

THREE DISRUPTIONS IMPACTING YOUR BUSINESS TODAY



ORGANIZATIONS UNDERSTAND THAT

FINDING the right balance between short term and long term strategic initiatives can help them be successful. They need to pay close attention to developments that stand to disrupt their business and the business ecosystem as a whole. Technology continues to be one


of the most disruptive variables, and organizations that stay abreast of these developments stand to benefit as technologies evolve and mature. However, technology is not the only disruptive factor. The way businesses process information and interact with others is changing, and these changes could have seismic impact on demand patterns from customers and the basis of competition going forward. The top three disruptions impacting your business today are:

Behavioral economics: This field, which blends economics with psychology, has gained prominence lately as the proliferation of data and analytics yield new insights about the ways we think, act and behave in the workplace and in our homes. One of the most entrenched human behavior is the tendency to focus on the present and address immediate priorities, and fail to make changes that would create competitive advantage in the long run. Behavioral economics does not refute neo-classical economics, but rather adds psychological variables to identify expected outcomes. For businesses, this translates into deeper insight on purchase decision-making patterns, stronger models to understand supplier capabilities, and an impact on business processes within the organization incorporating expected behavior of employees. An implementation of this concept is seen in a number of examples in online subscription rates leveraging the

psychology of price and value to offer bundles that comparatively showcase greater value.

The Internet of Things (IoT): Undoubtedly one of the hottest technology trends, IoT is billions of interconnected sensors and devices exchanging data, enabling new insights, enhancing efficiency, and creating new business models in dozens of industries. This phenomenon is evolving as a source of innovation and competitive advantage. Leading organizations are already tapping the technology to combat chronic illness, manage energy, and enhance supply chain operations through close to real-time data; families can keep their homes safe through remote monitoring. GE has been in the news leveraging this platform to install sensors and manage jet engines, locomotives, power turbines and medical equipment.

Artificial Intelligence/Automation: AI has the potential to enable organizations to break prevailing trade-offs between speed, cost, and quality. Organizations can embed cognitive technologies to increase the value of their services by making them more effective or convenient. Familiar examples include the recommendation features of on-demand video and streaming service Netflix and online retailer Amazon. Those features use machine learning to predict which content or product a customer is more likely to purchase. Cognitive technologies can also be used to create new classes of products and services, such as automated virtual personal assistants.

The litmus test for most organizations is in identifying the impact of the value created by leveraging these technologies within their ecosystem. Just like in most cases of innovation and evolution of business models, early adopters would benefit by creating competitive differentiation in their business for a period of time and the laggards would benefit from the experience of successful and failed experiments by their ecosystem. 

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