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**Web Science report**

**Innovation Management. Sharing Economy**

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*The really great problem involved in a change from one type of management to another*

*consists in a complete revolution in the mental attitude.*

—Frederick W. Taylor, The Principals of Scientific Management

**Intro**

The way we are living, working and interacting within modern society is been continuously reshaping by the digital revolution. While more and more people use cloud technologies and number of gadgets using by one person is constantly growing level of consumption increases with both quantity and quality of providing goods. That is why one of the obvious examples of innovative approach is business strategies. This whole realm of economy became a subject of a fundamental re-thinking as over the last decade, innovation has become critical skill for achieving success in society and its certain fields such as economy.

To get customers attention and get the society’s respect nowadays companies should be more creative than their market competitors. They come up with new ideas that never would have been thought of before because during such economic evolution businesses have to look ahead, and nobody can afford to look behind. Moreover, such issue affects not only on big companies but on small ones as well. According to theory of Joseph Schumpeter, Austrian economist and pioneer of innovation management, ability to innovate closely correlated with company’s size – the smaller company has more flexibility and mobility while the bigger one will have problems with operating all the assets. That is why even the smallest start-up can overtake a large mature business just because it has the fresh view different from competitors that help to attract new customers and create new customer classes.

One of such classes is people ready to collaborate for the common purpose and form a brand-new economic system – sharing economy. The fact that it becomes more and more popular points that the evolution of

**Innovation Management**

So what are innovations about? It may be defined as a process of establishing new ideas leading in purpose of the creation of a new product or service. It is not about just creating the idea of something important or even essential, it is all about bringing embodied idea to a market. The aim is to put the idea into practice and exploiting it in a way that leads to adding value or improving the quality of product. Innovation has two main components such as technological transformation and restructuring of management. Innovation also means using new technology like digital ones and exploiting so called out-of-the-box thinking to generate new value and to provide growth for the society as well as for businesses. As it was proved, the future of company that doesn’t want to grow can be uncertain enough to lead to bankruptcy.

However, not only company’s growth depends on innovations. To survive within the market full of competitors and barriers it is a necessity to be sustained by innovation for further development and uphold the advantage in market competition. Also, there is another component in innovation phenomena – moral imperative. It can be reducing of dirty production, cutting the usage of sources etc.

Innovation can be sometimes divided by scientists on several types – the product innovation as the first appearance or improvement of new goods or services, innovation of process, Innovation of supply, marketing innovation etc. And there is innovation management that involves the very process of managing the procedure of company’s innovation. This includes innovative decisions, activities and practices of adaptation of innovative strategy.

Exploring the effect of marketing innovations on capitalist system in 1930s found that there was “the process of industrial mutation, that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one”. This process was marked by opening of new national and global markets as well as organizational development. Today’s business processes can be described with the statement “everything that could be made without machines, have been made before us”. It was not just gradual expansion of use of technologies but huge leap in exploring new markets. Yet there are three things that make an innovation management effective. First, it should be defined process model. Next, it should be focused on innovation. And, finally, there are should be right tools to manage it.

DIGITAL DISRUPTION

According to the above today’s business processes can be described with the statement “everything that could be made without machines, have been made before us”. It was not just gradual expansion of use of technologies but huge leap. The appearance of digital disruption stands behind significant differentiation – thus since 2000, more than a half of the companies from the Fortune 500 list was gone, either as a result of mergers, acquisitions or bankruptcies. The changes are the result of a digital business models creating disruption in the marketplace. While about 5 percent of organizations are leaders in proactively transforming their business models to adapt to the latest technologies (Microsoft, Oracle, Apple, Amazon, Facebook and Uber among them), he says about 30 percent of companies are laggards who don’t want to change their business models. While the average age of a company on the S&P 500 was 60 years old in 1960 it will [continue to shrink](http://www.bbc.com/news/business-16611040) and be 12 years old by 2020, a compression of five times. 71percents of digital disruptors continually look for opportunities to digitize the business, compared with 63percents of other companies.

Leadership’s desire to capitalize on digital technology is so strong that it’s disrupting the enterprise operating model, as evidenced by shifting spending patterns, new digital roles, and undefined working relationships.

according to survey of PWC 2015

Companies will need to make sure staff understand how the company is changing and how

they can be a part of it

Digital IQ

**Sharing economy**

Sharing economy is the greatest example of Web-based innovation and digital disruption. Therefore, nowadays can be called the era of crowdeconomy. Using online platforms, people are connected for crowdsourcing as an origin of ideas or for crowdsourcing as financial support. It seems to be unprofitable for business itself but everyone has heard about these giants – Airbnb or Uber. The reason is hiding in convenience of using such services and

**Conclusion**

Couple of years ago, innovations have become one of the main condition to compete at the market.

The world is changing, as well as standards of consuming goods and services are growing higher and higher. To keep up with customers many businesses are trying to find out new ways of acting. In this environment. Everything is speeding up right now. Processes, functions, data, inventory turns and speed to market, will force employees to learn a whole new language called innovation.

The importance of putting innovation at the heart of strategic management and involving

the frontline of the business is reflected in the fact that CEOs see the right leadership and

culture as the most crucial ingredients for succes

Innovation drives business growth and helps organizations [stay ahead of their competitors](http://searchcio.techtarget.com/definition/competitive-advantage). Innovation management helps in generating new [business models](http://whatis.techtarget.com/definition/business-model) and creates new products, services and technologies designed for the changing [market](http://whatis.techtarget.com/definition/market-culture). Proper innovation management also boosts customer satisfaction and [employee engagement](http://searchfinancialapplications.techtarget.com/definition/employee-engagement).