Required Try-It Activity 8.1: The Disruptive Business Model Map

Create and analyze a new business idea using the Disruptive Business Model Map.

This task is divided into two parts.

Part I

In the first part of the assignment, you will create and assess a new business idea using the Disruptive Business Model Map introduced in Module 8.

First, brainstorm a new business idea:

- Pick an industry you are familiar with.
- Identify an unmet customer need, a "pain point" – something you would benefit from if it were different.
- Think of a new business offering that would meet this customer need.

This is an idea generation or innovation stage. Try to come up with a new, exciting idea that solves a problem you think exists in the industry you have chosen.

Use the space provided to note your thoughts and ideas from brainstorming:

Industry: Enterprise Technology Services / Digital Transformation Consulting
Unmet Customer Need / Pain Point: Mid-market companies (500-5000 employees) struggle with digital transformation because:
- Traditional consulting firms focus on large enterprises ($10M+ projects)
- They can't afford custom-built solutions but need more than off-the-shelf tools
- Implementation takes 12-24 months with uncertain ROI
- They lack internal expertise to evaluate and integrate multiple technology vendors
- Digital transformation projects fail 70% of the time due to poor change management and integration

New Business Idea: "TransformationOS" – An AI-powered, self-service digital transformation platform that provides:
- Automated assessment of current digital maturity
- Pre-configured transformation blueprints based on industry / company size
- No-code integration platform connecting existing systems.
- AI-driven change management coaching
- 90-day rapid deployment model
- Pay-per-outcome pricing model

Part II

Next, apply a test to assess whether your business model is disruptive or not.

Answer eight questions that will lead you through the Disruptive Business Model Map, and decide whether your idea is:

    a.   innovative but not disruptive
    b.   a disruptive threat to an existing industry

The questions are:

1.   **What is your challenger business?** Describe the idea that you came up with in Part I – the need you were going to solve and what your new offering/business is.

> *TransformationOS is a SaaS platform that democratizes enterprise digital transformation for mid-market companies. Instead of hiring expensive consultants for 12–24-month projects, companies can use our AI-powered platform to:*
> - *Complete digital maturity assessment in 48 hours*
> - *Generate customized transformation roadmap*
> - *Deploy pre-built integration solutions in 90 days*
> - *Access AI coaching for change management*
> - *Pay only when transformation metrics are achieved.*

2.   **Who is the incumbent?** Which business or industry might be challenged, hurt, or disrupted by this new idea?

> *Primary Incumbents:*
> - *Traditional consulting firms (McKinsey, Deloitte, Accenture, PwC)*
> - *System Integrators (IBM, Cognizant, Infosys)*
> - *Enterprise Software Vendors (SAP, Oracle, Microsoft)*
> - *Boutique digital transformation consultancies*
>
> *Secondary Incumbents:*
> - *Internal IT departments attempting DIY transformation*
> - *Software vendors selling point solutions without integrations*

3. **Who is your target customer?** Who is the customer that is currently being served by the incumbent and will also be served by this new challenger you have created?

Primary Target: Mid-market companies (500-5,000 employees) with:
- *$50-$500M annual revenue*
- *Legacy systems requiring modernization*
- *Limited internal digital transformation expertise*
- *Budget constraints preventing traditional consulting engagements*
- *CEO / CTO urgency for digital competitive advantage*

Specific Personas:
- *CTOs at growing companies*
- *Operations VPs needing efficiency gains*
- *CEOs at traditional companies facing digital disruption*

4. **What is the value proposition** of your new business idea? Think of the different sources of value – creating more choice through aggregation or more on-demand experience. What is different, compelling, or interesting about the value proposition of this new offering?

Core Value Propositions:

- *Speed: 90-day transformation vs 12-24 months*
- *Affordability: $50K-200K vs. $2M-10M consulting projects*
- *Risk Reduction: Pay-for-outcome model vs uncertain ROI*
- *Simplification: Self-service platform vs. complex consultant management*
- *Democratization: Enterprise-grade capabilities for mid-market budgets*
- *Intelligence: AI-driven recommendations vs. generic best practices*
- *Continuous Improvement: Ongoing optimization vs. one-time project.*

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5. **How does the new idea displace the value of the incumbent?** How much of a challenge to the real value of the incumbent does this value proposition offer? How big is this differential? Is it a "nice thing to have," or is it dramatically better – something that, once presented, could make you refuse to work with the traditional business?

Dramatic Value Displacement:
This is not incrementally better – it's fundamentally different:
- *10x faster: 90 days vs. 2 years*
- *10x cheaper: $100k vs $5M average project cost*
- *Risk elimination: Outcome-based pricing vs. time & materials*
- *Accessibility: Self-service vs. requiring consultant availability*

Customer Decision Impact:
*Once mid-market companies experience 90-day digital transformation success, they would **refuse** to return to 2-year consulting engagements. The value displacement is so significant that traditional approaches become unthinkable for this customer segement*

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6. **The value network**: Think of the different components – the people, assets, and partners that are going to allow this new startup business to deliver the new offering to the market. What different pieces will you need to put together to get this startup off the ground?

Key Components Required:

Technology Assets:
- *AI/ML platform for assessment and recommendations*
- *No-code integration platform*
- *Pre-built industry transformation blueprints*
- *Cloud infrastructure for SaaS delivery*

Human Resources
- *AI/data scientists*
- *Industry transformation experts*
- *Platform engineers*
- *Customer success managers*

Partnerships:
- *Technology vendors (for pre-built integrations)*
- *Implementation partners (for on-ground support)*
- *Industry associations (for credibility)*

Process:
- *Automated onboarding workflows*
- *AI-driven assessment algorithms*
- *Outcome measurement systems*
- *Continuous platform improvement*

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7. **Which of these is different from the incumbent?** Can the incumbent match them? Does anything in the value network provide a barrier to them imitating?

Unique Value Network Differentials Creating Barriers:

- *AI-First Architecture: Built from ground up automation vs. consultant's people-dependent model*
- *Outcome-Based Pricing: Platform economics enable risk-sharing vs. consultants' billable hour model*
- *Industry Blueprint Library: Accumulated transformation patterns vs. custom approach each time.*
- *Self-Service Model: Designed for customer independence vs. consultant dependency.*
- *Mid-Market Focus: Entire platform optimized for this segment vs. enterprise-focused incumbents.*

Barriers to Incumbent Imitation:

- *Business Model Conflict: Consultants can't cannibalize high-margin services*
- *Cultural DNA: Traditional firms built on expert consulting, not self-service platforms*
- *Economic Structure: Consulting firms need billable hours; our model eliminates them*
- *Technical Debt: Legacy firms can't rebuild technology stack without massive disruption*

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8. **The two-part test:** Is your idea genuinely disruptive? To be genuinely disruptive, it would need to meet two criteria:

   i.   It would have to dramatically displace the value of the incumbent – be much better, at least in the eyes of some of its customers.
   ii. It would have to pose a genuine barrier that will prevent the incumbent from simply imitating the business itself.

If your idea meets both parts of the test above, then it is disruptive. If you only meet one part of the test, then it is not a disruptive idea.

Part I: Dramatically Displace Value? YES
- *10x faster, 10x cheaper, eliminates risk*
- *Makes traditional consulting unthinkable for mid-market*
- *Addresses previously underserved market segment*

Part II: Genuine Barrier to Imitation? YES
- *Fundamental business model conflict for incumbents*
- *Requires complete technology rebuild*
- *Cultural transformation from consulting to product company*
- *Economic model incompatible with traditional firm structure*

Conclusion: This idea IS genuinely disruptive:
It meets both criteria:
1. ***Dramatically superior value** for mid-market customers*
2. ***Structural barriers** prevent traditional consultants from responding effectively*

The incumbents would face the classic innovator's dilemma – responding to this threat would require cannibalizing their existing high-margin business model and rebuilding their entire value network.