

Ladies and gentlemen, our sponsors, our speakers, our panelists, and most importantly our attendees

It is an honour and a pleasure to be welcoming you all, to our largest conference to date in terms of attendance and sponsors. We thank you for your confidence, your trust and your support of the AfBAA mission.

I hope that you enjoyed your first day at the conference, the gala dinner, and perhaps for some of you..... the after-party, I mean the after-dinner networking event, of course !

Before I start, I would like to highlight an unintentional omission where we forgot to thank Jeppesen for their wonderful presence as a Ruby sponsor, we thank you Jeppesen. Further, I would like you to all offer a round of applause for Ms. Alcinda Pereira, not only for supporting Nuno at BestFly, but also at being the first African lady to present at the International Women in Aviation conference in Montreal. We are proud of you Alcinda.

As you may have noticed from the excellent panels and speeches that we ran yesterday, there is a theme running through the conference, that of Innovation. Many have commented positively about the excellent presentation that we had from Jimmy with Boeing Digital Aviation, so we thank you Jimmy.

Ladies and gentlemen, Innovation is, as it is with many other words, have become used and abused

In the business world, it's often used as a empty filler word, without meaningful intent. Innovation became a buzzword and joined the countless others like: NexGen, Seamless integration, and of course who can ignore "Short-Runway"

I will therefore attempt to stay away from the vagueness and delve into what makes innovation an important enough topic that we chose it as our primary theme.

Innovation, in its widest sense, is significant positive change. It is not the act of creating. It is integrating ideas, old and new, to solve a problem. It is the outcome of the process and not the act. It is not the goal, as is in "Innovation is our goal" but a paradigm to fix a problem and reach a solution.

Allow me to go further and debunk some of the myths that accompany the word: "innovation"

1. **The myth of epiphany.** Breakthroughs do not happen in flashlights as it is often felt or reported. It is a consequence of effort. While we are at it, no idea is completely original, it is made from other ideas.
2. **The myth that good ideas are rare:** Watch a 6 year old child and they will invent 10 things an hour. We are built for creativity. What hampers our adoption is our social conformity. We, as adults, are too quick in killing ideas and being instantly judgmental. The problem here is that ideas don't come with the courage to invest in them.
3. **The myth we love new ideas: It is a myth.** We are a conservative specie. Conformity is deep in our biology. As the Japanese say: "The nail that sticks out gets hammered first" Ideas are rarely rejected on their merits; they're rejected because of how they make people feel.

Ladies and gentlemen,

In 1888 George Eastman founded Kodak. In 1998, Kodak had 170,000 employees and sold 85% of all photo paper worldwide. Within just a few years, their business model disappeared to digital photography and they went bankrupt. What happened to Kodak will happen in a lot of industries in the next 10 years – and business aviation is not immune. Yet digital cameras were invented in 1975 and partly at Kodak labs? Therefore, it is not that the change that was too rapid, Kodak had 26 years to change course, but it is the conflict between intuition and innovation.

You see, our intuition is linear but innovation is growing at exponential scale. Ladies and gentlemen, many argue that we have entered an era called the Exponential Age. The exponential age is defined by technologies that disappoint for a long time but wipes out entire industries in only a few short years. Many of the examples that Jimmy provided that have gone "Asset-less" like: Uber, Air b'n'b, Netflix, Skype, are classic examples of exponential technologies.

And what is fuelling this exponential growth, are and excuse the buzzwords and the superlatives, exponential computational power. Today's iPhone is a million times cheaper, and a million times smaller, and a thousand more times powerful than the collective computational power that landed the first man on the moon.

How does this positively or negatively affect our industry. I am going to spare you the long list, but here are some trends that can affect your business, just like that of Kodak, faster than you may think:

1. Innovative business models: from membership based solutions, to fractional ownership revival, the shared economy will affect business aviation for good.
2. Finance: Is your business ready to accept Bitcoins? It is not main-stream you say..... here is a statistic, Western Union averaged \$282M of wire transfers per day, Bitcoin averages \$171M. Will encrypted currencies solve some of our continent's currency issues such as what is happening in Egypt, Nigeria, and Angola? We heard from Chris at Investec yesterday, off-the-grid finance is coming to Africa faster than you may think just like mobile payments took over in East Africa
3. Operational Optimization: With the advance of Machine Learning and Deep Learning, business aviation operations will hopefully move from instinct and experience to operational models built by computers that learn from your past experience. Just consider some of the impact of such technologies on maintenance and spare parts.
4. Autonomous aircraft: I know that we maybe don't want to realize that, but autonomous flying could change how we transfer cargo, through Hybrid aircraft coming to market in 2018, or shuttling passengers between location A & B.
5. Training: is the future of training one that is personalized, based on the trainee's abilities rather than one-size-fits all curricula? Would machine learning assist us in producing faster and more pilots to face the impending shortage of pilots?
6. There are other trends mentioned yesterday like VR / AR and in fact Air Navigation Systems, exponential technologies will affect our industry sooner than you may think.

The key here is to adapt and not blindly adopt the latest and greatest technology. The key to adaptation comes down to changing the culture which starts with leadership. You must :

1. ONE: set clear risk thresholds, you must communicate to your employees the type of risks that your company is willing to take.
2. TWO: Create a safe place for controlled experimentation. Everything that we experiment with must come down to validated learning.

I echo the call for action from our Chairman's speech yesterday and highly encourage you to not be afraid to experiment and adapt to new technologies. I understand that many technologies seem to be on the fringe today, but please do not underestimate the exponential rate of change that these technologies might - hopefully positive - affect your business.

Resources:

1. Berkun, Scott, "The Best Definition for Innovation" (<http://scottberkun.com/2013/the-best-definition-of-innovation/>)
2. Berkun, Scott, "Ten Myths of Innovation" (<http://scottberkun.com/2013/ten-myths-of-innovation/>)
3. Verma, Anurag "How to innovate in a regulated industry" (<http://observer.com/2015/08/how-to-innovate-in-a-regulated-industry/>)
4. "Welcome to the Exponential Age" <http://www.equitas-capital.com/2016/research/welcome-to-the-exponential-age-the-new-industrial-revolution/>