



COMP3531

IT Entrepreneurship

Lecture 3

- ❑ *3D Printing Lab / W501d with Dr Lotto Lai and other PolyU instructors*
- ❑ *Business Models (essential) / PQ306 Walter Fung*

2023-2024

Semester 1

The background of the slide features a faded, high-angle photograph of a city skyline. A prominent bridge, likely the Golden Gate Bridge, is visible in the upper left quadrant, extending towards the center. The city buildings are densely packed in the lower half of the image, with a body of water visible in the middle ground. The overall color palette is muted, with soft blues, greys, and whites, providing a professional and clean backdrop for the text.

Business Models

(essential)

Enterprise opportunities / measurement

Normally

1. The best is : *earn money \$\$ (normally = increase revenue)*



2. The 2nd best is : *save money \$\$*



3. The 3rd best is : *improvement over tangible value*

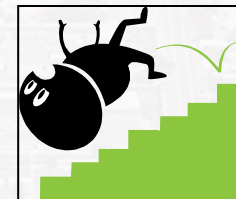


4. The 4th best is : *improvement over Intangible value such as*

- *Benchmarking*
- *Reputation*
- *Morale*
- *Team spirit*



5. *What else ? Jump out of the window ?*



Shorter
Term

Smaller,
Newer
firms

Larger,
older
firms

Longer
term

<http://www.youtube.com/watch?v=u6XAPnuFjJc>

Autonomy

Mastery

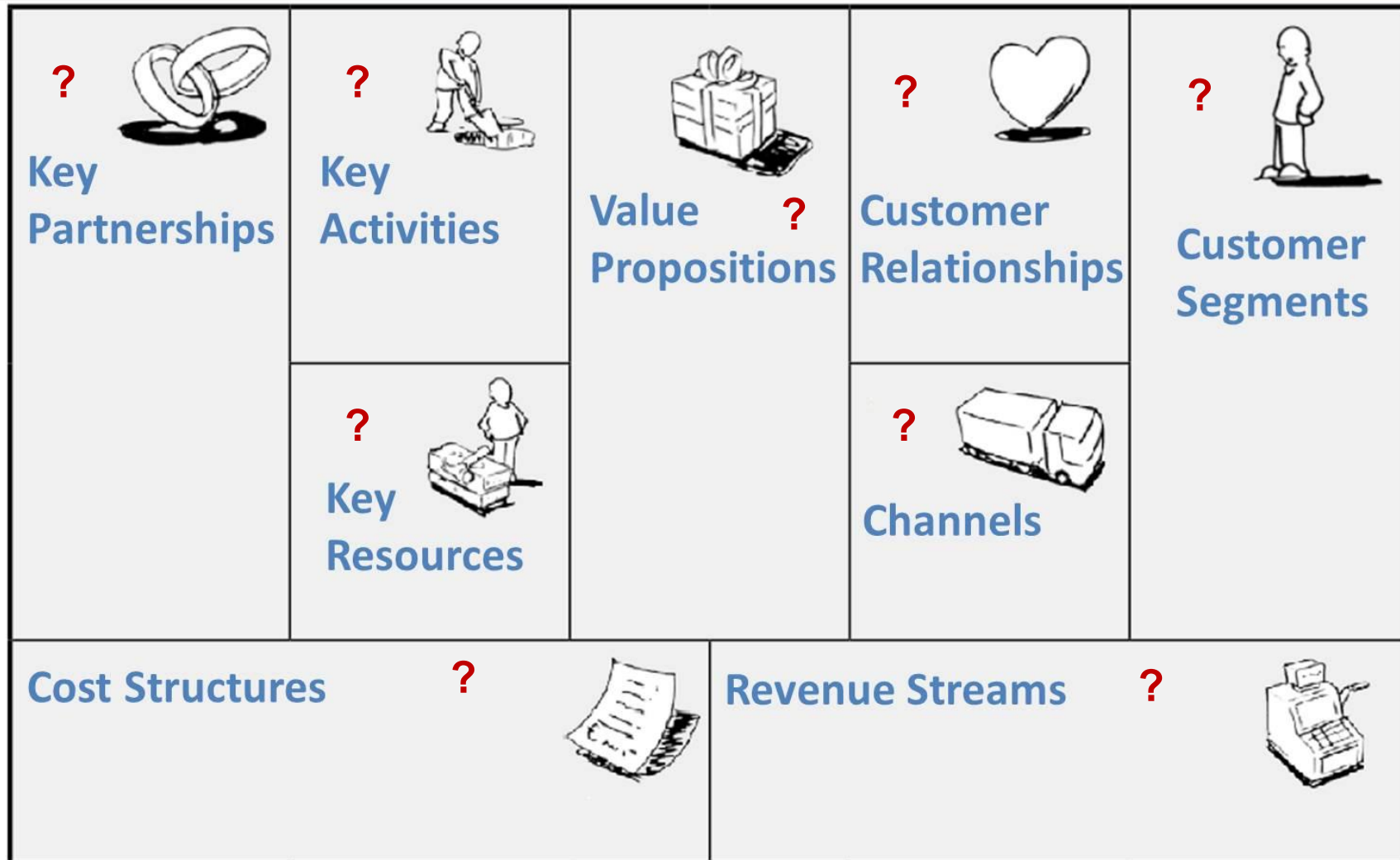
Purpose

What can be a business model ?

<http://fivewhys.wordpress.com/2012/02/24/the-business-model-canvas/>



What can be a business model for Blockchain application ?



Also take a look at HBR 12/2011

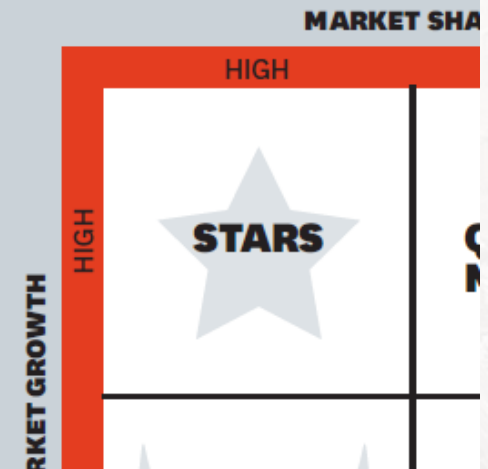
IDEA WATCH

Vision Statement

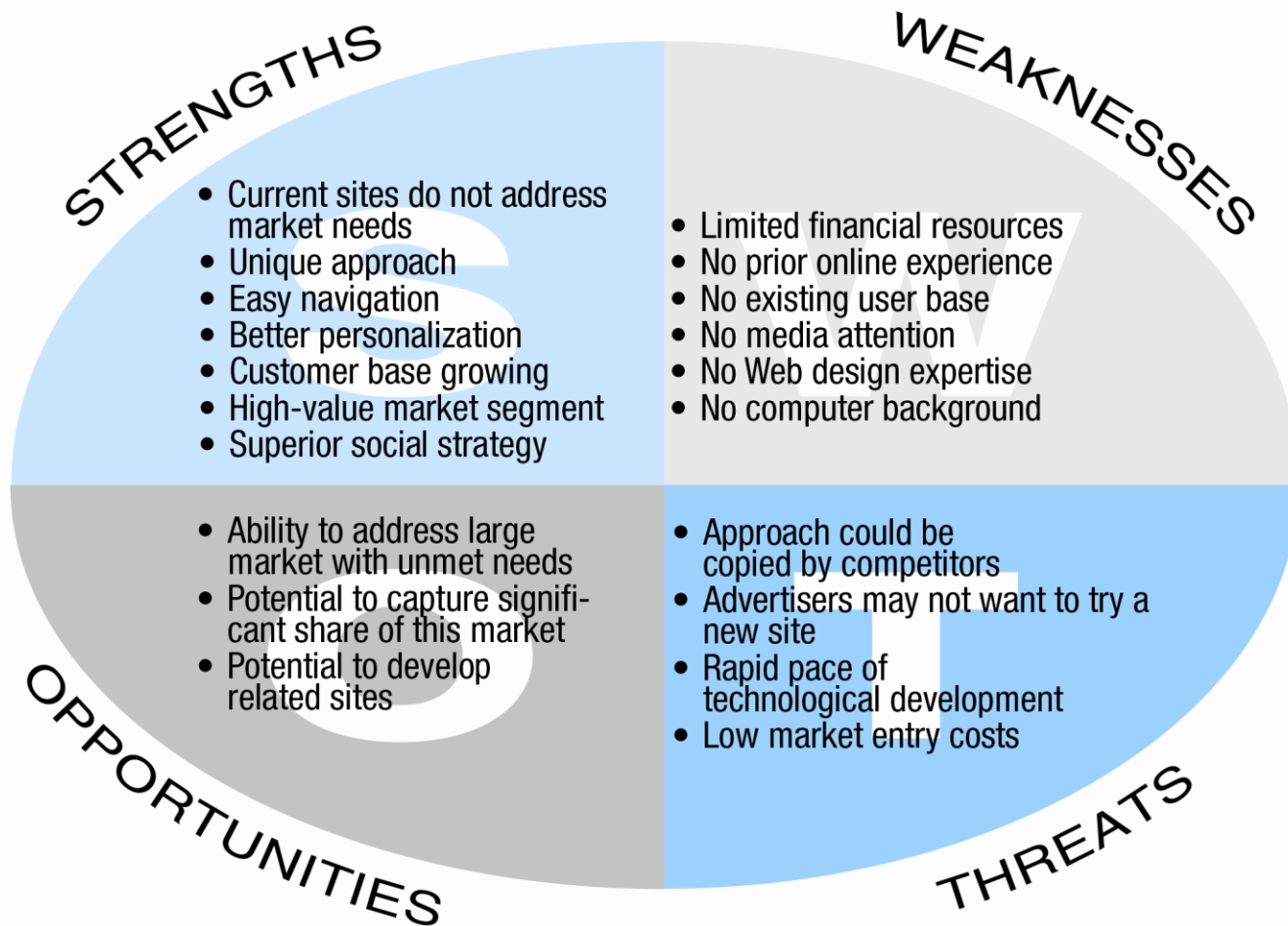
The Charts That Changed the World

Data compiled by **Andrea Ovans**

This issue of HBR contains about 20 charts, graphs, and other exhibits—all aimed at visually communicating the ideas of our contributors. We hope they augment readers' understanding—

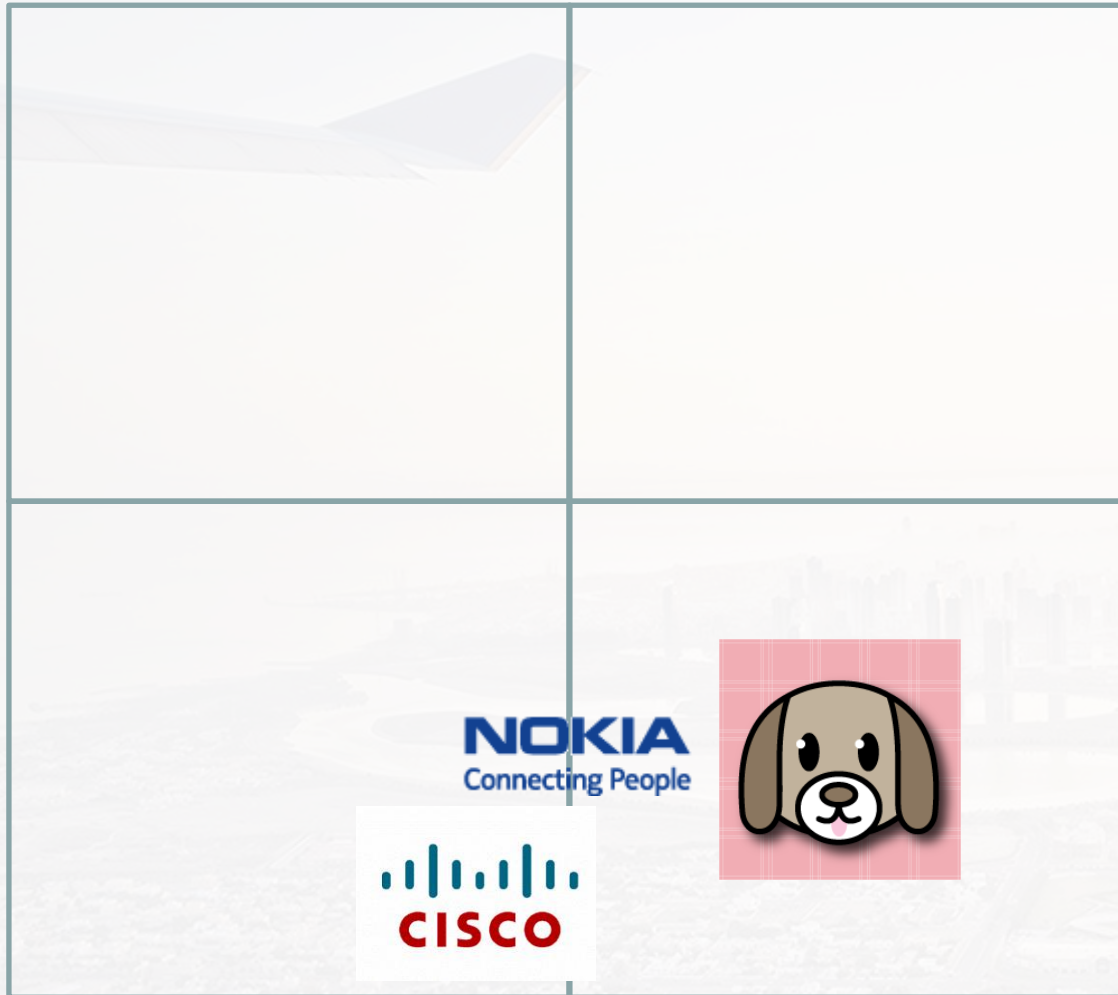


SWOT Analysis



Boston Consulting Group Model, Are we seeing innovation ?





Over years, your company and the associated products or services have attained the undesired dying dog stage. As Chairman of the company, what can you do ?

Some possibilities :

- BPR (Radical Change)
 - M&A (if you can finance)
 - Partnership (if you still have value)
 - Cut cost like layoff (too late ?)
 - Refinance (only ?)
 - Exit (to get good cash and run)
-
- Design new thing by disruptive innovation ?

You are new set-up company, with great product or service. The market is skeptical about your future success, but as founder you are confident. What can you do ?

Some possibilities :

- Marketing (e-marketing)
- CRM
- Partnership
- Exit (so early ?)
- Improve features (incremental change)
- **IP protection (Patent, Copyright)**



Your product and service have widely accepted as great potential accepted by the market. You are planning to grow it further. What can you do ?

Some possibilities :

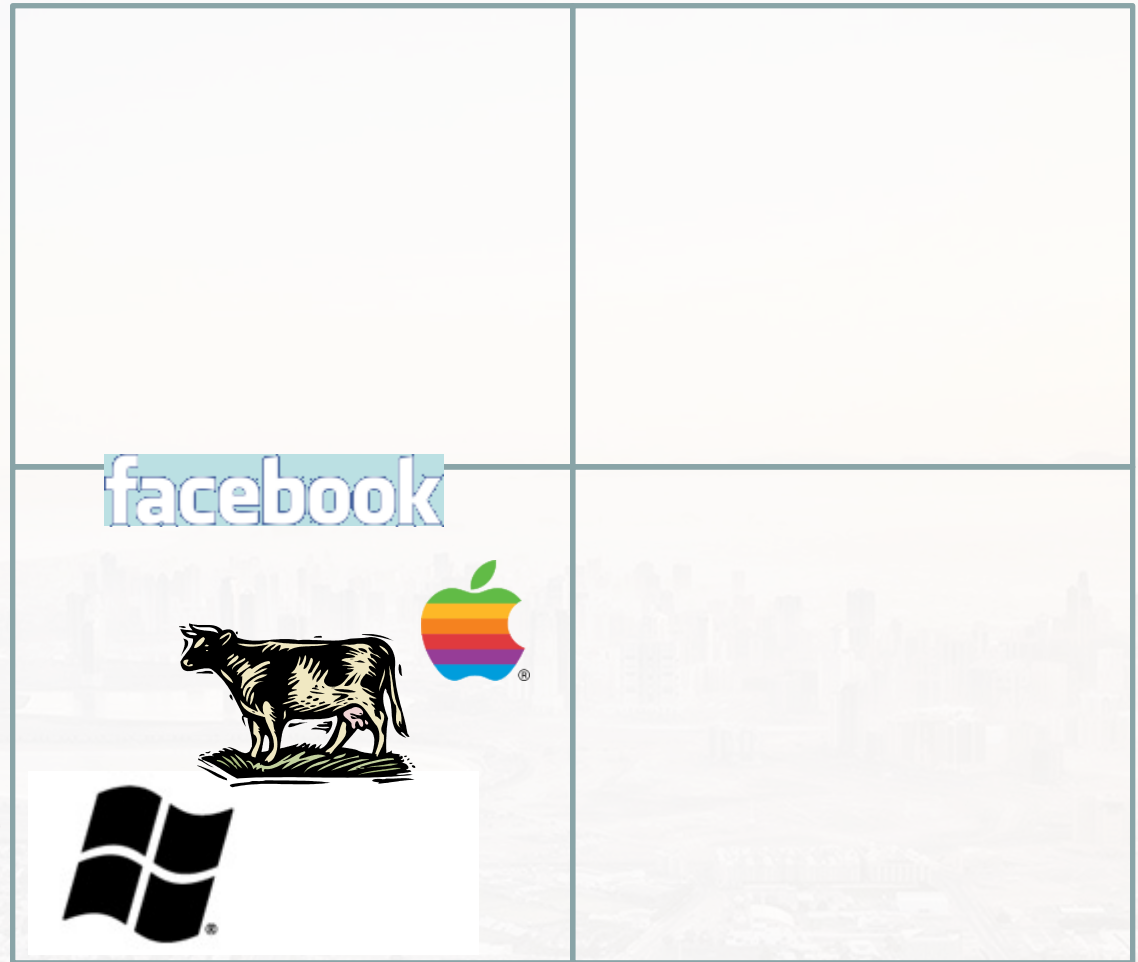
- Marketing (e-marketing)
 - Aggressive Finance (IPO ?)
 - SCM (find good suppliers)
 - Sales (E-commerce, international)
- **Quality Management**



Your product and service has been successfully making good money for your company, and you are leading in the industry. What will you do ?

Some possibilities :

- Operational Excellence
- Reinforce Quality Management
- Enhanced Marketing (CRM ?)
- More Information Systems
- Measurement
- Incremental Change (iphone 2, 3, 4, 5, 6; Windows 3, 4, 5, XP, VISTA, 8, 9, 10, etc)
- Large scale layoff like HSBC (2012) ?



Q1. Act **monopoly** to kick out competitors (as long as legal) ?

Q2. Continue to make the most money by **incremental change**, stay in cash-cow as long as possible ?

Q3. Innovate completely **new products**, skipping the dying dog stage, jumping into ? Stage earlier ?

A long established company will normally have :

- Multiple products / services at different stages (even Apple will have iPhone 4 at dying dog stage)
- The company will be represented by the AGGREGATE of products and services :
 - too many dying dogs will kill the company, immediately
 - too many question marks or rising stars hurt the company's financial position;
 - too many cash cows jeopardize the long future of the company (though short or medium terms are fine perhaps)



Disruptive Technologies: Riding the Wave

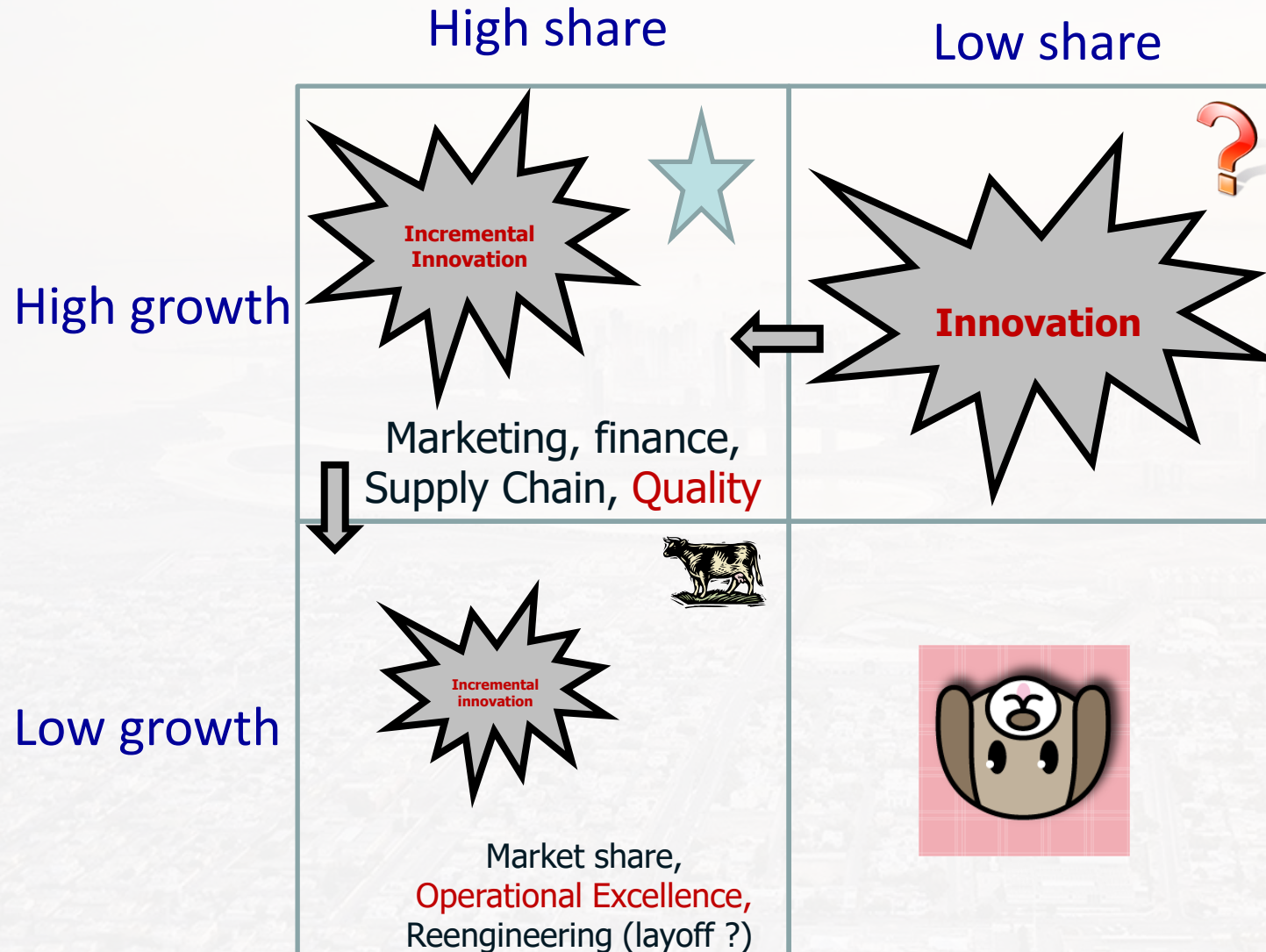
- Disruptive technologies:
 - Technologies with **disruptive impact** on industries and businesses, rendering existing products, services and business models obsolete, e.g.:
 - ✓ Personal computers
 - ✓ World Wide Web
 - ✓ Internet music services
 - First movers vs. fast followers
 - First movers of disruptive technologies may fail to see potential, allowing second movers to reap rewards (fast followers)

Such as Netscape browser

Types of Innovation

- Radical Innovation
 - The launching of inaugural breakthroughs.
 - These innovations take experimentation and determined vision, which are not necessarily managed but must be recognized and nurtured.
- Incremental Innovation
 - The systematic evolution of a product or service into newer or larger markets.
 - Many times the incremental innovation will take over after a radical innovation introduces a breakthrough.

Boston Consulting Group Model are we seeing innovation ?



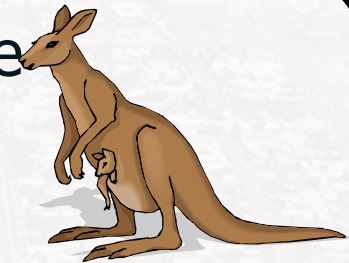
Q1. Should you do innovation everyday ?

Q2. What is wrong with incremental innovation ?

My products and services have been evolving into
JJ1, JJ1v, JJ2, JJ2v, JJ3, JJ3v,



Until one day a new company, product, or service
disrupts you and knock you out !



Disruptive Innovations : Riding the Wave

‘Despite all the attention that Internet companies get these days, it’s just a transitory phase, because in five years’ time there won’t be any “Internet companies”. They’ll all be Internet company.’,
Andy Grove, Intel, 1999.

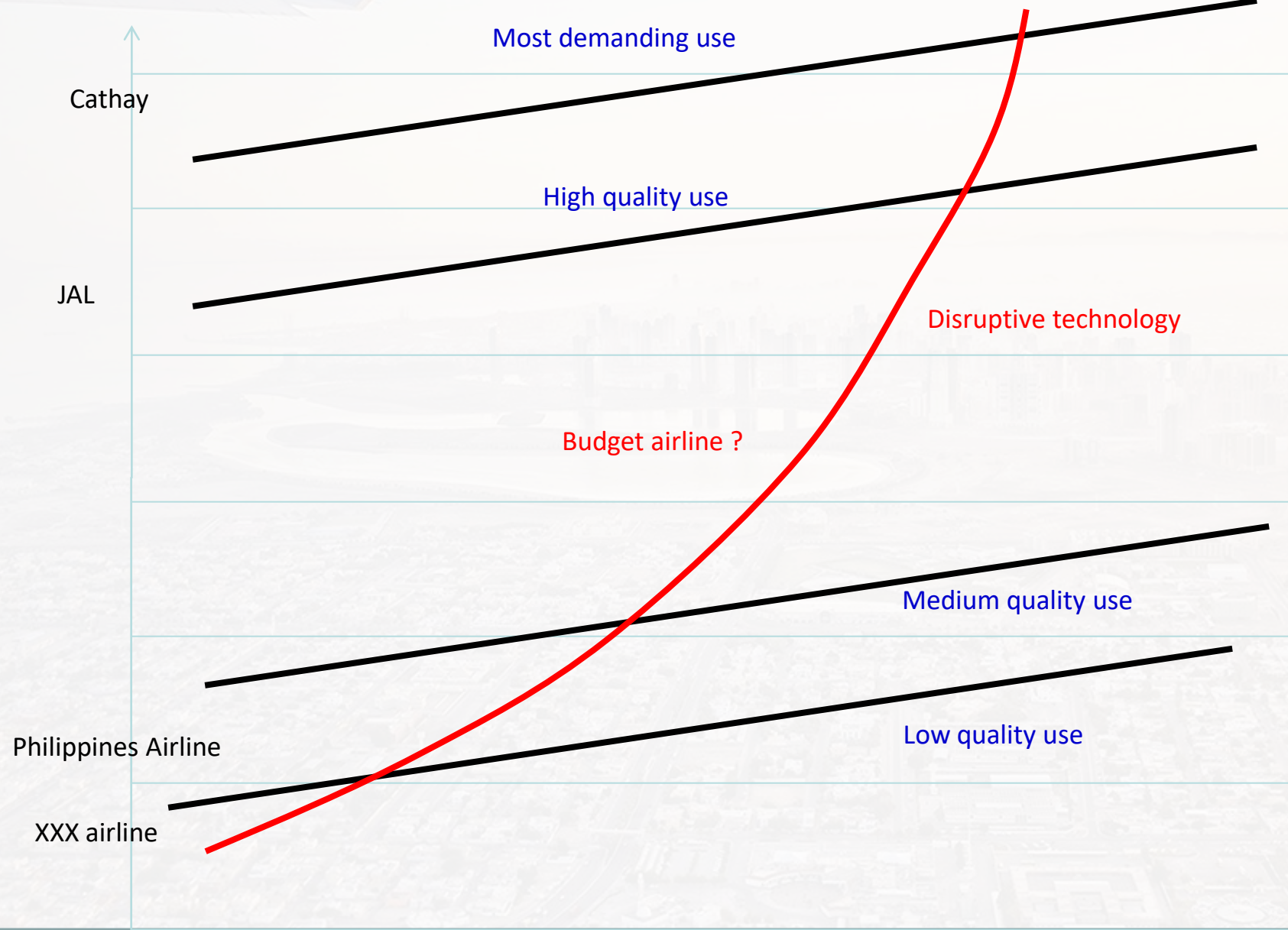
Disruptive Innovation : A technological innovation, product, or service that eventually overturns the prevailing status quo in the market.
佔優勢的 現狀 (Christensen, 1997)

Companies engaging in disruptive innovation target customers who find existing value propositions too expensive or too complicated. They offer solutions that are ‘good enough’ at a lower price.
(Christensen, 2002)

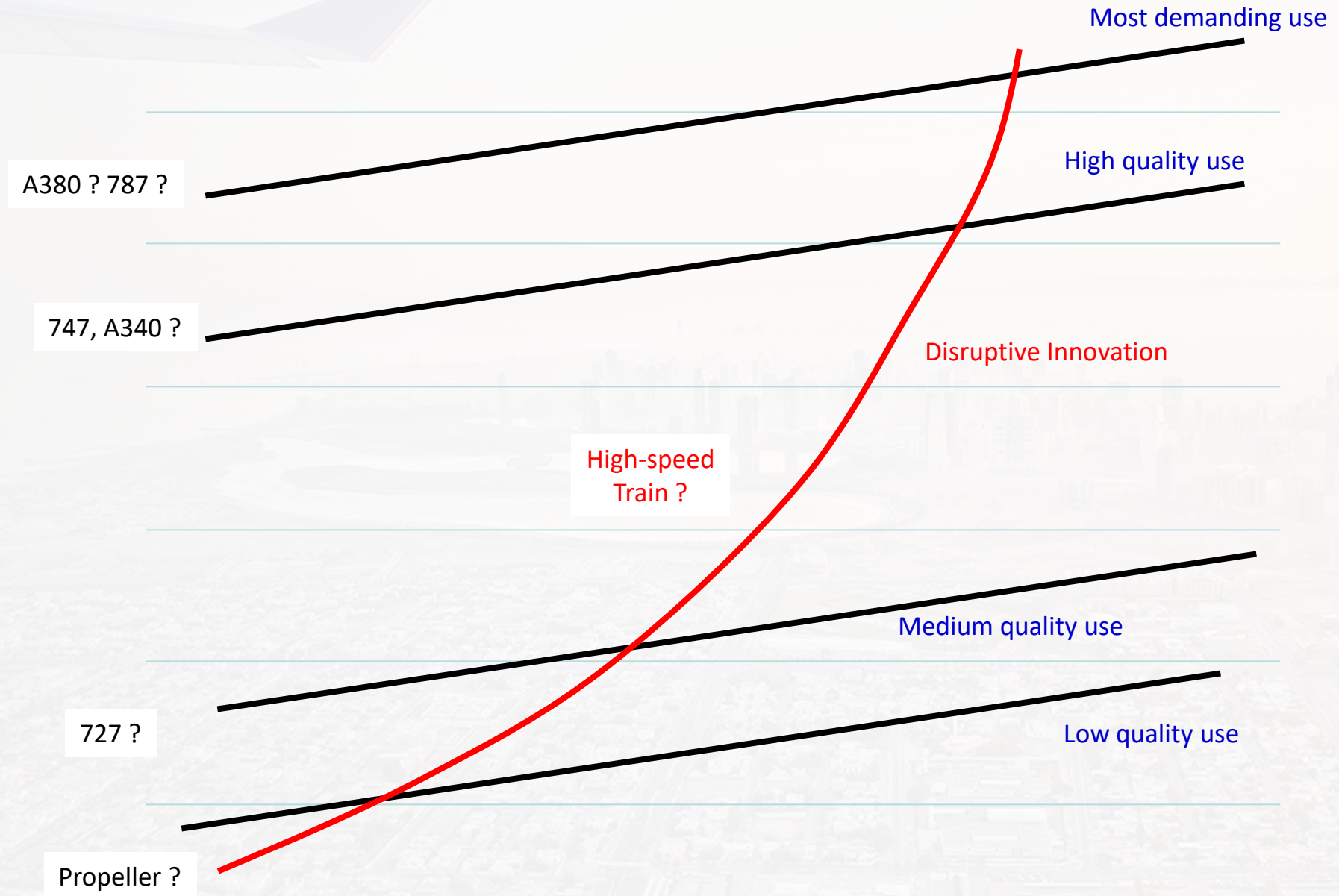
Christensen, 2006 :

“I started off thinking it was a ~~technological problem~~, that disruptions occurred when a new company with deeper expertise entered the market. I’ve come to recognize that the technology is simply the enabler, while the disruption is caused by the **strategy** or **new business model deployed**. The best disruptions are brought about when an entirely new business model is introduced to an industry. This makes it difficult to copy.”

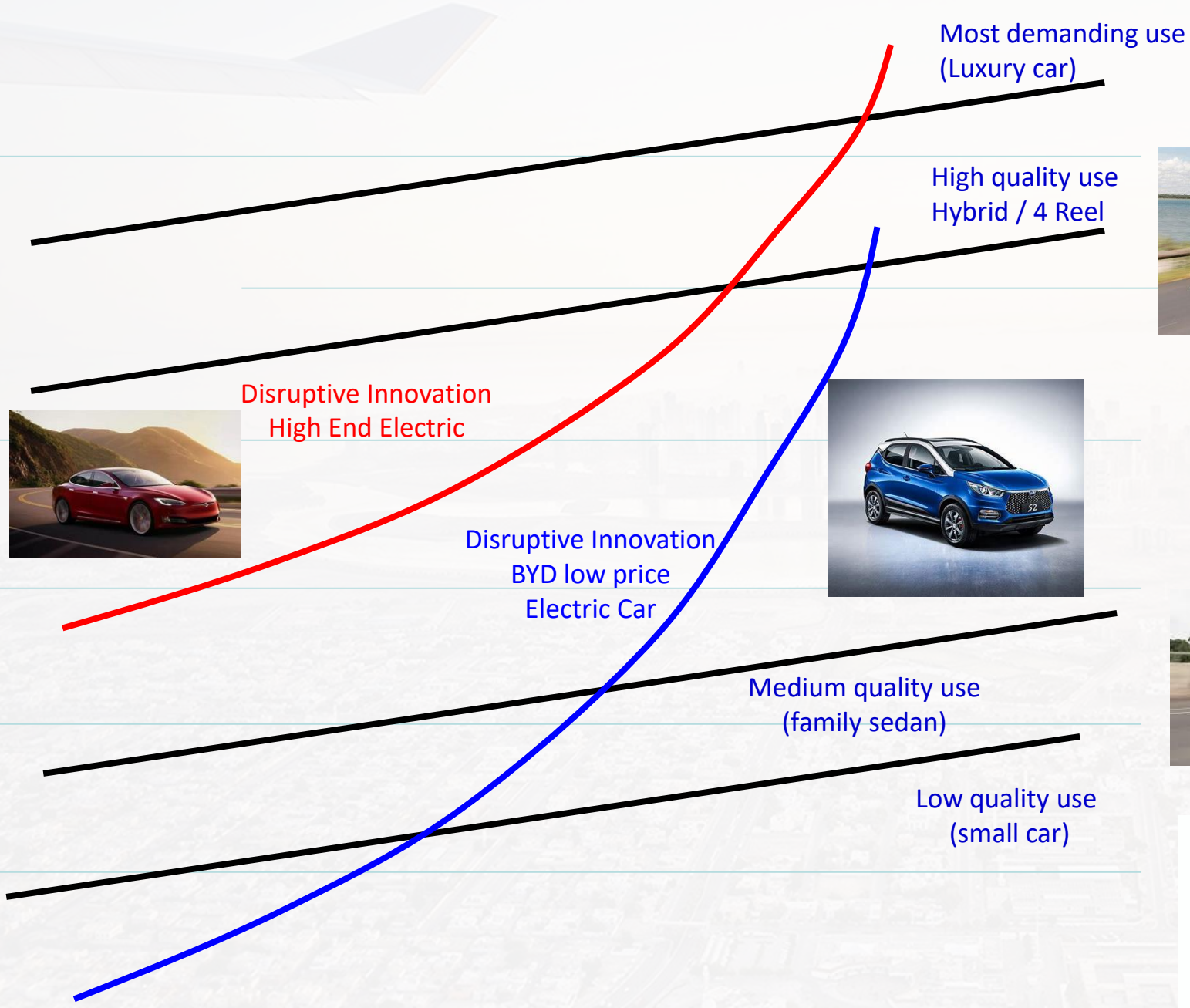
Disruptive Innovation : Riding the Wave



Disruptive Innovation : Riding the Wave



Disruptive Innovation : Riding the Wave



<https://aito.auto/content/dam/aito/cn/model/m7/assets/images/hero/aito-wenjie-m7-id-video.mp4>

首页

问界 M5 系列 ▾

问界 M5 纯电版系列 ▾

问界 M7 系列 ▾

AITO

门店

服务

AITO | 问界 M7

行无界 智千里

观看视频 ▶

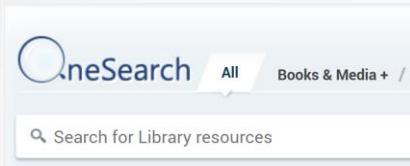
预约试驾



Disruptive Innovation : Riding the Wave



Disruptive Innovation : Information Retrieval



Most demanding use

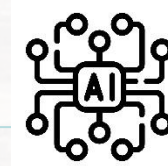


SEARCH
RESULTS

High quality use



Disruptive Innovation



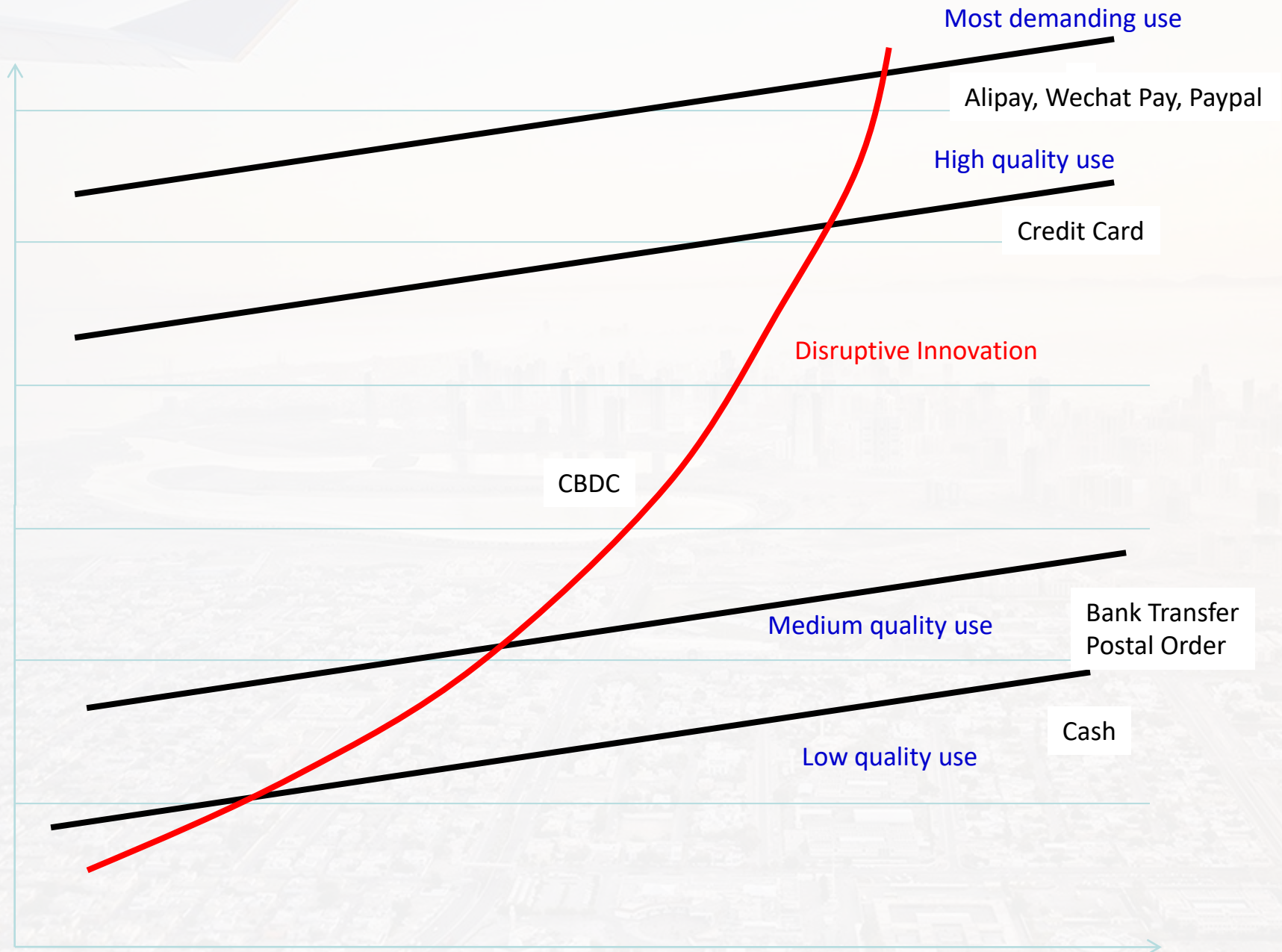
Medium quality use



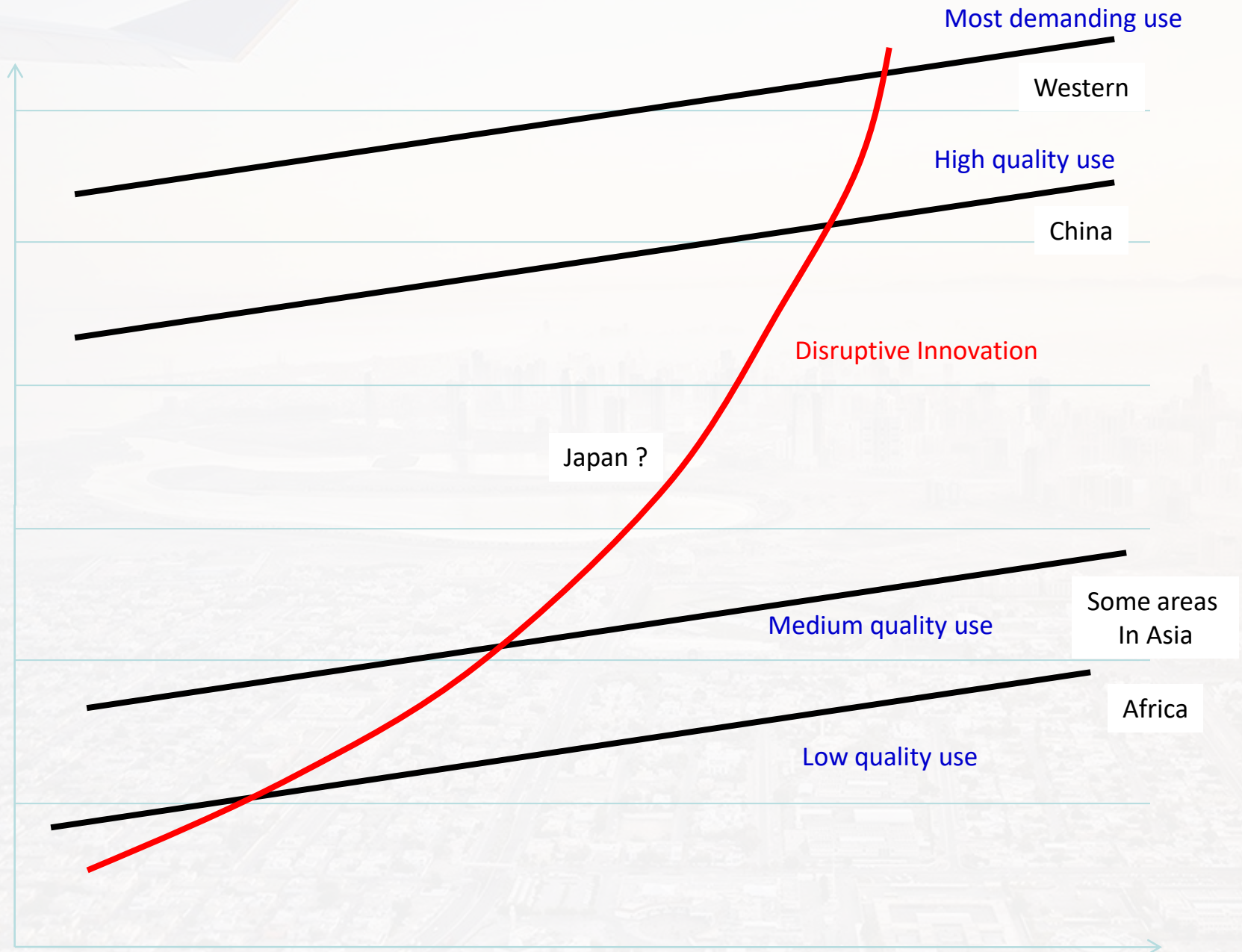
Low quality use

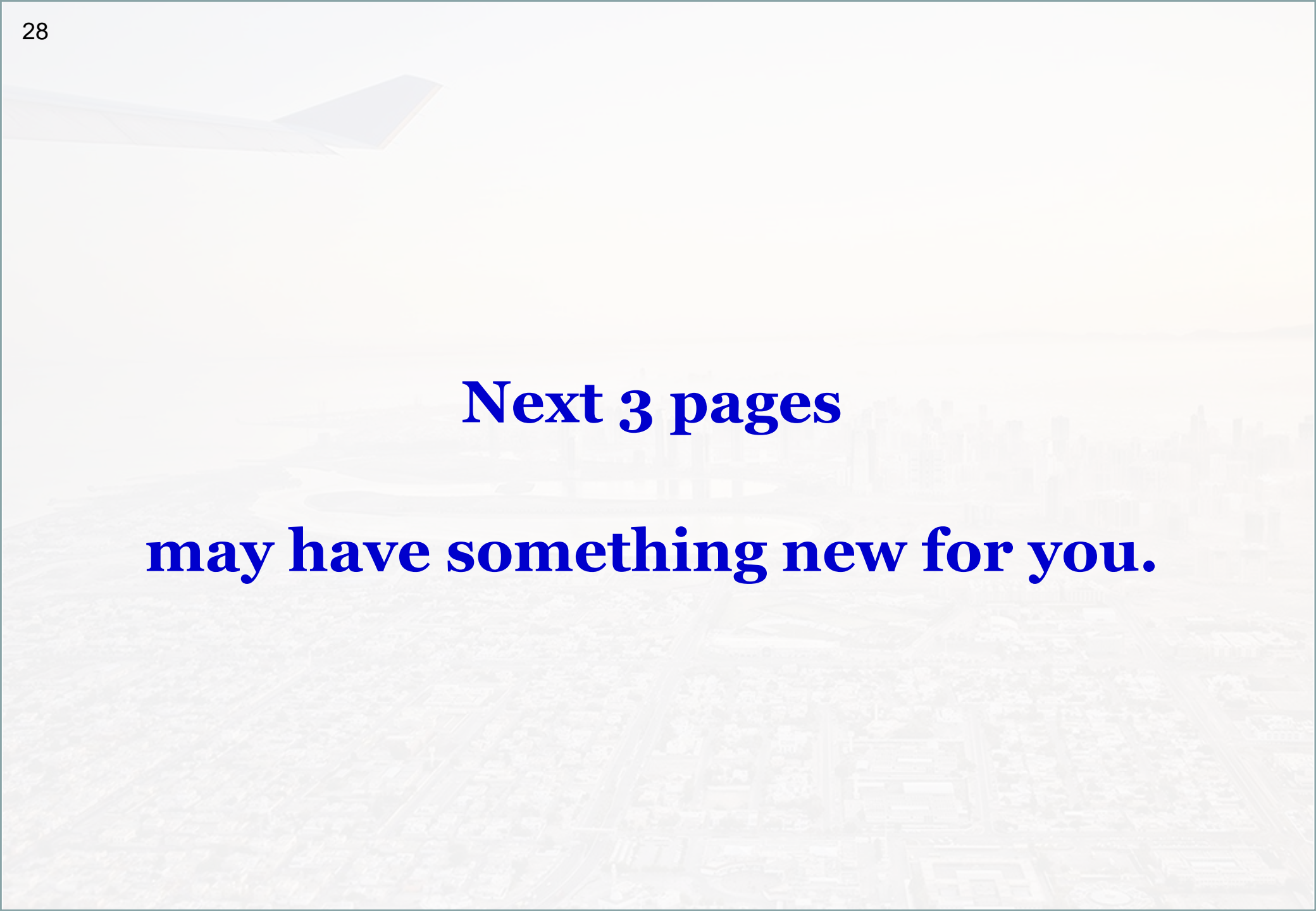


Disruptive Innovation : Communication Software / Social Media



Disruptive Innovation : The World in late 19th century

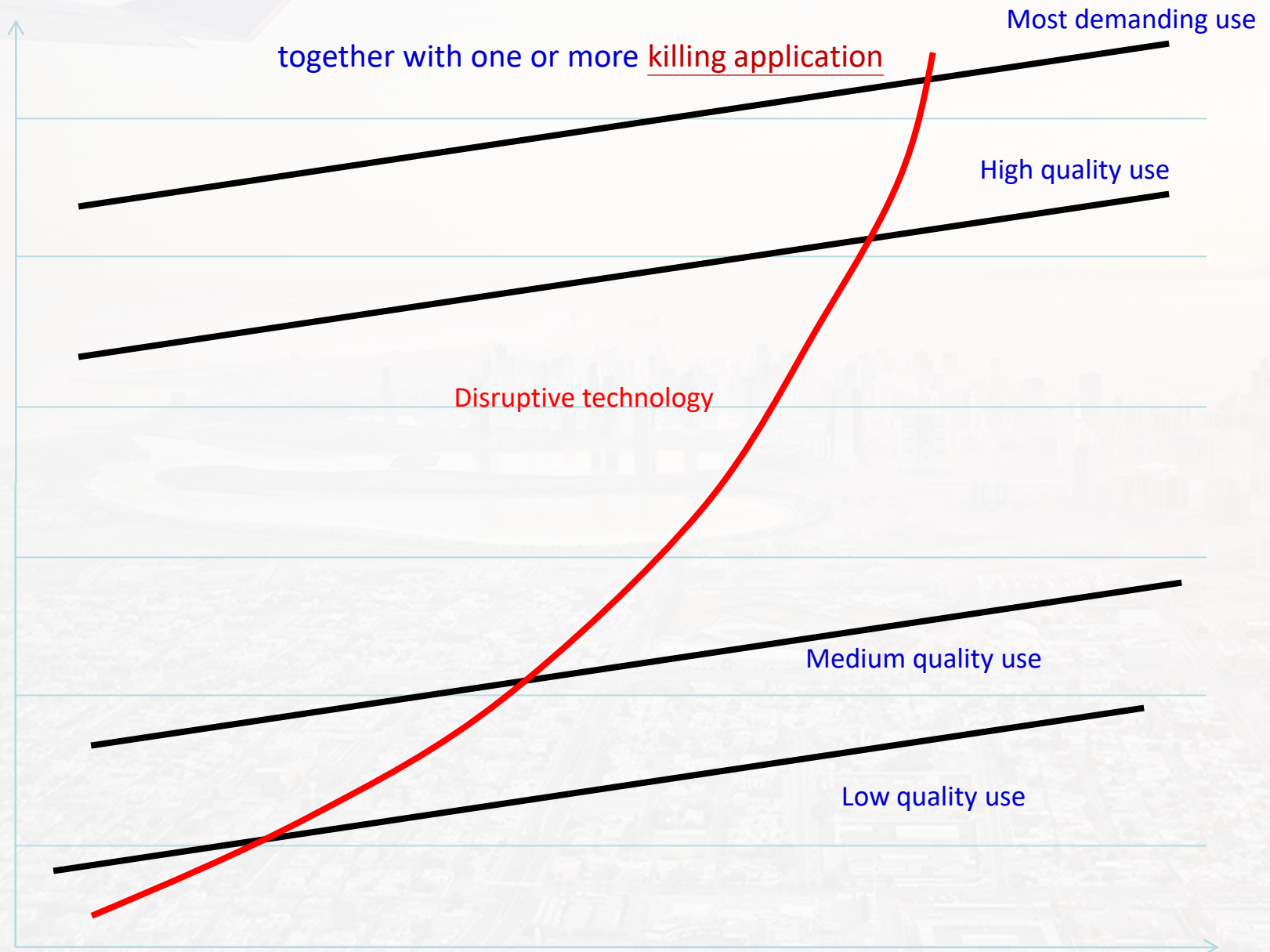


An aerial photograph of a city, likely New York City, showing a dense grid of buildings and streets. In the upper left corner, the wing and tail of a large airplane are visible, suggesting the photo was taken from an elevated perspective, possibly from a high-altitude aircraft or a drone. The city extends to the horizon under a clear sky.

**Next 3 pages
may have something new for you.**

Success of disruption often driven by “change”

價值觀 信念
of core value or belief;



Success of disruption often driven by “**change**” of core value or belief;

Together with one or more **killing applications**

Status Quo	Disruption	Change of core value, or belief	Killing Applications
Mainframe Computer	PC	X ??????????? ✓ ???????????	
Aviation	High Speed Train		
Capitalist In 19 th century	Socialist		
Traditional Airlines	Budget airline		
1860 – 1920 the development of countries	Japan		
Old Smartphone dominated by Nokia	Iphone		
PC, Notebook, Netbook	Tablet		

Success of disruption often driven by “**change**” of core value or belief;
Together with one or more **killing applications**

Status Quo	Disruption	Change of core value, or belief	Killing Applications
Mainframe Computer	PC	X Only big enterprise can use computer. ✓ Computer can be a home commodity.	• ?????????? • ??????????
Aviation	High Speed Train	X You want fast, get on a plane. ✓ Ground transportation can be cheap and clean	
Capitalist In 19 th century	Socialist	X An Inquiry into the Nature and Causes of the Wealth of Nations (Adam Smith) ✓ “Capital” (Karl Marx)	
Traditional Airlines	Budget airline	X Quality airline provides good service ✓ Who care, I just want to be there cheap	
1860 – 1920 the development of countries	Japan	X Chinese culture as core ✓ 脫亞入歐 (leave Asia, join Europe)	
Old Smartphone dominated by Nokia	Iphone	X Our understanding or smartphone ✓ The new smartphone defined by Apple	
PC, Notebook, Netbook	Tablet	X No one will carry the 3 rd devices out ✓ Netbook can be replaced by tablet	

Success of disruption often driven by “**change**” of core value or belief;
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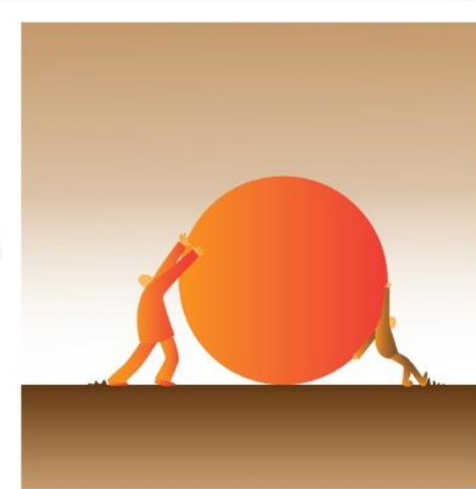
Status Quo	Disruption	Change of core value, or belief	Killing Applications
Mainframe Computer	PC	X Only big enterprise can use computer. ✓ Computer can be a home commodity.	<ul style="list-style-type: none"> Word processors Open hardware platform / DOS
Aviation	High Speed Train	X You want fast, get on a plane. ✓ Ground transportation can be cheap and clean	<ul style="list-style-type: none"> High speed train being constructed everywhere
Capitalist In 19 th century	Socialist	X An Inquiry into the Nature and Causes of the Wealth of Nations (Adam Smith) ✓ “Capital” (Karl Marx)	<ul style="list-style-type: none"> Russia Revolution (1917) PRC (1949)
Traditional Airlines	Budget airline	X Quality airline provides good service ✓ Who care, I just want to be there cheap	<ul style="list-style-type: none"> Budget airline
1860 – 1920 the development of countries	Japan	X Chinese culture as core ✓ 脫亞入歐 (leave Asia, join Europe)	<ul style="list-style-type: none"> Meiji Restoration (明治維新) Defeat the China Navy (1894) Defeat the Russia Navy (1904-5)
Old Smartphone dominated by Nokia	Iphone	X Our understanding or smartphone ✓ The new smartphone defined by Apple	<ul style="list-style-type: none"> APPS Store
PC, Notebook, Netbook	Tablet	X No one will carry the 3 rd devices out ✓ Netbook can be replaced by tablet	<ul style="list-style-type: none"> Ipad Samsung Pad

A transformation process is needed

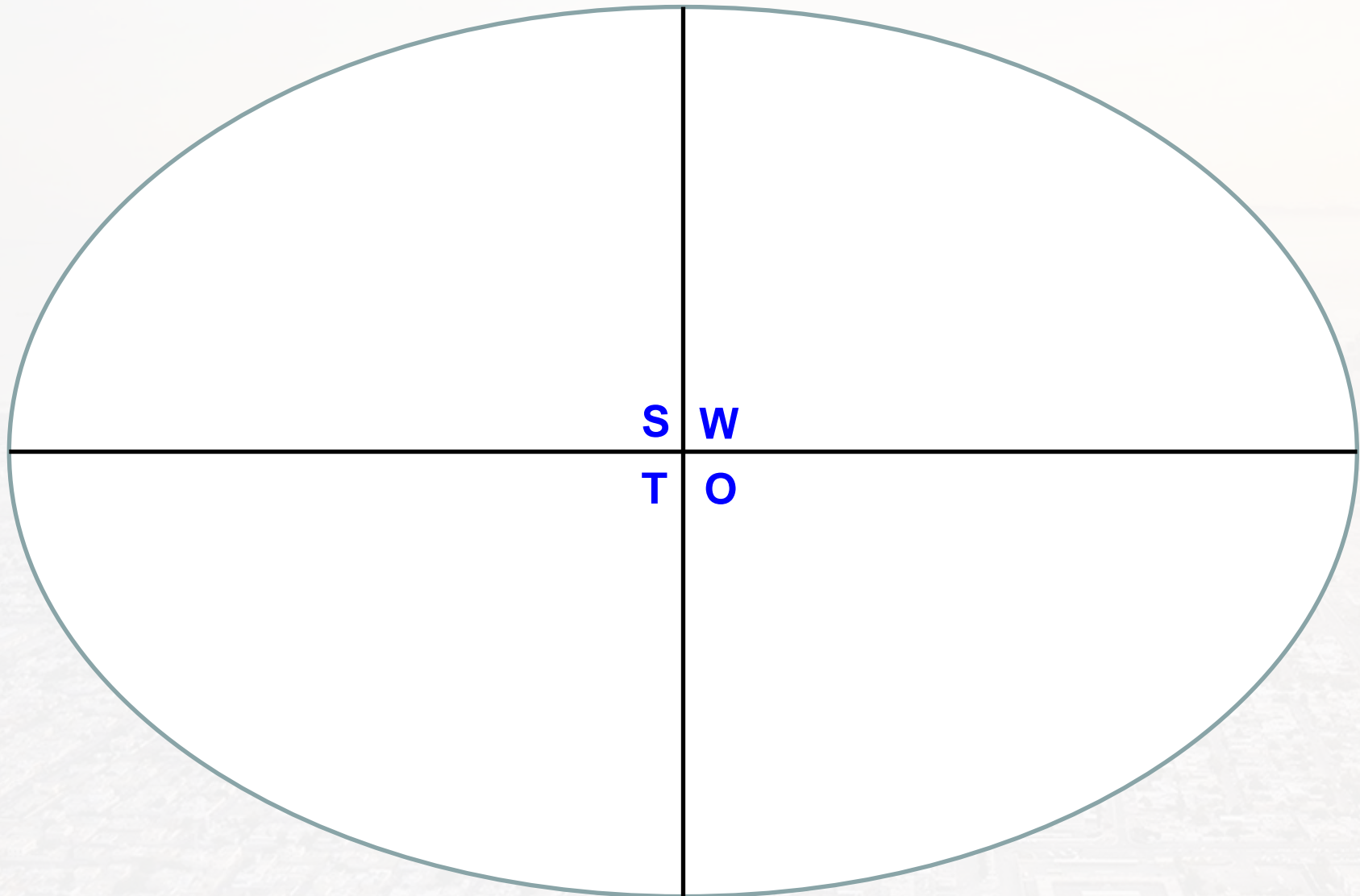
Success of
disruption often
driven by “**change**”
of core value or
belief



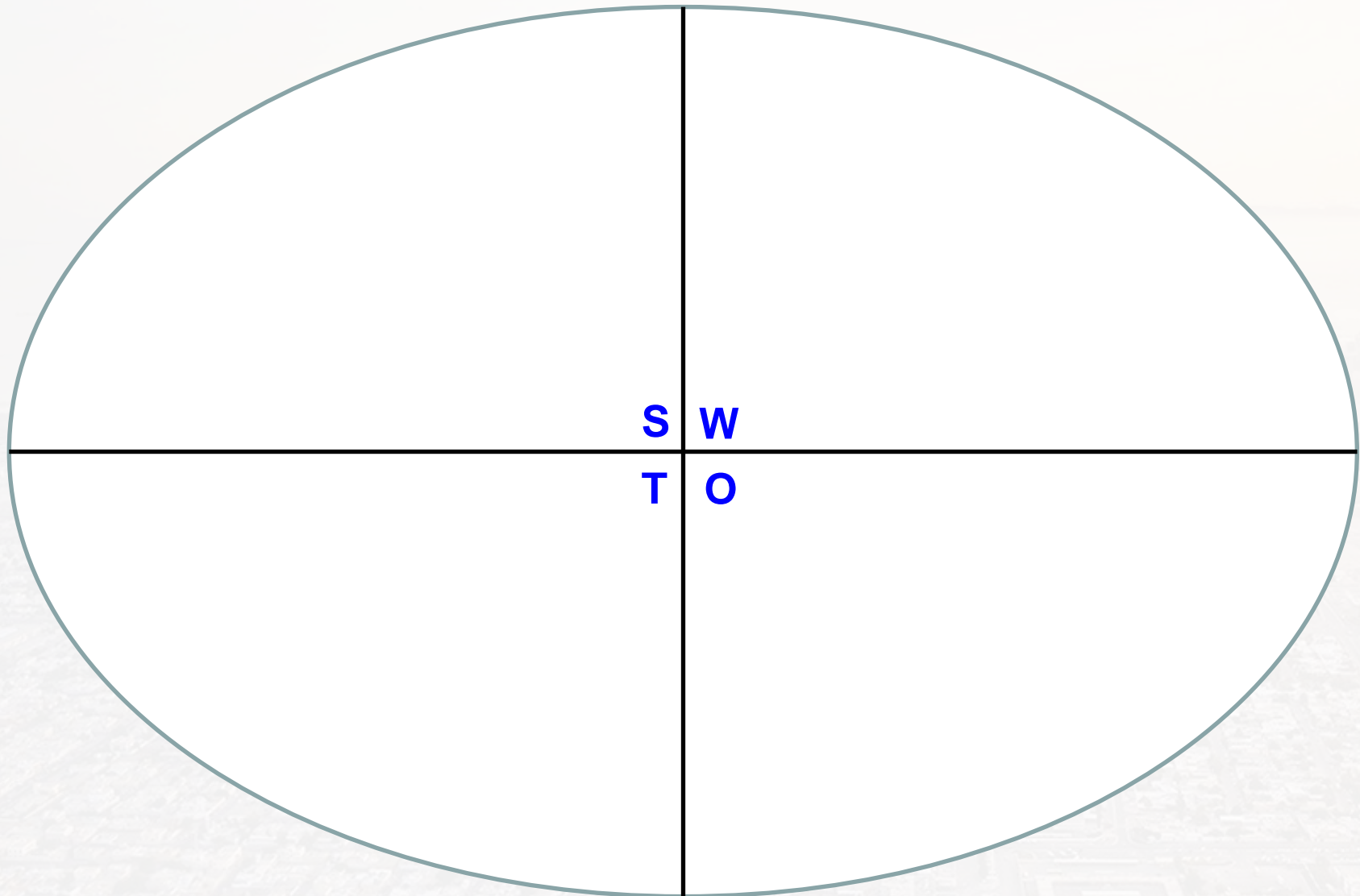
Together with one
or more killing
applications



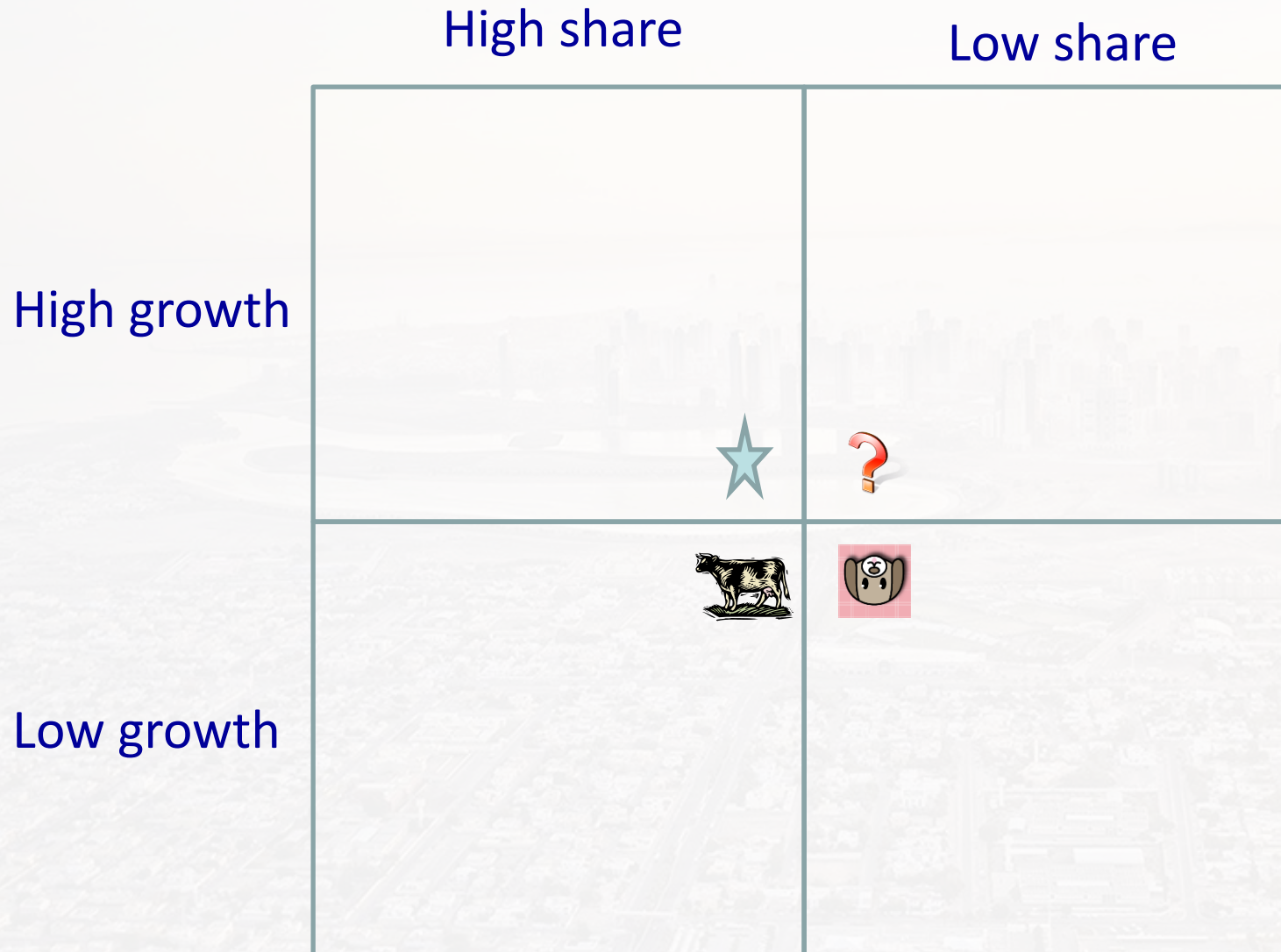
Activity 1 : SWOT Analysis for Facebook / TikTok



Activity 2 : SWOT Analysis for Amazon / Alibaba

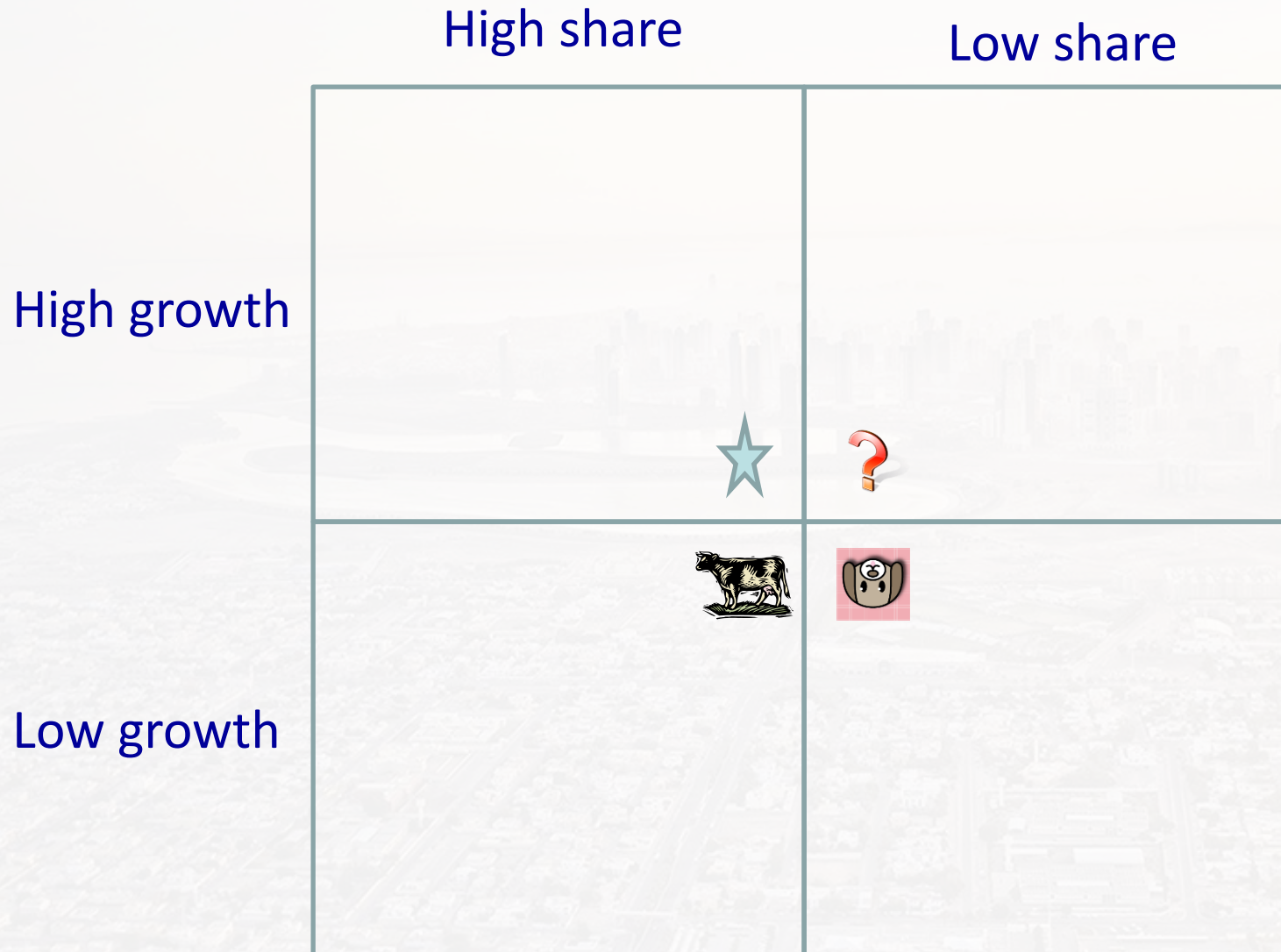


Activity 3 : Boston Consulting Group Model Meta / Twitter / TikTok as corporate



Activity 4 : Boston Consulting Group Model

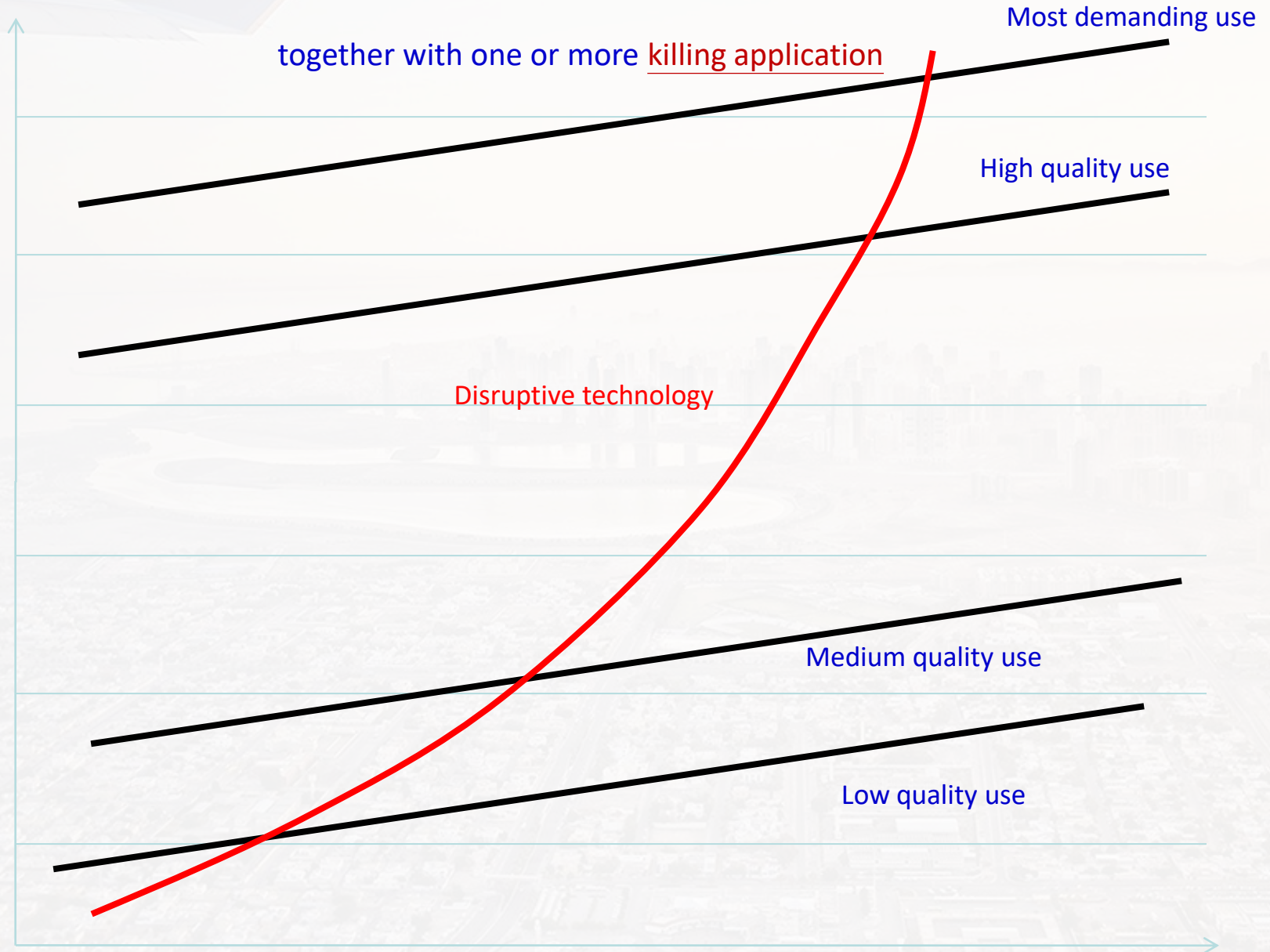
Alibaba / Tencent / Amazon / Meta 's product and service



Success of disruption often driven by “change”

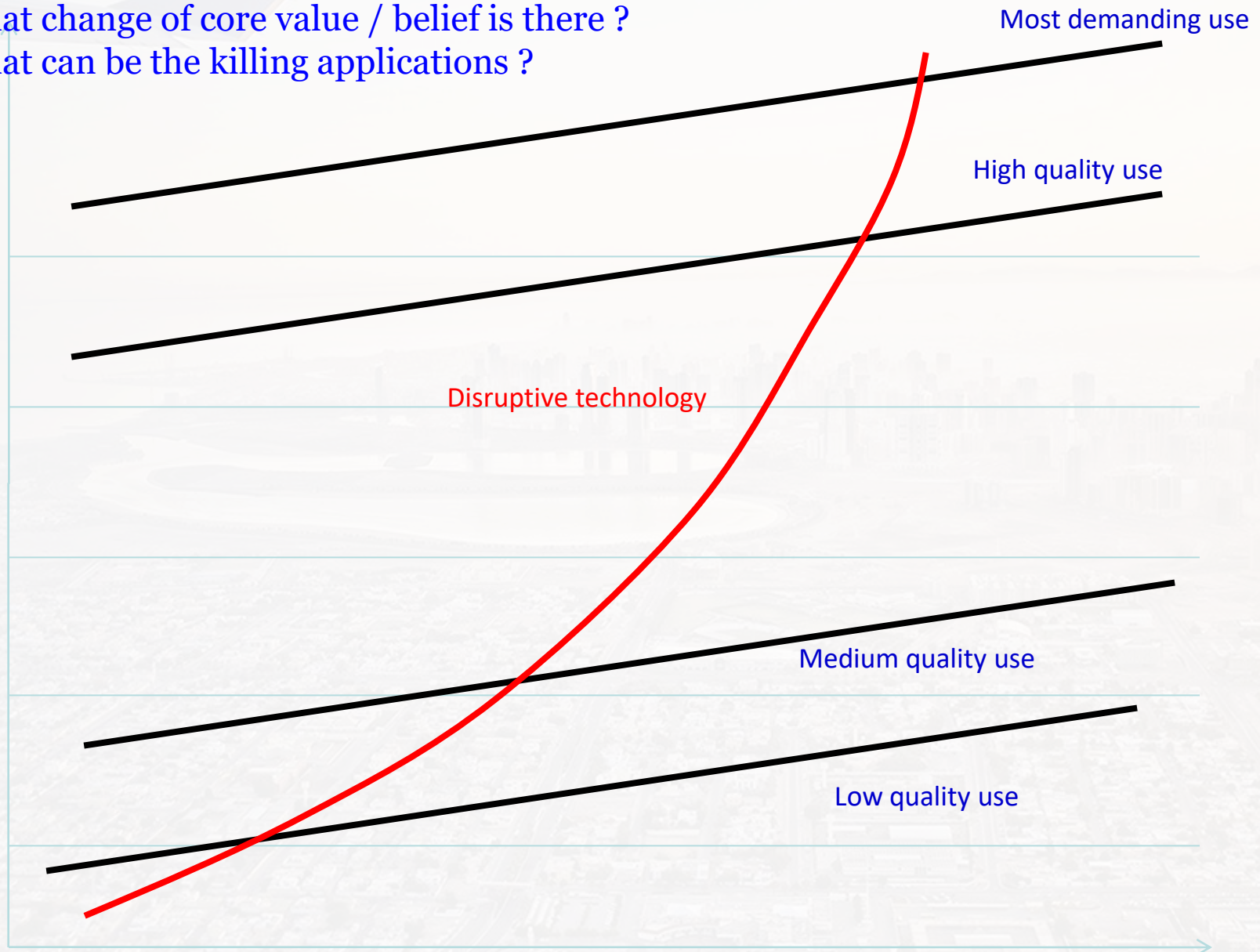
價值觀 信念
of core value or belief;

together with one or more killing application



Activity 5 : Disruptive Innovation

- Propose a disruptive national strategy for China or USA or Japan
- What change of core value / belief is there ?
- What can be the killing applications ?



Activity 6 : Disruptive Innovation

- Propose a disruptive product / service for Metaverse / NFT
- What change of core value / belief is there ?
- What can be the killing applications ?

