DISRUPTIVE INNOVATION IN HIGHER EDUCATION:
What is it and how does it impact on our planning?

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Disruptive innovation

“is an innovation that makes a complicated and expensive product simpler and cheaper and thereby attracts a new set of customers.”

Clayton Christensen
Harvard Business School
Example of disruptive innovation
Sustaining versus disruptive technologies

Technology transforms:
• human resources
• capital
• materials
• information

Products and services of greater value

*Sustaining* technologies generally improve the performance of *established products*, that is valued by *mainstream customers* in *major markets*.

*Disruptive* technologies usually have worse product performance initially but have features that (generally new) customers value. They are often *cheaper, simpler, smaller or more convenient* to use.

Ref: The Innovator’s Dilemma, Clayton M. Christensen, 1997
The impact of Sustaining and Disruptive Technological Change

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Why companies fail to compete

May be due to bureaucracy, arrogance, tired executive, poor planning, short-term investment horizons, inadequate skills and resources, or even bad luck

BUT

**well managed** companies can also lose market dominance by not investing in disruptive technologies. They may have concerns about:

lower margins rather than greater profits, ‘insignificant’ markets, the new products may not appeal to the most profitable customers

Ref: The Innovator’s Dilemma, Clayton M. Christensen, 1997
‘Disruptive innovation’ is now evident in the way information is stored, organised, transmitted and retrieved. Examples include:

- Online and blended learning
- Mobile and Cloud computing
- Social networking
- MOOCs (massive open online courses)

“In the near future, “internet appliances” may become disruptive technologies to suppliers of personal computer hardware and software” (The Innovator’s Dilemma, Clayton M. Christensen, 1997)
The media tells the story

Brace for dawn of digital delivery

Only elite to survive slump in uni funds

Bubble risks bursting as 'learning costs outpace value'

UWA signs on to MOOC revolution

‘Added value’ key to keeping an edge as competition heats up
Coursera (>1.7M students by Oct 2012)
Academic Earth (free online video lectures)
iTunes U (manage, distribute and control access to digital content)

iTunes U

Your courses. Like you’ve never been able to teach them before.

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Sample of the current literature

Deloitte

Disruptive Innovation
Case study: Transforming higher education

CLAYTON M. CHRISTENSEN
HENRY J. EYRING

THE INNOVATIVE UNIVERSITY
Changing the DNA of Higher Education from the Inside Out

Disruptive Innovation and Catalytic Change

Disrupting College
How Disruptive Innovation Can Deliver Quality and Affordability to Postsecondary Education

February 2011

THE UNIVERSITY OF NEWCASTLE AUSTRALIA
The Disruption of Harvard Business School

- Costs about $250,000 to get a Harvard MBA
- Concerns about moving up the quality chain and losing touch with the mainstream customers
- Many companies cannot afford to hire Harvard MBAs
- Corporations now setting up their own universities
- ‘Harvard advantage’ is networking, connections, brand
- Is there a need for thinking outside the current organisational structure in order to innovate?
- Migrate away from ‘teachers’ to hardware and software programs that customise students’ learning experiences

Ref: Disruptive Innovation and Catalytic Change in Higher Education
Where and how do we recruit students?

What type of teaching and learning facilities (physical and virtual) are most appropriate?

How many academic staff are needed and what should their skill set be?

When does attending class add value?

What resources do students need and how do we match expectations (“anywhere, anytime and on any device”)?

How do we become more strategic in our planning?
How to respond to the challenge?

- Accept that fundamental change is coming to higher education
- Realise that online learning will allow more students to study with high quality and affordable cost
- Acknowledge that many students will continue to place value on the campus experience
- Strategic investments in staff and physical facilities will continue to have value
- Adopting online learning technologies will offer the best of both worlds
Surviving and thriving

- Institutions that cling too long to the old model are unlikely to survive
- Those that innovate quickly have a bright future
- Innovation is not a defensive reaction but a strategy for success
- What is your institution’s ‘DNA’ and can it be re-engineered?
- How can you focus on your institution’s unique strengths to raise quality, lower costs and add value?
In summary:

How are creativity and innovation integrated into YOUR planning processes?

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