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CURANA: MANAGING OPEN INNOVATION FOR GROWTH IN SMES (B)

Wim Vanhaverbeke wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In 2009, Dirk Vens, chief executive officer of Curana, a small bicycle parts producer in Belgium, was considering options for sustaining Curana’s growth. Among the options Vens considered, one held particular appeal: to have Curana’s products available in the aftermarket. One idea was to make beautiful bicycle bags and a novel system for fixing these bags onto the bicycle.

Curana had a lead. A small German company had a patented magnetic closure system that Curana wanted to use to secure the bicycle bags to the carrier. After making contact with the magnet manufacturer, the producer and Curana negotiated a deal: Curana could exclusively license the technology for the bicycle industry worldwide.

The collaboration proved difficult, however, due to a lack of trust. For example, the magnet manufacturer took some ideas that Curana had presented early in the process and patented them. Despite these problems, Curana developed the bags and closure system, marketing them under the brand MagIQ. The system was introduced at Eurobike, Europe’s major trade fair for the bicycle industry. Visitors to the fair showed a great deal of interest in the system.

Vens realized that MagIQ could only be a major market success if the system could become a new standard for fixing accessories and other devices onto bicycles. It had to be adopted by as many bag and bicycle rack manufacturers as possible. Vens therefore contacted a major European producer of luggage carriers who, in turn, brought a market leader in bicycle bags and a leader in fixation systems to the discussions. The three newcomers asked for exclusive use of the system, but Curana was unwilling to grant them an exclusive licence.

In the meantime, one of the owners of the German magnet manufacturer left the company, and the manufacturer’s relationship with Curana gradually deteriorated. In the end, the agreement between the two companies, which had never been signed, was terminated.

In 2014, Curana developed a new fixation system without magnets but still branded under MagIQ. Curana applied for a patent and launched the new system at the 2015 Eurobike show. The fixation system was a compact and solid system for luggage and accessories. The novelty of the system lay in its ease of use and versatility. The product allowed existing bags to be easily adjusted to function as bicycle bags. Another important advantage of the system was the ability to clamp on accessories in any position with just a one-click action.

Curana developed the new MagIQ but made it available to all manufacturers.

Curana then created its own high-end luggage line, buZZ, equipped with MagIQ. The company also allowed other manufacturers, in this case manufacturers of luggage and relevant products, to use Curana’s system. This strategic move resulted in arguably the most exciting openly available bicycle fixation system in the world. MagIQ could be incorporated in all kinds of bags and baskets, and it was also available as a do-it-yourself kit for consumers to transform every existing bag they already had into a bicycle bag.

The bag manufacturers were skeptical because no bicycles had yet been equipped with the system. Therefore, it was risky for Curana to start a line of products with the MagIQ system. Curana had attempted to collaborate with an Asian bag manufacturer to create a full line of independent products in the short term, but the collaboration was not successful.

Another idea Curana had involved providing MagIQ adapters for existing bicycles. Curana would sell the adapters through retail shops or online. Vens explained this process:

We need to persuade the original equipment manufacturers to have the [MagIQ] system on their bikes. We do that by providing a way that the manufacturers don’t need to have the whole system on the bicycle, but by making some minor adaptations, they make the luggage carriers MagIQ-ready. The MagIQ system would then be added afterward when the customer decides to use the bags. The advantage of this approach is that the fixation system could be bought later from retail shops or through the Internet. In such a way, the cost of the bike would not increase.

In 2016, several bicycle manufacturers showed serious interest in the MagIQ system, and Curana started a project with one of them. In early 2017, this pilot project was supported by the bicycle manufacturer and the manufacturer of a well-known brand of bicycle bags. Later that year, a bicycle with a MagIQ-ready luggage rack was introduced to the market, and two MagIQ bags were made available, one under the well-known brand and the other made by Curana.

This pilot project was a strong incentive for other bicycle brands to make their bikes MagIQ-ready. Vens hoped this trend would continue. He wanted as many manufacturers as possible to be convinced of the advantages of the system.

By early 2017, it was still unknown whether MagIQ could become a new standard and a major market success. However, despite several disappointing collaborations to implement the system, the chance for a breakthrough seemed near.