

If you've not yet heard of open innovation, you will soon. This internet-powered approach to problem solving brings companies with queries together with solution providers.

The open approach to innovation

Open innovation is a hot topic today and rightly so. For companies, it means the chance to dramatically boost R&D efforts while reducing costs; for the individual, it offers a way to convert expertise to money.

The term "Open Innovation" was coined by Henry Chesbrough, professor and executive director at the Center for Open Innovation at UC Berkeley in the US. His core concept was that in a world of widely distributed knowledge, companies cannot depend only on their own resources. Instead, they should be buying or licensing ideas from others – and selling ideas and inventions of their own that they cannot use.

Open innovation is born from the realisation that no company, no matter how large, has the answer to every problem. Using the global method of communication provided by the internet, however, it is possible to access the creativity and knowledge of the world to solve problems more effectively, more rapidly and more cheaply.

The process is relatively simple. First, a business identifies a problem that it has been unable to resolve by itself. It then contacts an Open Innovation broker – such as InnoCentive, Yet2, Idea Connection, Your Encore or NineSigma – and together they clarify the problem and condense it so it is clearly presented, without revealing the exact application or the solution seeker. The problem is then posted on the inter-



Peter Alwin won Electrolux's 2010 DesignLab open innovation design competition with this clamp on induction pot heater concept.

net, along with a prize, based on factors such as problem complexity or estimated difficulty.

The solution may be presented by an individual or a company. Some may require little more than a two-page explanation of the proposed solution, along with reasoning for why it is likely to work. Others may require lab work, which would be funded by the posting business if the proposed solution looks appealing enough.

Sometimes the prize is a cash sum. Alternatively, the open innovation broker may offer a percentage of the sales of any product resulting from the solution. InnoCentive, which was one of the first brokers in this sector when it was set up in 2001, has paid out more than \$5.3m (£3.8m) in prizes to date.

The Open Innovation broker plays

a key role in the process. Firstly, it provides the structure to ensure that the company gets potential solutions for their problem and it gives creative people the chance to make extra money. Even more importantly, it also provides the legal and IP framework to protect both sides.

Both parties are protected. The broker puts the contracts in place to make sure that ideas can only be used if they are selected and a prize is given. Likewise, it ensures that the intellectual property right is transferred from the successful solver without them ever knowing who the idea was purchased by.

So what is wrong with the traditional "closed innovation" model – where organisations generate ideas internally. Firstly, an internal R&D department cannot solve every problem – it may not have the right resources or staff may be blinkered by exposure to one particular industry. Secondly, world class innovators are few and far between and your own R&D team may not have one.

If a business does have a world

	EXPENSE	TYPE OF COST	RISK LEVEL	SUCCESS RATE
CLOSED INNOVATION	VERY HIGH	FIXED	HIGH	LOW
OPEN INNOVATION	LOW	VARIABLE	VERY LOW	HIGH

class innovator, it is likely they are paying a lot of money for them. By using open innovation, a business only has to commit money if they are offered a solution to a problem.

This is not just theory. Organisations such as DSM Engineering Plastics, GlaxoSmithKline, Procter & Gamble, Unilever and Xerox are all users of open innovation.

Appliance maker Electrolux is also an open innovation supporter through its DesignLab initiative, an annual contest which invites graduate design students to come up with ideas for appliances for the future.

This year's theme – Solutions for Compact Living – was won by Indian design student Peter Alwin. His Snail induction heating and cooking device attaches directly onto a pot to cook the contents.

Open innovation proponents claim that it increases chances of success for a business and reduces cost. It can also reduce risk – an organisation may pay for internal R&D teams for years without a breakthrough, whereas Open Innovation enables payment by solutions.

And it is a two way street. Chris DeArmitt, president of US-based consultancy firm Phantom Plastics and a polymer solutions specialist with more than 30 patents to his name, is an open innovation enthusiast. He claims to have won open innovation prizes totalling close to \$50,000 (€35,000).

"I realised that companies do not reward their innovators, no matter how good their performance. Open Innovation has been a



Chris DeArmitt, president of US-based Phantom Plastics, has won open innovation awards totalling more than \$50,000 (€35,000)

way to compete against global competition and get fairly rewarded for my efforts," he says.

DeArmitt says that open innovation is also a route to channel expertise across very different markets. He has delivered solutions in sectors ranging from ultra-high crystallinity polyethylene surfaces, sodium-free baking soda production, and the development of polymer fillers with very particular properties.

For more information about open innovation:

www.innocentive.com

www.yet2.com

www.ideaconnection.com

www.yourencore.com

www.ninesigma.com

IDC guides path to new invention

UK-based international product development company Industrial Design Consultancy (IDC) has launched a new free guide which explains how to take an invention from concept through to finished product.

Laid out step-by-step, the IDC Inventor's Guide provides a clear introduction to research and development and covers the patenting process, confidentiality agreements and costs, as well as advice about seeking outside investment, licensing and marketing.

The guide provides a guide to planning and assessing the development of a profitable product. It includes a 60-second checklist, questionnaire and confidentiality agreement to ensure all the areas have been covered before

investing precious funds and time.

"We receive calls from inventors bristling with new ideas on a daily basis, but it can often be a frustrating experience all-round if all the groundwork hasn't been completed beforehand and the concept isn't ready for product development," says IDC managing director Stephen Knowles.

"Inventors all face common challenges and set-backs when going it alone. Yet there is very little advice freely available explaining each essential stage of the process, so that's exactly what we have produced," he says.

The guide is available online or as a PDF at www.idc.uk.com/process/inventors-guide

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