



A look back at an accelerating phenomenon: disruption

The recently theorised phenomenon of "disruption" is defined as a process whereby a product, a service or a solution disrupts the rules on an already established market. Technological progress, along with the globalisation of trade and demographic changes are now helping to spread it to every sector of the economy.

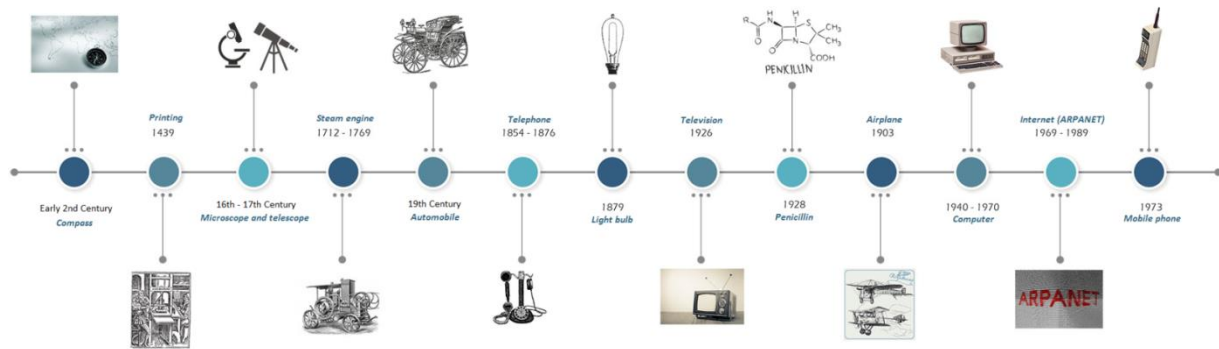
This is a never-ending process. The concept of disruption has only been around for a few years, but it is a phenomenon that can be found throughout history. It has only been conceptualised recently because of the technological acceleration that the world has experienced in recent times. The latest major innovations, such as the Internet, connected objects, robotics, driverless cars and 3D printing, have in common that they have proliferated with unprecedented speed and profoundly changed the way we live, consume and work, demonstrating the reality of the process under way.

Although disruption began as an intangible phenomenon, its gradual and increasingly apparent concretisation meant that it needed to be defined in itself. The concept of "disruption", which was introduced in 1997, was theorised by Professor Clayton Christensen, who defined it as an economic process whereby an innovative product or service disrupts the established order on a market. One of the first examples of this came from IBM, when it made computers accessible to all, whereas in the past they were only available to a lucky few. *"But the original definition is fairly restrictive, clarifies Thomas Page-Lecuyer, a strategist at CPR AM. According to its criteria, a "disruptive" company, from an academic viewpoint, must be a start-up filing a patent for a new, less expensive model. It must aggressively enter from the bottom a market whose leaders are not meeting the needs of certain customers, described as "forgotten". It also benefits from a technological accelerator that allows it to quickly move upmarket".* If we followed Clayton Christensen's strict definition, companies currently considered to be "disruptive", such as Apple, Tesla or Uber, no longer would be. Their innovations, business models and services represent a real break with the past, however, that have completely transformed consumer behaviour. *"These companies have clearly understood the difference between incremental innovation, which consists only of optimising existing elements, and disruptive innovation, which involves changing the entire approach to consumption",* explains Thomas Page-Lecuyer.

In actual fact, disruption may be summarised more broadly as the arrival of a simpler, more intelligent, more practical and less expensive solution that is taken up by the consumer. Likewise, the concept generally reflects the substitution of one business model for another, incorporating Schumpeter's notion of "creative destruction", a secular phenomenon of which there are many historical examples. Money, the plough, printing, penicillin, light bulbs, aircraft and the television are

just a few examples of inherently disruptive innovations. The agricultural revolutions of the 17th and 18th centuries, like today's digital revolution, are also akin to major phases of disruption.

"Historically, it was an intangible trend; a long-term phenomenon where the changes occurred over a hundred or a hundred and fifty years and were therefore not felt by the same generation, says Alexandre Janssen, the head of innovation at Deloitte EMEA. The technological development of the last thirty years is truly the cause of the phenomenon's acceleration and therefore its conceptualisation".

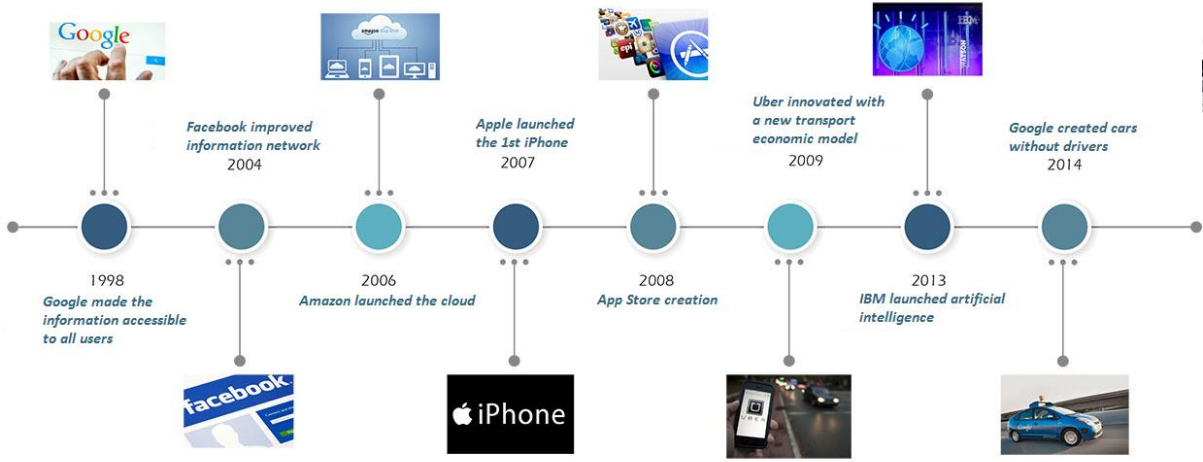


Source : CPR AM

The current disruption is unique above all in its speed. As highlighted by Mark Zuckerberg, the co-founder and President and CEO of Facebook, two-thirds of the objects and products consumed today didn't exist twenty years ago. While technological innovation may be the main driving force behind this exponential acceleration, it is also the result of a combination of other factors. The trend is driven as well by the globalisation of trade, demographic changes and environmental challenges. The current shift is multi-faceted precisely because several factors are at play. This is in contrast to the industrial revolution, for example, whose direct repercussions mainly concerned production methods, whereas the current revolution is also shaking up living and consumption habits. The most familiar aspect of this change is undoubtedly technological. *"The advent of the Internet and the development of digital technology have enabled the electrification of a number of goods and services, notes Alexandre Janssen. But, whereas in the past applications and platforms only extended to certain sectors, they now tend to spread to every field".* Apple, for instance, "disrupted" the music industry at the start of the 2000s with iTunes, but is now moving into the collection of health data. The process is therefore irreversibly becoming more widespread. Yesterday it was music, today it's banking, transport and food services... And why not education tomorrow? *"Ultimately, the aim for groups like Apple, Facebook, Google, Amazon and others will be to become leaders in the connecting and management of all the data platforms",* Alexandre Janssen already predicts.

The current disruption is already shaping the world of the future. At the heart of this trend is the fact that today's disruptors will surely become tomorrow's disrupted. The process is nevertheless irremediable. Disruption is everywhere and affects everyone. The economic value of this emerging universe is huge, but is not always clearly delineated. *"Our approach has made it possible to summarise the phenomenon into four dimensions, explain Wesley Lebeau and Estelle Ménard, manager of the fund CPR Invest - Global Disruptive Opportunities and assistant head of thematic management at CPR AM respectively. We have therefore drawn a distinction between the digital economy, industry 4.0, the planet and healthcare and the life sciences".* The disruptive aspect of the first dimension is defined by the sharing of knowledge, time savings, cost reductions and the ability

to bring people closer together. The second dimension concerns efficient and intelligent production and distribution. The third relates to the regeneration of natural resources and the production of green energy. The fourth may be summarised as the improvement of medical research for a better quality of life and longer life expectancy.



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