OPEN INNOVATION WITH USERS: THE IP CHALLENGES OF CO-CREATION

Prof. Thierry Rayna
Dr Ludmila Striukova
About us…

Prof. Thierry Rayna

☆ Professor of Economics
☆ Novancia Business School Paris, Imperial College London
☆ Associate Editor of Int. J. of Manufacturing Technology and Management
☆ e-mail: trayna@novancia.fr
☆ Twitter: @ThierryRayna

Dr Ludmila Striukova

☆ Senior Lecturer (Associate Prof.) in Management
☆ University College London
☆ Associate Editor of Int. J. of Entrepreneurship and Innovation Management
☆ e-mail: l.striukova@ucl.ac.uk
CO-CREATION
What is co-creation?

An active, creative and social collaborative process between producers and users aimed at creating value for customers (Piller et al., 2010)
Design vs Manufacturing

- Co-creation can take place at two different stages in the production process:
  - Product design: consumers suggest a design, create their own design or improve/amend an existing design;
  - Product manufacturing (and distribution): consumers manufacture products themselves (for example using a 3D printer) and might even distribute it.
User Involvement in Co-Creation

Design

Leading

significant

Major

Bespoke
Clothing

Codesigned
Home 3D
Printed

DIY

Traditional
Production

Factory
Outlet

Bespoke
Clothing

Codesigned
Home 3D
Printed

DIY

Traditional
Production

Factory
Outlet

Distribution

Manufacturing
Sponsored vs Autonomous Co-Creation

- Sponsored: activities conducted by individuals or consumer communities at the initiative of an organisation.

- Autonomous: consumers produce value through voluntary activities, conducted independently from producers
Autonomous vs Sponsored
Individuals vs Communities

* Co-creation communities formed between consumers.
  * “communities of creation” or “communities of co-design”
* Create common knowledge and value for members, but also for ‘outsiders’.
* Co-creation communities are extremely valuable
  * Provide new ideas
  * Help save on R&D
    * Especially critical when development of products and technologies are beyond company’s resources.
Examples of Co-Creation

- Social media
- Crowdsourcing
- Crowdfunding
- Open Source
- Print at home tickets
- 3D Printing platforms
CO-CREATION, OPEN INNOVATION AND MASS-CUSTOMISATION
Co-creation and Open Innovation

* Co-creation = Open Innovation with users
* But: not all co-creation activities leads to open innovation (failure to commercialise)
Co-Creation vs Mass Customisation

- Mass customisation = production of personalised or custom/tailored goods or services
- Often associated with co-creation
- **but**: only co-creation if actual creative input from users
  - e.g. choice between set set options is mass-customisation, but not co-creation
Open Innovation, Co-creation & Mass-customisation
Open Innovation, Co-creation & Mass-customisation
OVERCOMING THE CHALLENGES OF CO-CREATION
Typology of Co-creation

Differentiated

User Manufacturing

Crowdfunding

Crowd-customisation

Crowdsourcing

Custom

Co-design platforms

Open Source

Integrated

INPUT

OUTPUT

Rayna and Striukova (2015)
Typology of Co-creation

Differentiated

Custom

Mass

OUTPUT

INPUT

Integrated
Typology of Co-creation

Custom - Differentiated

Mass - Integrated

INPUT

OUTPUT
Co-creation and IP

Differentiated

Mass

Custom

Integrated

INPUT

OUTPUT

IP infringement issues

IP assignment issues
IP Assignment Issues

- Less likely when roles are differentiated:
  - Crowdsourcing: commissioning company keeps IP
  - May change in the future: e.g. joint IP for Orange Service Call and Reward project
  - Crowdfunding: depends on project (clear from the start)
IP Assignment Issues

✶ Much harder when roles are integrated
  ✶ Not always possible to untangle IP
  ✶ Strong IP regime might hinder participation
    ✶ Unless the project is modular (but potential costs)
✶ Yet, it matters less in the ‘custom’ case
  ✶ Assuming that ‘custom’ does not become ‘mass’!
IP Infringement Issues

- IP Infringement is far more likely in the ‘mass’ case than in the ‘custom’ case.
- Yet, in the ‘differentiated’ case, the company may have assets that co-creators do not have (e.g. a t-shirt factory).
- For a very large mass-market, incentives might still exist.
- In the ‘integrated’ case, joint ownership or weak IP regime is often required.
Autonomous vs Sponsored

° Autonomous co-creation likely to arise in all cases
° Motivation often arises from lack of customisation options
  ° Increases with knowledge and technology
° But autonomous co-creation may remain private if there is not a mass ‘appeal’
° Important to assess the ‘custom’ appeal and the ‘mass’ drive and turn autonomous co-creation into sponsored one
Other Critical Aspects

- Motivational challenges
- Costs and risks

http://ssrn.com/abstract=2412590
Questions?

l striukova@ucl.ac.uk
trayna@novancia.fr
@ThierryRayna