

ASSIGNMENT-4

*“Two page write-up on
disruptive innovation in
healthcare”*

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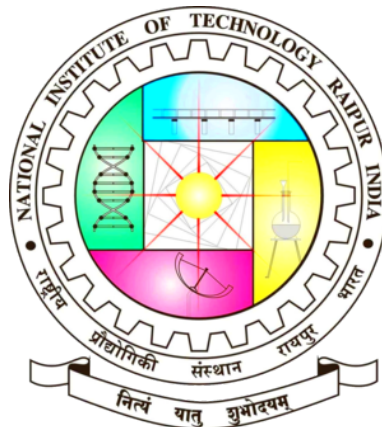
1st Semester, B.Tech

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1 What is disruptive innovation?

Disruptive innovation begins with items that establish low-end or new-market footholds and then persistently climb upmarket, eventually eliminating established competitors. To put it another way, disruption begins when a company recognises and meets an unmet (and sometimes latent) demand.

2 What leads to disruptive innovation?

The disruption of industries and marketplaces has been aided by technological advancements and information digitalization. It would be a mistake, though, to blame disruption only on technology. Disruptive innovation is fueled by a number of additional reasons, regardless of industry. One or more of the following dynamics are common in industries ripe for disruption.

2.1 Complex experiences

Few sectors are as complicated as healthcare. "Healthcare is a complex adaptive system, meaning that the system's performance and behaviour change over time and cannot be completely understood by simply knowing about the individual components," says Jeffrey Braithwaite, professor of health systems research and president of the International Society for Quality in Health Care. No other industry or sector compares in terms of scope and diversity—complex funding structures, various moving elements, complex customers with diverse demands, and a plethora of options and treatments for every given person's needs."

2.2 Consumer confusion

The insurance industry has a long history that can be traced all the way back to ancient Babylon and is documented in the Code of Hammurabi. Despite the social benefits of risk management, participants and regulators have frequently sought for more openness in product definition, pricing, and claims processing. Insurance products are typically seen as complex and difficult to understand, with contracts full of legalese and jargon. The insurance sector appears to be more focused on the business side of things than on client demands at times.

2.3 Redundant intermediaries

Most retail travel agencies have succumbed to disruptive innovation, which was formerly a mainstay of strip mall stores. The travel agent used to serve as an intermediary, scouting costs and planning itineraries for travellers. Travel agents have become obsolete as a result of extensive internet access and sites like Expedia, Travelocity, and Orbitz. Consumers can compare flight fares and hotel accommodations with just a few clicks, allowing them to book with simplicity.

2.4 Limited access

There are plenty of financial management organisations to choose from throughout the world. Many financial advisors may prefer to work with high-net-worth customers who require a variety of services and are ready to pay the fees associated with high-touch service. As a result of this strategy, a substantial number of younger and/or less affluent potential investors are asking for assistance in managing their finances in a simple, convenient, and low-cost manner. Robo-advisors are stepping in to fill the void.

3 Who benefits from disruptive models?

Disruptive innovation is clearly beneficial to consumers. Disruptive products suit customer demands in a market that may have previously been unable to meet them due to their ease of access, convenience, and cheaper costs.

Although it may seem counterintuitive, it is possible to argue that disruption benefits all industry participants. While established organisations may face some disruption, disruption forces them to reconsider their business models and refocus on their core operations. They now have new chances to improve existing products, invest in their personnel, and ensure that they are providing quality service to their customers. It's possible that wealth management may stick around for a long time.

4 The result of healthcare disruption

While previous performance is no guarantee of future results, it's a near-certainty that the disruptive innovation process will enhance healthcare, just as it has in so many other industries.

Health and economic benefits will spread to stakeholders and beyond as innovative products fulfil customer demand.

This isn't to say that present industry participants aren't important. Hospitals, insurers, providers, and others in the healthcare ecosystem can benefit from disruptive innovation, even if they did not initiate it. Established firms are starting to take ownership of innovation, creating leadership roles in some cases to help improve their product offerings.