

CSC

The Secret of End User Innovation



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What is Innovation?



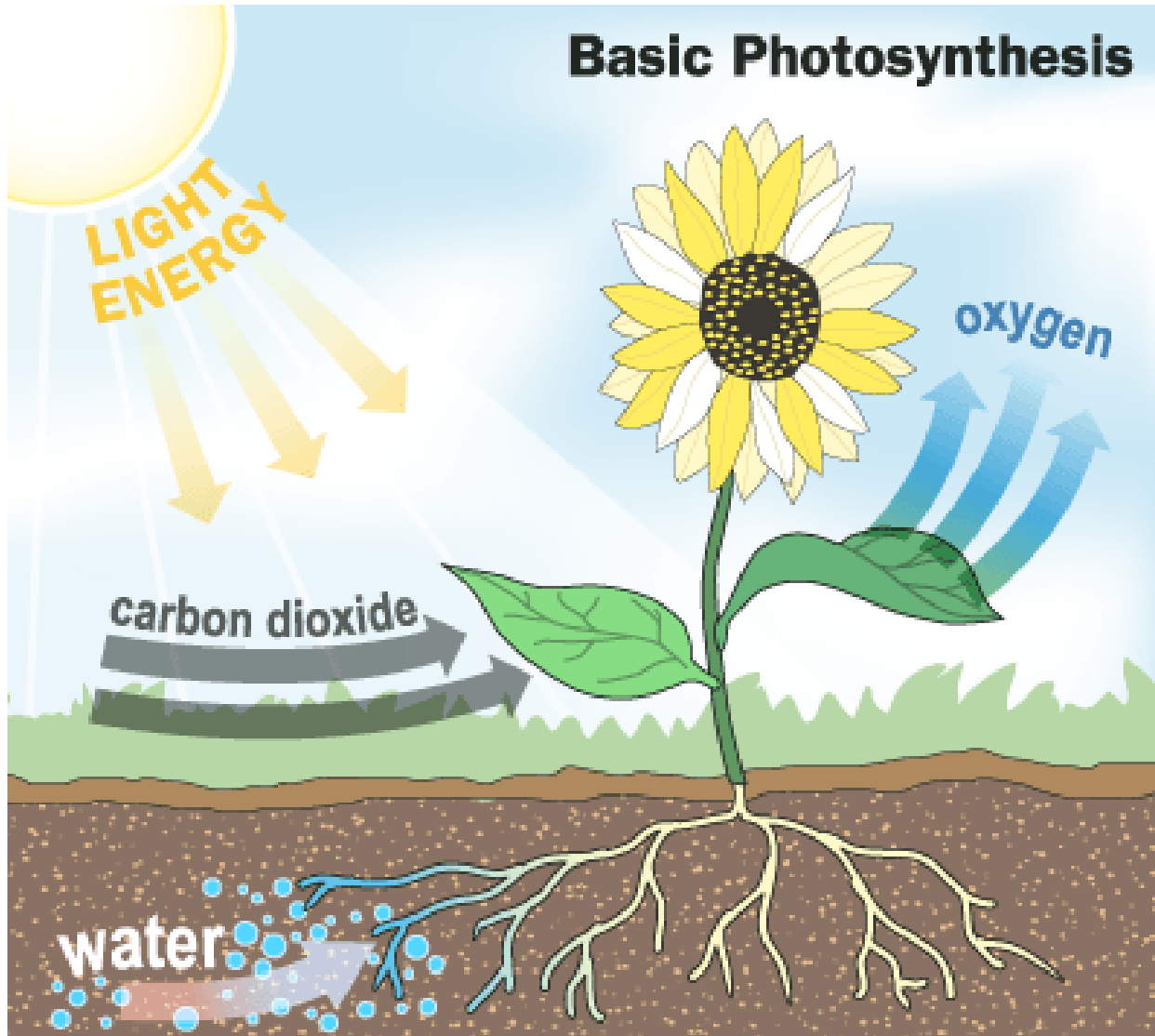
The Innovation Paradox



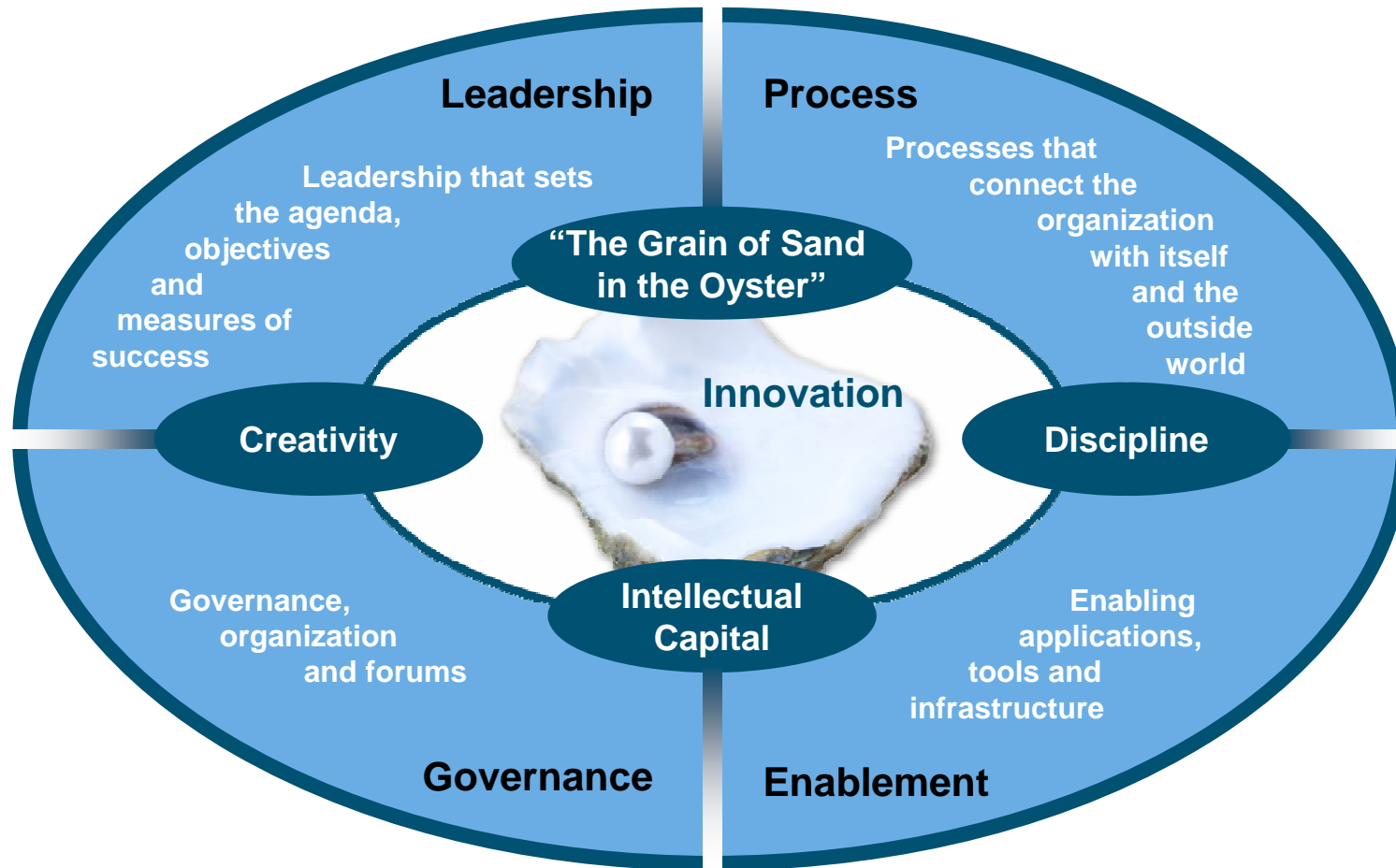
**“Most Innovations fail.
And companies that
don’t innovate die.”**

*Henry W. Chesbrough
“Open Innovation” 2003*

The Innovation Metaphor

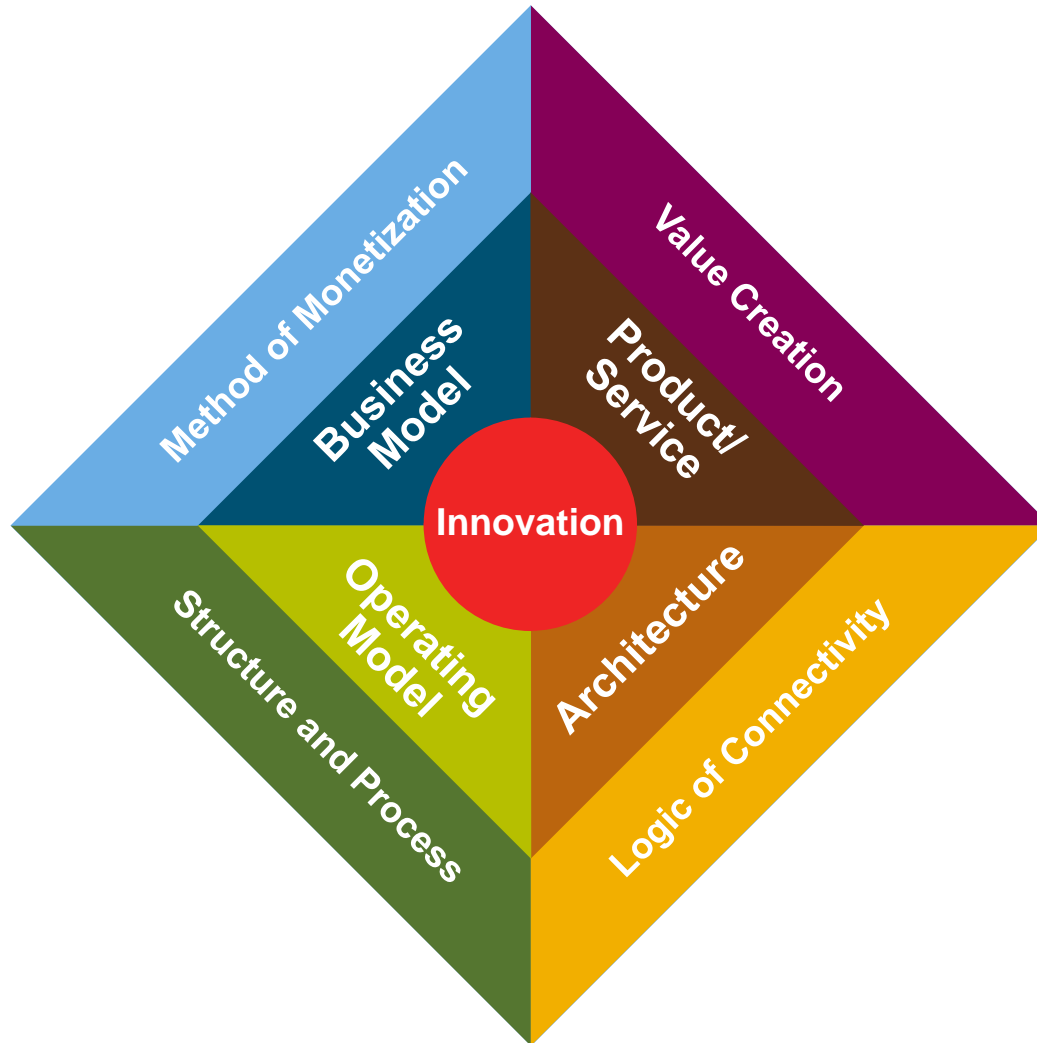


The Core and Context Elements of Innovation

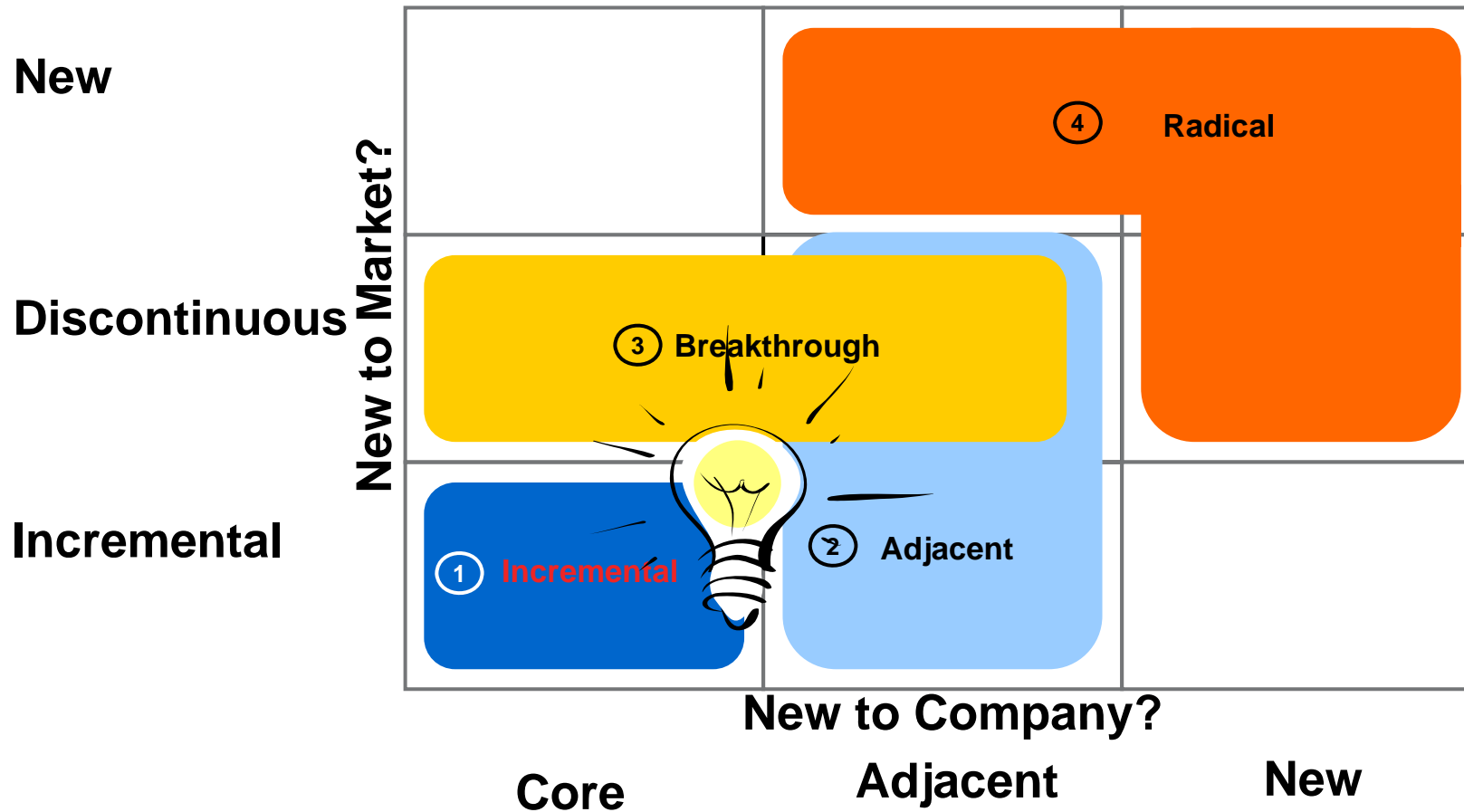


Innovation results from the creative application of intellectual capital in a disciplined manner to a problem.

Types of Innovation

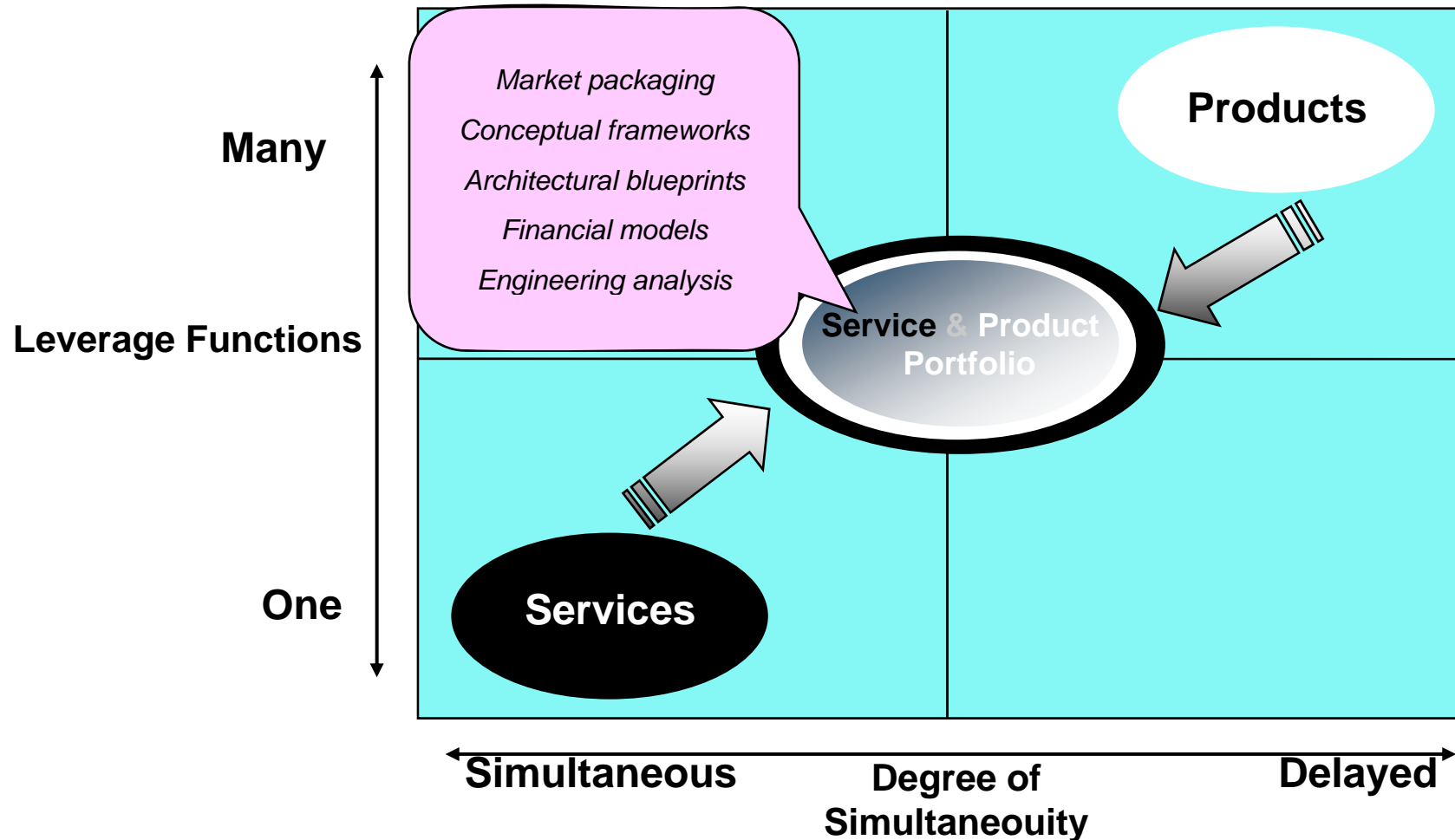


Amplitude of Innovation



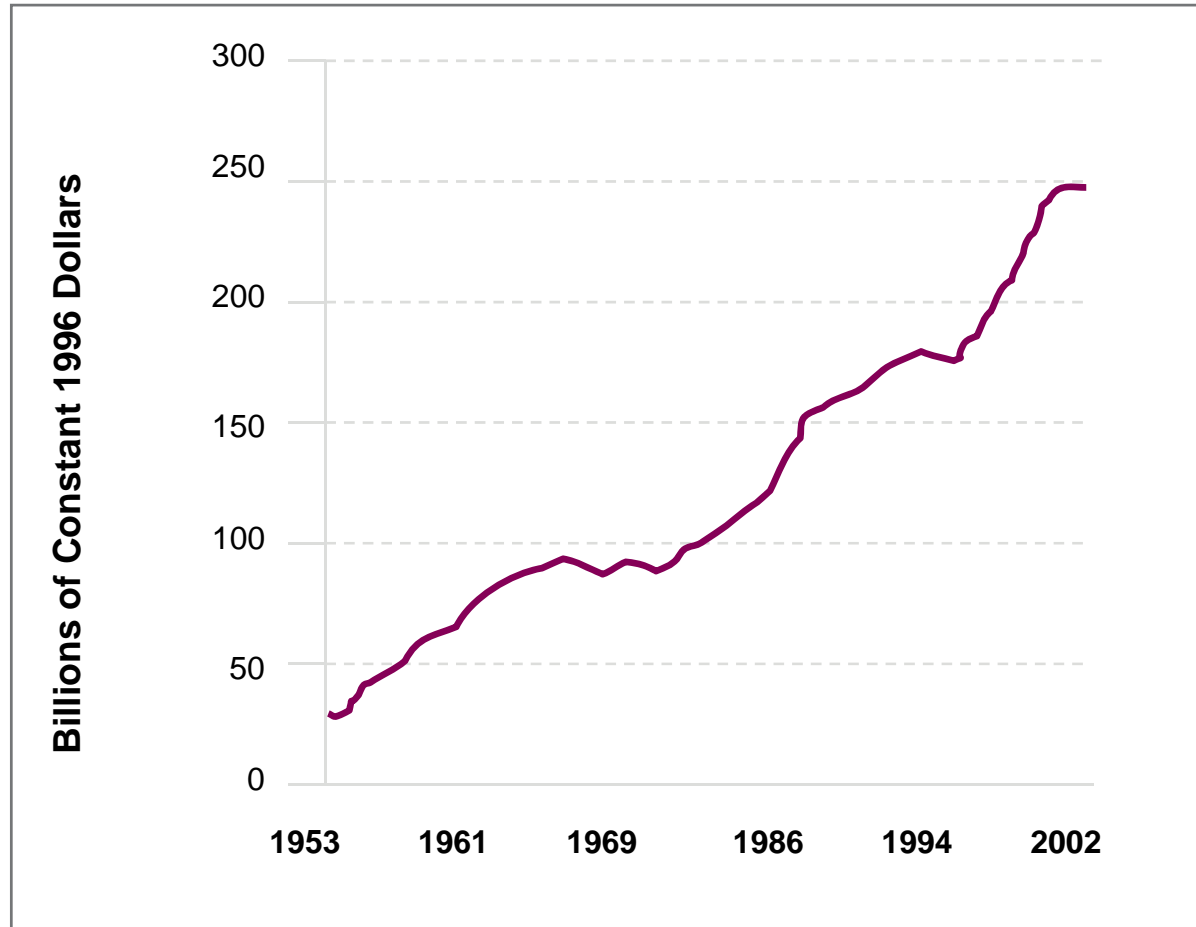
Economics is driving Leverage Functions of **Infrastructure** and **Intellectual Capital** for Productizing Services and Services Wrappers for Products

Product & Service Framework



Open Innovation

Total US Research and Development funding 1953 – 2002

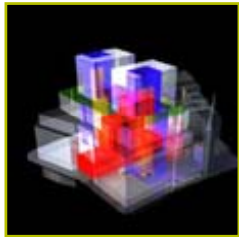


Source: National Science Foundation Science & Engineering Indicators, 2004.

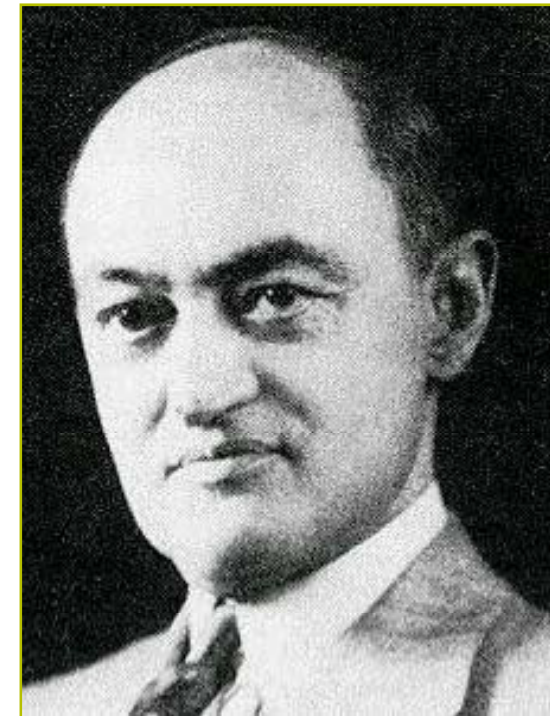
Open Innovation



“An element of genuine monopoly gain is offered to the successful innovator”



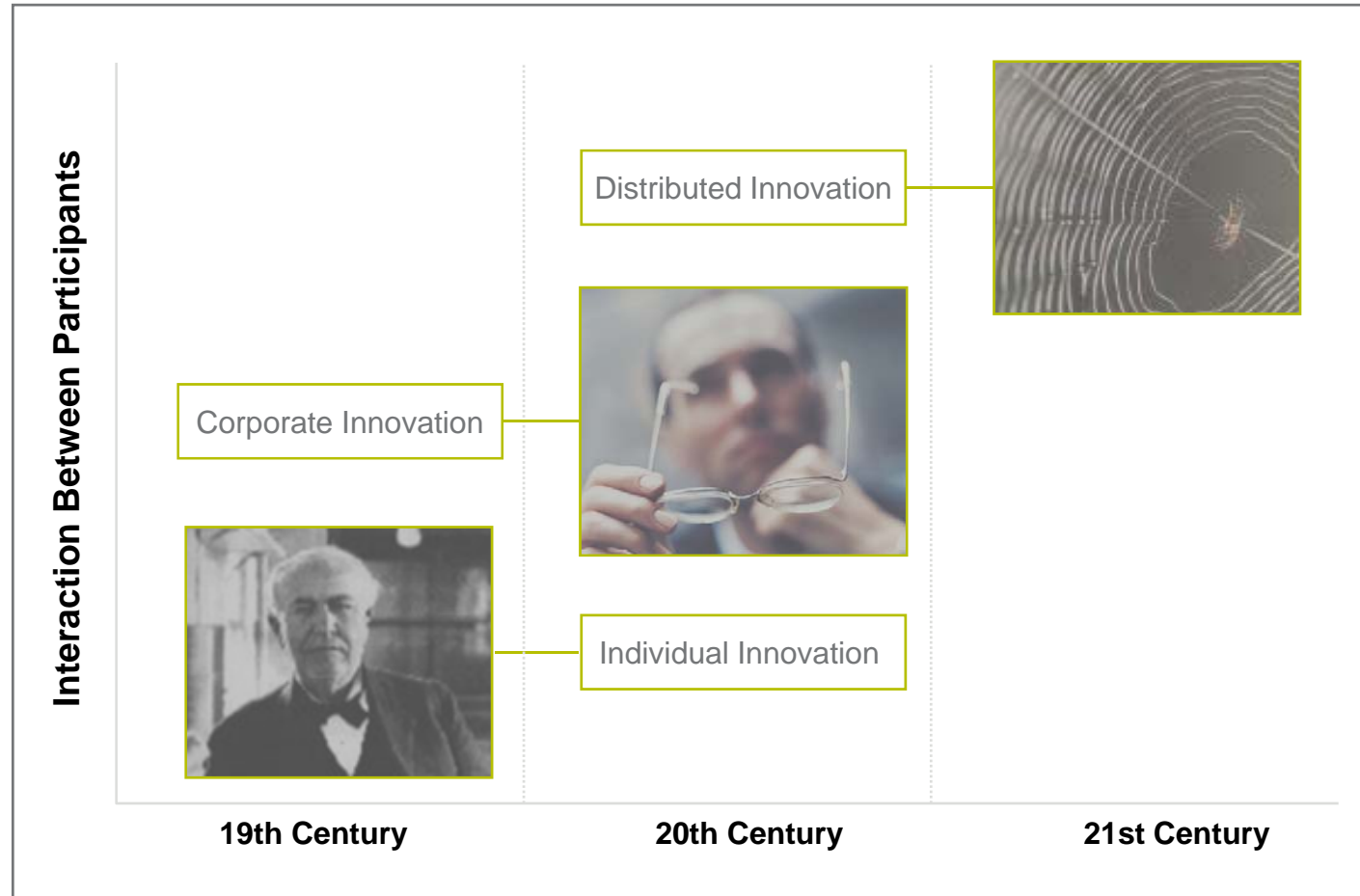
“For the carrot of spectacular reward or the stick of destitution”



***Joseph Schumpeter
(1883 – 1950)***

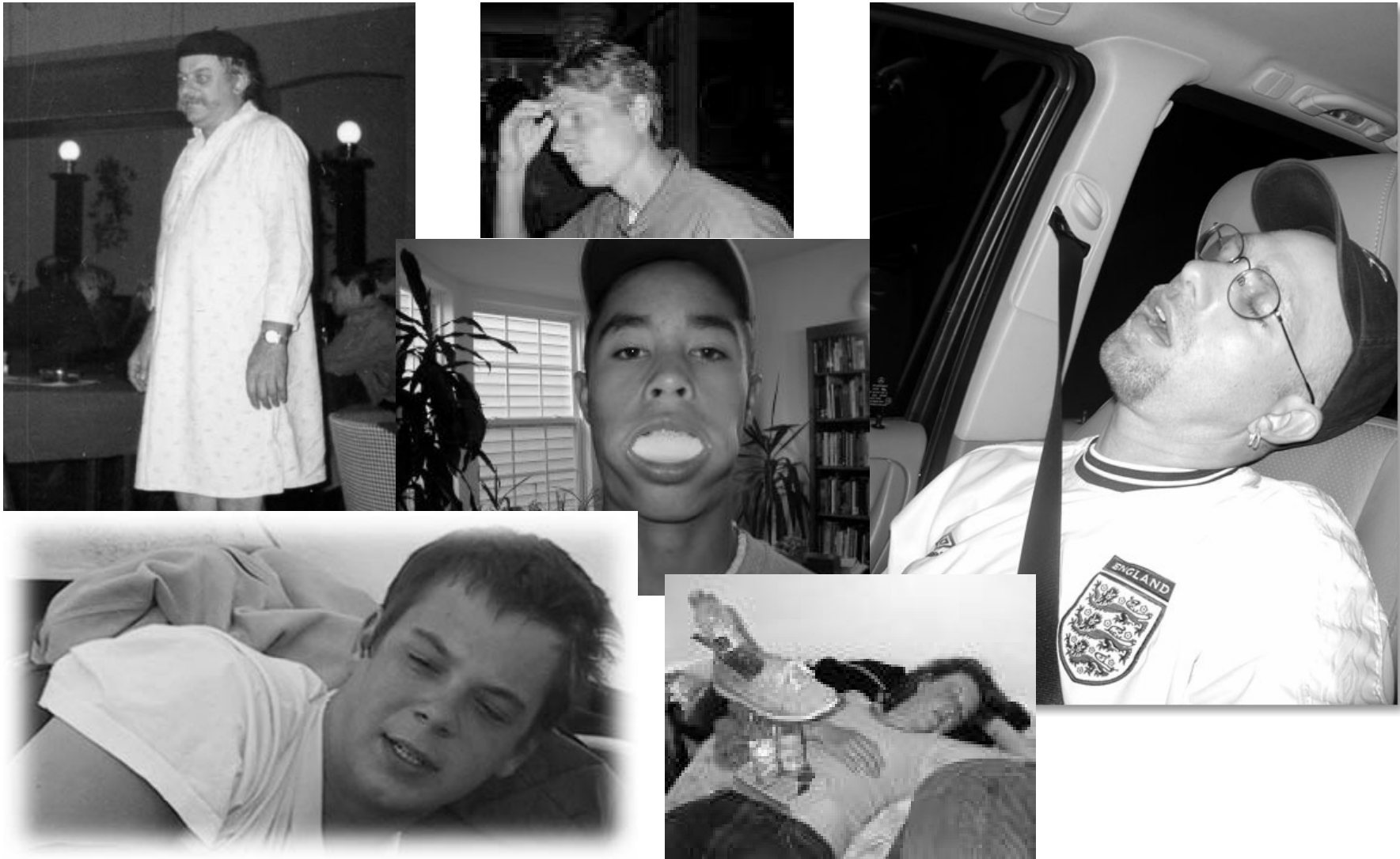
Open Innovation

... From Closed to Open, Distributed Innovation



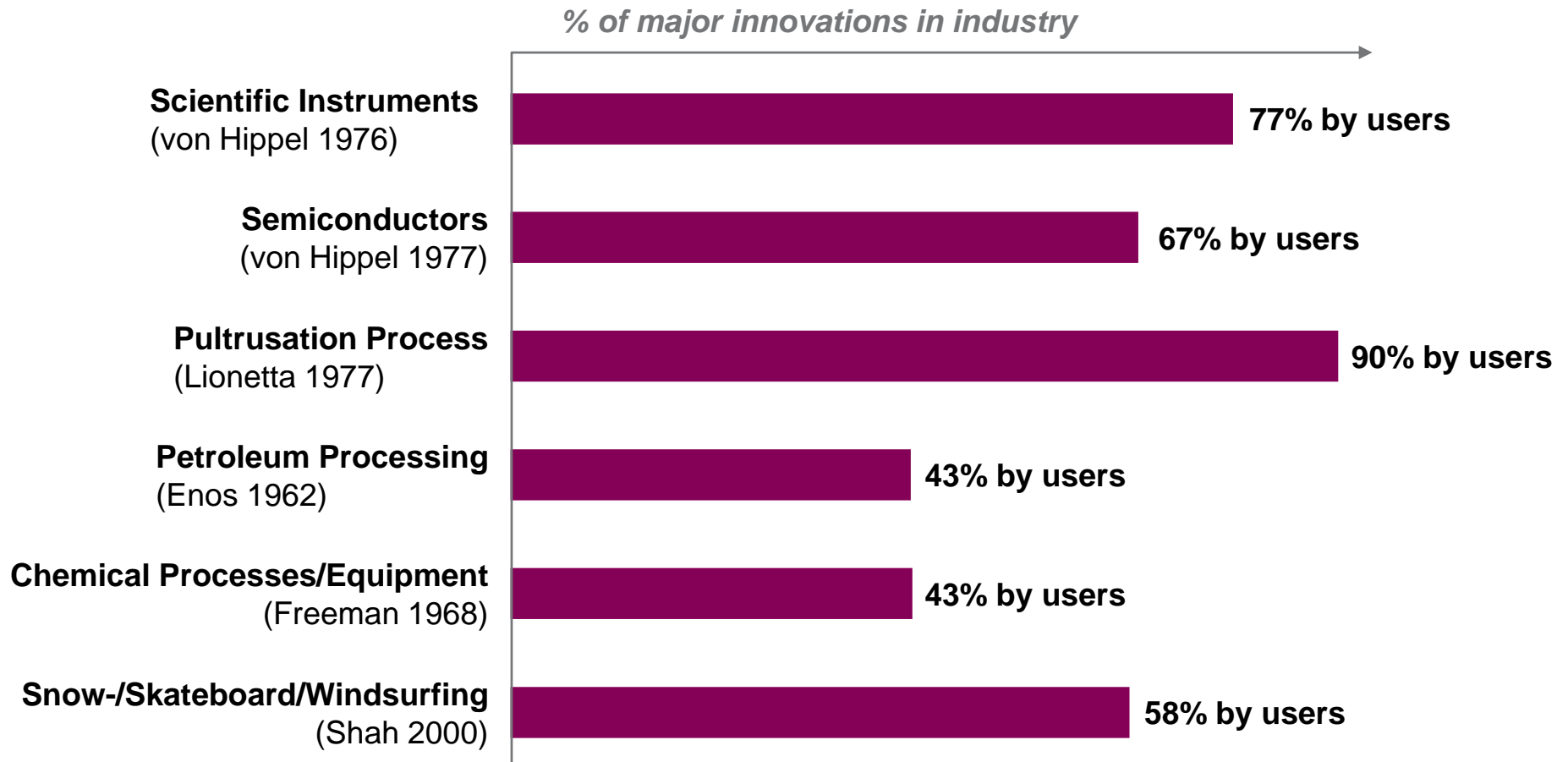
Credit: Dodgson, Gann & Salter, 2003.

We Find it *Hard to Imagine* That “Dumb Users” Can be Innovators



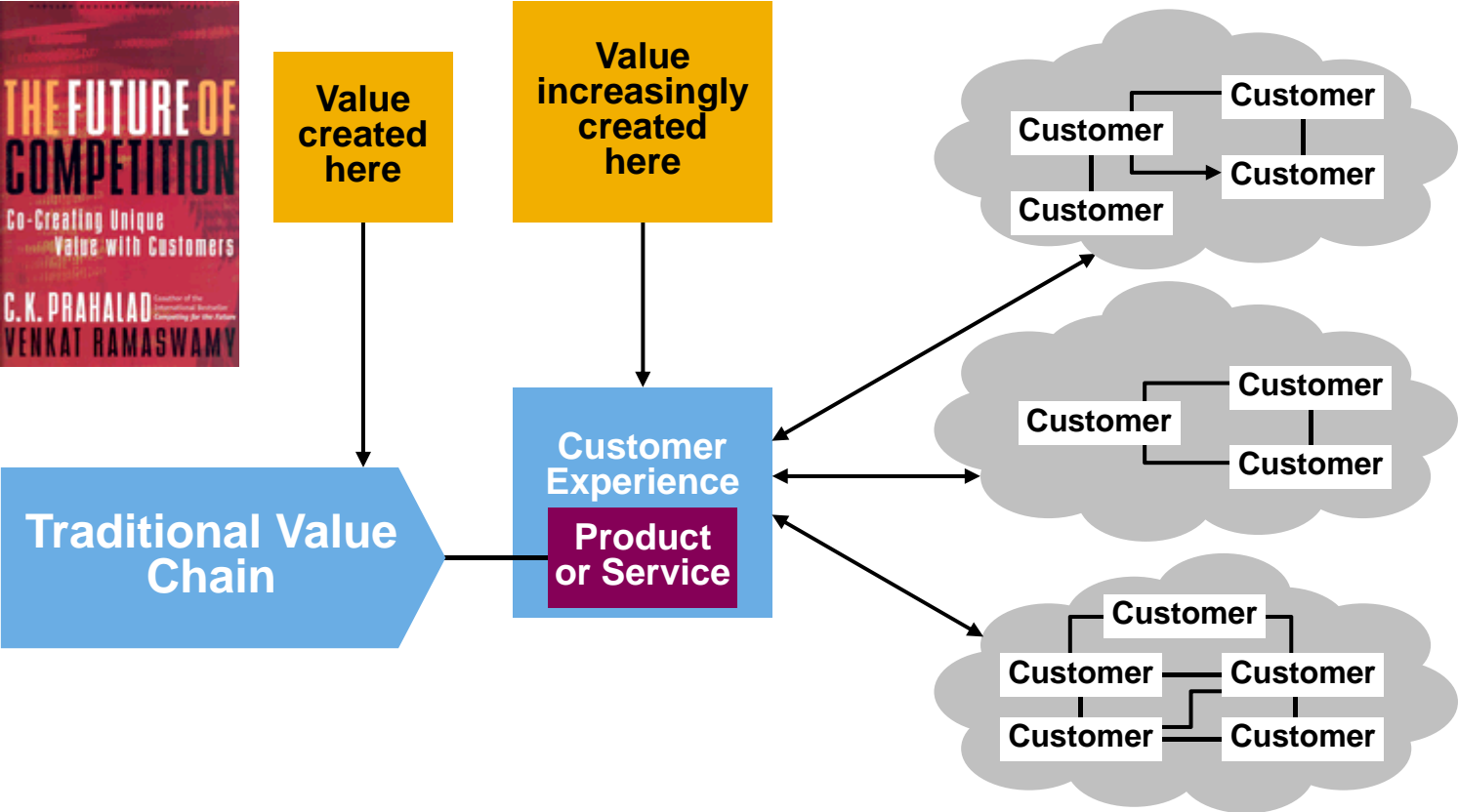
However: *Many Important Innovations Come From Users*

Several studies indicate that in many industries most important innovations originally were developed by users.



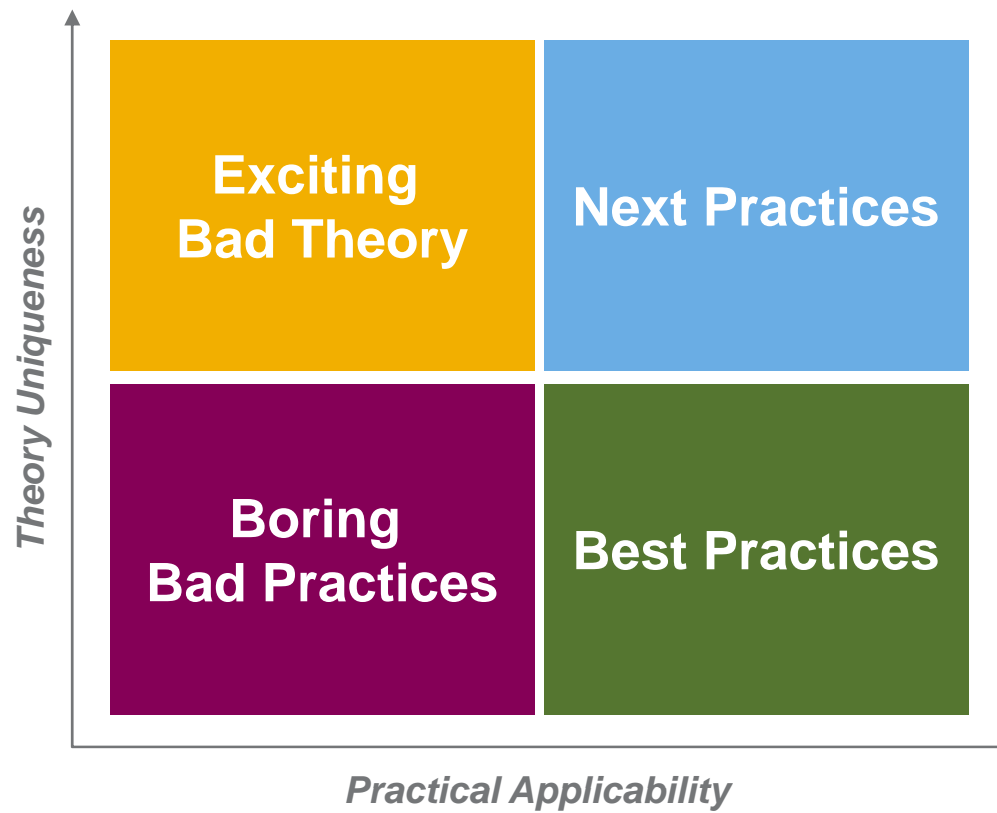
Source: von Hippel (1995, 2002).

Increasingly, Value Will Be Co-Created with the Customer



Managing decision rights and building trust will be key.

What Are Next Practices?



Credit: LEF Executive Programme

Concluding remarks

- **The Secret of End User Innovation is:**
 - Calling them “Users” is the beginning of keeping the secret
 - Most innovations are created by customers, not producers
 - This is because Customers have two advantages:
 - They understand better their needs
 - They have greater motivation to solve them
 - Focusing on customers will increase probabilities for incremental and adjacent innovations, but decrease probabilities for break through innovations
 - Customer centric business & operating models best serve the services business
 - Market centric business & operating models best serve the product business
 - The key elements of a customer centric strategy are:
 - *Leadership focus and passion on customer satisfaction*
 - *Measures of success*
 - *Governance and processes around service/product development*
 - The key to unlocking “End-User” Innovation is visualizing customers expectations, not analyzing requirements



Thank You

