

## Theory 3

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### Result and experience

Firstly, we congratulate the group of Bill Gates win the first battle.

How to decide which group make a better battle?

1. Look the way of developing the point of view about two types and present your arguments in a very convincing way on the case of group.
  2. How you present the argumentation and defend others, your position when you are attacked by the other team.
  3. How you develop the propose of the scenario.
  4. There are three stages: presentation, argumentation and conclusions.
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### Theory part

**Q:** Most innovations fail. Companies that don't innovate die. True or false?

**A:** It depends on how exploring the innovation. Development and changes happen fast and most companies regard it as a progress.

Innovating innovation

The evolution of knowledge through paradigms- commercialization of knowledge.

**Q:** What is innovation – can you define it without using the word “new”.

**Q:** We know innovation is important, why?

- Innovation could be critical to new products.
  - Through innovation we do create more opportunities for us to face.
  - People only see what they are prepared to see.
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### 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

Changes, 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 – change social products.

### **What actually close to innovate?**

Innovation happens within the firm, especially the ownership of firm.

From science people pull and push with customers. They are moving the customers to direction. We call it R&D Push or Market Pull. The consequence is from R&D, production, sales and customers.

### **A closed innovation system:**

How the close paradigm works:

Increased R&D and marketing investment to fundamental technology breakthrough to new products and services to sales and profits. It is a whole virtuous circle. The more investment you input in R&D, the more will be granted and more sales, profits you will gain. Thus R&D leadership is key and we have to protect our intellectual properly.

Our customers are passive buyers and we do not have to share with anyone else.

### **Changing assumptions:**

It is a competence trap from increasing R&D (and marketing) investment to fundamental technology to new products and services to decrease sales and products via existing business models.

The virtuous circle broken

Fundamental technology breakthroughs

1: venture capital helps team to focus on by key engineers exit to form new company and IPO;

2: increase sales and profits by increasing investment in R&D and new products and features.