

DIGITAL'S ONGOING REVOLUTION

L'Oreal capital markets presentation

Chris Rittenmeyer



**CO-FOUNDER, PARTNER
AND MANAGING DIRECTOR**
BCG DIGITAL VENTURES

GETTING OLD

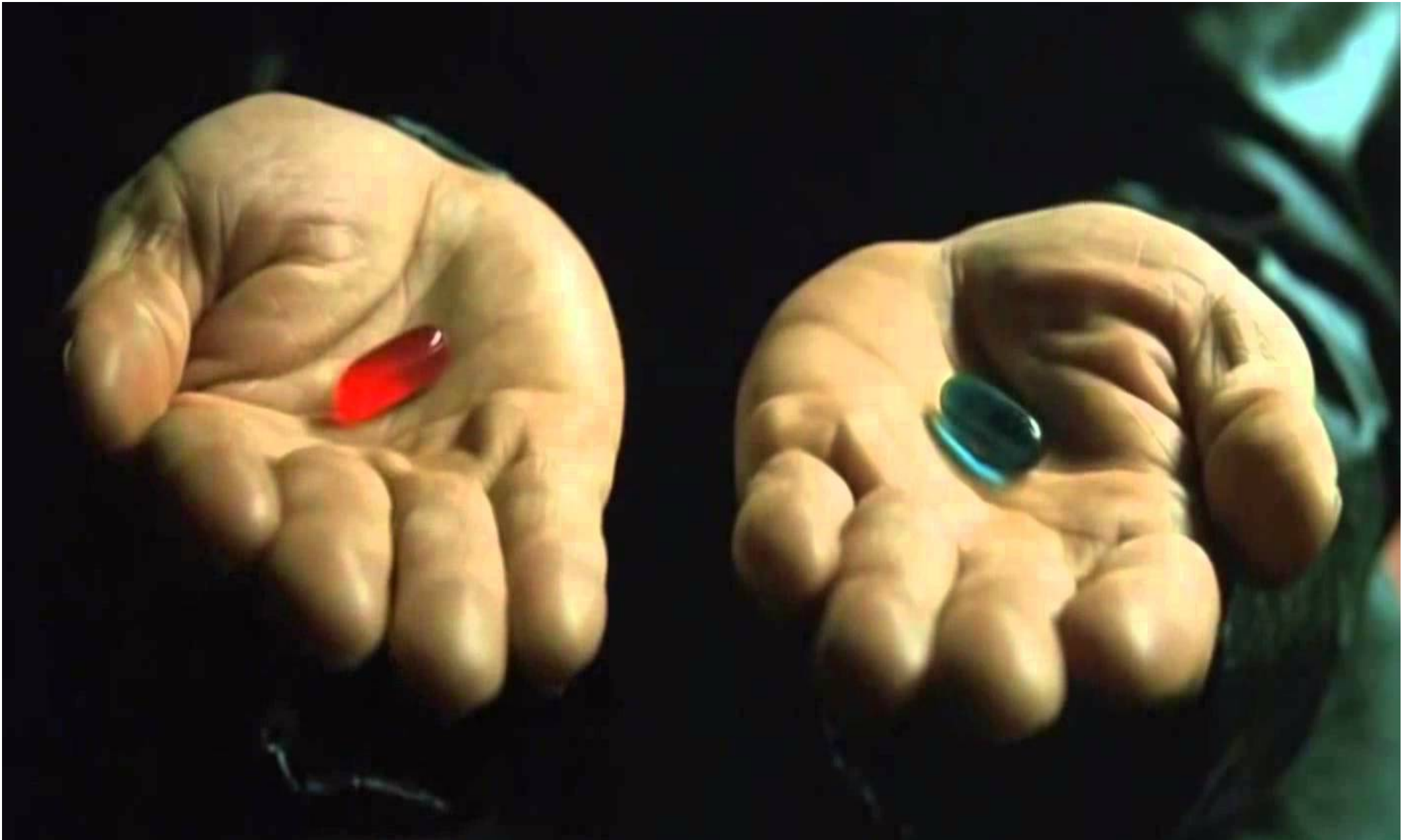
15 years experience founding, leading and advising high tech and digitally focused companies across the globe

FELT DIGITAL DISRUPTION

Former CEO of 1B Technology and services company that needed to transform to a digital product led portfolio

LIKE BUILDING THINGS

BCG Digital Ventures is a corporate venture capital firm with services – we build disruptive businesses across multiple industries



1

Change is
accelerating

2

Winners don't
invent they
uncover

3

Both Start-Ups
and
incumbents are
winning

4

Winning is
about the right
mindset

1

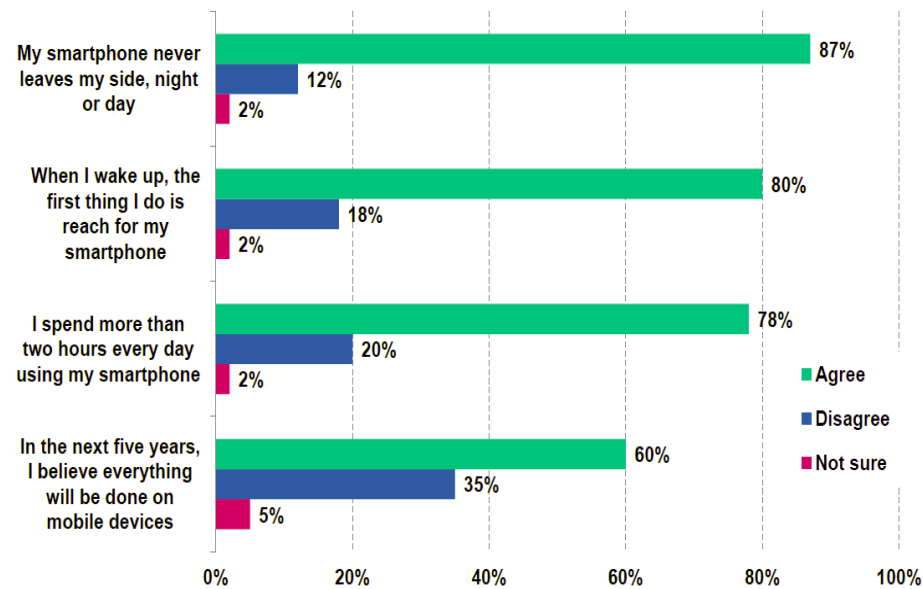
Change is accelerating



Consumer behaviour is changing rapidly

Millennials = Love Their Smartphones...
87% = 'Smartphone Never Leaves My Side'

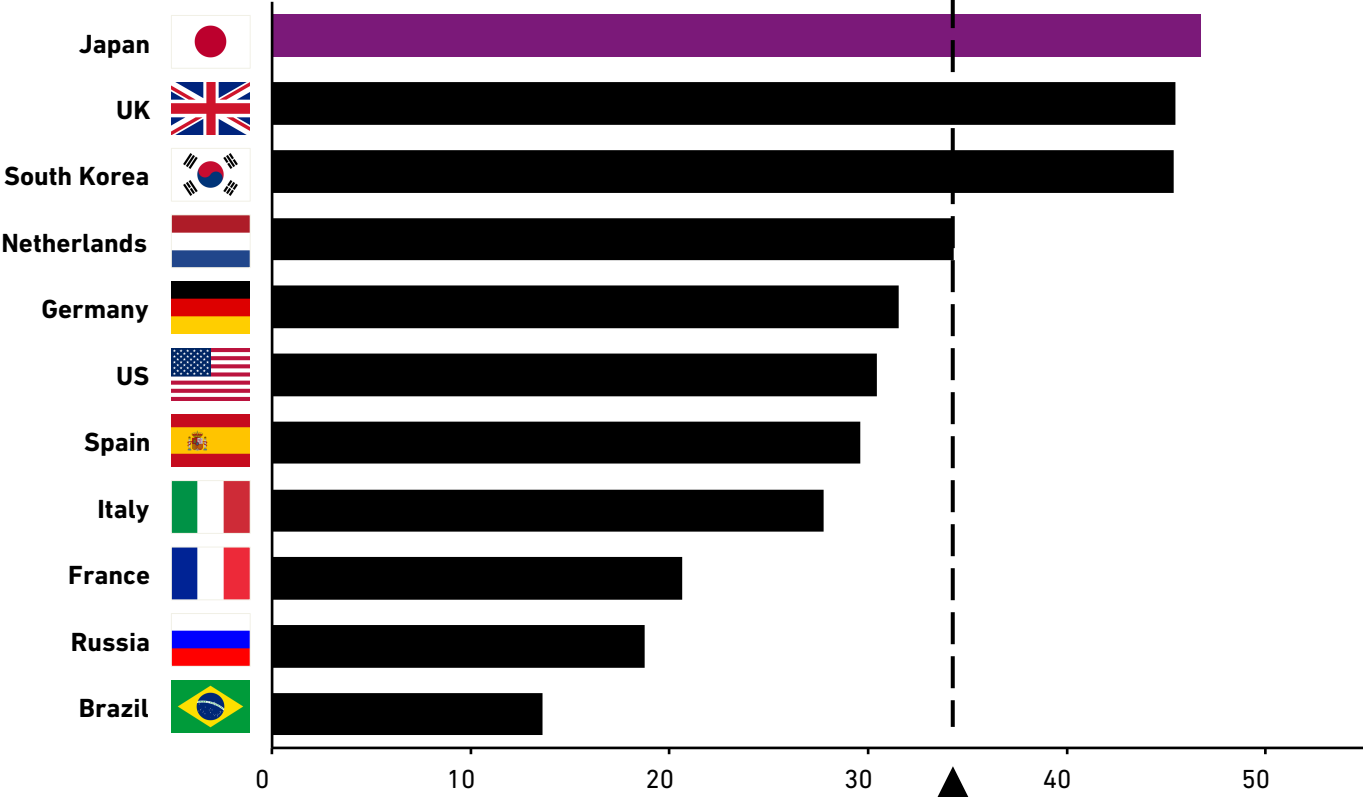
Millennial Smartphone Behavior, USA, 2014



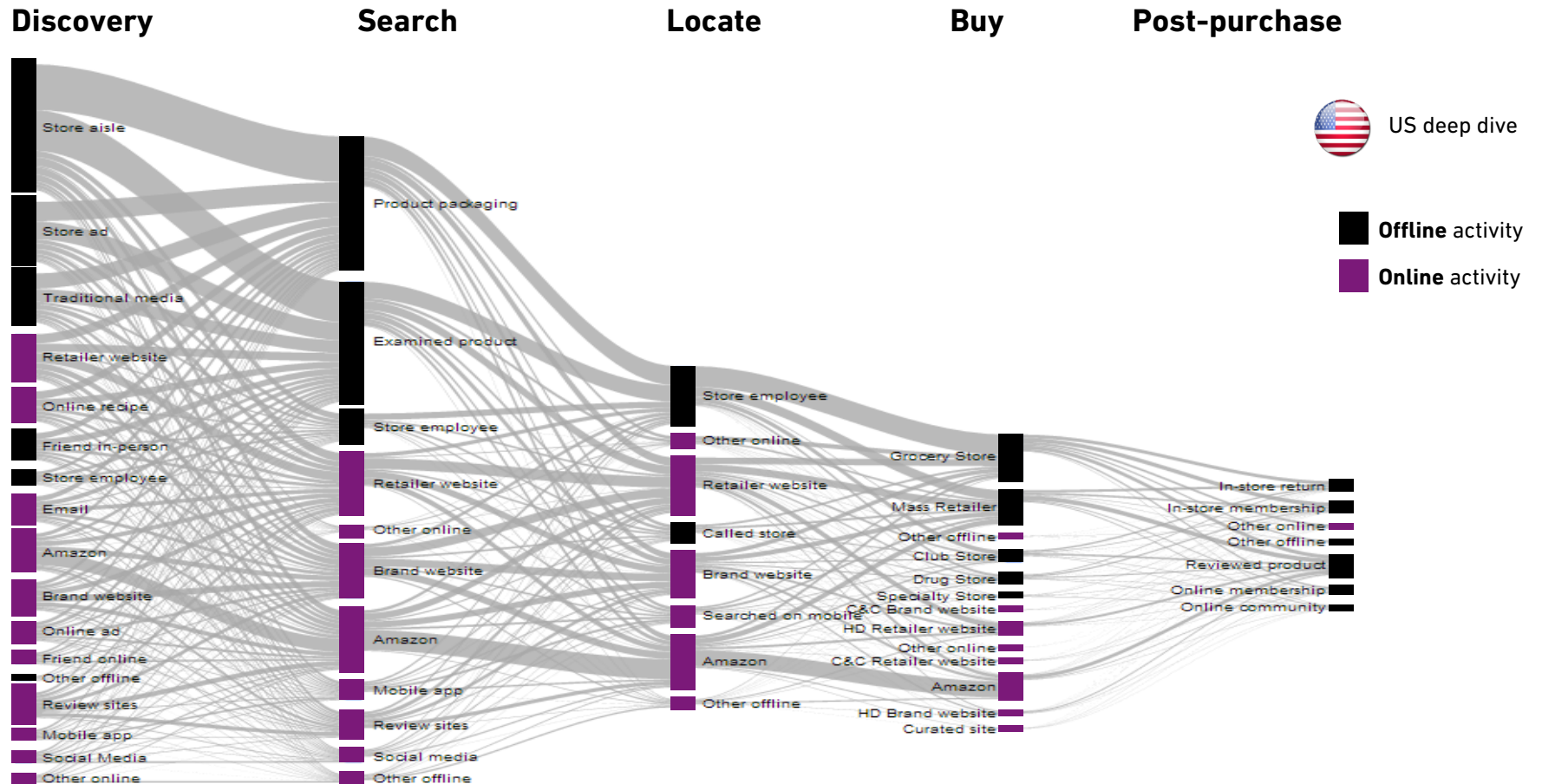
Source: Zogby Analytics.
Note: Zogby Analytics was commissioned by Mitek Systems, Inc. to conduct an online survey of 1,019 millennials who have a smartphone. For the purposes of this survey, "millennials" are defined as adults between the ages of 18-34. All interviews were completed May 30 through June 6, 2014. Sums may exceed 100% owing to rounding.

More than a third of eCommerce transactions are now mobile

Mobile share of retail eCommerce transactions



Online is increasingly a critical part of consumers' purchase decisions

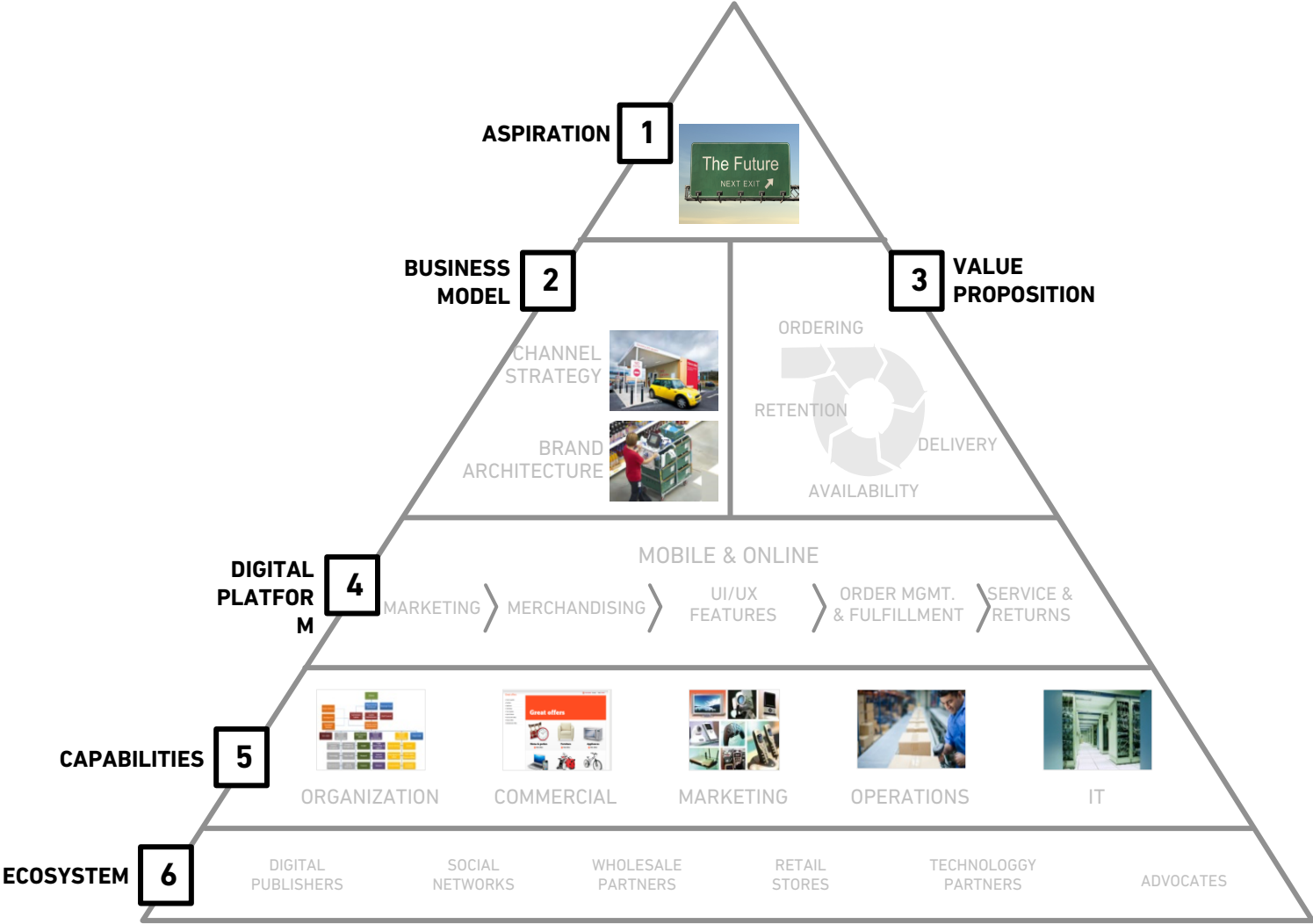


Technology is enabling unprecedented innovation in digital commerce



1995-2005	2005-2010	2010-2012	2012-2016	2016 & BEYOND
CATALOG + CART	MULTICHANNEL	SOLOMO	PLATFORMS	PERSISTENT + CONTEXTUAL
				Internet of Things
				Augmented/Virtual reality
			Apps + services + content+ devices	Big data => Contextual experiences
		Social content & community	Vertical integration	Wearables
		Mobile research & commerce	Data-driven personalization	3D printing
		Local offers	New fulfillment models	Virtualized, on-demand supply chains
amazon.com ebay PayPal			Relationship-based commerce	Biometrics
Breadth of assortment + price	Site + Store		Subscription models	Persistent connectivity
Marketplaces	International expansion	New commerce models		New shipment platforms and drones

Success requires companies to realign across their entire value chain



2

Winners don't invent
they uncover



ETHNOGRAPHY
CUSTOMER BEHAVIOUR



EFTPOS

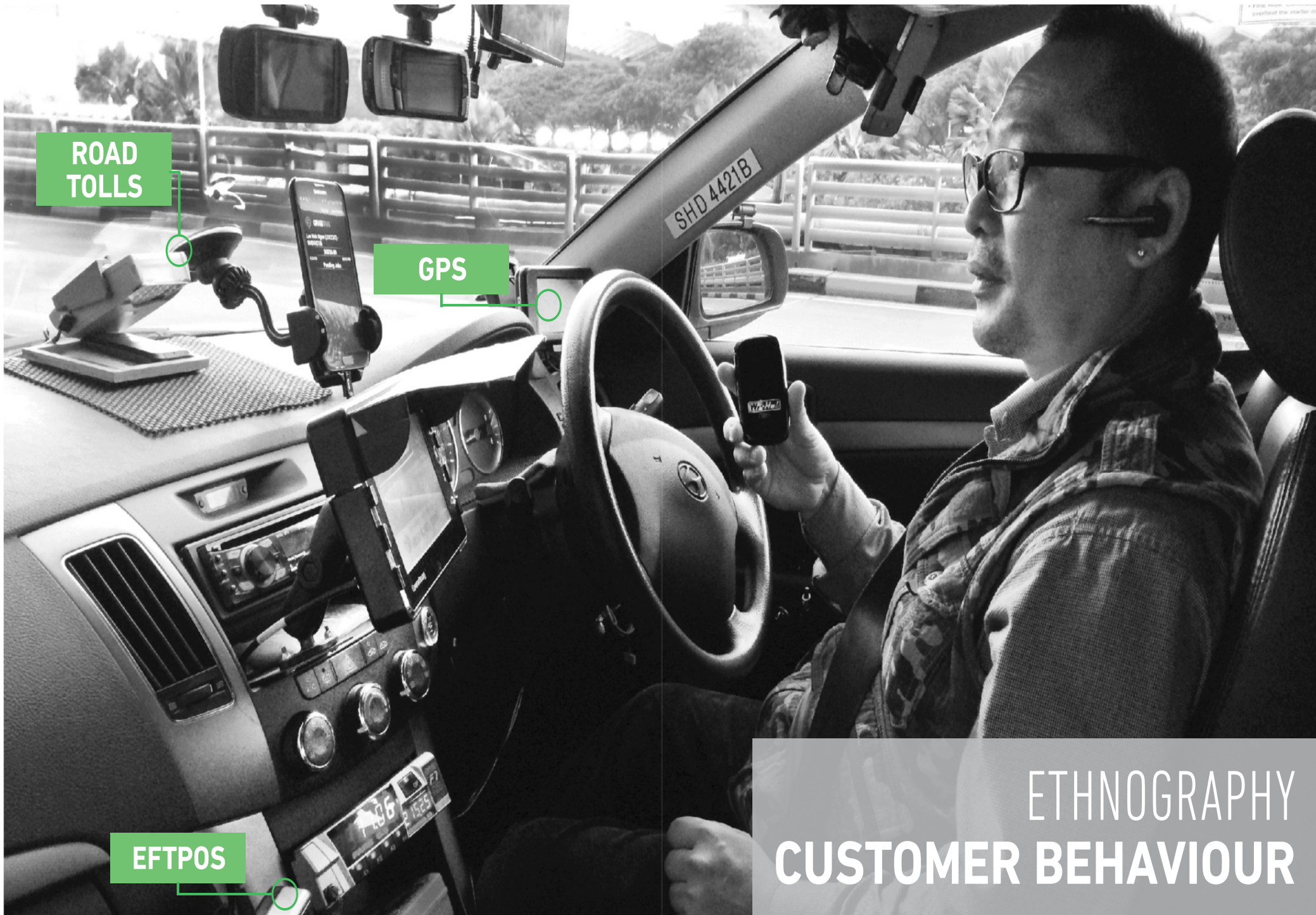
ETHNOGRAPHY
CUSTOMER BEHAVIOUR



ROAD
TOLLS

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR

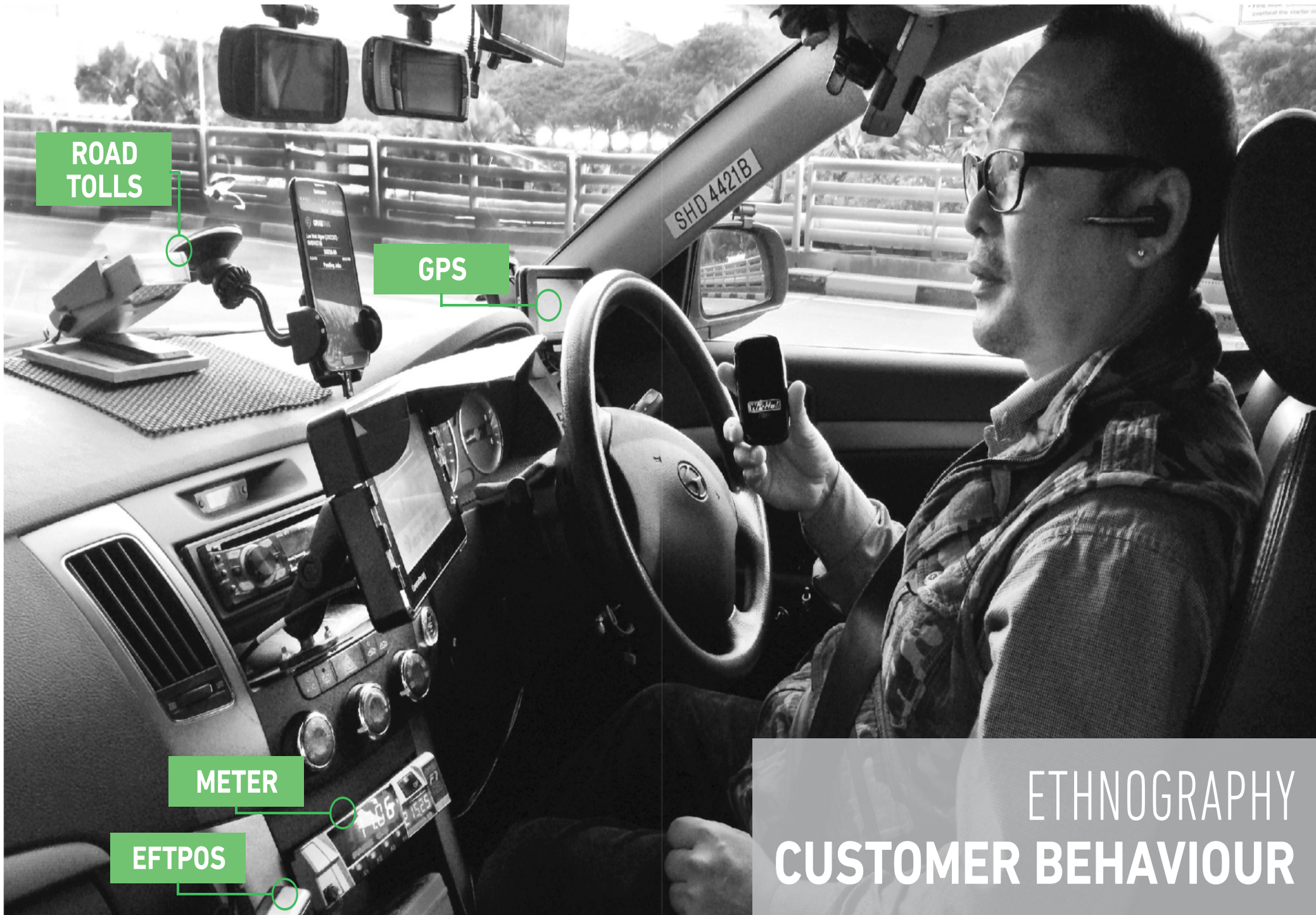


ROAD
TOLLS

GPS

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



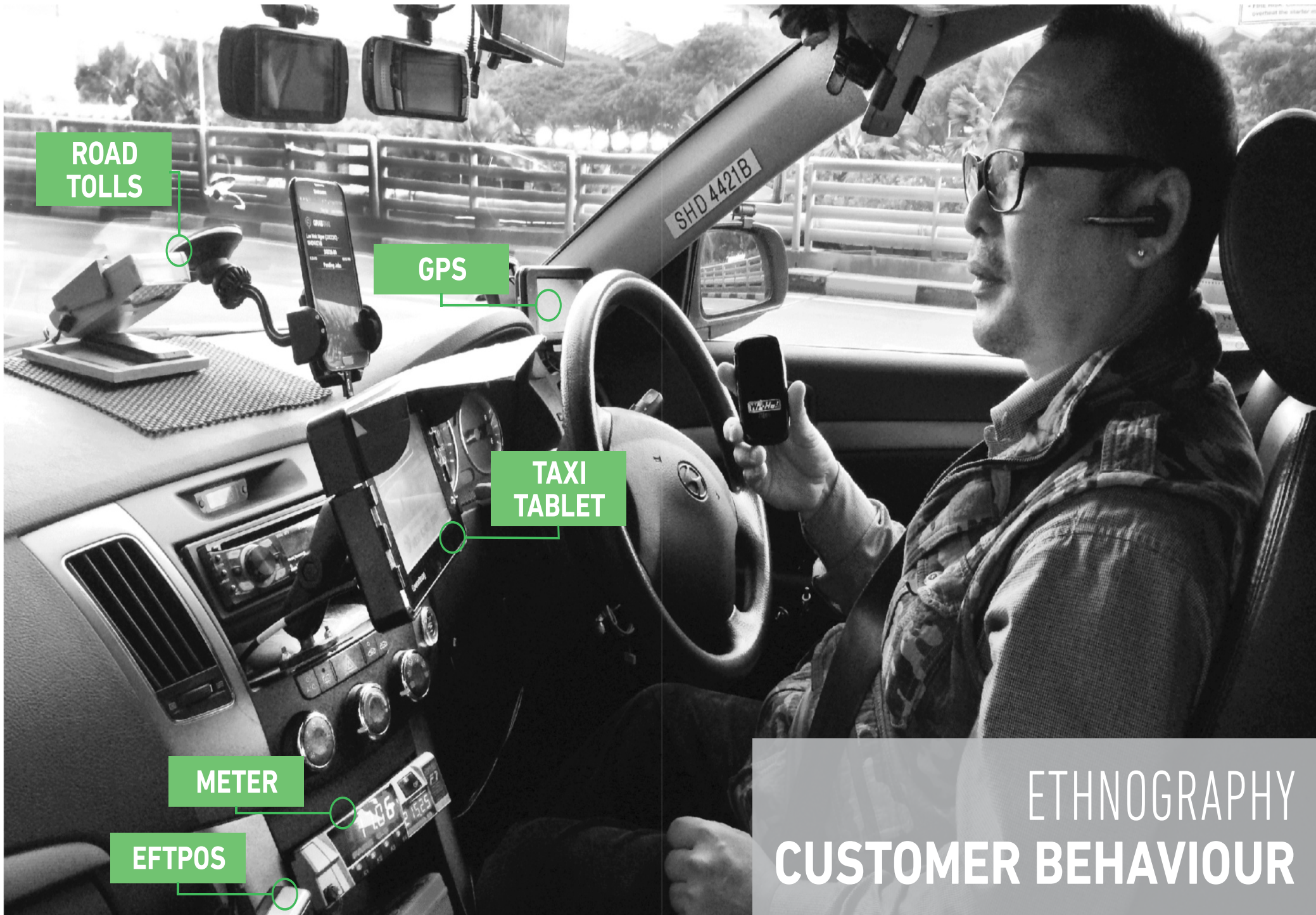
ROAD
TOLLS

GPS

METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



ROAD
TOLLS

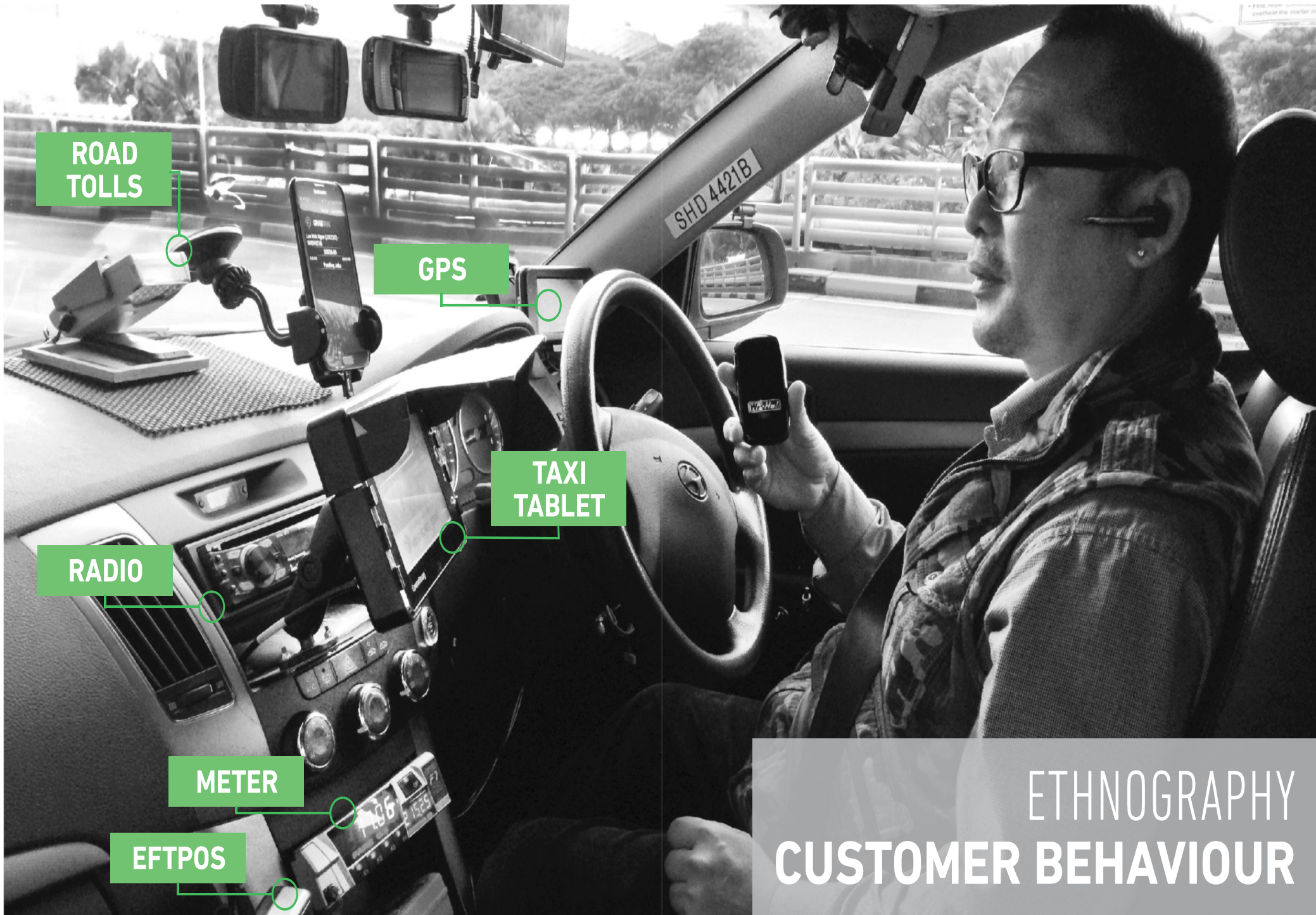
GPS

TAXI
TABLET

METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



ROAD
TOLLS

GPS

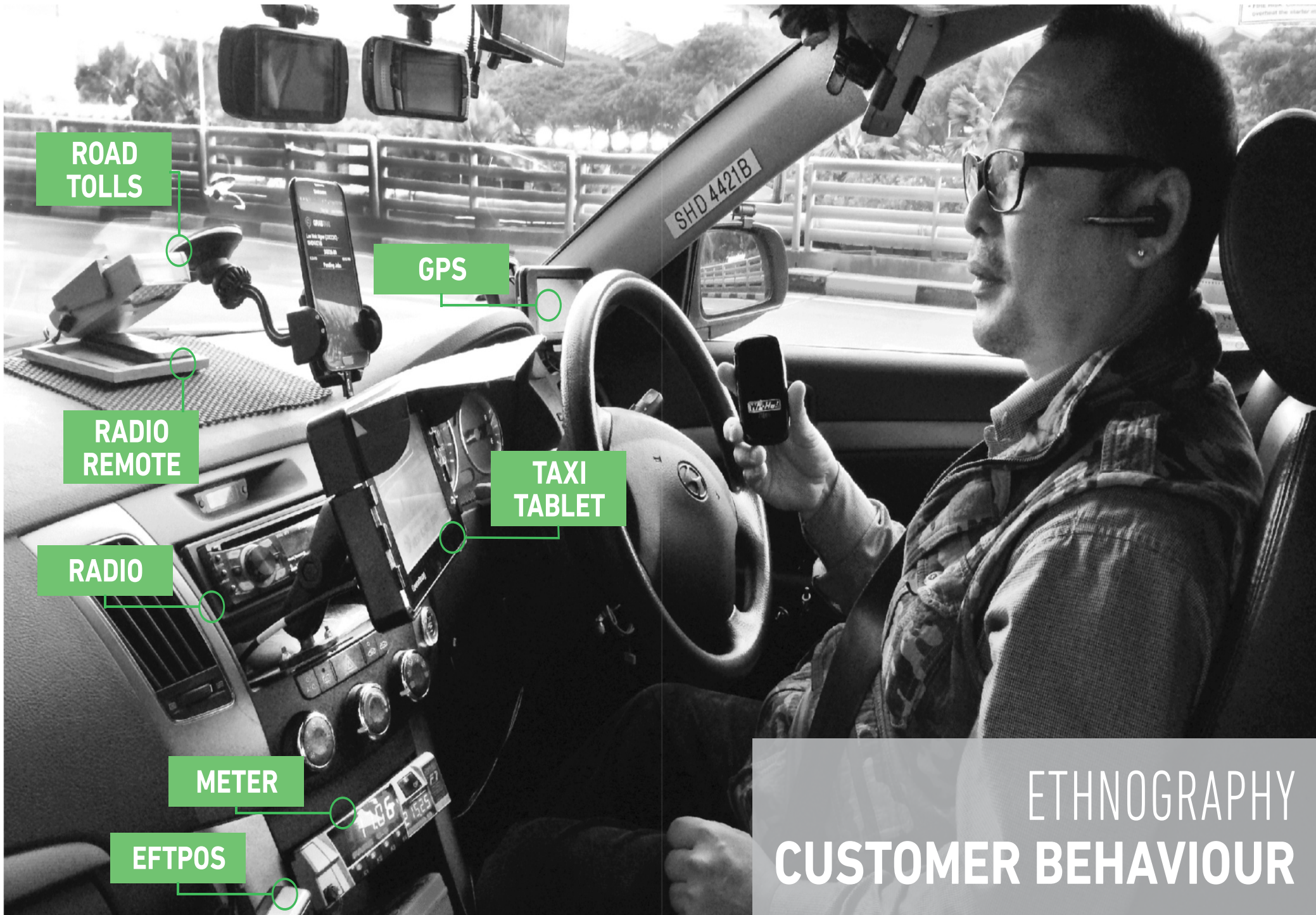
TAXI
TABLET

RADIO

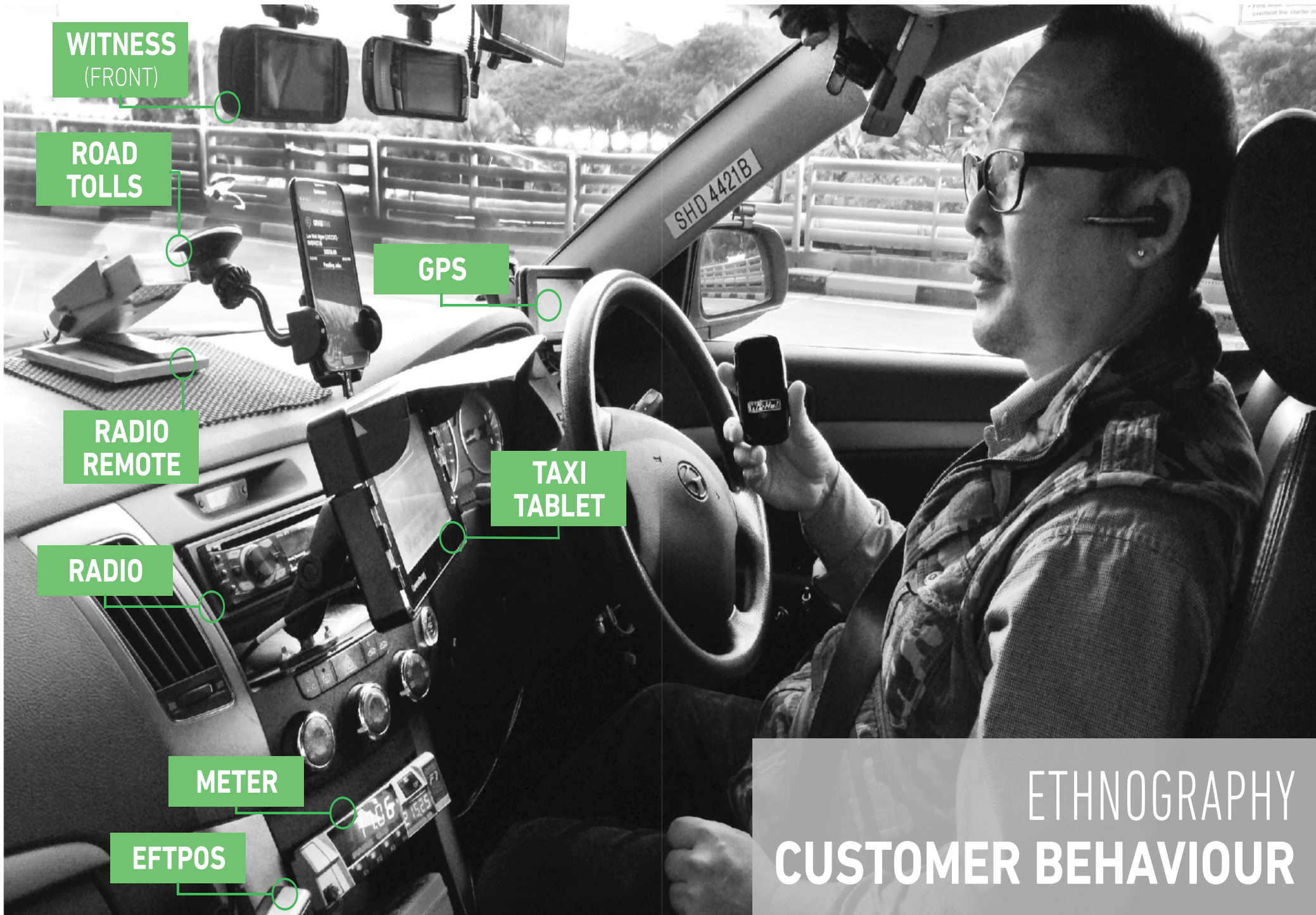
METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

ROAD
TOLLS

GPS

RADIO
REMOTE

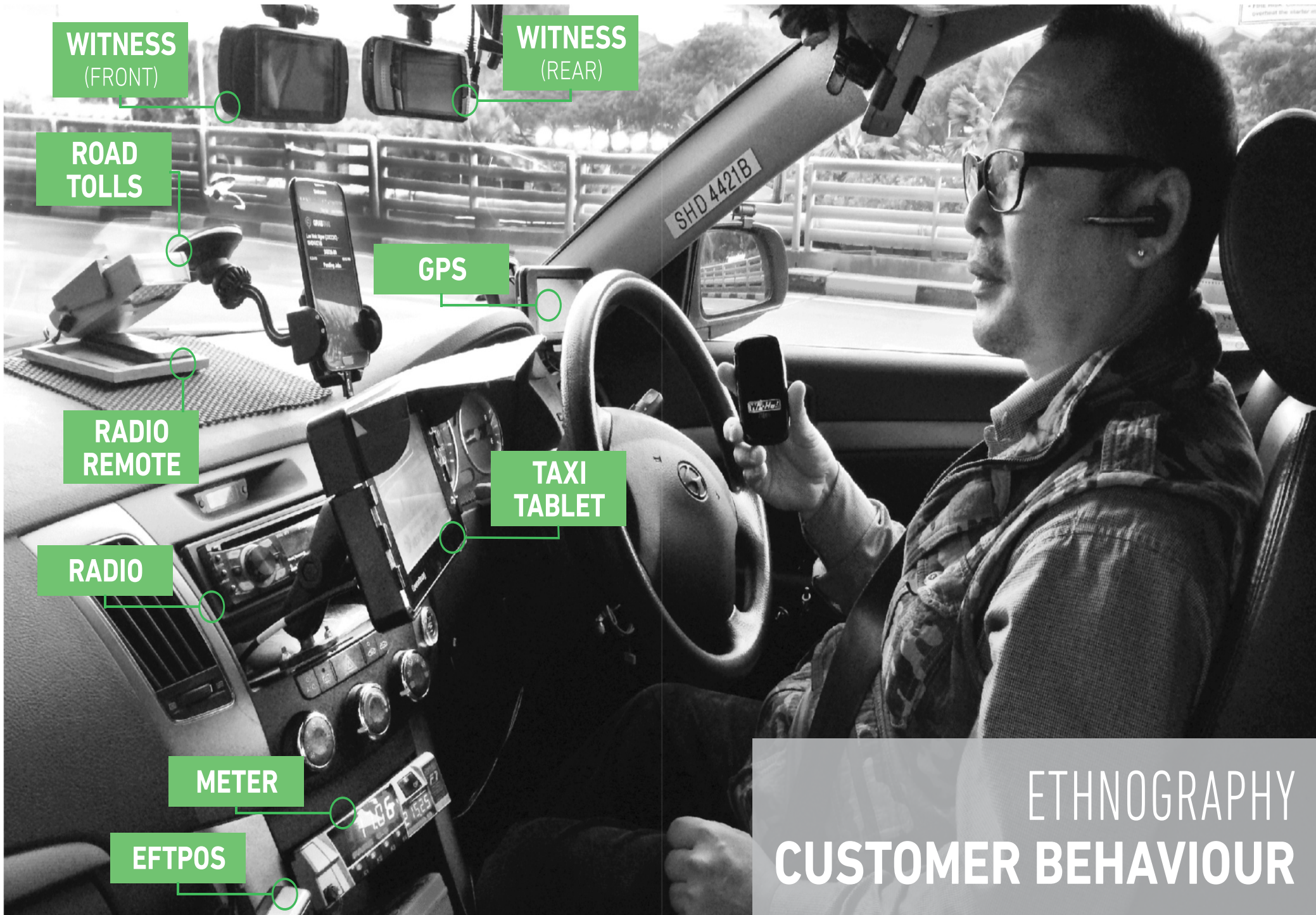
RADIO

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TABLET

METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

ROAD TOLLS

GPS

RADIO REMOTE

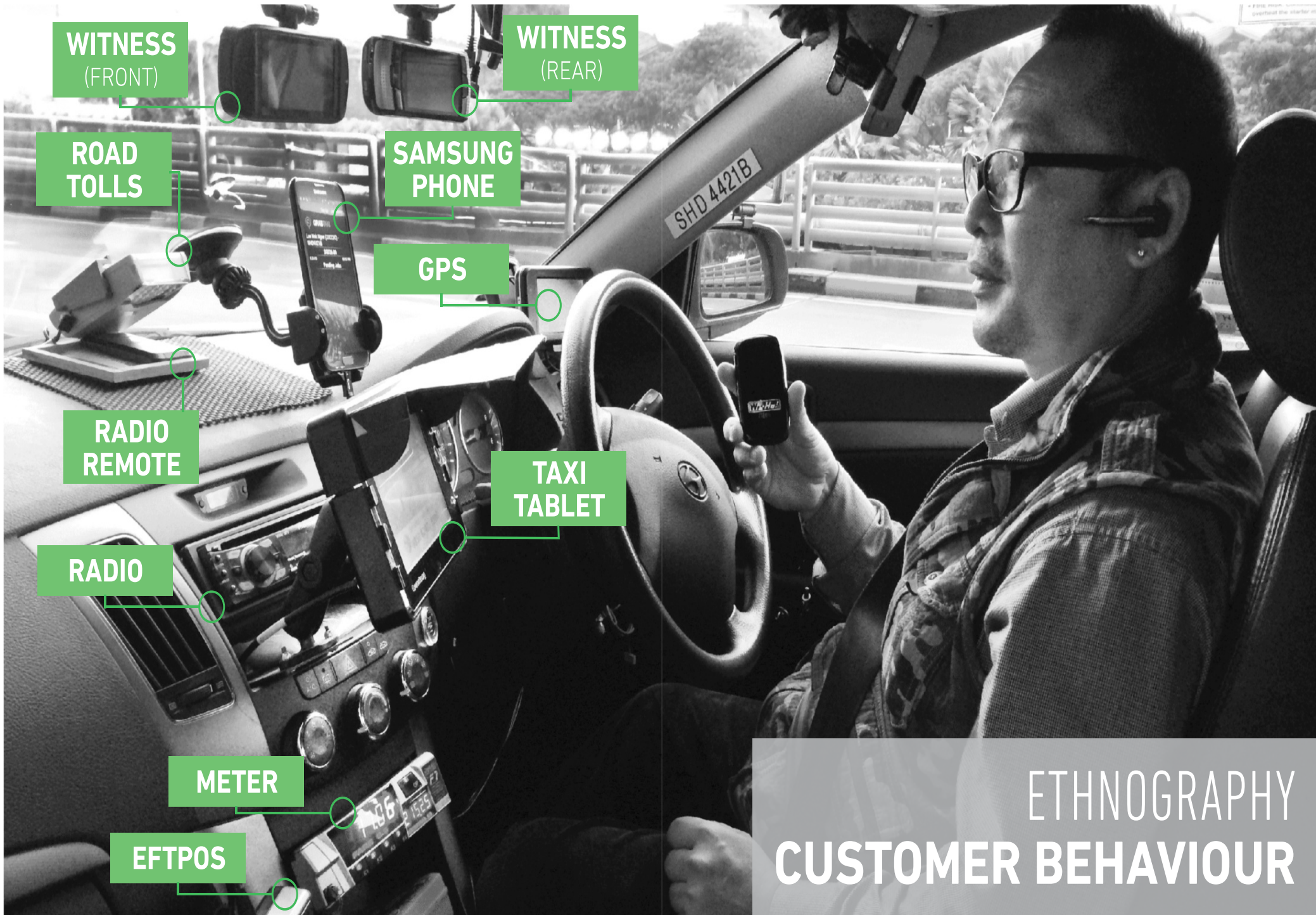
RADIO

TAXI TABLET

METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

ROAD
TOLLS

SAMSUNG
PHONE

GPS

RADIO
REMOTE

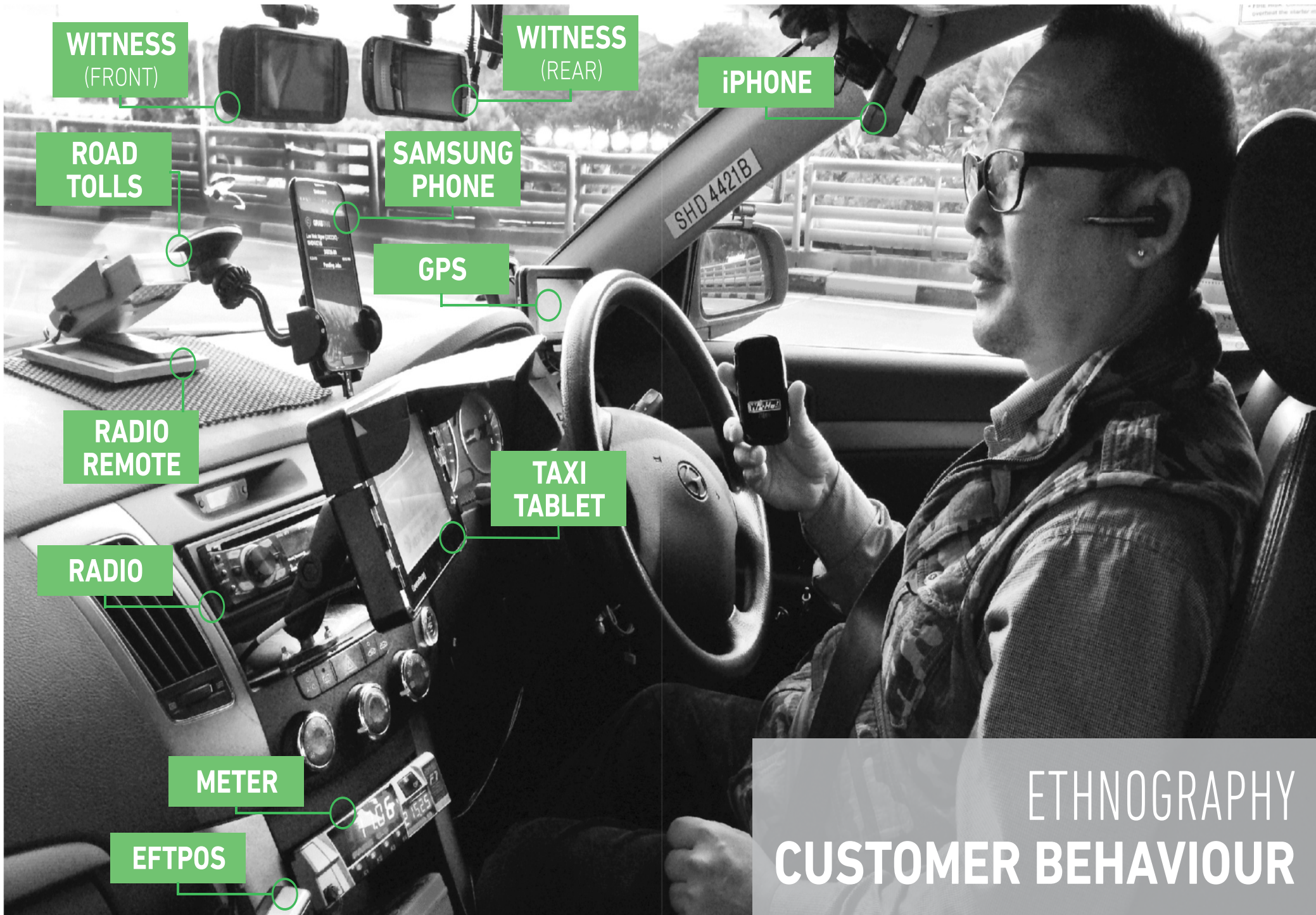
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RADIO

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ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

iPHONE

ROAD
TOLLS

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GPS

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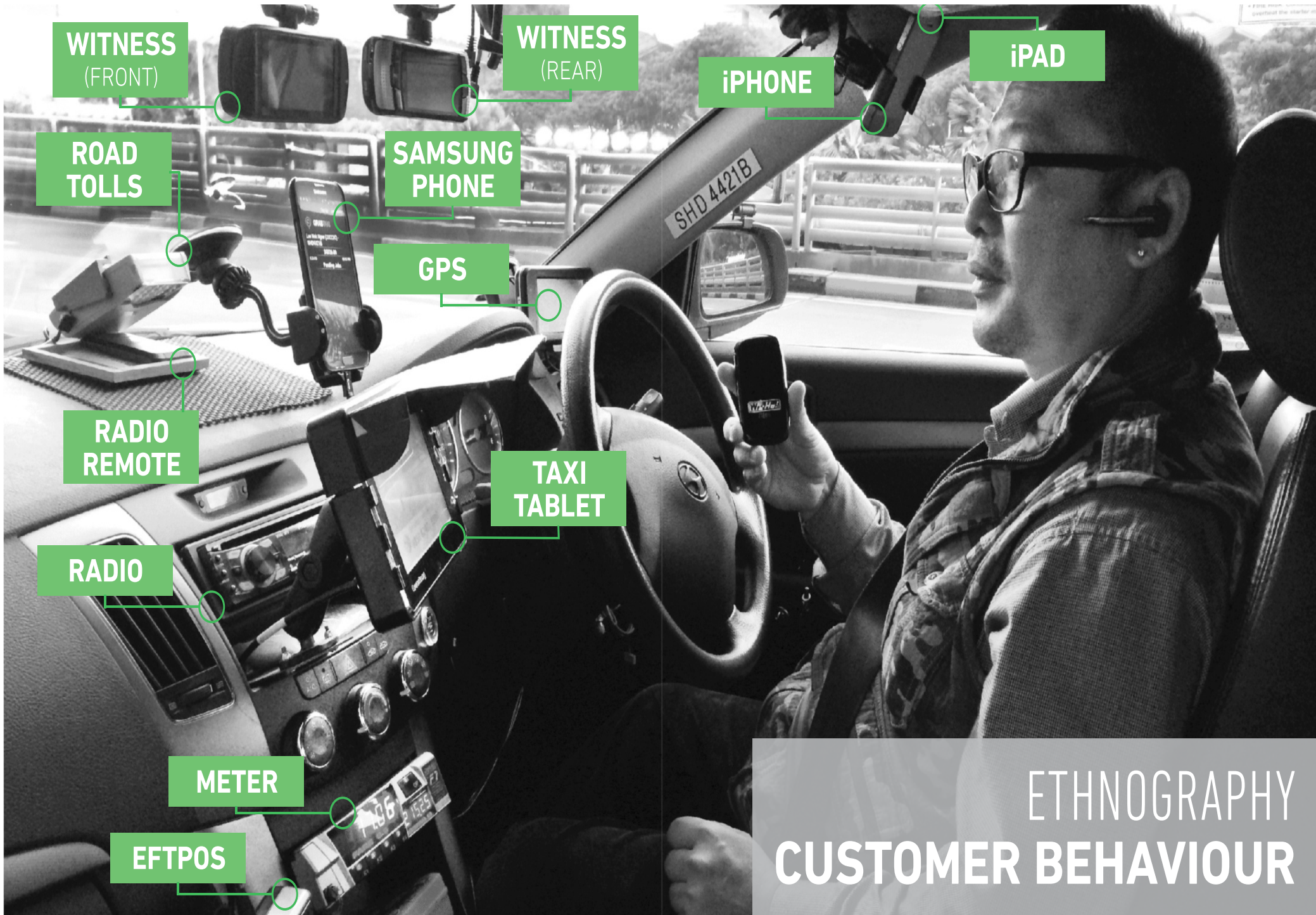
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ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

iPHONE

iPAD

ROAD
TOLLS

SAMSUNG
PHONE

GPS

RADIO
REMOTE

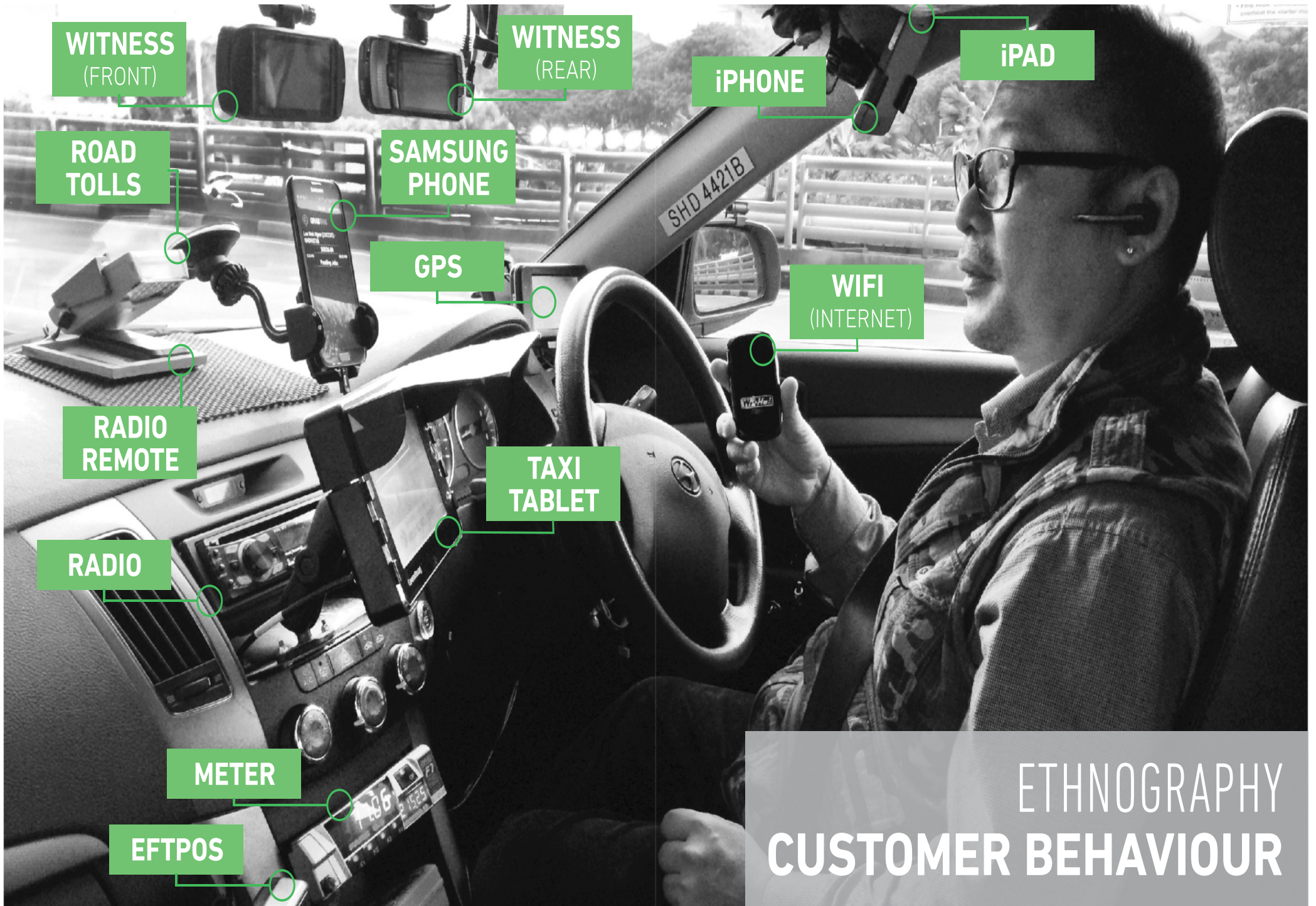
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CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

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iPAD

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SAMSUNG
PHONE

GPS

WIFI
(INTERNET)

RADIO
REMOTE

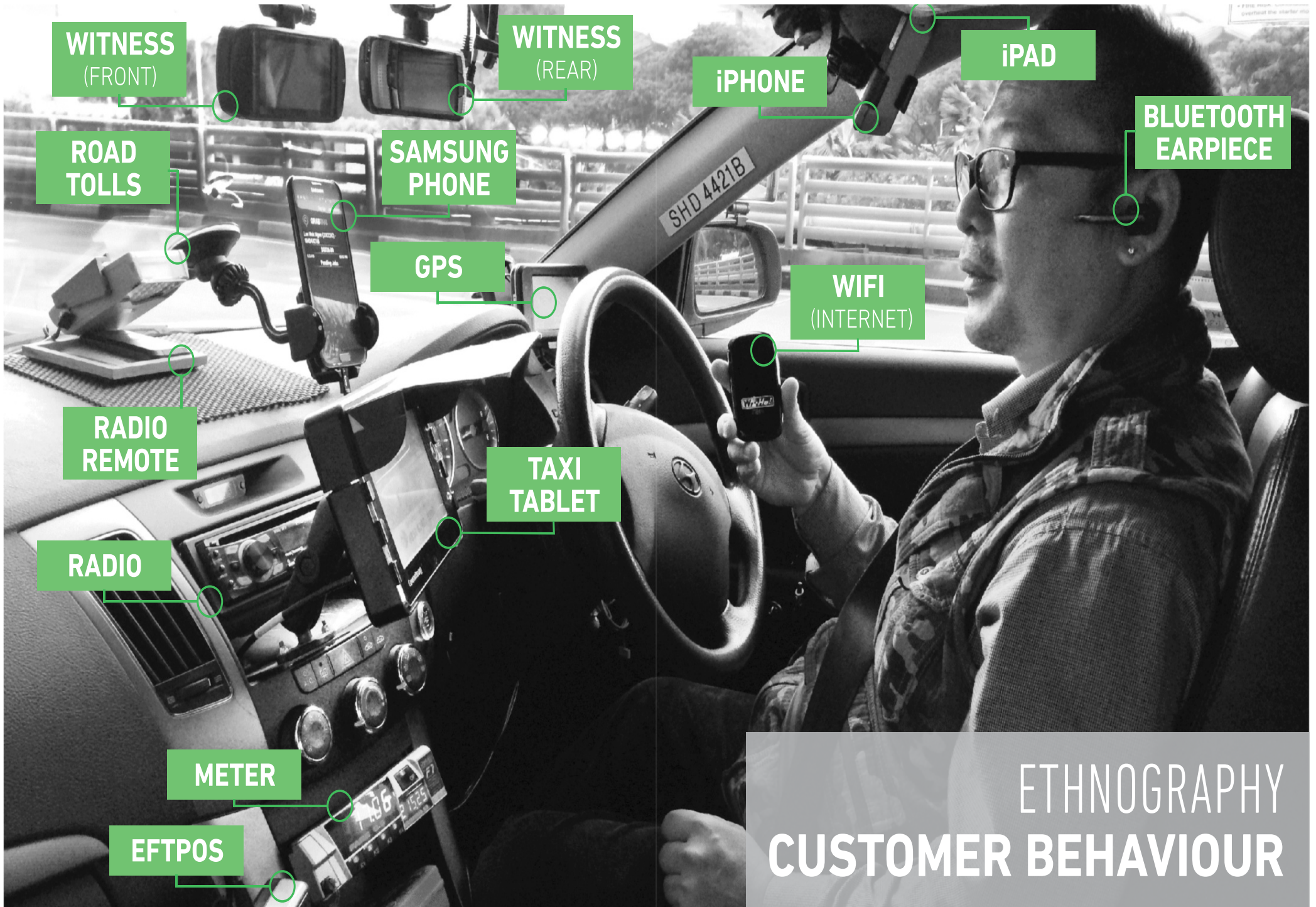
TAXI
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EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



WITNESS
(FRONT)

WITNESS
(REAR)

iPHONE

iPAD

BLUETOOTH
EARPIECE

ROAD
TOLLS

SAMSUNG
PHONE

GPS

WIFI
(INTERNET)

RADIO
REMOTE

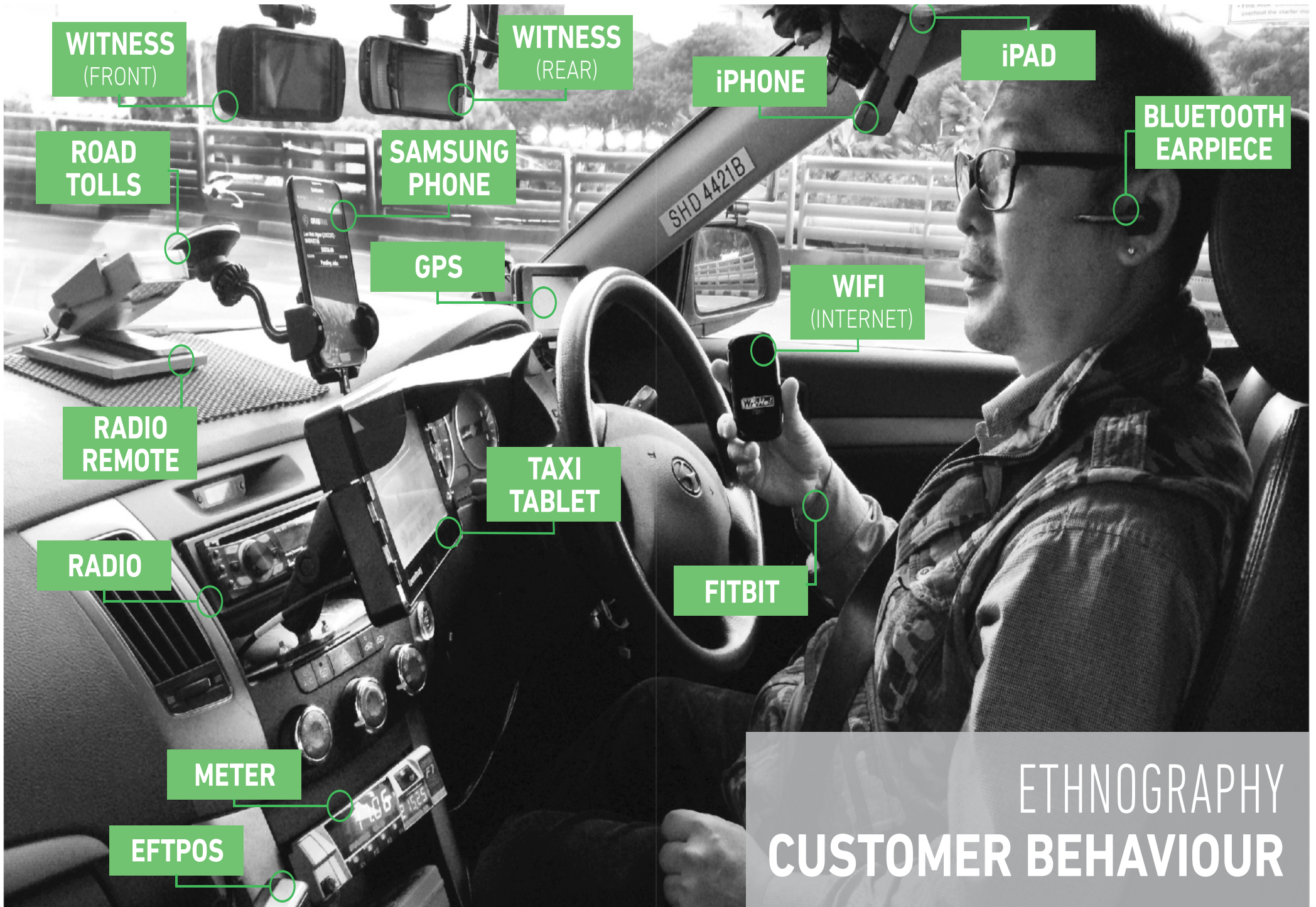
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PHONE

GPS

WIFI
(INTERNET)

RADIO
REMOTE

TAXI
TABLET

RADIO

FITBIT

METER

EFTPOS

ETHNOGRAPHY
CUSTOMER BEHAVIOUR



 SAFETY

 NAVIGATION

 COMMUNICATIONS

 ENTERTAINMENT

 SALES

 CONNECTIVITY

 PAYMENTS

 WELLBEING

ETHNOGRAPHY
JOBS TO BE DONE



INSIGHTS
EMOTION, PAIN POINTS,
OPPORTUNITIES



1

2

PRODUCT VS. OTT EXPERIENCE
DIGITAL INNOVATION



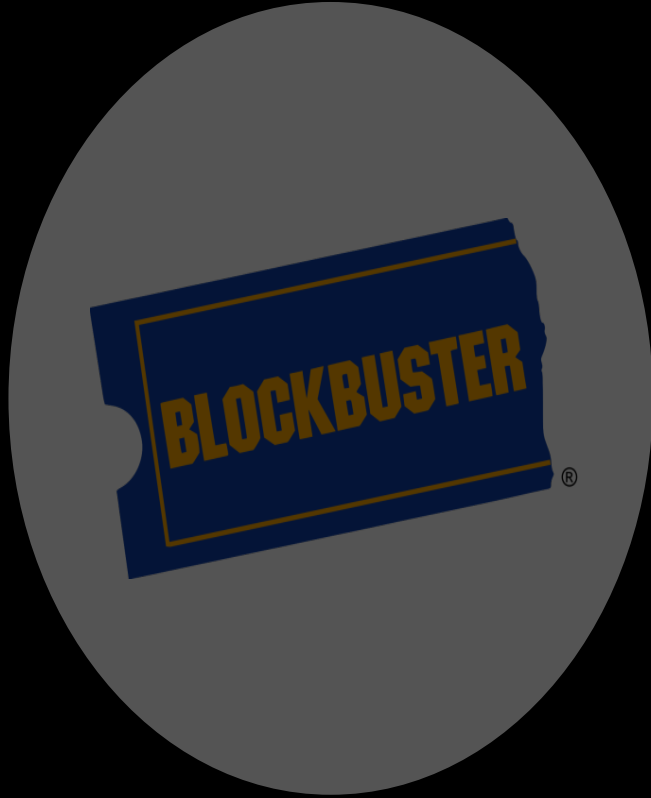
INTEGRATED EXPERIENCE
DIGITAL DISRUPTION



3

Both Start-Ups and
incumbents are
winning







John Lewis

NORDSTROM

The incumbents have the right to win



→ \$3.7T in corporate capital waiting to be ventured

→ Hidden wealth of talent and resources waiting to be let loose

→ Scale of operations and heavy marketing muscle

4

Winning is about the
right mindset



That won't happen
“in our industry...”

- *FAMOUS LAST WORDS*

Successful digital change requires a customer focus and a VC like portfolio approach



BE RELENTLESSLY CUSTOMER FOCUSED

- Continuously interact and learn from consumers and ecosystem
- Solve for consumer pain points
- Focus core corporate assets to solve them
- Execute against this customer centric vision



THINK LIKE A VC

- Set out to have a portfolio of options
- Test and learn at pace – don't leave ideas on the shelf
- Quickly determine whether worth it, if not stop
- Set rigorous KPIs for incremental funding
- Invest in the team and go to market plan as much as the idea



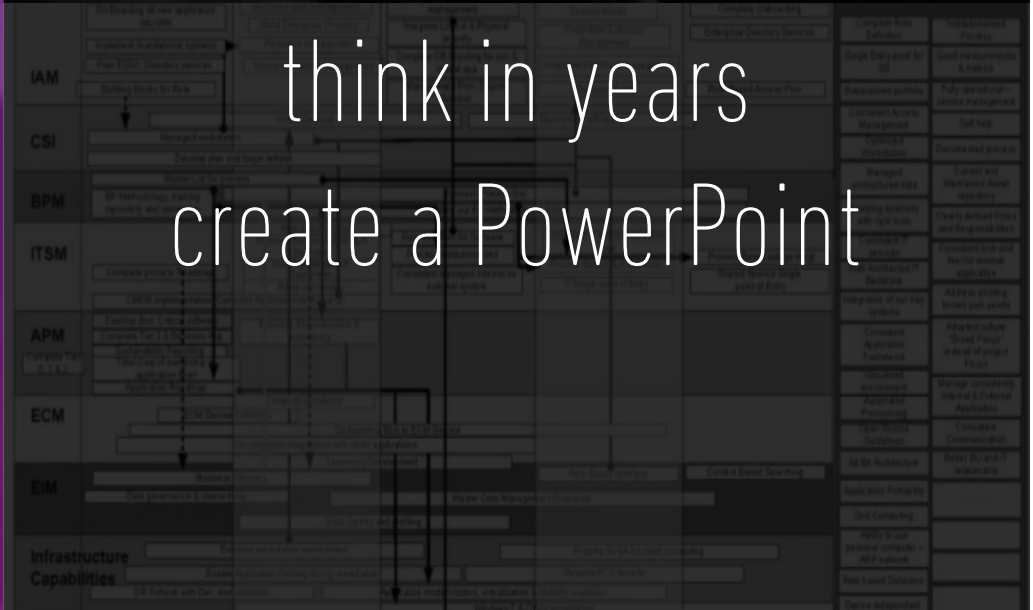
small empowered team
unmet human needs



test and learn
think in weeks
create a product



large slow committee
market research
fear of failure



think in years
create a PowerPoint

Change will come, those with the right culture and mindset will ride the wave of change



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L'ORÉAL