

The Rise of Disruptive Innovation

Swaril Dania-3rd year

Summary: *Can a standard theory explain why some businesses fail and some succeed? In the age of innovation when businesses are threatened by the fate of Digital Darwinism, what is the future of business? With technology and society evolving faster than the pace at which organizations can adapt, Is Digital Darwinism is the way to go?*

The reasonable man adapts himself to the conditions that surround him... The unreasonable man adapts surrounding conditions to himself... All progress depends on the unreasonable man."

-George Bernard Shaw

This quote concerns itself with progress and the idea of innovation being crucial for progress has been around since forever. Innovation gives one the edge. It is often said that people who are willing to create and sustain change, to push against the existing status quo, are the ones who will sustain innovation. A quick look at the success stories in the modern business world and we can notice a new innovation trend. With an introduction of ever new products in the market, some companies with their innovation edge have been disrupting existing markets, carving a place for themselves and forcing the incumbents to completely rethink their market strategies. Whether it is Google Apps which is challenging the conventional word processing, calendaring and spreadsheet programs pushing the industry towards cloud based information sharing in the office world or the low cost telecommunication service Skype which allows customers to call and message on the same interface more conveniently and for a fraction of the price of traditional telecommunication services; Zynga, the integrated social media gaming platform which doesn't require a console, challenging the use or need for gaming consoles, our very own Tata Nano in the manufacturing industry creating affordable cars or the Netflix phenomenon which has changed the landscape of entertainment retail and its technology integration- the world today is witnessing the rise of disruptive

innovation. Welcome to the world of Digital Darwinism...

What is disruptive innovation?

Disruptive innovation is an innovation that helps create a new market and value network, and eventually disrupts an existing market and value network (over a few years or decades), displacing an earlier technology. The term is used in business and technology literature to describe innovations that improve a product or service in ways that the market does not expect, typically first by designing for a different set of consumers in a new market and later by lowering prices in the existing market.

In contrast to disruptive innovation, a sustaining innovation does not create new markets or value networks but rather only evolves existing ones with better value, allowing the firms within to compete against each other's sustaining improvements. Sustaining innovations may be either "discontinuous" (i.e. "transformational" or "revolutionary") or "continuous" (i.e. "evolutionary"). While evolutionary innovations typically improve a product in an existing market in ways that the consumers expect, revolutionary innovations are unexpected though they too don't affect the market structure and functioning as such. Contrary to this, disruptive innovation creates new markets separate to the mainstream, often too small at the beginning to be interesting to large established firms. The term is attributed to Harvard Professor, Mr. M. Clayton Christen who tried to explain why some businesses failed on the basis of being unable to keep up technologically with the other firms in the market, a theory which he called the technology mudslide hypothesis. Focusing on the disk drive industry he sought to explain the concept called The Innovators Dilemma.

The Innovators Dilemma

Christen suggested that often companies end up putting too much emphasis on customers current needs and fail to adopt new technology or business models necessary for the fulfillment of the future needs of the

consumers and thus fall behind. Being myopic, they face this dilemma of either continuing with the existing profitable trends in the market or going for breakthrough innovations which may not be very well suited for the consumers today but which have the potential for changing the entire market dynamics in near future. It is not that they fail to spot or develop new technologies, but they fail to value them properly because the incumbent big firms attempt to apply them to existing customers and product architectures or value networks. Thus, the Rate of Investment needed to advance the innovation is low and these projects are often rejected. The small firms, however with nothing to lose enter the market, develop these technologies and over time find newer markets suited for these innovations largely by trial and error. By finding the right use of these applications these upstart ventures rapidly advance and disrupt the markets of the earlier mature firms and businesses. However this seemingly simplistic idea of innovators dilemma has also attracted some criticism of late.

Criticism of Innovators Dilemma

According to Professor Lepore, Harvard “The idea of innovation is the idea of progress stripped of the aspirations of the Enlightenment, scrubbed clean of the horrors of the twentieth century, and relieved of its critics. Disruptive innovation goes further, holding out the hope of salvation against the very damnation it describes: disrupt, and you will be saved.”

Lepore presents two big arguments:

- Disruption is today’s version of the idea of progress – it has become a worldview (way off what Christensen claims)
- Disruption is the low cost poorly received product that can overturn industries (pretty much what Christensen claims)

While Christen showed in his book that big companies, ignorant to the new technologies and emerging trends in customer behavior can be usurped by new entrants taking over their place, building new markets leading to the demise of the incumbent players, Lepore’s study indicates otherwise. She points out that the Innovators Dilemma is more of an interesting possibility rather than a sound business theory or model. An interesting debate opens up if we look into the analysis of the demise of the poster child of disruptive innovation – The Eastman Kodak.

The proponents of Innovators Dilemma seek to explain the failure of Kodak through the premise that it was unable to take on the challenges of disruptive innovation with the advent of digital imagery and changing patterns of customer behavior whereas advocates of the view of Lepore would be quick to point out that Kodak wasn’t unable to predict the rise of digital imaging. Rather, it invented much of it. Kodak invented much of what is now the OLED industry, the flat screen high-luminosity screens that are spreading across smartphones and TV.

Samsung, the OLED leader, first made use of Kodak’s OLED patents and then engineered a way around as many of them as it could, delaying the launch of OLED screens until many of the Kodak patents had expired. Thus according to the critics of the Innovators Dilemma, the concept is more of a theoretical possibility and not a concrete business model which could offer sound explanations for the rise or fall of businesses.

The theory proposed by Christen Clayton has indeed sparked off a debate in the business world but one thing that stands undeniable is the changing business landscape in this age of disruptive technology. In his book ‘The End Of Business As Usual’, Brian Solis, digital analyst and anthropologist notes the impact of disruptive technology on business and society. He explores the landscape of connected consumerism and changes in customer behavior as a result of an extremely active digital lifestyle; the emergence of such a group of consumers poses a challenge before the companies to adapt and evolve at pace with the technology and society. Else, they face extinction in this race against Digital Darwinism.

Digital Darwinism and Digital Transformation : The Road Ahead...

Business organizations today are threatened by the fate of Digital Darwinism, with technology and society evolving faster than the organizations can adapt, the challenge is not merely a technological one. To thrive in this era, one needs a transformation of digital and philosophical kinds. It requires an overhauling of processes and systems addressing the shifts in customer behavior and the business environment. In a seminal report ‘Digital Transformation: A Roadmap for Billion Dollar Organisations’ by Capgemini and

MIT Sloan, it is mentioned that the key to digital transformation is ‘re envisioning and driving change in how the company operates. That’s a management and people challenge, not just a technology one.’ The answer thus, to digital Darwinism, lies in new technology coupled with new processes and business models. Mere investment in technology is not enough. This must be accompanied by a broadening of customer understanding and adoption of digitally modified business models. Technology is more of a way of life and business rather than an answer to the challenge. The main goal remains to be the creation of a culture of empowerment, agility, innovation and engagement.

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Sustainable Development-

“A Fundamental Break That’s Going to Reshuffle The Entire Deck”

Priya Gaur-1st year

Summary: *“The Earth we are living in is not inherited from our forefathers but it is borrowed from our children. If future generations are to remember us with gratitude rather than contempt, we must leave them more than the miracles of technology”. This statement adequately reflects the sentiments of the article, which explicitly propounds the importance of sustainable development and its role in bringing about inclusive growth. It presents sustainable development as the only intellectually coherent concept that can systematically address the current challenges of the world.*

“Sustainable Development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance”

According to the basic definition as described by the Brundtland commission in 1987, sustainable development means ‘**Meeting the needs of the present without compromising the ability of future generations to meet their own needs.**’ The concept of

‘sustainable development’ has been widely endorsed over the past two decades, yet development remains far from sustainable. Numerous policies, plans and tools have been developed to propagate and implement this concept but we have not yet triggered the pace, scale, scope and depth of change that is needed to make development sustainable.

We are taking out more than we are giving back. We are consuming energy, water, and other natural resources in a way that is leading to huge and often irreversible damage to the planet. The Earth we are living in is not inherited from our forefathers but it is borrowed from our children. If future generations are to remember us with gratitude rather than contempt, we must leave them more than the miracles of technology.

In today’s era, sustainable development is much needed for meeting basic human needs, protecting technological resources, accommodating city development, controlling climatic changes, providing financial stability and sustaining biodiversity. Sustainable development doesn’t always refer to environmental sustainability or other green topics.