HYPE

INTRODUCTION TO OPEN INNOVATION - INCREASING THE COLLECTIVE INSIGHT OF YOUR INNOVATION PROGRAM

Colin Nelson

Director of Enterprise Innovation

colin.nelson@hypeinnovation.com

colin_at_hype

Introduction: Colin Nelson

Director of Enterprise Innovation at HYPE Innovation

- 18 years consulting, supporting organizations and communities with enterprise collaboration information & management

My day job:

- I run a multinational consulting team
- I help with adoption of enterprise & inter-enterprise collaboration programs
- Focused on Innovation & Efficiency
- I write and talk about collective intelligence

Who are HYPE Innovation?

HYPE Innovation

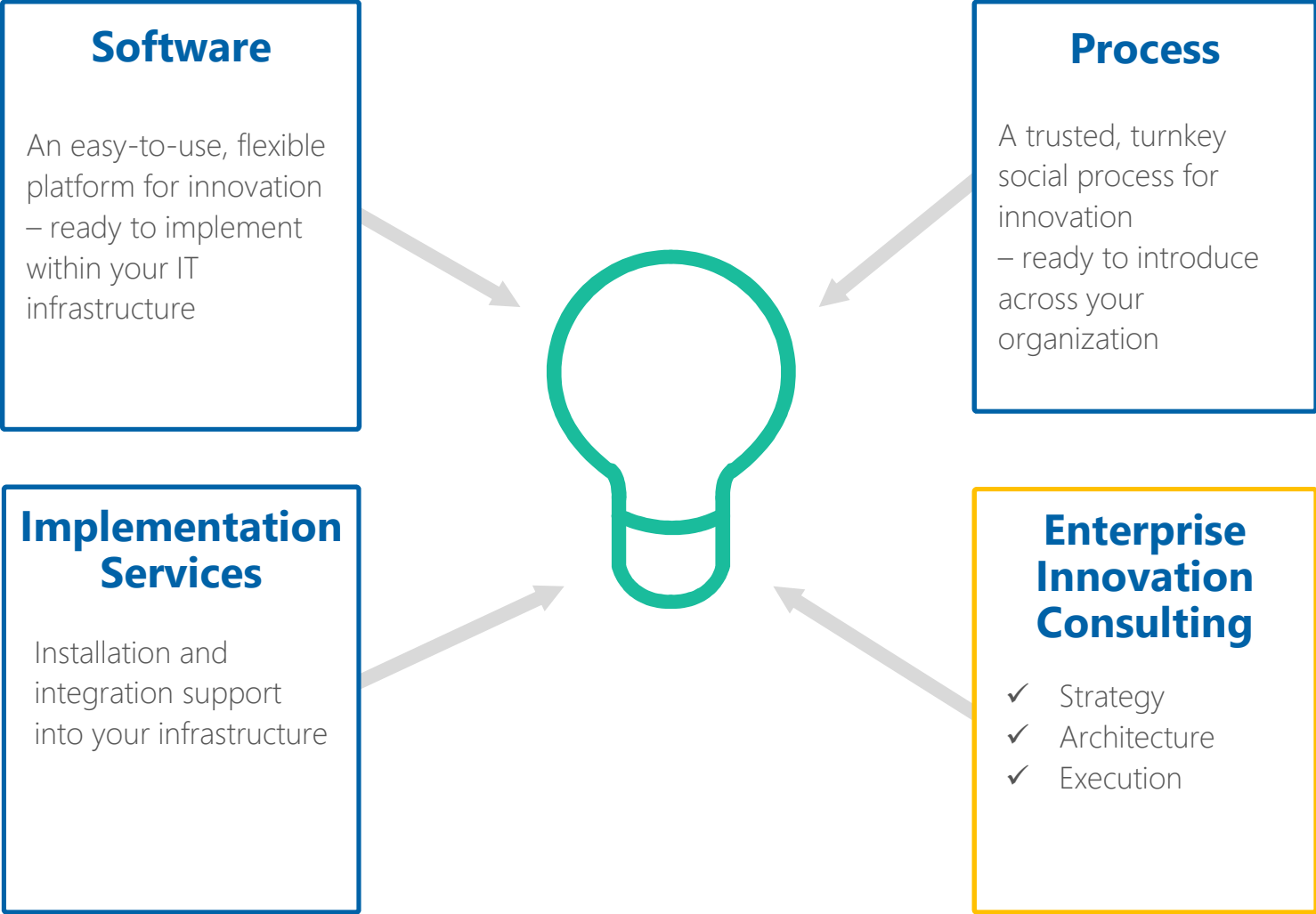|	
Founded 2001 as Daimler spin-off	Specialize in Innovation Management
Headquartered in Bonn, Germany	Offices in Boston, Denver, Abu Dhabi, London & Lyon

Our Products

Support Full Scope of Innovation (End2End)	100% Configurable > Evolves with You
Off-the-Shelf Experience-Based Tools	Cloud or On-Premise, Buy or Rent

HYPE as a Solution Provider

Software

An easy-to-use, flexible platform for innovation – ready to implement within your IT infrastructure

Process

A trusted, turnkey social process for innovation – ready to introduce across your organization

Implementation Services

Installation and integration support into your infrastructure

Enterprise Innovation Consulting

- ✓ Strategy
- ✓ Architecture
- ✓ Execution

www.hypeinnovation.com

Selected HYPE Clients Across Industries

HYPE

Automotive

Volkswagen, DAIMLER, CLAAS, CNH, Continental, MAHLE Driven by performance, BORBET LEICHTMETALLRÄDER, brose Technik für Automobile, HARLEY-DAVIDSON MOTOR COMPANY, Huf

Technology

FUJITSU, NOKIA, ROHDE & SCHWARZ, BOSCH Technik fürs Leben, hager Group, FESTO

Manufacturing

SIEMENS, LIEBHERR, wilo, WITZENMANN managing flexibility, Ball, ANDRITZ, ZEISS, AL WATANIA FOR INDUSTRIES, knauf, autoneum

Energy & Utilities

ErDF L'électricité en réseau, Saudi Aramco, RWE, WorleyParsons resources & energy, GASCO Abu Dhabi Gas Industries Ltd., PETRONAS

Pharma / Chemical

Roche, Afton Passion for Solutions, GRÜNENTHAL, Sipchem, BASF The Chemical Company, MERCK, WACKER

Transportation / Logistics

swisslog, Deutsche Post DHL, AIRBUS AN EADS COMPANY, DB BAHN, KNORR-BREMSE, AÉROPORTS de LYON, BOMBARDIER the evolution of mobility

Consumer Goods

HEAD, DANONE, MATTEL, adidas GROUP, CENTURION THE AUTOMATIC CHOICE, Grupo familia, Kimberly-Clark, CLOROX, ECKES granini GROUP

Medical

OLYMPUS, Straumann, Constantia INDUSTRIES AG, Abbott A Promise for Life, YPSOMED SELFCARE SOLUTIONS, BAYER, Johnson & Johnson

Finance & Insurance

Raiffeisenlandesbank Niederösterreich-Wien, aveo MONÉTIQUE & SERVICES, TK Techniker Krankenkasse, IT ERGO, Swiss Re, Caja Los Andes, BAC CREDOMATIC, Al Rajhi Bank, Die Mobiliar Versicherungen & Vorsorge

Other

Alcatel·Lucent, LIBERTY GLOBAL, DLR, Edenred, NASA, impress THE DECOR COMPANY, rethink storaenso, BUNDES DRUCKEREI, SUPREME COMMITTEE FOR DELIVERY & LEGACY

HYPE

- Setting the scene

- What's happening in online open innovation?

- Tools that help

- Tips for getting started

What's considered Open Innovation?

- 'Open Innovation' covers a VERY broad set of activities

- Open Innovation isn't new (but systemizing it and doing it at scale is relatively new)

- Two main directions:
  - Add some external aspects to the systemized internal innovation program
  - Systemize our current open innovation program to increase its scale

- New activities are also possible by using technology wisely and applying what we know about how large groups behave online

Objectives & Challenges

Growth:

- Competitive advantage
- Adapt or die

Efficiency:

- Continuous Improvement
- Cost saving

Pace of change:

- New technology
- Becoming more agile

Siloed working:

- Making the most of what we have
- Building new teams

Disruption

KPMG's annual CEO survey shows us that CEO's are really concerned with disruption:

The top four concerns raised by CEOs in this survey were:

...new entrants disrupting our business model	**74%**
...keeping current with new technologies	**72%**
...competitors' ability to take business away from our organization	**69%**
...my company's products/services relevance three years from now	**66%**

Source: Global CEO Outlook 2015 (KPMG), page 4

Innovation is a Must-Have

84% execs say innovation is critical; 6% satisfied with performance

McKinsey

Fast Innovators are 18X more likely to have 30% revenue from Innovations

Boston Consulting Group

Only 25% of firms effectively generate & convert innovation

Booz & Company

There is a 81% positive correlation between innovation and collaboration

HR Magazine

INNOVATION

Organizational pressure

- New entrants from emerging markets

- Disruption to the market and offerings

- Hard to differentiate

- We're all stretched to the limit

- Need to do more with less
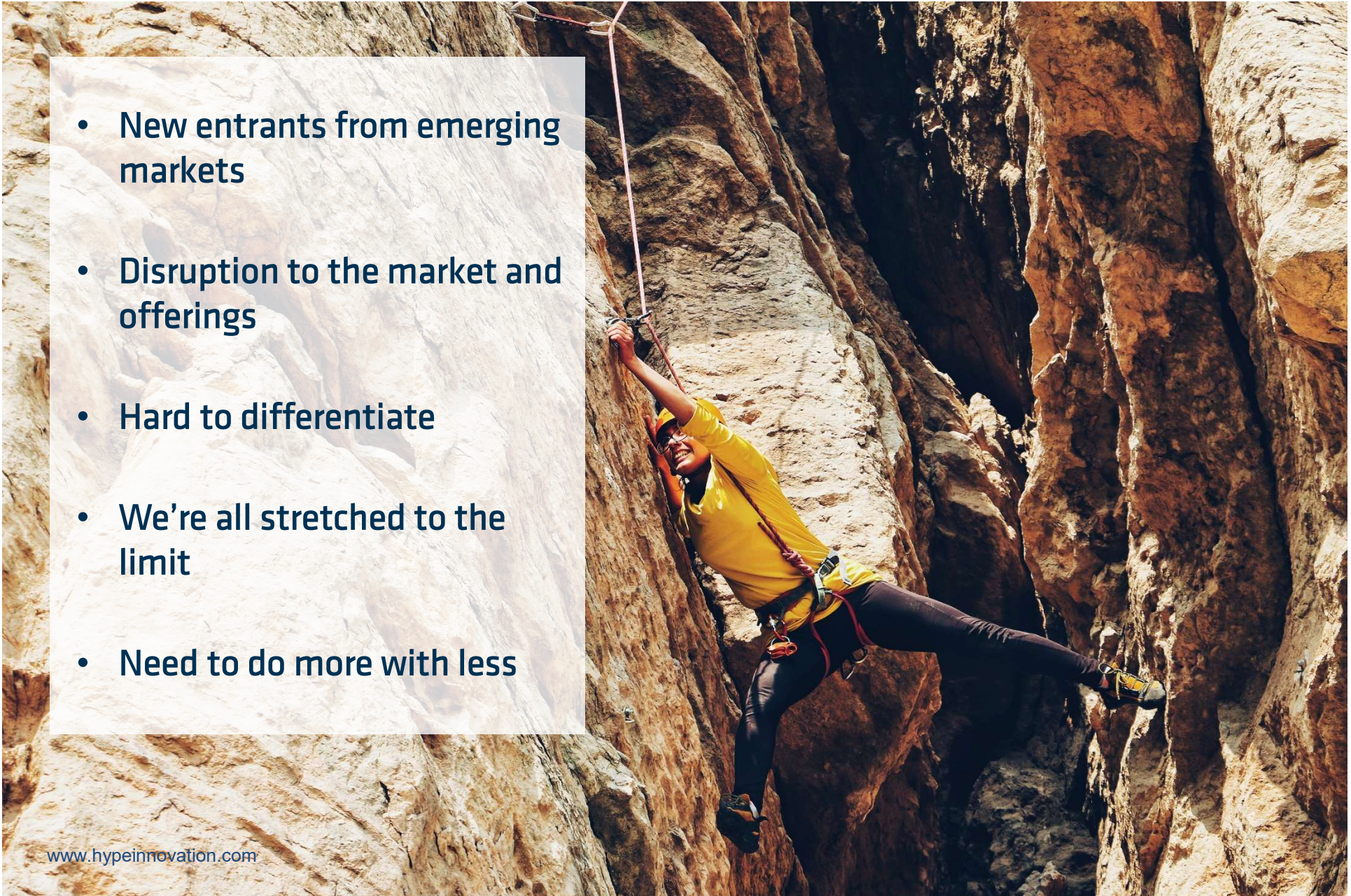
Opportunities & Challenges

More ideas / Greater diversity / Wider net of expertise →

Team | Department | Enterprise | Beyond the enterprise

Less control / Less secure / More worry about IP →

Less understanding of motivation and how to drive outcomes →
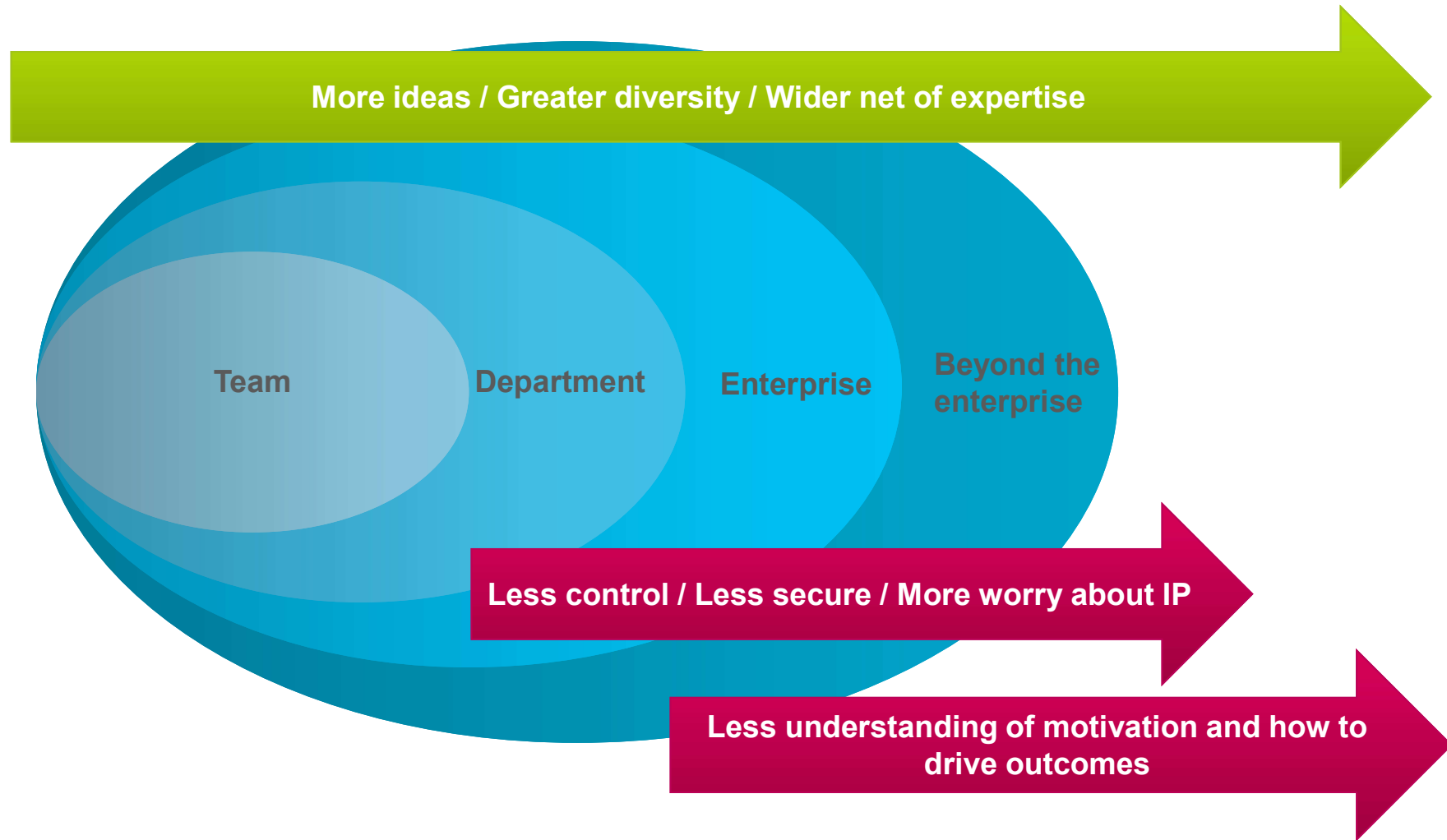
Setting the scene

- Leaders know they need to develop more agile organizations to adapt to change

- The context is Growth & Efficiency within an increasingly fast moving world

- Complex organizations are establishing online innovation management programs to get more from employees, suppliers and customers

HYPE ◉

- Setting the scene

- What's happening in online open innovation?

- Tools that help

- Tips for getting started

When we say 'Open Innovation' – what do we really mean?

- Diversity of opinion is crucial to developing new things

- The world outside of our organization offers many possibilities

- Often companies take a slice of their internal efforts & invite the external world to join in

Where does HYPE fit in?

External Audiences

| Vendors | Suppliers | Universities | Alumni | Partner | Consumers | Competitors |

Collaboration Platform

Internal Audiences

| Marketing | Finance | IT | Sales | R&D | HR | Management |

- Ideas
- Solutions
- Concepts
- Insights
- Best Practices
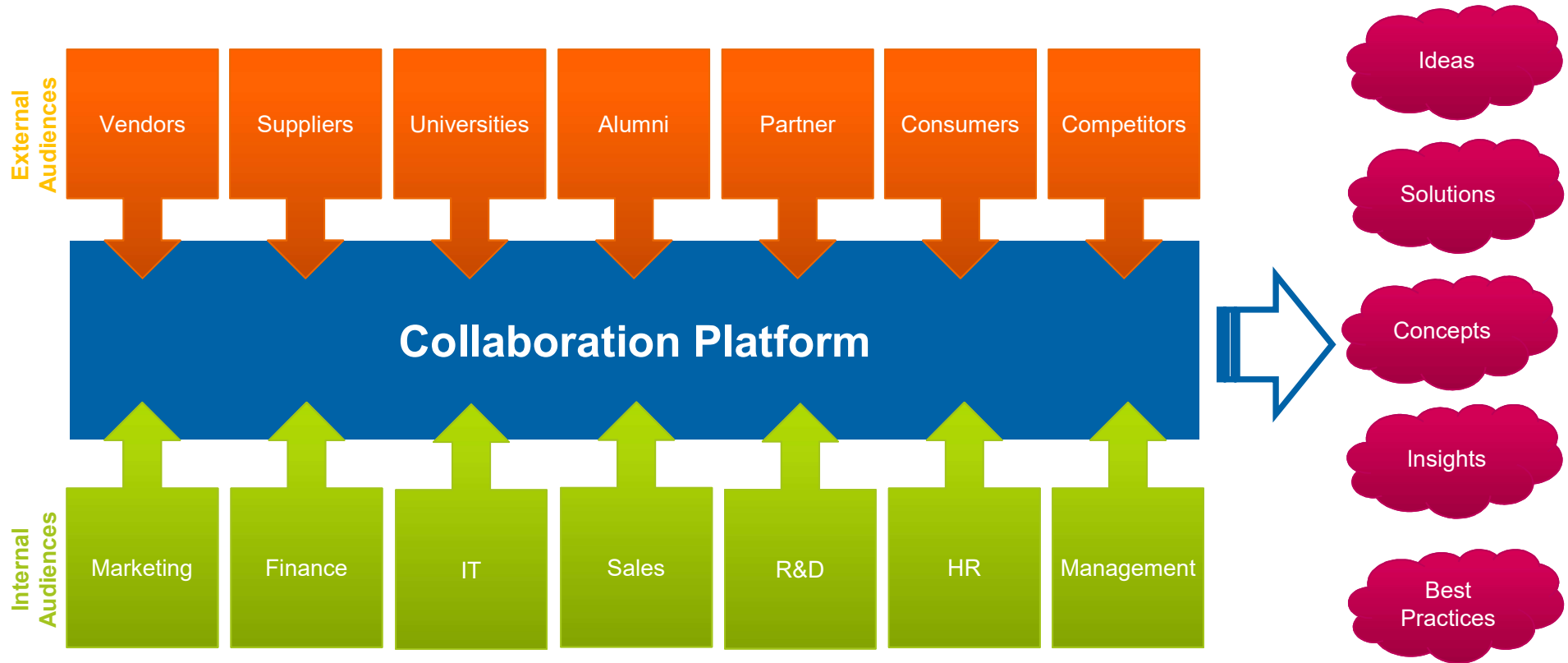
Strengths & Weaknesses of Tools

Tools offer:

- Scale
- Rigor of process
- Knowledge & Portfolio management
- Support for effective governance

Other tasks include:

- Promoting engagement
- High-quality content
- Collaboration between invitees

www.hypeinnovation.com

Flavors of 'scaled' external collaboration

	Creative	Diverse opinions collaborating to develop something that doesn't yet exist
	Problem Solving	Using collective insight and diverse opinions to fix a known issue
	Discovery	Finding expertise or knowledge from 3rd parties
	Testing	Testing a concept or idea with those likely to be impacted by its implementation
	Feedback	Gather feedback on current activities, with the goal to refine and improve

What are the most common external groups?

Business customers

UC San Diego

Academia

Existing suppliers

The Maids

GDCh
GESELLSCHAFT
DEUTSCHER CHEMIKER

FUJITSU

Your
Organization

OSRAM

MATTEL

Munich RE

VEOLIA

UC San Diego

Potential suppliers

MATTEL

Consumers

Citizens

BAXI

DB
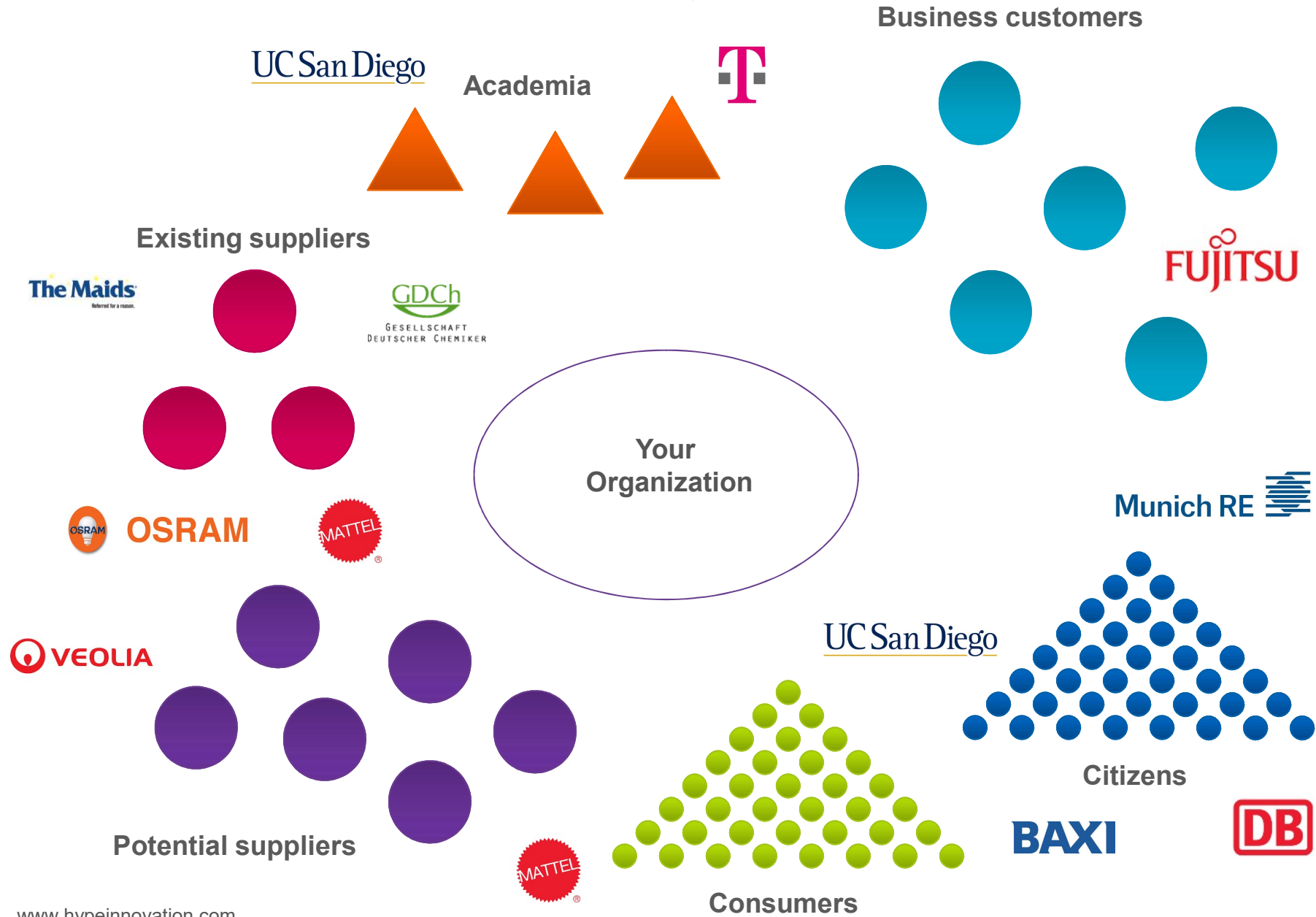
Mattel – Engaging the consumer

Consumers

The challenge:

- How can we build a relationship with our customers that love our brand?

- How can they contribute to innovation?

- How can the connect to other people that also love our toys and collaborate?

MATTEL®

Mattel – The Solution

- Online focus group for interested consumers
- In parallel:
  - Always open channel for comments and ideas
  - Campaigns focused on a real need

- Non-material topics, focus on building brand loyalty

https://myfpideas.com

Mattel – What can we learn?

- Consumer ideas have been implemented from the campaigns

- Good ideas are out there, you need to give them a channel & promote it

- A new TV show has launched on ABC building on the concept of consumer toy ideas

Consumers

http://www.disneyabcpress.com/abc/shows/the-toy-box/

MATTEL®

Mattel

The challenge:

- Mattel have always gained ideas for toys from small toy inventors and small companies

- External inventor submitted paper based concepts, of various quality to different parts of the company

- The process couldn't scale and was labor intensive

- A need to increase the number of inventors that could participate and quality of submissions

Mattel – The Solution

Existing suppliers

- Entire Inventor Relations process put online
- One single place for inventors to pitch toy concept submissions
- Inventors apply for permission to take part
- Pre-agreed set of T's & C's
- Set the quality bar very high, only fully rounded concepts are welcome
- Use internal innovation team to process the best content and make selections
- 200 inventors are now engaged
- 3,000 submissions in 2015
- Implementation rate of 2% (60 new toys)

A   B   C   ...

Online platform

Mattel – what can we learn?

Existing suppliers
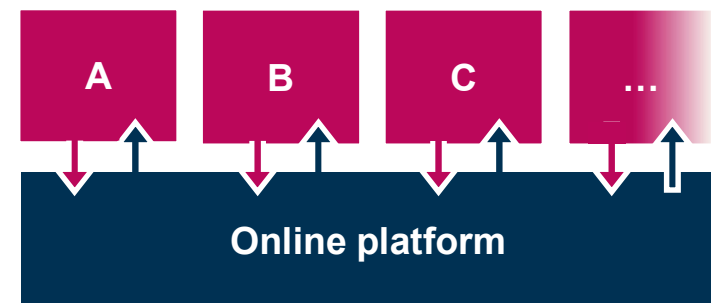
- Automating elements of a manual process can have some big benefits (scale, efficiency)

- We're all capacity restricted, just generating 'more' isn't helpful

- The motivations for external inventors were:
  - Commercial benefit
  - Leveraging the scale of a large organization
  - Belief in the process

MATTEL®

Fujitsu

Business customers

The challenge:

- A change in market conditions, greater levels of competition & customers asking for added value

- Customers want a partner not a supplier

- Lack of deep understanding of customers business, challenges and opportunities

FUJITSU

Fujitsu – The Solution

- Established the 'Activ8', collective insight program for customers

- Online campaigns run with a portion of each major customer's employees, focused on core business needs

- Content used to gain a deep understanding of the customers business

- Internal network of 250 distinguished engineers used to develop new solutions from Fujitsu & 3rd party suppliers

- Rolled out across 60 core customers in the UK, now into Spain, Australia, France….

Business customers

Customer	Customer	Customer

Online platform
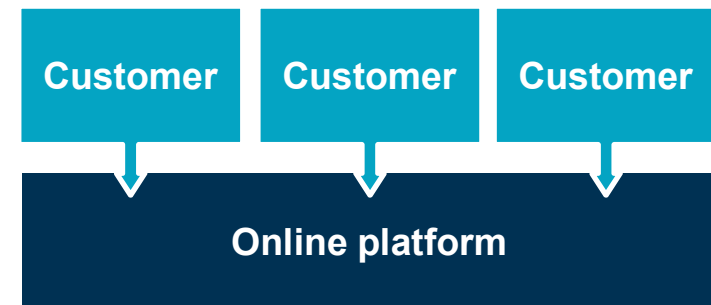
Fujitsu – what can we learn?

Business customers

- Business customers want you to do better, they take pride in working with a progressive organization

- Online campaigns were a great way of getting around those that normally control the business relationship

- Customers enjoyed the experience of collaborating amongst themselves on their needs

- Motivation for the customer included:
  - A desire for a better, more innovative partner
  - A real need to meet business challenges

FUJITSU

ENLIGHT

The challenge:

- How can the lighting industry differentiate itself in the face of low-cost competition from Asia?

- Many organization across Europe have an interest in solving that problem, how can we engage them all in the same conversation?

Existing suppliers

Potential suppliers

Academia

OSRAM

ENLIGHT – The Solution

- Coordinated by OSRAM, online campaigns run looking for new lighting use-cases

- Also looking for new ways of combining existing capabilities to develop new partnerships

- 85 new distinct use-cases identified for exploitation (for common benefit)
- 25 new feature clusters created for development by partnerships
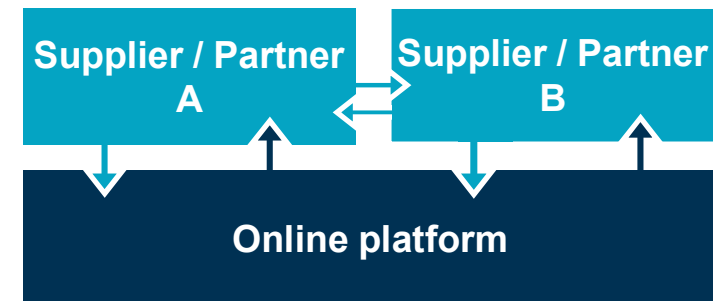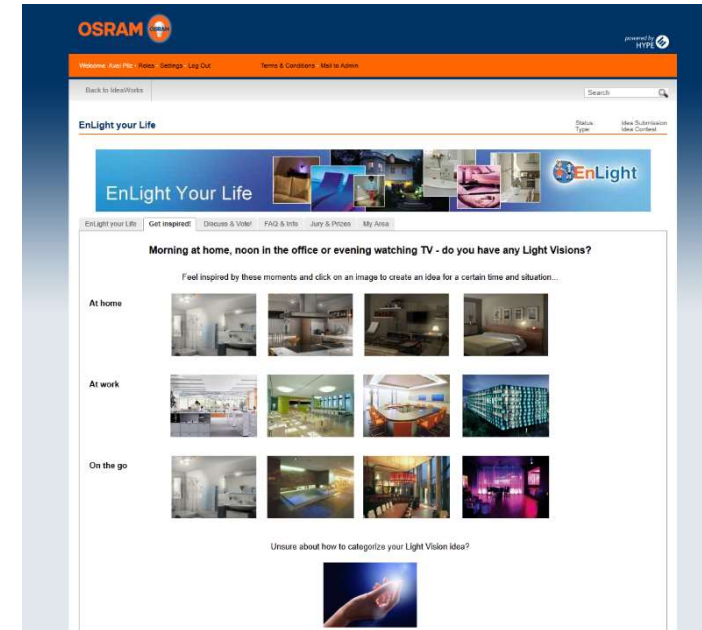
ENLIGHT – What can we learn?

- Complex networks will co-create and collaborate providing it's within a 'safe' space

- A common legal wrapper was needed to ensure everyone adhered to common principles

- Motivations included:
  - Compelling reason to make a change
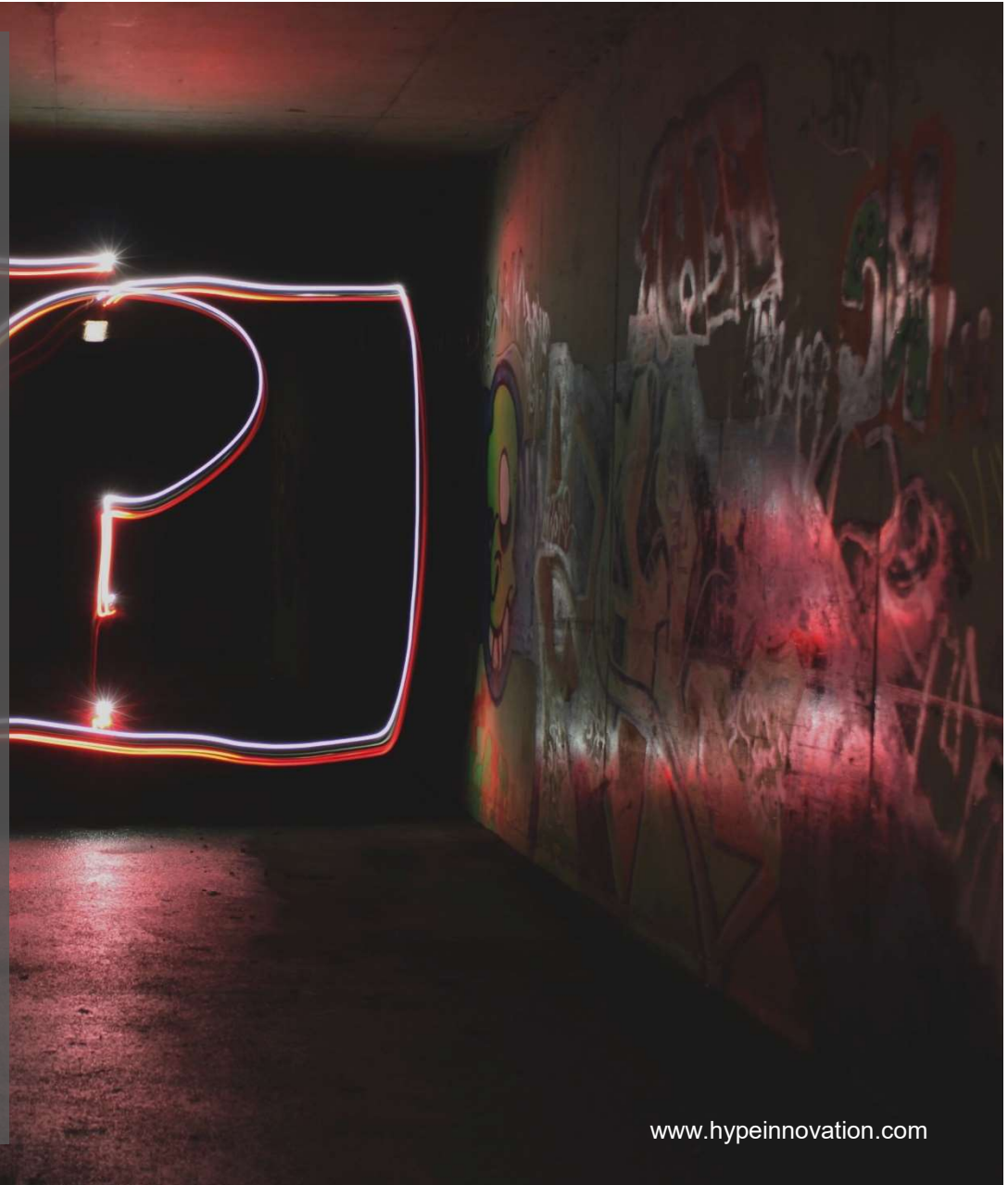 - An understanding that the entire industry required new solutions

Existing suppliers

Potential suppliers

Accademia

HYPE

- Setting the scene

- What's happening in online open innovation?

- Tools that help

- Tips for getting started
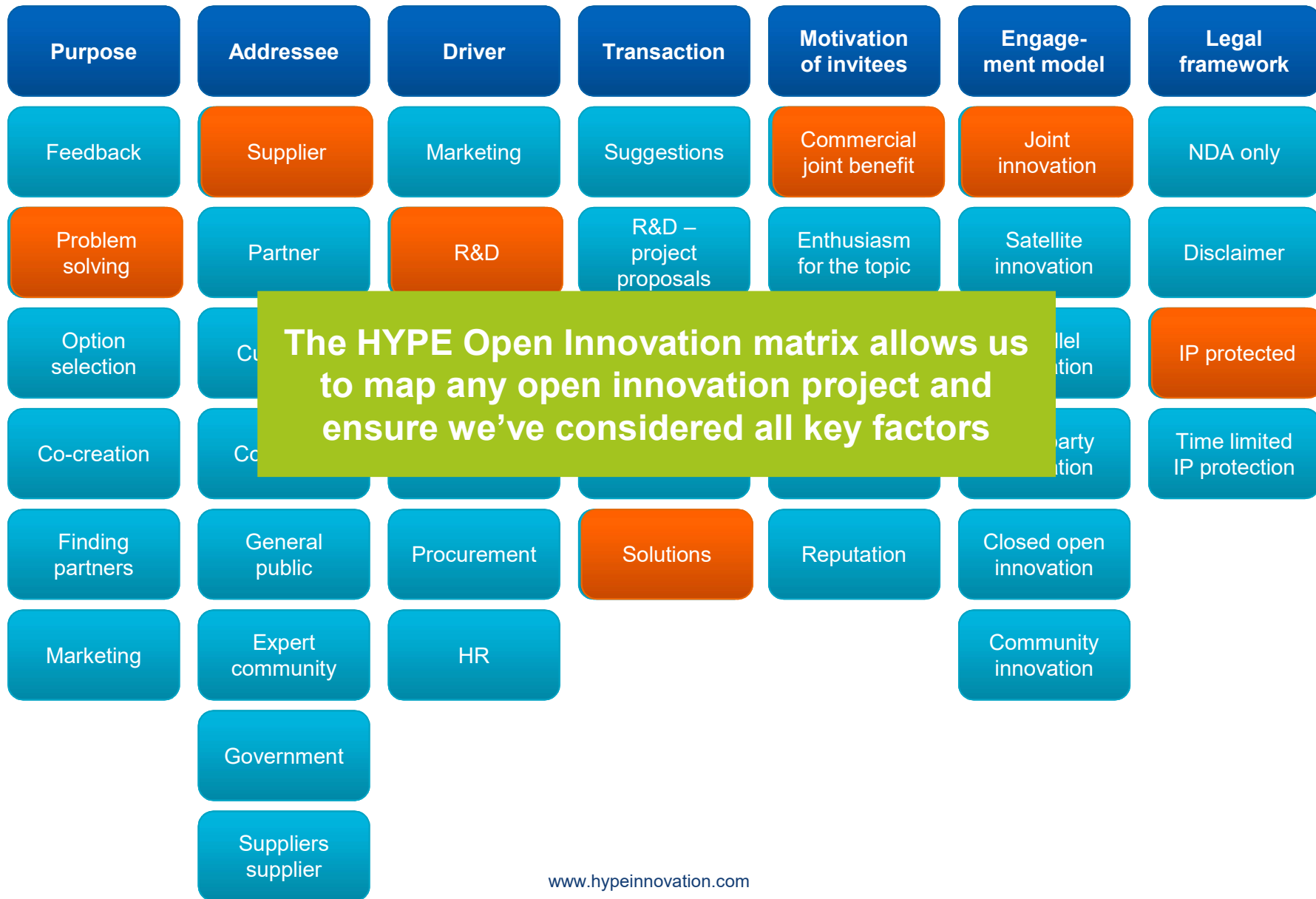
Key considerations

- Processes and tools are required to scale external collaboration activities

- New types of collaboration are possible by applying online social science techniques

- All parties need to care to make it work
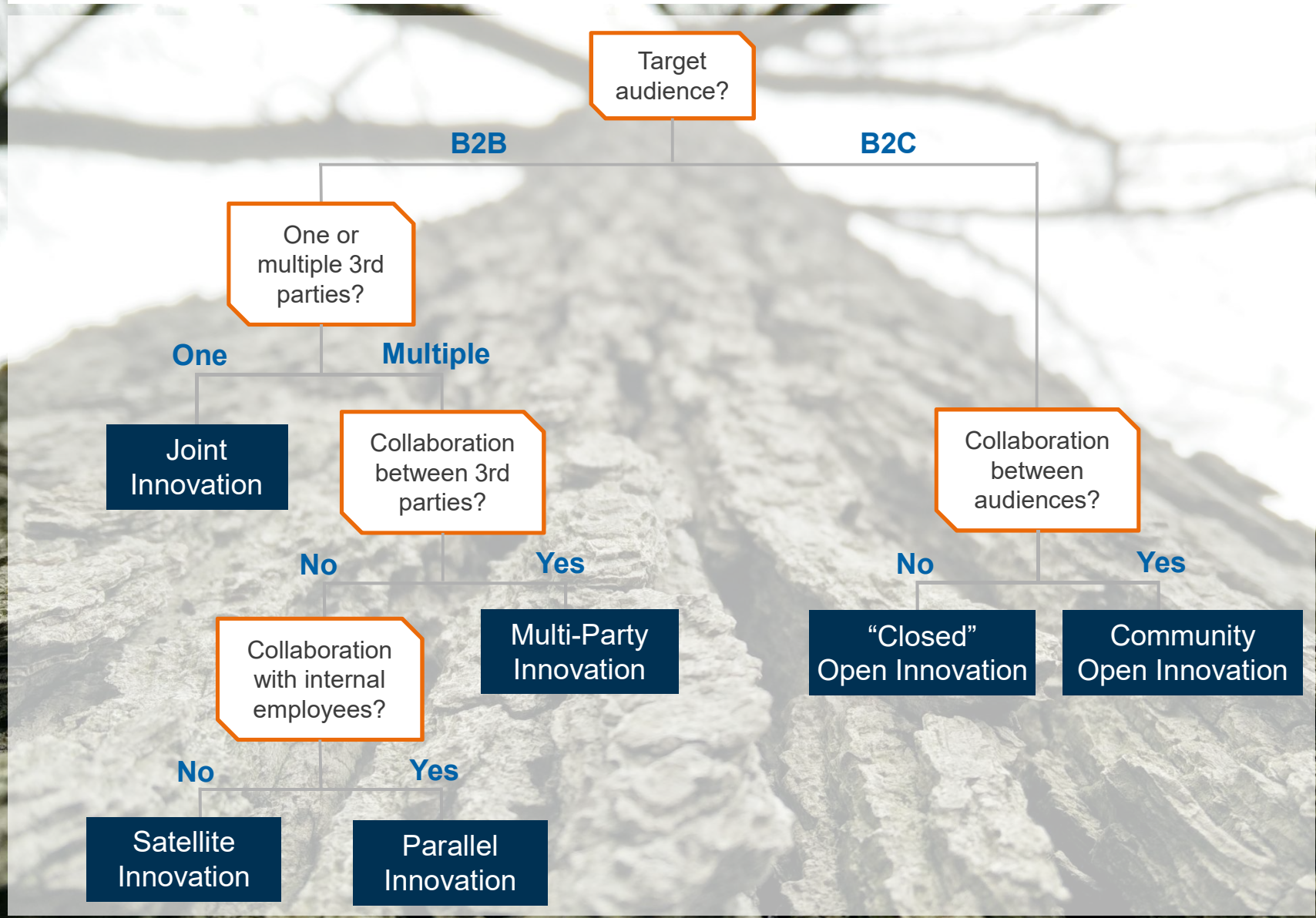
Questions to ask before you start

1. What's the purpose of engaging externally?

2. What's our target community?

3. Who is driving this internally?

4. What is the transaction we're looking for?

5. What's the motivation of the target community?

6. How can we engage the target community?

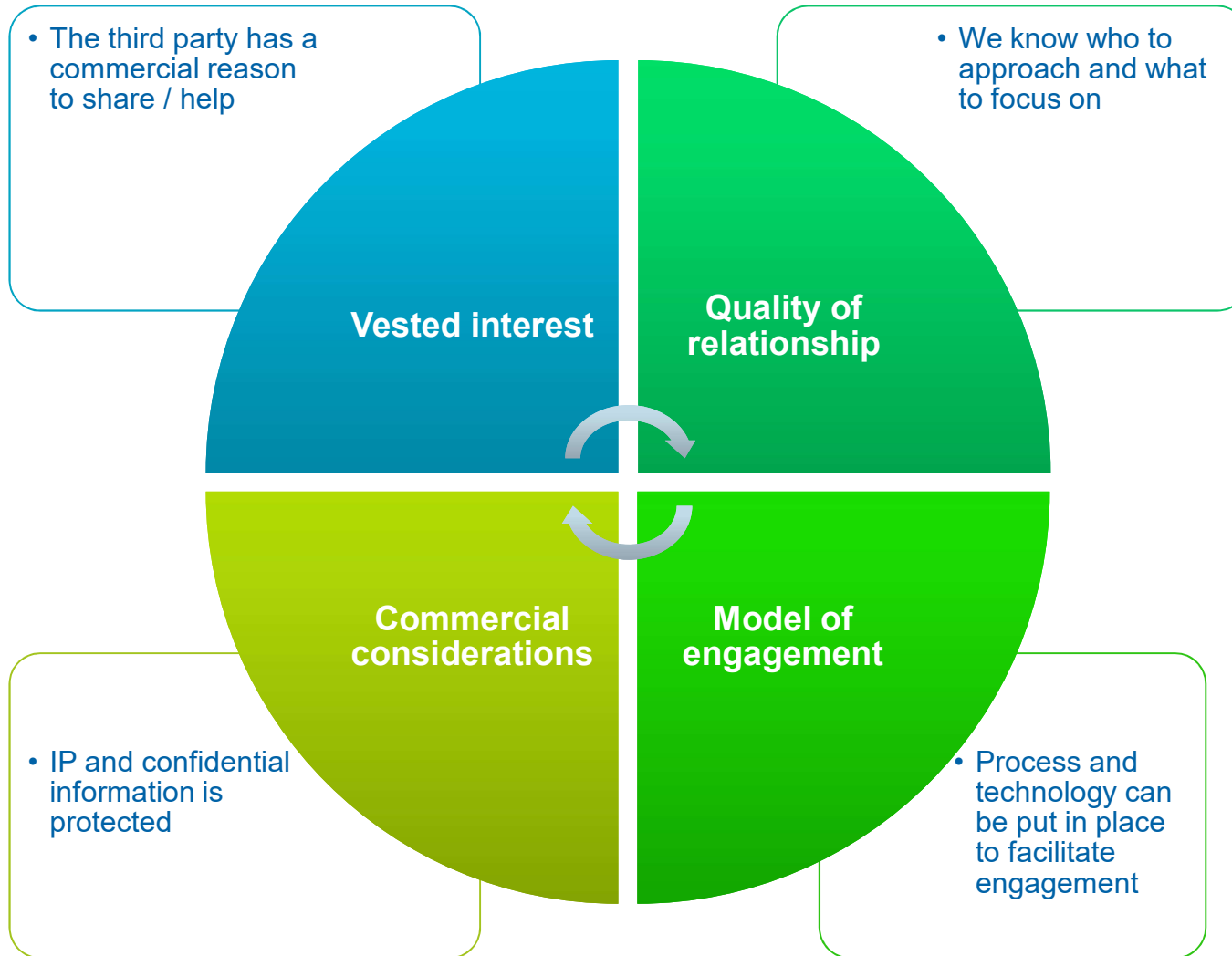7. What legal framework do we have / need to put in place?

HYPE Open Innovation matrix

Purpose	Addressee	Driver	Transaction	Motivation of invitees	Engage-ment model	Legal framework
Feedback	Supplier	Marketing	Suggestions	Commercial joint benefit	Joint innovation	NDA only
Problem solving	Partner	R&D	R&D – project proposals	Enthusiasm for the topic	Satellite innovation	Disclaimer
Option selection	Cu...			...llel ...tion		IP protected
Co-creation	Co...			...party ...tion		Time limited IP protection
Finding partners	General public	Procurement	Solutions	Reputation	Closed open innovation	
Marketing	Expert community	HR			Community innovation	
	Government					
	Suppliers supplier					

> **The HYPE Open Innovation matrix allows us to map any open innovation project and ensure we've considered all key factors**

www.hypeinnovation.com

Questions that will define a solution

Target audience?

B2B — **B2C**

One or multiple 3rd parties?

One — **Multiple**

Joint Innovation

Collaboration between 3rd parties?

Collaboration between audiences?

No — **Yes**

No — **Yes**

Collaboration with internal employees?

Multi-Party Innovation

"Closed" Open Innovation

Community Open Innovation

No — **Yes**

Satellite Innovation

Parallel Innovation

Which 3rd parties deserve our time?

- The third party has a commercial reason to share / help

- We know who to approach and what to focus on

Vested interest

Quality of relationship

Commercial considerations

Model of engagement

- IP and confidential information is protected

- Process and technology can be put in place to facilitate engagement

Always-open idea channels

1. Collect ideas

2. Look if there is a need

Campaign-based ideation

1. State needs

2. Look for ideas

Considerations:

- Steer ideation process

- Get right ideas at the right time

- Secure resources upfront to implement good ideas

- Higher implementation ratios

- Give innovators a challenge

- Higher motivation

- More frequent communications

Campaign-based ideation

1. State needs

2. Look for ideas

Always open idea channels

1. Collect ideas

2. Look if there is a need

Considerations:

- Theme based

- Ideas for which there is no campaign

- Request well-described ideas (need, approach, strategic fit, benefits...)

- Expect less collaboration

- Review process at regular intervals

- Clarify responsibilities for reviews upfront

- Include contributor in review process

HYPE

- Setting the scene

- What's happening in online open innovation?

- Tools that help

- Tips for getting started

www.hypeinnovation.com

Prioritization of activities is crucial

- Who can offer something we don't already have?

- Where are the relationships strong?

- What legal agreements are in place?

- Which 3rd parties are interested in a different kind of relationship?

- How can we raise awareness of the activity efficiently?

- ...etc.

Choose your challenge carefully

Most straightforward audiences include:

- A relationship exists
- They provide goods or services to you already
- There are legal protections in place such as an NDA

More challenging audiences include:

- Organizations that have a vested interest in helping you where there is no current agreement in place

The most challenging audiences include:

- Those that don't know you
- You're seen as a commodity provider
- There are no legal protections in place

Tips for getting started

1. Keep things simple: Super charge something you're already working on – with external input

2. Pick your audience carefully: Suppliers and business customers are likely to be most open to an initial conversation

3. Focus: You can't do everything, so consider where the opportunities are the strongest and 3rd parties likely to be most engage

4. Involve your legal support early: They will be invaluable
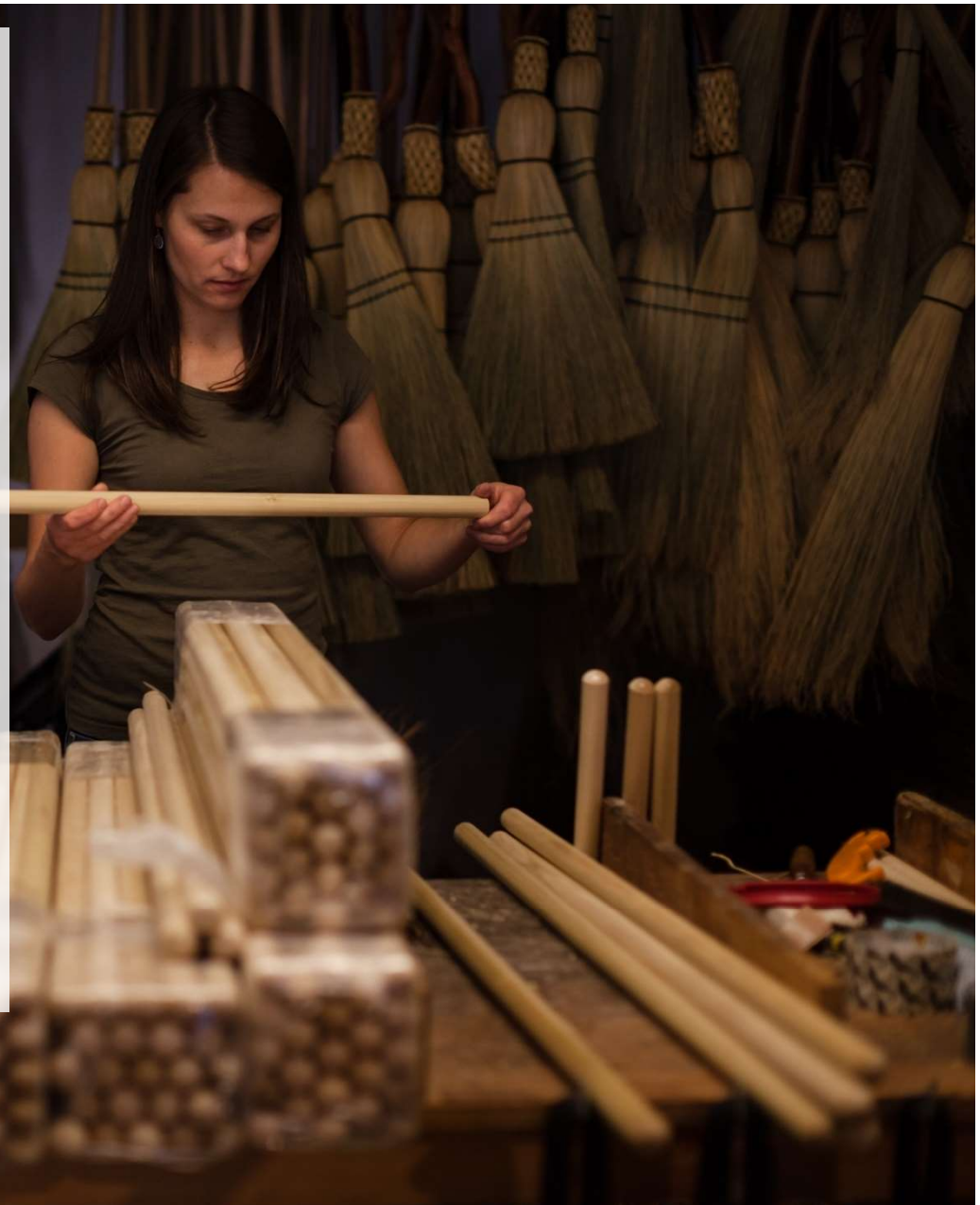
Summary

1. Scaling up your innovation efforts to include external parties can be achieved in a systematic manner

2. Choose lower risk approaches initially to build up experience and credibility

3. Ensure you have a full 'Open Innovation Scenario' before you start

QUESTIONS?

Colin Nelson

Director of Enterprise Innovation

colin.nelson@hypeinnovation.com

colin_at_hype