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# Emerging Innovation Centers

The second in a series of features that bring together different viewpoints from around the globe



Welcome to Global Viewpoints! In this issue we've gathered the thoughts of a dozen of the world's top thinkers on innovation - where it is happening, who the main players will be and how it will change our lives. Please go to [www.50globalviewpoints.com](http://www.50globalviewpoints.com) to see more - and enjoy the debate.

Written by David Nicholson - a London-based writer and broadcaster, [dn@davidnicholson.com](mailto:dn@davidnicholson.com)

## Open to new ideas

Innovation is rapidly becoming a collaboration between producers and consumers, according to some of the world's foremost business commentators

In today's digitally-connected, global business environment, 'open innovation' is all around us. No longer do corporations simply design, manufacture and sell a product to consumers. Consumers themselves now determine what products they want, how they look and when and where they consume them.

"A Coca-Cola page which was set up on the internet by some fans," explains Soumitra Dutta, at INSEAD. "The company then faced a very important decision: should they shut that page down or take a different strategy?" They decided to join in. "It was a very dramatic shift in their thinking about brand management."

Similar shifts are taking place across the business landscape, as companies recognise that they are no longer on a one-way street. "Power is shifting from the centre to the periphery," says professor Dutta, "...a global periphery in which there are billions of people connected."

Tackling climate change is an important example of open innovation: "no one company or government can solve the problem [but] we collectively have to resolve it for future generations," says Dutta.

The advances of open innovation apply equally to our day-to-day transactions, as Andy Mulholland of venture capital investment firm Capgemini points out. "Airline tickets are no longer a fixed price: the model has opened up - you print your own boarding pass at home, so you're part of the same infrastructure as the airport operator."

Mulholland predicts yet further specialisation, where, rather than simply going for the cheapest option, customers can select better legroom, access to an airport lounge, or a better meal for example. "That's a much more sophisticated, external kind of business model, which allows for a lot more innovation," he says.

He argues that the business mantra of the 1990s - 'do more of less' (i.e. concentrate on fewer product lines but raise the volume) - has switched to 'do less of more'. "If you want to compete in more markets and under more conditions, you will have to be flexible and interactive with more suppliers, more people, every part of the value chain, in a way that you can very quickly respond and give people what they want."

## A Crisis Needs Innovation



Even as some economies return to growth, the global picture is still one of turmoil and in these times, much of the thinking has been short-term and reactionary. The longer term question is how, in a global knowledge economy, we create and distribute value to sustain growth. For the past decade, hundreds of innovative little companies have been appearing, spun out from universities and based on groundbreaking discoveries in energy, information technology, life sciences and other fields. At INSEAD we nurture innovation and support entrepreneurs. We see this as the engine for future global economic growth.

**Frank Brown, Dean of INSEAD**

## Step in to a virtual world

A 'centre of innovation' no longer needs to have a physical location, thanks to the burgeoning growth and complexity of virtual worlds

The online virtual world phenomena most famously embodied by Second Life - where millions of people have registered their personal avatars, constructed virtual buildings on virtual islands and carried out all kinds of business - will mature into a major part of human communication, according to Miklos Sarvary, at INSEAD. "Second Life is a half a billion dollar economy," he notes. "Corporations have started to migrate there, for recruiting, meetings and education. If you want to connect to a lot of individuals who are dispersed geographically or physically, the platform is amazing."



INSEAD uses Second Life to hold seminars, to market its services and to introduce its students to the concept of virtual worlds, allowing them to borrow avatars as they explore its new horizons. For Sarvary, communication with customers is key. "If you want to interact with customers, where you have a conversation with them - not just putting pictures or text on a webpage - then this is a medium. We have students on three continents, so it is great to bring these people together in this cost effective way."

The rapid emergence of social networking media such as Facebook raise huge new opportunities for collaboration and new forms of communication. "There is significant social production," says Mark Canon, head of new media at Yell. "I think some pretty profound changes are going to happen, from a social and productivity point of view. Repressive governments around the world are trying to constrain people's access to the internet, but information is like water. They won't be able to succeed long term. Bandwidth will make it less necessary to have actual physical proximity to enjoy the same types of interactions that we do today."

