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Secrets to Innovation Workshop

Agenda

Time	Subject	Lead
1:00 – 1:20 pm	Check in & Welcome	Frank Chang
1:20 – 1:45 pm	Self Intro	All
1:45 – 2:00 pm	Intro	Steve Hwang
2:00 – 4:00 pm	Disruptive Products	Shifu Lee



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Intro

Steve Hwang

Road to Success

Personal Value

Personal Value = (Hard skills + Soft skills) x AMP (Attitude, Mindset, Passion)



Entry level professionals

Hard skills (90%) + Soft skills (10%)
Hard skill = degree + professional/school knowledge + languages

Career development & growth

Hard skills (20%) + Soft skills (80%)
Soft skill = **C**ommunication + **E**xecution +
Strategic thinking + **L**eadership &
management
AMP = **A**ttitude + **M**indset + **P**assion

World Class Companies – Once Upon a Time



Only the Innovators Survived

Johnson & Johnson



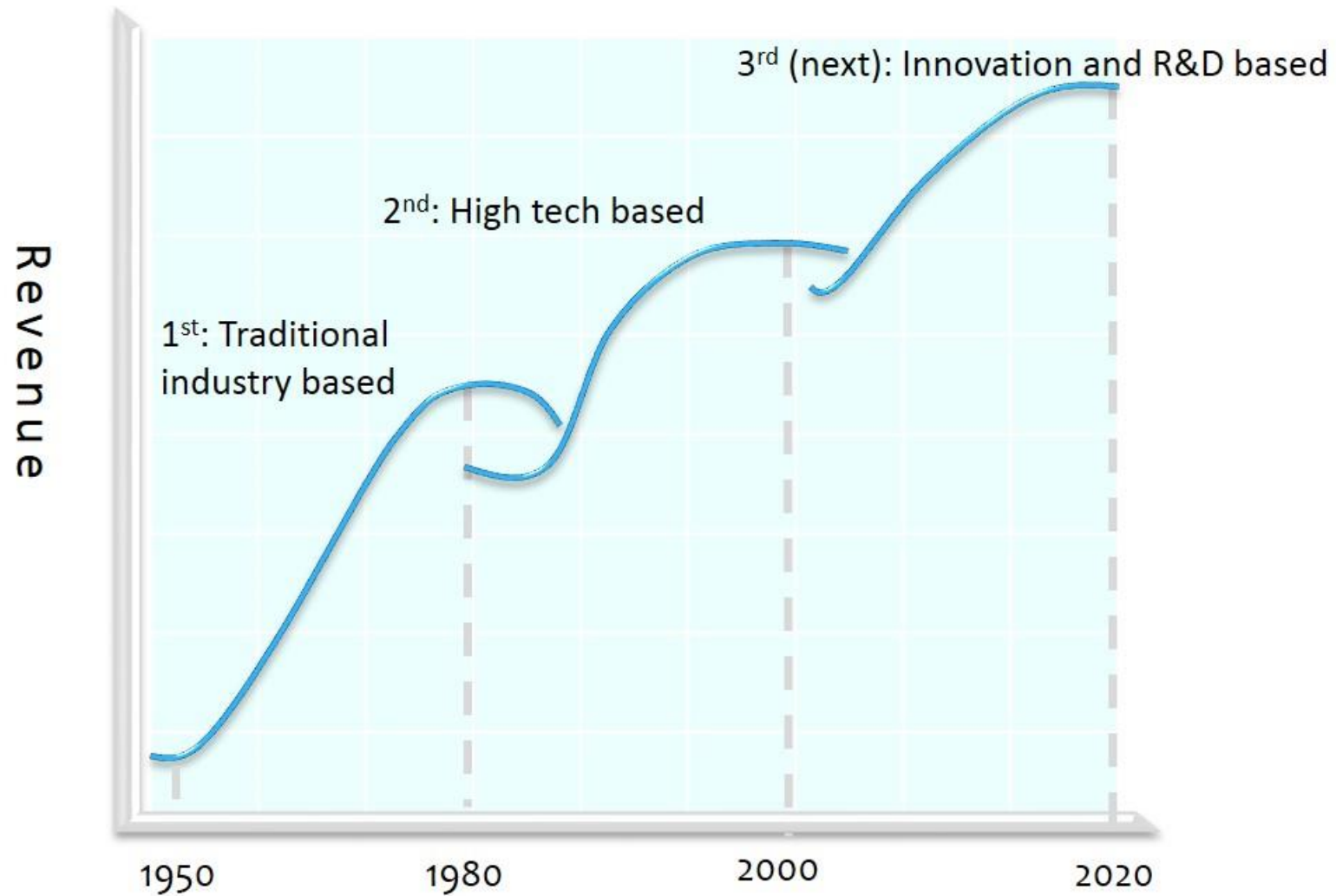
IBM International Business Machine



CORNING

3M

S-Curve of Taiwan's Economic Miracles





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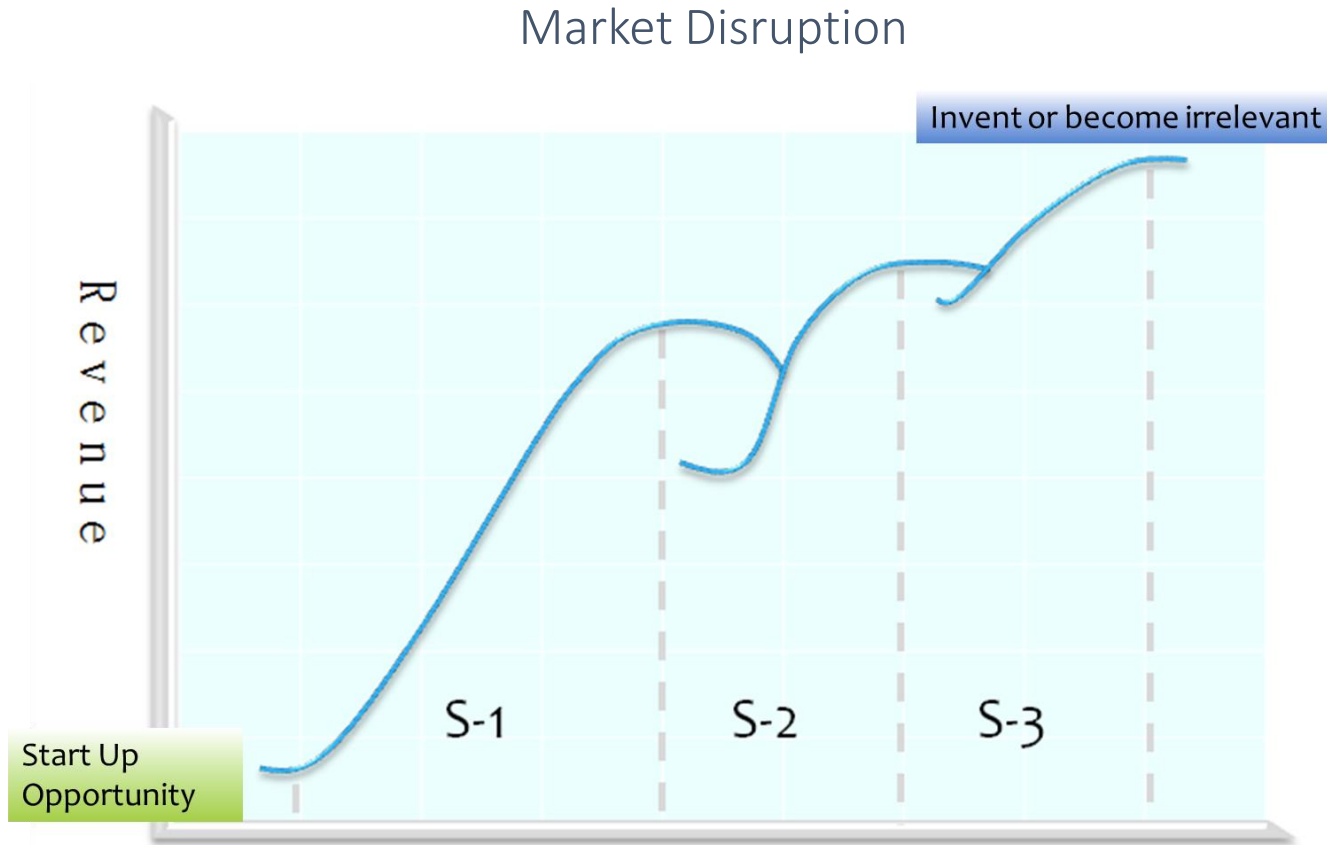
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Secrets to Innovation

- Disruptive Product

Shifu Lee

“S” Curves – Country, Company, Individual

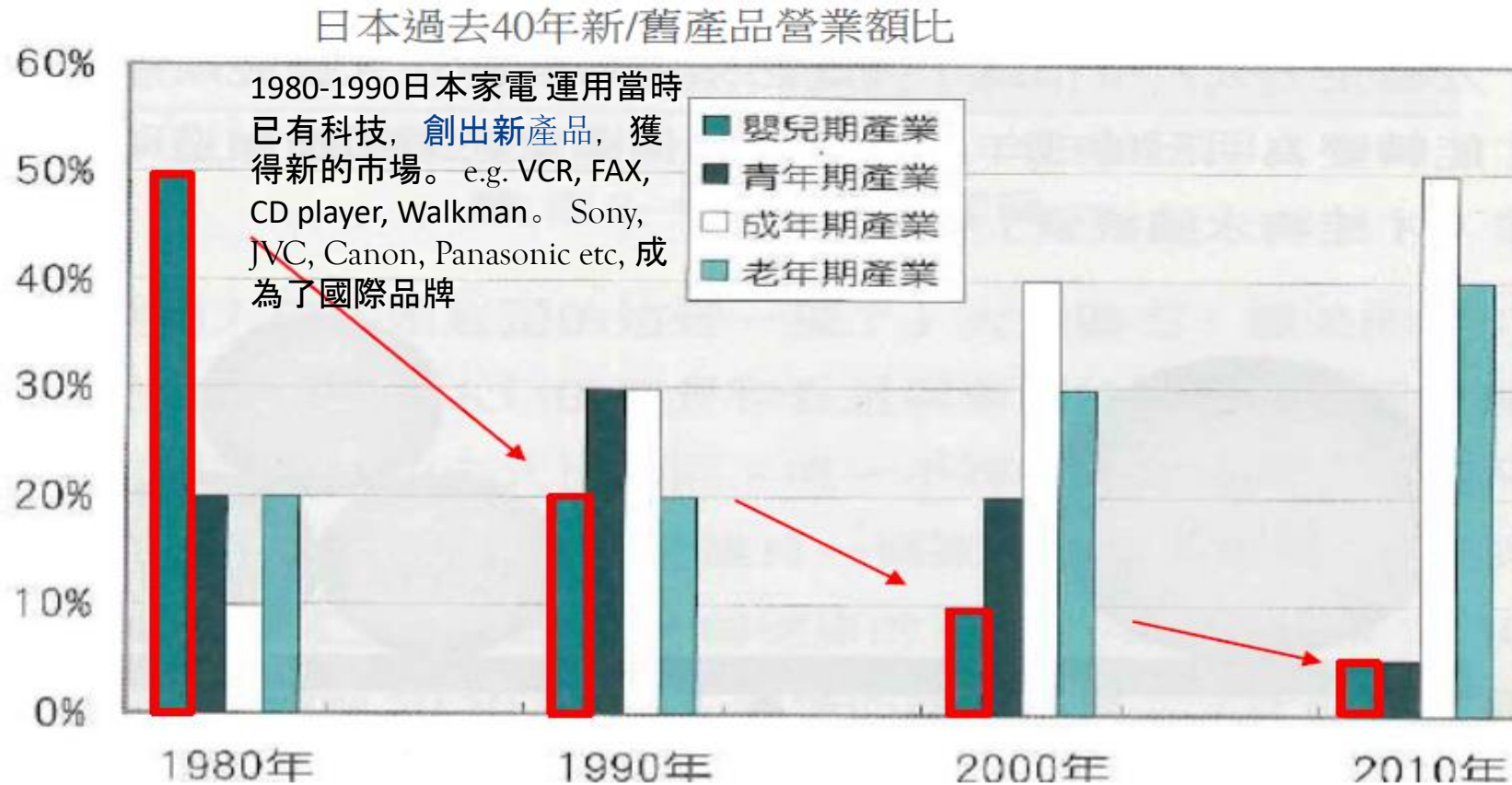


Attract new users and unveil New Market potential

(vs. Sustaining product incrementally improves over Existing Market)

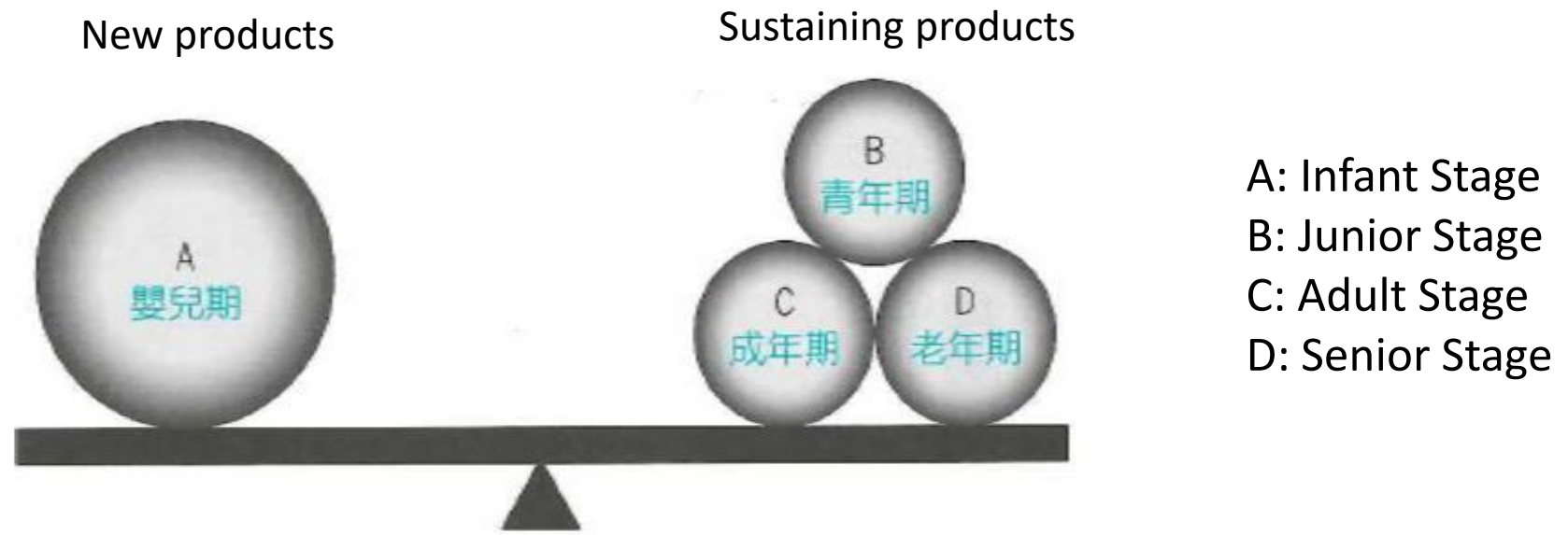
Japan's Innovation Engines

After 1990, Japan's Consumer Electronics – a decreasing trend in disruptive products.
What went wrong?



US Innovation Engines

In the past 40+ years, U.S. technology industry overall maintained strong proportions of revenue from New Product Launch



Taiwan's Innovation Engines

- 1997 HTC
- 1997 MediaTek
- 1989 Asus
- 1988 Quanta
- 1987 Largan Precision (大立光)
- 1986 Taiwan Semiconductors
- 1980 United Semiconductors
- 1976 Acer
- 1974 HongHai Plastics → 1981 HongHai Precision Industry

After 1997, Taiwan has no new internationally known companies, What went wrong ?

--Strategic Thinking

When company gains leadership position in the industry, it tends to focus more on competing with market share improvement. This may put company efforts to create NEXT disruption seemly less vibrant.

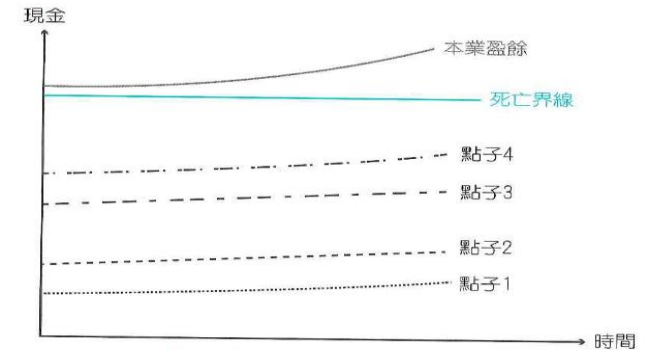
Hurdle to Innovation

Psychological (fear of few can succeed)

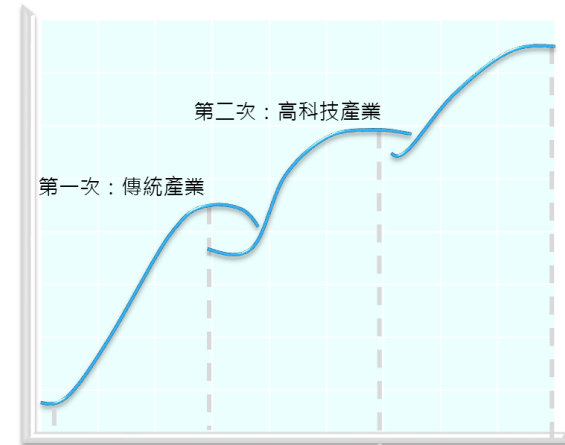
Inertia (overly dependent on incremental improvement of existing market)

Structural (company organization is not encouraging for innovation)

risk management



S curve – 準備換跑道

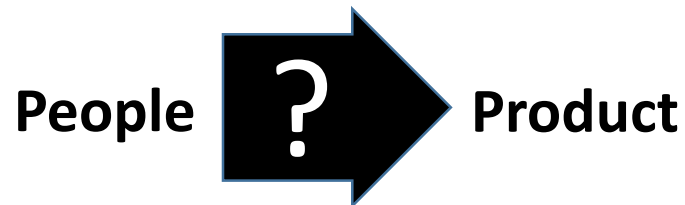


Culture & TEAM



團隊策劃 & 執行

???



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:

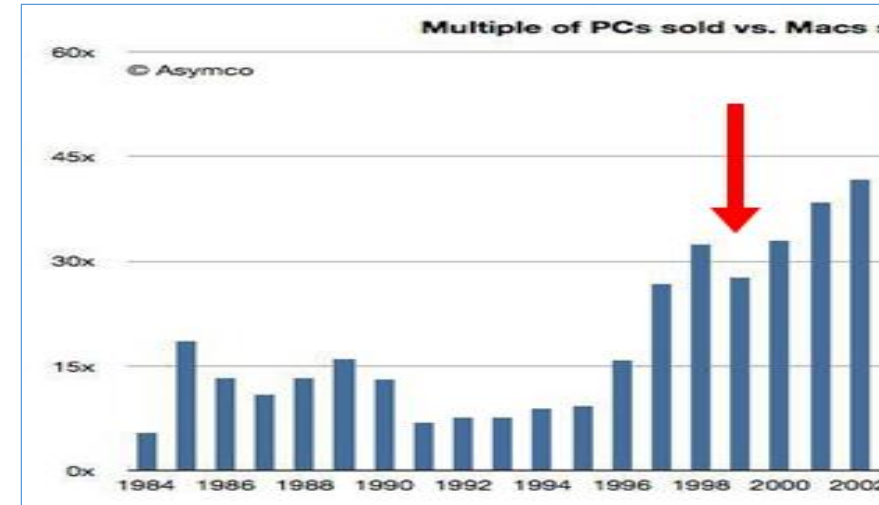
Desktop – decline 45%。

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:

- a. video game
- b. digital camera
- c. portable music player

創新產品的競爭策略

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?

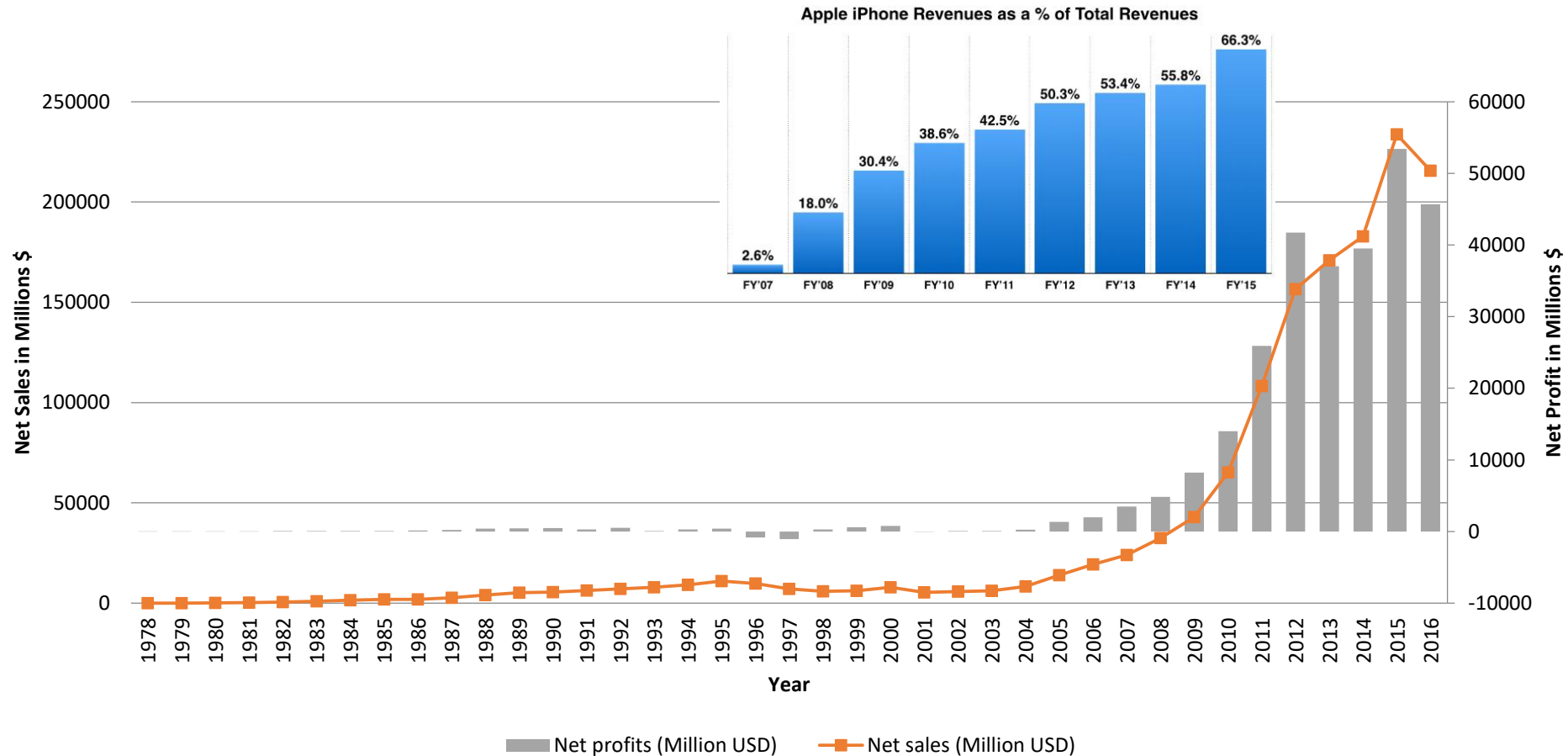


vs.

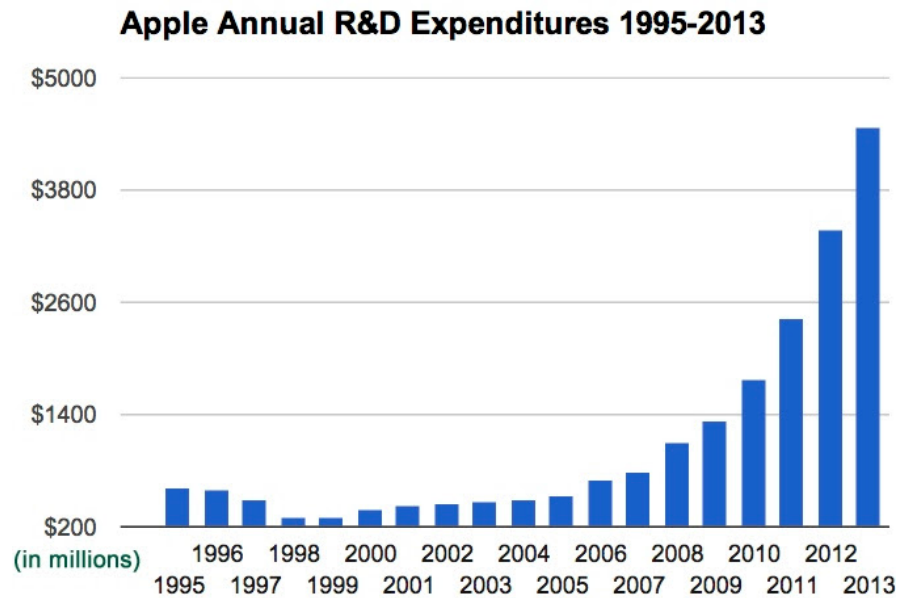


Disruption Continues with iPhone

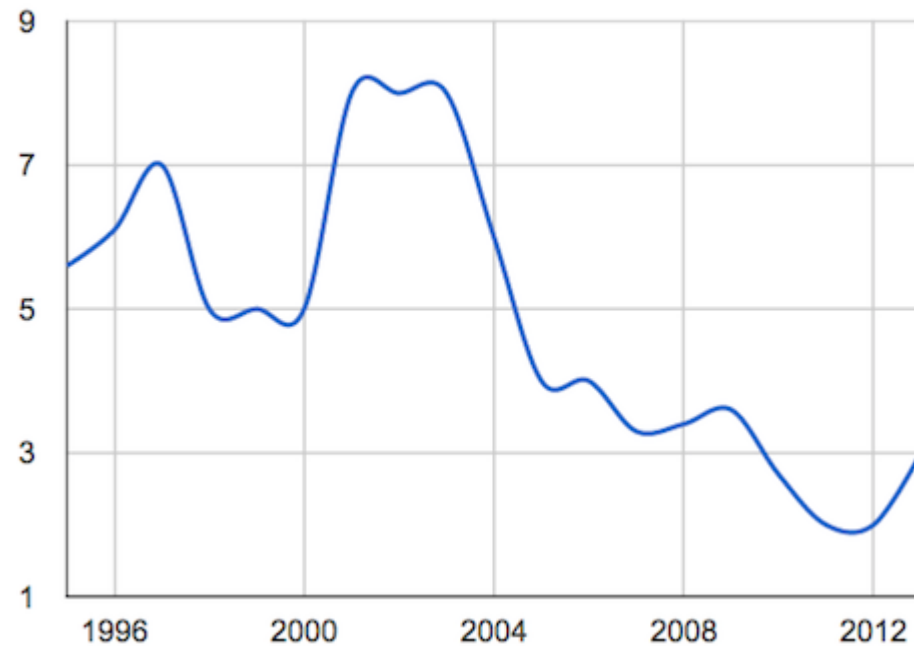
- 1, Apple incredible growth since 2007 is obviously due to the new market created by iPhone.
2. The creation of iPhone disrupted not only the entire mobile phone industry, but also cannibalized its own earlier disruptive products like the iPod.
3. For any industry, it is critical to find potential market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



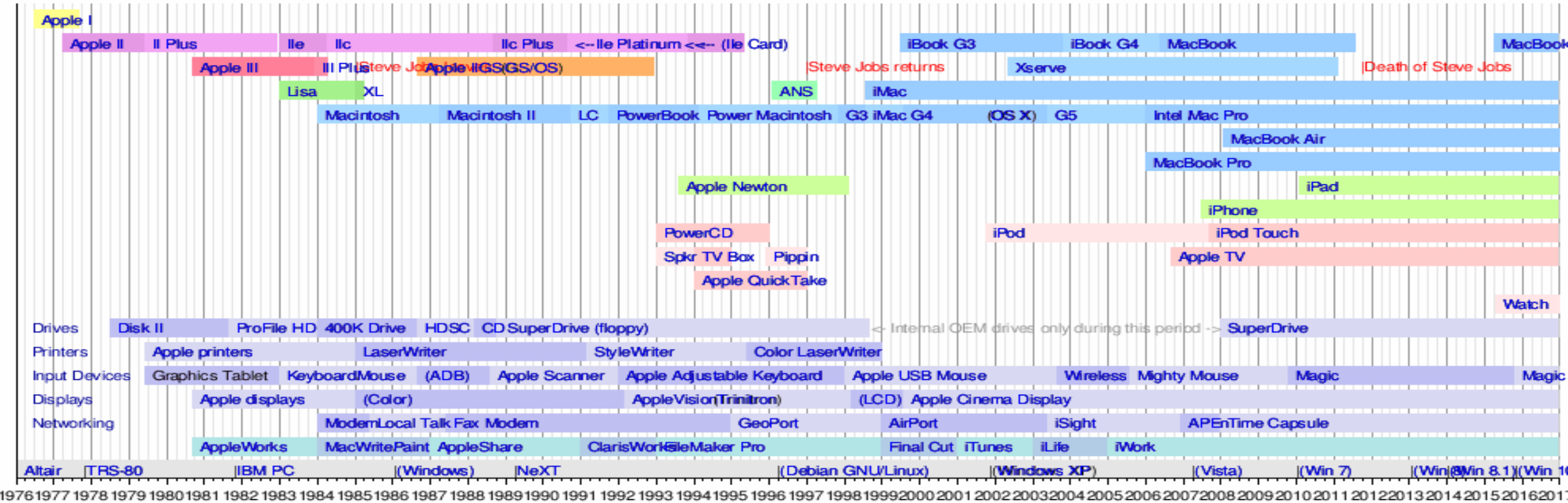
Is the Innovative benefit from increasing R&D Expenditure?



Apple R&D Expenditure as % of Net Sales



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