



**Charlie Cannell, Digital Director**

Successful businesses must adapt to the changing world around them. Nowhere is this more relevant than in the digital space, which has been evolving over the decades – and at an increasing pace over the last couple of years.

Here we glean insights from our recent Digital Exchange attended by our portfolio companies and network of digital experts.

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# INFLEXION DIGITAL EXCHANGE INSIGHTS

## Disruptive businesses & consumers

**Jonathan Herman, eCommerce, Facebook**



Change is constant. If you look at the list of Fortune 500 companies in 1955 and 2015, only 61 remain. 88% have fallen foul and are no longer in that group, with many having lost market share to younger, previously unknown companies. Disruption is seen across the market.

Take for instance mattress shopping. For decades, you'd go to the edge of town and see loads of mattresses in a huge room. Suddenly, and only in the last few years, mattress-in-a-box businesses have sprung to life. They've thought about how to reinvigorate an existing business.

**“It is not the strongest that survives, nor the most intelligent. It is the one that is most adaptable to change.”**

– Charles Darwin

The oldest business I've recently worked with was founded in 2012. It is a gym business and uses influencers to grow their brand. The CEO is 24 years old and is very active on Instagram stories, constantly posting on a daily basis.

The businesses and people we engage with test and learn. They use split testing and know that the true measure of success is after 50 converts on our platform. Crucially, they know that what works today may not tomorrow, and so have made testing a standard discipline.

**We have noticed three major shifts on how people use our platform:**

1. Movement from desktop to mobile. 97% of mothers sleep with a smartphone.
2. Movement from text-based to visual language. 90% of information transmitted to the brain is visual so we are turning from text to video as a result. By 2020, Cisco have publicly stated that they estimate 75% of mobile data traffic will be video.
3. Movement from feed-based to storytelling. People are swiping instead of scrolling. The adoption of stories (Instagram) is growing faster than the Facebook feed ever did, as it is more immersive. Stories are likely to overtake feed in the very near future on our platforms.

# Using digital to improve what you already have

Josh Pert, CTO, Virgin Experience Days



The business was founded as many good businesses are – by people truly passionate about what they were doing. In 1989, two car enthusiasts started offering flying days and supercar track days for people to taste through an ‘experience’. Today Virgin Experience Days (VED) offers a range of 2,000 experiences ranging in price from £9 to £25,000.

During the business’s impressive evolution, its IT and digital capabilities were developed reactively to serve growing online demand. This was entirely reliant on a small agency to deliver the online platform and an internal team processing the vouchers.

This worked for a time, however it eventually became clear that the relatively inefficient process and absence of digital leadership was limiting the opportunity – the team couldn’t optimise customer acquisition and retention without an effective customer data platform. VED couldn’t swiftly tailor the site to meet the needs of various individuals with different browsing and buying habits, which ultimately meant fairly low conversion rates.

The business was doing well – double-digit revenue growth for a decade, and sales doubling in the three years to 2017 to £50m. But that didn’t mean we could stand still.

We needed a sustainable growth plan to see us through the coming years, and it became increasingly clear that this needed to encompass a dynamic and sophisticated digital strategy. In September 2017 we partnered with Inflexion to help us on this journey.

An example of a change we were inspired to make was in the supercar space, one of our core areas but one which had become increasingly competitive.

We trialed sending a follow-up email for abandoned online baskets within an hour, rather than within 24 hours, which is what we had been doing. We also added selector tools to our site to make it easier to navigate. These changes generated very positive results: 75% of mobile visitors used the selector tool, and we experienced a 36% increase in mobile conversion rate. We’ve also focused on optimising our mobile payment options.

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**The team at Inflexion quickly helped us to realise it wasn’t about buying in more digital capability but rather transforming what we already had to make it more interesting.**

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We continue to look around us to see how we can keep making VED better. One of our goals is to convert voucher recipients into customers, thereby tapping into a market of people who may not have visited our site before.

The successes have been strong, but we’re not standing still.

## Analytics: Helping you to help your customer

**Lionel Paillet, Former General Manager, EMEA at Nest**



### Lionel Paillet:

Lionel Paillet is a data geek. Following 13 years in Apple's European leadership team, he swapped his swanky office for a garage to be part of the build-up team at Nest in 2014, a smart home company founded just four years earlier by two of his former colleagues. He now advises start-ups on their journeys.

Building digital from the ground up. Lionel Paillet should know, having spent the better part of the last two decades with two of the world's biggest tech brands. His insight is based on hindsight, and he points to the varying strategies employed by different firms over the years:

"In 2000, digital meant IT and innovation. Then, as the years went by, you started to see many firms appoint a 'head of digital'. Some good firms did this and some less-good firms did this; sometimes they were an inspirational leader and could really accelerate the development. But not always."

The fear of the latter may be why so many firms pushed the 'digital function' into a silo and waited for the magic to happen. But Paillet warns a digital strategy is difficult to drive this way, as a person or team needs to convince others of the merits of forging ahead. Sometimes that means convincing others that the cost of not doing something in the digital space may be higher than the cost of doing it.

"I worked at a project where the CEO was involved in this and so the project moved swiftly. The head of digital was able to be really influential because he had true buy-in from across the team."

This was very much the case with Nest where Paillet spent four years. "Absolutely everyone had access to the data and could produce their own analytics on demand through direct access to the data platform. At Nest it was data from inception, through daily life, from breakfast to dinner. It was excellent," Paillet says, explaining how an open data approach helped create a sense of engagement.

Nest not only created data which allowed it to understand its customers, but went on to share it with the customers themselves. "Nest can tell the customer how much energy it consumes.

But rather than only provide the raw data, we gave the customer engaging insights in a personalised monthly energy report, showing hours of heating. We had open rates of over 70%. This data was also interesting for our partners, the energy companies (who know that customers don't tend to read their heating bills)."

Nest's successful model was vindicated by the \$3.2bn price Google paid for it in 2014. But that, Paillet cautions, is when some challenges arose.

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**Baby steps every day make a difference, and making it a leadership decision across the company is crucial.**

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"We went from 250 people in a garage to 1,000 people in a six-month period. That sort of change creates natural challenges: attrition of staff, moving people to the right job and so forth. There are some frictions in tech companies when a digital native comes in. It tends to bring in different layers of management and some people may find they have become managers, though they haven't necessarily managed before then. At such inflection points it is important to mind personnel considerations, such as how existing staff can adapt, and whether your new hire(s) will stay and deliver."

Paillet's advice for any firm considering a digital strategy? "Baby steps every day make a difference, and making it a leadership decision across the company is crucial."

## Moving ahead in the digital age

### Fahim Khan, Product Delivery Director, Reed & Mackay



*Digital has completely transformed the travel business – travel is Google’s second largest income stream. Knowing about patterns, pricing and trends has really changed how travel experts operate, with Reed & Mackay having experienced the digital transformation first-hand over its 50+ year history. Fahim Khan, Product Delivery Director at premium business travel planning business Reed & Mackay talks us through the firm’s digital evolution.*

We’ve been going for a long time, and during that time it has always been all about that premium service – building a personal relationship and really taking care of clients’ travel needs.

It was in 2015 that we launched our first mobile app. We felt we needed to move ahead in the digital age and compete with new entrants. Our longstanding focus on extraordinary service needed to evolve with the times.

Yet, when we launched the app, we had very little appetite for mobile booking, because our customers told us they didn’t need it. It now forms an integral part of our offering.

It quickly became clear we needed to move faster to remain at the top of our game. In 2016 we partnered with Inflexion to help us with this. They seemed an excellent fit not only because of their sector experience – they were already working with three other travel businesses – but also because of their track record in helping businesses expand internationally as well as enhancing their digital offering.

Things moved quickly after the partnership: less than six months after signing the deal, our development team participated in a ‘five-day sprint’ focussing on accelerating our mobile proposition. It was crucial to get everyone involved rather than make it the domain of a single person or team, as it meant the buy-in and genuine understanding was widespread.

Knowing the challenges that come with outsourcing development, we had wanted to do the work in-house. But Charlie at Inflexion really pushed us to proceed with a third-party specialist. Owing to our previous experience, we opted for collaboration with them rather than purely letting them run with it. Looking back, we’d probably not have our end result without their help.

Fast forward and by 2017 we were focusing on value-add services rather than just mobile support for travellers. This helped us to show the end-users what value we were truly adding. It also helped to improve engagement with our customers.

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The new app provides important information to travellers, such as alerts and trip safety briefings. This is increasingly important for risk-management. It also enabled us to provide intelligence to travel managers and finance teams in our client organisations, such as how much they were spending and with whom – and thus how they could save money.

Since launching our latest app, we’ve doubled users in a three-month period, which is absolutely fantastic. In the US mobile has proven more popular than desktop, with 75% of self-made bookings coming in through the app. If we could do it again, perhaps we’d have taken more time at the start to consider what we really needed. Doing it ‘too fast’ meant we ultimately lost some time and momentum.

From just two UK offices, we have expanded quickly under Inflexion’s stewardship: we are now in two US locations, Paris, Frankfurt, Sydney, Singapore and the UAE.

Our users’ needs changed in a short space of time, and we had to ensure whatever we built could adapt with these changes. We’ve always been a high-touch company. But with an enhanced digital offering, we are able to engage with our client in a more effective way.

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