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# COLLABORATIVE INNOVATION

Melanie Chernoff

Public Policy Manager, Red Hat

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[melanie@redhat.com](mailto:melanie@redhat.com)

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# Agenda

- Definitions: Closed, Open, Collaborative Innovation
- Collaborative Innovation and Software
- The Role of Intellectual Property
- Collaborative Innovation at Red Hat
- User-Driven innovation

# Collaborative Innovation: Definition

A framework built on sharing ideas and inventions with the world and getting new ideas from developers, customers, and leaders outside of the corporate structure.

# Collaborative Innovation: Definition

## Open Innovation

- Author and Berkley professor Henry Chesbrough
- Companies should buy or license processes or inventions from other companies rather than relying on internal R&D.

## Collaborative Innovation

- Builds on Chesbrough's principles
- Incorporates the ideals of user or customer driven innovations

## Closed Innovation

- The smart people in our field work for us.
- To profit from research and development (R&D), we must discover it, develop it and ship it ourselves.
- If we discover it ourselves, we will get it to market first.

## Open Innovation

- We need to work with smart people inside and outside our company.
- External R&D can create significant value; internal R&D is needed to claim some portion of that value.
- We don't have to originate the research to profit from it.

*Source: Henry Chesbrough*

# Nobody is as Smart as Everybody

- Proctor & Gamble: People don't have to work for the company in order to work with it—and not everybody can work for P&G.
- Connect + Develop program goal: to import half of all new technologies and product ideas from outside
- "For every one person we have in a particular area, there are 200 people on the outside of equal minds or better." *Larry Huston, VP of Innovation.*

# Nobody is as Smart as Everybody

- R&D productivity at Procter & Gamble increased by nearly 60%.
- Ex: Olay Regenerist, Swiffer Dusters, the Crest SpinBrush, & the Mr. Clean Magic Eraser.

## Collaborative Innovation

- Adds user or customer driven innovations and sharing knowledge.
- Goes a step further to share the innovation both upstream & downstream so that others may further build on the work.
- Emphasis on sharing ideas and inventions to develop the best products and services.

## Open Innovation

- We need to work with smart people inside and outside our company.
- External R&D can create significant value; internal R&D is needed to claim some portion of that value.
- We don't have to originate the research to profit from it.

# Collaborative Innovation: FLOSS

- The freedom to run the program, for any purpose.
- The freedom to study how the program works, and adapt it to your needs
- The freedom to redistribute copies so you can help your neighbor
- The freedom to improve the program, and release your improvements to the public, so that the whole community benefits

# Contrast: Proprietary Software

## SCOPE OF LICENSE.

[snip]

### You may not

- 1. work around any technical limitations in the software;**
- 2. reverse engineer, decompile or disassemble the software, except and only to the extent that applicable law expressly permits, despite this limitation;**
3. make more copies of the software than specified in this agreement or allowed by applicable law, despite this limitation;
4. publish the software for others to copy;
5. rent, lease or lend the software; or
6. use the software for commercial software hosting services

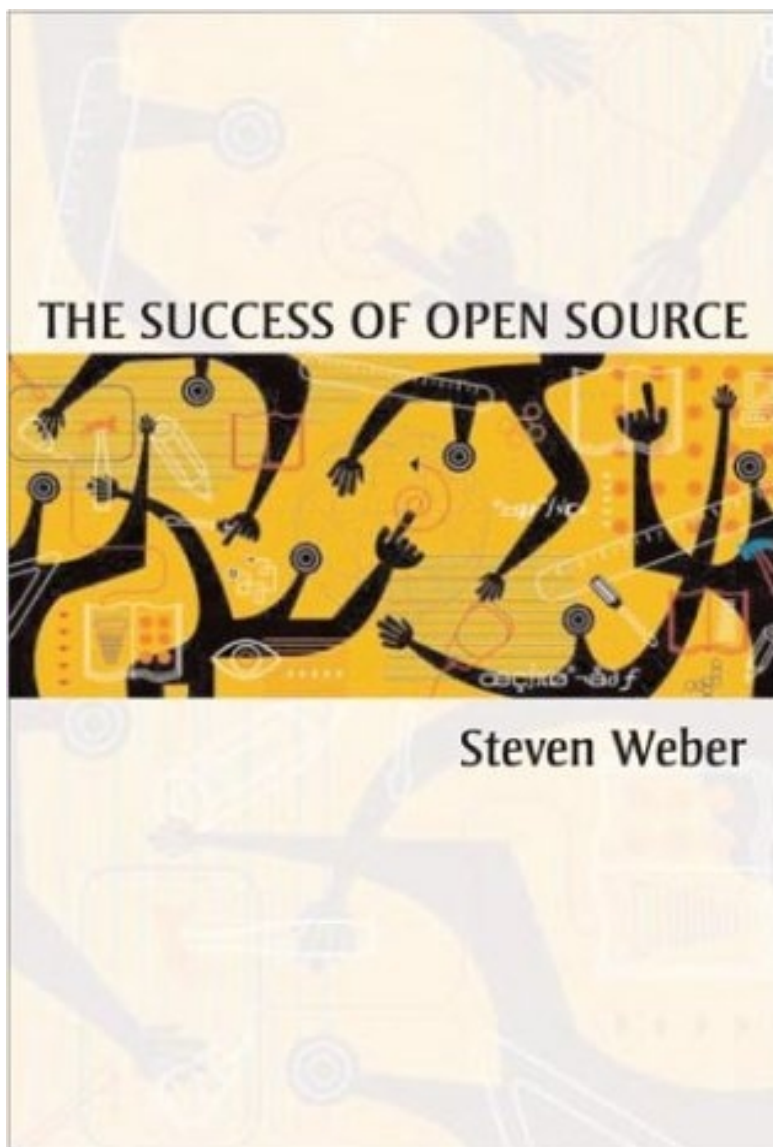
# Shift in Knowledge Creation and Expectations

## Intellectual “Property”

- Control, restrict
- Monopoly of an individual/company
- No right to modify, limited rights to use
- Industrial age legacy, per copy licensing

## Open Source

- Share, Collaborate
- Community owned, accessible to all
- Modifications encouraged, Freedom in usage
- Freely distributable, pay only for value-added services



"The conventional notion of property is the right to exclude. **Property in open source is configured fundamentally around the right to distribute, not the right to exclude.**"

**Prof. Steven Weber**  
Director of the Institute of  
International Studies  
UC Berkeley

# Red Hat and Intellectual Property

- Red Hat Patent Promise
- Open Invention Network
- Patent Settlement in *Firestar* Case
- Brief in *Bilski* Case
- Software “per se” in India draft patent manual

# Collaborative Innovation at Red Hat

- Open Source model of Collaborative Innovation enables Red Hat to compete with the giants
- 1.4 billion people on the Internet – Mass Collaboration on a scale never possible before
- “Architecture of Participation” creates a highly efficient, leveraged model
- Model is proven in software—now extending to content, medicine and other disciplines

# Collaborative Innovation at Red Hat

**Open Source**  
Access to Code  
(Fedora, Issue: Software Patents)

**Open Content**  
Access to Knowledge  
(Creative Commons, Wikipedia)

**Open Standards**  
Access to Data  
(ODF, Royalty Free Standards)

**Anytime, Anywhere, Anyhow** access to knowledge

# Collaborative Innovation at Red Hat

- User-Driven: 10,000 users worldwide contribute code to the Fedora Project
- Customer-Driven: Customers from the defense and finance industries drive innovation in Red Hat Enterprise MRG
- Developer-Driven: Red Hat is the largest corporate contributor to the Linux kernel.

# Innovation: The User is Key

1. Google
2. Yahoo!
3. Facebook
4. YouTube
5. Windows Live
6. Microsoft Network (MSN)
7. Blogger.com
8. Wikipedia
9. Baidu.com
10. Yahoo! Japan



# Innovation: The User is Key

- Wikipedia is 25 times larger than Britannica, hopes to be equal in quality (*Wikipedia*)
- New blog created every second (*Tapscott, 2/07*)
- Amount of FLOSS used in EU represents 131,000 real-person-years of effort and a value of 12 billion Euro (*United Nations University – MERIT*)
- 300,000 new MySpace users every day, more than 110 million monthly active users (*MySpace*)

# Conclusion

- The world is moving towards collaborative innovation
- The user is the key to to innovation today and tomorrow
- Software patents act as brakes; changing notions of intellectual “property”
- FLOSS is emerging as an important framework for knowledge creation



# **QUESTIONS?**

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