

Global Business Strategy (Chapter 11)

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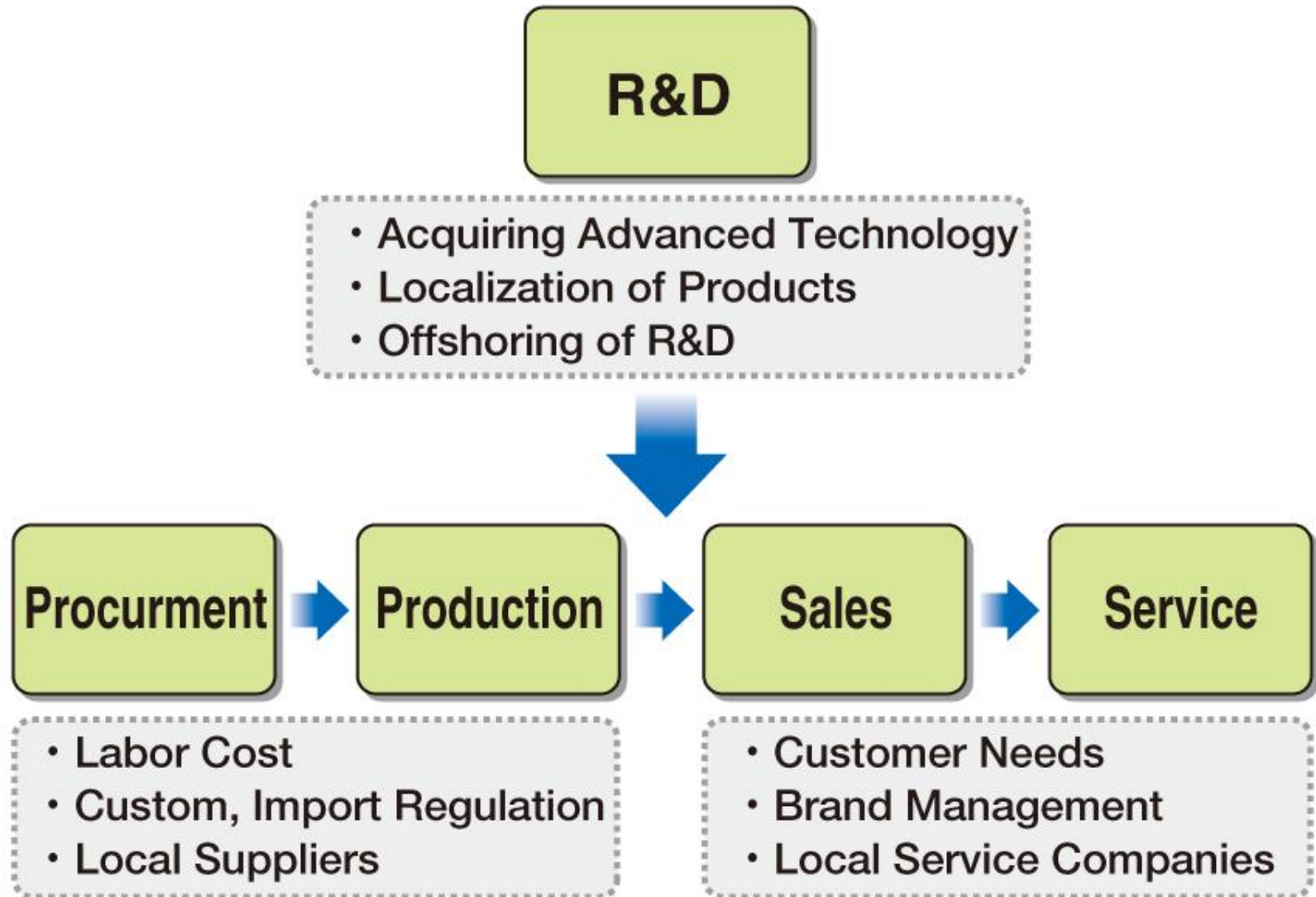
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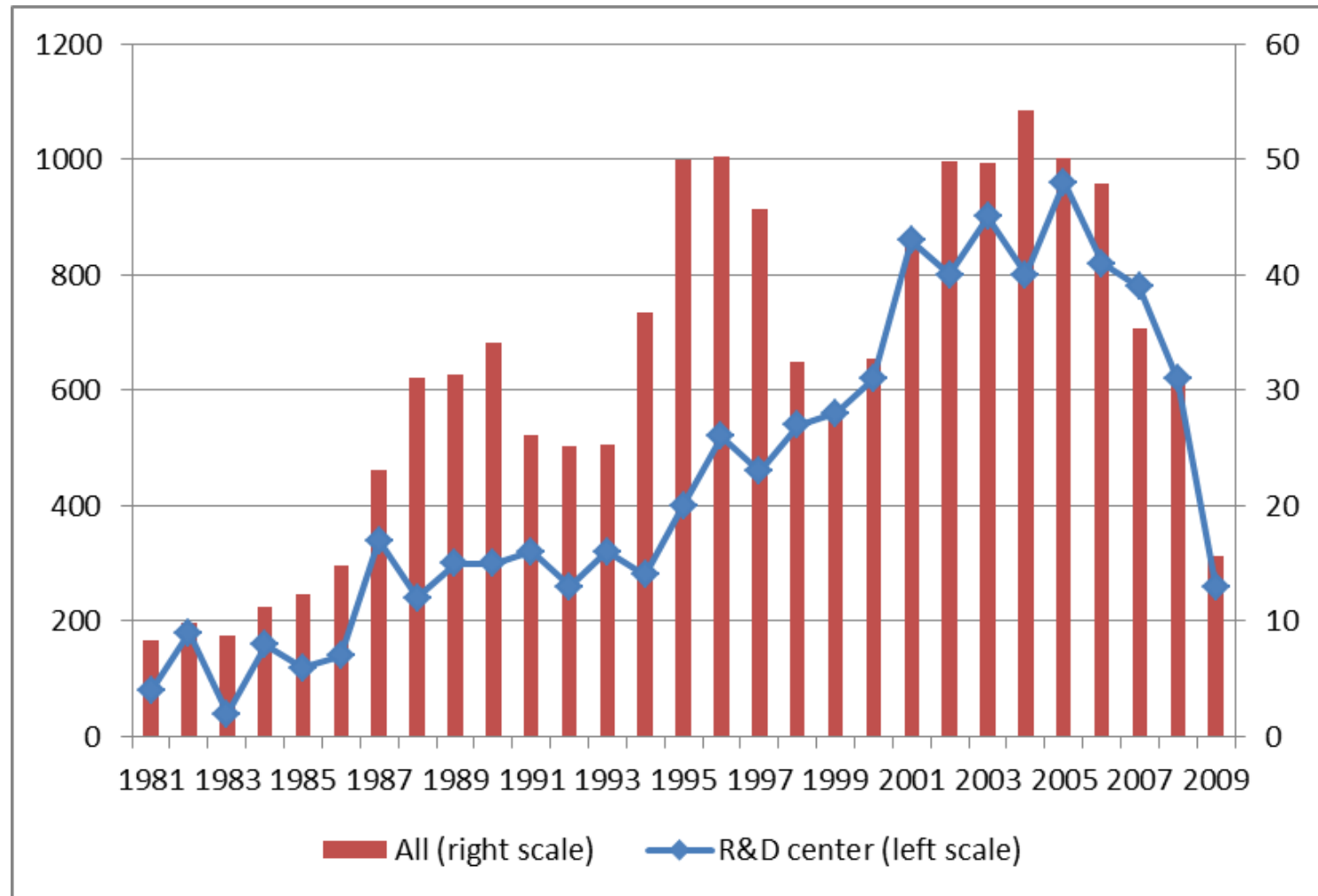
Issues to be covered

- Growing trend of overseas R&D
- Innovation management by type of overseas R&D
- AAA and type of overseas R&D and relationship with corporate strategy and marketing
- Global R&D in a context of emerging economies

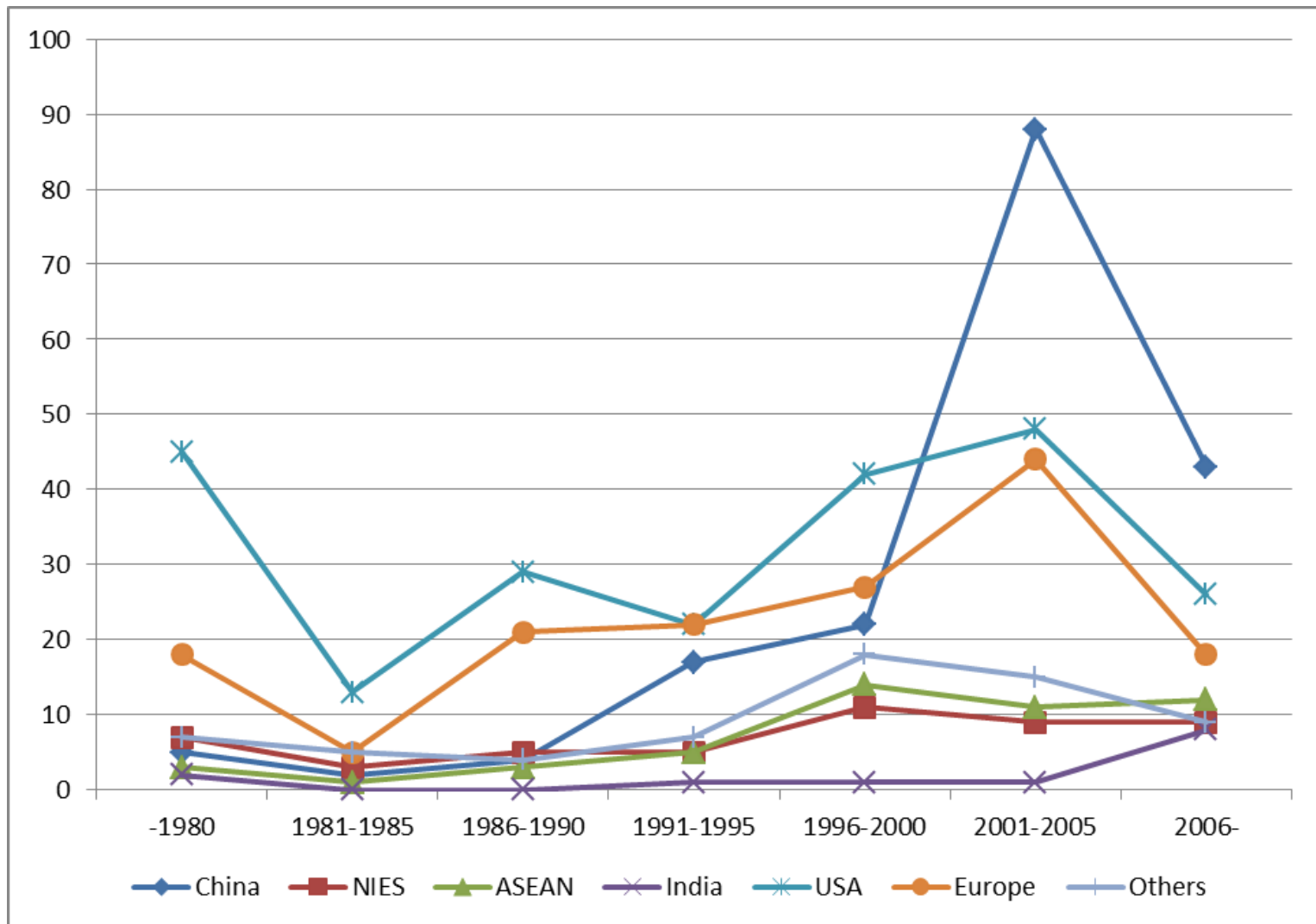
Value Chain and Global Strategy



Globalization trend of Japanese firms

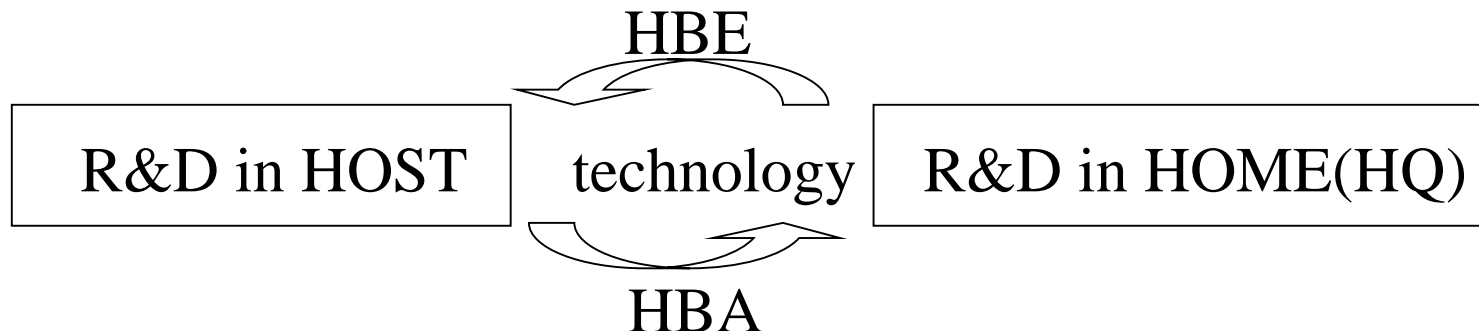


of overseas R&D sites by region

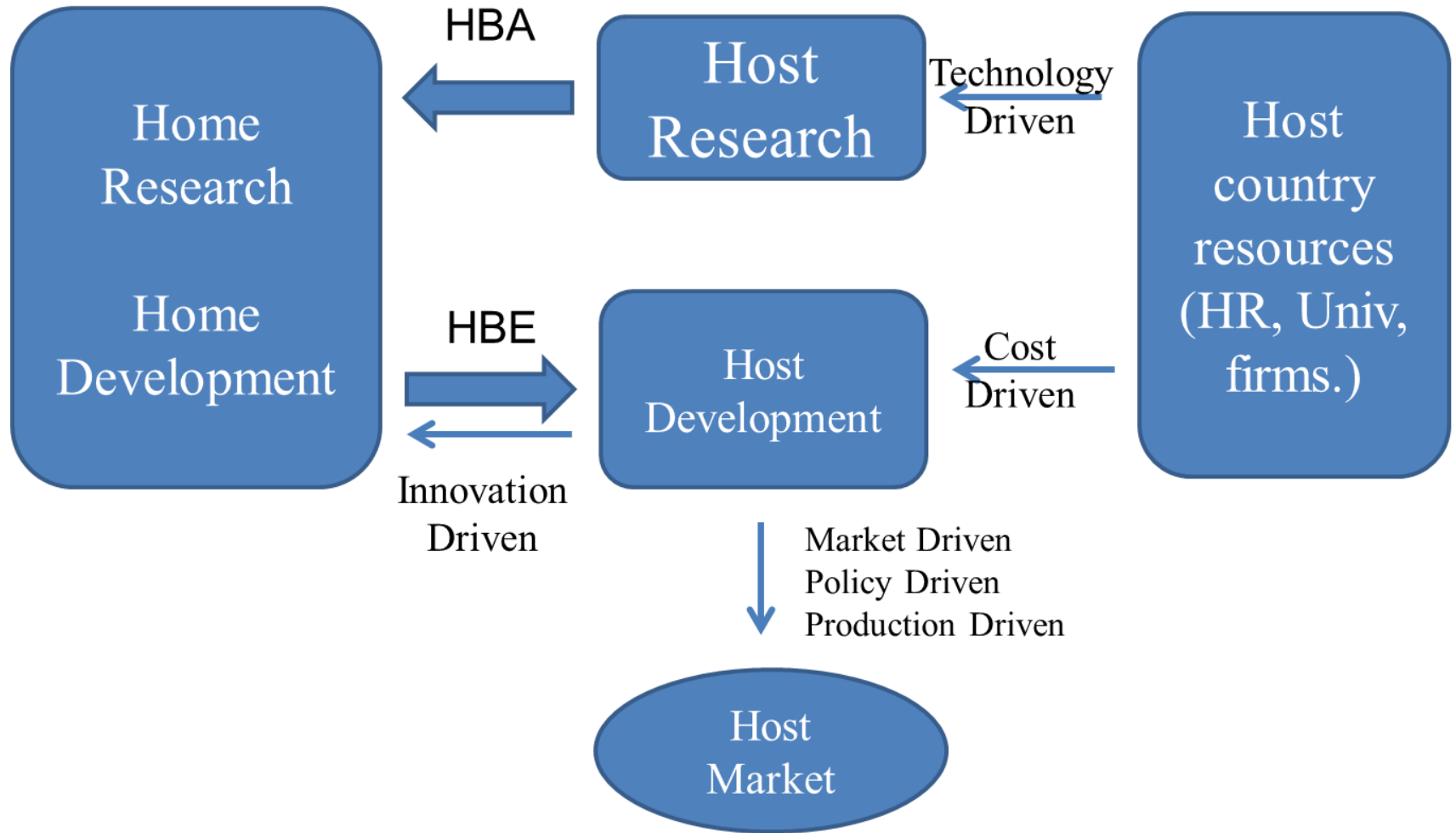


Multinational R&D: possible motivations

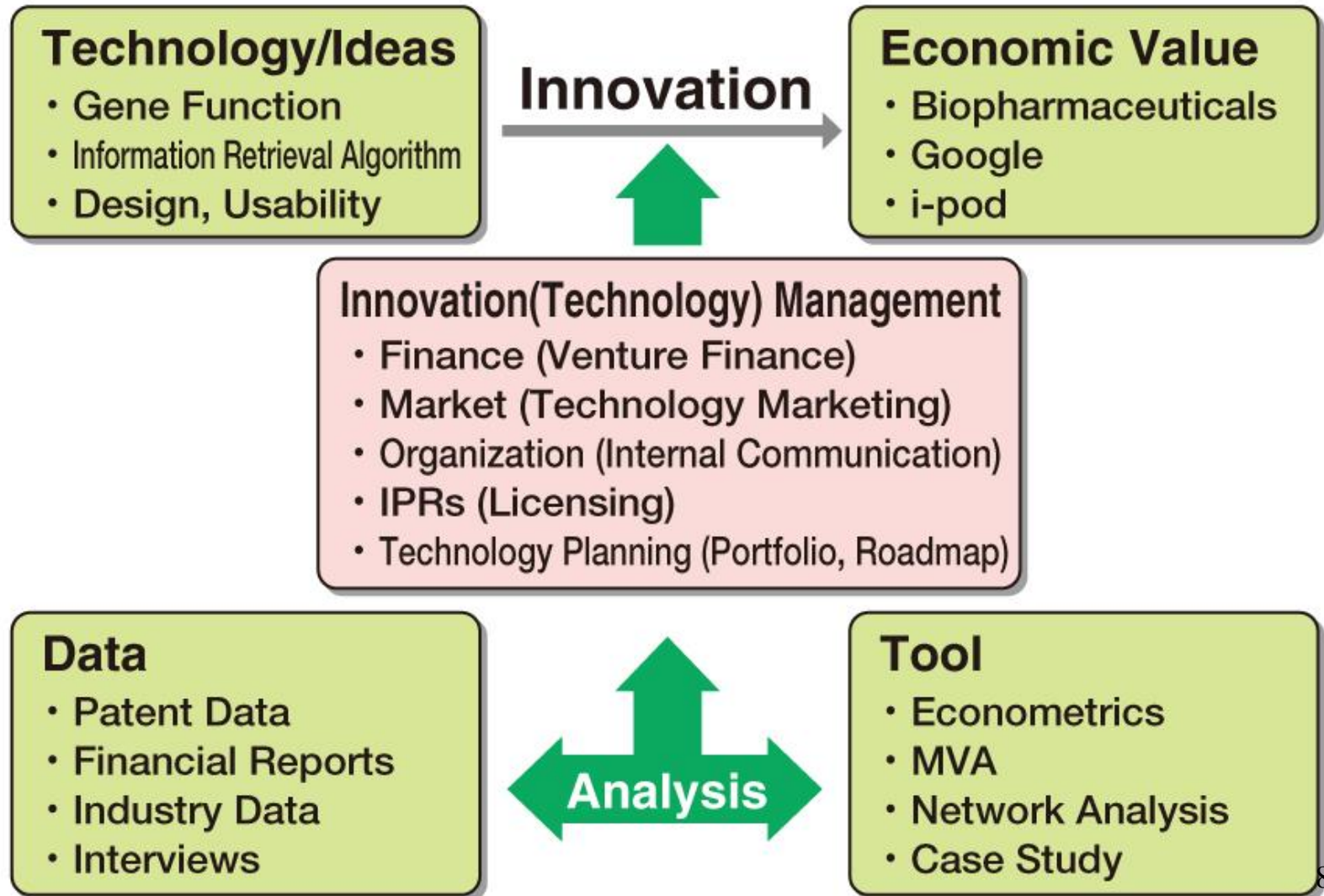
- Zedtwitz and Gassman: “market driven” or “technology driven”
- Kuemmerle, W.: “home base exploitation (HBE)” vs “home base augmentation (HBA)”
- Another types of motivations: production support, Lowering R&D cost, policy driven etc. (Gammeltoft, 2006)



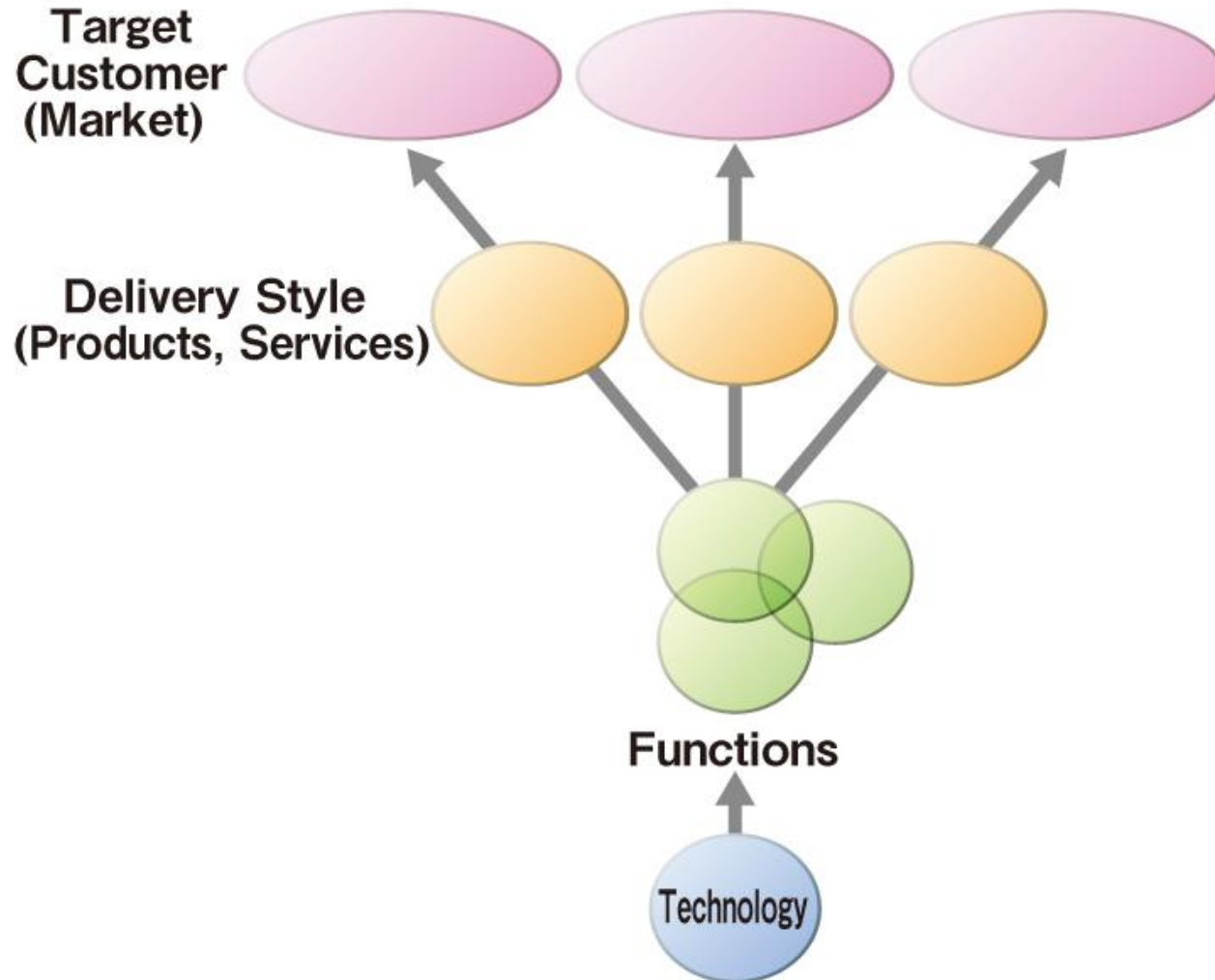
Typology of international R&D



What is Technology (Innovation) Management?



Technology Push type TM



Market pull type TM

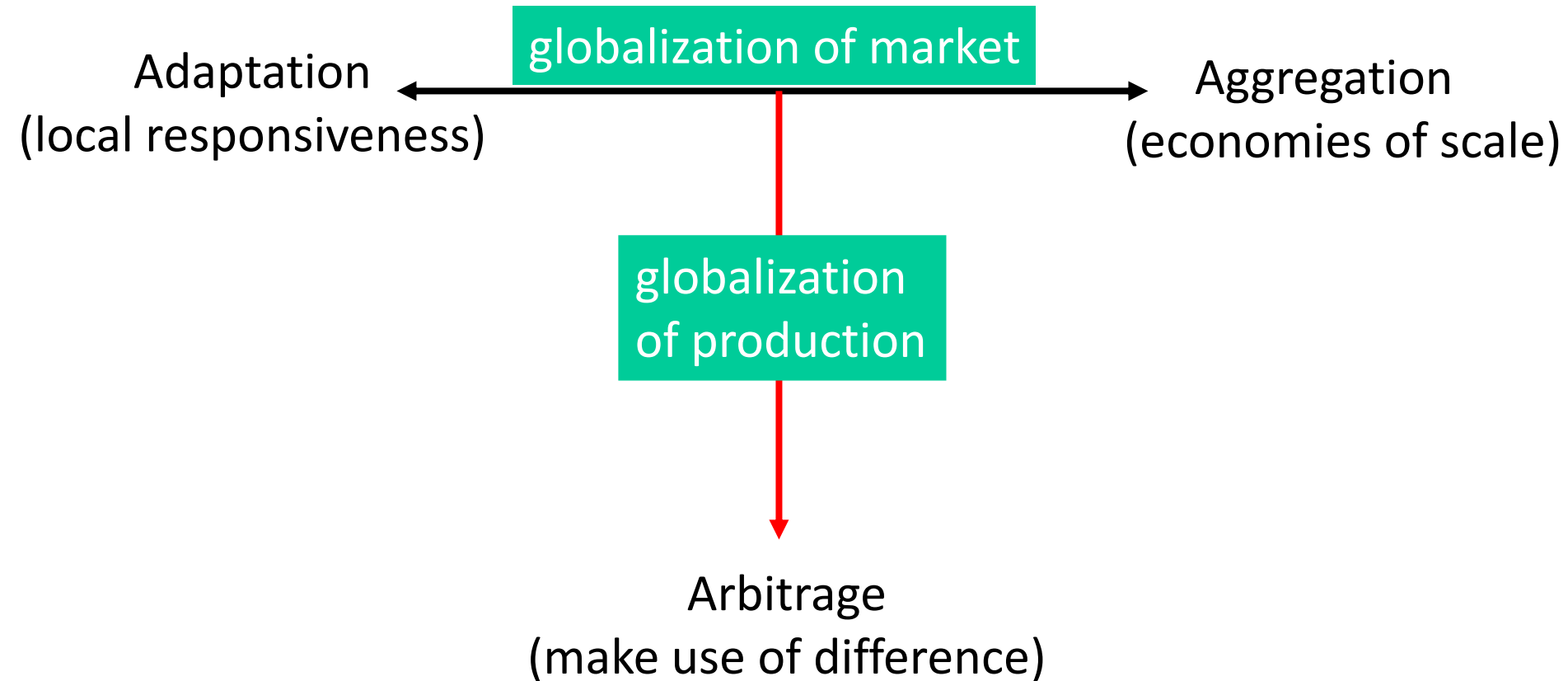
Marketing Strategy	R&D Strategy	Technology Dept.				
		R	D	Design	Production	IT
High Value Added	<ul style="list-style-type: none"> ● Quality Improvement ● High Performance 	●	●	●	○	○
Brand Image	<ul style="list-style-type: none"> ● High-tech ● Safety, Reliability ● Design, Human, Interface 	●	●	●	○	●
Low Price	<ul style="list-style-type: none"> ● Lower Cost 	○	●	○	●	○
Speedy Innovation	<ul style="list-style-type: none"> ● Shorten Development Period ● Use of IT 	○	●	○	●	●

TM by type of overseas market: Premium or good enough?

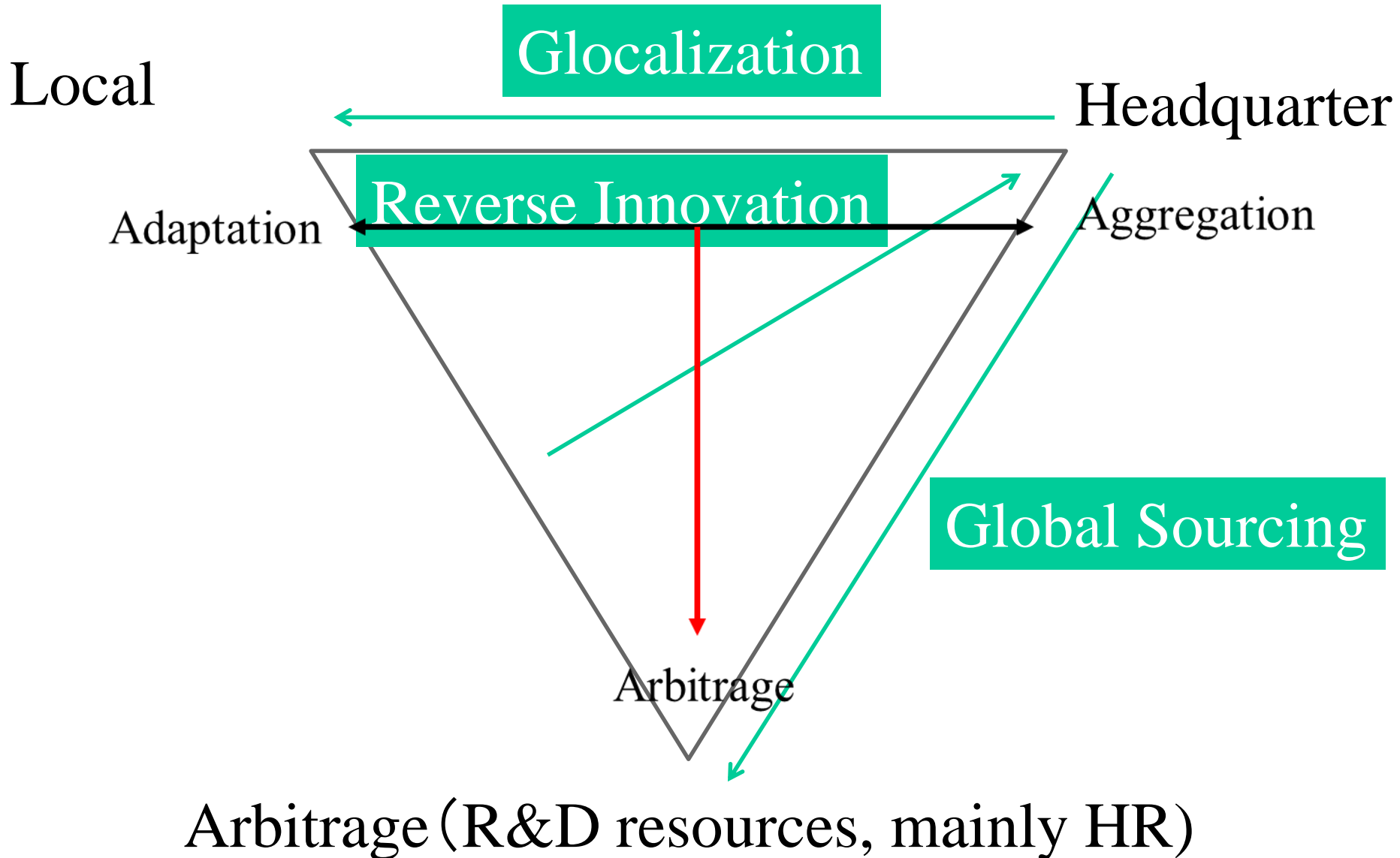
	Relevance for premium market (enough volume, brand image, quality requirement by customers)	Good enough products and services are OK (saturated value proposition curve, commoditization ...)
Strong competitive position against local competitors	Stay-in and focus on premium market	Risk of innovator's dilemma, prepare for good enough market strategy, local partnership (but risk of cannibalization)
Local competitors' catching up	Further development and product differentiation by non-technical factors such as investing-in brand, safety and eco-friendly	Give up this market and go another place? Local partnership with local autonomous management (a kind of portfolio investment)

Adapted from “The Battle for China’s Good-Enough Market”
by Gadish, Leung and Vestring, HBR September 2007

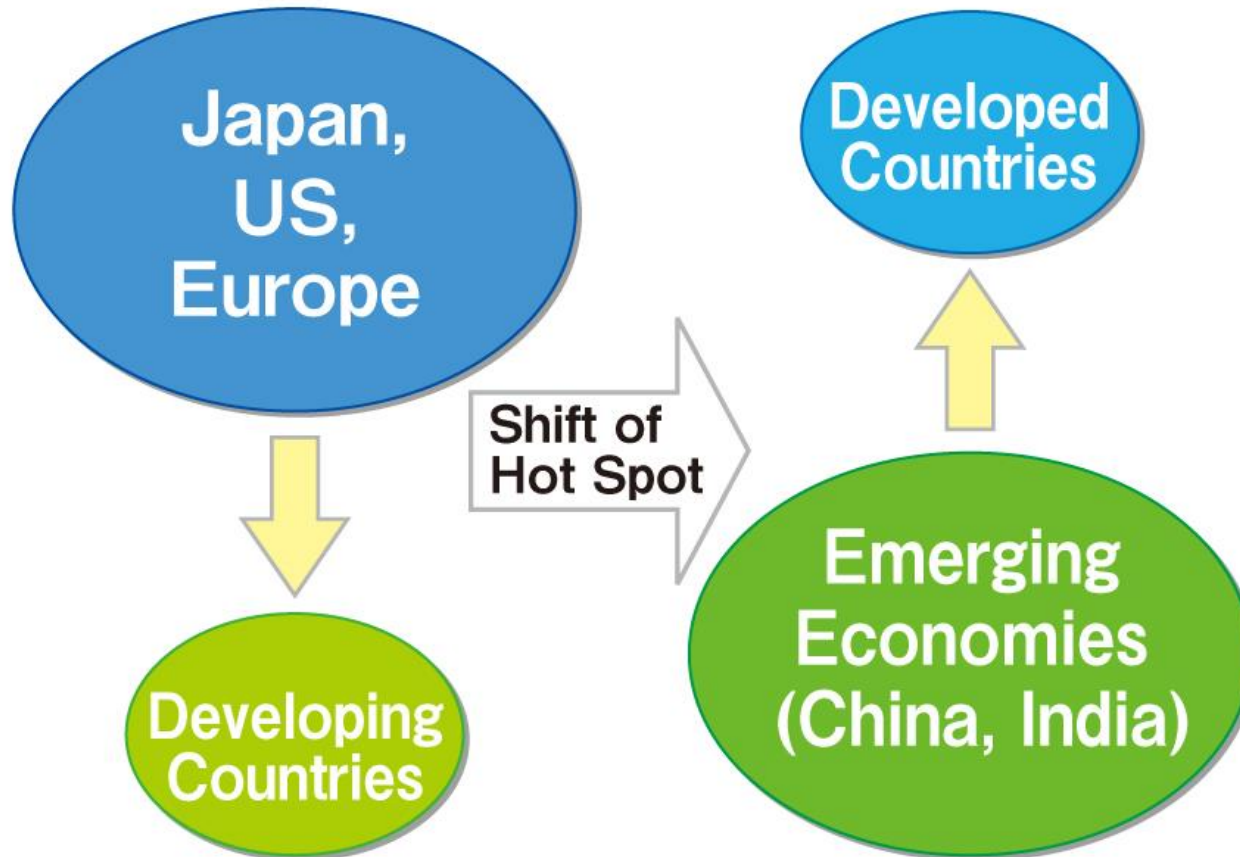
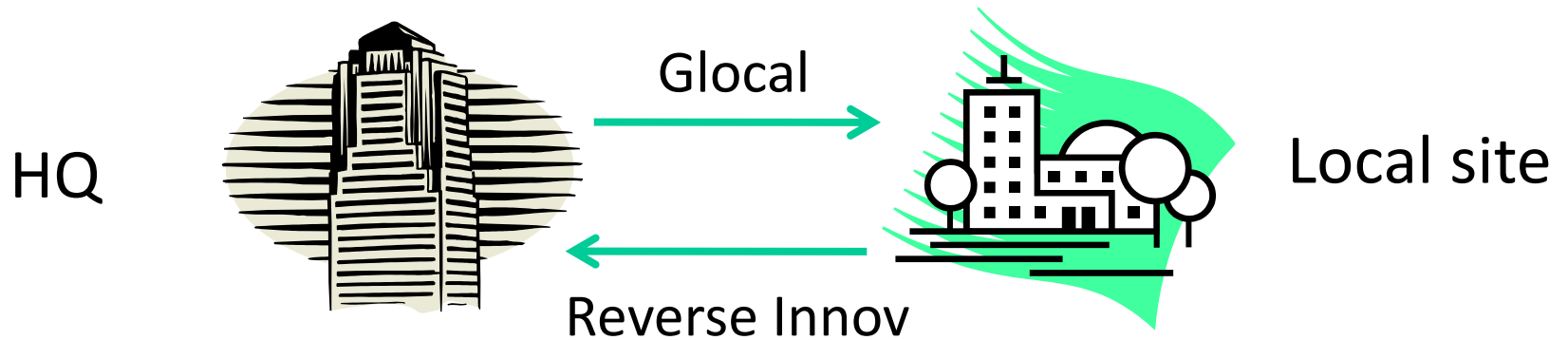
AAA Triangle by P. Ghemawat



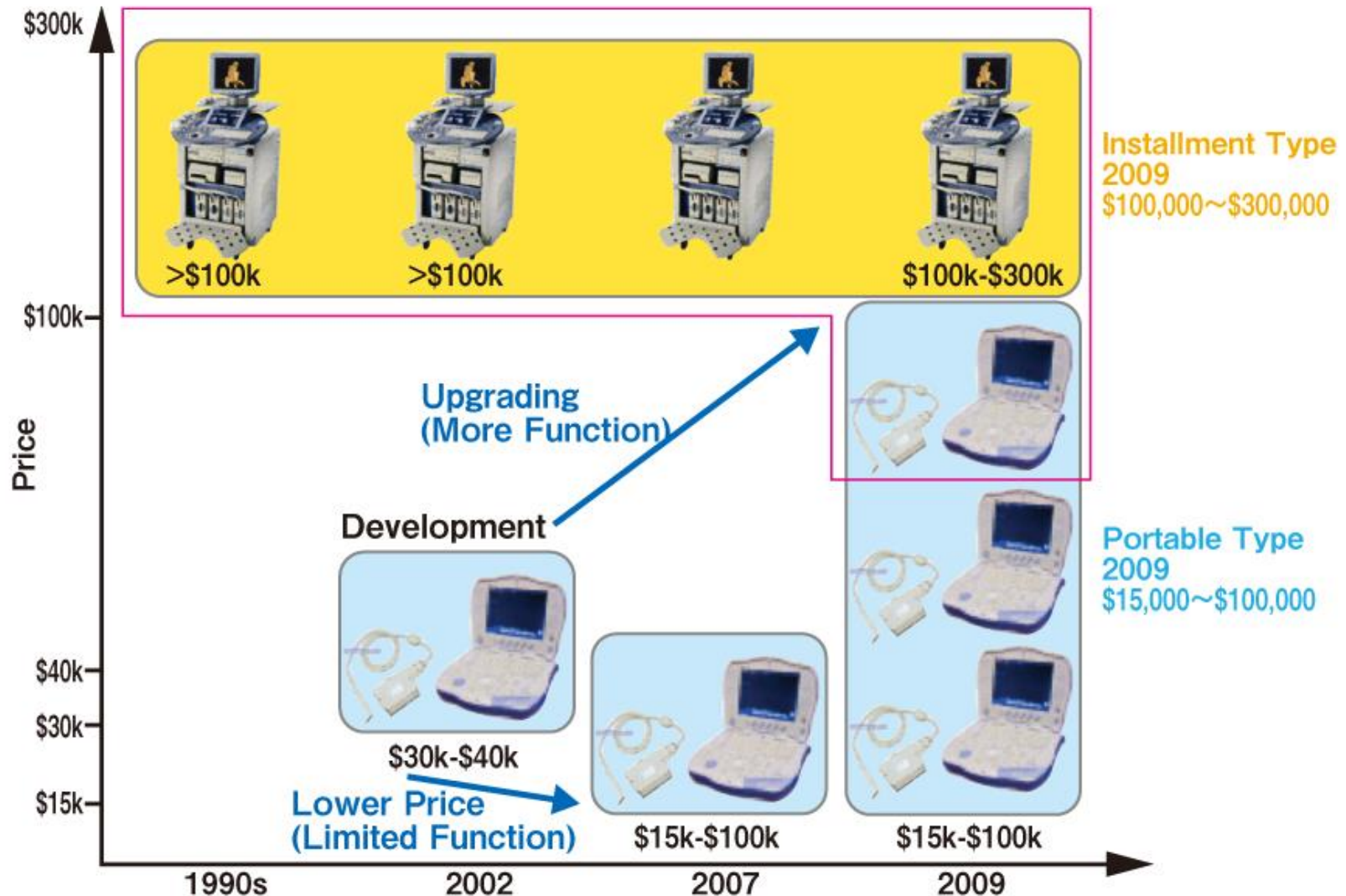
AAA strategy and global R&D



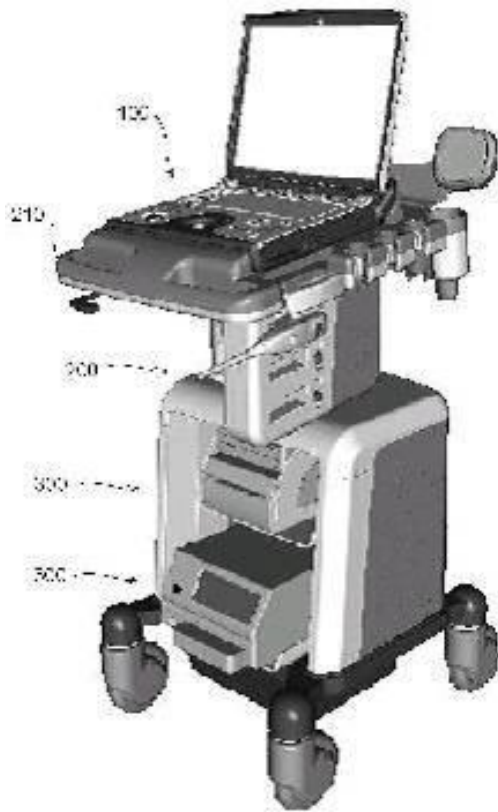
Reverse Innovation (V.Govindarajan)



GE case: Ultrasonography



Invented in China for global market



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Importance of learning from local

- Sensor function at local (B to C): Panasonic's life style research institute in China and India (understand consumer's life-style in less developed area)
- Local partnership as a door to new customer (B to B, B to G): Hitachi's joint venture with LG group for water business
- “Finding great ideas in emerging market”: finding unforeseeable use, arbitrage strategy for ideas: Intel's emerging market project (use of PC for social tool-> netbook (ultra) book concept)