

OPEN INNOVATION FUNNEL

A look at the numbers

R&D expenditure

The decline in R&D budget allocated to product is a logic consequence of Open Innovation: companies are looking for new products and ideas outside their organizations



Average allocation of R&D budgets to products will decline by **19%**:

from **46%** in 2010

to **37%** by 2020

Managing open innovation in large firms

Adoption of open innovation

78% of firms practice open innovation today

Expenditures

72% invest less than 20% of the total expenditures for innovation in open innovation

Financial support

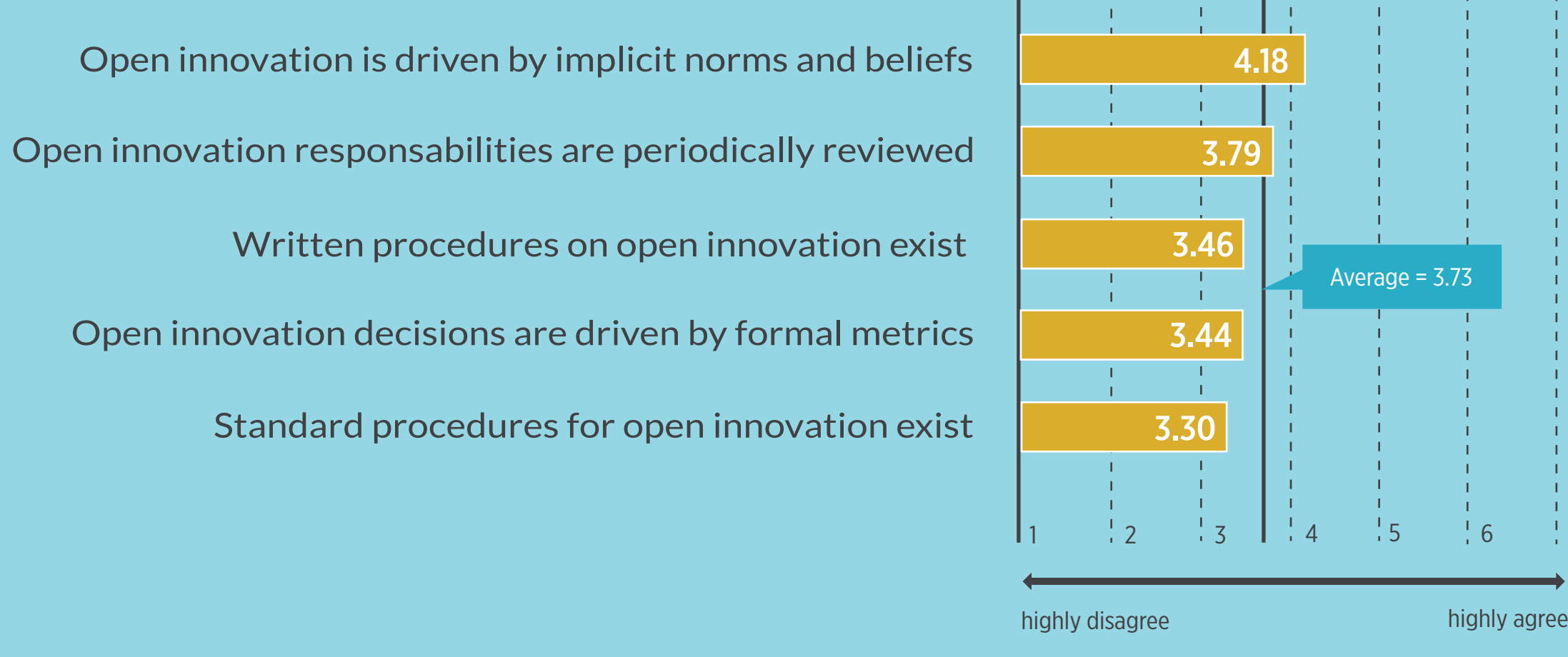
61% have increased the financial investment

22% have increased the financial investment by more than 50%

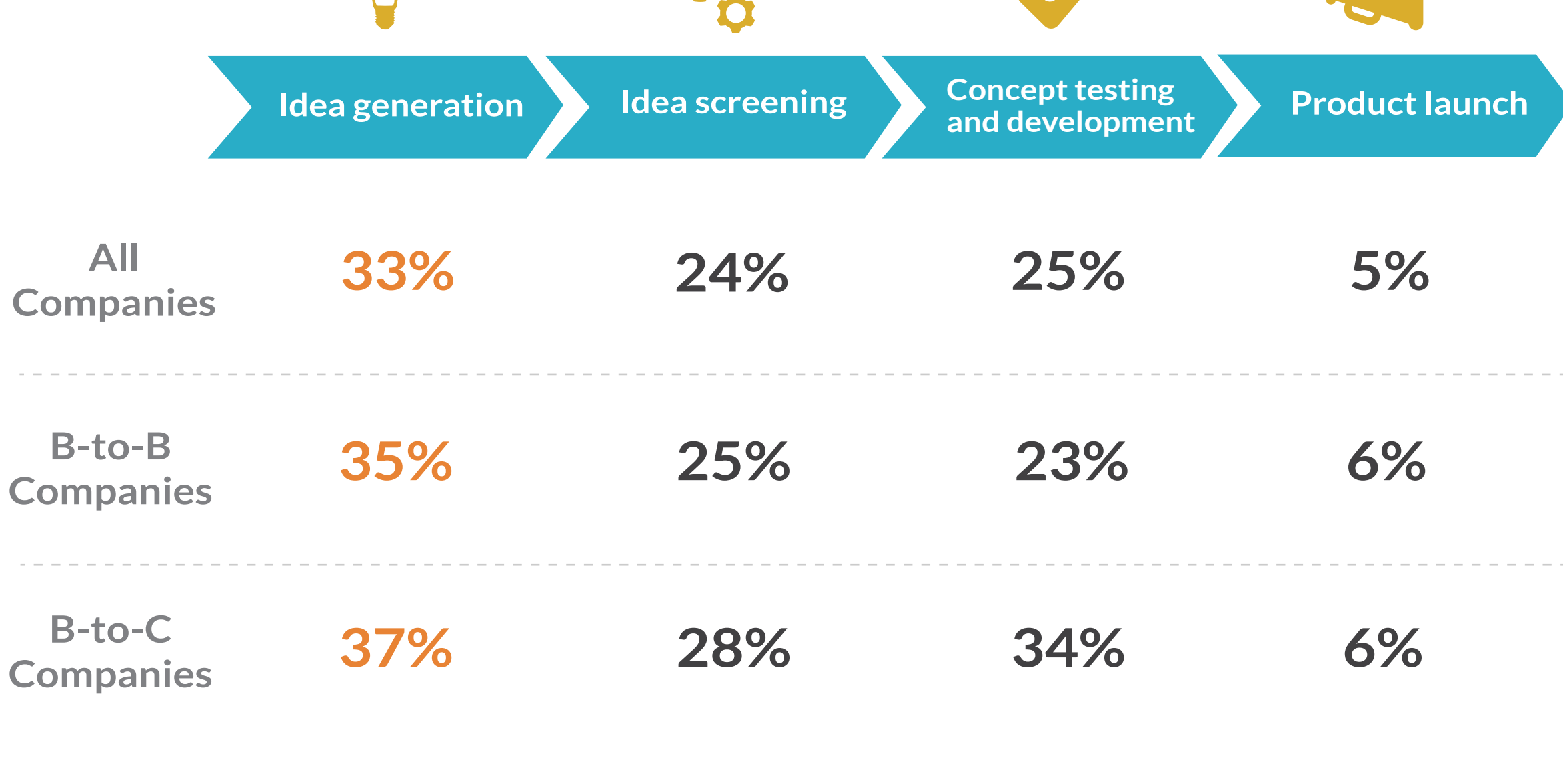
Human resources

53% allocate more than 5 full-time employees to open innovation

Main practices for managing open innovation



In which stage of the product development do companies use open innovation the most?



Managers of firms that want to achieve product innovation should carefully select the partners for their firms' R&D collaborations (Un, Cuervo-Cazurra and Asakawa, p.687)

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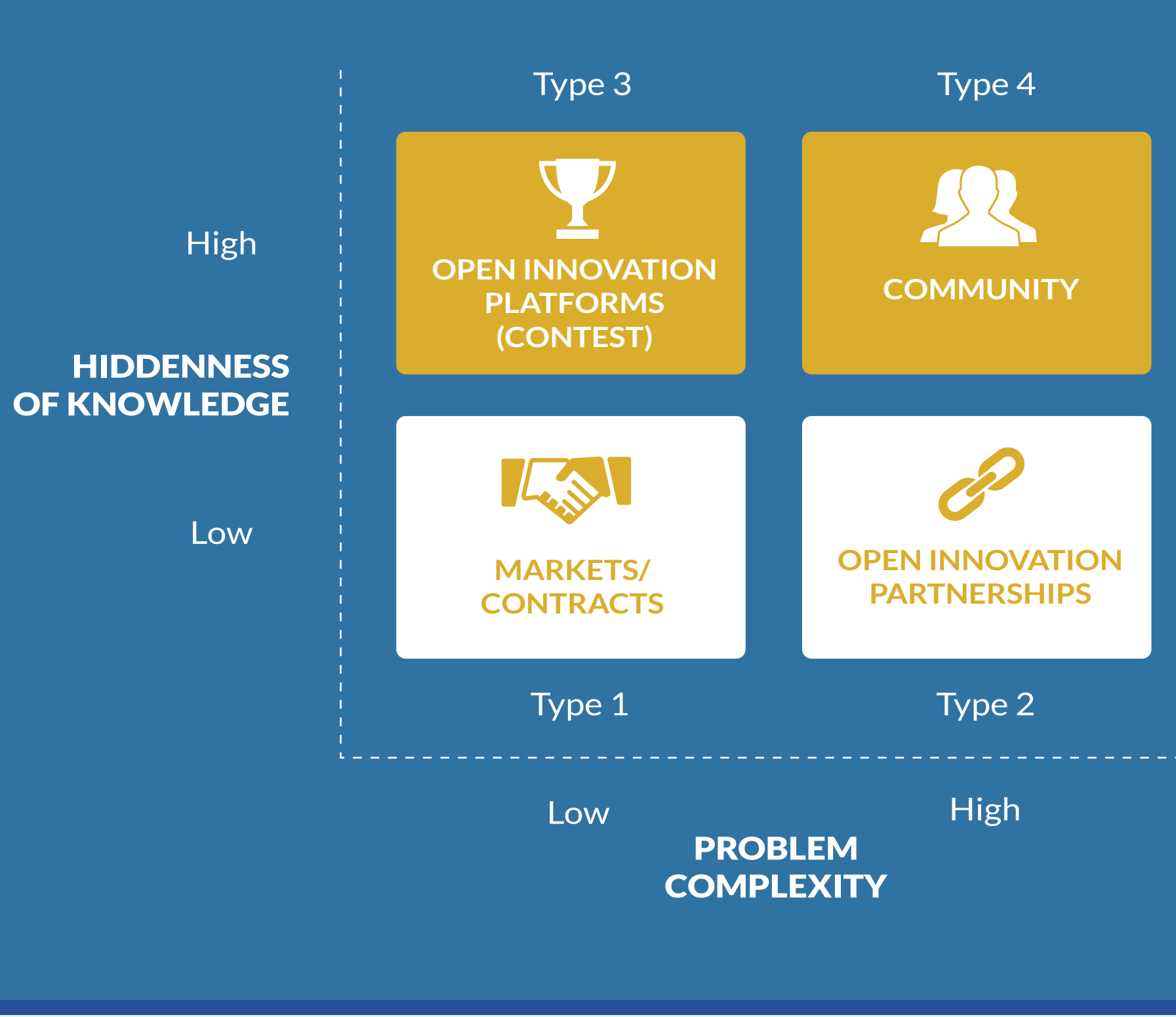
OPEN INNOVATION PRACTICES	We use or are about/plan to use	Implementation would be good	We don't want or will never apply
Idea Competition/Challenges	15,56%	60%	24,44%
IP or Tech-out Licensing or Selling	40%	44,44%	15,56%
IP or Tech-out Licensing or Acquisition	40%	42,22%	17,78%
Innovation Network	42,22%	48,89%	8,89%
Innovation Intermediaries	33,33%	55,56%	11,11%
Collaboration	66,67%	26,27%	6,67%
Customer Immersion	80%	17,78%	2,22%
Lead Users	57,78%	31,11%	11,11%
Platforming	44,44%	44,44%	11,11%

4 Ways to implement open innovation

	BILATERAL		MULTIPLE ACTORS	
	MARKETS/ CONTRACTS	OPEN INNOVATION PARTNERSHIPS	OPEN INNOVATION PLATFORMS (CONTEST)	OPEN INNOVATION COMMUNITY
Incentives	Medium to high-powered incentives	High-powered, cooperative	Moderate incentives	Low to moderate incentives
Control over IP	Usually high (and externally owned)	Negotiable	Varied	Varied
Know-how sharing	Limited	Strong	Limited (Problem)	Strong and multidimensional
Diversity of sources	Low	Low	High	High

Digitally transformed

Different open innovation modes correspond to different types of problems



How companies look for external innovation

Companies leverage social media to create open forums and innovation communities to find external innovation. Below, are the most popular ways to look for innovation beyond the organization boundaries



Open innovation challenges for organizations

