

Sustainable Technology Strategy.

By Alejandro Sanz
Place: Paris

THE COYOTE LESSONS.

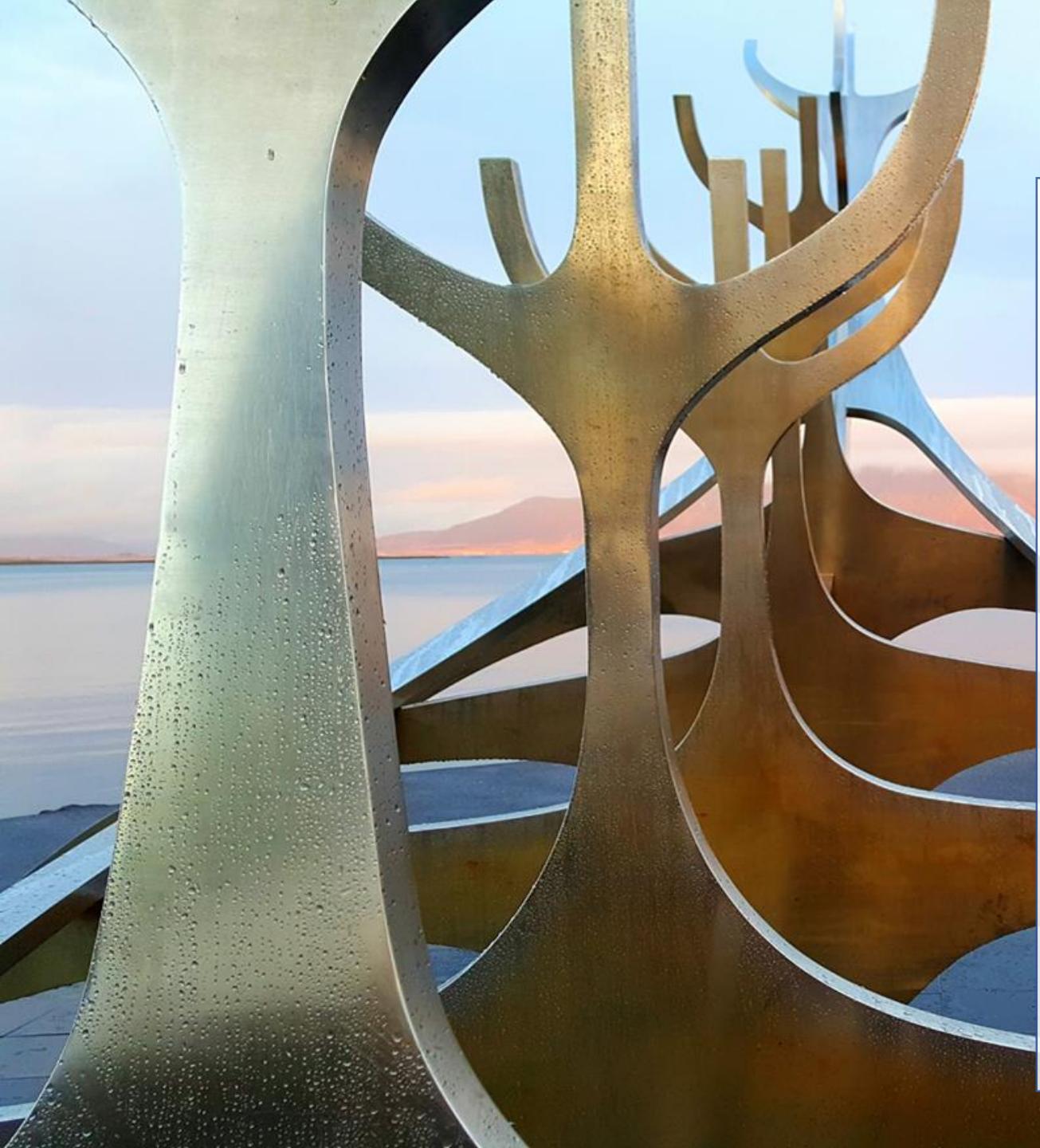
InnovAⁿction.

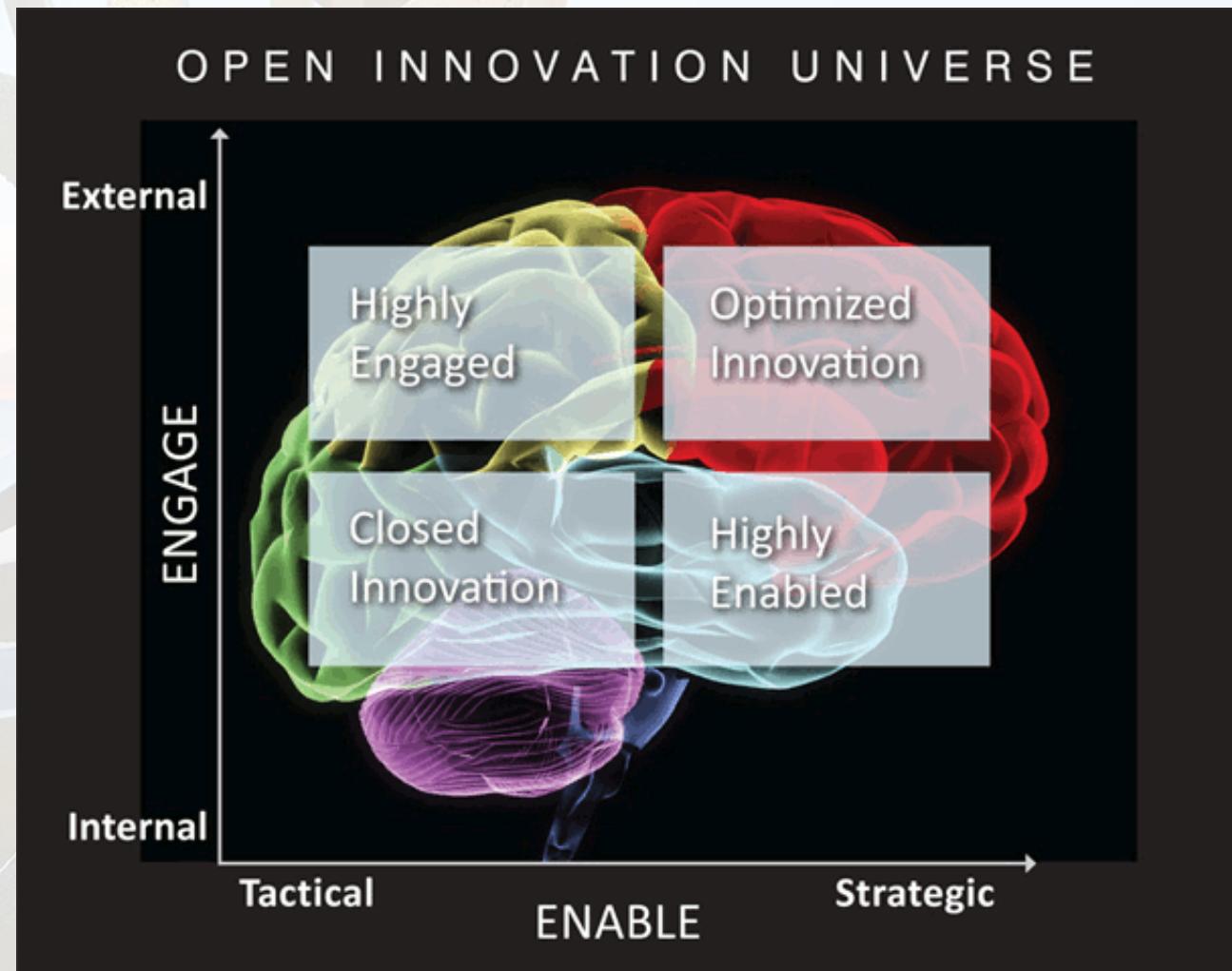
SagaX.ⁿtech



Open
Innovation.

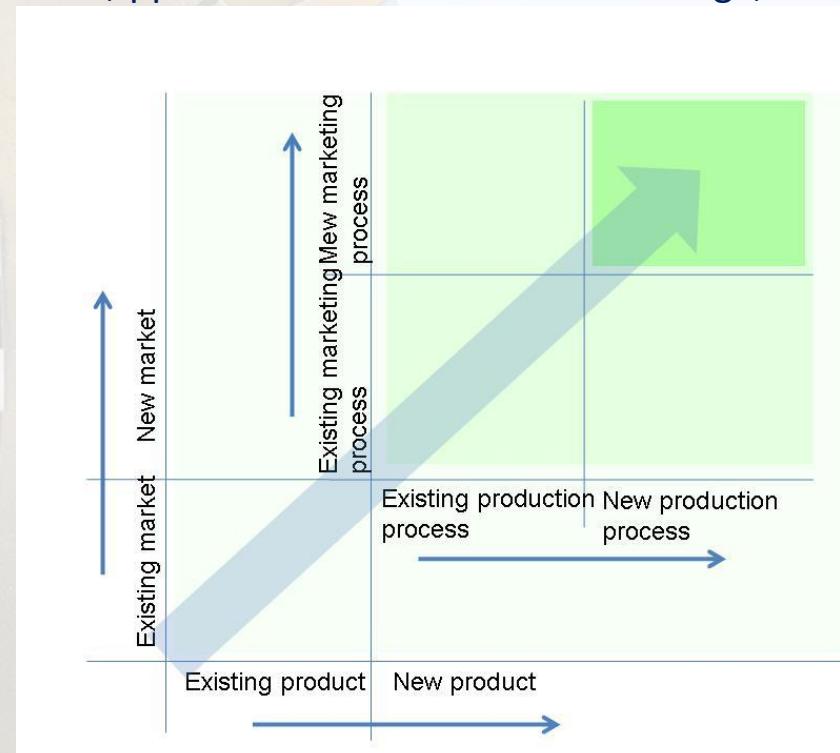
1.





BASIC DEFINITION.

The term **innovation** derives from the Latin *innovatio*, the noun of action from *innovare*. The Etymology Dictionary further explains *innovare* as dating back to 1540 and stemming from the Latin *innovatus*, pp. of *innovare* "to renew or change," from in- "into" + *novus* "new".



In the organizational context, innovation may be linked to positive changes in efficiency, productivity, quality, market share, etc. can all be affected positively by innovative forces.

THIS IS NOT INNOVATION.

Invention is the embodiment of something better and, as a consequence, new.

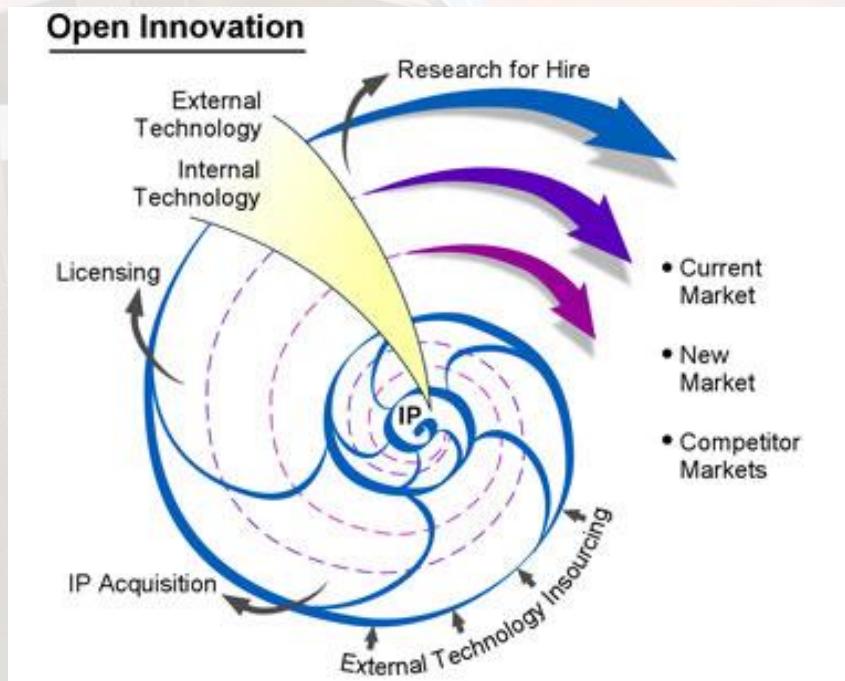
While both invention and innovation have "uniqueness" implications, innovation is related to acceptance in society, profitability, and market performance expectation



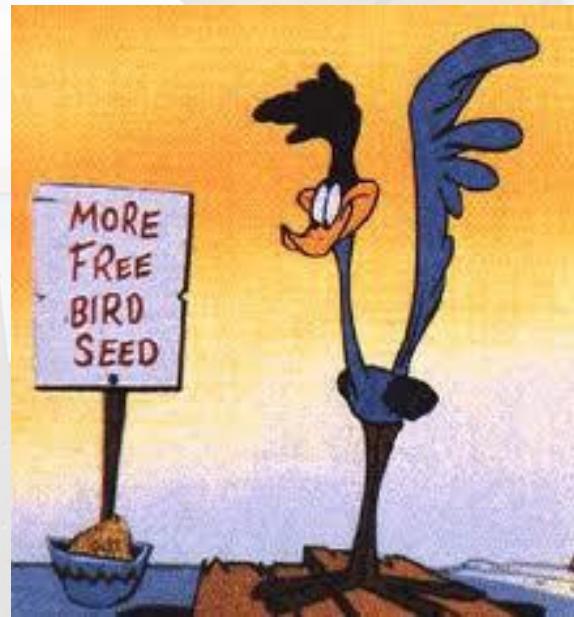
A Product-Market approach matches technologies in products with customers in markets

IT IS A B2B MODEL.

- Open innovation is MAINLY a B2B activity
- Open innovation requires dedicated organization to support it (same as for KAM)
- You trade (buy and license) what is owned. You need to bring something yours to the table.



NO FREE LUNCH.



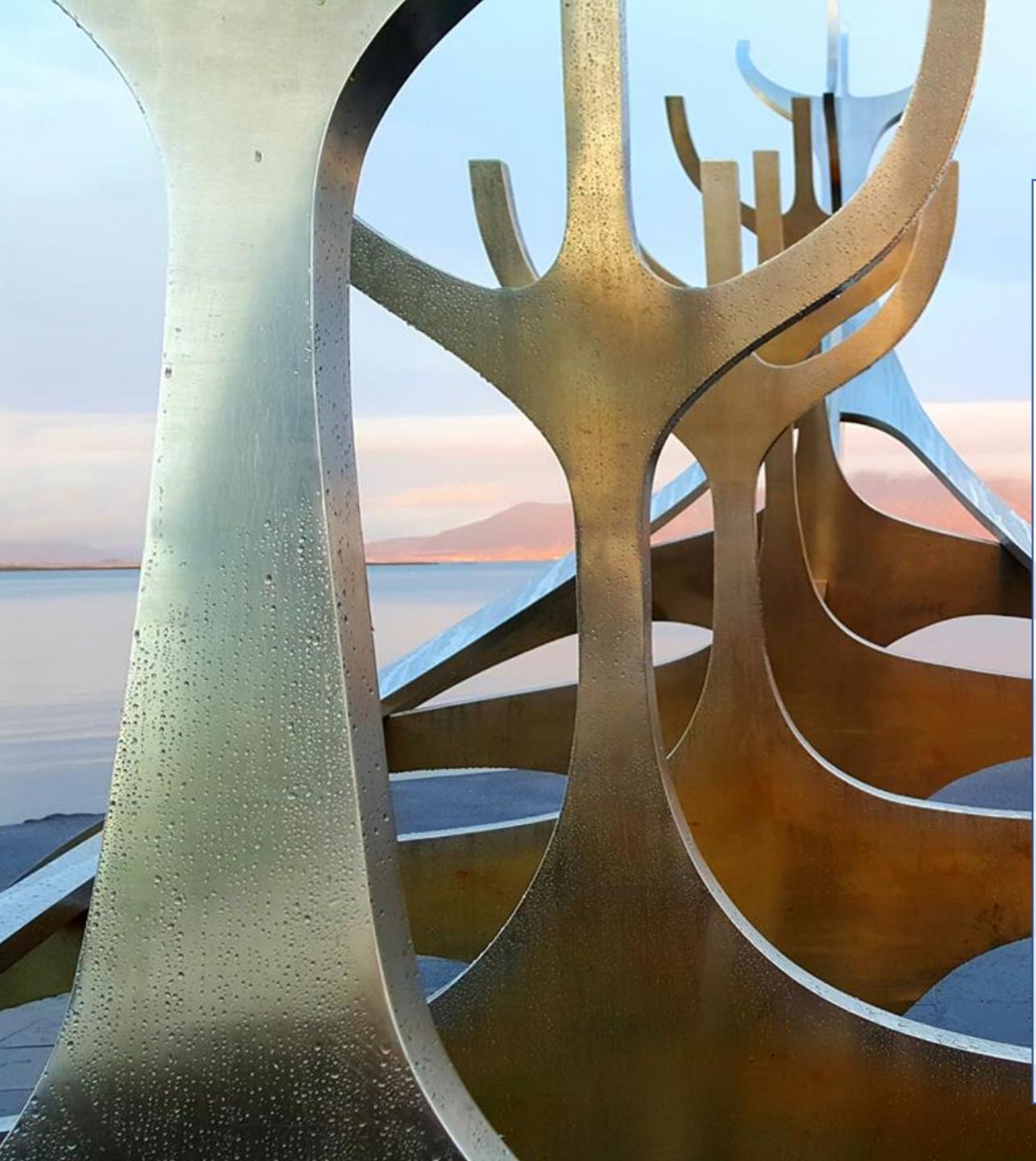
THE COYOTE LESSONS.

So as innovation typically changes value, innovation may also have a negative or destructive effect as new developments clear away or change old organizational forms and practices.

Organizations that do not compensate effectively for innovative forces (mainly from outside) may be destroyed by those that do.

Hence managing an organization typically involves risk.

A key challenge in management is maintaining a balance between the current processes and business model



2.



Business
Model.

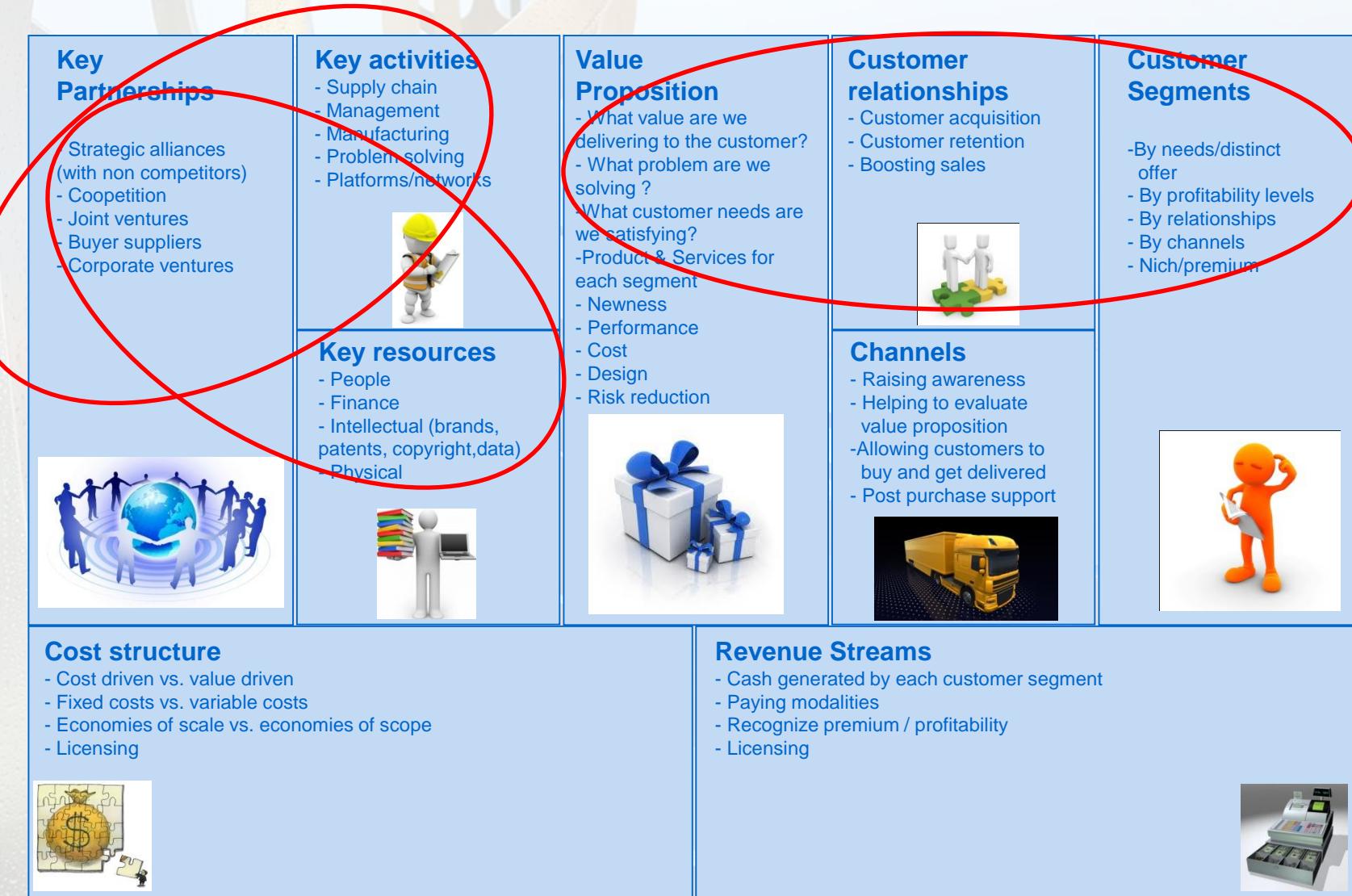
WHAT IS A BUSINESS MODEL.

A business model describes the rational of how an organization creates, delivers and captures value

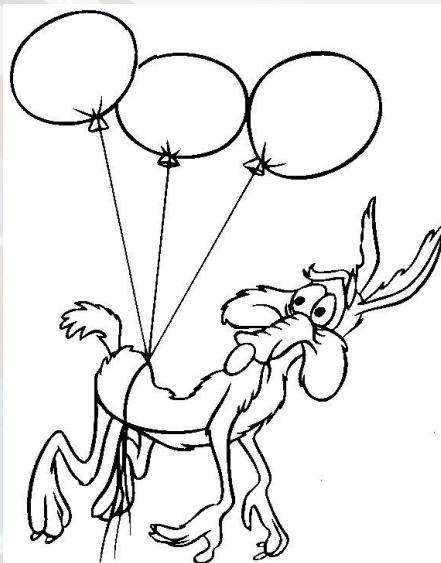
BUSINESS MODEL (keep it simple)•

<p>Key Partnerships</p> <ul style="list-style-type: none"> - Strategic alliances (with non competitors) - Coopetition - Joint ventures - Buyer suppliers - Corporate ventures 	<p>Key activities</p> <ul style="list-style-type: none"> - Supply chain - Management - Manufacturing - Problem solving - Platforms/networks 	<p>Value Proposition</p> <ul style="list-style-type: none"> - What value are we delivering to the customer? - What problem are we solving ? -What customer needs are we satisfying? -Product & Services for each segment - Newness - Performance - Cost - Design - Risk reduction 	<p>Customer relationships</p> <ul style="list-style-type: none"> - Customer acquisition - Customer retention - Boosting sales 	<p>Customer Segments</p> <ul style="list-style-type: none"> -By needs/distinct offer - By profitability levels - By relationships - By channels - Nich/premium 
<p>Cost structure</p> <ul style="list-style-type: none"> - Cost driven vs. value driven - Fixed costs vs. variable costs - Economies of scale vs. economies of scope - Licensing 		<p>Revenue Streams</p> <ul style="list-style-type: none"> - Cash generated by each customer segment - Paying modalities - Recognize premium / profitability - Licensing 		

ACTIONS AND REACTIONS ARE MOSTLY EXTERNAL.

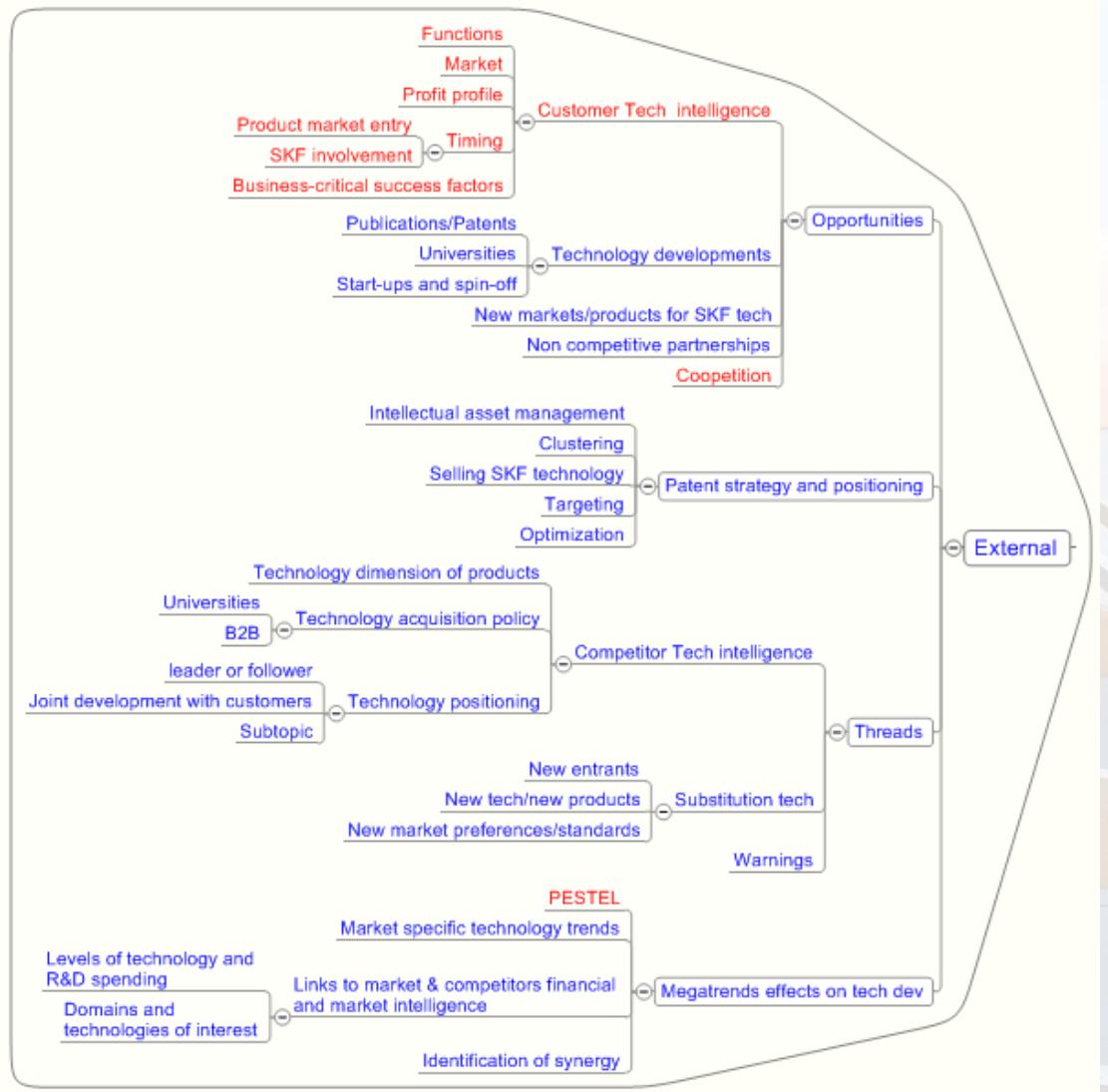


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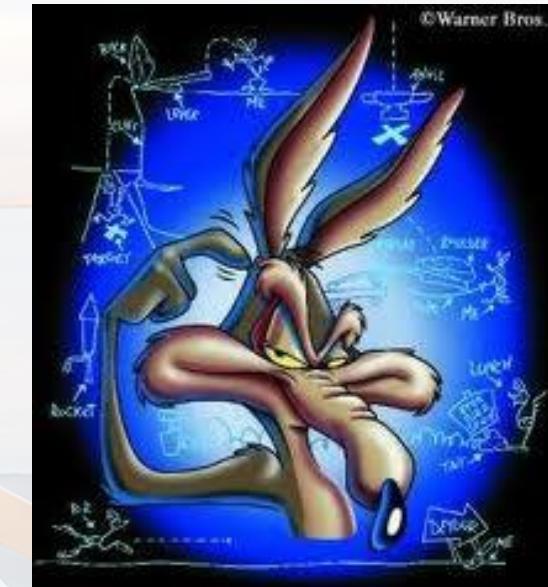
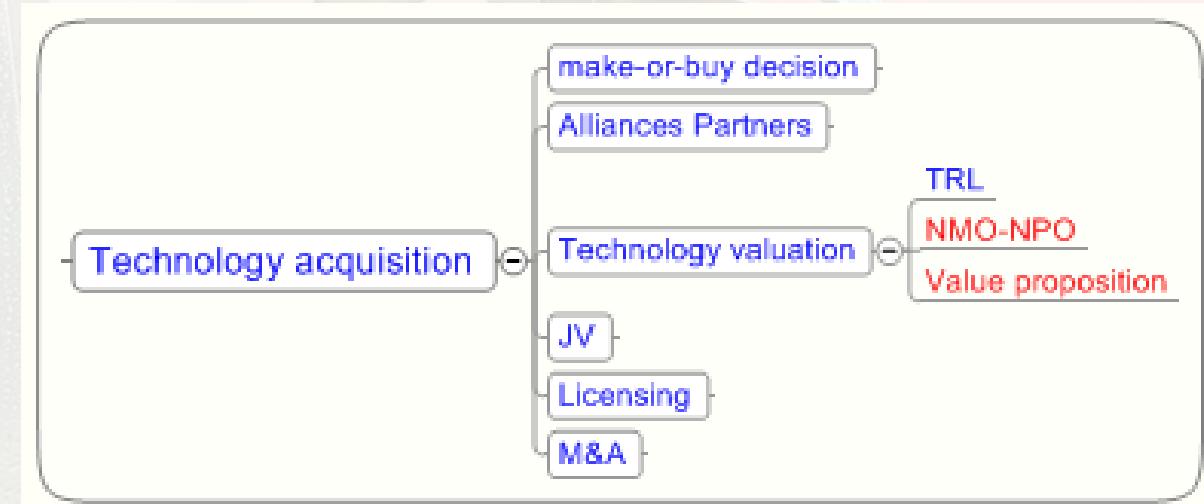


External Views.

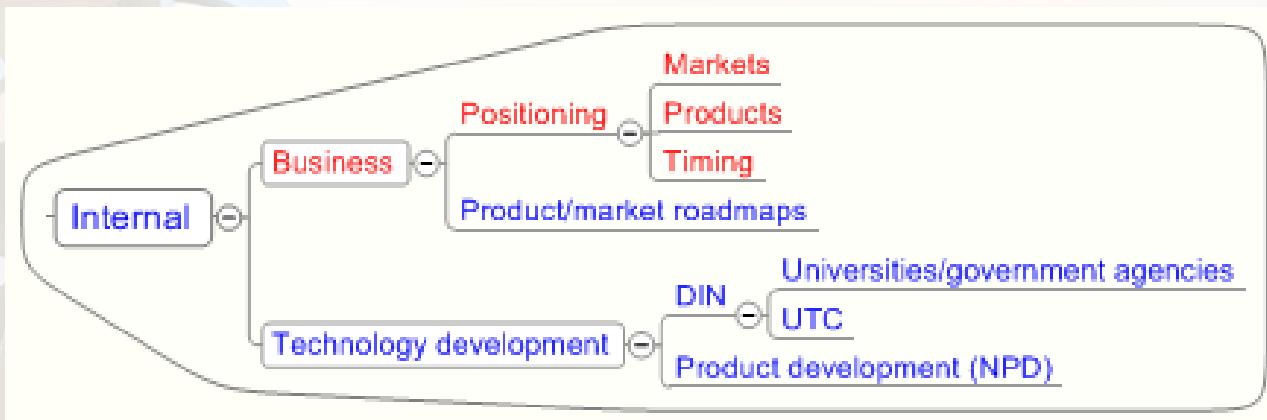
NO SURPRISES.



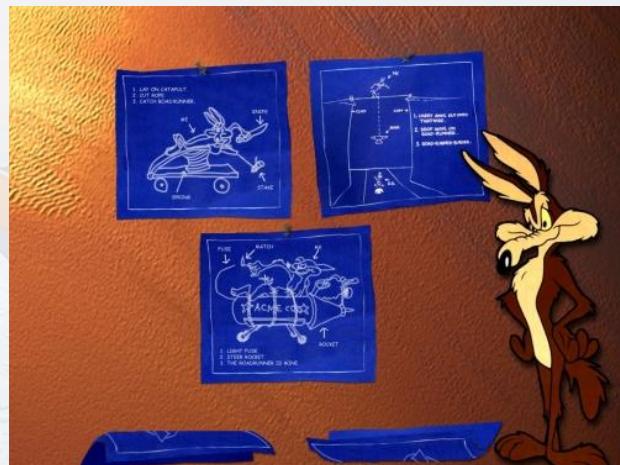
TARGETING •



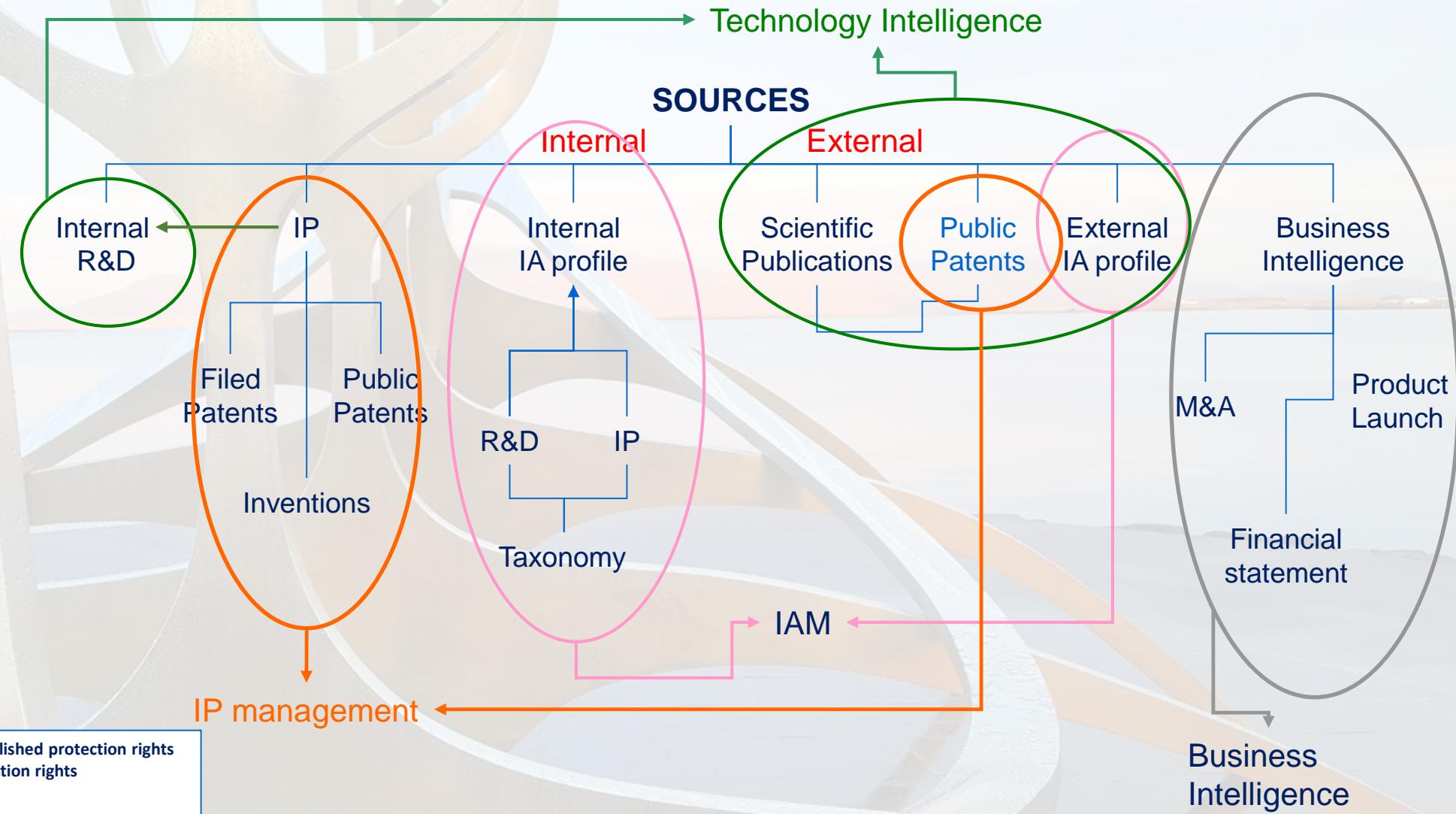
THE INNER VIEW.



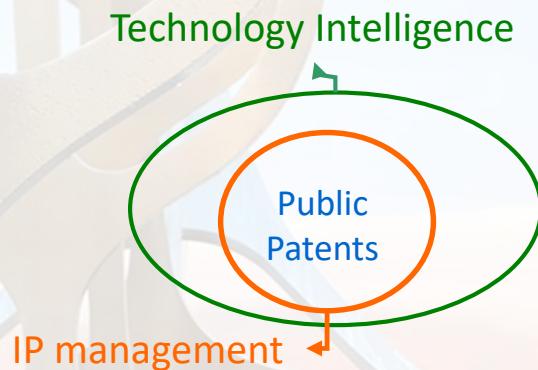
TECNOLOGY STRATEGY.



THE COYOTE LESSONS.



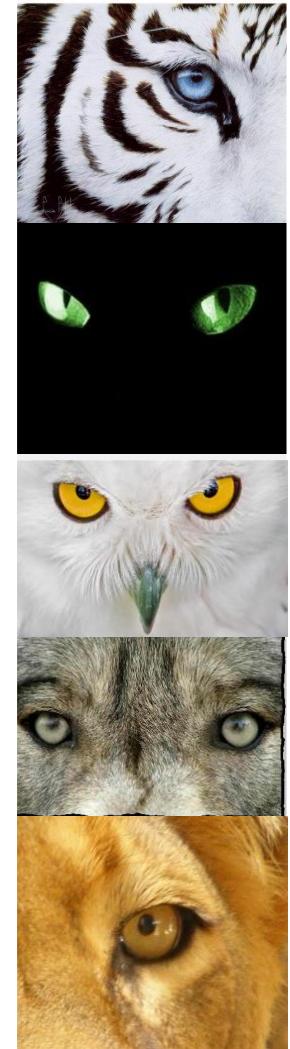
SAME SOURCES, DIFFERENT EYES, COMPLEMENTARY ANALYSIS.



Example Public Patents:

IP focus: novelty searches, patentability, infringements, claims, nationalization, families, freedom to operate, legal actions, valuation for M&A.

Tech-intel: Time analysis, trends, deviation on IPC over time, inventors, links to previous R&D, time to market expectation, partners and type of partnership, profiling by technology, players and networks. Link to BI and internal Technology development, alternatives.





4.

Strategic
Innovation
Management.

HIGH PERFORMANCE TECHNOLOGY SOURCING.

Strategy:

- Integrate/align the strategy for technology driven innovation with business strategy.
- Clearly identify TRL for technologies -platforms and use these to drive tech-sourcing decisions

Process:

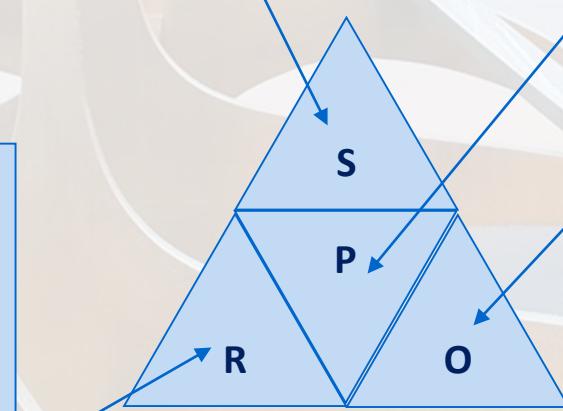
- Have a process for determining which technologies are candidates for external sourcing

Resources:

- Manage a portfolio of external resources in addition to technology platform, projects and competences
- Open innovation as investment.

Organization:

- Update organizational relationships and performance metrics to Accommodate successful open innovation



IT VERY MUCH DEPENDS WHERE YOU START.

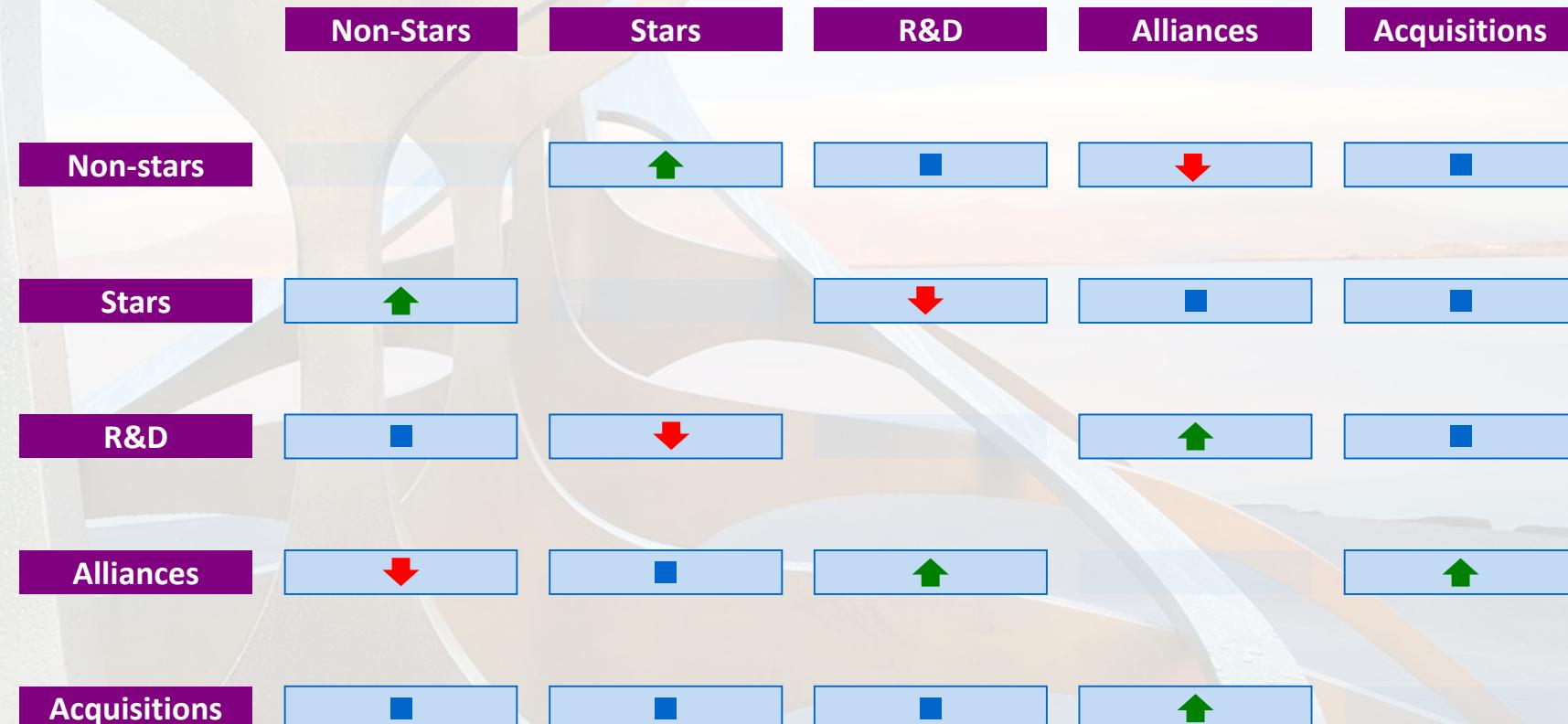
Traditional approaches	Strategic Innovation approach
<ul style="list-style-type: none">• Adopt a “present to future” orientation – takes today as the starting point	<ul style="list-style-type: none">• “Starts with the end in mind” – identifies long-term opportunities and then “bridges back to the present”
<ul style="list-style-type: none">• Assume a rule-maker/taker (defensive/follower) posture	<ul style="list-style-type: none">• Assumes a rule-breaker (revolutionary) posture
<ul style="list-style-type: none">• Accept established business boundaries/ product categories	<ul style="list-style-type: none">• Seeks to create new competitive space/ playing fields
<ul style="list-style-type: none">• Focus on incremental innovation	<ul style="list-style-type: none">• Seeks breakthrough, disruptive innovation – while continuing to build the core
<ul style="list-style-type: none">• Follow traditional, linear business planning models	<ul style="list-style-type: none">• Marries process discipline with creative inspiration
<ul style="list-style-type: none">• Seek input from obvious, traditional sources	<ul style="list-style-type: none">• Seeks inspiration from unconventional sources
<ul style="list-style-type: none">• Seek articulated consumer needs	<ul style="list-style-type: none">• Seeks unarticulated consumer needs
<ul style="list-style-type: none">• Are technology-driven (seek consumer satisfaction)	<ul style="list-style-type: none">• Is consumer-inspired (seeks consumer delight)
<ul style="list-style-type: none">• May have a “one-size-fits-all” organizational model	<ul style="list-style-type: none">• May experiment with entrepreneurial “new venture” or other organizational structures

INNOVATION STRATEGIES.

Innovation strategy	Upsides	Downsides	Examples	Requirements
Recruiting and Retaining superior Human capital	-Better control of IP -Long term growth focus -Difficult for competitors to imitate	-Organic growth is Slower -Challenge of Identifying and valuing superior human capital.	-Google -Merk -Goldman Sachs	-Astute strategic human Resource management - Organizational flexibility
Internal R&D Spending	-Internalization of skills and capabilities - Full capture of returns	-Full risk exposure -Long time horizon -Uncertain returns	-Apple -Intel -BMW -HP -SKF ?	-Culture of risk tolerance -Organizational flexibility -Long term commitment
Strategic Alliances	-Shared risk Multiple, small-scale investments provide strategic options -Faster than internal internal development	-Potential loss of IP control -Challenge of alignment of goals -Shared returns	-IBM -Eli Lilly -Oracle -Procter & Gamble	Dedicated function for the management of partnerships
Acquisitions	-Faster than growing organically -Acquire innovative technologies before startups become competitors	-Risk of overpaying -Cultural integration -Involves relying on others for innovation	-Cisco -GE -Microsoft	Capability to identify and assimilate acquisition targets

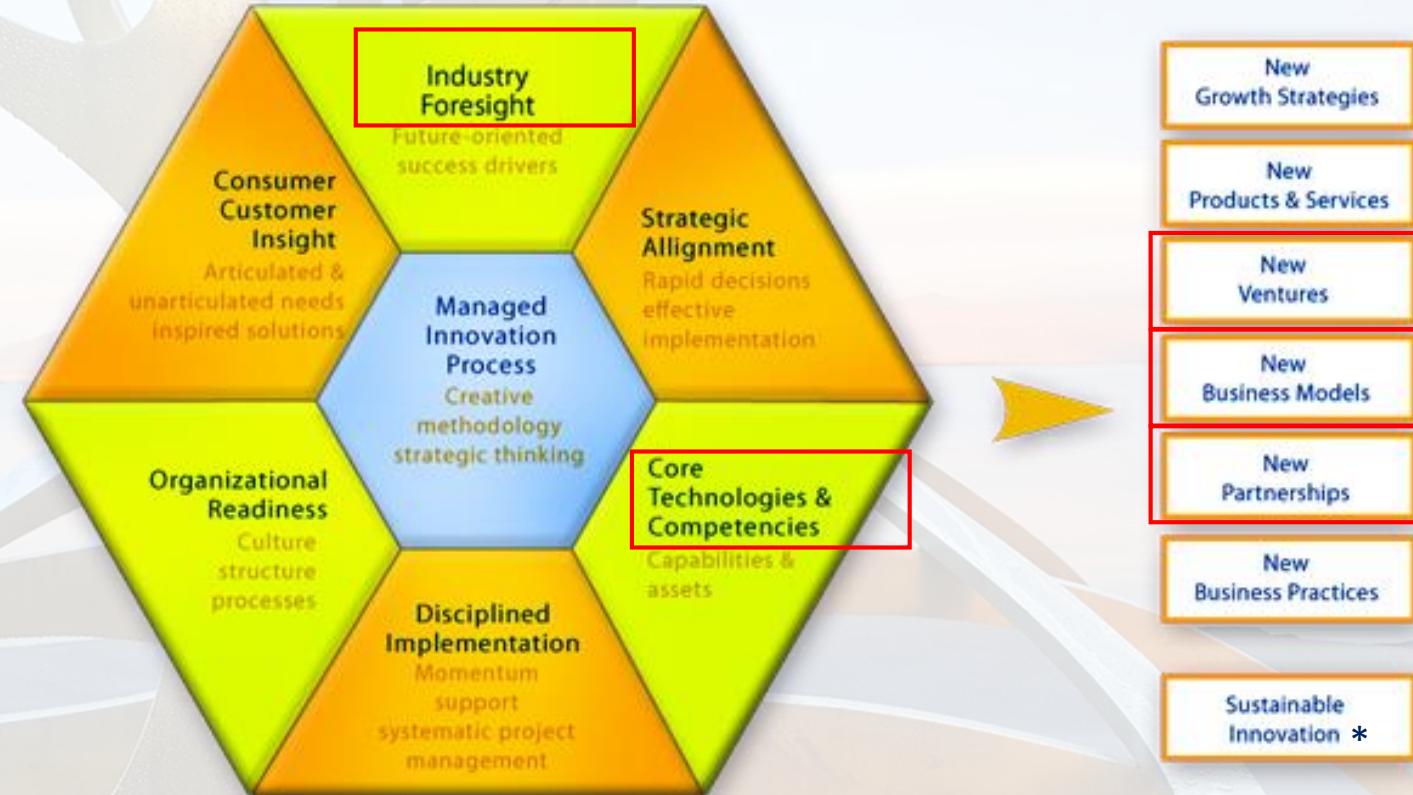
Source: Frank Rothaermel and A. Hess. MIT Sloan management review spring 2010

EFFECTS OF SIMULTANEOUS INNOVATION STRATEGIES.



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INNOVATION STRATEGIC THINKING.



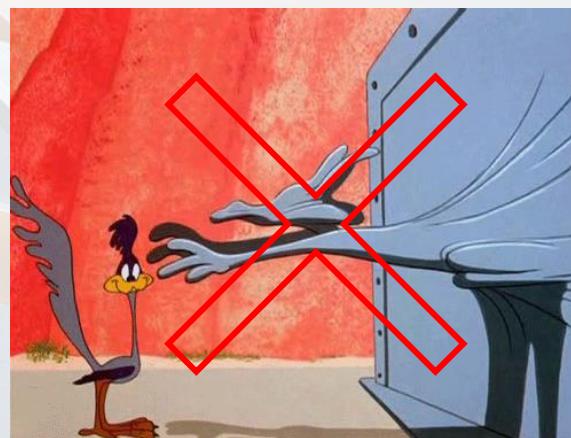
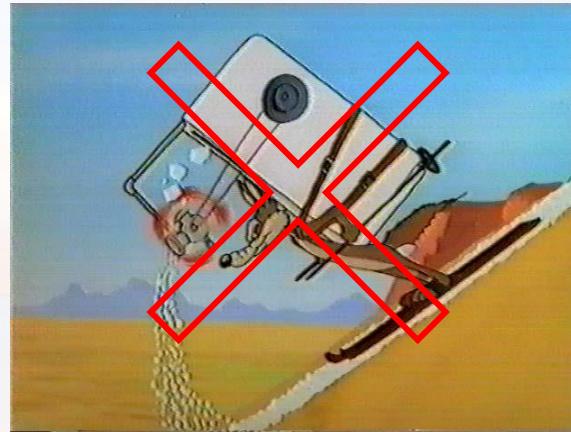
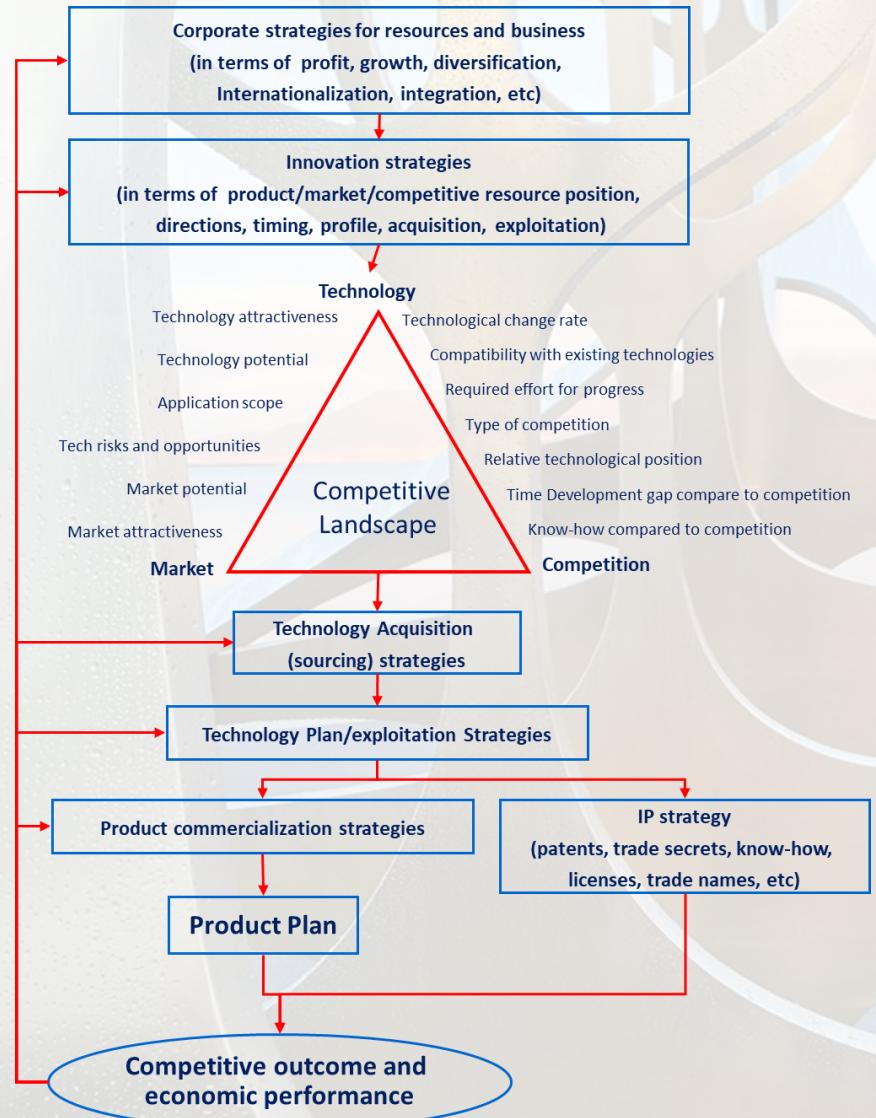
* Sustainable: capacity to endure.

5.

Roles & Organization.

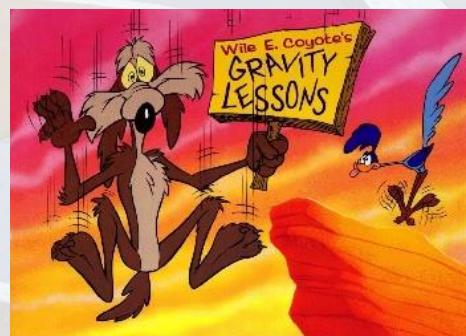


EFFECTS OF SIMULTANEOUS INNOVATION STRATEGIES.



6.

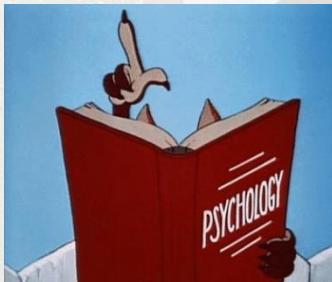
Final Remarks & Conclusions.



MANAGEMENT vs. LEADERSHIP.

over-managed and under-led ?

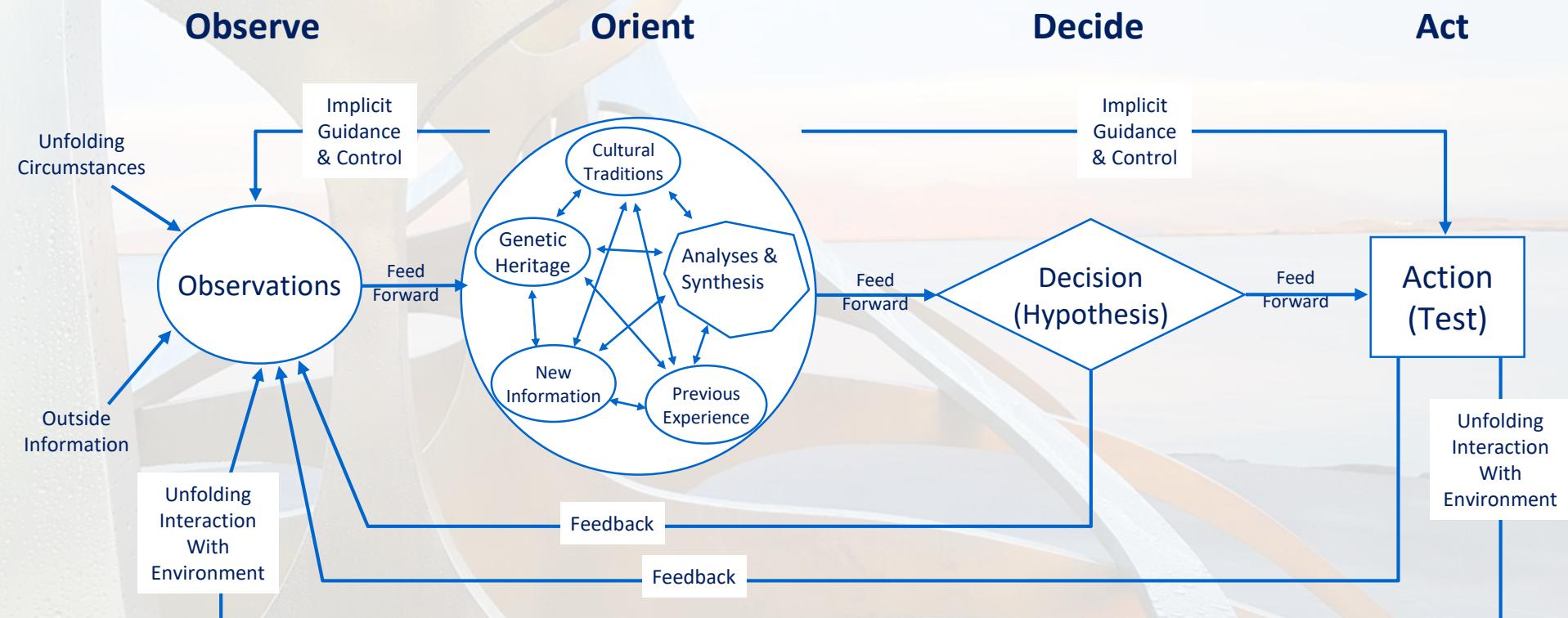
LEADERSHIP	MANAGEMENT
<ul style="list-style-type: none">- Deals with change- Setting a direction- Aligning people- Motivating and inspiring- Vision and strategies- Broad-based strategic thinker- Willing to take risks- Credibility in front of others- Empowerment- Energy to overcome obstacles- Create network of people/relationship- Ensuring people actually do the job	<ul style="list-style-type: none">- Deals with complexity- Planning and budgeting- Organizing and staffing- Controlling and problem solving- Organize to create a human system- Fit a particular context- Brings order and consistency



Leadership is not necessarily better than management or a replacement of it but in the areas directly facing changes (marketing, R&D) and/or creating the elements of change in the future, it cannot be absent.

.....Saying NO (Tony Blair)

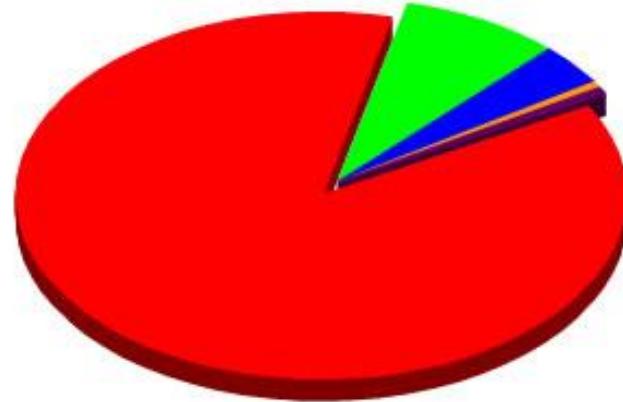




THE PRICE OF NOT-LEARNING.

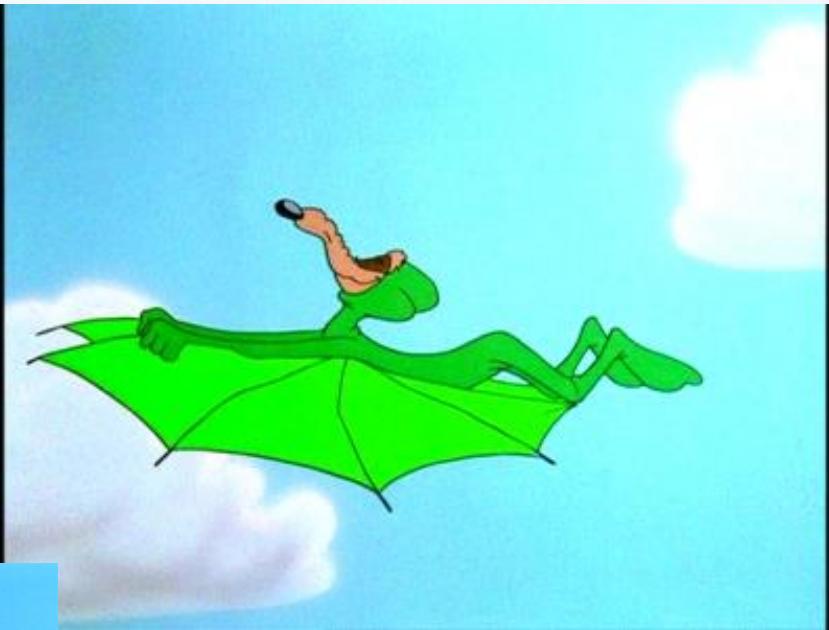


Wile E. Coyote's Budget



- Acme products
- Birdseed
- Tiny signs
- Tiny umbrellas
- Medical bills

YOU COULD BE RIGHT BUT•



THE MARKET COULD BE WRONG A LOT LONGER.

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KEEP IN MIND.



The primary advantage we want to achieve in all forms of maneuver is.....

time.

THANK YOU.



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The Network Team.

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