



GETTING YOUR FAIR SHARE — OR MORE

How to capture exceptional value from transformational innovation



Naveen Krishnamurthy

Senior Vice President,
Executive Programs

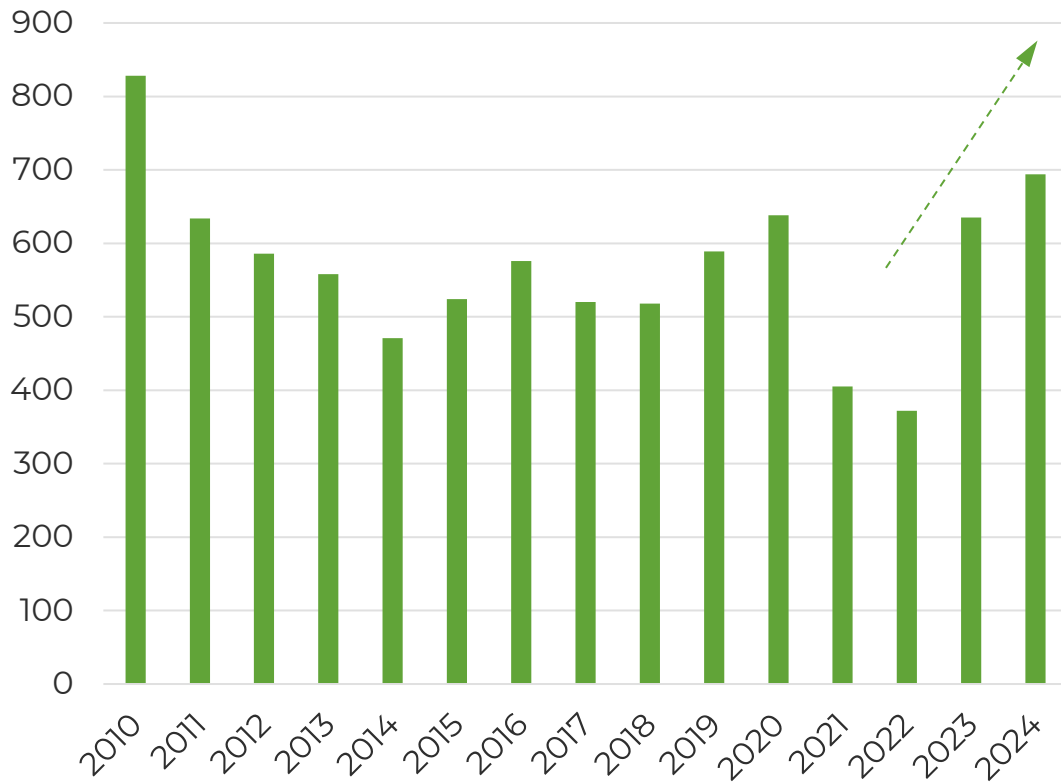


Arij van Berkel, Ph.D.

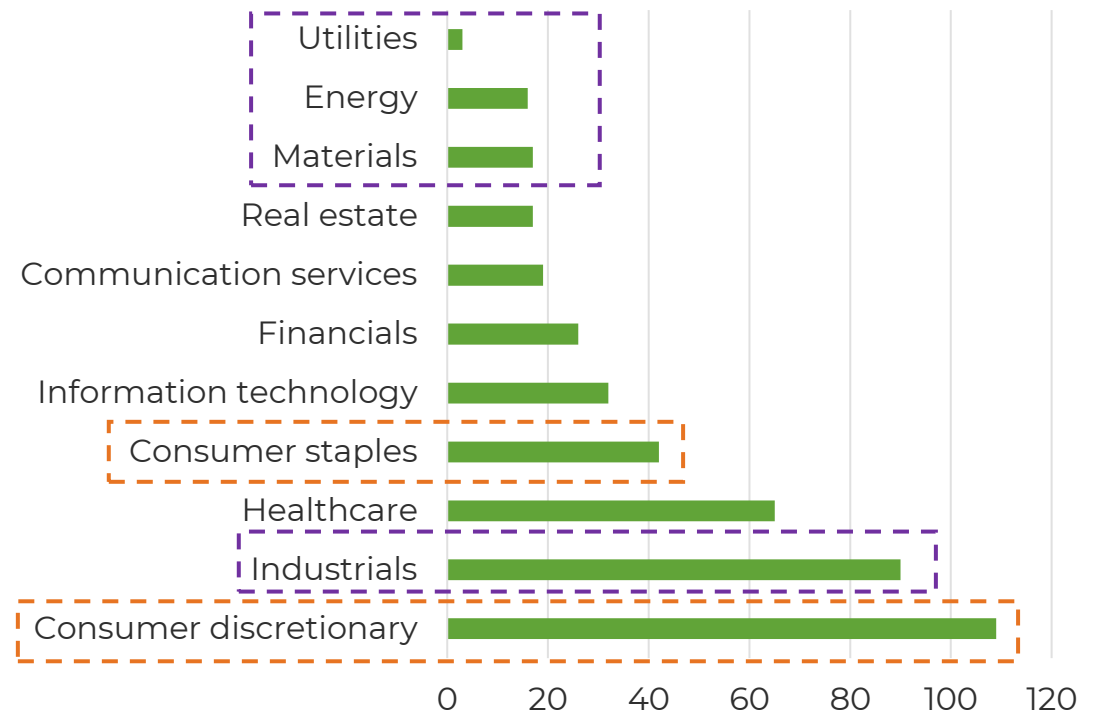
Chief Product Officer

BUSINESSES REALIZE THEY'RE A PERISHABLE COMMODITY

U.S. Bankruptcy Filings by Year



2024 Bankruptcy Filings by Industry



RECENTLY HEARD OPINIONS FROM LUX CLIENTS

“ ”

[In retail], value [segment] is growing....

“ ”

How do you make money from sustainability?

“ ”

Speed is the new IP....

“ ”

We are careful of Silicon Valley hype on technologies and products; we **use startups as a way to learn**, but we don't invest fully because we know the hype is inflated.

“ ”

How do you make money from AI?

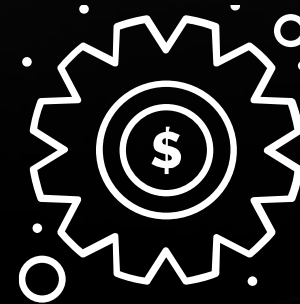
PRICE AND VALUE

“ ”

Price is what you pay; value is what you get.

Warren Buffett

WHAT IS VALUE?



	PUBLIC EQUITY INVESTOR	PRIVATE EQUITY INVESTOR	CORPORATE TECHNOLOGY SCOUT	CORPORATE R&D LEADER
WHAT VALUE "MEANS"	Investment style	Valuation of portfolio company	New technologies uncovered	New technology creation
HOW VALUE TENDS TO BE MEASURED	Total shareholder returns (Stock price appreciation + dividend reinvestment)	Share of total addressable market (TAM × share of TAM captured)	Incremental revenue (Technology-driven product/service × associated revenue)	Patent filings (Innovation = Technology solution × value created)

CREATING VALUE AND ...

Your company's costs to identify white space and emerging technologies



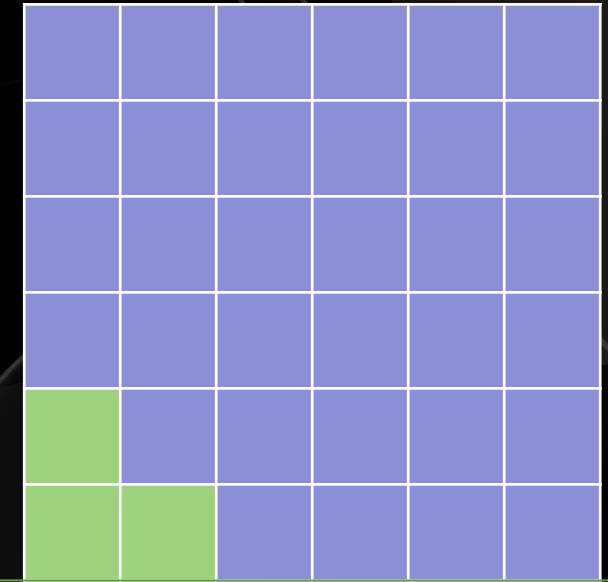
Your company's R&D costs to develop new technology in-house to pursue white space



Your company's revenues in the year of product introduction



TAM — and your company's estimated market share

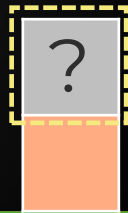


... CAPTURING VALUE

Your company's costs to identify white space and emerging technologies



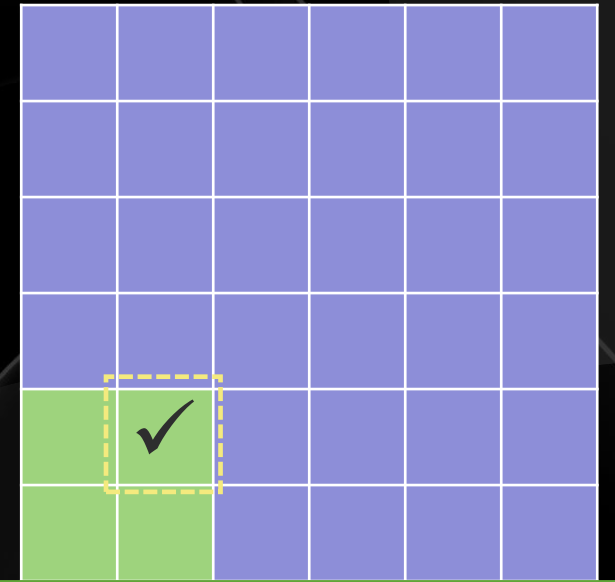
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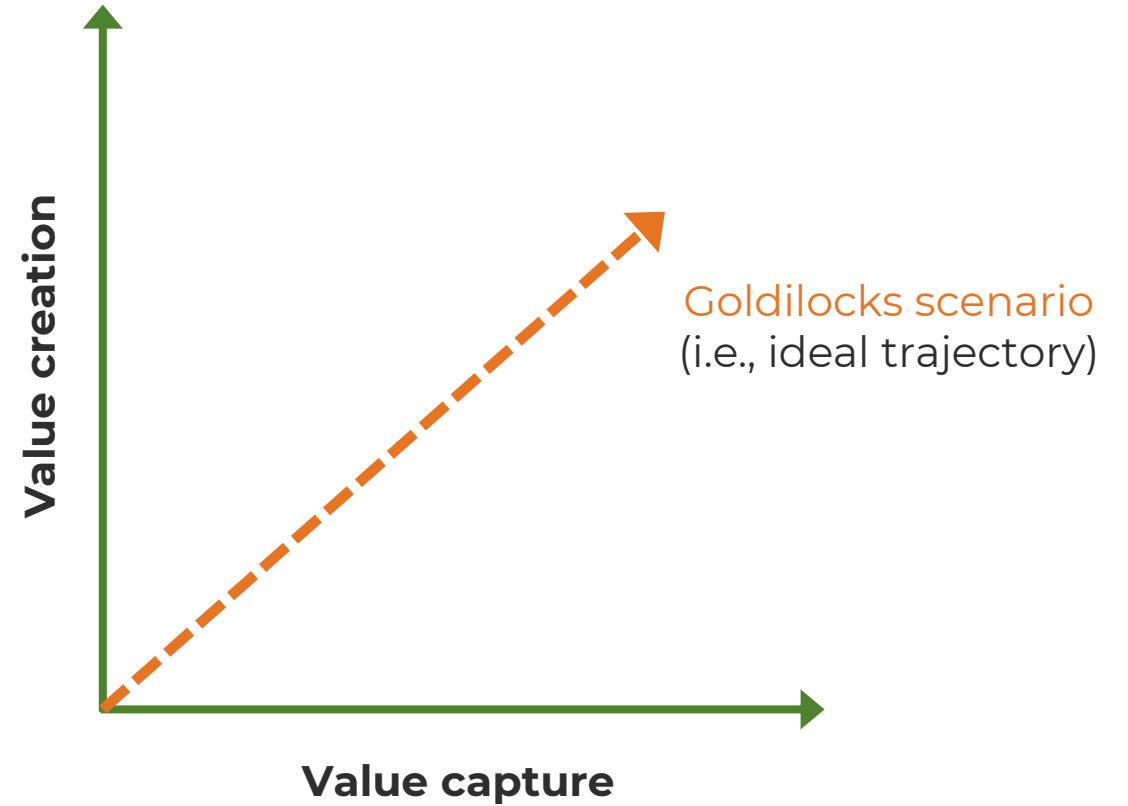
Your company's revenues in the year of product introduction



TAM — and your company's estimated market share



VALUE CREATION & VALUE CAPTURE



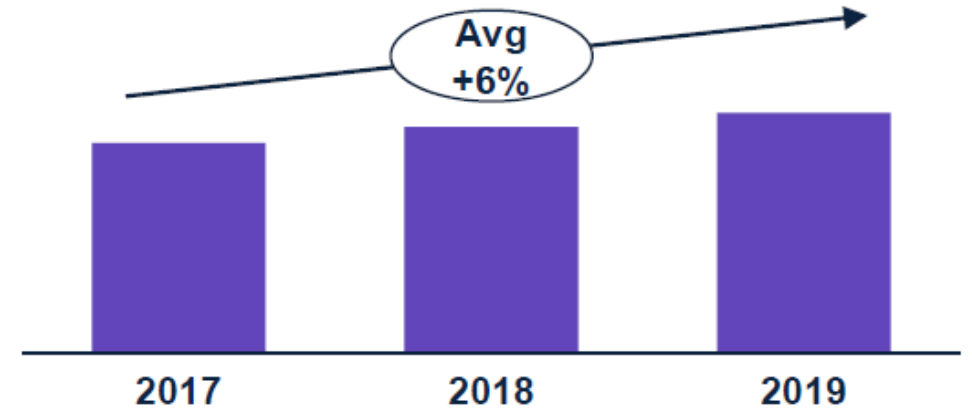
VALUE CAPTURE IN A HIGHLY COMPETITIVE INDUSTRY



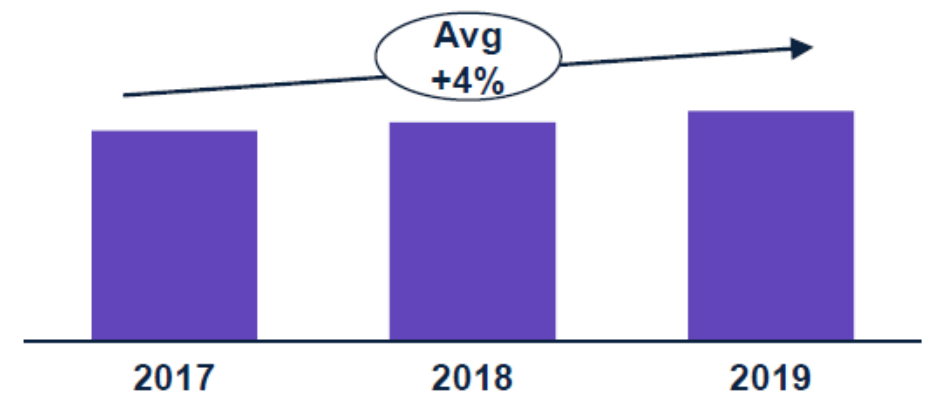
Instead of an airline that also has a loyalty business, we are becoming a loyalty business that runs an airline.

Scott Kirby
CEO of United Airlines

Miles issued by MPH (YOY)



Actual miles redeemed (YOY)



WHY NOW?

TECHNOLOGY

His Startup Is Now Worth \$62 Billion. It Gave Away Its First Product Free.

As CEO of Databricks, Ali Ghodsi has performed a series of 'strategic surgeries' to make his company one of the fastest-growing startups in Silicon Valley

CIO JOURNAL

Oreo Owner Mondelez Taps AI to Tweak Its Classic Snacks

The cookie- and candy-maker's R&D lab has gone into overdrive with AI, which is updating some of the company's treats and spinning out new iterations. (Human tasters still required.)

CIOs, CFOs clash over tech ROI, innovation budgets

More CFOs describe tech spending as "excessive" than CIOs, one sign of friction between technology and finance leaders.

Published March 19, 2025

Clariant Explores Ways to Boost Valuation After Slump, Sources Say

By [Eyk Henning](#), [Allegra Catelli](#), and [Matthew Martin](#)

April 14, 2025 at 2:50 AM EDT

Updated on April 14, 2025 at 6:17 AM EDT

Who will win in AI? DeepSeek's breakthrough stirs questions around value capture

BY **BEN HALLEN** on January 27, 2025 at 1:41 pm

"A Generational Loss of Talent" - Scientist Warns Funding Cuts in Science, Tech, and Health Undermine U.S. Leadership

By **Lynn Parramore**

MAR 5, 2025 | **GOVERNMENT & POLITICS** | **HEALTH**

EXAMPLE #1: CANNED MACKEREL



#1: PRICING AS BAROMETER



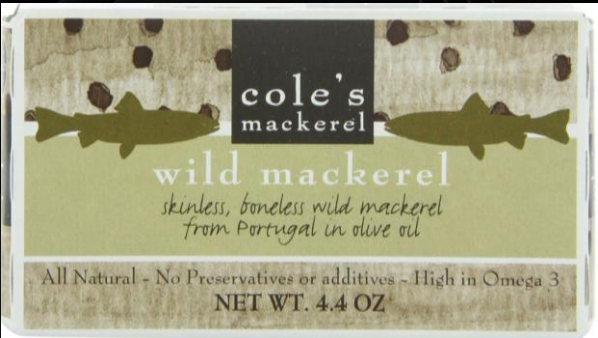
USD 14.58 per pound



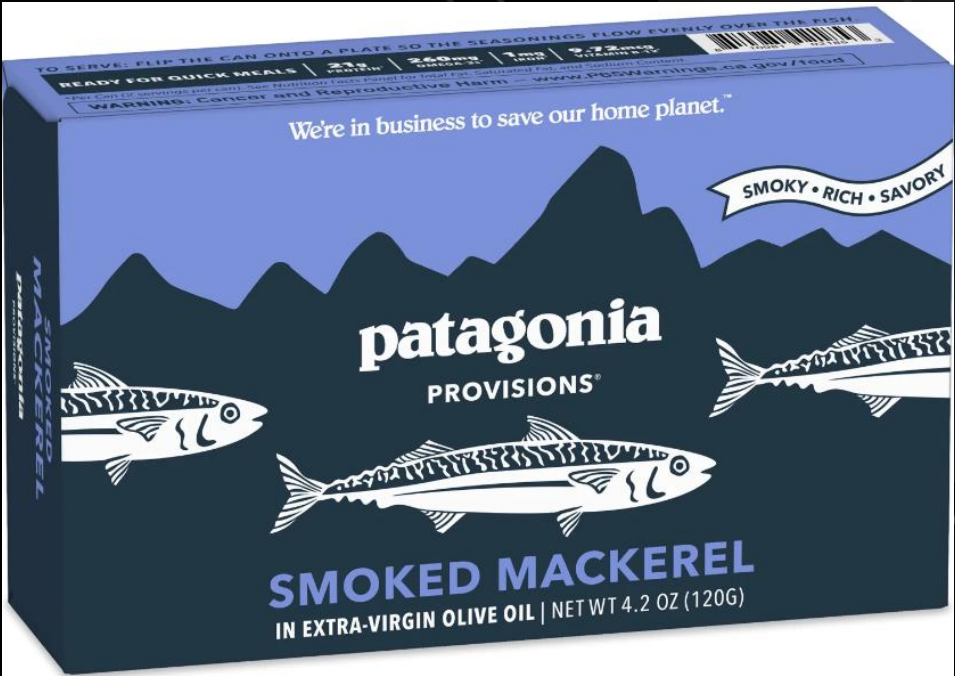
USD 17.13 per pound



USD 14.59 per pound



USD 19.97 per pound



USD 32.34 per pound

#1: BASIS OF VALUE



patagonia
PROVISIONS



Nutrition Facts Servings: 2, **Serv. size: 1/2 can (60g),**

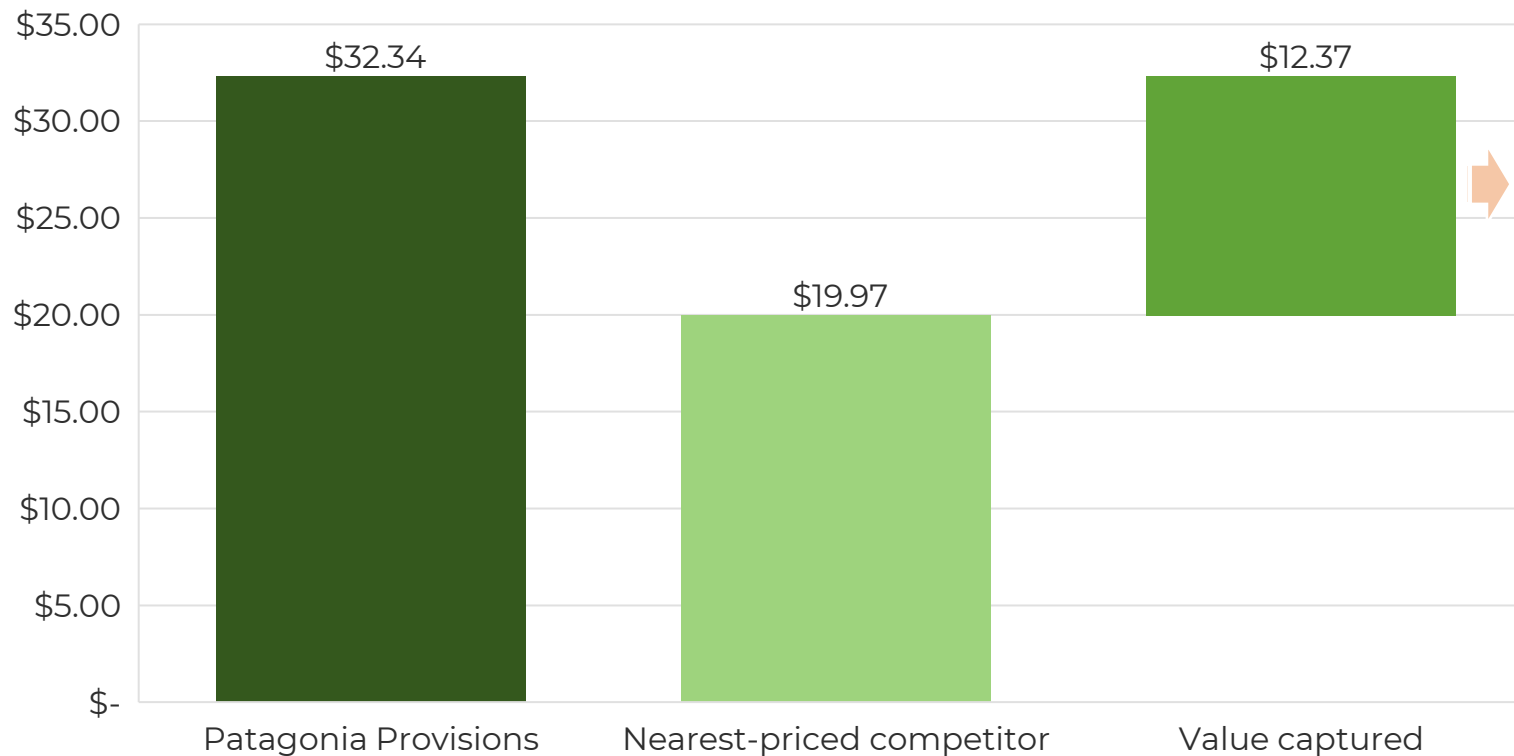
Amount per serving: **Calories 220**, **Total Fat** 20g (26% DV), Sat. Fat 3.5g (18% DV), *Trans* Fat 0g, **Cholest.** 25mg (8% DV), **Sodium** 310mg (13% DV), **Total Carb.** 0g (0% DV), Fiber 0g (0% DV), Total Sugars 0g (Incl. 0g Added Sugars, 0% DV), **Protein** 11g (21% DV), Vit. D (0% DV), Calcium (0% DV), Iron (2% DV), Potas. (4% DV), Vit. E (30% DV), Niacin (25% DV), Vit. B-12 (200% DV), Selenium (45% DV).

INGREDIENTS: MACKEREL, ORGANIC EXTRA-VIRGIN OLIVE OIL, SALT, NATURAL WOOD SMOKE.
CONTAINS FISH (MACKEREL).

DISTRIBUTED BY: PATAGONIA PROVISIONS, INC. SAUSALITO, CA 94965 (888) 221-8208 **PRODUCT OF SPAIN** 021853-R003

#1: BASIS OF VALUE

Pricing Power Exercised by Patagonia Provisions in Canned Mackerel



- Superior marketing?
- Packaging aesthetics?
- Provenance?
- Convenience?
- Nutrition?
- Taste?
-
-

#1: COMPANY ORIGINS



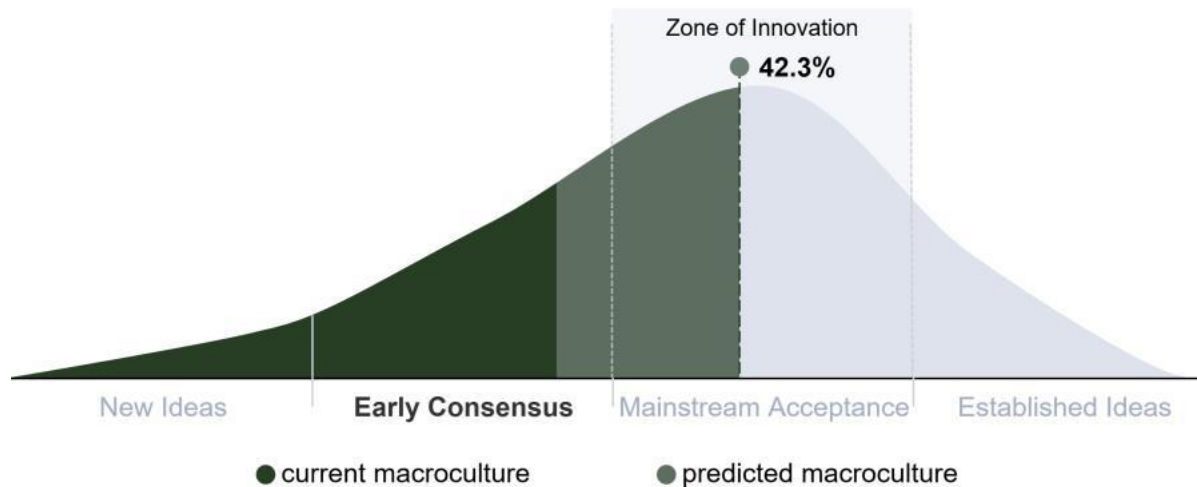
#1: MATURITY CURVE

Macroculture: canned fish, Patagonia provision

Maturity Curve

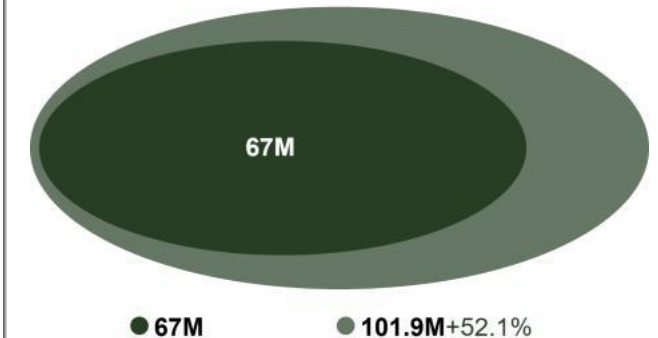
27.8%

current



The farther right a topic sits on the maturity curve, the more consistently it is understood by consumers to mean something to them in their lives. The maturity curve and population size function as important indicators of timing and level of opportunity.

Population

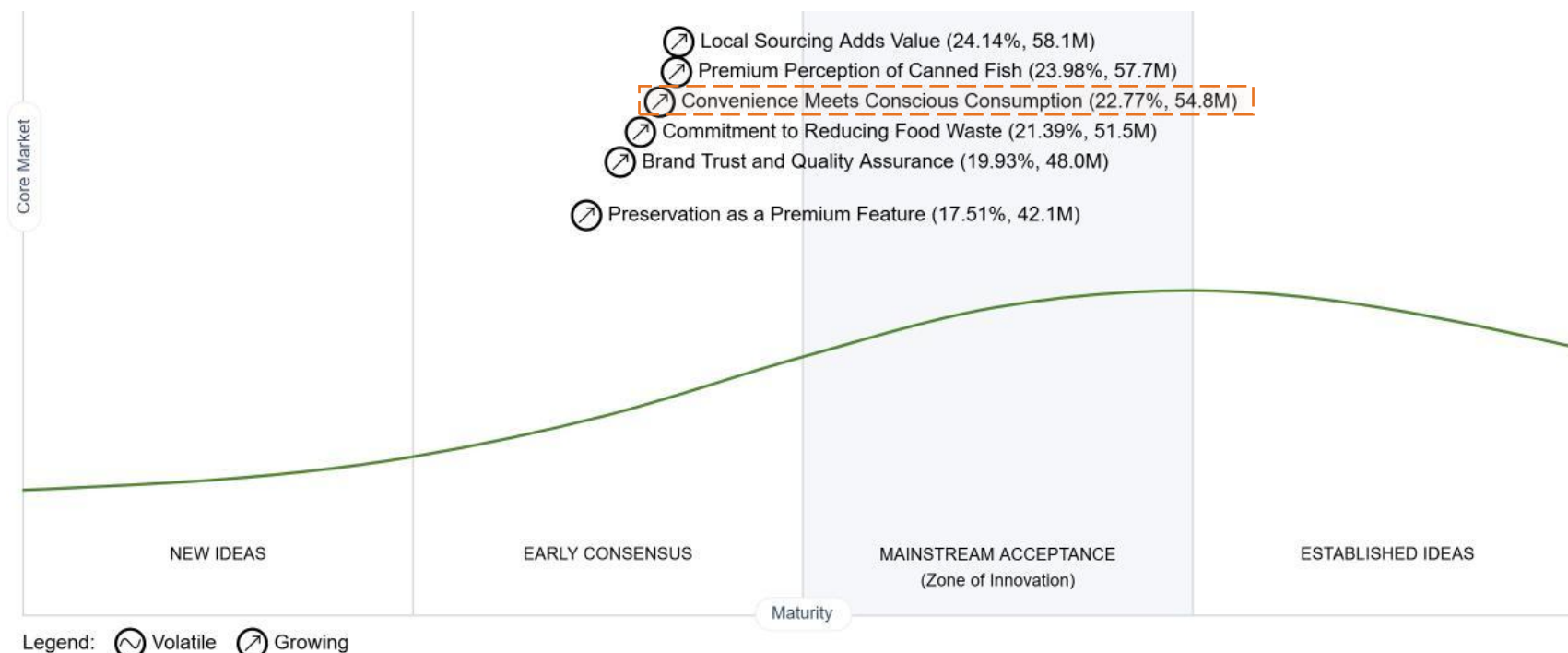


This topic scores 27.8% on the maturity curve and is expected to expand to 42.3% in 12–24 months.

This culture is currently relevant to 67M people and is expected to grow by 52.1% in 12–24 months.

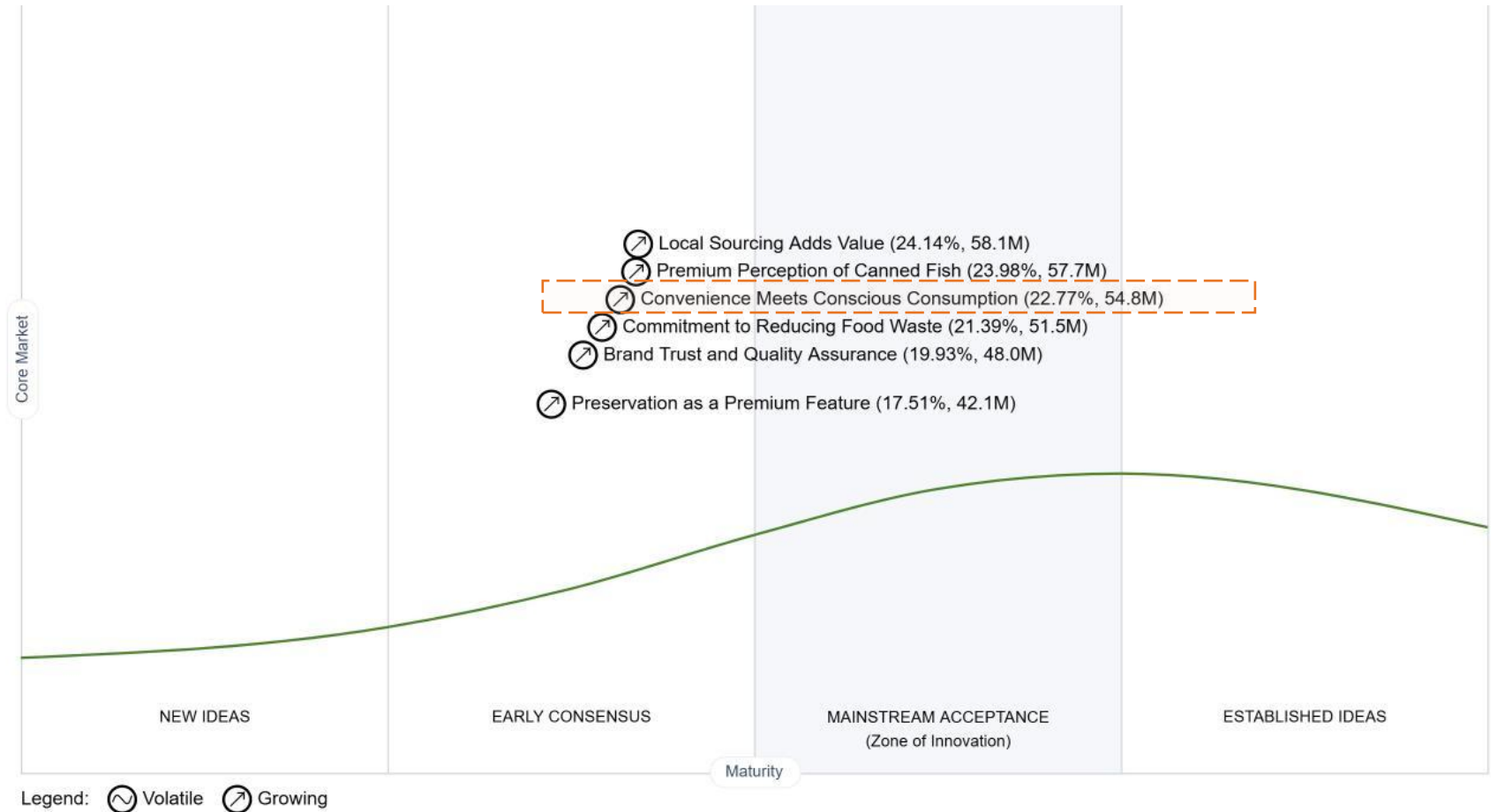
#1: THE POWER OF THEMES & SYMBOLISMS

WHY CAN
PATAGONIA
PROVISIONS
CHARGE A
PREMIUM FOR
CANNED FISH?



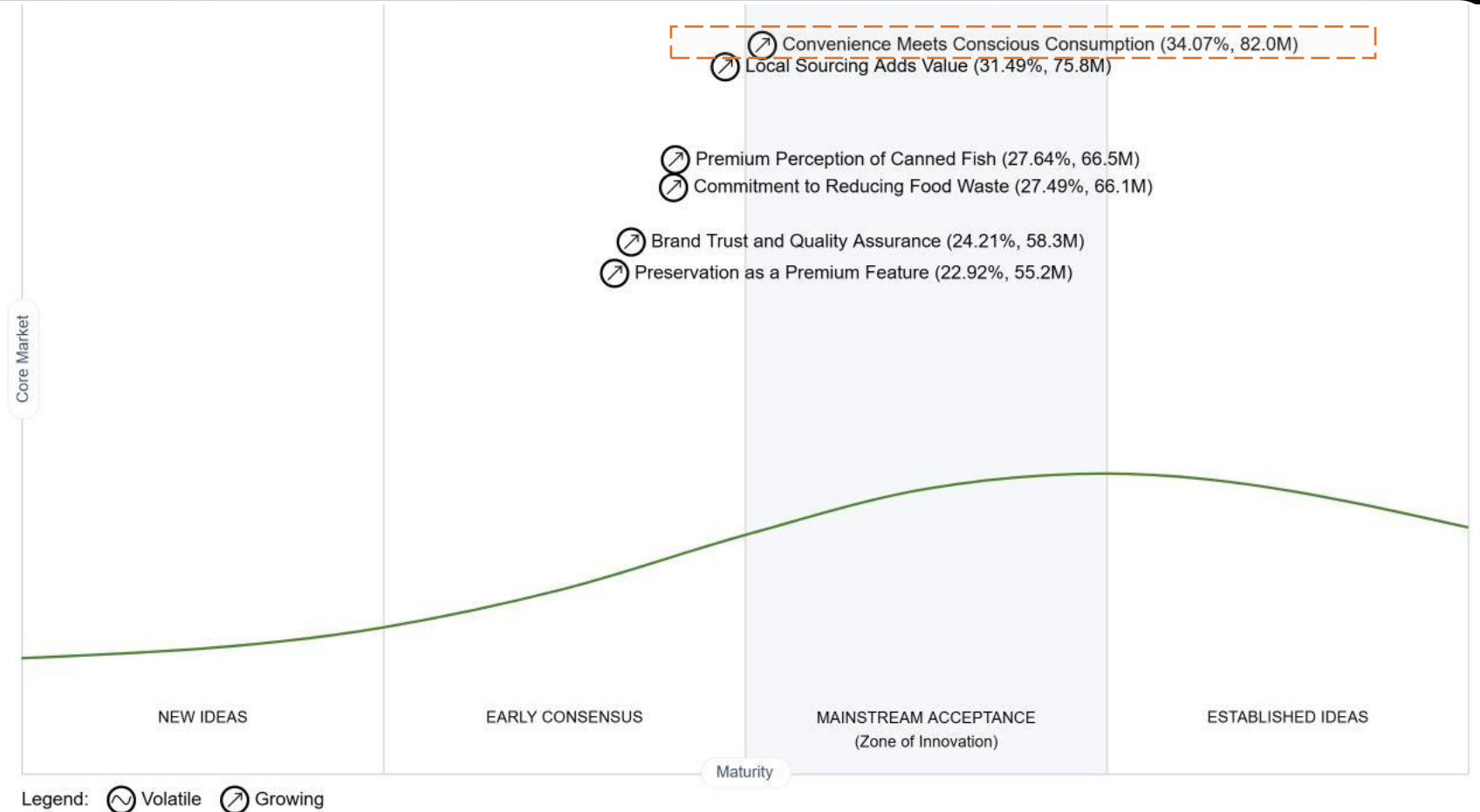
#1: EVOLUTION OF THEMES

Current State



#1: EVOLUTION OF THEMES

Future State



#2: POSITIONING TO CAPTURE

DOW CORNING

*We help you
invent the future.™*

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Dow Corning's silicon-based technologies help you invent the future.

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Integrity Since 1943

Doing business with integrity has been Dow Corning's commitment since the company was founded. The silicon leader's Code of Conduct, published in thirteen languages and distributed to employees worldwide, describes the company's vision, values, and other fundamental principles that guide the behavior of all its employees every day on the job. [Read more](#)


Extended life for underground cables
Underground utilities keep modern communities connected without the poor aesthetics and environmental exposure of utility poles and suspended cables. But maintenance and replacement can be expensive and time consuming. Dow Corning developed product and process technology to repair the insulation in place, minimizing cost and disruption. [Read more](#)



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#2: POSITIONING TO CAPTURE



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XIAMETER™ PMX-0156 SILANOL FLUID	\$1.95/kg	DETAILS >
XIAMETER™ PMX-0110 CYCLOSILOXANE	\$1.95/kg	DETAILS >
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#2: POSITIONING TO CAPTURE

DOW CORNING

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invent the future.™*

Site Search Search



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X5
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#2: POSITIONING TO CAPTURE

The screenshot shows the Dow Corning website. At the top is the "DOW CORNING" logo. Below it is a teal banner with the tagline "We help you invent the future.™". A site search bar is located below the banner. The main content area features a large image of three children in lab coats and safety goggles. To the right of the image is a section titled "Silicones. Services. Solutions." with a sub-header "Dow Corning's silicon-based technologies help you invent the future." Below this is a paragraph about the company's commitment to integrity since 1943 and its Code of Conduct. To the right of this paragraph is a section titled "Extended life for underground cables" with a sub-header "Underground utilities keep modern communities connected without the poor aesthetics and environmental exposure of utility poles and suspended cables. But maintenance and replacement can be expensive and time consuming. Dow Corning developed product and process technology to repair the insulation in place, minimizing cost and disruption." Below this is a "Read more" link. At the bottom of the main content area is a section titled "Solutions from Dow Corning" with a sub-header "See how we can help you invent the future. Read more". Below this is a small image of a soccer player. At the bottom of the page is a footer with links for "Media Center", "Careers", "Site Map", and "Other Dow Corning Websites".

DOW CORNING

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- Invites interaction
- Emphasizes expertise and innovation

The screenshot shows the Xiameter website. At the top is the "XIAMETER™" logo with the tagline "silicones simplified by Dow". Below the logo is a navigation bar with links for "FIND PRODUCTS", "BUY PRODUCTS", "MEET US", "TOUR SITE", "READ NEWS", "LEARN THE RULES", and "GET ANSWERS". To the right of the navigation bar is a link for "Account Login // Contact Us // My Account // Home". The main content area features a large "X5 YEARS" graphic. To the right of the graphic is a section titled "XIAMETER™ BENCHMARK PRODUCT PRICING: (Members only.)" with a table of product prices. Below the table is a link for "See more prices in our Product Catalog." and a note "Prices Updated 04 Dec 2003". To the right of the pricing table is a section titled "ACCOUNT LOGIN" with fields for "E-mail" and "Password" and a "GO" button. Below the login fields are links for "Member Registration" and "Forgot your password?". To the right of the login section is a section titled "GET SOME INFO" with a paragraph about buying large volume quantities and a link for "learn more". Below this is a section titled "XIAMETER™ News" with a list of recent news items and a link for "more news". At the bottom of the page is a footer with the copyright notice "Copyright © 2004 Dow Corning Corporation." and links for "Help", "Site Terms", and "Privacy Policy".

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- Gets straight to business
- Emphasizes efficiency and speed

CREATING VALUE

Increasing willingness to pay boosts revenue by raising prices and expanding the attainable group of buyers

Reducing cost expands the attainable group of buyers and increases the value



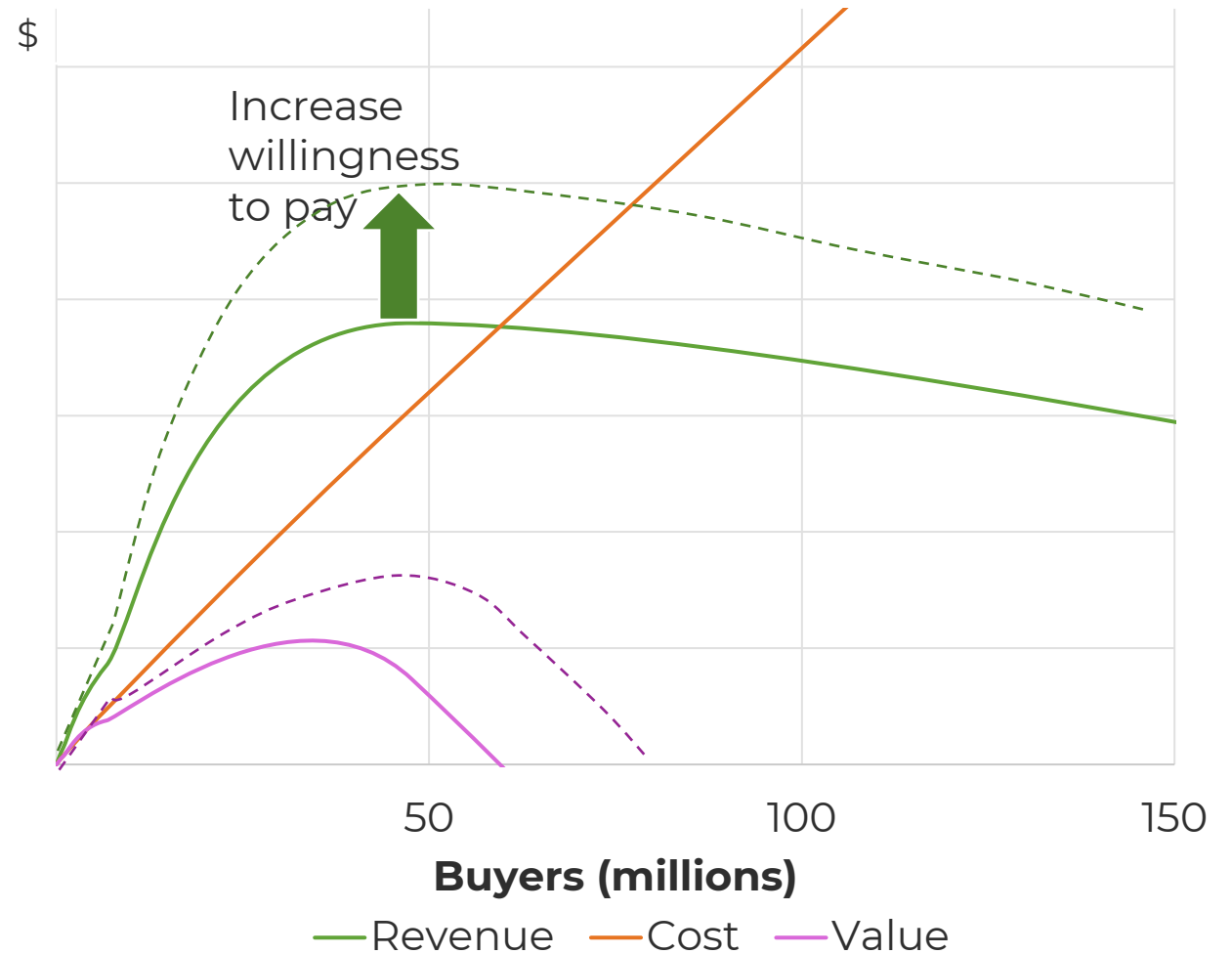
PATAGONIA PROVISIONS

Create value:

Premium offering in taste and sustainability

Capture value:

Brand credibility enables sales with sustainability and quality claims



DOW CORNING XIAMETER

- Capturing each other's value
- Dow Corning's premium product elevates willingness to pay
- Xiameter's volume reduces costs



CREATION-AND-CAPTURE FRAMEWORK



Be very clear about how you create value



Determine your position on the map



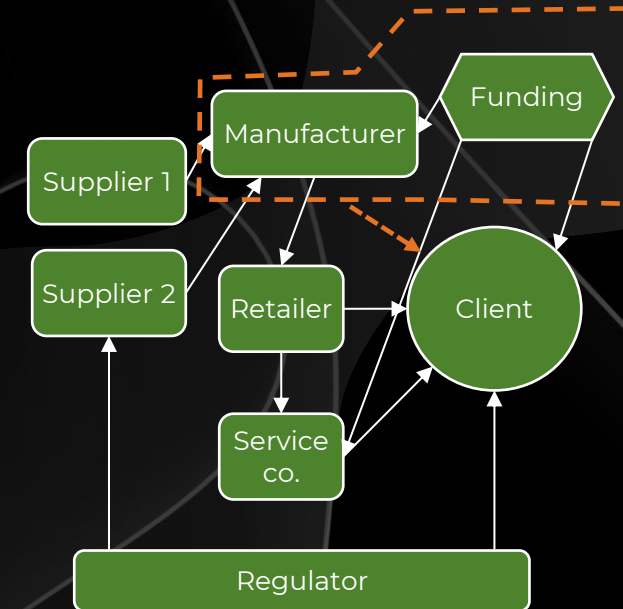
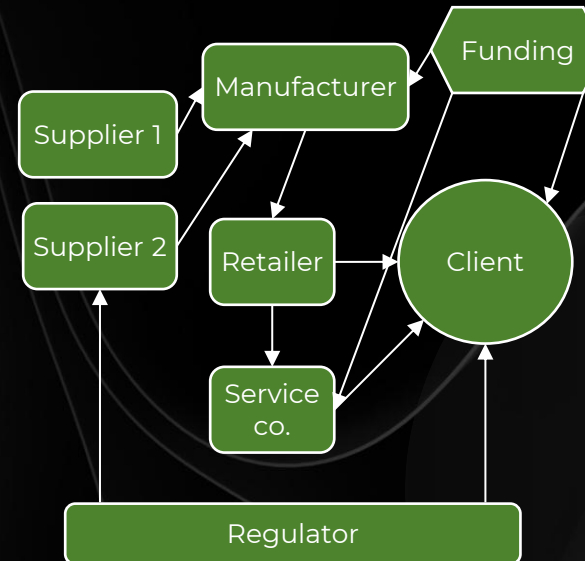
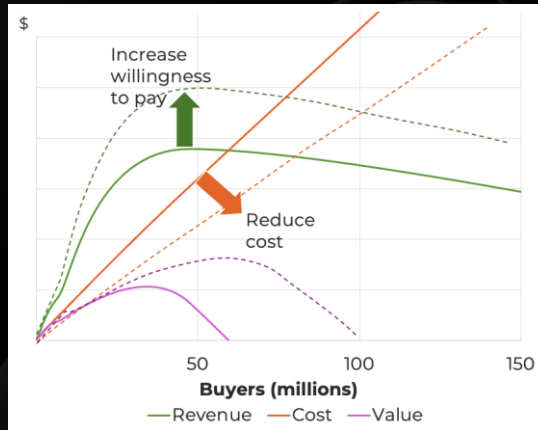
Map the ecosystem around your product



Design your value capture

“Because the purpose of business is to create a **customer** the business enterprise has two – and only two – basic functions: **marketing** and **innovation**. Marketing and innovation produce results; all the rest are costs, Marketing is the distinguishing, unique function of the business.”

PETER DRUCKER



KEY TAKEAWAYS

1

Build assets to capture value.

While innovation creates value, your assets determine value capture. Assets include capital assets and soft assets like brand image and credibility.

2

Use the framework in known ecosystems.

The value-creation-and-capture framework is very powerful when you know the price curve and the ecosystem structure. Disruptive or completely new innovations require another approach.

3

Use consumer insights to increase willingness to pay.

Consumer insights help you assess if a certain product change may increase willingness to pay. Use them to guide your development.



THANK YOU



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The “Lux Take” is trusted by innovation leaders around the world, many of whom seek our advice directly before placing a bet on a startup or partner — our clients rely on Lux insights to make decisions that generate fantastic business outcomes. We pride ourselves on taking a rigorous, scientific approach to avoid the hype and generate unique perspectives and insights that innovation leaders can’t live without.



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