

Disrupt or be disrupted

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Abstract- We are all aware of how the first industrial revolution of mechanization with water power and steam power was disrupted by the 2nd generation mass production with assembly line & electricity which later was disrupted by the 3rd generation powered by computer & automation which then is being slowly disrupted currently by the 4th generation “cyber physical systems”. While the above disruptions happened over many years of time, the technology disruptions of today are happening at a faster pace making older systems / processes / business models irrelevant in a very short period of time. While disruption in the short term, causes job losses and other challenges to people who are not prepared for it, disruptions are also prone to generate new opportunities and wealth to those who are prepared for it. While the key drivers of disruptions could be many, Technology powered disruptions in particular, have been known to cause exponential impacts. With disruptions, one can be a “Victor” or a “Victim” depending on if one is creating the disruption or one is being slow in responding to it.

technology/demographic/environmental evolution coming together at the same time thereby enhancing the impact. Digital consumers, Pervasive computing, sustainability mind-set, sharing economy, smarter organizations and individuals, data as the new currency, everything as a service are some important themes riding with this exponential change that is happening.



1. INTRODUCTION

Today, technology has started playing a key role in every industry either during creation of the product / service, or during marketing or during delivery. Whether it is a company in the retail sector, BFSI sector, Manufacturing, Automotive, Telecom, Transportation, Travel, Healthcare, Pharma, Education, Textile, Clothing and Apparel, Furniture sectors, the pace of innovation happening powered by digital transformation is truly disruptive with exponential impacts and value creation. The pace at which new business models are evolving which are disrupting traditional processes has seen a rapid increase.

Businesses and Companies that have been slow in integrating technology to transform their processes have begun to see their competitive edge waning and a large percentage of them are seeing a threat of disruption to their business. Digital Transformation, the mega trend has been causing several industries and businesses to be disrupted on the one side, while creating new businesses and presenting varied opportunities for creation of new business models and devising new ways of creating value on the other side. Digital leaders, those who have reimagined their business processes to put technology at the core, have seen their business and company growing much faster than the industry growth.

2. ENABLING TECHNOLOGIES AND TRENDS

If we try to capture the macro trends & key technologies that have had a distinct role in causing disruptive impact, we will see quite a number of the

2.1 Internet minute

The world is moving towards digital as can be seen from the happenings in an internet minute. With the

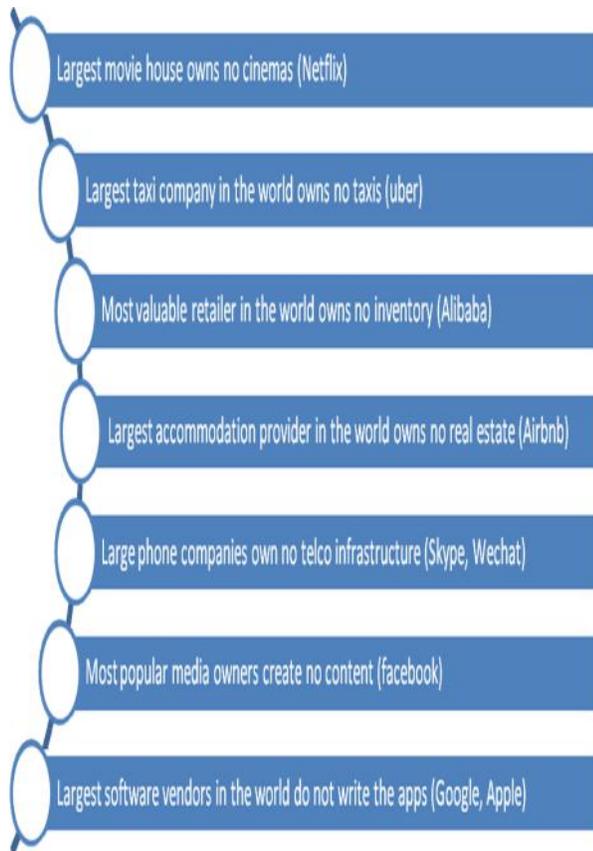


increasing sales of smart phones, with more and more people (in villages and towns) getting internet connectivity through optical fibre cables, with more and more Gen Y getting into the workforce with disposable incomes and purchasing power, the digital consumers are going to be a powerful force in the emerging scheme of things.

What it is doing is (a) enabling the power of each individual and causing impact to the way they make purchase decisions, the way they consume products and services, share experiences, provide feedback etc. (b) increasing role of technology in the core business (c) continuous creation of huge volumes of big data and fast data enabling analysis and real-time decisions on critical items and enabling an element of detection and prevention of frauds, machine failures etc.

2.2 Business Process Disruption

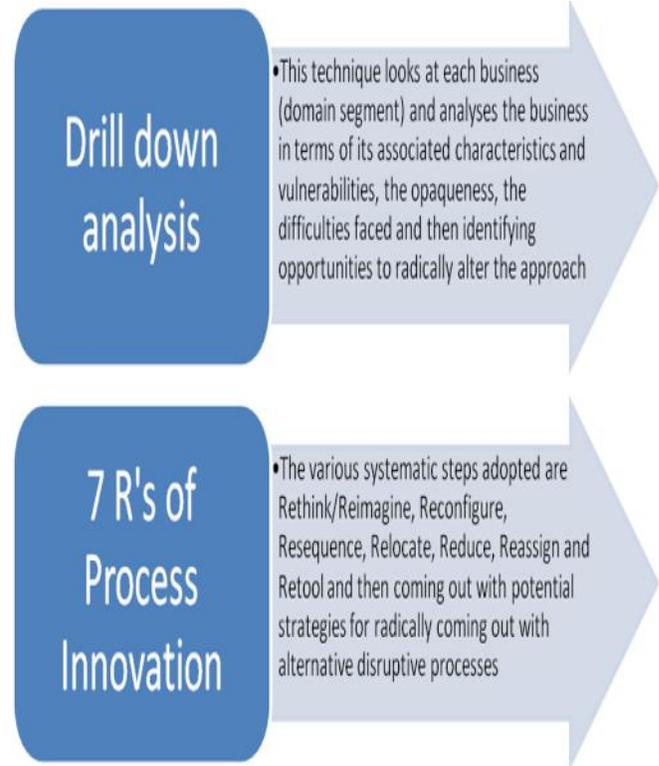
Traditional business processes [without much of technology embedment] cannot anymore compete effectively with the advantages provided by digital business models. If you look at some of the examples provided below, one will see the power of the new business models and how they have quietly and quickly disrupted existing traditional business processes to scale rapidly across the world.



2.3 Disruption Techniques

How do we disrupt existing businesses and associated processes systematically?

Two prominent techniques are “Drill down analysis” method (at business level) and 7 R’s of Process Innovation (process re-engineering level).



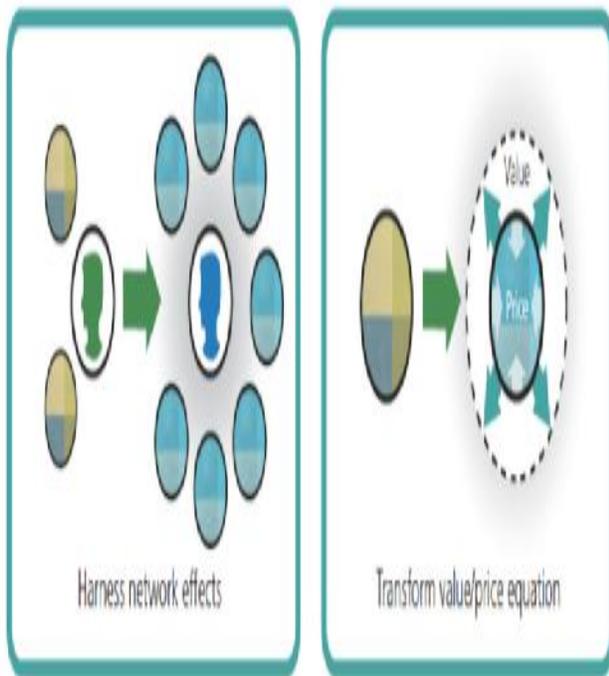
• This technique looks at each business (domain segment) and analyses the business in terms of its associated characteristics and vulnerabilities, the opaqueness, the difficulties faced and then identifying opportunities to radically alter the approach

• The various systematic steps adopted are Rethink/Reimagine, Reconfigure, Resequence, Relocate, Reduce, Reassign and Retool and then coming out with potential strategies for radically coming out with alternative disruptive processes

While evolving the new disruptive process, the focus should be given to various dimensions of disruption in terms of expanding marketplace reach, open sourcing, sharing economy, ease of use, reducing costs, reducing cycle time, improving quality, customer experience, efficiency, environmental, ecological, social etc.

2.4 Patterns of Disruption

On a closer analysis of the disruptions that have happened so far, apart from core technology adoption, we tend to see nine patterns with 5 categorized under “harnessing network effects” and 4 patterns under “transforming value/price equation”.



- Expand marketplace reach**
Connecting fragmented buyers and sellers – whenever, wherever
- Unlock adjacent assets**
Cultivating opportunities on the edge
- Turn products into platforms**
Providing a foundation for others to build upon
- Connect peers**
Fostering direct, peer-to-peer connections
- Distribute product development**
Mobilizing many to create one

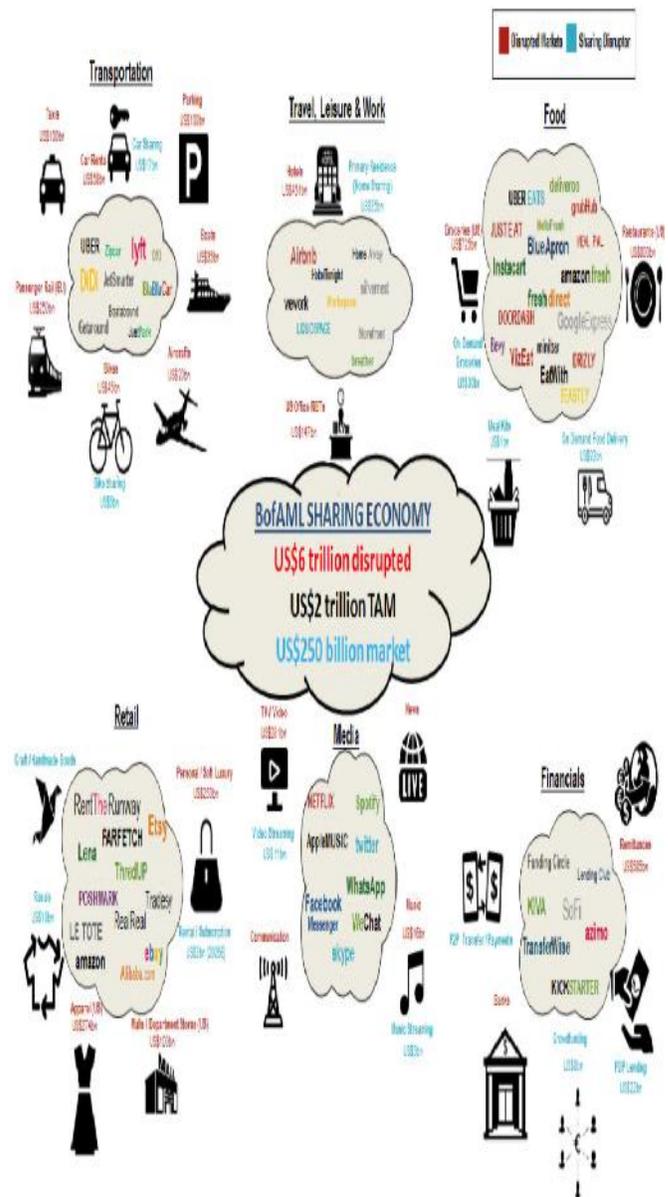
- Unbundle products and services**
Giving you just what you want, nothing more
- Shorten the value chain**
Transforming fewer inputs into greater value outputs
- Align price with use**
Reducing upfront barriers to use
- Converge products**
Making $1 + 1 > 2$

Graphic: Deblotte University Press | DUPress.com

Source: Deblotte Center for the Edge

2.5 Digital and Sharing Economy

Digital has quietly enabled a sharing economy which has enabled a random reduction in wastage, increased focus on efficiency and reuse, seeks to lower transaction costs and creating more value for each dollar spent etc.



Source: Erik Verlin/Lyrid Global Research

3. SKILLS NEEDED

The skills needed for causing disruption as well as effectively responding to disruption can be analysed from 3 major categories of stakeholders in terms of “organizational”, “Individual” and “Governmental”.

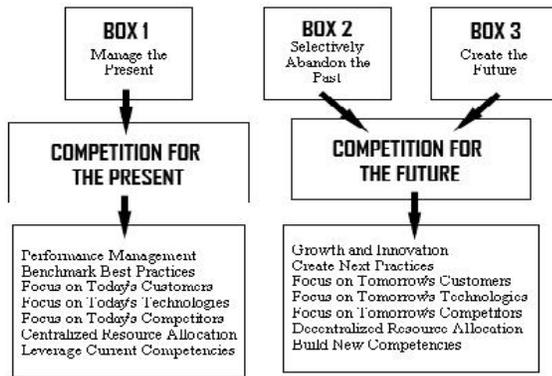
3.1 Organization Level

Organizations and Leaders have to continuously reimagine and build “Innovation at the core” of their business processes in order to survive/thrive and be competitive. Leaders have to think of not only how disruptive technologies will affect their business but they have to have a clear view on how they

will impact their own client’s business. Leaders have to spend more time in Box 3 and Box2 [create the future] than in Box1 [competition for the present]. Then only, organizations will be able to not only respond to disruptive competitors but also innovate and come up with disruptive products and services. Organizations of the future will have more automation with Bots and Digital assistants taking over the most mundane, repetitive and rule based functions leaving employees to work on creative, empathetic, managerial roles.

3.2 Individual Level

Individuals have to be imbibing and exhibiting a “curious and questioning mind-set” about disruption. In order to stay relevant, they need to exhibit a key “learning mind-set”. Asking key questions when developing a new business approach or a disruptive technology strategy to help the organization adapt to future changes, find ways to integrate new technologies, and stay relevant, ability to complement with Technology Augmentation (ability to work with bots and automation) are some key traits for individuals who want to thrive in the digital arena. Individuals are expected to be more versatile than pure technology players as key aspects like creative thinking, innovation, management, decision making in ambiguous environment etc. are some traits where the individuals will be the most preferred than Bots.



3.3 Government Level

In order to be an enabler and not an inhibitor of change in a digital economy, the governments are expected to shape policy, technology infrastructure and processes to ensure that citizen services are rendered efficiently, conveniently, cost effectively and in a transparent manner leveraging the latest in technology in E-governance. Of late, one of the important element is investigating new developments in technology including AI, data and automation to drive improved service delivery. The Indian Government’s “AADHAR” and JanDhanYojna together has clearly disrupted the middle men and has reduced corruption significantly with the benefits reaching directly to the poor people, who are the intended beneficiaries.

4. SUMMARY

Disruption has become quite common with the pace of change that is happening in technology, the application of technology to solve world’s problems, the coming together of the physical and cyber systems etc. The world is becoming a very punishing place for those who are slow and who refuse to see the change that is happening around. If an organization is not proactive in disrupting with innovative approaches, they face the risk of being disrupted or being an also-ran or having “me-too” average business model. The cost of inaction could be so damaging as becoming irrelevant and bankrupt. Continuous re-skilling and improving relevancy is a must in this evolving digital paradigm.

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