
How to Spot a Game Changer



By Annet Aris , INSEAD

Four essential questions for predicting whether an invention will really change our lives.

Nowadays hardly a week goes by without the announcement of yet another new technological development promising to make our lives easier, more exciting or at least healthier. Examples include Apple's smart home technology for operating domestic appliances, Japanese robots able to read emotions for the elderly, wearable activity trackers like Fitbits and Fire, Amazon's smart TV adapter for connecting TVs to the internet.

The big question for investors and venture capitalists as well as incumbent companies which might be threatened by these inventions is which of these is a real "game changer"? In other words, a technology like the iPad that rapidly comes into common use and changes our day-to-day lives. We've been hearing about smart home technology for at least ten years, but it still hasn't really caught on. And, apart from the Furby, we humans just don't seem to be able to get on so well with robots. However, more and more people are now linking their TVs to the internet.

So can we separate the wheat from the chaff and predict when our lives are set to be revolutionised by new technology? Who should we be listening to?

To the overenthusiastic gurus, or to the cynics claiming "It'll never catch on"? For business, both are dangerous because being a first mover in the market can cost just as much as missing the boat altogether.

Asking the right questions

Based on my observations over the past ten years and the academic work of several colleagues, I would suggest that predicting whether a new invention is going to change the game means answering four fundamental questions.

1. Does the new technology meet a fundamental need?
2. Is it easy to use?
3. Is it affordable?
4. Is the right ecosystem in place?

Only if you answer "yes" to all four questions is there a good chance an invention is going to be a "game changer". A good example of this is mobile internet, which had a difficult start, the first iteration of which was the WAP phone, which met a need but wasn't easy to use, affordable or part of an ecosystem. Mobile internet only really took off after the launch of the intuitive iPhone, along with fixed, low mobile data tariffs and an open ecosystem for application developers. It is vital to make sure you get the right answer to each of these four questions.

When does something really meet a need? That's where most technical whizzes go wrong as their needs aren't necessarily the same as ours. As a general rule, the closer something comes to our basic instincts, the higher the chances it will really catch on.

The rule of thumb is...

A rule of thumb for me has always been to look and see what teenagers are doing in their leisure time. Anything that fits in well with their lives has a good chance of succeeding. Take, for example, easy communications (WhatsApp), showing yourself in a good light (Facebook), being the first to get the latest news (Twitter), looking things up easily (Google), and also being able to keep things secret (Snapchat). All things that we secretly also consider important, but that teenagers openly rave about.

People like automation and smart technologies so that they can free up their time, but delegating too much to machines can leave us feeling useless. A smart home system that can think for itself and replace us can often seem more of a threat than a temptation.

New technology also needs to be better than what's already on the market. Otherwise it's not worth learning how to use it. That's why mobile payment systems haven't really taken off in the developed world where we're used to smoothly functioning debit and credit cards. They have, however, made huge inroads into many developing economies where the absence of a full service banking system and payment infrastructure makes the ability to pay by phone a real benefit.

Technical whizzes often also overlook the importance of simplicity (question 2): their love of gadgets can often result in products that are just too contrived for normal people. Sometimes the new technology only works properly when you stay within the universe of Apple, Microsoft or Google, which often isn't possible or desirable in practice. And then there's the question of affordability (question 3) as consumers don't measure costs just in terms of cash, but also in time and, increasingly, privacy.

For all these reasons, psychologists and biologists are useful additions to the boards and teams of Silicon Valley startups if up and coming firms want the answer to all four questions to be yes. Such professionals can help new ventures better understand the very human needs they are trying to fill and provide guidance on the chances of success. Firms that have correctly positioned themselves in the minds of consumers for relevance, ease of use and simplicity have truly changed the game.

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