The Sixth Wave of Innovation

IEEE-IISC in association with Crafitti Consulting

Photo by Sebastian Voortman from Pexels

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Inventing for Value

Thoughts on

HOW

Value *Design* & **Business Models**

will surf

the Sixth Wave of Innovation

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Business is
to provide **something useful** (goods or services)
in exchange for money
"To Make Money"

A Business Model is
how to provide goods or services in exchange for money"
"How To Get The Money"

"Something Useful"

something that is of
"Value"
to the user / consumer

"Value" is both objective and subjective

Food

Shelter

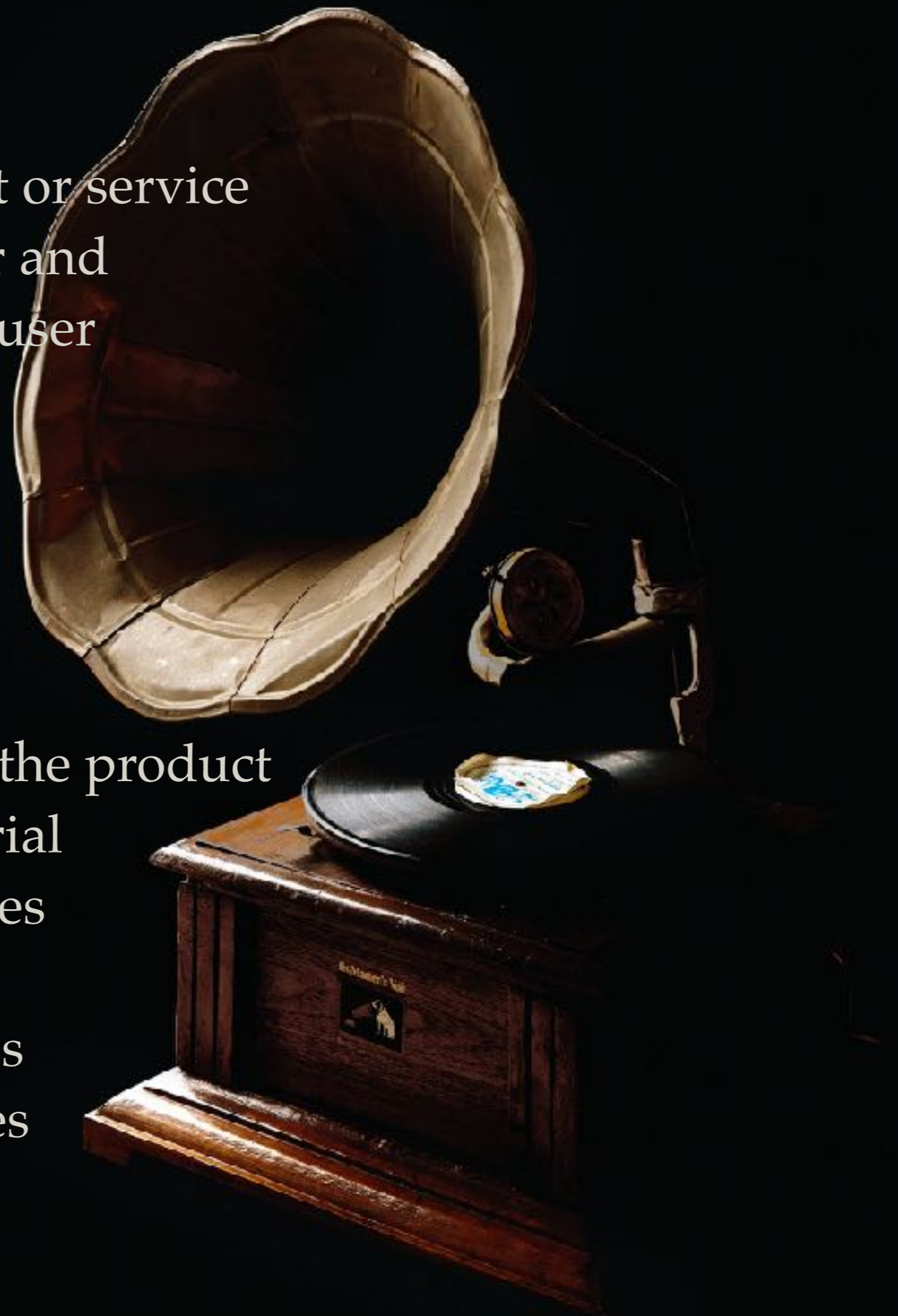Health

Travel

Entertainment

Looking Good

Communication

Design

how the "Value" of a product or service
is expressed to the user and
perceived/ felt by the user

When the user is made aware of the product
When the user takes a trial
When the user purchases
When the user uses
When the user replaces
When the user disposes

Unlike technology, business hasn't changed much over thousands of years

When "Value" is tied to a product/ service, business often gets reduced to "that one transaction"

Business Models - Some Basic Forms

ANALOGY	HOW IT WORKS	EXAMPLE
Affinity club	Pay royalties to some large organization for the right to sell your product exclusively to their customers.	• MBNA
Brokerage	Bring together buyers and sellers, charging a fee per transaction to one or another party.	• Century 21 • Orbitz
Bundling	Package related goods and services together.	• Fast-food value meals • iPod/iTunes
Cell phone	Charge different rates for discrete levels of a service.	• Sprint • Better Place
Crowdsourcing	Get a large group of people to contribute content for free in exchange for access to other people's content.	• Wikipedia • YouTube
Disintermediation	Sell direct, sidestepping traditional middlemen.	• Dell • WebMD
Fractionalization	Sell partial use of something.	• NetJets • Time-shares
Freemium	Offer basic services for free, charge for premium service.	• LinkedIn
Leasing	Rent, rather than sell, high-margin, high-priced products.	• Cars • MachineryLink

Low-touch	Lower prices by decreasing service.	• Walmart • IKEA
Negative operating cycle	Lower prices by receiving payment before delivering the offering.	• Amazon
Pay as you go	Charge for actual, metered usage.	• Electric companies
Razor/blades	Offer the high-margin razor below cost to increase volume sales of the low-margin razor blades.	• Printers and ink
Reverse razor/blades	Offer the low-margin item below cost to encourage sales of the high-margin companion product.	• Kindle • iPod/iTunes
Reverse auction	Set a ceiling price and have participants bid as the price drops.	• Elance.com
Product to service	Rather than sell a product, sell the service the product performs.	• Zipcar
Standardization	Standardize a previously personalized service to lower costs.	• MinuteClinic
Subscription	Charge a subscription fee to gain access to a service.	• Netflix
User communities	Grant members access to a network, charging both membership fees and advertising.	• Angie's List

In the recent past, business models have started to
evolve at a pace faster than before

That's because value has ceased to be transactional.

Value is mostly about user experience.
spread across
space, time, and function.

and you can target it!

Design and Business Models, as always,
are going wherever "Value" goes.

New value at the intersection of time, space, function, and user experience

The Gig Economy is starting to take shape

Value of any product / service for a user actually depends on

The value of all experiences

of that user   and his friends and family

and experiences of all those that he
consciously or subconsciously values.

You can invent new value, new designs and new business models

if you can map it!

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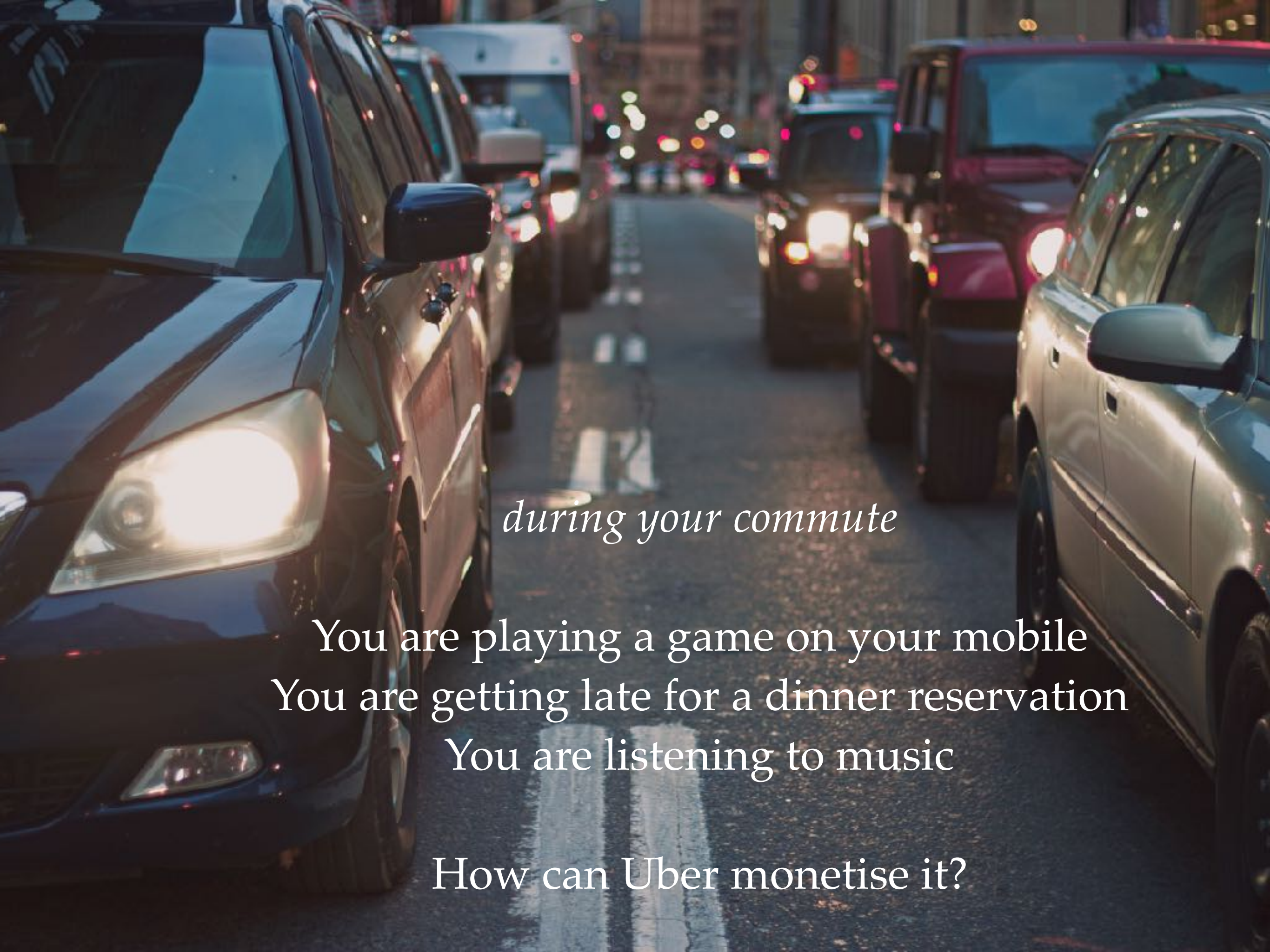Nano, Networked, Autonomous and Hypersonic Things

Algorithmic Intelligence with Quantum Computing

Synthesized Biology, Energy and Reality

Mapping becomes ubiquitous!

Uber is already offering you a monthly pass based on what you did last month (on Uber)

during your commute

You are playing a game on your mobile
You are getting late for a dinner reservation
You are listening to music

How can Uber monetise it?

You are listening to music

Every song has some value, based on your past experiences and current mood

what would you pay for

✤ your favourite song
✤ everybody's favourite song
✤ your friend is also listening to music - a song that you and your friend can listen to together

Can you predict likely future experiences?