience, and ends with follow-up questions.

Design Sprint is not limited to internal-use only at Google. The company has made the framework and relevant resources available to the public on its website.

2. The Challenges of Digitalization in Retail

Eddie Cai, Senior Director of Customer Relationship Management (CRM) at GAP, provided his insights about the challenges of digitalization in retail.

Cai began with the popular buzzword "big data," which he regards as too "big" for retailers—not only does the sheer volume, variety and velocity of data concerned necessitate a huge investment for retailers, but there are also the issues related to data privacy to contend with. Instead, Cai believes internal data—which includes customer profiles, customer engagement, as well as products and channels—is more feasible for retailers to handle.

Source: FGRT

In addition to data capture and data management, Cai mentioned several other challenges faced by retailers:

- **Organization and people:** As handling customer data is new to retailers, it involves organization structure and change management. On the people side, retailers need to manage training, communication and turnover accordingly.

- **Store and service people management:** Retailers need to simplify the process of data collection, and provide incentives and recognition to front-line staff, as well as arrange training accordingly.

- **Cost control:** Companies need to avoid constant changes to keep costs down.

- **Data traps:** The wrong definition and scope of data, or data manipulation could lead to misinterpretation of data.

3. How Does Marketing Technology Disrupt Brand Marketing?

Sophia Ong, GM of Strategic Partnership at Tencent Online Media Group (OMG), shared several case studies of using marketing technology to disrupt brand marketing.

- **Bid-data-fueled marketing intelligence:** Ong showcased a shaver shopper data deep dive, where Tencent helped to distinguish the different behaviors the buyers and users of shavers, where the buyers could be female as well. This challenged marketers who had only been focusing on male shoppers. As a result, a gifting campaign was created to capture these female shoppers.

- **Content, the new demand driver:** To bridge the gap between brands and millennials, Tencent OMG helped Burberry to create content based on AI analysis. The campaign was a success, with 100,000 views the day it was released, yielding a click-through rate (CTR) of 2.4%, higher than the average of 0.4%.

4. Be Customer-Centric and Technology-Driven, then Innovate

Wang Lijie is the Principal Agile Innovation Coach at JD.com. Between 2011 and 2016, JD.com's gross merchandise volume (GMV) saw rapid growth, going from ¥32.7 billion to ¥658.2 billion in five years. The company's goal is to one day rank among the top-10 of the Fortune 500; it was ranked 261st in 2017. To achieve this goal, the company is trying to address how to innovate in the fast-changing world. Its answer for the next 12 years—use technology to support innovation.

For JD, there are five key components of a technology-driven intelligent business:

1. Big data

2. Cloud computing

3. Robotics (i.e., driverless cars, drones, automated warehouse)

4. AI

5. Smart products (i.e., JD smart speakers, which support voice commerce, and JD's smart refrigerator, which is able to suggest recipes to consumers based on the contents of the fridge and can help place orders when ingredients run out).

Drivers of JD.com's Future Growth

The dual drivers of JD.com's future growth are: 1) organic growth; and 2) business model extension.

In order to expand its ecosystem, JD.com has been investing in other companies, as well as accepting investments from other companies, including Tencent and Walmart.

1. **Organic growth**
   - **Product category extension:** JD has moved from 3C (computer, communication and consumer electronics) to general merchandise.

   - **Logistics:** JD.com has been expanding its logistics network, which now covers 98% of China's population. It went from 211 (i.e., ordered before 11am, delivered before 11pm), to delivery within two hours.

   - **Multiple entry points:** Previously, consumers could only enter the website via the JD.com app. Now, they can enter using WeChat and Baidu search, following JD.com's partnerships with Tencent and Baidu.

2. **Business Model Extension**
   - New Retail
   - Finding innovation opportunities from the value chain

According to Lijie, the "fourth retail revolution" talked about by JD.com is different from the New Retail propagated by Alibaba. At JD.com, the fourth retail revolution refers to thinking about costs and efficiency to give consumers the best retail experience, and is comprised of the following:

- **The 3 Is of technology:** Instrumented, interconnected and intelligent
- **The 3 Ss of RaaS (retail as a service):** Scalable, smart and synergetic
- **The 3 Ps of consumer:** Personalized, pluralistic and participative

Lijie ended his discussion with what he felt were the three core tenets underpinning JD.com's spirit of innovation: to solve problems, to go with market trends and needs, and to be humane and provide value to customers.

5. Panel: Open Collaboration—Best Practices for Partnering with Startups

In the final session of the day, several panelists from the startup ecosystem discussed their experiences, sharing their insights into their collaborations with corporates. The session moderator was Oscar Ramos, Partner at SOSV, a provider of venture capital that runs seven accelerators globally, including Chinaccelerator, HAX and IndieBio. The panelists were:

- **Edaan Getzel, Founder and COO of Rikai:** Rikai educates WeChat followers globally through AI. The company's first product was teacherbot, which teaches English to Chinese learners. Rikai has also been licensing technology to corporates such as Visa.

- **Matt Quaine, AI Engineer at OCheng:** OCheng uses AI technology to provide intelligent marketing solutions and payment services for brands. The company worked with Sephora, building an AI chatbot for them. This resulted in a fivefold increase in sales and helped increase Sephora's China fan base to 3 million from 0.09 million in 2016.

- **Yinwei Chen, Cofounder and COO of Bonzun:** Bonzun offers medical content to pregnant women, such as helping them understand a pregnancy test. The app now has 1.8 million users in China. Bonzun has been collaborating with companies producing baby products, hospitals, etc.

Why Corporates Should Work with Startups

Quaine stated that startups are an attractive option for corporates wanting exposure to certain emerging technologies, as startups have devoted much time to these emerging technologies and are willing to take risks. Some corporates may not have the resources nor want to build an entire new team from scratch to work on an emerging technology.

Getzel believes speed is a key advantage for startups. He also mentioned that it is common for startups to take a problem in one industry and solve it with a technology in another industry.

Chen believes that startups can create something new and innovate, and drive innovation within a corporate.

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Why Are Multinational Corporations so Keen to Partner with a Startup?

Quaine observed that there have been more successful examples within the startup scene recently. Some startups have proven expertise, which has led to the surge in corporates working with startups. Startups may notice trends that big corporates may not, such as in the fashion industry.

Getzel stated there are many shared problems faced by corporates and startups that align them. Startups need to move fast in order to survive. Corporates are aware that startups are getting results faster and thus see them as a good partner.

How to Overcome the Challenges of a Potential Partnership Between a Startup and a Corporate

The consensus among the panelists was that politics in organizations is one of the key challenges to a potential startup-corporate partnership. They believe that such decisions need to be based on data—the more data-driven the decisions are, the less politics are involved.

Quaine believes that corporates need to be clear with the deliverables, as corporates are sometimes unsure of what they want.

Getzel believes that clear expectations and strategic goal alignment are important. An example he gave was that a startup typically has six to nine months of runway, whereas the sales cycle of a corporate may be longer.

Chen believes that corporates should pay startups fairly and be clear about the goals from the beginning.

Source: FGRT

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What Are the Key Benefits to Startups of Working with Corporates?
Mentorship from corporates is critical. Getzel shared that his company has learned to look at a problem from a different and larger perspective. The panelists agree that one of the reasons startups want to work with corporates is because of their deep connection with industry.

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