



Research Article

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## Study on the connotation, cause and overtake strategy across in the operation of enterprise micro-innovation business model: A case research on Jihu 360

Peng-jie Sun<sup>1,2</sup>

<sup>1</sup>Hua Qiao University, Quanzhou, China

<sup>2</sup>Logistics School of Linyi University, Linyi, China

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### ABSTRACT

*With the rapid advancement of technology and further development of the knowledge economy, traditional model of closed innovation can no longer meet the need of enterprises for innovation and development, hence enterprises begin to attach great importance to the micro innovation model. This article will combine theory and commercial practice, analyze the connotation, reason and internal regularity of the Micro-innovation business model, discuss the successful mode of operation and decided after the business across the catch up with counter measures. By introducing the typical practices of Micro-innovation in Jihu 360, a summary is presented of the basic experience of open innovation and its revelations for Chinese enterprises.*

**Key words:** Micro-innovation; business model; internet enterprise

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### INTRODUCTION

Business model became popular in the 1990s; the background is the rise of the Internet. Because people recognize that under the global informationization tide impact, speed up technological change and more uncertain business environment Time, the business model corporate decision is the most important factor to success[2]. Business model innovation can bring the strategic competitive advantage[1], enterprise should have the ability to the most critical under the new economic environment. In recent years, the business model innovation has become a research hotspot in the field of enterprise innovation management[3]. As a new management pattern, business model innovation has as much as the importance of technology innovation, biggest competition between the enterprise and the enterprise competition is business model innovation in the 21st century's. In addition, strategic thinking is the most important thought in a business model, and this idea has transcended the boundary as follows: industry boundary, value chain boundary, and customer demand boundary, business model innovation also pointed out creation and essence in the logic of enterprise value[4]. Business model innovation provides a development path and guidance value to the enterprise competition in the small profit era. Innovative business model was invented by Apple Inc., and this kind of mode is one of the most important mode of innovation that the enterprise face in future ultra-competition environment. In China, the enterprise and innovation management all lighted up with flashes of "innovation"[5]. In the process of overcome the technology giant Google enterprise, Baidu has a lot to adapt to the local micro-innovation. VANCL shocked the entire industry by a series of enterprises "innovation", and it creates one champion product, giving full play to the customer's right to vote. Similarly, HaiDiLao through "abnormal" service mode, challenge to the traditional food and beverage industry.....[6]

But not every micro-innovation can be recognized by new capital market, in fact, there are a lot of enterprise of innovation in the industry did not cause a big response quickly disappear. Mainly lies in the innovation business

model has its own unique the strategic situation of space and time, not all of the industry and the company can imitate and follow, and the innovation model itself the backend interface is difficult to imitate, do not copy, learn not to, cannot steal strategic support ability.

Paper summarizes the experiences of the micro innovation business model enterprise operating results, draw lessons from the relevant theory, has analyzed the connotation of micro innovation business model operation, motivation, and the model of operation and decided to catch up with the countermeasures of backwardness enterprise across, business model for the enterprise to provide the reference of planning, strategy formulation.

## **I .THE CONNOTATION OF MICRO-INNOVATION BUSINESS MODELS AND MOTIVATION**

### **A. The connotation of micro-innovation business models**

Whether in theory or in the corporate world, the concept of micro-innovation has its definition and converge. For example, school of management in Tongji university, professor, doctoral supervisor, Yanmei Zhu ,Her point of view: "From the perspective of the development history of industry, innovation, in most cases are not disruptive, but a gradual and open." micro innovation ", tells us, from the practical and theoretical value innovation in most cases is not a revolutionary, subversive, logic and the essence of innovation lies in the gradual openness." [7]

In the corporate world, Qihoo 360 chairman Hong-yi Zhou put forward the idea of "micro innovation " earliest, he defined the innovation and good imitation in fact, a good imitation is "innovation". That is to say, on the basis of the existing products, according to consumer demand, to do some minor improvements, better performance, lower cost, thus gain a competitive advantage.

Peter drucker's management practice, once said, the future competition between enterprises, is not between products, but competition between business models. Qihoo 360, Baidu, VANCL, and micro innovative business model of companies such as Apple Inc., we found that innovation has the following two characteristics, first, the customer relations - producer. Need interaction between enterprises and customers, through the interaction of the enterprise business model innovation; Second, continuous trial and error. Enterprises to achieve the desired effect, eventually need continuous trial and error, and then corrected by the plan of the enterprise.

### **B. The reason of micro innovative business model**

Ninety s of the 20th century, with the enterprise management environment change and the rapid development of economy and society, the existence of the traditional pattern of enterprise innovation foundation began to shake, micro business model innovation is starting to get attention from the theoretic and industry realms, especially in the Internet industry, the innovative business model based on the traditional business model, take customer as the center, starting from the consumer logic, focus on the customer's small demand, enterprises to respond to small changes. The formation of micro business model innovation is superposition and integration of a variety of small change. So the innovation has become the future of the Internet era methodology and world outlook.

## **II .THE RESEARCH OF THE PATH AND COUNTERMEASURES OF BACKWARDNESS ENTERPRISE ACROSS SURPASS UNDER MICRO INNOVATION BUSINESS MODE**

In the flat market environment, the focus of the enterprise innovation is looking for a "unique" competitive advantage. On the one hand, enterprises find in traditional research and development, technology innovation, on the other hand the enterprises depend on the whole operating process of the innovation. At the same time, in the Internet and information age, the consumer logic, with customers' need as the center, the enterprise must want to let the customer participate in the decision-making on the whole operating process.

The late-starting enterprises micro innovation new path and countermeasures in the following aspects:

Enterprises should first confirm micro innovation new methodologies and world view, in fact, in many aspects of the technology innovation is the innovation. The second is to look for new micro innovation method.

The first, deep understanding of consumers and users.

Guided by consumers and users, the enterprise should be good at "immersion" customer, understand customer needs, the real focus on "user experience". Not only that, let customer go deep into the deep layers of decision-making for the right to vote. , school of management in Tongji university, professor, doctoral supervisor, Yanmei Zhu also said: "in a small number of science and technology innovation to promote, mostly in the market and users for the engine." [7]

The second, building new enterprise culture of micro innovation.

Micro innovation should be a kind of hereditary gene, should be the culture of enterprise. Micro innovation in the practice of enterprises is focused on full habit behavior, including junior staff.

The third, carrying out “product selection” in the enterprise.

The concept of “product chosen people” how to identify the future of venture capital from Silicon Valley startup. Micro innovation business model in addition to the full support of customers, enterprises also need to companies like apple's Steve jobs "dictator".

The fourth, implementing target oriented innovation.

Most of the enterprises “micro innovation” no like Apple Inc. and Qihoo 360 industry as leader, the main reason is no attention to the terminal execution of the enterprise, not to implement the goal of innovation and result oriented.

Fifth, emphasis on data mining.

Internet companies in the database as the core asset of the enterprise, the database has a large user use of records and other information. The micro innovation should be accumulated in database foundation to expand. Every Internet companies through deep mining database resources to realize the product research and development, and optimize the enterprise products are now.

### **III. QIHOO 360 ANALYSIS OF THE CASE**

Qihoo 360 was established in September 2005, as China's Internet industry leading security software and network services company, and the company has successively obtained CDH, redwood, plateau, red dot Matrix, IDG venture investment enterprises such as joint investment of up to tens of millions of dollars in total. Qihoo 360 on March 30, 2011 officially listed on the New York stock exchange, to become listed companies. Qihoo 360 six years of rapid growth to cause the attention of strong theoretic and industry realms, its rapid growth is the root cause of micro business model innovation in the enterprise to carry out and practice.

Trojans and malware roared in the field of Internet in 2006, so computer users are in urgent need of cleaning and uninstall tool. In July, Qihoo to launch a free trial software installation - 360 security guards, the tool is dedicated to uninstall user trojans and rogue software in a computer. “360 security guards” push into the market by the vast number of computer users, more than 400 million people to install and use the “360 security guards” anti-virus software, as shown in table 1.

#### **A. Qihoo 360 micro innovation business model development evolution course**

Since 2005, Qihoo micro innovation business model has experienced five decisive evolution stages of development (as shown in the figure below).

The first stage: Embedded housekeeper, bound to third party antivirus software.

In February 2007, Qihoo establishing strategic alliance with Russia's Kaspersky, 360 security guards equipped with anti-virus software, 360 users can use free Kaspersky half a year, future earnings into, through the strategic alignment, Kaspersky also rapidly entered the Chinese software market. Qihoo, moreover, through to the computer users with embedded software butler service of the 360 security guards, the other software vendors to pay commission on the Qihoo's strategic goals.

The second stage: Launch "360 secured browser".

360 secured browser is Qihoo 360 security center was launched in May 2008 a based on the core IE browser, developers are the Windows of the world order of the phoenix studios and 360 security center jointly developed products. According to the market user surveys, 360 commonly used browser customer 316 million, second only to Microsoft's Internet explorer.

Table 1 360 micro innovation business model evolution path diagram

Evolutionary phase	Product line fission process	instructions
The original(2006)		Provide free and users are in urgent need of service, a huge number of users.
The first stage (2007)		Relying on its huge user scale, assist a third party selling software
The second stage (2008)		Popularization of embedded site navigation to the user's browser, which will be huge users into huge traffic
The third stage (2009)		the launch of free antivirus software, strengthen customer loyalty; the popularization of embedded web browser game
The fourth stage (2011)		With open platform, downstream users
The fifth stage (After 2012)		Copies micro innovation business model from traditional Internet to

		the mobile Internet,
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The third stage: 360 antivirus and game browser.

To overturn the traditional antivirus software industry charging mode, in order to occupy the monopoly of the industry, also consolidate user viscosity, in September 2009, Qihoo again after 360 antivirus software green version released official version for permanent free. Official version exclusive implementation and 360 other antivirus software compatibility co-exist, recognized by user greatly, users increases rapidly. In January 2010, Qihoo 360 users for the first time, and become the domestic users the most antivirus software.

In May 2009, Qihoo 360 game browser, the browser is currently the only for game on the Internet browser, tailored has China's most comprehensive library of web games, targeted function obtains the depth of the small white and hardcore game design.

The fourth stage: Open the user entry platform.

Qihoo 360 will eventually form a third party applications access to the open platform, through 360 security desktop, users won a unified portal platform, on the basis of unified portal platform extension into open platform into third party applications.

The fifth stage: The expansion of mobile Internet field.

President Qi of Qihoo 360 believes that the mobile Internet business is the undisputed focus on developing business in the future. 360 investment focus will shift to the mobile Internet, Qihoo will focus on launch and optimization of 360 mobile guards, 360 mobile phone assistant and 360 mobile phone browser, and other products and services, so that the micro innovation business model from traditional Internet extended to mobile Internet field.

## **B.Value analysis of micro innovative business model of Qihoo 360**

### *a.Expand the customer base*

Internet industry leading enterprise Baidu and Tencent in 2012 the enterprise value of up to \$46 billion and \$44.5 billion respectively, fully benefit from the two companies have large customer base. Compared with these companies, Qihoo 360 7 - 8 years, though starting late but thanks to their innovative business model, Qihoo 360 currently has more than 400 million user scale, and constantly increase user stickiness, the user traffic into revenue.

### *b.Formation of profit model*

Profit model is the core of the business model, because Qihoo 360 antivirus software is free to use, it can't be like other sites gain profits from membership fees, so you have to develop their own unique profit model. Qihoo 360 micro innovative business model of five evolutions, profit model is based on "permanent free" and "user security."

### *c.Keep the competitive advantage*

The Internet in the world who is the winner who has the stable customer base, from the enterprise the beginning of the BBS "search" to the future of "360" comprehensive search, Qihoo 360 series of products constantly, accepted by the market and users process, is actually a Qihoo 360 micro innovation path. In this process, the specific product research and development of its internal essence is developed along the minimally invasive new internal logic strategy, finally forms the Qihoo 360 industry competitive advantage.

## **CONCLUSION**

In the high-speed development of Internet and information economy era, enterprise development depends on not only the core ability and the internal resources, more should make full use of all can use external resources, to the idea of system theory and the open field of vision in the world within the scope of the enterprise business model innovation. Some typical enterprise applications such as Qihoo 360 micro innovation concept has made remarkable achievements, the enterprise practice shows that this is a correct way, the Internet enterprises should be based on the actual order to promote the innovation on the basis of the construction of business model, thus the resources play a synergistic effect and the spillover effect, in order to improve enterprise's competitive advantage and sustainable development ability.

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