

Disruption Risk Assessment

The disruption risk assessment helps identify how healthy or at risk a business model in your portfolio actually is and how much attention it needs to be improved and de-risked. The assessment includes two dimensions:

1. Business model performance

strengths and weaknesses

reveals positioning on exploit portfolio x-axis

2. Business model trend

opportunities and threats

indicates likely future positioning on x-axis



Performance – Strength and Weakness Assessment

Frontstage

	Our products and services perform worse than those of our competition.	-3 -2 -1 0 +1 +2 +3	Our products and services are highly differentiated and loved by our customers.
	We lost over 20% of our customer base in the last six months.	-3 -2 -1 0 +1 +2 +3	We increased our customer base by at least 50% over the last six months.
	We are 100% dependent on intermediaries to get products and services to customers and they are making market access difficult.	-3 -2 -1 0 +1 +2 +3	We have direct market access and fully own the relationship with the customers of our products and services.
	All our customers could theoretically leave us immediately, without incurring direct or indirect switching costs if they left.	-3 -2 -1 0 +1 +2 +3	All our customers are locked in for several years and they would incur significant direct and indirect switching costs if they left.

Backstage

	Our key resources are significantly inferior to those of our competitors and they have deteriorated over the last six months. New entrants compete with new, better, or cheaper resources.	-3 -2 -1 0 +1 +2 +3	Our key resources can't easily be copied or emulated for the next couple of years and they give us a competitive advantage (e.g., intellectual property, brand, etc.).
	The performance of our key activities is significantly inferior to that of our competitors and has deteriorated over the last six months. New entrants compete with new, better, or cheaper activities.	-3 -2 -1 0 +1 +2 +3	Our key activities can't easily be copied or emulated for the next couple of years and they give us a competitive advantage (e.g., cost effectiveness, scale etc.).
	Over the last six months we lost access to key partners.	-3 -2 -1 0 +1 +2 +3	Our key partners are locked in for years to come.

Profit Formula

	We lost over 20% of our revenues in the last six months.	-3 -2 -1 0 +1 +2 +3	We doubled our revenues over the last six months and are growing significantly faster than our competitors.
	Our cost structure grew faster than revenues and is significantly less effective than that of our competitors.	-3 -2 -1 0 +1 +2 +3	Our cost structure shrunk compared to revenue growth and is significantly more effective than that of our competitors.
	Our margins shrunk by over 50% in the last six months and/or are significantly lower than those of our competition (e.g., over 50% lower).	-3 -2 -1 0 +1 +2 +3	Our margins increased by at least 50% in the last six months and/or are significantly higher than those of our competition (e.g., over 50% higher).

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Trend – Opportunities and Threats Assessment

Trends Impact on Frontstage

	New entrants are gaining traction with cheaper, better, or substitute products and services that may make our business model obsolete.	-3 -2 -1 0 +1 +2 +3	Competition for our products and services is shrinking and our products and services are likely to gain traction and benefit from that.
	The markets in which we are active are projected to shrink significantly over the coming years.	-3 -2 -1 0 +1 +2 +3	The markets in which we are active are projected to grow significantly over the coming years.
	Various trends (tech, cultural, demographics) are reducing the friction for our customers to leave us and never come back.	-3 -2 -1 0 +1 +2 +3	Various trends are making it harder for our customers to desert us and the friction for them to leave is increasing.
	Social and cultural trends that are projected to grow are driving customers away from us (e.g., sustainability, fashion, etc.).	-3 -2 -1 0 +1 +2 +3	Various trends are making it harder for our customers to desert us and the friction for them to leave is increasing.

Trends Impact on Backstage

	Technology trends that substantially undermine our business model or make it obsolete are gaining traction.	-3 -2 -1 0 +1 +2 +3	Technology trends that substantially strengthen our business model are gaining traction.
	New regulations make our business model significantly more expensive or impossible to operate and give our competitors an advantage.	-3 -2 -1 0 +1 +2 +3	New regulations make our business model significantly cheaper or easier to operate and give us a competitive advantage over our competitors.
	Suppliers and value chain actors are changing in a way that puts our business model at risk.	-3 -2 -1 0 +1 +2 +3	Suppliers and value chain actors are changing in a way that radically strengthens our business model.

Trends Impact on Profit Formula

ECONOMIC	An economic downturn in the next six months would be lethal to our business model (e.g., due to high cost structure, debt obligations, etc.).	-3 -2 -1 0 +1 +2 +3	Our business model is resilient and would even benefit if an economic downturn happened in the next six months (e.g., due to weak competitors).
GEOPOLITICAL	Our business model depends on key resources or other factors that may be affected by geopolitical or other external forces (e.g., commodity prices, trade wars, etc.).	-3 -2 -1 0 +1 +2 +3	Our business model does not depend on key resources or other factors that are affected by geopolitical or other external forces (e.g., commodity prices, trade wars, etc.).
VC FUNDING	There are a significant amount of venture capital funding start-ups in our arena and this has grown over the last six months.	-3 -2 -1 0 +1 +2 +3	There are little to no venture capital funding start-ups in our arena.