

Nokia and RIM Can Reinvent Themselves *Outside-In Co-Creation*

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Why are RIM and Nokia struggling? The short answer is that they have failed to co-create and to take an “outside-in” view of the world. Both of these companies have enormous technology capability, big labs and super-smart engineers. But innovation isn’t just about internal R&D. If you fail to understand what customers want, you can innovate, you just can’t innovate successfully.

RIM and Nokia shouldn’t be lumped together across too many dimensions. Although they have gone down the same path (from leaders to laggards) they have different problems and they likely have different paths to recovery. Nokia failed to build the right user interfaces for Symbian, its core operating system, despite a huge effort to do so. And it failed to develop attractive smart phones. A combination of poor management, failing to understand the market, and not enough of the right type of engineers relegated the company’s development efforts to the slow lane. So Nokia has jumped into a partnership with Microsoft, relying on its operating software. RIM has been too reliant on the business user and its wonderful keyboard and security software. Now the market has moved beyond RIM.

Overall the wireless handset consumer electronics category has been one of the fastest and consistently innovative. When

“car” phones were commercially introduced in the mid-1980s they were \$3,000 devices with a corded phone mounted near the driver and a transceiver bolted to the floor in the trunk. Back then the “killer app” was voice. Now it is data. In the interim years it was email, at least for Blackberry users. And here in the story is the beginning of the downfall for Nokia and RIM. These two companies had great market share, customer acceptance and functionality when the world was mostly about voice and email. RIM (“Crackberry”) was the master of email with its software, hardware and keyboard. But as the consumer has moved from a voice/email handset to a data access device neither of these companies has kept pace with form or functionality. As a proof point, in markets where data is less prevalent or technology generations not as rapid both Nokia and RIM continue to succeed. The obvious challenge is that even these later adopting markets will adopt data over time.

What are Nokia and RIM missing? The current wisdom and adoption indicates that applications, swipe screens, great cameras, texting capability are what customers want in phones. And they want thin tablets with easy swipe screen functionality and access to cloud services via applications and internet search. But this is today’s paradigm; it isn’t likely to be what

customers will want next year or in three years. RIM and Nokia have to innovate to where the ball will be, not where it is now. To succeed again, Nokia and RIM must leapfrog the competition. This is a challenging task because innovation cycles are short, and the competition is fierce. But the hard part is actually deciphering what customers want before, in some cases, they even know.

What does outside in “co-creation” look like? Co-creation in its simplest form is engaging employees, suppliers, distributors, partners and customers in the development, ideation and execution of the business. These stakeholders have a lot to say about what they want from the products and services that companies like Nokia and RIM deliver, or fail to deliver. The challenge is unlocking these inputs cost-effectively and providing the customers with value at the same time. This isn’t market research; rather it is engagement and the building of value for all parties. Customers don’t want to be asked to rate their experience. They simply want a better experience, one that delivers value to them. Building co-creation platforms on the web, at the call center, at the retail store, and at other touch-points with customers and other stakeholders is the key to unlocking and delivering that value. Co-creation platforms can capture

data about customers and the usage of the platforms. That as well as the successful growth in the sale of goods and services is the best measure customer engagement and satisfaction.

Can Nokia and RIM remake themselves? The answer is yes in theory and “who knows” in practice. Relying only on an inside out approach to innovation will fail, as it has failed thus far. These companies must get out into the marketplace. They must co-create and learn about behavior, about how customers use content and how they communicate and how they want to access content and how they want to communicate in the future. These behavioral elements are knowable and the behavior can be translated into new forms, features and functionality. Outside in is hard, but achievable, work. The work is just as challenging as the inside out work done in the labs by engineers.

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