

: *What is digital disruption?*

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Digital disruption can be viewed as either a problem or as an opportunity or even perhaps as both simultaneously. A disruption does interrupt or change a situation. A disruption may change actions, behaviors, jobs, or plans, it may alter events or upset past practices. Digital disruption and disruptive innovation based in digital technologies can, have, will create new markets and supplier networks. Digital transformations may ultimately disrupt and even destroy an existing market and a traditional product/service value network. Digital disruption can displace established technologies and change market shares, products, and alliances. Traditional firms that fail to recognize the disruptive forces and/or fail to adapt in a timely manner will likely suffer serious financial consequences.

Digital disruption is both intended and unintended changes in business models that result from introducing and adopting new digital technologies like Artificial Intelligence, chatbots, the Internet of Things, and the Cloud.

SearchCIO defines digital disruption as "the change that occurs when new digital technologies and business models affect the value proposition of existing goods and services."

Gartner explains "Digital disruption is an effect that changes the fundamental expectations and behaviors in a culture, market, industry or process that is caused by, or expressed through, digital capabilities, channels or assets."

Digital disruption, according to the Oxford College of Marketing website, "is a transformation that is caused by emerging digital technologies and business models. These innovative new technologies and models can impact the value of existing products and services offered in the industry."

A CIO white paper explains "Digital disruption is a transformation or change caused due to adoption of new digital technologies and business models affecting the monetary worth of the currently existing goods and services in the industry. So, the term 'disruption' refers to the emergence of new products, services, and business models disturbing current market and causes the need for re-evaluation."

A research report by Accenture and Frontier Economics analyzed the potential effect of Artificial

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Intelligence (AI) on 12 economies. The authors considered AI as a major source of digital disruption. They noted "data suggests that increases in capital investment and labor are no longer capable of maintaining continued prosperity in many advanced economies. Fortunately, a new growth driver is at hand. Artificial intelligence (AI) technologies that sense, comprehend and act -- while learning and adapting their behaviors over time -- don't just enhance productivity by enabling more efficient usage of capital and labor. AI represents a new factor of production altogether, one that fuels a new virtual workforce, complements existing physical capital and the skills of the human workforce, and ultimately drives innovation in the economy".

Digital disruption is an ongoing phenomenon, but the impact is differential as a technology innovation is adopted and becomes better understood. Early adopters may experience more disruption, yet if the adoption is successful those organizations gain greater benefit. It is appropriate to examine the magnitude and scale of the disruption of each new technology following its introduction. Somewhat like an earthquake one can imagine a disruption of small, moderate, or large magnitude that has a large or small impact depending upon where the change occurs. Digital disruption is also cumulative. Think of successive "waves" of incremental change and the eventual collapse or re-imagining of a business model. Digital disruption may also occasionally falter and fail to have anticipated impacts. In this circumstance, the forecasts for change are not realized and the costs of preparation are wasted.

Overall, digital disruption refers to the positive and negative impacts on human society and organizations from digital technology innovation and adoption. Capturing, collecting, and using data has consequences. Many technologies perform these seemingly simple tasks. The ripple effects of new data, and new uses of data continue to impact us. Digital disruption is a real phenomenon.

Managers should monitor digital trends and technology and how adoption is disrupting markets and industries. Managers who do not explore digital transformation opportunities that make better use of data need to catch up with competitors. Managers who are still figuring out that digital transformation means collecting and using data better and faster to compete better are already behind. Most companies are in a race to digitally reinvent products, services and business models. Analysts at Accenture and other firms argue we are in a post-digital era, one where businesses are already looking beyond digitization to capitalize on innovative information technology-driven opportunities.

Digital disruption and transformation are continuing to occur, whether managers like it or not. Planned, strategic digital transformation is the ideal solution, but this strategy requires knowledge, research, creativity, planning, implementation, process awareness, and a critical component: data. Many business processes that get transformed require data from multiple sources, both on-premises and in the cloud. Designing and deploying data-driven applications, requires an agile mindset.

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Digital disruption is real. To digitally transform your IT infrastructure and capabilities, to update your workplace, and to change your business model, managers need to promote flexibility and choice, and solutions must provide security and be well-designed. The time to explore is now. Competing successfully in the Information Economy requires agility.

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