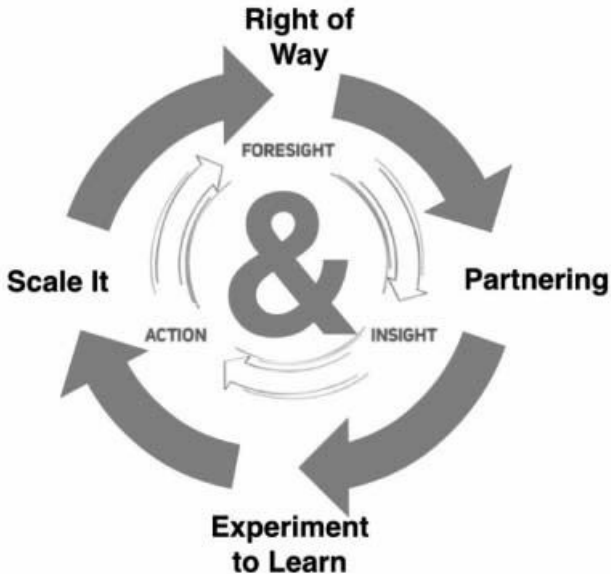
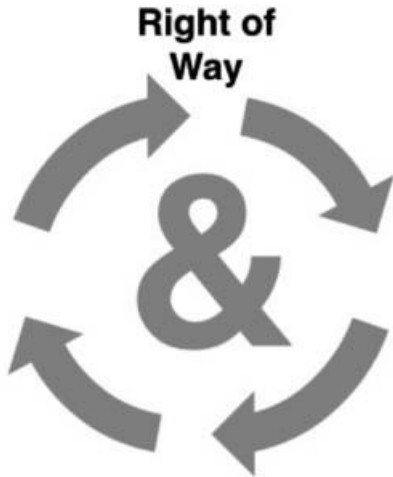


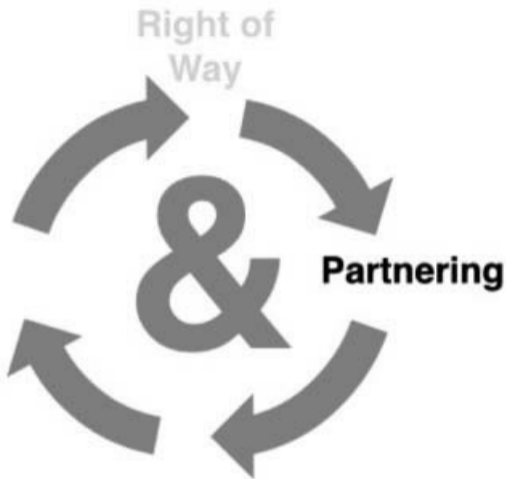
**Figure 1:** Foresight Insight Action (Source: IFTF).



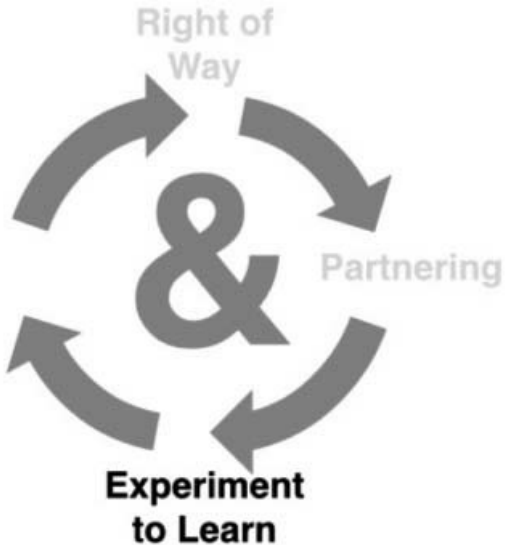
**Figure 2:** Steps to Scalable Reciprocity.

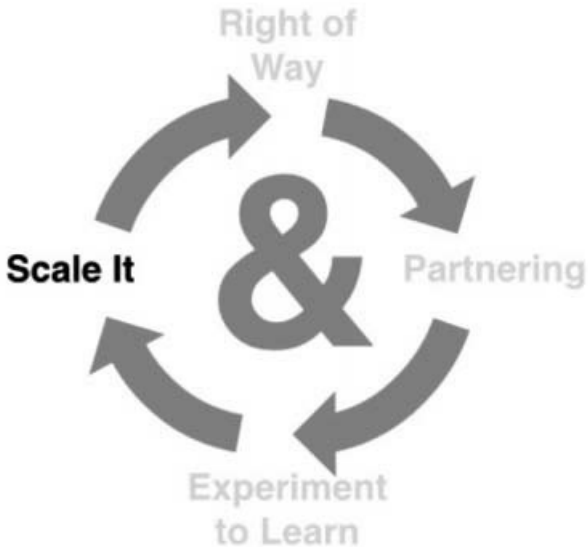


**Figure 3:** Step One toward Reciprocity Advantage.



**Figure 4:** Step Two toward Reciprocity Advantage.





**Figure 6:** Step Four toward Reciprocity Advantage.

Commercial and Technical Uncertainty	High	Major replatforming	Inventing new technology to obsolete the core	Emerging science or technology that would need your right-of-way
	Medium	Major upgrades	Reapplying technology to obsolete or complement the core	Using your right-of-way and existing technology to create new businesses
	Low	Incremental improvements	Using existing technology to complement the core	Using your right-of-way and existing technology to create new business

1st Industry

2nd Industry

3rd Industry

What industry are you in?

Our product

Our service

Our experience

The innovation challenge

Maintain healthy core business

Reinvent how you do the core

Use your right-of-way

**Figure 7: Finding Your Right-of-Way.**

Commercial and Technical Uncertainty	High	Diesel engines	Planes, trucks, container ships	Telephones
	Medium	Next S-curve	eTickets	Telegraph
	Low	More lines, better trains, improved service	Tickets by mail	Couriers

1st Industry

2nd Industry

3rd Industry

What industry are you in?

Our product:

Our service:

Our experience:

trains

Transportation

Communication

The innovation challenge

Maintain healthy  
core business

Reinvent how  
you do the core

Use your  
right-of-way

**Figure 8:** The Innovation Portfolio the Railroads Needed.



<b>Factor</b>	<b>Specific Choice</b>
What right-of-way are we sharing? What assets might we give away in order to learn how to make money in new ways?	

What is the new business we want to create with this right-of-way?

Will this new business hurt our current business?

Do we have commitment from top management that we want to get in this business? Who?

Who is our single-point decision maker for this new business?

Who will be our partner?

Who is our partner's single-point decision maker? (There may not be one.)

Why must we do this business with them  
and not someone else?

Why must they do it with us and not  
someone else?

Has our partner proven they can do what  
they promise to do?

If it goes well, what option do I have to buy  
out the partner? If it doesn't work, can I get  
out?

## What habit has to be true to succeed?

Paths to a billion-dollar business		What habit has to be true to succeed?	
Price	Quantity	Overall market dynamics (Assume 100 million households)	Personal usage habit (Assume 10 million users)
\$0.01	100 billion	It is used all the time	Many times per hour
\$0.25	4 billion	100% of US households buy it weekly	Once a day
\$1	1 billion	33% of US households buy it weekly	Twice per week
\$10	100 million	100% of US households buy it annually	Once a month
\$100	10 million	10% of US households buy it annually	Once a year
\$1,000	1 million	1% of US households buy it annually	Once a decade
\$10,000	100,000	0.1% of US households buy it annually	Once in a lifetime

Frequency of Personal Usage

Example Businesses

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Many times per hour

Google Advertising, Facebook

Once a day

Starbucks, lunch, soap

Twice per week

laundry, exercising, fast food, grocery shopping

Once a month

special dinner out, Costco, Home Depot, dry  
cleaning

Once a year

holiday shopping

Once a decade

moving, job search

Once in a lifetime

college, wedding

Step 1: Answer  
the questions.

Step 2: Which answers  
do you doubt are true?

**Define your current business model.**

What is your largest user group?

What is the price per use?

What is the usage frequency?

**Imagine the new business offering is used 100 times more frequently than current business offerings.**

Describe the new usage pattern. When would your product or service be used?

Who would use it this frequently?

What would the price have to be for this to generate a billion dollars in annual sales?

Who could afford to buy it at this price?

Does technology exist to allow this usage?

Does technology exist to make this product at this cost per use?

**Imagine the new business offering is used 100 times less often than your current business offerings.**

Describe the new usage pattern. When would your product or service be used?

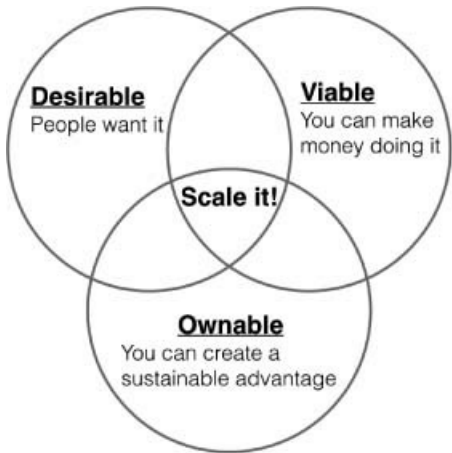
Who could use it this frequently?

What would the price have to be for this to generate a billion dollars in annual sales?

Who could afford to buy it at this price?

Does technology exist to allow this usage?

Does technology exist to make this at this cost per use?



**Figure 9:** DVO Model.



Factor	Criteria	Yes = 1 No = 0	Your rationale
Transformational	Does the product deliver against a significant, unmet need—with no alternatives? (There should not be alternate solutions.)		
Intuitive	Do people get it? Do they immediately know what to do with it? (Complicated communication can be deadly.)		
Affordable	Is it affordably priced relative to high-volume benchmark categories? (Affordability varies by target customer.)		
Structurally attractive	Can you afford a trial and get to target margin in two years? (Even trials should be profitable. The razors-and-blades model rarely works for new entries.)		
Feasible	Do you know if the inventions will scale to the size of your desired market? (You don't get a second chance on capital investment. Know before you buy.)		
Proprietary position	Is there a whole-brand strategy, including consumer-preferred design and trademarks and commercial relationships alongside utility patents? (Be a big player when the market develops.)		
<b>Total</b>	<b>6 of 6 is ready to go 5 of 6 is marginal 4 or less will fail</b>		

Company

Reciprocity Advantage

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TED TEDx – the local version of TED staged anywhere

IBM The Smarter Planet Initiative – big data know-how

Microsoft Kinect platform for gestural interfaces

Global Food Safety Initiative A strong, consistent approach to food safety with a low-cost solution that allows everyone to focus on higher-order benefits  
“Food safety is not a competitive advantage.”

Google Google Fiber, which allows Google to see the future sooner by removing the speed limitations and collecting usage data on all new platforms

Apple The App Store, which has created a world of new businesses  
“There’s an app for that.”

TechShop TechShops, where makers go to build their dreams

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