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## Issue No. 2022-08

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# CO-CREATION TO INNOVATE

## WHY CO-CREATION BETWEEN BIG CORPORATES AND STARTUPS IS A GOOD WAY TO INNOVATE?

Innovation is the key to success in PropTech. However, whether a startup or big corporate is better in innovation has been debated for decades, until recently when big corporates tried piloting co-creation projects with startups to drive innovations. In this discussion forum, we will investigate by case study method why co-creations between big corporates and startups are a good way to innovate. An article by Kaplan (2019) is provided for reference.

Kaplan, Soren (2019) [How Big Companies and Startups Use 'Co-Creation' to Innovate](#), Inc. May 2.



# KELLY LORTH'S REPORT

## CASES OF VERSANT VENTURES AND ABCELLERA

Co-creation between established businesses and start-ups reduces the chance of failure, making it a great innovation approach. Large organisations would not be as concerned about adopting or incorporating new, creative inventions into their business due to a start-up's ability to deal with risk. With the aid of money and cutting-edge technology resources offered by large firms, start-ups would be able to take on the risk of inventing the idea to be successful. If unsuccessful, start-ups would be allowed to launch a brand-new venture without worrying about harming their reputation, and they would be able to use what they learned in future endeavours.

Collaboration may inspire ideas, motivate employees, increase engagement, and build trust. It is a significant indication of creativity in the workplace. Versant Ventures and AbCellera are an example of two organisations innovating together through co-creation. Versant Ventures can develop antibodies discovered by AbCellera as they can access data on antibodies that match their chosen disease targets (Pagliarulo, 2022). Their collaboration will help create antibody-based medications for cancer and immunological disorders. Not only will this generate financing but also offer the complete infrastructure and a healthier ecosystem of venture creation. For AbCellera, by giving companies access to all the tools and technologies they need, the partnership will be another step toward their grand goal of “democratising” antibody discovery (Pagliarulo, 2022).

## CASE OF CO-CUBED

On the other hand, co-creation between a big company and a start-up may not be a great way to innovate as issues may arise between the two entities. This could include:

- Start-ups may enter a collaboration without a detailed plan and face risks and consequences.
- Start-ups are being intimidated by big corporates.
- An imbalance scale could arise, such as the availability of resources.
- Communication and compromising to agree on such matters.
- Start-ups are not carefully choosing companies that align with their values and innovative ideas.
- The agreement of revenue sharing between the parties regarding the success of the collaboration.
- Control over failure and negative responses to the innovative collaboration.
- Not outlining the terms of their agreement and failing to understand each other.

For example, Jeremy Basset, who has a start-up called Co-cubed, encountered issues with a corporate firm that disregarded his innovative ideas. Co-cubed did not select the right partners that aligned with their visions and innovative designs. This resulted in a conflict between the corporate firm and Co-cubed as they failed to address their concerns and responsibilities to one another. The communication between the two parties was the main factor that resulted in their fallout for co-creation. Hence, the collaboration was stagnant (Basset, 2019).

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Pagliarulo, N. (2022, July). *Versant partners with AbCellera to arm startups with better antibodies*. BioPharma Dive: <https://www.biopharmadive.com/news/abcellera-versant-antibody-partnership-startup/628196/>





# CAITLYN KHOO'S REPORT

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## CASES OF BAYLEYS AND RENTBERRY

Co-creation between big companies and startups is a good way to innovate for many reasons.

Firstly, co-creation helps to build upon each party's strengths by removing constraints (We Found, 2020). Corporations have financial and operational stability, but startups bring disruptive innovation. Corporations, like Bayleys, don't need to divert from their existing successful business plan to generate disruptive innovation ideas and startups such as Rentberry (Georgieva, 2022), don't have to waste time sourcing funding and resources. Rentberry allows Bayleys to provide online tours and negotiations and receive a client base enabling both parties to grow and benefit from the innovation.

Co-creation also allows the merging of different cultures and methodologies (Brown, Henz, Sibanda, & Wang, 2021). Co-creation allows both parties to use both sides to productively utilise others' knowledge (Fujitsu, n.d.). Bayleys has a traditional approach with vast experience while Rentberry likely has a less traditional approach with little experience. Co-creation allows the merge of the market experience from Bayleys and the rising trend and innovation ideas from Rentberry to strike a balance to maximise success upon launch.

Co-creation allows the corporation to utilise the innovation to improve their current operations and allows the startup to test the innovation and gain feedback (Steiber, & Alänge, 2020). The corporation will recognise what features of innovation benefit them most and the startup can use the feedback to continue to improve their innovation and target their customers better.

## CASES OF FASTBOOKING

Accor owns and manages properties and was partnering and co-creating with FASTBOOKING to help independent hotels develop their sales (Accor Hotels, 2020). Co-creation allows corporations to **gain an advantage in the market more quickly**. With Accor utilising FASTBOOKING before their competitors could access it or similar start-ups, it allowed faster anticipation of changes, accelerated transformation and improved agile adaptation (Accor, 2020, p. 50).

Co-creation allows the corporation to **bridge the gap between other stakeholders and headquarters**. Accor has insight into the perspective of the employees and headquarters, but FASTBOOKING has insight into customer demand and trends. Co-creation and collaboration facilitate more valuable discussions regarding innovation and provide areas to work on for both FASTBOOKING regarding the innovation and Accor regarding operations.

Co-creation, following Ramaswamy & Guillard's theory, has three important aspects, the customer, the firm and their interaction (Terblanche, 2014). Co-creations allow **consumers to feel part of the creation process** and empowered. FASTBOOKING involved significant customer input as it strives to be user-friendly and upon Accor utilising FASTBOOKING, it brought on the same effect. Therefore, both parties faced higher demand due to greater publicity.

Co-creations **generate a favourable reputation** for both parties, following customer and firm interaction of Ramaswamy & Guillard's theory. Accor gained a good reputation for supporting the start-up community, and FASTBOOKING gained a good reputation by working with a world-leading hotel group. The philanthropic perception gained by Accor and prestige gained by FASTBOOKING generates strong branding to differentiate them from their competitors in the market which increases profits.

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