

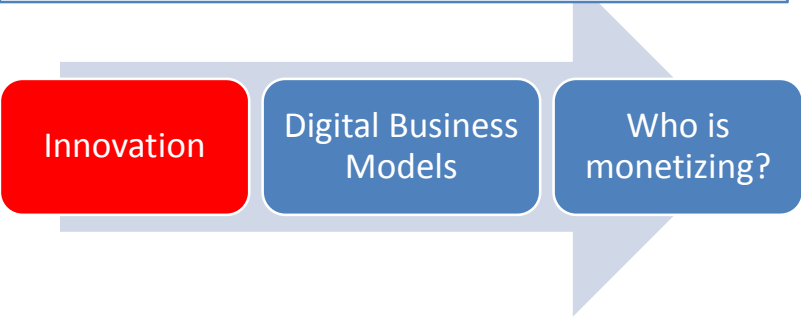


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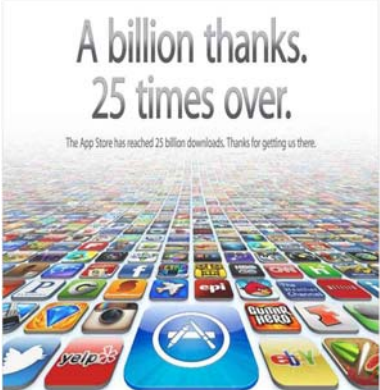
Monetizing Digital Innovation



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2



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4

The Web has changed the economics of business and collaboration...



The Global Digital Stone Soup—where millions of cooks co-create value...

- ❖ Atoms to Bits
- ❖ Bricks to Clicks
- ❖ Physical to Digital
- ❖ Combinatorial

Web 2.0 networks multiply effects: 10x customers, 10x partners, 10x speed...

Secret of Digital Monetization:

↓ Lower CAC and Higher RPU ↑

Estimate of Cost to Acquire a Customer

Rough Estimates of Cost of Customer Acquisition (CAC)

Freemium, No Touch Self-Service, Light Touch Inside Sales, High Touch Inside Sales, Field Sales, Field Sales with 25%

\$0-\$10, \$50-\$200, \$1,000-\$2,000, \$3,000-\$8,000, \$25,000-\$75,000, \$75,000-\$200,000

Google advertisers get 7x return on what they Pay Per Click. **PPC dynamic pricing of billions** of keyword auctions per week “page order ranks” by price + quality score-- the winning combo of higher clickthroughs & relevance...

Who's monetizing network effects?

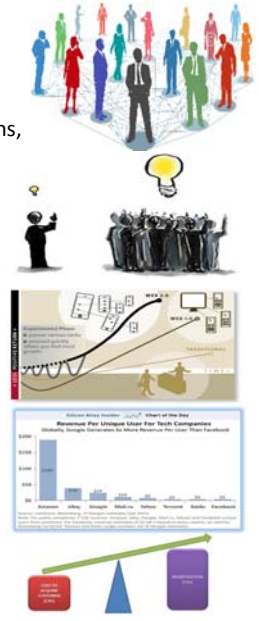


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Takeaways

1. What does the Web, crowds, smartphone markets, social graphs, game theory and Big Data have in common?
2. What did IBM and Whirlpool do to spark innovation and entrepreneurship in their top 25,000 managers worldwide resulting in several new \$1B businesses in less than 3 years?
3. What business model is behind the profitability of LinkedIn, Facebook, GE and Harrah's casino empire?
4. Did Google, eBay, United's Sabre Systems or Bloomberg figure out the dynamic pricing strategy that generates the most auctions per day with the highest return?
5. How do companies big and small "monetize" their off-book digital capital? How to assess your digital assets?



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10