

# ‘Disruption’ Business model

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Lyft/Uber and disruption innovation

# Yes, Uber and Lyft innovating through disruption is ethical

Main points:

- Better services for consumers
- Lower barrier of entry for drivers
- Better utilization of technology

# Better services for consumers

- Easier for riders to get a car
  - higher supply of drivers
  - do not need to physically hail them down
- Payment is streamlined (no cash)
- Tends to be cheaper - especially if you carpool with the services
- Drivers are rated, meaning that riders will know that their driver is in good standing – important for safety as it will weed out bad/unsafe drivers
- Customer service support - much easier to find information about previous rides if you lose something, have a complaint, etc.

All of this is the result of the technological innovation brought by disrupting traditional taxi services.

# Lower barrier of entry for drivers

- By avoiding the costs of medallions or owning taxi cabs, any driver with a car can earn additional income by providing this service.
- This expands the amount of drivers that provide the service
- Middle and lower class workers have an opportunity to work on the side as long as they have a vehicle
  - brings out value from the “idle” time on the car
- Also allows for people to do the job full-time without needing to worry about renting a taxi cab or paying for a medallion

# Better utilization of technology

- Mobile apps that take care of payments and hailing a “cab”
- GPS navigation (and improvement over time)
- Uberpool
- Real-time updates of traffic surges (done through data collection which helps us as a society understand traffic better)
- Rating system (for both drivers and riders)

This may sort of seem like a reiteration of all the ways Uber/Lyft has benefited consumers – and it’s exactly that. The use of technology to improve the service is something that traditional taxi services cannot compete with. The quality of life upgrades are way too good to be ignored for the sake of traditional taxi drivers.

# References

<https://www.investopedia.com/terms/d/disruptive-innovation.asp>

<https://www.forbes.com/sites/michaelhorn/2016/06/20/uber-disruptive-innovation-and-regulated-markets/?sh=cf587db37fb8>