



Podcast Episode #56 – Not too early, not too late - how to get the timing right for your innovation, with your host Balint Horvath, Switzerland

RAW TRANSCRIPT OF INTERVIEW

Hello and welcome, Udvozollek in Hungarian, in the native language of my guest, so in this case the host is talking. Again, this is another episode where I'll be talking about a certain topic that I think it's been on my mind for a while now.

I think many times when we are thinking about innovation a lot of factors come into our mind. And it's true. A lot of different things have to come together that have to work together in sync – marketing, development, manufacturing, sales, distribution, supply chain - everything has to be harmonious, the team as well. However, the number one thing actually is not the team, not the product itself or the business model that has to be right but I believe it's more the timing. There's actually a presentation, maybe you've seen it already on YouTube, the single biggest reason why startups succeed by Bill Gross, it's a TED talk, he's talking about also this, the timing. The timing is many times either too early with the product so the startup coming out with the product, or too late. I think most of the time when we see a company being in pain is more the latter, so when they are late because they feel the pressure that they should deliver. However, it can be equally bad when you're too early because then you just invest your resources into something that is not mature enough yet.

Pebble is an example. I talked about the Pebble story in episode 8 versus Fitbit or Apple Watch and Pebble was too early obviously with the innovation. Now, obviously, of course retrospectively. This is why they were doing more feature marketing so they were emphasizing the benefits of the product instead of talking about brand marketing, doing brand marketing that established brands like Apple. Many chose the pictures of a runner talking to Siri and sending this way a message to his friend. I think this happens when you want to come out with a product as first one, when you have to educate the market. HDTV, it took 30 years to mature from the end of the 80s to this stage that we have right now. Kodak is another example. Steve Sasson invented the digital camera in '75 working at Kodak. And we remember Kodak as the company that didn't capitalize on this innovation. They still believed in the film as technology.



So, there are some pulling back forces that are greater than the push that pull the innovation back to this stagnant position. So, I think it could be understood very well because of the ecosystem. From my past I could say an example. I was a program manager doing R&D and one of the projects that we had was connected to welding, laser welding. And I was working closely with the factory in a manufacturing environment. We were using a conventional, so-called TIG welding, Tungsten Inert Gas Welding and we were thinking about considering looking at laser technology to substitute this other technology which has been around for a long time. Even though it's a faster way of welding, the ecosystem just was not there so that the lasers could succeed. The design of the joints would have to be redone, the test would have to be redone, the joints being, this is the area where the two objects meet, the workers would need to be educated. There should have been a new environment born around the lasers which would also mean shielding of the laser light because of the high power. This is obviously huge obstacles in the way of the new technology.

As opposed to this, a simple example of a light bulb. I think it's a good example. We can screw a new light bulb, like let's say an LED light bulb, into a socket that has been around for a long time. If that's the case, then it's just easier to adopt the technology. It requires this way no other innovation to be used. It connects very well with today's ecosystem. Victor Hugo quote comes into my mind, "Nothing is more powerful than an idea whose time has come." He already recognized the importance of timing, getting the timing right. HDTV needed innovations. It had dependencies on other innovations like the HD cameras developments regarding that, the new broadcasting systems. And this is why it took 30 years to mature from the end of the 80s.

So, the ecosystem can mean regulation, standards, other innovations. A few might remember or maybe you know it very well, maybe you know it that that is the S curve for innovation which explains how a technology matures, develops, its performance increases with time and how another technology can replace it. The replacement happens when the new technology is mature enough that they meet the curve with the old technology's curve that shows its potential, it's way of developing. And where they meet that's where creative destruction happens. So, the speed of substitution is determined by how fast the new technology can overcome its ecosystem. So, the challenges it encounters when it wants to develop and this is typically not considered actually in the S curve because there we just want to look at how that technology develops, not the environment that it's in.

So, the questions to ask yourself if you're a startup - Should you really focus all your efforts on developing the new shiny technology? I know a lot of people, a lot of you guys love working on the technology, developing it. But should you perhaps think about working instead on the ecosystem? So, the dependences also develop in concert with the technology and sync with it. If you're an established company, you might



be able to actually wait if the timing is not right yet for the new technology and then perhaps the question you can ask yourself is “Perhaps I should work on improving the current technology that I have and I dominate the market with”. I guess the other question one can ask is “Where do you want to be? At which point of the S curve?” I guess most of you would say creative destruction as that would mean that the increased performance of your technology will result in a substitution because the ecosystem that is around it is not pulling it back.

To summarize, in tech history we've had a lot of startup examples that didn't get the timing right. The reason is typically that the ecosystem was not considered enough so that they had a chance actually to beat the old technology not only in performance but also in context, how it operates in context, so together with its environment. Lastly, maybe you should ask yourself some questions. If you're a startup or an established company if you should really accelerate putting the investment and the efforts into developing the technology or if you should wait, develop the old technology and in case the new technology overtakes the old one, you can think about how to use the old technology for some niche applications. That could be one way to still keep the old technology.