

ISB CTO

Week 4: CTO as Innovation Catalyst: Managing Innovation Portfolio

Video 1: Module Overview

- The CTO as an innovation catalyst can explore opportunities for creating new digital business models or innovating existing ones.
- Engaging in digital business model innovation requires a forward-thinking mindset and an understanding of emerging technologies.
- Managing a digital innovation portfolio involves strategic alignment, risk assessment and regular monitoring of projects.
- Balancing the innovation portfolio helps ensure a diversified and effective stream of digital innovation initiatives.

Video 2: Approaches to Digital Business Model Innovation: Overview

- Digital business model innovation is motivated by enhancing customer delight, synchronising core operations and orchestrating new ecosystems.
- Innovating the business model enables organisations to deliver exceptional customer experiences and foster loyalty.
- Synchronising core operations ensures internal processes align with the customer-centric approach.
- Orchestrating new ecosystems involves collaborating with external entities to leverage resources, capabilities and markets.
- Specific approaches to digital business model innovation include omnichannel, subscription-based, business as a service and platform business models.

Video 3: Omnichannel Digital Business Model

- Omnichannel business models aim to deliver a seamless customer experience across multiple channels.
- Integrating various business processes and emphasising automation is essential for successful implementation.
- Data warehousing and analytics enable personalised customer experiences by leveraging customer insights.
- Prioritising social media, mobility and cloud platforms helps achieve the omnichannel vision.
- Net Promoter Score (NPS) is a critical metric for assessing customer satisfaction and loyalty.

Video 4: Personalisation and Subscription Services

- Personalisation and subscription services provide customers with the freedom to tailor their choices.
- The subscription model allows customers to access a wide range of offerings through a flat monthly fee.
- The success of this model is measured by the 'share of the customer's wallet'.
- Broad product variety, deep personalisation through data and analytics and business process integration and automation are key strategic levers for implementing this model.

Video 5: Business as a Service

- Business as a Service is an emerging digital business model that shifts from ownership to service-centred offerings.

- Companies can transition from product-focused to service-focused by providing rental or subscription-based services.
- Advantages include environmental sustainability, reduced upfront investments, variable costs, and predictable revenue streams.
- Business as a Service, fosters customer loyalty, enables access to a wider customer base and facilitates product innovation.
- Strategic implementation requires a services-oriented architecture, rapid process automation, data warehousing and analytics.

Video 6: Platform Model

- The platform model represents a revolutionary approach to digital business model innovation.
- The platform model relies on connecting customers to facilitate transactions.
- Platform models offer advantages such as increased access, value, scalability and innovation opportunities.
- Strategic levers for building a platform include data analytics, mobility, app infrastructure, cloud technology and cybersecurity.
- Evaluating the potential for a platform model and making appropriate technology investments are crucial for businesses.

Video 7: Managing the Digital Innovation Portfolio

- The Chief Technology Officer's role extends to managing the digital innovation portfolio, acting as an innovation catalyst.
- Ideas for digital innovation arise from both internal and external sources, including technology-focused individuals, business users and strategic partners.
- Open innovation is crucial, as ideas can come from anywhere within or beyond the organisation.
- The CTO must establish mechanisms to manage the idea flow and promote collaboration among stakeholders.
- It is essential to prioritise ideas aligned with the organisation's goals and allocate resources judiciously to ensure their successful implementation.

Video 8: Pathways of Digital Value

- Assessing the value of innovation projects involves allocating time, money and energy wisely.
- Categorising investments into the six rationales provides a framework for balancing the digital innovation portfolio.
- Mandatory projects require immediate attention due to government regulations or mandates.
- Technology renewal projects involve timely upgrades to avoid technical debt.
- Incremental business process improvement projects aim to enhance efficiency or customer service incrementally.
- Competitive necessity projects respond to competitors' new digital solutions or services.
- Competitive advantage projects focus on leveraging digital innovation for a competitive edge.
- Digital infrastructure projects are large-scale investments in foundational technologies.
- Balancing business priorities requires considering the urgency, cost and potential impact of each project.
- The role of a CTO as an effective innovation catalyst involves managing the portfolio based on the organisation's goals and priorities.

Video 9: Module Summary

- Consider the digital innovation sweet spots, such as, customer relationships, operations, products and business models, and understand the requirements for executing them.
- Nurture open innovation by encouraging idea generation and collaboration across the organisation and embracing external sources of ideas.

- Recognise the diverse motivations behind digital innovation ideas and balance attention and resources accordingly.
- CTOs play a crucial role in capitalising on digital innovation ideas, opportunities and sources within and outside the organisation.
- Creating a culture of innovation and leveraging external insights can enhance the potential for transformative digital innovation.