Efforts toward Co-Innovation Promotion

Kazuhiko Shindo, Takeshi Sugiyama, Shozo Azuma, and Kiyoshi Kurokawa

Abstract

NTT is now shifting its business model from the conventional B2C (business-to-consumer) model to the B2B2C (business-to-business-to-consumer) model in order to create novel services in alliance with various external players. This article introduces the Co-Innovation Promotion Project that was launched at NTT Service Evolution Laboratories to promote partnerships with them.

Keywords: co-innovation, B2B2C, technical marketing

1. Introduction

In 2014, the NTT Group announced the launch of the Hikari Collaboration Model, which involves wholesaling optical-fiber access services—as a worldwide first—from NTT EAST and NTT WEST. This model is aimed at activating the ICT (information and communication technology) market in which novel value creation is achieved. Consequently, NTT is now shifting its business model from conventional B2C (business-to-consumer) to B2B2C (business-to-business-to-consumer). NTT laboratories, as part of the NTT Group, are now required to contribute to value creation for various external players and also for the NTT Group itself by developing new business domains.

NTT laboratories launched the Co-Innovation Promotion Project (EIP: Service Evolution Lab. Co-Innovation Promotion Project) in NTT Service Evolution Laboratories in December 2014 to achieve the contributions described above. EIP is more than a project, however; it is an organization of people working to achieve various outcomes. The mission of EIP is to draft cross-organizational research and development (R&D) strategies for service creation, to enhance promotional activities, and to promote industry-academia alliances directed toward the new services expected to be launched around the year 2020 with the Hikari Collaboration Model and the Co-Innovation Promotion Project.

2. Conventional technical marketing activities

The Business Promotion SE (System Engineer) Project, the former name of EIP, was focused on technical marketing and business promotion of R&D products as a one-stop representative organization of NTT laboratories in collaboration with developing companies and producers[*1]. The actual activities are described below:

- General consulting: Presenting R&D products and promoting collaboration between the representatives of each business company.
- Solution Business Produce: Promoting the *trinity*: laboratories that possess R&D products, developing companies that build commercial products, and business companies that provide services using the products.
- Industry-academia alliance promotion: Promoting collaborations with academic parties, for example, collaborative research projects.

NTT laboratories have various R&D themes, which for the most part have been put into practical use as components of services from business companies, as

*1 Producers: Representatives who are responsible for creating new services by connecting the wide range of technological products from NTT laboratories with those of partners, and in so doing, forming alliances with various firms or parties.

components for internal use by the business companies, and as components of products sold by developing companies. However, quite a few of these companies have failed in these activities, whereas many of them might have been able to put the research to commercial use by collaborating with an external partner, which may have enabled the companies to extract unexpected value from the products and make full use of sales channels and proper commercialization processes that the partner companies possess. Recent changes in the circumstances around the NTT Group suggest that EIP needs to discover prospective alliance partner firms to create new services, to promote academic alliances in inexperienced fields, and to collaborate with venture firms, in addition to working on improving conventional practices.

3. Evolution of activities leading to Co-Innovation

In order to achieve Co-Innovation, it is important for NTT laboratories that EIP remains a reliable representative that various players can rely on. The players may be firms, universities, venture companies, or other organizations. They may also be NTT researchers. EIP thus assists the NTT Group with *encounter* and *awareness* services. The five characteristic services of EIP are *planning*, *implementation*, and *development* in addition to the abovementioned *encounter* and *awareness* (**Fig. 1**). The following sections describe three of these services: encounter, to receive acknowledgement from external partners and to build relationships with them; awareness, to provide opportunities to create novel ideas via technical surveys and discoveries; and planning, to promote business based on these ideas.

3.1 Encounter: evolved activity of promotion

EIP plans and holds internal technical exhibitions of the NTT Group that present opportunities to communicate the interests of related organizations. The latest event conveyed a favorable impression of several focused exhibitions that were designed to show application services, using the business model canvas (BMC[*2]). It was an experimental event designed to go beyond a mere introduction of technologies. The event will be expanded to a forum for making business proposals by presenting usage scenes of R&D products complemented by external technology. EIP employs the BMC to make technical proposal documents to increase the impact of technical marketing.

EIP also plans and conducts cooperative observation and discussion meetings to identify opportunities for business creation. For example, EIP held a meeting to discuss business in agriculture and to introduce related products. The discussion resulted in actual business proposals. EIP plans to hold such meetings in fields other than agriculture to promote cross-company relationships for organizations engaged in the same fields.

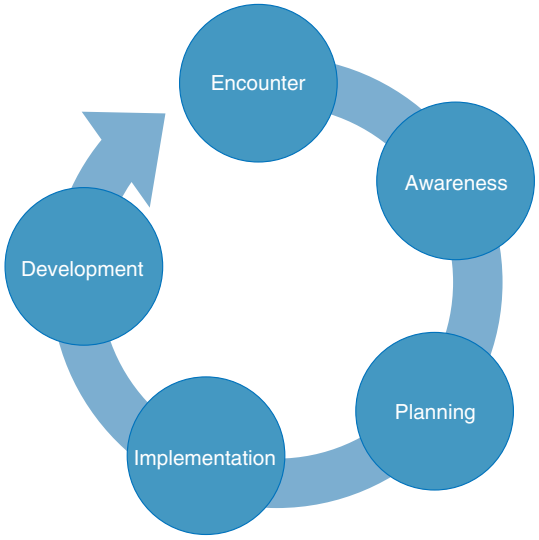

Fig. 1. Five services of EIP.

3.2 Awareness: novel activities for Co-Innovation and evolution of academic alliances

EIP is working on a value co-creation project to generate ideas for new services with prospective partner firms. EIP members present comprehensive information on NTT R&D products to the firms and work on creating business concepts based on the service resources of the firms that accommodate NTT R&D products (**Fig. 2**).

In the value co-creation project, a video is shown that presents a future vision using NTT R&D products, and the viewers are given opportunities to experience them. EIP members thus build typical user models that suggest usage scenes and introduce related technologies. NTT R&D products are no longer based only on a technical perspective but also on a user perspective. The prospective partner firms can imagine service scenes from their own viewpoints

*2 BMC: A general term for a set of tools used to build business models; it consists of nine blocks: customer segments, customer relationships, channels, value proposals, main actions, resources, partners, money flow, and systematic cost evaluation.

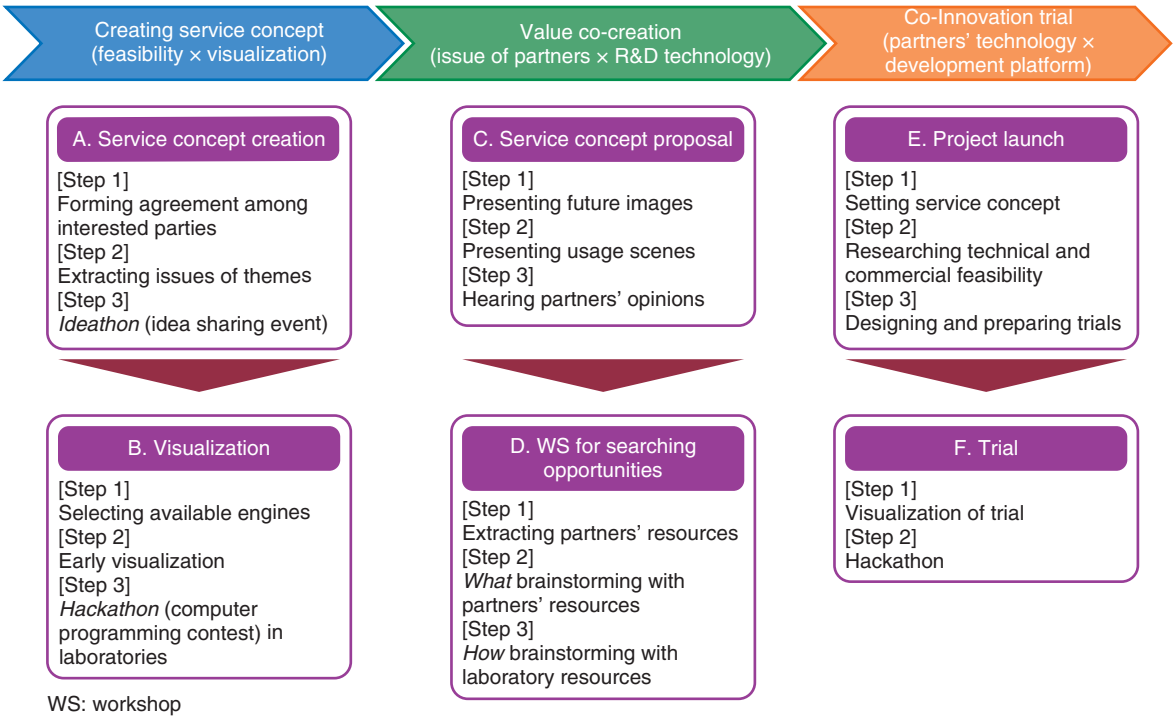

Fig. 2. Flow of a value co-creation project.

and those of their customers. The firms can also gain an understanding of the expected future vision by experiencing the latest NTT R&D products. The members thereafter hold brainstorming sessions to create service ideas based on the above resources (referred to as *What* brainstorming), and events to devise implementation processes by utilizing NTT R&D products and complementary resources of business companies (referred to as *How* brainstorming).

EIP induces the parties concerned to find partner firms at an early stage and to plan new services.

Meanwhile, conventional academic alliances have focused on cooperative research to complement internal resources by matching themes. The extended focus is to find desired alliances with unfamiliar academic organizations and various types of firms including ventures derived from universities. A greater selection of R&D products can thus be put into practical use.

3.3 Planning: evolution of commercialization

It is essential to analyze the businesses of partner firms to identify business issues and to implement strategic technical marketing of related R&D products and to promote the partnerships. EIP members create account plans to concentrate on the tasks they are focusing on. They administer and analyze their tasks according to the phase of their activity in order to clarify purposes, visualize the activities, and improve their activities. When an analysis phase is added and a clear perspective of the next actions is gained, EIP members can expect their efforts to result in commercialization of a substantial part of their work (**Fig. 3**). Several R&D products thus have been put into commercial use. To effectively promote alliances with partner firms, an information system to timely share information on key persons and their activities is needed. EIP members carry out effective technical marketing using sales force automation to share the negotiation history of projects, the status of projects, and other important information on their activities.

EIP's contributions are to attain wider awareness of R&D products, to activate R&D and commercialization, and to serve as a one-stop representative for various players including NTT laboratories themselves through the encounter, awareness, and planning services described above.

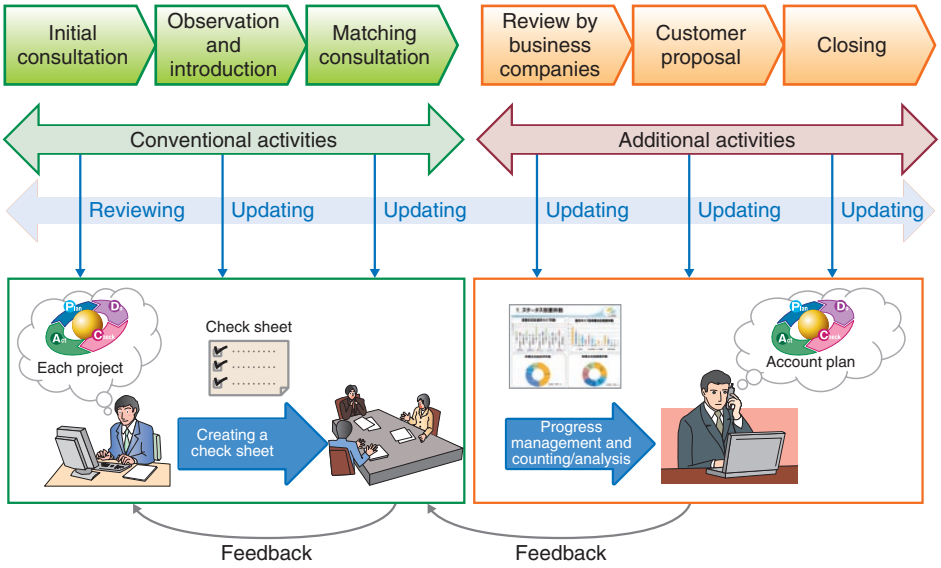

Fig. 3. Evolution of commercializing activities.

4. Future tasks

EIP will conduct R&D activities concerning future business of the NTT Group through Co-Innovation, targeting commercialization around the year 2020.

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