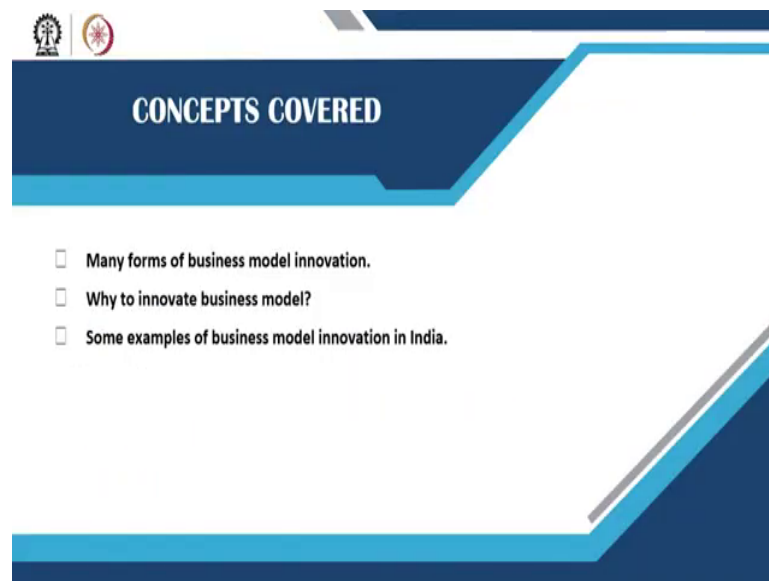


**Entrepreneurship Essentials**  
**Prof. Manoj Kumar Mandal**  
**Rajendra Mishra School of Engineering Entrepreneurship**  
**Indian Institute of Technology, Kharagpur**

**Module - 04**  
**Lecture – 20**  
**Business Model Innovation**

Hello and welcome, the topic of the session is Business Model Innovation. What is business model innovation for whom and why there should be business model innovation, is it different from technology innovation, management innovation or how are they connected. So, we are going to discuss this with many examples. There is no theory per se, but we will be talking about various kinds of business model innovation through examples.

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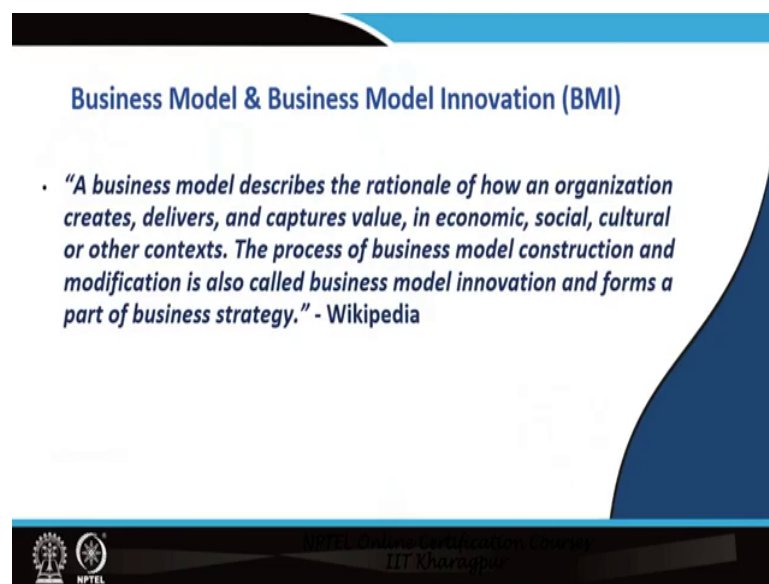
The slide features a dark blue header with two logos on the left and the title 'CONCEPTS COVERED' in white. Below the header, there are three bullet points, each preceded by a small square icon. The slide has a modern, geometric design with light blue and dark blue accents.

**CONCEPTS COVERED**

- Many forms of business model innovation.
- Why to innovate business model?
- Some examples of business model innovation in India.

So, there are many forms of business model innovation and there are umpteen reasons as to why companies should continuously try to innovate or change their business model. So, as to meet the changing challenges posed by competitors or changing tastes and preferences of the customer. To meet those changes and or maybe come up with new narratives so that, they can easily acquire new customers.

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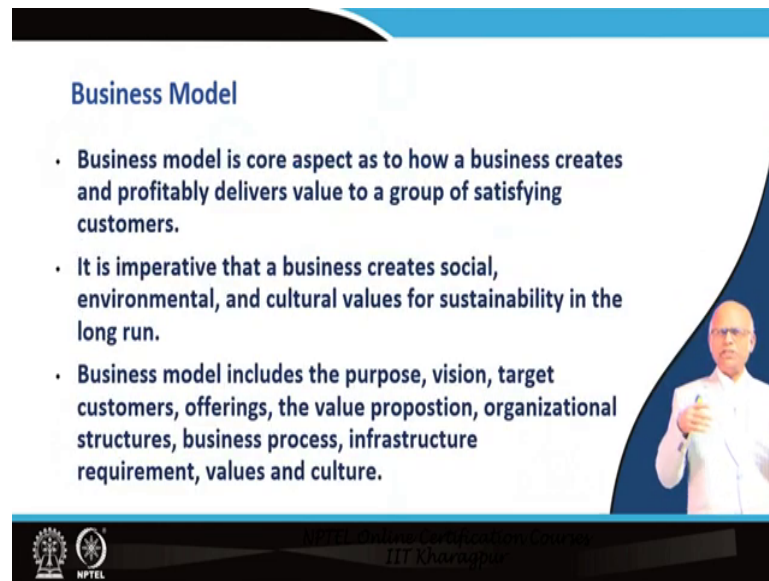
**Business Model & Business Model Innovation (BMI)**

- *"A business model describes the rationale of how an organization creates, delivers, and captures value, in economic, social, cultural or other contexts. The process of business model construction and modification is also called business model innovation and forms a part of business strategy." - Wikipedia*

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Business model and business model innovation has been defined in Wikipedia in this manner. That business model describes the rationale of how an organization creates, delivers and captures value, in economic, social, cultural or other context. And the process of business model construction or reconstruction or modification is also called business model innovation and forms a part of the business strategy.

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**Business Model**

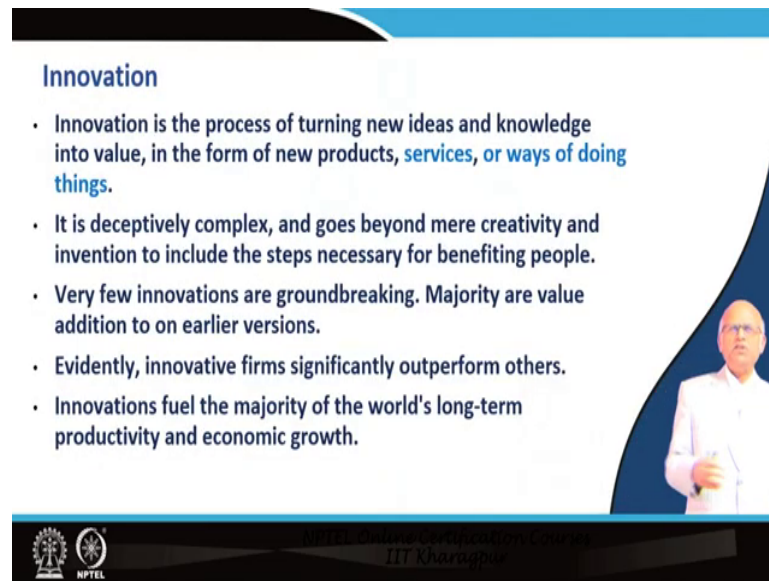
- Business model is core aspect as to how a business creates and profitably delivers value to a group of satisfying customers.
- It is imperative that a business creates social, environmental, and cultural values for sustainability in the long run.
- Business model includes the purpose, vision, target customers, offerings, the value proposition, organizational structures, business process, infrastructure requirement, values and culture.

The slide features a blue header and footer. On the right side, there is a photograph of a man in a white shirt speaking. The footer contains the NPTEL logo and the text 'NPTEL National Programme on Technology Enhanced Learning'.

So, business model actually is a is kind of a core aspect as to how a business creates and profitably delivers value to a group of satisfying customers, everybody is important. So, that can be blown up into a paragraph of a definition. So, but then it is imperative that any business create social environmental and cultural values only then they will be able to sustain in the long run. They will be able to acquire satisfying growing number of customers and then they will be able to grow their business profitably.

Business model also includes the purpose, the vision, the target customers, the offering that is the product and service, the value proposition how you are offering is better than competitors organizational structure, business process, infrastructure requirement, the values that you hold and the culture that you promote. So, everything together is business model.

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**Innovation**

- Innovation is the process of turning new ideas and knowledge into value, in the form of new products, **services, or ways of doing things.**
- It is deceptively complex, and goes beyond mere creativity and invention to include the steps necessary for benefiting people.
- Very few innovations are groundbreaking. Majority are value addition to on earlier versions.
- Evidently, innovative firms significantly outperform others.
- Innovations fuel the majority of the world's long-term productivity and economic growth.

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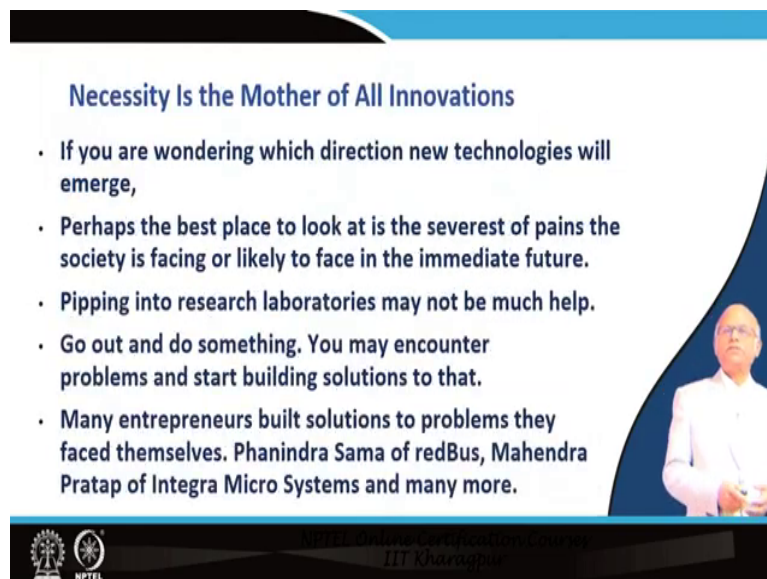
And what is innovation? Innovation is the process of turning new ideas and knowledge into value. It is not just creativity and invention, it goes beyond creativity and invention. It includes the steps necessary for converting the new invention into something that benefits the society, benefits the people who are looking for a solution in this invention or this invention can solve their problem. Very few inventions are ground breaking meaning that most of the inventions are a little bit of a refinement of the previous one.

So, there is incremental value in each and every invention or innovation. There are ground breaking, but number of ground breaking innovations are very few. So, it has been documented empirically, evidenced that any company who are kind of a innovative meaning that bringing new products, new process or new management practices they outperform others.

Whereas the traditional companies who do not innovate normally they perish. They do not perform like the innovative companies innovations actually fuel majority of the worlds long term productivity and economic growth. Innovation does not help only the company per se, innovation helps the country as a whole because through innovation you bring new product new technologies and then you are the countries products become superior compared to other countries. So, the country can export both products as well as technologies. And then we earn foreign exchange in the process.


So, country becomes richer, their currency becomes more valuable. Customers becomes beneficiary, because customer gets new product that helps their helps improving their lifestyle that alleviate their pains. So, they are a much happier lot.


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**Necessity Is the Mother of All Innovations**

- If you are wondering which direction new technologies will emerge,
- Perhaps the best place to look at is the severest of pains the society is facing or likely to face in the immediate future.
- Pipping into research laboratories may not be much help.
- Go out and do something. You may encounter problems and start building solutions to that.
- Many entrepreneurs built solutions to problems they faced themselves. Phanindra Sama of redBus, Mahendra Pratap of Integra Micro Systems and many more.



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So, innovation actually helps everybody. And how innovation happens? We should go back to the fundamental tenets of innovation. Necessity is the mother of all invention. Why I say this is like this that people who normally invent. They do not usually invent unless they are kind of forced to invent or they are enticed to invent.

So, most of us are capable of creating something new that can benefit the society, but unless there is a problem that is bogging us or that is challenging our existence. We normally, do not resort to thinking out of the box or do not exercise our creative side of the brain and then we normally do not invent. The fact is that majority of the inventions; majority of the modern technologies that we think indispensable in our life today emerge from the military.

And militaries always they have that have the existential crises. So, they keep on inventing to meet those crises or overcome those crises. So, just think that you are stuck in a room and there is no exit. Initially, maybe you feel frustrated, but gradually you will come up with something some. Some method to invent a way to go out not the case that you will always be able to, but then your innovative, your creativity will then kind of churn and then you will be able to come up with some ideas that you normally do not come up with. And, then your subconscious also become very active.

So, you tell your subconscious that you have to be more creative and then indirectly and then eventually you come up with that. So, it is not laboratories or R and D centers where new innovation will come. Innovation will come wherever human being or the society is so challenged that there is an existential crisis and any innovation that will means; if you want to forecast tomorrows technology you should now, you should look at the challenges that human beings are facing.

So, wherever there are challenges that looks like there is no solution; chances are very high that innovation will happen in those domains. Because somebody or the other will always try to find out a solution to overcome today's challenges. So, we have to really look at the challenges rather than in our research laboratory. Therefore, one has to really go out and work

and in the process they will encounter problems and then they will encounter such a problem for which there is no solutions.

So, they will think that there is a problem I must find a solution otherwise life is not ok. So, eventually they will come up with solution and that will translate into wonderful business. Look at Phanindra Sama; he was not able to book a ticket in bus and he could not move travel from Bangalore to Hyderabad to his in laws place and then he thought that something has to be done this ticket booking for bus services has to be developed.

So that, anybody and everybody get to know gets to know what is in which bus, how many tickets are available and they should be able to book the ticket online. So, they do not have to physically come and book they can book it a priori. So, he started redBus and then he created lot of wealth for himself and lot of lot of ease for many people, lot of pains of many people has been alleviated. Similarly Mahendra Pratap of Integra Micro Systems and many more.

Mahendra actually was working and somebody approached to him for a banking solution or in a in a domain where there is no internet there is no people are illiterate, they cannot really use a password or a pin number and Mahendra thought that we do not have this kind of a solution. So, eventually he came up with a solution and then he started this company and this company is doing wonderfully well.

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**Business Model Innovation (BMI)**

- A business model is a business context explaining how an organization creates and delivers values in economic, social, cultural or other forms.
- The process of reconstruction of various aspects of the business for meeting changing market behaviour and delivering increasingly superior value to customers is *business model innovation*.
- Execution of the plan is an integral part of BMI and thus, management is inextricable part of BMI. Management innovation is a continuous process.

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So, if unless you encounter a problem; you cannot really imagine or do research and then come up with a problem and then find a solution. You have to be in the field, business model is a business context. In a business context it explained how an organization creates and delivers value in economic social and cultural and other aspects, other forms.

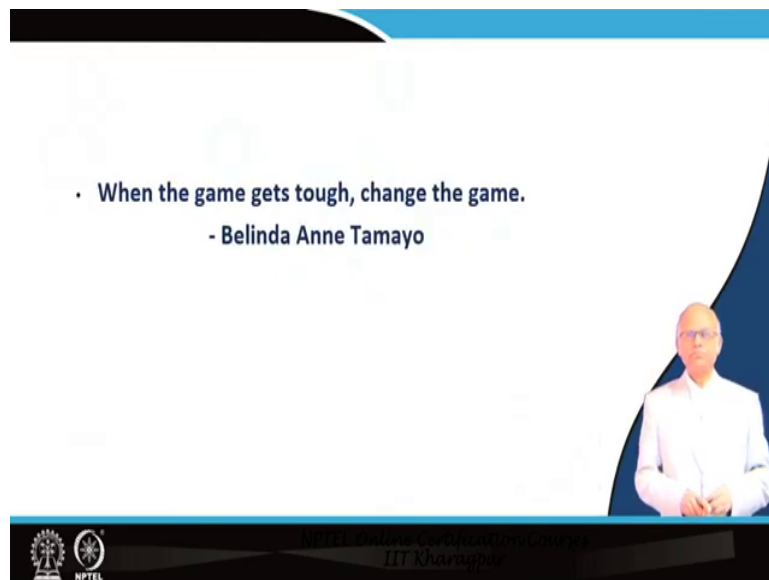
The process of reconstruction or redesigning the business itself or various aspects of the business for meeting, changing, market behaviour and delivering increasingly superior value to customers is business model innovation. So, you continuously try to change your business either changing the technology changing the features of the product or reducing the cost of the product or changing the way the product will be delivered to the customer. In the process you create value for the customers and customers will be paying you superior money and then you make more profit and your business becomes tenable.



So, execution of the plan is integral part of business model innovation. Obviously, just developing technology is one part of competitive advantage. How you deliver the product, how you make the product, products available back to the customer, what is the pricing, how you what is your narrative the using which you connect with customer that resonate with customers and customers become loyal to your brand all these are management innovation.

So, business model innovation is very closely as associated with management innovation. It is kind of inextricable cannot be separated.

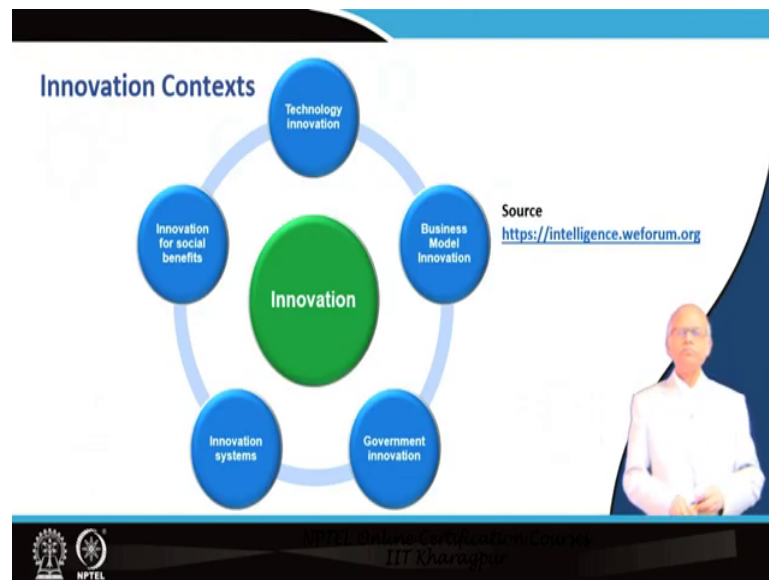
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Belinda famously said when the game gets tough change the game. So, when you find that going is kind of tough it is time that you innovate business model. It is time that you change some of the aspects of the business and make a new business model altogether. So, that is

what is business model innovation and that is how you are going to be able to fight under tough situation.

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There are many context in which both all innovation happens like a technology innovation, so, you innovate either product or process or maybe service as well. So, all these are technology innovation and that defines new business that gives opportunity to many entrepreneur to start a new business, because new technology will solve customers problem in more efficiently. So, companies can offer their services easily at cheaper rate, then comes business model innovation.

So, using the technology innovation, using management innovation you can innovate business model, you can define your redefine your business model. So, that is business model innovation. Government also is interested in innovation government per se do not does not do

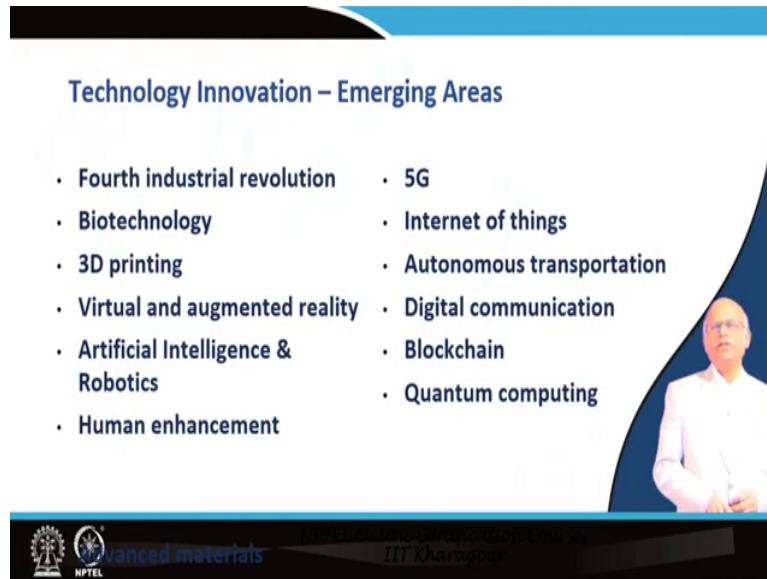
innovation. But, then they have many many government institutions who are engaged in innovation, other than that governments government across the world need innovation to provide better facility, better infrastructure, better medical services, better inclusive service to the society. So, government are a major consumer of innovation.

Then there is innovation ecosystem; there is a innovation system meaning how innovation is promoted, innovations may not happened naturally or voluntarily. So, different agencies, both government and private can promote can create some kind of a conducive atmosphere environment in which people will be encouraged to innovate they will be remunerated for their innovation. So, that everybody is always trying to think out of the box, they try to churn their creative side of the brain.

So, an innovation ecosystem is always there in every country. Some countries are better so, their innovation index is higher. We are gradually improving our innovation index. We are 57 th, we were 57 th in 2018, I do not have the data of 2019, but we kind of improved our position from 87 th to 57 th now.

Innovation for social benefit; so, innovation is highly necessary for ensuring an equitable society for ensuring inclusive, financial inclusion and ensuring that everybody gets as per million, everybody gets the benefit of this of the of this scientific development that is happening across the world.

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The slide is titled "Technology Innovation – Emerging Areas" and features a list of ten emerging technologies. The slide has a blue and white color scheme with a decorative graphic on the right side showing a person in a white lab coat. At the bottom, there are logos for NPTEL and IIT Xirpur.

- Fourth industrial revolution
- Biotechnology
- 3D printing
- Virtual and augmented reality
- Artificial Intelligence & Robotics
- Human enhancement
- 5G
- Internet of things
- Autonomous transportation
- Digital communication
- Blockchain
- Quantum computing

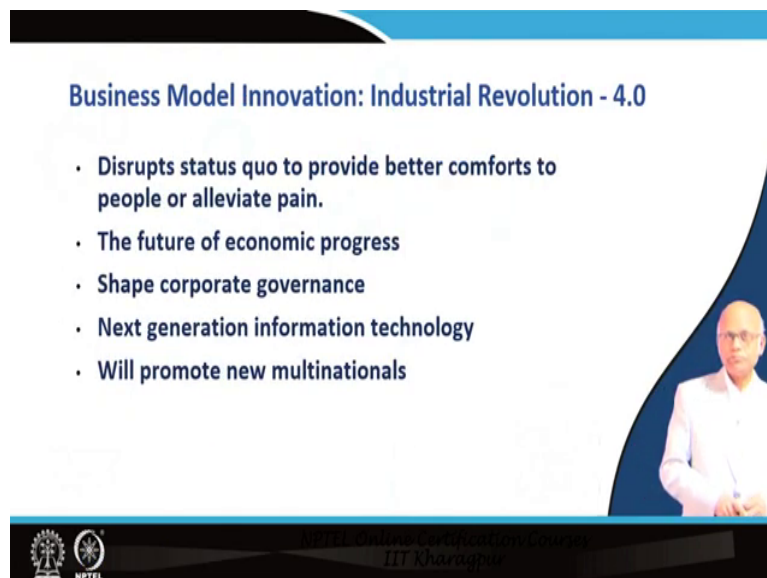
So, there are many context for innovation. Technology innovation in the emerging area it just a kind of a digression, but let us just mention this. So, we are in the fourth industrial revolution. The first industrial revolution started sometime in 1784 or 76 when the first cotton jenny was invented and then steam engine was invented and then that automated the industries that was an industrial revolution altogether, gradually we had electricity we had electronics.

So, industrial revolution 1, 2, 3, 4 presently we are in industrial revolution 4, where we have this biotechnology, then 3D printing, virtual and augmented reality, artificial intelligence robotics, human enhancement, like we are trying to enhance our capability both for reproductive system for our performance mental, physical, then we have the digital

communication we have five g already in the place. So, that is going to transform of business once 5G is there so many things are going to change.

The way we entertain ourselves, the way we communicate, the way we do many many things, like internet of things, like autonomous vehicle so many other things are going to going to be very very different. Going to redefine our social life, cultural life then there is blockchain quantum computing is just emerging. So, all these are technology innovation that is going to happen and that is going to throw unprecedented opportunities for entrepreneurs to redefine businesses or new define a fresh, new businesses.

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**Business Model Innovation: Industrial Revolution - 4.0**

- Disrupts status quo to provide better comforts to people or alleviate pain.
- The future of economic progress
- Shape corporate governance
- Next generation information technology
- Will promote new multinationals

The slide features a blue header and footer. The footer contains the logos of IIT Kharagpur and NPTEL, along with the text 'IIT Kharagpur' and 'NPTEL'.

So, this is going to normally innovation disrupt the status quo. Status quo means the present status of anything. If it is technology then it is present status of say state of the art. So, it is

going to disrupt the state of the art and it brings new technology. So, who whichever companies are using the old technologies they become obsolete.

So, you come up with a new technology, you survive or you flourish other people actually kind of quit. So, at the same time, you come up with new technology that gives better comfort to the customers. So, they are happier so, they kind of do not accept the old technology.

So, the existing companies who cannot cope up with the competition they perish. The future of economic progress also is linked with innovation then business model innovation and it is going to be driven by the industrial revolution 4. It shapes corporate governance and the new generation information technology will be will be guided by this driven by this.

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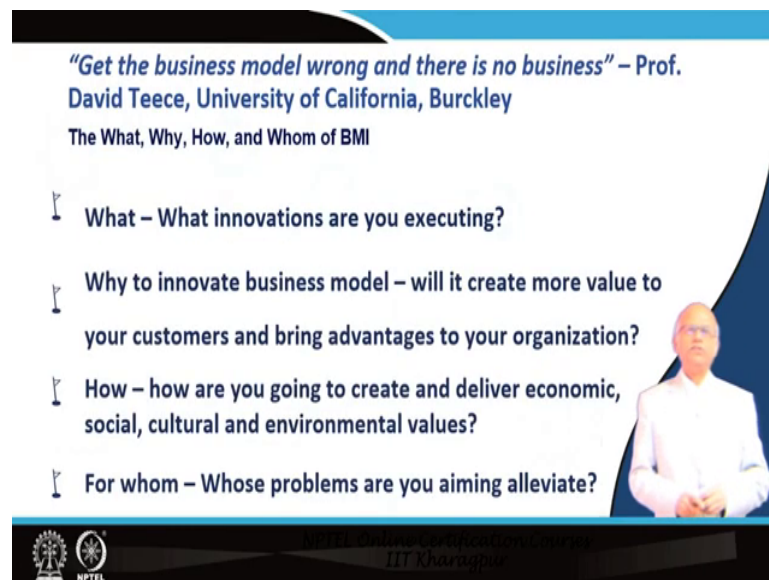
**Is Technology Innovation Different from BMI?**

- All technology innovations are part of BMI
- Some BMIs are through technology innovation

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And there will be many new multinational from entrepreneurs out of the entrepreneurs. Is technology innovation different from business model innovation? All the technology innovations actually promote business model innovations. So, technology innovation is a subset of business model innovation. But, other than technology innovation management innovation also promote business model innovation. So, business model innovation is a broader domain and technology innovation is a subset of that domain. Some business model innovations are through technology innovation.

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***"Get the business model wrong and there is no business" – Prof. David Teece, University of California, Burckley***  
The What, Why, How, and Whom of BMI

- What – What innovations are you executing?
- Why to innovate business model – will it create more value to your customers and bring advantages to your organization?
- How – how are you going to create and deliver economic, social, cultural and environmental values?
- For whom – Whose problems are you aiming alleviate?

The slide also features a small image of Prof. David Teece on the right side and logos for NPTEL and IIT Madras at the bottom.

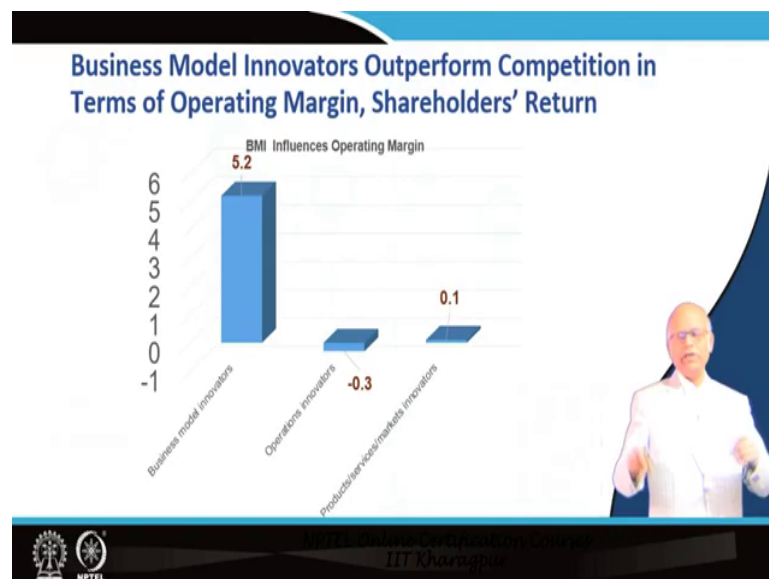
Prof. David Teece is a wonderful author, researcher and he is he has some papers, but particularly on dynamic capability that has been cited highly several thousand citations. So, he says that get the business model wrong and there is no business. So, you are doing a business and the market actually is changing. So, your business model gets becomes wrong at

some point of time. So, there is no business. So, you have to continuously constantly evolve and redefine your business model to remain relevant competitive and flourish.

So, what is business model? Business model innovation mean meaning; there are what, when, why, how, for whom, etcetera question to be answered about business model innovation. So, what innovation are you executing? What kind of benefit it is giving to your company? Is it creating value for your customer? So, that is what is business model innovation.

Why to innovate it will create more value to your customer bring advantage to your organization. How to do it how are you going to create and deliver economic social cultural and environmental values to your customer is the how our business model innovation. And whose problem are you trying to solve using business model innovation is another aspect.

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And empirical evidence shows that through business model innovation organization can generate higher operating margin compared to operation innovation is innovation in operations, innovation in product or services etcetera business model innovation is far superior gives far superior advantage compare to other innovation.

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Business Model Innovation is Possible in Several Forms				
<b>Value Proposition</b>	<b>The product as service and outcome</b> <i>General Electric SaaS</i>	<b>The products as an experience</b> <i>Apple – iPod Candle with aroma</i>	<b>Trust premium</b> <i>Whole Foods TATA</i>	<b>Free (or nearly free)/ Freemium</b> <i>Google Gaana Spotify</i>
<b>Operating Model</b>	<b>Deconstruction</b> <i>Li &amp; Fung Ltd. Adani</i>	<b>Integration/ acceleration of the supply chain</b> <i>Zara Reliance</i>	<b>Low cost</b> <i>Aravind Tata Motors</i>	<b>Direct distribution</b> <i>Google CCD Nestle Nespresso</i>
<b>Business System Architecture</b>	<b>Open</b> <i>Facebook</i>	<b>Person to person</b> <i>PayPal PayTM</i>	<b>Adjacency</b> <i>Ikea's Mega Mall Division</i>	<b>Serial</b> <i>Virgin Group</i>

Recreated from BCG Research

IIT Kharagpur

Now, what are the forms of business model innovation? That is very important. It can be in terms of value proposition you change your value proposition. We have discussed that in detail, or you change your operating model or you change business system architecture per se. If you think in terms of value proposition then value proposition comes out of product or service modification. So, that you get give either product of higher efficacy or better performance, better packaging or better say sense of ego or satisfaction or the product as an experience. You can give a new product that people are people are Nmart like iPod.

People actually had a other than music they had a new experience they could download music on the on the fly and another example is candle with aroma suppose candles are historical. But then, now new forms of candles are appeared. So, imagine that you are coming back from office you are tired and you put a candle that kind of glows every dim light at the same time it emits some aroma that you like of your preference. So, you feel soothing environment and you feel that this is a wonderful. You kind of release all your tension and you reinvigorate your enthusiasm.

So, that is an experience. A candle is a candle, but then this candle gives a new experience and it becomes a wonderful product. Candles are selling for thousands of rupees one candle several thousand rupees, because of packaging because of the new experience that people are getting out of it. Similarly, in a in the value proposition you can give trust like TATA you just tell the name people will view that as something that is associated with trust.

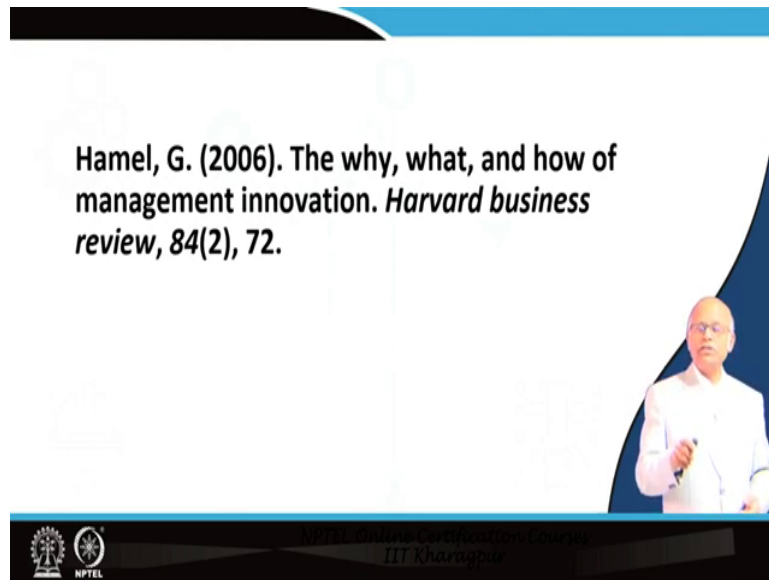
Then there are pricing also like free and then freemium; that means, initially you give free or something you give free for premium thing you charge money. So, something like Gaana or Spotify you download you just listen to that free, but if you want to download you pay for it. So, there are several others you can read that leisurely we will not I will not spend lot of time. So, you can have operational model different operational model.

I will talk about this low cost see Aravind invented a low cost model. It is almost like the assembly line concept of pizza making and delivering. So, Pizza Hut can deliver. So, many pizzas to so many people in such a short time. So, Aravind was create was developed a similar kind of a system to give service to patient with cataract. So, it is a it was almost like a assembly line concept.

So, one patient from on counter goes to another goes to another and then in a minute or so, a patient can enter and every minute a patient will go out or even shorter time and that is how they have been able to offer this service at a very very low cost. They subsidize the poor by charging the rich. So, rich gives more money and that money goes to subsidize the poor. So,

all these are innovation. Management innovation, product innovation, process innovation and in the process they redefine their businesses.

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Gary Hamel is the pro pounder of core competency along with CK Prahalad, CK Prahalad an Indian scientist he was in Michigan University, but together with Gary Hamel they published that paper.

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**Management Innovation**

- General Electric.
- Procter & Gamble.
- Linux.
- DuPont.
- Visa.

• What makes them stand out?

- Great products? Yes.
- Great people? Sure.
- Great leaders? Usually.

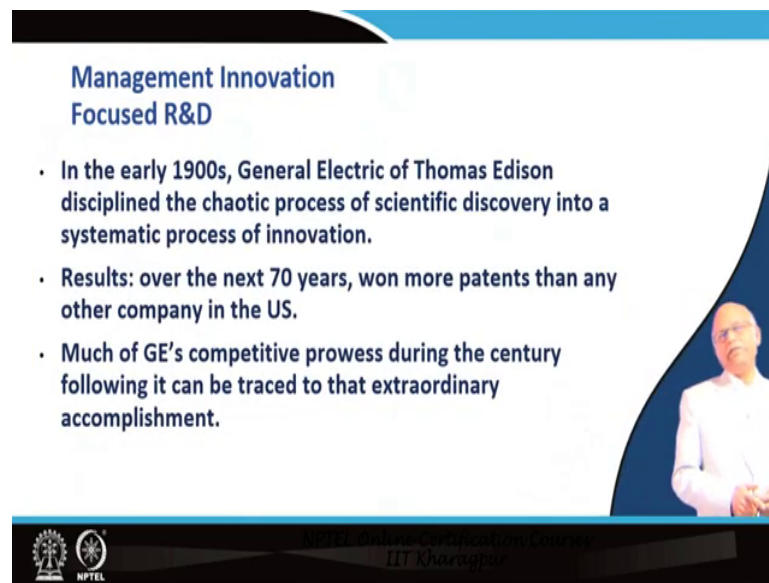
• But if you dig deeper, you will find that the fundamental reason for their success: management innovation.

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Now, we will be talking about management innovation. Management innovation is not separate or isolated from business model innovation. General Electric Procter and Gamble, Linux, DuPont, Visa, they are they are who is who in corporate world. And this this particular items are inspired by Gary Hamels article.


So, that is why I get the reference in the previous slide. What makes them a stand out? Great product; definitely, great people; definitely, great leaders; ok, sometimes or most of the times, but that is not why they are so great if you dive deep inside. And, then try to understand why they are so great you will find that the fundamental reason of their success is management innovation.



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**Management Innovation  
Focused R&D**

- In the early 1900s, General Electric of Thomas Edison disciplined the chaotic process of scientific discovery into a systematic process of innovation.
- Results: over the next 70 years, won more patents than any other company in the US.
- Much of GE's competitive prowess during the century following it can be traced to that extraordinary accomplishment.



So, management innovation give made them so, such a great companies. For example, take for example, General Electric. General Electrics one of the most important innovation is disciplining the chaotic process of corporate research and development. They formalized they discipline the system in the process the efficiency of research and development laboratories increased multi fold and particularly for general electric they could file more patent than anybody else in the in the us for 70 years moving forward. And much of GEs competitive prowess today or in the century following that was going to this accomplishment.

So, it is not just technology, this as innovated how to conduct research in a corporate, corporate context in a systematic manner. Not just in a chaotic manner and that gave them so much of advantages.

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**DuPont**

- In 1903, DuPont systematized capital-budgeting techniques. A few years later, the company also developed a standardized way of estimating return on investment.
- They used it in comparing the performance of its numerous product departments.
- These innovations and more helped DuPont become one of America's industrial giants.

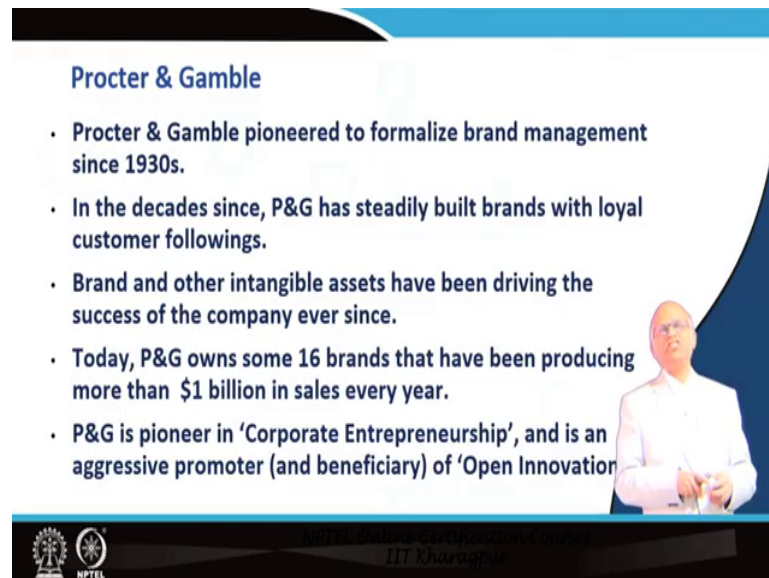
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Take for example, DuPont; they have systematized the capital budgeting technique and estimating the return on investment of a particular product. This looks like finance, but then without that things were going heavier like there are many departments. Everybody is trying to develop a product and then go to market and then eventually there was no control as to what profit that particular product is giving to company.

So, DuPont realize that this way we cannot allocate capital, at the same time we do not have any idea which part of the capital is returning of what. So, they systematize this and then they could identify each and every line of activities performance. So, they could eliminate some of the some of the activities which are not returning well on the capital invested in then them.

So, eventually they became so successful. They used it in comparing the performance of it is numerous product departments. These innovations and more helped DuPont become one of Americas industrial giant.

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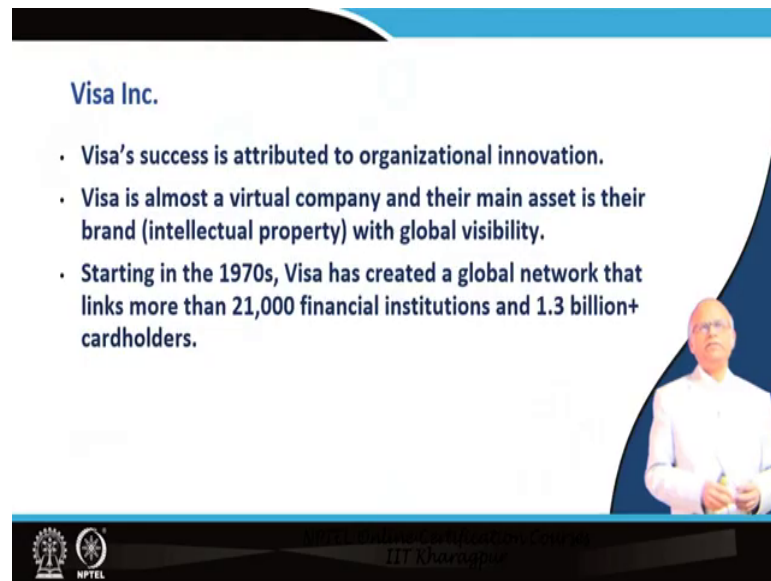
**Procter & Gamble**

- Procter & Gamble pioneered to formalize brand management since 1930s.
- In the decades since, P&G has steadily built brands with loyal customer followings.
- Brand and other intangible assets have been driving the success of the company ever since.
- Today, P&G owns some 16 brands that have been producing more than \$1 billion in sales every year.
- P&G is pioneer in 'Corporate Entrepreneurship', and is an aggressive promoter (and beneficiary) of 'Open Innovation'.

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Procter and Gamble; they pioneer so many things. Most importantly, formalizing the brand management. And then they also pioneered corporate entrepreneurship, they also promoted, propounded and exploited open innovation in a big way. And that is how Procter and Gamble are leading in the FMCG marketplace whatever they do normally they are pioneer.

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**Visa Inc.**

- Visa's success is attributed to organizational innovation.
- Visa is almost a virtual company and their main asset is their brand (intellectual property) with global visibility.
- Starting in the 1970s, Visa has created a global network that links more than 21,000 financial institutions and 1.3 billion+ cardholders.

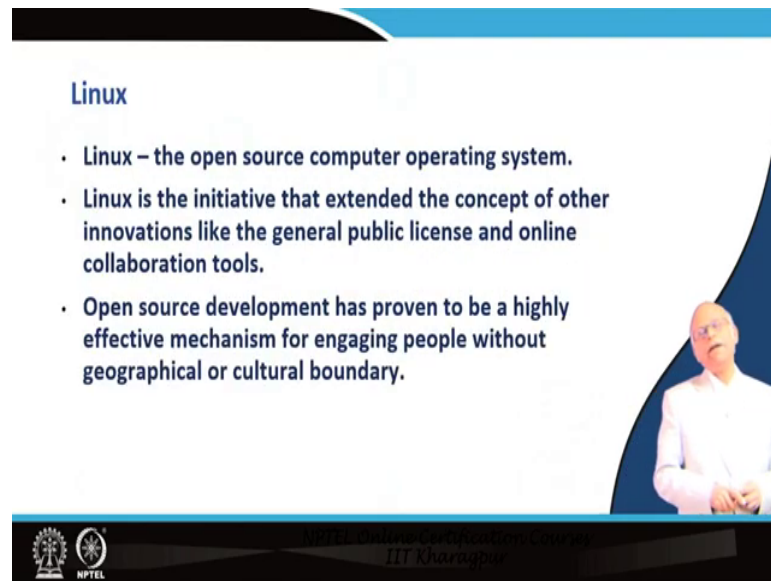
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Visa Inc is a virtual company like the room they did not have many offices across the world, but they could connect with 21000 financial institutions and 1.3 billion plus card holders. So, they have invented this virtual company and through intellectual property through brand they made this enormous business.



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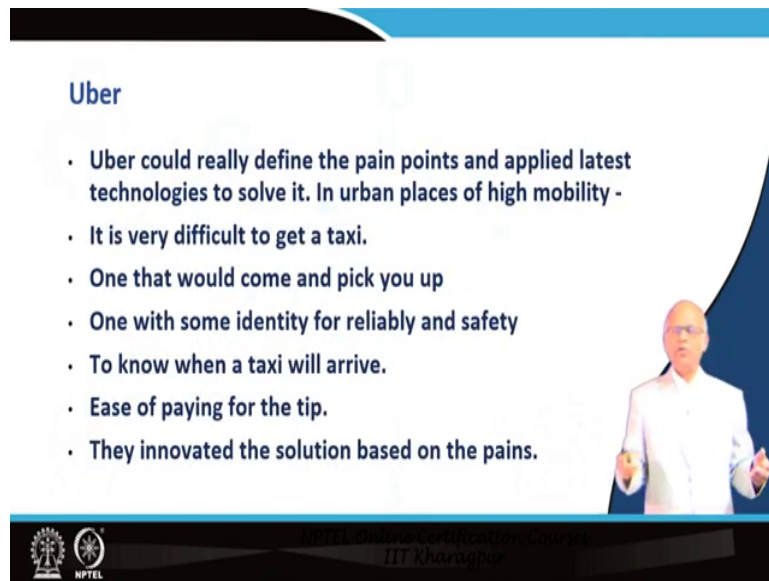
**Linux**

- Linux – the open source computer operating system.
- Linux is the initiative that extended the concept of other innovations like the general public license and online collaboration tools.
- Open source development has proven to be a highly effective mechanism for engaging people without geographical or cultural boundary.

The slide features a blue header and footer. The footer contains the NPTEL logo on the left and the text 'NPTEL National Programme on Technology Enhanced Learning' and 'IIT Madras' on the right. A small inset image of a man in a white shirt is visible on the right side of the slide.

Linux came up with this open source system, that is open source computer they have this operating system and that actually led to so many other community thing, other like creative commons than online collaborations all of that was offshoots of the philosophy that Linux actually propounded. And then then they could survive and they could encourage so many people to really work selflessly for the benefit of the society that is how many things are available to many people.

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**Uber**

- Uber could really define the pain points and applied latest technologies to solve it. In urban places of high mobility -
- It is very difficult to get a taxi.
- One that would come and pick you up
- One with some identity for reliability and safety
- To know when a taxi will arrive.
- Ease of paying for the tip.
- They innovated the solution based on the pains.

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Uber; for example, have invented a wonderful system of transportation that is giving so much benefit to so many people. Perhaps, this is the this is the this is the best example of a company making so many people happy. They could define the pain of so, many people in a very well and complete manner. So, it was very difficult to get a taxi and where to pick up, where it is available is a taxi coming and should I wait here or go somewhere else, how to pay all those inconveniences are there and in one shot Uber could solve all this problem and they could create value for themselves.

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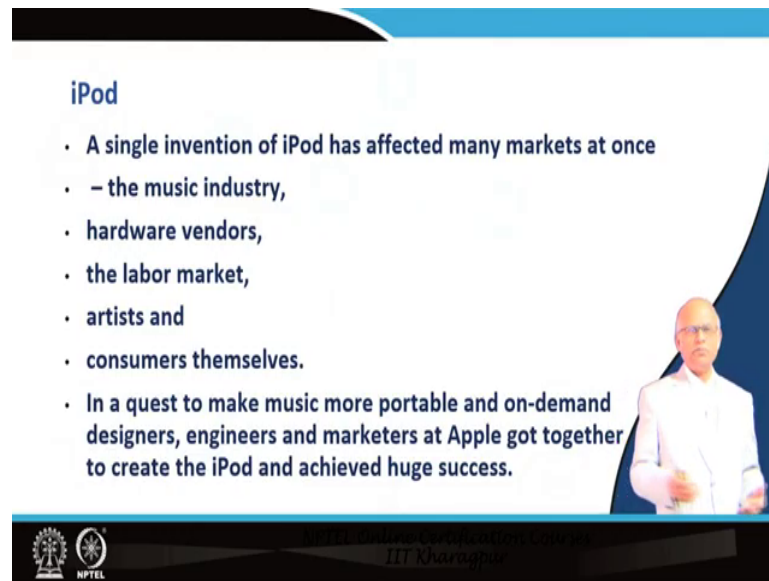
**Netflix**

- Netflix has specialized in online on-demand video streaming.
- Starting in 1999, the company now has over 117 million subscribers in 190 countries.
- The company constantly innovates to give new experience to customers.
- In 2018, Netflix innovated 'choose-your-own-adventure' programming, that presents a vision for interactive television.

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Netflix; before that it was it was blockbuster videos you could you could hire some video record from somewhere and then run it in a DVD player or VCD player. But, now you can just connect and then you have you have streaming of video. Netflix is going ahead further and they are going to make video watching interactive by through choose your own adventure. You can define how a story will be ending like, suppose the story is going some direction, you can define that no I want my story should end in a different manner perhaps someday it is going to be available.

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**iPod**

- A single invention of iPod has affected many markets at once
  - – the music industry,
  - hardware vendors,
  - the labor market,
  - artists and
  - consumers themselves.
- In a quest to make music more portable and on-demand designers, engineers and marketers at Apple got together to create the iPod and achieved huge success.

The slide features a speaker in a white shirt on the right side. The background is white with a blue curved border on the right. At the bottom left, there are logos for IIT Madras and NPTEL. The text 'IIT Madras' is visible at the bottom center.

iPod; the more I say is less because it has given so much opportunity to so many so many aspects of the business like, so many markets like the music industry, the hardware vendors, the labour market, artists consumer themselves so many things where kind of disrupted with better facility better opportunity. So, Apple's engineer, Apparels marketer, their designer sat together and they understood the problem that people are facing and then came up with a wonderful solution.

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**Innovation Lessons from Steve Jobs: The story of iPod**

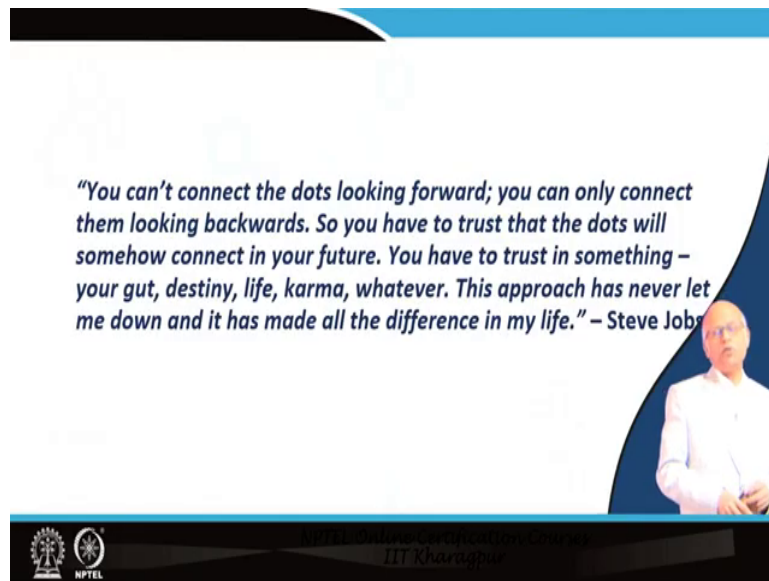
- Explore the customer experience and work backwards to technology.
- Know the competitors' value proposition and offer superior value.
- Recruit a balanced and excellent team.
- Connect the dots.
- Obtain feedback and simplify constantly.

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The philosophy of Steve Jobs about innovation is like explore the customers experience and work backwards to technology. Do not come up with the technology and tell customer that I have that to take it rather than that you understand the customer go back go back to your laboratory and design a solution. Know the competitors value proposition. Is it are they better or yours better and then offer superior value.

So, compare that and then redesign your own product. So, reinvent your business model. Recruit a balanced and excellent team connect a dots meaning connected backward. If you want to understand the connector the dot philosophy I have the next slide obtain feedback and simplify constantly.

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Getting the feedback from users are most important that will give us that will make us or give us guarantee that our product is going to be successful. Our product when available and it will be bought by the customer. So, you can read this about connecting the dot backward.

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**Hindustan Unilever: BMI**

- Fast moving consumer goods (FMCG) companies were focused mainly to the urban markets.
- In the face of steep competition, Hindustan Unilever in 2004, shifted the focus to rural India.
- Smaller sachets of personal care products were made available.
- Distribution and warehousing were redesigned.
- New products were launched.

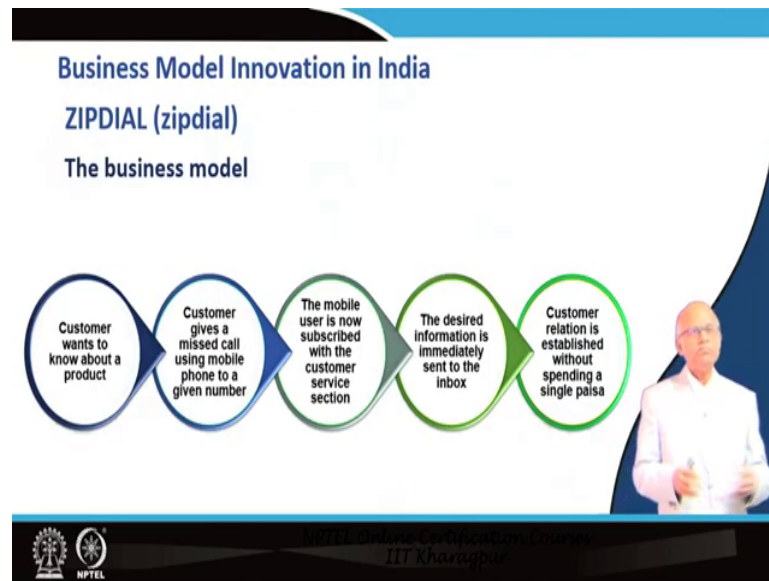


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Hindustan Unilever an example of India. They at some point of time they fail they failed so much of competition from competitors they thought something is to be done, because they were not able to compete. So, eventually they redefine their business model. In the in the form that they went towards a rural market of India going away from the from the urban market. They were predominantly in urban market, But, then they had to understand the rural people, their purchasing power their aspiration.

So, they came up with a small sashes of several personal care products and that was the game changer. Because, rural people could afford 1 rupee, 2 rupee to buy a sachet of maybe shampoo or something or say even detergent and eventually they have met with enormous success.

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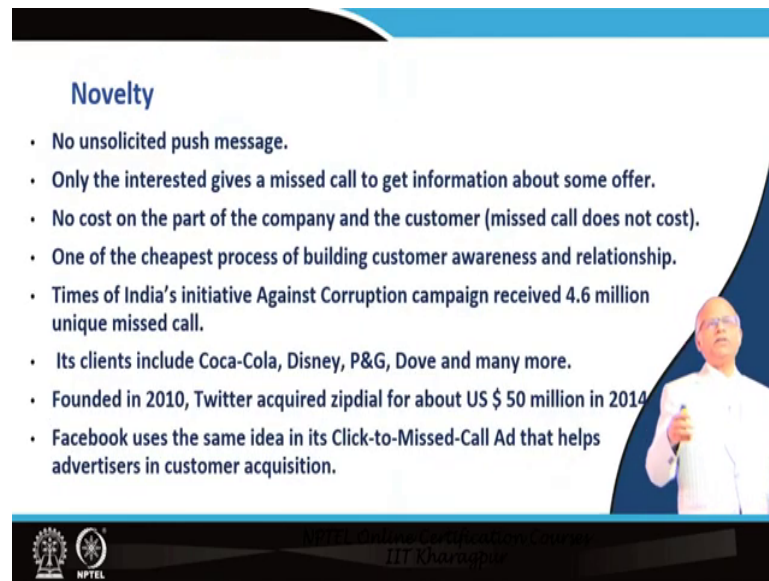


Another example from India; ZIPDIAL very simple business, but they created a lot of wealth for themselves and it was a wonderful business eventually twitter actually, took over this Indian business. It is very simple, the business model is like this that a customer or anybody gives a missed call to a number a given number. The moment he gives or he or she gives a number missed call, he or she expresses that I would like to know more about a particular product.

So, if they want to if they want to know, they will give a missed call and then a call will come or some information will be will be given in his inbox. So, he or she gets all the information that he or she desired. Eventually, the company will create a customer. Because they will be engaged and then a satisfactory solution will be given, the model is so wonderful.



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**Novelty**

- No unsolicited push message.
- Only the interested gives a missed call to get information about some offer.
- No cost on the part of the company and the customer (missed call does not cost).
- One of the cheapest process of building customer awareness and relationship.
- Times of India's initiative Against Corruption campaign received 4.6 million unique missed call.
- Its clients include Coca-Cola, Disney, P&G, Dove and many more.
- Founded in 2010, Twitter acquired zipdial for about US \$ 50 million in 2014
- Facebook uses the same idea in its Click-to-Missed-Call Ad that helps advertisers in customer acquisition.

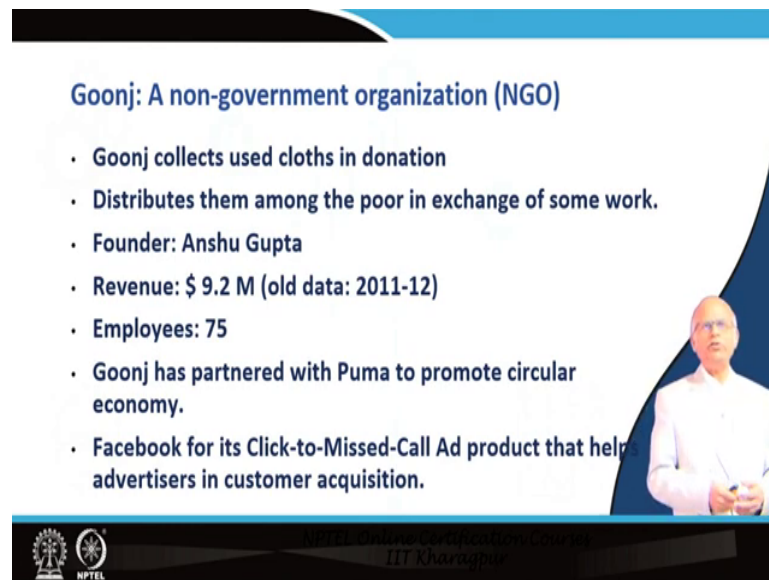
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Look at the novelty. No unsolicited push message. If somebody is not interested unnecessarily there will be no message. Sending message cost money so, there is no cost here. Only the interested persons will give a missed call to get information about something, unless somebody gives a missed call that person does not receive the mail. No cost on the part of the company because missed call does not cost. You give a call you will be billed only when the call goes through.

So, here call does not go through, it just a missed call so, no money. One of the cheapest process to build customer awareness and relationship, because you know you do not incur cost and customers cannot customer the people who are connected you are trying to connect do not get irritated because, it is not unsolicited. Its clients include Coke, Disney, Procter and Gamble, Dove and many more. Eventually, the company started in 2010, but eventually in

2014, it was taken over by twitter for 50 million dollar look it is such a simple business, but so wonderful, so valuable.

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**Goonj: A non-government organization (NGO)**

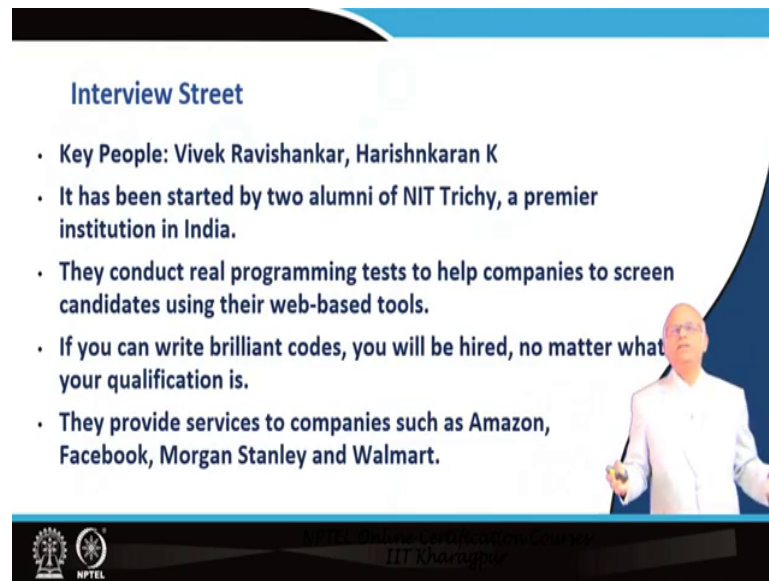
- Goonj collects used cloths in donation
- Distributes them among the poor in exchange of some work.
- Founder: Anshu Gupta
- Revenue: \$ 9.2 M (old data: 2011-12)
- Employees: 75
- Goonj has partnered with Puma to promote circular economy.
- Facebook for its Click-to-Missed-Call Ad product that help advertisers in customer acquisition.

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Goonj; another company, another Indian innovation, wonderful innovation. They have centers where you can deposit your used clothes they will distribute that to the poor and needy in excess for work. So, there is no subsidy kind of a system, nothing is given free. If you give anything free to anybody it creates a bad habit, it is a curse to the society.


So, one should not give anything free to people. They should get something in excess for doing something. So, they can give their labour then give some dresses free, some money free is fine you ensure employment rather than you know giving subsidy to somebody. He or she will lack the habit of earning, they will never work again they lose the charm of working.


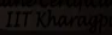
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**Interview Street**

- Key People: Vivek Ravishankar, Harishnkaran K
- It has been started by two alumni of NIT Trichy, a premier institution in India.
- They conduct real programming tests to help companies to screen candidates using their web-based tools.
- If you can write brilliant codes, you will be hired, no matter what your qualification is.
- They provide services to companies such as Amazon, Facebook, Morgan Stanley and Walmart.



Another company interview street, they offer a system a programming platform where you can write a program. So, any company who wants to test your skill in programming, can hire this company; they will see the programming skill they give real programming assignments and they are very successful. Their the big names of their customer.

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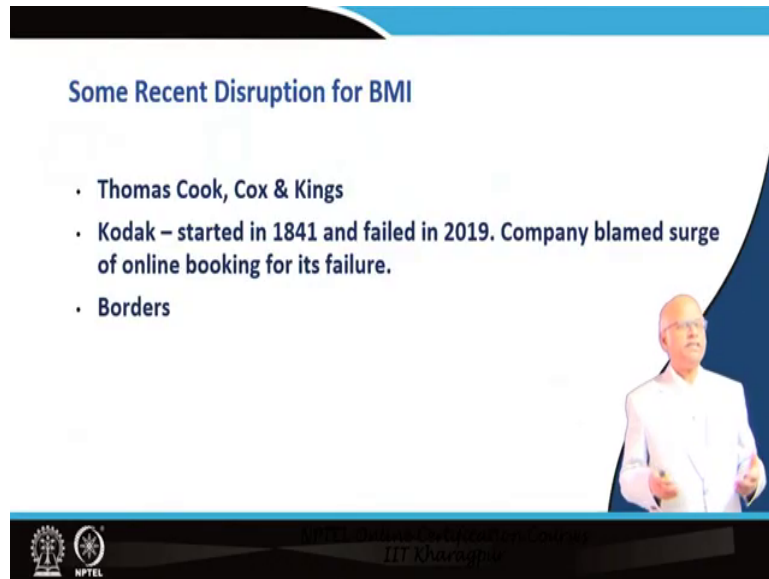
**Mitra Biotech**

- Key people: Mallikarjun Sundaram
- Boston and Bengaluru
- Mitra Biotech develops and provides novel technologies that personalize cancer treatment.
- Founded by a group of researchers from Harvard and MIT, Mitra Biotech tries to lessen the risk of chemotherapy.
- They have developed a technology CANScript to create an artificial tumor of the patient outside the patient's body.

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Mithra Biotech is offering wonderful service to cancer patient. They create an artificial tumour outside the body of the patient so that, the patient can get rid of the risk of chemotherapy doing wonderful business.

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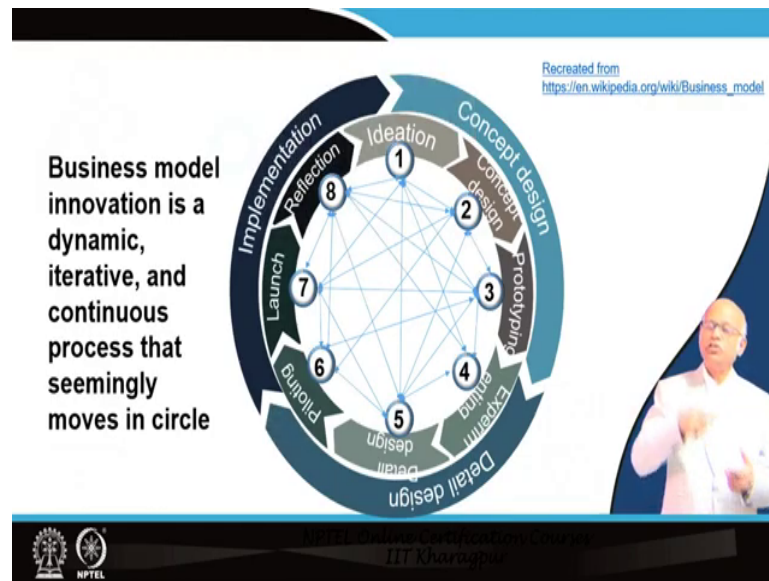
### Some Recent Disruption for BMI

- Thomas Cook, Cox & Kings
- Kodak – started in 1841 and failed in 2019. Company blamed surge of online booking for its failure.
- Borders

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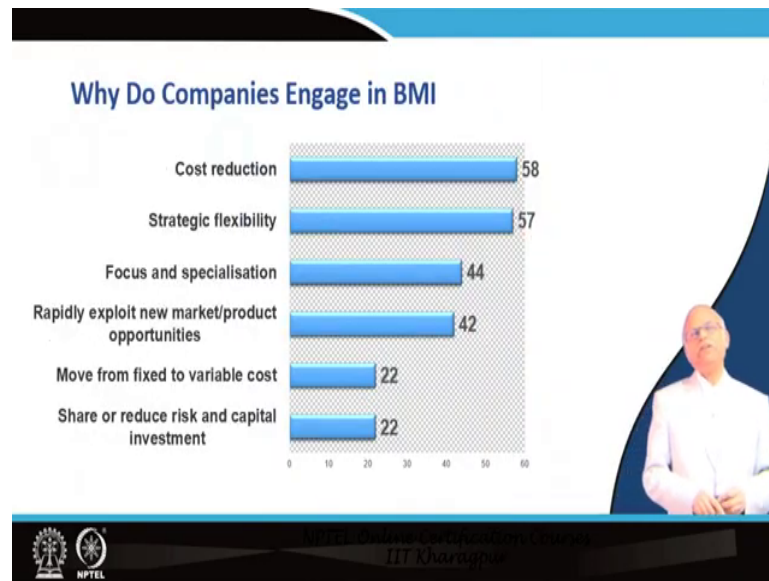
Some disruption Thomas Cook, Cox and Kings they all lost their business because of Airbnb then Make My Trip kind of online booking portals. So, so, internet actually disrupted business of even Kodak because, digital camera it all the marketplace borders is a book chain, a chain of bookstores with online bookstore everything has been redefined.

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Business model innovation is dynamic. So, it continue, you have to continuously change because things are emerging technologies are changing is happening very fast.

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So, why business means; how people are using business model innovation? For cost reduction, for a strategic flexibility focus on a specialization rapid exploit to rapidly exploit new market product opportunity etcetera.

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**CONCLUSION**

- ❑ Most of the reasons for failure can be averted with preemptive strategies, comprehensive plan, and smart execution.
- ❑ Failure is an investment for gaining maturity and achieve success.

*"Life's too short to build something nobody wants." - Ash Maurya*

Some references and conclusion.

Thank you so very much.