

A Market-based
Perspective on
Technology Evolution
and Innovation

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What drives change?

The Internet is a market, like any other

Consumers of Internet goods and services make purchasing choices

These consumer choices are what drives the market

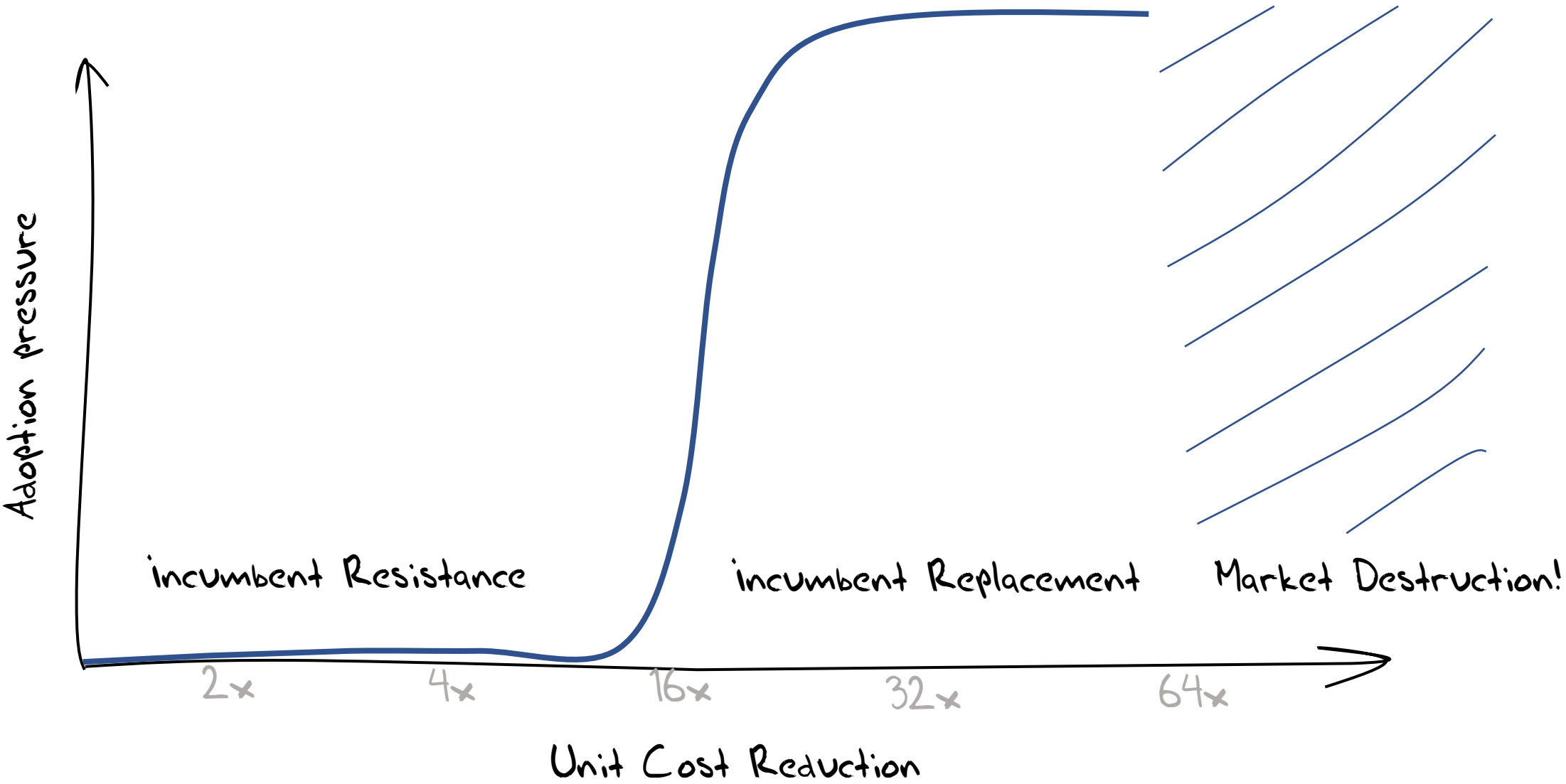
Consumers tend to show cost-based preferences

Innovation that reduces the cost base of services tend to gain market share

The greater the cost shift the greater the impact of the innovation on the providers

There is often a “tipping point” of innovative change that makes it irresistible

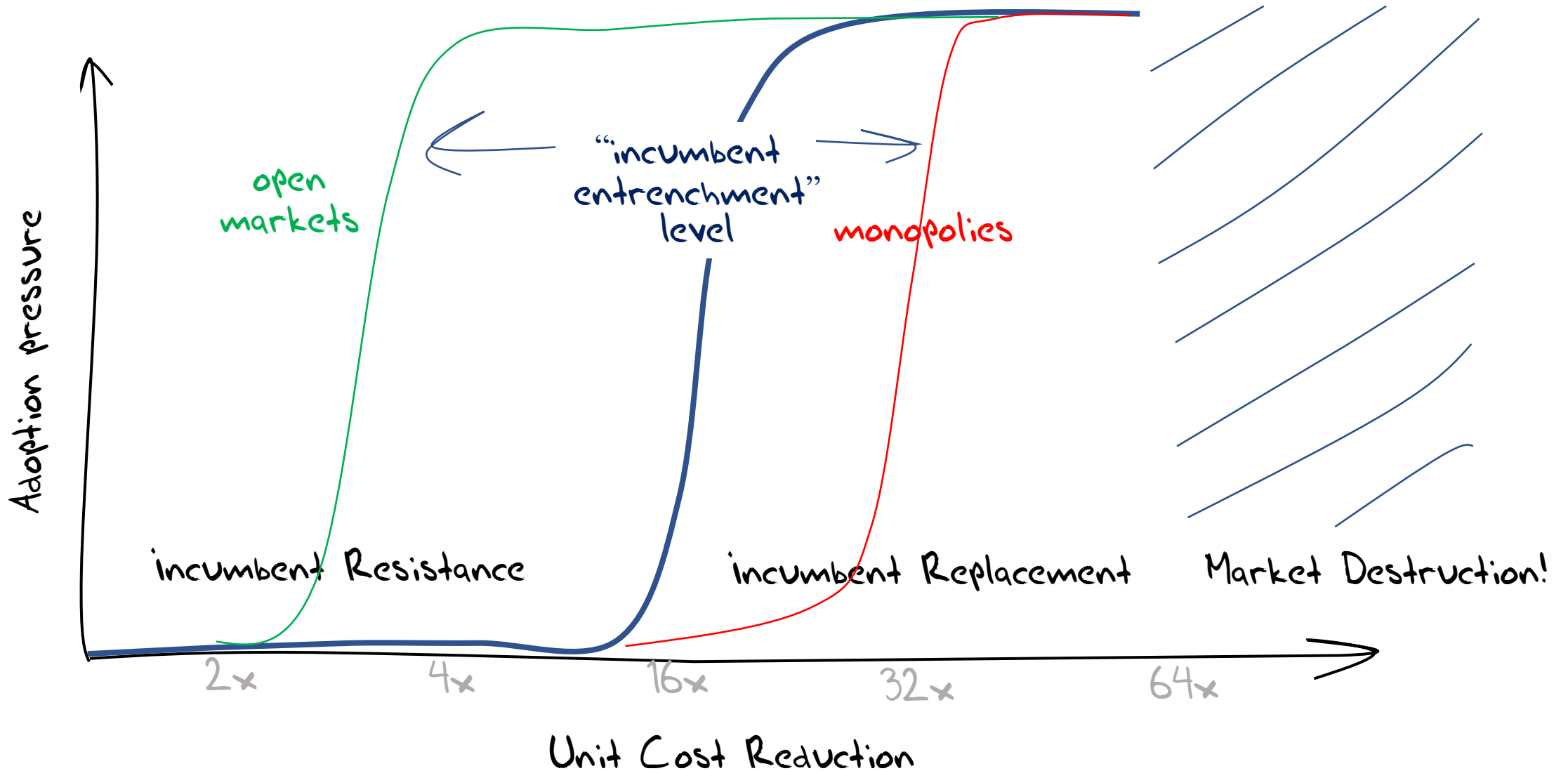
Economics of Innovation



What resists change?

- Volume tends to increase inertial resistance
 - And the digital world has massive volume
- Monopoly incumbency resists change
 - And the digital world is now dominated by a small set of incumbents
- Changes that do not impact the cost base of the service increases resistance
- The emergence of large scale digital incumbents creates its own challenges

Economics of Innovation



A Gentle Touch

- A continual flow of innovation into competitive markets that alter the cost base tends to create a continuous marginal advantage to the innovator
- The trick is to avoid entrenched monopolies
 - As their inevitable eventual displacement is extremely messy and highly disruptive

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Which is all good in theory, but for the internet it's all just too late!

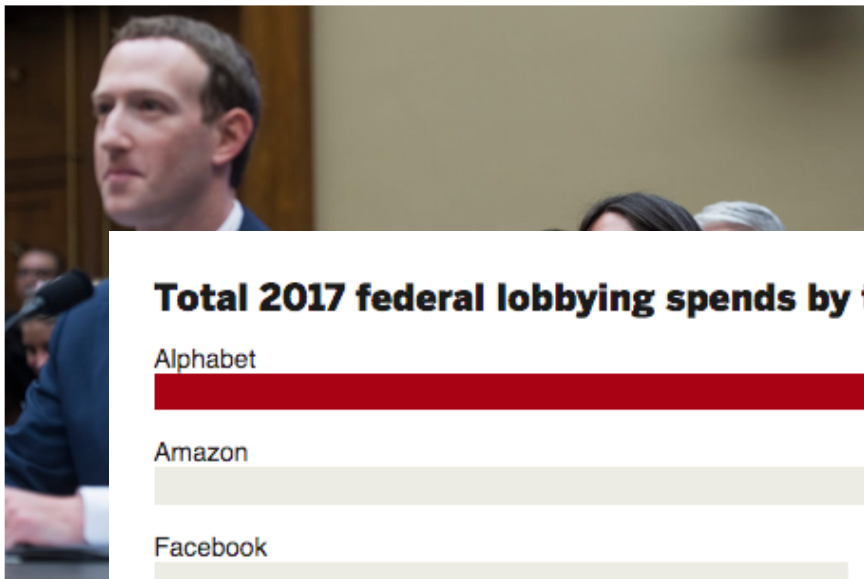
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The Internet's Gilded Age

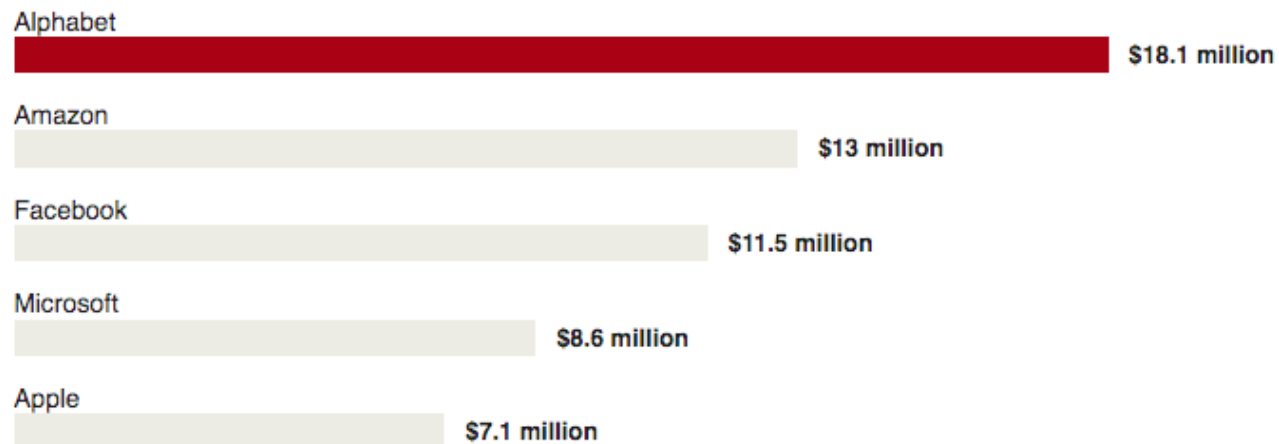
The New York Times

Tech Giants Amass a Lobbying Army for an Epic Washington Battle



Catlin O'Neil
committee on
policy for Fac
Tom Williams/

Total 2017 federal lobbying spends by tech giants



SOURCE: Open Secrets

WA... actions and legislation to curb their power, four of the biggest technology companies are amassing an army of lobbyists as they prepare for what could be an epic fight over their futures.

