

Markets, trends and you

INNOVATION takes us on a journey that is as exciting and thrilling as the destination that we strive to get to. Today, we bring in markets that are the ultimate arbitrator of the value that we seek to create and competition that we need to either win over or at the least learn to co-exist with. A mantra that we cannot chant enough is that “innovation is about improving the quality of life of people”.

So, it is not about rocket science, though space travel for non-astronauts is likely to be a huge enterprise in future.

Scientific and technological advancements coupled with evolving human needs give rise to larger trends that one can tap into for innovating and “providing solutions to problems that get created along the way”.

The needs can be most varied. A short list of human needs contains time, energy, money, privacy, companionship, convenience, freedom of use, health, environment and transportation, among many others. All needs give rise to problems waiting to be solved and opportunities not yet realised. It is an ocean for those who wish to master its waves.

Examples of larger societal trends enabled with technological advancement include TV delivered via Internet (Netflix), digital friendships (Facebook), renting people’s home while travelling (Airbnb) and e-commerce (Amazon). One would observe a common thread running through these examples – it is called the Internet of Things or IoT, all things included. It goes everywhere as shown by Uber when it created the world’s largest taxi company without owning a single taxi. Grab is another story of such an innovation.

Can there be more? You bet,



innovation
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there will be.

We have talked about value creation as a way to fulfil a market need. Hence, a person derives a certain value from his/her own use of the product.

However, the same person also derives values when others use that product. The first is called “inherent value” and the other “network value”.

As the number of users of a product increases, the value of that product increases for each user. This is called “network effect”. It results in lots of people getting locked into the use of that product.

Examples include phones, Microsoft operating system Windows, WhatsApp, and Qwerty keyboard. Incidentally, Qwerty keyboard was designed to slow people down in the age of typewriters, yet it has thrived in the information age. That is an innovation “sweet-spot” when people get locked-in – hopefully with no way out.

Innovation can also be in business methods. If a product is too expensive (think cars in Singapore), why not have people rent it when they need it? This applies to early days of photocopiers and now to water filter units in offices.

Buying in large volumes has always been encouraged as a way to reduce costs. Companies such as Groupon take that economic concept to the next level. It is considered perfectly okay to break the traditional ways of doing business as new economic opportunities emerge. Brick and mortar has to innovate as well in order to remain relevant. It is not worth paying 40 per cent to a book-seller to sell a book when it can be sold over the Internet in a way that benefits both the buyer and the publisher. Value evolves as the society does.

Competition is reality of life as many seize on an opportunity as it arises in the market. Then there is trade, a “hot” topic of sometimes heated debate these days. The basics of trade provide ample opportunity to innovate.

Finally, one wonders if we may seek to become famous and rich all in one go by going for a Nobel prize.

Well, if you thought markets were rough and the competition was intense, look at the number of millionaires created each year via their winnings of a Nobel prize. Your curiosity will be satisfied.

The more curious a person is and more human is his approach to innovation, better are the chances of success. Enjoy the journey and remember what fictional supervillain Two-Face said: “The world is cruel. The only morality in the cruel world is chance. Unbiased. Unprejudiced. Fair.”

The only question then is: Are you going to take that chance?

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