

# “Disruption” as Business Model

## Pro-Disruption - Amaryllis

<https://github.com/stuycs-gh-classrooms/ethics-work-amaryllis-sun>

[Columbia Business School](#) - “Business disruption happens when an existing industry faces a challenger that offers far greater value to the customer in a way that existing firms cannot compete with directly”

Was heavily inspired by Clayton Christensen’s *The Innovator’s Dilemma*

- Some people claim that because he was a Harvard Business School professor, people blindly follow what he says

### Examples of “Disruptive” Companies:

- Uber
- Airbnb
- Amazon
- Tesla
- Spotify

### Pros:

- Can force innovation to occur
  - E.g. “Spotify Wrapped” influenced the same practice in other digital companies like Apple Music, Depop, and Netflix
- Lowers prices and makes the product more accessible to the general public (at least temporarily)
  - E.g. Amazon having books for lower prices than Barnes & Nobles
- Influences how the competing companies operate, advancing the field as a whole
  - With the rise of AI’s popularity in the tech field, more and more companies have been incorporating it into their products in even more advanced ways
    - Amazon Alexa, Siri, ChatGPT, Google’s Gemini, Microsoft’s Copilot AI
  - Companies can learn from the trials and errors of other companies to better their own products, which can lead to the advancement of the field as a whole
- Typically increases the prioritization of the customer over profits
  - E.g. Back when Netflix’s primary business was renting DVDs, they allowed customers to purchase DVDs online for them to be dropped off at their homes

### Addressing Counter Arguments:

#### **1. Unpredictability**

If we craft with the goal of predictability in mind, unique innovation will never truly occur and the same companies will remain dominant in the industry. Companies shouldn’t be afraid to take the first step out of fear that the product might not perform as well as they initially hoped since many modern-day

successful companies like Facebook and Twitter took these risky steps. Especially for the tech industry, which is always adapting, innovation is key to remaining successful.

- E.g. In its early years (2008), Twitter received [a purchase offer of \\$500 million](#) from Facebook which they rejected

## 2. Competition

Although it is true that some of the examples of disruptive companies eliminate their competitors (e.g. Uber and yellow cabs), the theory of disruption as a business model encourages other companies to eventually disrupt these companies as well, continuing the cycle. For instance, although ChatGPT is and was extremely popular, other companies have begun to roll out their own versions of AI models. There have also been laws and campaigns advocating against companies like Uber to prevent them from eliminating jobs. There's [The Yellow Cab Deal](#) in which "Uber will integrate NYC's existing yellow cab apps with its own software to give consumers the option to select a yellow cab." To this day, the situation is still being addressed as to how to properly balance traditional versus modern.

# Anti-Disruption - Hyeongyu

1. <https://www.indeed.com/career-advice/career-development/disruptive-technology>
2. <https://www.gigcmo.com/business-disruption-examples-and-key-takeaways>
3. <https://www.imd.org/blog/innovation/what-is-disruptive-innovation/>
4. <https://ilsr.org/articles/fact-sheet-how-breaking-up-amazon-can-empower-small-business/>
5. <https://www.cascade.app/studies/uber-strategy-study>
6. <https://nanoglobals.com/startup-failure-rate-myths-origin/>
7. <https://www.forbes.com/sites/glenngow/2024/01/28/revealing-the-dark-side-the-top-6-problems-with-chatgpt-and-generative-ai-in-2024/>

## Problems with disruption

- Unrefined products -1

- Unpredictability -2
- Competition -2
- 

#### Problems with using disruption

- No credit -> takes time -1
- Risky - 1

#### Examples of disruption

- Personal computers
- uber/lyft
- Video / music streaming
- GPS
- Ecommerce
- AI

Disruption, the radical change to an existing industry or market due to technological innovation, has become very common in today's economic world. With increasing access to computing power, technology adoption and information sharing, disruption has become easier and therefore more common. Although disruption is a very attractive business model, it still has some very large flaws.

For example, disruption leads to a lot of unpredictability. The appearance of innovative technology messes with the predictions of economists, business owners, and leaders all over the world.

Another issue with disruption is its competitive nature. There have been many examples of how disruptive businesses have grown so large and removed all of their competition. Some of these businesses are Amazon, Uber, and Netflix. Each one of these businesses have changed how billions of people consume in their respective niches. Disruptive technology such as smartphones, AI, and GPS, have changed the world very quickly.

But one of the biggest issues with disruption is its ability to grow unrefined products.

#### Points

- Unpredictability
  - Hard to predict success of product - 2
  - Risk from lack of credit which leads to time - 1
- Competition
  - Successful disruption disrupts the whole market and may knock some opponents off

- Amazon, Uber, Netflix - 4 , 5
- Unrefined products
  - Products that might not have been refined may grow very large
  - New technology is usually unrefined