The Value Imperative

Being an Exponential Organization

An Eight-Year Assessment of the Value Creation by the Top100 Exponential Organizations. INSIGHTS and LEARNINGS from, and SPOTLIGHT on the Success Stories and Failures.

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Overview

While towards the end of Q1'22, we were seeing the decline of COVID after it impacted our personal and professional lives globally for nearly 2 years, the business world got shaken up by the Russia-Ukraine conflict and the cascading manifestations in the form of supply chain challenges, high inflation, and a potential recession.

And, with the recent meltdown in the financial markets, while the pundits are yet again asking, "Has the Bubble burst?", the serious entrepreneurs, intrapreneurs, and business leaders who want to make a difference are continuing to ask (and rightly so) a more vital and relevant question: "What can I/we do to be successful?"

The onset of the 21st century has witnessed not only accelerated change and disruption but also the emergence of a new breed of organizations that have revolutionized how to achieve superior performance benchmarks and grow significantly better than their peers and the incumbent organizations across arenas and geographies.

In 2014, a seminal book titled **EXPONENTIAL ORGANIZATIONS** written by three luminaries - Salim Ismail, Michael Malone, and Yuri Van Geest was released to decode and share the secret sauce behind such radically better business performance.

The book debuted as a best seller on Amazon, and was rated as the top 5 Business Books by Fortune Magazine and further recognized as Frost & Sullivan's GIL (Growth, Innovation, and Leadership) Book of the Year. To this day, the book is one of the top-selling business books of all time.

As part of the book writing, Salim and a global team of experts researched a large number of startups, scaleups and incumbent organizations through the lens of this ExO success formula – the **11 Exponential Organization attributes of MTP + SCALE + IDEAS.**

The study identified the **Top100 exponential organizations**, the most scalable and adaptable firms the large number of companies assessed. The study also asserted that the most exponential organizations would deliver higher levels of resilience and impact.

So, how have these Top100 Exponential Organizations performed over the years? We analyzed these organizations over the period of eight years (2014 to 2022) and are not surprised that the ExO success formula has stood the test of time.

80% of the Top100 generated Positive Shareholder Returns

An impressive 26% Average Annualized Growth in Valuation

A staggering 46.6x jump in Valuation for start-ups and scale-ups amongst the Top100

This report provides **SIX** key **INSIGHTS** based on the study of the best and next practices adopted by the successful exponential organizations, aka the **DISRUPTORS**, and **SIX** key **LEARNINGS** from those who ceased to stay exponential and hence got **DISRUPTED**.

The report further takes a deep dive in the form of a **SPOTLIGHT** on some of these Disruptors and the Disrupted firms."

As often said, every crisis is an opportunity, and never let an opportunity go waste. So, if you are an Entrepreneur or an Intrapreneur, the current era is an opportunity for you to learn from the Top100 Exponential organizations and **embrace the Exponential Organizations (ExO) success formula** – to create a new venture or nurture your existing venture that is future-ready, thrives and stays ahead of the curve.

The background

The sobriquet of Unicorn came from a seminal article from venture capitalist Aileen Lee in November 2013, and from that point on, the meme of Unicorns has permeated not just the start-up land but the wider corporate world. As investors query new start-ups and business leaders in incumbent organizations embark on innovation initiatives, the elephant in the room has been replaced by the single-horned equine, as potential funders ask whether the hoodied founders before them will indeed create the next Unicorn.

The eponymous book outlined a formula for developing 10x better, bolder, and cheaper concepts and driving them 10x faster through to implementation – **Establishing an MTP** (Massive Transformative Purpose) AND thereon tap into and manage the abundance of opportunities available – to be scalable and adaptable by **embracing the ten additional exponential attributes of SCALE + IDEAS**.

Attributes of Exponential Organization (ExO)

Interfaces
Customized filtering and matching to process the output of external attributes (SCALE) into the internal organization.

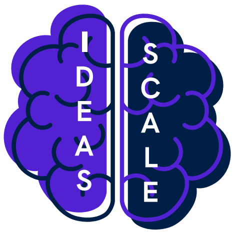
Dashboards
Make real-time information with essential company and employee metrics accessible to everyone internally with short feedback loops.

Experiments
Develop a culture that rewards rapid validated learning to encourage all departments to experiment with new ideas and processes.

Autonomy
A flat structure allowing individual employees and/or self-organizing, multidisciplinary teams to operate effectively.

Social Technologies
Leverage collaborative tools to have real-time conversations with transparency and connection across organizations.

Massive Transformative Purpose
Your higher aspirational purpose that captures the hearts and minds of those both inside and outside the organization.



Staff on demand
Leverage external workers rather than 'owning' employees in order to increase speed, functionality and flexibility while decreasing fixed costs.

Community and Crowd
Attract, engage and leverage a community whose like-mindedness inspires support - adding creativity, innovation, validation and even funding.

Algorithms
Leverage automated functions, including machine learning and deep learning to uncover new insights about customers, products and processes.

Leveraged Assets
Access, rent, share or otherwise outsource assets to stay nimble and reduce capital expenditures.

Engagement
Leverage outside interest through gamification, digital reputation systems and incentive prizes to create network effects and positive feedback loops.

As part of the book writing, Salim worked with a group of **160 ExO experts across 45 countries** to research and grade multiple start-ups and scale-ups founded after 2005, as well as several incumbent organizations using a diagnostics of their **Exponential Quotient (ExQ)**, an aggregate score compiled from responses to a twenty-one-question survey that reveals where an organization stands against the different exponential attributes.

All of these Top100 Exponential Organizations shared some key noteworthy characteristics. They all had a Massive Transformative Purpose (MTP) and had leadership that wanted to create and leverage abundance toward a better future. They were exploring and exploiting disruptive technologies such as Artificial Intelligence & Machine Learning, 3D Printing, Robotics, Blockchain, Internet of Things (IoT), and Cloud ,amongst others towards not just digitization, but more significantly dematerialization, democratization, and demonetization across different industries and arenas.

They were either driving or changing consumer behaviors. They were pursuing pursued strategies and practices to be scalable, adaptable, and flexible. They were targeting and expected to break the mold and be different from the conventional organizations seen in the 20th century, and hence potentially deliver different outcomes.

In fact, Salim Ismail had said the below in the Exponential Organizations book.

> ***"An Exponential Organization will see powerful outcomes - greater customer responsiveness, higher employee and partner engagement, and better financial performance in terms of revenues, profitability, return on capital, and higher levels of resilience and impact."***

Given that majority of these organizations were (and still are) unlisted private firms, and hence the absence of robust datasets providing business performance data & information across various financial, operational, customer, employee, and social metrics - we focused on their VALUATION as the core measure of their success.

Since the Exponential Quotient assessment was undertaken nearly eight years back, the business world has become even more volatile, uncertain, complex, and ambiguous (VUCA). And the COVID-19 crisis certainly brought along an even more rapid acceleration of change.

So, has the success formula of
MTP + SCALE + I.D.E.A.S =
Sustainable Better Business Performance
stood firm over time?

OpenExO set out to analyze how the Top100 Exponential Organizations have performed over the years.

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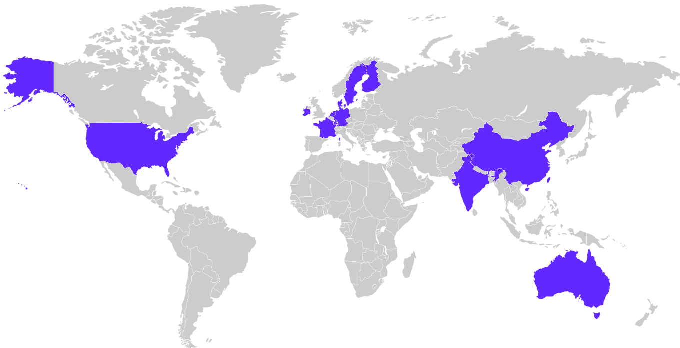
Top100 Profile

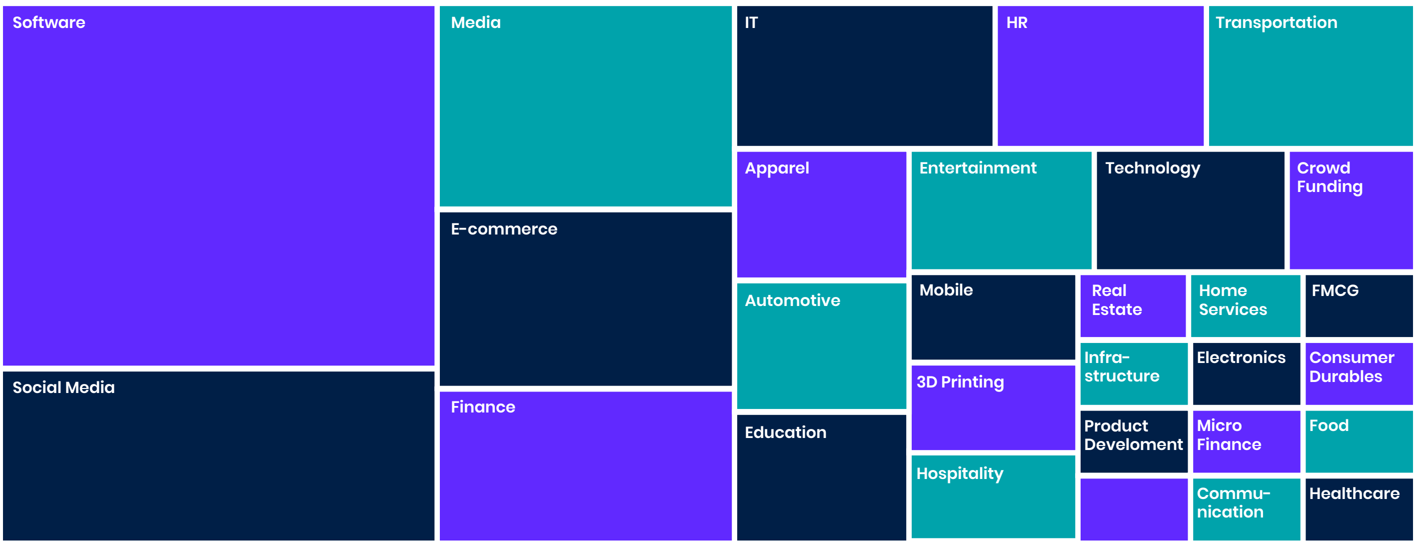
While a **significant number** of the Top100 Exponential Organizations were **based out of the USA** (74), several other firms based across other countries including 7 from the Netherlands, 4 from the UK, and 3 from China found a place in the Top100 rankings.

Some of the other countries of origin of these Top100 Exponential Organizations being Australia, Finland, France, Denmark, Germany, India, Ireland, Luxemburg, and Sweden.



When it came to specific industry sectors, the Top100 Exponential Organizations were **operating across very diverse arenas** (including some which hadn't even existed until a few years ago). The prominent sectors were Software (21 firms), Social Media (10), Media (8), E-Commerce (7), Finance (6), and Information Technology with 5 firms.

Additionally, we had numerous firms from Food, Healthcare, Communication, Micro Finance, Consumer Durables, Electronics, Infrastructure, 3D Printing, Education, Apparel, Human Resources, and FMCG arenas.

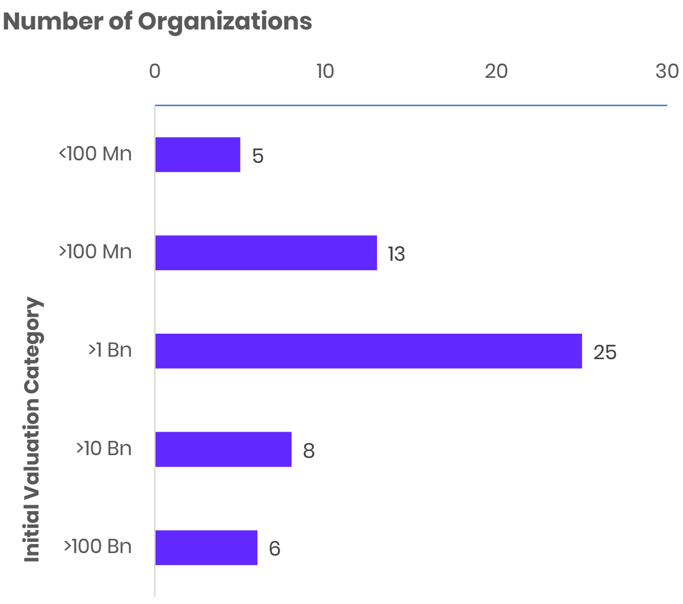


The Exponential Quotient assessment had resulted in **some large established organizations** with valuations of more than \$100 billion, such as Amazon, Alibaba, Apple, Facebook, General Electric, and Google, getting featured in the Top100 Exponential Organizations list.

Rubbing shoulders with these giants were the **new stars** that had reached valuations of more than \$5 billion, such as Airbnb, Uber, Pinterest, Xiaomi, Netflix, Salesforce, Twitter, Square, Groupon, Dropbox, Spotify, and Tesla.

And joining them were the **newly crowned unicorns** with valuations greater than $1 billion (but less than $5 billion), such as Github, Tumblr, Etsy, Cloudera, BlaBlaCar, Evernote, Flipkart, and Slack, amongst others.

At the same time, several of the Top100 constituents were the **potential emerging stars** – the scaleups and even start-ups with valuations of less than $1 billion. These were relatively unknown corporate brands (at least at that point in time - globally, and even in some cases within their country of origin). For e.g., Reddit, 3D Hubs, Coursera, Coinbase, TransferWise, and Duolingo.



All of these **Top100 Exponential Organizations shared some key noteworthy characteristics.**

They all had a **Massive Transformative Purpose (MTP)** and had leadership that wanted to **create and leverage abundance** toward a better future. They were **exploring and exploiting disruptive technologies** such as Artificial Intelligence & Machine Learning, 3D Printing, Robotics, Blockchain, Internet of Things (IoT), and Cloud amongst others towards not just digitization but more significantly dematerialization, democratization, and demonetization across different industries and arenas.

Takeaway 1
Exponential Attracts

Out of the Top100 Exponential Organizations, 73 continue to operate as independent corporate identities, with several of them getting publicly listed over the last 8 years. Out of these 73 organizations, we could establish the initial and recent data with respect to their valuation for 46 of them and form a point of view on whether they did well or otherwise. For the remaining 27, there was no concrete data (either the initial valuation or recent or both) available to form a conclusion with respect to their business performance.

27 of the Top100 Exponential Organizations got acquired including a few involving several prominent and high-value deals over the last 8 years (since the release of the list). Out of these 27 organizations, we could establish their valuation numbers for 11 of them while for the remaining 16, we have no concrete data (again, either the initial or acquisition valuation or both) available.

27 Acquired, including 8 > $3 billion

To strategically expand acquiring organization's capabilities and fast-track business performance

Slack – Salesforce	$ 27.6 billion
Linkedin – Microsoft	$26.2 billion
Flipkart – Walmart	$16.0 billion
Zynga – Take-Two Interactive	$12.7 billion
Supercell – Tencent	$10.2 billion
GitHub – Microsoft	$7.5 billion
Cloudera – KKR, Clayton	$5.3 billion
HomeAway – Expedia	$3.9 billion

Valuation based on Acquisition Price

Most of these acquisitions were driven by the incumbents (and in some cases non-incumbents as well) seeking to **fast-track their business performance trajectories** by leveraging the exponential growth patterns the exponential organizations had accomplished within a very short period of their existence.

Even in cases where there is no concrete performance and valuation data available for the acquired organizations in their new homes – anecdotal evidence shows that these Exponential Organizations have continued to perform well and in fact **added growth boosters by transforming the ways of thinking and working** across the wider acquiring organization.

At the same time, we also witnessed value creation by the Top100 ExOs in the form of coming out with IPOs/public listings.

24 IPOs post-2014, including 8 > $10 billion

Recognizing the initial and often sustained success of the disruptors of the new era

coinbase	Coinbase	$85 billion
Uber	Uber	$75 billion
S	Stripe	$74 billion
mi	Xiaomi	$54 billion
airbnb	AirBnB	$ 47 billion
	Spotify	$30 billion
Palantir	Palantir	$15.8 billion
	Pinterest	$10 billion

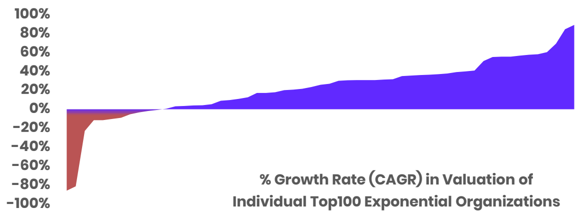
Valuation based on Market Valuation at time of IPO

We must recognize the fact that over the last few months, the valuation for some of these, as well as other listed Top100 Exponential Organizations, have gone down in line with the broader turmoil in the global financial markets. But, the 'attractive' valuations they achieved at the times of their IPOs are a testimonial to their being considered by the investors as 'growth' and 'future-ready' organizations.

Takeaway 2
Exponentials Thrive

Collectively, the 57 organizations amongst the Top100 for which we had concrete the initial and the recent/acquisition valuation data available delivered a **median compounded annual growth rate of 25.76%** during the assessment period of 2014-2022.

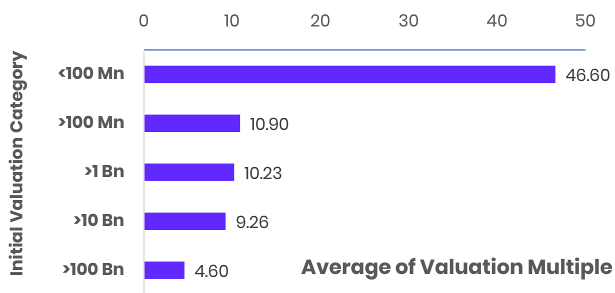
- These levels of shareholder returns are 100% higher than the broader benchmark S&P500 index (with a CAGR of 12.9%) and even better than the 24.0% CAGR achieved by the Fortune100 Top10 Exponential Organizations over the same assessment period (as reported in our recent report on the Fortune100 Exponential Organizations).



- **80% of the Top100 firms saw an increase in their valuation** and infact, **20% delivered a staggering >50% annualized increase** in shareholder wealth.
- Another 25% of these Top100 firms returned between 30-50% annualized growth in valuation.

Such growth rates translated into these Top100 Exponential Organizations delivering an **impressive 12.9x increase** in Valuation on an average basis during the assessment period of 2014-2021.

- The rising stars with initial valuations of less than USD 100 million delivered the highest returns of 46.6x jump in valuation, with the most stellar being Duolingo (language learning) with a staggering **162x rise** in its valuation.



openexo

- Few others delivered **>30x valuation change** including 3DHubs (additive manufacturing); Adyen and Stripe (banking & financial services); Reddit (social media); Coinbase (crypto), Flipkart (e-commerce), and Tesla (automotive).
- Even though the larger firms amongst the Top100 Exponentials with beginning valuations of more than USD 100 billion in 2014 delivered the lowest increase of 4.6x, it's still higher than the 2.2x valuation change of the broader benchmark S&P500 index constituents.

From the list of the top100 Exponential Organizations, we deep-dived into a few of the **DISRUPTORS WHO THRIVED** to gain insights into the key growth levers and success factors.

Mastering the Language of Startup Success

The Duolingo Way

The Green Owl, the Mascot of Duolingo meant to symbolize knowledge, wisdom, and learning. Image Source: Duolingo Website

Since publishing the Top100 ExOs list in 2015, DUOLINGO has grown leaps and bounds, offering us invaluable lessons on **mastering the fickle language of start-up success**.

To put things into perspective, it has delivered a staggering 89% CAGR (compounded annual growth rate) or a 162x jump in valuation driven by tremendous growth in its user base and revenues.

Valuation Growth	**162x**	**2014**: USD 20 Mn **2022**: USD 3.25 Bn
Revenues Growth	**109% CAGR**	**2017:** USD 13 Mn **2021:** USD 251 Mn
Users / Customers Growth	**20% CAGR**	**2016:** 18.9 Million **2022:** 49.2 Million

Duolingo is an excellent example of an organization that has embraced the different individual exponential attributes and continuously embedded them to create an exponential performance flywheel.

Driven by the mission to **"develop the best education in the world and make it universally available,"** Duolingo has emerged as one of the most popular methods of studying languages. In fact, Luis von Ahn, the CEO, and Co-Founder, in the 2021 Annual Report, stated:

"I believe that being a mission-driven company is what has led to our success because rather than spending most of our resources on short-term gains like performance marketing, we take the long view and continually improve our products and our brand."

Duolingo has been **disrupting** the language learning **market from the outset**. Instead of following the conventional model of having to pay per hour or module, Duolingo was launched as a free to all. Or consider the Duolingo English Test (DET) launched in 2017 at a price point of $49 per test as opposed to over $200 that the incumbent tests were charging.

The fact that its offerings are free or priced nominally is appealing. Still, the mix of **intuitive and interactive design elements**, a larger portfolio of languages (36 vs. 25 of the closest competitor), and **data & analytics-driven** continually improving education approaches have truly pivoted the organization to emerge successful.

Duolingo is known for pioneering the **gamification** concept within the learning industry, providing its users with points for consistent achievement in classes and assessments. Users on Duolingo can follow, share their progress, and send encouraging messages to each other. Nearly 25% of its 10 million daily active users follow at least three other learners!

With over 600 million downloads, Duolingo is the world's most popular education app. Driven by an active and evangelizing community, its active user base is nearly 50 times larger than the closest competitors like Rosetta Stone and Babbel. In fact, 90% of its userbase growth in 2021 is considered to have come organically through **word of mouth**. In addition, Duolingo has been committed to abiding by the strictest data protection and privacy standards and does not sell any personal data to outside parties, which has also enabled the building of trust.

Duolingo has been consciously **investing** heavily, around **40% of the revenues in Research & Development**, and one of the key operating principles at Duolingo is "test everything." The company launches around 30 new experiments per week and typically runs **100s of experiments concurrently**.

Any team member — product, engineering, marketing is **empowered** to propose and run an experiment by articulating a simple experiment memo. These experiments can be as simple as changing the text or color of a button or as complex as adding a major new feature like 'Leaderboards.' Experiment results are available through a **custom dashboard** that shows how a given experiment impacts every important company metric vs. a control group — covering conversion, engagement, and monetization.

An example of this next-generation approach toward experimentation and successful outcomes is Duolingo Plus, an advanced-level premium subscription offering. Since its launch in 2017, Duolingo has consistently increased its paid subscribers from just 0.9 million in 2019 to 2.5 million in 2021 by running **thousands of A/B tests** that make the paid experience more valuable.

With over half a billion exercises completed daily on their platform, Duolingo leverages this world's largest collection of language-learning data by developing novel **algorithms** that enable personalization and power new product features that drive engagement and efficacy. One example of this is their machine learning tools that evaluate every learner's answer to every exercise every day and learn to predict the probability that any learner will answer any given exercise correctly. Then, they use these tools to adaptively construct lessons where each exercise is "just right" in terms of difficulty for each learner.

All Duolingo products share a singular technology infrastructure, allowing them to leverage operational efficiencies in implementing new features for each. With their **shared infrastructure**, they can innovate at a higher velocity. Further, Duolingo has also been leveraging the crowdsourcing model to launch Incubators, which pull together linguists, native speakers, and book readers to design a fully optimized course. These incubators are responsible for several courses Duolingo offers, including Welsh, Catalan, Latin, and even some fictional languages from Star Trek and George R. R. Martin's A Song of Ice and Fire.

The organization's flywheel has been powered over the years by it being recognized as a great place to work – a purpose-driven and fun culture. In 2021, Duolingo had less than a 6% attrition rate, much lower than the industry average, especially in a year marked by high levels of employee transition and resignation in the technology space.

Image Source: Duolingo Website

While for many, Duolingo has become synonymous with language learning, the organization plans to seize the opportunity to broaden its horizons across the wider learning arena (including the launch of a Maths app by the end of 2022).

Key Exponential Attributes in Action

Community & Crowd	Interfaces
Algorithms	Dashboards
Engagement	Experimentation

Enabled by the different exponential attributes - Duolingo continues on its growth journey. In fact, as part of the results for the second quarter of 2022 announced recently on the 4th of August 2022, Duolingo reported quarterly revenues of $88.4 million, an increase of 50% from the prior year's quarter. In addition, the paid subscribers increased by 71%, monthly active users (MAUs) by 31%, and daily active users (DAUs) by 44% from the prior-year quarter.

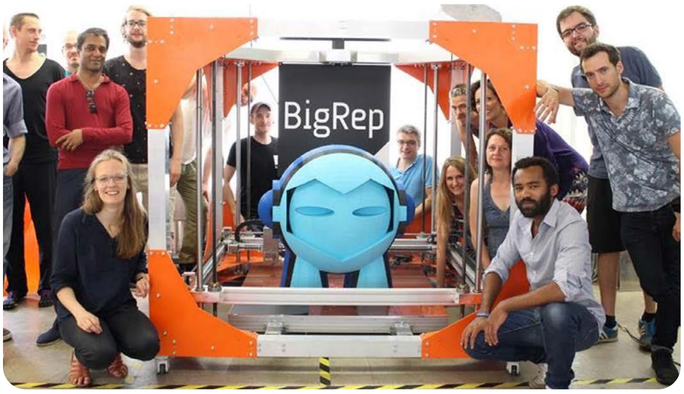
In the shareholder letter, the founder Luis von Ahn said, "*We see this growth as a result of our relentless focus on constant product improvement. In addition, through continuous experimentation, we are driving organic growth, deeper user engagement, and stronger free-to-paid user conversion.*"

With technology at the core of everything it does, Duolingo has consistently invested in providing learners a fun, engaging, and effective learning experience while remaining committed to its mission to develop the best education in the world and make it universally available.

Having such a purpose-driven start-up spirit is perhaps the true exemplification of an Exponential Organization.

Don't Just Be Part of The Change - Pioneer The Future

The 3D Hubs Success Story



3D Hubs Marvin Mascot. Image Credit: 3D Hubs

3D Hubs (now Hubs, and part of Protolabs) is an online additive manufacturing platform that connects engineers to a worldwide network of additive manufacturing services on demand.

Bram de Zwart and Brian Garret, the first two founders of 3D Hubs had both worked in industrial design and quit promising jobs early in their careers because they truly believed in a future of personalized and decentralized manufacturing and wanted **not just to be part of that change, but pioneer this future**.

The two envisioned empowering engineers to create revolutionary products.

3D Hubs started as a **peer-to-peer platform** in April 2013 out of Amsterdam, Netherlands. It was a marketplace (kind of an Airbnb of 3D printing) connecting two niche groups, designers and hobbyists with 3D-printer 'hub' owners. The barebones platform used a simple landing page and Google Sheets so that they could monitor the interactions between clients and 3D printer owners. This simplified roll-out strategy allowed them to **connect intimately** to the parties involved and their issues.

Within six months of starting, the company grew to 1,000 hub locations in September 2013 and more than 5,000 hubs by June 2014 and 22,000+ by 2015, processing thousands of 3D printing jobs daily.

This early success drew attention and in 2014, Wired UK named 3D Hubs Startup of the Week in one of its weekly issues.

Not surprisingly, 3D Hubs' rapid growth and recognition within the first year itself quickly invited competition. But, instead of investing in advertising (a strategy followed by the peers and a typical response one would argue that 3D Hubs could have used), it focused instead on **building the community** around new users and producers from the bottom-up through campaigns such as "Unlock Your City," "Ambassador program," "The Community Mayor" etc.

They used the platform to gather users' views and performance data on the different machines and materials. Later on, the company started publishing a monthly 3D Printers guide on which printers performed best for different applications. Hubs, which ranged from garden sheds to large factories were given reviews but also personalized guidance on how to improve operations **resulting in much better NPS and engagement**, radically lower new user acquisition costs, and greater loyalty from suppliers too.

From the early days, the company started publishing regular reports on leading trends and developments within the manufacturing industry, including the 3D Printing Trends and the Supply Chain Resilience Report, which are, to date, eagerly awaited by the industry participants.

At the same time, being conscious that having a strong community alone wasn't enough, 3D Hubs focused on building depth by **leveraging millions of data points** collected over years and artificial intelligence capabilities to automatically price, qualify and route manufacturing jobs to its network of manufacturing partners. This allowed for maximizing machine utilization and minimizing inventory and transportation. Traditional manufacturers usually did all this work manually, which typically took around two weeks, with lots of back and forth on the customer's specifications.

This allowed the users to make faster design iterations in the early product development stages and thereby get them to market and revenue much sooner. The users came back to the platform not just because of the need for a product but because of the depth and quality of the services on top of that, giving 3D Hubs an increasingly deep technical and data moat, strengthening the company's economics and further improving customer's feedback in the process.

3D Hubs also took the strategic partnerships route with established but boutique 3D Printers such as Ultimaker, Thingiverse, Instructables, Sketchfab, amongst other to drive the global growth of its network. Further, with the introduction of 'Teleport', 3D Hubs allowed any website operator or app developer to access 3D Hubs' public API catapulting the growth in its network. It has also been running a yearly student grant to encourage and support engineering students in developing innovative projects.

On the internal organizational front, 3D Hubs has focused on **nurturing and embedding values** including "ownership of projects" and "everyone being student and teachers" through a unique **'Culture Ambassadors'** program across this small but highly purpose-driven organization.

By leveraging such external network and internal organizational capabilities, despite much of the traditional manufacturing industry struggling during the COVID outbreak, 3D Hubs has thrived amid a highly competitive landscape, growing to 140+ employees, producing over 1.5 million custom parts, and practically doubling its revenues during both 2020 and 2021.

Key Exponential Attributes in Action

Community & Crowd	Interfaces
Algorithms	Dashboards
Engagement	Experimentation

In 2019 and 2020, Hubs was named amongst the Deloitte Fast 50 list of fastest-growing technology companies in the Netherlands. The co-founder and CEO Bram de Zwart was named in Business Insider's list of 100 leaders transforming business in business Europe in the year 2020.

3D Hubs Team. Image Credit : 3D Hubs Website

These successes for 3D Hubs, however, haven't come without learning. In 2017, the company decided to **pivot towards and double down on the enterprise (B2B)** segment instead of consumers (C2C). Later, it added CNC machining, injection molding, and sheet metal fabrication manufacturing capabilities to become a "turnkey manufacturing platform" in 2018. While these moves aligned well with 3D Hubs' original purpose, these decisions and execution came after almost 1-2 years of hesitation and contemplation. Bram de Zwart, the co-founder once stated that their **biggest failure was not to have acted faster**.

But, this pivoting was a successful business decision and enabled the desired growth, with over 35,000 businesses worldwide – from Amazon to Robotics, Audi, HP, NASA, and Merck now relying on its services.

In January 2021, Minnesota, United States-based Protolabs, a publicly-traded custom manufacturer (revenues $488 million in 2021 and valuation of $1 billion), announced an agreement to acquire 3D Hubs for $280 million in cash and stock, plus incentives. Later, in May 2021, it was renamed from 3D Hubs to Hubs.

James Wise, Partner with Balderton, an early stage investor in 3D Hubs at the time of acquisition by Protolabs highlighted the power of purpose. "Almost every board meeting at 3D Hubs started with a reminder of our goal, to be the **most accessible factory in the world, without owning a single machine**".

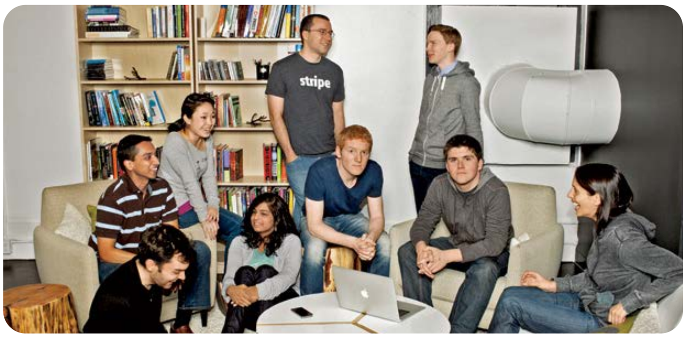
This passion and purpose, coupled with 3D Hubs embracing the different exponential attributes, led to its growth over the years.

Valuation Growth	**67x**	**2014**: USD 4.5 Mn **2021**: USD 303 Mn
Revenues Growth	**124% (CAGR)**	**2017:** USD 1 Mn **2021:** USD 25 Mn

With the 3D printing industry continuing to see democratization in both enterprise and retail, and estimated to grow from the current $ 15 billion to $ 100 billion over the next decade, it certainly offers an abundance of opportunities for an exponential organization like 3D Hubs.

Taking Exponential Strides

The Stripes' Way



Stripe Team in initial years. Image Courtesy: Medium

The initial period of the rise of e-commerce towards the end of the 20th century outpaced the underlying payment technology and services. At that time, the largest eCommerce companies invested in building their own systems. But for the new and small e-commerce start-ups, this wasn't a viable solution and instead turned to PayPal, which promised to make accepting online payments more manageable.

Only...it didn't.

PayPal was considered unnecessarily clunky and complex and came with too many regulations and setup fees. At a time when every other aspect of starting an online business had become more straightforward, accepting payments remained complicated.

And that's how the idea for an instant-setup payment platform focused on small businesses and, more so the developers in these businesses that can scale to any size was born, in the form of Stripe.

Founded in 2010 by two Irish entrepreneurs brothers, John and Patrick Collison, Stripe's initial traction was built around **a simple API** (actually a seven-line code) encapsulating the logic of collecting card payment information, securely storing it, and utilizing it to bill customers for purchases with minimum fuss. A process that used to take several weeks was now a cut-and-paste job taking just a few hours for the developers building e-commerce sites.

In addition to reimagining how sellers accepted payments online, Stripe further disrupted how buyers pay for things online. Unlike its predecessor, PayPal, Stripe didn't insert itself into the buying process. It worked behind the scenes so that buyers never have to leave a company's checkout page or enter some third-party-branded workflow to complete a transaction.

Back in the old days, the primary growth channel of Stripe was word-of-mouth marketing. Stripe sends care packages to all developers who collaborated with them and deployed live instances of the Stripe API. These packages included swag like t-shirts and stickers, which developers wore and shared proudly on social media, spreading brand awareness for the company. Another critical component of Stripe's community-building campaign was meetups and sponsored hackathons. By **fostering such developer communities**, Stripe also created a competitive advantage and replaced a lengthy enterprise sales cycle with a direct model that allowed rapid customer adoption without the burden of relying on an expensive sales force.

Stripe has focused on obsessive devotion and exacting standards. Every aspect of Stripe's suite seems to have been worried over, honed, and polished from design to functionality. Indeed, one of Stripe's values is to really, really listen and care. From the outset, Stripe has been built in **close collaboration with its customers and through experimentation**. And partially because Stripe's customers are typically engineers, building companies, or managing payment systems — they're especially well-suited to provide pointed feedback.

Over the years, Stripe has expanded beyond SMEs to serve large enterprises. But, it charges the same fee no matter who the customer is and how many transactions they process through the product — it's always 30 cents + 2.9% per charge. Such **pricing is straightforward and transparent**, and structured in a way that aligns the company with the goals and motivations of each of its customers, regardless of how big they are.

Valuation Growth	**43x**	**2014**: USD 3.5 Bn **2021**: USD 152 Bn
Revenues Growth	**125% CAGR**	**2014:** USD 40 Mn **2021:** USD 12 Bn
Payments Processed	**100% CAGR**	**2015:** 10 Bn **2021:** 640 Bn

Author's Analysis. Sources: TechCrunch, PitchBook, Stripe

Driven by its mission to **"increase the GDP of the internet,"** Stripe has been strategically identifying the needs for simplification across the wider payments infrastructure arena and forayed into solutions related to fraud detection, card issuing, and financing, amongst others, over the years. With Stripe Issuing, companies can instantly create virtual or physical credit cards equipped with real-time authorizations. Stripe Radar, another new value proposition, tackles fraud by applying machine learning to the billions of payments processed by Stripe each year to block suspicious activity.

To facilitate such innovations and the resulting growth witnessed, Stripe has systematically followed what it calls **"an uncommon approach."** Stripe positions itself as an organization for the versatile, the supportive, the impatient, and most of all, the obsessively user-focused.

The company has a flat structure without titles - it's about what one does, not what you're called. It emphasizes democratized communication, transparency, and trust. Stripes are encouraged to "lurk" into co-workers' projects to learn about what is happening and provide relevant feedback. Stripe operated a "HackPad" to share project details with the entire organization - essentially an open Google document with information on everything being built. Such practices have ensured that information is spread across the organization, discouraging the creation of silos and helping ideas bloom from the bottom up.

Key Exponential Attributes in Action

Community & Crowd	Interfaces
Algorithms	Autonomy
Engagement	Experimentation

Stripe is perhaps not a conventional capitalistic unicorn but one driven by a transformative purpose to **drive humanity forward** and its commitment to a multi-decade timeline. This is best exemplified through a tweet in March'2021 by the founder Patrick Collison

"As Stripe grows, we want to avoid the "we must win everything" mindset that can easily set in. ***We'd rather help enable a successful ecosystem... it's a big, abundant world out there."***

That is not to declare the company an enduring success yet. In fact, it has not been untouched by the fall in valuations in the FinTech space during 2022. Though Stripe feels like a generational company in the making, the business is only at the beginning of its second decade. While it is attempting a delicate balancing act between serving SMBs and enterprises, the company is also beset by a crowding competitive landscape.

Will the future turn out to be too much to prove? Or will Stripe continue to take exponential strides?

We will be watching closely.

Flipping the Conventions towards Success

The Flipkart Journey

Flipkart was founded in 2007 in India's Silicon Valley Bangalore with a paltry investment of $6000 by two young software engineers who left their jobs at Amazon Web Services within a year of joining. Following Amazon's footsteps, they began by selling books online. Within the first two years of operations, Flipkart had started offering products across many other categories, expanded across other Indian cities, attracted a $1 million venture capital investment, and had grown to 150 employees. Amongst the younger generation, at least, especially those having access to the internet, the convenience of online shopping provided the initial spurt.

In a market like India, shopping was (and perhaps even now is) trust and relationship-centric, and mostly in cash. While large shopping malls and credit cards were an emerging phenomenon, most purchases were done with a corner Mom n Pop shop or from a neighborhood market that a person would have known over the years, if not generations. Paying in advance from an unknown entity was kind of taboo. But all this was about to change.

The splash happened in late 2010 when Flipkart started challenging the conventions and introduced the concept of Cash on Delivery, soon followed by the launch of a 30-day replacement policy in early 2011. These **game-changers** got traction and drove Indian consumers from offline to online shopping.

Flipkart's reported sales were a mere $500,000 in FY2009 and had grown to $9.4 million in FY2011 leapfrogged to an estimated $28 million in FY2014, and further to an estimated $106 million in FY2015.

And the success story continued.

The end of the year 2014 marked the launch of several firsts yet again – same-day delivery guarantee, exclusive brand associations, and the Big Billion Day (deep discounts). And over the years, Flipkart has continued to disrupt the Indian market in the form of the No Interest EMI, Flipkart Quick 90-minute Delivery, the Voice Assistant called Saathi (an Indian language word, with the literal English meaning being the companion), and several others.

These strategic moves revolutionized and led to the rapid expansion of the Indian e-Commerce market, making Flipkart remarkably popular and trustworthy to its customers. And while it attracted more and more new customers to its website and the App, Flipkart also focused on **driving engagement** across the customer base by actively leveraging social media and introducing coupons and contests to **create hype**, especially around new launches.

Several of Flipkart's innovations are considered to result from the **culture of experimentation and empowerment** fostered through initiatives such as Hackday, SplashN, Trail Blazer, Girls Wanna Code, etc. For example, Flipkart Lite, the mobile website, was built in mere 45 days by a team of only five engineers! Similarly, one of the project teams figured out a way to bypass a "mother hub" altogether and cut down delivery time by a day (counts a lot). In a traditional organization, such an idea would have required management approvals or quite likely got shot down.

But not at Flipkart.

Flipkart employees called 'Flipsters' take pride in the organization's values of ABCD (audacious, bias for action, customer-first, and diversity). Smrithi Ravichandran, ex orchestrator-in-chief of the famous Big Billion Days initiative and now the head of Grocery business, had once stated:

"Innovations are unique for a small duration of time, but its people are what make the business thrive. That killer attitude that we will do whatever it takes to see this through, that you see from the CEO down to the entry-level staffer - I don't know if it's because we hire people like that or if people come here and change."

Flipkart Annual Awards 2019. Image Credits – Flipkart

It's no surprise that Flipkart has actively **leveraged data, cloud, and artificial intelligence** to drive its growth. On an average day, Flipkart's users generate about 10 to 15 terabytes of data. While building in-house analytics capabilities, Flipkart has collaborated with educational institutions like Stanford University and Carnegie Mellon University and strategically partnered with Microsoft. The firm has created at least 40 insights for each of its customers, such as GPS locations and page scrolls, preferred brands, and frequency of purchase – and uses them to boost brand awareness, optimize merchandising and order placement, and even detect fraudulent buyers.

Key Exponential Attributes in Action

Community & Crowd	Interfaces
Algorithms	Autonomy
Leverage Assets	Experimentation
Engagement	Social Tech

Post getting acquired by Walmart in May 2018 for a staggering $16 billion, while the ownership and leadership have changed (with the exit of both co-founders), Flipkart has continued to pursue its growth strategy with audacity and is consciously driving innovation both from within and outside. It recently launched its flagship start-up accelerator program, Flipkart Leap, and the $100 million venture fund. Further, the company has been expanding beyond the conventional eCommerce area either organically or through acquisitions in the form of investments into Health+ (for healthcare), Flipkart Labs (for Web3 and Metaverse), Cleartrip (for Travel), Flipkart Wholesale (for B2B), Flipkart Xtra (to offer flexible earning opportunities), and Shopsy (for social commerce).

Goes without saying that the pandemic led to a surge in the Indian eCommerce market, and Flipkart grew almost 2x between 2018 and 2021, with an estimated **gross merchandise value of $23 billion in 2021** (mobile phones contributing almost 50%, followed by fashion at 32%, and appliances at 16%).

Flipkart reported **revenues of $6.1 billion for FY 2021** and is targeting to come out with an IPO in 2023 with a **valuation range of $60-70 billion**. It's by no means a phenomenal growth within a decade of it having acquired the unicorn status in 2012 when it got funding of $150 million in a round led by South African tech major Naspers.

With nearly 30,000+ employees, 100k+ sellers, 80 million+ unique products, 21+ state-of-the-art captive warehouses, 100 million+ monthly active users, ten million+ daily page visits, and eight million+ monthly shipments, **Flipkart has undoubtedly thrived over the last 15 years.**

Driven by its purpose of **"democratizing commerce"** and the mission "to drive access and affordability, delight customers, create jobs in the ecosystem, and empower generations of entrepreneurs," Flipkart has emerged as **the most significant player** in the Indian market.

At the same time, one can't ignore the fact that it does face stiff competition from the global giant Amazon and the formidable local players, including the Tata and Reliance groups, which have shown their ambitions to play aggressive bets in the e-Commerce area. Not to be forgotten are several other niche players across geographies and product categories.

How to turn profitable? How to respond to the recently launched Open Network for Digital Commerce (ONDC) by the Indian government? How to expand the reach to the next 200 million customers and beyond?

These are some strategic challenges and opportunities Flipkart is currently facing.

How will it respond? We will be watching closely.

So, in a nutshell what did these successful organizations do?

Organization	Business Arena	Valuation Growth	Key Growth Levers
Duolingo	Language Learning and Education Technology	**162x**	• 40% of Revenues on R&D • Interactive, Gamified UX • Dashboards and Analytics • Empowerment and Learning Culture
3DHubs	3D Printing MarketPlace	**67x**	• Building and engaging Community • Leveraging Data and AI for Pricing & Supply Chain Management • Strategic Partnerships for co-development • Culture Ambassadors for the "unusual approach"
Stripe	Payment Services	**43x**	• Simplicity in Product Proposition • Focus on the User Buyers (Developers) • Customer Collaboration and Experimentation • DAO approach
Flipkart	Online E-Commerce	**40x**	• Challenging Industry Conventions • Large Product Portfolio, Customer Engagement, Hype Creation • Experimentation & Empowerment • Data and Artificial Intelligence

At the same time, there have been a few amongst the list of the top100 Exponential Organizations who didn't deliver. We also deep-dived into a few of the **DISRUPTORS WHO PERISHED** to gain insights into the key failure modes.

From the Fastest-Growing Media Frenzy to Losing the Way

Why Tumblr Tumbled?

Tumblr was launched in February 2007 in New York City by a 20-year-old Tech prodigy and web designer David Karp, who took an idea called "tumblelogging," a trend created in 2005 by a site called anarchaia.org, and ran with it.

David started Tumblr to give users a different kind of blogging platform that was more free-form and less complicated than other prevalent platforms such as WordPress and Blogger. It wasn't a social networking site like Facebook that required you to "friend" other users. However, there was a community-building aspect to it - it was blogging (or microblogging, depending on who you asked) platform for sharing all sorts of media. Users from all walks of life could celebrate freedom of expression and quickly compile their random thoughts and photos into one curated, design-focused space that could be entirely customized.

Within two weeks of its launch, Tumblr ended up having 75,000 users on board and encouraged David to seek funding of $750,000 at a valuation of $3 million from Spark Capital.

And it grew almost like wildfire. By 2011, it had raised $125 million, hosted more than 42 million blogs, and generated paid advertising revenues of $13 million in 2012. It was Tumblr's youth factor and the cultural heft that distinguished it from other emerging social media platforms including Facebook. And this is what perhaps attracted **Yahoo to acquire Tumblr in May 2013** for a staggering $1.1 billion in cash.

"Tumblr is redefining creative expression online," then Yahoo CEO Marissa Mayer had said, calling it "the internet's fastest-growing media frenzy."

It was based on short posts consisting of text and a mixture of audio, video, images, links, quotes, and whatever else users could think of. Nearly 70% of Tumblr's visitor base was under 35, and the majority (nearly one-third) were US-based. From the beginning, Tumblr got noted for having a user base with socially progressive (often considered rebellion) views.

Users initially used Tumblr as a mood board for their interests and personality. Where LiveJournal, Blogger, and Myspace blogs were mostly occupied by personal spiels or stories of thousands of words, **Tumblr was different**. Users were free to post shorter updates and mix them with lyrics, quotes, screenshots, and other images they just liked.

This experimentation spawned a culture that existed, initially, only on Tumblr. The **focus on user experience** led to functionalities such as Dashboard (live feed), Queueing, Tagging and even allowing HTML editing of blog themes were significant differentiators. Later, Tumblr introduced integrated instant messaging which was intentionally **rolled out in a gamified viral manner**. All such features and functionalities **fostered bottom-up communities**, attracted new users, drove user retention, and even kicked off several movements.

The most notable one perhaps is the "We are the 99%" Tumblr blog which became the slogan for the Occupy Wall Street movement in 2011 as an ideology to rebel and stand up against the corporate greed and harm that the actions of the top 1% of the wealthiest were considered to cause. Another feather in the cap for Tumblr was it being credited by Oxford Dictionaries When "GIF" was named word of the year in 2012. **Tumblr was one of the first platforms that incorporated GIFs in its posts**. Users went crazy about them, creating and posting millions in a short time frame.

Tumblr had become the home of the "discourse." Because of the site's design, the conversation happened in a nesting-doll structure - to comment on anything, users had to re-blog the original post onto their page and make their additions. From there, it could be pulled onto another person's blog with another addition, then maybe back onto the original with a clarification or a new argument. Academics have called this Tumblr's "cascading" dynamic.

Unfortunately, this wasn't meant to last long. Tumblr tumbled.

Valuation Decline	-99.7%	**2014**: USD 1.1 Bn **2019**: USD 3 Mn
User Statistics (Daily Blog Posts)	-90%	**2014**: 100 Mn **2022**: 8.7 Mn

So, what went wrong?

Firstly, David Karp had built Tumblr on a foundation that was perhaps too small and even shaky (per several technology gurus) to support the millions of blogs and users it ended up having. Maybe it was too fast, too soon.

Post the acquisition in 2013, the Tumblr team focused primarily on integration with Yahoo's technology systems (which were desktop-oriented). **It didn't align with the shift towards mobile** in progress. And while Tumblr tinkered, competitors like Twitter, Instagram, and Facebook were rapidly developing new front-end features to draw users in.

"We were severely under-appreciated, understaffed, underfunded, and lacked many tools that could have made our work great and potentially grown the business."
Isabella Kahle, former product marketing lead.

And the fact that Yahoo was driven by a typical large corporate approach, the Tumblr team got pushed into fulfilling flashier, short-term priorities that "shifted every three months" and weren't rooted in what the platform truly needed.

Also, while a factor considered good by the users, Tumblr didn't rely on knowing its users' true identities. So, while Tumblr was hugely popular and logically, every advertiser would have wanted access to its audience, the lack of individual user knowledge didn't work well for the advertisers, and they slowly started turning away, **negatively impacting the revenue streams**.

Further, post-acquisition Tumblr faced quite a **few controversies and setbacks**. The data for over 65 million user accounts was stolen in 2013 and offered for sale on the dark web. It was also banned by a few countries including China citing content related to terrorism, extremism, and pornography. Anonymity, which was a USP for Tumblr meant questionable content for teens, unchecked and ended up hitting it hard.

In its 2016 Annual Report, Yahoo ended up slashing Tumblr's value by more than half to $482 million (down from $1.1 billion in 2013!).

And, then in June 2017, Verizon took over Yahoo (for a mammoth $4.5 billion) and placed Tumblr under its Oath subsidiary (renamed Verizon Media in 2019). And almost immediately after the acquisition, the founder and CEO David Karp announced his departure, with Jeff D'Onofrio (COO at that time) replacing him as Tumblr's new CEO.

But, the slide continued under this new ownership and leadership as well.

The user activity (daily blog posts), which had peaked at over 100 million in early 2014, declined to only 30 million by October 2018. To aggravate the situation, Tumblr was removed from Apple's App Store in November 2018, driven by instances of the presence of child pornography on the app. In what could retrospectively be considered a valid but also a knee-jerk reaction, Verizon decided to take down all explicit content. It was a defining event and led to a sudden 30 percent drop in traffic and a mass exodus of users, with monthly traffic falling from 568 million in Oct 2018 to 369 million in Feb 2019).

And in August 2019, Tumblr changed hands once again and was acquired this time by Automattic, owner of WordPress - the very publishing site that the founder David Karp had sought to rival upon founding Tumblr for a meagre $3 million.

This was almost full circle to its original valuation in 2007!

At the time of acquisition, Matt Mullenweg, Founder, and CEO of Automattic stated that he was hopeful that the platform would grow again. He shared a vision to build passionate communities around shared interests and democratize publishing so anyone with a story can tell it, especially when they come from under-heard voices and marginalized communities.

However, over the last three years, while under Automattic, Tumblr has again faced similar issues that plagued it in its Yahoo days. It has been **forcibly aligned to the WordPress systems and workflow.**

It has been plagued by the **decade-old product features, a visible lack of usage of artificial intelligence** for content management, and the depth of content itself which **hasn't managed to keep pace with the trends** that Instagram, TikTok, Twitter, and others have brought in over the last few years.

No surprise, the monthly traffic had fallen further to only 271 million in Feb 2022 and daily blog posts to only 8.7 million. One could argue that it's still reasonable - but certainly, it's a far cry from the golden days.

Tumblr is in some ways comparable to Instagram. Though it has text capabilities, it acts primarily as a way for users to post images and include social sharing features. But while Facebook turned Instagram into a giant in its own right after acquiring it for $1 billion in 2012, Yahoo and Verizon made moves that hampered Tumblr's growth.

While Tumblr's early success based on leveraging several of the exponential attributes did promise the immense opportunity and potential it had, **the downfall has taught us a few invaluable lessons for entrepreneurs and corporate business leaders**.

1. **Once an exponential doesn't mean perpetual immunity.** One needs to stay nimble, be a game-changer, and stay focused on scalability and adaptability.
2. **Growing on a weak foundation is never sound business management.** Whether it's the technology or the community or the business model at large, one needs to learn to walk before starting to run.
3. **Being acquired by a big corporation / acquiring a successful startup doesn't always offer rich dividends.** One must ensure the marriage of purpose and culture, and leverage the best practices from respective organizations.

With Jeff D'Onofrio announcing his departure as the CEO in January 2022, Automattic CEO Mullenweg stepped in to oversee (the revival of!) Tumblr.

But will Tumblr be able to recultivate the charm that made it what it was? Or will it fade completely into oblivion?

The GoPro Rollercoaster

The Rise, The Fall, and a Resurgence!

Image Credits – GoPro Website

The GoPro story started in 2002 when an avid surfer Nick Woodman went on a surfing trip and quickly realized that there was no way to film himself while in the water. While most photographers shooting surfing images usually used DSLRs with long tele lenses from the beaches, buying these lenses and equipment and hiring photographers was an expensive affair.

This led to the birth of the desire to shoot professional images in dire situations and adventure sports. **To help people capture and share their lives' most meaningful experiences in immersive and exciting ways.**

Nick wanted the "hero" action shots out on the ocean where the drama was. He also harbored ambitions of turning pro and was buoyed by his surfer friends' encouragement to find a solution. And that led him first to develop and launch a wrist strap in 2003. It was designed to be attached to a regular digital camera, then hinge up when you wanted to take a photograph. You just pushed it back onto your wrist when you were finished.

But while testing his first makeshift models on a surf trip to Australia and Indonesia, Nick realized that he would have to manufacture the camera, its housing, and the strap altogether. Woodman, after saving up money with his wife by selling seashell jewelry and belts out of their old Volkswagen van in California, together with $235,000 that he borrowed from his mom and dad, started the camera company - Woodman Labs (only to be renamed GoPro later on).

In 2004, GoPro started selling its first-ever camera, named HERO. A small, handy 35 mm compact film camera inside a waterproof plastic housing with a hand-sewn wrist strap. There were only two buttons - a power/mode and a select/record button. What set the GoPro 35mm Hero apart from the rest of the point-and-shoot cameras was its ruggedness. Priced at just $20, it was an outstanding deal for photo enthusiasts and families.

GoPro ended the year with revenues of $150,000 and the following year in 2005 with $350,000 after Nick started selling on the QVC shopping channel. From QVC, Nick managed to get the product into Recreational Equipment, Inc. (REI) — one of America's largest outdoor recreation retail groups. The product then took off as extreme athletes such as racecar drivers, skydivers and skateboarders purchased the cameras for filming themselves. Point-of-view videos shot by GoPro cameras attached to surfboards, ski helmets, bike frames, and pets suddenly became ubiquitous and viral on YouTube. Nobody had ever seen footage like this; it was a new, dizzyingly personal, and mesmerizing art form. At the same time, Go Pro finally made it into the 'mainstream' when it landed on the shelves of Best Buy.

The concept of owning your action camera was a game-changer. People bought them in multiples, and the sports-action genre exploded. Everyone bought into the lifestyle that Woodman was peddling and the sales rocketed. Things started ramping up with GoPro in 2006 when the first-ever Digital Go Pro Hero was introduced, and revenues hit over $800,000. The year after, 2007 saw a massive revenue leap, with GoPro hitting the $3.4 million mark.

GoPro continued to launch new variants through incremental refinements in features and functionalities such as digital, video resolution, sensor size, durability, etc. As time passed, the world around changed, and so did GoPro. It kept on **improving and innovating its product line**. These technological advancements, along with some savvy marketing and social media strategy, enabled GoPro to **build an engaged community of users** - a recipe for fostering a virtuous growth cycle.

Over the years, GoPro became the standard for capturing action sports. Just as the word Xerox had become synonymous with Photocopier machines after the inventors named and trademarked their process under that name, action cameras were at one point known as GoPros.

It grew phenomenally, riding on the wave of its popularity. Revenues skyrocketed to $234 million in 2011, then grew to $526 million in 2012, $986 million in 2013, and $1.4 billion in 2014. **GoPro was the talk of the town, one of the fastest growing companies.**

And this growth coincided with Foxconn, one of the world's largest electronics manufacturers, buying a $200 million stake in GoPro for roughly 9% of the company in 2013. Then, GoPro made its public debut in the third quarter of 2014 to raise $427 million at a $2.96 billion valuation, the biggest consumer electronics IPO in about 20 years. This reflected its strong position as a popular product segment even as smartphones continued to decimate the camera industry at large.

And the stock surged more than four fold to $98 within three months of its debut.

However, the love affair with the market (customers and shareholders) and the success story GoPro experienced in the first decade of its existence between 2004 and 2014 started falling apart. After peaking at $1.62 billion in 2015, revenues dropped to $1.16 billion in 2016 and then plateaued at $1.17 billion in 2017 and $1.14 billion in 2018.

Image Credits – UnSplash

WHAT WENT WRONG?

The Dwindling Core - In its core camera business, the HERO - GoPro started feeling the heat from mobile phones and cheaper alternatives. With a smartphone, everyone had a camera in their pocket, and GoPro's USP of being handy and powerful was becoming redundant. And then, smartphones also became waterproof and much more rugged. GoPro's unique selling propositions – ruggedness and being small and handy- were not 'unique' anymore.

Also, the GoPro product segment, after gaining immense popularity, started seeing competition from Chinese players giving the same functionality as the GoPro albeit at a lower price. GoPro's most significant challenge perhaps came when Google entered the wearable camera market with a $249 wireless smart camera (compared to GoPro's equivalent offerings, which were priced around $400 upwards). Google Clips used artificial intelligence to automatically capture several-second motion clips when its algorithms detect something photo-worthy. Unlike GoPro cameras, which require dedicated mounts to affix to a helmet, bicycle, or body, Google's camera was designed so one could clip it to the shirt, a stroller handle, or wherever else one might be able to clip something.

Further, GoPro's pricing strategy (indicating that it perhaps misjudged the market and its brand appeal) ended up seeing the company slashing the prices of its new cameras almost by half within a few weeks of launch on a fairly regular basis. This led to confusion and disengagement in the minds of its customers and even cannibalization instead of growth.

Lastly, while GoPro had started as a niche catering to adventurers, surfers, and travelers, over time, its primary customer base had emerged as skaters, skiers, holidaymakers, and just about any average person. So, while GoPro promoted its products using professional athletes and adventure sports enthusiasts, it didn't focus on showcasing how an ordinary family man or woman could use their product, too, creating a disconnect with the mainstream market. While GoPro had a stronghold among adventurers and extreme sports enthusiasts, other cameras targeted the mainstream. They soon gained momentum, challenging the leadership and iconic position of GoPro that it had established over the years.

GoPro had to expand its horizons and create new verticals for financial stability and growth. But, it wasn't meant to be.

The Pivoting that went Sour - In late 2014, GoPro started transforming itself from being only a camera seller into a media entity, from a hardware to a software company. GoPro's strategy made sense in 2014. Videos from GoPro users dangling off helicopters or diving with sharks racked up millions of views on YouTube. Amazon and Netflix had recently begun their original content push. Even Red Bull, a brand closely associated with GoPro, had just introduced an Apple TV channel. For GoPro, it also meant proving to Wall Street that its business had the potential to be more than just selling cameras to a niche audience of sports enthusiasts.

To kickstart those efforts, it launched an Xbox Live channel and made a deal with Virgin America for in-air entertainment. Its website also acted as a media portal, collecting top photos and videos. The entertainment unit, led by former Skype CEO Tony Bates, initially focused on gaining followers on YouTube and other social media platforms. The sporty hardware company made a series of high-profile hires to bolster its entertainment division in 2015, including the former head of Hulu Originals programming Charlotte Koh, and HBO sports executive Bill McCullough. It briefly produced original content and created a licensing and revenue-sharing platform for content creators.

But, the high-profile efforts were undermined by costly productions amid the tough tradeoffs of a company trying to salvage its core business. The newly formed content team at the entertainment division began spending more and more on their video shoots and production. Budgets went from $10,000 a shoot to $100,000 a shoot. It wanted to come across as a series player, not wanting to cut any corners. It perhaps crossed the line and ended up splurging. The entertainment division developed over 30 TV series and had ideas for releasing their streaming platform. But, most of the shows never made it out of production, and the streaming platform was never launched.

With the core business dwindling and no signs of the entertainment division becoming a profit center on its own, the entire unit was eventually shut down in November 2016. It was not the only tech company that had gotten excited about Media but ended up having a painful exit. Yahoo took a $42 million write-down in 2015 for its investment in shows like Community. The difference was that GoPro didn't have the deep pockets to afford the misadventure.

The Drone Disaster - In September 2016, just in time for the festive season, GoPro made a triumphant launch of its drone, Karma with a dedicated slot for the Hero action cameras. Karma was an outcome of a project initially announced in December 2014 after noticing the success of DJI's drone, the Phantom. But, the project Karma got marred with delays amid a shift from a joint venture with the specialist 3D Robotics to an in-house start-from-scratch research & development effort costing almost $96 million.

But, it soon found competition within a week when DJI launched its line of compact Mavic Pro and Spark drones with more robust features, smaller designs, and lower prices. And to add to the challenge, within three weeks after the Karma devices went on sale, some owners complained about losing power mid-flight, causing the GoPro drone to plummet uncontrollably to the ground. GoPro had to announce a complete recall and take the product off the shelves when it was discovered that the device was losing power during operation. And this was the beginning of the end of Karma. While it relaunched the product in February 2017, it had lost the holiday season opportunity and the momentum and could never recover. GoPro announced the shutdown of Karma in January 2018.

The Organization and Culture - Before the IPO, GoPro had been a relatively simple operation, with sales, marketing, engineering, and design teams working on the company's products. But after the IPO, as GoPro tried to build new businesses, the company unconsciously shifted to a more siloed structure, where multiple divisions - software, hardware, media - ran as separate business units. Individual teams began to embrace tools that worked best for them. Because each team used its arsenal of tools, organization-wide cross-team communication, collaboration, and visibility started becoming challenging and bred bureaucracy.

Previously, GoPro had held quarterly all-hands pep rallies, called hangs, but as it grew in size and geographically, the company moved towards what can be considered a more subdued monthly affair, with Nick Woodman and the other senior leaders giving a speech in front of a few hundred employees (while the rest watched online).

The Leadership! - While paradoxical, Nick, who was undoubtedly the central brain and the hustler behind GoPro's stellar growth, also potentially ended up becoming a bottleneck.

In the early years of GoPro, Nick is known to have driven up and down California's beaches selling his necklaces from his 1971 Volkswagen to make the cash he needed to pursue his passion. And, when not selling necklaces from a VW, he would work on a sewing machine borrowed from his mother. He would design different straps and test what worked best. At night he would stay up late to speak with factories in China regarding camera parts. He was hustling and working up to 18 hours a day, seven days a week, for months.

Fast-forward 10 years. After the successful IPO in 2014, Nick became an instant billionaire.

In a matter of months, his wealth had hit the $3 billion mark, and he had become the highest-paid CEO in America. Over the years, while amassing his wealth, Nick bought a 180-foot yacht, a Gulfstream G5 jet, homes in Montana and Hawaii, and a fleet of vintage sports cars over the years. And, somewhere, GoPro as a company had been adopting its founder's flashy lifestyle.

While hindsight is always 20:20, Nick admitted during an interview with Inc magazine in late 2018 that "We went from being thrifty and scrappy and efficient and wildly innovative to being bloated and–what's the opposite of thrifty? It was deconstructing everything we had built."

A RESURGENCE IN PROGRESS!

GoPro's Founder and CEO Nick Woodman, during an interview with the Inc magazine in 2018 said "When things are going well, you can be lured into thinking that everything's easier than it is. Just because you're a World Series-winning pitcher doesn't mean you can go play quarterback."

After nearly four years of struggling performance after its IPO - GoPro pivoted once again in 2018 and shifted gears to focus on profitable growth and declared that it would go back to what it does best and feels strongly about - action cameras.

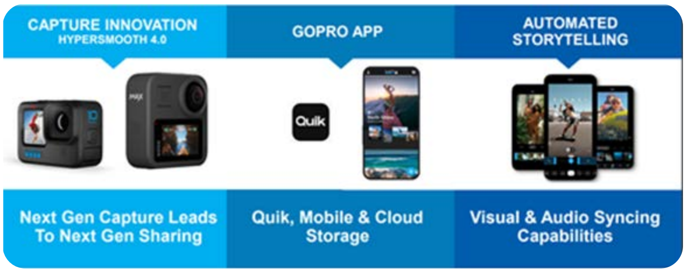
"*We've decided to return back to that very focused business that does just a few things extremely well, instead of doing too many things marginally.*" Founder and CEO Woodman in January 2018 at the CES (famous global Consumer Electronics Show)

In 2018, GoPro announced many upgrades to its Hero camera and also the launch of a new spherical camera called Fusion, which could pull out any still or moving image from the spherical footage - a feature called OverCapture that essentially made it possible to shoot in multiple directions at once and frame one's photo or video after shooting. This was undoubtedly considered by the technology pundits and the market as a true innovation and potentially the beginning of the company coming back on track. GoPro has kept introducing innovations and an improved range of products and accessories over the last four years and has been acknowledged in the form of different awards, including CES Innovation Awards Honoree, CHIP Photo Awards, PCMag Best of the Year, amongst others.

GoPro's innovations have also been targeted toward shifting the product mix to the high-end premium camera segment. Its>$400 average selling price cameras account for nearly 80% of the revenues in Q2 2022 compared to only 40% in 2018. Think iPhone!

Also, GoPro has been expanding its direct-to-consumer (DTC) business and its footprint in emerging markets while **scaling up its customer relationship management and engagement efforts** with frequent new product launches acting as tailwinds. So, while retail used to account for nearly 90% of its sales in the pre-2018 era, now it accounts for only 60%, with DTC accounting for 40% of its latest reported financial numbers, also helping improve margins from low 30% to nearly 40% now.

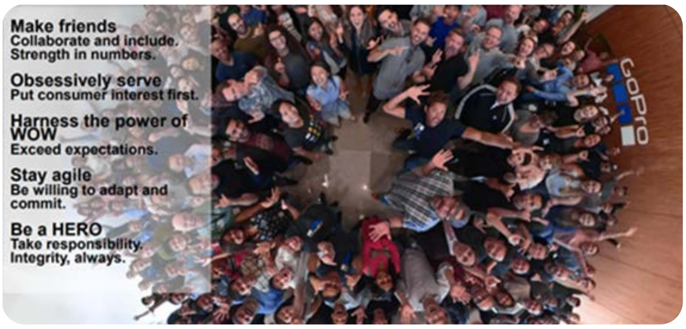
The company also re-launched its subscription and service model GoPro PLUS. The service provides subscribers with significant savings on cameras and accessories, an assured replacement for damaged cameras, but more significantly, unlimited cloud storage, the capacity to upload footage to the cloud directly from GoPro cameras, premium editing tools in the Quick App, and a private streaming platform to enable storytelling and immersive sharing - going back to its roots and its purpose.



Shifting to an Innovation led Ecosystem model. Image credit - GoPro

By the end of the second quarter of 2021, GoPro subscribers were up from a small 355,000 in the first quarter of 2020 to 1.16 million, and in the recently announced results for Q2 2022, these had increased further by 71% to 1.91 million.

On the internal organizational front as well, GoPro has been investing in building a collaborative environment. Earlier, the internal beta testing at GoPro was typically done for small groups of people closest to the product, and the feedback loop was primarily between just the testers and the product team. Now, the company has extended the reach of the feedback loop, increasing engagement for a broad set of employees and even building internal hype around the new product introduction efforts. Further, GoPro has been leveraging technology to empower and capture the collective personal retail experiences of its global workforce to report on the status of more than 27,000 global POP (point of purchase) retail displays, to choose what questions management will address at all-hands meetings, and for myriad other ways that help the GoPro workforce feel connected, empowered and prideful for what they represent to the global community of GoPro users



GoPro renewed focus on its Purpose and Values. Image credit - GoPro

These revival efforts have perhaps arrested the decline GoPro had started experiencing between 2015 and 2018, with GoPro delivering revenues of $1.16 billion in 2021 but certainly better profitability with adjusted EBIDTA standing at $168 million compared to only $22 million in 2018. However, the street doesn't seem to be convinced yet. From the peak market capitalization of $11.8 billion in September 2014, GoPro is valued at a paltry $900 million as of the beginning of September 2022.

GoPro provides a fascinating case study for entrepreneurs and business leaders. The dedication and motivation to pursue your dream are crucial to success, but perhaps staying with your purpose, especially when you become successful and focusing on building relevant capabilities before venturing on the next journey rather than being distracted by the next shiny object.

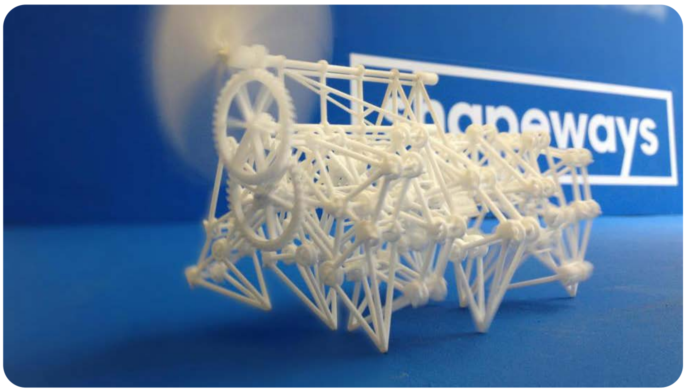
GoPro aspires to be a force for positivity, celebrating all things awesome while inspiring people to pursue their passions. It has an opportunity to leverage its purpose, values, brand-appeal and social media reach to sustain the momentum it has garnered over the last few years.

Will it be able to regain the glory of the first decade of its existence? Will it be able to bounce back and deliver sustainable and profitable growth?

We will be watching closely.

Shapeways:

From Shaping Ways to Falling Out of Shape



The disruptive technology of additive manufacturing or 3D printing (earlier called rapid prototyping) started gaining prominence in the 80s. And it has been one arena that has grown exponentially over the last two decades with Shapeways being one of the frontrunners.

Shapeways was **founded in 2007** by Peter Weijmarshausen, Robert Schouwenburg and Marleen Vogelaar. The concept behind Shapeways was initially developed within the design department of Dutch electronics company **Royal Philips**, where the three co-founders first met. The company was spun off from Royal Philips in 2008 to become a separate and independent business entity. The Shapeways business model was further developed under the Philips Lifestyle Incubator program, a startup accelerator designed to assist entrepreneurs with the development of new ideas.

Helping creators bring things to life was Shapeways' driving force.

Shapeways started with **two main offerings**. First was the **marketplace** where users could buy 3D printed products for art, jewelry, toys, and mechanical parts among other things from stores set up by designers - all manufactured on demand. Shapeways took a fee for handling the financial transaction, manufacture, distribution, and customer service.

The second was a **centralized service bureau** where designers and users could have their products 3D printed in an increasing range of materials (a print-on-demand service!). This approach was quite different from the decentralized model adopted by the likes of 3D Hubs, another emerging player in the additive manufacturing arena at that point in time.

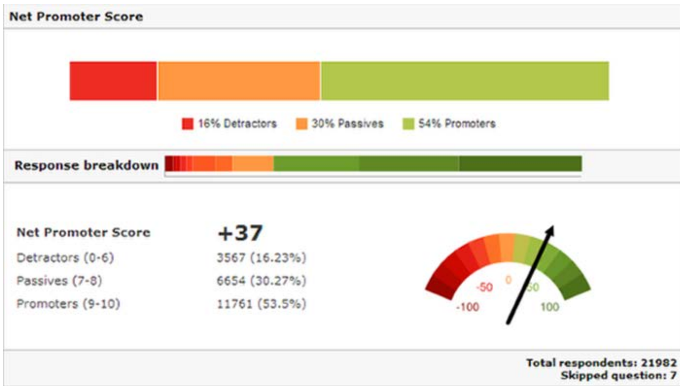
It was certainly not an easy beginning.

Shapeways needed complex software to manage its operations for both the marketplace and the service buerau. And when Weijmarshausen as the CEO first reached out to developers, many of them laughed and told him it was impossible. But, he never took no for an answer and eventually found a great team that helped shape Shapeways.

"You can't take no for an answer if you want to achieve success."

Shapeways focused right from the outset on **fostering a community** of good designers who made inspiring things. It spent a lot of time supporting them so they could make 3D printed work, inspire others and also teach others. It established forums as a focal point for learning, sharing, and discussing 3D printing. It held contests and promoted the work of designers to make them successful. It also approached other communities across aligned verticals that would take well to 3D printing and spent time educating people in these communities so they could become heroes who passed on their skills to others.

And the team listened intently to those customers who were vocal, told the truth, pushed the envelope, and made the company increase its standards. And to enable this, Shapeways exhaustively used **NPS dashboards**.



Example of NPS Dashboard concept deployed. Not real Data.
Image Courtesy: Shapeways

Each week the **"Voice of Customer" team** used to send out the Community Sentiment Report sharing the top feedback they had heard. Organizing it into sections allowed them to show the high-level themes and drill down into what the data actually means. They used **word clouds** to pick the top three categories of feedback, the common themes within them, and a quote in the users' own words helping Shapeways' team get both the data point and the 'color' around it.

And, to follow up and act on the identified issues, Shapeways' teams ran **"Deep Dive" sessions**, where they focused on a topic or a feature that someone in the team was working on and provided them with a breadth of comments received from the community around that topic. For example, in a specific week, one of the teams was working on an image cropping tool. This team pulled up all shop owner comments from the past month that mentioned images and their need for tools. It really helped the product managers put the feature into the context of real users.

Shapeways became well known for launching features, technologies, and innovations much faster than others. The company did a **lot of analysis** on different community members and their roles. It broke down lots of data to discover that the most active community member was not necessarily the one most likely to buy (while they were quite likely to bring in new people). Also, instead of thinking of what products to make on their own, the team members went to platforms such as Reddit and asked people what they want. At the same time, it worked towards identifying ways in which it could **better support creators** through the production process: from the conception of an idea to the designing and packaging to the first sale and beyond.

And, perhaps most significantly, the team members at Shapeways **took pride in the fact that they were more ambitious than other companies**. It was not just another start-up for them. "We are going to change the world," was the motto.

Image Courtesy: Unsplash

And, Shapeways got traction (albeit it was not alone) along with several other startups in the 3D printing arena. It had grown to almost 60 employees across the Netherlands and the USA. It was serving an estimated 5,000 'shops' by early 2012, which grew to 10,000 by May 2013 and 20,000 by the end of 2014.

When it started its manufacturing facility in New York City, it attracted not just one but five city officials to the christening of the 25,000-square-foot set up in March 2012, including Mayor Michael Bloomberg who called the Shapeways' factory **"the future of the city"** before ceremoniously cutting a white ribbon with a pair of 3-D-printed scissors.

The major boost for Shapeways came with Andreessen Horowitz (an investor in other unicorn ventures such as Lyft and Airbnb) coming on board leading a funding round of $30.1 million in April 2013. By now, it had already raised almost $40 million across multiple rounds and was valued at an estimated $80 million.

It got featured in CNBC's Disruptor 50 list in 2013. And the purpose-driven, disruptive technology-enabled, and customer-focused business model also attracted Salim Ismail and others who were researching several startups, scaleups, and incumbents through the lenses of the Exponential Organization (ExO) success formula as part of the writing of their book "The Exponential Organizations." And Shapeways featured in the list of Top100 ExOs released in 2015.

The CEO and Co-Founder Pete Weijmarshausen was quite exuberant about the future of 3D printing at large and strongly believed that digital manufacturing was going to bring in the next industrial revolution. On the sidelines of the Inside 3D Printing conference in 2016, he said:

"Compare to early days of the internet, when the only app people wanted to use was email. They thought email was the killer of snail mail, and that was it. Little did we know! I like to compare where we are now with 3D printing to that time — when we didn't grasp that the internet was more than email. We can't predict what's going to happen, but much more, much more exciting things are going to happen that we can't expect yet."

And Shapeways had been certainly leveraging this opportunity and emerged as a success story in the world of 3D printing and weathered the hype storm that had found many other 3D printing startups crashing against the rocky shores of reality. Shapeways was able to achieve very competitive pricing models based on the fact that it had **digitized the end-to-end processes** allowing a more differentiated cost structure while **offering high-quality**, flexible manufacturing, which one didn't necessarily see consistently across the industry.

Over the decade of its establishment, Shapeways has been serving the creators in the 3D printing community, affording opportunities to create their products and shops, bringing not only designs but businesses to life through digital technologies with the support of a dedicated team.

By the end of 2016, Shapeways had grown further, with 250 employees globally, working with more than one million community members and 45,000 'shops.' It had achieved the milestones of printing its 10 millionth product and was reaching more than 190,000 designs uploaded monthly.

But the wind started blowing in a different direction. **The growth Shapeways had enjoyed started to stall.**

Image Courtesy: Unsplash

While Shapeways and other players in the additive manufacturing industry had led the growth of the exponential technology, the reality was that the **3D phenomenon hadn't scaled as much as it was expected to**.

People were considered to be having ideas or want products that could be made and sold thanks to advanced design, production, and fulfillment technology. BUT, most of them didn't know where to begin. Without proper support or infrastructure, the entire process seemed inaccessible, complicated, intimidating, and expensive. And while the democratization of 3D printing was meant to enable a very simple process with any individual uploading a design and then getting a printed product in the mail, the **reality was different**.

90% of requests were not deemed fit for manufacturability, with the majority needing some level of design change. There was a lot of back and forth between Shapeways and the customers to make the needed design changes. Given the lack of full know-how of what the end-use application is going to be, Shapeways didn't feel comfortable taking over the design responsibility.

And, while the company improvised and manufactured new products almost on a per-day basis. But, as it grew, Shapeways had to also conquer what one would call the **"blank page" problem**. Just because customers say, they want something unique didn't mean they will devote effort to acquiring them on an ongoing basis. There was an apparent disconnect between retail consumer expectations and what was accessible, causing a **depleting interest in the technology**.

Shapeways needed to reimagine the next phase of its existence.

In August 2017, it was announced that the co-founder CEO Peter Weijmarshausen would step down from his CEO role while remaining on the Shapeways board. COO Tom Finn was appointed interim CEO while highlighting that the Shapeways board will be searching for a permanent replacement with the unique set of skills needed to continue the growth and maintain its competitive edge!

And after months of searching, Shapeways announced in February 2018 the appointment of Gregory Kress (ex-General Electric and former president and COO of online learning service Open Education) as the new CEO. At the time of his appointment, Kress had the below to say indicating the future direction of vertical and lateral expansion for Shapeways.

"While excited about how far we've come, I look forward to accelerating Shapeways' vision to become the complete end-to-end platform helping people design, make, and sell, regardless of their 3D modeling experience. We see Shapeways shifting from delivering one niche of that customer experience to truly supporting our creators through their entire journey – from bringing their ideas to life through fully integrated manufacturing solutions to even helping them monetize their designs and create a business if they'd like."

And under the new leadership, the company shifted gears over 2019 and 2020. It pivoted the business model from being a boutique of 3D printing to becoming a one-stop shop for rapid prototyping.

This new strategy involved meant **focusing more on partnerships** with both material and printing technology manufacturers. The first category was in the form of a gray-labeled software called "Powered by Shapeways" which allowed material manufacturers such as DSM, BASF, Henkel, etc. to leverage its end-to-end manufacturing software platform for their business and make the digital shift and expand their additive manufacturing offerings. This was meant to create a new higher-margin SaaS revenue stream.

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The second and perhaps the more interesting shift was to become a go-to-market partner for new 3D printing technology companies that were looking to bring new technologies to market. The idea was to leverage Shapeways existing customer base and get access to newer technologies that may be unique vs. competing 3D print shops. This **co-opetition arrangement** was exemplified through its MoU with a larger competitor Desktop Metal meant to expand the material + technology offerings - to extend the market reach and the share of the wallet.

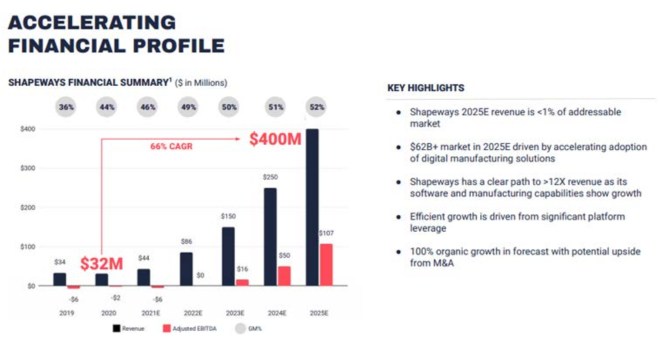
But, these strategic shifts didn't alter the fortunes, at least not on the financial performance front.

Between FY 2019 and FY 2020, Shapeways reportedly had a revenue decline of 5%. It also reported net losses of $7 million in FY 2019 and $3 million during FY 2020, as well as adjusted EBITDA of -$6.1 million and -$2.4 million, respectively.

Shapeways went public on September 30, 2021. Credit: Shapeways

And while Shapeways was apparently stagnating, came a big announcement in April 2021, when Shapeways declared a reverse merger into a special-purpose acquisition company (SPAC) with Galileo Acquisition Corp and a consequent de facto IPO. The transaction implied a pro forma **enterprise value of a staggering $410 million** and was targeted to bring in $195 million in net cash proceeds (it ended up raising only $103 million when it did hit the street later in Sept 2021!).

And, as part of the IPO announcement, it **forecasted 10x revenue growth over the next 5 years! Sounded fairly audacious.**



The largest source of this growth was anticipated to be from adding new manufacturing capabilities for additional polymers, industrial metals, composites, ceramics, and "future material innovation", intended to allow the company to expand into new value propositions as well as geographical markets beyond the USA and EU.

Unfortunately, the projections have fallen flat on their face.

Shapeways closed the FY2021 with revenues of $33.6 million compared to the projected $44 million. And in the latest financial data released for Q2 2022, the company generated $8.4 million in revenues,-4.5% less than the numbers achieved in the second quarter of 2021. And the total revenues for the first half of 2022 of $16 million leave it well below the $86 million promised to investors for the full FY2022 at the time of its IPO.

The actual performance against the promised wonderland has got reflected in investors' confidence, with Shapeways' share price falling continuously over the last 12 months since its listing. Its market capitalization has been falling steadily and stands at a paltry $36 million as of September 2022.
A 10x reduction!

In fact, earlier in August 2022, Shapeways got notified by the New York Stock Exchange (NYSE) that given the fact that the average closing price has been below $1.00 since July 14, 2022 - if it is unable to improve its share price in the next six months, the company may be pulled off the stock exchange. Shapeways' response - it's considering a reverse stock split!

Has Shapeways moved away from its Purpose? Or did raising money riding on the SPAC wave became the raison d'etre for the Shapeways leadership? Or is it just not having the right strategy? Or is it a lack of focused execution?

The 3D printing industry is continuing to evolve and slowly finding its way back into the mainstream, both in the retail and the industrial space. It is estimated to be a market already worth $40 billion and projected to grow to $120 billion by the year 2030.

Will Shapeways be able to get back in shape and rebuild the exponential attributes it once embraced to achieve the successes it did? Will it be able to reap the benefits of the expected growth in the digital manufacturing industry?

We will be watching closely.

So, what went wrong with these organizations?

While none of these organizations have gone bust, they haven't certainly been successful - At least not as much as they promised OR in fact as much as they could have, given the fact that they were once an exponential organization.

Was it just bad luck or bad timing? Well - not really.

All the cases of failures we looked into - it was always linked to the internal organization - the strategic choices they made (or lack thereof) and what one could call the strategy execution gap.

Organization	Business Arena	Valuation Decline	Key Growth Levers
Tumblr	Microblogging and Social Net-working	99.7%	• Need to follow acquiring company technology framework & standards • Lack of clear approach to monetization • Product Portfolio: non-conformance to 'norms' • Not recognizing & responding to market trends
YPlan	Mobile-first Event Discovery and Booking Service	96.5%	• Over-investing in hype marketing rather than the core value proposition • Inability to successfully scale across geographies and markets
Groupon	Discount Deals Marketplace	87.7%	• High customer acquisition costs, Low partner sticki-ness, Low entry barriers • Global model not fit for purpose for local markets across geographies
GoPro	Action Camera and Video-Editing Software	63.0%	• Value proposition: niche vs. mainstream • Exuberance and shifting pricing strategy • Poor product quality and unsuccessful pivoting • Extravagant Life and Work Style
Shapeways	3D Printing Marketplace & Service Bureau	57.9%	• Delayed / Slow pivoting and response to external market shifts • BHAGs detached from realities of underlying perfor-mance and capabilities

In Conclusion

While one could argue that hindsight is always 20:20, analyzing the core reasons behind the rise and fall of the Top100 Exponential Organizations can certainly teach entrepreneurs, business leaders, and investors alike to become better at what they do. Besides, understanding failures is crucial since so many accounts of innovation focus on the successes and so are affected by survivorship bias.

Building a successful company is no easy task, and business leaders and entrepreneurs often find themselves battling against all odds. From this perspective, it might be worthwhile and interesting to look at 2 of the biggest success stories of the modern era AND what happened just before they became the icons of today.

Bill Gates — Traf-O-Data then Microsoft

Before Bill Gates' successful attempt at Microsoft, he failed at what was then known as Traf-O-Data. Traf-O-Data was his first company made with the objective of providing raw traffic data reports to traffic engineers for optimizing traffic and bringing an end to road congestion.

However, the machine that was made for the above cause failed in its testing phase at a local county and could not grow into a successful business. But this did not stop Bill Gates to keep going for what is now known as Microsoft.

Jeff Bezos — Amazon's zShops

Something similar happened with Amazon back in September 1999 when Jeff Bezos launched zShops. The idea behind zShops was quite similar to that of eBay, to build a platform where all sorts of online sellers can auction their products through their online storefront. His idea failed miserably, so much so that Jeff Bezos used to joke that the only customers who had ever visited a zShop were his parents and himself. However, he never gave up and through his perseverance made Amazon into what it is today.

Only 10 percent of the Fortune500 companies that were around in 1955 are still part of the prestigious list. The rest 90 percent have either gone bankrupt, merged or still exist but are no longer in the top 500.

As an entrepreneur founder of a startup or a scale-up OR a business leader of a mid-sized or large incumbent organization, one must be open to accepting that while failure is not inevitable, it's certainly evident.

> **"Failure is the condiment that gives success its flavor."**
>
> - Truman Capote

And we must heed the invaluable lessons the successes and failures of the Top100 Exponential Organizations have presented us.

Pathways to success

Only 10 percent of the Fortune500 companies that were around in 1955 are still part of the prestigious list. The rest 90 percent have either gone bankrupt, merged or still exist but are no longer in the top 500.

As an entrepreneur founder of a startup or a scale-up OR a business leader of a mid-sized or large incumbent organization, one must be open to accepting that while failure is not inevitable, it's certainly evident.

Massive Transformative Purpose as the Driving Force	**BOLD Leadership**	**Culture Facilitating Strategy**	**Rich Customer Experience and Management**	**Analytics and Dashboards for Decision Making**	**Collaborations and Partnerships**
Creating sustainable value and a better future for all stakeholders (society, investors, government and regulators, customers, suppliers, and employees).	Have an engaged and visible leadership driving BHAGs (Big Hairy Audacious Goals).	Embed experimentation and structured flexibility, and foster autonomy and collaboration across the broader organization.	A "can-do"spirit, a sense of urgency, and empathy for customers across the organization with.	Artificial intelligence and machine learning for insights & decision-making across functions and organizational levels.	Co-creating Value through trust, synergy and common values with the glue of MTP.

These, we believe are the **ESSENTIAL LESSONS** for any organization to heed to improve its business performance in the ongoing disruptive and hyper-competitive era.

What key success factors amongst those identified from the success stories can you relate to? Which ones of those are visible in your organization?

And, in the same length - which key failure modes amongst those identified from the cases of downfall can you relate to? Which ones of those are visible (or worse off potentially hidden) in your organization?

Answering these 2 questions could/should be at the top of your agenda as a business leader or an entrepreneur. And, if you haven't done it already - ask yourself another key question - what's the Exponential Quotient (ExQ) of your business/organization?

If you are scoring high on the ExQ AND have more growth levers than the failure modes - WONDERFUL, **you are on the right path**.

However, if it's the other way around - it's time to reflect and ask yourself - Do you truly want to be disrupted? OR, would you like to make some conscious choices to **change your organization's destiny and become future-ready?**

How can you stay ahead of the curve?

As it's often said, every crisis is an opportunity, and never let an opportunity go waste.

It would be perhaps an understatement to say that we are living in an era of VUCA on steroids. So, if you are an entrepreneur, an intrapreneur, or a business leader, the current era is an opportunity for you to learn from the Top100 Exponential Organizations and embrace the ExO success formula of MTP + SCALE + IDEAS and lead from the front to create a new venture or nurture your existing organization (startup, scale up or an incumbent) that is future-ready, thrives and stays ahead of the curve.is an opportunity for you as a business leader to learn from the Fortune100 organizations and embrace the Exponential Organizations (ExO) success formula – to thrive and be future-ready.

OpenExO has been changing the way organizations "adopt for now," "prepare for the future," and "create the future."

Success and resilience need each other. It is that simple. And that is something we at OpenExO know a lot about.

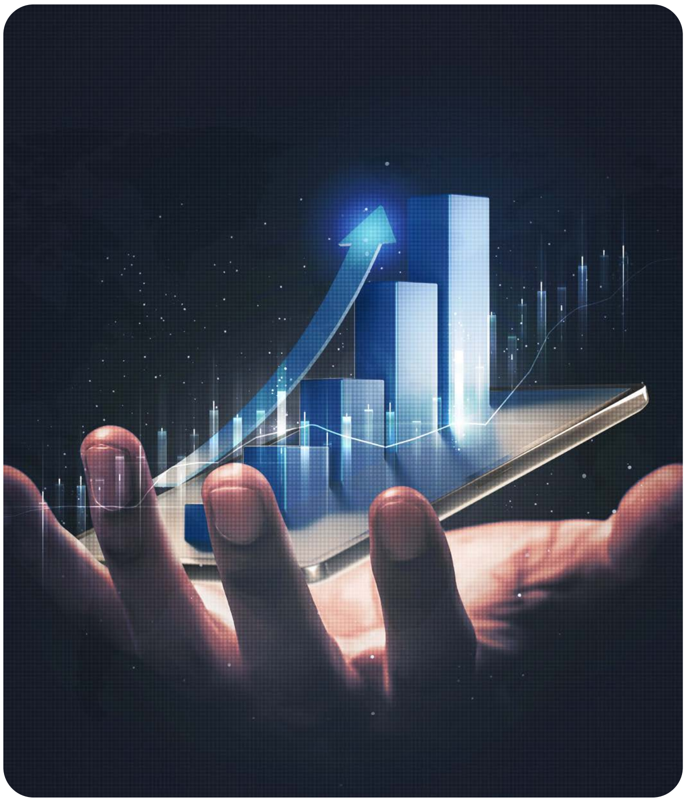
Our Exponential Quotient (ExQ) survey enables you to assess and attribute a quantifiable value to your business unit's or organization's ability to scale and adapt in real-time.

Our ExO Research and ExO Insights help business leaders understand what is at the forefront of impacting business performance to make informed decisions that enable their organizations to shift gears.

Our ExO Solutions help organizations rise above everything that the ongoing VUCA era keeps on throwing at them, embrace the exponential attributes of MTP + SCALE + IDEAS, as well as identify & deliver new growth initiatives through Exponential SPRINTs.

We have established through the analysis of the Fortune100 organizations, that being an Exponential Organization enabled some to outperform the others.

You could also change and transform the business performance of your organization, and "Be the Disruptor" instead of "Being the Disrupted."



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