



## **Centre for Business Innovation**

### **Third European Open Innovation Practitioners' Consortium (OI-3)**

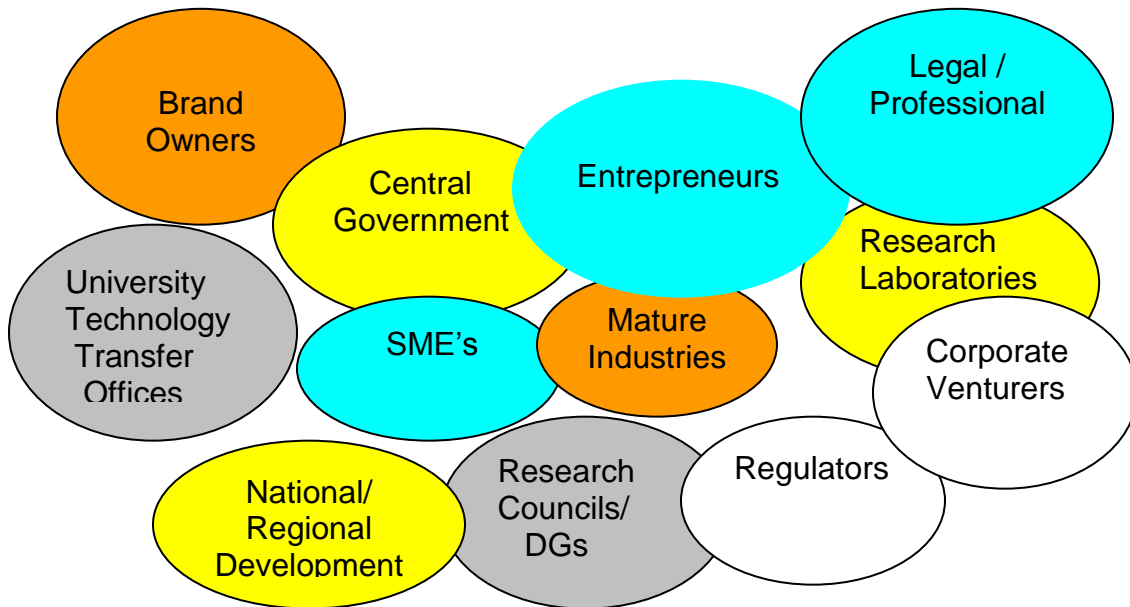
*“Embedding Open Innovation”*

**Autumn 2011**

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# 1 The Open Innovation Practitioner's Consortium

This (OI-3) Consortium brings together practitioners in Open Innovation from across Europe to learn together about best practises, recent experiences, different perspectives of the innovation provider and the purchaser as well as to collectively find and try out better ways to address the problems which arise along the way.



Consortium participants from the sectors/industries outlined above (and beyond) will also build relationships with each other making it easier for new ideas and initiatives to be shared across industry boundaries but in a trusting environment .

The purpose of this consortium is three fold:

- to learn quickly and in a trusting and confidential community;
- to enable people to share their experience at the practical level (avoid repeating the same mistakes);
- to enable individual consortium participants to benefit from a circa £100k (£1 = circa 1.1Euro) project for less than 10% of the cost.

## **1.1 Why is this consortium right for you?**

If you are:

- responsible for delivering bottom line impact through innovation.
- involved in R & D, Acquisition or Outplacement of technology contingent activities but wanting to drive and measure this with 'process' rather than 'coincidence'.
- active in Open Innovation but needing:
  - o to see it from other perspectives (industry, nation, facilitator, sponsor or acquiree);
  - o insight into a particular issue or process.
- wanting to get up to speed fast on Open Innovation in a community of doers rather than talkers in order to learn about what Open Innovation could deliver in your organisation or community and convince your peers that you are equipped to deliver...

..and based in Europe, this consortium will help you to learn quickly, share your experiences, benchmark your organisation, keep up with developments and challenge assumptions in a confidential and trusting community.

## **1.2 Why now?**

Many people reading this prospectus will have already read Chesbrough's books [ref 1] on Open Innovation in Products and [ref 3] on Open Innovation in Services and some will have attended a conference or seminar in the area. If you have not, just read Section 6 for a quick briefing! However, the number of people who have actively tried to implement the processes discussed here is still very limited.

Open Innovation holds out the promise of taking the ecosystem of 'market for technology' deals to a new level in terms of speed and efficiency and both users and providers of innovation desperately need this boost to answer questions like:

- what can your (innovation acquiring) organisation actually do to progress through from 'want' to 'find' to 'get' to 'manage'?
- how can you track and measure the impact of OI in your organisation?
- how can your (innovation donating) organisation position itself to get the best possible deal?
- and how can you learn about the perspective of the other side?

- As a world of pay per click emerges, how can OI deal with service based propositions?
- What tools and practises can be applied to make all of the above as painless and efficient as possible?

OI-3 is designed to help find ways of working efficiently in such situations. This consortium will run for a fixed period and enable you to leverage input of fellow members to 'do more with less' ..and then move on.

### **1.3 Why CfBI?**

The Centre for Business Innovation has an extensive track record of managing collaborative consortia. This draws primarily on the 'Collaborative Advantage' formula which was created by CEST (=Centre for Exploitation of Science and Technology) in the late 1990's by CfBI staff as well as on the 'Special Interest Groups' again run by CfBI staff for local and sectoral intermediary organisations.

Consortia have been run over the last 16 years by CfBI team members in areas such as:

- The New Genetics
- Fuel Cells
- Intellectual Property
- Financial Directors
- Cleantech
- Knowledge Management
- Integrated Product Intelligence (smart tags)
- Creating Networked Communities
- Microfluidics (Lab-on-a-Chip)
- Novel Printing Applications
- Inclusive Design
- Open Innovation

From its Cambridge base (a world-class centre of learning embedded in a cluster with 40 years experience in the exploitation of science and technology [Ref 2]), the CfBI is exceptionally well connected into organisations that are leading the way in Open Innovation.

CfBI works closely with the University of Cambridge and other leading academic groups across Europe and it is planned that the OI-3 consortium will interact with several projects run by academic teams in order to pick up on the latest research thinking.

CfBI also runs other consortia in sectoral/technology areas such as “Micro Fluidics”, “Inclusive Design” and “Novel Printing Applications” which can act as ‘live’ case studies for the Open Innovation consortium to observe, comment on and possibly influence.

## 2 Open Innovation Track-record. The OI-1/2 Consortia

CfBI ran the Open Innovation Practitioners; Consortium in 2009/2010/2011. This attracted 14 companies from 8 countries (See logo’s below).



We have been delighted to bring together: Nokia, Solvay, Philips, Friesland Campina, TetraPak, Qualcomm, Airbus/EADS, Scottish Enterprise, Deutsche Telekom and the University of Bristo to form the heart of the OI-2 Consortium.

Over the last year OI-2 has also drawn on expert input from University of Cambridge; Copenhagen Business School; Imperial College, Zeppelin University and Chalmers University of Technology.



The OI-2 work programme, shaped by the consortium participants to reflect their priorities and needs covered:

- Co-innovation
- Eco-systems for Open Innovation
- Open Innovation beyond the First World
- Internal Processes for Open Innovation
- The Role of Social Media in Open Innovation



This has led to the following sub-projects within the Consortium:

- OI-2 working together with Zeppelin University has created and tested a 'maturity model' for Open Innovation.

Meetings of the consortium have been hosted by:

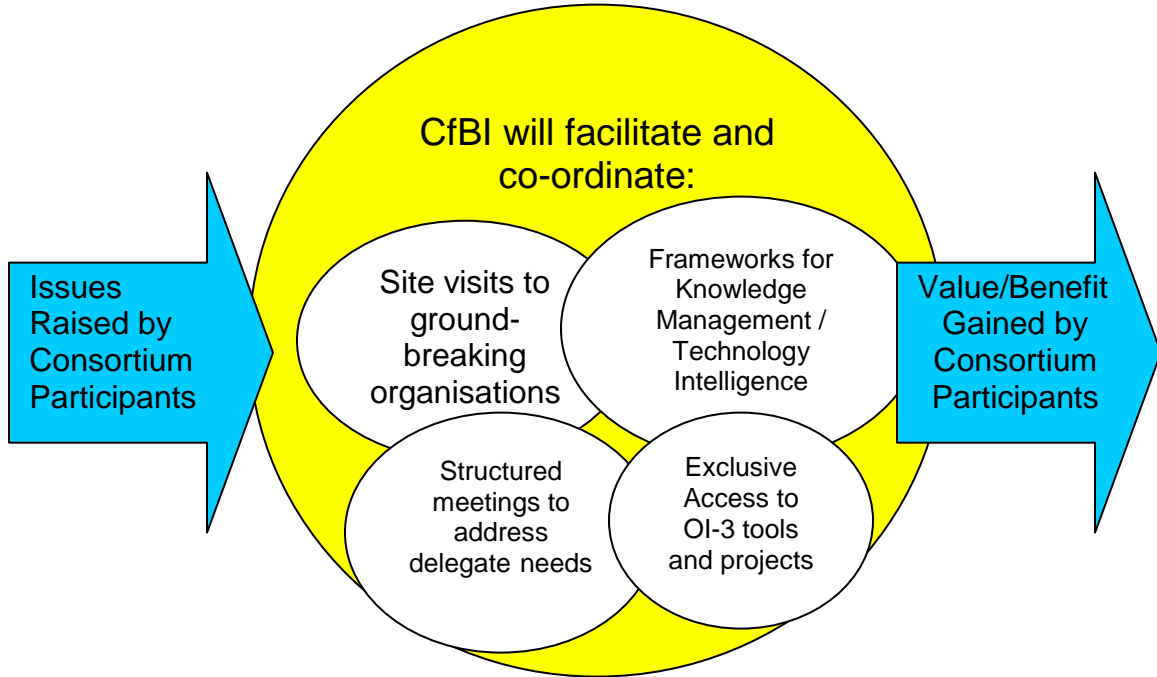
- Philips in Eindhoven
- Airbus in Toulouse
- Lego in Billund
- TetraPak in Lund
- Friesland Campina in Amersfoort
- Nokia Research in Cambridge



The second year of the consortium will come to an end in September and CfBI will be recruiting additional members to refresh the mix for the second year (OI-3).

### 3 What will I get from participation?

#### 3.1 Consortium programme



##### 3.1.1 Introductory Briefing

CfBI will take briefings from consortium members as they sign up in order to understand what they want to achieve and what they expect to be able to contribute. We will use this opportunity to share the needs/issues raised by those already in the consortium and seek to achieve consensus.

##### 3.1.2 Thematic Meetings

Provisional themes which have been put forward by prospective delegates for OI-2 meetings include:

- “Pathfinder.” – leading to participants understanding each other’s interests and forming consensus on focus for later meetings. This is captured in a “Themes” document which is refined by members throughout the lifetime of OI3.
- “Health and Wellbeing”. A number of consortium participants are interested in grasping opportunities related to healthcare (in the home and elsewhere) and to the needs of an ageing society. This has particular synergies with CfBI’s Inclusive Design Consortium

- “Open Innovation and Services”. The European Commission has major emphasis on Innovation in Services .. we want to extend this to ‘Open’ Innovation.
- “Embedding OI Projects into the Organisation” – the work of the OI consortium is increasingly moving towards implementation of co-innovation projects rather than ‘finding new partners’. The consortium will look at supporting infrastructure for co-innovation such as incubation.
- “The role of intermediaries” – Who else needs to be in the room where Open Innovation is happening, what are their roles and how can we measure if they are doing a good job.

CfBI encourages delegates wishing to join to put forward themes they are interested in and will try to find enough consensus to cover these.

### 3.1.3 Knowledge Management/Technology Scan

Throughout the life cycle of OI-3, CfBI will carry out desk research guided by the consortium and will maintain a telephone help line for consortium members and send out e-mail alerts when highly relevant news breaks or events take place. Consortium members have their own dedicate ‘dropbox’ and also a closed group on LinkedIn

While OI-3 is ‘technology/sector agnostic’ the consortium might choose to scan particular technologies/sector as a means to learn about scan and targetted search. It is possible that interaction with other CfBI consortia and projects (such as the one in Micro-fluidics, Novel Printing Applications and Digital patient records ) might support this goal.

OI-3 Members will be encouraged to contribute links, documents and comment which they believe will be useful to the consortium. There is no pressure to contribute confidential information – but gossip about competitors is encouraged!

### 3.1.4 Visits

We envisage 5 working consortium meetings during the term of OI-2. This will be complemented by a pathfinder meeting to help newcomers get up to speed with the processes and values of the consortium. These will take place at sites across Europe. We are delighted when consortium members offer to host such meetings – as this gives the “home



team” a chance to engage with more people and also to showcase products, services and processes which they have on offer.

Potential OI3 delegates have proposed the following visits:

- Department of Health (how to handle innovation emerging from the health industry).
- BT
- Deutsche Telekom
- European Commission
- DSM



### 3.1.5 Peripheral Benefits

We are delighted when delegates:

- do deals having got to know each other in the consortium;
- club together to lobby or submit a bid for an EU or TSB project ;
- come forward with proposals for additional work which the consortium might undertake.

### 3.2 The CfBI team

..is there to support the OI-3 consortium with:

- Desk research on subjects of interest to the consortium
- Logistics support for meetings and alerts
- Facilitation of events and write up of outcomes of working sessions
- Expert insight

We are grateful to the following advisers who have helped us shape OI-3

Dr Axel Roseno	Copenhagen Business School	Expert insight
Dr Tim Minshall	University of Cambridge	Expert insight
Professor Ellen Enkel	Zeppelin University	Expert insight

## 4 Frequently Asked Questions

Over the years we have built up quite a long list of these.

Q1: What about confidentiality and intellectual property?

A1: Unless otherwise agreed by all participants all meetings take-place without confidentiality agreements. If its confidential, don't tell!

Q2: How many people can my organisation send to OI-3 meetings?

A2: Up to 3 depending upon demand. Delegates can be switched, but CfBI recommend that continuity is maintained.

Q3: What is the timing and Location of meetings?

A3: Meetings tend to start early morning (we have a tradition of meeting informally over dinner the night before) and finish before 5pm. While the default location for meetings will be Cambridge (20mins from London Stansted Airport) delegates sometimes offer to host meetings and the consortium may well meet anywhere in the UK or sometimes in nearby Europe.

Q4: Can I join after launch or for part of the OI-3 programme?

A4: Subject to places being available, yes you can. But in order to be fair on those who signed up early you will be charged the full fee.

Q5: Is the consortium unbiased, or is it just a selling vehicle?

A5: CfBI as an independent entity does not have an interest in promoting a particular product/organisation. However previous consortia have seeded lobbying for standards, promotion of markets and pressure on (desirable!) organisations to join the consortium.

Q6: Can I influence the agenda of the consortium?

A6: Yes you can! We welcome input but will have to respect the consensus of all delegates. In our experience this is usually not a problem.

Q7: I'm based on the Continent, can this work for me?

A7: Absolutely, Ryanair flies from most parts of Europe to London Stansted and we will try to schedule events to help with your logistics.

Q8: Can I 'drop in' for just the odd meeting of OI-3 and pay less?

A8: No.

Q9: Who is signed up already?

A9: This is work in progress but as soon as we have 4 or 5 names we will go public!

Q10: If I pay and you cancel the consortium do I get my money back?

A10: Yes!

Q11: If I pay and do not show up to consortium meetings do I get my money back?

A11: No.

Q12: What about confidentiality? Who will find out what we have been talking about and what conclusions we have come to?

A12: The consortium is confidential. If minutes are taken or reports on findings written they remain in the consortium. The only exception is that usually we make known to outsiders who is 'in' the consortium and sometimes a consortium will agree a joint statement or press release about its activity or findings. The latter can be useful where individual companies do not want to step forward with a controversial point of view.

## **5 Timescales and Costs**

### **5.1 Timescales**

OI-3 will be marketed through June to September 2011 for a proposed launch in October and then running through to September 2012. The exact timing will be determined by the organisations involved. It will only launch if at least 6 participant organisations are identified but will not accept more than 12 organisations.

CfBI will facilitate finding consensus amongst the delegates regarding the timing of meetings – but it will not always be possible to fit with everyone's requirements.

### **5.2 Costs**

The costs of participation in OI-3 are £10,000+VAT. Payment is due on sign up.

There is a discount of 50% for academic organisations.

There is a 'delegate wins delegate scheme' offering a 10% discount. Ask CfBI for details.

CfBI's standard Terms and Conditions apply.

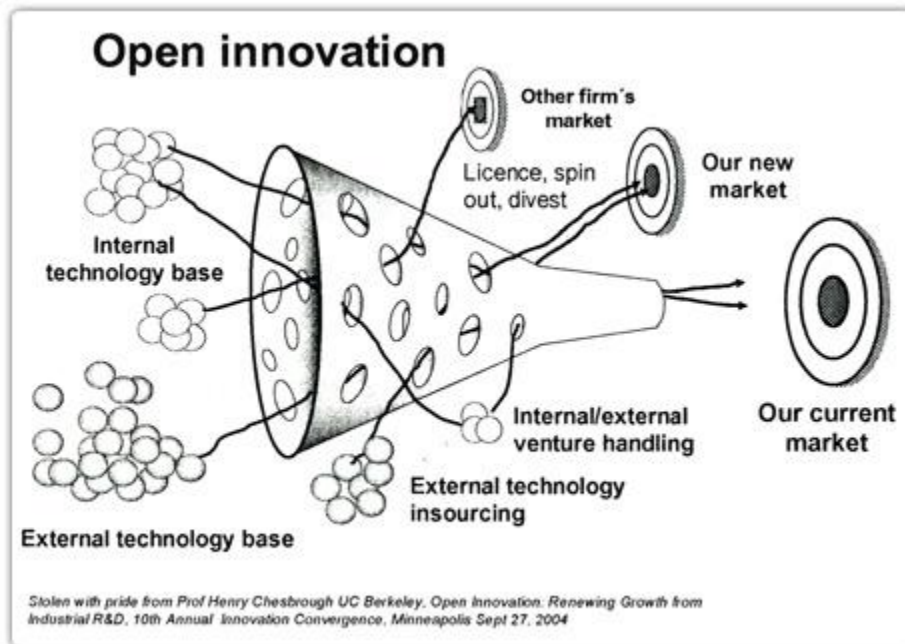
## 6 Why should I join now?

This is a tested with the opportunity for you to influence where it goes and how fast. You can leverage its resources to address your current needs and get your job done faster and better!

It is also a great way to engage your colleagues to buy-in to the big ideas of Open Innovation and be inspired by what other companies are doing.

A visit from the consortium to your site is also a good way to show top management the level of commitment which companies are building for Open Innovation.

## 7 A Quick Introduction to Open Innovation



(Source: Wikipedia)

**Open Innovation** is a term promoted by Henry Chesbrough, a professor and executive director at the Center for Open Innovation at Berkeley. The concept is related to (but distinct from) user innovation, innofusion, cumulative innovation and distributed innovation.

The central idea behind open innovation is that in a world of widely distributed knowledge, companies cannot afford to rely entirely on their own research, but should instead buy or license processes or inventions (e.g. patents) from other companies. In addition, internal inventions not being used in a firm's business should be taken outside the company (e.g., through licensing, joint ventures, spin-offs). In contrast, closed innovation refers to processes that limit the use of

internal knowledge within a company and make little or no use of external knowledge. Some companies promoting open innovation include IBM, InnoCentive, InnovationXchange, Nerac, NineSigma, Procter & Gamble, and Yet2.com.

Prior to World War II, closed innovation was the paradigm in which most firms operated. Most innovating companies kept their discoveries highly secret and made no attempt to assimilate information from outside their own R&D labs. However, in recent years the world has seen major advances in technology and society which have facilitated the diffusion of information. Not the least of these advances are electronic communication systems, including the internet. Today information can be transferred so easily that it seems impossible to prevent. Thus, the open innovation model states that since firms cannot stop this phenomenon, they must learn to take advantage of it.

It is the business model of the firm that determines what external information to bring inside, and what internal information to take outside.

Open innovation needs a different mindset and company culture than traditional or closed innovation.

<b>Closed innovation Principles</b>	<b>Open innovation Principles</b>
The smart people in our field work for us.	Not all the smart people work for us. We need to work with smart people inside and outside our company.
To profit from research and development (R&D), we must discover it, develop it and ship it ourselves.	External R&D can create significant value; internal R&D is needed to claim some portion of that value.
If we discover it ourselves, we will get it to market first.	We don't have to originate the research to profit from it.
The company that gets an innovation to market first will win.	Building a better business model is better than getting to market first.
If we create the most and the best ideas in the industry, we will win.	If we make the best use of internal and external ideas, we will win.
We should control our innovation process, so that our competitors don't profit from our ideas.	We should profit from others' use of our innovation process, and we should buy others' intellectual property (IP) whenever it advances our own business model.



## 8 References

- 1 Chesbrough, H. (2003) Open Innovation. The new imperative for creating profits from technology. Boston, MA: Harvard School Publishing.
- 2 The Cambridge Technopole Report 2008. University of Cambridge, Institute for Manufacturing.  
[http://www.ifm.eng.cam.ac.uk/ctm/teg/documents/CambridgeTechnopole2008\\_000.pdf](http://www.ifm.eng.cam.ac.uk/ctm/teg/documents/CambridgeTechnopole2008_000.pdf)
- 2 University of Cambridge Centre for Technology Management. Technology Intelligence consortium. <http://www.ifm.eng.cam.ac.uk/ctm/intelligence.html>
- 3 Chesbrough, H. (2011) Open Services Innovation. Rethinking your business to grow and compete in a new era. Wiley – Jossey-Bass

## 9 I'm interested! How do I join?

If you have outstanding questions, pick up the phone! We would be happy to talk though with you ways by which membership of OI3 can help you achieve things you need to do.

Also we would be happy to link you with existing members of OI2 who can tell you about their experiences.

Read the small print in the Terms and Conditions Section, complete the registration form and send it back to CfBI (either with scanned signature in PDF or in paper form to:

The Innovation Centre  
18 Sedley Taylor Road  
Cambridge  
CB2 8PW  
United Kingdom

together with a cheque or purchase number & details of how we can invoice you.

We will quickly get back to you for briefing on what outcomes you want from the consortium.

## 10 Terms and Conditions of Contract

Participation in the CfBI (Centre For Business Innovation) Open Innovation Practitioners Consortium (OI-3) will be according to the following conditions.

### 0. Introduction

The CfBI OI-3 is a development activity, and events may occur during the course of the work that necessitate a change of emphasis and direction. CfBI reserves the right to make appropriate changes to the work programme as it sees fit. In such circumstances, CfBI will seek the agreement of all partners, but in the event no agreement can be reached, will have the final judgment.

- The CfBI OI-3 will be conducted on a non-confidential basis. It will be the responsibility of each partner organization to safeguard its own confidential information and intellectual property rights (IPR).
- This Multi-client project requires the participation of a minimum number of organizations. CfBI reserves the right to modify the Prospectus and work programme to reflect the number of fee-paying partners. Partners will be asked to commit themselves to the project by a specified date. The decision to proceed will be made by CfBI and will depend on the total value of subscriptions actually remitted by that date. In the event that the project does not commence, all subscriptions will be refunded in full.
- CfBI reserves the right to decide on which companies participate in the forum – it will make this decision in consultation with partners who have already committed to join. CfBI also reserve the right to terminate the participation of any company should their involvement be considered to disrupt or obstruct the overall project objectives. In such circumstances, CfBI will consult project partners fully before taking any action.

### 1. Definitions

In these general conditions, and in the attached Prospectus, the following definitions shall apply:

- i. “The Client” means the organization, company, partnership or individual enrolled by means of the Contract Acceptance Form attached to this Prospectus.
- ii. “Prospectus” means the CfBI specification or schedule of work applying to the Multi-client project.
- iii. “Work” means any work or service that CfBI agrees to perform under the contract.
- iv. “Goods” means any report or service which CfBI agrees to supply to the Client under the Contract
- v. “Contract” means the contract between CfBI and the Client to which these Conditions apply and includes the Prospectus.
- vi. “Information” means all data communicated, verbally and in writing, to the Client during the course of the contract.

### 2. Terms and Conditions

## Confidential

The terms of the Contract may not be altered except by agreement in writing between CfBI and the Client.

### 3. Client Responsibilities

CfBI expects the Client to act reasonably in responding to the needs of the Work and will not be liable for failure to deliver any Goods where such failure occurs as a result of the Client's action or inaction.

### 4. Liability

- i. CfBI will not be liable for any delay in meeting, or failure to meet, its obligations under Contract arising from any cause outside its control, time shall not be of the essence of the Contract.
- ii. CfBI's liability for any loss or damage howsoever caused including, but not limited to, direct, indirect, unforeseeable or consequential loss or damage (other than death or personal injury resulting from CfBI negligence) suffered by the Client as a result of anything done or omitted by CfBI in connection with the Contract shall be limited to the amount paid for the performance of the Contract.
- iii. Except as a specified in these conditions or in the Prospectus, all warranties, conditions and representations implied by statute, trade usage or otherwise are hereby excluded and the Client undertakes that, in entering into the Contract, it has not relied on any representations of CfBI other than those specified in the Contract. The Contract includes other parts of this Prospectus.

### 5. Confidentiality

CfBI and the client will take all reasonable measures to keep confidential during the work programme any secret or ideas or information obtained from the other party provided that this condition does not apply to ideas or information which are in, or pass into, the public domain otherwise than through the fault of a third party, or which are already in possession of either party at the date of the contract. Any confidential information that is disclosed verbally to either CfBI or the Client shall be confirmed in writing within fourteen days of the date of verbal disclosure.

### 6. Acknowledgment

Subject to Condition 5 above, CfBI retains the right to publicize the Client's involvement in the Work.

### 7. Title and Risk

If the Client fails to make any payment to CfBI when due, enters into bankruptcy, liquidation or any other composition with its creditors, had an administrator or a receiver or manager appointed over all or parts of its assets, or becomes insolvent, or if CfBI has reasonable cause to believe that any of these events is likely to occur, CfBI shall have the right, without prejudice to any other remedies:-

- i. To require the Client not to resell or part with possession of any Goods owned by CfBI until the client has paid all sums owed by it to CfBI;
- ii. To withhold delivery of any undelivered goods and cease to perform any Work and stop any Goods in Transit.

Unless CfBI expressly elects otherwise any contract between it and the Client for the supply of Goods and performance of Work shall remain in existence notwithstanding any exercise by CfBI of its rights under this Condition.

### 8. Termination

- i. The Contract may be terminated at any time after interim contract reviews by either party giving at least four weeks' notice to the other party in writing and during the notice period CfBI will

## Confidential

consult with the Client to agree a reasonable programme of work leading up to the termination.

ii. The Contract may be terminated forthwith by either party if the other party commits a material breach of the Contract which is incapable of remedy, or fails to remedy any other breach of the Contract within fourteen days of receiving notice of such a breach, or commits an act of bankruptcy, has a petition for its winding-up presented which is not discharged within fourteen days, suffers the appointment of an administrator or receiver for all or any part of its business or assets, enters into any agreement or composition with its creditors or takes or suffers any similar action in consequence of debt.

iii. Termination of the Contract howsoever arising shall be without prejudice to any rights which the Client or CfBI have against each other which have accrued prior to or on termination. In the event of termination under this Condition the Client shall, without prejudice to any other remedies, pay CfBI for any work carried out up to date of termination (whether or not payment therefore has become due) on the basis of time incurred and expenses used up to date of termination and in the event such termination is by the Client, also for unavoidable costs incurred thereafter by CfBI as a direct result of such termination. The total payment due to CfBI under this clause shall not exceed the unpaid balance of the later agreed Contract price.

### **9. Interest**

CfBI reserves the right to charge interest at an annual rate of 5% over UK bank base rate from time to time on any sums which are overdue under the Contract.

### **10. Applicable Law**

This agreement shall be governed by and constructed in accordance with English Law.

# 11 Registration Form

The CFBI (Centre for Business Innovation) Open Innovation Practitioners' Consortium

## CONTRACT ACCEPTANCE FORM

Please Enroll  as a member of the CFBI (Centre for Business Innovation) Open Innovation Practitioner's Consortium (OI-3). The terms and conditions of participation are contained in the forum Prospectus.

Participation in the Consortium involves a fee of ten thousand pounds (£10000.00) + VAT which will fall due upon submitting this form. Please check one box below:

I enclose my cheque for the participation fee:  My VAT Number is:

Please invoice me:  My Purchase Order Number is

Company:

Address

Telephone  Fax:

We agree to be bound by the terms and conditions set out in the CFBI (Centre for Business Innovation) Open Innovation Practitioners' Consortium.

Name:

Name:

Position:

Position:

Signature:

Signature:

Date

Date:

Please make cheques payable to CFBI (Centre for Business Innovation Limited). They should be sent to: CfBI, The Innovation Centre, 18 Sedley Taylor Road, Cambridge Cb2 8PW, UK