"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
- ChatGPT
- Amazon
- Tesla
- Spotify

Pros:
- Can force innovation to occur
  - E.g. Amazon's Alexa and Apple's Siri
  - As of February 2024, 97% of mobile users are using AI-powered voice assistants
- 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
- Can dramatically increase economic growth
  - As of February 2024, AI spending in the retail industry is expected to reach $20 billion by 2026, a compounded annual growth rate of 39% since 2019
- Can improve a company's productivity and efficiency while cutting costs
  - By utilizing these technological tools such as AI and robots, companies can automate simple tasks while allocating workers to more critical tasks
- Improved quality of life
  - With the rise of biotechnology (utilizing a combination of natural and engineering sciences to solve problems), many doctors are turning to these products to "improve the diagnosis, treatment, and monitoring of diseases, overall increasing life expectancy and quality of life" (Repsol)

○ E.g. Human insulin, an injection that has saved the lives of millions, is the product of biotechnology and it was genetically engineered in 1978 using E. coli bacteria ([American Diabetes Association](#))

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