

# Finding Partners for Collaborative Innovation

## Matchmaking on Multi-Sided Markets

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### Problem Statement

Open Innovation is seen as a new paradigm for creating collaborative value and trading with ideas or innovations (Chesbrough 2003). In reality, managers of established companies and entrepreneurs from young and small enterprises often face the challenge of finding suitable innovation partners. The „innovation markets“ do not work properly. Information asymmetries (Arrous 1962; Stiglitz 1976) and valuation problems are reasons for failure and market frictions (Mortensen 2011).

→ *Open Innovation Markets can be compared with frictional markets with imperfect information like the marriage market, labor market or the housing market.*

### Research Methodology

#### Pre-understanding (2011)

Two explorative action research cycles (Susman & Evered 1978; Ottosson 2003) were conducted in a real innovation project setting.

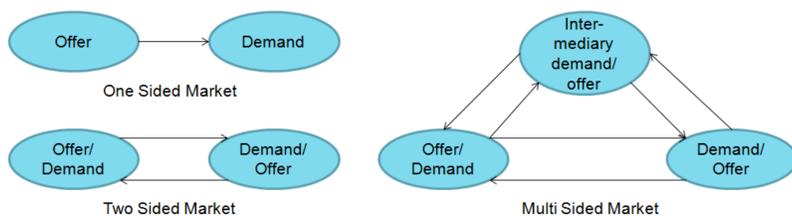
#### Main study (2012/2013):

3 comparative case studies (Yin 2003) planned – a mixed method approach

- Semi structured interviews
- Small sample survey for ex ante and ex post matching analysis and success
- Field interactions and field notes
- Process patterns (Van de Ven 2007)

### Theoretical Approach: Multi-Sided Markets & Open Innovation

→ Markets are one-, two- or multi-sided



→ Multi-Sided Markets (MSM) are a young economic phenomenon. They serve more than one distinct group of actors and create in- and direct network effects for the stakeholders (Rochet 2003; Evans 2007).

→ Little research about MSM in terms of open innovation exists. Most examples are ICT Platforms like ebay, amazon or dating portals.

### Initial Results

→ Intermediaries facilitating the transfer of innovation and matching the right partners emerged in various forms in the past (Howells 2006).

→ The Process Perspective and the matching capability is new for innovation intermediaries (Katzy et al. 2012, forthcoming)

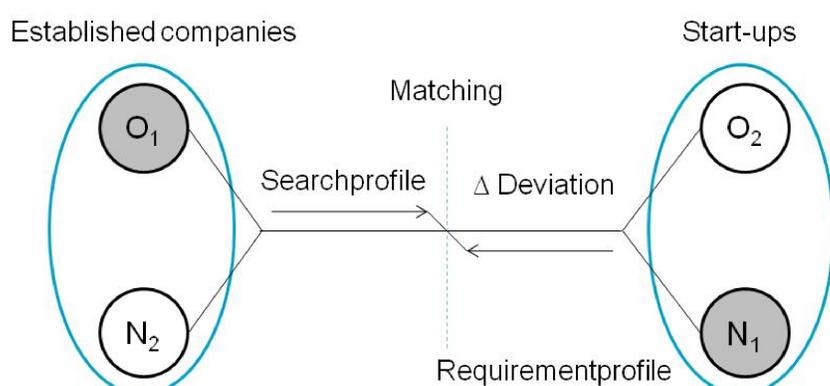
→ Many Stakeholders are involved in the matchmaking

→ **Open Innovation Markets are multisided.**

### Research Question(s)

How can a suitable asymmetric innovation partner be identified on a multi-sided market?

What determines the matching process?



### Expected Outcome

#### Research

- Development of a process model and understanding of matching mechanisms on Multi-Sided Markets
  - Direct and indirect networks effects
  - Arrow's Information Paradox
  - Resources and Competence complementarity
- Contribution to the intensive discussion about open innovation

#### Practice

- Helping managers of established companies to identify the suitable collaborative innovation partner
- Helping start-ups to overcome their weaker negotiating position
- Practitioner guidelines for the early stage of innovation partnerships for all involved stakeholders