



Innovation Strategy, NourNet as example

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EXECUTIVE SUMMARY:

NourNet is an ISP "Internet Service provider" who is operating in KSA "Kingdom of Saudi Arabia" that aimed to empower businesses with latest technologies and highest level of security, the company also provide ICT "Information and Communication Technology" services and products such as Disaster recovery solutions, Backup, and Cloud services that guaranty the highest standards in the market (Nour.Net.Sa)

The ICT services started in 2012, when the company established two commercial Datacenters in Riyadh and one in Dammam, which provides Co-location service, managed infrastructure and cloud solutions (Nour.Net.Sa), for that, the company targeted their existing customers for approaching these services, as the company has up to 45% of the retails companies in Saudi Market using NourNet as their main connectivity provider, besides that, the company has a respective position and accountable share market within the large enterprise business as backup connection provider because the company is one of the few providers who have agreement with the three main DSPs "Data service providers" and that allowed the company to have the widest range of coverage in the Kingdom.

In this paper, the author will examine NourNet innovation strategy the company needs to develop to sustain competitive advantages over competitors and position itself in the Saudi ICT market using (Cooper and Edgett, 2010) model and critical analysis from study by the Saudi Government "Communications and Information Technology Commission "CITC", considering the medium- and long-term goals of the organisation, How the organisation will implement these goals, how the organisation will deploy and develop resources to achieve these goals, and the impact of the innovation strategy on the triple bottom line of the organisation "social, environmental and financial" impact of the new innovation strategy, taking into account the open innovation and disruptive technologies.

In section one, the author will discuss the open innovation, disruptive technologies and its impact on the company's internal and external environment.

In section two, the author will discuss the changes in the culture changes and work a diversity of NourNet.

In section three, the author will discuss the medium- and long-term goals of the organisation, how the organisation will implement these goals, and how the organisation will deploy and develop resources to achieve these goals.

In section four, (Cooper and Edgett, 2010) model, and how managers can be Overcoming resistance

1.0 Section One:

In this section, the author will discuss the company's open innovation, the company's competition in the market, the competitive advantage of open innovation and its impact on the company's market, and the disruptive technologies.

1.0.1 Why managing innovation?

The investment in innovation is a key for company's successfulness to achieve its competitive advantages in global business (Bartlett and Ghoshal, 1990, p 216), the company needs to coordinate its activities and link them together in an effective manner (Bartlett and Ghoshal, 1990, p 215-216) to sustain the innovation, NourNet should develop its processes to maintain a sustainable implementation through the best practical processes.

1.1 The open innovation:

Open innovation defined by (Chesbrough, Vanhaverbeke, and West, 2006) as the utilization for the in and outflows in internal and external knowledge to maximize the profit for organization, and as (Chesbrough, 2006) defined as collective of processes both internal ideas and external channels in a system, from that perspective, NourNet open innovation strategy addressed as integrating the internal and external knowledge with the company's partners in market (Rogo, Cricelli, and Grimaldi, 2014, p 60) to achieve a remarkable profit for the organization, and the external knowledge begins for NourNet are that the partners have the know-how trading within the potential innovations and technologies (Hippel and Foster, 1988, p 87).

Also the service innovation, NourNet can offer to its customers a new way of interaction, delivering new technologies, and innovations that developed by the company (OMACHONU and EINSBRUCH, 2010, p 122).

1.1.1 A pipeline of innovations

Managed private infrastructure is a potential innovation for NourNet that allows the company to use internal expertise in managed services and external knowledge and technologies such as HPE enterprise infrastructure “enclosure C 7000”, so the company can offer for its customers a mixed flavor of cloud with managed services on above, that gives the customer a flexibility customization for his environment with managed services features and private cloud flavor (Greve and Strant, 2012, p 7).

The market showing a potential growth in the field of ICT services as (CITC.GOV.SA, 2010, pp 121-139), NourNet has the capabilities to make a POCs from these products and services then it can offer it to its potential existing customers, in parallel, the company can introduce these new products and services to the market –Non- existing customers- so the company can attract new customers (Markides, 2006, p 20).

1.2 Disruptive Technologies:

NourNet can manage strategic disruptive technologies in the market as this is important for the company’s sustainability in the market (Bower and Christensen, 1995, p 53) and the expected results for this model of qualified innovations for business are to increase the existing revenue (Markides, 2006, p 20).

The company needs a disruptive technology and investment in new cloud platform that allow the customer to have a fully managed and customized environment with the flavor of pay-as-you-go model, charging the customers per utilization, especially for development environment as it is not during all the year and partially open when there is development tests are needed, that will increase the company's profitability, as the current providers in the market are offering pay-as-you-go model but not managed, monitored and private cloud flavors on top of that, the thing that will create the significant change for NourNet mark.

2.0 Section two: NourNet culture changes and work diversity

The culture of any organisation could tell the managers about the company’s ability to accept a change management, new ideas, and employees’ behavior. Apart of the innovation strategy requires a level of change (Euchner, 2013, p 10), among the organisation, besides that, the work diversity as critical part of this strategy to be considered that effect and affect the innovation strategy plan.

2.1 NourNet culture changes:

The culture is a critical concept for any internal behaviour in any organization that address its efficiency and its noticed through the employees’ behaviour (Daft, 2013, p 20-21), also optimizing the knowledge of the expert workers allow the company to have strong organizational culture and that will bring the required innovation that sustain the company’s competitive advantages (Ramsey & Barkhuizen, 2011).

As (Euchner, 2013, p 10), NourNet has to accept that it will have some level of changes within the company’s culture, processes and environment in the way that achieve the company’s vision to be a leader in ICT field in Saudi Arabia.

2.2.1 Workplace diversity

The workplace diversity of NourNet will enhance the innovation; the company has more than seven nationalities working together, and the strength of its people would be one of the greatest advantages (Alänge, 2013, p247) that happen within NourNet workplace, also the importance of the diversity in the workplace aims to maximize flexibility, creativity, and productivity in a business environment that shape both internal team dynamics and team outcomes (Jackson and Ruderman, 1995)

The workplace diversity allows the company to maximise its flexibility, creativity, and productivity in a business environment that shape both internal team dynamics and team outcomes (Jackson and Ruderman, 1995), and that will reflect on the company’s strategic innovation change plan. The company is a multinational company that has more than seven nationalities working together in the same city over three major offices across the Kingdom of Saudi Arabia, and the strength of its peoples’ culture and diversity would be one of the greatest advantages (Alänge, 2013, p247).

The strong and shared mission would be additional advantage that could influence the environment to be creative and innovative (Alänge, 2013, p248), besides that, the portfolio management to enable the balance in a company between investment and revenue (Cooper, Edgett, and Kleinschmidt, 2001, p 3), and the new way of interacting with the customers that by the new technologies and innovations invented or developed by the company (OMACHONU and EINSBRUCH, 2010, p 122) that led to develop and enhance the knowledge sharing inside the company which is countable as influence factor which brought changes among the employees and environment.

2.2.2 Environmental influences.

Shared strong mission is an additional advantage the influence the business environment to be innovative and creative (Alänge, 2013, p248), also the portfolio management that enables the balance between investment and revenue for the company (Cooper, Edgett, and Kleinschmidt, 2001, p 3), creating a new way of interaction with the customers with the company's new technologies and innovations that developed by the company (OMACHONU and EINSRUCH, 2010, p 122) these factors will lead and act as a first step of the innovation strategy that will shape the knowledge sharing inside the company which will bring changes to the employees and environment.

3.0 Section three:

The best practice to achieve a long-term goal is to divide it into small goals, these goals connected and can lead to the long-term goal (Tagg, 2003); the goals are also giving meaning and direction for the business life-cycle (Janse, et al., 2016)

3.1 Short, Medium, and long-term goals:

NourNet has to divide the long-term strategic goal of being a leader in ICT field into short and medium goals, so the company can measure these goals, track it and enhance its reflection on business to sustain a successful strategic plan.

3.1.1 Short-term goals for NourNet is to introduce the new identity of its business to the existing customers across the Kingdom explaining the transformation plan to their customers and introducing the new partnerships that the company have and also the new products and services that the company offer, the short-term goal could be achieved within one-quarter, based on the number of customers and salesmen that the company have in each region.

3.1.2 Medium-term goals would be the implementation of the go market partnership plan like Zscaler, Huawei, and Microsoft, at this stage a training for the employees is required by the partners, and this stage will include a plan for double visit between NourNet employees and partners employees, and this could be achieved within two-quarters at the same year, besides the advertising and other social media marketing that will assist in achieving the medium goals.

3.1.3 The long-term goals, which is the most important target as it includes a financial and business goals, besides that, the share market acquisition and revenue achievement, it also held the company's vision as a leader in the ICT field, the overall measurement of the short, medium and long-term goals is a part of the ongoing long-term goals for NourNet, the development and achievement of each stage will reflect on the other factors of change management plan.

3.2 Goals implementation:

The author will utilise (Kaplan and Norton, 1996) Balanced Scorecard as a Strategic Management System for goals implementation, where the Balanced Scorecard divided into four processes that shape the short-term and medium-term goals to achieve the long-term goals.

3.2.1 The first process is translating the vision; it is built upon the organization vision and strategy by the managers so they can empower the organization, and it is an integration of sets of objectives and measures set by the company's senior management level that describe the long-term goals and drivers of success (Kaplan and Norton, 1996, pp 75-76)

3.2.2 The second process is communicating and linking, where the managers linking their strategies across the organization, so they can make sure that everyone in the organization understand the long-term strategy and its objectives, how they can achieve it and the aligned of departmental, and individual incentives (Kaplan and Norton, 1996, pp 76).

3.2.3 The third process is business planning, it is the integration stage between business and financial plans, as the strategy involve many aspects such as marketing changes, sales changes and technical changes, NourNet needs to process its plan and coordinate its resources, allocating it and set priorities, so they can undertake work effectively (Kaplan and Norton, 1996, pp 76).

3.2.4 The fourth process is feedback and learning; this is the stage where the company gains its strategic learning from implementing the goals, reviewing the processes to measure the achievement of the financial and non-financial goals for individuals and departments (Kaplan and Norton, 1996, pp 76-77).

3.3 Deploy and develop resources to achieve these goals.

The company needs to allocate its financial and non-financial resources to achieve its goals. A combination of the technical department, sales and marketing are significant for this strategy, where the sales are the company's eyes and ears on the market addressing the customer needs to the marketing department and the marketing department work with development for product and services with the technical department as they are the developers and also the service delivery.

4.0 Section four (Cooper and Edgett, 2010) model

The innovation strategy model developed by Cooper and Edgett aimed to achieve a high performance for the business, and it also considering the overall leadership and vision for the company, in their researcher the authors indicates that top-performing businesses “*have settled a product and technology innovation strategy in place along with the teams' leadership and vision of the business*” (Cooper and Edgett, 2010, p 34), on the other hand, the strategy should mitigate the company's risks (Adner, 2006, p 4-9) and work to provide a significant change in the company's position in the market.

4.1.1 Goals and Objectives:

The strategy should begin with clear understanding of addressing the product innovation goals and how it tie into the business' goals (Cooper and Edgett, 2010, p 35), within NourNet, the company should position a technological competitive products that allow the company to achieve business profits and sustainability in the market, through the development of unique new cloud platform.

4.1.2 Definition of Strategic Focus:

The strategic focus is the key for effective strategy, and focusing on where the company can attack in the market, and the most important aspect is where the company should not attack (Cooper and Edgett, 2010, p 35), NourNet management has to focus on the SME and LE segments, where the company has a broad range of customers, on the other hand, the company has no power to compete in the Government and Key Account sectors as most of these accounts requirements are over the company's capacity, beside that, NourNet innovation and product development strategy focus on providing a cost-effective platform with outsourcing the managed infrastructure facilities, which mean that the company keen to target the SME and LE segments so the company can maintain a low risk for business and high-profit margin.

4.1.3 Develop Attack and Entry Strategy:

It is how to attach a strategic area in the market (Cooper and Edgett, 2010, p 37), as NourNet is following the market rapidly (Cooper and Edgett, 2010, p 37) developing and improving existing technologies to fit with the SME and LE markets regarding the technology with low cost of ownership.

4.1.4 Make Deployment Decisions:

This refers to the resource committed and allocated such as money, and technological capabilities, as the strategy becomes real when spending money and any good product innovation deal with how much the company will spend on product innovation (Cooper and Edgett, 2010, p 38), NourNet has to allocate and dedicate its resources, from technical department to develop the Cloud Platform, and allocate from the budget a sufficient amount that helps in product development.

4.1.5 Product Roadmap:

It is an “*effective way to plot a series of major initiatives in the attack plan*” (Cooper and Edgett, 2010, p 40), and how NourNet management views the way of achieving the company's goals and how to reach the target to be leader in ICT field, NourNet has to develop a strategic roadmap with its partners and without the partners.

The Roadmap with the partners will provide the required information for the customers about the company's transformation plan and show the strength of the company through its partners from a side and the other side show the partners their database strength in Saudi Market.

The Roadmap without the partners will address the company's unique products and services to generate more revenue and get additional feedback about the partners roadshow

4.2 Resistance and how managers can Overcome it.

It is not an easy mission to overcome resistance especially when it is expected to be there all the time with any changes or development inside the organization that reflect on its environment (Butte, 2006), employees are afraid of changes because they are thinking that they are doing the right thing for a long time, and they do not have to change it, and here the leadership should take a place in exposing the employees, showing them that the market has changed, and it becomes more aggressive, and the change becomes a must (Ravi, 2009), they need to resilience enough to have quick, active and correct plans of actions (Margolis and Stoltz, 2010), they company also needs to “*formulate creative, strategic initiatives nimbly enough, and implement them fast enough*” (Kotter, 2012, p 46), the leaders of NourNet needs to explain the changes and new technological strategy to their employees, addressing the changes that will happen within the company and how critical it is (Euchner, 2013, p 10), and how urgent it is, so the company can establish a clear and shared vision to approaches the sense of change to overcome the resistance in shared leadership manner (Euchner, 2013, p 10).

4.3 Employees contribution

The empowerment that increases the level of performance and effect on the team work positively is the shared leadership (Pearce, Wassenaar and Manz, 2014), where the leaders are the motivation key for the alignment through the knowledge of the organization mission, vision, share information and create the environment for change and innovation (Suciu and Petrescu-Prahova, 2011, p 18)

The manager also can contribute the employees with the new strategy through decision-making communication, task flow to empower the influence, and apply social network technique (Suciu and Petrescu-Prahova, 2011, p 18).

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