

HOW TO CREATE INNOVATION FROM BUSINESS POTENTIAL

EDP FOCUS GROUP EVENT FOR RIS3 IMPLEMENTATION IN
GABROVO (BULGARIA),
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What is innovation?

There are many different definitions of what innovations are. Which one to choose and why?

What is innovation?



WIKIPEDIA
The Free Encyclopedia

- **“Innovation** is a new idea, more effective device or process.^[1] Innovation can be viewed as the application of better solutions that meet new requirements, inarticulated needs, or existing market needs.^[2] This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets, governments and society. The term innovation can be defined as something original and more effective and, as a consequence, new, that "breaks into" the market or society.^[3]”

<https://en.wikipedia.org/wiki/Innovation>

What is innovation?



WIKIPEDIA
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- “While a novel device is often described as an innovation, in economics, management science, and other fields of practice and analysis innovation is generally considered to be a process that brings together various novel ideas in a way that they have an impact on society.”

<https://en.wikipedia.org/wiki/Innovation>

What is innovation?

“innovation

Definition

- The process of translating an idea or invention into a good or service that creates value or for which customers will pay.
- To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need.”

Vir: <http://www.businessdictionary.com/definition/innovation.html#ixzz3nh7UpFgb>

What is innovation?

“Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers. In a social context, innovation helps create new methods for alliance creation, joint venturing, flexible work hours, and creation of buyers' purchasing power.”

Vir: <http://www.businessdictionary.com/definition/innovation.html#ixzz3nh7UpFgb>

2 What is innovation?

"Innovation is the ability of individuals, companies and entire nations to continuously create their desired future"

John Kao, "Innovation Nation" (2007)

Innovation refers to the creation of new or significantly improved:



Products



Marketing



Processes



Organisation

that add value to markets, governments and society.

What is innovation?

“ **INNOVATION** is
the **successful implementation**
of **new ideas** in any aspect of a
business.”



What is innovation?

Innovation is when sustainable
profits are created from successful
exploitation of **new ideas**



Innovation

Innovation is vital to European competitiveness in the global economy. The EU is implementing policies and programmes that support the development of innovation to increase investment in **research and development, and to better **convert research into improved goods, services, or processes for the market.****

https://ec.europa.eu/growth/industry/innovation_en

The importance of innovation

As highlighted by [EU Industrial Policy](#), industry is crucial for EU [competitiveness](#) and innovation is a key factor in this regard.

Industry accounts for 80% of Europe's exports. **Some 65% of private sector research and development (R&D) investment comes from manufacturing.**

Therefore, industrial modernisation in Europe must be broad-reaching and include:

- the successful **commercialisation** of product and service innovations
- the industrial **exploitation of innovative manufacturing technologies**
- **innovative business models**
- https://ec.europa.eu/growth/industry/innovation_en

The importance of innovation

- Studies show that those companies who prioritise innovation are also those who experience the highest increase in turnover ([Innobarometer, 2014](#)):
- Some **79% of companies that introduced at least one innovation** since 2011 experienced an **increase of their turnover by more than 25%** by 2014.

https://ec.europa.eu/growth/industry/innovation_en

The importance of innovation

- Small and medium-sized enterprises (SMEs) are a particular target for innovation policy. The smaller the company is, the more it faces constraints to innovation or to the commercialisation of its innovations.
- Some **63% of companies with between 1 and 9 employees** declared having **introduced at least one innovation** since 2011, compared to 85% of companies with 500 employees or more.
- Some **71% of companies with between 1 and 9 employees encountered difficulties** commercialising their innovations due to a lack of financial resources, compared to 48% of companies with 500 employees or more.

https://ec.europa.eu/growth/industry/innovation_en

How do we usually start to innovate?

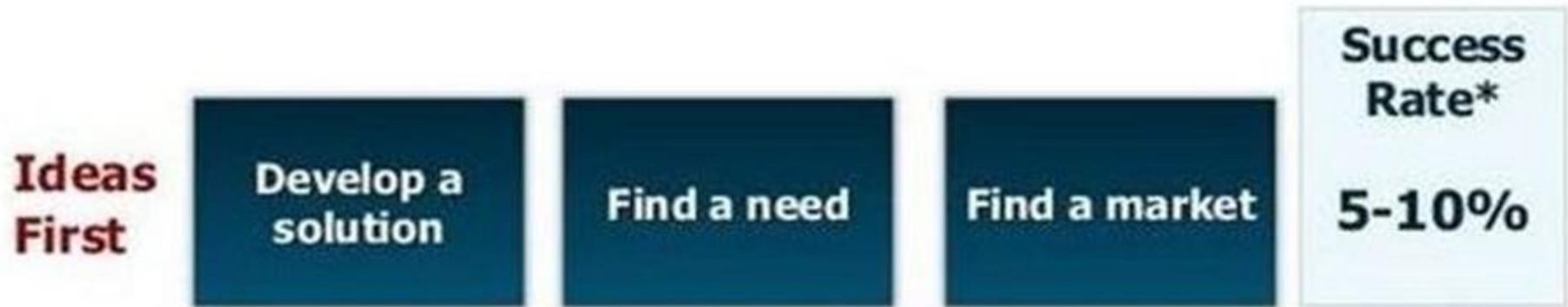
**Ideas
First**

**Develop a
solution**

Find a need

Find a market

Why the usual way of innovation does not work well?



Internet: The 116 Biggest Product Failures Of All Time

<https://www.cbinsights.com/research/corporate-innovation-product-fails/>

Seagway: the future of transportation



How Seagway Works

Segway

The Segway is a two-wheeled, self-balancing, battery-powered electric vehicle invented by Dean Kamen. The name Segway is a homophone of the word segue, meaning smooth transition. Computers and motors in the base of the device keep the Segway upright when powered on with balancing enabled. A user commands the Segway to go forward by shifting their weight forward on the platform, and backward by shifting their weight backward. The Segway detects, as it balances, the change in its center of mass, and first establishes and then maintains a corresponding speed, forward or backward. Gyroscopic sensors and fluid-based leveling sensors detect the weight shift.

Seagway

The company was established in 1999.

So, is Seagway really the future of transportation?



How do we usually start to innovate?



Is this the best option (and why not)?

What we must to ask ourselves?

What we must to ask ourselves?

Whom do you want to serve?

What problem do you see?

The importance of innovation

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□ https://ec.europa.eu/growth/industry/innovation_en

What if we change the perspective?

**Needs
First**

Find a need

**Develop a
solution**

Find a market

What if we start innovate with the real need in mind?

**Needs
First**

Find a need

**Develop a
solution**

Find a market

70 %

Real problems and opportunities for innovation

1 Why do we need an Innovation Union?

Europe is facing many challenges! So we need to:

- create **job opportunities for all, especially the young**
- get the **economy back on track**
- make **companies more competitive** in the global market
- solve the challenges of an **ageing population**
- **secure resources like food** and fuel
- fight **global warming**
- improve **smart and green transport**

Real problem or need?



<https://www.youtube.com/watch?v=QtOh1q5AufM>

Real problem or need?



<https://www.youtube.com/watch?v=QtOh1q5AufM>

Real problem or need?



boasting Continental Tire tread soles, of course,

<https://www.youtube.com/watch?v=QtOh1q5AufM>

Real problem or need?



<https://www.youtube.com/watch?v=QtOh1q5AufM>

Real problem or need?



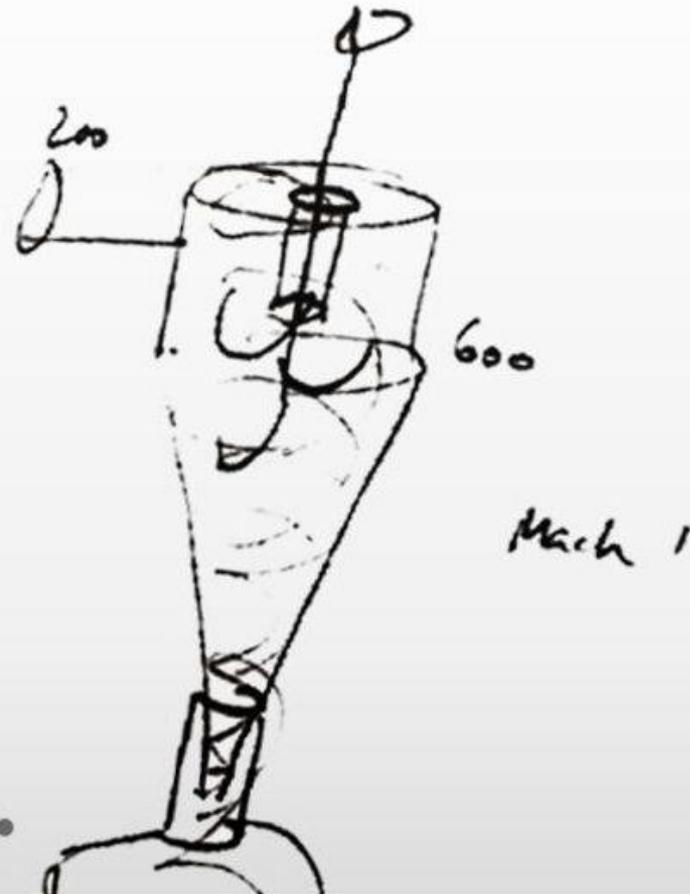
<https://www.youtube.com/watch?v=vjSohj-lclc>

Real problem or need?

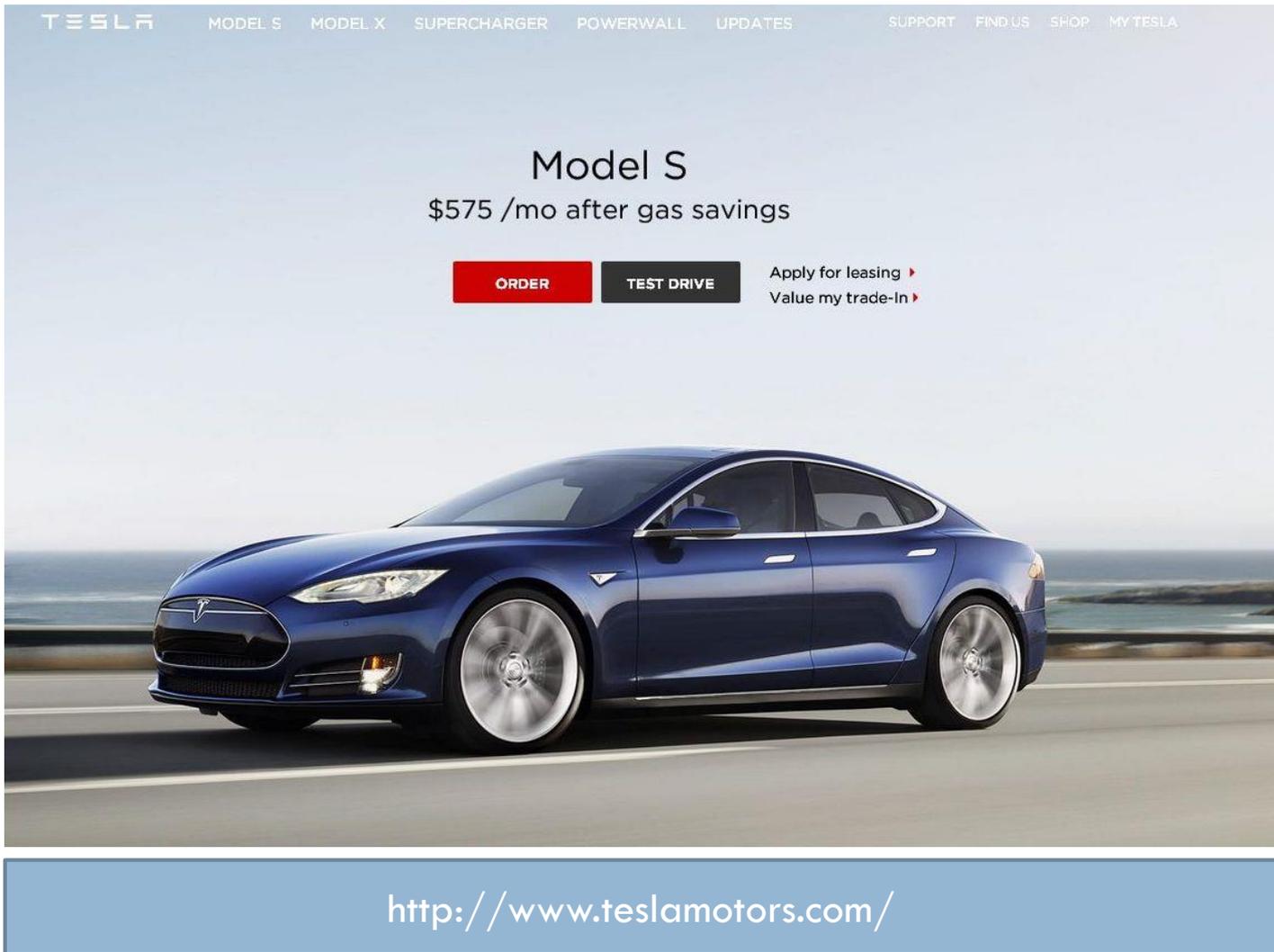
A new idea

In 1978, James Dyson became frustrated with his vacuum cleaner's diminishing performance. Taking it apart, he discovered that its bag was clogging with dust, causing suction to drop. He'd recently built an industrial cyclone tower for his factory that separated paint particles from the air using centrifugal force. But could the same principle work in a vacuum cleaner?

He set to work. Five years and 5,127 prototypes later, he had invented the world's first bagless vacuum cleaner.



Real problem or need?



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<http://www.teslamotors.com/>

Real problem or need?



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The original Amazon website in 1995

<http://www.bloomberg.com/bw/articles/2013-10-10/jeff-bezos-and-the-age-of-amazon-excerpt-from-the-everything-store-by-brad-stone#p2>

Real problem or need?

to see the cutest robot in the world , click here

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NHK WORLD



NIKKO1 225 10,116.49 3:25 NEWSLINE

4:49 / 4:50

YouTube

**Ideas
First**

**Develop a
solution**

Find a need

Find a market

**Success
Rate***

5-10%

**Needs
First**

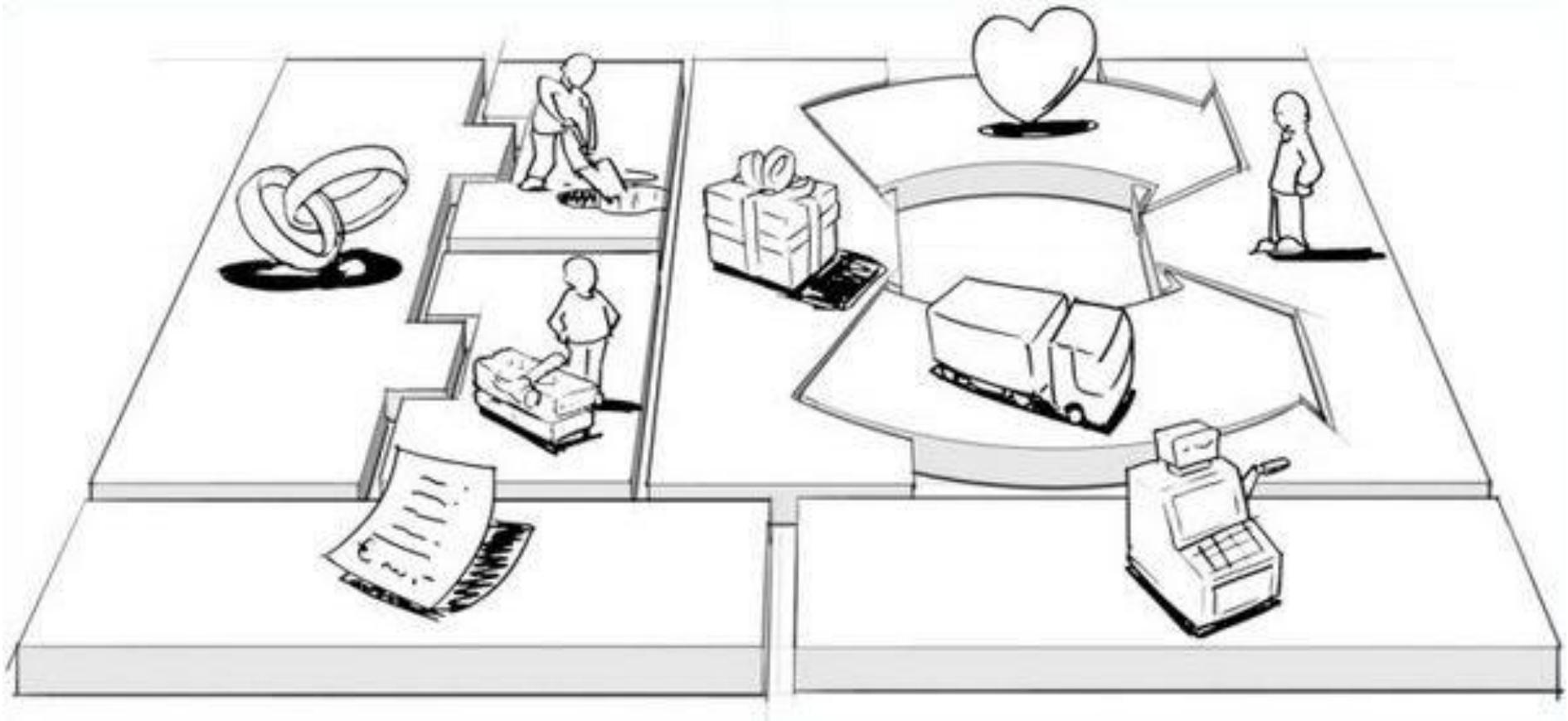
Find a need

**Develop a
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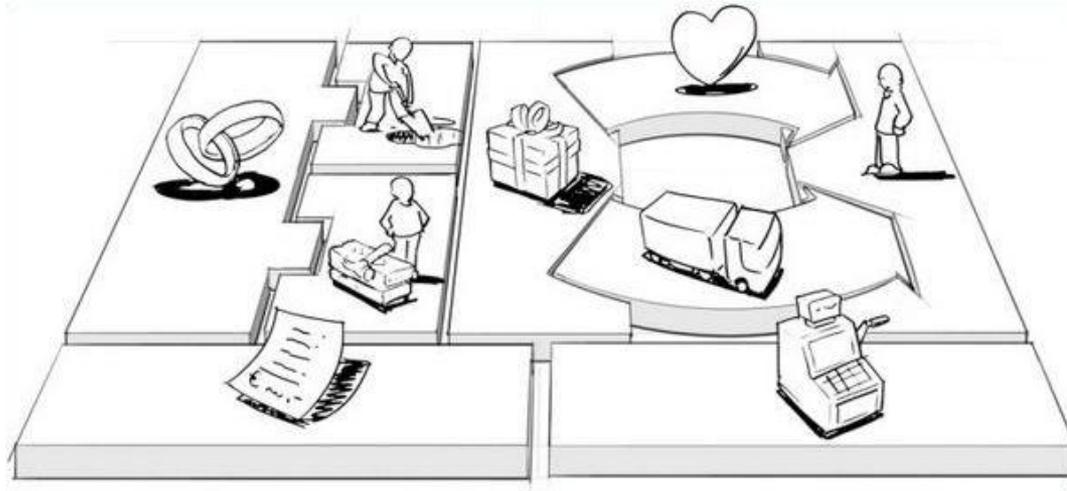
70 %

What if we start to think like final user, customer?



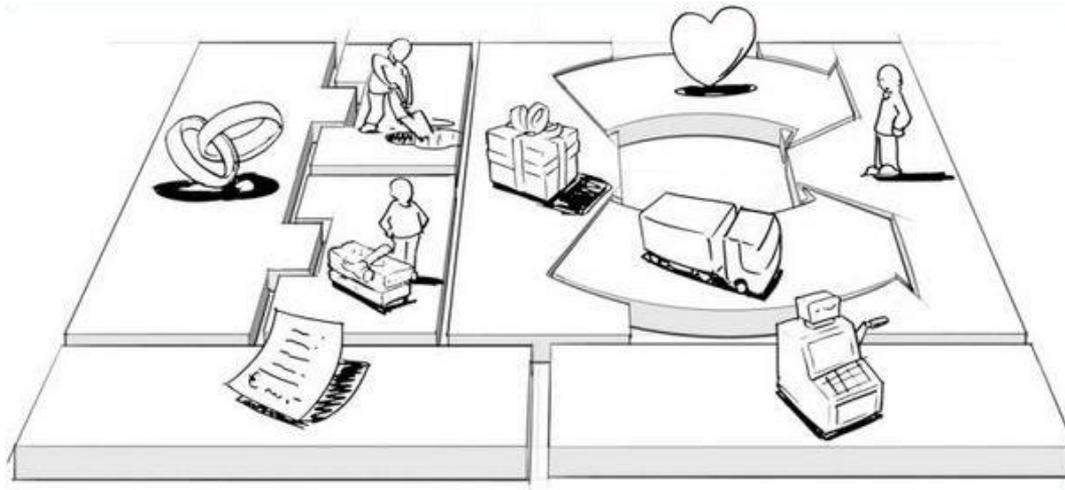
What is a business model?

- **Business model is a rationale how an organization creates, deliver and capture value**



What is a business model?

- **“Business Innovation is About New Value, Not New Things:** It makes no difference how innovative a company thinks its new product is. What matters is whether customers will realize it and pay for it.”



The Business Model Canvas

Key Partners



Key Activities



Value Propositions



Customer Relationships



Customer Segments



Key Resources



Channels



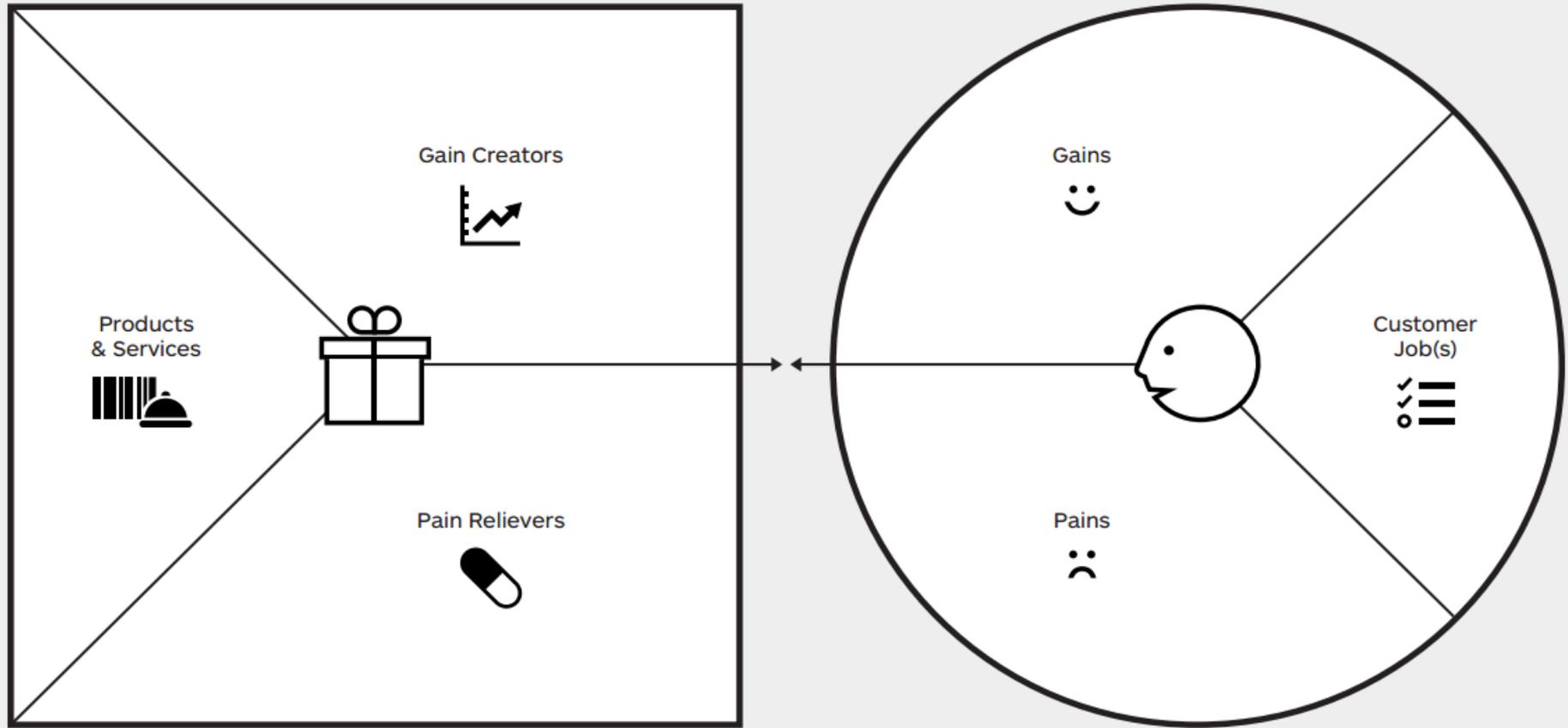
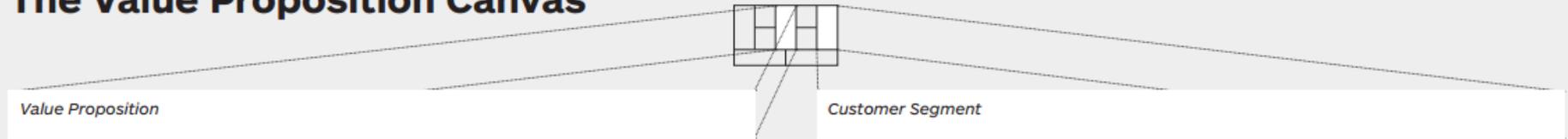
Cost Structure



Revenue Streams



The Value Proposition Canvas

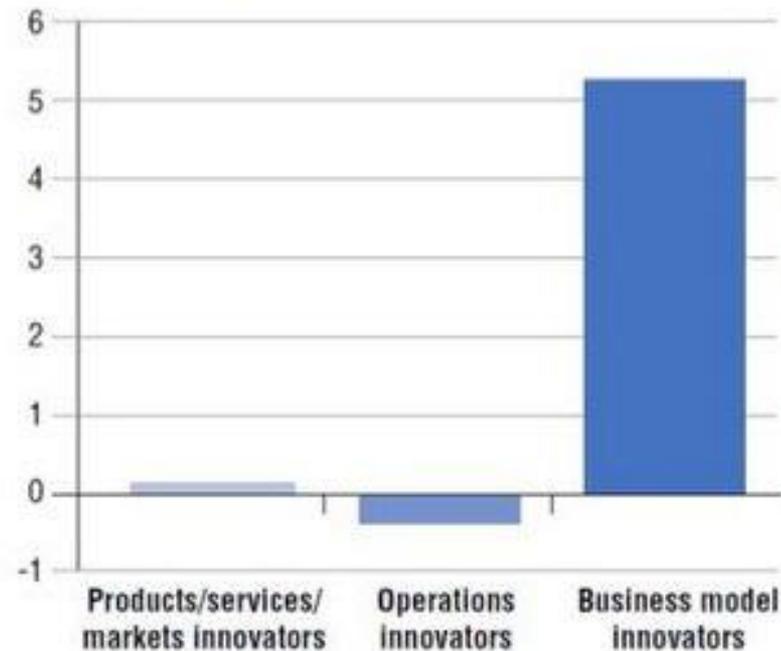


What a business model has with innovation?

Operating Margin Growth

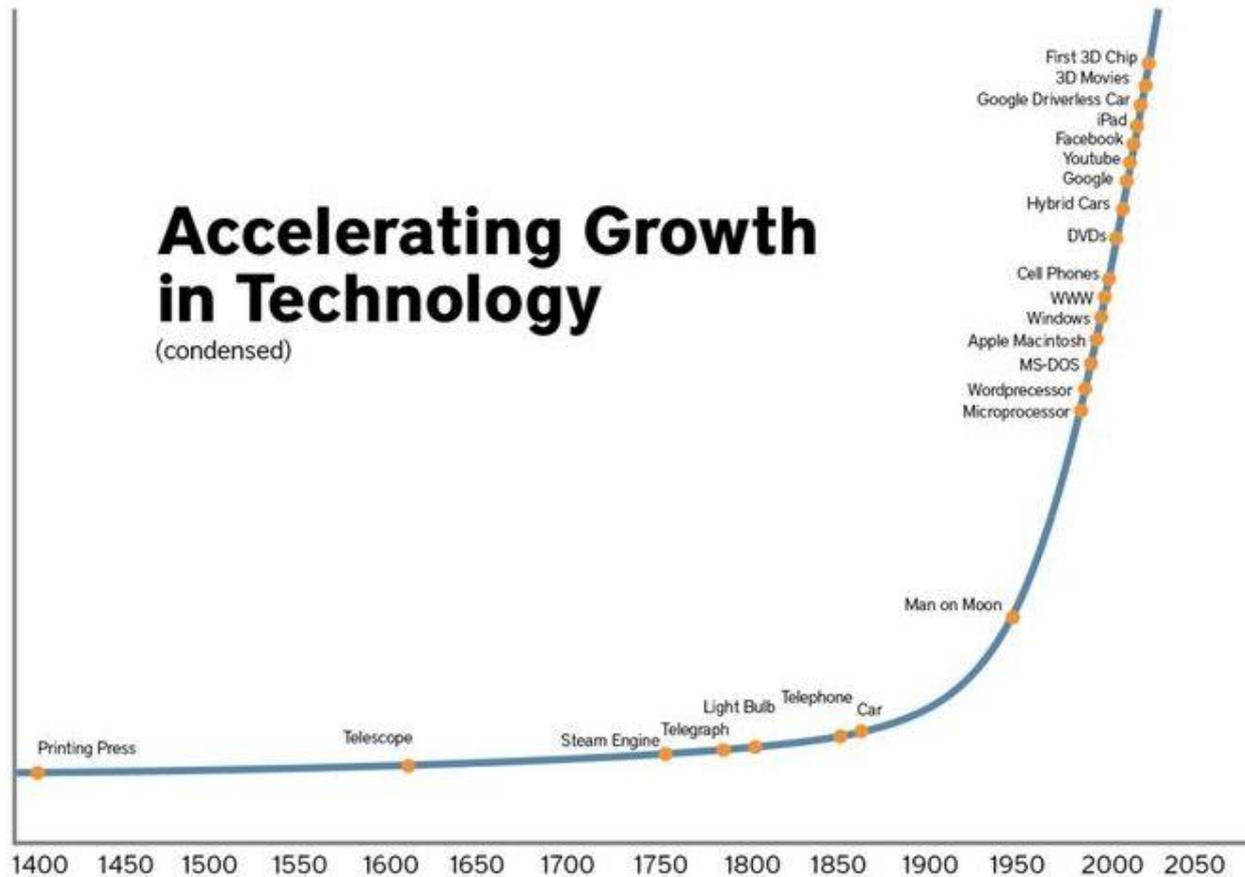
Clip slide

(Percent compound annual growth rate over 5 years)



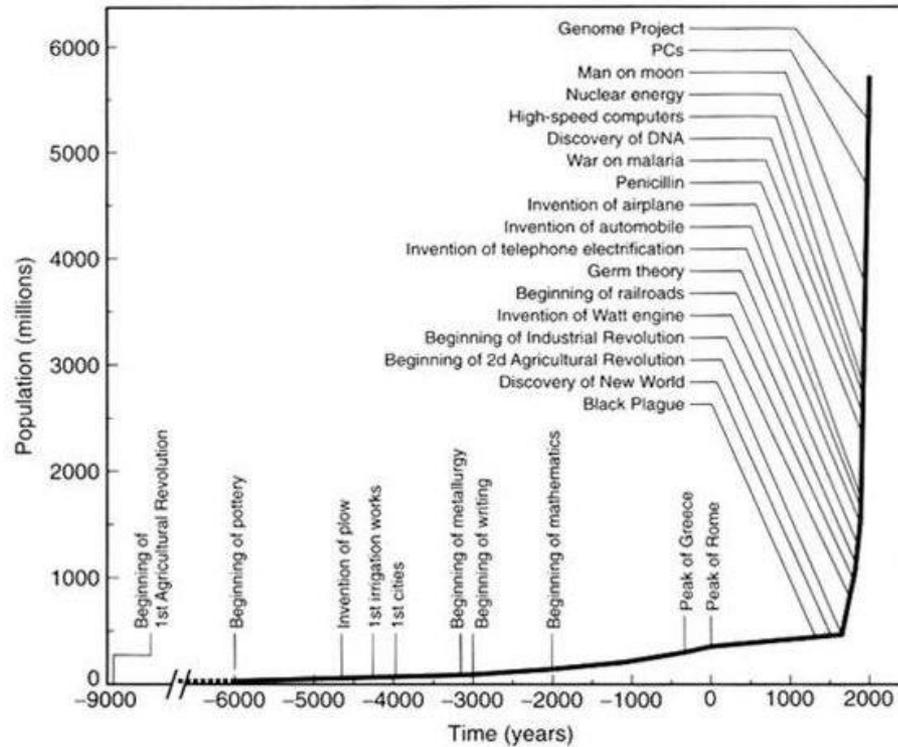
Accelerating Growth in Technology

(condensed)



<https://miovision.com/blog/the-internet-of-things-and-transportation/>

Figure 1. World Population and Major Inventions and Advances in Knowledge



Source: Fogel, 1999

<http://www.fte.org/teacher-resources/lesson-plans/is-capitalism-good-for-the-poor/historical-overview/>

10 Types of innovation

DOBLIN

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Ten Types of Innovation: The Discipline of Building Breakthroughs

The Ten Types / The Book / The App

For many years, executives equated innovation with the development of new products. But creating new products is only one way to innovate, and on its own, it provides the lowest return on investment and the least competitive advantage.

Initially developed in 1998, the Ten Types of Innovation showed that companies that integrate multiple types of innovation will develop offerings that are more difficult to copy and that generate higher returns.

The Ten Types rapidly became a key tool for innovators everywhere—used by entrepreneurs at startups and by industry leaders across the globe.

In 2011, we updated the framework to reflect how business and the world have evolved in the last 15 years. With all-new analysis, data and insights, one thing hasn't changed: the Ten Types of Innovation framework still provides a great way to identify new opportunities and develop defensible innovations.

<https://www.doblin.com/tentypes/>

10 Types of innovation

Figure 1: Ten Types of Innovation®

The most successful business model innovations combine new ways of making money with innovative, great customer experiences.



Source: Larry Keeley, Ryan Pikkell, Brian Quinn and Helen Walters. *Ten Types of Innovation: The Discipline of Building Breakthroughs* (Hoboken, N.J.: John Wiley & Sons) 16-17.

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