



SPINVERSE



Service Design helps build effective Open Innovation Ecosystems

Spinverse White Paper 2/2018



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Spinverse has been working with open in-novation (OI) since 2009. Our whitepaper “The secrets in leading successful open innovation ecosystems” introduced six key elements that are pivotal for building and leading a successful innovation ecosystem. In this whitepaper, we explore the process for creating an open innovation ecosystem further and conclude that it links closely to services design methodology. This whitepaper draws from our experience in different OI projects, and answers to the questions on how to effectively design, implement and lead open innovation ecosystems.

Ecosystems are driven by the common customer needs

Innovation ecosystem service design starts with openness, which essentially calls for breaking the intra- and inter-company silos. Hence, for companies that have been traditionally operating within closed ecosystems, the first challenge is to acknowledge that the current ways of working are not enough to ensure success in today's rapidly changing business environment.

In their aspiration to sustain growth and competitiveness, leaders fear that ecosystem

thinking may blur focus and in the worst case add too much complexity. However, in reality working as a part of a wider group, or as an ecosystem, can be a catalyst of desperately needed outside-in thinking. Working with different partners, and sharing their views of sometimes common customer challenges, different company stakeholders oftentimes become more open to break their internal silos. Open innovation and ecosystem thinking can in that sense speed up solution mindset and innovation within the company as well.

Service design for customer centric open innovation ecosystem

Leading an innovation ecosystem is more demanding than that of business and knowledge ecosystems. Working with numerous ecosystem projects, we at Spinverse have learned how to apply service design thinking into our ways of working. Through close collaboration with our ecosystem partners, we have discovered, that our role in building successful ecosystems is close to that of a service designer – we help to design and implement customer centric open innovation, where creating value for the customers is in the center.

Figure 1: Role of Service Design in Open Innovation

- 1 Ensuring shared view of the partner needs and the ecosystem customer journey
- 2 Creating optimal "flow of services" for the ecosystem customer journey
- 3 Designing a "minimum viable ecosystem operating model"
- 4 Ensuring coordination and commitment over authority
- 5 Facilitating transparency, competencies, skills and tools
- 6 Using ecosystem customer journey as a management tool for collaboration

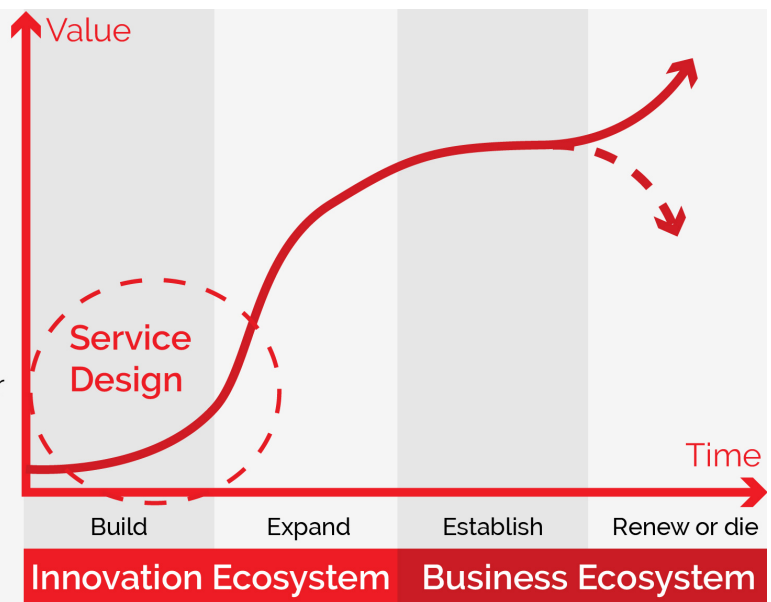


Figure 1: Role of Service Design in Open Innovation

Designing innovation ecosystem with the six key factors in mind

In our study *The secrets in leading successful open innovation ecosystems* we introduced six key success factors that are pivotal for building and leading a successful innovation ecosystem. In this whitepaper, we further observe the ways of working to ensure that the six elements are co-created efficiently:

1. Joint visioning with the dream team partners
2. Co-create win-win Business models
3. Set transparent and clear enough Roles & Responsibilities
4. Lead in complexity
5. Facilitate interactions and dialogue
6. Manage the balance between discipline and creativity

“ Very few ecosystem partners are structured to deliver products and services in a synchronized way that's attractive from a customer's perspective

The following chapters link our framework of leading open innovation ecosystems and the six key success factors to service design in the build and expand phases illustrated in the Figure 1.

Joint visioning with the dream team partners

Ensuring shared view of the partner needs and the ecosystem journey

The need for service design for innovation ecosystems is rooted to the fact that very few ecosystem partners are structured to deliver products and services in a synchronized way that's attractive from a customer's perspective. Oftentimes, individual companies are focused on perfecting their own products and processes and giving little thought to how their offerings might be even more valuable to their customers, when paired with those of another company.

Organizations that are involved in the open innovation ecosystem need a common vision and strategy. Customer Journeys are a very pragmatic view of firstly understanding and documenting end-customer needs and sec-

only for clarifying how the value propositions of different ecosystem players are linked to meet those needs. While most companies know their customers and their needs, in order to open innovation ecosystem to work, customer requirements need to be documented in an unbiased way.

Based on our experience, keeping the customer in the center is a powerful enabler for innovation. It ensures that different partners complement and enrich value added to the customer of the ecosystem. It also clarifies the roles and responsibilities of different ecosystem partners i.e. mainly corporations and SMEs, but also research organizations and universities.

Co-create Win-win Business models

Creating optimal "flow of services" for the ecosystem customer journey

The ecosystem customer journey is a great basis for describing and agreeing upon how each partner is going to do business or benefit from the ecosystem. While it is not easy to define the value of co-creation at the early stage, we encourage all the partners to be engaged in tentative business model discussions – or at least share their assumptions or preliminary plans on their business expectations. Furthermore, as the ecosystem projects evolve the value capture models for each partner can be iterated and refined.

Set transparent and clear enough Roles & Responsibilities

Designing a "minimum viable ecosystem operating model"

The ecosystem customer journey is also an important concept to assess the effort required for building the joint value proposition, i.e. optimal flow of services to meet the identified customer needs. When designing the "minimum viable ecosystem operating model" different

partners should openly discuss their aspirations and assess their contribution in terms of effort and agree upon applicable operational processes and the roles and responsibilities.

A common operational model clarifies and enforces what will be done. It also includes the decision-making forums such as the steering group and the decisions to be made, remembering of course that revisions can and should be made as the ecosystem evolves. Considering that the ecosystem includes different parties, the ways of working should be a combination of agility and structure, with clearly articulated expectations for the different actors.

Lead in complexity

Ensuring coordination and commitment over authority

As the open innovation ecosystem is generally a loose organization from a judicial point of view, the "minimum viable operating model" needs to be tested in order to define if it works. While the leader of the ecosystem does not have formal authority over the different actors, it is wise to use an intermediary or orchestrator specialized in building and leading ecosystems.

In our experience, it is good to review the operating model frequently, when establishing and running the ecosystem. Open innovation can only work, if the partners are committed to the operating model.

Facilitate interactions and dialogue

Transparency, competencies, skills and tools

Customer-centric companies live by a set of values that put the customer front and center. Therefore, an important aspect of the services design for open innovation is agreeing and facilitating the interaction and dialogue between the partners. The critical element for the dia-

logue to happen is to dedicate enough time for unstructured discussions and to find efficient ways of ensuring transparency and sharing information, knowledge and progress.

While the leader of the ecosystem can facilitate the discussions, we recommend having simple guiding principles for collaboration.

Ecosystem leadership and orchestration requires proper competence, skills and tools, and agreeing upon what they are, is fundamentally part of the ecosystem design.

Manage the balance between discipline and creativity

Using ecosystem customer journey as a management tool for collaboration

When the open innovation design is rooted in the common view of the underlying customer needs and documented as a common ecosystem journey in mind, it serves as a management tool along the ecosystem evolution. While intermediators play a significant role in bridging the partners together and thereby facilitating interaction and building dependencies between them, the customer journey is a good way to illustrate progress. It can help focusing joint design and development efforts along the way, while balancing well-structured project management and agile development.

Conclusions

Based on Spinverse's experience on building and leading open innovation ecosystems we have identified six key elements of success. In this paper, we approached them from service design point of view and concluded that service design thinking supports open innovation ecosystem design in the following ways

1. Design thinking serves as a great starting point for joint visioning with the dream team
2. Co-creation of Win-win Business models is efficient when using the customer journey as a framework
3. Design thinking is also a great way to define the "minimum viable ecosystem operating model" to ensure transparent and clear enough roles & responsibilities
4. Coordination and commitment over authority are keys to lead in complexity
5. Transparency, skills and tools are fundamental for facilitating interactions and dialogue
6. Customer journey as a management tool helps to balance between discipline and creativity

We believe that the six success factors help innovative companies and organisations to renew their business and R&D&I work by being able to swiftly build, scale up and lead their current and future innovation ecosystems. With our service design mindset, we are committed to help companies and ecosystems to focus on the essential – innovation as a tool to deliver value for their customers.

About Spinverse

Spinverse is the Nordic leader in innovation consulting, specialised in driving open innovation ecosystems, arranging funding and commercialising emerging technologies. We help our clients build new businesses by endorsing the best ideas and partners, building innovation projects, finding relevant funding, and creating related business plans.

Spinverse white paper 2/2018 "Service Design helps building effective open innovation Ecosystems"

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