

# NOW — and — NEW

How companies can use their capabilities for scaling innovation and generating new growth

Frank Mattes



**Amadeus Nexwave:**  
business incubation in the travel industry

In collaboration with Steve Kopp

**amadeus**



# amadeus

## Introduction

Amadeus is a technology company that powers the global travel and tourism industry. Headquartered in Madrid and listed on the Spanish stock exchange, the company employs over 18,000 people globally and generates EUR 5.4bn in revenue by serving travel players in more than 190 countries.

For instance:



Amadeus supports over 400 airlines, boarding more than **1.5 billion passengers annually**.



**Over 180 airports** rely on the company's technology solutions for their operations.



Amadeus' global distribution system enables travel agencies to access **more than 1 million hotel properties** and to **conduct over 450 million bookings annually**



In addition, the company offers solutions for tour operators, cruise lines, mobility providers, insurance groups, destination marketing organizations, rail operators, ground handlers, metasearch companies, and corporate travel departments.

Amadeus offers its technology solutions in B2B and B2B2C business models. The company operates in a heavily regulated industry. Consequently, the company's operating model includes working with multiple regulatory stakeholders and the entire travel and tourism ecosystem.

# Innovation at Amadeus

Innovation at Amadeus has a variety of organizational homes, depending on the Playing Field they relate to.

1

First, Amadeus' **business units drive incremental innovation and adjacencies**. Take Air Distribution and the New Distribution Capability as an example. This XML-based data transmission standard helps airlines to tailor their offers more efficiently and to improve their selling activities, while travelers benefit from an enhanced shopping experience.

2

**Startup co-innovation** takes place within Amadeus Ventures and Amadeus' Startup Universe. The former is the corporate venture capital program, which invests in early-stage startups with the dual objective of identifying strategic value and generating financial returns. The latter is a platform that connects startups and scaleups with travel industry experts, facilitating collaboration and driving innovation in the industry through field testing.

3

Third, Amadeus practices **open innovation** with strategic partnerships, including Microsoft and many other global leader companies in the industry. The Amadeus4Developers program offers developers a self-service portal that provides access to the company's extensive travel content, enabling them to create new apps and build travel solutions.

4

Amadeus also powers innovation internally with Amadeus Lift, a **bottom-up initiative that encourages employees to submit new ideas** for incubation.

5

And finally, there is the **business incubator Amadeus Nexwave** which will be the focus of this case study.

# Amadeus Nexwave Business Incubator

Amadeus Nexwave's mission is to identify, incubate and grow new businesses that create better customer experiences for the travelers. Its roots trace back to 2019 when Amadeus recognized that its innovation efforts were predominantly B2B-focused, and decided to build a unit that puts travelers and their needs into the center of business model exploration and incubation. Since then, Amadeus Nexwave's corporate startups launched three products into the market:



## Amadeus Hey!

A comprehensive solution that enables travel providers to create better traveler experiences and increase customer lifetime value and loyalty. The technology behind Amadeus Hey! also powers CheckMyTrip, a B2C solution for travelers, which is used as a traveler lab (innovation sandbox) today.



## Amadeus Discover

A B2B platform that aggregates and distributes over 500,000 destination experiences such as theme parks, restaurants, and guided tours.



## Amadeus Travel Ready

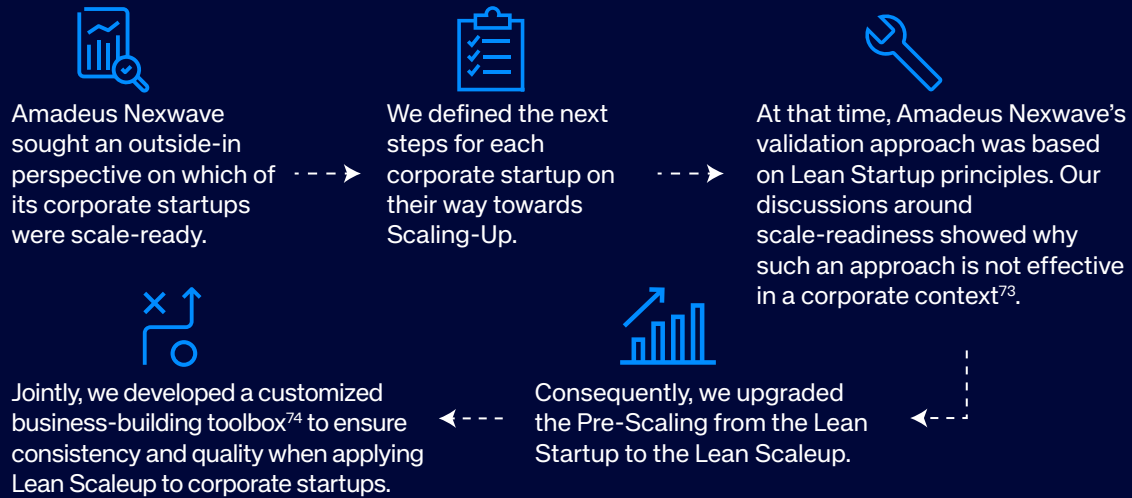
A solution that supports airlines and passengers in an automated and digitized way at various checkpoints throughout the travel journey. It helps travelers to better manage the notification, collection, and verification of required travel documents.

Amadeus Nexwave currently has a staff of more than 100 employees and is a part of the Corporate Strategy unit.

The Nexwave Incubation Office monitors and guides the strategy and operations of the corporate startups. Its responsibilities include portfolio management, governance, investment decisions, and marketing. Steve Kopp, one of the co-authors of this case study, leads the Nexwave Incubation Office.

# The Story in Chronological Order

This is a case study about a business incubator that achieved best-in-class status. The authors (“we”) describe how Amadeus Nexwave transitioned from a Lean Startup approach to the Lean Scaleup in five steps:



## Amadeus' Business Graduation Scheme

Amadeus has an **end-to-end business graduation scheme** to categorize its business portfolio by size and maturity of the corresponding management systems. This scheme ranges from emerging business opportunities to mature and well-established businesses with modest growth rates and a fully industrialized management system.

Amadeus Nexwave is focused on emerging business opportunities. During Pre-Scaling<sup>75</sup>, new business opportunities are built on the Lean Scaleup framework and called corporate startups; once they transitioned to the Scaling-Up<sup>76</sup> phase, they are called corporate scaleups. The scope of the business incubator covers the journey of corporate startups/scaleups from “meaningful ideas” via validation and scaling to initial revenues and industrializing their management system. Successful corporate scaleups with suitable revenues and an industrialized management system could be reintegrated into Core or merged into Joint Ventures.

## Changes in the Foundation

The first topic we tackled was language. Corporate startups should speak the same language as **NOW**. **We replaced innovation jargon with clear, concise business language to facilitate communication and to foster engagement and adoption.** Maturity stages in Pre-Scaling are no longer expressed in innovation jargon such as “problem/solution-fit” or “product/ market-fit;” we use the terms Discovery, Business Foundation, Business Strategy, and Business Design<sup>77</sup>.

<sup>73</sup> See chapters 2 and 6 in full book 'Now and New' by Frank Mattes for more detail

<sup>74</sup> See below and chapter 9 in full book 'Now and New' by Frank Mattes

<sup>75</sup> See chapters 5 and 6 in full book 'Now and New' by Frank Mattes

<sup>76</sup> See chapter 9 in full book 'Now and New' by Frank Mattes

<sup>77</sup> See chapter 6 in full book 'Now and New' by Frank Mattes



# Pre-Scaling: From Search Field to “Meaningful Idea”

Amadeus Nexwave has a number of standing search fields that relate to its traveler-centric mission and the long-term strategic growth priorities of the company. Within a defined search field, Amadeus Nexwave analyzes trends and generates ideas through internal ideation sessions and discussions with ecosystem partners. Simultaneously, Amadeus’ units can propose ideas that are aligned to their growth strategy to be further explored or incubated. Corporate explorers then conduct a rapid “reality check” - a quick and focused initial validation.

The outcome of this process is a two-page document which summarizes initial validation data points and provides a substantiated view on the crucial dimensions of the “meaningful idea.” It allows for comparison of different ideas and supports the decision of whether a particular idea should be advanced to the Business Foundation stage.

The two-page document includes:

- The target customers.
- The problem statement, indicating which high-priority/high-value problem should be solved for these target customers.
- A rapid market analysis with indications about the market size and the competitive landscape.
- An outline of the envisioned solution.
- Key unknowns and the critical next validations.



# Pre-Scaling: Scale-readiness

Before upgrading to the Lean Scaleup, Amadeus Nexwave's corporate startups faced several challenges that often arise when companies apply the Lean Startup in a corporate context:

The teams were familiar with all relevant canvases and thinking tools and utilized them, ran many experiments, and so on. However, they struggled in providing concise answers about the progress of their business-building mission.

Decisive aspects such as the ecosystem preparedness were not addressed.

Amadeus Nexwave had undervalued how corporate startups should connect and work with Core, particularly once they were getting closer to Scaling-Up.

For admission to Scaling-Up, the governance board required the corporate startups to achieve specific results, such as first revenues or a certain number of paying customers. However, they struggled to translate these lagging indicators into actionable levers to achieve the expected results.

**To identify which corporate startups were scale-ready, we retrofitted the Lean Scaleup validation methodology described in chapter 6.** We then visualized our findings in a bar chart showing the comparative maturity of the corporate startups, as shown in exhibit 4-2.

Using these insights, the recommendation for the governance board was as follows:

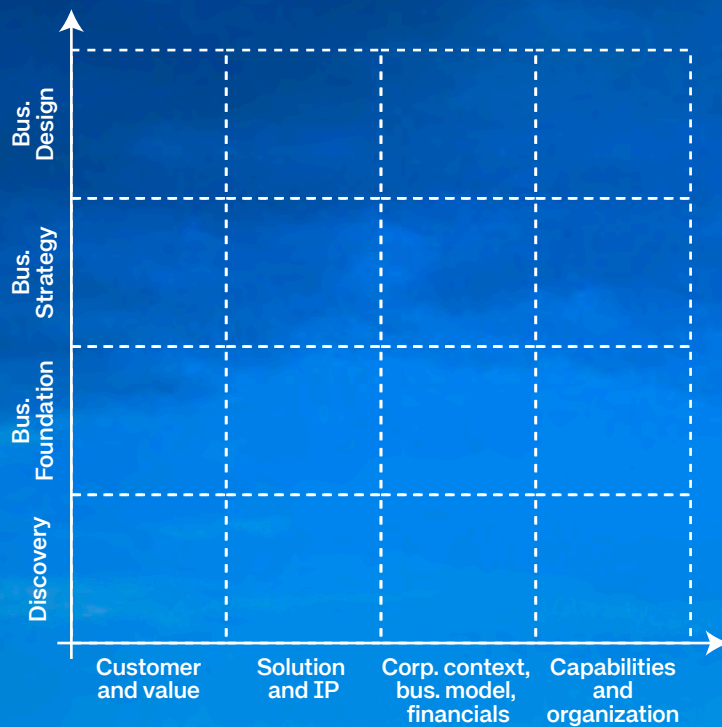
Corporate startup A should be scaled up immediately.

Scaling-Up should be done within one of Amadeus' business areas to compensate for a few missing pieces in the corporate context and to accelerate the journey.

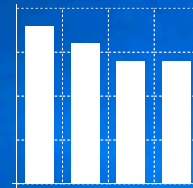


Using the Lean Scaleup's 4x4 validation grid, Amadeus Nexwave assessed scale-readiness for some of its corporate startups.

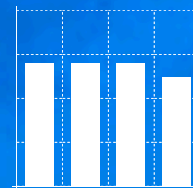
### General progress assessment scheme



### Corporate startup A



### Corporate startup B



### Corporate startup C

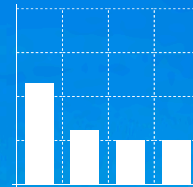


Exhibit 4-2: Assessing scale-readiness for corporate startups



Transitioning corporate startup B to Scaling-Up required a leap of faith in a defined area. The governance board decided that the team could advance to the next stage upon providing proof points that derisked this critical area. This was the first time Amadeus Nexwave took a leap of faith, moving away from the rigid way of dealing with deliverables expressed in lagging indicators.

Corporate startup C had not yet achieved a sufficient level of scaleworthiness and scale-readiness.

# Pre-Scaling: Progress Monitoring

A typical challenge for corporate startups is to pinpoint where they are in creating a new business and communicating the status to their stakeholders in a language that they can understand. We addressed this challenge with a two-pronged approach:

# 1

We broke down the validation, associated deliverables, and management thinking tools into 2-4 week “sprints” so that corporate startups and the Nexwave Incubation Office had a transparent game plan.

# 2

We implemented a management process that generated a monthly progress scorecard for each team.

For the former part, we organized the deliverables for each Pre-Scaling stage in a logical sequence and defined the corresponding thinking tools that corporate startups must use. We decided to make this mandatory to ensure efficiency and quality in the management process. If each team were allowed to progress in their own way, the Nexwave Incubation Office would have to spend significant time to understand each team’s thought process and to check if crucial parts were left unaddressed.

A second benefit is that corporate startups and the Nexwave Incubation Office can agree in advance on the agenda topics for upcoming meetings. We call this outline “leading by questions” because it helps teams to identify questions they should work on in their current and the upcoming sprints.

For the latter part, we implemented a management process with monthly meetings with the corporate startups and quarterly meetings with the governance board. Those monthly meetings help to align and discuss ongoing activities:



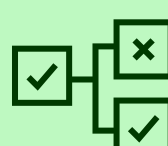
Which are the relevant questions for this sprint?



What are the most critical assumptions?



Which experiments could reduce uncertainty?



Based on experiment results: Should we progress, patch, or pivot?



Where does the team need support?

On a monthly basis, the Nexwave Incubation Office checks the status of the required deliverables and assigns traffic lights in a validation progress scorecard which are the primary communication document for the governance board.

Amadeus Nexwave’s Incubation Office creates a monthly progress update for every corporate startup, using required deliverables per business graduation stage.

*Example: Business Strategy stage*

Deliverable	Status	Already validated	Open validations
Validated customer and customer problem	●	• ... • ...	• ... • ...
Validated good market	◐	• ... • ...	• ... • ...
MVP co-created with and appreciated by customers	●	• ... • ...	• ... • ...
Corporate context established	◐	• ... • ...	• ... • ...
Economic Analysis, v2	◐	• ... • ...	• ... • ...
“Content” KPIs and traction metrics	◐	• ... • ...	• ... • ...
Validated capabilities acquisition (plan)	○	• ... • ...	• ... • ...
Validation plan for subsequent Business Design stage	○	• ... • ...	• ... • ...

*Exhibit 4–3: Amadeus Nexwave pre-Scaling scorecard*



# Transition to Scaling-Up



As described above, one of the corporate startups was not fully scaleready. To ensure a timely transitioning to Scaling-Up, the governance board asked to double down on the identified leap of faith. They provided the corporate startup with a three-month timebox and two objectives:

- If possible, the corporate startup should provide additional proof points that de-risked the critical area.
- If this was not possible, the governance board must make a leap-of-faith-decision and admit it to Scaling-Up or make a patch/pivot/stop decision.

Five pieces of work for a corporate startup that is close to Scaling-Up, but has one leap-of-faith.

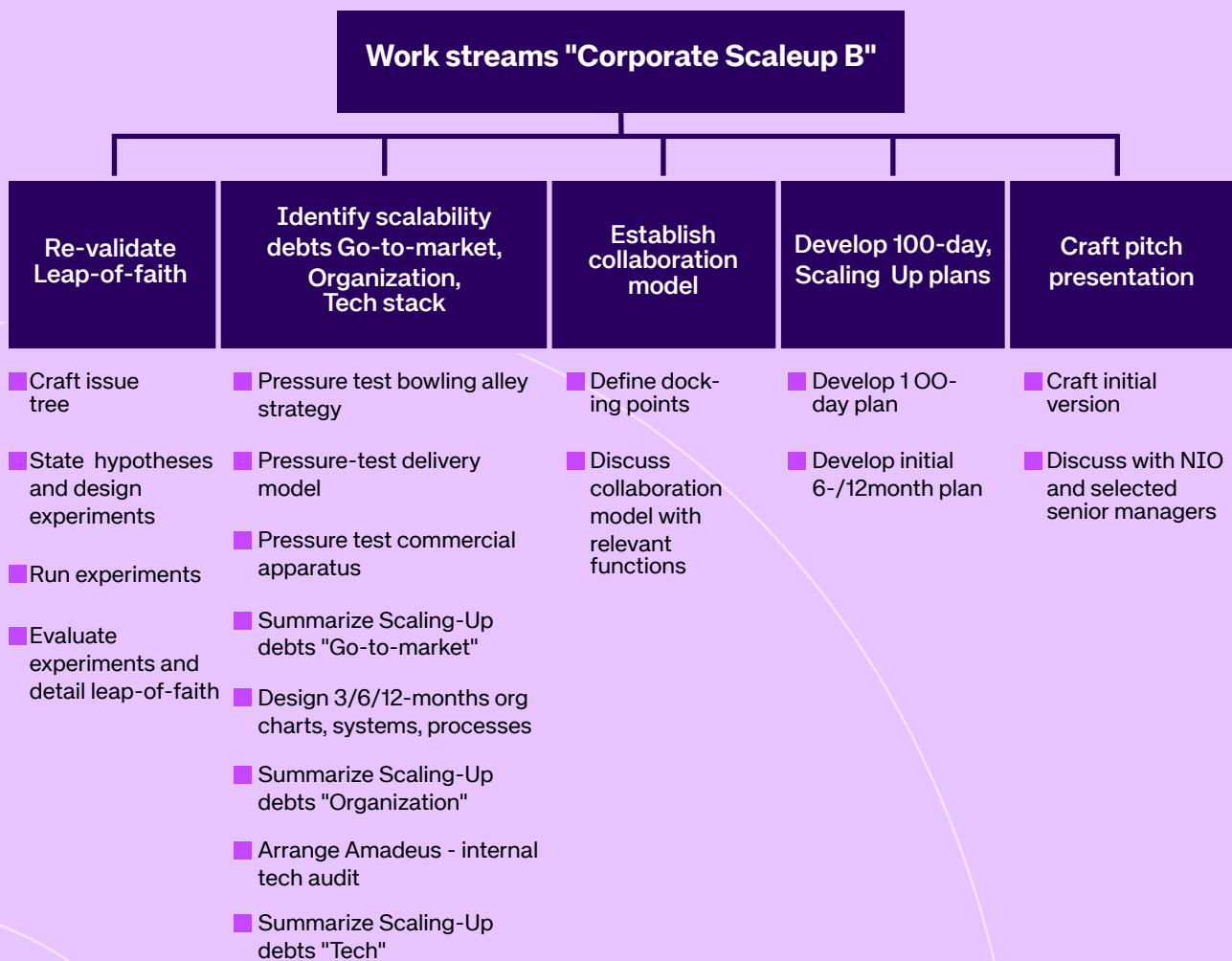


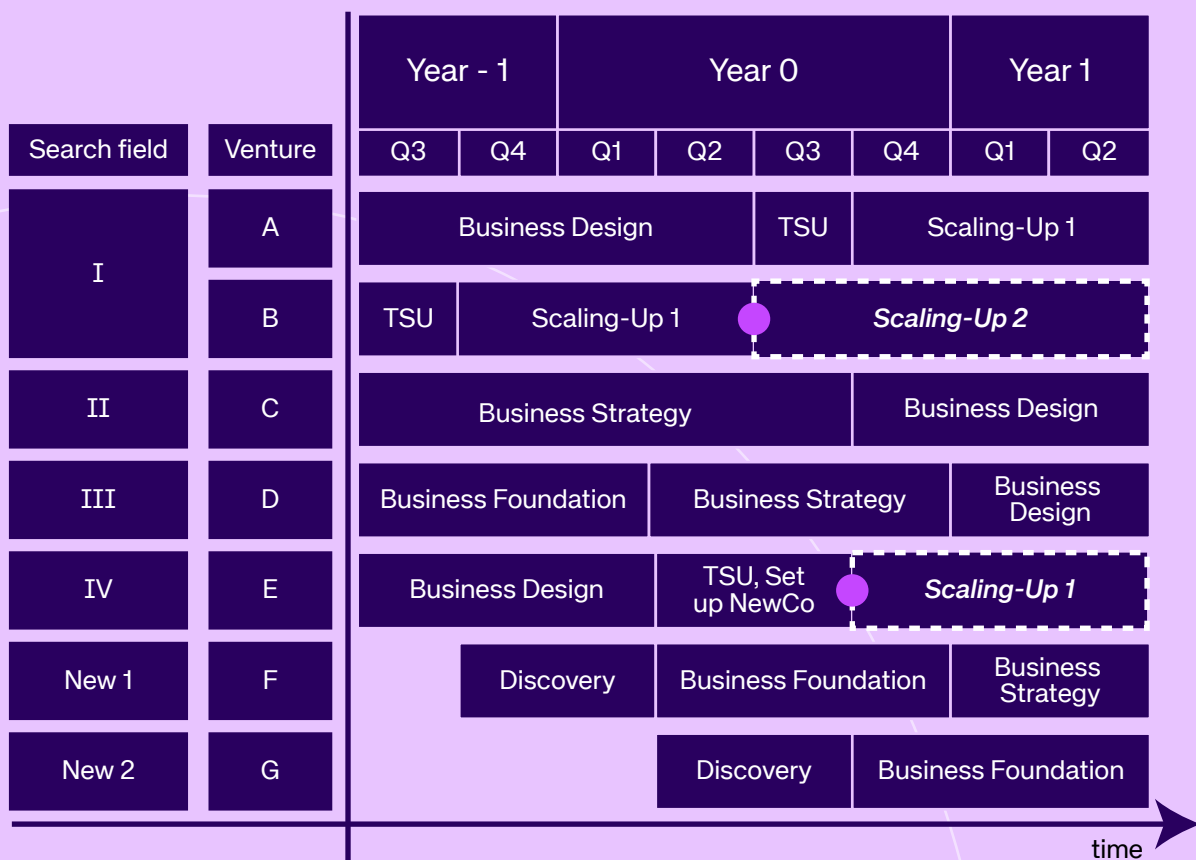
Exhibit 4-4: Preparing "Transitioning to Scaling-Up" with one leap of faith.

# Structure, Funding, Governance

Heads of business incubators often struggle to align funding for individual corporate startups with the annual corporate budgeting cycles. An efficient bottom-up/top-down approach can be implemented when the provisions described above are in place. For the bottom-up part, Amadeus Nexwave's business graduation scheme provides the basis.

In Pre-Scaling, corporate startups receive metered funding tied to their maturity stage. This helps to determine how much funding an individual corporate startup needs in its current stage and in the near-term future. The sprint planning scheme and progress monitoring scorecard provide a good estimate of when the startup will reach its next milestone.

With the Lean Scaleup Pre-Scaling provisions, Amadeus Nexwave has an efficient and effective mechanism to determine funding needs.



TSU = Transitioning to Scaling-Up      ● = Leaves budgeting scope

Exhibit 4-5: Amadeus Nexwave's bottom-up budgeting mechanism.

Corporate scaleups, however, require individual funding plans. Additionally, the Nexwave Incubation Office tracks when they transition out of business incubator as they will no longer receive funding. By adding up the individual budgets, the bottom-up budget requirement can be determined.

This budget is then discussed with the governance board and stakeholders. The decided budget is then broken down to the individual corporate startups. In corporate setups, the approved budget is usually smaller than the total bottom-up funding request. Amadeus Nexwave's policy is to be transparent and use actual figures, rather than inflating budget request so that the agreed budget fits the original estimate.

Governance is also a key element in the decision-making process for corporate startups, as seen in this case study. From the outset, Amadeus Nexwave knew the importance of having senior representatives from different business units being part of the decision-making group, the so-called Executive Incubation Board (EIB). That way, the business incubator and its startups are tightly connected to the company's strategy.

Over time, Amadeus Nexwave has evolved its governance to find the best setup for its decision-making needs. The most recent evolution was to level up and to reduce the number of EIB members from 10 senior leaders from across the business units to four members of the Executive Committee. The EIB is supported by four members from the business units who oversee the startups on a more operational basis and by sponsors with vested interest.

This lean but high-ranked governance board allows the unit to be more aligned with the strategies of the business units. The key accountabilities of the current Executive Incubation Board are:



Take start/stop/continue/  
transfer - decisions for  
individual corporate  
startups.



Allocate budget  
and endorse  
investments.



Review the performance  
of the portfolio of  
emerging business  
opportunities.

# Business-Building Toolbox

During the implementation of the provisions mentioned above, we realized that Amadeus Nexwave needed a knowledge hub to achieve excellence in new business development. This hub needed to solve four challenges. It should:

Establish a common language for internal stakeholders, the corporate startups/scaleups, and Amadeus Nexwave.

Drive “Diligent Entrepreneurship.” We found that in the past, teams often confused thinking tools with the thinking process. We wanted the teams to sweat over the questions that they were supposed to solve in each stage and have the right tools to answer them.

Serve as a repository for best practices and progress monitoring reports. Corporate startups appreciate being able to see real-life examples from their environment and understand what “good looks like.”

Store all progress scorecards to maintain full transparency on the journey of each corporate startup and to refer back to individual cases for improving assessments and estimates.

To get up and running quickly, we implemented the new-business building toolbox on a software-as-a-service solution. Amadeus Nexwave found that such a knowledge hub is quite unique in the travel and tourism industry and an excellent way to demonstrate thought leadership when it co-innovates with external startups or with other incumbent companies.

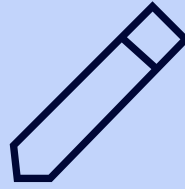
# Conclusion

As a conclusion, the below table summarizes all the changes that helped Amadeus Nexwave implement a best-in-class incubation approach:

Change	What it means in practice
<b>Language</b>	Avoiding innovation jargon and using business language to facilitate communication with Core.
<b>Docking to Core</b>	Adding Contextuality to the end-to-end process to leverage the relationship with Core.
<b>Progress monitoring</b>	Monthly scorecards that pinpoint a corporate startup's position in the Pre-Scaling part of the business graduation scheme.
<b>Business -building toolbox</b>	Knowledge hub to ensure diligent entrepreneurship, including the set of questions, deliverables and thinking tools that corporate startups need to answer.
<b>Leaps of faith</b>	From a rigid way to deal with deliverables to a more entrepreneurial approach.
<b>Governance</b>	Level up the governance body to the highest representatives of the organization, being supported by core members in more operational decisions.

*Exhibit 4–6: Changes in Amadeus Nexwave’s new-business building foundation*

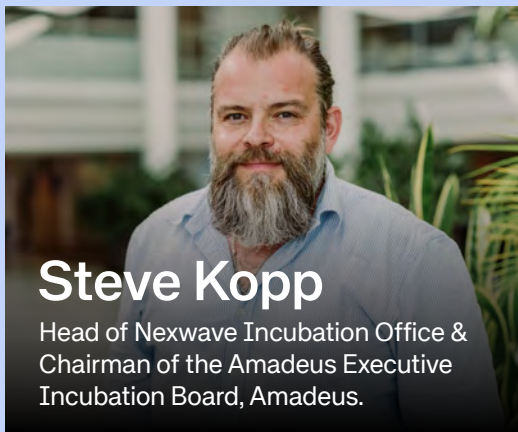
# About the authors



Frank Mattes is a thought leader, startup mentor, and expert in corporate business-building. He helps corporates to create new growth by using their capabilities for scaling out-of-the-box innovation / new-business-building.

He is the founder and CEO of Lean Scaleup. Together with more than 20 leading companies and two business schools he co-created the Lean Scaleup framework, the best practice for overcoming corporate scaling-up problems and creating new, profitable businesses. As an advisor and mentor, Frank helps corporations accelerate the learning cycle in building new businesses, allowing them to create new revenue streams and move swiftly on their transformation journey.

Frank has been named number 2 Global Thought Leader and influencer on Entrepreneurship and Lean Startup by Thinkers360. This is a network of the world's foremost thought leaders — including academics, analysts, authors, consultants, influencers and speakers.



Steve Kopp is a visionary, result-oriented senior leader with over 25 years of experience in designing and building new digital solutions and businesses. He is an innovation and business expert in the travel and IT industries.

Steve has a key role in Amadeus Nexwave, the business incubator unit, as the head of the Incubation Office and Chairman of the Amadeus Executive Incubation Board.

He is responsible for incubating new businesses, from ideation to scaling up. He leads cross-functional teams in portfolio management, business-building methodology, governance, marketing, and communications.

Prior to joining Amadeus, Steve held various design and innovation related roles at SAP and Business Objects, where he had the opportunity to lead a multidisciplinary team, developed his analytical capacity, knowledge in IT, and mastery of user experience and product design.

Steve holds a master's degree in art history, and at the time he also explored his entrepreneurial skills by launching two startups in the publishing industry.

# About Amadeus

Learn more about Amadeus at [amadeus.com](https://amadeus.com), and follow us on



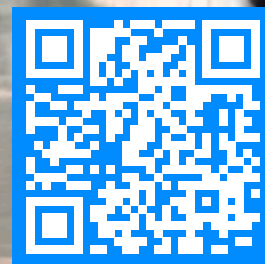
Learn more about Amadeus Nexwave at [amadeus.com/en/innovation/nexwave](https://amadeus.com/en/innovation/nexwave), and follow us on



## About Lean Scaleup

Lean Scaleup is a framework for corporate business building, to transform business ideas into new revenue streams. The methodology is based on best practices in corporate entrepreneurship, and has been co-created by 20+ industry-leading companies and two business schools.

Learn more on [leanscaleup.com](https://leanscaleup.com)



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