SMART Disruption

How companies can build the bridge to the digital world more easily !
(Whitepaper)
Andreas Duffner, March 2017

The sixth in a series of reports on relevant business areas in the digital age, the information intends to point towards essential topics for enterprises exploring their digital transformation.

All previous articles are available on d-transform's website.

Abstract

SMART Disruption helps to overcome our fear of contacts with disruption. The article shows examples of how companies can build the bridge between todays successful business models complemented and not replaced by smart digital solutions. This approach readies companies to start the journey to the digital world.

What is behind "disruption?"

Fortunately, companies have now more seriously started to concentrate on digitization and how to manage their journey into the digital world. However, they are still struggling with one thing: Disruption!

The conceptual perception of disruption is commonly bad, especially in the minds of top executives. Although human beings have experienced disruptions many times before large and small (e.g. the industrial revolution on the large scale, bad traffic on the small) the resistance against change remains.

Why? Self-righteousness, lethargy, and hostility towards innovations accompanied by still good business results are preventing us from unconditional and funky creations and ideas. The latter, however, is fundamental to understand and apply disruption.

When we are looking into the market the most **popular and visible disruptive businesses** are: Google, Amazon, Facebook, Youtube, Airbnb, booking.com, WhatsApp, just to name a few. Almost all of them are **purely software-based**. They have created new industries or significantly changed established industries such as transportation and travel.
Various new disruptive business models will change our lives in the years to come, e.g. in the 3D Printing Area.

3D printing will change the automotive industry: Based on global, Internet based crowdsourcing processes for design and engineering, totally personalized cars are produced in very small assembly factories. This is already happening today. In the future, drivers can configure their preferred car at their dealers round the corner – and the car will be printed to their specifications overnight. The next morning the driver can pick up his new personalized car:

https://localmotors.com

Currently the local, 3D printed added value of this car series consists of 70%. By 2020 it is expected to be 90%. Moreover, the chassis material is stronger than the material in today's broadly manufactured cars which can take a year between order and delivery.

Further disruptive business areas will include:
- Virtual/augmented reality;
- Flying and driving drones;
- Driverless and connected cars;
- Transportation;
- Internet of Things (IoT);
- Artificial Intelligence (AI);
- and Health Tech.

*"**Software is eating the world**". Almost all disruptive business models are only founded on software. Marc Andreessen's 2011-predictions are more relevant than ever before.*

The speed of change in the health industry will be overwhelming and significantly affect our private lives. Personalized precision-based pharmaceuticals produced by 3D pill printers, prosthetic limbs controlled by AI, peer-to-peer health insurance, 3D printed organs and joints for transplantations and many other examples.
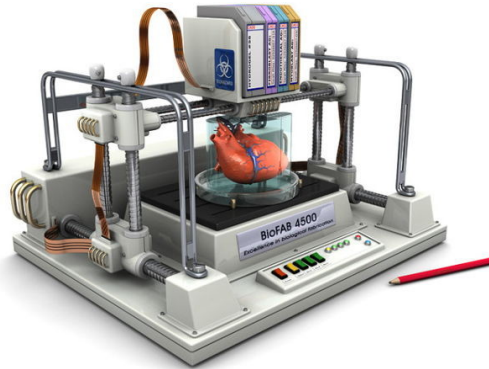
www.technologyvista.com

So, that's the future!
For business owners, executives, managers, experts: How can we better prepare ourselves for disruptive thinking? How can we overcome the mental barrier as for many of us future concepts and visions are blurred and not tangible? How can we step back and see new possibilities clearly? How can we faster develop the necessary skills and capabilities? And finally, how can we bring the companies' digital transformation up to speed?

Let's create the bridge to the digital age with SMART Disruption

As we know, the industries have already started to refine their products with digital solutions such as smart metering, autonomous cars or fitness trackers. This is the point where we enter the bridge to the digital world.

In the middle of the bridge we are finding solutions that **complement** – not replace – the present product portfolio with intelligent SMART disruptive functions that are characterized by:

- They are fully digitized;
- They complement existing business models in creating new benefits and providing a new quality of data for the entire industry ecosystem;
- They help companies to leave their first marks in the digital world to start a successful journey into the digital world;
- Personalized data processing which is leading to a new quality of brand loyalty and consumer experience;

*What are the **drivers** for digitization? Social Media, 3D Printing, Internet of Things, smart sensors, and Big Data*

- Shift of focus from supplier efficiency, product and offer to consumer (e.g. driver, patient) focus – consumer direct (which will impact customer service capabilities);
- Use of data with big and smart data analytics for the entire eco-system in the respective industries, based on common and individual needs of the participants;
- Operations in private and public cloud environment.

The following example from the **automotive industry** shows what we understand by SMART disruption. While the first part of the compredict suite focuses on **digital component & car efficiency**, with monitoring of real-time status, load, predictions for a possible breakdown and performance against defined thresholds …

Source: compredict GmbH, 2017*
www.compredict.de

… the second part, that is called **drivers' analytics and experience**, focuses on driving behavior, conclusions for manufacturers for development, and personalized and improved driver's experience.
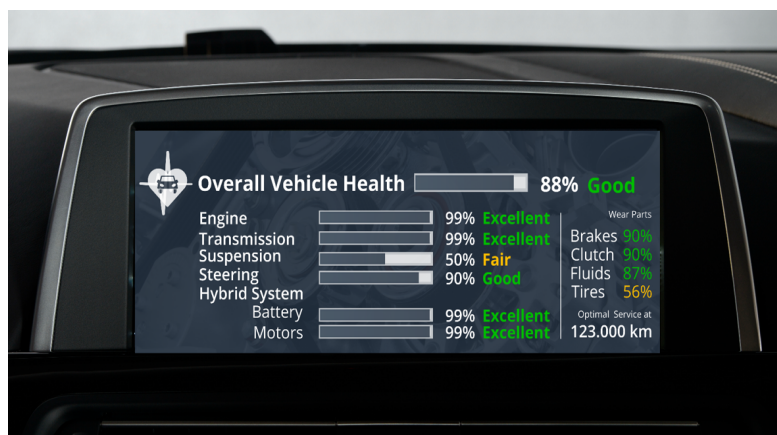

Source: compredict GmbH, 2017*
www.compredict.de

In this respect the **pharmaceutical industry** is currently facing a dynamic evolution of its portfolio far beyond of the production and distribution of their drugs. Advanced therapy applications, available for patients via smart phone, offer additional therapy through training, self-reflection, and advice for smart medication.

From the pharmaceutical perspective the business model is not disrupted: Conversely, it's complemented by a new business model offering firsthand feedback from patients to drug research. Furthermore, the new USP helps to create brand (not drug) loyalty, improving the patients' recovery by an individualized data analytics concept that supports the whole ecosystem: patient (and his/her community), pharma industry, hospitals, doctors and therapists.
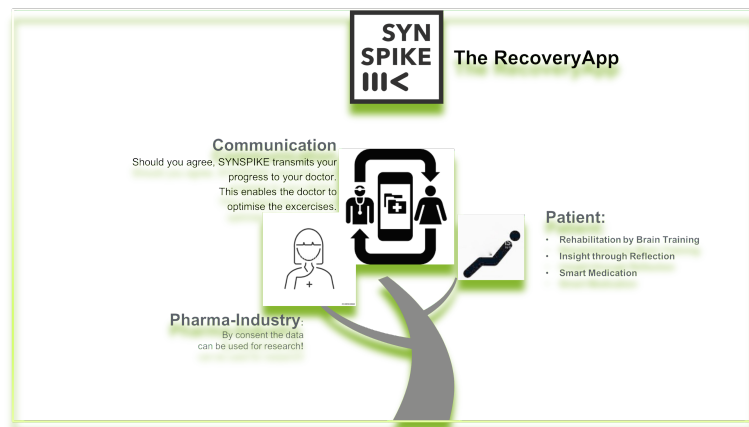
Source: synspike, 2017*. The RecoveryApp for schizophrenic psychosis
www.synspike.de

*= Both companies, compredict and synspike, belong to **HIGHEST**, the startup-network: Home of Innovation, GrowtH, EntrepreneurShip and Technology Management at **TU Darmstadt**.

Both examples are representing the middle of the bridge to the digital age. They are symbolic for the smart digital evolution of existing business models.

Both examples apply SMART disruption. In the new **personalized mass-market**, SMART disruptive business models push companies to rigorously focus on consumers' needs because the world looks like this:

> *„… We are waking up and linking to each other.*
> *We are watching. But we are not waiting …"*

The Cluetrain Manifesto, published 2000, Thesis Nr. 95

About the author

As a management, business consultant and business coach, Andreas Duffner has been working closely with global companies since more than 25 years. His core expertise is customer relationship management, business transformation, management of multi-cultural teams, digitization as well as leadership and team coaching. He was founder of two start-up companies.

Andreas Duffner was instrumental in building SAP's global Business Transformation Services practices; in the course of this he built the practices in Asia, Pacific and Japan (SAP Asia, Singapore. 2008 - 2010).

Since 2016 he is mentor and coach of selected start ups of HIGHEST/TU Darmstadt. In this role Andreas supports start ups in the creation of digital business models.

The journey to the *'Digital Pavilion'*

Visit d-transform's website www.d-transform.com and watch the video about the journey to the digital pavilion:

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