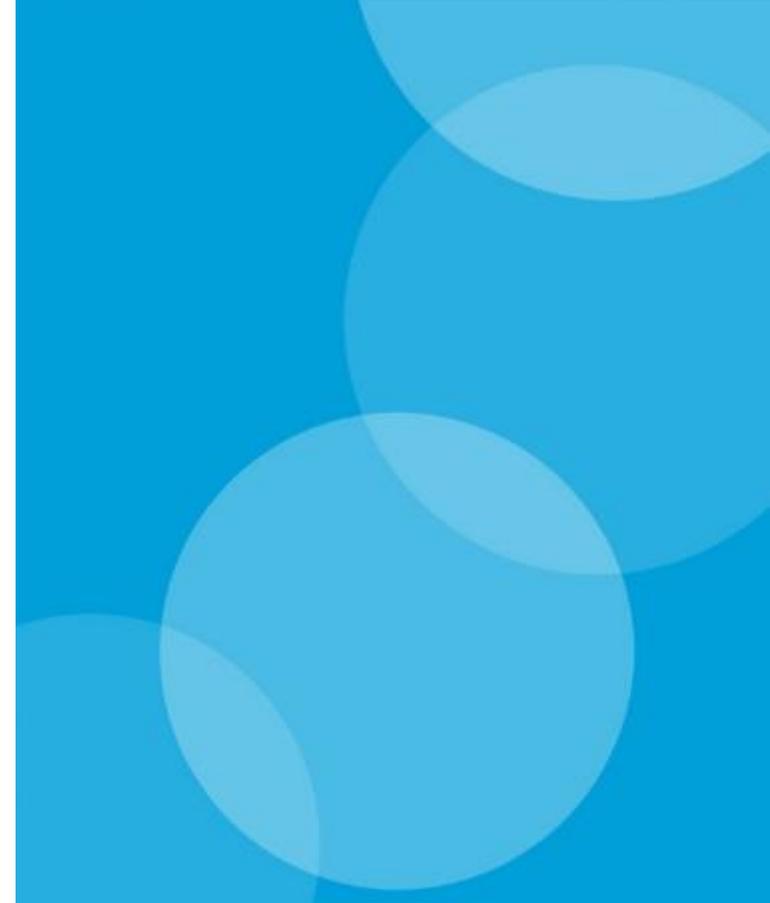




New Research: What You Need To Know About Disruption

John Hagel

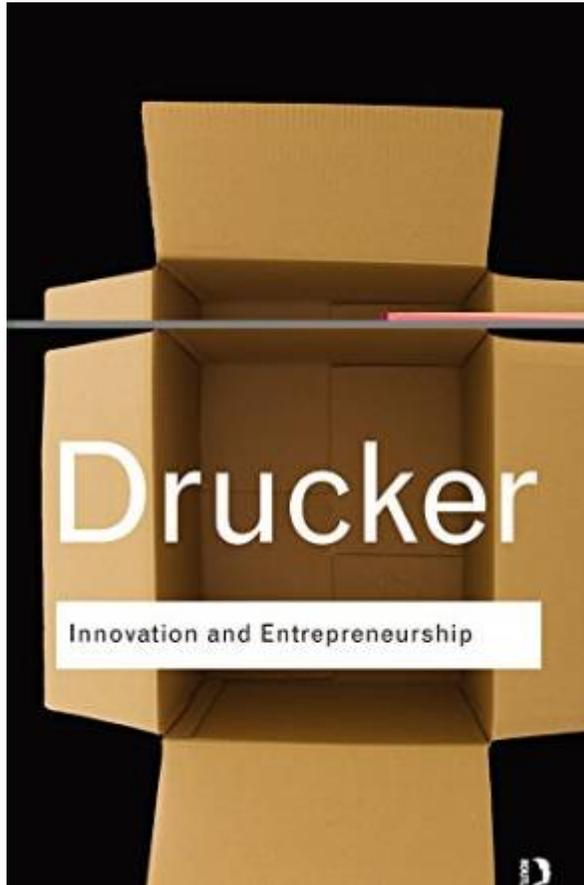
April 12, 2016



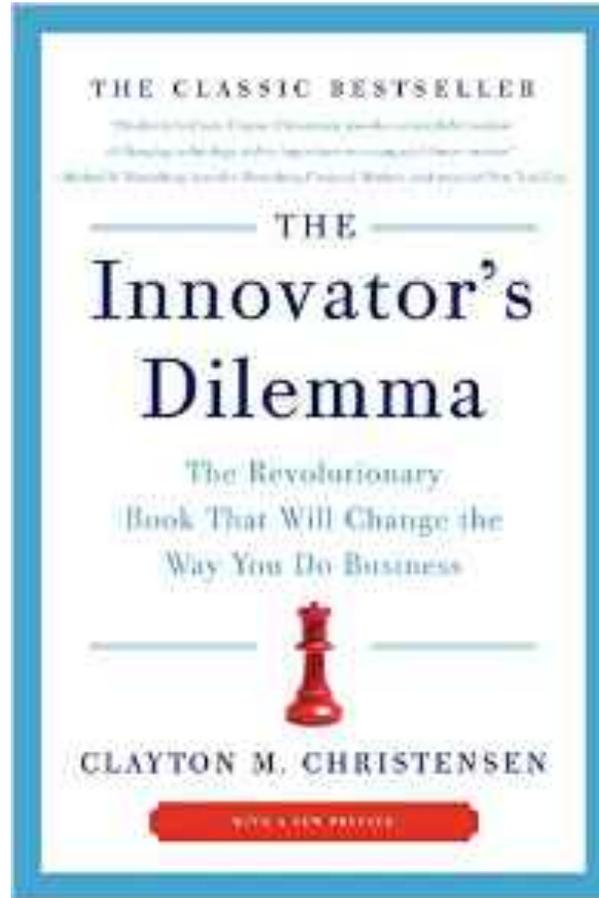
Who is presenting today?

- Our speaker today is John Hagel, John Hagel is co-chairman of the Deloitte Center for the Edge, which he cofounded in 2007 with John Seely Brown. He co-authored the path-breaking book *The Power of Pull* (2010) and has written six other books.
- Steve Denning is a board member of Scrum Alliance. He led the Learning Consortium in 2015. He writes for Forbes.com and is the author of eight books, including *The Leader's Guide To Radical Management* (2010) and *The Leader's Guide To Storytelling* (2010).

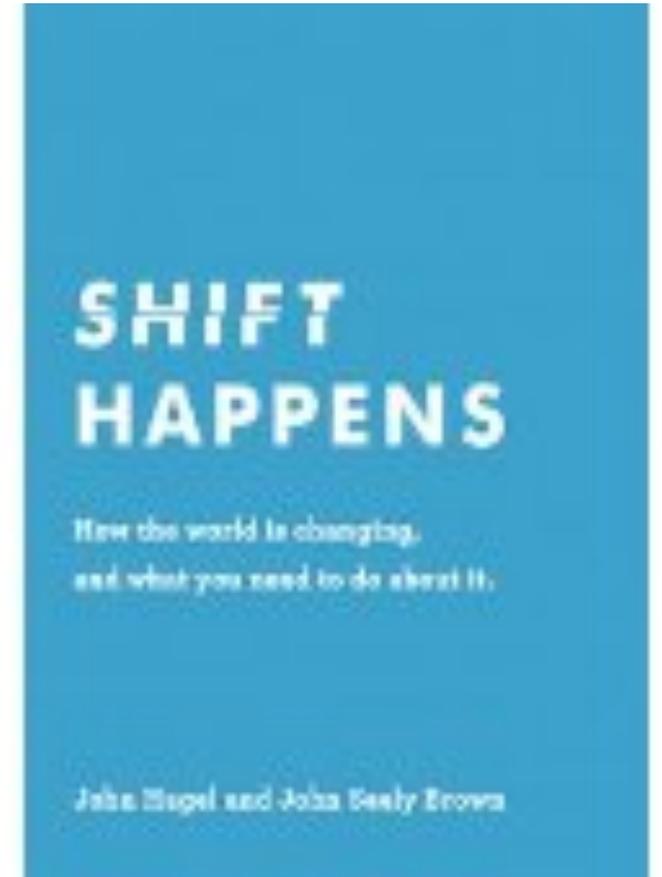
Aspects of disruption



1985



1997



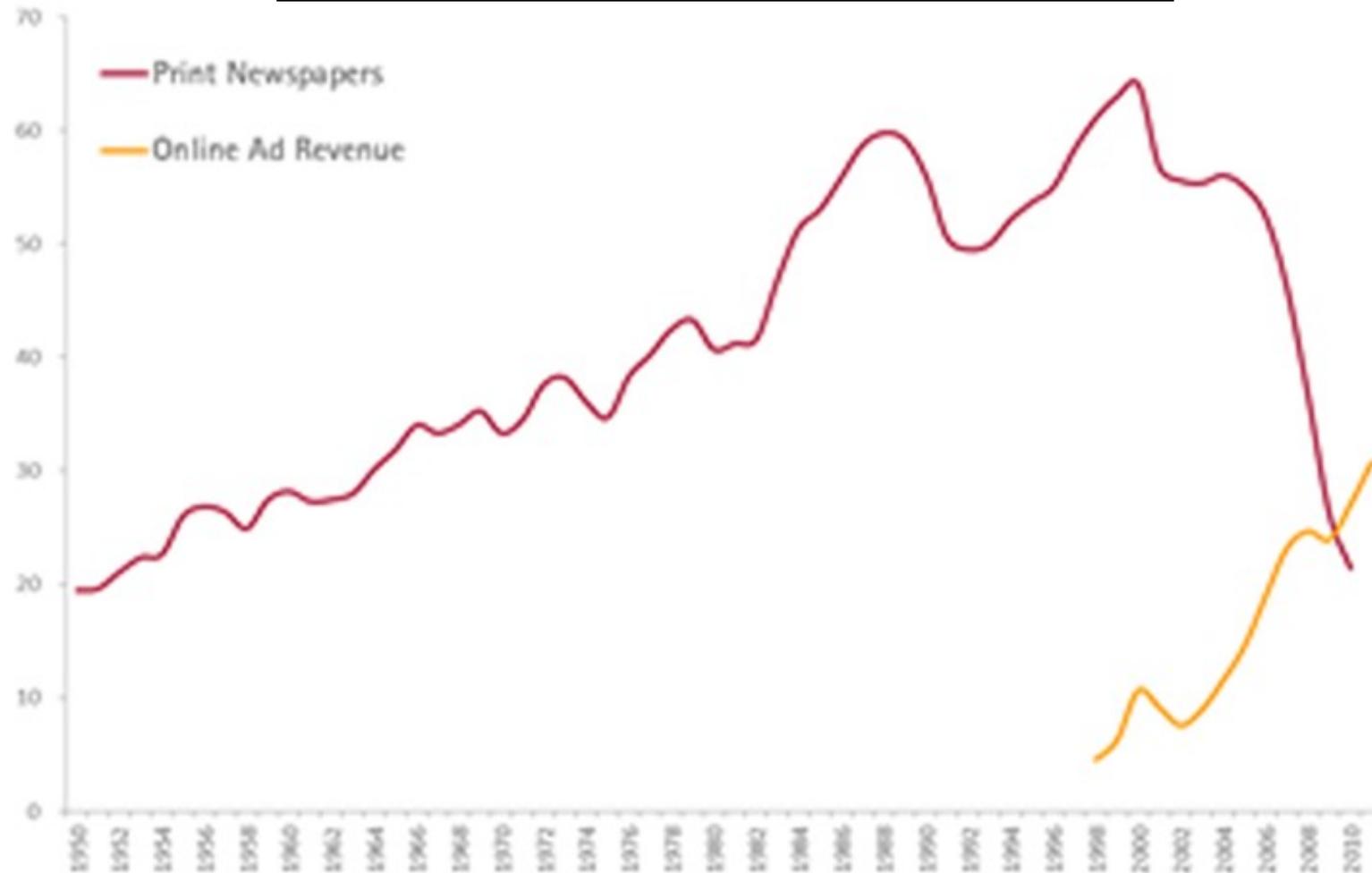
2014

Aspects of disruption

1. It is happening across every industry
2. It is happening to well-managed firms
3. Most disrupted firms didn't see it coming

Disruption can be like falling off a cliff

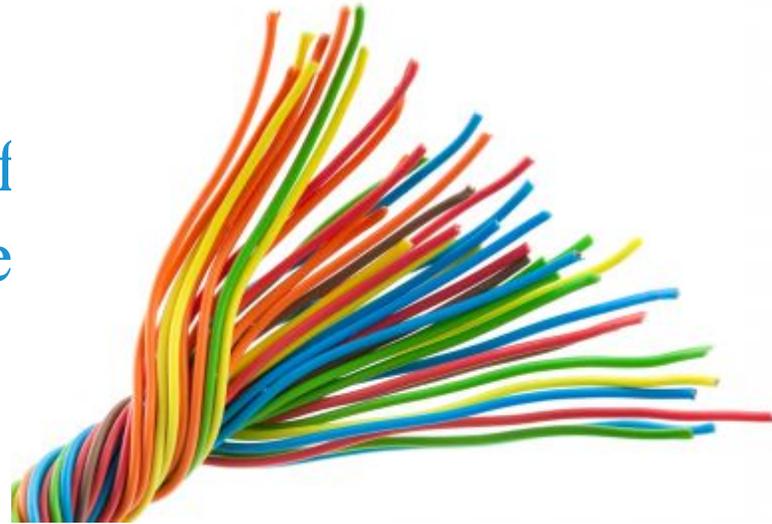
Newspaper ad revenues



Aspects of disruption

1. It is happening across every industry
2. It is happening to well-managed firms
3. Most disrupted firms didn't see it coming
4. Disrupting companies are not immune from disruption
5. We are seeing multiple patterns of disruption

Beyond unicorns: How patterns of disruption can help companies see ahead



Agenda

- Disruption: the story of the century
- Creating clarity amidst the chaos
- Disruption case studies
- Question and answer

- *Disruption: The story of the century*

Disruption has become much more frequent

BloombergBusiness
WhatsApp Shows How Phone Carriers Lost Out on \$33 Billion

THE TIMES OF ISRAEL
How 'disruption' won Waze its \$1 billion exit
The inside story of the Israeli traffic and navigation start-up's unprecedented success, and the lessons for those bidding to follow suit
BY DAVID SHAMAH | February 9, 2014, 6:42 pm |

COMPUTERWORLD
As once-mighty Symbian enters hospice, will it be missed?

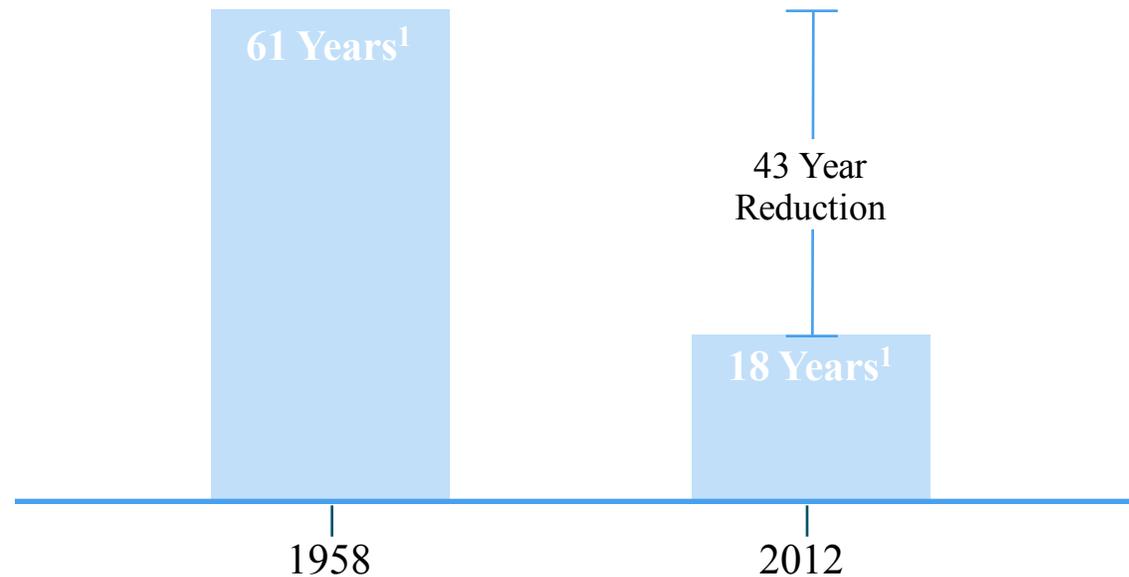
TechTarget
Salesforce celebrates 15 years of CRM market disruption

BUSINESS INSIDER
Google Is Quietly Pulling The Plug On Frommer's Print Travel Guidebooks
Jason Clampet, Skift
Mar. 21, 2013, 5:30 PM 2,020 1

theguardian
Encyclopedia Britannica halts print publication after 244 years

Many companies are not weathering the storm

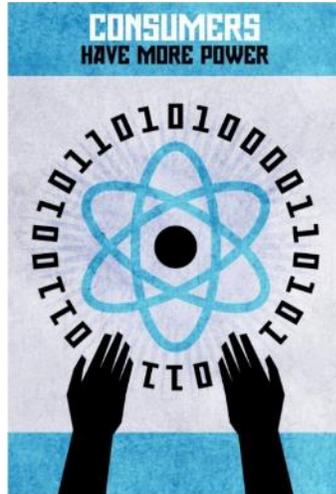
Average tenure S&P 500 (Yrs.)



Sources:

1. Richard Foster, "Creative Destruction Whips through Corporate America," *Innosight Executive Briefing*, Winter 2012

Fundamental shift in value creation



Consumers are gaining more power



Knowledge workers are gaining more power

Companies are under mounting performance pressure

Poll question #1

How is your company currently being affected by the “Big Shift”?

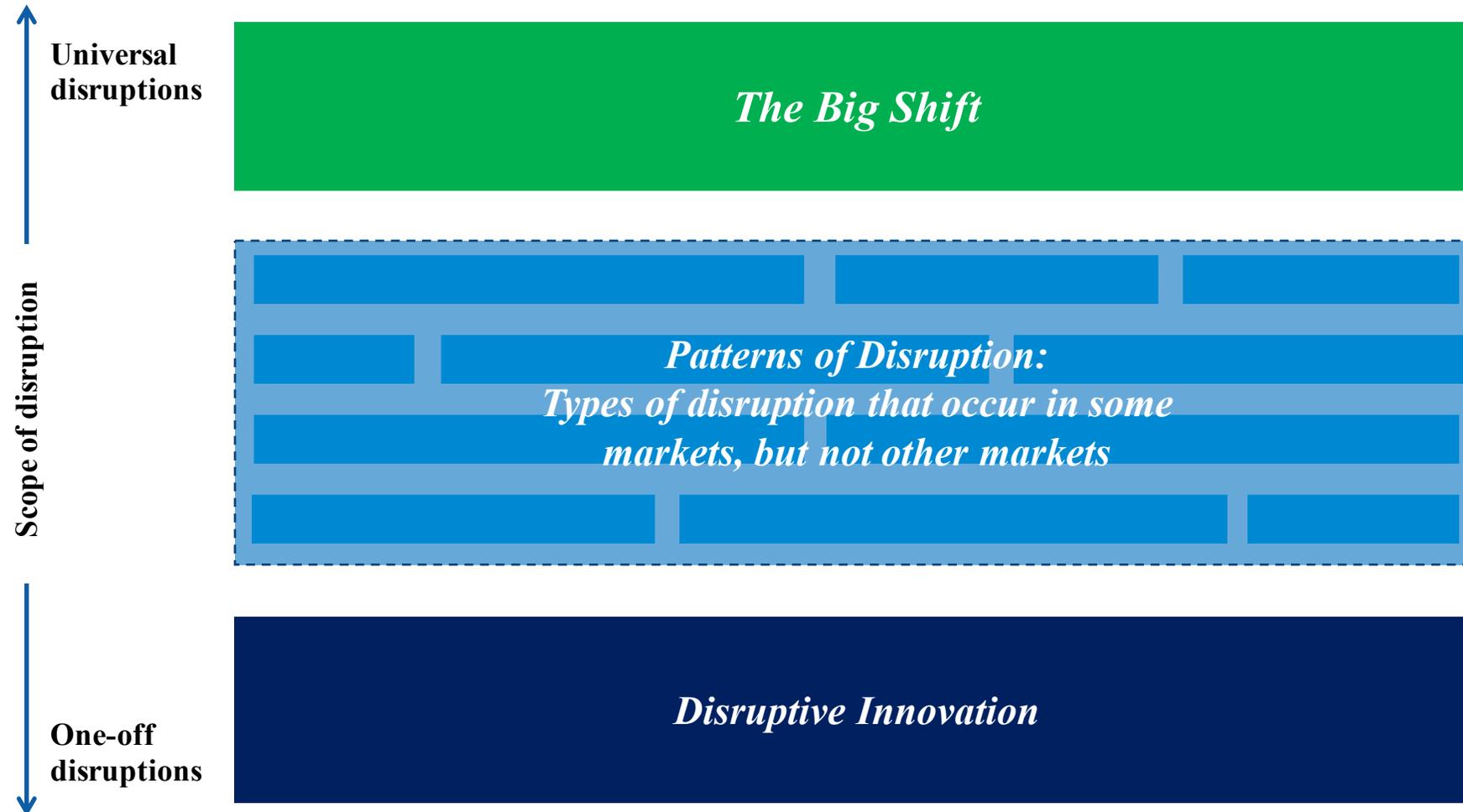
- Do not feel the impact
- Feel impact in some parts of the organization
- Feel moderate impact across the organization
- Actively worried about fundamental shift in industry
- Not applicable
- Not sure

Creating clarity amidst the chaos

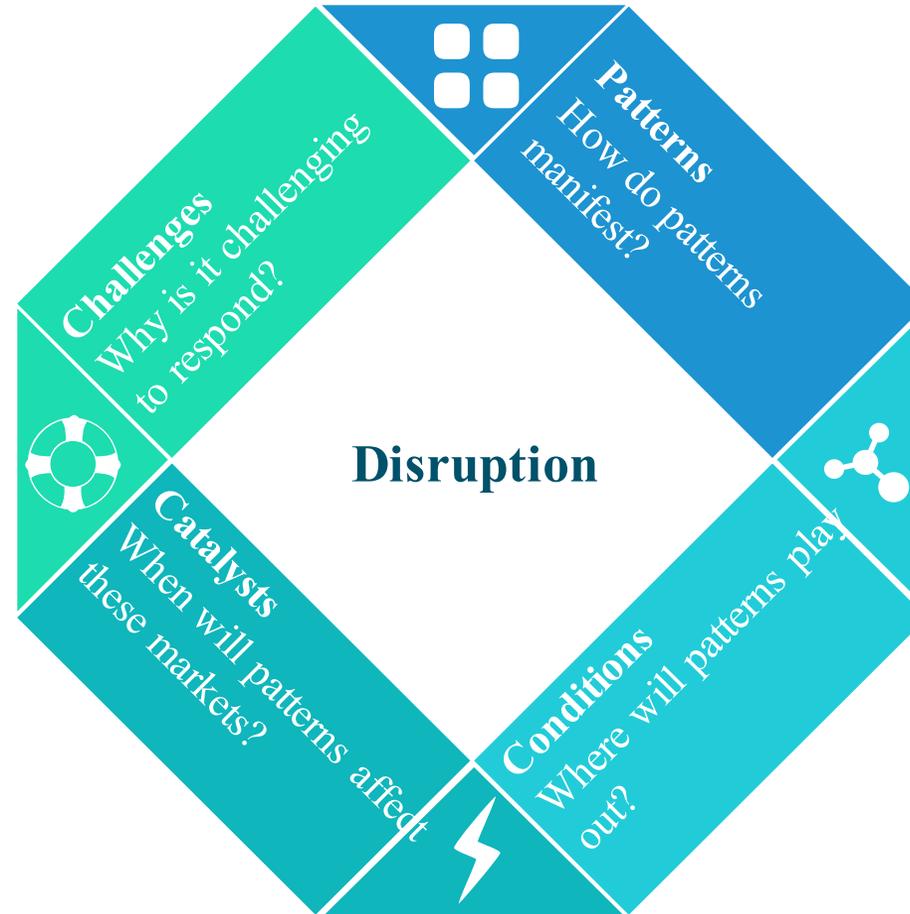
So, what is disruption?

Disruption occurs when most of the **leading incumbents are **displaced** by a **new approach** that is challenging to replicate**

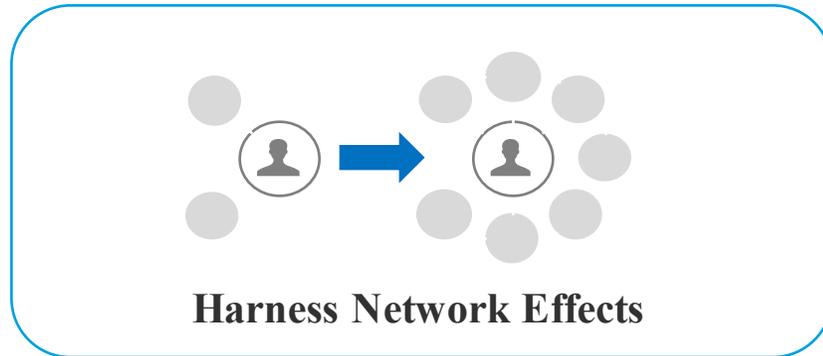
How does disruption manifest?



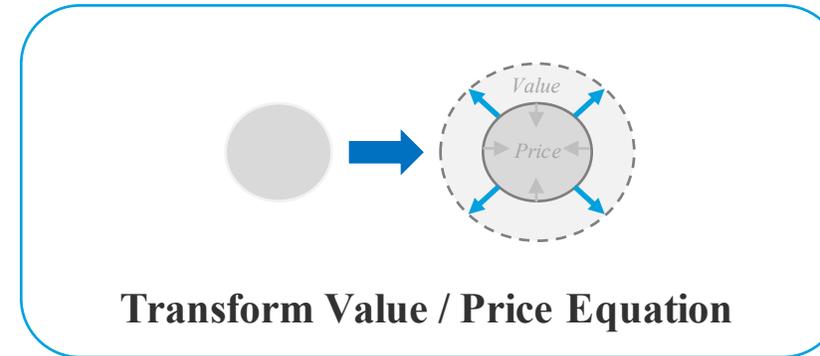
A framework for disruption: from the incumbent's perspective



Patterns act as lenses



Harness Network Effects



Transform Value / Price Equation



Expand Marketplace Reach

Connecting fragmented buyers and sellers – whenever, wherever



Unlock Adjacent Assets

Cultivating opportunities on the edge



Turn Products into Product Platforms

Providing a foundation for others to build upon



Connect Peers

Fostering direct, peer-to-peer connections



Distribute Product Development

Mobilizing many to create one



Align Price With Use

Reducing upfront barriers to use



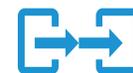
Unbundle Products and Services

Giving you just what you want, nothing more



Shorten the Value Chain

Removing participants to redefine value creation



Converge Products and Services

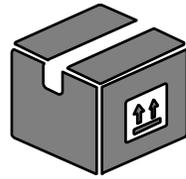
Making $1 + 1 > 2$

Poll question #2

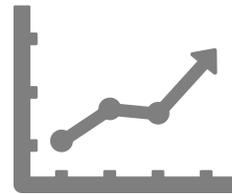
Does the concept of patterns seem helpful as a way to anticipate disruptions in your industry?

- Yes!
- No, disruption has seemed random in my industry
- Not sure

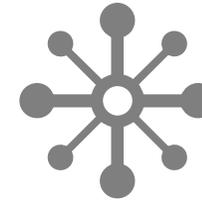
Conditions: Where will patterns play out?



**Product
Characteristics**



**Demand
Characteristics**

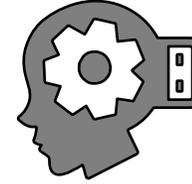


**Industry
Structure**

Catalysts: When will patterns affect these markets?



**Enabling
Technology**



**Customer
Mindset Shift**



Platforms



Economy



Public Policy

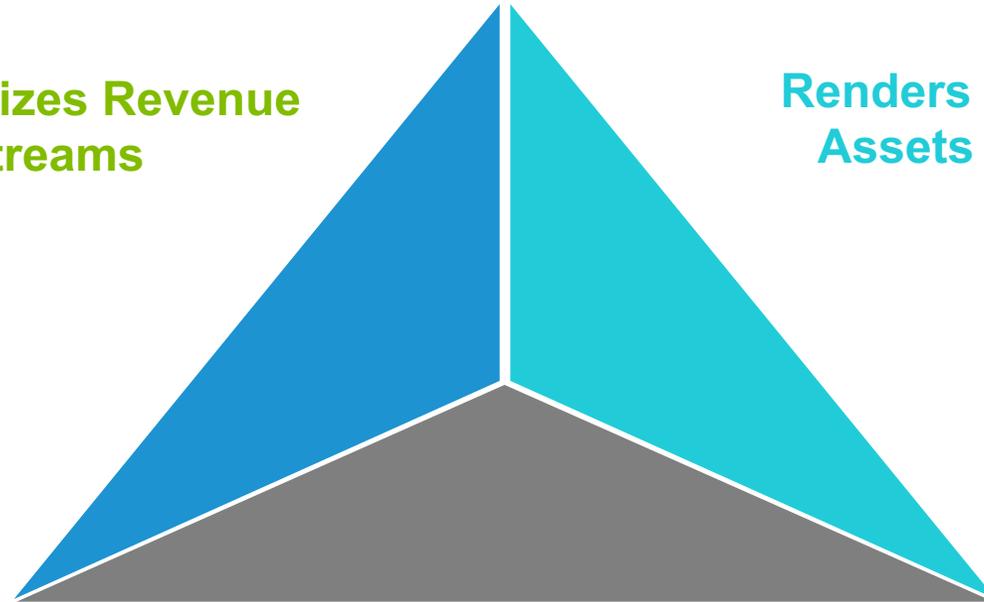
Why are incumbents unable to respond?



Challenges

Cannibalizes Revenue Streams

Renders Significant Assets Obsolete



Challenges Core Assumptions

Poll question #3

If you were to assess your industry's vulnerability to the “Align Price with Use” pattern, which catalysts do think would be most important to understand?

- Enabling technology
- Customer mindset shift
- Platforms
- Economy
- Public Policy
- Not sure

Case studies

Turn Products into Product Platforms - Cases

Providing a foundation for others to build upon



Android

Software Variants



Project Ara

Hardware Modules

Turn Products into Product Platforms - Android

Conditions

Where is it playing out?



- Standardized products
- Diverse set of product uses
- Interdependency on third parties

Catalysts

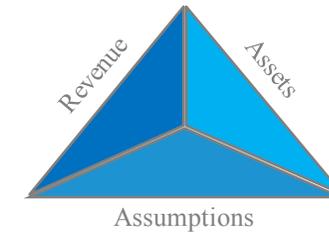
When?



- Digital infrastructure providing connectivity
- From consumers to customizers
- Platforms increasing collaboration

Challenges

Why is it difficult to respond?



- Revenue on standardized products will erode
- Less infrastructure / capabilities are needed in-house
- Third parties become collaborators

CP – Home Appliances Automotive
Manufacturers



Furniture



Arenas

Chemical Products Commodities –
Suppliers Food



More Vulnerable

More Resistant

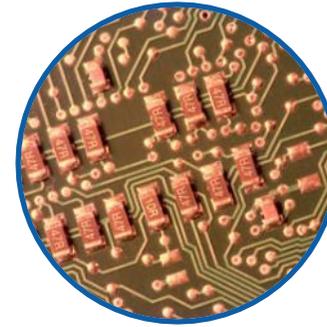
Converge Products – Case Studies

Making $1 + 1 > 2$



Smartphones

Single Offering



Qualcomm

System on a Chip

Converge Products and Services - Smartphones

Conditions

Where is it playing out?



- Established products
- Basic functionality meets needs
- Shared infrastructure

Catalysts

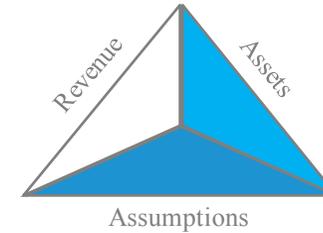
When?



- Smaller, faster, cheaper components
- From wanting the best to accepting the basics
- Increased desire for versatile products

Challenges

Why is it difficult to respond?



- Facilities are not optimized for converged products
- Changes assumptions about what customers value

Financial Services - Insurance



Medical Devices



Arenas

Oil & Gas Providers



Chemical Product Suppliers



More Vulnerable

More Resistant

Poll question #4

Do you believe your company is at risk of being disrupted?

- Yes, it's already happening
- Yes, I've seen some disruption
- No, not yet
- No, we are the disruptors!
- Not sure

To respond, first you need to anticipate, but its only part of the equation...

Potential responses to disruption include:

- 1 Exiting the business**
- 2 Being the disruption**
- 3 Undermining the disruptor**
- 4 Containing the disruption**

- Question and answer

Steve Denning:

What are the biggest obstacles
in learning
how to deal with disruption?

Questions?

Poll question #5

Are you interested in receiving thoughtware, podcasts, or other relevant Perspectives from the Edge insights from Deloitte?

- Yes
- No
- I already receive these insights

Contact info

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 @jhagel

 Connect with me on LinkedIn: [linkedin.com/in/jhagel](https://www.linkedin.com/in/jhagel)

Contact Scrum Alliance at learningconsortium@scrumalliance.org

Monday May 23 at 11am ET

Curt Carlson

How do you change
an organizational culture?





What You Need To Know About Disruption

John Hagel

April 12, 2016

Thanks for your participation!

