The Innovation Imperative

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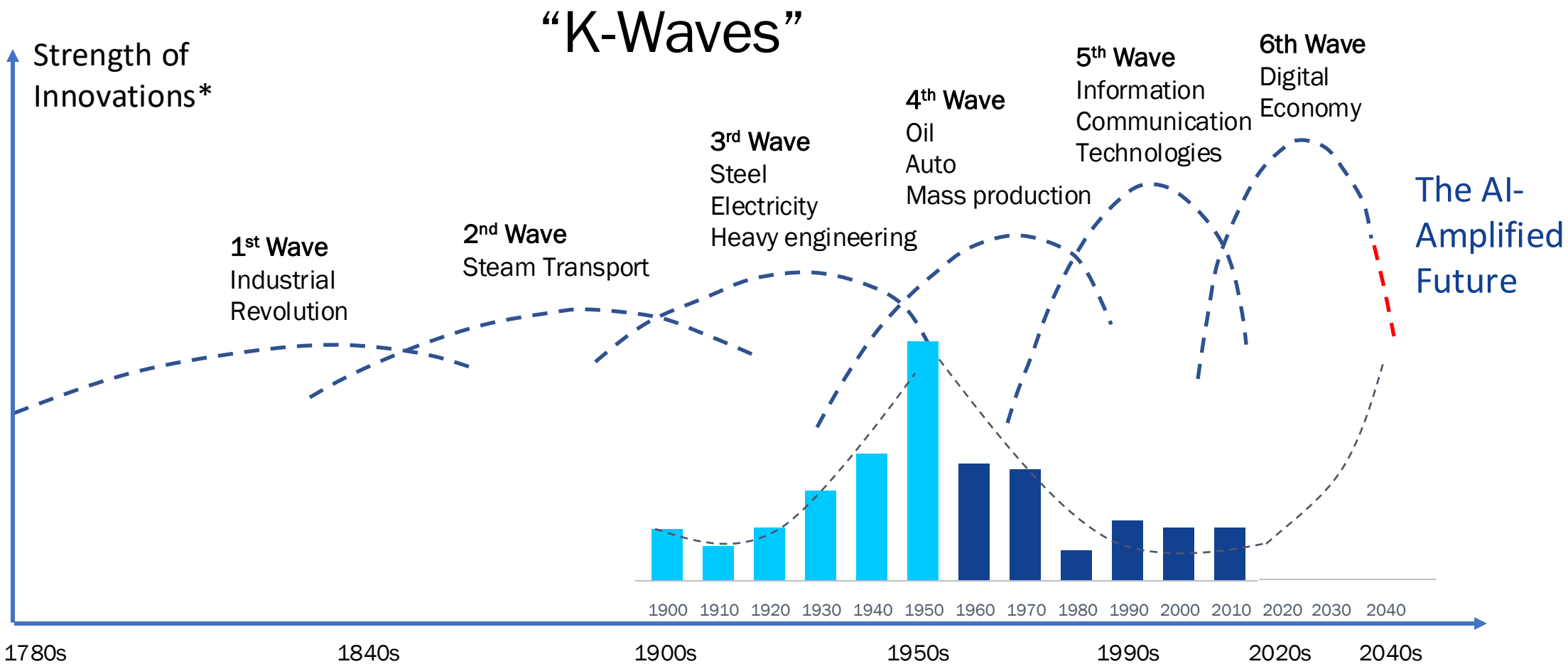
SISO | CEO SUMMIT

THE ESSENTIAL SUMMARY

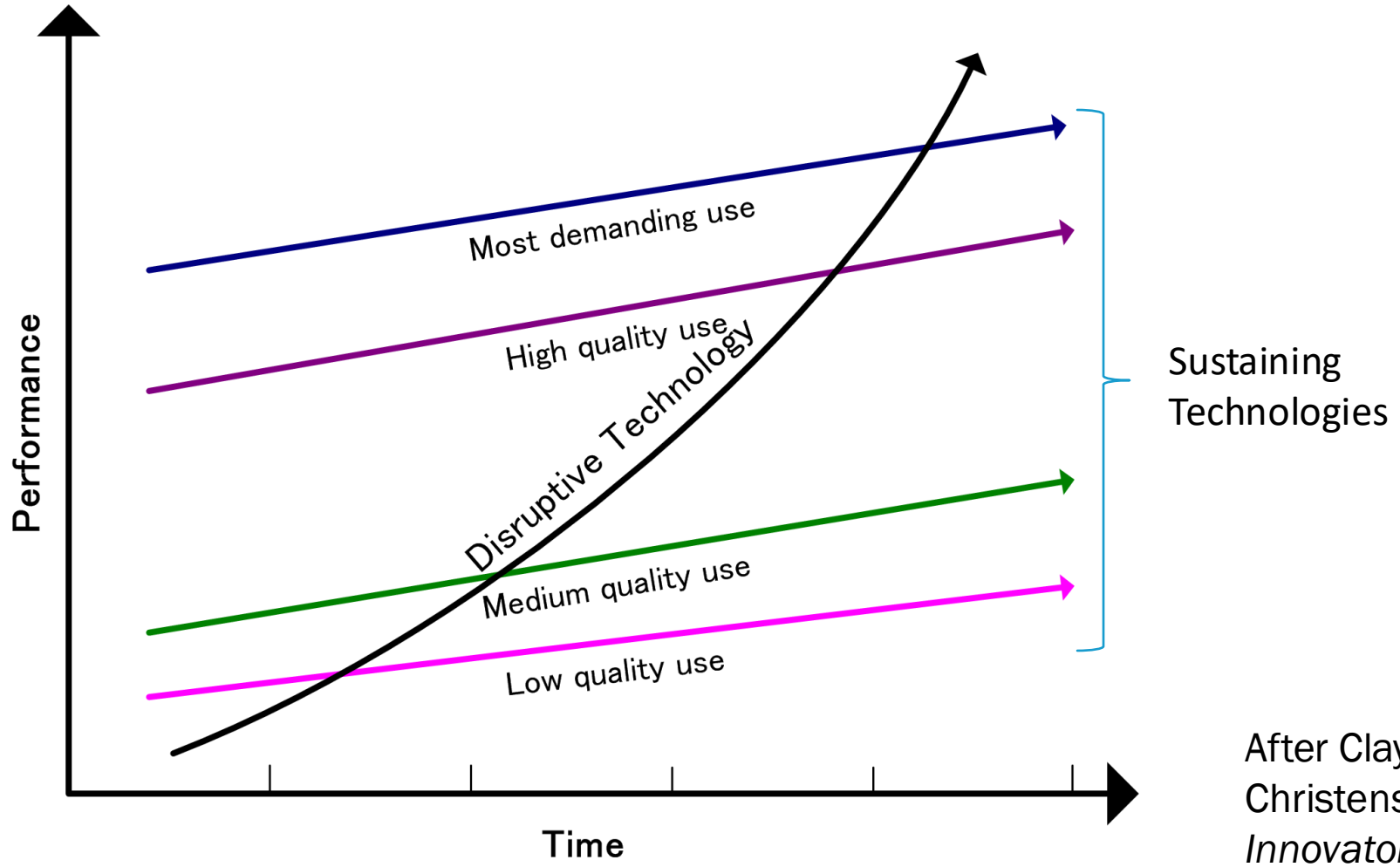
- **We are at a pivotal moment** in innovation time-space that is ripe for disruptive innovation
- **Generative AI is a disruptive and accessible** general-purpose technology that will redefine businesses over time
- **The winners and losers will be determined now**, although financial returns are a few years away
- **Don't be an ostrich**, define and execute a strategy that amplifies your business or risk "being dead but just don't know it"

THE PAST, PRESENT REALITY & FUTURE INNOVATION WAVES



*Hargroves, K. and Smith, M.H. (2005). The Natural Advantage of Nations: Business Opportunities, Innovation and Governance in the 21st Century. Earthscan, London 2005.

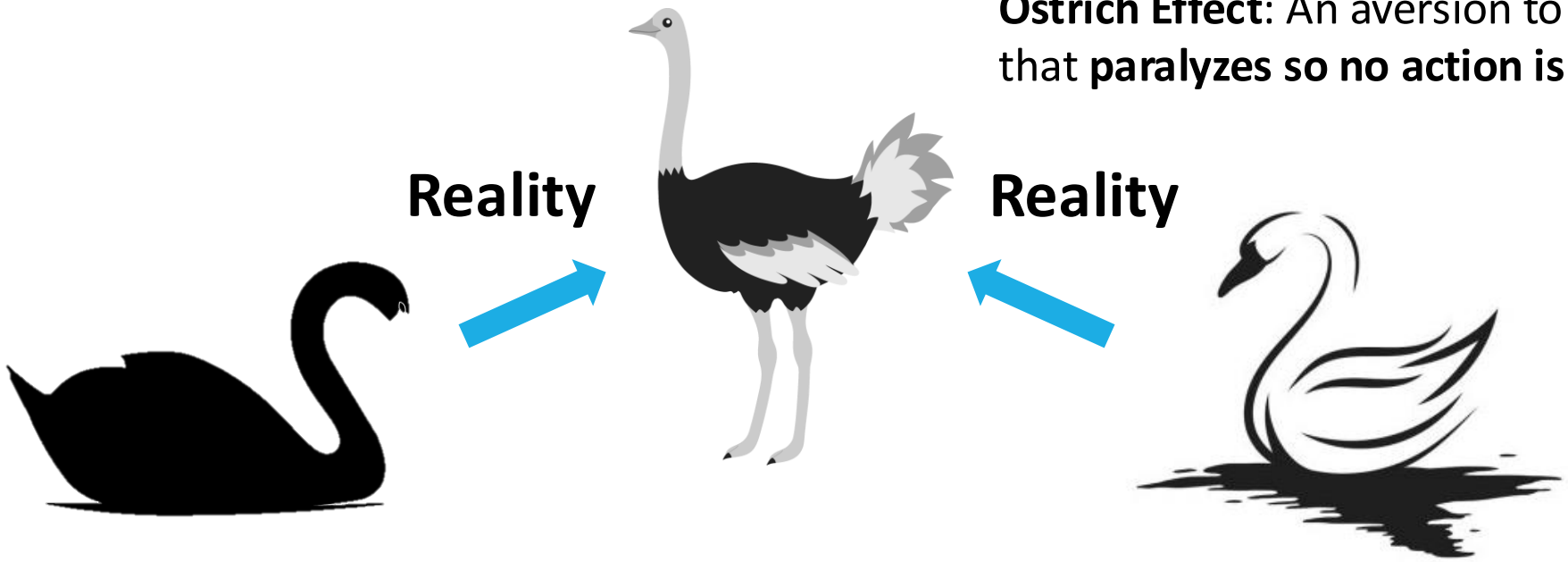
INNOVATION: THE KEY CHALLENGE (1/2)



After Clayton Christensen, *The Innovator's Dilemma*

INNOVATION: THE KEY CHALLENGE (2/2)

Ostrich Effect: An aversion to change that **paralyzes so no action is taken**



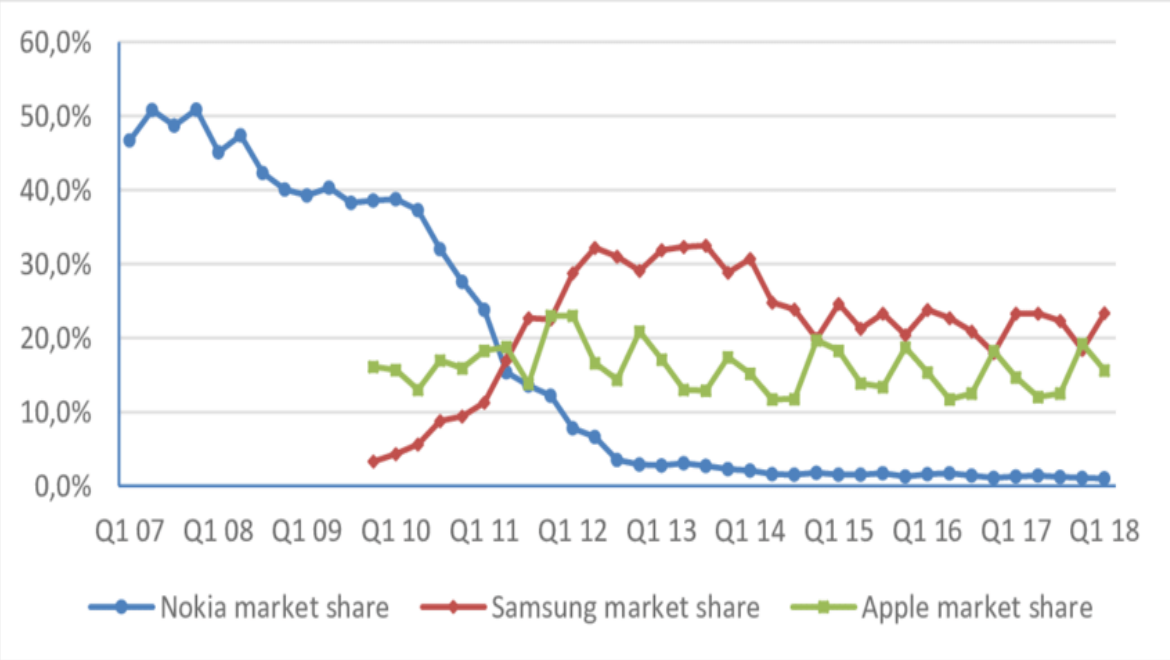
Black Swan Effect: Massive disruption to the status quo that cannot be predicted and **can only be prepared for by being anti-fragile**

White Swan Effect: Massive disruption to the status quo that can be predicted by rational analysis, so **can be prepared for**

After Galai & Sade (2003) and Nassim Nicolas Taleb, *The Black Swan*

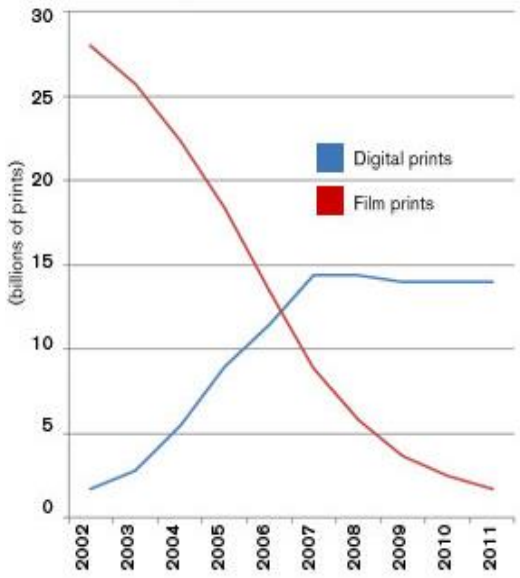
INNOVATION CAUTIONARY TALES

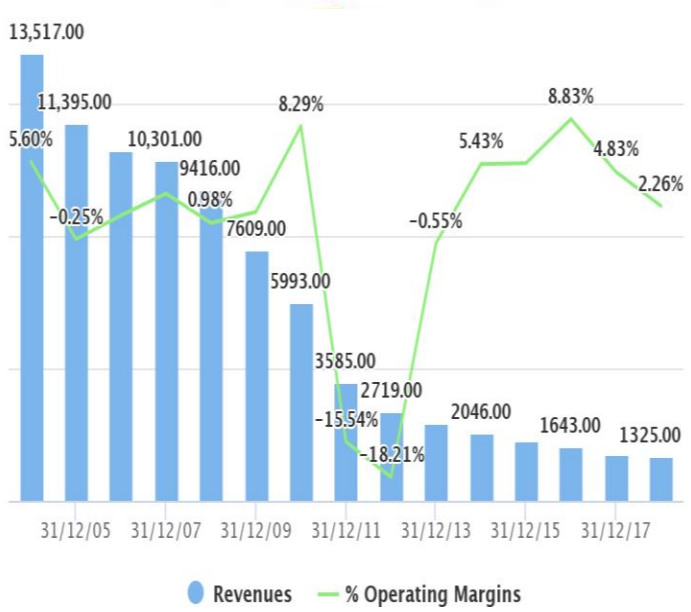
NOKIA



Ostrich belief: smartphone developed by an upstart (Apple) would not replace 'feature phones'

KODAK





Ostrich belief: digital photography would never replace (higher quality) analog film

INNOVATION PERSPECTIVE: GPT'S CHANGE EVERYTHING

General Purpose Technology

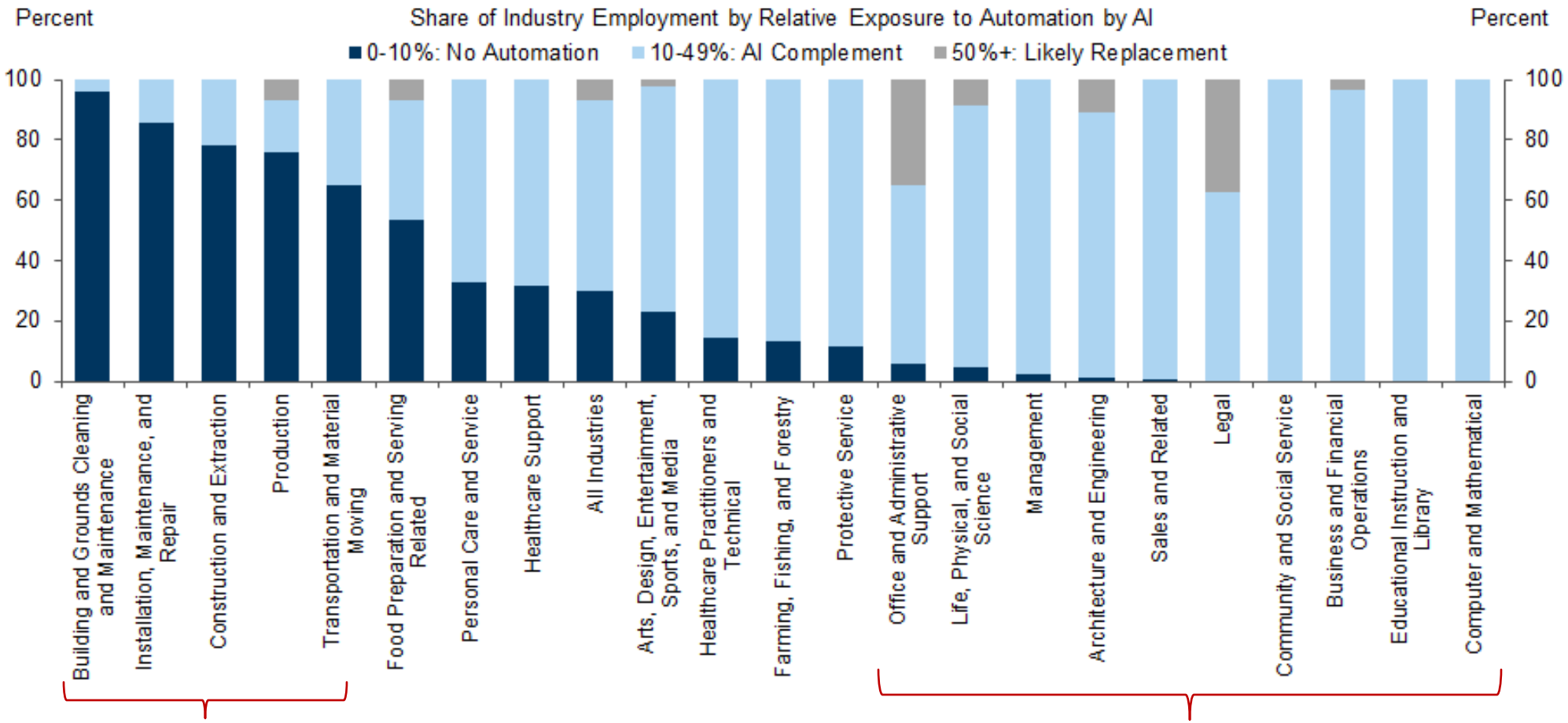
1. A single, recognizable generic technology
2. Initially large scope for improvement but becomes widely used across the economy
3. Has many different uses
4. Creates many spillover effects

GPT	Spillover Effects	Time
Domestication of plants	Neolithic agricultural revolution	9000-8000 BC
Domestication of animals	Neolithic agricultural revolution, working animals	8500-7500 BC
Smelting of ore	Early metal tools	8000-7000 BC
Money	Trade, record keeping	9000–6000 BC
Wheel	Mechanization, potter's wheel	4000–3000 BC
Writing	Trade, record keeping, poetry	3400-3200 BC
Bronze	Tools & weapons	2800 BC
Iron	Tools & weapons	1200 BC
Water wheel	Inanimate power, mechanical systems	Early Middle Ages
Three-masted sailing ship	Discovery of the New World, maritime trade, colonialism	15th century
Printing	Knowledge economy, science education, financial credit	16th century
Factory system	Industrial Revolution, interchangeable parts	late 18th century
Steam Engine	Industrial Revolution, machine tools	Late 18th century
Railways	Suburbs, commuting, flexible location of factories	Mid 19th century
Iron steamship	Global agricultural trade, international tourism, dreadnought battleship	Mid 19th century

GPT	Spillover Effects	Time
Internal combustion engine	Automobile, airplane, oil industry, mobile warfare	Late 19th century
Electricity	Centralized power generation, factory electrification, telegraphic communication	Late 19th century
Automobile	Suburbs, commuting, shopping centres, long-distance domestic tourism	20th century
Airplane	International tourism, international sports leagues, mobile warfare	20th century
Mass production	Consumerism, growth of US economy, industrial warfare	20th century
Computer	Digital Revolution, Internet	20th century
Lean production	Growth of Japanese economy, agile software development	20th century
Internet	Electronic business, crowdsourcing, social networking, information warfare	20th century
Biotechnology	Genetically modified food, bioengineering, gene therapy	20th century
Nanotechnology	Nanomaterials, nanomedicine, quantum dot solar cell, targeted cancer therapy	21st century
Artificial Intelligence	Worker productivity and creativity, industrial automation	21st century

After Kenneth Carlaw and Richard Lipsey

INNOVATION POTENTIAL OF GENERATIVE AI



Hardware (part of) Events

Software (part of) Events

2/3 of businesses will be impacted through AI co-piloting and assistance

Source: *The Potentially Large Effects of Artificial Intelligence on Economic Growth*, Goldman Sachs (2023)

AI: INNOVATING THE HUMAN-MACHINE RELATIONSHIP

Moravec's Paradox

Machines find routine human tasks hard

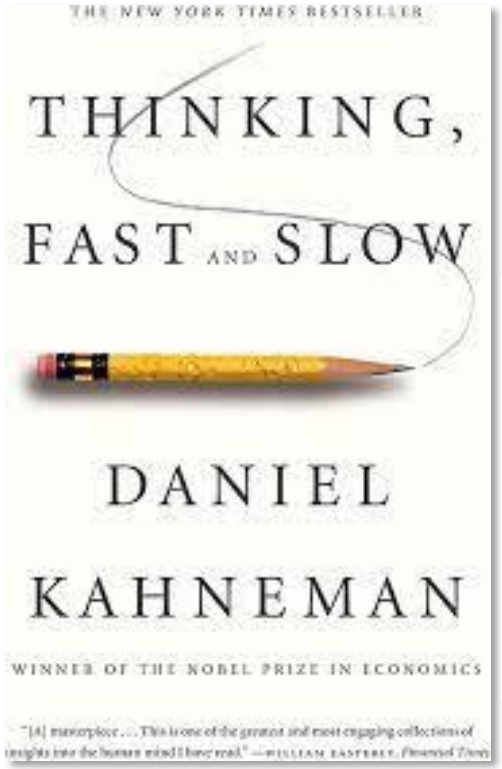
Humans find routine machine tasks hard

Movement
Manipulation
Perception
Inference

Hans Moravec

Mathematics
Logic
Data processing
Repetitive tasks

INNOVATION PERSPECTIVE: ASSIST HUMAN THINKING WITH AI



95%

SYSTEM 1
Fast thinking

Fast
Auto-pilot
Implicit
Effortless
Associative
Difficult to control & modify
Not self-aware

SYSTEM 2
Slow thinking

5%

Slow
Serial
Explicit
Effortful
Logical & skeptical
Deliberately controlled
Self-aware

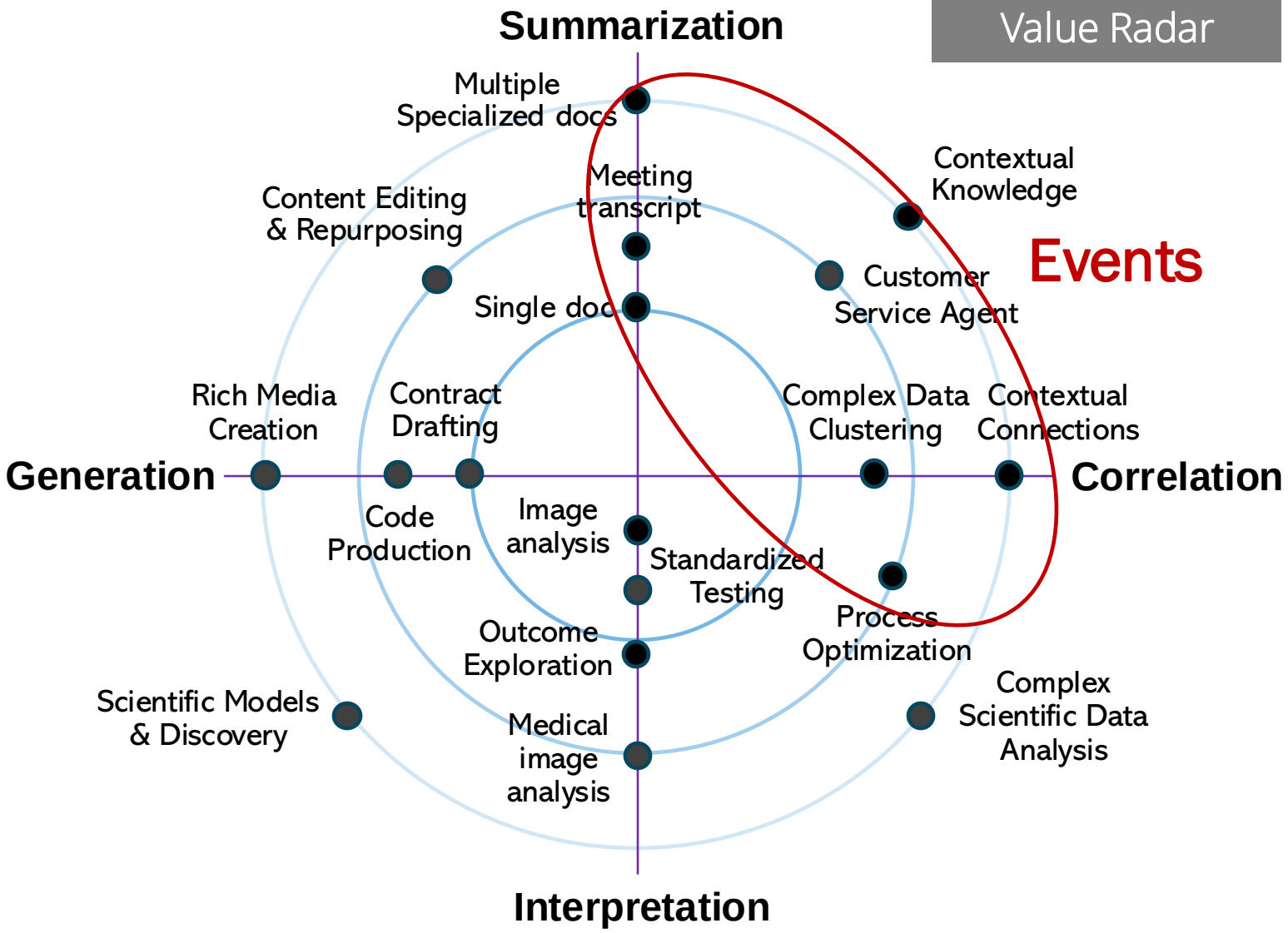
Machine ⟷ Human

WHAT ARE THE KEY GEN AI USE CASES ?

4 Key Value Dimensions:

1) **Summarization:** Essential text analysis
2) **Generation:** New or edited content
3) **Interpretation:** Novel data insights
4) **Correlation:** Cluster & connect any data

Weldon Gen AI Value Radar

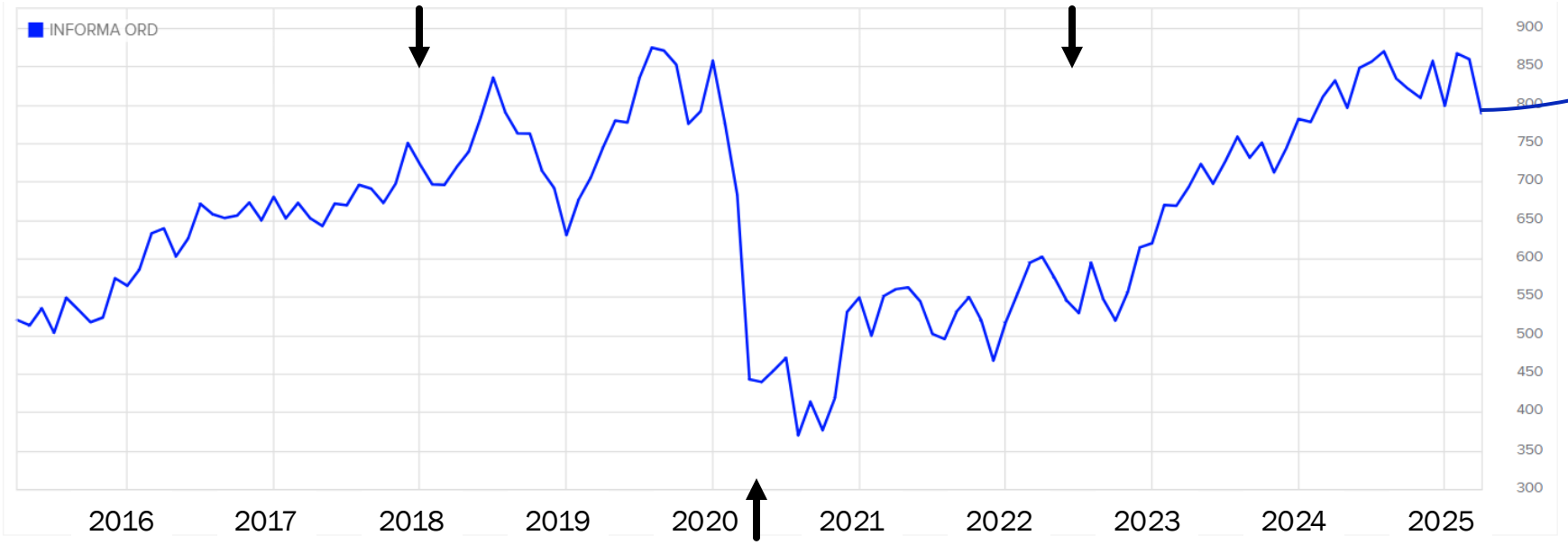


THE INFORMA JOURNEY (1/2): THE WHAT

THAT WAS THEN…

Increased Scope
(by Acquisition)

Increased Scope
(by Acquisition)



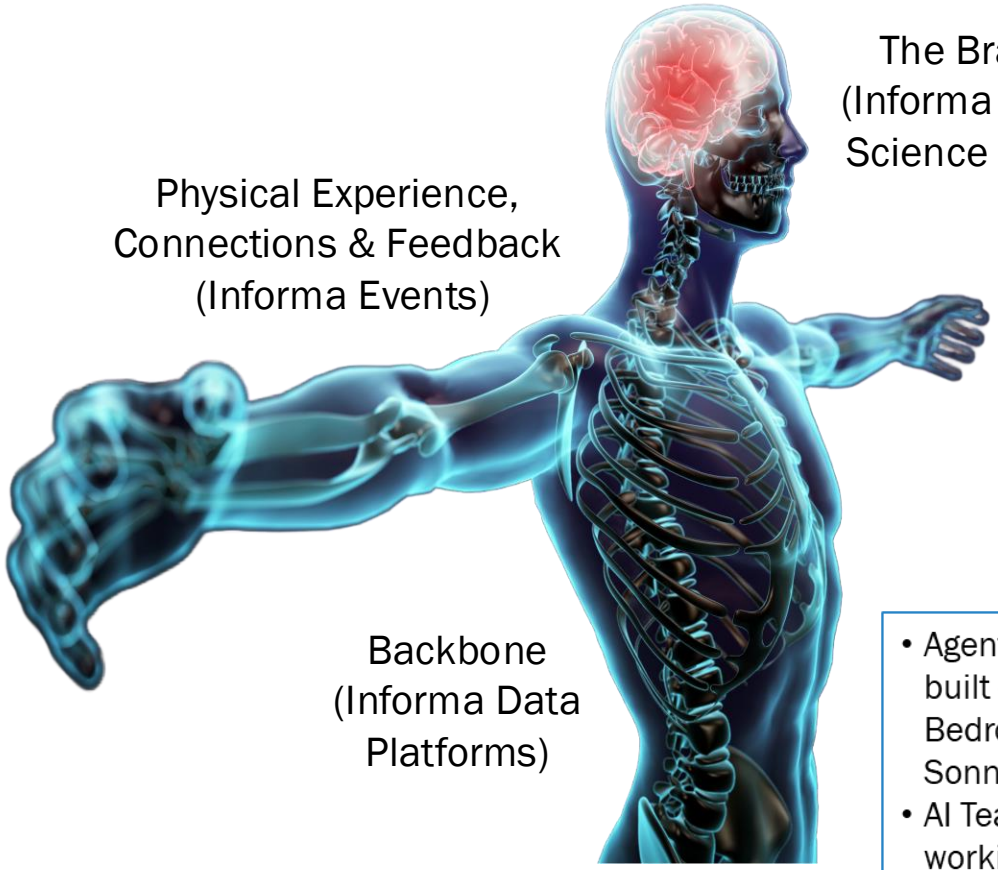
Physical world collapses to
virtualize human experience

Increased Scale
(by Innovation)

Physical world
augmented to amplify
human experience

…THIS IS NOW

THE INFORMA JOURNEY (2/2): THE HOW

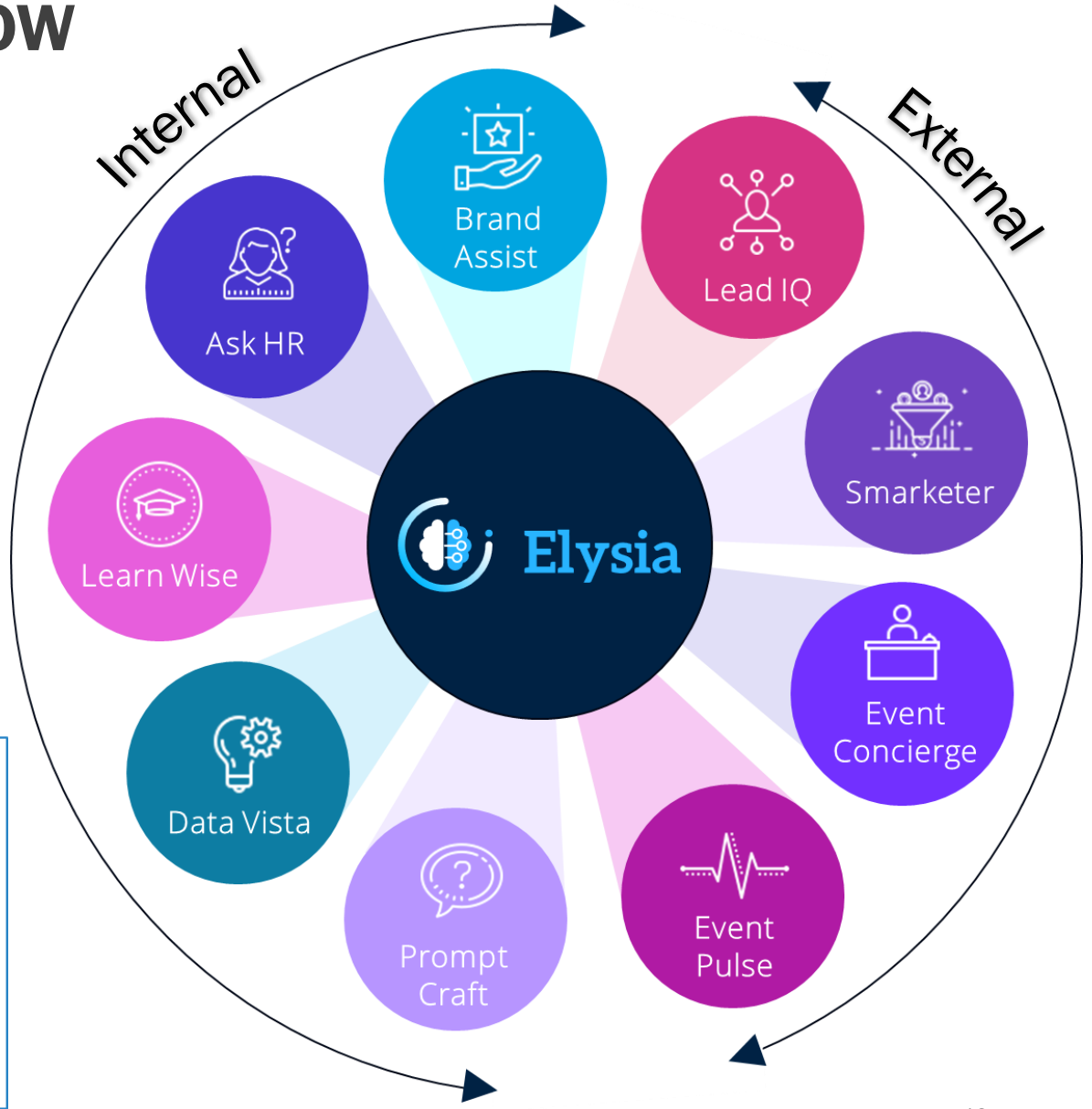


The Brain (Informa Data Science & AI)

Physical Experience, Connections & Feedback (Informa Events)

Backbone (Informa Data Platforms)

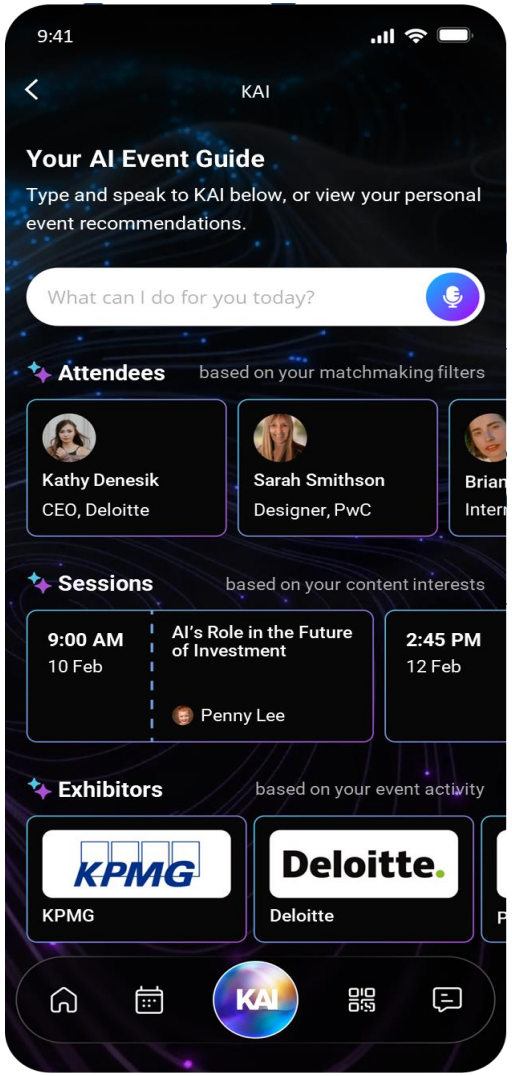
- Agentic architecture built on Amazon Bedrock & Claude Sonnet 3.7
- AI Team of ~10-12 working for 1 year
- Unified Customer Data platform (IIRIS) = 4 years of development

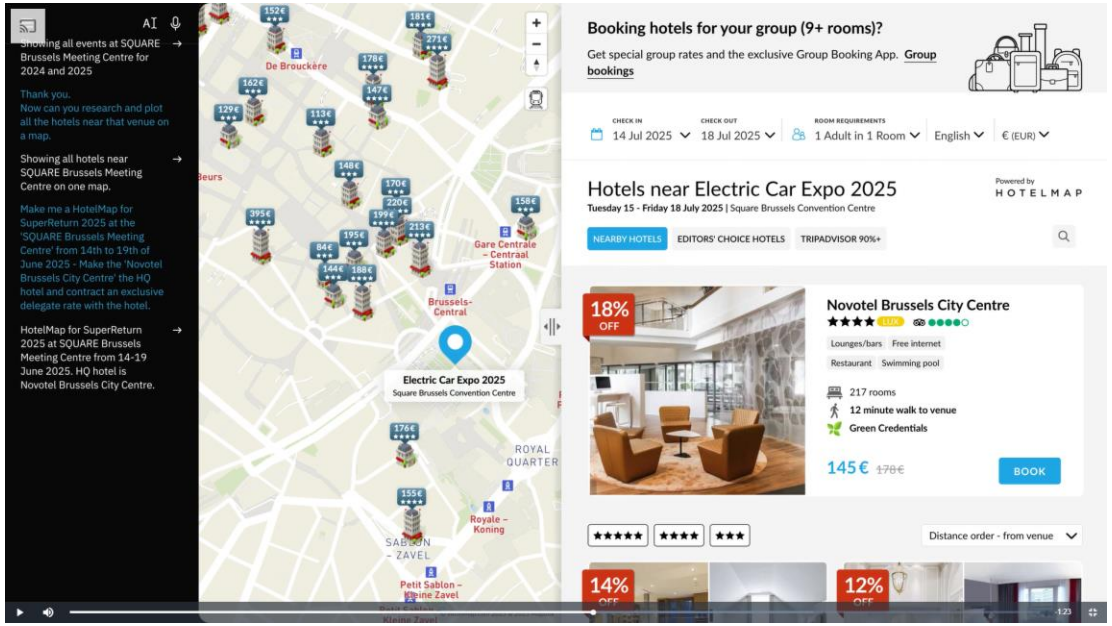


INFORMA AI@EVENTS EXAMPLES

Event Concierge

Informa data science & AI + data platforms used to create **contextualized, personalized experience for all attendees**, allowing optimal event experience, e.g. most relevant sessions, exhibitors, products, people, networking events, with continuous chat-based assistance

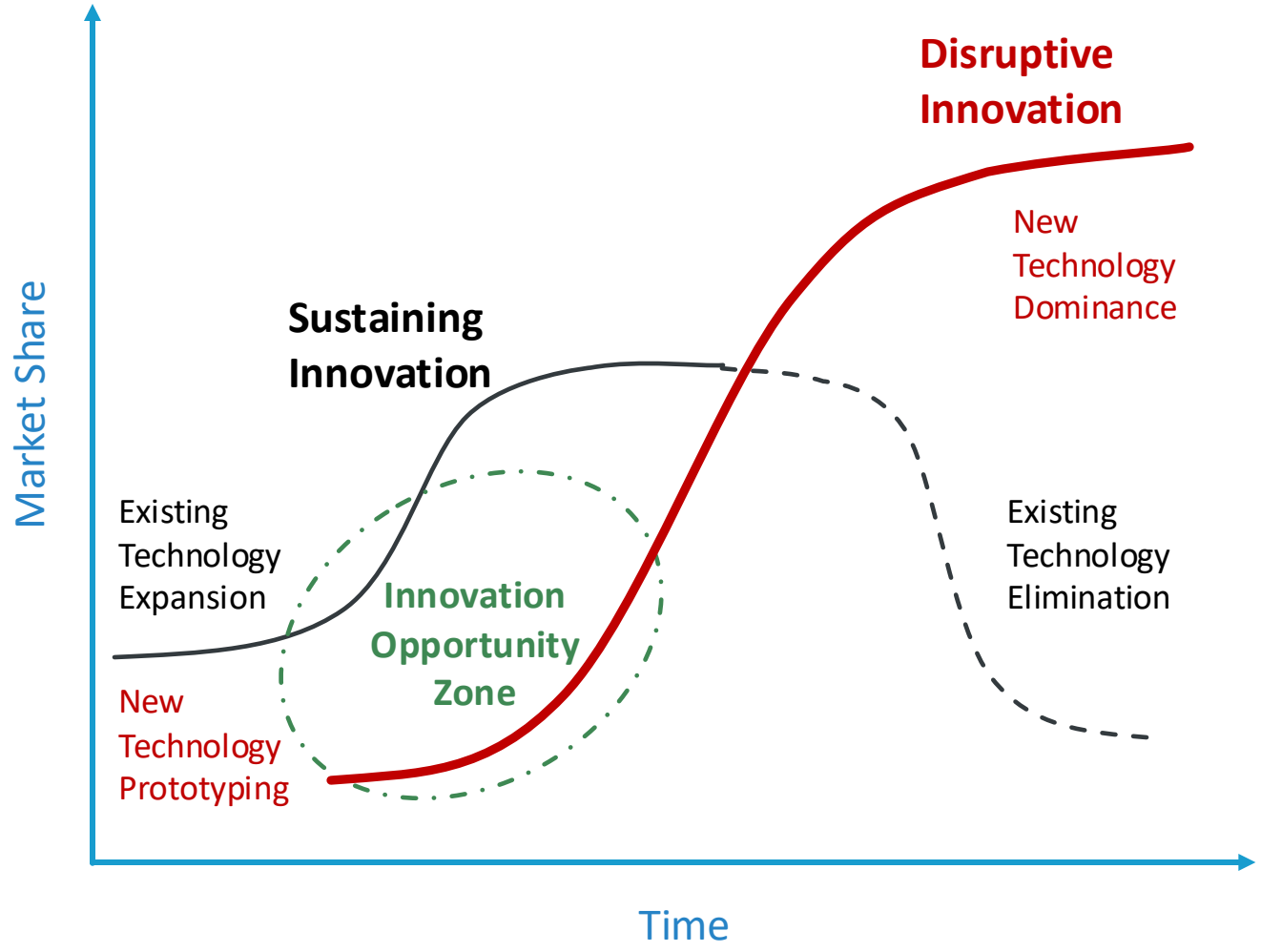




Hotel/Booking Concierge

Informa data science and AI + data platforms + HotelMap AI platform + agents used to **optimize discovery of optimum locations & hotels**, negotiate contract, present personalized options to attendees, and account for revenue share

PUTTING IT ALL TOGETHER



WE ARE IN A NEW EVENTS OPPORTUNITY ZONE DEFINED BY THE AMPLIFICATION OF HUMAN TASKS, EXPERIENCES & CAPABILITIES