**BUSINESS MODEL INNOVATION:**

**Understanding the Power of Blue Ocean Thinking**

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Business Model Innovation involves creating entirely new approaches for doing business.

Business model innovation is transformative; that is, it redefines the competitive playing

field by introducing an entirely new value proposition to the consumer. In the book

*Blue Ocean Strategy*, authors Kim & Mauborgne (2005) make the argument that in order

to create new growth opportunities, innovative companies must create an entirely new

market space. They use the metaphor of red and blue oceans to describe the market universe.

*Red oceans* are all the industries in existence today; that is, the known market space).

Direct competition is the order of the day. In contrast, *blue oceans* describes the potential

market space that has yet to be explored. Competition is irrelevant because the rules

of the game are waiting to be set. Examples of blue ocean companies from the past include:

Disney (theme parks), HBO (pay cable television), Facebook (social media), Apple

(smartphones) and Pixar Studios (CGI animation) to name only a few

This presentation represents a unique opportunity to look at the importance of innovation

and innovative thinking to the long-term success of today’s leading media and telecom-

munications companies. Specifically, it will address two important questions. First,

what does it mean to be an innovative media business enterprise? Second, how has business

model innovation been used to transform the field of electronic commerce? This

presentation will also consider some of the challenges associated with innovation failure; specifically, when companies fall victim to the innovator’s dilemma and playing it safe.