



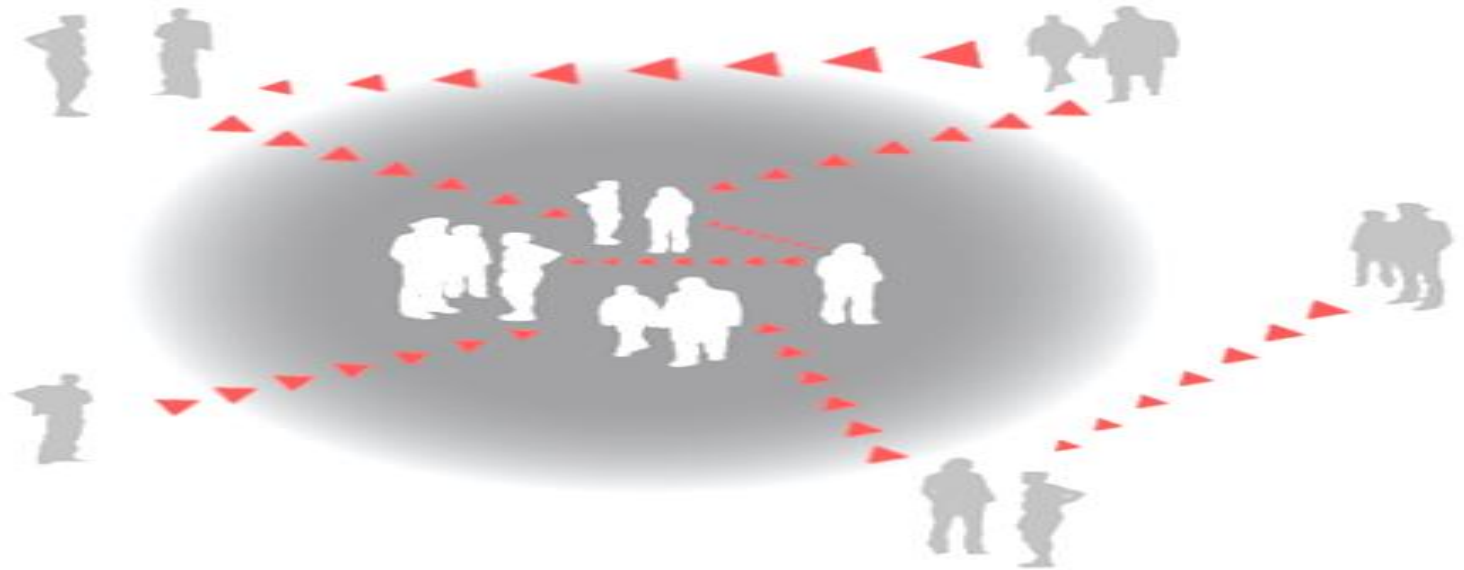
**Hochschule für Technik
und Wirtschaft Berlin**

University of Applied Sciences

B19: Innovation Management

BIB Winter semester 2010/11

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Open Innovation

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Outline

- What is innovation
- Definitions/ Ideas
- Closed innovation
- Henry Chesbrough
- Open innovation
- Examples
- Conclusions

What is Innovation ?

Incremental

Radical

Revolutionary



Open Innovation

“Open innovation is the use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation, respectively. This paradigm assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their technology.”

Henry Chesbrough

Open Innovation

"...Companies can no longer keep their own innovations secret unto themselves; ... the key to success is creating, in effect, an open platform around your innovations so your customers, your employees and even your competitors can build upon it, because only by that building will you create an ongoing, evolving community of users, doers and creators."

Randall Rothenberg, editor, strategy & business

Closed Innovation

- Big Companies
 - Investment in Research & Development
 - Knowledge (Get smart people and leave them alone)
 - Budget, Control, Innovation
-
- Thomas Edison – phonograph, electric light bulb
 - DuPont – Synthetic fibers nylon

From closed to open Innovation

- 20th century
- Expansion of the venture capital market
- Globalization/ mobility of skilled workers
- Small start-ups
- Development
- Buying external ideas
- Innovation gets From "R" to "D"

Historical Roots



Henry Chesbrough,
professor & executive
director , Center for Open
Innovation, UC Berkeley.

Open innovation

- Outside-in Process
- Inside-out Process
- Coupled Process

Open Innovation Principles

- Use internal and external ideas/ paths to market.
- Take advance of technology.
- Permeable boundaries between a firm and its environment.
- Innovations can easily transfer inward and outward.

Closed Innovation

vs.

Open Innovation

Our Employees

The World

are

is

Our World

Our

Employees

Examples of Open Innovation & Crowd Sourcing like Initiatives



What Looking For?

- Technology
- Products
- Packaging
- Process

Forms of Collaboration:

- Patent/Trademark
- Licensing or Purchasing
- Joint Development Agreements
- Alliances/Partnerships

Examples of Open Innovation

Crowd Sharing Intermediaries & platforms



- R & D.
- Connection & relationship management services between "Seekers" and "Solvers."
- Seekers are searching for solutions to critical challenges.
- Solvers are registered members of the InnoCentive who volunteer their solutions to the Seekers.

Examples of Open Innovation

Crowd Sharing Intermediaries & platforms



“We integrate the best thinking in technology, design, consumer insight & manufacturing to create exciting new concepts that can be brought to market efficiently”.



Case Study: Boeing 787



Innovation Partner: Innovia Technology

Innovation Need: Passengers' comfort on long flights

Result: advance LEP lighting

Case Study: Shell: Marine Algal Farming



Innovation Partner: Innovia Technology

Inn. Need: explore viable options for farming marine algae as a feedstock for biofuel production.

Result: In December 2007 Shell & HR BioPetroleum, Inc. announced the construction of a pilot facility in Hawaii.

Case Study: Wonderbra



Innovation Partner: Innovia Technology

Innovation Need: stay up as long as you do!

Result: stays up as long as you do!

Open Innovators

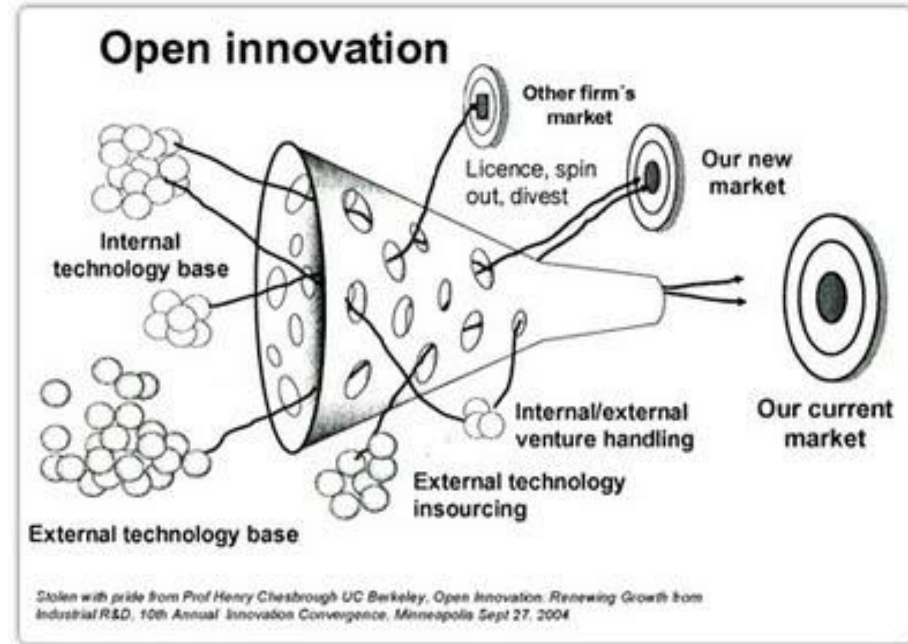
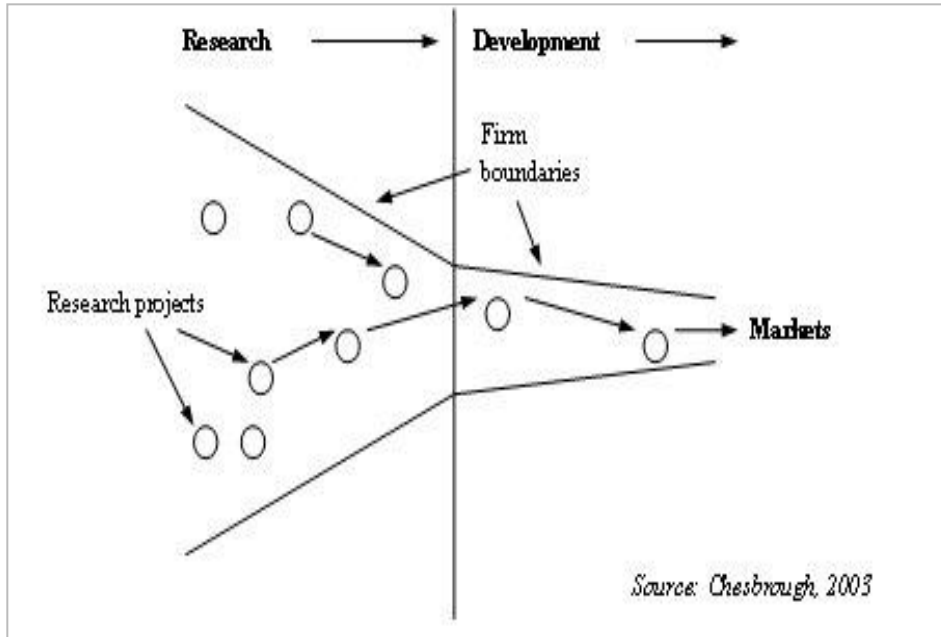


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Conclusions

- Widely distributed knowledge.
- Companies cannot afford to rely entirely on their own research.
- Buy or license processes or inventions from other companies.
- Internal inventions not being used in a firm's business should be taken outside the company (licensing, joint ventures, spin-offs).

Closed Innovation vs. Open Innovation



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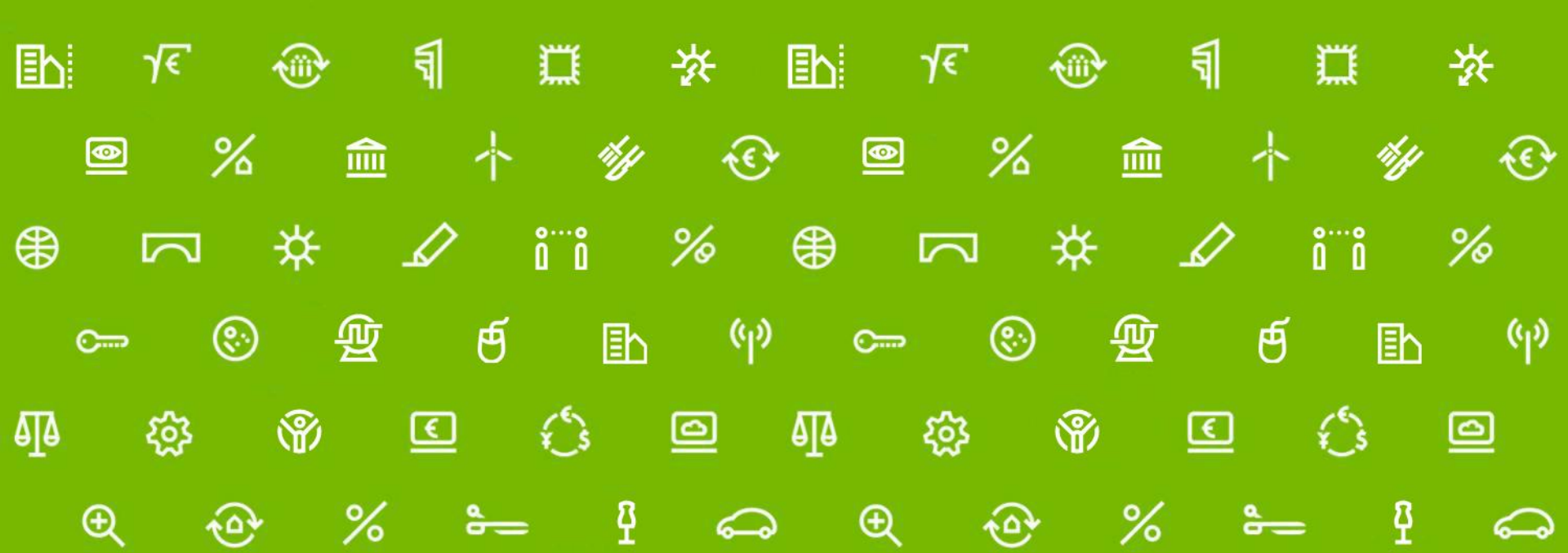
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Thanks for your attention!