* apggroeifabriek

INNOVATION MANUAL







Who is this guide for & how to use this?

This innovation manual is a guide for individuals and teams that are (or aim to become!) part of the APG Groeifabriek. Why this manual? Because we know innovating and experimenting is difficult. A corporate environment sometimes makes it even more difficult. We want to facilitate the innovation teams optimally by helping them to experiment. This manual provides details on the process that our ideas follow, the types of initiatives we support and the provided support offered by the Groeifabriek.

It is written primarily for:

- The initiative lead, who is driving the vision/proposition/project;
- The team members, who are part of the innovation team and following the Groeifabriek Innovation process;
- The sponsor from the business who supports a team and/or vision.

In this manual, you'll discover:

- If your idea fits into the APG Groeifabriek;
- The steps you need to complete to get your idea through the funnel:
- The support you'll get along the way.





2. Why we innovate

We innovate for your financial future

We want our clients to have more freedom of choice. Which sounds great, but isn't always that easy. Where do you begin? How do you keep pace with all the changes? Where do you go for more information? And how do you choose between all the new financial services, apps and more? In this dynamic world, we believe there's more need than ever before for an experienced guide who can help Dutch people with their financial future.

A good income today, tomorrow and in the future. It's something we want for every Dutch citizen. So we see it as our social duty to use our knowledge, experience and innovative flair to help safeguard the financial well-being of our clients and pensioners. We're convinced that for a minimal fee we can offer objective coaching and financial advice with the client's interests at heart. Ensuring higher quality of life and less stress.

Becoming the Trusted Guide

We want to be a Trusted Guide for our clients. So they get a better grip on their financial future and well-being. Identifying what this Trusted Guide specifically involves is a quest we'll be undertaking in the coming years along with our funds and clients. And we'll do this in three ways:

 By trying to understand what dreams, ambitions and worries Dutch people have when it comes to events that affect their finances;
 By experimenting with possible solutions, and developing products & services that let us better address the financial concerns of Dutch people;
 By seeking out collaborations with others, so that together we can offer even better solutions.

Our ambition is to help people become less financially vulnerable. And avoid any nasty surprises. Because the beauty of financial stability is that it offers security, peace of mind and less stress. Which in turn contributes to a better quality of life. **3. Innovation Scope**

The GroeiFabriek develops smart solutions

The GroeiFabriek is APG's innovative heart when it comes to new products, services and concepts. We focus on services and solutions that help people become financially fit, and contribute to both their prosperity and well-being. We do this by experimenting and testing. Using, for example, data analysis, algorithms and other forms of artificial intelligence. And once we've established their added value, we ensure these new solutions are actually brought to market.

The GroeiFabriek develops solutions for employees, pensioners, employers and the pension funds for which we work. And where necessary, we seek contact with other stakeholders in society. Because together you achieve more.

Learn more about our innovations

In recent years, we have been experimenting in a variety of areas. Launching a number of experiments and propositions in line with our ambition to become the Trusted Guide. Such as our online platform **www.kandoor.nl**, where our specialists help anyone (free of charge) with their financial questions. And **www.geldvinder.nl** (money finder) which helps you work on your financial fitness. Call centre employees can use our solution **Next Best Question** to predict clients' retirement questions. While **www.hyfen.nl** is a service that can help you, for example, transfer your accumulated pension with you when you switch to another pension fund.

We'd love to show you precisely how we operate. Continue reading this Innovation Manual and find out.







Ambitions & Targets

Making the Dutch population financially fit



Roles & Responsibilities

Innovating is a joint effort; this is why the GroeiFabriek is structured as a flat organization. Each team is managed by a team leader who manages the experiment. In addition, each team is joined by a number of (external) experts who contribute knowledge. These are deployed according to need and they may participate in several experiment teams.

With a small dedicated team we are continuously looking for new ideas that lead to new experiments. We do this internally, as well as externally. Once an idea has developed into an experiment, the team gets down to work. They start looking for sponsors within APG, team members, internal knowledge, external partners and new technologies. On average the experiment team consists of approximately 6 members.

Sponsors

To enable innovation, the GroeiFabriek calls for sponsors within the organization. These sponsors are primarily visible during the stage gate moments, although they are continuously involved in GroeiFabriek in the background. By using their connections within the company, the sponsors enable the experiment team to innovate faster.

Groeifabriek team

An expert from the Groeifabriek team joins the experiment team. This Business Innovation Manager (BIM) inspires and motivates the team and applies the lean start-up methodology by using this Innovation Manual. This person is the link between stakeholders and the teams. The BIM also gives direction to the team, determines the vision and acts as the face of the experiment, both internally and externally. Depending on the number of teams, the BIM works at least one day per week together with the team.

Additional support brought by the Groeifabriek are the specifc expertises to execute the innovation project. Do you need creative minds, developers or asset managers? The Groeifabriek can create the link to these expertises and partners to make the project a success.

APG

The experiment team is formed with people from Apg itself, they are important in providing deep knowledge and expertise on either current markets, business models, customers, etc or on trends and developments that impact the market.

External experts

If necessary, the team can be supplemented with external knowledge. For this purpose, the ecosystem of the GroeiFabriek can be accessed.



Governance Model 5.1



QUARTERLY INNOVATION UPDATE RvB

Scope: overall innovation portfolio

OBJECTIVE:

- Build a balenced new business model portfolio aligned with strategic objectives of APG;
- Update of incremental, transformational innovation projects and visions;
- Inspire with success stories;
- Share learnings gained from our research and experiments.

PARTICIPANTS:

- RvB APG;
- Manager GroeiFabriek.

FREQUENCY:

Quarterly meeting



INNOVATION STEERCO

Scope: stage gates

OBJECTIVE:

• Manage the funnel process (input, throughput, output) during stage gates and release available build capacity / budget within bandwith. Escalated to innovation update in case of execptions.

PARTICIPANTS:

- Experiment team GroeiFabriek;
- Manager GroeiFabriek;
- Business department sponsor.

FREQUENCY:

• Based on stage gates



Scope: individual teams

OBIECTIVE:

PARTICIPANTS:

FREQUENCY:

SPRINT demos (continuous)

• Update stakeholders on experiment outcomes and progress of all teams; • Signal risks and issues on a bi-weekly base.

• Experiment team GroeiFabriek; GroeiFabriek business innovation manager; Business sponsor; Other interested parties.

• Once every two weeks (cadance of sprint).

6. The structured innovation process for the "Vertrouwde Gids" projects

We follow an innovation process of 4 phases. The next pages explain the innovation phases and steps in each phase separately. Here you will also find the entry criteria, deliverables, exit criteria, tools and methods you can use per phase.



Stage-gate criteria

Between the phases stage gates are included. The purpose of a stage gate is to jointly assess an idea, project or experiment in the Groeifabriek for added value before we start. This ensures a good selection "at the gate" and promotes the quality of the Groeifabriek as a whole.

Stage gates; why are they there?

The stage gated approach helps identify problems and assess progress early in the process. Poor ideas can be quickly rejected or pivoted by disciplined use of the process. Resources can effectively be reallocated to more promising ideas if needed.

At a stage gate, a delegation from Apg evaluates the project. The sponsors decide, based on established criteria whether a project goes forward.

Why is it important to have these criteria?

The criteria ensure that any project we fund:

- 1. Takes us beyond business as usual,
- 2. Aligns with our strategic priorities,
- 3. Aligns with our innovation vision focus,
- 4. Solves a big enough problem (valuable impact),
- 5. Is a credible solution that can be delivered (technically feasible),
- 6. Has been endorsed by a sponsor,
- 7. Has dedicated and motivated people to make it happen,
- 8. Has a planning that is realistic





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DELIVERABLES	Innovation vision(s) Prioritized business challenges Innovation roadmap and budget Architecture scan (compliance, legal/risk, assessment)	Completed service ecosystem map Positioning compared to competitors (from competitive analysis) Geographical scope, target market with customer profile and market size. Key ssumptions in VPC&BMC Clear Problem Statement	 1 high-fidelity or 2 low-fidelity prototype(s) Scoping/Lean canvas Pitch Deck completed Early-stage validation insights of 5-10 customer tests Riskiest Assumptions 	Evidence-based Business Model Detailed insights into experiments & learnings Product & go-to market roadmap based on prototype(s) & business-case Overall IT architecture plan	Product market fit (customer feedbac Business model fit (business model re First customers on Spin-in / Spin-off F Detailed IT archited
EXIT CRITERIA	Prioritized challenges based on the ICE framework Go / No Go Decision at Innovation Steerco	Insights on best and failed practices and market patterns. A clear overview of prioritized opportunity areas and gaps including next steps how to validate those opportunity areas (in BMC and VPC) Go / No Go Decision at Innovation Steerco	80% of interviewees interest in the proposed solution Business model scenarios are described Business opportunity is worth solving from an industry profitability and customer desirability-perspective Go / No Go Decision at Innovation Steerco	Validated Business Model - 80% effort on Desirability, 10% on Feasibility & Viability MVP backlog Make/buy/partner advice Go / No Go Decision at Innovation Steerco	Sean Ellis Test Retention metrics, Metrics Framework Team fit for scale, plan, Partnership p Development infra Business processes Go / No Go Decisi Innovation Steerc



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fit proof results)

onboarded

f Plan

ecture plan

/ Pirate

Ownership plan, rastructure, es

sion at rco

Transfer

Successful business model that generates revenue

Clear organisational setup

Advanced business processes

Thought leadership

Implemented IT architecture plan

Scale goal depending on initial scale definition (Eg 1M ARR)



Continuously

Vision & Insights

What's it about?

The raw material for innovation are sparks; ideas for problems that need solutions, for solutions that need problems, or both. While it is a truism among successful entrepreneurs and venture capitalists (VCs) that by far the hardest part of innovation is not having the idea but executing on it, great innovations are built on great vision and insights. A well functioning innovation factory, then, needs to ensure it sources a steady supply of high potential ideas from a broad set of sources.

In other words, we need a robust idea supply chain. Within this supply chain, sparks can come from different sources. First of all, our own organization has a wealth of valuable ideas. Teaming up with ecosystem partners and existing ventures brings in an outside view.

The Groeifabriek sets the innovation visions to innovate towards. By also creating a 5 bold steps approach to reaching these visions, the strategic steps are made concrete. Within the visions, the Groeifabriek uses a variety of campaigns, programs & tools to increase the influx of high quality ideas that fit the strategic agenda of both Groeifabriek and APG. By generating and prioritizing sharp 'How Might We' (HMW) challenges from the best sparks, an innovation roadmap of initiatives can be made. In the Stage Gate meeting, the Groeifabriek Committee then decides which of the challenges can be tackled in customer discovery and ideation sessions such as Design Sprints and Hackathons.

Who's involved?

Groeifabriek business innovation managers and representatives from the business.

What are the steps?





7 Vision & Insights

The steps explained

Step 1: Setting the right innovation visions

> Determine the right innovation visions by describing what the world looks like in the future and what value APG will bring to this world. Visions typically have a 5-15 year timeframe and are reviewed every year to see if any updates are required > Create a 5 bold steps plan on how to achieve these visions

Step 2: Generating relevant innovation sparks

> Generate sparks together with employees and ecosystem partners within the defined visions, a spark can be an idea, technology, startup, talent etc.

Step 3: Generating and prioritizing sharp HMW challenges from sparks

> In a set cadance (e.g. every 90 days), the team comes together to review all the sparks within the different visions.

> Sparks are clustered and turned into a How Might We (HMW) challenge

> The challenges are rated based on the ICE-framework (Impact, Confidence, and Ease of implementation) to assess which challenges are most promising to turn into an innovation initiative

Step 4: Create innovation roadmap and budget

> The prioritized challenges are mapped on a roadmap. The team and approach is defined and a budget is added to the roadmap.

> Ensure the support and buy-in of an APG business department

Step 5: Stage gate: Pitch proposed innovation roadmap and budget to Groeifabriek innovation committee

The stage gate moment is planned with the Groeifabriek innovation committee The roadmap with the proposed innovation initiatives is pitched to the committee Go/No-Go decision from the Groeifabriek committee

Tools & templates

Visioning workshops **ICE-framework** Roadmap template





Exit criteria

1. Prioritized challenges based on the ICE framework 2. Go or No Go Decision from Groeifabriek committee

Deliverables

1. Innovation vision(s)

- 2. Prioritized business challenges, ready for ideation
- 3. Innovation roadmap and budget





8. **Search & Solve**

What's it about?

To get from a good, compelling vision to a validated business model with feasible propositions which customers love, and are willing to pay for, we need to make strategic choices to funnel your 'Search'. Insights gathering from industry-, competition-, to user and company and product-level helps you reduce uncertainty (high innovation risk) and increase your Return on Innovation (profitability) over time by continuously finding answers to the biggest research assumptions around your business opportunity in terms of Impact (return on innovation) and Uncertainty (innovation risk).



Who's involved?

In the Search & Solve phase, the team consists of the innovation lead, validation experts, business case expert, full-stack developers, UI/UX designers, growth hackers and your key ecosystem stakeholders.

What are the steps?

- Customer Discovery: Finding a problem worth solving
- 2 Ideation: Finding the right solution
- **3** Solution Fit: Test "how" to build the Solution right



High expected return

Low expected return

8.1 Customer Discovery

Finding a problem worth solving

"You never have a vision in a vacuum. You design, test, build, and manage them in a context. Zoom out to the big picture to map the business model design environment in which you are making your strategic choices" -Alexander Osterwalder //Strategyzer

Search: Understanding your business environment in-depth, helps you understand the context and informs your decision where you want to play, who your target customers are and how you will win over competition with your unfair advantage based on your strengths and weaknesses as a business.

"No business plan survives first contact with customers" Steve Blank //Godfather of the Lean Startup Movement

Solve: Before coming up with solutions, it is key - and often overlooked- to validate your problem to make sure you are solving the right problem by framing it as a customer-centric design challenge. Customer discovery is the deep-dive process of uncovering customer needs that we might meet, and/or gains we aim to fulfill by deeper understanding of customer behaviours, their journey and motivations.

Steps:

1. Understand the attractiveness and profitability of the industry of your business opportunity. 2. Map your ecosystem of Buyers, Suppliers, Partners, internal & external Stakeholders and asses the flow of information, goods, and money

3. Analyze direct and indirect competition, substitutes and identify best practices, in-and externally.

4. Collect assumptions on your target Customer profile and how you believe you can add value with your solutions by addressing the key jobs-to-be done, gains, and pains.

Tools & templates Customer Discovery Work Package, consisting of:

Industry:

- Environment Scan
- Porter' 5 Forces

Competition:

- Blue Ocean Canvas
- Competitor analysis (business. product, customer-level)
- Business Models

• Problem:

- User-centric problem statement
- Value Proposition Canvas
- Business Model Canvas
- Overview Best Practices

- Market Sizing (TAM, SAM, TM)
- Qualitative and quantitative research
- Key industry opportunities and threats
- Customers Interviews and observations on attitudes. behavior and motivations.

Stakeholder interviews to engage your Ecosystem

- Subject Matter experts
- Kick-off to align objectives and success criteria





Exit criteria 'Customer Discovery'

1. Service ecosystem map with key actors and value exchange 2. Geographical scope, target market with validated assumptions

- about the customer profile and market size.
- 3. Key assumptions around the Value Proposition, Business model
- 4. Overview of Best practices

5. Clear Problem Statement why we believe the customer is facing a challenge

Deliverables

1. Your business opportunity appears to be worth solving from an industry profitability and customer desirability-perspective. 2. Go or No Go Decision from Groeifabriek committee



8.2 Ideation

Finding the right solution

"Insanity is doing the same thing, over and over again, but expecting different results." - Albert Einstein

Search: Ideation is all about stepping beyond the obvious, widening the solution space and uncovering unexpected areas for innovation to solve for the assumed customer needs and gains.

Solve: Especially with radical, disruptive, far-out innovations, we cannot simply ask or observe the consumers' behavior because they might not be aware of the existing problem/challenge at hand. In order to find answers to our research questions, best practices such as Design Sprints have proven effective to prototype early-stage and put solutions in front of customers for quick feedback on desirability first.

Steps:

5. Ideate many solutions and select the best

6. Design interactive low- to medium/high-fidelity prototypes to test with an handful of target customers

7. Re-write your open research questions to Riskiest Assumptions and rank them on Uncertainty and highest expert Return on Innovation.



Exit criteria 'Customer Discovery'

1. Service ecosystem map with key actors and value exchange 2. Geographical scope, target market with validated assumptions

about the customer profile and market size.

3. Key assumptions around the Value Proposition, Business model

4. Overview of Best practices

5. Clear Problem Statement why we believe the customer is facing a challenges

Deliverables

1. Your business opportunity appears to be worth solving from an industry profitability and customer desirability-perspective. 2. Go or No Go Decision from Groeifabriek committee

8.2 Solution Fit

Test "how" to build the Solution right

Validation: "The process of de-risking business ideas"

Search: By gathering evidence and learnings about the most critical assumptions through experimentation, in order to make faster, data-driven decisions. We use three areas for Experimentation: Desirability, Feasibility and Viability.

Steps:

8. Based on your assumptions, create hypotheses including metrics and success criteria

9. Design an experiment plan and run the prototype tests.

10. Update your BMC and VPC based on invalidated assumptions.

11. Analyze experiment results for desirability, feasibility and viability

Tools & templates

- 1. Test Cards
- 2. VPC/BMC
- 3. Social Media Channels
- 4. Tracking Tools (Google Analytics & HotJar)
- 5. InVision/Miro etc.





Exit criteria 'Customer Discovery'

1. Validated Business Model - 80% effort on Desirability, 10% on Feasibility & Viability (f.e. 10% viability validation: 40% of interviewees and participants are willing to pay) 2. MVP backlog

- 3. Make/buy/partner/archive advice
- 4. Decide whether to build in house, outsource or incubate the project
- 5. Go or No Go Decision from Groeifabriek committee
- 6. developmentplan / architecture of the solution
- 7. Compliance / Legal / etc. on board
- 8. controls DPRR check

Deliverables

- 1. Evidence-based Business Model
- 2. Detailed insights into experiments & learnings 3. Product & go-to market roadmap based on prototype(s) & business-case



Ship

What's it about?

During the Ship phase the team has a clear focus on feasibility and viability. The goal here is to reduce the implementation risk by testing available or potential technology, resources and partners. Can we ship what our customers want? In the Ship phase, the venture will be onboarding the first customers. This means that there needs to be a first version of a real product that delivers values, in other words: a Minimum Viable Product.

After successfully launching the MVP, the focus is on finding product market fit and business model fit.

Product-Market Fit occurs when you have evidence that your value proposition is actually creating value for customers by alleviating their pains and creating the gains they desire. Your product or service is beginning to gain traction in the market and you've gone through the long and iterative process of running tests that have validated and invalidated the various assumptions underlying your value proposition.

Business Model Fit occurs when you have evidence that your value proposition is embedded in a profitable and scalable business model. In other words, you will focus on validating the viability of your business model. In this phase, you test the components that are related to your revenue model. This involves both the cost structure and revenue streams. In preparation of scale you will determine how your business can grow in a sustainable and profitable way.

Towards the end of the Ship phase, the venture will be onboarding a group of pilot customers which is substantially bigger than when you were testing your MVP. You will also focus on preparing your venture to be either a spin-in or spin-off. An assessment is done at the start of the phase and based on that decision, several actions will be taken to guarantee transfer readiness of the venture either towards a separate entity or as an integrated part of the business line.

Who's involved?

In the Ship phase, the team consists of the innovation lead, validation experts, business case expert, full-stack developers, UI/UX designers, growth hackers. Depending on the exact challenge the expertise differs. It is up to the Groeifabriek innovation committee to decide this.

What are the steps?





The steps explained

Step 1. Building an MVP to onboard first customers

> Reducing implementation risk by testing available or potential technology, resources and partners to prove that we can build/make/deliver what our customers want

Step 2. Prove Product Market Fit

> Onboarding first customers and collecting their feedback to prove that the venture's offering satisfies a strong market demand

Step 3. Prove Business Model Fit

> Generate revenue and analyze your costs to validate your business model and business case and prove your venture has a successful business model that covers its costs

Step 4. Preparing for Transfer: Spin-in or spin-off decision

> Assessing if your venture should be a spin-in or spin-off and defining what actions need to be taken for incorporation or independence

Step 5. Stage gate: Pitch to Groeifabriek committee to promote to 'Transfer'

- > The stage gate moment is planned with the Groeifabriek committee
- > The exit criteria and the plan for Transfer is pitched to the committee
- > Go/No-Go decision from the Groeifabriek committee

Tools & templates

- Sprint planning and backlogging tool
- Programming tools
- Prototyping tools
- Analytical tools
- Spin-in vs Spin-off framework





Exit criteria 'Ship'

1. Sean Ellis Test (at least 40% percent of surveyed customers indicate that they would be "very disappointed" if they no longer have access to a particular product or service) access to a particular product or service) 2. Retention metrics (DAU/MAU, NPS) 3. Pirate Metrics Framework (AAARRR) 4. Team fit for scale, Ownership plan, Partnership plan, Development

infrastructure, Business processes

5. Go or No Go Decision from Groeifabriek committee 6. update DPRR

Deliverables

- 1. Product market fit proof (customer feedback)
- 2. Business model fit proof (business model results)
- 3. First customers onboarded
- 4. Spin-in / Spin-off Plan



10. Transfer

What's it about?

After the Ship phase, your innovation initiative enters the Transfer phase. You have now attracted a critical mass of users and are generating revenue and sometimes also profit. Now it's all about speed and growing your customer base.

Within the Pirate Metric Framework funnel, the focus is shifting from retention to revenue. You should have an understanding of the whole AAARRR metrics funnel by now, and how it works for your product / service. you should also aim on optimizing your CLTV (Customer Lifetime Value).

Transferring is a bifold process. You need to transfer your initiative (Spin-in, Spin-off, Sell, or Kill). And no matter what the decision is, you need to make sure that all the knowledge is also transferred into the organisation. Now that you've gained a lot of learnings on the way — how do you make sure that all of this is transferred to the organisation? One way to achieve this is via education with rounds of training and workshops. Another way is by infiltrating and mentoring your intrapreneurs who are coming back from running an innovation initiative to the organization. Together with their new skills they will further educate and mentor their colleagues

Aside from the knowledge and mentality change, at this stage, the transfer readiness efforts have paved the way for a successful transfer. In case of a spin-in, the team has made the required efforts to integrate fully into the business lines on the three themes, Human Capital, Financial Capital and Operational Capital. In case of spin-off, the team will be set up as a fully or partially independent entity. Other possible outcomes are selling or archiving the project.

Who's involved?

In the Transfer phase, the team consists of the innovation lead, validation experts, business case expert, full-stack developers, UI/UX designers, growth hackers

What are the steps?

1.	Optimize your growth engine
2.	Grow customer base
3.	Transfer back into organization or spin-off
4.	Stage gate: Final pitch to Groeifabriek committee



The steps explained

Step 1. Optimize your growth engine

> Set up the right metrics to track the growth of your initiative

Step 2. Grow customer base

> Attract new customers continuously and keep gathering customer feedback to improve your product/service

Step 3. Transfer back into organization or spin-off

- > In case of a spin-in: make the initiative part of a business line
- > In case of a spin-off: set up the team as a fully or partially independent entity

Step 4: Stage gate: First shareholder meeting

Tools & templates

- Growth channels
- CRM system
- IT architecture
- Pirate metrics framework





Exit criteria 'Ship'

- Scale goal depending on initial scale definition (Eg 1M ARR)

Deliverables

- Successful business model that generates revenue
- Clear organisational setup
- Advanced business processes
- IT architecture (Choose between corporate or separate)
- Thought leadership

32 11. Ecosystem

WHAT IS THE STRUCTURE OF an INNOVATION ENTREPRENEURIAL ECOSYSTEM?

A framework for succes





Main role: Being the strategic alliance partner, Talent development on the job, Facilities, Playground to test

> Main role: Limiting the risk of capital resources. Opening to deep social networks of VC's.

Main role: Engagement and involment is critical to change regulations where necessary Global / national / regional may diverse!



CORPORATE VENTURING MECHANISMS - OUR FOCUS FOR THE ECOSYSTEM





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