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Pre-solving Predictable Problems Is Better Than Experiencing Them

On an almost daily basis, we read stories about how every industry is facing digital disruption. Although there has been a flurry of negative articles warning how we are heading for a dystopian technological future, the reality is that disruption has always happened; it is the speed at which it happens that has changed. Way back in 1942, Joseph Schumpeter coined the phrase "Creative Destruction" to describe something new that kills something old.

Dominant and seemingly untouchable brands have disappeared over the years. It was only 15 years ago that Nokia ruled the world of mobile phones. Its ubiquity ensured that people didn't even need to talk about the brand itself and referred to handsets by their numbers, such as the famous 3210 that so many people loved.

Many have questioned if what people are calling the sharing economy will replace the economy we have now. There are also countless examples of businesses retiring roles from our past and replacing them with new, relevant jobs that transform industries. The disappearance of iconic brands, such as Pan Am, Enron and Blockbuster, to name a few, illustrates how our world can change dramatically very quickly.

Could a major technology company, one that has been on the leading edge for years, face disruption? Earlier this year, we learned that Google paid Apple $1 billion to keep its search bar on all Apple devices. In addition, the search engine behemoth continues to pay a percentage of any revenue that it generates from an Apple device. Although the exact figure is unknown, it was revealed in court to have been as high as 34 percent. Google objected and asked the judge to strike the mention of this highly sensitive figure from the record. But the number itself is irrelevant; it's the over-reliance on another platform that provides concern.

Another revealing statistic is that 75 percent of Google's mobile advertising revenue comes from Apple's iOS devices. This raises several questions around what would happen if Apple suddenly refused to accept the $1 billion and removed the Google search engine from all of its devices. Could this high dependency on Apple be Google's Achilles' heel?

If Yahoo's Marissa Mayer had succeeded in her plan to persuade Apple to replace Google with Yahoo Mobile Search, would the fortunes of both companies be very different right now? With the majority of mobile ad revenue being generated on a competitor's platform, it becomes very easy to see how even the most powerful search engine in the world has vulnerabilities.

The massive untapped Chinese market, for example, has been troublesome for Google, with many of its services blocked by government firewalls. Google is uncomfortably dependent on Apple in this area and needs to prepare for the eventuality that Apple could pull the plug at any moment to create its own solution or sell to a higher bidder.

Both Apple and Google have been using what I call an anticipatory methodology to rapidly grow to the size and power they enjoy today. Apple has been increasingly using its anticipatory strategy to design and leverage its strong position in hardware. An interesting article in Apple Insider went as far as suggesting that Apple could be planning to "starve Google's core business into irrelevance by targeting the valuable foundation of Internet ads."

As we all know, the devil is always in the details. It's hard to tell if this is Apple's strategy at this time. On the other hand, it is relatively straightforward to demystify technological change and find certainty in an uncertain world by focusing on being anticipatory rather than getting good at reacting faster than others. There is already evidence that Google is protecting its business by leveraging a number of Hard Trends to shape its future rather than dig in and compete with others.

Google has never been a conventional company and seems to understand that innovation can be applied to corporate structure, not just products and services. For example, in Google's continuing efforts to experiment with an ever-increasing number of potentially game-changing projects, it looked ahead at the predictable problems it would be facing regarding its current corporate structure and pre-solved those future problems by creating the parent company Alphabet last year. This was a powerful way to turn a future organizational problem into an opportunity. By becoming a modern version of Warren Buffet's Berkshire Hathaway, Alphabet will provide a much better way to accelerate growth and extend Google's ongoing influence in our lives.

To thrive in this new age of exponential change and growing uncertainty, it is now an imperative to anticipate both problems and opportunities in the future by learning what Apple and Google have learned – how to use the certainty of Hard Trends to drive innovation and actively shape the future.

About the Author:

DANIEL BURRUS is considered one of the world's leading technology forecasters and innovation experts, and is the founder and CEO of Burrus Research, a research and consulting firm that monitors global advancements in technology driven trends to help clients understand how technological, social and business forces are converging to create enormous untapped opportunities. He is the author of six books including The New York Times best seller Flash Foresight. This article is reprinted with permission. Reproduction without permission is strictly prohibited. For reprint permission, contact Burrus Research, Inc. at office@burrus.com.

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