# Creativity, Innovation and Intellectual Property (LCMB7007)

## Week – 7

## Digital Innovation

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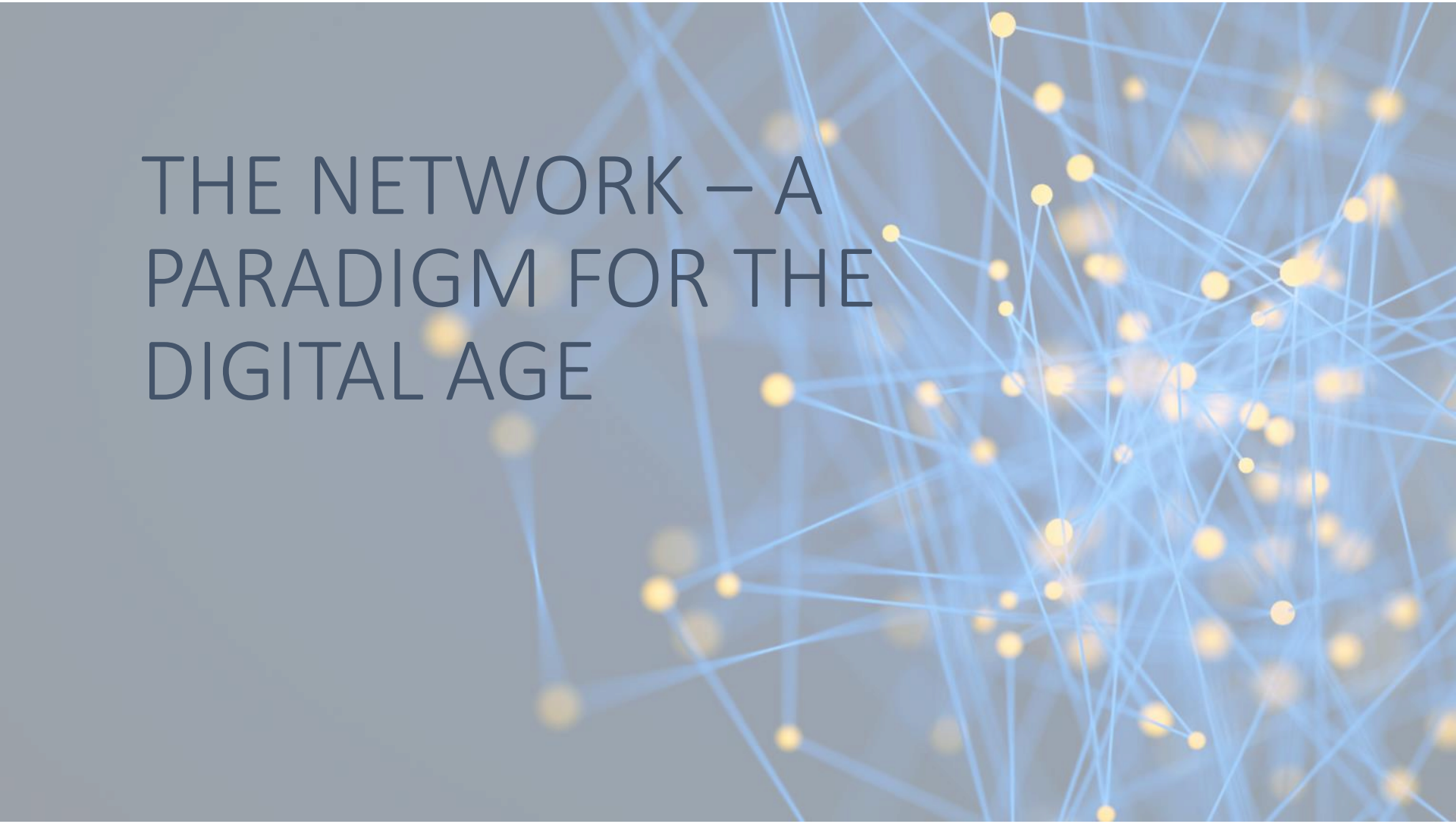
What do we know are the main factors of the **Digital Innovation**?

What did we say are the main factors of the Digital Revolution?

**Information & Connectivity**

# THE NETWORK – A PARADIGM FOR THE DIGITAL AGE



The digital age is all about networks – connecting information, people, businesses, or goods, across boundaries and borders – making the world interconnected.

For businesses to thrive in the digital age, they must harness the power of networks, utilize digital networks to reinvent their **business models**, change their **internal processes**, and adapt the way they **reach out to customers**.

Adapting successfully to networks in all these fields is called *Digital Transformation*.

# Let’s have a look at this flock of birds (a self-organised network)

- https://www.youtube.com/watch?v=DmO4Ellgmd0

How do you think the birds organised themselves? Do they have a ‘kingpin bird’ who decides where everybody goes next?

Networks are inherently creative.

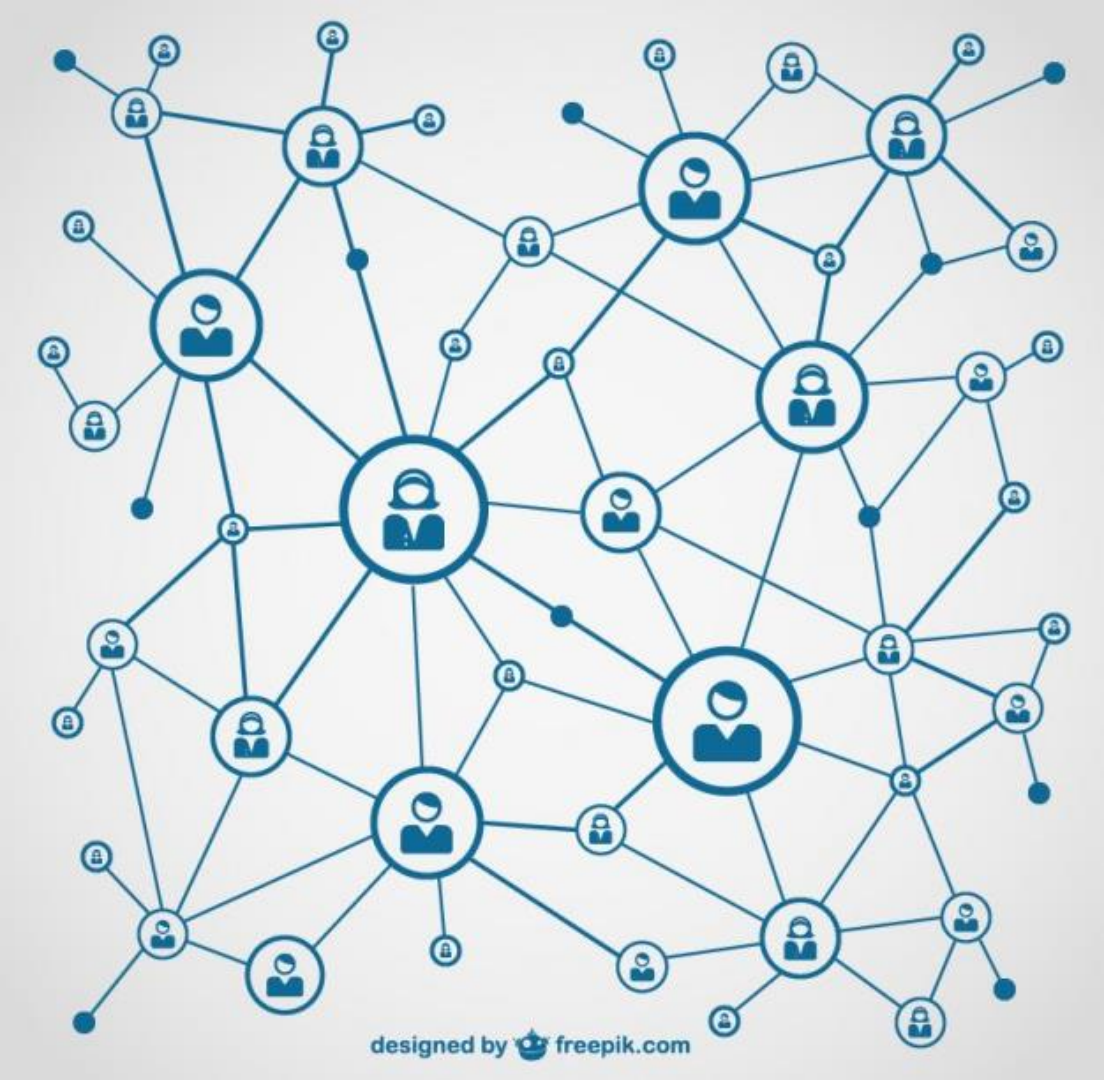
Networks are flexible and adaptive.

Networks have no central command control (they are self-organised).

Would you be on a social network if no one else was on it?

Network effects only kick in when the network has a high enough number of nodes (*critical threshold* or *critical mass*).

This is important when thinking of adoption for new networks or network-based offers.

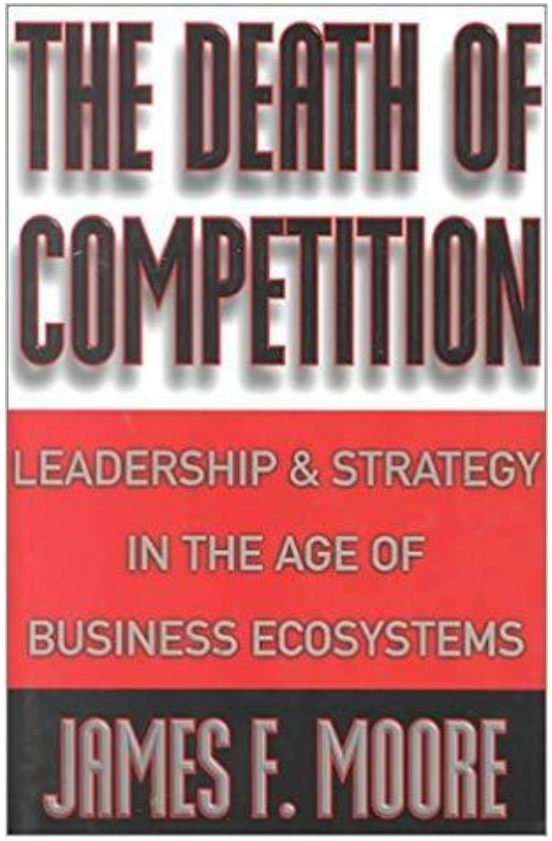


# 4 Key Concepts in the Digital Age Mindset

- Ecosystems
- Co-Opetition
- Co-Creation
- New Work Culture

# KEY CONCEPTS: ECOSYSTEM

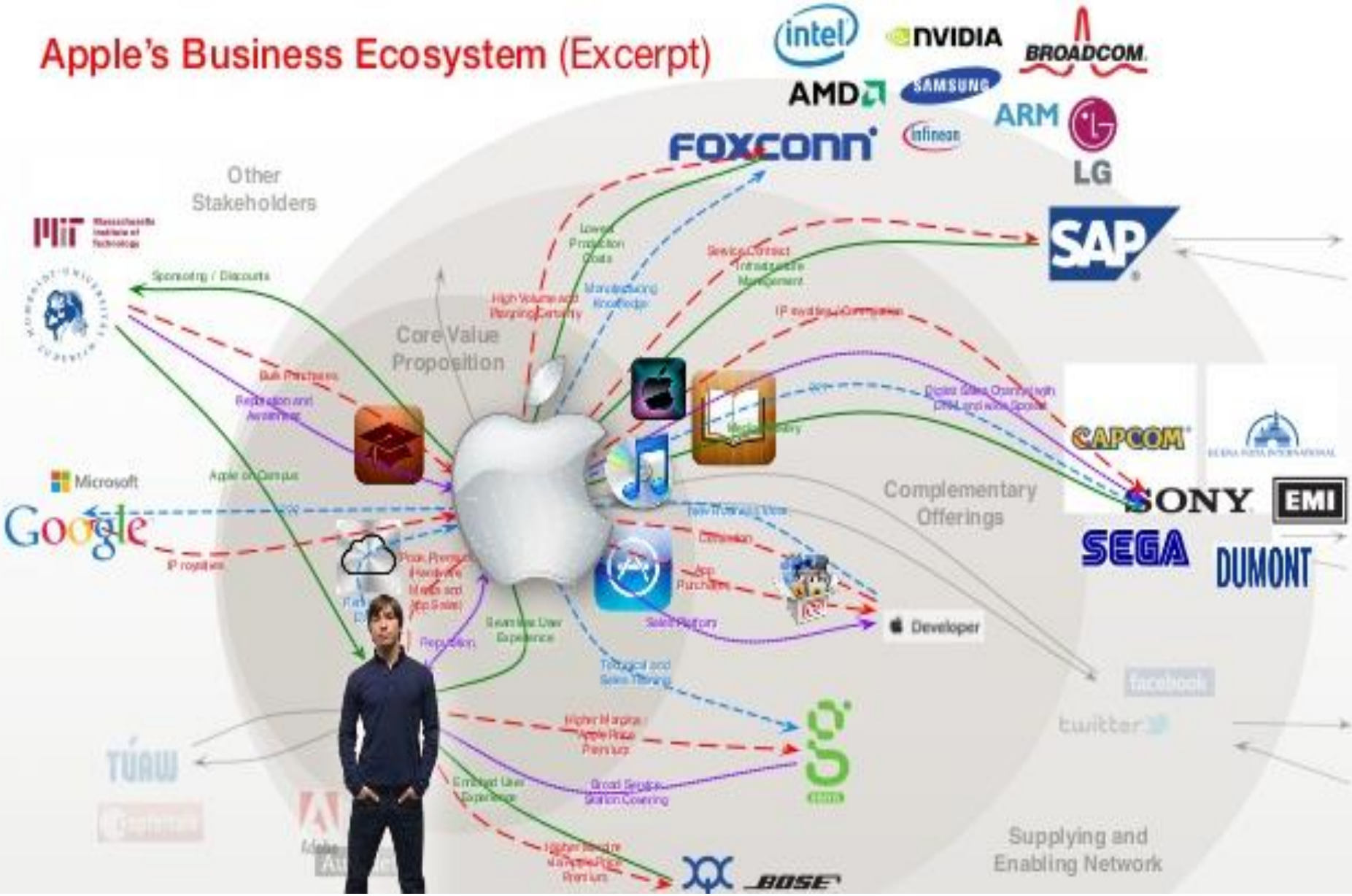
# Ecosystems




Concept: The concept of business *ecosystems* has been gaining currency lately and is now widely used to describe a business's or organization's wider network (everybody that effects the business somehow, including customers, suppliers, partners, service providers, competitors, governmental and non-governmental actors, the public, the media, etc.)

The idea behind ecosystems strategy is that in the interconnected digital age, companies no longer vie only for industry leadership or product superiority – what matters more now is *system leadership*.

# Apple's Business Ecosystem (Excerpt)



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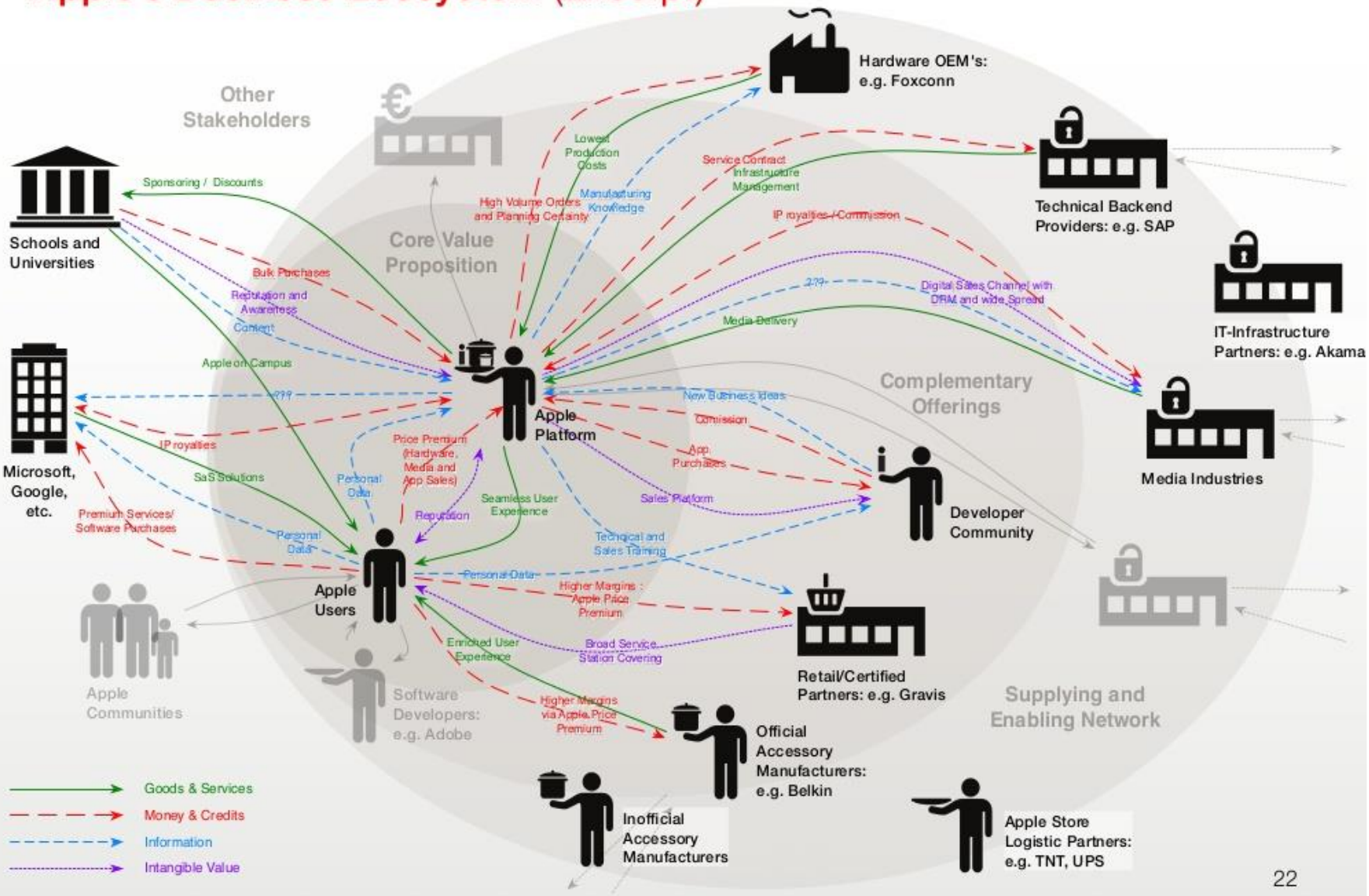
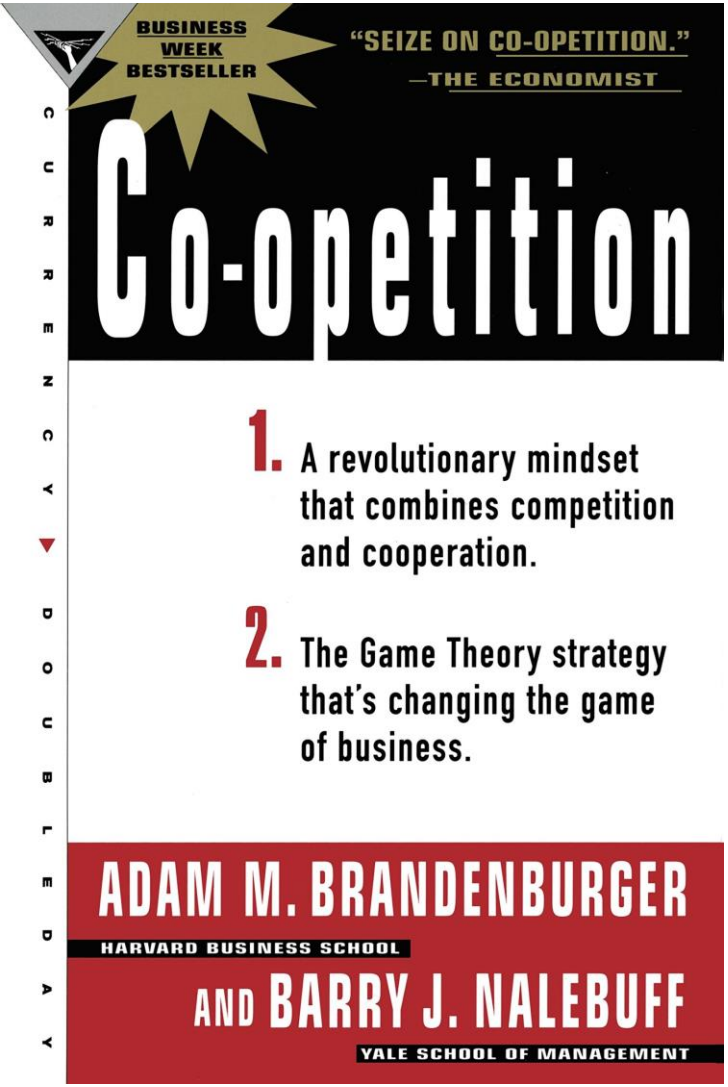


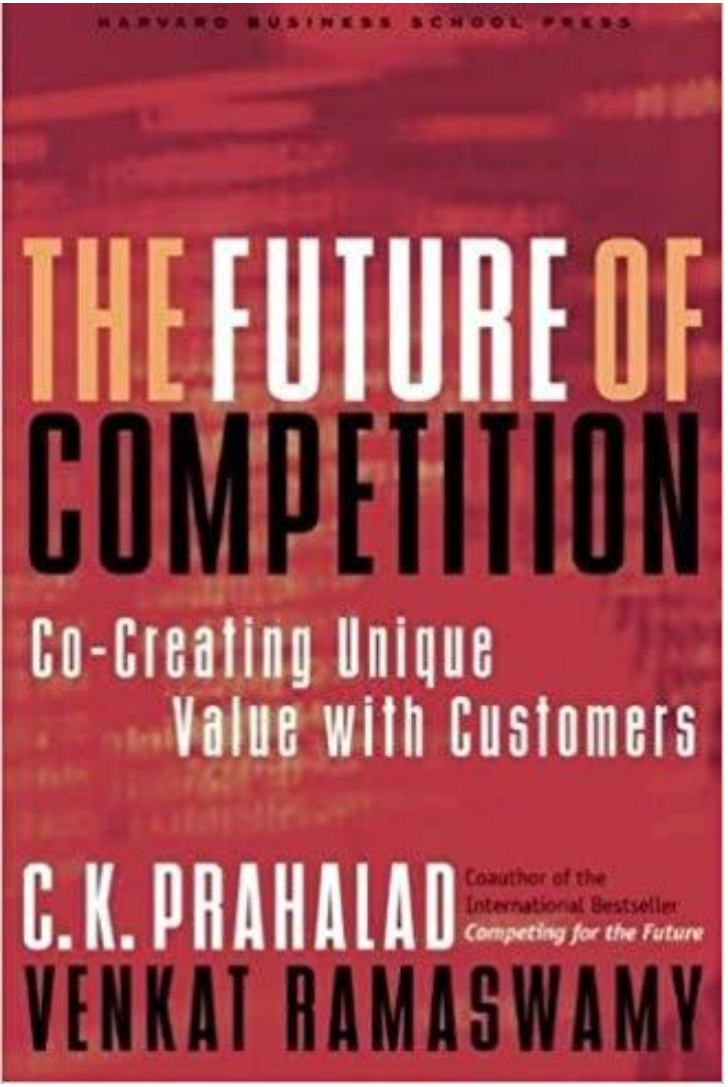



# Co-Opetition

Concept: In a networked ecosystem, value creation is no longer a zero-sum game. **Companies create value** together **with competitors** who are at the same time collaborators in other regards.

Companies should see other players in their ecosystem as ***co-opetition*** because their own success also partly depends on the flourishing of the entire ecosystem. If you outcompete everybody, you might just kill the ecosystem.

See *Brandenburger & Nabelbuff* (2013)




# Co-Creation

Concept: In business ecosystems, value is co-created instead of being created within a firm only and then received and passively consumed by customers.

Companies should open the design of their products and services and their innovation process to other stakeholders (mainly customers) in their ecosystem to create more value for everyone involved.

See *Prahalad & Ramaswamy* (2013)

# Co-Creation Examples

- 58% of businesses are now fielding co-creation initiatives (*Hitachi Europe Report*)

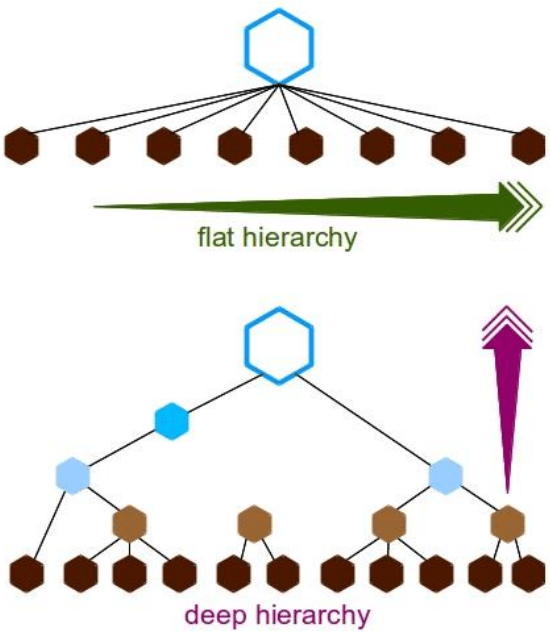
See 10 Examples of Co-Creation here:

https://www.braineet.com/blog/co-creation-examples/

Is **UWTSD** also co-creating its offerings and services?

# TRADITIONAL
# VS
# NEW WORK CULTURE

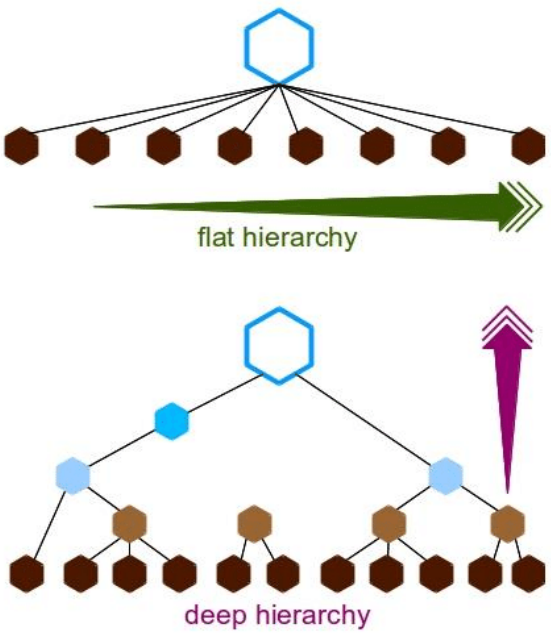
# New Work Culture



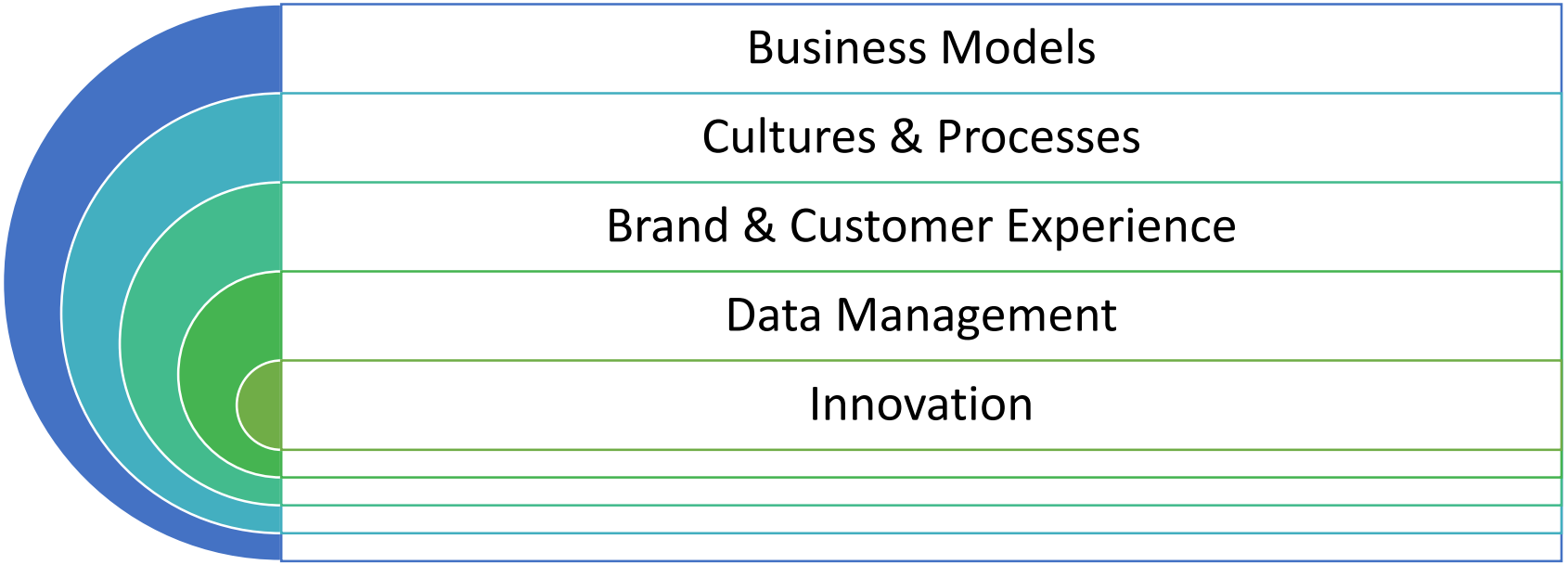

Work cultures are changing rapidly in all industries. This has to do with changing cultural attitudes, but also with network effects and evolved mindsets of digital native generations (Millennials, Gen Z).

New work cultures are generally agile, flexible, and collaborative, and deploy *flat hierarchies* as opposed to traditional work cultures which are top-down and silo based (departments don't talk to each other, employees do what they are told, creativity is not expected or rewarded).

# Agile Work Culture Principles



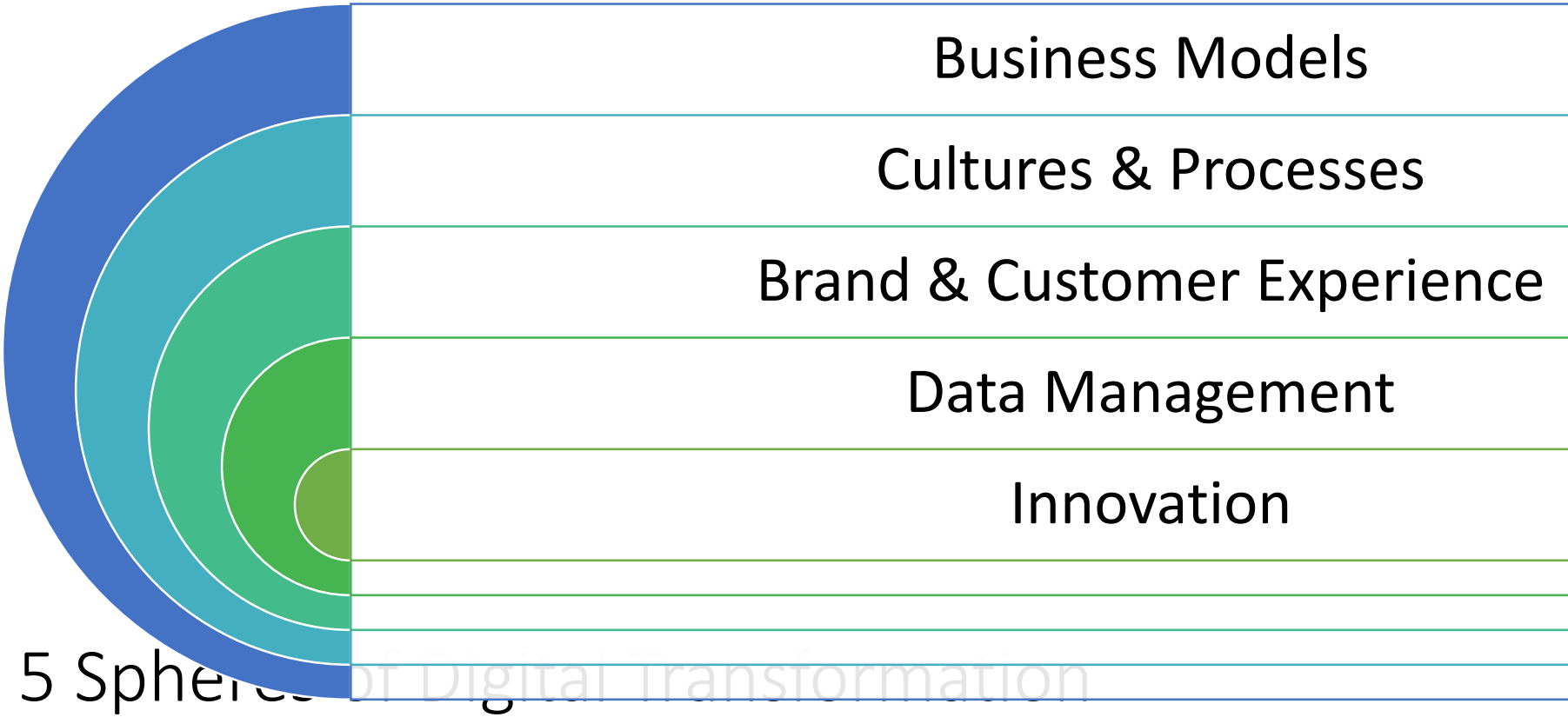

1. Actual human input from collaborators is more important than official/established work processes
2. Documentation does not have to be extensive when processes are showing desired results
3. Collaboration is more important than contractual or hierarchical relations between parties
4. Genuine desire to find innovative responses and effective solutions is more important than following a plan or prescriptive work process




# 5 Spheres of Digital Transformation

# Class Excecise

Choose an organization youa re familiar with and then identify the 5 Spheres of Digital Transformation




# 5 Spheres of Digital Transformation

# Business Models

**How do businesses create value? How do they produce and sell their goods or services?**

| Traditional | Digital |
| --- | --- |
| | |

# Brand & Customer Experience

**How do businesses present themselves to the public (what type of advertising and messaging) and how do they involve the customer or make the customer feel when dealing with them?**

| Traditional | Digital |
| --- | --- |
| | |

# Culture & Process

**What is the company culture and how do businesses handle work processes (such as collaboration, customer management, etc.)? How do they involve customers and other stakeholders?**

| Traditional | Digital |
| --- | --- |
| | |

# Data Management

**How do businesses treat customer data? What uses do they make of it?**

| Traditional | Digital |
| --- | --- |
| | |

# Innovation

**How do businesses innovate? Which new technologies do they use to upgrade existing services and products?**

| Traditional | Digital |
| --- | --- |
| | |