

Taxi Ride-Sharing

Is it not an Example of Disruptive Innovation?

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In recent years, you might have seen a kind of revolution in hiring taxis all over the world, particularly in the metro cities. Now, you simply download an app on your mobile related to a particular taxi service and using that app you can call the nearest available taxi. You will find the taxi at your door step within minutes. These taxis are not only cheaper, but they are more secure and safe as compared to the traditional taxis as these taxis are fitted with GPS navigation and tracking system and are controlled & monitored by a centralized monitoring system. Today, this innovative scheme of ride-sharing is commonly understood as a dynamic platform on which driver partners with the companies and passengers are matched in order to reach a destination.

disrupts an existing market and value network, displacing the established market leaders and alliances, and hence it is called a disruptive innovation. The term disruptive innovation was first defined by Clayton M. Christensen of Harvard Business School in 1995. In his book 'The Inventor's Dilemma', Mr. Christensen used the term to describe innovations. The term disruptive innovation, coined by Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then persistently moves up market, and eventually displaces the established competitors. In fact by way of adding new values in the service and product, the disruptive innovations should discover new categories of customers and create new markets for that service or



With the increasing rise in use of such taxis, there is also an increasing threat to the sustainability of the traditional taxi services. In fact, many a times, the traditional taxi owners associations have come out openly opposing these app base taxi services like Uber, Ola, etc. This value addition in taxi services with a difference is certainly an innovation. This kind of innovation which on one hand creates a new market and value network, at the other hand it eventually

product. Many a times it is done by developing new business models and by exploiting old technologies in new ways. It is important to mention here that Mr. Christensen contrasted disruptive innovation with sustaining innovation which simply improves the existing products and process.

Before we discuss whether the tax-ride-sharing scheme is a disruptive innovation or not, let us review what we mean by the innovation. Normally, an



innovation is defined as any new idea which generates value. Where 'value' refers to any significant improvement in a process, product or service. Such innovations are called 'incremental innovation'. Let us come back to the concept of ride-sharing taxi services and see how it is an innovation.

Innovative features of Taxi-Ride Sharing Service

The innovative features of the taxi-ride sharing services can be summarized as follows:

- This new taxi ride-sharing service helps in connecting the taxi passengers to drivers through a smart phone app.
- The passengers can match their routes using technology and hence give them an opportunity to share their rides with whom they are comfortable.
- It also makes a passenger to pay lesser and the taxi is fully utilized. In turn there are lesser taxis on roads.
- It has proved to be an effective alternative to the unreliable and high cost local taxi monopolies.
- This GPS enabled network of taxis has reduced pick up time attracting more passengers and in turn more business attracting more drivers and hence generating more employment opportunities as taxi drivers.

Another innovative feature of the Taxi Ride-Sharing concept is that it has led to a number of startups also like RidingO, Poolcircle, Orahi, Poolmyride, sRide and Let's Drive Along, etc. introducing a new concept of transportation that is more affordable, accessible and environment friendly. These start ups have come up

with innovative technologies to address the security issues of the passengers. It is believed that the ride-sharing may scale up to address spontaneous demands of the taxi riders.

Evidently, this kind of innovative taxi ride-sharing concept has brought consumer friendly changes in the taxi services. It has got innovative solutions to a number of unsolved problems of the users faced while using the traditional taxi services. These problems include security and safety of passengers, arrogance and impoliteness of drivers, cheating the passengers, over charging, not in time services, etc. Undoubtedly, the innovative concept of ride-sharing taxi services has given solution to number of such problems and issues of the users and at the same time it has created new job opportunities and has helped in organizing the taxi service sector.

Is it Disruptive Innovation?

But it is interesting to mention here that the taxi ride-sharing concept is being considered as an example of disruptive innovation. It has generated feverish disruption in the field of taxi services all over the world [1]. Now the question is whether taxi ride-sharing concept is a disruptive innovation or not? Before finding answer to this question, let us first see in which situations an innovation can be considered as a disruptive innovation. According to Christensen [2], there are basically the following criteria to call an innovation as disruptive innovation:

1. Firstly, the innovation must gain a foothold in a low-end market that had been ignored by the incumbent in favor of more profitable customers. Otherwise, the disruptor must create an entirely new market, turning non-customers into customers.

2. Secondly, it should target people who already use that service or product, and it doesn't provide a particularly lower-end or cheap experience.
3. Thirdly, a truly disruptive innovation should begin with low-quality offerings, and then eventually capture the mainstream market by improving quality.

Now, if we try to match the characteristics of the taxi ride-sharing scheme on the above mentioned criterion of disruptive innovation, we find that this doesn't fit into either of the first two criteria as it targets mainly those people who already use taxi services, and it doesn't provide a particularly lower-end or cheap experience. We have to find out whether it has created entirely new market and new customers?

Secondly, though it has begun with quality offerings and has disrupted the traditional taxi service system, but has it actually made or is going to make the traditional taxi services obsolete? It is true that the traditional taxi service providers are forced to think innovatively and find new and better business models to compete with this new model

of taxi services. It is also learnt that the taxi-ride-sharing service providers have started to use unfair tactics against both its rivals and critics. Moreover, the recent unhealthy incidences of abusing, cheating and harassing the passenger by these taxis have also put question mark on considering this as a disruptive innovation. You can also put your views in this context.

References:

1. Case of disruptive innovation(2016), *The Star Online*, 16 May 2016. <http://www.thestar.com.my/opinion/letters/2016/05/16/case-of-disruptive-innovation/>
2. Clayton M. Christensen, Michael E. Raynor and Rory McDonald (2015), What is Disruptive Innovation? *Harvard Business Review*, December 2015, pp.44–53. □□

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Innovative Idea

Wheel Chair Convertible to Crutches

It is a fact that the ideas can trigger in your mind any time. Some ideas may be very useful and revolutionary. In order to encourage children to think differently and find innovative solutions to day to day problems, National Innovation Foundation – India organizes a national level competition named as the IGNITE competition. This competition provides a very good platform to the young minds of the country to experiment and innovate, and come up with something extraordinary. Through these competitions a variety of new and innovative ideas have come up over the years. On such idea is to design a wheel chair which could be converted into crutches when ever required.

Three students S Ramakishore, Sanjay Srinivas, Tamil Selvan of class 10, Maharishi International School, Chennai, Tamil Nadu have come up with an idea of designing a wheel chair convertible to crutches. This idea of having a modified wheelchair that can be

folded and converted into a crutch so that it is easy to take it on stairs as well use on flat surface.

Note: This idea has been reproduced from the NIF website in the interest of the budding innovators.

