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# Disruptive Innovation

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## What Is Disruptive Innovation?

Disruptive innovation refers to the innovation that transforms expensive or highly sophisticated products or services—previously accessible to a high-end or more-skilled segment of consumers—to those that are more affordable and accessible to a broader population. This transformation disrupts the market by displacing long-standing, established competitors.

### KEY TAKEAWAYS

- Disruptive innovation refers to innovations and technologies that make expensive or sophisticated products and services accessible and more affordable to a broader market.
- Disruptive innovation refers to the use of technology that upsets a structure, as opposed to "disruptive technology", which refers to the technology itself.



## What is Disruptive Technology?

Disruptive technology significantly requires enabling technology, an innovative business model, and a coherent value network. [more](#)

## Web 2.0 and Web 3.0 Definitions

Sustaining innovation is the process of innovating to improving products and services for existing customers. Web 2.0 refers to the current version of the Internet, Web 3.0 is its next iteration, which will be decentralized, open, and of greater utility. [more](#)

## Understanding the Calm Waters of Blue Ocean Market

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Intellectual property, a set of management rules and legally protected by a company. [Click Play to Learn What Disruptive Innovation Is](#) [more](#)

## Understanding Innovation

Disruptive innovation is not the process of improving or enhancing products for the same target group; rather, it involves the technologies used to make them easy to use and available, non-t. An example of disruptive innovation is the introduction of cloud storage, which have, by far, replaced compact discs (CDs). [Partner Links](#)

Clayton Christensen  
*The Innovator's Solution*  
published in 1997. <sup>[1]</sup>  
technologies that bu

variation in the book  
*Innovators Dilemma*  
two types of



### Related Articles

African American female using smartphone with a laptop and papers

Technologies were those that allowed a business to incrementally improve its performance. Requirements and the potential to enter into the business were primarily designed to allow companies to remain competitive, or at least maintain a status quo. Disruptive technologies are integrated—the disruptive innovations—

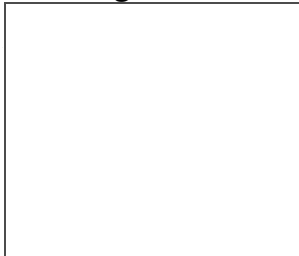
were less easy to plan for and potentially more devastating to companies that

attention to them. [2]

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Disruptive innovation can be complicated. It requires an investor to understand how companies will adapt to disruptive technology, instead of

focusing on the development of the technology itself. Companies such as



[Google \(GOOGL\)](#), and Meta ([FB](#)), formerly Facebook, are companies that have heavily focused on the internet as a primary business model.

The internet has become so ingrained in the modern world that the companies

Balance Sheet

that have integrated disruptive innovation into their business models have

[Artificial Intelligence \(AI\)](#) and its potential to transform their jobs may be a disruptive innovation for the job market. [3]

Businessman and worker in high tech enterprise

Technology or innovation “disruptive” is a point of view. It can be used to describe technologies that are not truly new. The internet was disruptive because it was not an iteration of



other [business models](#).

[google homepage](#)

#### COMPANY PROFILES

##### The Story Behind Google's Success

Smartphones instead of laptops and desktops for their computing and browsing and streaming, is another example of disruptive innovation. Technological enhancements have enabled cell phones to be equipped with small processors, chips, and software applications that support these functions.

Smartphone developers targeted the broad market of mobile consumers who have cellular devices and find it inconvenient to carry and access laptops when wanting to surf the net (not to mention an impossible task for desktops). Smartphones are small, easily storable and accessible, and relatively affordable as compared to laptops and desktops.

In contrast, the Model T car is not considered to be a classic example of disruptive innovation because it was an improvement on existing technology and it wasn't widely adopted upon its release. The auto industry didn't take off until [mass production](#) brought prices down, moving the entire transportation system from hooves to wheels. In that sense, the system of mass production does meet the criteria for disruptive innovation.

## Requirements for Disruptive Innovation

Disruptive innovation requires access to ignored or overlooked markets and technology that can transform a product into a more accessible and affordable one. To be disruptive, the network of partners—suppliers, contractors, and distributors—must also benefit from the new, disruptive business model. Certain core requirements include:

- *Enabling Technology*: In business, enabling technology is defined as the technologies and innovations that substantially change or improve processes or how people do things. Specific to disruptive innovation, enabling technology is the technology or innovation that makes possible the affordability and availability of a product to a broader market. <sup>[4]</sup> Basically,