What are the different types of Digital Disruption?

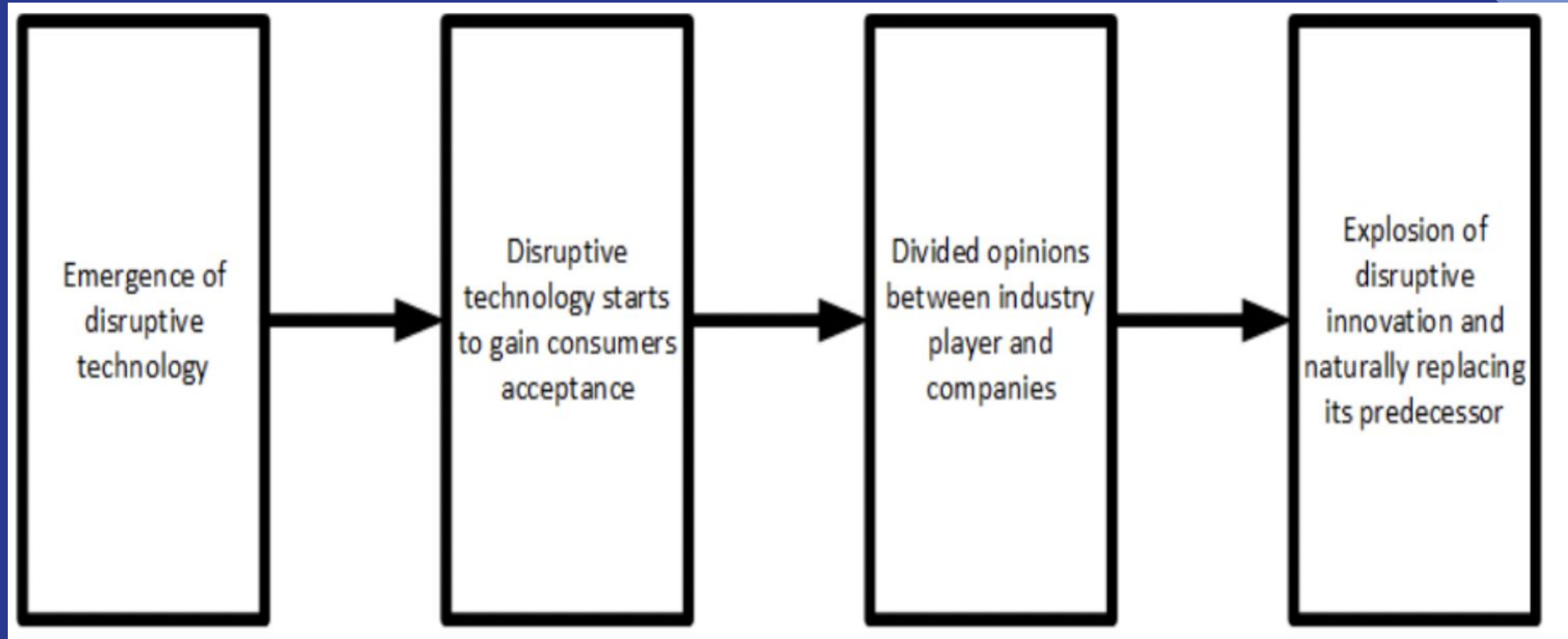Edouard VILAIN, Vincent WILMET, Zhichun LI

What is digital?

- Benefits: Revenue generation and growth.
- Technology requirement: Reusable technical and business services for offerings.
- Transformation focus: Introduction of a new value proposition.

What is disruption?

- *Ground-Breaking Disruption:* A new idea, something completely revolutionary.
- *Induced or Reactive Disruption:* A disruption built on previous progress and utilizes the full potential of the existing offer, which can have both positive and negative impact.

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How does it happen?

Emergence of disruptive technology	→	Disruptive technology starts to gain consumers acceptance	→	Divided opinions between industry player and companies	→	Explosion of disruptive innovation and naturally replacing its predecessor

How did we approach the problem?

- *Observation:* The question at hand is wide open and extremely complex. Formalizing the notion would require years worth of work.

- *Stakes:* Be as exhaustive as possible while keeping a reasonable granularity: over-complexifying is counter to the point, being too general would lack of interest.

- *Approach:* Base our analysis on large categories of Digital Disruption and give an overview of predominant characteristics for each of them.
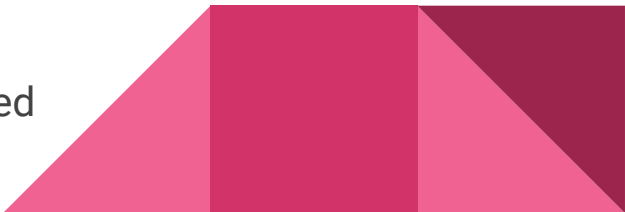
Types of Digital Disruption

Model Oriented	Process Oriented	Final Product Oriented

Note: We believe these categories are not disjoint and most disruptions will most likely belong to more than one of the mentioned categories.

Model Oriented Digital Disruption

- **Definition**: Introduces a drastically new vision by leveraging and combining digital and non-digital means to produce a new offer.

- **Characteristics:**

  - Generally induced by a new market actor. More rarely by an existing one with restructuring or diversification capacities.

  - Can be witnessed within an existing sector, by extension of an existing one, or by introducing a new one.

  - Sets new standards for the market's structure. Requires the competition to rethink itself at the risk of losing competitiveness.

New Actor   **Self Restructuring**   **Diversification**

Existing Sector   **Sector Extension**   **New Sector**

Setting New Standards

Process Oriented Digital Disruption

- **Definition**: Disruption of businesses in their production processes and in their value chain.

- **Characteristics:**

    - Improves the efficiency of an actor's internal process. Most likely in terms of time, cost and/or organization.

    - Does not drastically change the end-user experience but requires large scale changes internally.

    - Most likely to be induced by major companies with important means, but also by hyper-specialized new actors.

Increase actors' efficiency

Large scale internal changes

Major Companies

Hyper-specialized new actors

Final Product Oriented Digital Disruption

- **Definition**: Appearance of a revolutionary product/service for user experience.

- **Characteristics:**

  - Can target both customers (B2C) and businesses (B2B).

  - Appears as a response to expressed needs of end users and/or to the possibilities offered by digital progress.

  - Offers concrete benefit, whether it is measurable (cost, time) or intangible (positive emotions).

  - Concerns few major self-disrupting companies and several new and visionary actors.

B2C

B2B

Answering needs

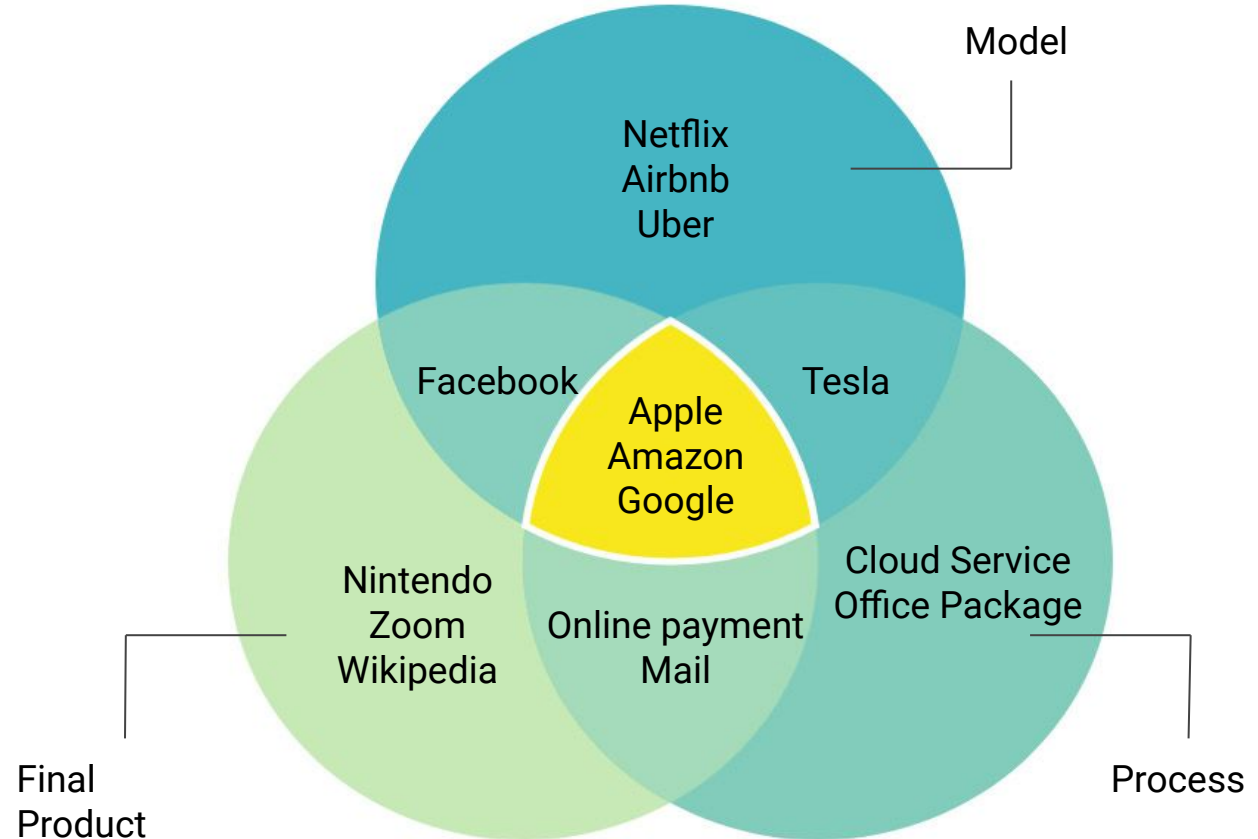Pushing boundaries

Measurable benefit

Intangible benefit

Self-Disruptors

Visionaries

Digital Disruptions Classification

Model

Netflix
Airbnb
Uber

Facebook

Tesla

Apple
Amazon
Google

Nintendo
Zoom
Wikipedia

Online payment
Mail

Cloud Service
Office Package

Final
Product

Process

Resources:

1. https://www.merriam-webster.com/dictionary/digital
2. https://medium.com/analytics-for-humans/the-evolution-of-consumer-behavior-in-the-digital-age-917a93c15888
3. https://archive.org/details/innovatorsdilem000chri
4. https://archive.org/details/appetiteforselfd00knop_0
5. https://www.researchgate.net/publication/321906585_Emerging_Technologies_with_Disruptive_Effects_A_Review
6. https://computerhistory.org/blog/13-sextillion-counting-the-long-winding-road-to-the-most-frequently-manufactured-human-artifact-in-history/?key=13-sextillion-counting-the-long-winding-road-to-the-most-frequently-manufactured-human-artifact-in-history
7. https://www.linkedin.com/pulse/what-digital-disruption-3-types-you-need-know-samuel-brothers/
8. https://pradeepsingh.com/kodak-digital-revolution/
9. https://digitalwellbeing.org/the-10-business-models-of-digital-disruption-and-how-to-respond-to-them/
10. https://www.tandfonline.com/doi/full/10.1080/13032917.2015.1083203
11. https://www.warc.com/Content/197874e2-a2cb-4af8-a2a6-9943640aaf40
12. https://www.iab.com/blog/theres-a-metric-for-that-maturation-of-digital-audio-measurement-powers-podcastings-mainstream-moment/
13. https://en.wikipedia.org/wiki/List_of_emerging_technologies#Electronics
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Thank you!