Chapter 4

Home Bias in Innovation Ecosystems:
Relying on Local Users for Knowledge

Petra A. Nylund
University of Vic - Central University of Catalonia, Spain

Núria Arimany-Serrat
University of Vic - Central University of Catalonia, Spain

Xavier Ferràs-Hernández
University of Vic - Central University of Catalonia, Spain

José Antonio Corral-Marfil
University of Vic - Central University of Catalonia, Spain

ABSTRACT

Innovation ecosystems enable small- and medium-sized enterprises to compete with innovations that include the knowledge of others. Integrating external knowledge in innovation is however a complex process, and there are many pitfalls to consider. This chapter analyses a small company that leverages its innovation ecosystem to compete in a dynamic global industry characterized by rapid technological change. The company faces the challenge of creating and commercializing a breakthrough innovation for digital education, with educational content for teachers and easy-to-use authoring tools for modifying this content. As the company attempts to benefit from lead-user experiences, home bias towards knowledge from local users appears as an unexpected hurdle. The analysis of the case encompasses the firm, the industry, and the ecosystem levels, and indicates key concepts for innovation in ecosystem settings.

DOI: 10.4018/978-1-5225-5279-6.ch004
INTRODUCTION

Innovation ecosystems enable small and medium-sized enterprises to compete with innovations that include the knowledge of others. Integrating external knowledge in innovation is however a complex process, and there are many pitfalls to consider. This case study analyses a small company which leverages its innovation ecosystem to compete in a dynamic global industry characterized by rapid technological change. The company faces the challenge of creating and commercializing a breakthrough innovation for digital education, with educational content for teachers and easy-to-use authoring tools for modifying this content. As the company attempts to benefit from lead-user experiences, home bias towards knowledge from local users appears as an unexpected hurdle. The analysis of the case encompasses the firm, the industry, and the ecosystem levels, and indicates key concepts for innovation in ecosystem settings.

ORGANIZATION BACKGROUND

PlanetFactory was established on January 1, 2000, in the garage of Bernat Casanovas in Cabrianes. The company specialized in creating educational applications and experienced very rapid initial growth. In 2007, the global financial crisis brought with it cost cuts in Spanish public administration. These cuts were especially hard on PlanetFactory, which relied on the public sector for 90 percent of its turnover. In an extremely critical moment, Bernat and his team decided to transform the company to minimize its exposure to fluctuations in the demand of intermediaries that they had suffered as a service company. They wanted to be able to reach the end user directly, and therefore planned to create a competitive proprietary product. Hence, the first objective they set was to develop an innovative product based on internal R&D. Once they had developed the product, the second objective would be to internationalize the company. The financial situation of the company is summarized in Tables 1 and 2.

The PlanetFactory team had also learned the business of customized services should not depend so much on a single industry, i.e. that of public administration (Corral-Marfil et al., 2015). They made a great effort to find customers in the publishing industry. As they worked with publishers, they detected a market opportunity. The team observed a need to create content in the educational business. They also found that those who developed content at the publishers lacked technical skills. Therefore, they decided to create a product that was extremely easy to use.

The team sensed that tablets would replace PCs completely, which would make all content based on the Flash program obsolete. In 2010, PlanetFactory decided to
From Cloud Computing to Fog Computing: Platforms for the Internet of Things (IoT)
[www.igi-global.com/article/from-cloud-computing-to-fog-computing/198409?camid=4v1a](www.igi-global.com/article/from-cloud-computing-to-fog-computing/198409?camid=4v1a)

Transporting the Cloud
[www.igi-global.com/chapter/transporting-the-cloud/90112?camid=4v1a](www.igi-global.com/chapter/transporting-the-cloud/90112?camid=4v1a)