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Disruptive Innovation and Disruption Preparedness

Rita McGrath and Ryan McManus
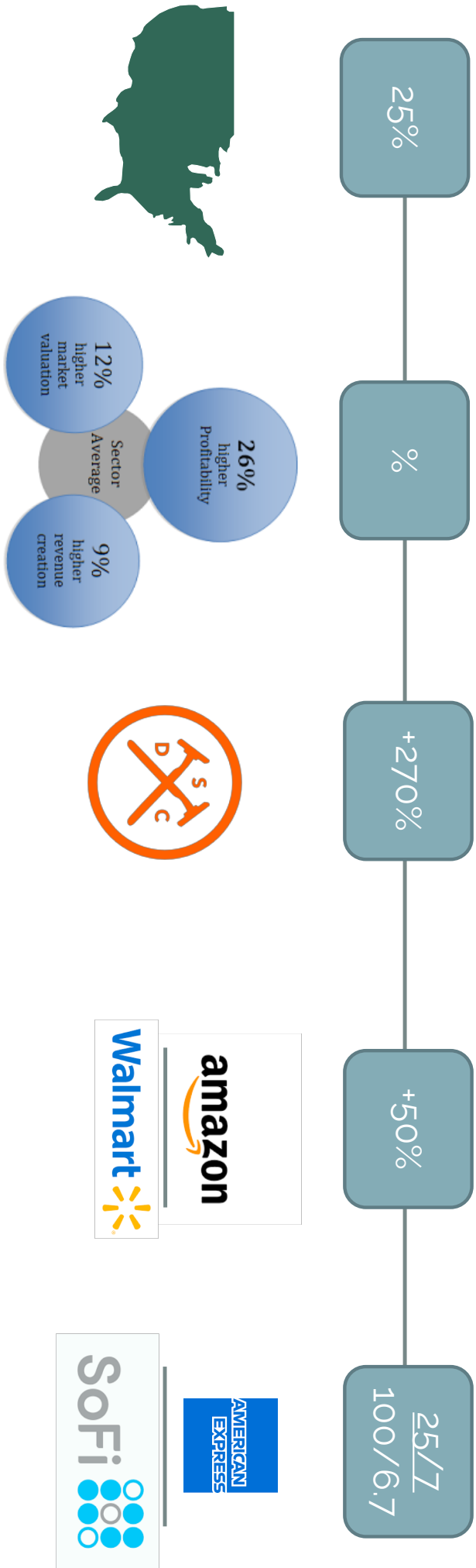
USPAACC

Topics

- Good morning!

- Takeaways

- Digital Transformation and Disruptive Innovation
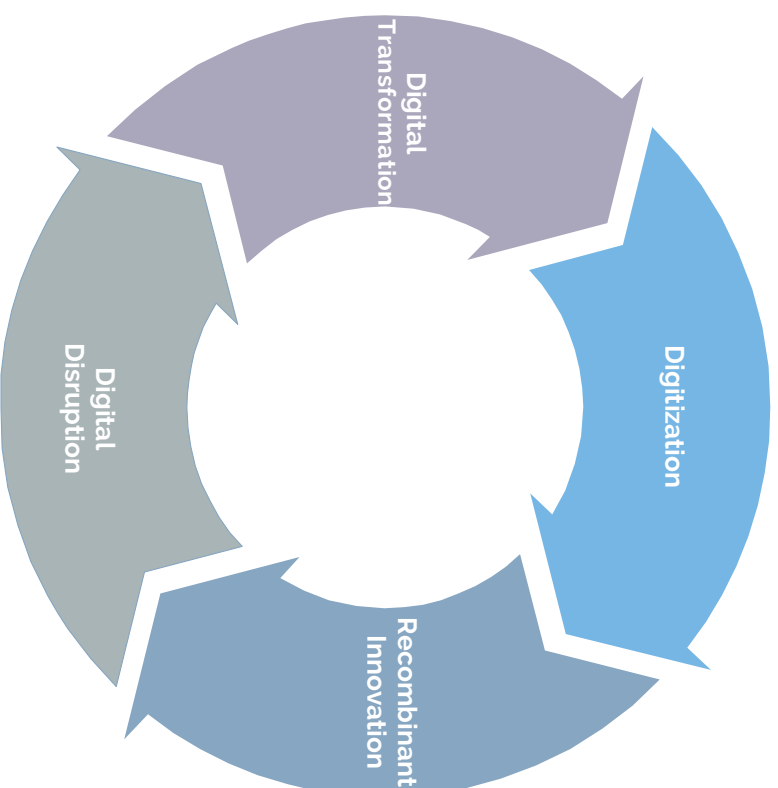
- Seeing Around Corners

- About Valize

Key Takeaways

○ Companies are struggling: from "why & what" to "how & who"

○ Digital requires new strategic frameworks and tools – and new thinking

○ This is only the beginning!

25%

%

+270%

+50%

$\frac{25/7}{100/6.7}$

12% higher market valuation

Sector Average

26% higher Profitability

9% higher revenue creation

Walmart

amazon

SoFi

AMERICAN EXPRESS

Digital Transformation

Digitization

Recombinant Innovation

Digital Disruption

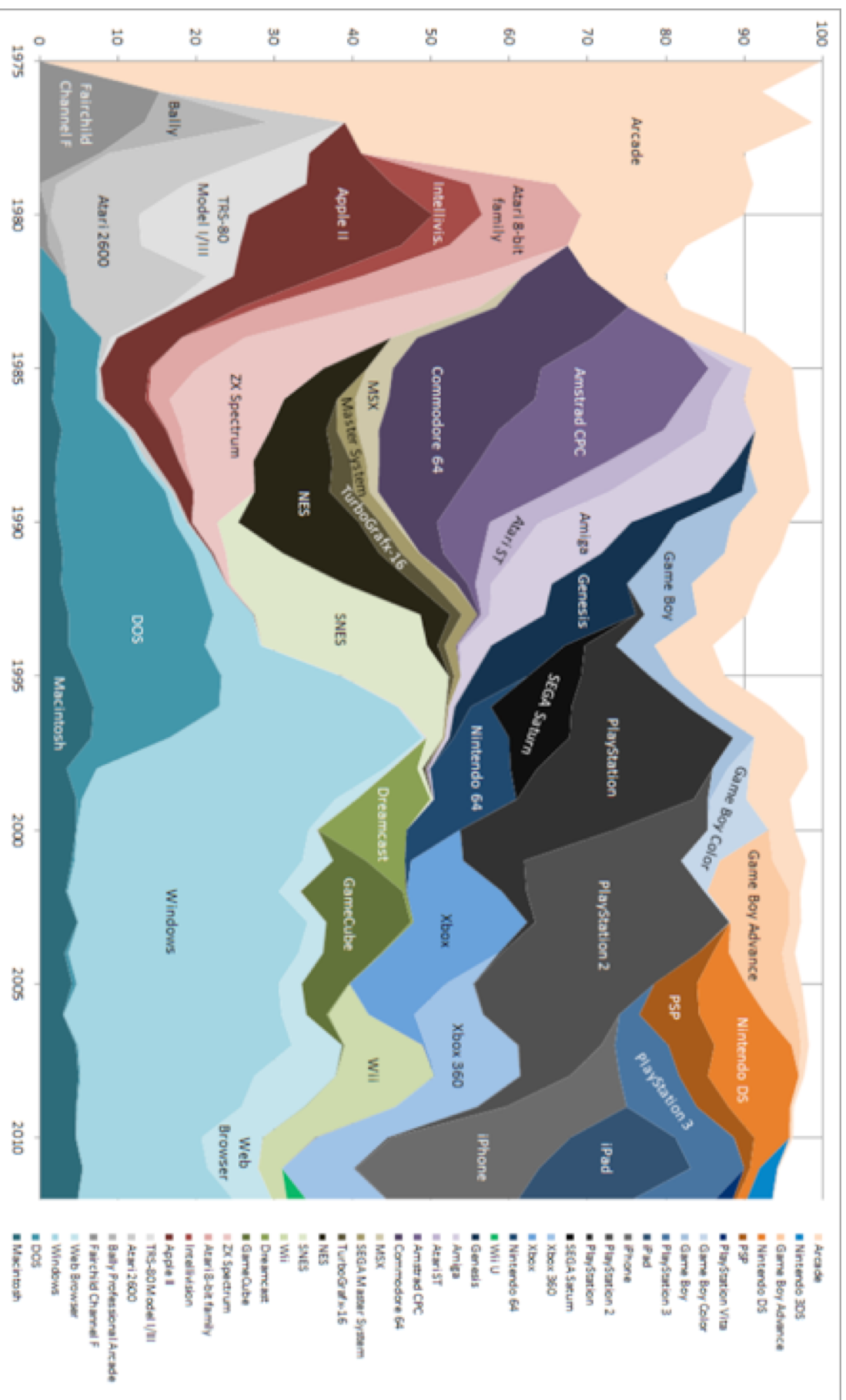Source: McManus and Leroy, http://theventurelab.blogspot.com/2016/07/value-creation-and-corporate-survival.html
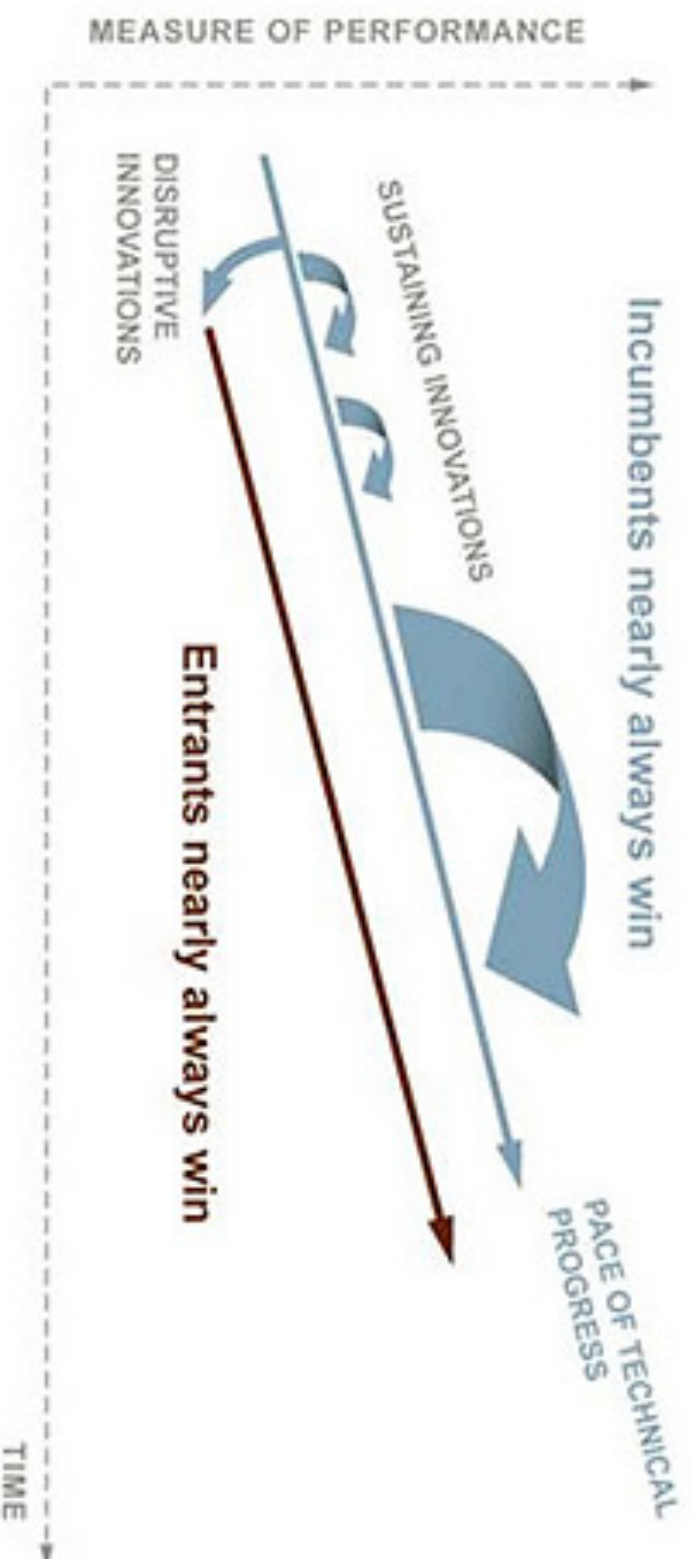
Evolution of the Revolution

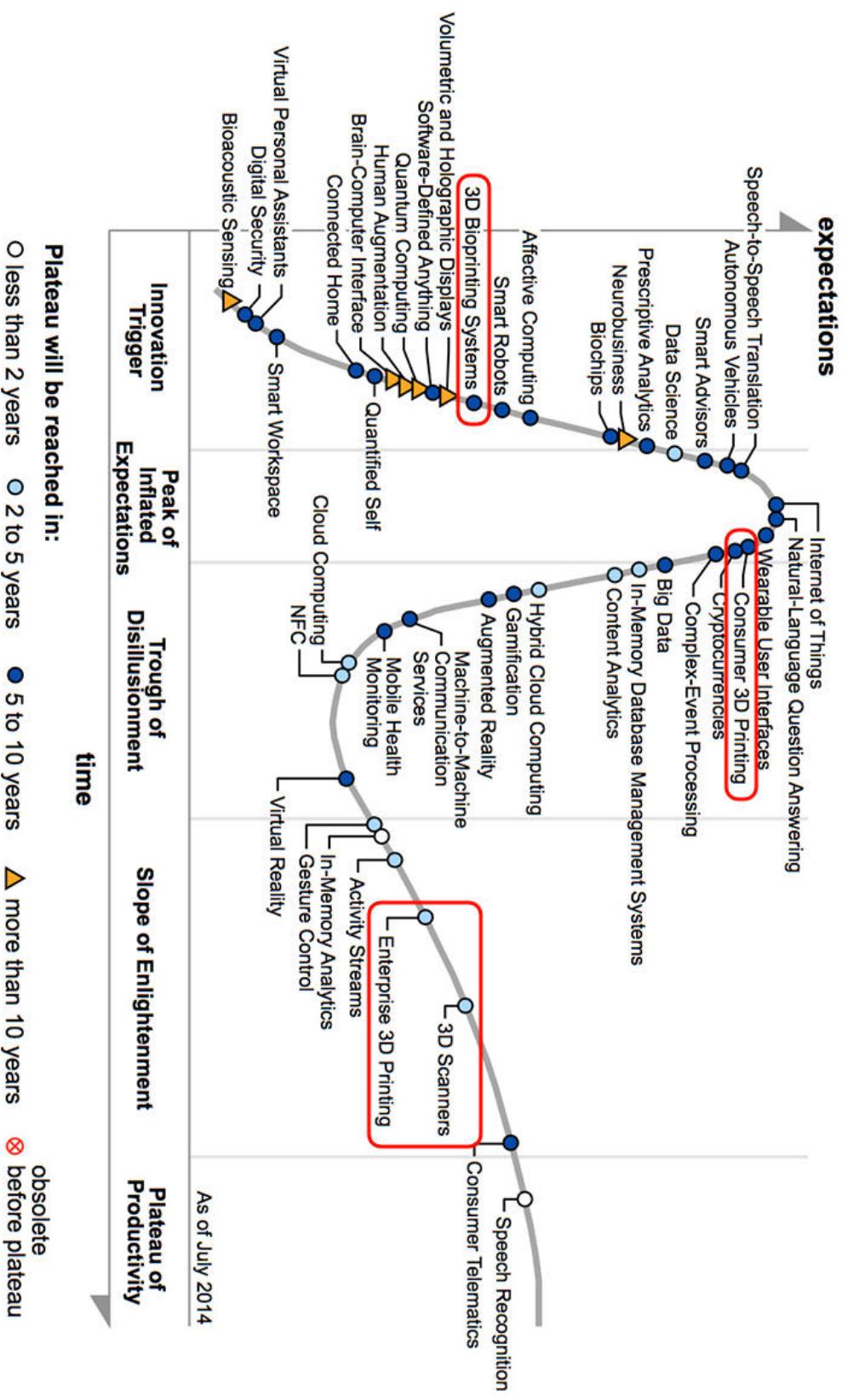| Digitization Focus	Content	Services	Human Identity Mgmt	Physical Products and Machines	Complex Analysis and Prediction	Biology	What's Next?
Primary Enabling Technologies	Web Mobile AR/VR	eCommerce Web Services Cloud Blockchain SaaS/IaaS/ PaaS Cyber	Social Media	Internet of Things Sensors 3D Printing Robotics Edge Computing	Analytics Machine Learning Chatbots Quantum Computing	Genome Editing	5G ??
Primary Sectors Impacted	Advertising Publishing Media Education	Software Travel Retail Financial Svcs	Advertising Media	CPG Logistics Industrials Electronics Manufacturing Agriculture Smart Cities	All	Health Medicine Pharma	?
Sample Phase Leaders	AOL Google Yahoo! Netflix Spotify	Amazon Dell Expedia SalesForce Airbnb Azure	Facebook Twitter Instagram Pinterest	GE Tesla Autonomous Solutions Uber Dell	Alphabet Amazon Nvidia Microsoft	Crispr 23andme Kernel	?

Source: Clayton Christensen

expectations

Innovation Trigger | **Peak of Inflated Expectations** | **Trough of Disillusionment** | **Slope of Enlightenment** | **Plateau of Productivity**

time

As of July 2014

Speech-to-Speech Translation
Autonomous Vehicles
Smart Advisors
Data Science
Prescriptive Analytics
Neurobusiness
Biochips
Affective Computing
Smart Robots
3D Bioprinting Systems
Volumetric and Holographic Displays
Software-Defined Anything
Quantum Computing
Human Augmentation
Brain-Computer Interface
Connected Home
Virtual Personal Assistants
Digital Security
Bioacoustic Sensing

Internet of Things
Natural-Language Question Answering
Wearable User Interfaces
Consumer 3D Printing
Cryptocurrencies
Complex-Event Processing
Big Data
In-Memory Database Management Systems
Content Analytics
Hybrid Cloud Computing
Gamification
Augmented Reality
Machine-to-Machine Communication Services
Mobile Health Monitoring
NFC
Cloud Computing

Quantified Self
Smart Workspace
Virtual Reality
Activity Streams
In-Memory Analytics
Gesture Control
Enterprise 3D Printing
3D Scanners
Consumer Telematics
Speech Recognition

Plateau will be reached in:
○ less than 2 years   ○ 2 to 5 years   ● 5 to 10 years   ▲ more than 10 years   ⊗ before plateau   obsolete

Principle	Example
Complete ecosystem for customer "job"	3D printing for prosthetics
Underserved market	Hearing Aids
Incumbent has overshot	Diagnostic tests
Incumbent negatives	Velveeta Cheese
Markets for slack resources	Digital platforms
Second order consequences	Fast fashion

SEEING AROUND CORNERS

HOW TO SPOT INFLECTION POINTS IN BUSINESS **BEFORE THEY HAPPEN**

Rita McGrath

Author of the bestseller *The End of Competitive Advantage*

Coming in September!

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About Valize

- Capability Development > Advisory
  - The New Strategy Playbook
  - Digital Transformation
  - Discovery Driven Growth System
  - Proprietary, IP-based tools and software

- Leadership development, executive education, strategic advisory

- Board, C-Level, Enterprise and Startup engagements

- **"What have you built?"**

Thank you

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