

# Disruption, Technologies, and Business Models

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# Overview

- Disruption is not the equivalent, nor is it a guarantee, of innovation.
- By itself, a new technology is rarely 'disruptive': real disruption is the combination of technology and business model.
- There is a difference between sustainable business models and those based on temporarily hacking legal & regulatory constraints.



# Disruption

- Too many companies, both start-ups and enterprise, mistake *disruption* for *innovation*.
- The ‘sustainable business advantage’ and ‘first mover advantage’ cannot be overlooked.
- So... What makes for sustainable disruption in our industries?



# Technology Disruption

## Some indicators of real Technology Disruption:

- Novel Functionality [new capabilities]
- Mobility [untethered, mobile, ...]
- Metrics [faster, cheaper, smaller ... by 10X]
  - E.g. Chip tech, data comm'n, software performance
- Topologies & Distribution [of function, of control ...]
  - E.g. Software Defined Everything ... networks, data centers
- Form of Consumption [as a product, as a service, ...]
  - E.g. Infrastructure and software “as a service”



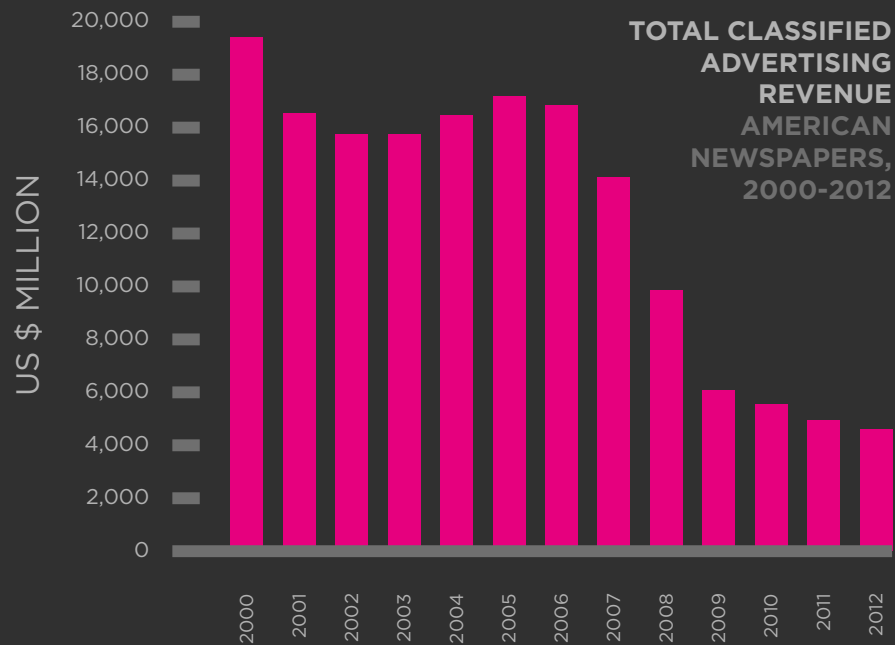
# “New” Business Models

Business innovation relies on the application of a well understood model in new context:

- Ownership [find, rent, lease something of value]
  - Consumption [purchase in bulk, or ‘by the drink’]
  - Subsidy [...the consumer becomes the product]
- ... or discovery of a basic flaw in existing business models
- Production by a cooperative, collaborative ‘Commons’ [e.g. open source software, internet classified ads...]



# Sustained Disruption



Statistics from a paper by Communications Management Inc.  
Daily Newspaper circulation trends 2000-2013

Craigslist has created a disruptive business, based on new collaborative technology...

Craigslist has also created a US\$ 2B industry from what used to be an industry of US\$ 24B !!

Consider Apple's iTunes and the nature of commercial music; Netflix and produced video.



# Disruptive Business Model? Or, a Temporary Legal Hack?

Beware of short-lived disruptive models:

- Short-term rental and leasing models that masquerade as 'Sharing' economic models
- Many failed (and a few wildly successful) companies have used technology to uncover and capitalize on legal loopholes and regulatory discontinuities
- These are likely to generate a variety of serious and effective responses



# Business Model Hacking & The Response

*Music industry piles on Pandora,  
files new class action on heels of  
SiriusXM victory*

Uber hit with French “deceptive  
practices” fine and UK tax  
complaint

**Airbnb Listings Mostly Illegal,  
New York Blasts**





# Conclusion

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