

Open Innovation: Research on Locating and Incorporating External Innovations

All-Academy Symposium

August 9, 2005

Henry Chesbrough, Wim Vanhaverbeke, Joel West

www.OpenInnovation.net

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Session Overview

- **Introduction: Wim Vanhaverbeke, Eindhoven U. Technology**
- **Paper Presentations:**
 - **Kira Fabrizio, Emory**
 - **Jens Frøslev Christensen, Copenhagen Business School**
 - **Keld Laursen, CBS and Ammon Salter, Imperial College London**
- **Discussant: Joel West, San José State**
- **Audience Q&A**

History of “Open Innovation”

Chesbrough era:

- **2002:**
 - Xerox PARC spinoffs: RP, BHR and particularly ICC
- **2003:**
 - *Open Innovation* (HBS Publishing), defining OI based on existing industry practices of IBM, Intel, etc.
 - *Sloan Management Review* article

Open Innovation Today

- 2004: Academy PDW: 8 speakers summarize links of open innovation to prior research
- 2005: today, empirical evidence for open innovation
- 2006: Henry Chesbrough, Wim Vanhaverbeke and Joel West, eds., *Open Innovation: Researching a New Paradigm* (Oxford University Press), 15 authors examine corporate, IP and institutional issues of OI

See <http://www.OpenInnovation.net/> for book chapters, articles, presentation slides and bibliography

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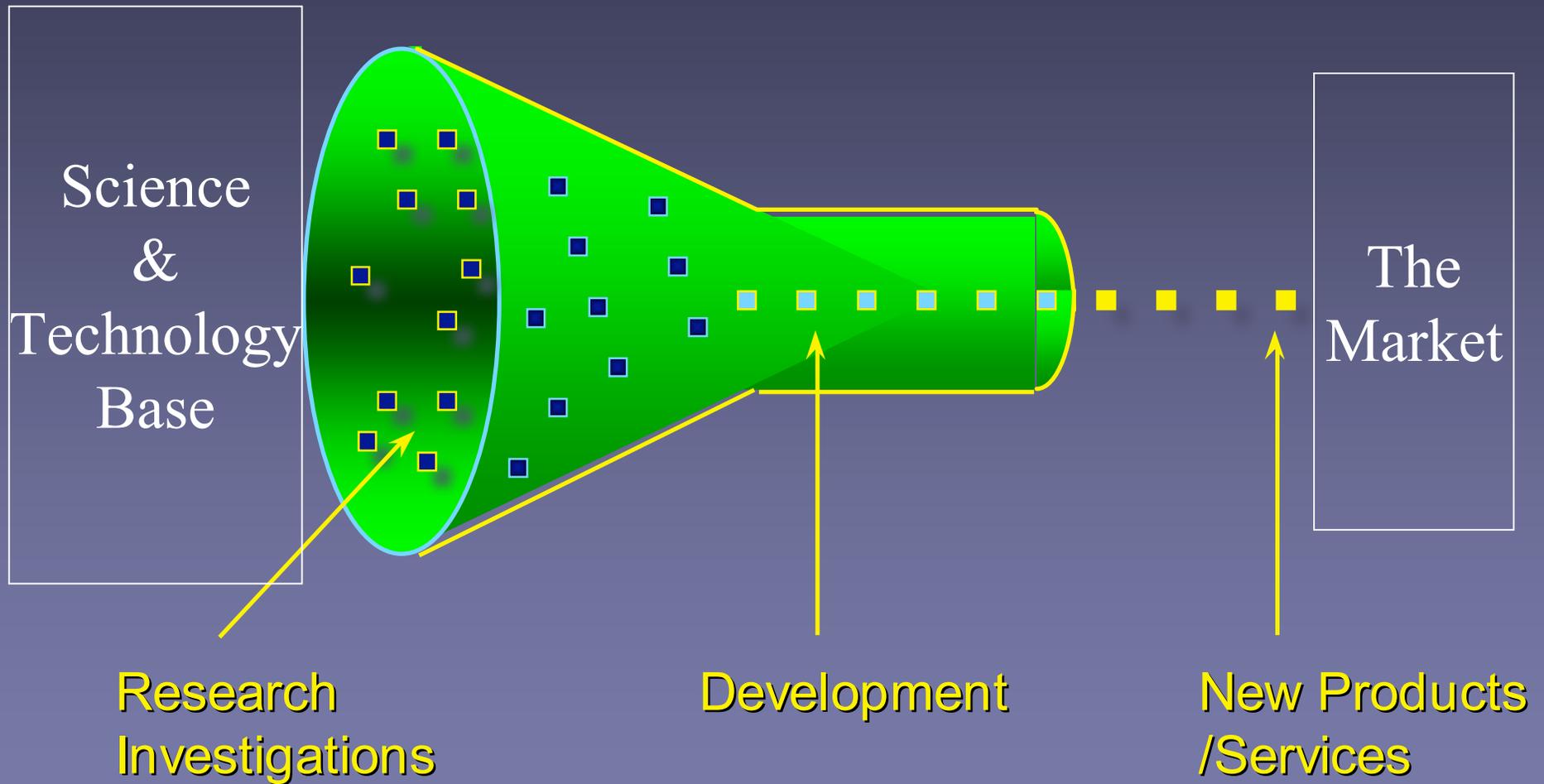
What is “Open Innovation”?

“Open innovation is the use of purposive **inflows** and **outflows** of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively.”

Henry Chesbrough, “Open Innovation: A New Paradigm,” in *Open Innovation: Researching a New Paradigm*, 2006

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The Counterpoint to OI: A Closed Innovation System



Research
Investigations

Development

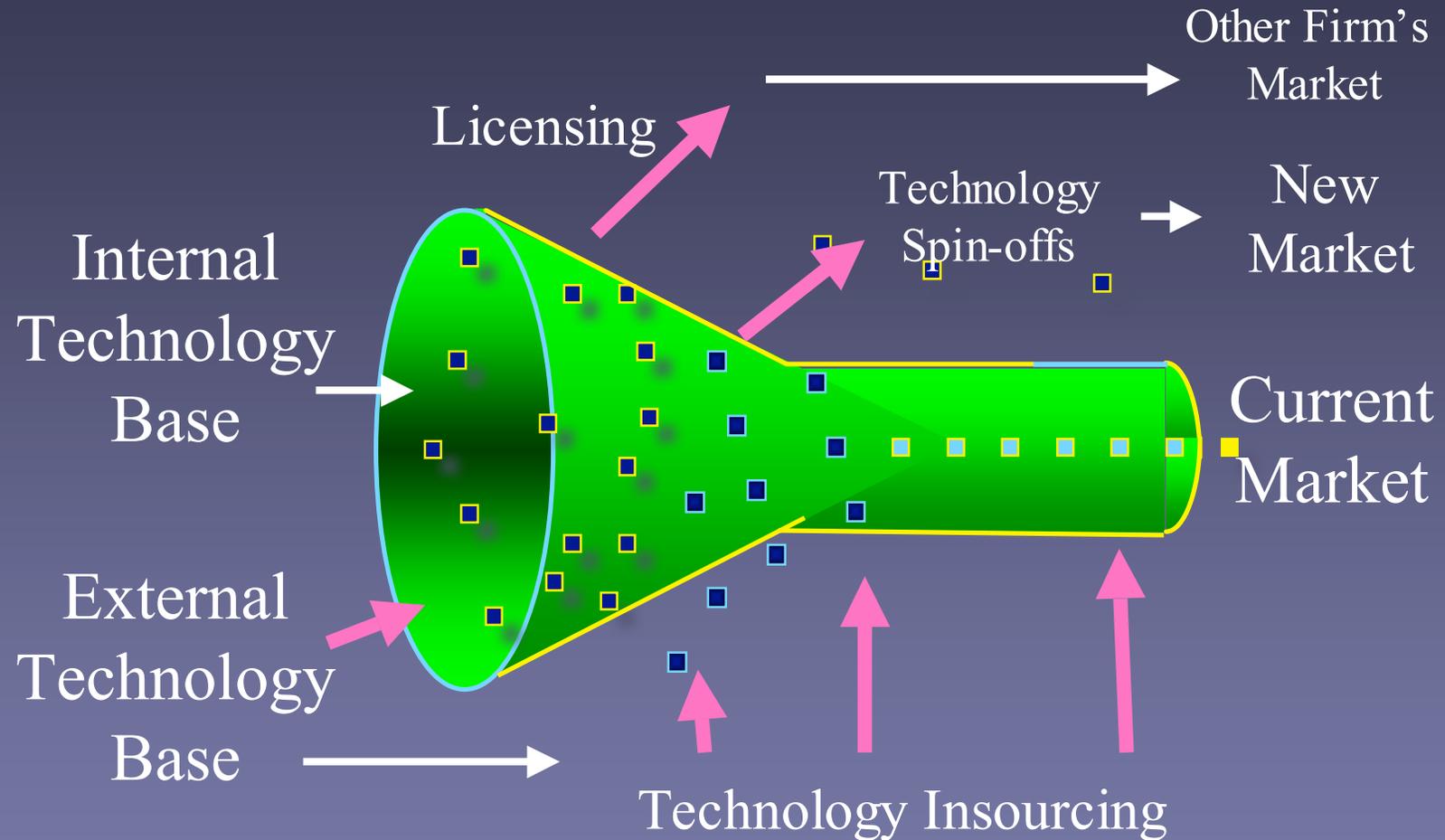
New Products
/Services

R

D

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Open Innovation Funnel



→ "Open" innovation strategies

Henry Chesbrough, *Sloan Management Review*, Spring 2003

Fundamental Issues

- **For innovation creators**
 - Generating external innovations
 - Getting a return on supplying them
- **For innovation consumers**
 - Identifying relevant external innovations
 - Incorporating them into the firm
 - Guarantee an ongoing supply

Open Innovation is Not...

- **Open Source Software**
 - Although some OSS business models are forms of open innovation
- **Open Science**
 - Creators: more like post-Bayh Dole science
 - Consumers: firms will accept “free” spillovers
- **Open Standards**
 - Although they can co-exist

Key Areas

- **Creating a business model for inbound or outbound OI**
- **Role of IP in enabling (retarding) use of external innovations**
- **Institutional structure for OI**

Today's Themes

- **Focus: external supply of innovation**
- **Where does the supply come from?**
- **How do firms use this supply?**
- **Balancing openness and value capture**

Paper Presentations

- **Kira Fabrizio, “The Use of University Research in Firm Innovation”**
- **Jens Frøslev Christensen, “Wither Core Competency for the Large Corporation in an Open Innovation World?”**
- **Keld Laursen and Ammon Salter, “The Paradox of Openness: Appropriability and the Use of External Sources of Knowledge for Innovation”**