THE OPEN EXECUTION MODEL: *Innovation Across Boundaries*

Clearly, in the information economy, an organization is only as good as the innovative ideas it can nurture and execute at speed. Indeed, many good organizations are capable of harnessing innovation within their boundaries.
In a recent first-of-its-kind development for the automobile industry, five million social media users crowdsourced and customized the design of a Porsche. Can you envision the impact that this approach of depending on people who don’t work for you, could have on how organizations get work done? For instance, imagine if an organization working to deliver complex technology solutions could source niche skills from anywhere in the globe, outside the boundaries of the organization. How would this enable organizations to innovate more rapidly and effectively?

Clearly, in the information economy, an organization is only as good as the innovative ideas it can nurture and execute at speed. Indeed, many good organizations are capable of harnessing innovation within their boundaries. However, if organizations were able to tap into the knowledge, skills, experience, and ‘innovativeness’ inside and outside the organization—dissolve all boundaries and become a borderless incubator of innovation—they would become supremely capable of continuously delivering better solutions to their customers. This is not an especially new idea, and was first promoted by Henry Chesbrough in his book Open Innovation: The new imperative for creating and profiting from technology. Since then, open innovation principles have come to be rapidly adopted to source ideas both internally and externally, and to rapidly experiment, prototype, test, and create innovative products and solutions. The concept of “crowdsourcing” soon followed, referring to the way services—coding, testing, engineering design, and so on—that required specialized skills and knowledge could be sourced from anywhere in the world, whether the providers of such services were part of an organization or not.

However, “open execution”—delivery of services using a crowdsourced model was always fraught with enormous challenges when it came to institutionalizing and scaling this approach in the context of a business enterprise. To be sure there were successful startups who offered crowdsourcing services in some areas of software testing, data validation, software development, and so on. But its adoption by mainstream IT services delivery organizations has so far been small, far between, and confined to experiments.

It is in this context that new technologies become significant, with their potential to enable execution and scaling of hitherto difficult processes. In this paper, we examine how an Open Execution Model can be an enabler of innovation, the process challenges, and best practices in the backdrop of Wipro’s experience in evolving open execution delivery systems.

Open execution: A platform for innovation

Technological advances allow new business processes to be created that can drive competitive advantage. To leverage this, organizations need to be able to quickly access the skills and competencies needed to cater to them. Moreover, as the number of new technologies and specializations that need to be handled in any given project increases, an organization, however large it may be, will not have all the required skill sets to complete a particular project. The Open Execution Model enables an organization to scale up and tap into the best resources to solve complex business and technical problems.

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whether they are within or outside the organization. In this way, standing on the twin pillars of competence and collaboration, this approach facilitates innovation.

Wipro’s Open Execution Model is designed to address this and to function as an IT service delivery platform that enables innovation by tapping into a broad resource pool, within and outside the organization, while quickly delivering the innovation to our customers. In other words, by working with appropriate stakeholders, the model allows great ideas to surface, get converted into business services valued by customers, and deploys them rapidly.

What are the benefits of innovation through open execution for organizations?

Organizations could adopt the Open Execution Model to jumpstart innovation through an effective resource management strategy that facilitates teamwork, cost optimization, and organizational transformation. While this approach would be especially successful to drive technology solutions for large enterprises, it is open to all organizations and individuals for their participation.

The principal benefits of this model for organizations include:

1. Customer delight: Ultimately innovation is about invention of new ways (processes) to meet customer needs, improving on existing approaches, and executing them rapidly. The Open Execution Model helps in getting great ideas (invention), and acting on them swiftly (execution).

2. Better resource utilization: Organizations could dispense with the staffing requirement for a large bench or expensive retraining for a single project. Instead, each employee could now be productively utilized, with the organization drawing on the expertise of external technologists for niche skills that are not easily available internally.

3. Competency building and productivity: With this new approach to resource mobilization, organizations could focus on building their core competencies, while drawing on external expertise, when required. These organizations’ new focus on competency building also helps create a highly motivated, skilled, and focused workforce.

4. Collaboration: The new semi-porous structure of these organizations makes them a high-collaboration zone that harvests the strongest ideas from the best people. Take for instance, the generation of new ideas during technology hackathons. At Wipro, we have seen power of this approach early, through our ‘ideas’ campaigns that crowdsourced the best ideas for specific technical problems internally.

5. Cost efficiency: Predictably, this new approach to resource mobilization creates a leaner and more cost-efficient enterprise. The benefits of these value additions can even be passed on to the end customer, offering them with an incentive to opt for the delivery of their products or services through the Open Execution Model.

So, if it is a no-brainer, why is it difficult to create and sustain an open execution program?

In spite of these many benefits, not all organizations may be ready to adopt the Open Execution Model as yet. Organizations may also need to consider and meet the challenges of adopting this approach to innovation.

1. Complexity of the model: The biggest issue is the complexity of the execution model. Facilitation of free movement between internal and external resources, ideas, and influences, raises the complexity of this model several fold. For example, complexity is introduced in work organization (how work is broken down, what is crowdsourced, what is done internally, assignment, and payment), how ideas and IP are handled and the protections they should have, communication, costing, governance, and risk management. In fact there is complexity in all aspects of delivery. Organizations would have to predict and manage this complexity, and even invent a model akin to the Global Delivery Model that enabled IT services offshoring and outsourcing in the first place. As in the Global Delivery Model, the Open Execution Model is also a work in progress at this stage of its evolution.
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2. Contracts and compliance: Risk management and compliance to the various contract obligations that govern the delivery of IT Services is a whole new area. To start with, contracts that may include crowdsourcing need to be rewritten to include the new provisioning structure. In an ODC model, there would be severe limitations. Access to, control of and compliance to information dissemination, all need to be reworked based on the agreement between the customer, IT service delivery vendor, and the Open Execution Model participants. All of these would test new ground.

3. Project and risk management: Co-ordination between a group of technologists scattered across the world, and not bound by organizational ties, will require a new set of project management skills. Organizations will have to groom a new generation of leaders who can take on the challenge of delivering projects driven by the Open Execution Model of engagement. Current project and program management knowledge needs an extension to accommodate the demand for these skills.

4. Project integration: While it may be possible to disaggregate the service so that it is delivered by a group of independent external collaborators, project integration is also an essential skill that is crucial to the Open Execution Model. Here again, the latest technologies in application development are seen to be quite helpful. The key is a change in the mindset of the development teams where work processes do not follow the traditional life-cycle model, but switch to more agile, iterative, and incremental models.

5. Quality assurance: Controlling quality while working under an Open Execution Model can be a challenge as individual technologists, participating in delivering solutions on individual projects, may not be bound by a common set of standards and code of conduct. In this scenario, establishing, monitoring, and assuring quality parameters become crucial to the success of a project.
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Quality processes need to be rethought and enforced through innovative methods. For instance, one option is extending the new advances in developing technologies that help in automatically ensuring development quality through using tools and processes for both community-based and formal quality control into the Open Execution Model.

6. Investments and change management: This unique approach to project delivery will most certainly require a series of sustained investments, in the face of uncertain returns or benefits. Consensus building and change management are also difficult for many organizations. It is necessary to build the right leadership and empower them to drive many of the changed processes that open execution will necessitate. This is not necessarily a new skill to be learnt, but the context of its application introduces fresh challenges that need new approaches.

7. IP management issues: Determining and managing the IP created in a fair manner, also poses challenges. Some of these are not entirely in the control of the organization and may depend on local laws and regulations. While progress has been made to create enabling laws, the efforts are uneven, and currently need a lot of energy to be managed proficiently. For instance, if new methods are invented in the course of a crowdsourced project, would the IP have to be shared by both internal and external entities? Is it possible to commercially capture its value while the project is being executed?

None of these are insurmountable problems. Interestingly, we are able to make progress in a number of these areas today, and push the envelope.

How can organizations incentivize innovation through open execution?

Most technologists who participate in projects under the Open Execution Model are driven by a set of mixed motivations that combine elements of the open execution incentives’ 3Ps: “price, prize, and pride”.

Many participants would work for a price, realized in a market for their services based on an ask-offer or in some cases on an auction model. For instance, take the examples of the crowdsourced labor space oDesk and the crowdsourcing Internet marketplace Amazon Mechanical Turk (MTurk), which have successfully provided platforms for businesses and freelancers to work together via the Internet. As the largest online marketplace in the world today, oDesk reports that over US $1 billion has been spent on its platform since its inception in 2005. It is a further demonstration of the success of this model that businesses post 3,600 jobs and workers clock 75,000 hours each day at this online marketplace.

Another fairly widespread model is the prize model, where suitably big prizes are announced for the best solutions. The X PRIZE Foundation, which runs public competitions to encourage technological development is the trailblazer for this model, and was memorably leveraged by Richard Branson to select the technology for the spaceship that launched Virgin Galactic, which was licensed from the winner of the Ansari X PRIZE.

Yet, other powerful incentives remain passion, community, collaboration, and recognition. Increasing inputs from diverse disciplines, such as economics, statistics, and financial markets inform the structure and construction of the contract and reward mechanisms used here. Organizations can tap into any of these motivators to
drive innovation and raise the quality of the technology solution delivered through the Open Execution Model. This approach also has been leveraged by academia, particularly Stanford’s eCorner and INSEAD, in their study of entrepreneurship and innovation thought leadership.

What are the best practices for innovation through open execution?

Clearly, open execution has the potential to transform the delivery of technology solutions for products and services. But the successful deployment of this model within organizations will be driven by efficient project management. Here are some of the best practices that organizations could adopt for the delivery of IT services and products through the Open Execution Model:

1. **Select the right service.** Given the high level of complexity that goes with this approach, not all services are appropriate for delivery via open execution. For instance, data governance, image tagging, and translation projects are usually found to be well managed under this system, but other projects may not fare as well.

2. **Choose the right platform:** With this approach still evolving, organizations must be careful to select a platform that provides for the unique features of the specific product or service being managed under the Open Execution Model.

3. **Identify potential problems early:** Given the complexity of this model, it becomes imperative for organizations to forecast and manage potential problems that could arise from this style of management. As with all software projects, if problems are detected early in the software development cycle, they become less expensive to rectify. However, this takes a whole new significance in the case of the Open Execution Model, where the process is, by its very nature, less amenable to control.

4. **Adhere to quality assurance parameters:** Quality standards will need to be designed specifically for open execution projects and closely monitored. They will need to accommodate the flexibility of this model and the diversity of the workforce, while meeting the generally strict industry norms. Existing quality processes and metrics will need extensive revisiting.

5. **Clearly define pricing and intellectual property ownership:** In view of the internal-external collaboration that drives the Open Execution Model, it becomes crucial to clearly elucidate pricing and have a legal agreement on intellectual property and other copyright details at the start of the partnership.

Conclusion

Open innovation has already begun to transform the approach to product and service creation across industries. Just as the Global Delivery Model opened up new avenues of service delivery, the Open Execution Model has the potential to foster a dynamic and result oriented culture of innovation in our 21st century organizations. However, the approach is not without its challenges, and so it is necessary for organizations to actively innovate in managing open execution processes for success. The fruits of mastering the science and the art of open innovation and execution are a great innovation culture within, and market success without.