The Mobile Invasion...

...making sense of the coming revolution

Stephen Scheeler
Former MD Facebook ANZ
Who am I…?

PAST:
• Strategy consultant in the pre-internet ‘90’s
• Head of Strategy/BD/Innovation @ Westfield (shopping centres) & Lion (beverages) and Inchcape (automotive)
• Start-ups: photonics, opto-electrical sensors, mobile apps
• Managing Director, Facebook ANZ

NOW:
• Special Advisor, Digital @ PwC Australia
• Work with Australia’s largest organisations on issues of digital business, marketing, transformation, innovation and culture
• Financial services, retail, ecommerce, consumer products, airlines, resources, telecoms, media, entertainment, government…
What I focus on now

- Digital leadership in large traditional organisations
- Digital strategy: what matters & what doesn’t matter
- Digital transformation to compete today & tomorrow

- Who are my emerging (digital) competitors?
- What (digital) capabilities do I need to win?
- How do I create and capture value in this new world?
- How do I learn, decide and act quickly?
Spot the millennials
# Facebook's Rise

<table>
<thead>
<tr>
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<th>2012</th>
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<tbody>
<tr>
<td>Revenue (US$)</td>
<td>$1.58b</td>
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<tr>
<td>YOY%</td>
<td>+40%</td>
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<tr>
<td>% from mobile ads</td>
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<td>Facebook users (MAUs)</td>
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<tr>
<td># of advertisers</td>
<td>1 million</td>
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Two existential pivots...

Mobile

Video
The mobile S-Curve is passing the PC S-Curve

Smartphones are moving past the PC and heading for 5bn+ users

Source: Andreesson Horowitz
“It’s too early to say.”
- Zhou Enlai, 1972
Mobile S-Curve moving from creation to deployment

As we pass 2.5bn smartphones in use, the issues that matter are changing

Source: Andreesson Horowitz
The 5 biggest companies in the world today are tech companies
(propelled by the rise of mobile)

5 years ago, only 1 was...Microsoft
Scale!

$5b$ in 2009

Capex of Amazon, Facebook, Apple, Google & Microsoft

$40b$ in 2016
Standing on the shoulders of giants

Scale of 5bn mobile users + Unprecedented scale of GAFA + New ways of competing in the GAFA system
Wish.com

Take the mall with you wherever you go.

Save more with flash deals & discounts up to 80%!
Kayla

Sweat with Kayla
APP NOW AVAILABLE!
JOIN ON THE APPLE APP STORE OR KAYLAITSINES.COM FOR LESS THAN $1 A DAY!
So what’s coming?

6
1. A communications virtual-revolution
2. Everything is available to everyone
3. Things go to people
4. The future belongs to fast brands
5. The end of splendid isolation
6. Only learning companies will survive
#1 A communications virtual-revolution
If you think mobile is big...
VR, AR, AI and IOT…

…will soon be embedded in the fabric of our personal, social & business lives
People don’t *type* to computers…

…they *talk* to computers
Is there a dog in this picture?

Since 2012, with Machine Learning…

Image recognition
28% \rightarrow 7\% \text{ error rate}

Speech recognition
26% \rightarrow 4\% \text{ error rate}
Distance is no longer a friction in the machinery of communication.

Consumers demand friction-free interactions with friends, businesses & government.

"Don’t use Uber."

"They took 22 minutes."
Distance is no longer a friction in the machinery of communication. Consumers demand friction-free interactions with friends, businesses & government.
#2 Everything is available to everyone
Platforms
Resources once controlled by the few...

...are now available to all

...eg data, information, entertainment, talent, skills, insights, “news”...
Unpredictable consequences…
“Consumer”

“Business”

“Citizen”

“Government”
And now... blockchain

I’ve hired a consultant to help us evolve our products to use blockchain technology.

Blockchain! Blockchain! Blockchain! Blockchain!

It’s as if you’re a technologist and a philosopher all in one!

/// Blockchain.

Sidechains.
#3 Things go to people
People go to things

Things go to people

Digital Tech

2000+

Agriculture

Transportation

Manufacturing

5000 BC

2000+
#4 The future belongs to fast brands
Brands are “as old as the hills”, aren’t they?
Then

Now
Traditional mass media was the cradle of brand building.

1 message to everyone
So, what happens to mass brands if consumers…?

- Are no longer exposed to mass media
- Media diet: Netflix/Prime, Games, Facebook, Instagram, Youtube, Snapchat, Whatsapp…
- Rely on Google, Amazon and referral to find products/services
- Don’t walk into your stores to do their shopping
- Don’t visit your brand’s website
- Don’t build relationships with brands the way their parents did
FAST BRANDS
• Data-first & digital-first, with little/no advertising in traditional mass media

• Service excellence & speed as core

• Built for the “mass niches” of the mobile digital age

• Entertaining and value-adding, not interruptive

• Customised, individualized

• Frictionless to discover, purchase and receive

• Not constrained by “mass brand” bad habits:
  • eg slow NPD, long creative cycles, self-absorbed brand messages, building one product/message for all, poor command of consumer data & insights, poor command of the metrics that really matter: ROI, LTV, CPA
“Alexa, we’re out of Coke.”
#5 The end of splendid isolation
“Is the Albanian army going to take over the world?”

Jeffery Bewkes, CEO Time Warner, 2010
Is Netflix a threat?

Market Cap US$b

Jan 2010

$21

$4

Oct 2017

$80

$84

Time Warner

Netflix

4x

22x
Would you buy financial services from Google, Facebook or Amazon?

55%

“Yes”
Telstra flags 'material' cuts to its dividends; shares plunge

Telstra to cut dividends and shift to secure post-NBN future

Telstra shares slump as profit tumbles, dividend slashed
• Ecommerce is the biggest channel

• Global platforms, tools & audiences are easily accessible to everyone, everywhere

• Traditional national & industry boundaries become irrelevant

• Capital, talent, ideas & competition flow freely across borders
#6 Only learning companies will survive
0 
A major Australian retailer with 30%+ market share

2,000+ 
Amazon

# of people working on AI-enabled voice assistance today
(eg Alexa)
• Excellence in data, technology & innovation are the *only* source of competitive advantage

• Traditional company structures, skill sets and processes are too slow to keep up

• Winning companies attract & retain talent, and absorb-learn-act-respond at digital speed
If you think mobile is big...