

Seeking Self Disruption

Inside a massive digital transformation

NETFLIX



Netflix Hasn't Stopped Disrupting Itself – Continuously Innovating in Face of Competitors and Expanded Customer Expectations



What do I Mean by Disruption?



The Four Elements of Disruption



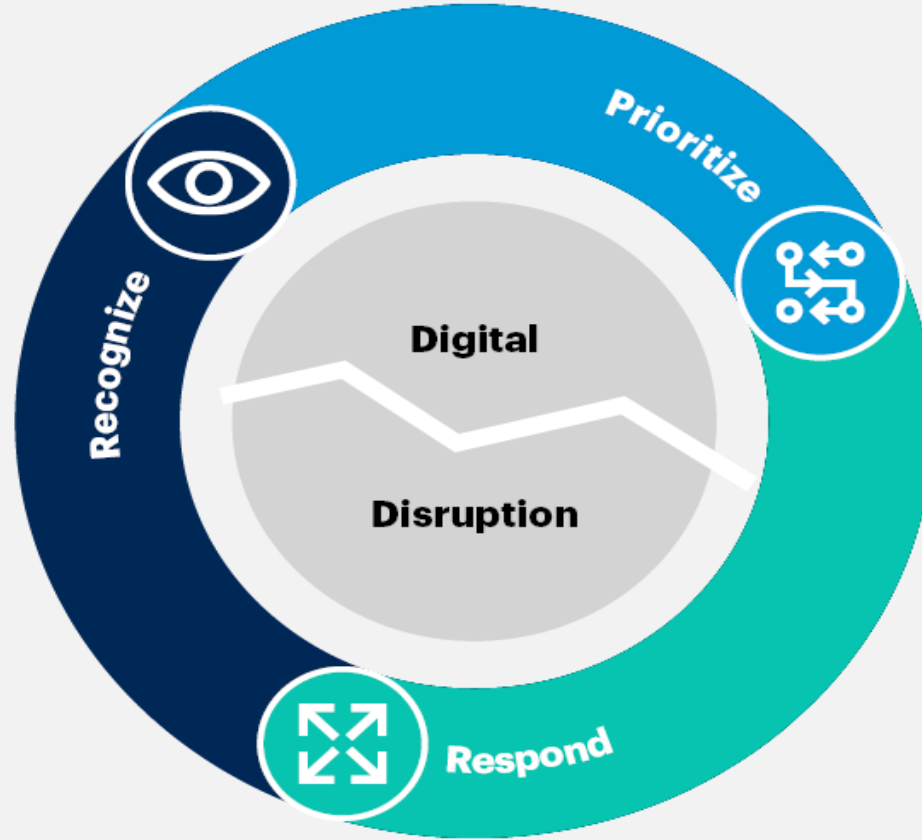
Society

Culture
Habits
Movements



Industry

Processes
Standards
Methods
Customers



Business

Market
Development
Pricing
Economics



Technology

Invention
Design
Usage
Delivery

Individual Reflection

About CarMax

- **Original** used car industry disruptor, founded in 1993
- **Largest** retailer of used cars in the United States
- **Top 5** used car loan originator in the United States
- **Top 3** wholesale (auction) car company in the United States
- **Omnichannel retailer** with ~ 250 locations
- **30,000+** associates nationwide
- **FORTUNE 100** Best Companies to Work For[®] 20 years in a row





BEFORE..

- **Teams not prepared for rapid change**
- **Rigid Processes**
- **Technology was a major impediment to innovation**



Meanwhile..

- **Technology was evolving at an incredible pace**



Meanwhile..

- Customer expectations were rapidly changing



START

STOP

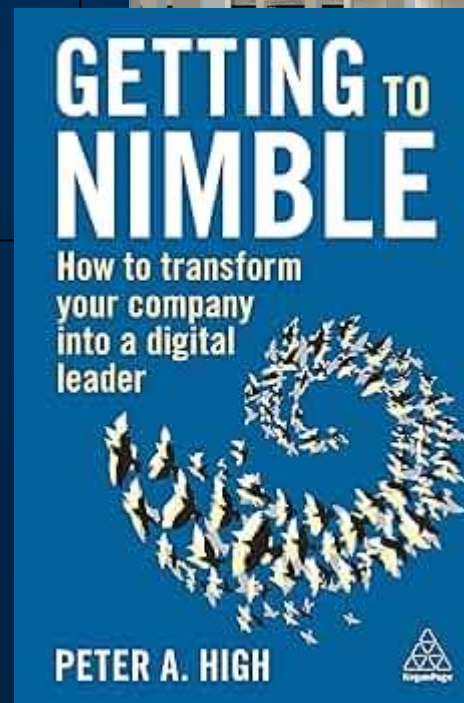
ENGINE



Our Approach

“We cannot predict the future, but we can create the future. As technologists, the most important thing we can do is position our people, processes, and technologies for rapid change. We can make our companies nimble”

Shamim Mohammad, Forbes Magazine
2016



Our self-disruptions started with a focus on making us nimble



Digital Talent Management Framework



1 Recruit

- Jobs and Talent Profiles
- Employer Branding
- Selection
- Onboarding

2 Renew

- Skills and Competencies Development
- Career Planning
- Succession Planning and Management

3 Retain

- Employee Engagement
- Employee Experience
- Total Rewards

4 Release

- Transitions Planning
- Offboarding
- Alumni Relations

OUR VALUES

MISSIONARIES OVER MERCENARIES

OUTCOMES OVER OUTPUT

THE TEAM IS THE PRODUCT

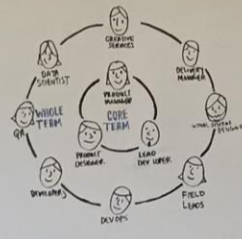
LEADERSHIP IS A LESSON IN HUMILITY

HAVE FUN EVERY DAY



CORE TEAMS

OWNABLE • EMPOWERED • DEDICATED



ENVIRONMENT

CO-LOCATION FOR INTERNALIZING OUR THINKING AND SHARED UNDERSTANDING



PROCESS



Mission based with fully aligned outcomes to reinforce our vision

Missionaries over Mercenaries

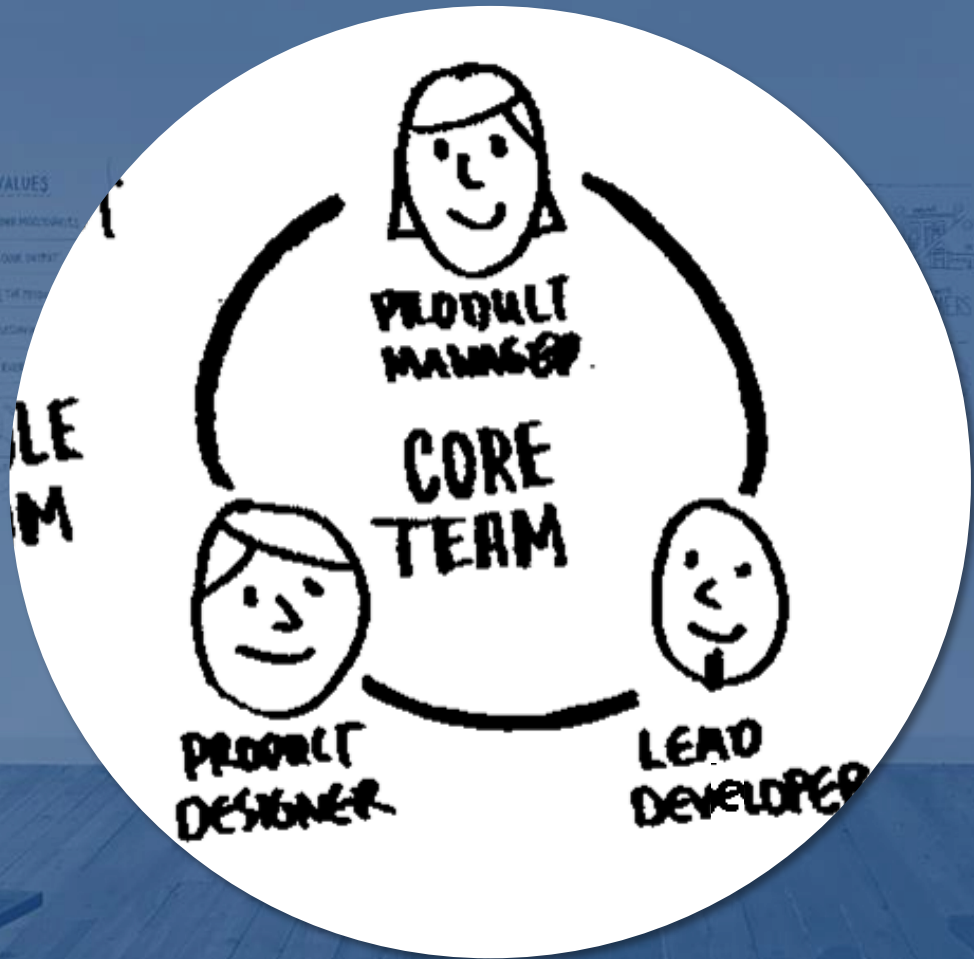
Missionaries are true believers in the vision and are committed to solving problems for their customers.

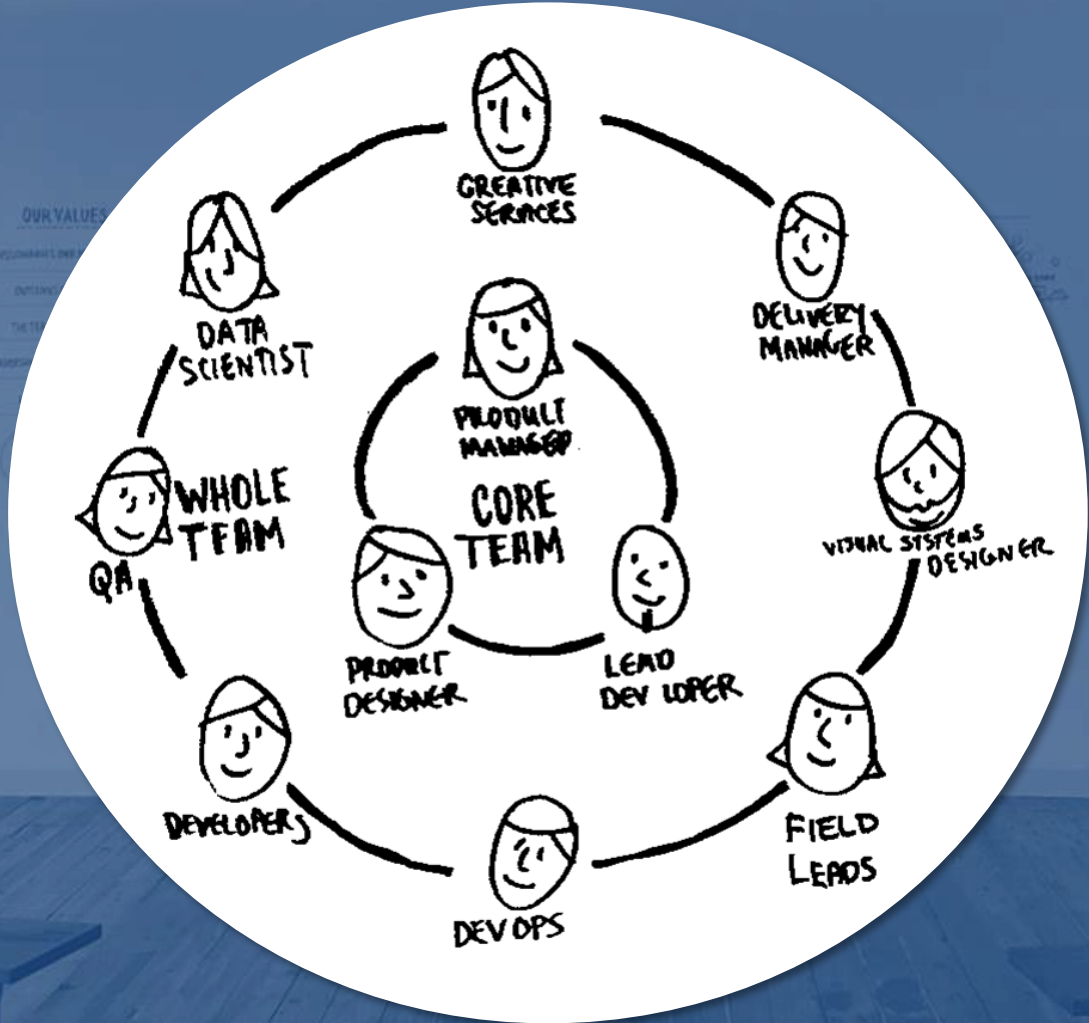
Mercenaries build whatever they are told to build.

We are Missionaries.

Inspired / Marty Cagan, SVPG







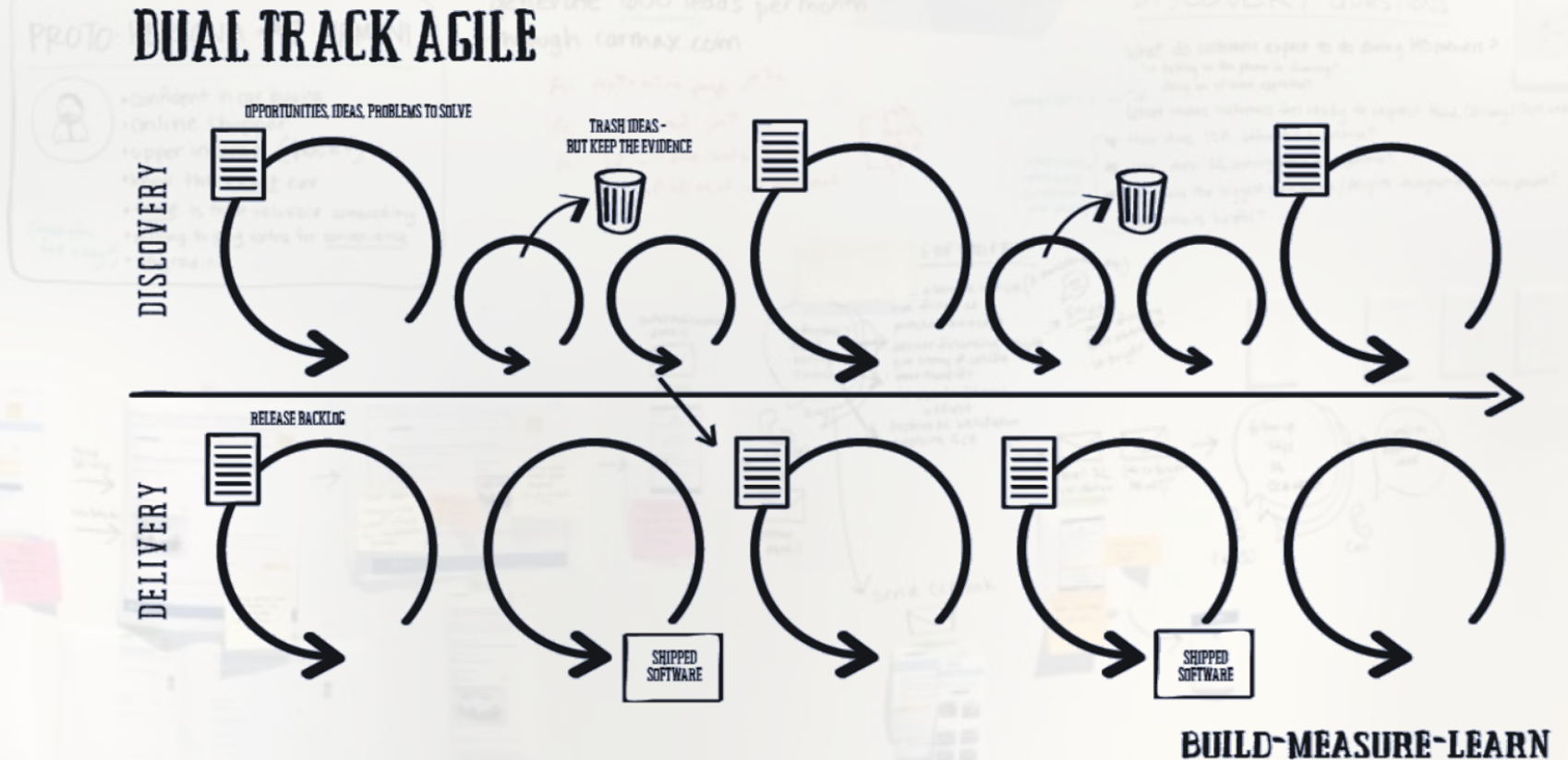
Sprints operate in Dual Track Agile, a build, measure, learn cycle

*In Every
Two-Week Sprint...*

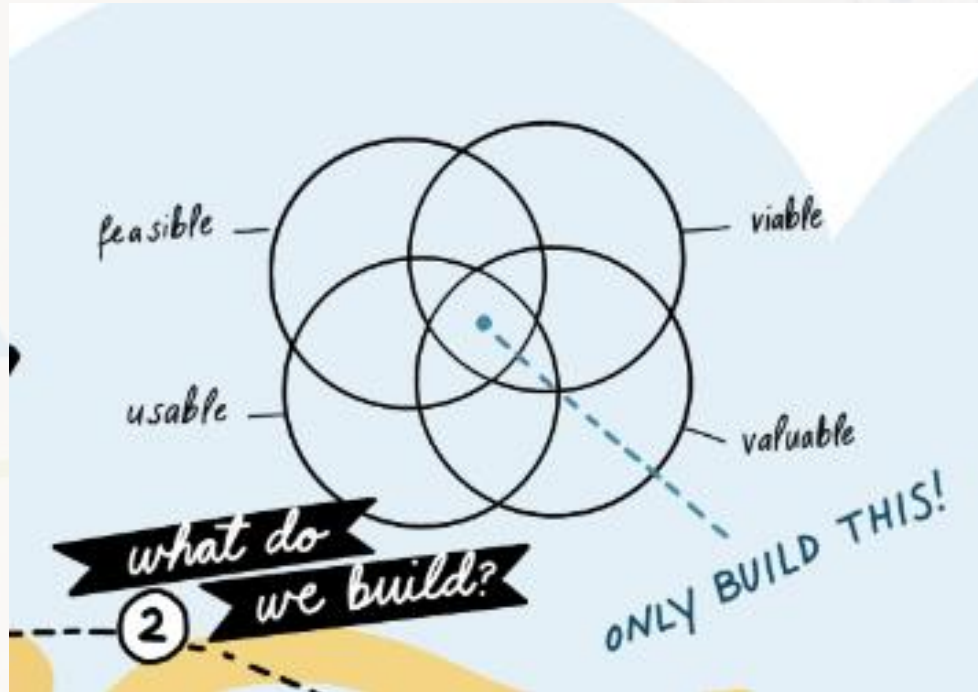
Discovering
Desirability
Viability
Feasibility

...while also...

Delivering
Reliability
Scalability
Performance
Maintainability



Reinforced by a culture of continuous evaluation & innovation...



Desirability/Usability from ongoing discovery

What do customers think, feel, say, do?

What do associates think, feel, say, do?

Viability from corporate strategy & testing

Can market or industry support it?

Are competitors proving it?

Valuable from corporate strategy & testing

Can we drive competitive differentiation?

Can we make money doing it?

Feasibility from technology & operations

Can our tech architecture support it?

Can our infrastructure enable it?



..we developed Agility muscles by adapting Digital practices

Before...

**Internally Built Legacy Technologies w/
limited cloud**

Monolithic Architecture

Limited use of data*

Batched Code Release

Project Based Delivery

Legacy IT org

Now...

**Rent, Buy, & Build Strategy w/ significant
cloud adoption**

**Microservice & API based
Architecture***

Wide-Use DSML, AI*

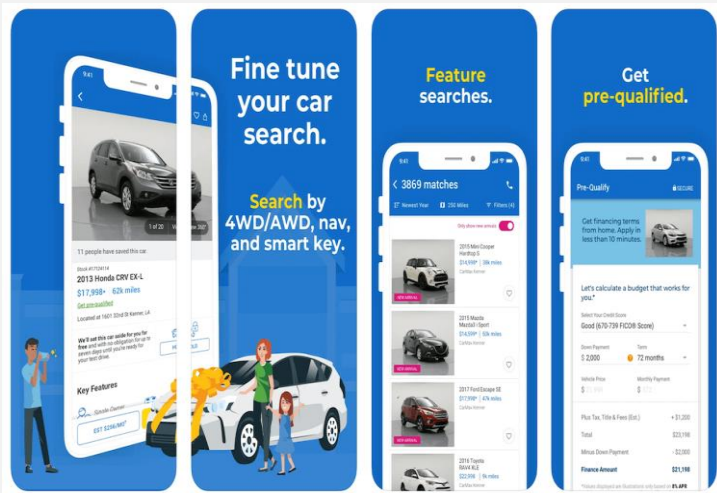
Rapid Code Release (CICD)*

Product Based Delivery

Tech tightly integrated w/ business

Individual Reflection

New Product Innovations – Omnichannel



New Product Innovations - Instant Offer

Get an online offer in 2 minutes

Most cars qualify. Some we'll ask to see in person.

LICENSE PLATE

VIN

License plate number

Where's your car registered?

What's your zip code?

GET STARTED



Generative AI

CarMax puts customers first with car research tools powered by Azure OpenAI Service

A photograph of a CarMax store exterior. The building has a modern design with large windows and a prominent blue sign with the CarMax logo in yellow and white. A car is parked in front of the store, decorated with a large yellow bow.

CARmax

“With the help of OpenAI Service, we’re disrupting our industry for a second time by delivering cutting-edge digital tools and capabilities and becoming a true omnichannel retailer.”

—Shamim Mohammad: Executive Vice President and Chief Information and Technology Officer

CarMax

<https://youtu.be/Yy6hX3HfEMg>

CARMAX

KIA Sorento X-Line

4.5 out of 5
2259 Customer Reviews

5 Stars 1403
4 Stars 654
3 Stars 111
2 Stars 47
1 Stars 44

REVIEWS

ContentType: CustomerReviewSummary

Destination: /kia/sorento
Reviewed by: Content Specialist #4

```

{
  Summary :
  "The Kia Sorento is a great family car. Customers like the car's driver aid features, comfortable seats, and great gas mileage."
  Id : "ef04de16-f08f-4c96-a48d-4ecd60e69dfb"
}

```

EDIT **ACCEPT**

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Review summary
The Kia Sorento is a great family car. Customers like the car's driver aid features, comfortable seats, and great gas mileage.

Single Owner
Low Mile
Loaded

SEE WHAT'S IN STOCK **ADD A REVIEW**

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SEE WHAT'S IN STOCK **ADD A REVIEW**



What we learned during our journey _ _ _ _ _

- Leadership alignment

_ _ _ _ _

- Agile is just a methodology

_ _ _ _ _

- Transform classic systems

_ _ _ _ _

- Be a learning organization

_ _ _ _ _

- Mature other tech functions

_ _ _ _ _

- Innovation + execution

_ _ _ _ _



**Continuous disruption is
business as usual!**

Group Exercise

Please discuss with your group:

- What are some of the key takeaways from CarMax's Disruption story?
- What are some of the biggest opportunities for your organizations and teams?
- What are you missing, what else will be useful?

CARmax

