



# Connecting.TW

放大台灣經濟

CTW Training Team

Steve Hwang

David Kuo

Eric Chang

Frank Chang

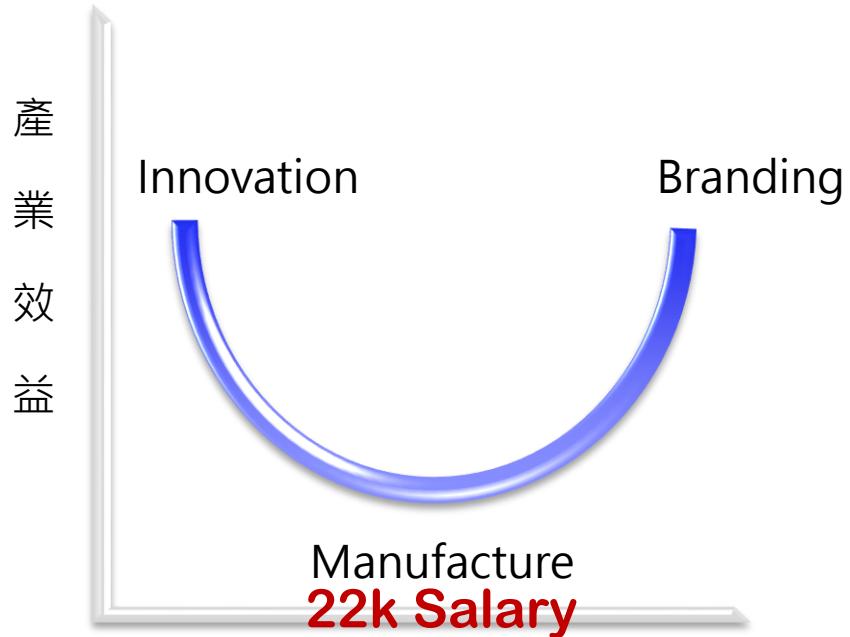
Shifu Lee

William Liu

## Secrets of Innovations – Disruptive Products

March 3, 2018

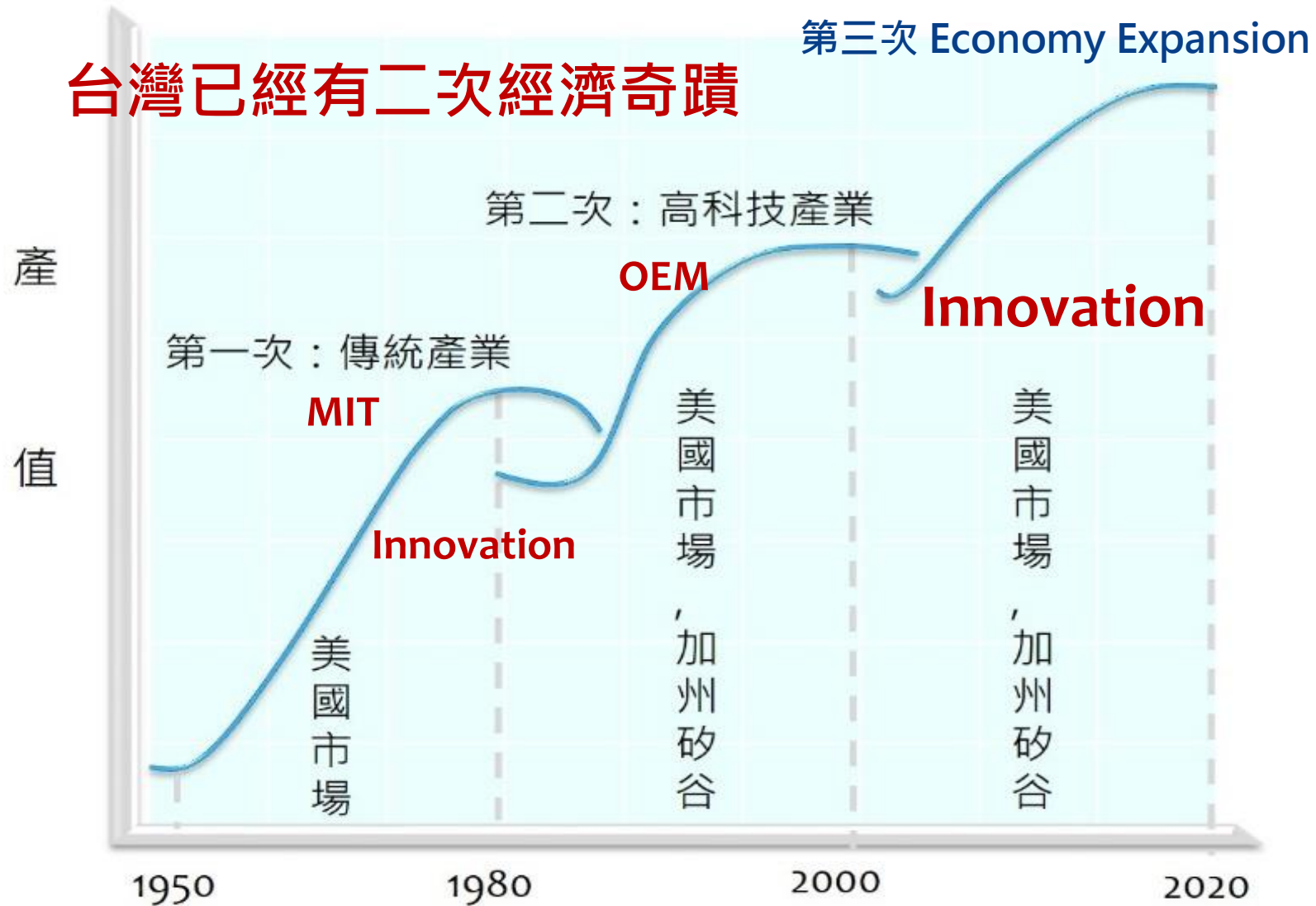
# Smile Curve



## Market rewards Innovator

- 一支美金 650元的 iPhone
- 半導體零組件~210美元
- 鴻海~8-10美元
- 蘋果→ 430美元 (70%)

# 放大台灣 - 東進美國, 打大聯盟



# World Class Companies – Once Upon a Time



Only the Innovators Survived

# Develop Innovation

CTW workshop

***Practice***

**Thinking**

Secret of Innovation: Disruptive Products

Secret of Innovation: Core Competency

Secret of Innovation: Continuing Experimentation

Secret of Innovation: Secrecy, Paranoias, Protection

***Practice***

**Communication**

Effective Communication, Session 1

Effective Communication, Session 2

***Practice***

**Execution**

Passion for Work & Life

Higher Vision & Goals

World Class Team

# Disruptive Product

# What Are the Disruptive Products from These Companies?



SEAGATE



**DOLLAR TREE**



# Types of Disruptive Products



SEAGATE

Application (5" Drive)



Technical Performance:  
5-10x Better than Competitors (IT Services)



End Users: 5-10x Size of Customers



DOLLAR TREE

Low Price Entrance



Manufacturing (SOP)



# Case Study: Apple Inc. – Disruptive Product

# You are Steve Jobs

When you are back in charge of Apple Inc. in 1997, PC Market faces new trends : Low Cost and Personalized Configuration. The five-colored iMAC enjoyed a small success but you also observe market limitation– In 1998, Mac only had 4% PC market share and projected to shrink. In year 2000, Apple revenue drops from \$8B to \$5.4B, **a whopping 33% decline:**

Desktop – decline 45%。

Portable – decline 8%。

Software/Service and other -- decline 13%。

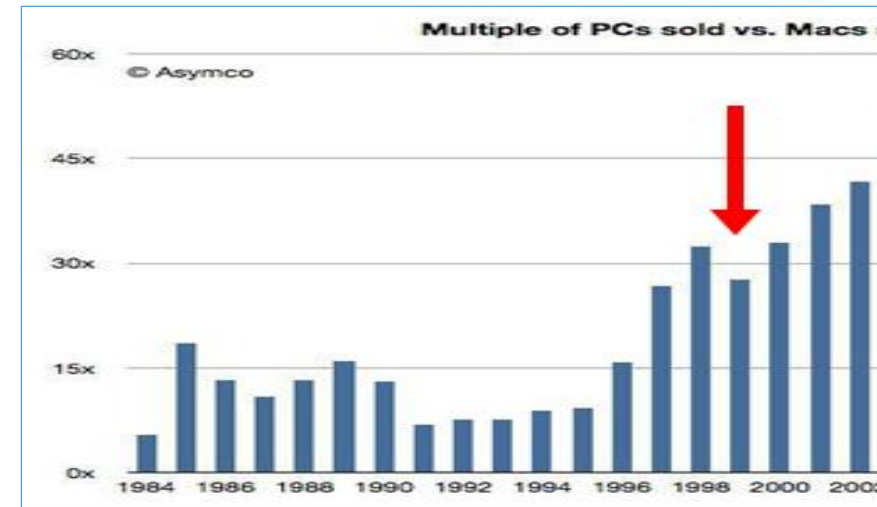
Exceeding 76% of your revenues came from industrial and commercial sectors, not general consumers.

## Strategy for Apple?

You need to make decision for Apple:

1. Compete with other PC vendors with better design and functionality
2. Move up from PC to server, storage, networking, and business consultant similar to IBM, Dell and HP
3. Move into a unknown market based on Apple's core competency

Discussion: Pros and Cons of each strategy (Core competency to compete, Market potential, Competitive position)



# Disruptive Product: Question 2

In year 2000, Apple decides to move into consumer portable device market as a new growth area. There are three options:

- video game
- digital camera
- portable music player

Discussion:

- Why Jobs pick portable music player market?
- In MP3 player market, there are existing players such as Creative Lab, Intel, S3 etc. and market growth is slow for many years. Why Jobs chooses portable music player? What is the key innovation and strategy that Apple offers that single handedly creates an explosive new market?

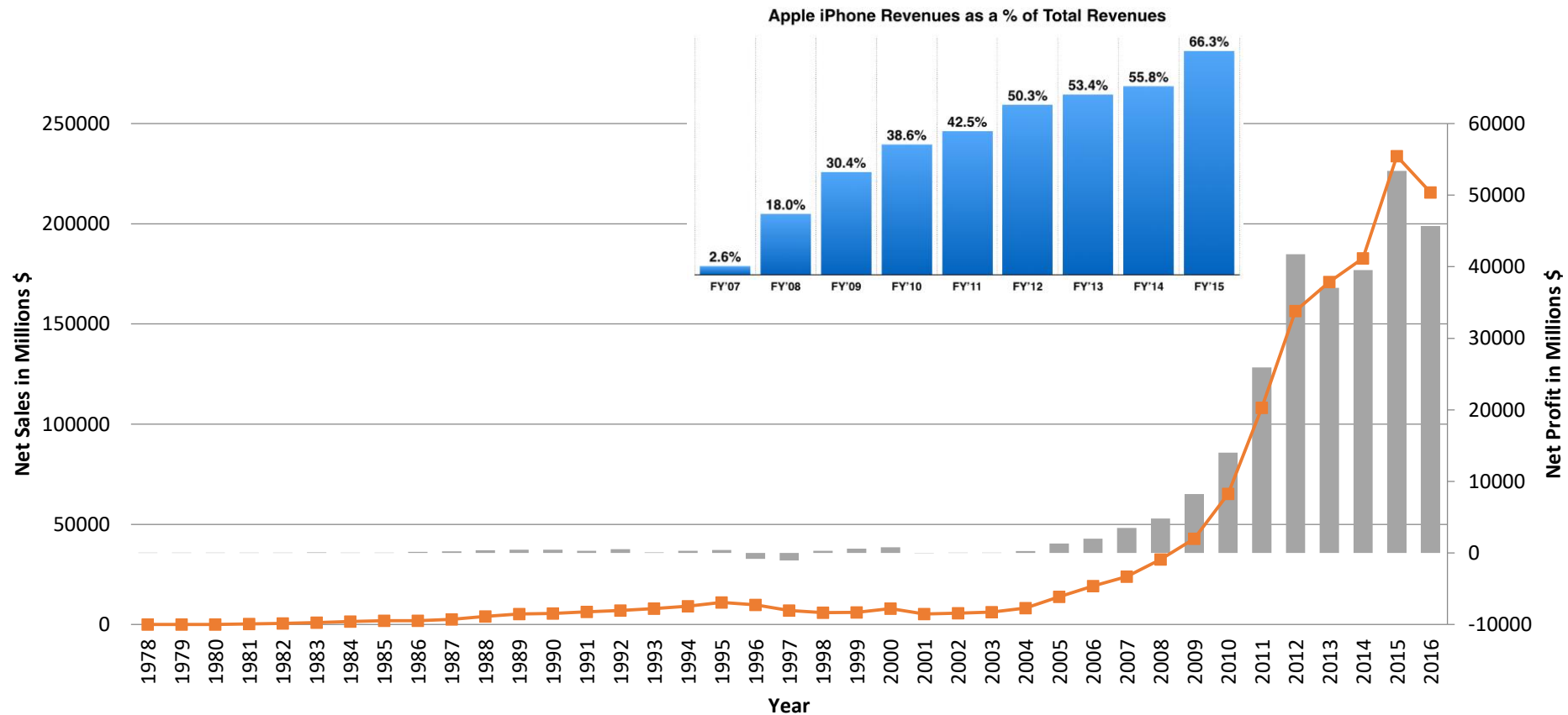


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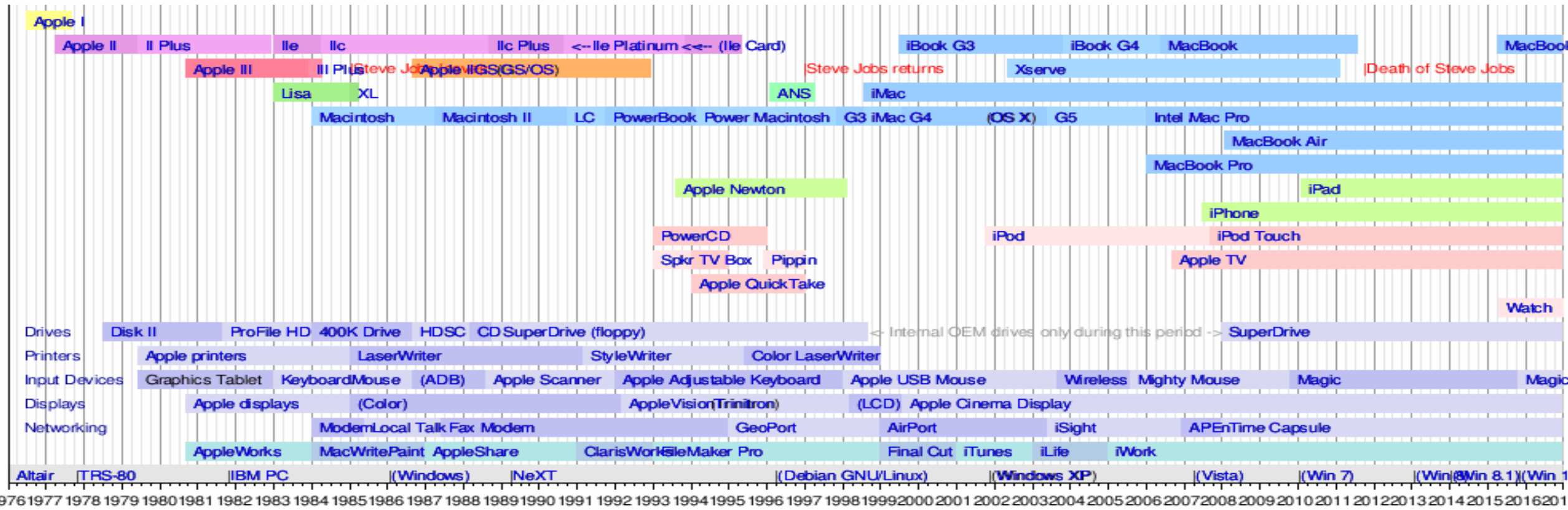


# Disruption Continues with iPhone

- 1, Apple incredible growth since 2007 is obviously due to the new market created by iPhone.
2. The creation of iPhone disrupted not only the entire mobile phone industry, but also cannibalized its own earlier disruptive products like the iPod.
3. For any industry, it is critical to find potential market with its core competency and capability.



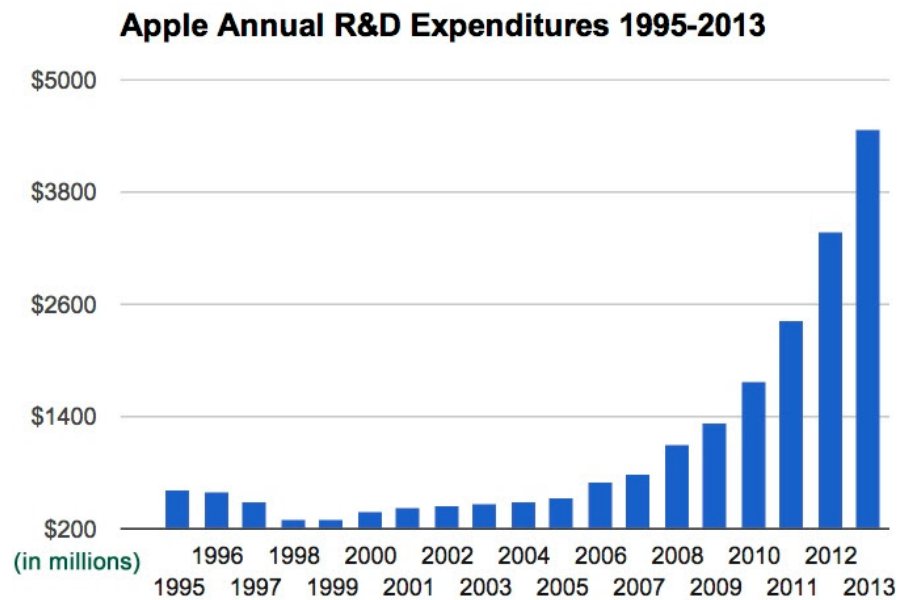
# Timeline of Apple Products



- Apple I
- Macintosh
- Lisa
- Apple Network Server
- iPod/Consumer Products
- Software
- Apple II
- Apple III
- Apple IIGS
- Phones/Tablets/PDAs
- Computer Peripherals
- Reference/Currently produced

**Back Up**

# Is the Innovative benefit from increasing R&D Expenditure?



**Apple R&D Expenditure as % of Net Sales**

