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## ExOs: 18 Implications & Opportunities

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# The Tech Blog

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## ExOs: 18 Implications & Opportunities

Exponential Organization (ExOs) are operating 10x faster... So, what are their implications in the business world? And how can you create your own ExO?

That's the focus of today's blog, the last (and the conclusion) of my 13-part series on ExOs.

Today, I'll share the 18 implications of the ExO model for business and summarize several concrete steps you can take to create your own successful ExO.

***Let's dive in...***

**NOTE:** Understanding how to turn your business into an ExO and increase your growth and impact is a key component of my [year-round Abundance360 leadership program](#).

## **18 Key Lessons of the ExO Model**

Here are the key implications of the ExO model and ecosystem:

### **#1. Information Accelerates Everything**

The shift from analog to digital technologies over the past 40+ years has drastically accelerated the pace at which products, companies, and industries evolve.

A striking example:

- In 1995 there were 710 million rolls of photographic film developed (from film!).
- By 2005, the industry surged to ~200 billion digital photos (= to 8 billion film rolls).

- Today, Snapchat, Facebook/Meta, and Instagram upload nearly **5 billion photos daily**.

This trend of “virtualizing” industries is proliferating exponentially, especially as software systematically analyzes and automates data from various processes.

## **#2. Drive To Demonetization**

The internet revolutionized business by drastically reducing marketing and sales costs, allowing giants like Amazon and eBay to scale rapidly.

In the era of ExOs, supply costs also plummet, with firms like Uber and Airbnb scaling with almost zero marginal costs, contrasting traditional industries.

As all sectors become information-based and access trumps ownership, reshaping industries from music to hotels.

Example: This shift is evident when Rio's Olympics favored Airbnb partnerships over building 60,000 hotel rooms.

## **#3. Disruption is the New Norm**

In *The Innovator's Dilemma*, Clayton Christensen emphasized that established industry players often fail to counteract disruptive innovation. Today, *newcomers, unhindered by legacy systems, leverage the democratization of technology to quickly disrupt markets.*

Example: Solar energy exemplifies this, with its cost-performance *doubling every 22 months*, reaching significant market shares rapidly, as seen in the Netherlands.

Industries from automotive to real estate face similar disruption, with Tesla's monumental success and evolving technologies like drones and blockchain underscoring this trend. The exponential growth, catalyzed by technology intersections and community engagement, has transformed Christensen's theory into an undeniable reality.

#### **#4. Beware the “Expert”**

As I've said before, “An expert is somebody who tells you exactly *why something can-not be done.*”

In exponential times, innovations often arise from outsiders, not domain experts.

Example: Historical examples like horse-and-buggy producers not inventing cars highlight this. Kaggle's over 200 competitions exemplify this, with industry newcomers consistently outperforming veterans.

While data scientists, termed “geeks” by Andrew McAfee, rise in relevance, the role of seasoned experts or “HiPPOs” (or highest paid person’s opinion) will dramatically change, perhaps being a better “question asker” than solution giver.

## **#5. Death to the Five-Year Plan**

Traditional five-year plans are obsolete in today's fast-paced world.

Example: TED's flexible approach enabled over 3,000 annual TEDx events, surpassing ambitious forecasts. Exponential Organizations (ExOs) thrive by setting broad visions, adopting short-term plans, and adapting in real-time, ensuring success in an unpredictable environment.

## **#6. Smaller Beats Bigger**

In the era of ExOs, smaller teams are outpacing their larger counterparts. Historically, giants like Google and Facebook grew by evolving into platforms and ecosystems.

However, companies like Airbnb and OpenAI exemplify agility, achieving outsized impacts with lean teams.

Example: OpenAI's ChatGPT emerged from just 2-4 individuals, and the entire team of ~300 people outperformed the many AI tech giants

with tens of thousands. This shift suggests a future dominated by nimble, smaller enterprises, redefining success in the modern business landscape.

## **#7. Rent, Don't Own**

Embracing a "Rent, Don't Own" philosophy, modern entities leverage cloud computing, avoiding heavy IT investments, and benefit from big data insights.

Example: With 2,000 global Fablabs, small teams access tools like 3D printers, exemplified by Square's prototype. This mindset, moving from balance sheet to P&L emphasis, boosts ExO agility. Apple and Alibaba's outsourcing strategies also reflect this trend, prioritizing profits over ownership.

## **#8. Trust Beats Control and Open Beats Closed**

As we've seen in this ExO series, Autonomy reigns supreme in an ExO environment.

Millennials, valuing independence and digital savviness, resist hierarchies.

Example: Google's transparent OKR system highlights this openness, while tools like Slack and Teamly harness real-time collaboration. As predictability dwindles, scaling trust becomes crucial in an abundance economy.

## **#9. Everything is Measurable and Anything is Knowable**

In the ongoing sensor revolution, devices once the size of shoeboxes now fit into smartphones, costing merely 35 cents.

Examples: Today's BMWs have 2,000 sensors, aircraft engines boast 3,000, and over 8 billion mobile phones capture real-time events globally. Companies like Beyond Verbal analyze voice nuances with 85% accuracy. Nanosatellite firms launch real-time imaging satellites, and innovations like laser spectroscopy, explored by Apple and SCiO, diagnose health conditions.

As technology accelerates, everything becomes measurable, reshaping business models and forecasting a future where all becomes knowable.

## **#10. Everything Will be Smart**

In the AI-dominated future, every device, system, and industry will embed AI, automating nearly all processes.

We've already begun replacing human roles with AI in areas like manufacturing, fraud detection, and e-commerce. Soon, entire organizations, even traditionally human-centric professions, will run as powerful AI algorithms.

Example: Leading AI platforms in 2023 include Google's Bard, Amazon SageMaker, and OpenAI's GPT-4. Ignoring this AI transformation jeopardizes company survival; those fully utilizing AI will thrive. This era will usher in AI-managed Decentralized Autonomous Organizations (DAOs), reshaping company structures and scaling decentralized systems for future ExOs.

## **#11. Decentralization and DAOs**

Decentralization in ExOs leads to the rise of Decentralized Autonomous Organizations (DAOs) using attributes like Autonomy and Interfaces.

Example: Bitcoin.

MTP-centric DAOs are predicted to dominate the 2030s, addressing global challenges like the UN's Sustainable Development Goals.

## **#12. ExOs Create Serendipity and Flow States**



Exponential Organizations maximize serendipity by blending opportunity with preparation.

They drive passion with MTPs, embrace risk, and foster innovation, facilitating unexpected discoveries. Decentralization enhances diverse inputs, promoting non-linear breakthroughs.

Example: When COVID-19 surged, Zoom's CEO Eric Yuan was poised for success, embodying the ExO model's advantages. ExOs essentially cultivate organizational flow states, turning luck and serendipity into tangible outcomes.

### **#13. Cryptoeconomics and Web3**

In the post-Gold Standard era, fiat currencies became debt-based, facilitating economic expansion but also fueling inflation.

This model clashes with technology's deflationary nature, as highlighted by Canadian entrepreneur Jeff Booth's observation: every \$1 in GDP growth is coupled with \$4 in debt.

Example: Enter Bitcoin, promising monetary velocity without debt. Coupled with Web3 and smart contracts, this crypto framework heralds a democratic financial shift. For example, my friend Michael Saylor, MicroStrategy CEO and Bitcoin proponent, exemplifies this with "MicroStrategy Lightning Rewards," offering Bitcoin-based rewards, signaling a transformative approach to incentivization.

## #14. Technological Socialism

American scientist, filmmaker, and AI entrepreneur Dr. Harry Kloor coined the term "Technological Socialism," which envisions technology—not government—overseeing communal resources and serving the populace.

Example: Platforms like Uber and YouTube exemplify this, as algorithms efficiently match supply with demand, bypassing traditional socialism's issues of corruption and inefficiency. This future model, supported by AI, sensors, and networks, promises effective resource distribution and societal well-being through decentralized decision-making.

## #15. Data-Driven Leadership

Leaders of the 20<sup>th</sup> century valued domain expertise gained through hard-work and experience. *Today's greatest leaders are "data-driven decision makers,"* valuing real-time information over intuition.

Example: A global supply chain head at BMW would've risen through the ranks, understanding every supplier nuance—first starting regionally on a particular part, the a specific car model, and with enough experience, eventually rising to a global level.

Successful leaders now harness technology, analyze varied data sources, prioritize rapid experimentation, and ask impactful questions. In this digital era, practices like A/B testing in digital interactions become essential for modern, evidence-based decision-making.

## **#16. Transformation of the C-Suite**

C-suite transformations are imminent in ExO-oriented companies, marked by two significant shifts:

- Example 1: Traditional COOs are evolving into CXOs, or Chief Exponential Officers, whose primary responsibility will be implementing Exponential attributes throughout the organization.
- Example 2: The advent of a Chief AI Officer role will be vital, dedicated to monitoring emerging AI trends, establishing partnerships, acquiring licenses, training employees, and seamlessly integrating AI across all levels of the ExO.

## **#17. Unbundling and Rebundling**

In the 20th century, organizations predominantly revolved around profits, government entities, or nation-focused NGOs. However, there's a paradigm shift in the 21st century, as organizations now pivot towards Sustainable Development Goals, targeting Global Grand Opportunities.

Example: This transformation requires unbundling traditional structures, as witnessed in the banking industry's fragmentation.

Customers now rebundle services to suit their specific needs. As industries evolve, these new organizations, powered mainly by AI, will reorient around interests like SDGs, with ExOs leading the way, bolstered by their communities.

## **#18. Government Departments as ExOs**

Even the most linear of all, government departments, are beginning to embrace the ExO model. While traditionally perceived as slow-moving, governments, with their massive citizenry and extensive public data, are naturally poised for transformation.

Example: India's Unified Payments Interface (UPI), an ExO-inspired service, which offers a secure payment system that processes over \$100 billion monthly and is used by hundreds of millions of people. It's a neutral, low-cost platform adopted globally, underscoring the ExO model's immense potential for public sectors.

## **12 Steps to Creating a Successful ExO**

So, with all these lessons in mind, how can you create your own successful ExO?

The following is a summary of the 12 steps for building an ExO. (You can find more details on each step in the book [\*Exponential Organizations 2.0.\*](#))

Perhaps for the first time in business history, we have a prescriptive path to building purpose-driven, scalable organizations. Here it is:

- **Step 1:** Select Your Massive Transformative Purpose, or MTP. (Consider using a free AI-enabled platform I created to help you with your MTP called: [MoonshotPlanner.com](https://MoonshotPlanner.com).)
- **Step 2:** Join or Create Communities Around Your MTP.
- **Step 3:** Compose the Right Team.
- **Step 4:** Find Your Breakthrough Idea.
- **Step 5:** Build a [Business Model Canvas](#) and ExO Canvas.
- **Step 6:** Create a Business Model That Works for You.
- **Step 7:** Build Your Minimal Viable Product (MVP).
- **Step 8:** Validate Your Marketing & Sales Strategy and Process.
- **Step 9:** Implement the ExO SCALE & IDEAS Attributes.
- **Step 10:** Establish a Company Culture.
- **Step 11:** Periodically Ask Key Questions.
- **Step 12:** Build & Maintain a Platform.

## Why This Matters

The 2020s will be the decade of the ExO.

By the end of this decade, we can safely predict that almost all top-down, traditionally hierarchical businesses and nonprofits (even the biggest and most venerable ones) will have metamorphosed into Exponential Organizations—or they will be on the brink of oblivion.

That's why you can be certain that in the boardrooms around the world, this inevitable fate is being discussed—and that radical changes are already in the works.

That's a good thing.

Because if we are to live in a world beyond scarcity, we will need ExOs to best take advantage of that new abundance.

We've reached the end of this ExO series and now that you have a sense of the attributes and what it takes to build an ExO, there's only one question: **What will you build?**



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## **Chip Wilson**

**Founder of Lululemon**

Major donor to the Healthspan XPRIZE. His Massive Transformative Purpose (MTP) is “Elevating the world from mediocrity to greatness.”



## **Sanja Kon**

**CEO and Co-founder of Utrust**

Exited her crypto payments company Utrust. Named Top 100 Women of Future by Mission Impact.

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I discuss topics just like this on my podcast. Here's a conversation I recently enjoyed:



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## A Statement From Peter:

My goal with this newsletter is to inspire leaders to play BIG. If that's you, thank you for being here. If you know someone who can use this, please [share it](#). Together, we can uplift humanity.

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