

Co-creation by nature: Ecosystems drive value creation in the digital age



How to awaken innovation within your organization

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shaping tomorrow with you

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Awaken your organization's natural talent for innovation

In a world of rapid disruption, established businesses are looking to change their mindsets and find new ways to reawaken or accelerate their talent for innovation. But it can't be done overnight. You need to create an ecosystem that provides a dynamic space where new and existing partners can come together to learn, foster business innovation at speed and scale to generate value swiftly. It takes time and patience as well as a spirit of openness to collaboration.

Joachim Box and Andy Seferta challenge you to think differently.



On the
shoulders of giants



Knowledge
integration



Take your time
and connect



Co-creation in
practice



Fujitsu: Innovative
by nature



On the shoulders of giants

Ideas are the product of other ideas. New technologies or business models always arise out of past technologies and business models. Everything evolves.

In *The Nature of Technology*, the renowned book by historian of innovation W. Brian Arthur points out what should be obvious to us all: Innovation is 'combinatorial'. That is, any given solution depends on the bringing together of already existing ideas. He writes, 'Every novel technology is created from existing ones, and therefore every technology stands upon a pyramid of others that have made it possible in a succession that goes back to the earliest phenomena that humans captured.' A note of caution; continue to remain open to new thinking and don't fall into the trap of building on flawed principles inherent in existing ideas.

Isaac Newton put it more poetically in the 17th century when he described progression by evolution as 'standing on the shoulders of giants.' In the digital era though evolution isn't good enough. The most innovative are pro-active in creating value and they do this through co-creation.

What is co-creation? Simply, it's the coming together of people from different organizations, be they researchers, customers, or even competitors, to focus on making life better and generating new value by experimenting with novel combinations. It's a network of diverse perspectives, backgrounds and skills.

In other words, it's an ecosystem of capabilities, where the ecology is founded upon human collaboration. In ultra-competitive markets, the temptation is to lock down creative thinking within an enterprise, but the history of innovation

teaches us that the search for new ideas depends on insights drawn from a broad, human-centric ecosystem.

In nature there is a power to ecosystems. If species fail to adapt and thrive in a changing environment, then they become extinct. In the fast-paced digital era, organizations can not risk the same fate.

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Knowledge integration

The same happens in business. If only Blockbuster had partnered with Netflix and produced 'digital offspring', we might be watching 'Blockflix' or 'NetBusters', a slightly different kind of streaming service than we have now, but the investors in Blockbuster would have made money instead of losing it i.e. they did not adapt.

The importance of an ecosystem is proven by the research we've been doing. It supports our conviction that 'knowledge integration' is vital (the combinatorial power that Arthur talked about) because it drives both choice and value. By bringing together all key stakeholders into a fluid and easy to navigate ecosystem you deepen relationships and uncover new strategies, products, services, and, most importantly, better ways to engage with customers. As a result, there is mutual benefit; everyone feels that they have a stake in each other's success because, in the end, "the sum is greater than its parts".

Co-creation enables you to be proactive rather than reactive – to disrupt rather than be disrupted and awaken a new spirit of innovation inside and outside your business.

Our research shows that 69% of businesses say that they are already embarking on, or running, co-creation projects with partners in an emerging ecosystem. That's a very good sign. It makes us happy. But, the kicker comes when you then discover that 73% of those partnerships are ended because they don't deliver swift results. That's a shocking figure.²

Very few great ideas appear as 'eureka' moments, so you need to be brave enough to stay loyal to the partnerships developed within your ecosystem. As we stressed before, you need to iterate ideas over and over. Evolve them. Generate feedback. Learn. Encourage serendipity. It's what the ecosystem is good at doing.

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Take your time and connect

Fujitsu's research shows that there is a growing realization that co-creation isn't an instant panacea. It takes time and effort. And engaging with a broad and targeted spectrum of partners through your ecosystem can help speed up innovation. 30% of businesses are working with their competitors to achieve innovation.³ That's what happens in nature - unlikely collaborations form where there is a mutual benefit. You scratch my back, I'll scratch yours. The demands of digital transformation mean that the lines between competitor and partner are not fixed. Blockbuster saw Netflix as a competitor. But, in reality, Netflix wanted to partner with Blockbuster to combine streaming with renting DVDs, not focus on one to the exclusion of the other - what a powerful ecosystem that could have been!

Ecosystems that foster co-creation enable you to find those bright people and make use of their talents without being dependent upon collaborating with only those you hire.

Co-creation depends on being both bold and brave. That's why we're very encouraged by the fact that 79% of organizations are willing to share their sensitive information as part of a co-creation project. That's vital. It's a big step. You have to trust that your ecosystem will deliver benefits, if not in the very short-term, at least in the medium- to long-term. Since co-creation is powered by diverse thinking, the eco-system can more quickly bring insights from a range of perspectives, including the end customer. The different players that are involved in the delivery of services or products to the market should all be given a voice. And that must include ways of assimilating end customer feedback which could be gained by engaging with competitors or other stages of the supply chain.

That's a crucial insight, and it's often a critical barometer of emerging trends and appetites which can be missed because we're too focused on our own concerns. There are different ways of seeing the bigger picture. For example, Uber started out by recruiting established taxi drivers. They put feedback at the heart of the system: passengers rated drivers and drivers rated passengers. This created a flow of information.

In fact, passengers became a key source of new drivers and spurred Uber's rapid growth. That's co-creation! Airbnb did the same with hosts and guests. And Amazon does it across all its many interests. Now, huge established businesses like GE are doing it. The ecosystem therefore allows you to be more in tune with customers.

The bottom line is, no matter how clever you are, someone else might be cleverer. There's a famous quote from Sun Microsystems' co-founder, Bill Joy, who said, 'No matter who you are, most of the smartest people work for someone else.'

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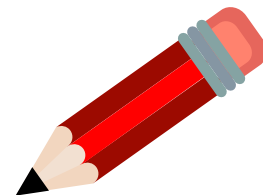
Co-creation for success

Of course, we need to practice what we preach. As we said before, Fujitsu has always been focused on bringing people together to generate new ideas and to innovate. It's how we've thrived over the last eight decades. We have many examples of how we're helping customers to co-create, as well as ensuring that we work with a range of people across a broad ecosystem so that we can generate innovation for our customers.

Two great recent examples come to mind. The first is our work with Ecole Polytechnique's incubator at the heart of Paris-Saclay (an example highlighted in this ecosystem blog), one of the world's foremost research and technology clusters. We're working with them and experts from around Europe, to develop better chatbots, predictive maintenance systems and image analysis.

We worked with Scottish Water (have a look at this blog) to respond to a call from the charity WaterAid to come up with smart solutions to try and solve severe water, sanitation and hygiene issues in Nicaragua. It was a pro bono project that inspired our teams to put our co-creation philosophy into practice. We brainstormed an app (called So-App) which would digitize the existing process of sanitation and hygiene check-ups which took place in remote villages. The app replaced the pen and paper questionnaire to capture data about hand-washing and water leaks and so on. The data is shared in the cloud and speeds up decision making about specific needs and empowers hygiene promoters to be more proactive and make a real difference to people's lives.

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What do we want you to take away from our overview? It all comes down to creating the conditions in which you can awaken your organization's natural talents and leverage the most of these by engaging with a broader and targeted spectrum of partners.

Give it time. Be patient. Be open to all possibilities. Let your ecosystem evolve and don't be overly suspicious of competitors. The point of an ecosystem is to generate value for all who take part in it. So, share, be present and take part. At Fujitsu, we always take that human-centric, very natural approach, which is why we're considered a key partner in successful ecosystems.

The outcome is simple, but powerful. An enterprise in which the creativity of your people and partners can be not only awakened but also put to practical use to generate both internal and external value to give you the edge over any potential disruptor.

We challenge you to think differently so you can achieve co-creation and innovation by nature. We can help you leverage the power of an ecosystem to create a dynamic space in which both existing and new partners can come together to foster business innovation at speed and scale and generate value swiftly.

To do that takes time and patience, but through a spirit of openness and collaboration we can learn and achieve great things together.

**Talk to us about
co-creation for success,
through awakening
your business innovation**



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