

Chapter 11

Addressing the Business Issues Through Open Innovation Initiatives

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ABSTRACT

Many concepts are emerging in the disciplines of management and information and communication technology. One needs to identify the concepts that are useful in designing and developing the business models for addressing the business issues of an enterprise. This chapter gives an overview of the various concepts in the disciplines of management and information technology. In the present business scenario, interdisciplinary concepts are needed to develop business models under open innovation environment. An enterprise has to choose the relevant concepts from the two disciplines as per their requirements in designing business models for their open innovation initiatives.

INTRODUCTION

In business, world change has become the norm. The steady predictable growth till the last century has given way to global market competition, radical technical innovation, and a major shift in approach towards business. Business activities have become more complex due to frequent changes in the market. Due to these changes, the type and quantum of information required by business enterprises are also increasing. Hence it has become important that one should use one's wisdom to convert information into knowledge in the present scenario of the business world.

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Now proven ways of applying knowledge in business are known as “Open Innovation Management”. Knowledge is ultimately the foundation of an innovation economy.

The overall challenge that many enterprises face today is identifying where the knowledge resides and how to leverage it for their innovative purposes. Efforts to create innovative thinking among the employees in enterprises have been gaining importance. Over the last few years, there has been a growing interest in the field of innovation management. Now more than ever in the present economic uncertainty, constrained resources, more and more organizations are turning to open innovation management as a source of new solutions and renewed inspiration.

One may wonder what makes the need for open innovation different in the present-day context. The business world is in the middle of a significant transition. Three factors are playing important role in the present transition period. The three factors are information and communication technology, expanding world, and the demands of customers. Managing knowledge in respect of the above factors as well as the innovative process is the way to remain competitive in the changing business scenario. The following are the essential elements of open innovation management in an enterprise.

1. Identifying which knowledge is a unique and valuable resource.
2. Identifying which knowledge process represents unique and valuable capabilities.
3. Identifying the above resources and capabilities support the firm’s products or services and market positions.

Interdisciplinary concepts will facilitate to development of business models in the open innovation environment for addressing business issues. This approach is discussed in the four case illustrations in this chapter.

BACKGROUND

The existing ways of doing business are constantly changing, due to rapid changes in the global economy. It may be noted that market conditions determine the options available and competitive advantage stems from business to its environment. It has become a necessity for business enterprises to respond quickly to these changes. Many business enterprises have started realizing that managing knowledge as an innovative process is a way to remain competitive in the changing business scenario. It is generally perceived by many enterprises that knowledge management is a technology for preserving and enhancing the knowledge base of an organization. But after a close observation at their organization, they may find many elements related to knowledge management are available in their organization itself. In reality, they need

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