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Cleantech Product Commercialization Lessons from the Electronics Hardware Industry: The Implications of the “Tech” in Cleantech

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These days it is common to add “tech” to an existing industry to connote vision and innovation, but from my thirty years of experience in the electronics industry I would assert that more apt adjectives are electronification, commoditization, globalization, and creative destruction.

A proxy for tech is computing and communication in the form of electronics hardware and software. The first sign that a new model is emerging is when these elements are applied to your industry, which I call electronification. Once this occurs, the industry starts to behave like the underlying electronics industry, with the winning business model based on Moore’s law and open ecosystem global supply-chains. This combination of lateral innovation and supply chain innovation (T-innovation) leads to exponential growth in the pace of new technology introduction that the incumbents cannot compete with.

No industry is immune, no matter how high-tech or mission-critical your product. Starting in the 1990’s, as a member of Celestica’s founding management team, I helped industry-leading companies in computing, storage, communications, medical, industrial, and aerospace attempt to adjust. Many did not make it. My experience is that the prevailing business model in an industry doesn’t break down due to innovations from incumbents with similar technologies, but rather from new competitors in adjacent industries who adapt their proven products to the new markets. I believe that we are at that stage with the energy industry.

For example, the energy industry, particularly electricity, is being disrupted by renewable energy, storage, power electronics, and energy-monitoring technologies, many from Canadian companies. If history serves as a guide, while the incumbents will attempt rearguard actions, eventually consumers will choose to take matters into their own hands.

So, Canada has a choice, does it continue to take half-measures, keeping one foot in the old fossil fuel/electricity model, propping up an increasingly uncompetitive sector with increasing cost to citizens? Or does it start to put more of its resources behind creating the conditions for a future-proofed, made-in-Canada electricity ecosystem?

For the sake of our children’s future wellbeing, I would prefer not to repeat the Nortel, RIM, IBM story. I would also prefer not to pass the legacy of climate change to them. This is the defining issue of our generation and it is time for a truly sustainable growth strategy for Canada to deal with it.



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