"The digitization of processes and interfaces is a source of worry. But the feeling of not knowing when, or from which direction, an effective attack on a business might come creates a whole different level of concern. News-making digital attackers now successfully disrupt existing business models. No wonder many business leaders live in a heightened state of alert".

So reports McKinsey in their article, “The Economic Essentials of Digital Strategy“. They go on:

- Posing the question, “Don’t we need to focus more on the nature of the disruption we expect to occur in our industry rather than on who the disruptors are today? What about the next 50 start-ups and the next wave of innovations? How can we monitor them all? Don’t we need to focus more on the nature of the disruption we expect to occur in our industry rather than on who the disruptors are today? I’m pretty sure most of those on our list won’t be around in a decade, yet by then we will have been fundamentally disrupted. And how do we get ahead of these trends so we can be the disruptors, too?”

- “This discussion resembles many we hear from management teams thoughtful about digital disruption, which is pushing them to develop a view of the deeper forces behind it. An understanding of those forces, combined with solid analysis, can help explain not so much which companies will disrupt a business as why—the nature of the transformation and disruption they face rather than just the specific parties that might initiate them”

- In helping executives to answer this question, we have—paradoxically, perhaps, since digital “makes everything new”—returned to the fundamentals of supply, demand, and market dynamics to clarify the sources of digital disruption and the
conditions in which it occurs. We explore supply and demand across a continuum: the extent to which their underlying elements change. This approach helps reveal the two primary sources of digital transformation and disruption.

• The first is the making of new markets, where supply and demand change less. But in the second, the dynamics of hyperscaling platforms, the shifts are more profound (exhibit). Of course, these opportunities and threats aren’t mutually exclusive; new entrants, disruptive attackers, and aggressive incumbents typically exploit digital dislocations in combination.

• They present a neat supply and demand model – click here.

That’s what our work is about with The VUCA Report:
• Focusing on the nature of disruption/kinds of VUCA we can expect

• Understanding the deeper forces behind VUCA

• Sensing the fundamentals of demand (the demands that VUCA forces will place upon us) and supply (how we must develop our agility capabilities in response)

It is indeed a supply and demand thing. When demand exceeds supply, prices go up – when our demands of VUCA exceed our supply of agility, the price we pay goes up – avoidable costs, opportunity costs and potentially our future prosperity. When supply exceeds demand, prices go down – when our supply of agility exceeds the demands of VUCA, the price we pay goes down and the rewards we reap go up. VUCA is full of opportunity rather than threat.

Participate in The VUCA Report to make sure you don’t pay a high price.

*Originally posted by Mike at http://www.agilitycode.com/whos-been-asleep-at-the-wheel/the-supply-demand-of-vuca-digital-disruption-or-distraction/

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