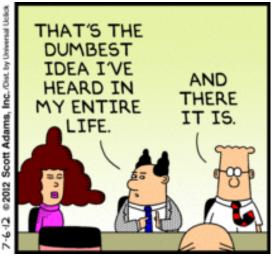


The Innovator's Dilemma

Evolutionary / Revolutionary / Disruptive Innovation

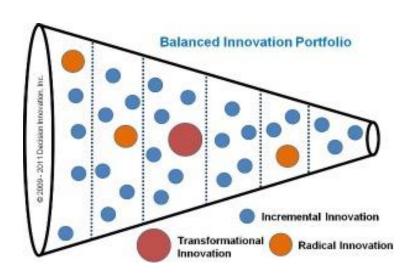


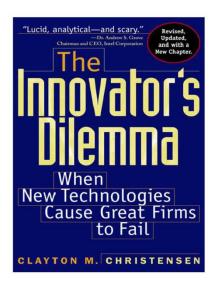




Innovation Types

- Evolutionary (Sustained Incremental)
 - Adds new value to markets in <u>expected</u> ways
- Revolutionary (Sustained Radical)
 - Adds new value to markets in <u>unexpected</u> ways
- Disruptive (Transformational)
 - Creates new markets which overtake old ones





Disruptive Innovations (examples)

IT examples:

- Floppy disk -> Zip drives -> USB flash drives
- Mainframes -> Minicomputers -> PCs -> Handheld computing
- <u>Telegraphy</u> -> <u>Fixed phones</u> -> <u>Mobile phones</u> -> <u>Smart Phones</u>

Non-IT examples:

Established Technology	Disrupting Technology
High street retailing	Online retailing
Sailing ships	<u>SteamBoats</u>
Rail transport	<u>Automobiles</u>
Printed encyclopedias	<u>Wikipedia</u>
Postal mail	<u>Email</u>
<u>Circuit networks</u>	Packet networks
<u>Taxis</u>	<u>Uber</u>

Famous Quotes

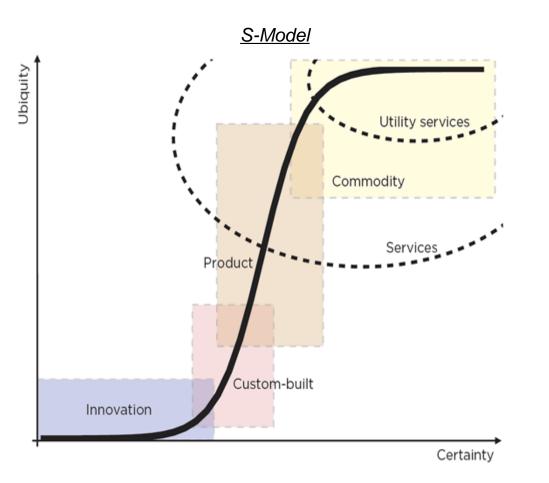
- Computers: "I think there is a world market for maybe 5 computers."
 - Thomas Watson, chairman of IBM, on seeing the first mainframe computer in 1943.
- Xerox: "World potential market for copying machines is 5000 at most"
 - <u>IBM</u>, to the eventual founders of Xerox, saying the photocopier had no market large enough to justify production, 1959.
- Telephones: "The Americans have need of the telephone, but we do not. We have plenty of messenger boys."
 - Sir William Preece, Chief Engineer, <u>British Post Office</u>, 1878.
- Mobile phones: "There will be 10 million mobile phone users in 2000 at maximum, predominantly used in cars"
 - McKinsey advice to <u>AT&T</u> which lead them not to further invest in their mobile invention, 1990.
- Digital photography: "Why would we change a winning formula?"
 - Attributed board discussion at <u>Polaroid</u> about the need to invest in digital photography, 1999.
- Trains: "No one will pay good money to get from A to B in one hour by train, when he can ride his horse in one day for free."
 - King William I of <u>Prussia</u>, on hearing of the invention of trains, 1864.

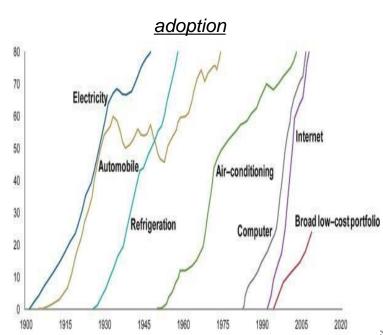
Technology Adoption Curve



Innovation Adoption

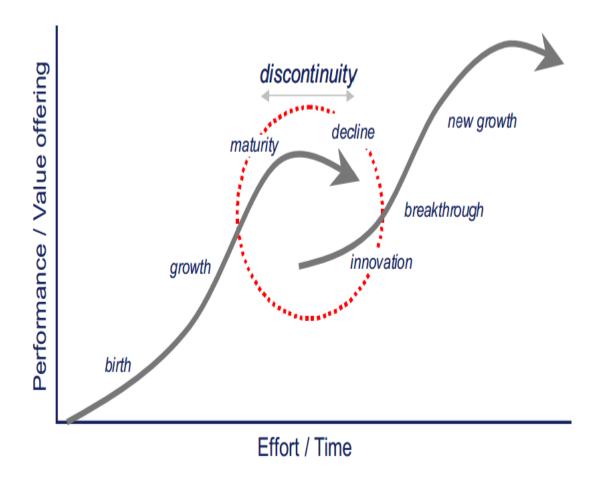
- POC -> Prototype -> Pilot -> Products -> Mass production
- As technology matures, users accumulate in a "S"-curve





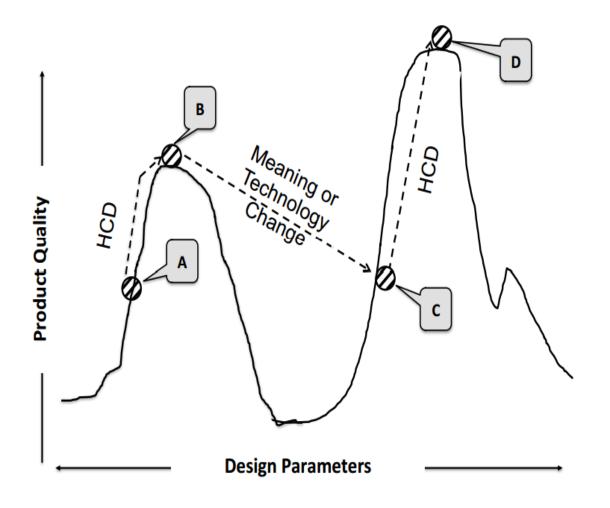
Innovation Jump

- At first, fresh technologies may offer less overall value...
- ... but they have much higher upside potential!



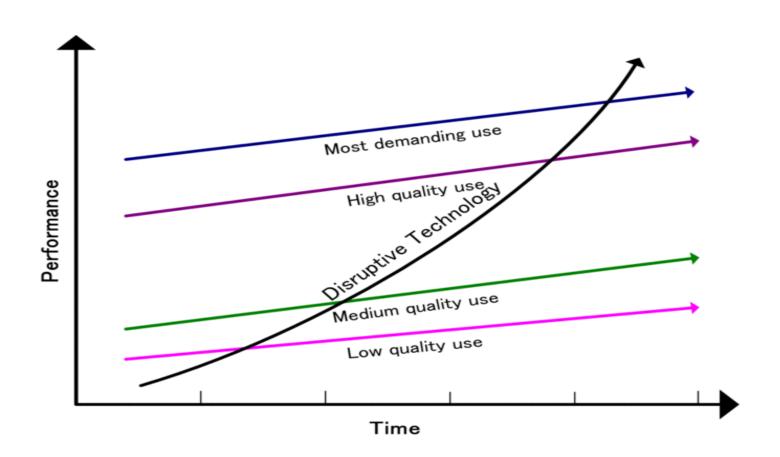
Hill climbing Problem

- Congratulations, you have found your local maxima ...
- ... but are you willing to do the leap of faith for even higher ones?

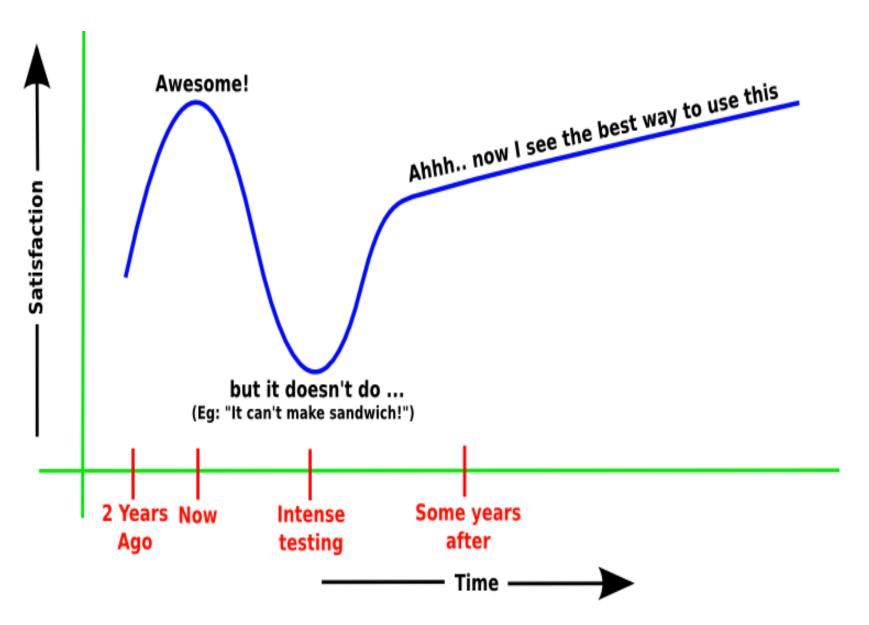


Supply and Demand dynamics

- A disruptive technology gains new customers...
- ... because it targets first the <u>least demanding customers</u>



Innovation hype cycle



Breakthrough Process

Inspire: Stories, and engagement experiences that compel people to change and act Ignite: Passion, purpose. Implement: Strategy, intentions that align the team around a problem to performance, culture that breakthrough overcome resistance and deliver brilliantly Interplay: Collaboration, participation, crowds for better, Invent: Ecosystems, prototypes, blueprints, faster, cheaper breakthrough models that maximise positive impacts across profit, people, planet and purpose Insight: Deep intelligence into systems, users, precedents Imagine: Vision, concepts, that open up possibilities propositions which tap into deep, BREAK systemic insight and move the world HROUGH forward towards brilliance Breakthrough: Leveraging insights, switching assumptions and exploding myths to create radical, disruptive, transformative ideas