

Knowledge Innovators: *Leveraging Global Opportunities*

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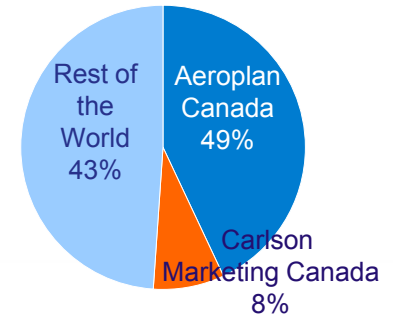


Groupe Aeroplan

The Global Loyalty Marketing Leader



Consolidated
Turnover: \$2.2B
(F2010)



Proprietary Loyalty Services



GA Ownership
2009

Founded: 1938

- Loyalty Marketing services
- Events and Entertainment
- Reward program operations
- Decision Sciences
- Over 2000 employees
- Territory: Global

Data Analytics



GA Ownership
2007

Founded: 2007

- Long term relationships with Sainsbury's & over 100 FMCGs
- Over 130 relationships based in 7 countries, including:
 - CVS in US
 - COLES in Australia
 - MIGROS in Switzerland

Coalition



GA Ownership
2001

Founded: 1984

- Over 4M active members,
- Over 75 earn / 150 brands
- Over 600 non-air rewards
- More than 1,200 Employees
- Customer level insights
- Multi channel communication



GA Ownership
2007

Founded: 2002

- 17M collectors / over 50% UK HH
- 14 earn partners & 450+ online
- 16 burn partners
- Unique 360° customer insight
- Multi channel communication



75% GA Ownership
2010

Founded: 2010

- 5.7M 1st swipes by end of year 23% of Italy HH
- 8 earn partners (now Unicredit)
- Grocery, gas, bank, electronics, financial, car rental
- Strong eStores proposition and Quixa (insurance)



60% GA Ownership
2007

Founded: 2001

- Operating in 7 countries
- 130 partners
- HSBC core partner and 40% shareholder
- Multi channel communication



Minority GA Investment
2010

Founded: 1996

- Operating in Mexico
- Grupo AeroMéxico partner and majority shareholder
- Major Amex relationship
- 2.5M members

The Allure of Innovation

No silver bullets

Accenture: Largest Barriers to Innovation*

Changing the organizational culture	30.6 %
Reducing time to market for an innovation	30.1 %
Transforming ideas into marketable goods/services	28.6 %
Creating the proper execution strategy	25.6 %
Getting teams to work together better	23.3 %
Identifying changes in customer behavior or emergent and unmet needs	23.0 %
Creating the proper incentives to maximize creativity among employees and external partners	20.1 %

McKinsey Global Innovation Survey**

Ensuring innovation is tightly managed with a formal process can boost performance:

✓ Companies that set formal innovation priorities are more likely to say they are better at innovation than their peers (63% versus 43%).

✓ 45% of those companies who set formal innovation priorities say they are good at commercializing innovation; 56% at companies with formalized commercialization processes (versus 39% of others).

* Accenture: Overcoming Barriers to Innovation. Emerging role of the Chief Innovation Executive

**2010 McKinsey Global Survey - Innovation & Commercialization

Survey results from 2,240 Executives around the world representing full range of industries, regions, functional specialities & seniority

Essential components of corporate innovation

- Innovation encompasses a broad range of **commercial and social** applications
- Produces knowledge that delivers **new or improved outcomes**

Idea Generation

Grass roots idea generation and capture

- Enterprise idea generation tools to engage employees
- Facilitate idea capture and sharing
- Enable automated 'idea triage'

Focused Innovation Challenges

- Short, intense focus on critical business issues
- Enabled through tools and methodologies provided by central Innovation team

Leveraging of external experts

- When game changing innovation required

A multi-pronged approach to employee incentives

- Monetary or other rewards
- Recognition by senior leaders
- Development opportunities

A staged approach to employee engagement

- Reward grass-roots idea generation
- Reward collaboration
- Reward ideas that become products and services

Rewards

Knowledge Innovators

...harvest and distribute knowledge

Places and processes to facilitate

- **Experience Database**
 - *A place to locate knowledgeable experts*
- **Centres of excellence**
 - *A process to nurture and mobilise communities. A place to exchange, expand, capture knowledge*
- **Broadcast channels**
 - *Internal, brand and independent channels to disseminate knowledge*

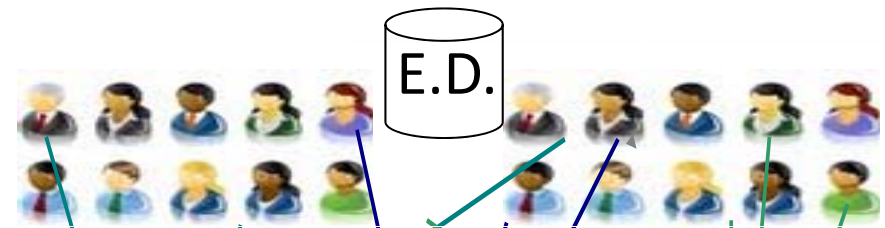


E.D. – Experience Database

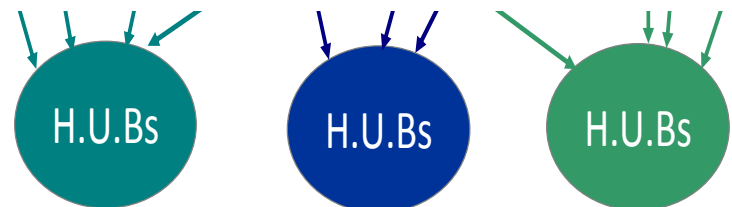
H.U.B.s – Harvest Use Build

R.I.C.K.s – Research Inform Communicate knowledge

LOCATE EXPERTS



MOBILISE & HARVEST



BROADCAST KNOWLEDGE



Knowledge Innovators

...focus on strategy, accountabilities, and processes

1

Innovation Strategy and Investment Funds

- Articulate key priorities aligned with corporate strategy
- Invest to fund target innovations

2

Execution and oversight

- **Executive accountability**
- **Innovation Team**
 - Cross-pollination across regions/LOBs
 - Idea triage
 - Direct development of 'blue ocean' innovation

3

Tools and enablers

- **Idea generation tool kit**
- Software to capture ideas at grass roots
- Reward structure to reward idea generation and commercialization

4

Process and framework

- **Stage-gate process**
- Scalable and flexible
- Accelerates success rate
- Focuses resources on best opportunities

Knowledge Innovators

.... enjoy real global advantages

Global Enablers

- Knowledge easier to 'export' than products
- Business benefits from 'evolutionary leaps' in developing regions
- Leveraging technology in a virtual 24/7 construct
- Capital has no boundaries
- 'Innovate or die' in most knowledge industries

Organizational Imperatives

- Shareholders demand smart use of limited resources/capital
- Customer demands always change
- Talent follows innovation
- Repeated challenges enrich outcomes

Knowledge Innovators

.... can be better recognized

- Identify and celebrate Canadian 'success stories' on international platforms
- Establish centres of business/industry excellence within academic frameworks
- Deploy proven practitioners to emerging markets (business ambassadors not career diplomats) as condition of economic aid
- 'In-source' global entrepreneurs to Canadian businesses in structured and cross-learning programs

Thank you