

# A disruptive call to innovate

Imagine a world in which organisations like Uber provided basic ambulance services. Or Amazon delivered parcels to car boots. UniSuper member and information systems expert Michael Rosemann says it's vital for organisations to sense such emerging disruptions to their businesses if they're to succeed in the new digital environment.

During his first press conference, Prime Minister Malcolm Turnbull told Australians they had nothing to fear from disruption: "We have to recognise that the disruption that we see driven by technology, the volatility and change, is our friend ... if we are agile and smart enough to take advantage of it". With the release late last year of his eagerly awaited 'innovation statement', the prime minister placed innovation—which would allow Australians to thrive in a disruptive environment—squarely "at the heart of everything we do".

But what exactly is a disruptive environment—and should we fear or embrace it?

According to Professor Michael Rosemann—Head of the Information Systems School at Queensland University of Technology—disruptive environments are, "opportunity-rich and fast-changing [arenas] characterised by low entry barriers, rapidly emerging new players, new technologies, new business models and re-conditioned customers". It's natural then that disruptive environments attract entrepreneurs and venture capitalists seeking to develop innovative business models centred on an economy of people, not corporations.

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Unlike the traditional economy of corporations—that Professor Rosemann says, "puts the design, optimisation and automation of business processes and corporate systems at its core—the economy of people is much more driven by external opportunities rather than internal constraints". This seismic shift has been made possible by digitisation, which empowers people "to connect, contribute and communicate at a speed and scale never seen before".

"The foundations for this empowerment are powerful and intuitive devices, a fast growing digital literacy, the opportunity to innovate without relying on too many assets and the emergence

of a sharing economy in which corporate value chains are disrupted by peer-to-peer interactions", he explains.

Uber and Airbnb are popular examples of such successful business models. According to Professor Rosemann, they've succeeded because they connect citizens who have something to offer (a car or property) with a mass market of consumers (anyone needing a lift or accommodation).



❖ Professor Michael Rosemann

By facilitating the positive network effects of peer-to-peer interactions, Uber and Airbnb can not only source what they need from citizens, but deliver immediate financial benefits to those with sought-after assets.

“The economy of people acknowledges the role of people as co-designers and co-producers and, in return, it opens new so-called ‘micro-revenue’ streams, that is, citizens can derive an income from making contributions to new business models”, he says.

While successful disruptors and their users are the ultimate winners, Professor Rosemann says that the organisations “being disrupted” can also succeed in the new environment. “The arrival of disruptors can, in fact, trigger a renewed focus on corporate innovation and creating new compelling customer value propositions”, he explains.

“Organisations in such environments require strong environmental sensing capabilities in order to identify emerging disruptions as early as possible.

“Sensing capabilities, however, are rare as the traditional focus of corporations has been an internal view leading to ... a lack of awareness for what is already happening.”

Workers also need to adapt to the new economy, as highlighted by a recent Committee for Economic Development of Australia report that predicts 40% of Australia’s jobs—both low and highly skilled—could be replaced by computerisation and automation within the next 10 to 15 years.<sup>1</sup> However, Professor Rosemann says that by looking after their “educational wellbeing”, workers can help ensure they aren’t left behind.

“It is essential to ensure that the status of one’s own education remains current and is updated in light of the threat that automation (think robots) and machine learning will probably lead to the disappearance of many of the current jobs”.

For his own part, Professor Rosemann is dedicated to understanding the concepts and thinking patterns behind successful disruptions: “Going beyond the surface of impressive innovations and truly unpacking the root causes of success helps develop higher order thinking abilities and to replicate such thinking in different contexts”.

<sup>1</sup> CEDA (2015) *Australia’s future workforce?* CEDA: Melbourne