# Contracting for Innovation

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Comment on Charles Sabel´s presentation

Translearn workshop

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# Major pressures to be less vertically integrated in Finnish companies

- A more focused strategy needed in the era of globalization
- Shift towards more service oriented business models, e.g by outsourcing manufacturing of components
- Increased volatility and instability of markets
- Rapid technological changes

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- The need for focus and resource flexibility/fluidity is so strong that the benefits of vertigal integration are not any more large enough even though vertical disintegration (may) have some costs and risks

# Major pressures towards more open research collaboration in Finnish companies

- Increased costs and risks of huge long term research projects (e.g. pharmaceutical companies)
- Increased complexity of products and technologies involved
- Increased role of customers as sources of innovation (as von Hippel et al. say)
- Increased role of technology communities as sources of innovation (open source (Linus, MySQL) or other open methods, "wicinomics", "crowdsourcing")
- Importance of network effect (the more our "platform" technology is used by others, the greater are markets for us)

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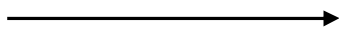
more open methods even though there are some problems and risks related

# Emerging new "network" practices (between "markets" and "hierarchy") with great variation and flexibility

- Variation in the nature of possible collaborators (subcontractors, competitors, customers, public research institutes, technological professionals, employees …)
- Competence trust (control of capabilities) & intentional trust (control of economics gains from the collaboration)
- Mixture of contracts, informal bonds, collaborative practice itself etc.
- Role of different components in governance structure changes during the collaboration
- Studying actual practices (not only contracts as such but also how they are used in relation to other instruments) may lead us to new reasonable typology of those mixtures which are widely used in different contexts even though the list of governance instruments is open-ended