

A Case for Open Innovation

IN THE DIGITAL AGE

Research shows that integrating artificial intelligence (AI) can double the pace of R&D, but this acceleration comes at a cost.

While the financial incentives are high and consumers are demanding ultra-personalized experiences at an unprecedented rate, the speed at which we're moving today is drastically shrinking the window companies and inventors have to patent their intellectual property.



As the [Deloitte Center for Integrated Research](#) reported back in October 2024, “innovations that once held a competitive advantage for years now face swift replication and adaptation by competitors, often also occurring within months.”

Alongside this race to produce the next hit product or service, we're seeing a heightened level of distrust. After all, if the time people have between conceptualizing an idea and patenting it is dwindling, inventors must be secretive about the projects they're trying to bring to life.

But what if the answer behind creating products and services that have a meaningful impact is actually the opposite? Open innovation – a strategy that requires organizations to collaborate with external partners and, occasionally, competitors – leads to [33% higher success rates and a 40% reduction in time-to-market](#).

In this issue, we'll explore how open innovation works, what prevents organizations from adopting it, and how you can reap the rewards of open innovation while protecting your intellectual property.

A Closer Look at Open Innovation

KEY FRAMEWORKS + ADVANTAGES

Before we get too far ahead of ourselves, let's drill down to make sure we have a solid grasp of what open innovation is and why it's worth investing in.

At its core, open innovation simply encourages organizations to exchange knowledge, resources, and technologies with third parties to bring new ideas to market. It recognizes that some of the most innovative ideas can come from outside of a company's internal R&D department. There are three primary open innovation models:

- **Inbound open innovation** is when a company leverages knowledge, ideas, and resources from another organization to facilitate innovation, often to fill gaps in their existing R&D capabilities.
- **Outbound open innovation** is when an organization shares their expertise and resources with other external entities to generate new business opportunities, like when a university shares their research with a consumer packaged goods (CPG) company.
- **Collaborative open innovation** combines the inbound and outbound models to create a symbiotic relationship between two organizations that share ideas, knowledge, and resources.

Organizations that adopt open innovation principles often partner with universities and startups, but they may also exchange insights and capabilities with customers and even competitors.



What Advantages Does Open Innovation Offer in the Digital Age?

When implemented correctly, open innovation programs have immense potential. By opening up lines of communication with external partners, companies encourage a more collaborative and forward-thinking work environment that often results in surprising breakthroughs. Through the diversification of ideas, resources, and technologies, this alliance also:

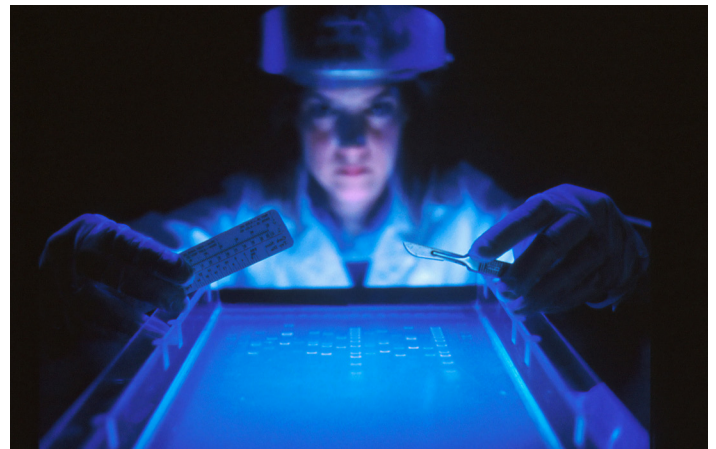
- Reduces R&D costs
- Accelerates time-to-market
- Expands access to industry-leading research
- Opens up new revenue streams
- Increases flexibility

What Prevents Organizations from Adopting Open Innovation Principles?

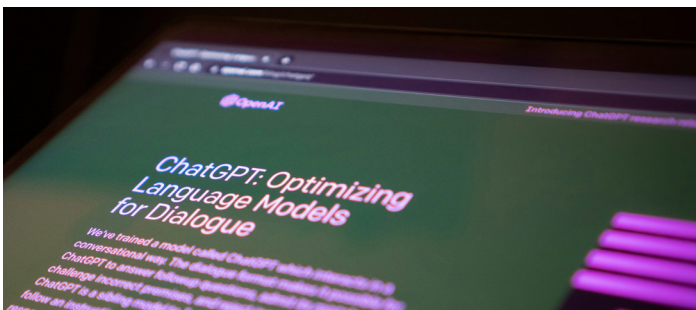
Despite all of the benefits open innovation can provide, many organizations are hesitant to adopt this philosophy. A [2023 study conducted by Fast Company and Deloitte](#) revealed that 40% of business leaders are deterred by their desire to protect intellectual property. While this has arguably always been a concern, the rise of AI has only fanned the flames by calling into question who has ownership over the content, products, and services these large language models (LLMs) produce.

Here's a simple example: If a writer uses ChatGPT to produce a blog post, who owns the published content? Is it the writer who prompted the AI model, edited, and published the work, or is it the person who coded the algorithm ChatGPT used? Does the AI model itself have a claim to ownership? What if the writer only used ChatGPT to brainstorm ideas or create the outline?

Now, apply this line of questioning to a medical research lab. If a research team uncovers a life-saving cure for cancer through the use of AI, who should be allowed to patent this discovery? If the answer is both the research lab and the programmers who developed the AI program, what percentage of accolades and compensation are each entitled to?



It's tricky, isn't it? Without global (or even national) regulations, emerging tech continues to push traditional intellectual property boundaries, leaving us questioning what ownership looks like in the digital age.





How Can Organizations Apply Open Innovation Principles To Protect Intellectual Property?

While the rapid advancement of open-source technology sparks a heightened desire to safeguard intellectual property at all costs, it's a fear we have been combatting, perhaps, since the beginning of time.

It's also the same fear that holds businesses back from adopting open innovation practices. This means we can apply similar strategies to mitigate risk, with the added benefit of employing advanced tech solutions for better monitoring and protection.

Assess Gaps and Opportunities

Successful open innovation programs start by uncovering what an organization lacks and where they can provide unique value. By assessing each stage of the innovation cycle, business leaders can identify where their teams may benefit from support from a third-party organization.

Analyze key areas, like:

- Idea generalization and mobilization
- Advocacy and screening
- Experimentation
- Commercialization
- Diffusion and implementation

Once you have a list of areas your team could use support, create a second list of external organizations that may be able to share resources, tools, and information to give you a boost.

Then, repeat the process looking for your strengths instead of your weaknesses. Do you have non-proprietary resources or information that could benefit another organization you're interested in partnering with?

Establish Ownership and Revenue Agreements

Before entering into any sort of open innovation arrangement with a third party, establish ownership and revenue agreements. Clearly outline who will retain rights to any of the products, services, or intellectual property that develops as a result of your partnership.

There are several methods you can use to approach this, and the right solution will depend largely on your industry and the type of work you engage in, but one interesting example comes from the versatile open source subscription model we see in tech.

Meta uses this framework for its open-access LLM, Llama 2, by providing a community license that lets people use it commercially.

However, once a product someone creates using Llama 2 surpasses a threshold of [700 million users per month](#), they must pay an ongoing licensing fee. Other tech companies like GitHub rely on similar open source subscription models.

Develop a Global Intellectual Property Management Strategy

Documenting everything and applying for patents early are important practices, but in the digital age, IP laws need to be assessed from a global perspective. As Deloitte notes, “enforcement can be incredibly complicated as IP laws have often not yet caught up with technological advancements — and if they have, they typically vary among jurisdictions, leading to legal ambiguities and enforcement gaps.”

[Samsung’s global IP strategy](#) provides an excellent case study. As the company expanded its IP portfolio across the globe, it strategically filed patents in prominent markets like Europe, the United States, and China. Focus on integrating these key international markets into your IP strategy by registering trademarks, patents, and copyrights.

You can lean on international legal frameworks from the [World Intellectual Property Organization](#), but it’s wise to work with an experienced patent attorney or [a consulting firm like Innovationedge](#) that specializes in this area.



Invest in Digital Rights Management Software

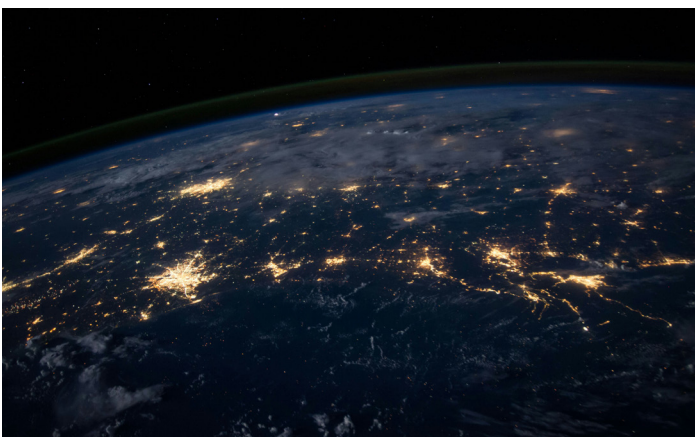
As digital content becomes easier than ever to produce and LLMs are fed existing media to spin out “new” versions, protecting your intellectual property against unauthorized use should be a top priority.

One way to safeguard digital assets like videos and images is to adopt a sophisticated digital rights management (DRM) system. DRM software provides real-time tracking and analytics to monitor the global distribution of content, flag copycats, and enforce licensing agreements. Many of these systems also help organizations control asset distribution across channels.

While the right DRM system for your business will depend on the type of digital assets and intellectual property you want to protect, [some popular options](#) include:

- Adobe Primetime DRM
- Brandfolder
- MediaValet
- Orange Logic
- Wedia

Another DRM solution gaining traction is [DoveRunner](#), which focuses on protecting video content specifically. Formerly known as PallyCon, this software applies forensic watermarks, which make it easier for companies to track unauthorized usage and decrease revenue loss due to piracy.



A Framework for Scaling Open Innovation

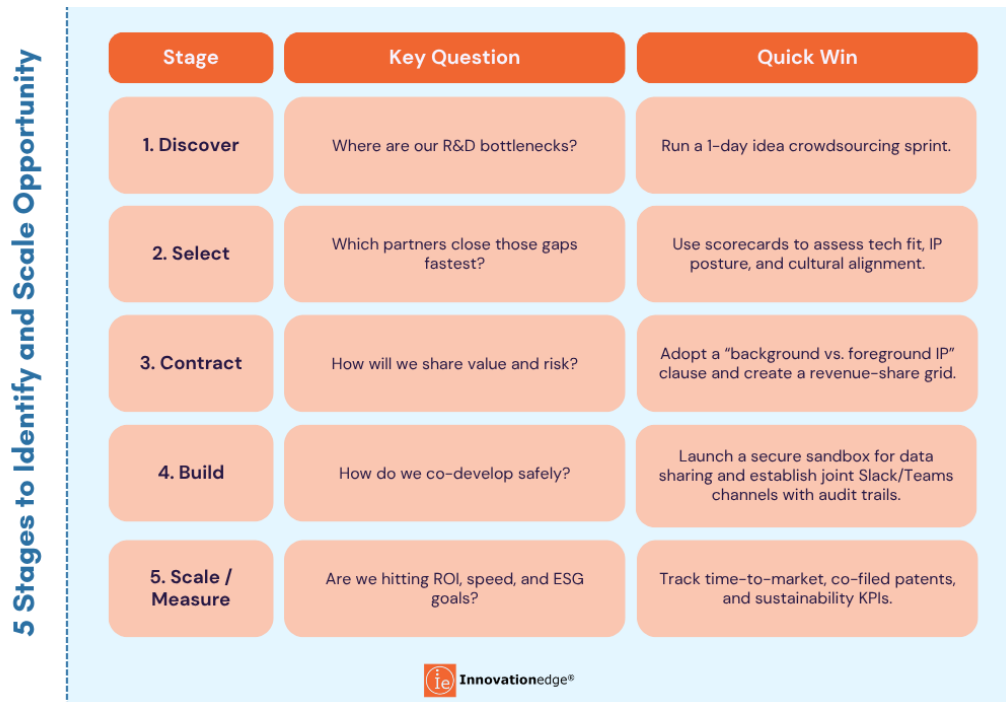
WITH STEP-BY-STEP PHASES

AI isn't just a sideshow when it comes to innovation anymore. It's the newest growth engine. McKinsey estimates that applied AI could unlock [up to \\$500 billion in annual value](#) by doubling the pace of R&D. But here's the catch: only 1% of companies have achieved true AI maturity.

Let's consider [PepsiCo's recent breakthrough in product reformulation](#). By partnering with external experts and applying AI tools across the development lifecycle, the company cut its innovation timeline from two years to just eight weeks. That's the power of open innovation paired with bold action and emerging technologies.

But speed alone isn't enough. Without a structured approach, it's easy to lose momentum or miss critical value-capture opportunities. Our team at Innovationedge developed this actionable framework to help organizations assess where they are in their open innovation journey and what quick wins they can pursue next.

This stage-based framework clarifies the path to scalable innovation and helps leaders take immediate, measurable action. Whether you're just beginning to explore external partnerships or optimizing mature co-development pipelines, each step offers a clear focus and fast feedback loop.



The Future of Open Innovation

AND INTELLECTUAL PROPERTY RIGHTS



Technology is advancing at an exponential rate, while national and international regulations continue to fall farther and farther behind. The desire to protect intellectual property is human and heightened by this uncertainty, but it doesn't have to limit open innovation efforts.

By taking proactive steps to develop formal ownership agreements, create a global IP management strategy, and invest in the right DRM system, companies can maintain beneficial external partnerships that bring new ideas and resources to the table.

If your organization is interested in boosting its innovation capabilities, we're here to help. [Send us a message](#) to learn more about our [open innovation strategies](#) and how we help inventors protect their intellectual property. We also encourage you to follow Innovationedge on [Facebook](#) and [LinkedIn](#) for updates as we continue to report on the biggest trends across industries.

Don't forget to tune into our new podcast, [Incite Innovation](#), to stay updated on the the latest news, opportunities, and challenges that are shaping the world as we know it.



Innovationedge is a global strategic innovation consultancy with offices in Florida and Wisconsin. Our team's fearless champions of innovation break barriers to help executives define their strategy, develop capabilities, design a winning organizational structure, and deliver breakthrough innovations through a robust growth pipeline of sustainable solutions and new-to-the-world innovations. Innovationedge also gives inventors an edge by crafting winning business propositions and creating strategic corporate partnerships that deliver commercial success.

