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INTERESTING SHIFTS IN GLOBAL BUSINESS SCENE

Conventional business thinking sometimes becomes irrational and is thrown to winds. This could be called as disruptive or creative, the popular lexicon with many columnists, based on  the popular work of Harvard Business School professor Clayton Christensen.  The legendary innovator and serial entrepreneur ELON MUSK has set a cat among the pigeons by announcing that his innovations are available for the whole world and that he would open up all his patents for  his competitors too.

ELON MUSK is easily one of the most innovative businessmen of the contemporary era. He can be counted along with Bill Gates of Microsoft, late Steeve Jobs of Apple corporation. His varied interest based on technology and his uncanny ability to set  the trends in his chosen field has attracted a lot of attention. He has the knack of picking up good startups and turning them into winners. His venture into electrical vehicles has been partly successful and he has been able to penetrate into the "dog eat dog" automobile industry. His vision to improve the carbon foot print by aggressively pushing the usage of electrical vehicles did not meet with the expected success.  His Tesla motors sold only  about 30,000  vehicles in United States last year,  though the vehicle  carries  a steep price tag of about US $ 70,000. Howevr, his company has filed more than 2,000 patents, including more than hundred patents for battery design alone.  He had  identified that the constraint in the efficiency of electrical vehicles was the performance of  battery, and has invested heavily in research to improve it's cost, weight, discharge and life. Though his company had gained by research, the first mover advantage gave him limited success. It struck him  that to improve volumes in the electric vehicle industry, cooperation of all the players is essential and the real competition  from the conventional gasoline powered vehicles can be met only through joint effort. He has risked  to share the knowledge accumulated over years of research with his competitors. Mr.Chetan Maini, the CEO of Mahendra Reva electric Vehicle Pvt., Ltd., the only manufacturer of such vehicles in India, in a interview with a leading business daily was all praise and welcomed this historic development.

Will this change be a trend setter for the future?  Corporations invest huge resources to innovate and  acquire  intellectual property. Then they use the services of battery of specialists and professionals to legally protect this valuable asset by patenting them around the world. Even  minor infringements are fought bitterly and the disputes are escalated to diplomatic levels in some cases. Such occasions where the patents are opened to competitors before the legal life of the patents, is very rare. This  move by Elon Musk could have chain reaction  if the other manufacturers reciprocate this gesture and  share knowledge seamlessly.  Such a paradigm shift would, ultimately, benefit the whole industry to develop standardized and efficient automobiles to compete against conventional autos, in turn  have a positive effect on the burning of fossil fuels and the consequent carbon emissions. Mr.Elon Musk must be appreciated for this brave move to initiate this trend in knowledge sharing. Will the others industries take a leaf out of this?

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A small but a significant policy announcement by United States could shakeup the geo economic situation. The US has recently tweaked  the policy of exports of unrefined oil by permitting two small companies to go ahead. Many more oil companies are lobbying hard to permit them export unprocessed shale oil to obtain better prices in the global market. Its is only a question of time before this happens .This  marked shift in the policy after four decades can have a disruptive and contagion effect in the global oil market.

All along, the prices in the international oil market were determined by the OPEC and the world was a mute spectator. US was one of the largest importers of crude oil and has special interest to maintain stable prices and supplies. The shale oil production in US  that began about a decade ago in  an insignificant manner has assumed humangous proportions and it is expected that the US would be self sufficient by the year 2020 and start exporting from there on. The present price of the crude oil supports the continued exploration and production of shale oil in the US. The US's self sufficiency and export of shale oil could play out in different ways in the geo political and economical situation in the world, the glimpses of which are already visible. It could be observed that the US is no longer actively  interested in maintaining peace in the oil rich west Asian  region. Though the situation in Syria and Iraq are very grave, which could affect the crude oil supplies, US is just not getting involved.

India is big importer of crude oil and this  uncertain and evolving  situation could affect the green shoots in the economy. India must watch the situation very carefully,move fast  and protect it's interests.