



Mission-oriented ecosystem formation

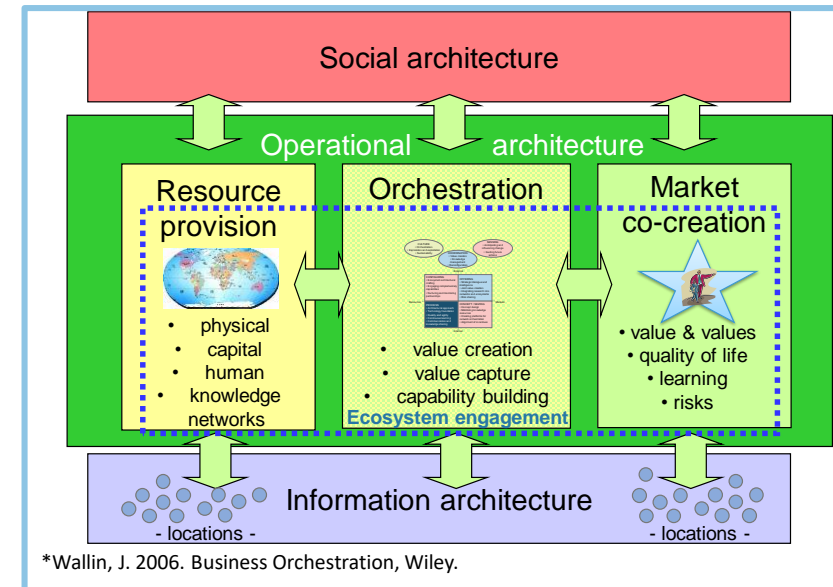
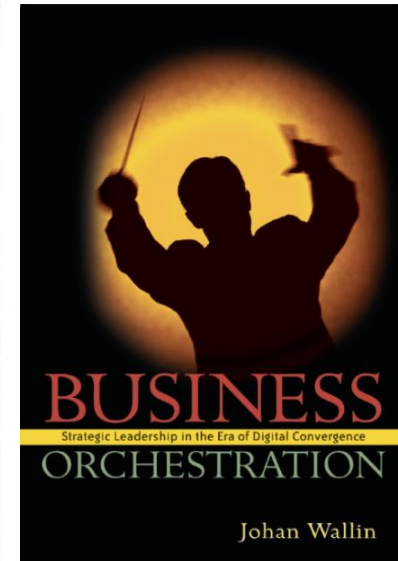
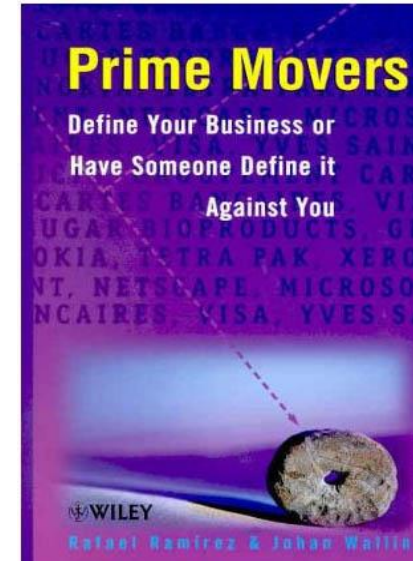
June 9, 2018

Dr. Johan Wallin, managing partner
Synocus Group



About Synocus

- Synocus is specializing in ecosystem orchestration based on the research by Johan Wallin published in the books Prime Movers (2000, with Rafael Ramírez), and Business Orchestration (2006).
- The orchestration concepts have been refined in collaboration with leading academics such as Richard Normann (ex-colleague), Rafael Ramírez (Oxford University), Tomi Laamanen (University of St. Gallen), Takahiro Fujimoto (University of Tokyo), Feiyu Kang (Tsinghua University), David Teece (UC Berkeley), and Christos Pitelis (University of Cambridge).
- The ecosystem initiatives provide the basis for Synocus' growth and internationalization.
- Synocus has been recognized by the Finnish government as the forerunner in ecosystem orchestration; three ecosystems are financially supported by Business Finland.
- To enable ecosystem orchestration Synocus has developed its own concepts for offering development and capability building.



Mariana Mazzucato: Mission-Oriented Research and Innovation in the EU

- I look at what we can learn from the missions of the past — like the Apollo Program — and how to apply those lessons to the complex challenges of today.
- Mission-oriented policies can be defined as systemic public policies that draw on frontier knowledge to attain specific goals or “big science deployed to meet big problems”.
- Missions are primarily a way to orchestrate the rich diversity of talent and expertise.
- A mission is not a single project, but a portfolio of actions that can encourage multiple solutions.
- Ambitious missions that have the potential to have wide societal impact will need a combination of both development of technologies and drive a systemic change.
- A key lesson is that missions must be bold, activating innovation across sectors, across actors and across disciplines. They must also enable bottom-up solutions and experimentation.



(source: Mazzucato, 2018, Mission-Oriented Research & Innovation in the European Union, p. 2

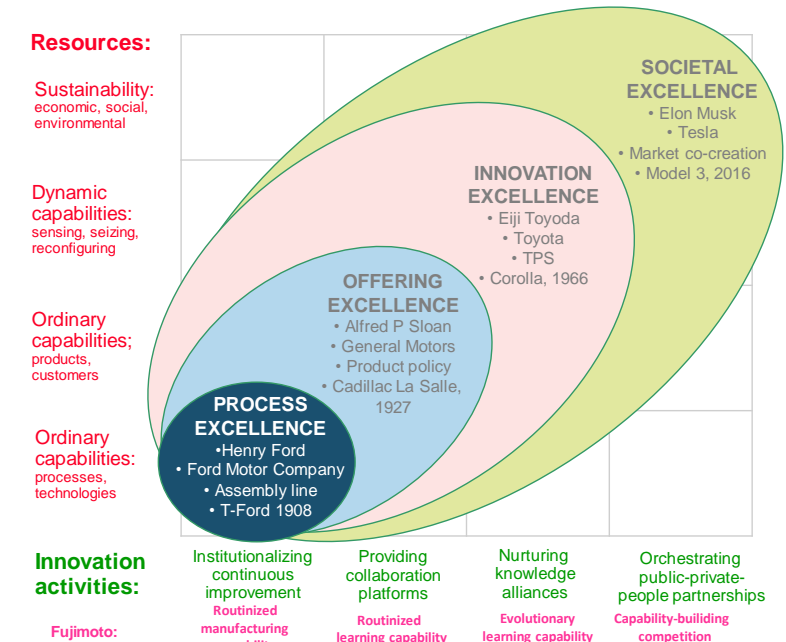
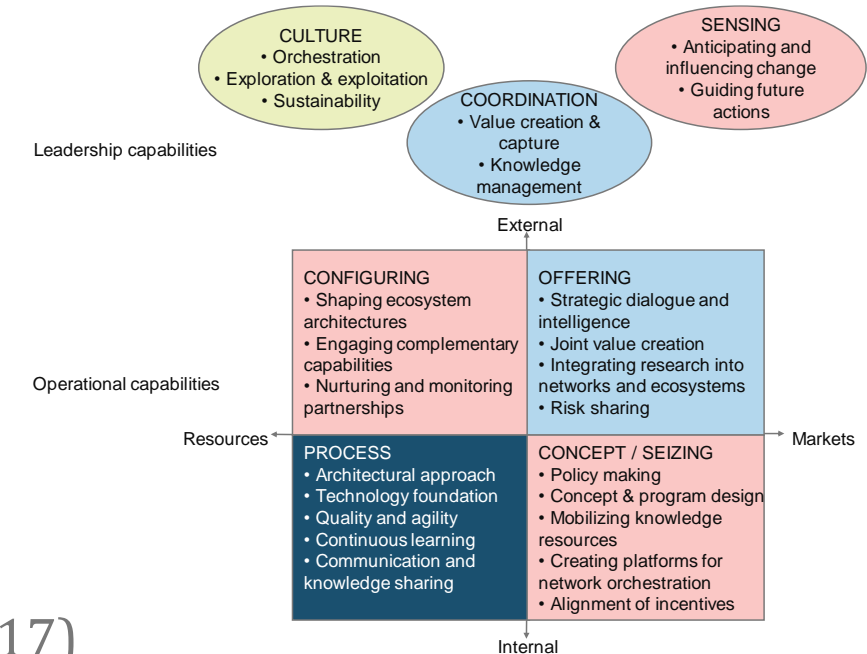
Literature review

Capability building

- Normann (1985); *strategic action capability*
- Teece, Pisano, Shuen (1997); *dynamic capabilities*
- Fujimoto (1999); *capability-building competition*
- Wallin (2000); *capability map*

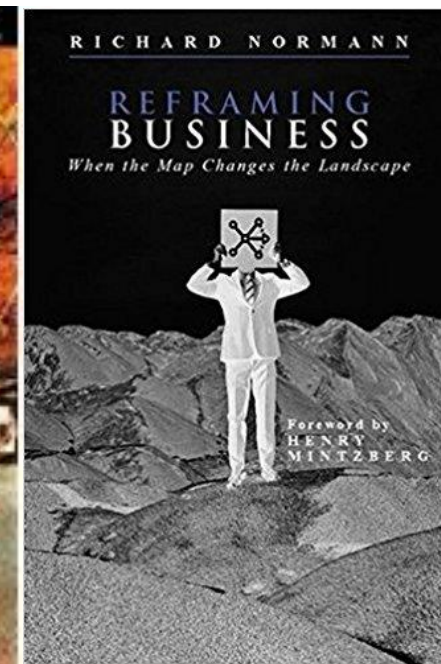
Excellence Framework (Wallin, Laxell, Fagerberg, Fujimoto, 2017)

- The inside-out view on capabilities is described on the vertical axis and the outside-in view on the horizontal axis (see figure)
- Four categories of excellence
 - Process Excellence
 - Offering Excellence
 - Innovation Excellence
 - Societal Excellence



Methodology; clinical research

- Old research tradition; “the Swedish wing of the cultural school of strategy” (Mintzberg et al., 1998:272)
- Research is a learning process to understand contexts and wholes or ensembles to be able to deal with change and how to achieve change (Normann, 1977:187).
- Clinical research helps actors improve their ability to induce change, which asks for the development of new knowledge and capabilities (Normann, 1977:188).
- A clinical researcher must also engage him- or herself in the actors’ situation with the ambition to generate and effect change (Normann, 1977:190).
- Three questions have guided the analysis:
 - *How was the mission of the ecosystem established?*
 - *What was the reason for various participants to join the ecosystem?*
 - *What was the role of the ecosystem orchestrator during the process of ecosystem formation?*



WALCC
World Alliance for Low Carbon Cities

Special Newsletter 12/2017

Register now at www.walcc.org

Orchestrating for Excellence seminar; January 22nd, 2018

World Alliance for Low Carbon Cities – Synocos collaboration
The World Alliance for Low Carbon Cities – WALCC ry, in spring 2017, the WALCC began a cooperation with Synocos in establishing an innovation platform in the field of mobility as a service. This resulted in the 'Urban-powered' initiative. Autonomous vehicles and Mobility Services, with ABB, Fortum, Posiva, and Valmet Automotive as lead partners.

Capacity building in practice
Since the mid-1990s Synocos has been a pioneer in developing capabilities for business and public sector organizations. The outcome of this development work resulted in the book *Business Orchestration*, published in 2006. This book introduced the main principles of capability building used by Synocos.

Professor David Teece from the University of California has been a main source of inspiration for the capability building approach applied by Synocos. Over the years, Dr. Teece has had the opportunity to become acquainted with Professor Teece, and further deepens the exchange of experiences with him.

Professor Teece has, in his own work, also recognized the importance of orchestration in capability building; the application of capability building in practice will be the focus of the *Orchestrating for Excellence* seminar.

Both the practitioners and academic partners will focus on the practical challenges and opportunities for capability building in ecosystems.

We expect this day to be a memorable experience!

Welcomes:

Juha Hukkonen
Honorary Chairman, WALCC

Juha Hukkonen
Deputy General Secretary, WALCC

synocos
CATL
fortum
KONE
Tencent 腾讯
CITY OF TIANJIN
valmet automotive

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WALCC
World Alliance for Low Carbon Cities

Special Newsletter 12/2017

Orchestrating for Excellence
January 22nd, 2018, 9:00 – 16:00 Helsinki Hall, Congress Wing, Hall B, Helsinki, Finland

<p>8:30 Coffee and registration</p> <p>9:00 Opening</p> <ul style="list-style-type: none"> • Mr. Pekka Laitinen, Director General, Helsingin kaupunki • Professor Ingemar Björkman, Dean, School of Business, Jyväskylä University • Professor Jari Luomala, Chaired Professor of Strategic Management, University of St. Gallen <p>9:30 Reflections on the application of dynamic capabilities in practice</p> <ul style="list-style-type: none"> • Professor David Teece, Thomas H. Lee Professor in Global Business, University of California, Berkeley's Haas School of Business <p>10:30 Coffee break</p> <p>11:00 The role of scenario thinking and forecasting tools when meeting disruptions</p> <ul style="list-style-type: none"> • Dr. Jari Kallio, Research Director, Finland's Research Centre for Future Urban Development, University of Jyväskylä • Dr. Jari Kallio, Research Director, Finland's Research Centre for Future Urban Development, University of Jyväskylä <p>11:30 Building a platform for synergy, case WALCC</p> <ul style="list-style-type: none"> • Dr. Juha Hukkonen, Honorary Chairman, WALCC • Dr. Juha Hukkonen, Honorary Chairman, WALCC • Mr. Jari Luomala, Chairman, WALCC ry • Mr. Jari Luomala, Chairman, WALCC ry 	<p>12:00 Lunch</p> <p>13:00 Capturing value and orchestrating</p> <ul style="list-style-type: none"> • Professor Chintan Mehta, Professor of strategy and sustainable competitiveness, University of Cambridge Business School <p>13:30 Living the changes in the car industry: case Valmet Automotive</p> <ul style="list-style-type: none"> • Mr. Jari Luomala, Executive Vice President, Valmet Automotive <p>14:00 Rethinking what social network theory can bring to the table</p> <ul style="list-style-type: none"> • Professor Jari Luomala, Jyväskylä University <p>14:30 Innovation potential in the Finnish wellbeing sector</p> <ul style="list-style-type: none"> • Dr. Jari Kallio, Research Director, Finland's Research Centre for Future Urban Development, University of Jyväskylä <p>15:00 Concluding remarks</p> <ul style="list-style-type: none"> • Professor Jari Luomala, University of St. Gallen <p>16:00 Coffee and networking</p> <p>End of seminar</p>
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David I. Teece is the Thomas H. Lee Professor in Global Business at the University of California, Berkeley's Haas School of Business. He is also the director of the Center for Entrepreneurship and Innovation and faculty director of the school's Institute for Business Innovation. He has authored over 20 books and 200 scholarly papers, and has been cited over 15,000 times.

Dr. Teece has received several honorary degrees and has been recognized by Royal Honors. Dr. Teece pioneered the dynamic capabilities perspective, defined as "the ability to integrate, build, and reconfigure internal and external competences to address rapidly changing circumstances." According to Synocos Research Development Center (SDC), he and his colleagues have developed the "Dynamic Capabilities Perspective" (DCP) as a new paradigm for business strategy.

A native of New Zealand, Dr. Teece is a founding member of the Synocos Group, an expert services and consulting firm of economists and other professionals with experience in business strategy and innovation. He has been a member of the Synocos Group since 2014. Dr. Teece is also a member of the Synocos Group's Board of Directors.

Dr. Teece has a PhD in economics from the University of Pennsylvania and has held teaching and research positions at Stanford University and Oxford University.

Dr. Teece has over thirty years of experience as an active consultant performing economic, business, and financial consulting services to businesses and governments around the world. He has been a frequent speaker at international forums and has been a member of the Synocos Group's Board of Directors since 2014.

Please register for the event at our website www.walcc.org before January 12th 2018. Reservations will be on a first come, first served basis. Please direct all inquiries to Jari Hukkonen (+358-9-622 62629) or Teija Virtanen (+358-9-622 62620).

WALCC
World Alliance for Low Carbon Cities

Registration Office
Contact: Mr. Jari Hukkonen
Tel: +358 9 622 62629
Email: jari.hukkonen@walcc.org

Secretariat Office
Contact: Ms. Teija Virtanen
Tel: +358 9 622 62620
Email: teija.virtanen@walcc.org

Samples: Business Finland sponsored ecosystem initiatives

CAPABILITIES

Prevailing capabilities

Dynamic capabilities

Offering and coordination capabilities

Producing capabilities

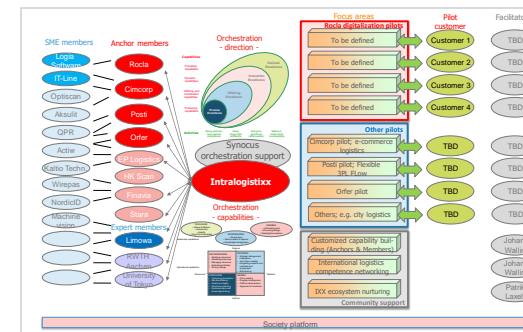
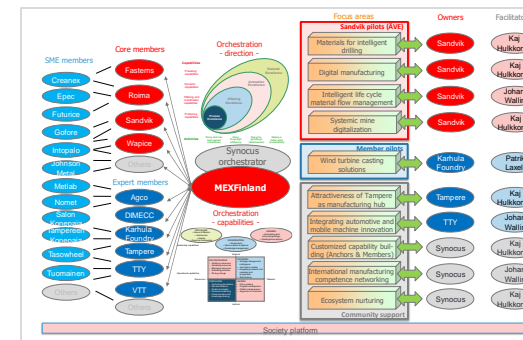
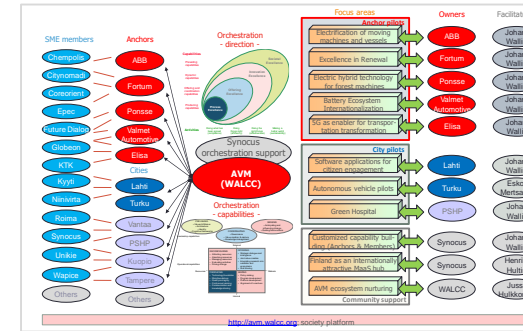
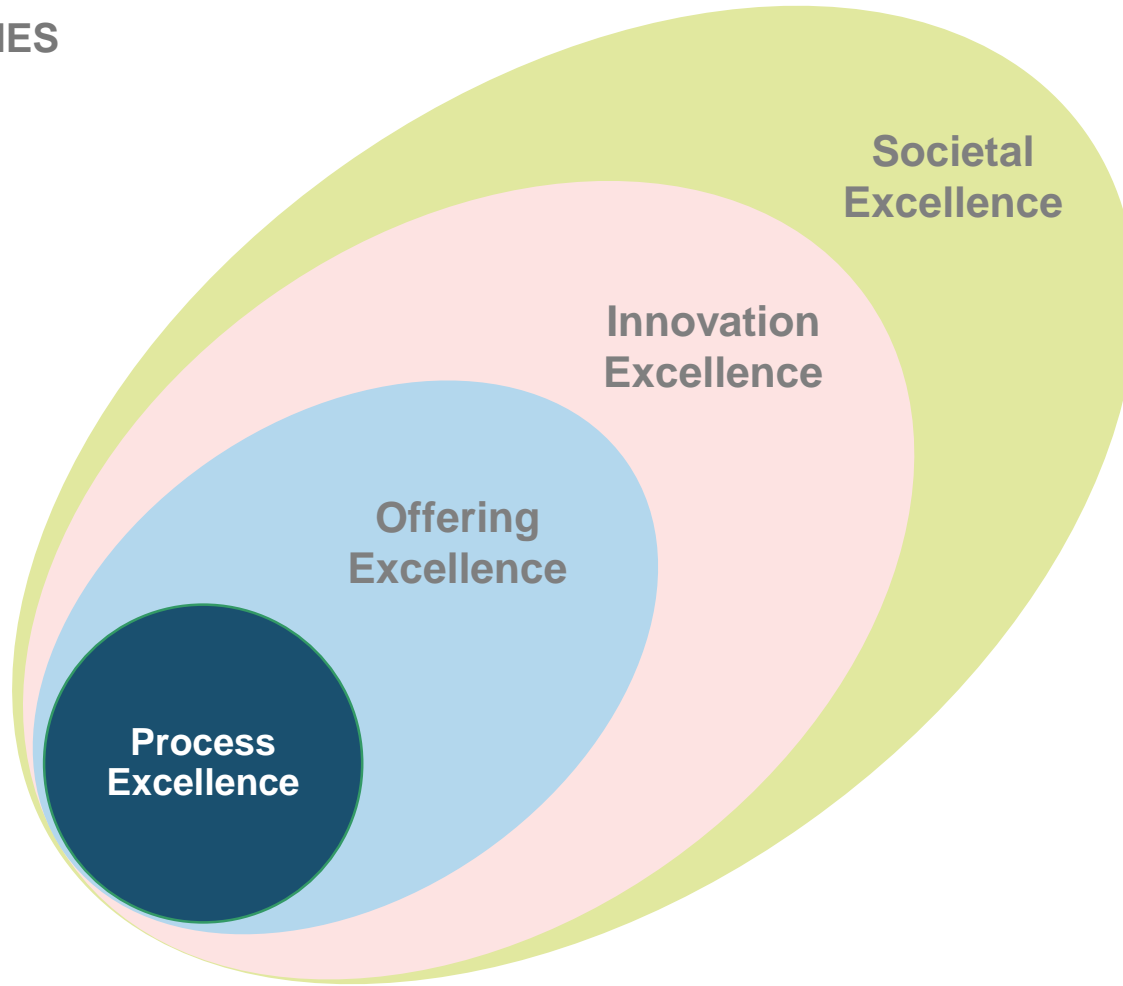
ACTIVITIES

Doing what has been agreed (compliance)

Doing things right (efficiency)

Doing the right things (effectiveness)

Making a better world (sustainability)



Autonomous Vehicles and Mobility Services (AVM)

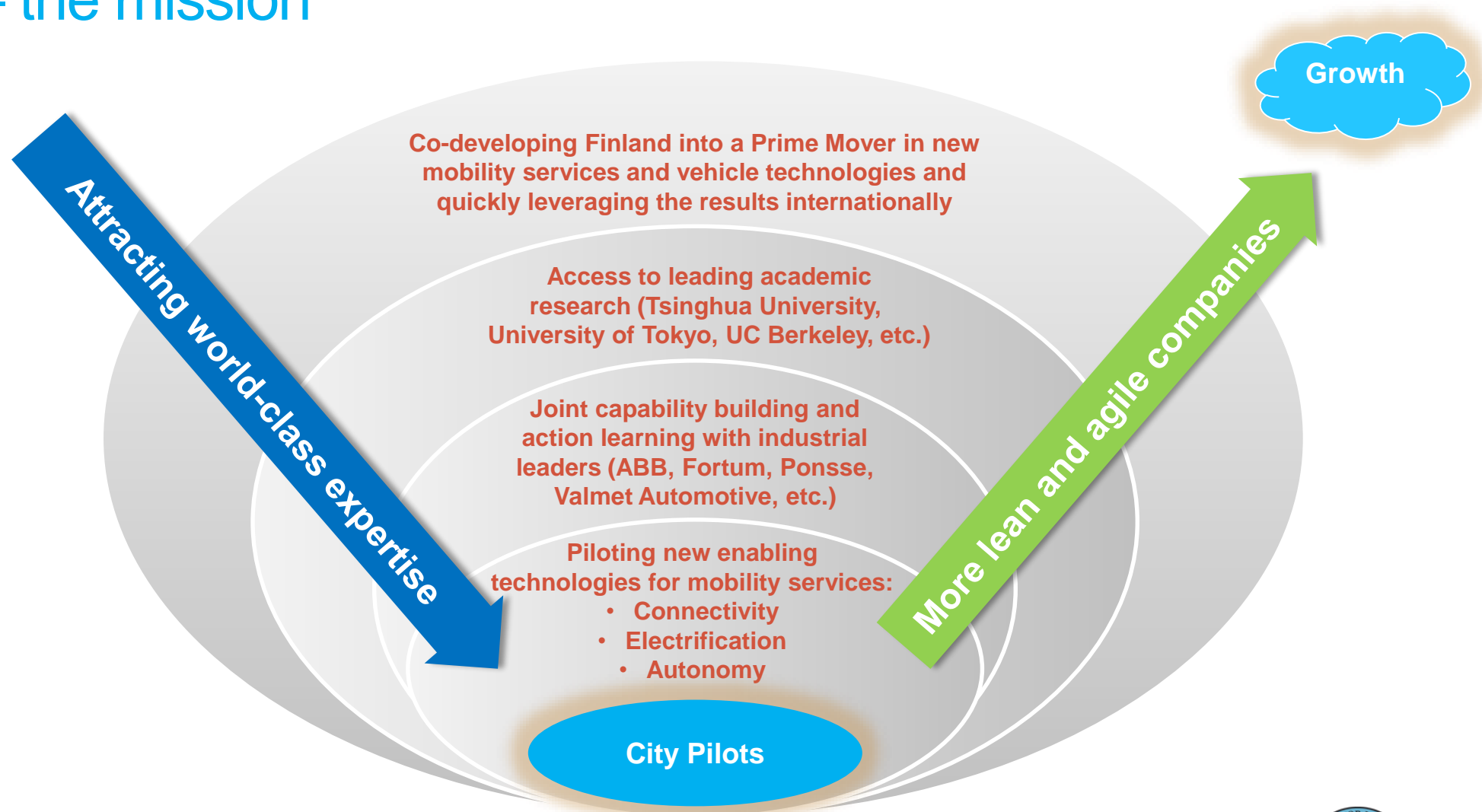
Manufacturing Excellence Finland (MEX Finland)

Intralogistix

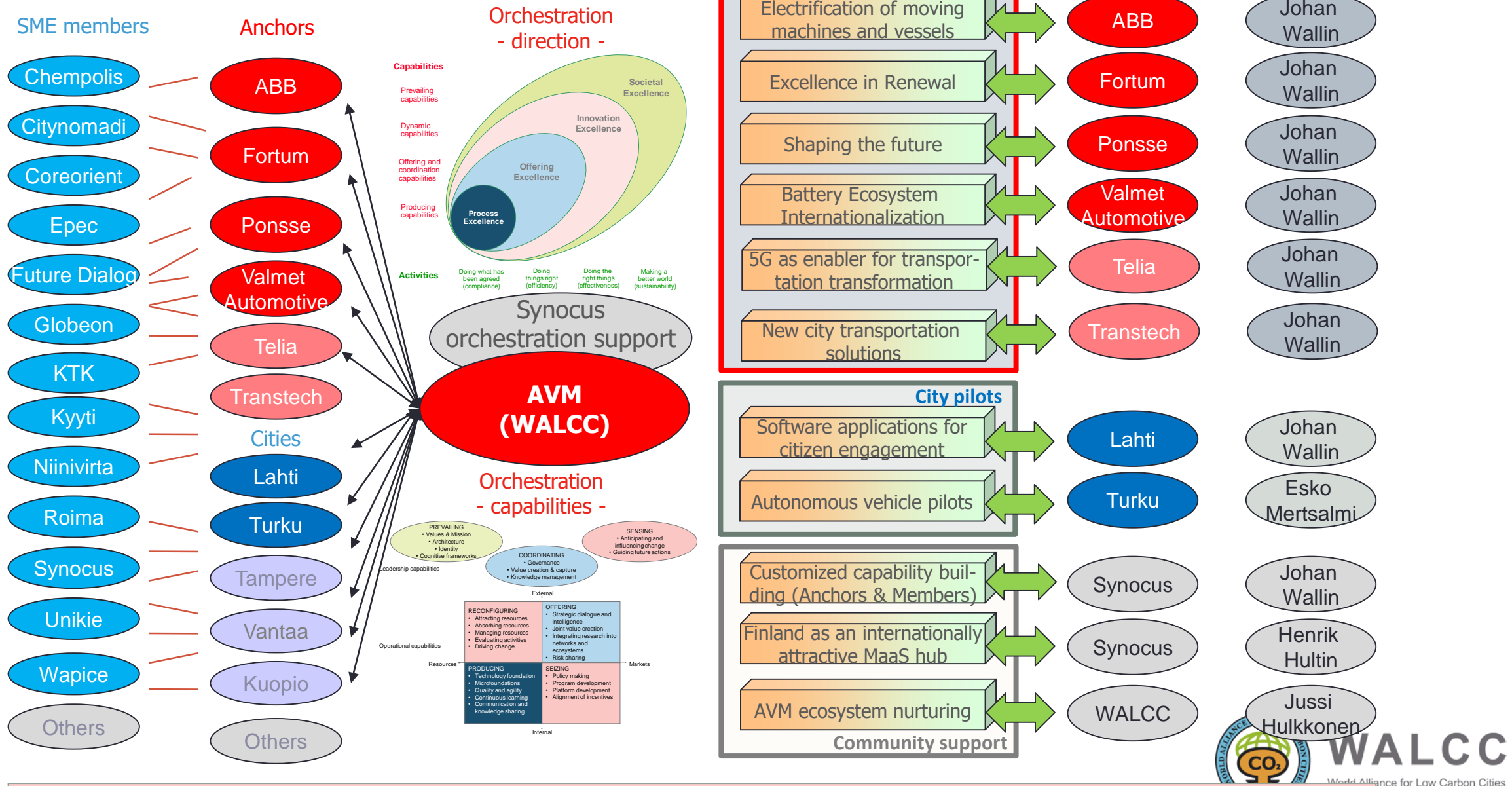
Original ecosystem plans, August 2017

AVM	MEX Finland	Intralogistixx
<p>Based on findings from the interviews, we see the development of mobility services as a two-pronged process. On one hand, there are several technologies (e.g. 5G, electrification, autonomous driving) that must be in place for mobility services to radically transform the field of transport. On the other hand, mobility services will call for new types of business models, often with a strong integration between public and private service providers.</p>	<p>Based on the above conclusions from the in-depth interviews the ecosystem development project will be focusing on eight work packages: (i) Tampere Material Technology Competence Center, (ii) New machining methods, (iii) Integrated design, manufacturing and product life cycle management, (iv) Spearhead offering development and piloting, (v) Tampere as digital manufacturing excellence center, (vi) Tampere as a smart manufacturing workplace, (vii) Ecosystem capability building, and (viii) Program management.</p>	<p>Based on in-depth interviews customers and partners expressed some key expectations of a new ecosystem with an attached innovation platform. These expectations will in the ecosystem development project be addressed through eight work packages as follows: (i) Intralogistics intelligence, (ii) Offering co-creation and piloting, (iii) Ecosystem nurturing, (iv) Internationalization, (v) Community engagement, (vi) Customized capability building, (vii), Intralogistics platform maintenance and (viii) Program management.</p>
<p>By establishing the new innovation ecosystem, the WALCC expects Finland to emerge as a globally recognized competence center within the field of new forms of transportation. This will attract an increasing interest among other companies that will join the ecosystem, which, in turn, will increase investments and create new jobs in Finland. At the same time, the close collaboration between the WALCC and the anchor companies will ensure that new products, services, and solutions developed in Finland can rapidly be offered on the global market thanks to the international presence of the anchor companies.</p>	<p>By establishing the new ecosystem it is expected that Finland will emerge as a globally recognized competence center within the field of digital manufacturing. This will attract an increasing interest among other companies that will join the ecosystem, which in turn will increase investments and create new jobs in Finland. At the same time Sandvik can rapidly bring the new solutions developed in Finland to the global market. For companies joining the ecosystem we see that they will have a unique possibility to benefit from the spill-over effects that will be created thanks to the €18 million investment by Sandvik Corporation into the Tampere Rock Drills factory.</p>	<p>By establishing a semi-open innovation ecosystem Rocla expects that Finland will emerge as a globally recognized competence center within the field of intralogistics. This will attract an increasing interest among other companies that will join the ecosystem, which in turn will increase investments and create new jobs in Finland. At the same time Rocla as part of the Mitsubishi Nichiyu Forklift Group can rapidly bring the new solutions developed in Finland to the global market.</p>
<p>The initiative will develop an agenda which can, in the longer term, provide: (i) new offerings for different customer segments; e.g. equipment manufacturers, MaaS operators, AI providers, software providers, and users and (ii) address new customer transportation needs e.g. due to digitalization, robotization, electrification, and new business models.</p>	<p>The initiative will develop an agenda which in the longer term can provide: (i) new offerings for different customer segments, (ii) collective intelligence to more rapidly address new customer needs e.g. related to product technology, digitalization, robotization, service offerings, and business models, and (iii) new capabilities in the Tampere region (through spill-over effects), which can be leveraged upon also outside the new digital manufacturing ecosystem.</p>	<p>The initiative will develop an agenda which can in the longer term provide: (i) new offerings (and related roles for each actors) for different customer segments; e.g. equipment manufacturers, rental companies, AI-providers, ERP-providers and users, and (ii) address new customer needs e.g. customer intralogistics needs, digitalization, robotization, trucks and cranes functionalities, service models.</p>
<p>The participating companies will benefit from the pursuit towards the leading mobility authority in three ways: (i) enhanced brand recognition for participating organizations and resulting higher share of mind, (ii) new knowledge creation through broader understanding of the transition of transportation, and (iii) new business through pilots and demonstrations.</p>	<p>Sandvik and the ecosystem members will benefit from the development of excellence in digital manufacturing in three ways: (i) new knowledge creation through broader understanding of digital manufacturing and focused research initiatives, (ii) new business through pilots and demonstrations creating business growth and new jobs, and (iii) enhanced brand recognition and resulting higher share of mind due to high tech and digitalization expertise image.</p>	<p>Rocla and other participating companies will benefit from the pursuit towards the leading intralogistics authority in three ways: (i) enhanced brand recognition and resulting higher share of mind, (ii) new knowledge creation through broader understanding of intralogistics market and focused research initiatives, and new business through pilots and demonstrations.</p>

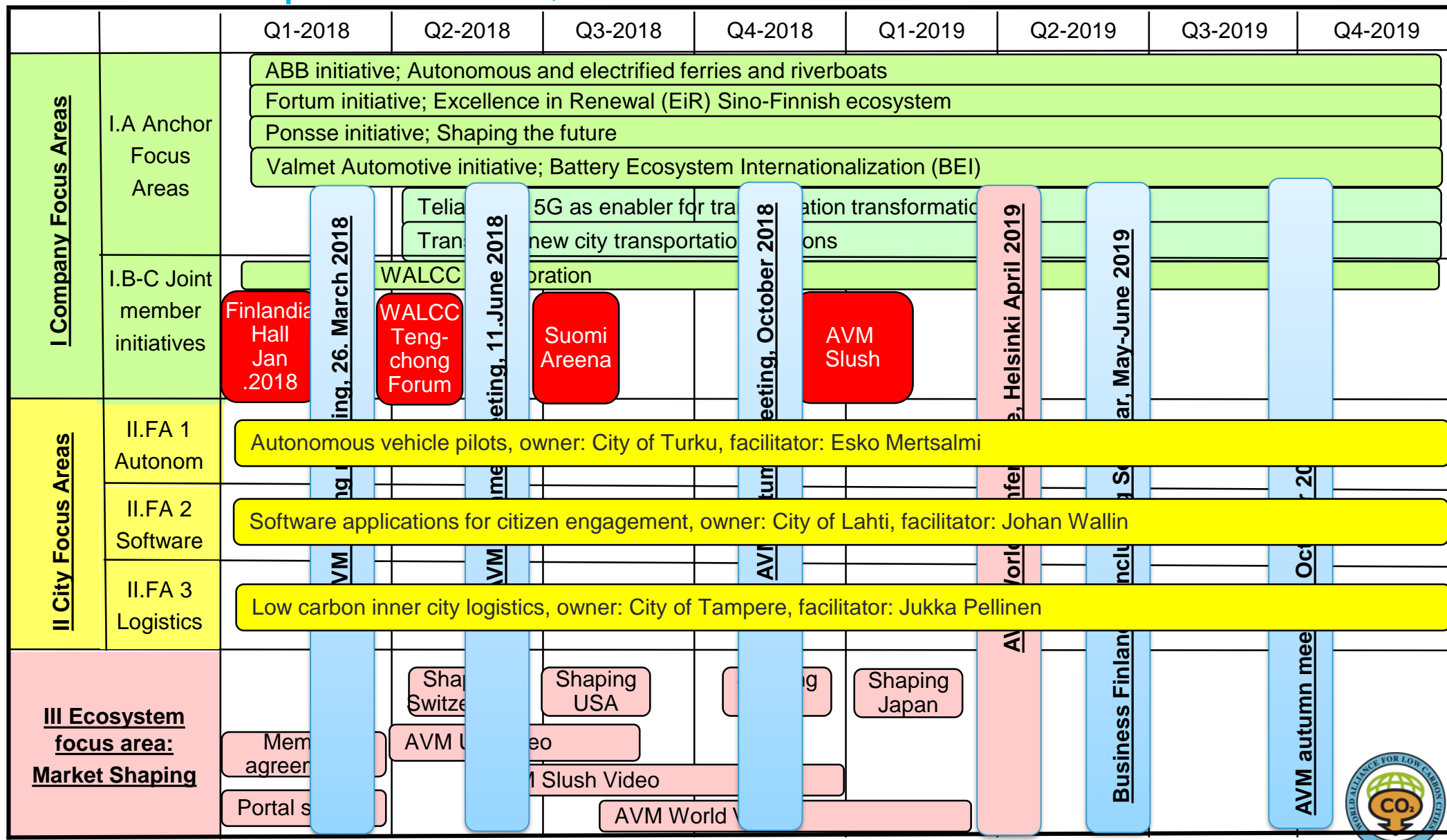
AVM – the mission



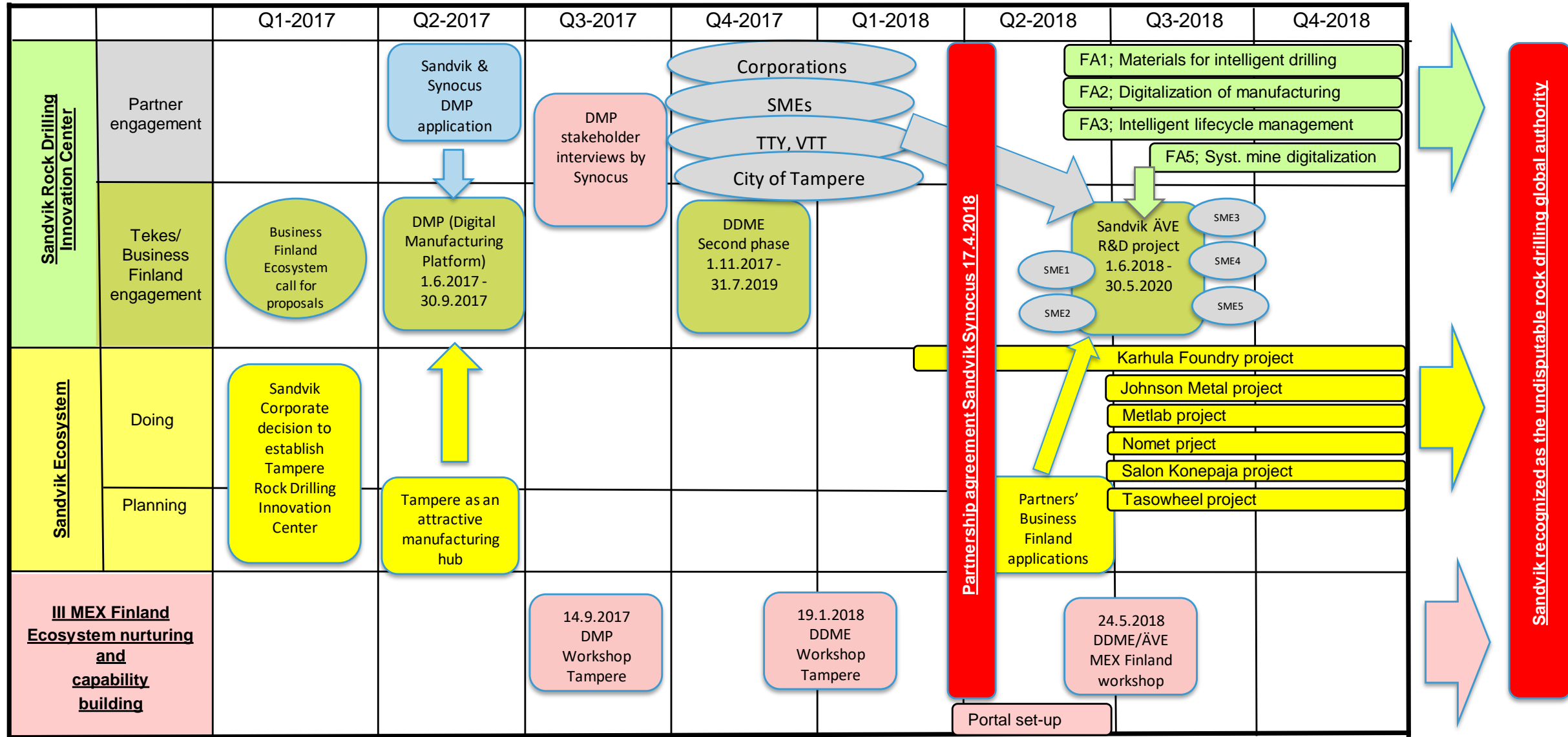
AVM ecosystem architecture, version 4.6.2018



AVM roadmap 2018-2019, version 4.6.2018



MEX Finland evolution



Preliminary findings

- The ecosystem formation process in all three cases have only continued for about a year, and subsequently it is too early to tell whether the capability-building efforts will be successful. The first year has been focusing on three main activities relating to the formation of the ecosystem:
 - Creating an attractive mission and roadmap for the ecosystem.
 - Engaging complementary ecosystem members in joint efforts to bring the ecosystem off the ground.
 - Supporting the joining members one by one with a first set of activities to secure that the ecosystem agenda would be aligned with the company-specific agenda of the member.
- The findings from the three initiatives indicate that
 - an ecosystem to be formed with government support will be originated in the formation of an ecosystem mission of societal excellence,
 - companies expect ecosystem participation to contribute to their offering development process but also strengthening their innovation capabilities, and
 - *reconfiguring internal and external competences to address rapidly changing environments* (Teece et al., 1997) remains the most difficult characteristic of dynamic capabilities