Welcome to the world of innovation ecosystems—a world in which the success of a value proposition depends on creating an alignment of partners who must work together in order to transform a winning idea to a market success. A world in which failing to expand your focus to include your entire ecosystem will set you up for failure. Avoidable failure.

The need for collaborative innovation has defined progress since the Industrial Revolution—the lightbulb on its own was a miraculous invention but needed the development of the electric power network to turn it into a profitable innovation. What has changed is the way the collaboration is organized. The shift toward innovation ecosystems follows a historical trend toward greater complexity and interaction that has characterized the rise of the modern economy.

More and more, managers and executives are being pushed into a world of greater collaboration. The upside is that, by working in concert with others within and across organizations, you can accomplish greater things with greater efficiency than you could ever accomplish alone. The downside, however, is that your success now depends not just on your own efforts but on your collaborators' efforts as well. Greatness on your part is not enough. You are no longer an autonomous innovator. You are now an actor within a broader innovation ecosystem. Success in a connected world requires that you manage your dependence.

This book is designed to help managers, leaders, and everyone concerned with innovation see their hidden dependencies and understand how to develop robust strategies that are more likely to succeed. To start, you must consider two distinct types of risk that arise within ecosystems: Co-innovation Risk, the extent to which the success of your innovation depends on the successful commercialization of other innovations; and Adoption Chain Risk, the extent to which partners will need to adopt your innovation before end consumers have a chance to assess the full value proposition.

Ecosystem reconfiguration is at the heart of every new value proposition that breaks from the existing industry mold. Keurig and Nespresso combining coffeemakers and single-serve capsules hinged on transforming their relationships with distributors; Caterpillar offering fleet management and remote monitoring and operation of its construction machines hinged on creating new interactions at construction sites; Marriott expanding from hotel rooms to travel packages hinged on the seamless integration of new partners: any organization that aspires to transition from stand-alone products to integrated solutions, from insulated projects to collaborative systems, is signing on to a transformation of this sort. For these strategies to succeed, it is no longer enough to manage your innovation. Now you must manage your innovation ecosystem.
Figure I.2: The wide-lens perspective on innovation strategy.

Co-innovation
Who else needs to innovate for my innovation to matter?

Execution Focus
What does it take to deliver the right innovation on time, to spec, and beat the competition?

Adoption Chain
Who else needs to adopt my innovation before the end customer can assess the full value proposition?