

Contemporary management problems

Innovation management



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Schedule (1/2)

Today

Session 1	Session 2	Session 3	Session 4
Introduction & Case study 1	Case study 2	Case study 3	Case study 4
September 28 th	October 03 rd	October 10 th	October 17 th
Correction of case study	Presentations & correction of case study	Presentations & correction of case study	Presentations & correction of case study

Schedule (2/2)

Session 5	Session 6	Session 7	Session 8
Case study 5	Case study 6	EXAMEN	Correction
October 24 th	November 07 th	November 13-20 th	November 13-20 th
Presentations & correction of case study	Presentations & correction of case study	Presentations & correction of case study	EXAM

Let's recap !

Concepts

- **Creativity**

- The ability of a person or organization to generate ideas from imagination, knowledge and expertise in a given field.



- **Innovation**

- Development of a new method for carrying out an operation.



- **Technology**

- A tool for using and operationalizing a method to carry out an operation.



Case study 5 - Ubisoft

Innovation management

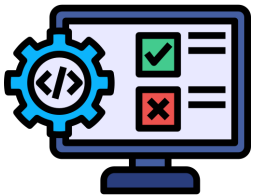
Question 1

What kind of innovations does Ubisoft bring to the market?

Question 1

- **Types d'innovation :**

- Service innovation: offering a new service
- Product innovation: offering a product with new characteristics
- Process innovation: new production methods
- Managerial innovation: change or optimization of work organization
- Social innovation: progress in response to a social or environmental need



1. The innovations at Ubisoft

Product innovation



Improvement of the product characteristics

- Editorial innovation
- Based on technological innovation

Service innovation



Providing a new service to the customers

Doc. 2 "online games", "social games" and "innovative games"

1. The innovations at Ubisoft

Management innovation



Optimization of labor organization

Doc. 5 "The objective is to stimulate new ways of thinking and working."

Process innovation



New production methods

Doc. 5 "develop techniques that start from the player's feelings and then test their consequences for the organization via pilot projects."

1. The innovations at Ubisoft

- **Doc. 1** "we will launch new titles" "bring our brands to a higher number of media" "next generation console market" "HD console market" "online and digital segments" "next generation console market"
- **Doc. 2** "Our difference lies in the ability of our teams to take initiatives and to be creative. This translates into a few principles for managing people. First of all, empowerment and trust. Power is given to those who do, who create, who produce, and not to managers or marketing. "creative dimension, which produces the content of the games at the editorial level (scenarios, graphics, game rules, music...)" "innovative games (...) in the technology used" "punctuated by the breaks that may be introduced by new generations of consoles or the appearance of new game platforms, such as cell phones or online games." "It is to preserve this capacity to innovate that Ubisoft has maintained a flexible and open management style" "The company's borders with the outside world are increasingly permeable and this change must be an opportunity to implement new ways of working."
- **Doc. 5** " develop techniques that start from the player's feelings and then test their consequences for the organization via pilot projects. The objective is to stimulate new ways of thinking and working. This is also a constant feature of Ubisoft, the need to always innovate. "Yves Guillemot is exploring new ideas in terms of creation and production for example introduce more..." "We also have to be inventive in solving production problems, testing features and making them evolve" "imagine new ways of playing"

Question 2

Considering their impact, how would you describe Ubisoft's innovations?

2. The typology of innovations

- **Disruptive innovation** = destabilize the market to the benefit of the company carrying the innovation either by creating a new market (ex. SpaceX) or by cannibalizing the existing market (ex: Free).
- **Incremental innovation** = limited change compared to the reference offer and can be managed by project groups in the company.
- **Radical innovation** = deep modification of the usual references concerning the perceived value of an offer and its cost.
- **Impressionistic innovation** = service innovations based on a complex and original set of tangible and intangible elements, individually identifiable but difficult to combine.
- **Open innovation** = the company seeks to acquire resources and ideas from outside.



2. Incremental innovations at Ubisoft

- Ubisoft mostly develop incremental innovations.
 - "*Next generation of consoles*" = it assumes that the console already exists.
 - "*be among the first publishers to offer games on this medium*" or "*offer original game experiences*" = it assumes that the game experience is only improved.
 - "*small autonomous and empowered teams working in project mode*" = working in project mode is typical of incremental innovation.
 - "*Bringing our brands to a greater number of media such as PC, smartphones, tablets*" = the medium is changing incrementally.
- Remark: Ubisoft also develop strong dynamic capabilities in order to identify and adapt to disruptive innovations on the marketing. E.g. virtual reality, change in gaming habits, new segments of gamers...

2. The impact of incremental innovations

- 3 types of diversification: content, medium and targets.
 - "*A new hero, a new engine, new gameplays*" = **Game content**
 - Online, digital, casual segments + "*more media such as PC, smartphones, tablets*" = **Game mediums**
 - An audience that was previously unknown to us - women and little girls = **New targets**

→ Incremental innovation has repercussions on content, medium and targets.

2. Operational and strategic outsourcing

- **Doc. 1** "The next generation of consoles" "develop our online segment" "A new hero, a new engine, new gameplays" "On the online and digital segments" "casual segment" "These new machines will integrate all the benefits brought by social games and micro-payment models, all reinforced by impressive graphics" "bring our brands to a higher number of supports such as the PC, smartphones, tablets" "free-to-play" "HD console market"
- **Doc. 2** "ushering in the era of action and adventure games" "new generations of consoles or the emergence of new gaming platforms, such as cell phones or online games." "To last, a company must integrate change as being intrinsic to its DNA and take the risk of constantly questioning itself in order to renew itself " " transition phase between 2 generations of consoles, emergence of new uses of video games in living rooms, giving birth to casual gamers, or the appearance of new game supports with cell phones "
- **Doc. 3** "offering original gaming experiences"
- **Doc. 5** "small, autonomous and empowered teams working in project mode" "when Nintendo decided to launch the Wii, targeting an audience that was previously unknown to us - women and little girls - we had to react immediately to be among the first publishers to offer games on this medium" "imagining new ways of playing, most often linked to a technological innovation"

Question 3

What are the drivers behind the innovations brought to market by Ubisoft?

3. The drivers behind the innovations of Ubisoft

Technology pull



The strategy of creating a new product or service based on an idea or innovation, with the aim of bringing it to market.

This invention creates a need in the consumer, and thus incites him or her to consume.

Market push



Strategy based on identifying a customer need.

The company responds to this need by creating a new product or service based on an existing innovation on the market.

The company markets this innovative product.

3. The drivers behind the innovations of Ubisoft

Technology pull



Doc. 2 "Investment in R&D, coupled with its ability to project itself into the next cycle and position itself early on in new markets, is the basis of Ubisoft's success. This is why the group is always one of the first publishers to anticipate the arrival of new consoles."

Market push



Doc. 1 "we believe that the next generation of consoles will revitalize the market"

Doc. 2 "The emergence of new social uses of video games in living rooms, giving rise to casual gamers, and the appearance of new gaming media with cell phones."

3. The drivers behind the innovations of Ubisoft

Technology pull



Market push



→ Ubisoft is in possession of the technology and is attentive to the demands from the market.

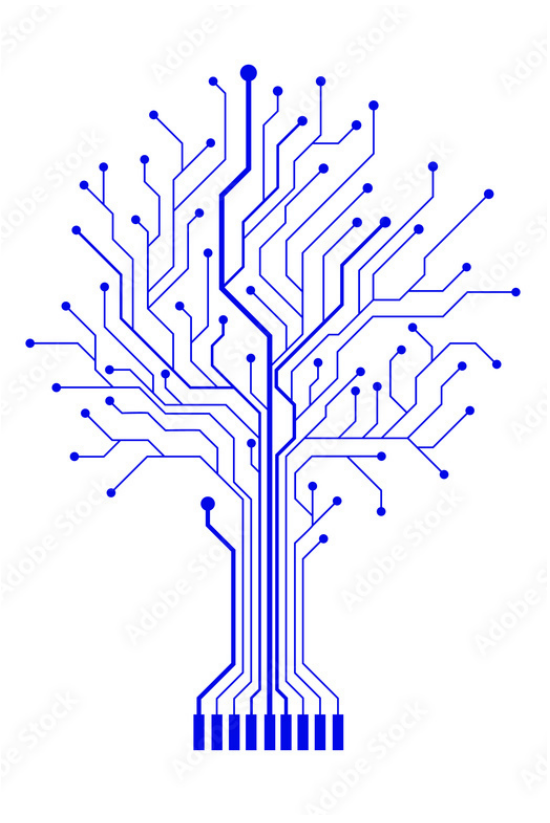
Refocusing process

- **Doc. 1** "we believe that the next generation of consoles will revitalize the market"
- **Doc. 2** "a sector where technological innovations reshuffle the deck every five years" "Yves Guillemot sees new information and communication technologies as the acceleration of a new societal phenomenon" "Ubisoft is pursuing this strategy and maintaining its investment efforts in order to be in a position to quickly seize all opportunities by integrating these upheavals into its businesses and its offering: The company's strategy is based on a number of key factors: the transition phase between two generations of consoles, the emergence of new uses and socialization of video games in living rooms, giving rise to casual gamers, and the emergence of new gaming media with cell phones."
- "Investments in R&D, coupled with its ability to project itself into the next cycle and position itself early on in new markets, are at the root of Ubisoft's success. This is why the group is always one of the first publishers to anticipate the arrival of new consoles. "an R&D policy focused on permanent anticipation" "integrated the technological revolution of the cultural industry [...] which [...] has its origins not in the technological sphere but in society" "driven by the phenomenon of dematerialization of content, generated directly by users"
- **Doc. 5** "When Nintendo decided to launch the Wii, targeting a previously unknown audience - women and little girls - we had to react immediately." "We also had to feminize the teams and develop knowledge of this market." "So if the market demands it, the teams are ready to take turns."

Question 4

Use the technology tree to analyze innovation at Ubisoft

4. Technology tree applied to Ubisoft



Declinations to a variety of products/markets

Adaptation of games (*products*) to less demanding media or audiences (*targets*)

Generic applications

Diversity of games (*products*) for a demanding market (*targets*)

Generic technologies

Games designed for demanding audiences (*targets*) or consoles (*products*)

Question 5

How do the logics of creativity, management and economic performance fit together?

5. Creativity, management & performance fit

- To foster creativity, a company needs to maintain a balance between 3 elements:
- **Financial performance:** a company must generate sufficient revenues to acquire the resources (human, skills and material) to create an environment that fosters creativity.
- **The creative environment:** a company must put in place policies that give employees autonomy and freedom in their jobs, and allow for experimentation to foster creativity.
- **Management style:** a company needs to implement a management style that strikes a balance between giving autonomy to encourage creativity and supervising employees to ensure that performance remains a priority.

5. Creativity, management & performance fit

- The objective is to analyze the link between creativity, management and economic performance.
- Findings show that economic results are very dependent on the level of creativity generated by the team.
 - *"Every ingredient of the game (scenario, animal, music...) must be perfect. More than that, the game must have a surprise element that makes it unique, usually a technological or gameplay innovation, a term by which we mean the rules of play and interaction."*
- Findings show that when the economic concretization or performance is not reached, it can be an obstacle to creativity.
 - *"The French video game champion cuts its annual forecasts due to the delay of 2 games. The stock collapses on the stock market. [...] As a result, Ubisoft has sharply reduced its sales forecasts and is now expecting an operating loss for the 2013-2014 fiscal year, which ends in March."*

5. Creativity, management & performance fit

- Management lies between the innovation process and economic performance.
- In fact, it is a major challenge.
 - *"To accompany this creative process, the organization must find a clever mix of autonomy and coordination. [...] It is counterbalanced by the intervention of top management in the validation of development steps. The core team must regularly prove itself, by demonstrating the accuracy of its creative intuitions."*

5. Creativity, management & performance fit

CREATIVITY

MANAGEMENT

PERFORMANCE

Economic results are dependent on the creativity generated.

The lack of economic concretization can be an obstacle to the creation.

Management is a strong issue that lies between the innovation process and economic performance.

Any question?

**Who are the 2 groups
for next week?**



Contemporary management problems

Case study 5 - Ubisoft

Thank you