Innovation for Entrepreneur
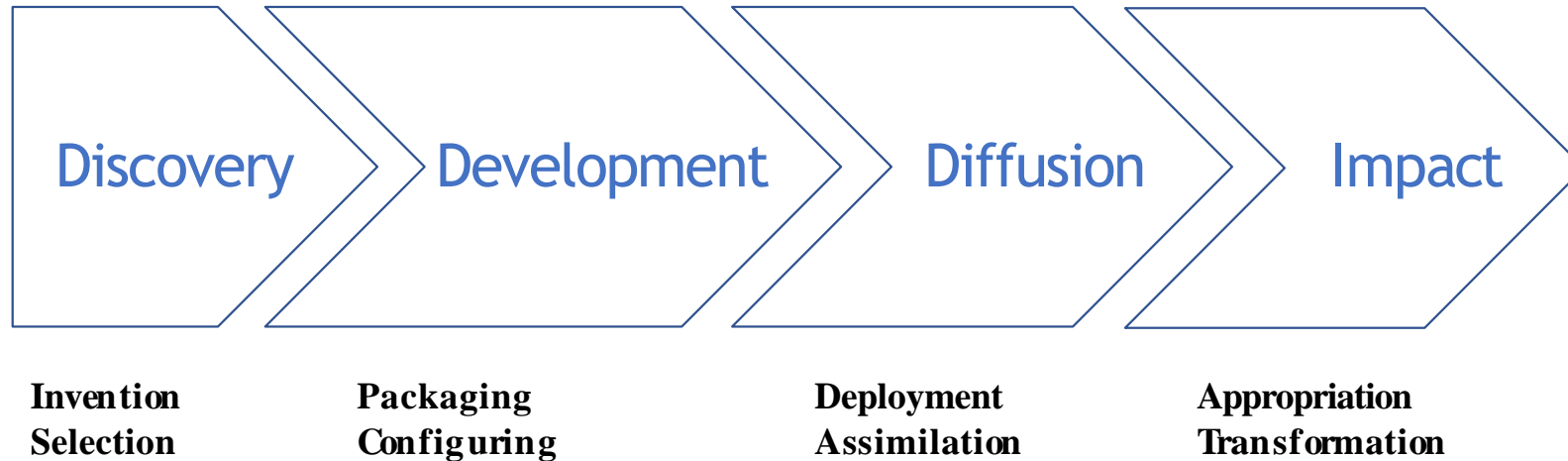
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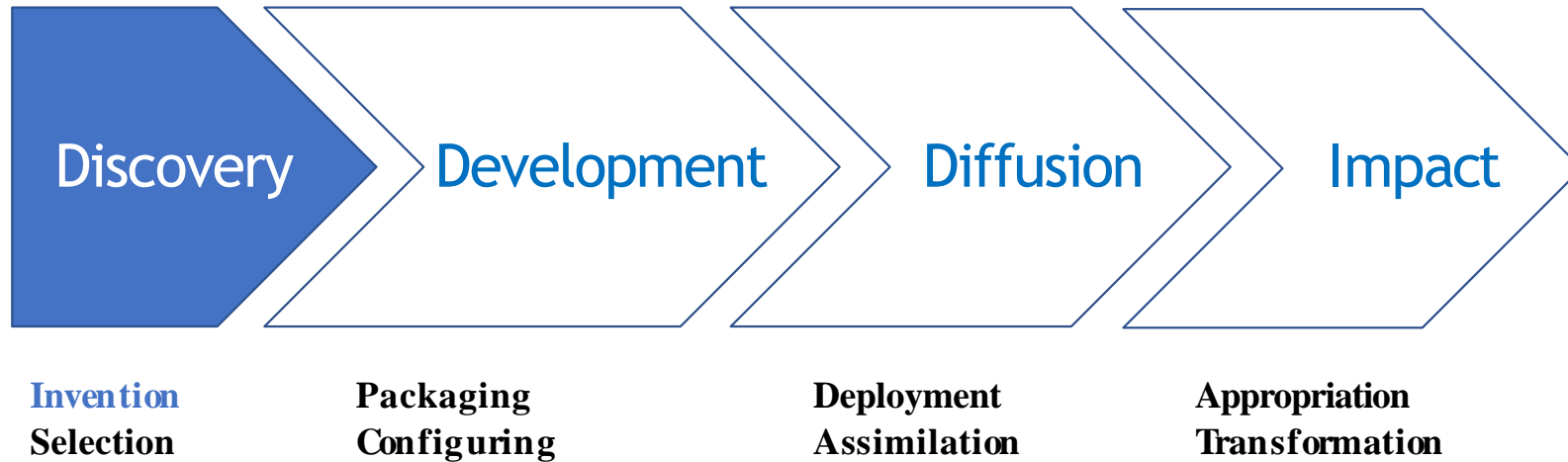
Open Innovation

888147 - Innovation for Entrepreneur

Stages of Innovation

Discovery	Development	Diffusion	Impact

Invention
Selection

Packaging
Configuring

Deployment
Assimilation

Appropriation
Transformation

Stages of Innovation

Discovery	Development	Diffusion	Impact

Invention
Selection

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- How do we discover a new invention?

- How do we get new ideas?

- How can we be innovative?

What do organizations do?

Innovation Strategies

Closed Strategy

Open Strategy

closed innovation

Closed Strategy

- In-house expertise

- Innovation has to be internal

- Don't share information

- 'Corporate secrets'

  - e.g. KFC, Coca Cola

Beliefs of Closed Strategy

- The smart people in the field always WORK FOR US

- To profit from R&D, we must discover it, develop it, and ship it OURSELVES

- If we discover it OURSELVES, we will get it to the market FIRST

- If we create THE MOST AND THE BEST ideas in the industry, we will win

Beliefs of Closed Strategy

- We should control our **IP**, so that our **COMPETITORS** don't profit from our ideas

- Often, closed innovation paradigms are used interchangeably with "Not Invented Here" or "NIH" syndrome. It is also sometimes referred to by decision makers as "*everything coming from outside is suspicious and not reliable*".

open innovation

Open Innovation

Open Innovation is combining internal and external ideas

as well as internal and external paths to market to advance

the development of new technologies.

Open Innovation

- Open Innovation is combining internal and external ideas as well as internal and external paths to market to advance the development of new technologies.

  1. *Many researchers are outside the firm*
  2. *developing innovation outside the firm is possible.*

"the use of purposive inflows and outflows of knowledge to accelerate internal

innovation, and expand the markets for external use of innovation,

respectively"

defined by Henry Chesbrough, 2003

Benefits of Open Strategy

- Reduction in the TIME AND COST of innovation projects

- Incorporation of solutions and innovations in the form of ideas, patents, products and technologies which WOULD HAVE NEVER BEEN generated by the company due to lack of time, knowledge and technological resources

- COMMERCIALIZATION of inventions which is lack of ability or to strategic reasons cannot be placed in the market by the company OWNING them

Benefits of Open Strategy

• Reduction in time & cost

• solutions in the form of

  • ideas,

  • patents,

  • products and

  • technologies

Benefits of Open Strategy

- Best idea rises to surface.

- No NIH syndrome

- Go beyond just using external sources of innovation such as customers, rival companies, and academic institutions, and can be as much a change in the use, management, and employment

Advantages

- Reduced cost of R & D

- productivity

- Early customers involvement

- Increased accuracy for market research and customer targeting

Advantages

- Reduced cost of conducting research and development

- Potential for improvement in development productivity

- Incorporation of customers early in the development process

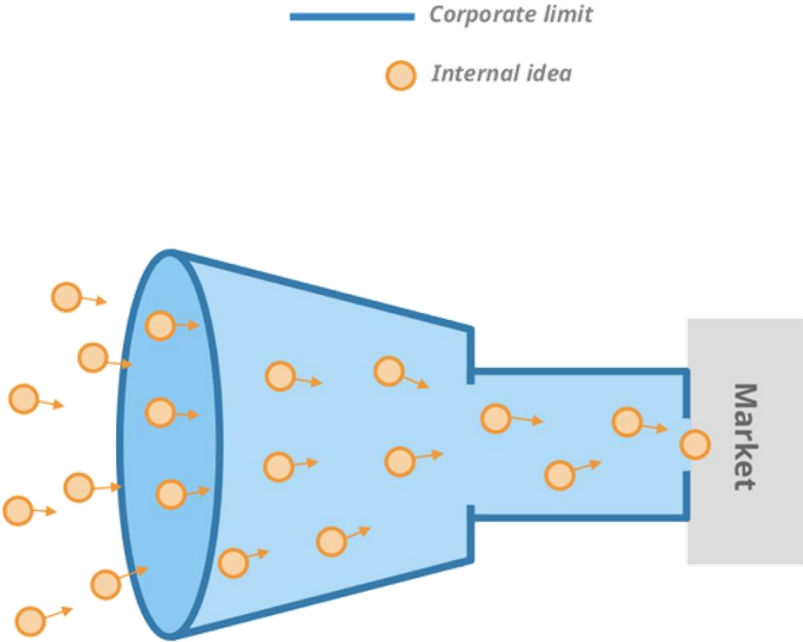- Increase in accuracy for market research and customer targeting

Advantages

- Potential for synergism between internal and external innovations

- Potential for viral marketing

- Enhanced digital transformation

- Potential for completely new business models

- Leveraging of innovation ecosystems

Disadvantages

- Potential for synergism between internal and external innovations

- Possibility of revealing information not intended for sharing

- Potential for the hosting organization to lose their competitive advantage as a consequence of revealing intellectual property

- Increased complexity of controlling innovation and regulating how contributors affect a project
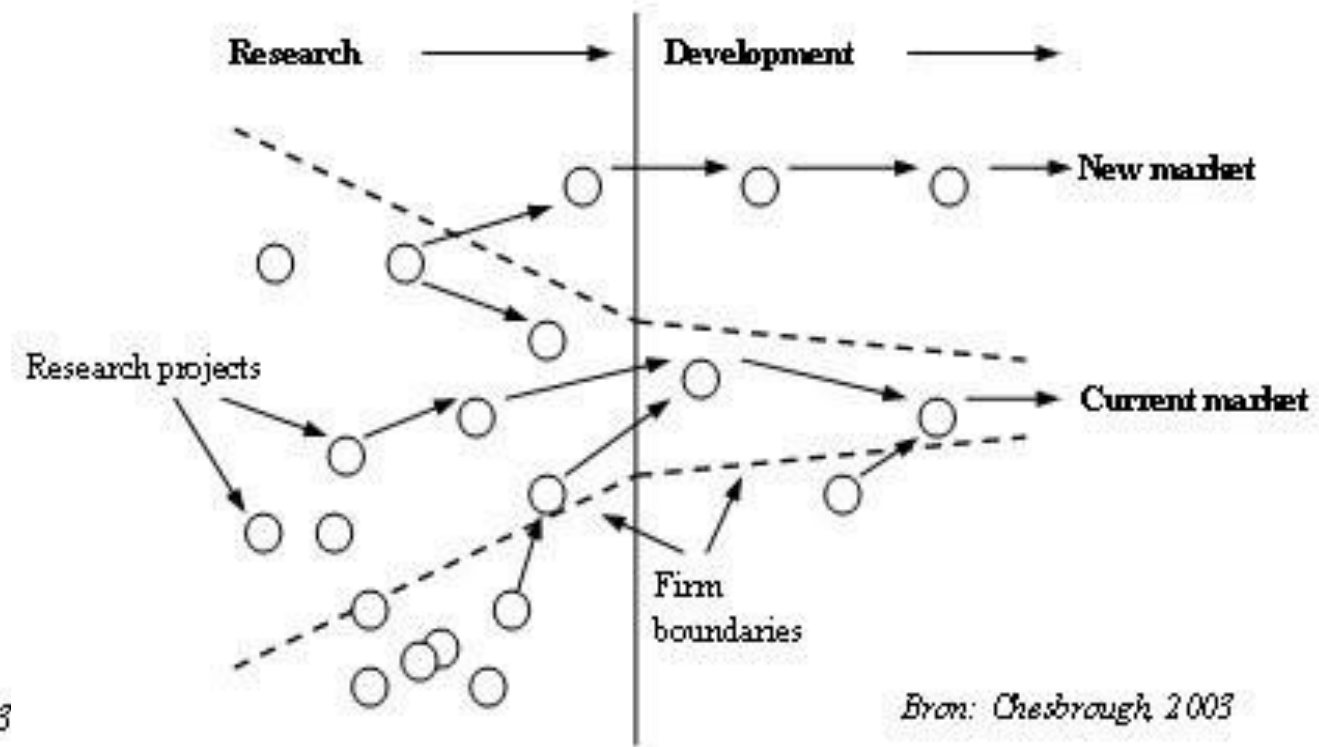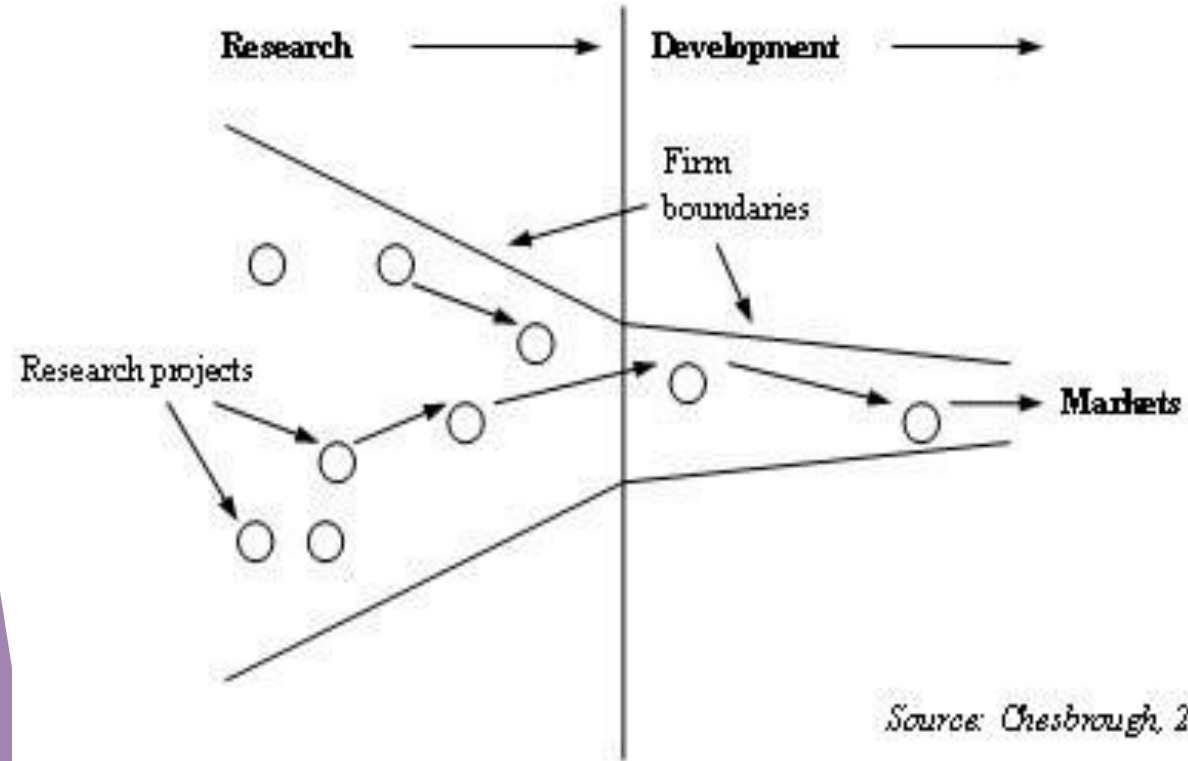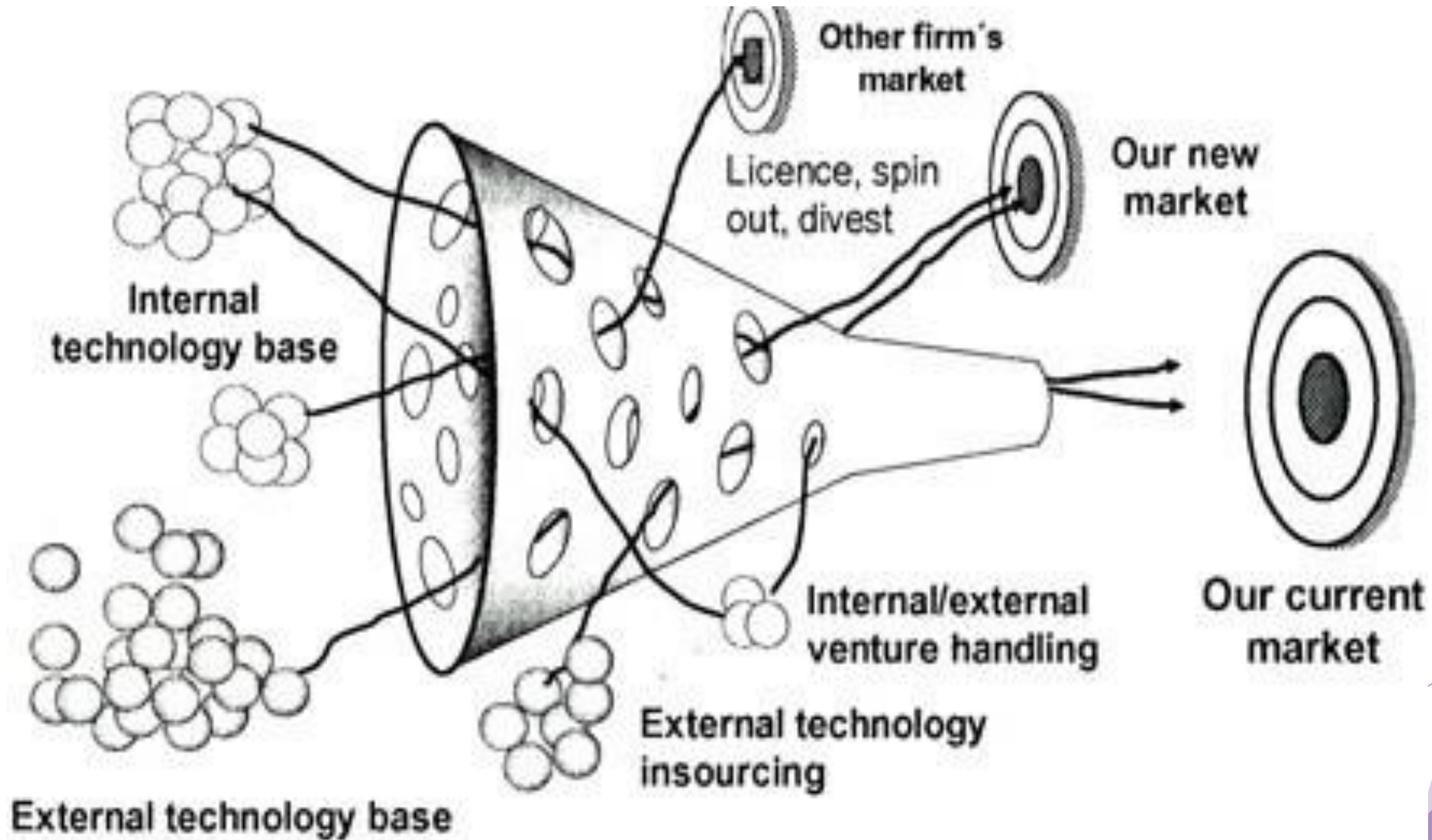
Closed vs Open Innovation

Closed vs Open Innovation

Source: Chesbrough, 2003

Bron: Chesbrough, 2003
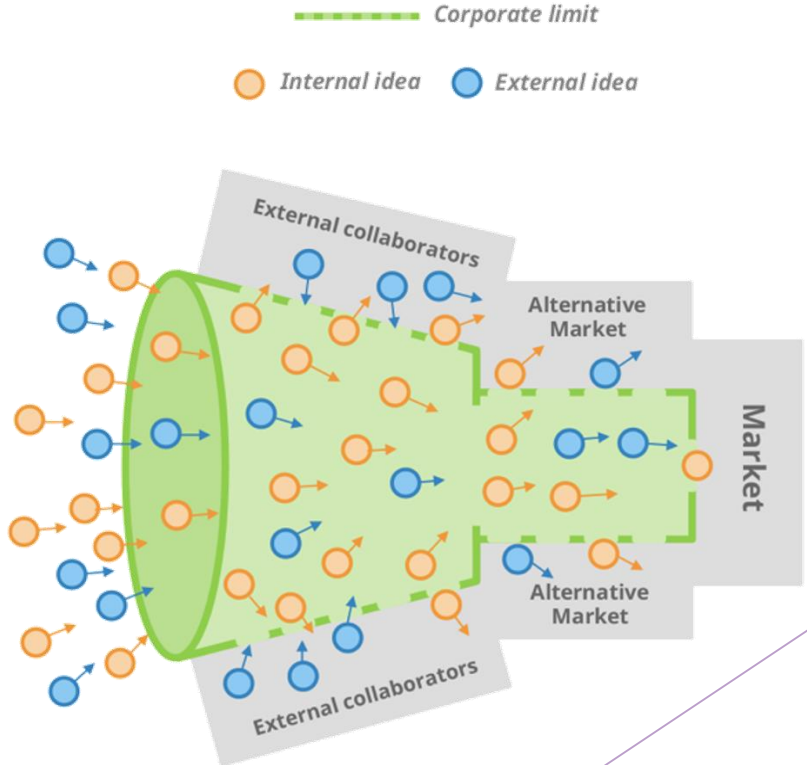
Open Innovation

Open Innovation Models

01 Government driven

Government initiatives, funding

02 Product platforming

New market

03 Idea competitions

04 Customer immersion

Get customer feedback for development

05 Collaborative product design and development

06 Innovation networks

Scientists share ideas

07 In science/Crowdsourcing

08 Innovation intermediaries

Consultancy to help innovation

Innovation Strategies

- Research and Development (R&D)

  - how do we get different smart phones?

- Copy and Development (C&D)

  - reverse engineer e.g. cheaper iPhone

  - be careful of IP infringement, patent wars

- Connect and Development

 - with a partner, share costs

Innovation Strategies

- Crowdsourcing

    - assistance of many people

    - Get ideas, develop idea i-house

- Outsourcing

    - E.g. another company do production

Connect-and-Develop

- P&G's open innovation with external partners via its Connect+Develop website

- Through this platform, P&G communicates their needs to innovators that can access detailed information related to specific needs and submit their ideas to the site

- Connect+Develop has generated multiple partnerships and produced many successful products

Connect-and-Develop

crowdsourcing
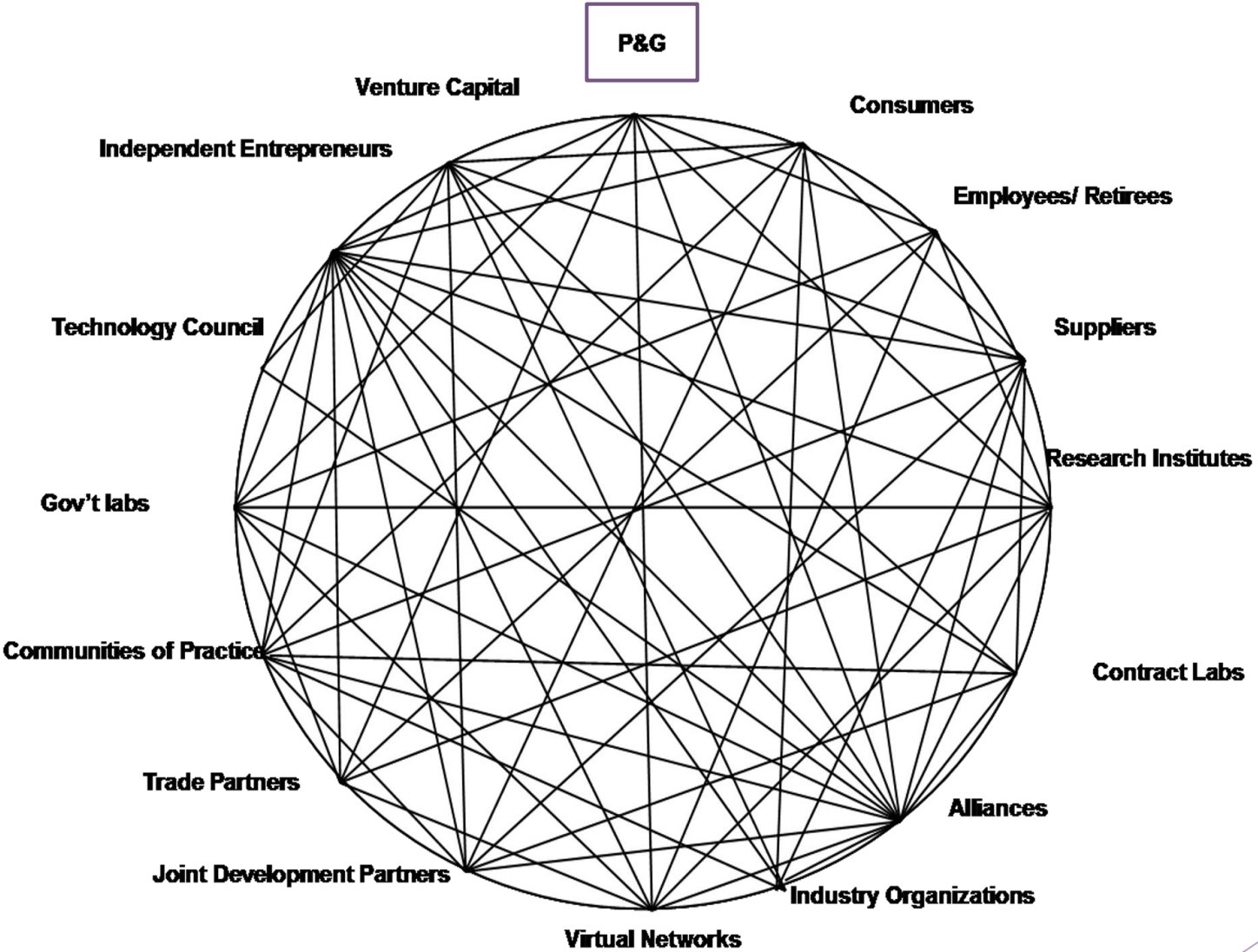
https://www.youtube.com/watch?v=AkwhUOQ3nYg
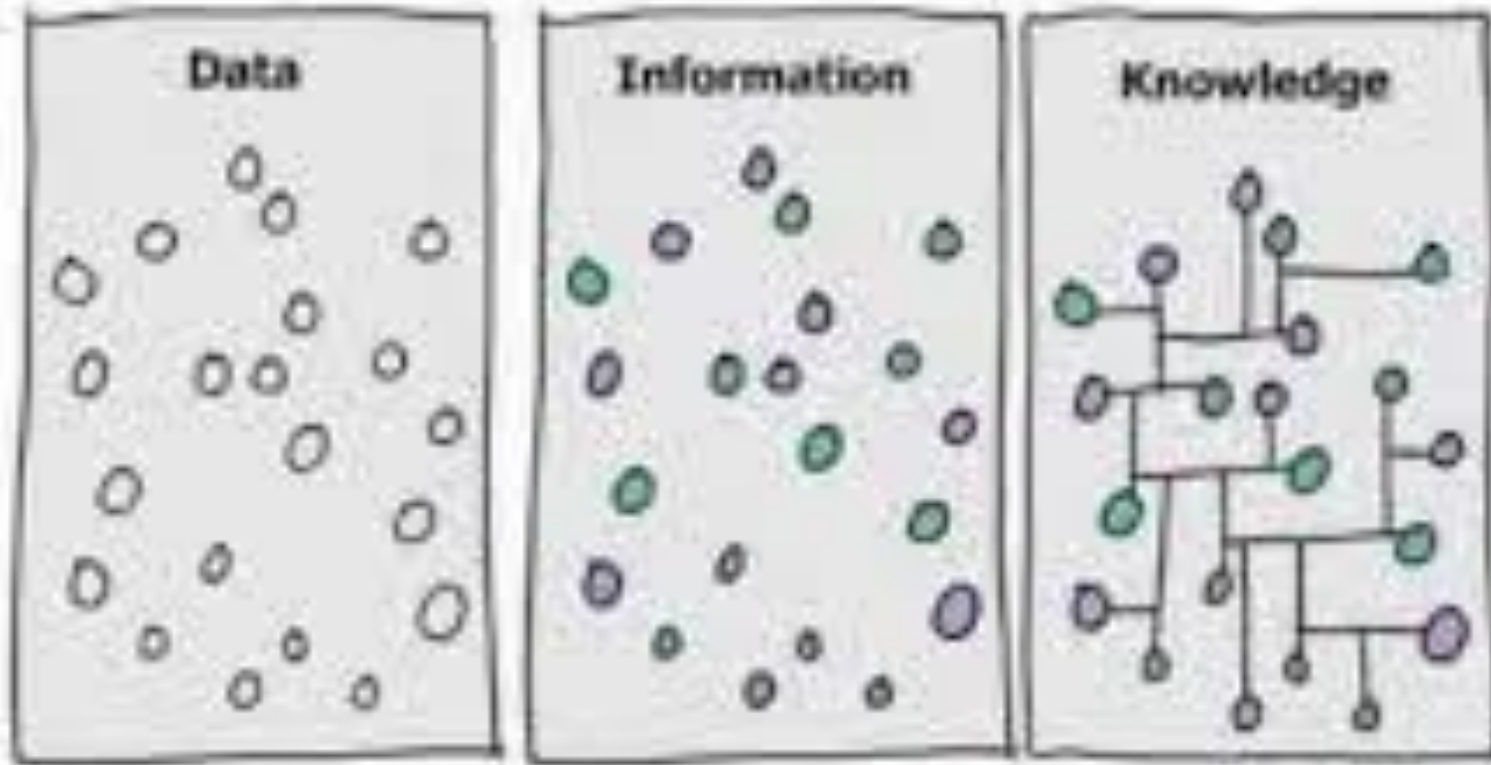
User Innovation Community (UIC)

The use of a very LARGE, UNDEFINED group of people who collectively respond to an open call for input to accomplish a job typically allocated to an individual or group within an organization.

Like a group for brainstorming

But big!

Key Challenges of Crowdsourcing

- Understanding Ideas – many people
  - Lack of idea detail
  - Communication medium
- Identifying the best idea
  - Volume of ideas contributed
  - Idea duplication
  - Minority opinion influence
  - Urgency to respond
- Balancing Needs For Transparency Against Disclosure
- Sustaining the community

Pros of Crowdsourcing

Access large online labor forces

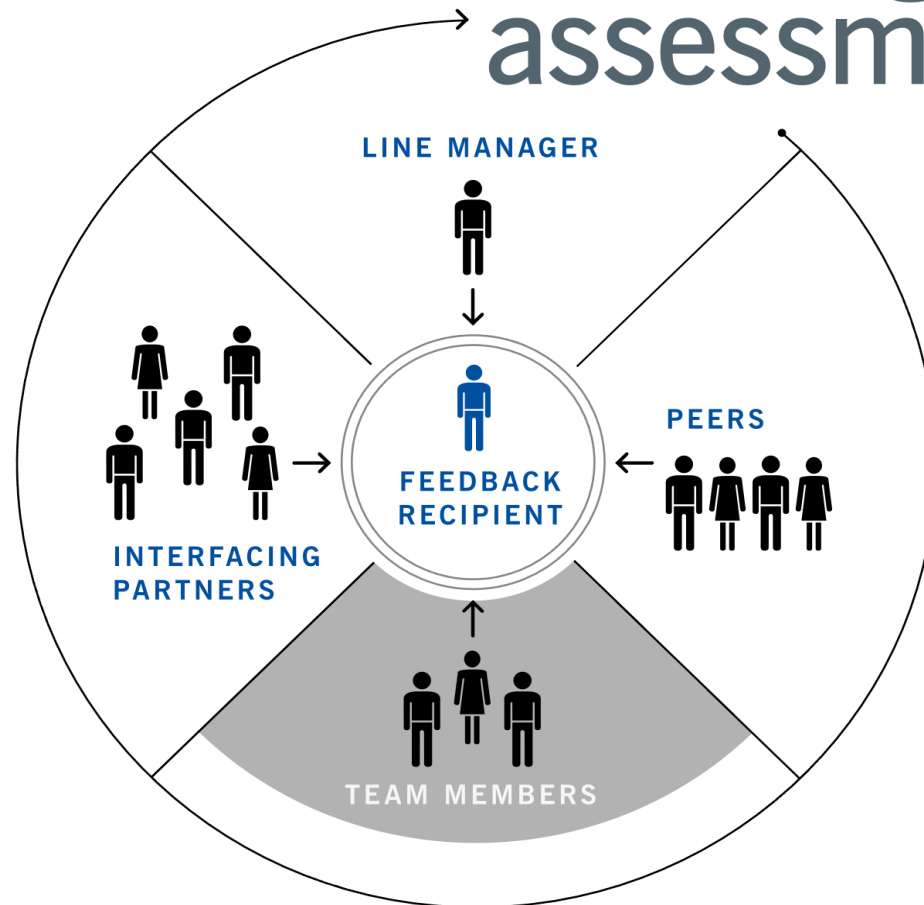Organize available knowledge Find many alternate solutions

Remove bias

Cons of Crowdsourcing

1 No guarantee of credible result

2 Hard to manage a large scale

3 Biased from minor group

4 easily lose control of negative content

5 Lack of idea detail

6 Urgency to respond

7 Too many focuses to implement

Evaluation

360-degree assessment

crowdsourcing: case studies

Waze

- One of the most successful crowd-powered start-ups.

- It's an app that allows users to report traffic jams and automatically gives directions for the best route to take.

- Waze crowd sources information by measuring drivers speed to determine traffic jams and by asking users to report road closures.

Starbucks

- Starbucks uses multiple social networks,

- regularly encourages consumers to submit, view and discuss ideas

- have a website dedicated to this very purpose

- uses experimentation, social media, customer engagement and market research

Lego – Create and share

- allows users to design new products, and at the same time, test the demand.

- Any user can submit a design that other users are able to vote for.

- The idea with the most amount of votes gets moved to production and the creator receives a 1% royalty on the net revenue.

- successful in increasing the number of product ideas

- improving customer engagement.

Samsung

- largest Crowdsourcing facility in Palo Alto.

- innovative solutions for existing electronic products and technologies.

- seek collaboration with other firms and interested individuals.

- In 2013, Samsung partnered with Marbler to Crowd Source ideas on how they could utilize newly discovered patents from NASA.

- They offered users the chance to help create the company's next product and earn a share of revenue along the way.

Layslays

- 'Do Us A Flavour' Crowdsourcing campaign

- encouraged consumers to create their very own flavor of chip and just like the others, people voted for their favorite

- the winner, 'Cheesy Garlic bread' contributed to an 8% sales increase in the 3 months following its release

Pebble

- Kickstarter's biggest crowd funding success to date,

- used Kickstarter to raise funds for the development of the Pebble Smartwatch, and then Pebble Time Steel.

- grew from a simple idea on popular fund raising website Kickstarter, to a brand that has crowd produced a product that rivals Apple, Samsung.

- encouraging people to share their knowledge and talents.

- funders receive rewards like a discounted price, or get products before anyone else

Greenpeace

- crowd source for ads.

- 2012, crowd sourced environmental activist quotes for their Shell Oil "Let's Go" advertisements.

- They ran a contest to get controversial, sarcastic and satirical quotes from their followers and then used them on advertisements targeting oil company, Shell.

- "The ice caps won't melt themselves, people. Let's Go."

Airbnb

- based on Crowdsourcing

- a travel website that allows individuals to let out their homes all over the world.

- they teamed up with eYeka and worked on a Crowdsourcing project that asked filmmakers from all over the world to create fresh, authentic video content about the places they call home.

- The videos had to be 60 seconds long, and the winners win a share of 20, 000 euros.

Airbnb

- In 2013 they asked users to submit scripted shots from all over the world in the form of Vines, via Twitter.

- They then put the clips together, named it Hollywood & Vines, and used it as a TV ad.

- From these campaigns, not only have Airbnb acquired millions of unique content that adds quality and authentic value to the Airbnb brand, they've also saved themselves a substantial amount of money.

Thank you!

any questions?