

What is Open Innovation?

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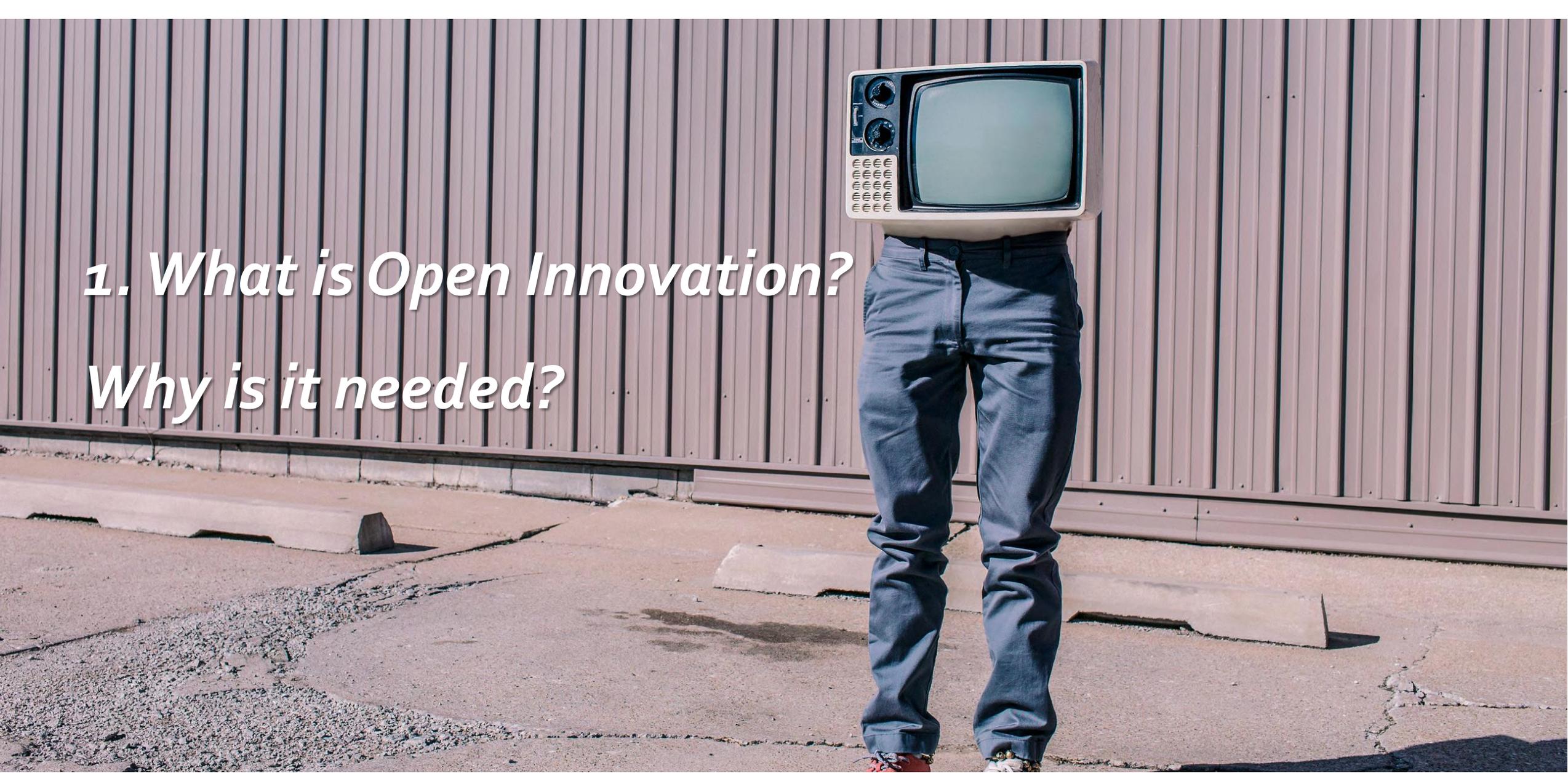
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*1. What is Open Innovation?
Why is it needed?*

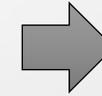
Current situation

- **Innovation is** not an option anymore but a **need** to keep industrial competitive advantages and survive
- **Market changes** faster than the R&D capacity of departments to create innovations
- The **competition in R&D projects is higher**, being harder to obtain public funding, making a must to improve innovation projects profitability



New paradigm of innovation

- Better effectiveness
- Better efficiency



OPEN INNOVATION

What is Open Innovation?

“Your R&D department is the best of the world”

vs

“The world is your R&D department”

“A paradigm where 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”

The key to Open Innovation is to understand innovation as an open system in which internal and external actors of the organisation take part

Internal Innovation

- Very limited by **available resources** (\$ and people)
- **Limited** by internal know how and technology availability
- **R&D department and the rest of the organisation** may **collide** in cultural and organisation aspects
- In some cases, there is a lack of motivation because of the **invisibility of R&D results**

VS



Open Innovation

- **No limitation** because of resources availability
- Openness to **multidisciplinary** know how through startups
- **Access** to disruptive technologies
- **Wider scope**, no restrictions due to objectives, culture or internal policies
- **Extra motivation** (“we want to change the World!”)

Why is Open Innovation essential?

- ❖ No business can invest the equivalent to **hundreds of teams** working on the latest, trending technologies (even Apple, Pfizer or Amazon)
- ❖ No business can **cover every innovation fronts** of all the areas of its sector/market
- ❖ Only businesses that use massively Open Innovation for their R&D are maintaining their **competitive advantages in long term**, like pharmaceutical and technology companies

TAKE
HOME
IDEA

Open Innovation allows to take advantage of the best of internal innovation combining it with the external one, producing results exponentially

Added value

Many advantages are offered by an Open Innovation Program:



Efficient access to innovation

The organisations can avoid starting new investigation all over



Acceleration of the innovation

Reduction of creation cycles, shortening the "time to market"



Cost reduction

Mostly in the idea generation phase, including the development phase



Talent search

Companies are able to identify and attract human capital

Added value

Many advantages are offered by an Open Innovation Program:

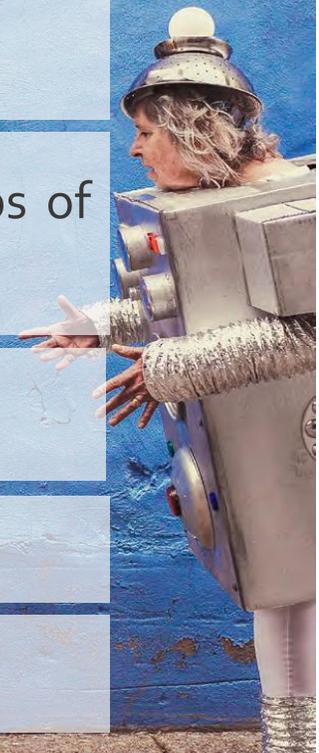
 Identification of **new business opportunity and access to new markets**

 **Improvement of the company network:** restructuration of the external relationships of the organisation, new collaboration frameworks

 **Increase of staff internal motivation** (creativity, proactivity, training, etc.).

 **Improvement of brand positioning**

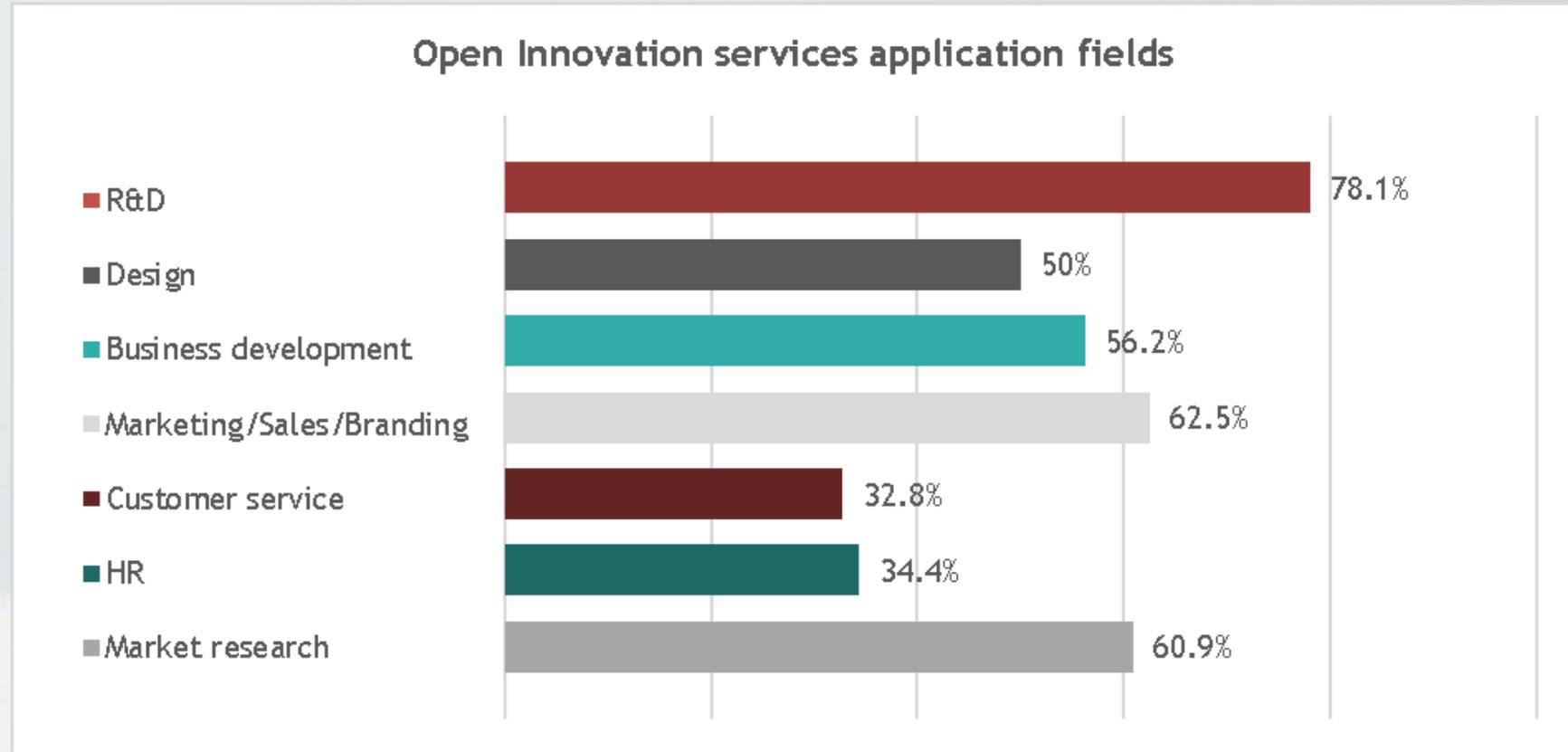
 To sum up, **BETTER COMPETITIVE POSITION**



2. How is it implemented?



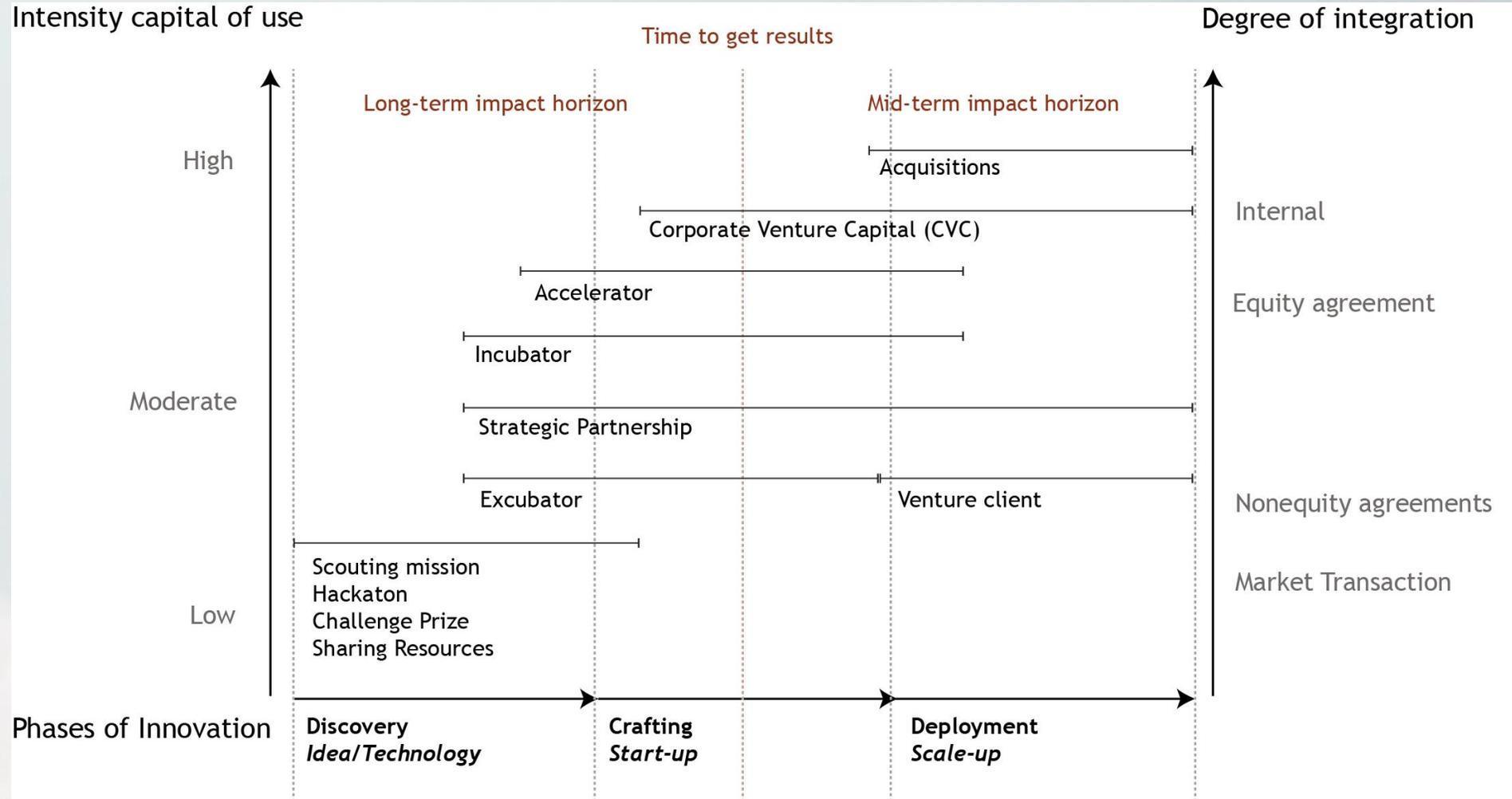
Open Innovation application fields



Open Innovation tools

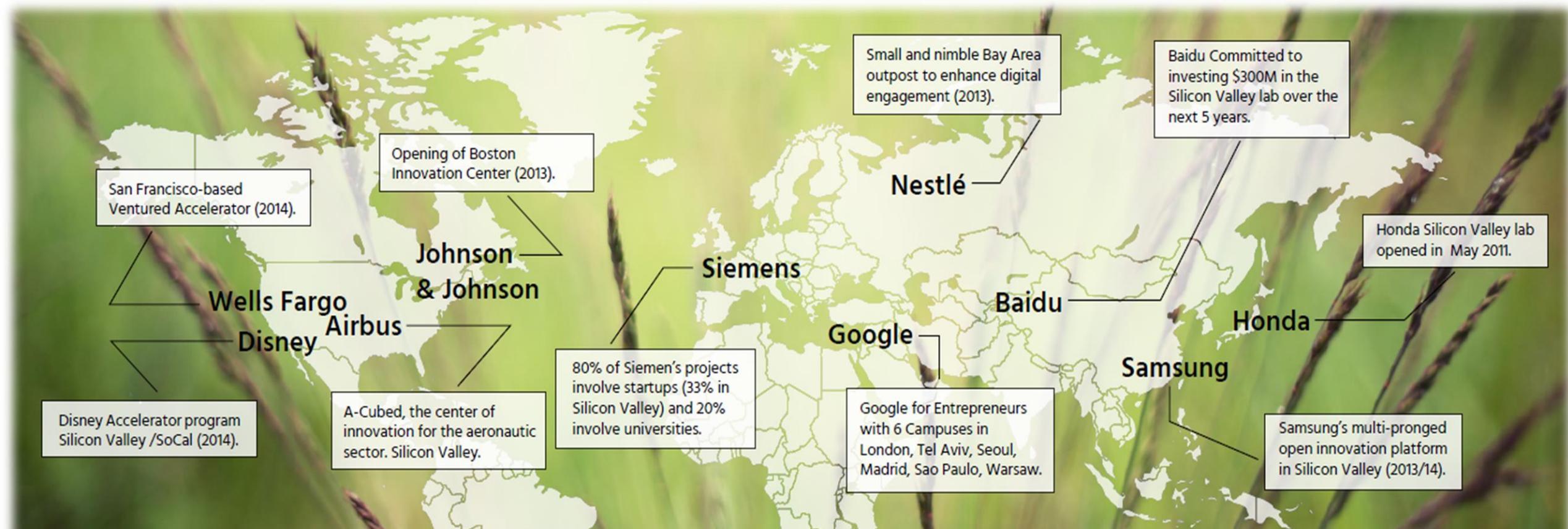
Classification of OI tools by cost of capital, time frame to obtain results, degree of integration and phase of innovation

Source: IESE



Open Innovation nowadays

Companies all around the world are strongly linked to the main, worldwide focal points of innovation and entrepreneurship to face strategic issues



3. Take home messages



Take home messages

- ❖ Open Innovation (OI) is a **powerful tool** for increasing organisation **competitiveness** thanks to joint cooperation, involving the whole innovation ecosystem.
 - ❖ **Quick way to solve challenges** (e.g. climate change or sustainability related ones).
 - ❖ There are **a lot of OI tools**, find the most suitable for your organisation!
 - ❖ Once desirable OI tools are identified, it is recommended to define a OI strategy for the organisation, aligned with the RDI strategy and the organisation strategy.
- ❖ A lot of organisations (not only famous brand owners) are already implementing OI.
- ❖ Others are still unfamiliar with OI strategies. However, most of them are already doing OI actions without calling them OI as such, mainly strategic partnerships.

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