BUILDING A
DIGITAL
ECOSYSTEM

COLLABORATE FOR GROWTH

Bruno Berthon | Emmanuel Jusserand | Ben Medland

DISRUPTIVE GROWTH

In today's corporate environment, open collaboration beyond company boundaries has become essential for creating new forms of disruptive growth.

Today, these partnering ecosystems involve digital platforms that enable easy collaboration toward shared goals. Unfortunately, the operating models and cultures of many companies make them unfit for effective participation in a digital ecosystem. Here are six steps to get your company ready for the new era of open innovation and digital partnering.

Looking at innovative developments across multiple industries—from eHealth to the connected car to the smart home and much more—business strategies are being redesigned to reflect a more open and collaborative model. In effect, companies need to develop a new corporate capability that will help to outperform competitors: the ability to spot effective partners and then establish an effective digital platform to enable timely, secure collaboration for the benefit of all involved.

These platforms are emerging for specific business goals. Kaggle, for instance, focuses on collaboration and competitions in the area of data science. The Amazon Mechanical Turk platform gives businesses access to a diverse, on-demand, scalable workforce and gives workers a selection of thousands of tasks to complete whenever it's convenient.

Through these digital ecosystems, organizations can draw on each other's expertise to create innovative or complementary products and services, and extend these offerings to reach broader audiences and markets. The opportunity is significant.

Greater digital collaboration between G20 companies and entrepreneurs could result in an additional $1.5 trillion in global GDP, an uplift of 2.2 percent, with the top 20 percent of companies committed to collaboration achieving higher levels of revenue growth.[1]

WHAT DO EFFECTIVE DIGITAL COLLABORATORS KNOW THAT YOU DON'T?

Unfortunately, developing this new capability—creating and sustaining open, networked innovation at the scale needed in a global business environment—has proven to be a challenge for many major enterprises.

According to Accenture research, the success rate of collaborations is only 44 percent due to poor forward planning and hitting avoidable issues. By contrast, 14 percent of companies who quickly and actively mitigate the key challenges of open innovation early in the collaboration process are rewarded with a success rate of 68 percent.[2]

What do proven collaborators in clusters like Silicon Valley, or innovation hot spots in London, New York, Israel, Stockholm, Hong Kong and beyond, know about creating digital partnering ecosystems that many others don't? If you want to bring the essence of their success into your business, we believe that what you need to model is those companies' sense of proximity—the structured but also serendipitous ways in which diverse groups of people "cluster" together to solve problems, explore external viewpoints and generate new ideas.

For Frank Bobe, entrepreneur-in-residence at Harvard University's Wyss Institute, "clusters are all about people and relationships. The success of certain clusters can be attributed to their open, risk-taking, and collaborative environment. You need to immerse yourself in the culture of the cluster and absorb it."

Banks, for example, are focusing on open innovation. They are putting it at the heart of their digital transformation by engaging with external technology solutions, knowledge capital and resources early on in the innovation process.[3] Collaboration, or "co-innovation," is not a new concept in the financial services industry. However, it is becoming more important to identify new ways to generate value. Banks are undertaking partnerships and acquisitions, creating incubators and making strategic investments to help them rebuild themselves as consumer platforms, not just banks.

97 percent of large companies stated that open innovation is important or critical to higher levels of future business performance.

MAKING YOUR OPERATING MODEL FIT FOR DIGITAL COLLABORATION.

More often than not, however, companies have not designed their operating models to support both physical and virtual collaboration, especially across company boundaries. According to our report, "Digital shoring for networked innovation," more than half of large companies we surveyed (54 percent) reported that the benefits of collaboration were uncertain; and almost half (46 percent) noted a lack of variety in the organizations with which they are collaborating. (See "About the research.")

To move forward, companies must change their operating models to create, run and maintain digital ecosystems. In reshaping existing operating models to better support and enable digital ecosystems, business leaders need to answer important questions. These questions relate to corporate openness, speed and scale, the protection of intellectual property, the use of digital platforms and the readiness of their people.

HARNESSING
DIGITAL

Digital technologies are seen as key to modeling the proximity needed to innovate on a more predictable basis.

In a digital ecosystem, companies collaborate with entrepreneurial partners located anywhere—from next door to across the globe. The complementary skills of such partners can drive higher levels of growth. This approach enables companies to not only make collaborations more efficient, but also to enter into new ways of working and unlock previously unattainable value. For example, in the automotive and high-tech industries, many types of organizations are joining together to set common standards for innovative information and entertainment solutions for car drivers and passengers. (See below, "GENIVI Alliance.")

THE GENIVI ALLIANCE

The GENIVI Alliance, a name derived from Geneva, Switzerland (GEN) and "in-vehicle infotainment" (IVI) is composed of 145 members from Tokyo, Munich, Cambridge (United Kingdom), Silicon Valley and many other locations. The alliance exists, as its name indicates, to develop an opensource in-vehicle infotainment platform—a critical part of the "connected car." The network includes companies from many industries, including automotive, software, consumer electronics and telecommunications.

Alliance members conduct most of their business from a distance, only infrequently sending delegates to gather in a common physical location. Only about 20 percent of the alliance's work is conducted through in-person meetings. Most of the time, its many working groups and teams engage with each other using digital tools.
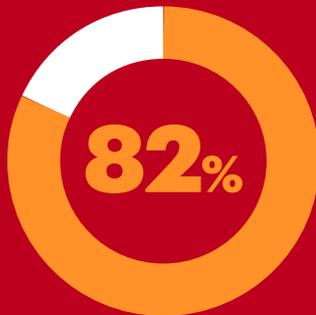
82% Eighty-two percent of executives who ranked a non-collaborative culture among their top-three challenges believe it can be solved digitally.
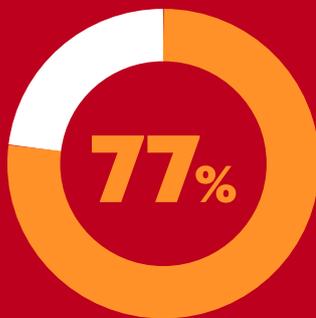
77% More than three-fourths of those who selected "attracting talent" as a challenge see a digital solution.
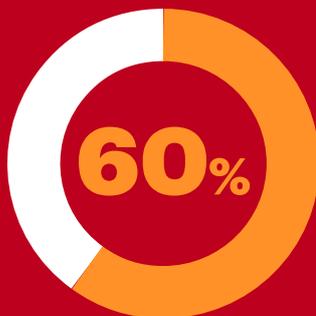
60% More than 60 percent of those who pointed to a lack of information, a lack of variety or inertia as challenges see digital solutions to these problems as well.[4]

On the other end of the spectrum from formal alliances, executives are taking to social media platforms, such as Twitter, to establish and deepen connections with fellow industrialists and innovators. (See below, "MassBio.")

The results can be impressive and financially significant. By matching the performance of the top 20 percent of digital collaborators, organizations can potentially increase revenue growth between 2 and 16 percentage points over the same period.

MASSBIO

The Massachusetts Biotechnology Council (MassBio) is an association of more than 650 life sciences organizations based in Cambridge's Kendall Square. The Council uses Twitter to increase its impact throughout the state of Massachusetts and beyond.

Following the publication of its Impact 2020 report, MassBio created #impact2020 on Twitter to enable ongoing discussions between cluster participants. It hosted entire events on Twitter, featuring regional thought leaders and experts. Sarah MacDonald, executive vice president at MassBio, emphasizes the importance of face-to-face relationships but says these events can "take Kendall Square to those who can't reach it" and bring digital-savvy experts into discussions about the future of the cluster.

ACCELERATING
INNOVATION

Digital ecosystems present many opportunities for collaborative innovation.

However, older operating models tend to be a corporate hand brake. Business leaders need to engage their organizations to build and implement a digital ecosystem strategy. Our research identifies several important mindsets and actions of successful digital ecosystems:

1 AGREE ON A CLEAR AND SPECIFIC FOCUS

The strategy should define the shared outcomes to give all parties confidence that their ROI and commitments will be shared equally. Ensure that successful ideas are not stranded beyond pilot phase and can be scaled quickly.

2 LEAD WITH THE CUSTOMER EXPERIENCE

Start-ups and entrepreneurs focus on solving real customer problems. They begin with a customer challenge or frustration, or a need that customers don't even know they have. Focus on what your customers want and need, and how you can improve their experience. Then determine who the best partners are to help you reach your goal.

3 GET CREATIVE AND ESTABLISH AN OPEN CULTURE

Develop digital fluency in employees to network externally, develop processes to absorb learning within the organization and develop a portfolio of digital tools to facilitate effective collaboration. An organization can have the best people and technology, but without effectively empowering both with the right culture, it will not fully realize the benefits. Culture change is led from the top. Leaders can encourage the workforce to innovate and take risks—which is what digital partnerships are all about.

4 PROTECT YOUR IP

The default option should be openness. However, being open-by-default does not mean all guards should come down; companies must continue to protect their competitive essence.

5 MODIFY OPERATING MODELS FOR MUTUAL SUCCESS

Examine entrenched business processes and adapt operating models and technologies to stay focused on long-term success within the extended business ecosystem. A number of formal membership networks have well-developed digital solutions. Business leaders should start using available tools to build and participate in ecosystems while constantly keeping up-to-date with new technologies.

6 USE THE COLLABORATION PLATFORM THAT IS FIT FOR DIFFERENT PHASES OF WORK

Organizations should keep in mind that the security of digital tools is not unlimited. One of our interviewees, AutoHarvest's CEO Jayson Pankin, explained that the digital ecosystem cluster serves as an "innovation speed dating platform" in which would-be collaborators find each other and can swiftly work through due diligence. However, after initial discussions in the chatrooms, they are encouraged to move off that platform and connect directly for the more sensitive parts of their deal-making process. This approach offers a higher level of protection for an organization's intellectual property and enables parties to get to know each other before sharing important information.

BREAKING THROUGH THE BARRIERS

Whether formal or informal, digital ecosystems complement physical with virtual working.

They overcome the limitations of geography to give partners the digital proximity that Silicon Valley, London and Stockholm enjoy—and maybe some of the success it enjoys as well.

To improve chances of success, it is important to quantify and communicate the size and scale of any collaboration opportunity, align strategic priorities and goals across partners, and commit the resources and investment to nurture the digital ecosystem.

Digital ecosystems give companies new and better ways to pursue collaborative innovation. Business leaders that understand and actively tap into this potential can accelerate the path to new disruptive revenue growth through innovation.

JOIN THE CONVERSATION

🐦 @AccentureStrat

in linkedin.com/company/accenture-strategy

CONTACT THE AUTHORS

BRUNO BERTHON
bruno.berthon@accenture.com
Paris, France

EMMANUEL JUSSERAND
emmanuel.jusserand@accenture.com
Paris, France

BEN MEDLAND
ben.medland@accenture.com
London, UK

OTHER CONTRIBUTOR:

MATTHEW C. ROBINSON
matthew.c.robinson@accenture.com
London, UK

ABOUT THE RESEARCH

In collaboration with Oxford Economics, Accenture surveyed 452 executives to understand the importance of location to business competitiveness.

In 2015, we surveyed at least 50 executives (mainly C-suite) in nine clusters from three industries: life sciences and health; chemicals and process; and automotive.

To reflect the diversity of organization types in the clusters, we included professionals from companies directly working in the industry, as well as those from service providers, universities, chambers of commerce, industry associations and research facilities.

The report is available at https://www.accenture.com/us-en/ insight-digital-shoring-networked-innovation

NOTES

1 Harnessing the Power of Entrepreneurs to Open Innovation: The Digital Collaboration Index, Accenture, 2015. https://www.accenture.com/t00010101T000000__w__/it-it/_acnmedia/Accenture/next-gen/B20/Accenture-DCI-Report-Final.pdf

2 Accenture Institute for High Performance, "Open Innovation: Collaborating Successfully with Small High-Tech Firms," 2015. https://www.accenture.com/us-en/open-innovation-collaborating-successfully-small-high-tech-firms

3 "The Future of Fintech and Banking: Digitally disrupted or reimagined?" Accenture,2015. https://www.accenture.com/us-en/insight-future-fintech-banking

4 Digital Shoring for Networked Innovation,Accenture, 2016, https://www.accenture.com/us-en/insight-digital-shoring-networked-innovation

ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 411,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

ABOUT ACCENTURE STRATEGY

Accenture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise-wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership helps drive both efficiencies and growth. For more information, follow @AccentureStrat or visit accenture.com/strategy