

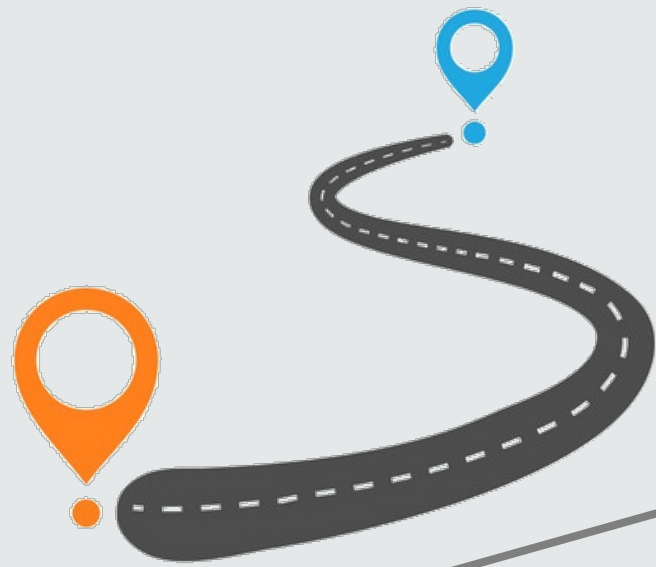
# What to expect today...

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x	1	2	3	4	5
1	1	2	3	4	5
2	2	4	6	8	10
3	3	6	9	12	15
4	4	8	12	16	20

$$\int \sin x \, dx = -\cos x + c$$
$$(\ln x)' = \frac{1}{x} \quad \int \frac{1}{x} \, dx = \ln|x| + c$$
$$\int \csc x \, dx = \ln|\csc x - \cot x| + c$$
$$(\tan x)' = \sec^2 x \quad (e^x)' = e^x$$
$$\int \ln x \, dx = x \ln x - x + c$$
$$(x^n)' = nx^{n-1} \quad \frac{du}{dx} = \frac{du}{dy} \cdot \frac{dy}{dx}$$

**Jobs** require solutions in the first place



**Criteria** are owned by customers



**Features** are owned by solutions



# **RECAP of the Day!**

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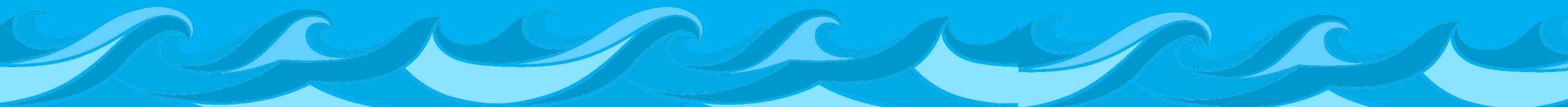
- 1 – Just because it's the “right thing to do” doesn't mean it will be adopted.**
- 2 – Difference people have different jobs – you need to understand and respect them!**
- 3 – Solutions “own” features, Customers “own” criteria.**
- 4 – Solutions are “hired” to get a job done.**
- 5 – Customers use criteria to judge all possible solutions against one another.**
- 6 – Value Propositions are properly represented by BENEFITS & SACRIFICES.**

**So why are we  
not done?**

# Lecture 5.7384

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*There's been interest in  
influence of regulation/gov*



We FIRST need to think  
differently about  
*competition*

**There is more to this than  
simply answering...**

***"Who has what technology  
and what are they doing"***

**We should investigate the landscape  
across *two* dimensions**



We should investigate the landscape  
across *two* dimensions

***Motivation:*** Who sees a pot of **gold** at  
the end?

***Ability:*** capability to obtain resources,  
craft them into a business model, and  
offer products or services.

Key Partners



Key Activities



Value Propositions



Customer Relationships



Customer Segments



Ability

Key Resources



Channels



Ability

Cost Structure



Revenue Streams



Motivation

# ***Competitive* Environment**

***What is the likely result of head-to-head battles between industry combatants?***

# ***Competitive* Environment**

***Does a firm have or can it marshal the resources required to attack an opportunity?***

***Does a firm's processes effectively and efficiently facilitate it doing what needs to be done?***

***Does a firm's values allow it to prioritize one opportunity over the other options on its plate?***

# Competitive Environment

			
<p><b>RESOURCES</b>            Tangible: Technology, Products, Distribution Network, Equipment, etc            Intangible: Human capital (background and skills), brands, accumulated knowledge</p>			
<p><b>PROCESSES</b>            Difficult problems we know the company has repeatedly solved over time.            Typical processes: Hiring, NPD, manufacturing, planning and budgeting, resource allocation, etc.</p>			
<p><b>VALUES</b>            Business Model: How they make money, Cost structure, Size and Growth targets            History of investment decisions, what has been prioritized in the past...</p>			

# Competitive Environment

			
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*Who can be flexible  
 Across these attributes?*

How do *Resources*, *Processes*,  
and *Values* affect a firm's ability  
to compete in the market?

*“In **disruptive** circumstances, entrants win because they are – often unknowingly – taking advantage of **asymmetries** on their side”*

*Clayton Christensen*





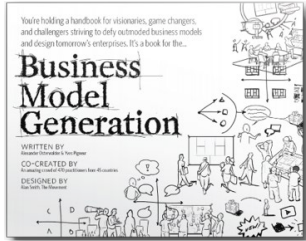
*“In disruptive circumstances, entrants win because they are – often unknowingly – taking advantage of asymmetries on their side”*

***Asymmetric Motivation:** Firm is doing something that another firm does not want to do. (defense)*

***Asymmetric Skills:** Firm is doing something that another firm is incapable of doing. (offense)*

*Clayton Christensen*





— COMPETITIVE ANALYSIS —

- SUPPLIERS AND OTHER VALUE CHAIN ACTORS
- STAKEHOLDERS
- COMPETITORS (INCUMBENTS)
- NEW ENTRANTS (INSURGENTS)
- SUBSTITUTE PRODUCTS AND SERVICES



— FORESIGHT —



- TECHNOLOGY TRENDS
- SOCIETAL AND CULTURAL TRENDS
- SOCIOECONOMIC TRENDS

KP	KA	VP	CR	CS
	KR		CH	
CS	RS			



- MARKET SEGMENTS
- NEEDS AND DEMANDS
- MARKET ISSUES
- SWITCHING COSTS
- REVENUE ATTRACTIVENESS

— MARKET ANALYSIS —

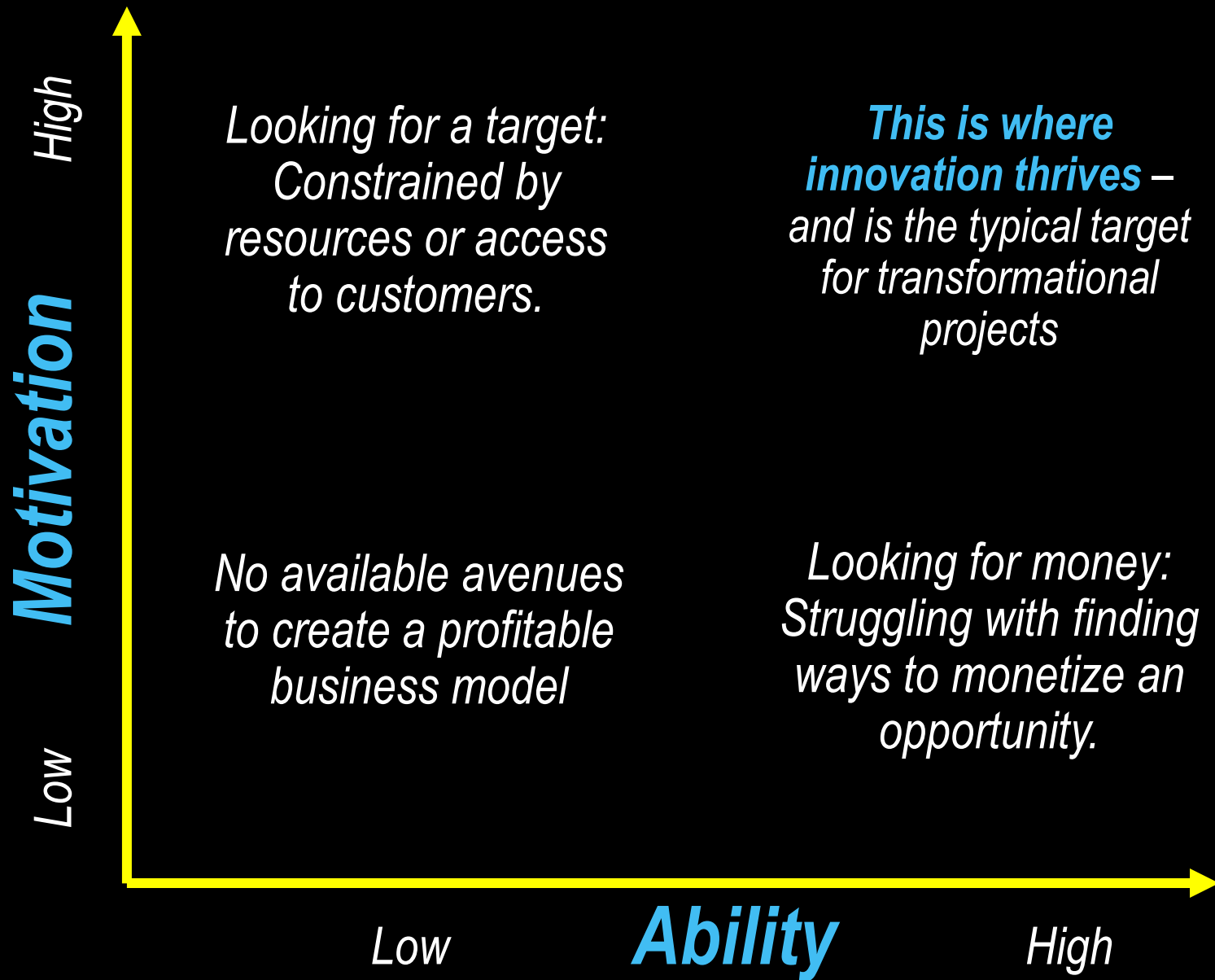


- GLOBAL MARKET CONDITIONS
- ECONOMIC INFRASTRUCTURE
- CAPITAL MARKETS
- COMMODITIES AND OTHER RESOURCES

— MACROECONOMICS —

# *Regulatory* Environment

*Generally speaking – most  
people assume government  
involvement is BAD*



## *Regulatory Actions*

*Tax treatment (credits, subsidies)*

*Antitrust policies*

*Competitive policies*

*Rate regulation*

*Regulatory asymmetries*

*Network element pricing*



*Looking for a target: Constrained by resources or access to customers.*

*This is where innovation thrives – and is the typical target for transformational projects*

*No available avenues to create a profitable business model*

*Looking for money: Struggling with finding ways to monetize an opportunity.*

## *Regulatory Actions*

*Resource-related regulation*

*Unbundling industries*

*Standards*

*Asymmetric funding opportunities*