

Win in the Flat World

Think Flat

Faster Innovation through Co-creation

Abstract:

“Today’s customers are hyper-informed, well connected and expect the best experience. Companies need to rapidly innovate and release new products and services and focus on delivering a superior customer experience. This can be accelerated by co-creating with customers and partners”.

Manjunatha Kukkur, Research Leader, Co-creation Centre of Excellence, SETLabs, Infosys, discusses how Flat World companies innovate faster by co-creating with customers in a global innovation network. In this ecosystem, the Internet and knowledge management tools facilitate seamless collaborations between companies, customers and partners. Manjunatha demonstrates how co-creation platforms accelerate the development of innovative products.



1. What is the role of innovation in the changing business environment?

The tectonic forces of emerging economies, demographic shifts, ubiquitous technology and increasing regulations are impacting the global business environment. As a result of these forces, barriers have broken across companies, countries and customers. Hierarchies have been flattened and information is easily accessible. Good service is no longer a sustainable differentiator for corporations. Rapid innovation is an imperative because today's customers are hyper-informed, connected and expect the very best of experiences. Companies need to rapidly innovate and release new products and services and focus on delivering a superior customer experience. Creating a greater customer experience can be accelerated by co-creating with them and your partners.

There is also a need to change one's perspective towards innovation. Earlier, innovation took long cycle times and was primarily confined to silos of the enterprise. Today, the trend is directed towards sustaining incremental innovation across enterprise boundaries. For example, a leading consumer products company is accelerating innovation through co-creation by pursuing an open innovation strategy. This strategy is helping them generate over 35% of innovations and an increase in R&D productivity by 60%.

2. You talked about the need for companies to innovate rapidly. Please elaborate and give us an example of this.

Today, customers have a plethora of choices with little or no switching costs. On the other hand, market saturation and rising costs of adding new customers, particularly in the developed world has made customer retention a key strategic goal for large organizations.

Customer loyalty is a function of an individual customer's overall experience combined with the collective experiences of the larger community of influencers. Hence, key organizational interventions are necessary to improve the customer experience by providing product and service platforms where customers and the community of their influencers can define and consume experiences in their contexts. Therefore, the need of the hour is 'Faster Innovation'. Let us take the example of CapitalOne Card Lab. Customers can use this innovation to create new credit cards — not just by designing the look and feel of their own personal cards but also defining its services.

A key point to note across these innovations is the coming together of multiple forces in creating value across networks —



Saturation of markets and rising costs of adding new customers, particularly in the developed world, has made customer retention, i.e. gaining customer loyalty, a key strategic goal for large organizations.



Co-creation with Communities. Community networks and open collaborations provide the necessary infrastructure to nurture the next generation of innovation in the Flat World. The availability of technological and financial resources to organizations and individuals irrespective of their size, location or pedigree is fueling innovation at a faster rate.

3. What is the role of technology in aiding innovation and co-creation?

Globally distributed production facilities, remote service centers, utility-based computing and large scale information mining need an open and ongoing collaboration between a network of companies, customers and the larger community. This essentially means engaging individual stakeholders across the ecosystem, in real time, and dynamically addressing their contextual needs. It is impossible to profitably manage tools, engage several million participants across the globe to discover and execute each instance of their needs without using information technology. Internet, knowledge management tools, analytics, mobile and distributed computing and converging digital technologies form the backbone of co-creation across distributed networks. Take CapitalOne, for instance — their services could not have been created and cost effectively delivered without leveraging the Internet, analytics and the digital ecosystem that customers live in today.



The Internet, knowledge management tools, analytics, mobile and distributed computing and converging digital technologies form the back bone of delivering co-creation across distributed networks.



4. Sounds interesting. Please share an example of Infosys helping its clients innovate through co-creation.

Infosys is taking the lead in helping clients develop capabilities and infrastructure for designing and executing co-creation platforms for their customers and communities. This includes infrastructure, processes and the framework for joint discovery of collaborating platforms through co-creation engagement models. These engagement models are further enabled, by collaborative research, to adopt cutting-edge technologies and services to meet next-generation platform needs. Ontology-based knowledge engineering to support customer-led automobile designs is one such example.

In another case, Infosys helped a large retailer in the US adopt the principles of co-creation to redesign their online presence. The new platform allowed customers to create a repository of their current products and define the new products they intended to buy, along with price points and purchase schedules. Following this implementation, the next set of innovative products released was developed faster, by engaging experts, customer communities and vendors.

5. How do customers & organizations benefit from experience co-creation?

There are several benefits for both — organizations and customers. For organizations, leveraging co-creation platforms provides a deep and contextual understanding of customer behavior, reduces overall cost of their offering, increases the rate of adoption of new technologies and the speed and number of innovations. Most importantly, it enables delivery of products and services to the customer when they want it and in the form they best appreciate it, leading to customer retention.

Customers, on the other hand, get exactly what they want at a price that is fair and competitive. They also get to enjoy the experience of creating the product they desire. This strengthens their affinity with the organization/ brand, turning them into brand ambassadors. A good example of this is the 'Lego Factory', where customers can design new Lego models using the Digital Designer. The created models can be submitted to online Lego competitions and the best models are selected and published online. These models are then developed by Lego and put on sale which can be purchased online. Feedback on existing Lego models is also collected. The factory thus becomes a medium for continuous improvement and is a primary source of ideas for new Lego products. Faster innovation by co-creation is the way to sustain customer loyalty.

**Faster innovation by co-creation is the way to
sustain customer loyalty.**

Discuss at <http://blogs.infosys.com/thinkflat>

Author Profile:

Manjunatha Kukkur, Research Leader, Co-creation Centre of Excellence, SETLabs, Infosys, undertakes research in the areas of customer-involved innovation and adoption of co-creation practices by clients. He has implemented consulting projects on strategy, innovation, process and technology solutions across industries, including automotive, pharmaceuticals, retail, banking and insurance for over eight years. Manjunatha holds a Bachelor's degree in Engineering and a Master's degree in Management.

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