

Master in Innovation Management

Friday, 3rd March 2023, 6PM (CET)

Module III: Open Innovation. The New Paradigm for Digital Startups.

The teachings of Prof. Chesbrough applied mainly to digital projects. Innovation also faces progress.

SPEAKER



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Welcome to the third lesson of the Master In Innovation Management of Ascheri Academy.



Module III

Open Innovation.

The New Paradigm for

Digital Startups.



Some Definitions of Open Innovation

- “The **case for open innovation is clear**: in today’s rapidly moving world, companies can ill afford to retain outmoded closed models of innovation management ” (McKinsey & Company);
- “Open innovation is a **successful, collaborative approach to innovation** that can boost organizational performance in every phase of its innovation process” (Gartner Inc.);
- “By reaching beyond corporate borders, a company can import lower-cost, higher-quality ideas from a wide array of world-class experts **to improve the speed, the quality and the cost of innovation**” (Bain & Company);





What Exactly Is Open Innovation?

Open innovation is the practice of a **company opening its Research & Development department to input from people outside the company, or to employees from other departments within the organization.** By breaking down traditional silos between units, and welcoming external experts and researchers, companies remove the limitations that a classic, secretive model may place on innovative efforts.





What Exactly Is Open Innovation?

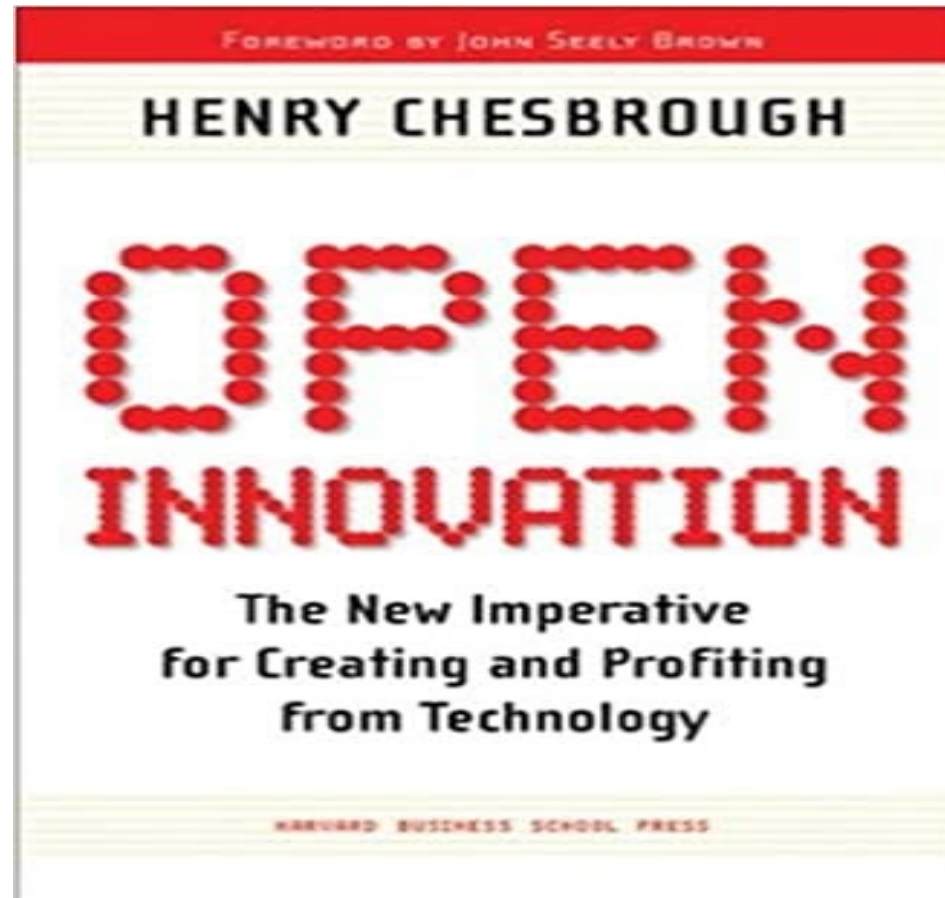


The concept of open innovation was created in 2003, by Henry Chesbrough, a research Professor at University of Berkeley and University Luiss Guido Carli. Today, useful knowledge is widely distributed, and there is no company, no matter how big, that can maximize the potential of innovation entirely on its own. Prof. Chesbrough explains that this model offers to companies a **decentralized approach to innovation that empowers growth.**



Henry Chesbrough's Definition of Open Innovation

In his book, Chesbrough defines open innovation as **“the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation”**.





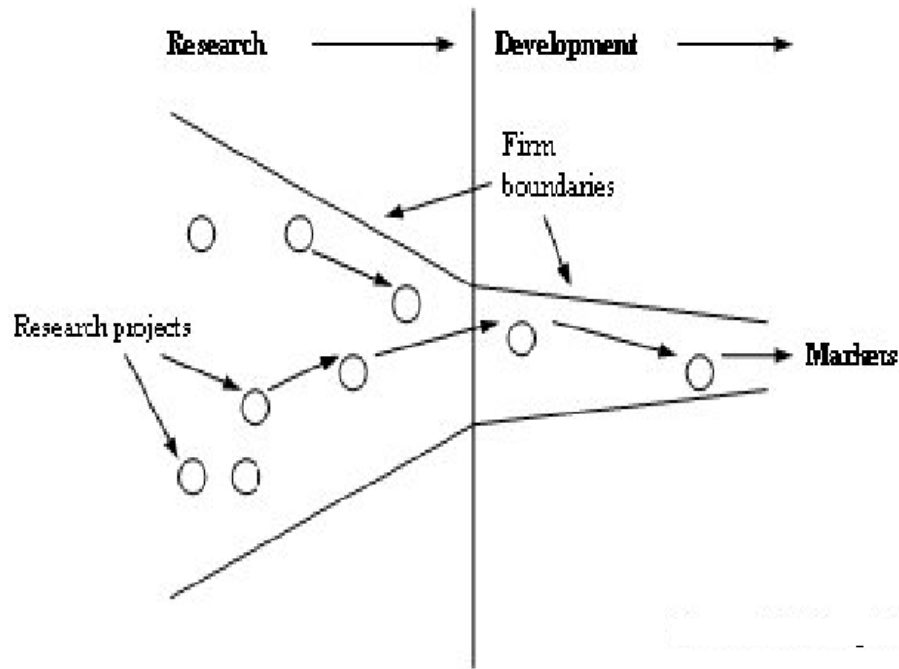
Henry Chesbrough's Quotation



Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology.

— *Henry Chesbrough* —

Open Innovation: A Simple Explanation



Open innovation has recently emerged as a **new innovation model**. It encourages companies to use the existing external knowledge rather than reinvent the wheel. On this way, it is considered positive to establish links with other companies, universities, tech centers, and other knowledge sources.

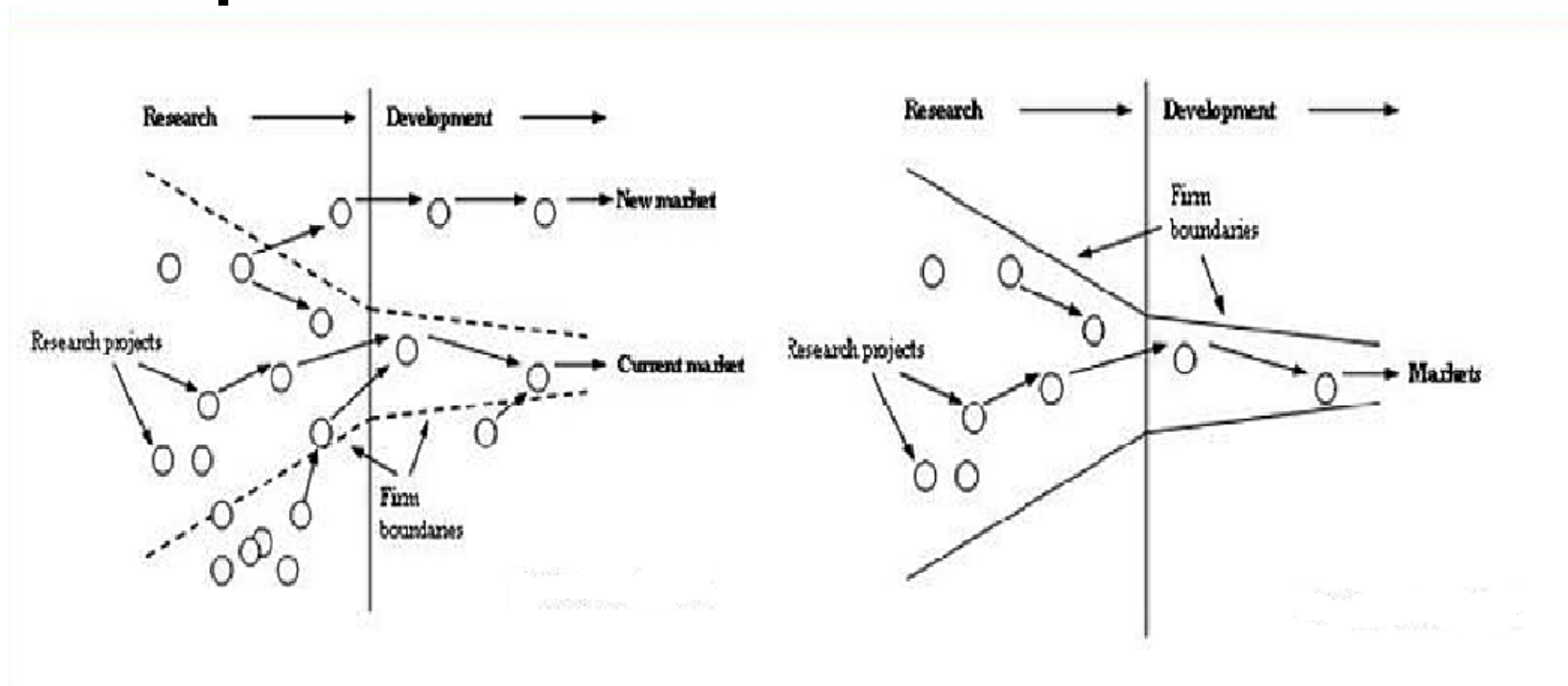
(Source: Chesbrough H. W. 2003 *Open Innovation*)



Let's watch this explanatory video 📺



Open Innovation vs. Closed Innovation



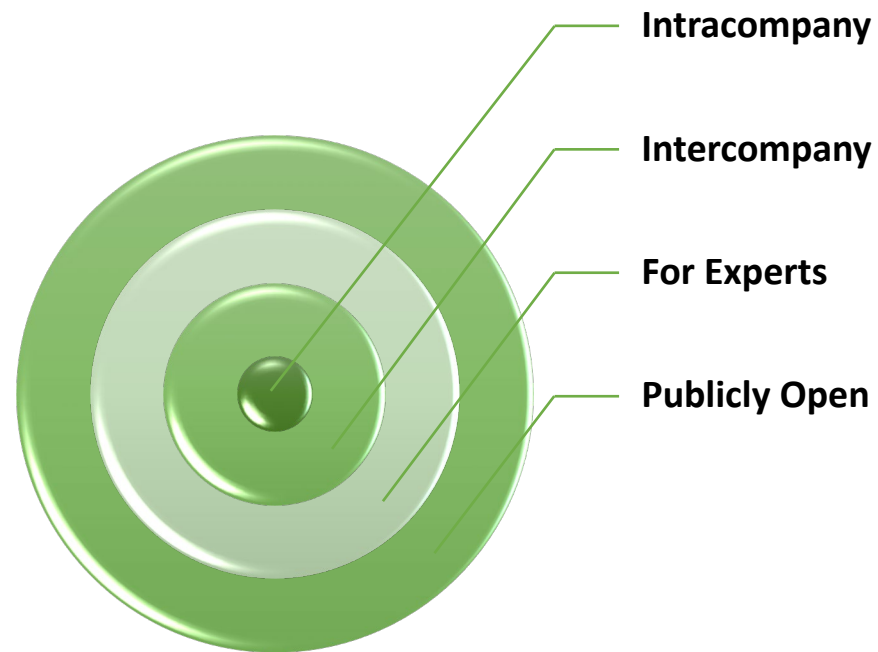
(Source: Chesbrough H. W. 2003 *Open Innovation*)

The Principles in Comparison

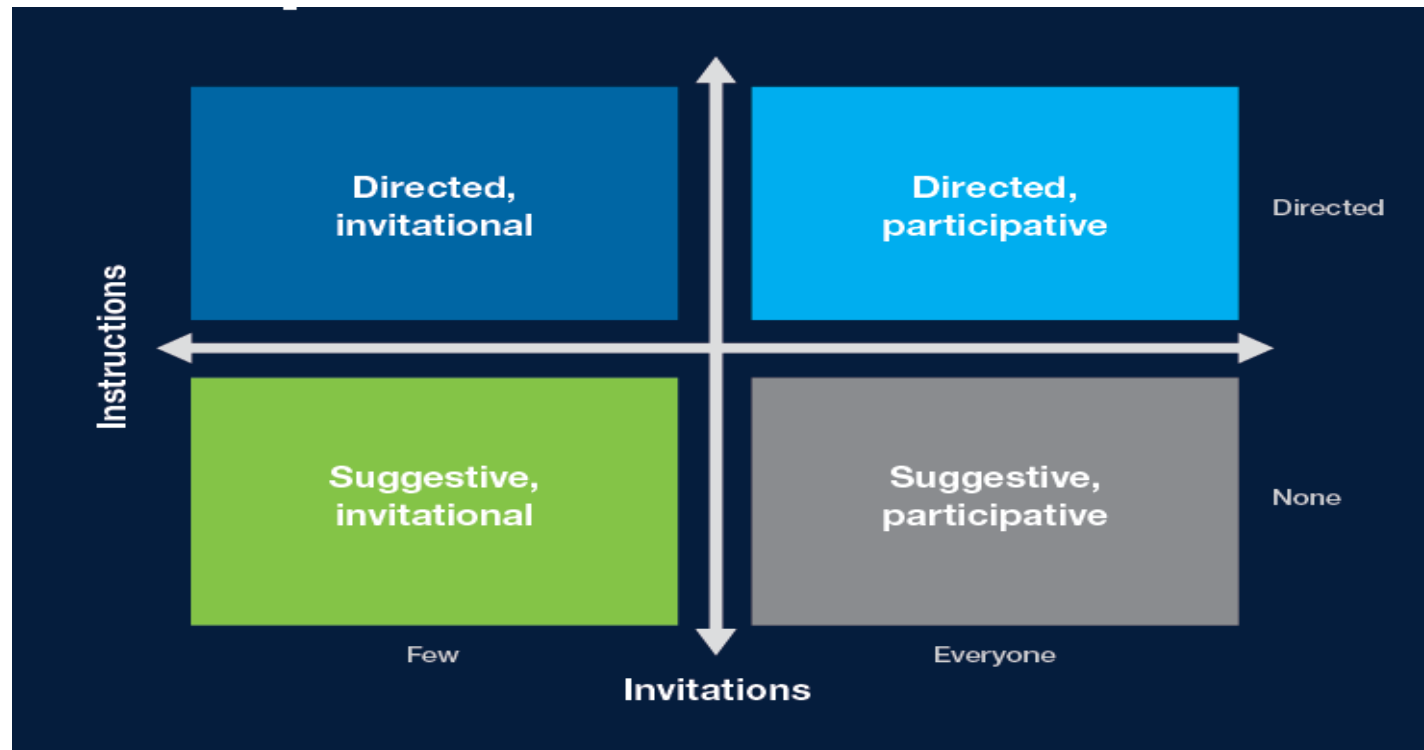
	Open Innovation	Closed Innovation
Company Philosophy	The best from anywhere Conscious import and export of knowledge to improve and accelerate your own innovations	We can do it, we will do it Innovations emerge from the company's internal resources
Innovation Ideas	Open exchange of ideas beyond company boundaries	internal ideas
Role of the Customer	Active co-innovators	Passive recipients
Mobility Employees	High	Low
Venture Capital	Plays an important role	Plays only a minor role
Qualified Persons	The company works with bright minds inside and outside the company	It is important that the brightest minds in the industry work for the company. Highly qualified employees, especially researchers and developers, are the most important source of innovative ideas.
Role of R&D	Innovation can come from inside and outside. External R&D can create significant value, but internal R&D is still needed to capture part of this value	Design, development and marketing of in-house innovations: our own innovative ideas, technologies, processes and markets offer a long-term competitive advantage
Competition	To lead the competition, it is not necessary to offer the best ideas, but to make the most of internal and external ideas	To lead the competition, it is necessary to offer the best ideas
Market Approach	Developing a better business model is more important than being the first on the market	The winner is who brings the innovation to market first
Intellectual Property	Innovation does not have to be created in order to profit from it. A competitive advantage can be created and profit can be generated by others using their own intellectual property and the company acquires third-party intellectual property	The own know-how is treated confidentially in order to protect it and to avoid free rides by competitors. Patents, copyrights and protection of intellectual property are intended to protect the company's ideas and research from the theft of ideas by other companies



Open Innovation: 4 Levels of Inclusion



4 Theoretical Approaches to Open Innovation



(Source: gartner.com/smarterwithgartner)

Successful Examples of Open Innovation



with its «**First Build**» project



with its «**LEGO Ideas**» project



for its collaboration with **TopCoder**



with its «**Samsung Accelerator Program**»



with its «**Coca-Cola Accelerator Program**»



with its «**Co-Create**» platform
and «**LITECAR Challenge**»





Let's watch this interesting video 

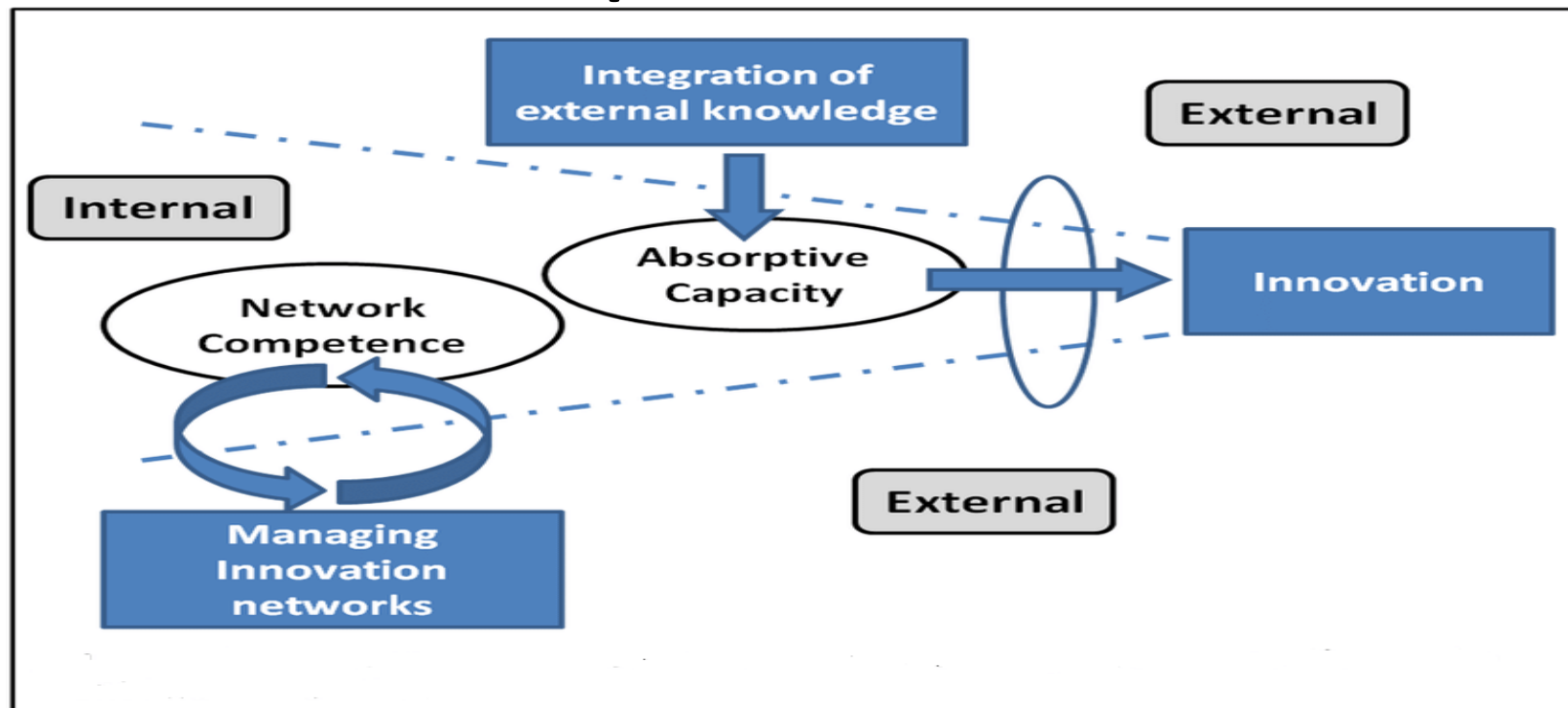


Curated by Claudia Tarabù, University Researcher
Webinar 3rd March 2023

<https://www.youtube.com/watch?v=AZJMSmB576M>
(Source: Edison 365)



A Framework of Open Innovation. The IBM Case

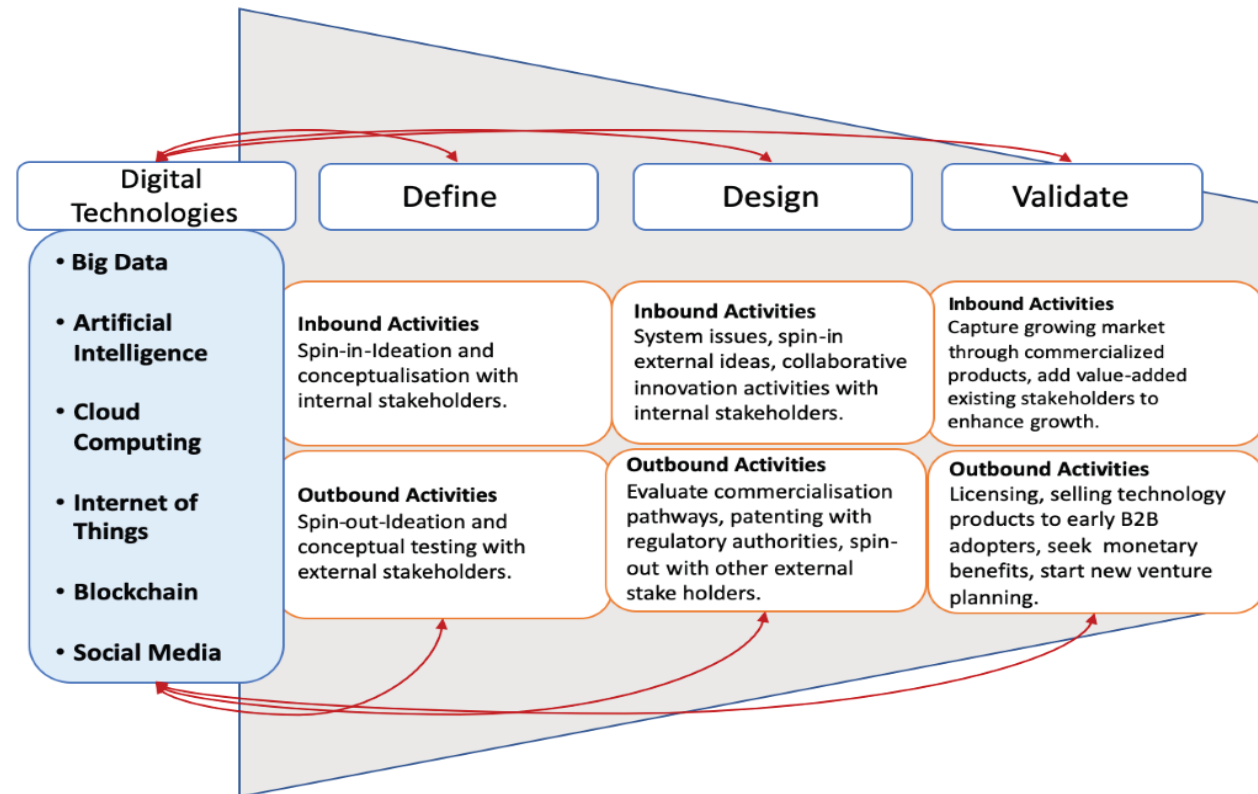


(Source: Enkel & Gassman, 2008 «Driving Open Innovation in The Front-End – The IBM Case»)

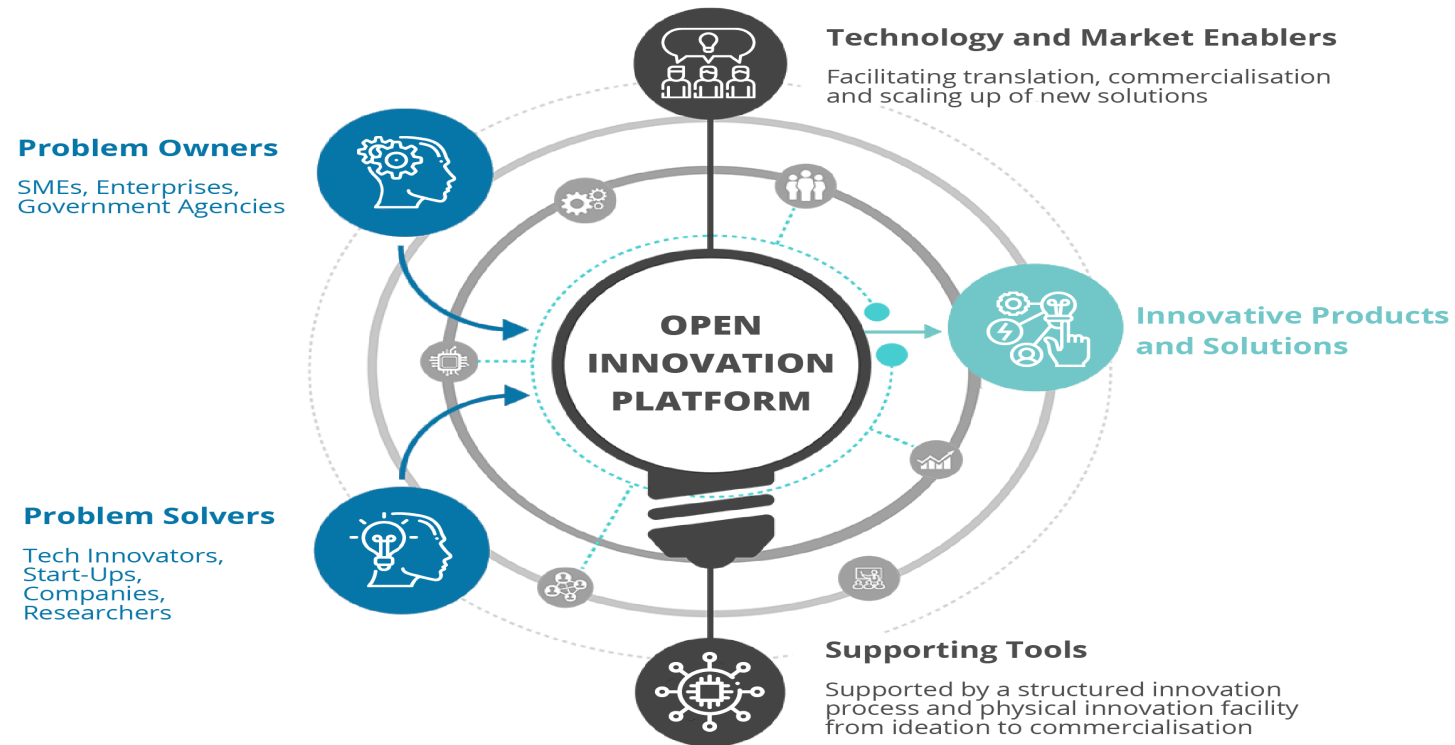


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Digital Technologies and Open Innovation. An Integrated Framework



Digitalization and Open Innovation. The Case of The Singaporean Open Innovation Platform





Let's watch this fascinating video 



Curated by Claudia Tarabù, University Researcher
Webinar 3rd March 2023

<https://www.youtube.com/watch?v=g3jGf4ab6kM&t=63s>
(Source: IMDA PIXEL)





Wrap-up

Module III:

- Some Definitions of Open Innovation;
 - What Exactly Is Open Innovation?;
 - Henry Chesbrough's Definition of Open Innovation;
 - Henry Chesbrough's Quotation;
 - Open Innovation: A Simple Explanation;
 - Open Innovation vs. Closed Innovation;
 - The Principles in Comparisons;
 - Open Innovation: 4 Levels of Inclusion;
 - 4 Theoretical Approaches of Open Innovation;
 - Successful Examples of Open Innovation;
- A Framework of Open Innovation. The IBM Case;
 - Digital Technologies and Open Innovation. An Integrated Framework;
 - Digitalization and Open Innovation. The Case of The Singaporean Open Innovation Platform.



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Many thanks for
your attention.
See you at the
next lesson 😊