



Open innovation 2.0 | The Xpragmatic View



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In a recent blog post, John Hagel III and John Seely Brown argue that today's open innovation approaches still are very "transactional" and therefore, do not allow delivering the real potential of open innovation. We agree, but the problem is not open innovation. The problem is the enterprise.

February 4, John Hagel III and John Seely Brown posted an interesting article on the HBR blog titled [Open Innovation's Next Challenge: Itself](#).

In the article, Hagel and Brown argue that current open innovation approaches such as the well-known Innocentive platform still are largely "transactional" systems: the company posts a problem, the solvers propose solutions, the company selects the best solution and pays the solver(s). Transaction completed. All parties move on.

According to the authors, this limits the potential of the open innovation approach since it has two limitations:

First, it misses the opportunity to build long-term trust-based relationships among participants. Second, it does not encourage participants to build cumulatively upon the contributions of others.

Therefore, Hagel and Brown promote an "extended" open innovation approach that is more oriented towards fostering and building upon the relationships between the parties involved.

We agree. This "extended" open innovation vision builds on the same value proposition as other, more familiar Enterprise 2.0 approaches that claim that by facilitating the interaction between parties, increased "knowledge", hence value will be generated.

This is certainly correct. Unfortunately, while walking this more daring path, open innovation is likely to face similar challenges as previously experienced in the more traditional E2.0 initiatives.

Indeed, as we already wrote in [Enterprise 2.0 - Enter the dark force](#), one of the main reasons for the success of initiatives such as Innocentive is that the approach nicely avoids the biggest roadblock. This transactional approach is such a good fit for the enterprise since it does not require the enterprise to change:

- First, using a service such as Innocentive, the company brings problems or questions to the table and accepts solutions that are closely aligned with the company's own strategy and thinking. The company continues doing what it was doing.
- Second, problem solvers remain external to the company, so there is no organisational impact whatsoever and legal and intellectual property risks are well controlled.

So, while in all Enterprise 2.0 literature, Innocentive is always mentioned as a prime example of a successful E2.0 solution, in reality it is not. It is in essence a very traditional, very structured approach that nowhere near matches the interaction dynamics of "real" E2.0 solutions such as enterprise social networks.

Consequently, a move towards a more interaction-oriented type of open innovation is unlikely

be the easy homerun.

A first consequence of increased interaction dynamics will be that the "direction" of the solution can no longer be under control. By definition, the result of the "perfect" interaction between all agents can only be disruptive change. While all companies will claim that they are searching for this type of innovations, do they really want them?

Second, it makes little sense facilitating the interaction between parties if the company itself does not become part of the interaction. This means allowing the solvers to reach behind the firewall, building relationships and exchanging knowledge with the company's own employees. How far can you go?

So, while the vision of Hagel and Brown is indeed the right one, it cannot fit the reality of today's enterprises. Neither is it obvious how the enterprise can adjust to this new paradigm.

Realizing the vision of Hagel and Brown essentially implies that the enterprise has to become some kind of complex adaptive system, without formal boundaries, continuously adjusting its form and course as opportunities arise, on a path to an unknown destination.


Now, that is what they really want to hear on Wall Street...


About the author



Marc Buyens is analyst, management consultant and owner of Xpragma. Marc started Xpragma in 1999 after a 20+ years career in the IT sector. Today, he provides advice, training and mentoring services focusing on the intersection of technological evolution, organisational change and business strategy: a messy world of unfulfilled promises.


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