



7 ACTION POINTS TO PIVOT TO SMART CONNECTED PRODUCTS

VIDEO TRANSCRIPT

Smart connected products open doors to new value perspectives previous generations of product companies could never have dreamed of.

In their new book, *Reinventing the Product*, Eric Schaeffer and Dave Sovie outline seven key action points on the journey to smart connected products, which help businesses adopt the belief, vision, and determination to enter the world of Product X.0.

Key Action Point 1: Definition of Vision and Value Spaces

To make the vision compelling for customers, employees, suppliers and ecosystem partners, product companies must define the type of smart connected product they want to build – either from scratch or by reinventing items from existing lines.

Key Action Point 2: Digitization of the Core Business to Fund Expansion

Most companies have a well-established core business. It must be grown but also complemented by the new world of smart products and services. This is about finding the wise pivot that protects the core while scaling the New.

The digital transformation of today's core business can drive massive cost savings.

These efficiency gains are immediate. And they are sufficiently value-creating to transfer a surplus into the push for the new product world.

Key Action Point 3: Sketching the Smart Connected Product Roadmap

A smart product needs a roadmap. On the intelligence side a smart product should be as future-proof as possible, given the rapid pace of technological advance.

On the user experience side, the question of “when” and “how” to upgrade to an “as a service” or ecosystem platform model needs to be thought about.

Key Action Point 4: Creation of a Digital Innovation Factory to Accelerate the Change

A proven approach to succeeding in the new world is to create a Digital Innovation Factory. This is a product and experience innovation center housing all the inter-disciplinary skills required (to succeed).

Using techniques such as Design Thinking, the focus of these centers is on creating new ideas quickly and filling the innovation funnel.

A successful smart product or smart service company must combine the skills of what were once three different companies: an internet platform company, a software company and a traditional product company.

Key Action Point 5: Setting up a Digitally Skilled Organization to Enable Friction-free Execution

Multi-disciplinary teams with different working cultures must be woven together and seamlessly supported by IT systems to avoid



hierarchical communication.

Key Action Point 6: Tracking Results to Constantly Adjust Course

Manufacturers of smart connected products can track, manage and control product information and product outcomes at any phase of the product's lifecycle.

This creates a unique opportunity to adjust the product and the business model in a way that was impossible in the past.

Key Action Point 7: Starting the Pivot Now Instead of Waiting for the New

Digital disruption is here to stay. The markets for this new product breed, Product X.0, are expanding rapidly and will continue to do so. It's a great opportunity waiting to be seized.

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