

2006 - A New Year Filled with Opportunities, Ideas, Inventions and Innovations!

A new year which surely will bring/include new exciting ideas and innovations.
A new year filled with opportunities.

The most exciting change of the innovation process ever is taking place right now, virtually, at the Internet. People from all over the world, with different interests and experiences, meet and together they create amazing and fantastic ideas which organisations turn into profitable innovations. Many famous researchers talk of a change of paradigm when the innovation process shifts from the manufacturing company to the users in the real world.

I aim to tell you about this and an even a little more in the following text. By tying together the history with the future I hope to stimulate your thoughts so that we together can develop more ideas into profitable innovations and inventions.

Everything is a Learning Process

Newton once said: “All innovators are standing on the shoulders of giants”.
He meant that all innovations are sprung from earlier innovations and discoveries, that ideas are not born nor created in a vacuum but stems from other peoples’ ideas.

An innovation has been developed when an existing technique or model has been changed and something new has been developed. Using the same spirit, the notion/conception/concept of creativity can be defined as a combination of old things in a new order or a combination of new things in an old order.

To create especially good ideas and innovations, many different people are required whose experiences and knowledge complement each other. When this happens you can talk of a “Medici-effect”, a concept coined by the innovation researcher Frans Johansson.

The Medici family lived in Florence during the 16th century. They held a large number of scientists, artists, writers, mathematics and philosophers under their wings. Together these people found new insights and developed new and breath taking discoveries which led to the birth of the Renaissance. Today, more than five hundred years later can knowledge about these courses of events be used to find new ways to develop exciting and radical innovations and inventions.

Internet Gives Endless Possibilities

The way in which innovations are created is still the same as before, with one large exception, the place where they are created. The innovation process used to be limited in time and space, which is no longer the case. Now we have the Internet. And the Internet is global which makes the innovation process global.

Internets possibility to bring together different peoples’ thoughts and ideas is endless. Internet itself is one of the most underestimated meeting places when it comes to building relations between innovators and entrepreneurs. The future for such meetings is enormous.

And on the Internet there is room enough for everybody. In other media you have to scream the loudest or pay the most to be seen and heard. For innovators and entrepreneurs Internet is a natural place to create/build attention around their ideas.

Furthermore, the Internet is democratic. It used to be only the specially elected members of society who developed ideas and made decisions. Now everybody can take place in/take part of both of these processes.

In Today's Society the Initiatives are Taken by the People

Several independent events show that we are moving towards a more open climate for innovations. Many stately run monopolies disappear, politicians invite the citizens to take part of the decision making processes and more and more universities and schools commit themselves to providing degrees in entrepreneurship.

At the same time, more and more parts of the society become interactive. Mass communication has been replaced by network communication. People choose themselves the winner of the TV music shows and vote themselves for their favourite in the Eurovision song contest. Gone are those days when a specially selected jury made/took all the decisions.

In addition to this, the communication between ordinary people is also increasing. On the Internet you find travel diaries, other consumers' experiences from capital goods and several various networks which link together people sharing the same interests. The encyclopaedia, Wikipedia, has been created by its users, for its users.

This displacement of power to the people and the users is sound and healthy. It forces many companies and public organisations to change their innovation process so that they involve people, their users, more. Something which in turn leads to further business possibilities/opportunities for innovators and entrepreneurs.

When the Innovator and the Company Meet - Alone is no Longer Strong

Innovation is about developing products, services and processes so that they become socially or economically successful. Companies are good at / are meant to commercialise new inventions. The innovation process requires intellectual work made by humans/people/individuals. The commercial process requires capital. When a company allows its users to modify and develop its products, new business opportunities are made/created.

Today it is almost impossible for a companies to develop all of its products on their own. More and more companies realise the benefits of involving its customers. When the customers are involved, they simultaneously the step from/move from being passive to active users. Active users are not satisfied with what he or she has got, he or she tells the company what new functions they require, or develop them themselves. The active users help the companies to keep up with the markets pace, i.e. the users quests and demands for renewal. The computer game Counter Strike is only one of many good examples.

Why was it not Telia?

Although the benefits from involving the customers and thinking in new ways seem endless, many companies seem to be stuck in their own and internal company thinking. It is no coincident that it was not Telia who created Skype. Nor was it Sony who started the file sharing on the Internet but private people/persons who were free to do what interested them the most. They were not locked into organisational rules and policies.

Large companies often show an inflexible attitude towards unexpected innovations. They call them radical. Expressions like that are seldom used by the people who created/developed the innovations. I do not think that Niklas Zennström, one of the founding members of Skype, thought of Skype as especially radical innovation. For him the idea must have been both pretty obvious and natural.

Open Innovation Replaces Closed Innovation

Closed Innovation means that the company handles the entire innovation process, from idea to finished and ready product or service, internally and all by itself. The logic is: If you want something done, than you (the company) must do it yourself. But closed innovation does not work anymore. When the monopolies are gone and the competition fierce is alone, as I wrote before, no longer strong.

The demands on companies are not only about answering to the needs of the users. Demands on lowering costs for research and development are also increasing year by year. Today companies buy immaterial rights to obtain knowledge and ideas who are proven not be useful within the organisation is sold. Companies also found new companies together with external actors to develop ideas that they do not want to get rid of, but that are judged to have a better development potential outside the organisation. Alternatively they invest in R&D interesting companies to obtain interesting knowledge that they do not possess themselves.

Open Innovation is the future. The innovation process is open and the users are involved. Open Innovation contains the notion of Open Source. Within Open Source the users do not only come with proposals, they take an active part in the change and development of the product or service. The most known example is the operating system Linux.

Linus Torvalds, the creator and founder of Linux, early understood the logic of the Internet when he allowed the users to join him and develop the system. Several Open Source projects, Linux and many more, are now threatening even the giant Microsoft.

The villains in the drama are called Cost and Control

In a changing world there are always those people who resist change. Especially large companies seem to have trouble seizing the new innovation process.

The achievement and performance of most company leaders are today measured in profit per stock, per quarter etc. Larger and capital demanding investments will not be rewarded even if they presumably will create positive value and income in the long run. To be franc, today's leaders borrow/raise money on the companies future in order to yield return to the current owners. But the truth is that no company can survive without continuously creating and developing new innovations.

And many company leaders and decision makers still firmly believe that they must control everything, including their co-workers' thoughts and the customers' needs. If you look at the world this way, Internet must be both threatening and impossible to control. But, as often the fear stems from a lack of knowledge and unwillingness to loose control.

Common Misunderstandings

A common misunderstanding is that open innovation processes does not favour the own company. The following discussion is common; "If we open up our innovation process, then our competitors will knick our innovations and use them against us". This may sound logic but it overlooks the reason why patent and copyright exists in the first place. Patent were created to encourage new inventions, not too look in thinking within company walls.

Todays exaggerated focus on patent and copyrights have created an untenable situation on the market. Instead of encouraging it impede the development of new inventions, i.e. the exact opposite to why it was created in the first place.

Another common misunderstanding is that the own company is superior to all its competitors when it comes to innovations, which seldom is the case.

The Future - The New Innovation Process

We are in the middle of a revolutionary and exciting change of the innovation process. The industrial time epoch with its traditional product development process belongs to the past. Now what we must do is look ahead. The innovation process belongs to the users and on virtual networks, as idebanken.se, all necessary prerequisites are found to faster develop ideas to innovations.

Openness

Compared to yesterday's secret R&D departments, new inventions and developments are taking place in open environments. In virtual (idebanken.se) and real organisations ideas grows and becomes innovations. The mode of cooperation is characterized openness and people are encouraged to participate. And the ideas do not only develop faster but also become better.

Involvement and Active Participation

In this open environment people are involved and participating. Involvement gives an increased exchange of knowledge, prouder participants who can show what they have achieved and who actively take part of the innovation process. Involvement also creates an important feeling of belonging and fellowship.

Attention

Internet means (render possible) global attention. An idea or an invention can be shown, discussed and developed further. And with the help from e-mail, blogs, chats and user forums, the talk on the Internet increases and continues.

Innovation Communities

The virtual places for open innovation process are so called "innovation communities", such as idebanken.se. Places useful and valuable for both people and companies. Places where they can meet, create networks and exchange knowledge.

IT & IS support

Today there are well developed systems for finance, storage and logistics management. Now systems for idea and innovation management are being developed. All forms of innovation processes require some kind of IT&IS support which can help to create a structure and economy in the process. The market for innovation and idea management systems will grow substantially in the near future.

Companies who Dare to Let Go

Many companies will realise that they do not have the most innovative people among their staff and they will dare to look for these people outside of the company walls. Once they realise that their customers are in fact active users and allow them to take part of the innovation process, then they finally dare to let go.

Democracy in New Ways

The ways in which innovations are created well reflect/mirror society. The open innovation process belongs to the future open society where more and more rigid organisations disappear and where true freedom of information prevails.

A new exciting year lies ahead of us. I, as responsible of the idebanken.se look to the future with confidence and I am full of expectations.

Let us hope that 2006 will be a fantastic year,

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Inspiration to understand the new innovation process have I found at the Internet, during the development of the idebanken.se, and from the following researchers:

Hallberg Fredrik, Sweden, (Open Source Marketing)

Chesbrough Henry, USA (Open Innovation)

Johansson Frans, Sweden/ USA (Medici-effects)

von Hippel Eric, USA (Democratizing Innovation)

Would you like to know more about the new innovation process and how your company can become more innovative? Let me know, I'm happy to share my knowledge. You can engage me both as a lecturer and an innovation consultant.

PS. A big thanks to all of you who have created these powerful computers and easily accessible software. Without you and the Internet, all of this would not have been possible.