



Innovating sustainable solutions for developing countries: can BoP strategies be the mean?

Lessons learned from launching network based BoP innovation

Agenda

- Introduction to the case access2innovation
 - Challenges in launching a network
 - Incremental versus co-evolving innovation
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Introduction



Access2innovation is a network combining knowledge, expertise and resources from end users / NGO's, companies and researchers so as to meet the evident demands in developing countries

Access2innovation was launched in 2007 by DanChurch Aid, Aalborg University, North and South Denmark EU Office, Confederation of Danish Industries.

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Why access2innovation

Annual Per Capita Income*	Tiers	Population in Millions
More Than \$20,000	1	75-100
\$1,500-\$20,000	2 & 3	1,500-1,750
Less Than \$1,500	4	4,000

Needs: Millennium Development Goals

- Food
- Energy
- Health
- Education
- Ect.

Focus on the BoP market

“Poverty is much more than income alone. For the poor, the good life or well-being is multidimensional with both material and psychological dimensions. Well being is peace of mind; it is good health; it is belonging to a community; it is safety; it is freedom of choice and action; it is a dependable livelihood and a steady source of income” (World Bank Report “Voice of the poor, Narayan 2007)

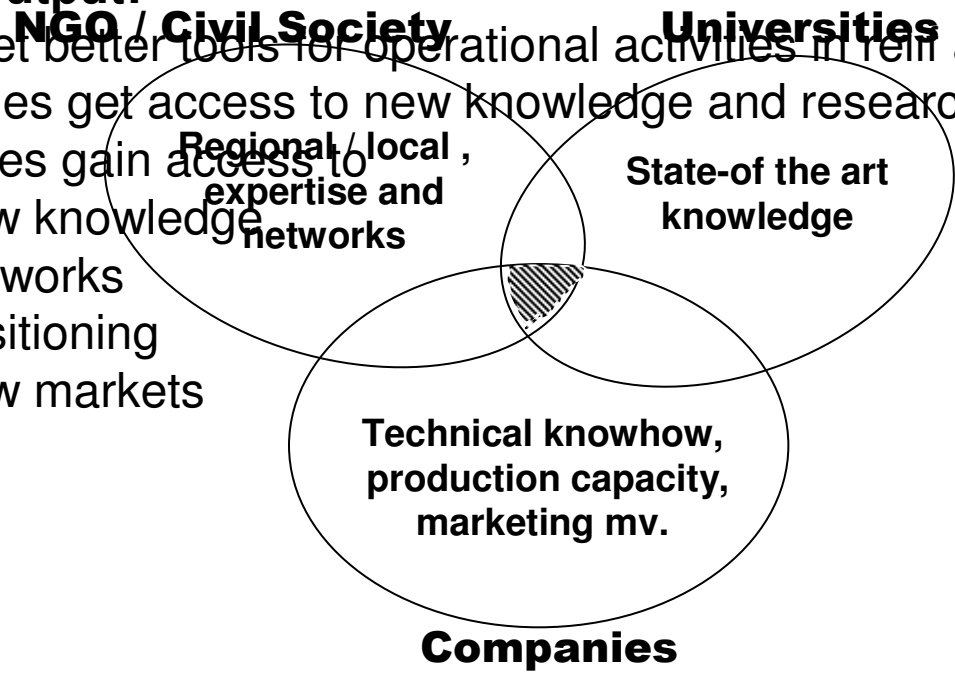
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Access2innovation

Expected output:

- NGO's get better tools for operational activities in rein and development work
- Universities get access to new knowledge and research areas
- Companies gain access to



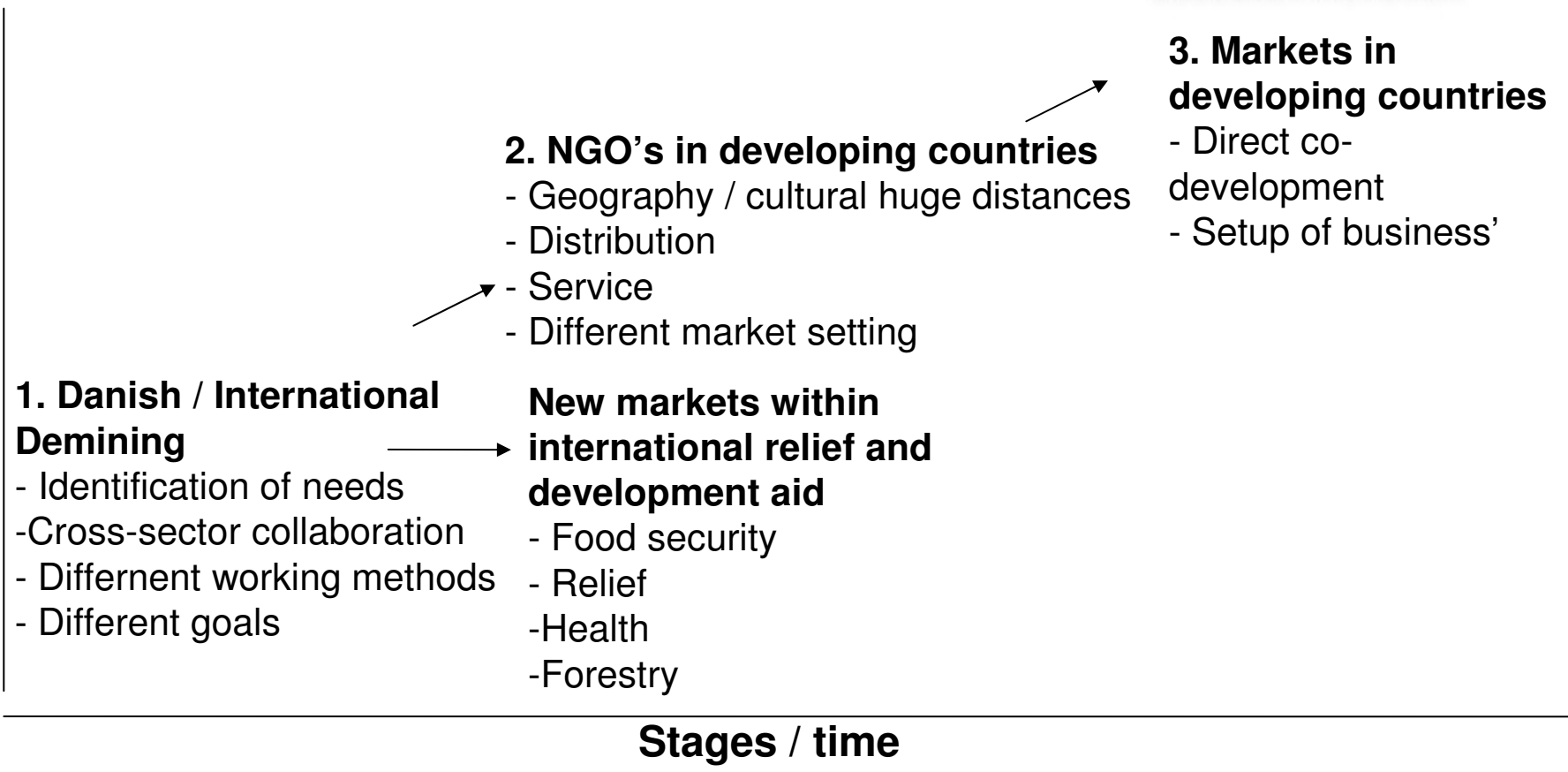
- End users get better products / services

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Differentiated market strategy

Challenges



* FN(18.7 billion. \$);NGO sector (DK 934 millioner. DKr. / 6,7% af samlet bistand). EU 3,2 billion Euro; Demining 475 millioner. \$. pr.år.)

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Activities by June 2009

ICT solution for humanitarian demining based on the consortia of CommunicateIT, Net Image, ProInfo, InnovationHub, Nokia (Finland), AAU: E-learning Lab and Danish Church Aid

Eye in the Sky based on resources, competences and network from GomSpace, Danish Aerotech, Net Image, AAU: Institute for Electronic Systems and Danish Church Aid

Energy efficient demining consisting of Hanneman, IRD Fuel Cells, SunSil, Solenergi Kobbervarefabrikken, SDU SPIRE, AAU: Institute of Energy Technology and Danish Church Aid

Biogas plants in Bangladesh based on the consortia of KomTek, Daninco, Nordic BioNegery, SDU, RDRS Bangladesh, Grameen Shatki and Danish Church Aid



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An example: Bio gas plants in Bangladesh

What do we know

- Locally technology exists, but are inefficient
- State of the art solutions are to expensive

Number of challenges

- Storage
- Must be easy to produce and use
- Robust
- Financing, as for instance developing a business based on CDM certification
- Platform is missing for development and commercialization of useful products

DanChurchAid

- Access to end users
- Understanding of needs
- Test of solutions

Universities

- Tools for user-driven innovation
- Technological in-sight.

- Understanding of collecting organic waste
- Use and development of bio gas plants
- Network for mainstreaming upcoming solutions etc.

**Nordic BioEnergy, KomTek, Daninco
RDRS and Grameen Shatki**

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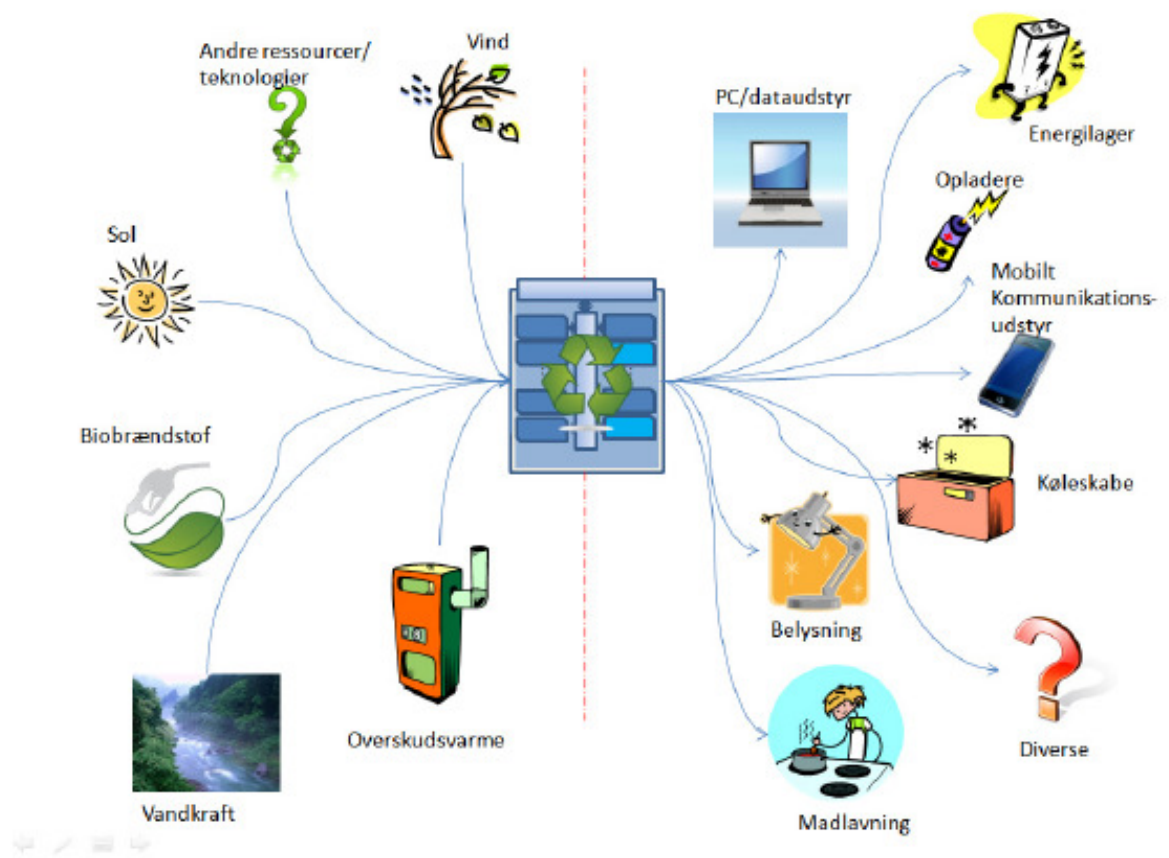
- and another: Energy efficient demining



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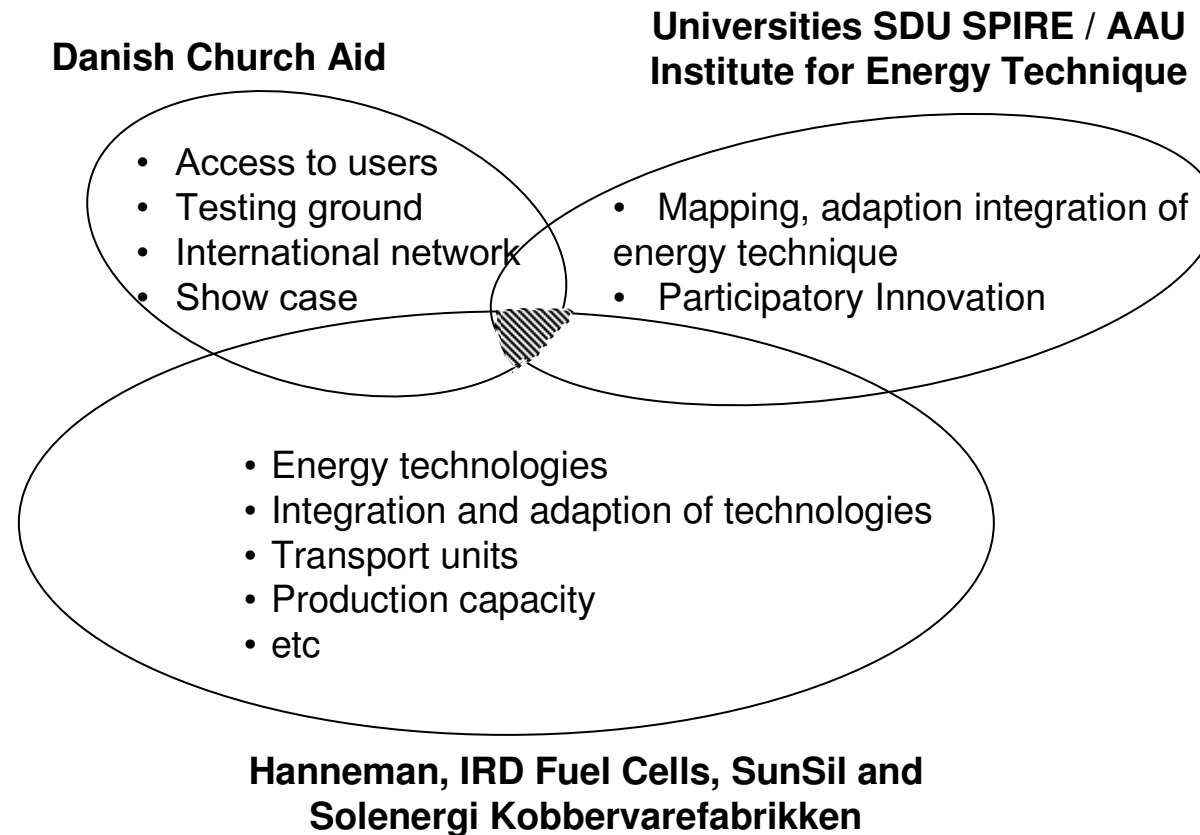
Energy efficient demining



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Energy efficient demining



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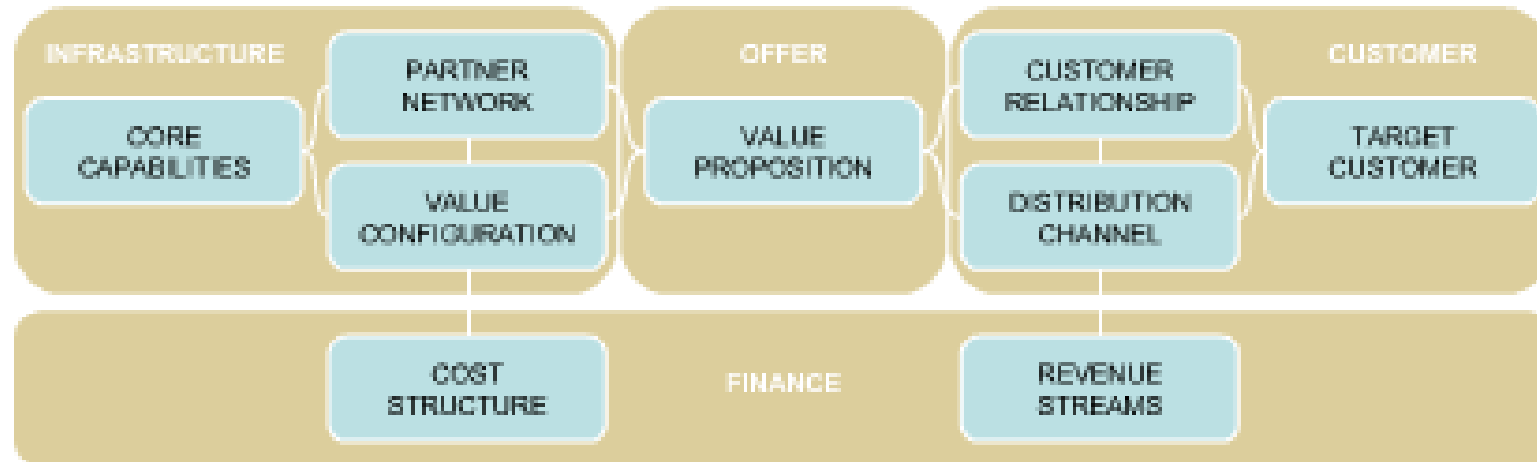
Research question

Which barriers and potentials does public-private-NGO partnerships hold for the establishment, implementation and commercialization of products and services targeting BoP markets?

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Business models as a frame work



- Blue print of the organization
- Platform for developing holistic models of the business planes
- Excellent tool for analyzing the participating partners "as is" setup as a basis for developing a network based model (what do the organizations bring to the table)

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The access2innovation business models

A few examples of the added value in network innovation:

- The idea, development and testing of the value proposition is coming from the end user.
- With DanChurchAid as an active partner a number of new network are directly accessible for market penetration
- The value configuration from conceptualization to commercialization will derive from the close collaboration and co-development between researchers, companies and DanChurchAid

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Challenges in developing network based BoP business models



1. Needs and potential solutions are all ready there, - the challenge is to bridge them
2. Products / services innovation for emerging markets is about developing full holistic business approaches that encapsulate both user driven innovation, technology adaptation, infra structure, alternative funding etc.
3. Huge difference between needs and market
4. Catch22 Private sector are asking for technical specification, market analysis etc. before entering joint innovation project. End users / NGO's do not have the competencies and resources to provide this info, why the private sector is needed to develop this knowledge.

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Challenges in developing network based BoP business models



It's a great idea but

- It's not our business
- It's not a business
- It's not big enough
- Not invented here
- Invented here
- Nice idea but doesn't fit
- It ain't broke so why fix it
- (existing) customers don't want it
- We've never done it before
- We're doing OK
- Let's set up a pilot

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Challenges in developing network based BoP business models

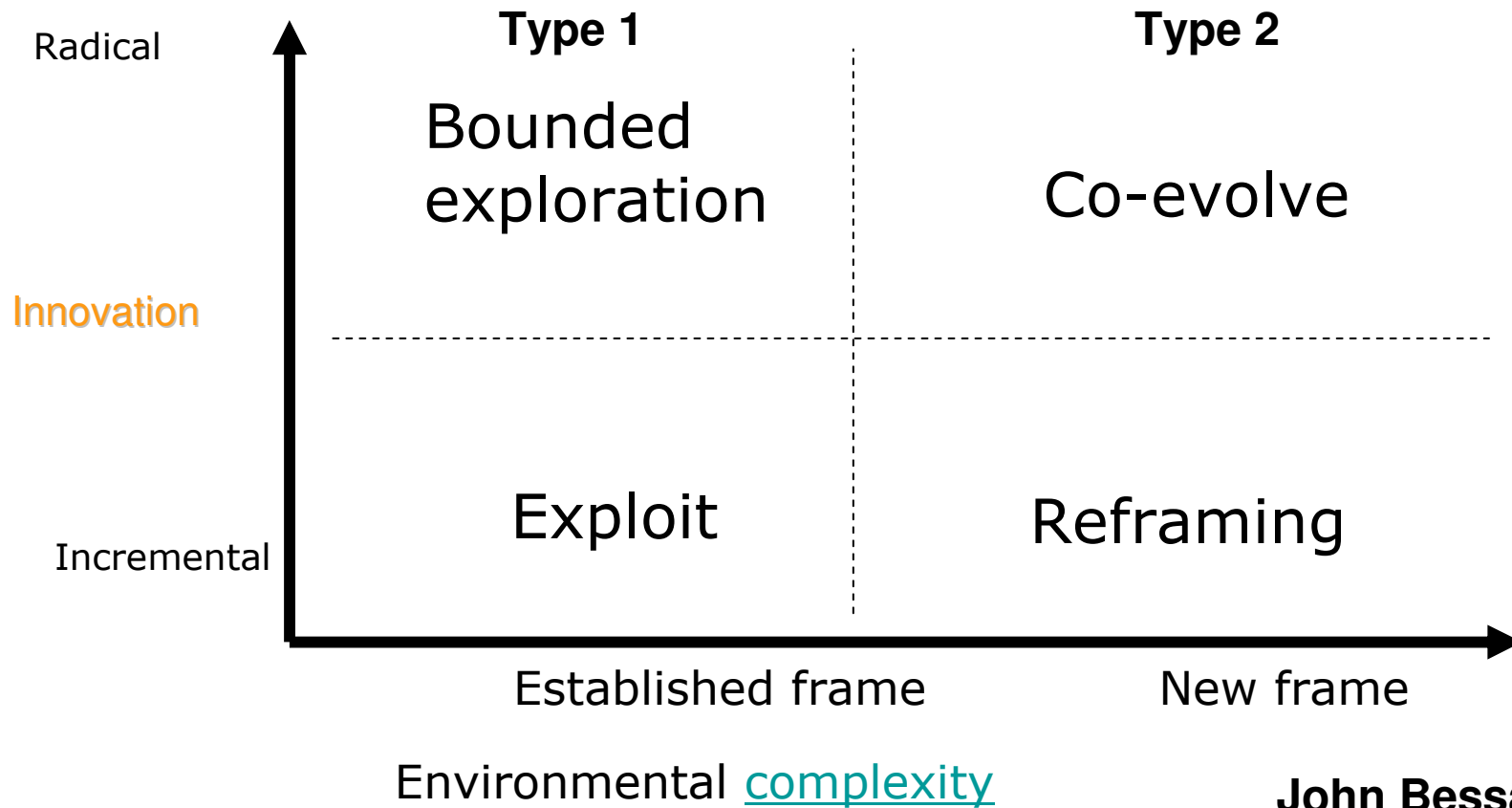


- How to identify needs
- Choosing the thematic areas
- Identification of companies
- Tendency of bias towards regional priorities
- Selection of companies
- Use of donor funding
- Market analysis
- Developing technical specification
- Property right and ownership

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Incremental versus co-evolving innovation



John Bessant 2009

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Incremental versus co-evolving innovation

Type 1	Type 2
Clear and accepted set of rules of the game	No clear rules – these emerge over time. High tolerance for ambiguity
Strategies path dependent	Path independent, emergent, probe and learn
Clear selection environment	Fuzzy, emergent selection environment
Selection and resource allocation linked to clear trajectories and criteria for fit	Risk taking, multiple parallel bets, tolerance of (fast) failure
Operating routines refined and stable	Operating patterns emergent and ‘fuzzy’
Strong ties and knowledge flows along clear channels	Weak ties and peripheral vision important

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Questions



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Thank for your attention

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