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Chris Anderson, co-founder and CEO of 3DR, describes how the grassroots community of drone makers that his company helped grow disrupted the aerospace industry by cutting out the high cost of sending a pilot into the sky for aerial observations of things like traffic congestion and land management. Anderson says the victory was short-lived due to Chinese drone maker DJI, prompting 3DR to pivot away from consumer hardware and toward business applications.

Transcript

- When I say we disrupted the aerospace industry, this is what we did.. This is where we launched, right there.. This is the price of helicopters.. Import price of helicopters in the United States.. We basically destroyed the helicopter industry, because it turned out-- Not because we made helicopters, because we made another way to levitate sensors in the sky.. It turns out a lot of helicopters didn't want to be helicopters, they didn't want to have pilots.. They just wanted to put a camera in the sky, like traffic helicopters, there's firefighting helicopters, or LiDAR scanning.. They just wanted to put a sensor in the sky and there's better ways to do it than putting a man in the sky, or a human in the sky.. You don't see that very often.. Remember this is (stammering), this is me, I am right here at the dining room table with my children and LEGO, right? This is me right there sending $500 to a teenager in Tijuana..

This is the teenager in Tijuana building a factory on his own with like, by buying used Pick-n-Play machines and downloading the manual from the internet.. This is the U.S.. helicopter market.. Now, he didn't do it alone, I have to say, that at this point a lot of other people were starting to use our auto pilot and we created an industry of people who are just kind of bottoms-up, grassroots approach to aerospace.. But that's pretty profound.. Unfortunately, because of the scale you can't see it starts at one million dollars and it pretty much looks it goes to zero.. It didn't go to zero, it went to about $1500 which is where we came out with this.. But that same force that we used to disrupt the aerospace industry was used to disrupt us.. A very good company named DJI out of Shenzhen just did what we did, but did it better.. They brought the cost down, they brought the innovation pace up and the price of the consumer drone went from $1300 to $500 in nine months, which I don't think the world had ever seen either..

That is, that's the neutron bomb, right? That is the end of the American drone industry, at least consumer drone industry.. That's it, boom, it's gone! Everyone is gone, we're gone, GoPro's gone, Lily and everybody.. It completely vaporized the American drone industry on the hardware side.. I'll talk about that in a moment.. This is pretty dramatic, right? This is like, we talk about disruption.. This is the future of aerospace that's being played out at like, at light-speed, on a global scale, using open innovation, using all sorts of ways to get around regulatory barriers without breaking the law.. Things like export control and FAA regs, all of them had exemptions for what we were doin'.. So, that's pretty dramatic.. Basically, this is, when you pull back, this is what happened.. There was an industry that was going like this and it was gonna continue going like that forever until suddenly we came out of nowhere..

We're like, hey, it's just developer stuff.. It's just boards, it's just star pilots, it's just open-source code and they laughed, right? Then we're like, hey, you know what? You can actually put that in some plastic and batteries and motors, and it's a pretty cool, it actually works.. It's really easy to use and maybe the audience, again, discovering new audiences, maybe the audience is not the Air Force or the CIA.. Maybe the audience is like kids at Christmas.. Or maybe the audience is like construction workers.. Or maybe the audience is like scientists looking at land management.. If you made it really cheap, maybe you'd find something there, if you only made it easy for them.. Then we went really further, and they're like, you know what? Maybe, maybe this isn't even about drones.. Maybe this is just about measuring the world.. Maybe this is more like satellites and the internet of things than it is like aerospace..

Maybe, maybe we're just extending the internet into the sky, and that becomes a kind of a really big deal...