

Innovation & Entrepreneurship

From Close to Open Innovation

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Innovation

Most innovations
Fail.

Companies that
don't innovate die.

True or False?

- Innovating Innovation
- The evolution of knowledge through paradigms (Thomas Kuhn) – commercialization of knowledge
- What is Innovation – can you define it without using the word “new”?
- Distinguish it from making an ethical judgement

We Know Innovation is Important

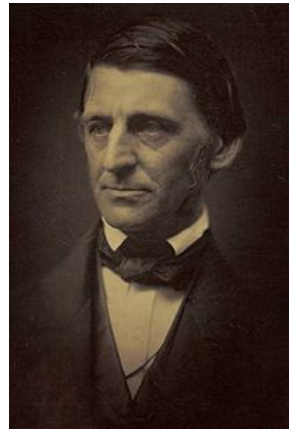


"The most successful organizations co-create products and services with customers, and integrate customers into core processes." IBM CEO Survey

"We need diversity of thought in the world to face the new challenges," Tim Berners-Lee

"When the rate of change outside an organization is greater than the change inside, the end is near" Jack Welch

Ralph Waldo Emerson (May 25, 1803 – April 27, 1882)



R. W. Emerson.

“People only see what they are prepared to see.”

Some definitions and the paradigm shift

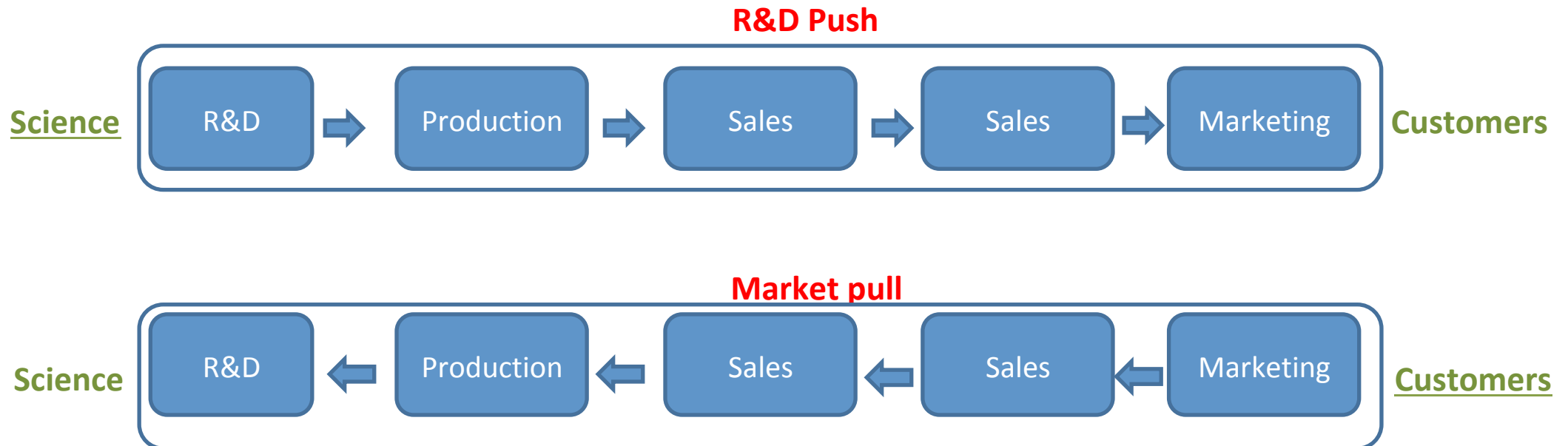
World views change and application to other spheres beyond science

- **Invention** implemented and taken to market
- **Create** a **reality** that did not exist before
- Change, **transforms** the challenge into a solution

- When a new paradigm emerges, the world is seen and perceived differently
- According to him, we are passing through a paradigmatic shift in innovation and the way we do it...from close to open innovation
- And beyond innovation is ...**disruptive innovation** – changes social practices

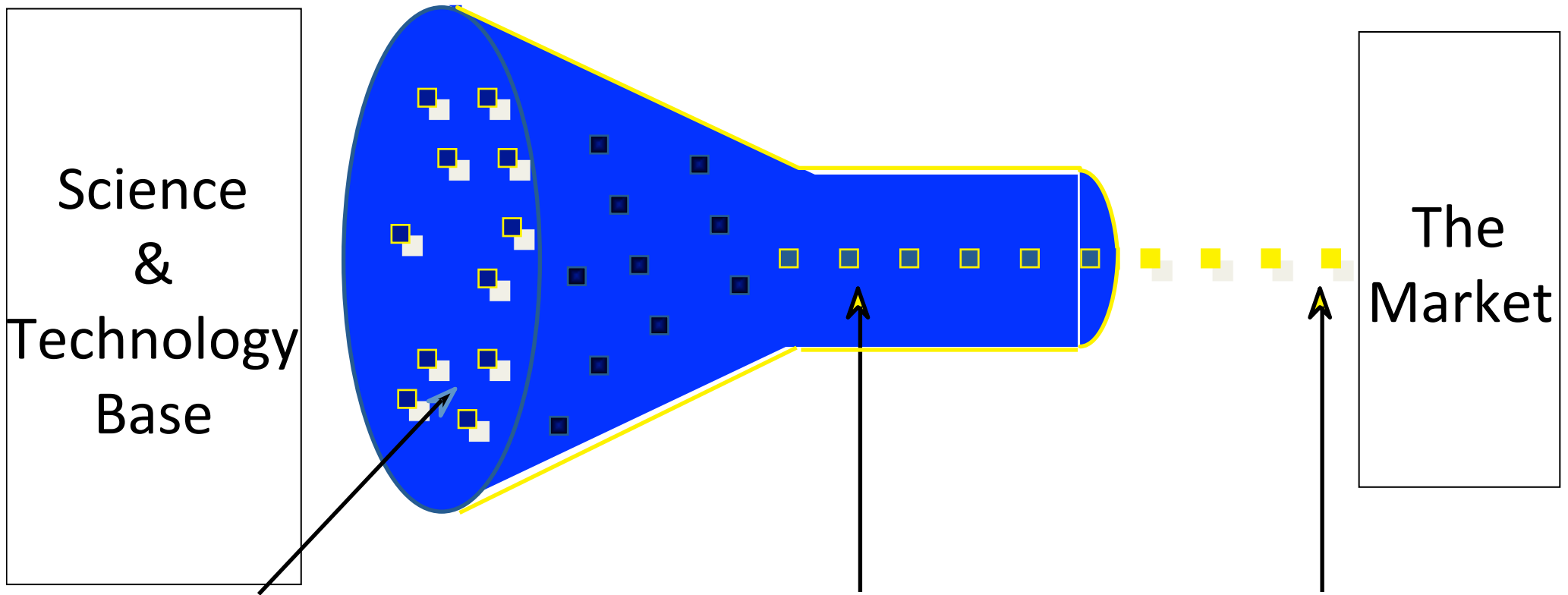
Closed innovation

- Innovation happens within the firm
- The logic is the one of “buy” knowledge or develop internally
- Resources can be easily recruited and the firm has enough critical mass
- Innovation is not systematic
- It follows a linear model that can be production push or market pull



A Closed Innovation System

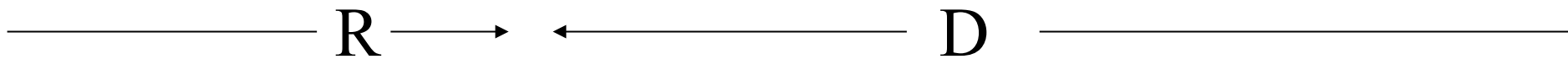
.CIS



Research Investigations

Development

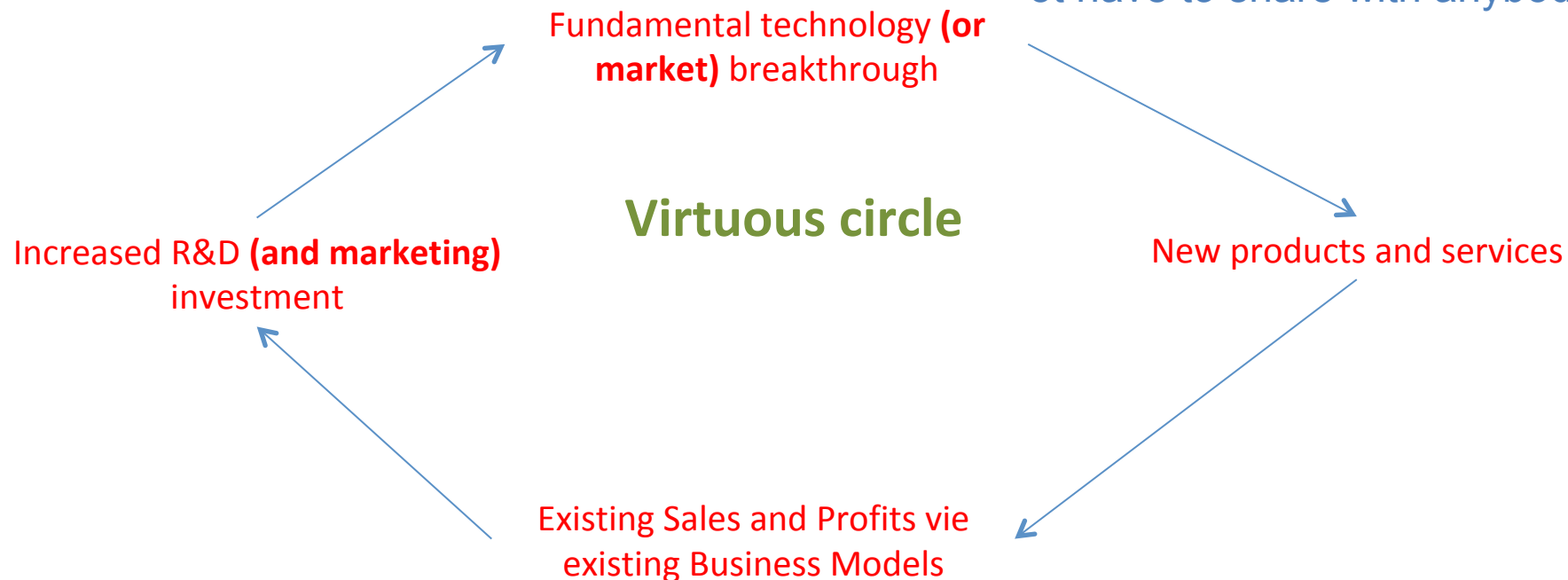
New Products or Services



Source: Henry Chesbrough

How the close paradigm works

- Recruit and buy the best, internalize or make
- We have to sort out what can be produced or what is wanted
- The goal is to be a first comer, the others are competitors or suppliers
- The winner takes all
- R&D leadership is key and we have to protect our intellectual property
- Our customers are passive buyers and we do not have to share with anybody else

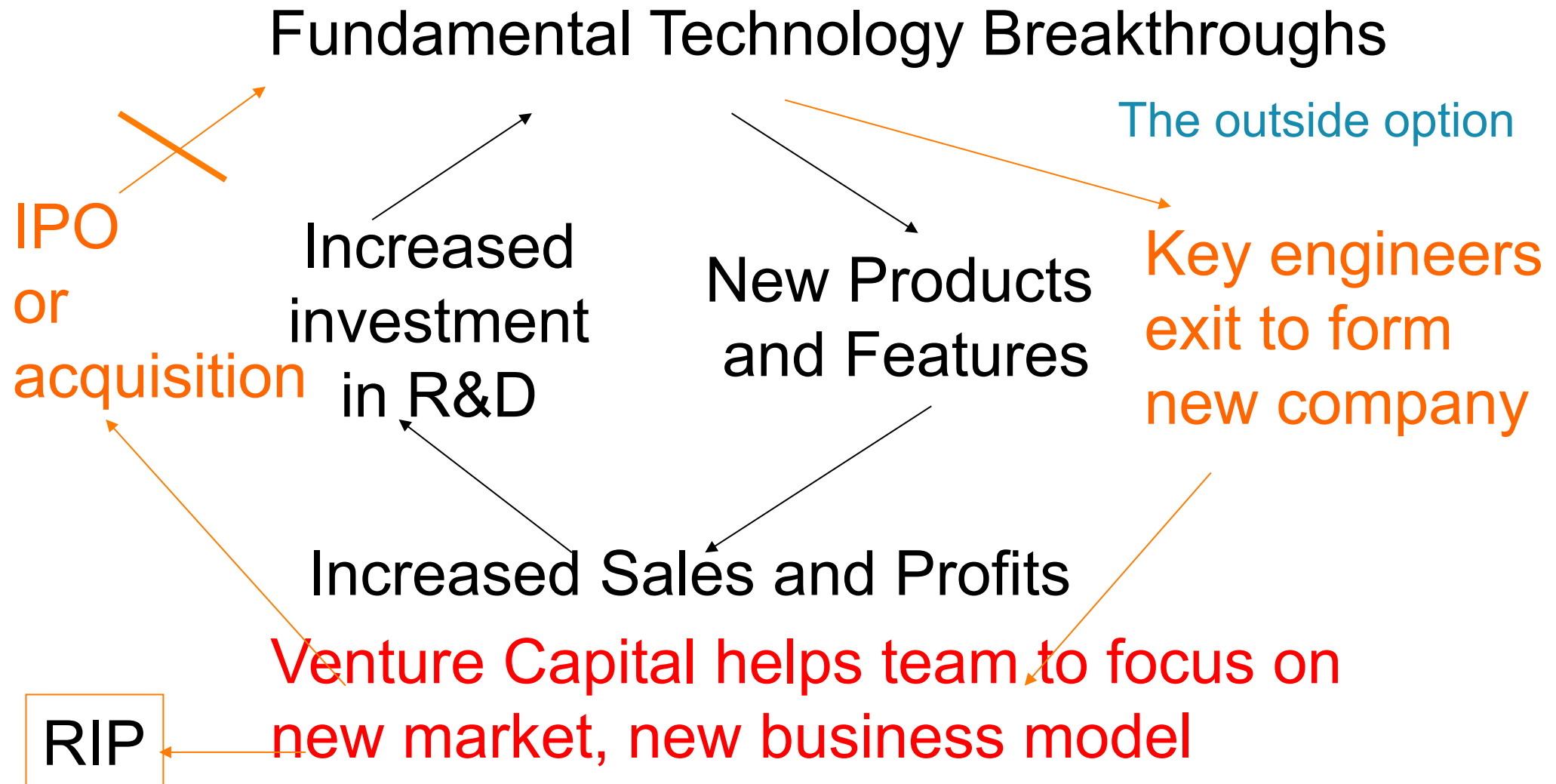


Changing assumptions

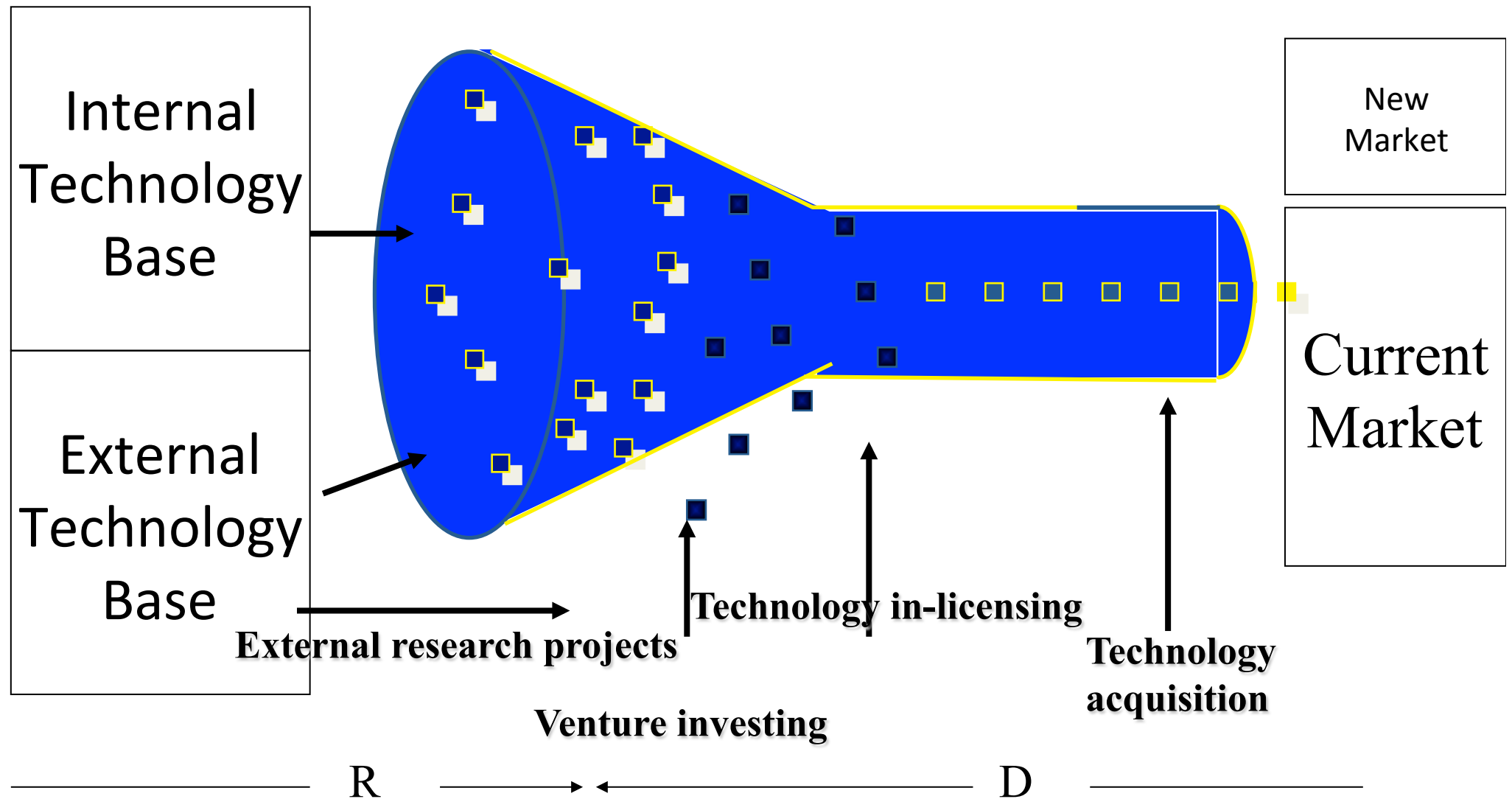
- What if the needed knowledge and competence is not available?
- What if the critical mass of investments is too big?
- What if top managers know less than those “on the spot”?
- Can we always plan and predict what is good idea?



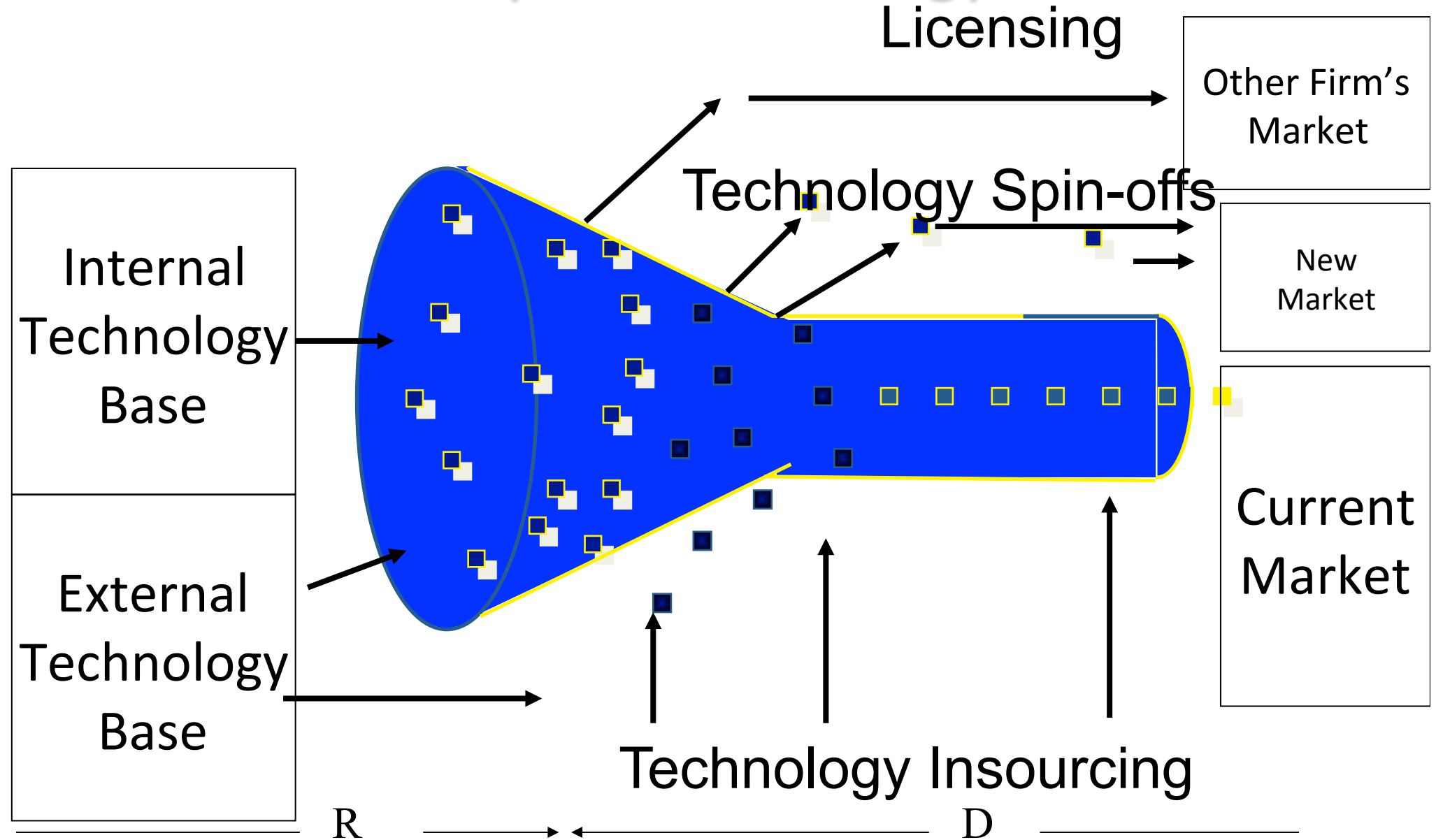
.OI: The Virtuous Circle Broken



Inbound OI: Filling gaps with external technology



Outbound OI: Profiting from others' use of your technology



Some more literature on the topic...

2006

HENRY CHESBROUGH
NAMED A "TOP 50 INNOVATOR" BY SCIENTIFIC AMERICAN

OPEN

Business Models

How to Thrive in the
New Innovation
Landscape

HARVARD BUSINESS SCHOOL PRESS

2008

Open Innovation

for
Policy makers
Vision-Eranet



2003

2006

OXFORD

OPEN INNOVATION

Researching a New Paradigm

2010

Implementing
and organizing
open innovation

Edited by Henry Chesbrough,
Wim Vanhaverbeke, & Joel West

