



# OPEN INNOVATION FROM AN ORGANISATIONAL PERSPECTIVE

Open labs and other creative spaces

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# ALEXANDER VON HUMBOLDT INSTITUTE FOR INTERNET AND SOCIETY

- Encourage the dialogue between different research areas and disciplines, politics, and society.
- Contributing to a better understanding of the interdependence between society and Internet.



# THE INSTITUTE – OUR RESEARCH AREAS



# THE INSTITUTE – OUR RESEARCH PROJECT

## INNOVATION AND ENTREPRENEURSHIP

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### STARTUP CLINICS

CLINIC SESSIONS | EXPERT  
SESSIONS | WORKSHOPS |  
ROUNDTABLES

### STARTUP KNOWLEDGE HUB

ONLINE EDUCATION | KNOWLEDGE  
BASE | YOUTUBE CHANNEL

### STARTUP NETWORK

STARTUP CLINICS TALKS |  
NATIONAL AND  
INTERNATIONAL  
CONFERENCES/EVENTS

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### RESEARCH

SUPPORTING AND HINDERING FACTORS OF INTERNET-ENABLED ENTREPRENEURSHIP |  
COLLABORATION WITH STARTUPS | NATIONAL INNOVATION SYSTEMS

# TEAM INNOVATION & ENTREPRENEURSHIP

## *Startup Clinics*

### Business Model Innovation

Diskussion Geschäftsmodellelemente  
(Kunden, Revenue Model, Value Chain)

### Finance

initiale Finanzierung, Finanzplanung,  
Finanz- und Finanzierungsstrukturen

### HR & Culture

Rekrutierung, Onboarding,  
Personaleinsatz und -entwicklung

### Law

rechtliche Geschäftsmodellanalysen  
(bspw. Urheber- und Datenschutzrecht)

### Lean Project Management

Priorisierung von Aufgaben und  
Allokation von Ressourcen

### Sales & Marketing

Findung und Optimierung von  
Marketing- und Vertriebsstrategien

**216** start-ups &  
**358** Clinic Sessions

**131 x** Law

**76 x** Finance

61 x Business Model

53 x Sales & Marketing

26 x HR & Culture

11 x Lean Project Management

# MOST COMMON BARRIERS TO INNOVATION IN GERMANY

**65%** – defense of existing structures prevents change

**54%** – lack of time

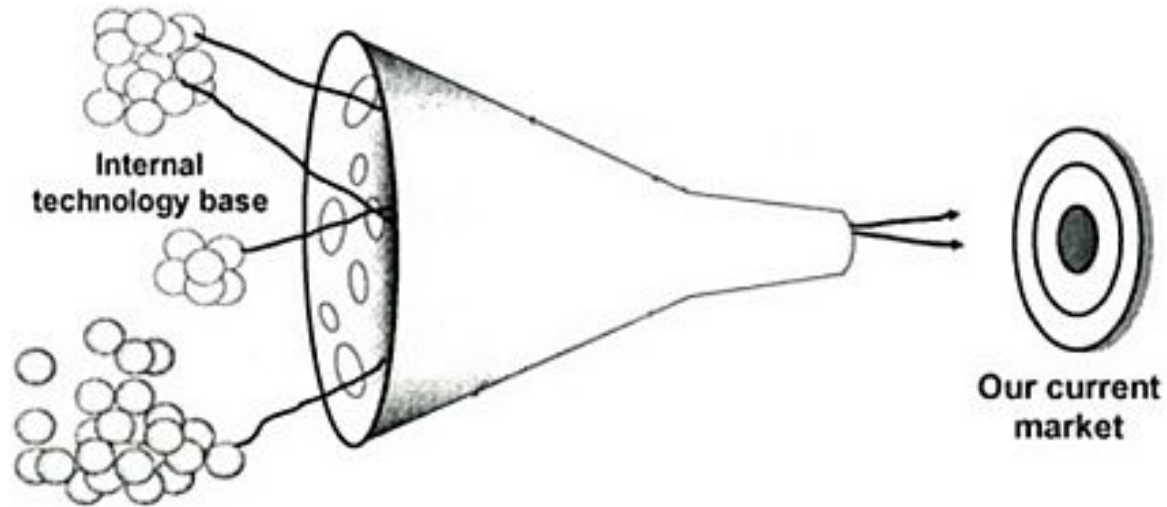
**52%** – lack of experience with user-centered approach

**42%** – bogged down in the department

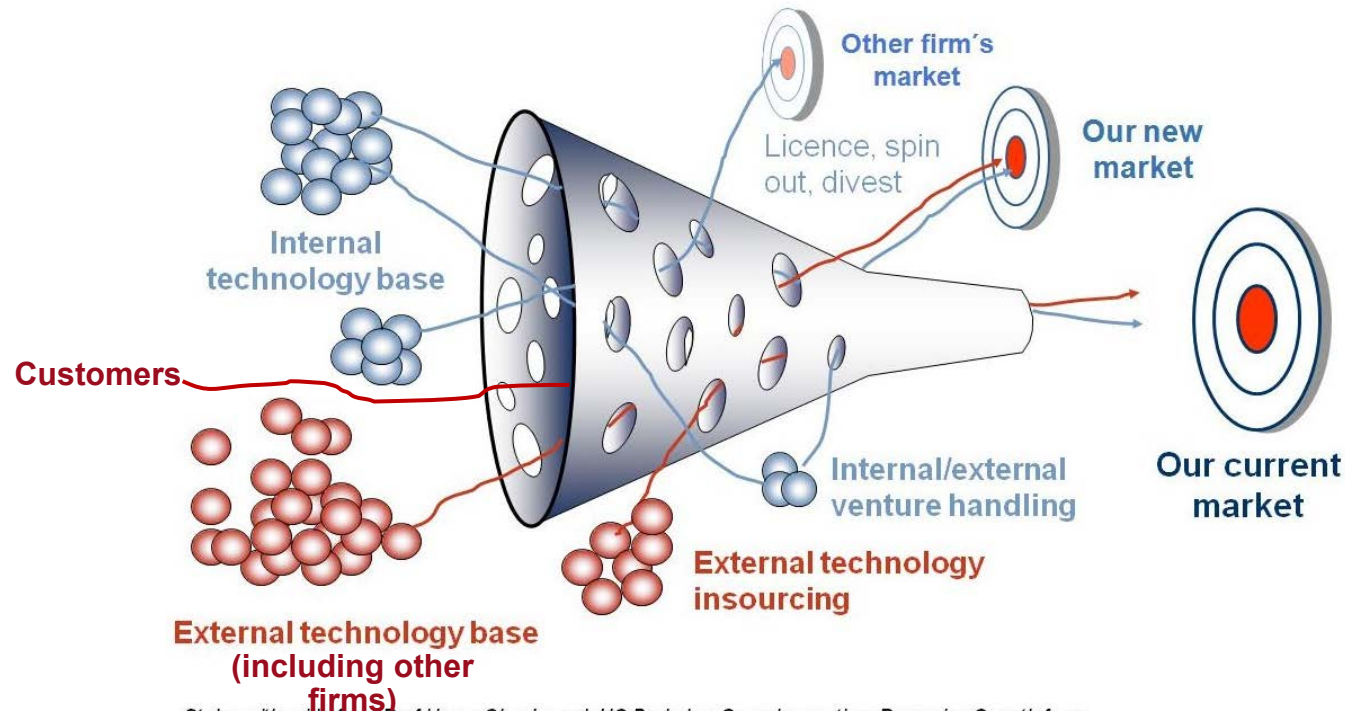
**40%** – executives avoid radical decisions

Source: etventure / GfK, 2016

# INNOVATION PROCESS – CLOSED INNOVATION



# INNOVATION PROCESS – OPEN INNOVATION APPROACH (SINCE 2003)



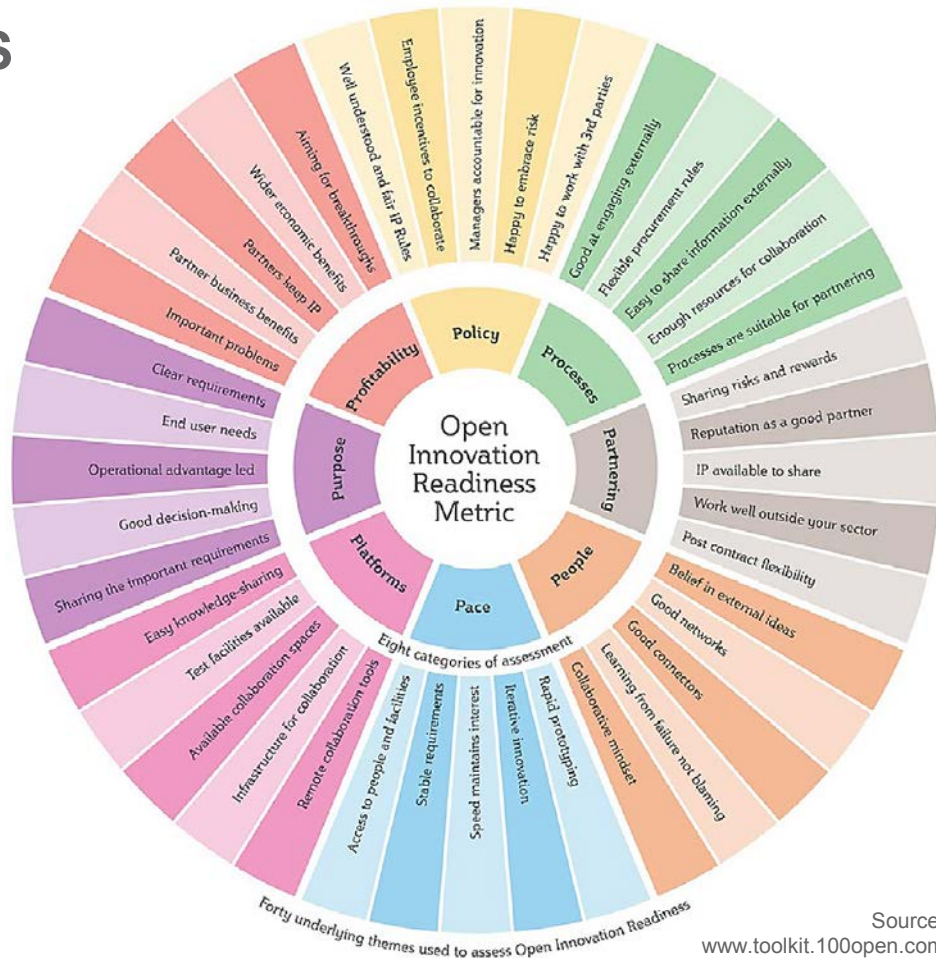
*Stolen with pride from Prof Henry Chesbrough UC Berkeley, Open Innovation: Renewing Growth from Industrial R&D, 10th Annual Innovation Convergence, Minneapolis Sept 27, 2004*



# OPEN INNOVATION READINESS

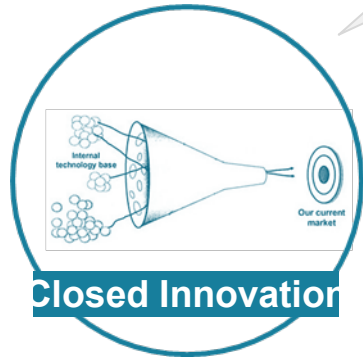
## The “100%Open Innovation Toolkit”

- Eight categories of assessment
- Forty underlying themes used to assess Open Innovation Readiness



Source:  
www.toolkit.100open.com

# CLOSED VS. OPEN INNOVATION



The smart people in our field work for us.

If we discover it ourselves, we will get it to market first.

The company that gets an innovation to market first will win.

If we create the most and the best ideas in the industry, we will win.

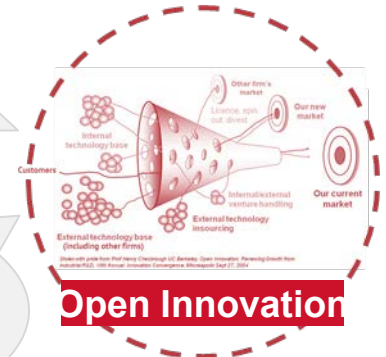


Not all the smart people work for us. We need to work with the smart people inside *and* outside our company.

We don't have to originate the research to profit from it.

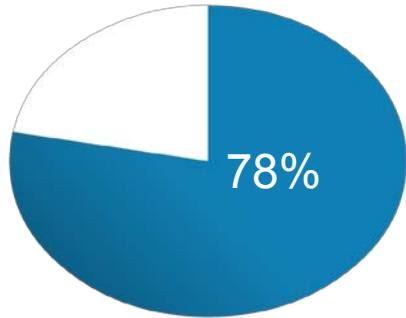
Building a better business model is better than getting to market first.

If we make the best use of internal and external ideas, we will win.



\*Chesbrough & Brunswicker (2014)

# CLOSED VS. OPEN INNOVATION



Companies that pursue open innovation activities (n=125)\*

**“Customers, universities and suppliers are the three leading open innovation partners.\***

**“Boosting collaboration with start-ups is about systematically identifying win-win situations for both sides.\***



**Jim Andrew**  
Chief Innovation  
Officer,  
Philips

\*Chesbrough & Brunswicker (2014)

# OPEN INNOVATION COLLABORATION - THE BERLIN START-UP ECO-SYSTEM

## Embedded Innovation / Laboratories:

Traditional companies coming to Berlin to cooperate with Startups, expecting to strengthen their Innovation power



## Start-ups:

Early-stage, growth-oriented, highly innovative companies /  
737 Start-ups in Berlin, any 20 Hours a new



**Ecosystems (Incubators – Accelerators – Company Builders):** Environment creating systems supporting the development of Startups, 15 Ecosystems, 53 CoWorkspaces

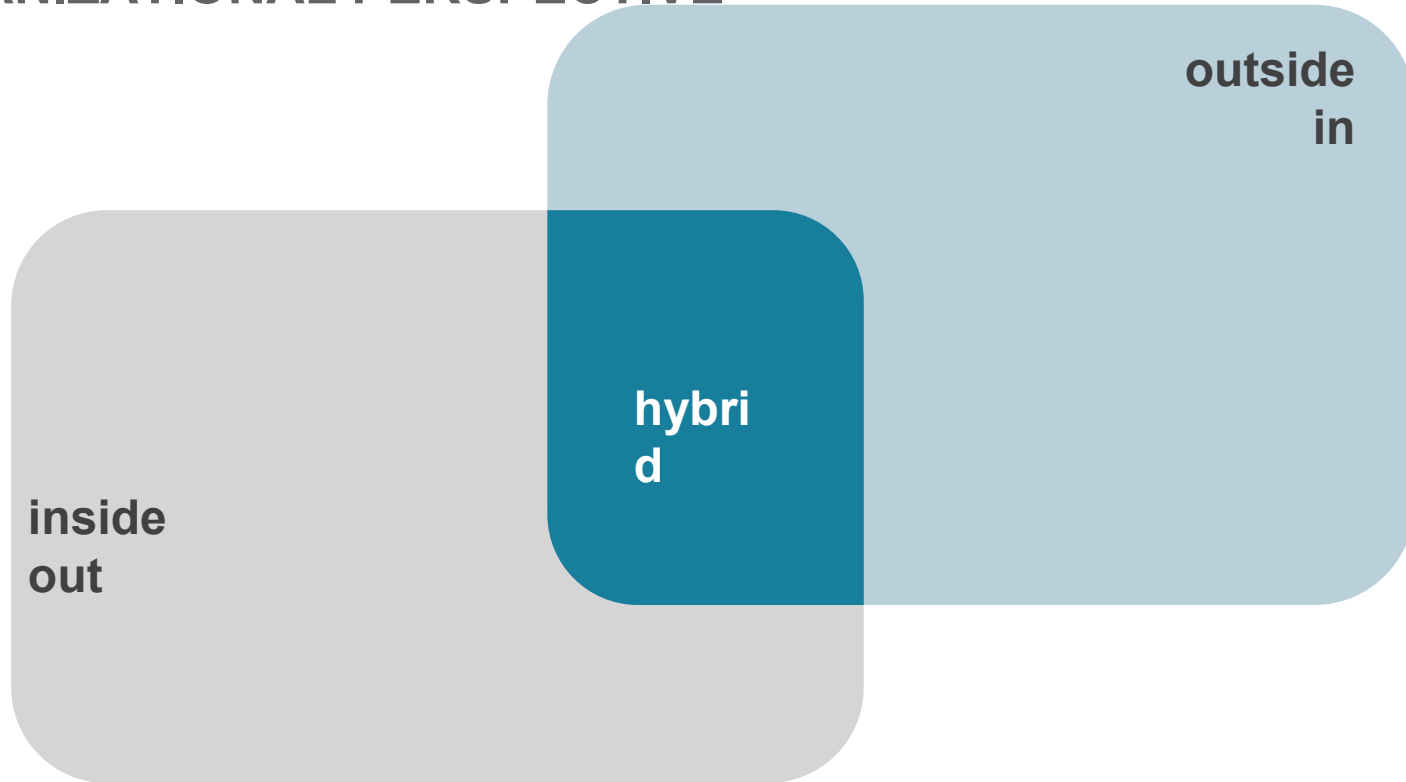


## Universities:

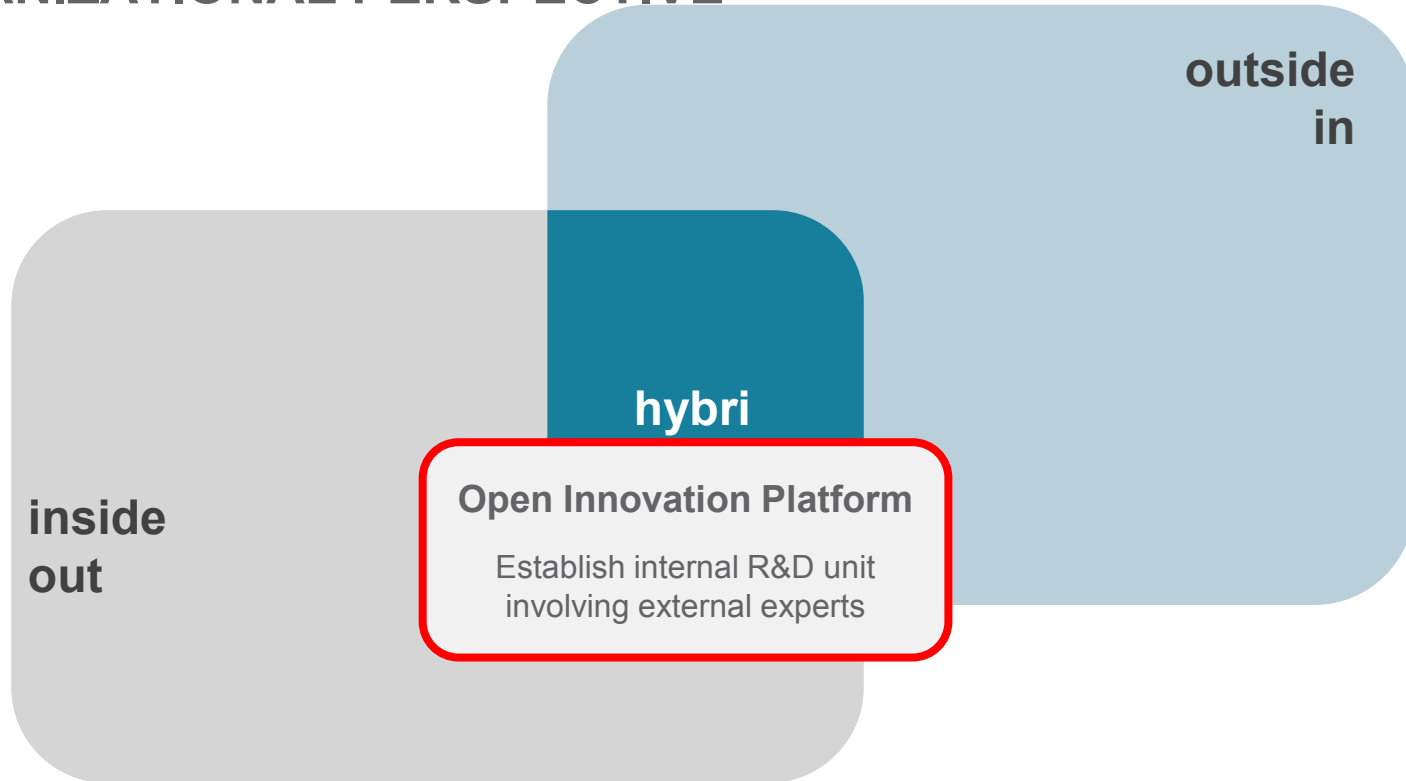
170.000 students at 39 Universities, more focus on entrepreneurship



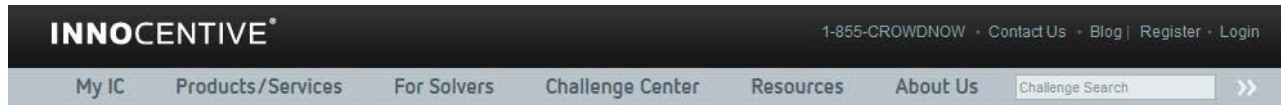
# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# OPEN INNOVATION AND CROWDSOURCING PLATFORMS



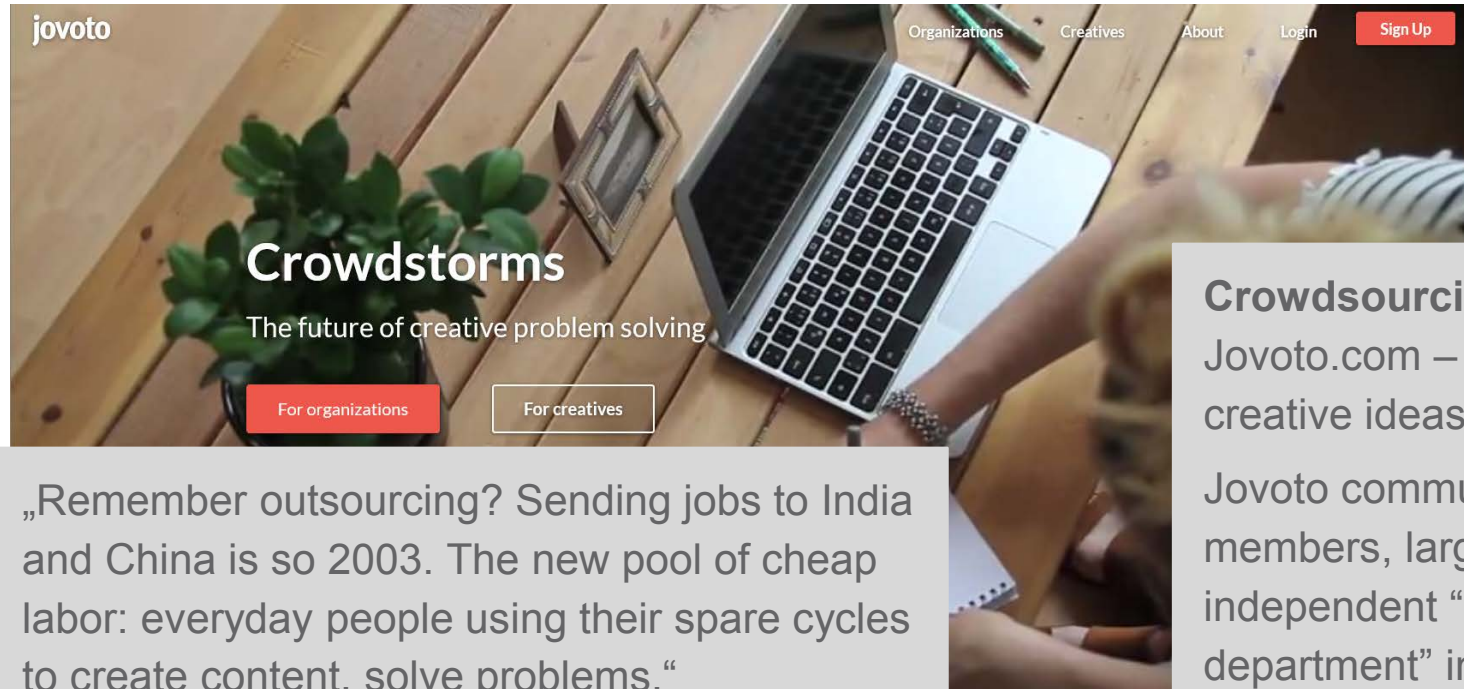
## Open Innovation platform Innocentive.com

350.000+ „problem solvers“ – experts from a variety of different disciplines and 200 countries

More than 1.600 contests, solving rate: 85%, winners are paid from 5.000 \$ to 1Mill. \$ Users: Toyota, Procter & Gamble, Boeing, BASF, Novartis, Nestlé, etc.



# OPEN INNOVATION AND CROWDSOURCING PLATFORMS



„Remember outsourcing? Sending jobs to India and China is so 2003. The new pool of cheap labor: everyday people using their spare cycles to create content, solve problems.“

Jeff Howe, Wired Magazine, June 2006

## Crowdsourcing

Jovoto.com – platform for creative ideas and bids

Jovoto community: 70,000 members, largest independent “creative department” in Germany

[Example: Starbucks](#)



# OPEN INNOVATION PLATFORM

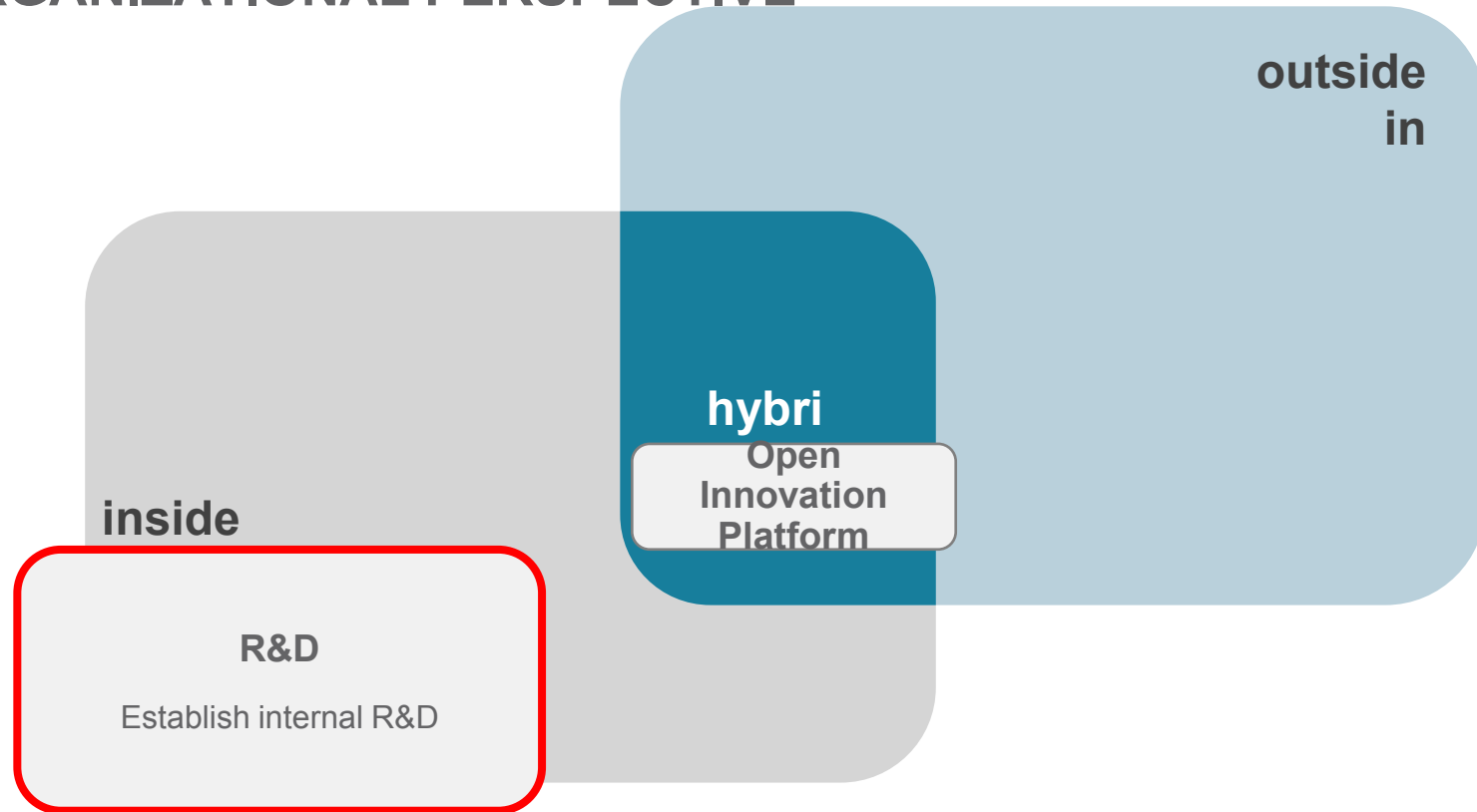


- **Allows organizations to solicit the wisdom of the crowd**
- **Connects a large number of people who share a common goal**
- **Combines marketing, with the generation of ideas, and research**



- **Lack of confidentiality, details about problem, technology or ideas must keep hidden**
- **Communication with many people is difficult, wrong assumptions about the problem are possible**
- **IP rights unclear esp. Technological ideas**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# RESEARCH & DEVELOPMENT (INTERNAL)



## Apple

*‘Apple represents the “auteur model of innovation,” [ ] there is a tight connection between the personality of the project leader and what is created.’ – John Kao, innovation consultant*

*‘[T]he tight hold that is placed on knowledge and information’ – Tasra Mar, former employee*

Yet Apple does co-operate with a number of outside companies; 100.000s of apps are not programmed by Apple.

Still, Apple experts controls over all content and apps on its platforms

Source: NYtimes.com, xconomy.com

# INNOVATION IN ESTABLISHED CORPORATES

- **Continuous and radical innovation** are the right way for a **long-lasting survival** of established ventures
- Radical innovation is hard to implement in established ventures; **focus on rapid success, risk averse behaviours**



Robert A. Burgelman  
Professor, Stanford  
Business School

Big companies need to  
integrate structure and  
diversity into their strategy to  
survive in the future.

## Open Innovation

enables to integrate disruptive ideas from  
outside the established company in the  
overall innovation process.



Henry Chesbrough  
Professor, UC  
Berkeley

McDermott & O'Connor (2002), Up Global (2013), Chesbrough & Brunswicker (2013), Burgelman (1983)

## RESEARCH & DEVELOPMENT (INTERNAL)

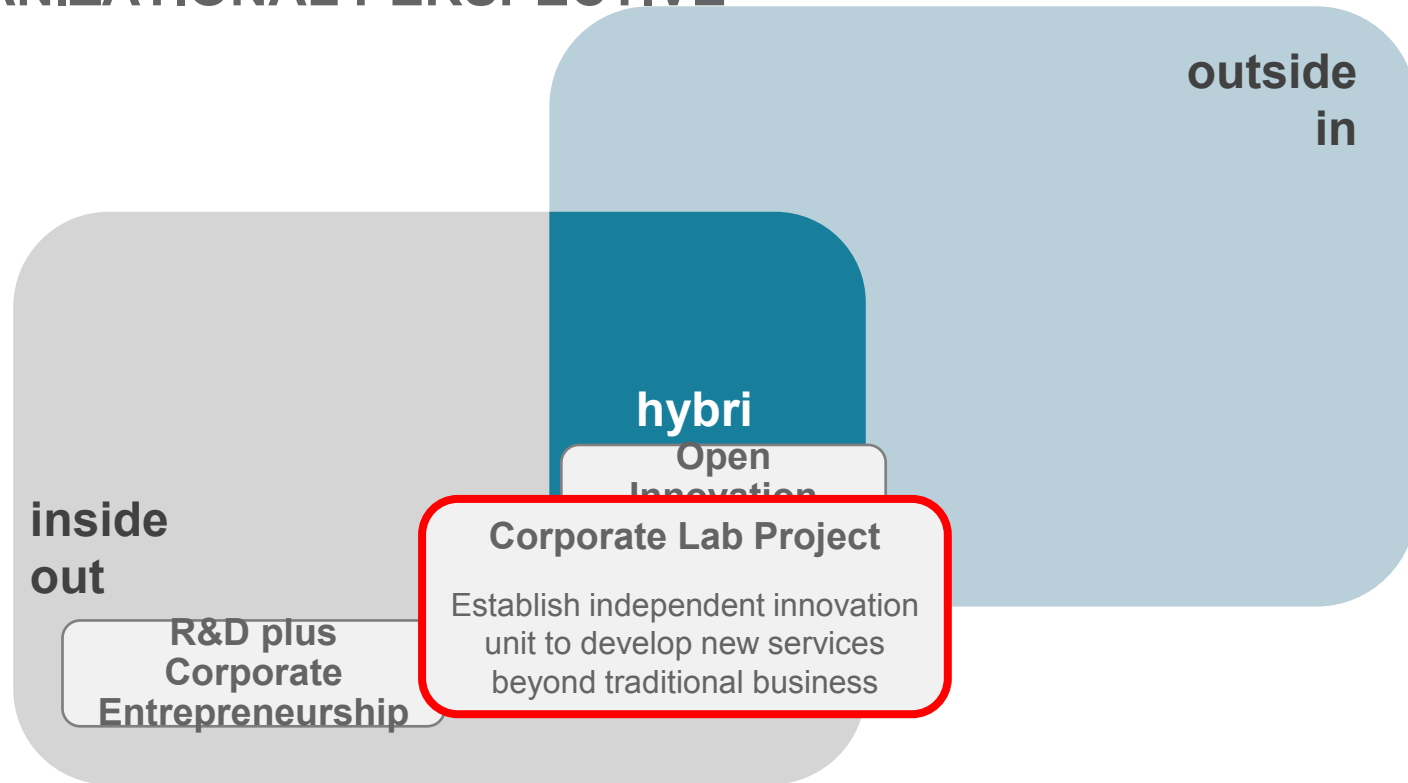


- **Unique products**
- **Competitive advantages**
- **Long term income**
- **Ongoing research leads to new opportunities**
- **Enhanced reputation**

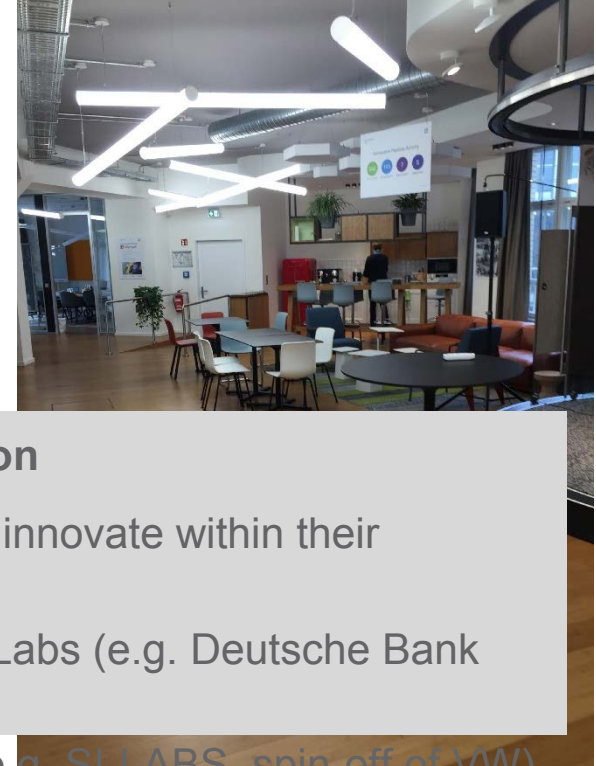
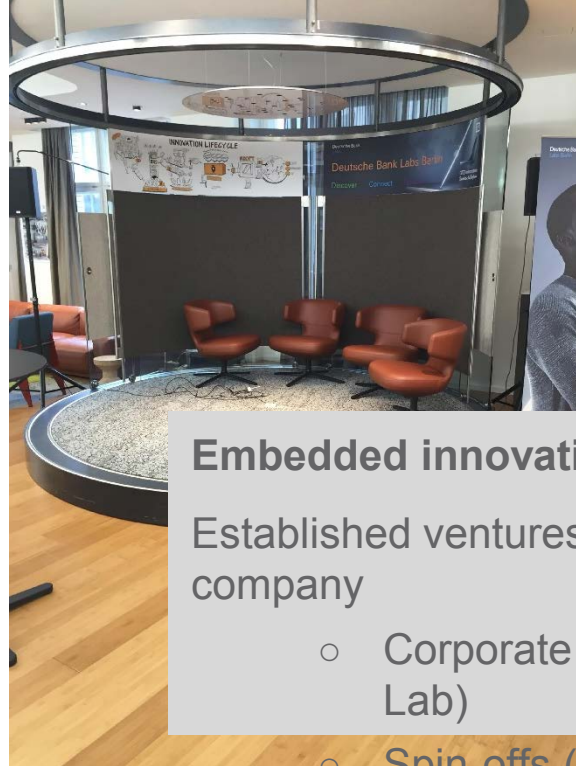
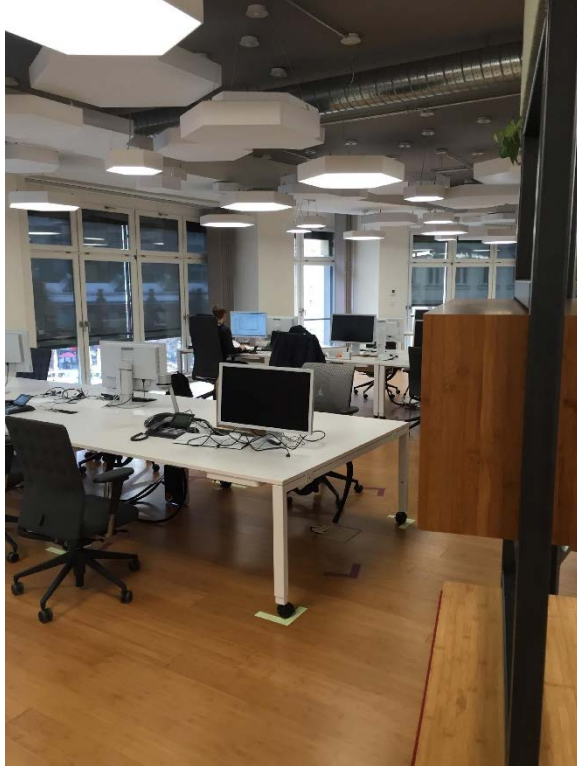


- **Long timescales for innovation processes**
- **Uncertain outcomes**
- **Difficult to anticipate how conditions will change during a long innovation process**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# CORPORATE LAB PROJECT



## Embedded innovation

Established ventures innovate within their company

- Corporate Labs (e.g. Deutsche Bank Lab)
- Spin-offs (e.g. SI-LABS, spin-off of VW)

# CORPORATE LAB

## BERLIN: LAB ACTIVITIES

### IDEATION

- 'EXPLORE THE POSSIBILITIES'
- WORKSHOPS WITH STARTUPS, VCS OR ACADEMIA
  - INTERNAL WORKSHOPS



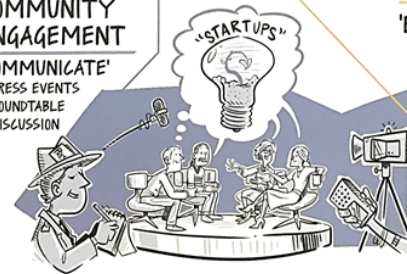
### COLLABORATION

- 'BUILD & TEST THE VISION'
- HACKATHON
  - APPATHON
  - PROTOTYPING
  - PoV



### COMMUNITY ENGAGEMENT

- 'COMMUNICATE'
- PRESS EVENTS
  - ROUNDTABLE DISCUSSION



### CONNECTION TO THE BUSINESS

- 'TAKE INNOVATION TO  
THE REAL WORLD...'
- DIRECT LINK TO  
DEUTSCHE BANK



### ENGAGEMENT AROUND THE WORLD

- 'UTILISE OUR GLOBAL REACH'
- E.G. DEUTSCHE BANK LABS
- SILICON VALLEY
  - LONDON



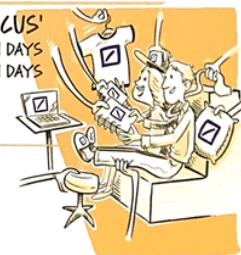
### TECHNOLOGY SHOWCASE

- 'SHOWCASE REAL  
SUCCESS'
- NEXT HORIZON  
TECHNOLOGIES
  - TANGIBLE SUCCESS  
STORIES



### EMPLOYEE ENGAGEMENT

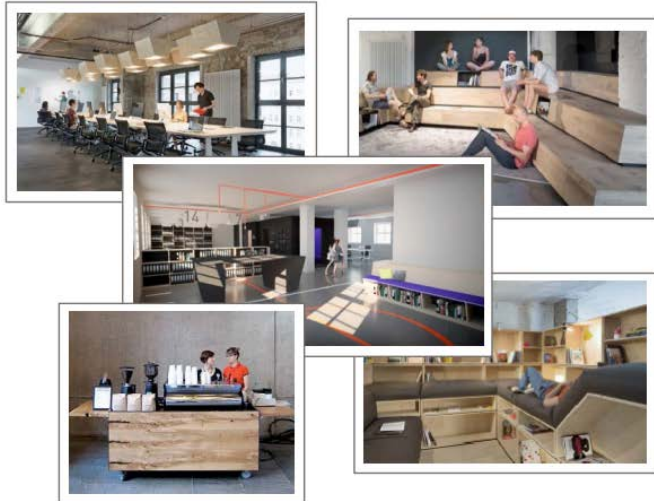
- 'ENABLE FOCUS'
- IMMERSION DAYS
  - INNOVATION DAYS



Deutsche  
Bank Lab



# CORPORATE LAB



- **Co-working space** to enable cross-industry exchange
- **Private working rooms** for concentrated, confidential working
- **Community areas** for inspirational networking
- **Event space** for speeches, workshop and curated program

## Visa Europe Collab

Visa Europe Collab works with an international community of banks, start-ups and innovators to co-create new products and services for the financial industry and its customers.

Visa Collab operates in London, Tel Aviv und Berlin.

# CORPORATE LAB



RWE

Henkel



## German Tech Entrepreneurship Center

GTEC is Germany's first open campus to unite technology entrepreneurship organisations, resources and expertise in one place.

# CORPORATE LAB PROJECT

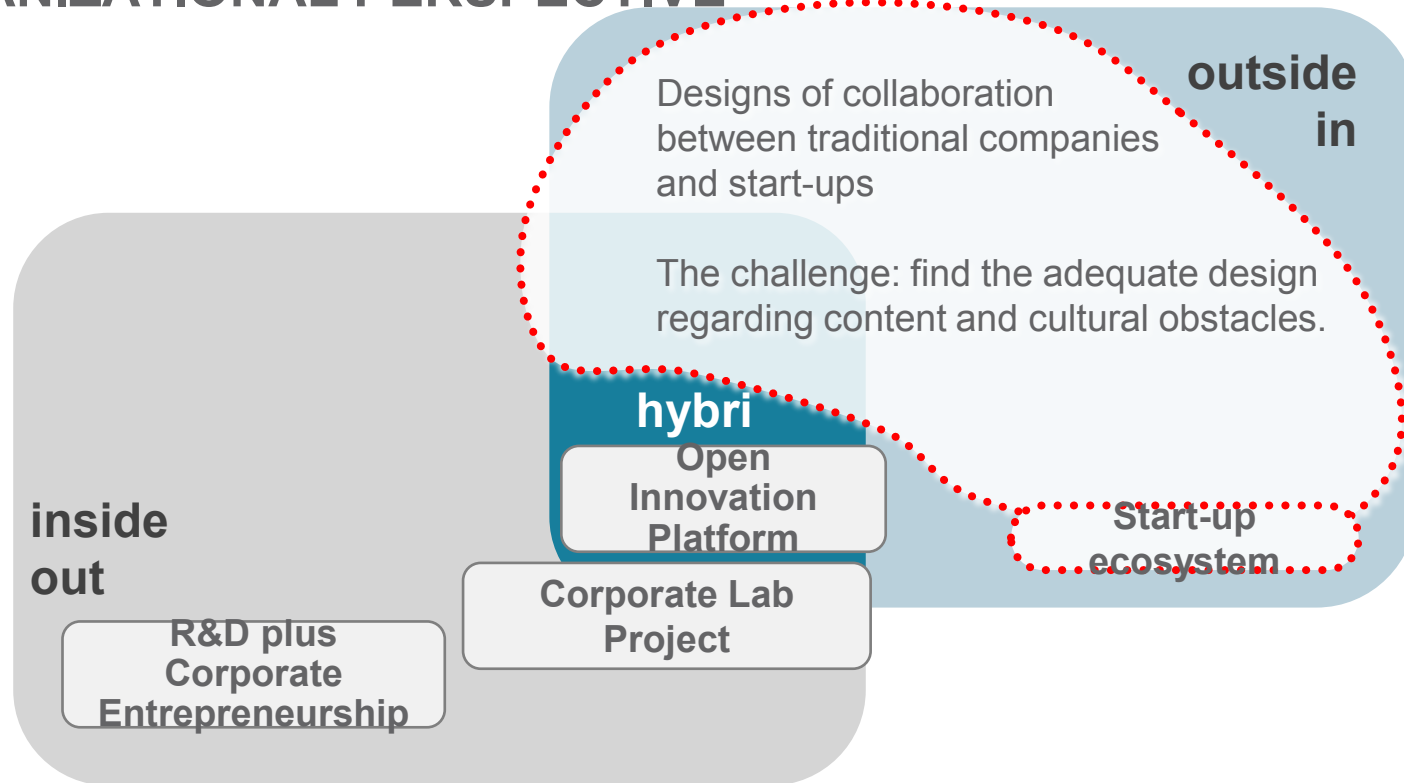


- **Managers and experienced workers support innovation as mentors**
- **Teams benefit from experienced mentors and can save a lot of time**



- **People who understand innovative processes are often difficult to find and differ from the existing workforce**
- **Often no clear structure, but structure is important to enable creativity**
- **Experimentation in the company is difficult to realize**
- **Selection processes are difficult because team must fit the organizational objectives**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# WHY DO CORPORATES COLLABORATE WITH START-UPS?

They hope for

**87%** – access to new technologies

**85%** – faster and more innovations

**81%** – learn from start-up methods

**71%** – faster implementation of pilots / proof of concept solutions

**64%** – improved products

Source: etventure / GfK, 2016

# CORPORATES AND start-upS

start-ups are not just only  
smaller versions of big  
companies.



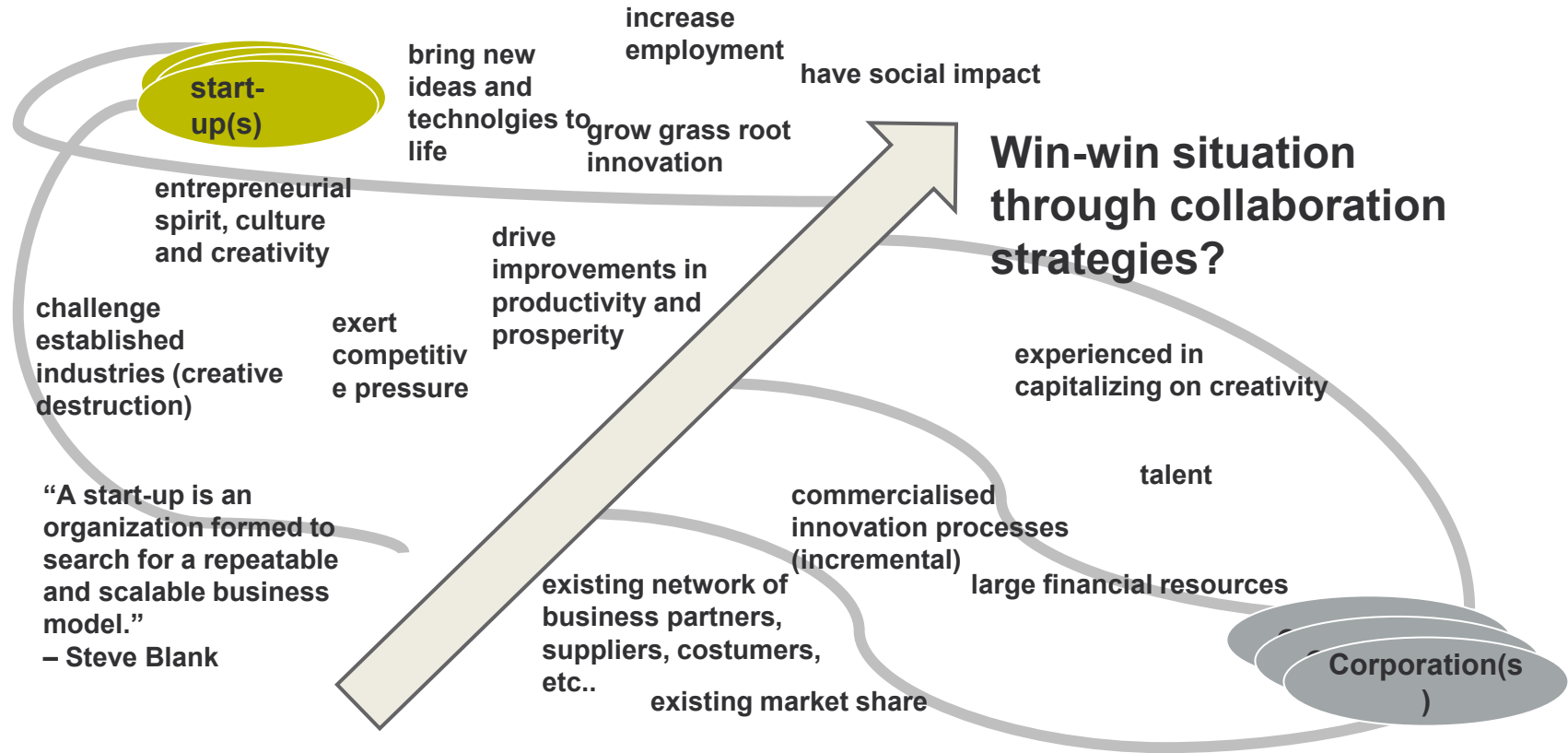
**Steve Blank**  
Serial Entrepreneur,  
Dozent

An increased cooperation with  
start-ups implicates the systematic  
identification of a win-win-situation  
for both companies and start-ups.

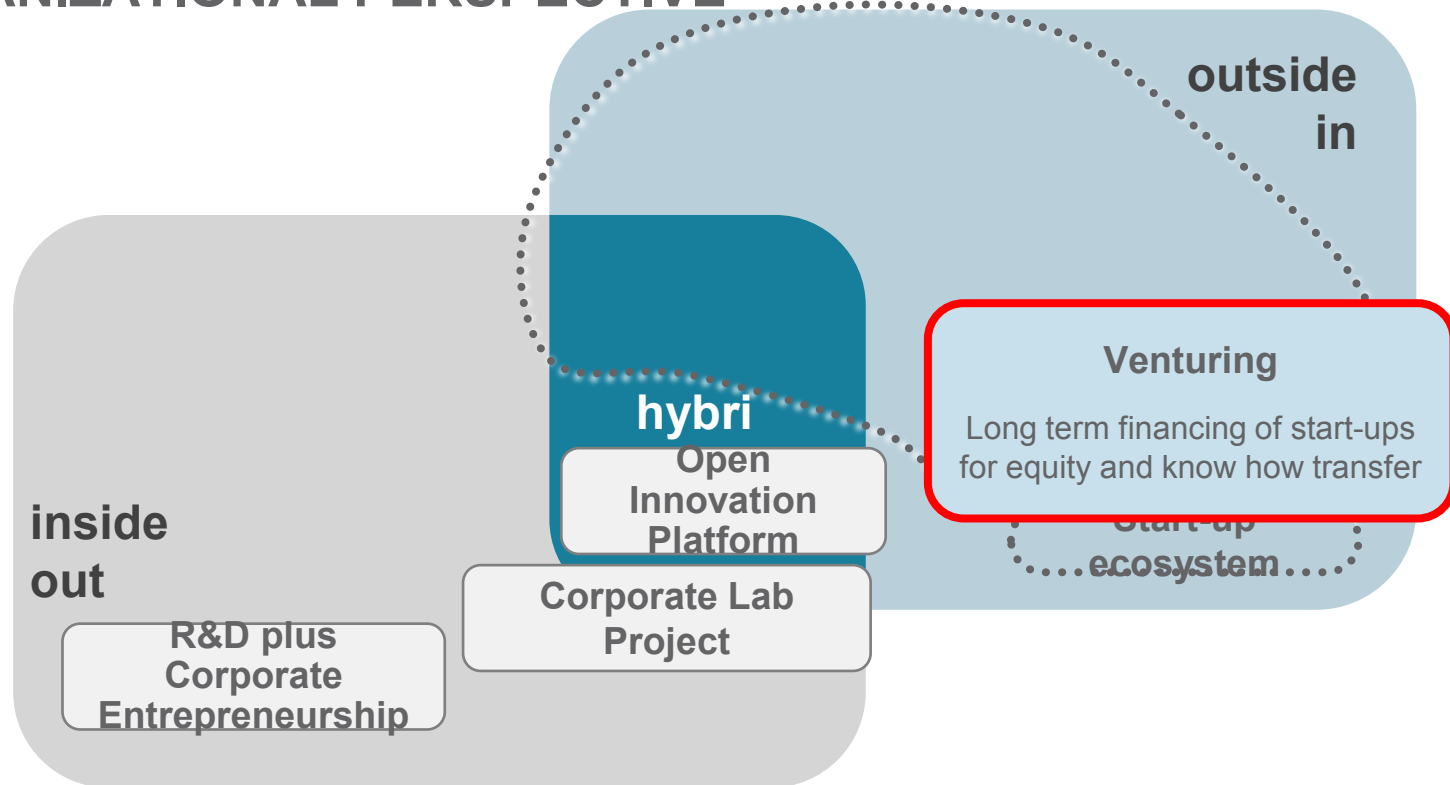


**Jim Andrew**  
Chief Innovation  
Officer,  
Philips

# CORPORATES AND start-upS



# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE

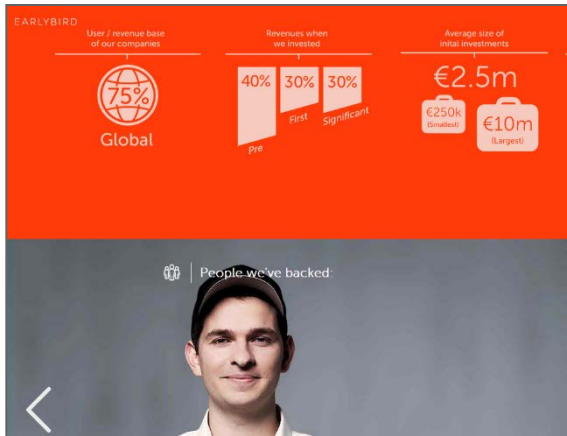




# VENTURING

## Investors, Venture Capital, Business Angels

- Acquisition and strategic investment in order to expand the portfolio; goal: exit
- Period: Depending on financing rounds (seed, early stage, later stage)
- Service: Financing with know how („smart capital“)
- Return service: Company shares, voice (business model development)



## Example: earlybird (Venture Capital)

Founded in 1997

Focus: disruptive high-tech, internet, and health-tech companies

Early stage investment

4th fund 2013 with 150 Mio. EUR (total capacity of 700 Mio. EUR)

# VENTURING

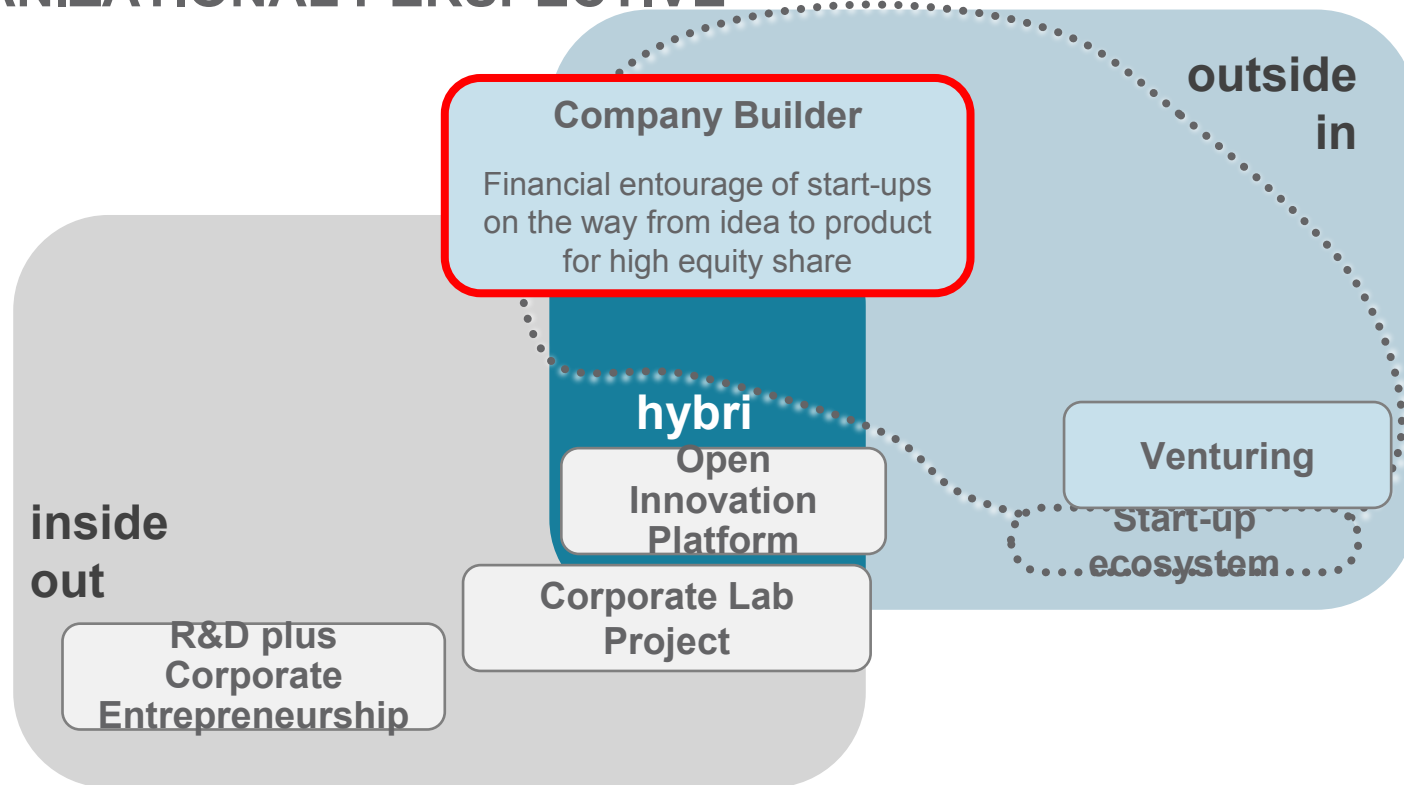


- **Window on new technologies and new markets**
- **Only financial focus**



- **Managers often don't understand start-up processes**
- **Risk because team and organization cannot work closely together over longer time period**
  - **integration is difficult**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE

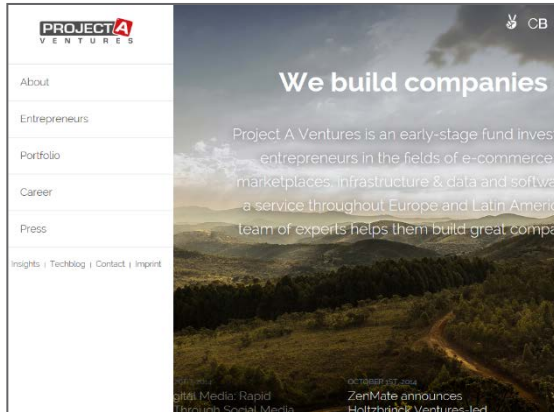


# COMPANY BUILDER

## Corporate Company Builder

Company Builder for start-up ideas and start-up founders. Support with office space, networks, capital, and know how.

- Period: Longterm – from idea to exit
- Service: financing, mentoring, infrastructure
- Return service: Higher company shares



## Beispiel: Project A

Founded in 2012 (incubator/ company builder)

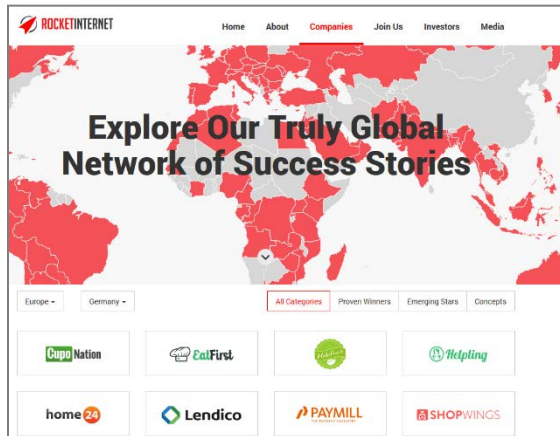
- Otto Group is one of the first investors, Axel Springer has also shares
- 100 experts in the team
- Built up around 25 companies in 30 countries

# COMPANY BUILDER

## Company Builder

### Fast company setup – from idea to launch

- Period: Longterm – from idea to exit
- Service: Financing, mentoring, recruiting team members (especially management)
- Return service: Higher company shares, high voice regarding business model



## Example: Rocket Internet

Founded in 1997

Investments in early stage internet companies

- Build teams to start a company
- Infrastructure services
- Access to investor networks

# COMPANY BUILDER

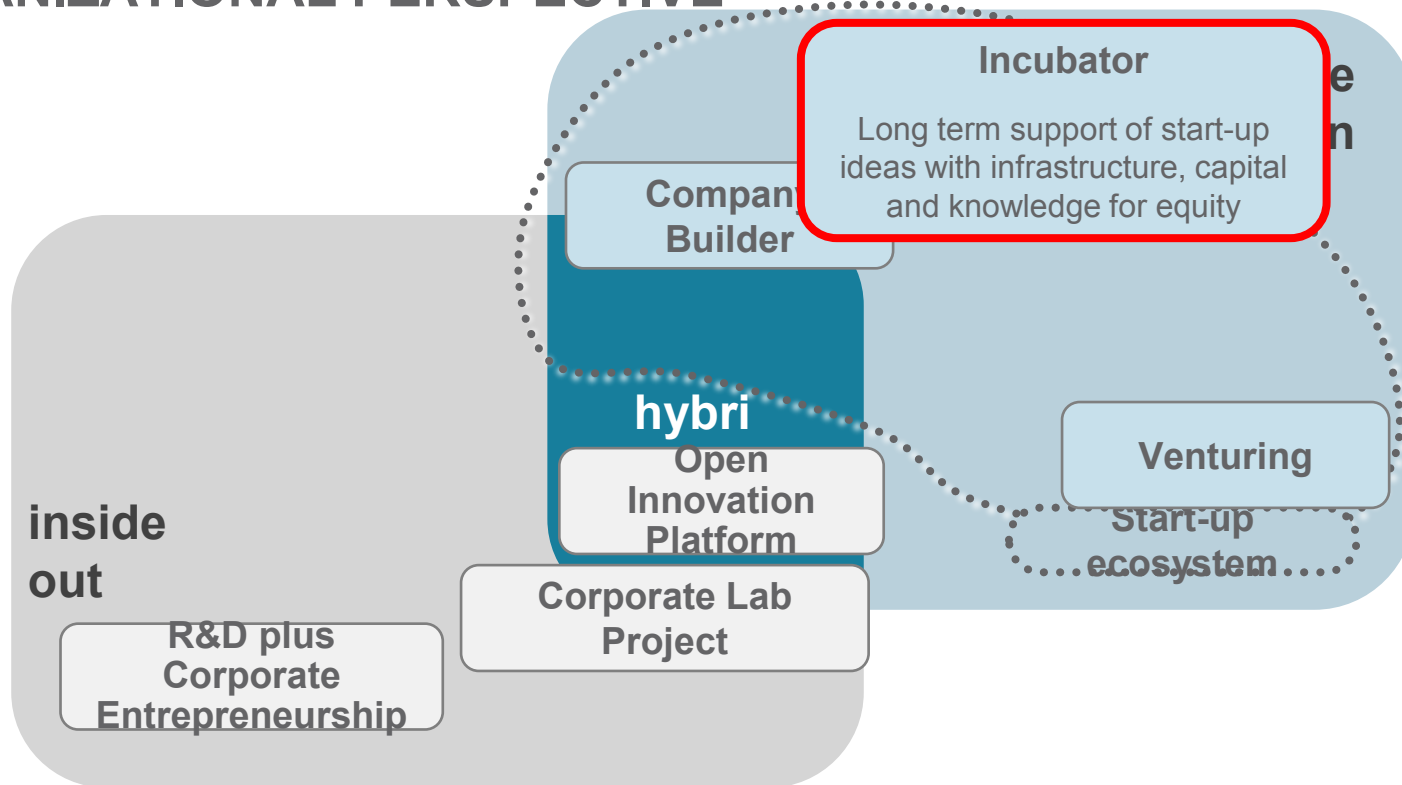


- **Focus on scaling, less risky than other collaboration instruments**
- **Structures to build businesses already exist leads to faster development of businesses**
- **Experienced founders**



- **Often copy cats and no real innovation**
- **No unique products to stay competitive in the long run**
- **Less individual and team motivation because founders do not work on their own business ideas**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# INCUBATOR

## Business Incubators

- Dedicated to start-up and early-stage companies
- Offer support in form of consulting, mentoring, prototype creation, management training or office space and other services



## Example: start-up Incubator (TU Berlin)

- Centre for Entrepreneurship founded in 2010
- Office space for 12 months (free of charge)
- Prototype workshop
- Co-Working Space
- >70 TU professors and >1000 external experts support the entrepreneurial spirit, partly as mentors for start-ups



# INCUBATOR

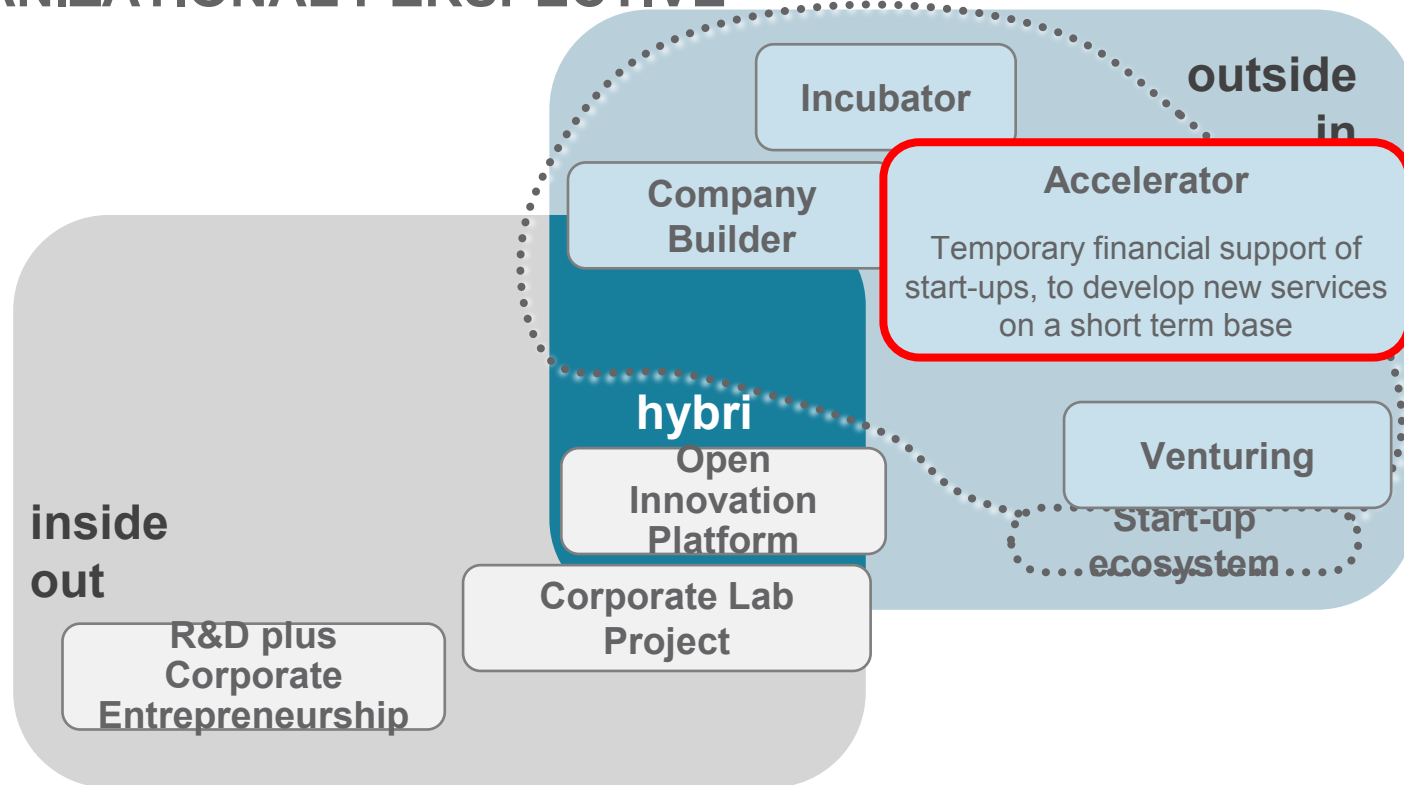


- Coworking is important part of incubator and enables learning from each other
- Interesting possibility for start-ups who cannot afford an own office



- Often too slow and more focused on companies earlier in the founding process
- Often gap of investment after pre seed phase
- Scaling not focus

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# ACCELERATOR

## Accelerators

Midterm support to achieve success as soon as possible (market-ready product)

- Period: Short-/ midterm (three months)
- Service: Financing, mentoring, infrastructure
- Return service: Small amount of company shares



## Example: Axel Springer Plug and Play

Three times a year, we run a three month-long program in which we provide start-ups with office space in the heart of Berlin, coaching, workshops, networking, 25.000 euros, events and more. The program ends with the Demo Day, where start-ups will have the opportunity to pitch in front of an elite audience of local and international venture capital firms for additional seed and Series A funding.

Source: [www.axelspringerplugandplay.com](http://www.axelspringerplugandplay.com)

# ACCELERATOR



## Example: AtomLeap

- AtomLeap is an accelerator focused on hardware and high-tech start-ups.
- Besides hackathons AtomLeap developed the two month program called Collider Camp to accelerate the product, team, and business development of hardware start-ups.
- The key feature of the approach is that AtomLeap connects high tech start-ups with established players from their respective industries, in order support the joint development of products.
- Learnings of batch #1: Selection process is key (e.g. via bootcamps or hackathons); not only evaluate each team progress, but each team members competencies; include individual mentoring sessions on demand; create a fixed location and motivating atmosphere to foster communication within the participants

# ACCELERATOR

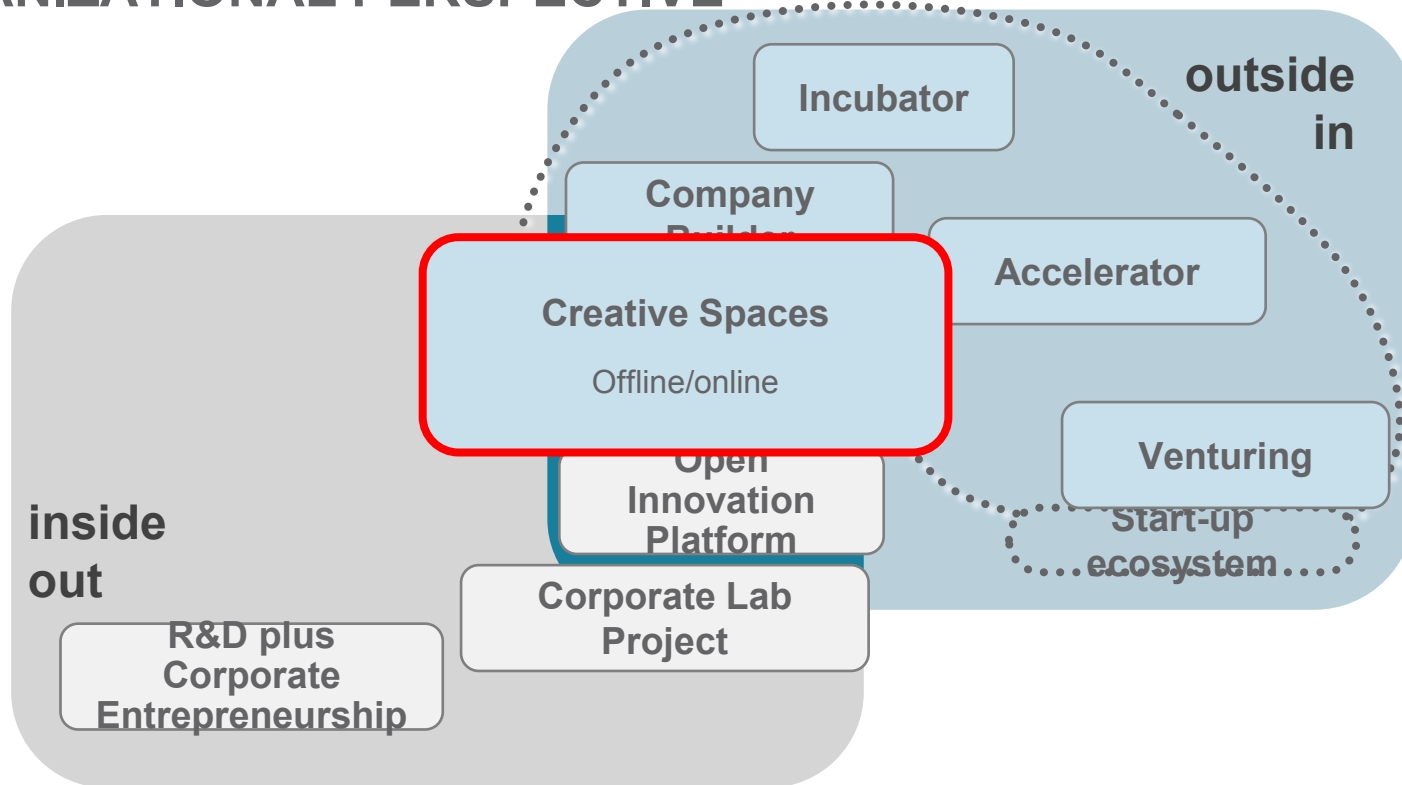


- **Strict application process ensures quality of team and idea**
- **Set timeframe to speed up innovation process**
- **Very selective and therefore ensures success for organizations**
- **Large network of mentors/ investors; individual mentoring**
- **Limit distraction of coworking spaces**



- **Competitive and hard for the start-up team**
- **Too many programs developed in the last years and investors have grown weary of demo days**
- **Over fished pond, not enough good start-ups**
- **Sell start-ups aggressively to promote their own activities**
- **Frustration for Start-ups which are dropped out**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE



# CREATIVE SPACES



## Hackathons

In a two-days hacking marathon AtomLeap, IBM, and Garmin bring together passionate developers and ingenious makers, giving them a space to find solutions for the challenges of the Smart Cities of tomorrow using wearable technology.



# CREATIVE SPACES

## Factory

### Distillery

Law, Tax, Design & Pitch Clinics  
1,000 m<sup>2</sup> Incubation / Acceleration



### Facilities

250 person Auditorium  
400 person Event Space  
Restaurant, Deli & Coffee  
Fitness Area

### Space

11,500 m<sup>2</sup> built to spec tech offices  
1,000 m<sup>2</sup> co-working space



The Factory is a campus for startups in the center of Berlin Mitte, at the heart of a growing ecosystem.

Six buildings on the site of the former Berlin wall offer 16,000 m<sup>2</sup> of office and leisure space, designed to create an outstanding work environment.



ALEXANDER VON HUMBOLDT  
INSTITUTE FOR INTERNET  
AND SOCIETY

## Factory Berlin

Since 2011 the Factory – a community of entrepreneurs – provides a space and support for start-ups to start or grow their businesses and accelerate the Berlin ecosystem.

<https://vimeo.com/145249643>



# CREATIVE SPACES



ottobock.



## Open Innovation Space Berlin

The Open Innovation Space is an interface between innovative thinkers from around the world and Ottobock design engineers. Initiated by Ottobock and operated by Fab Lab Berlin, it offers an infrastructure for enterprises, services and research.

# CREATIVE SPACES

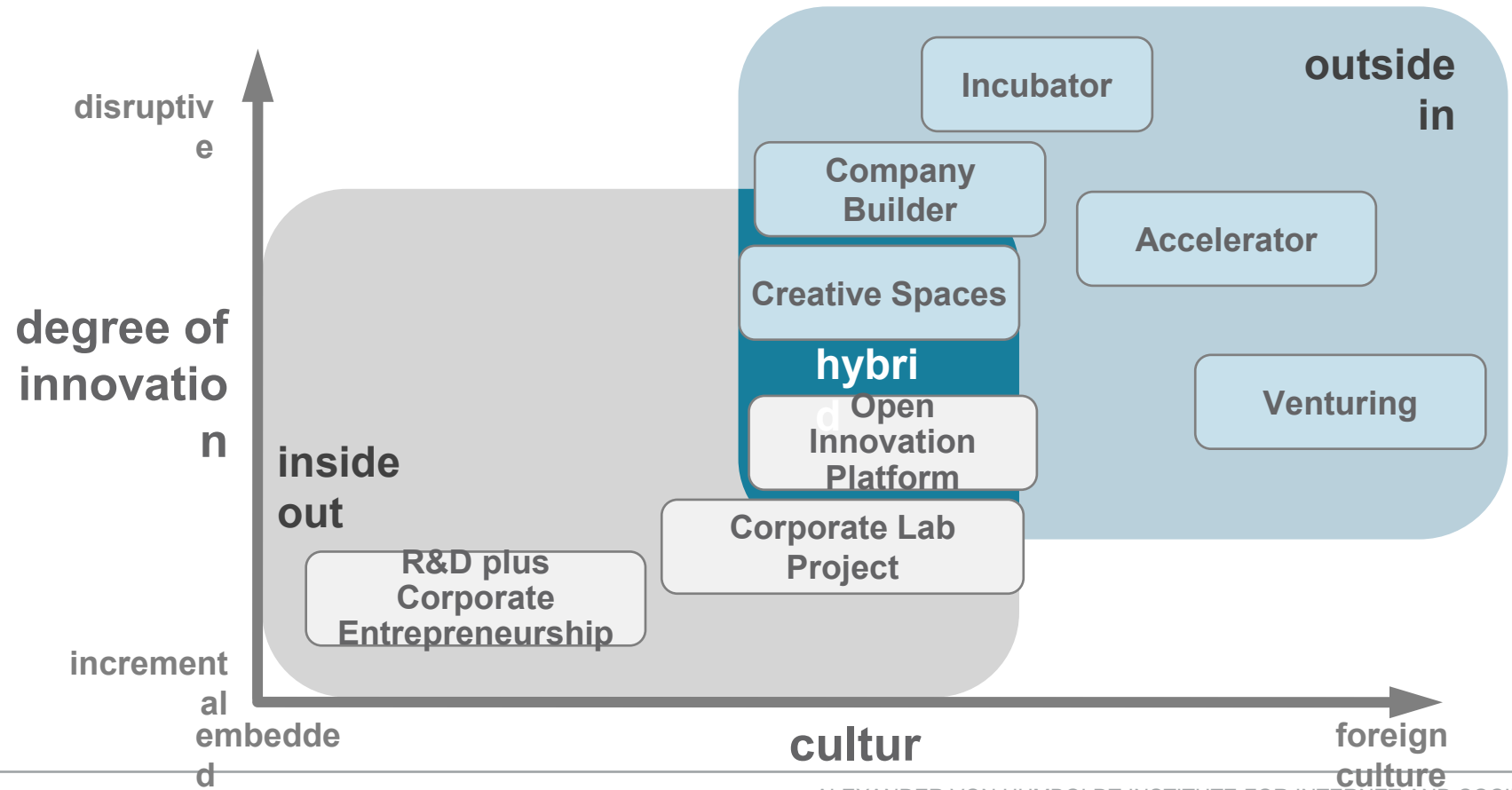


- **Connects people locally**
- **Enhances reputation of a city and/ or region**
- **Builds creative community**
- **Connects very different people at one place to generate true innovation**
- **Build social capital**
- **Office space on demand**

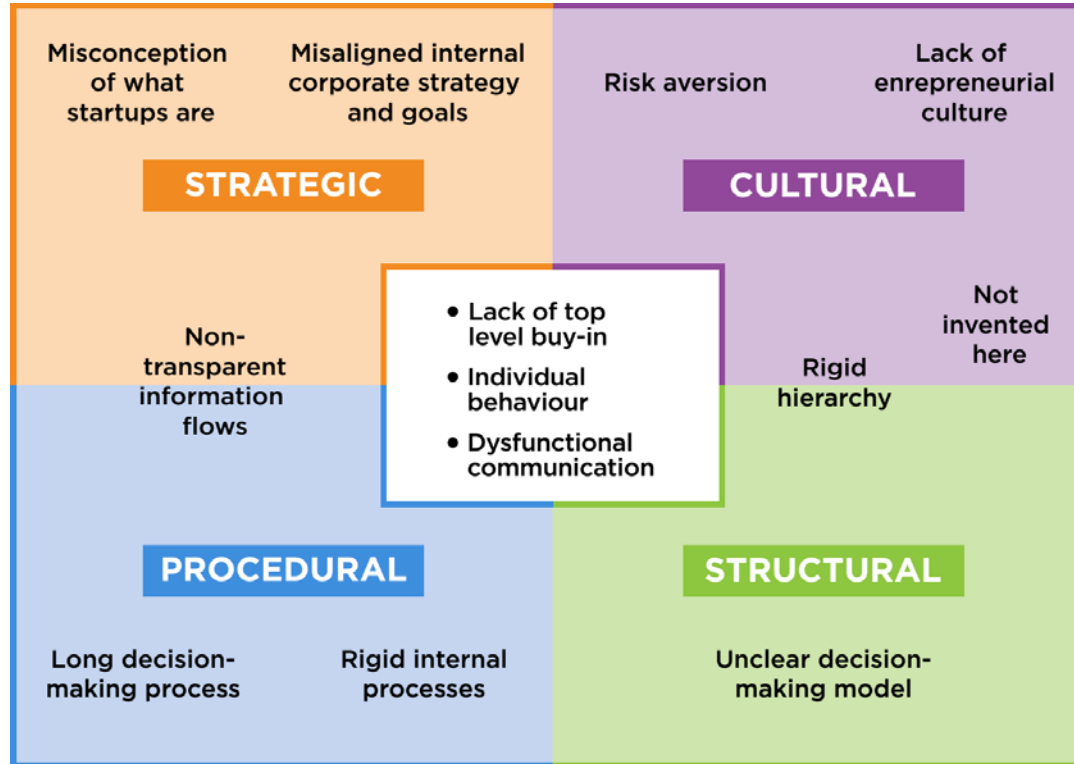


- **Do not always deliver valuable supplies**
- **New hype**
- **Expensive infrastructure, real estate business orientation**

# ESTABLISHED MODELS OF INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE

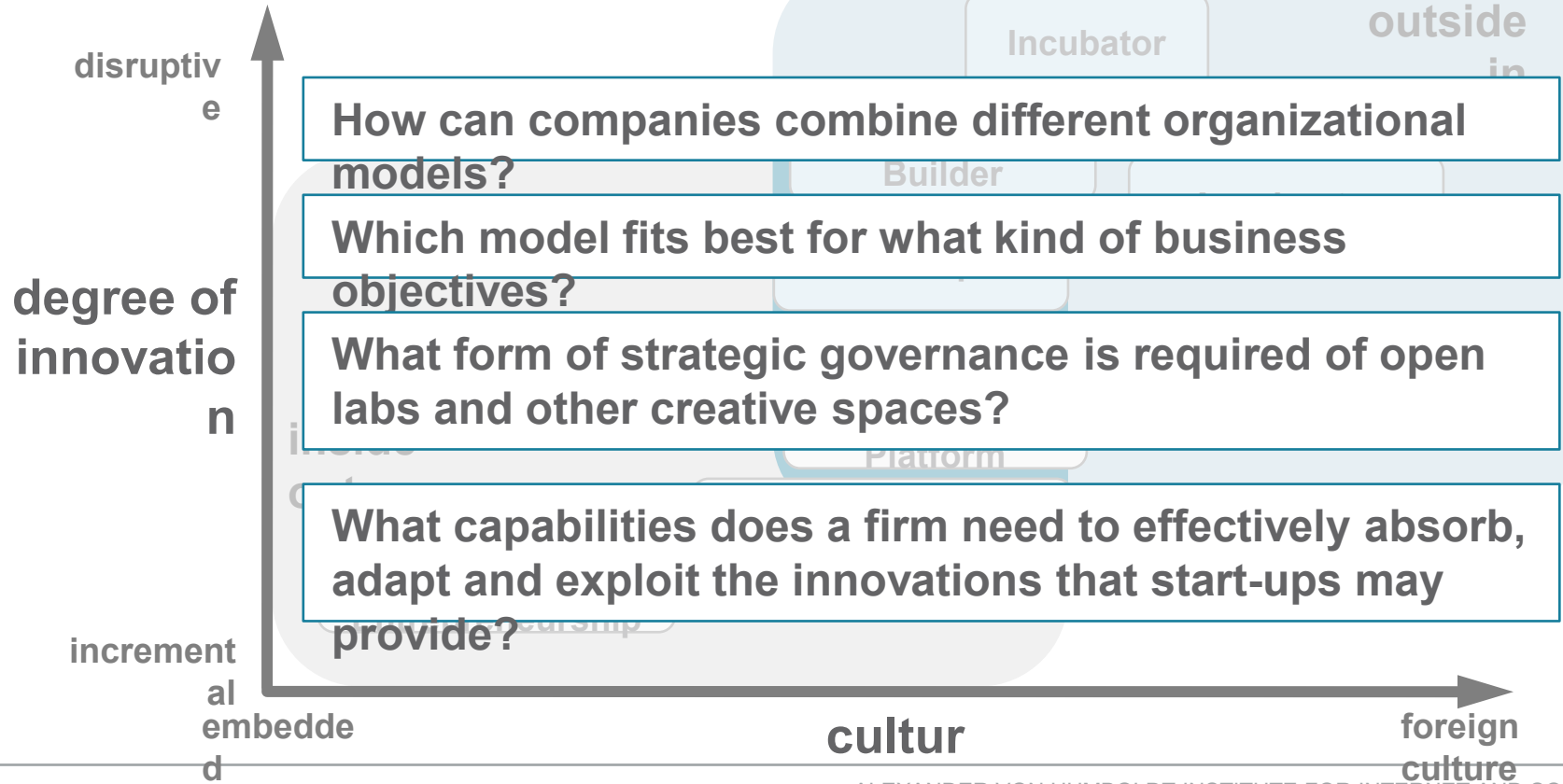


# INNOVATION FROM AN ORGANIZATIONAL PERSPECTIVE: COMMON INTERNAL BARRIERS TO COLLABORATION

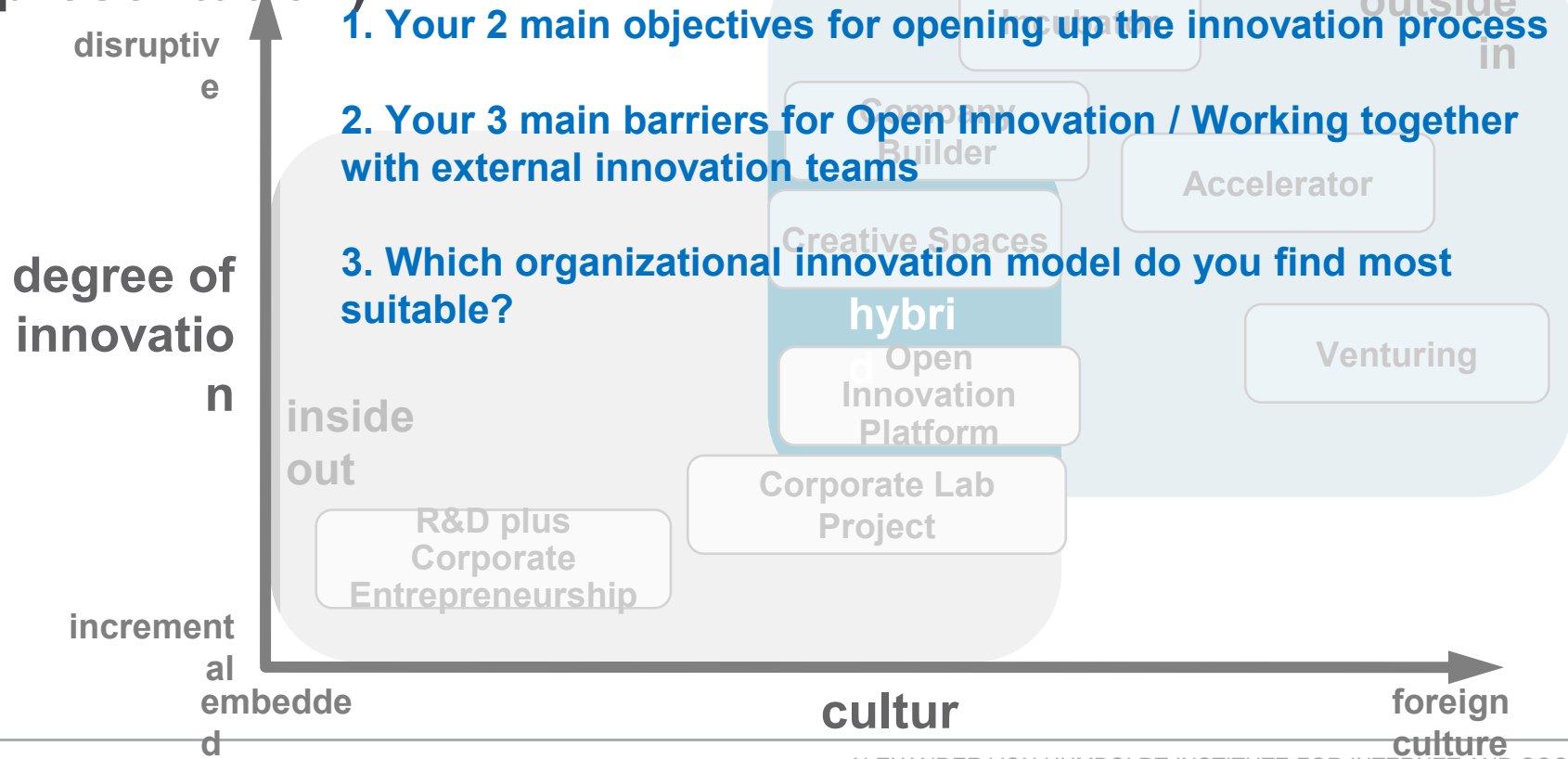


Source: Nesta / start-up  
Europe Partnership, 2016

# FURTHER RESEARCH QUESTIONS ON ORGANIZATIONAL MODELS



# Table challenge (10 minutes discussion, 2 min. presentation)



# CONTACT

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*Director, Institute of Electronic Business e.V. –  
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*Director, UdK Berlin Career College*

*Scientific Director, Vorn Strategy Consulting GmbH*



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Institute of Electronic Business



Universität der Künste Berlin

**Berlin Career College**





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**Director, Alexander von Humboldt Institute for Internet and Society**

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# BACKUP

# INNOVATION PROCESS – OPEN INNOVATION ACTORS

