

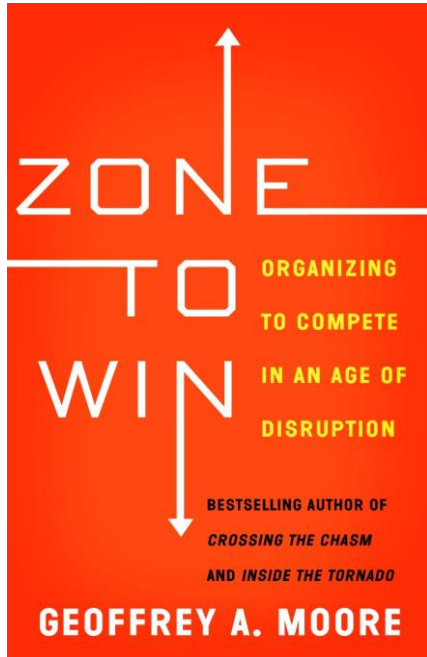
Geoffrey Moore

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ZONE TO WIN

ORGANIZING TO COMPETE IN AN AGE OF DISRUPTION

Alliance of CEOs
February, 2017



AGENDA

- **The Challenge**
 - Catching the Next Wave
 - A Crisis of Prioritization
- **Zone Management**
 - Four Zones
 - Resetting Priorities
- **Zone to Win**
 - Attacking
 - Defending
 - Sustaining

DISRUPTIVE INNOVATIONS

WHEN THE MARGINAL COST APPROACHES ZERO



Internet
of Things

Optimizing any physical system



Data
Science

Optimizing any digital system



Social
Networks

Collaborating at any scale



Smart
Phones

Communicating with anyone anywhere



Cloud
Computing

Deploying software to automate any service

Disruption is changing the design rules. You need to catch the next wave

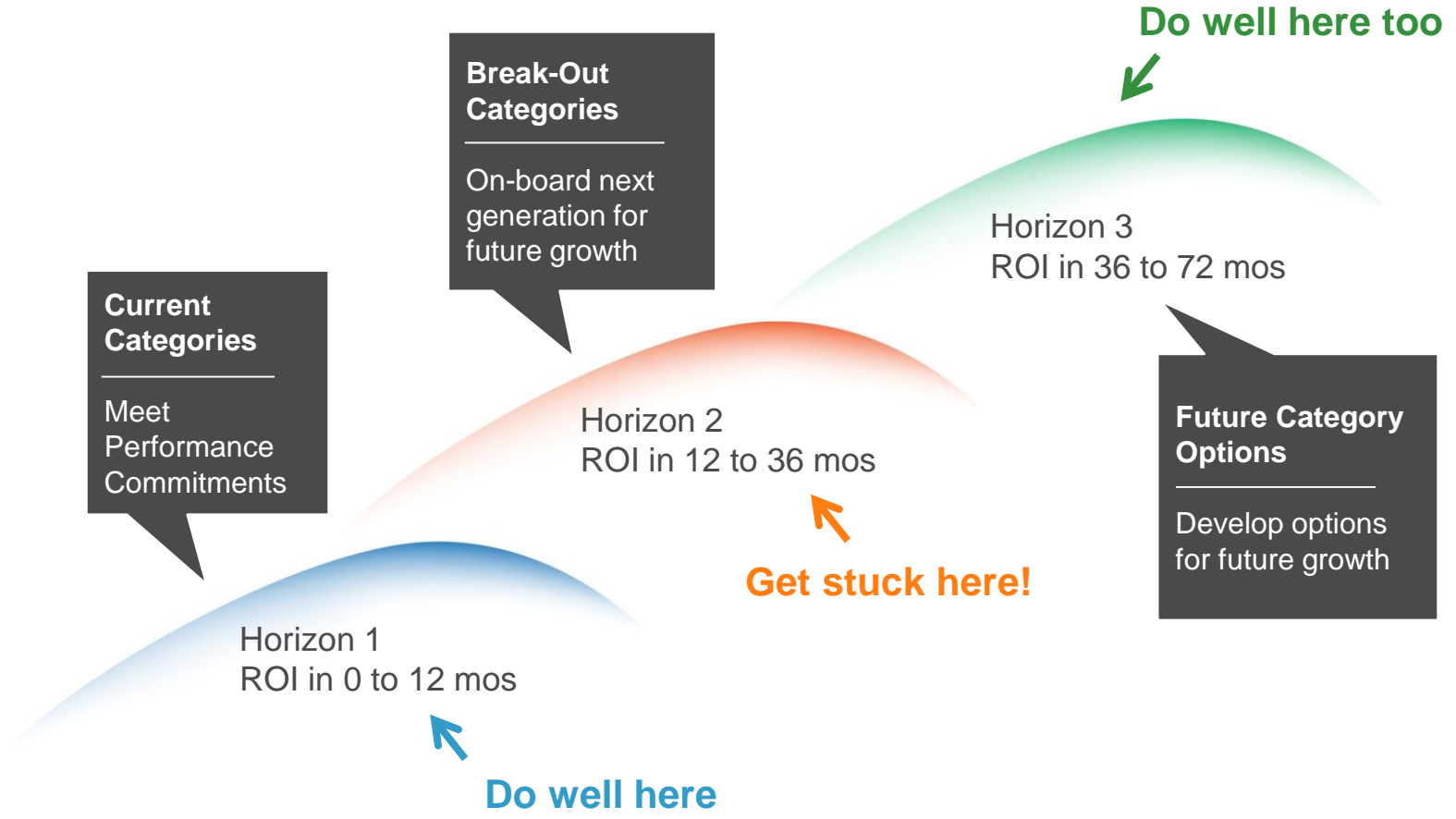
TECH LEADERS WHO MISSED THEIR NEXT WAVE



Burroughs – Sperry Univac – Honeywell – Data
MSA – McCormick & Dodge – Cullinane – ADR
DEC – Data General – Wang – Tandem
Daisy – Calma – Valid – Apollo – Graphics – Sun
Atari – Osborne – Commodore – Casio – Palm – Sega
WordPerfect – Anton Tate – Borland
Informix – Inco – BEA – Siebel – PeopleSoft
Novell – 3Com – Banyan – Novell
America West – Nynex – Bell South
Netscape – MySpace – Inktomi – Ask Jeeves – Yahoo!
Kodak – Blackberry – Motorola – Nokia – Sony

Why is this so hard?

THREE INVESTMENT HORIZONS



Current Categories

Meet Performance Commitments

Break-Out Categories

On-board next generation for future growth

Do well here too

Horizon 3
ROI in 36 to 72 mos

Future Category Options

Develop options for future growth

Horizon 2
ROI in 12 to 36 mos

Get stuck here!

Horizon 1
ROI in 0 to 12 mos

Do well here

WHO'S UP FOR THIS?

INVESTORS?

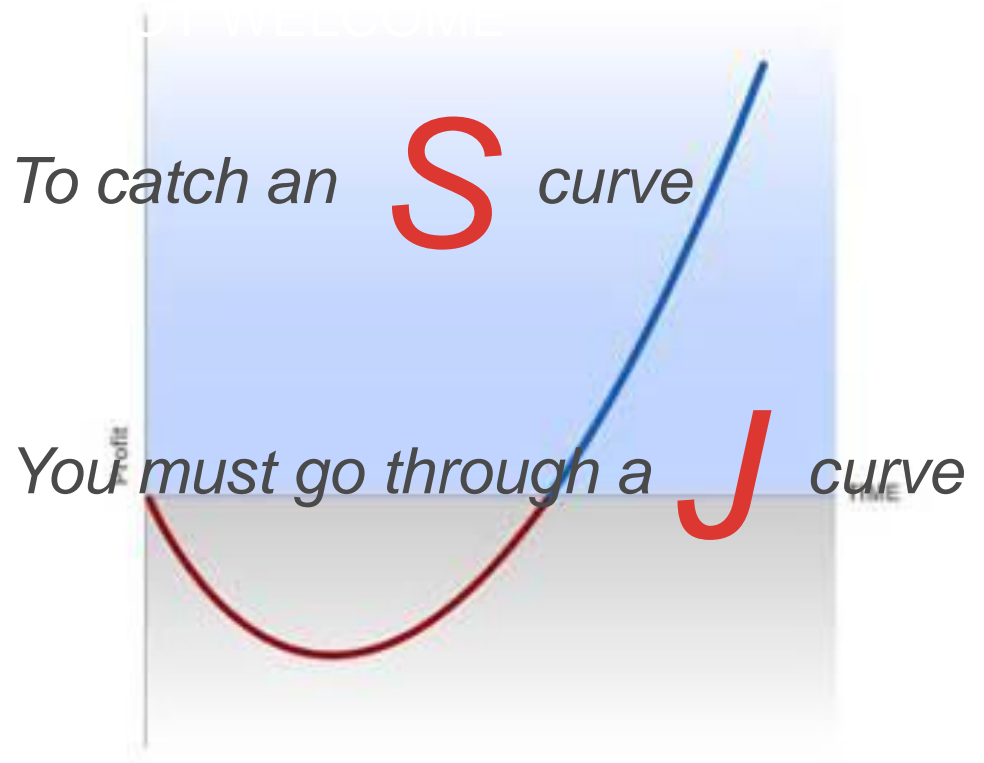
SALES PEOPLE?

SALES MGMT?

CUSTOMERS?

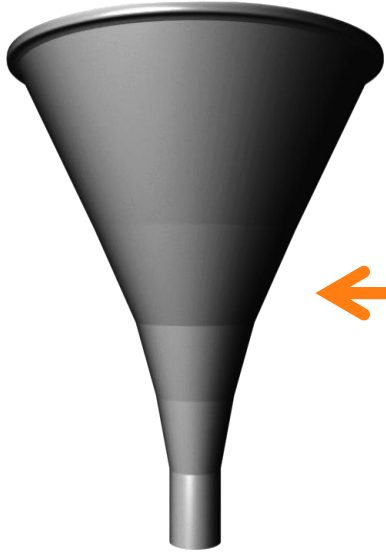
PARTNERS?

THE HORIZON 2 CHALLENGE

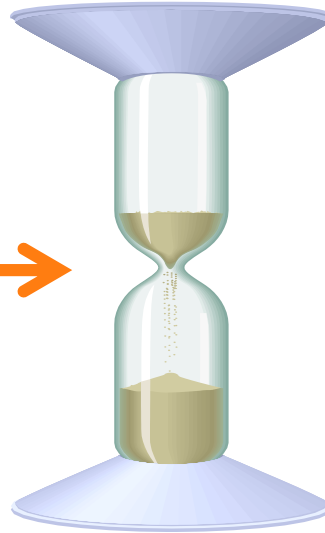


THE HORIZON 2 CHALLENGE

**Sustaining
Innovations**



**Disruptive
Innovations**



Horizon 3

Horizon 2

Horizon 1

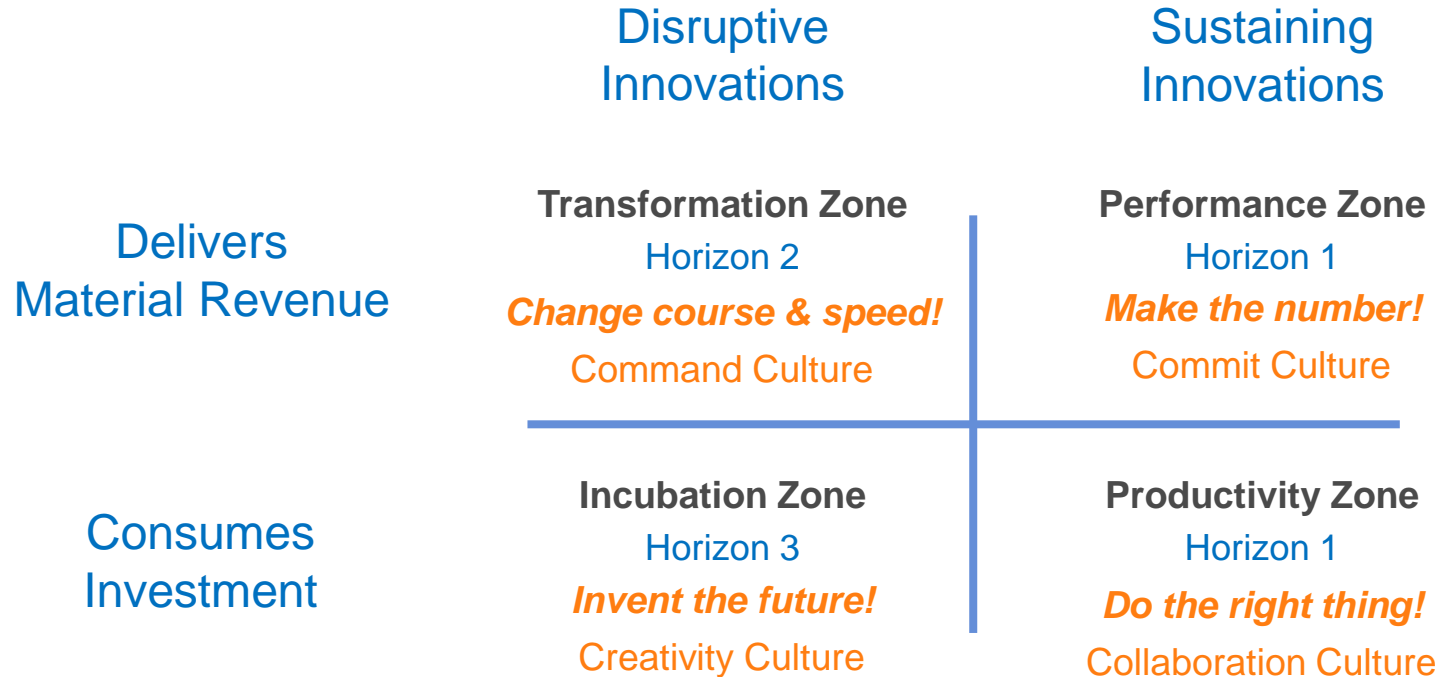


**The choke point is not in R&D
It's the Go-to-Market functions that get overtaxed**

Bringing a
disruptive innovation
to scale is not a
natural act

It puts your entire
organization in conflict
with itself

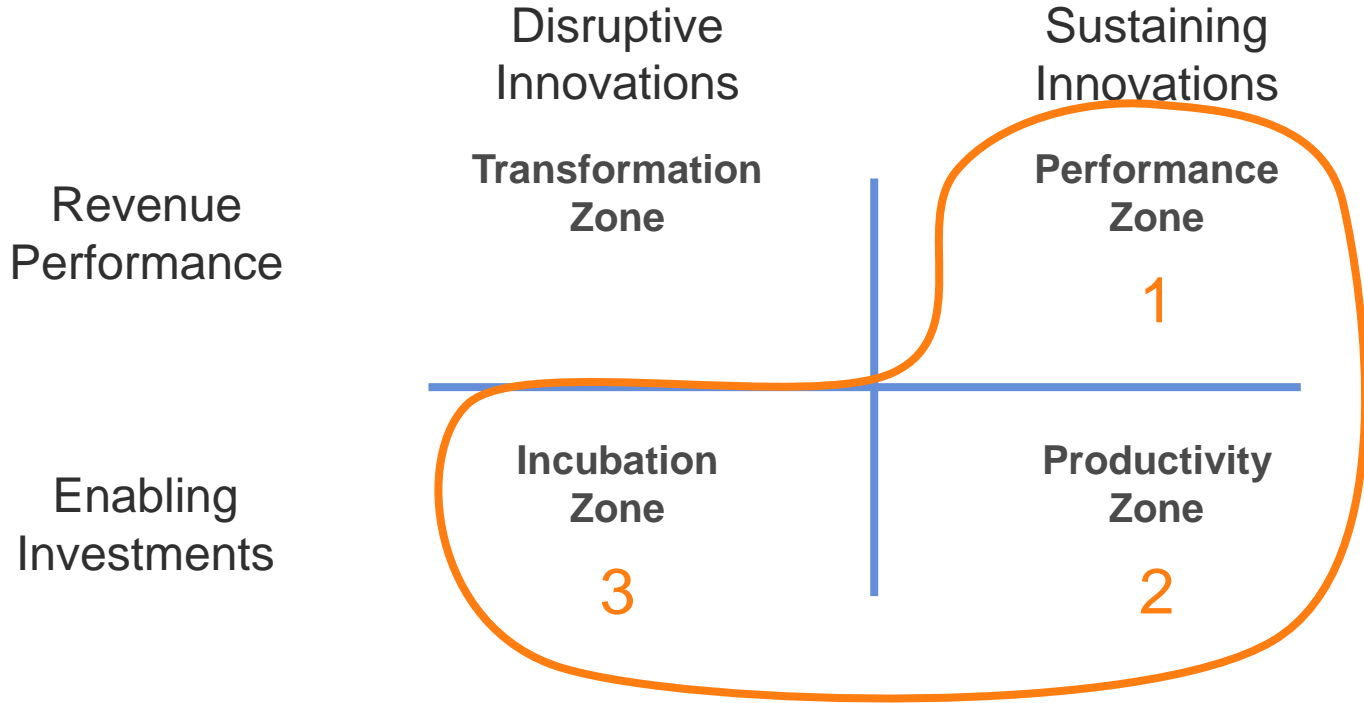
SORTING OUT THE CONFLICTS



**Each zone has its own priorities
and its own culture**

ALIGNING PRIORITIES

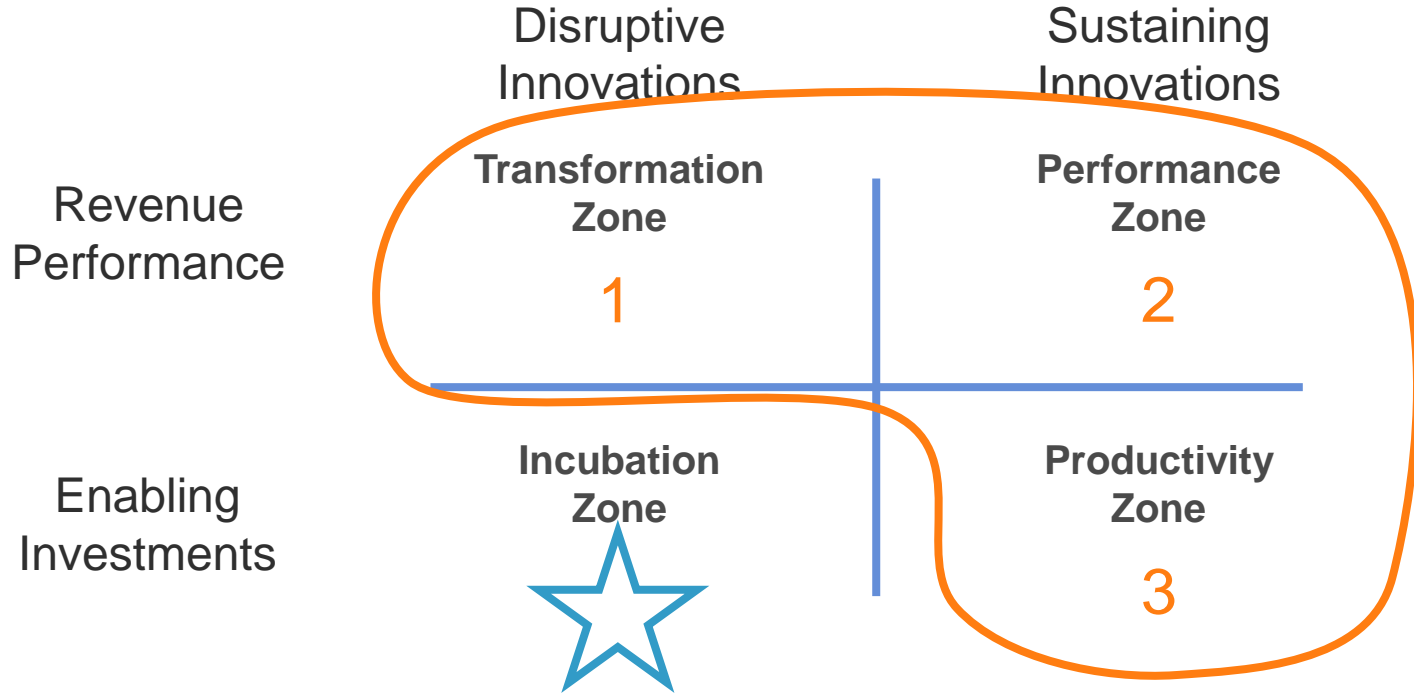
MANAGING BETWEEN WAVES



Harvest your rewards, build up your reserves

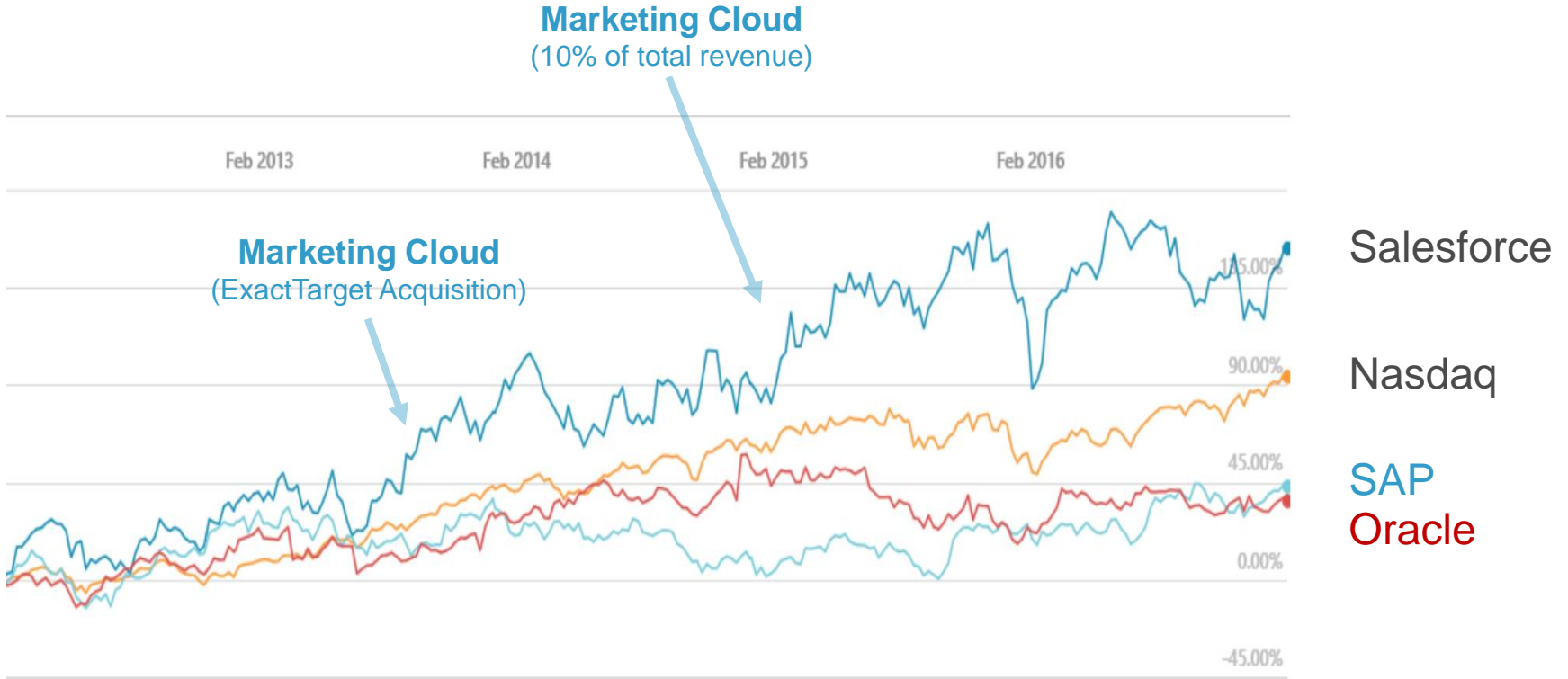
ALIGNING PRIORITIES

CATCHING THE NEXT WAVE: ZONE OFFENSE



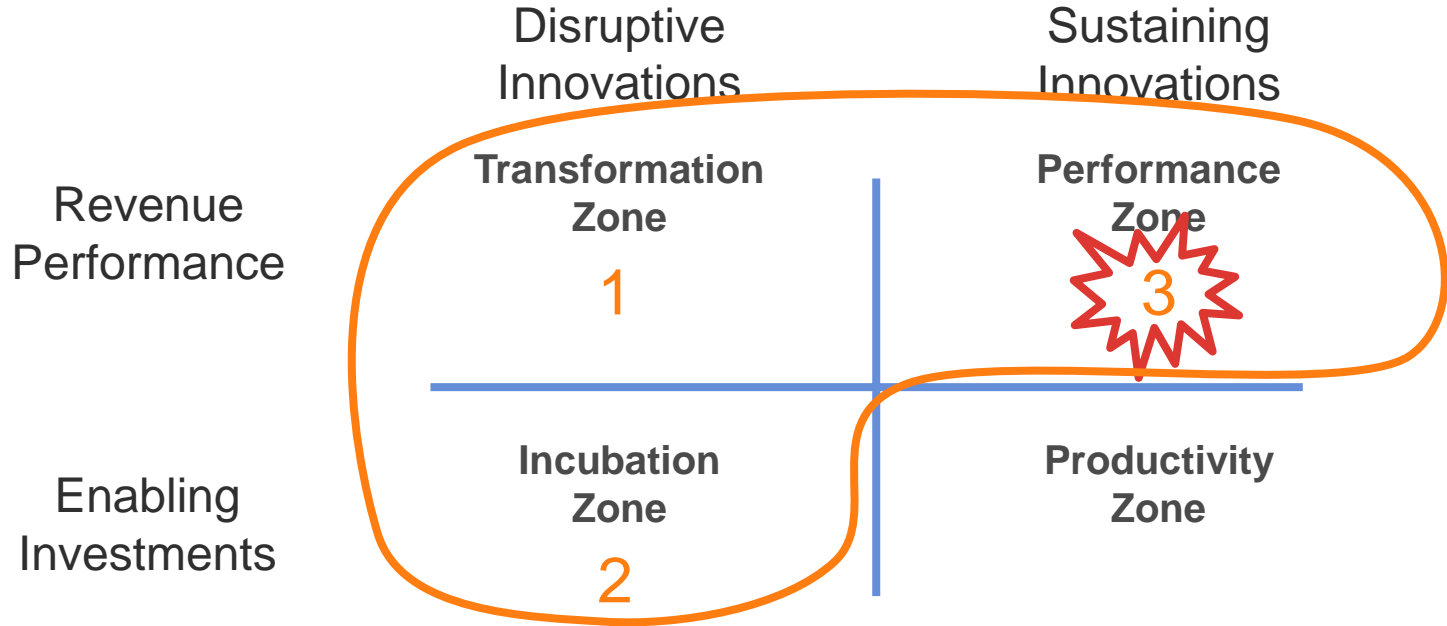
Enlist *everyone* in making the big change

THE EXAMPLE OF SALESFORCE



ALIGNING PRIORITIES

WHEN THE NEXT WAVE CATCHES YOU: ZONE DEFENSE



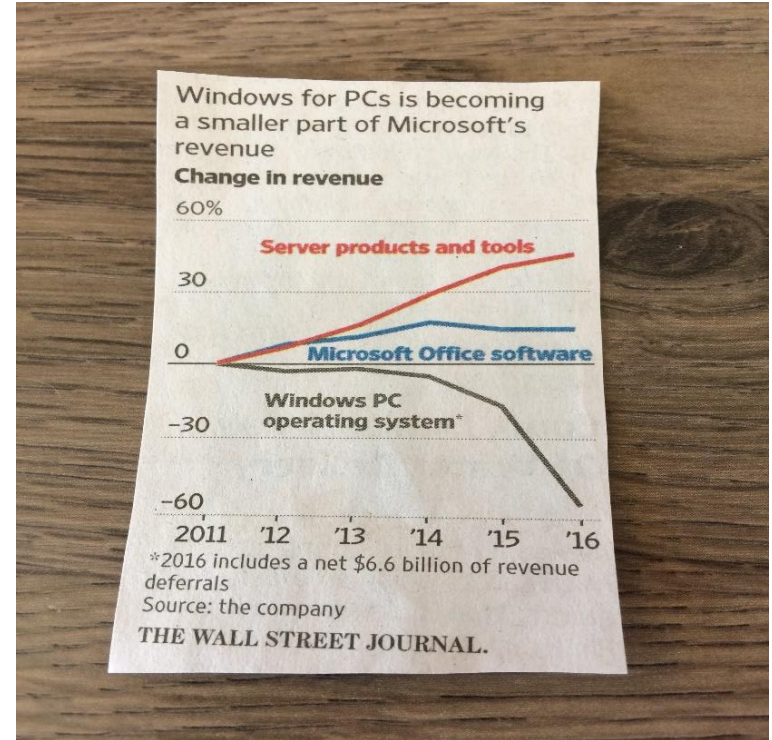
Enlist *everyone* in modernizing the current business

THE EXAMPLE OF MICROSOFT

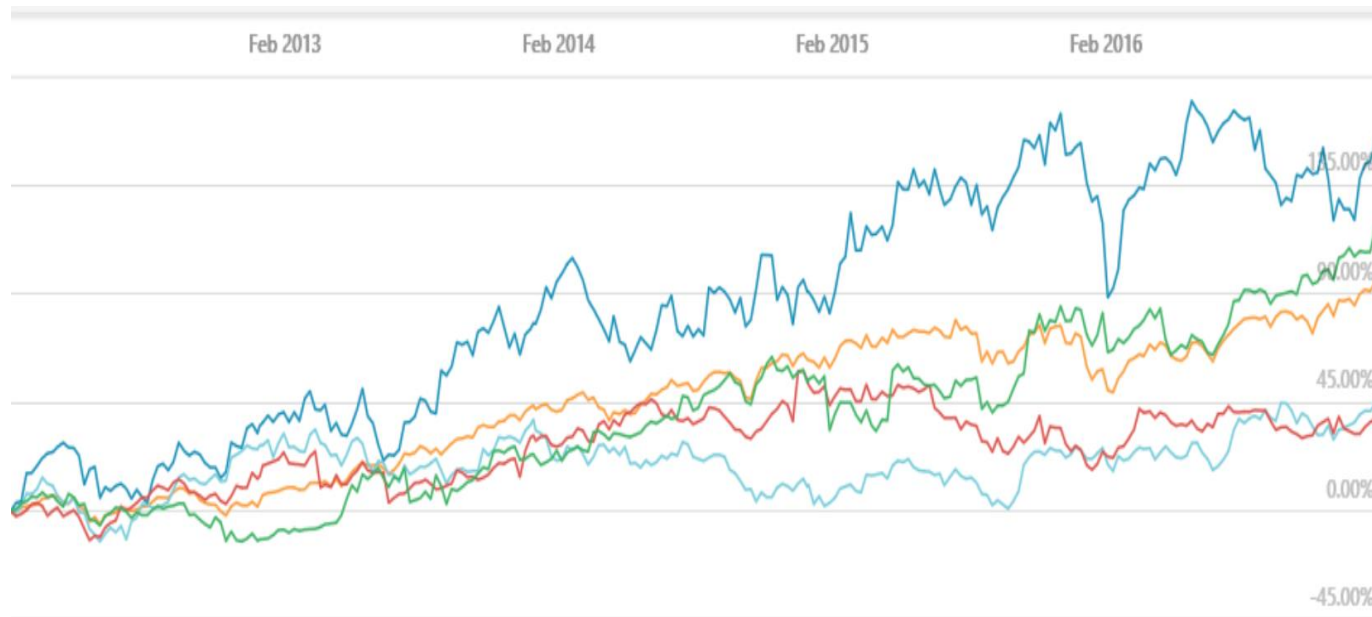
Revenue from Office 365 jumped 54% in latest fiscal year accounting for 28% of Microsoft sales

Azure cloud-computing revenues more than doubled in the last year to 22% of Microsoft sales

Windows PC operating system revenues have declined from 33% of total revenues in 2002 to 20% last year



THE EXAMPLE OF MICROSOFT



Microsoft

TRANSFORMATION PLAYBOOK

- **Transformation trumps all other commitments**
 - Failure is not an option—everyone's badge is on the table
 - Making the H1 number is still important—but not the top priority
- **Total alignment is required**
 - CEO in command: secures access to all needed resources
 - New narrative for investors—board of directors in full support
 - Executive compensation universally tied to this one outcome
- **Key milestones are tipping points**
 - Zone Offense: Material Size (>10% of the Performance Zone)
 - Zone Defense: Accelerated Growth (leveraging the new S curve)

THE TRANSFORMATION ZONE

HOW WELL IS YOUR ENTERPRISE DOING?

Faults

- *Undertaking more than one transformation at the same time*
- *Withdrawing support before the tipping point has been reached*
- *Letting anyone “opt out” of taking accountability for the transformation’s success*



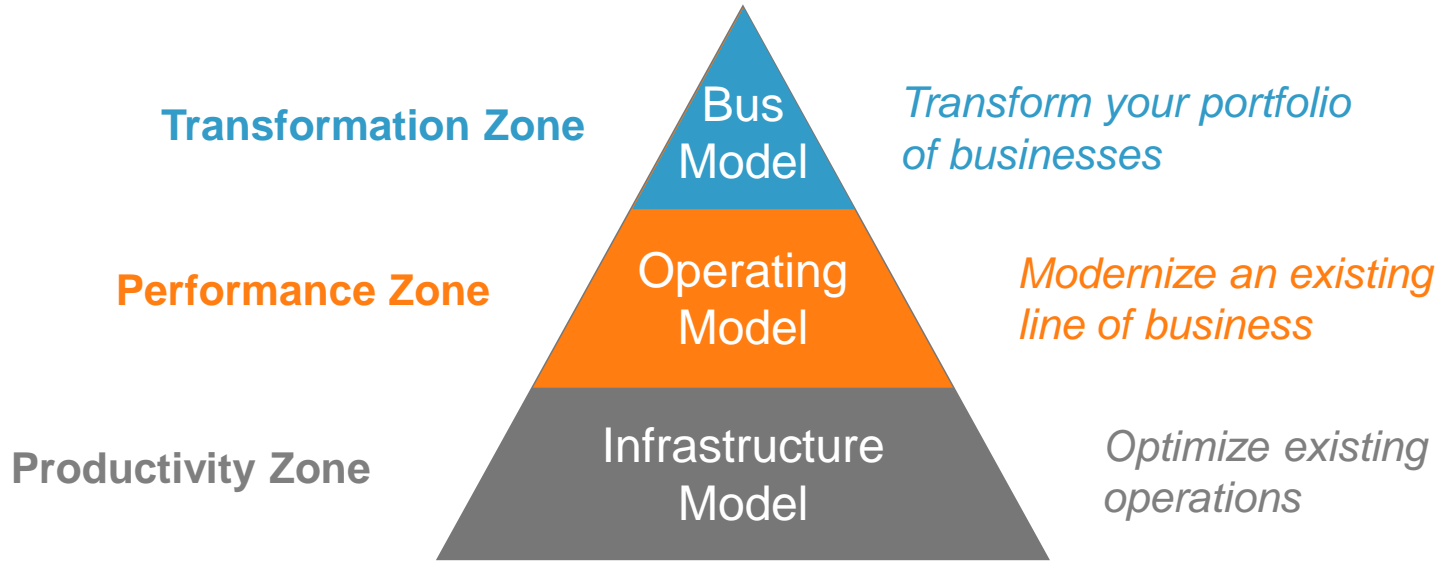
Fixes

- *Never commit to two J-curves at the same time*
- *Once you commit to a J-curve, do not back down--regardless*
- *Incent everyone on the singular success of the J-curve and replace any executive who won't align*



Transformations are defining moments
They simply must succeed

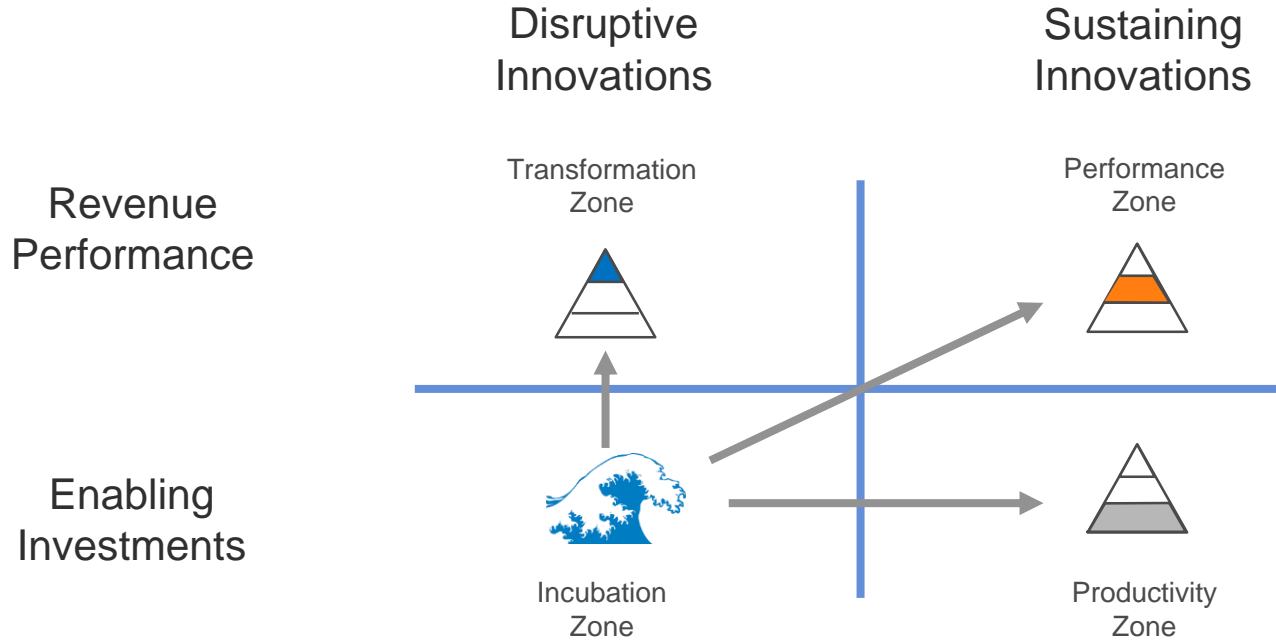
EMBRACING DISRUPTION: YOU DON'T HAVE TO TRANSFORM



Products → Solutions → Projects

FINAL TAKEAWAY

THREE ROUTES FORWARD



Transformations are the exception, not the rule

Geoffrey Moore

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THANK YOU

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