



Session 5: An ERA of Open Innovation – Public and Private Partnership

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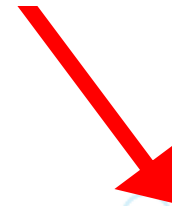


My Experience

2 Lenses



**Research
Organisation**



**FMCG
Company**



The Open Innovation Imperative



Open Innovation Through the Lenses – Traditional Views

Research Organisation

Cross discipline, institute, and nation collaboration

Advancing knowledge

Bringing benefits for society

FMCG Company

Strategic partners

Bigger better faster innovation

Growth
Shareholder return

Independent or interdependent ?

The Problems Faced by Business and Society are Common

Aids, TB, Malaria



Resource scarcity

Population growth



Obesity

**Water
Climate change**

Malnutrition

We Have Recognised the Need to Change



Re-defining business success

Double the size of our company while reducing our environmental impact



ERAB now calls for a New Renaissance

A paradigm shift in how we think, live and interact together

The Two Open Innovation Views Must Become One if We are to Succeed

**Research
Organisation**

**FMCG
Company**



New paradigm
High ambition
Fully open

New forms of public-private partnership
Market creation



Open Innovation With Unilever



Open Innovation

Accenture Survey : primary business strategy driving success in 2010?

17%: collaboration with strategic partners
(vs. 6% in 2008)



Key for breakthrough innovation

Open Innovation With Unilever



- Key focus area
- Increasing investment
- Building ambitious momentum



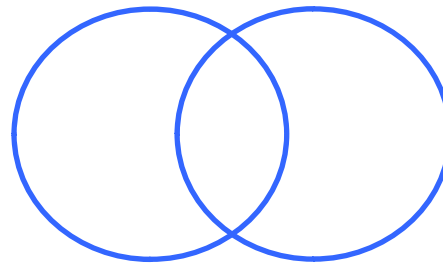
Building strategic areas



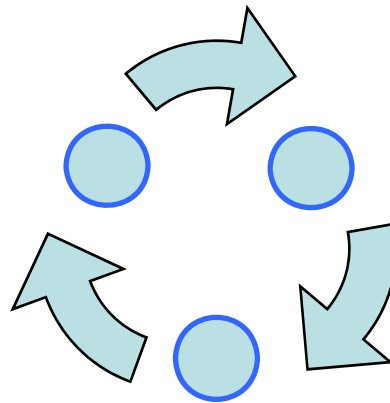
Typical Open Innovation Models With Unilever

Ownership Difficulty Ambition

Binary
Unilever +
complementary
partner



Industry Network
Vertical interdependence
Between multiple
players in the industry



Consortium
Cross industry,
academia
Government

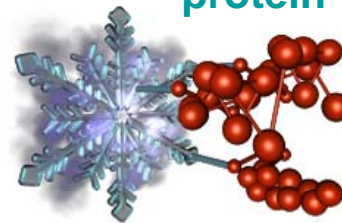


Open Innovation Model Examples - Binary

Unilever's Predominant Model



Ice structuring protein



Bigger

Pepsi – Lipton
Joint Venture
Created a new category

Better

Great ice cream texture
Martek create route to
sourcing

Faster

Investing in High
Throughput Screening
capability reduces
time to discover x 10

Open Innovation Model Examples - Network

Unilever's Pyramid Teabag Network

- Accessing and orchestrating new capabilities from our industry network



New ultrasonic sealing technology

New suppliers of transparent materials

New blending and handling systems



Tea suppliers

Flavour houses

Open Innovation Model Examples - Network

Unilever Orchestrates Sustainable Palm Oil



GREENPEACE

NGO's



Plantations



RSPO

Roundtable on Sustainable Palm Oil

Industry association



renewable oil production
for fuel, for food, for life™

solazyme

Renewable oil from algae

All palm to be certified sustainable
Partnership underway on alternative sources

→ **Part of holistic agenda**

Open Innovation Model Examples - Consortium Assuring Safety Without Animal Testing



The European Partnership
for Alternative Approaches to Animal Testing



- No single company can deliver

- Unilever's membership of consortia vital

- Regulatory acceptance and method validation

- Progress key science

**US 'Human Toxicology Project'
consortium**



Private – Public Open Innovation in the US



Open Innovation Model Examples - Consortium

The US Biomarker Consortium

MISSION

To develop and qualify promising biomarkers

Government



Industry



Open Innovation Model Examples - Consortium

The US Biomarker Consortium

Why it works

A big challenge for all

“Pro-competitive” not “Pre-competitive”

IP sharing agreement between members

Biomarker qualification – FDA and NIH



2030 Vision and Selected Challenges



ERAB Vision for Open Innovation - A New Paradigm*

High ambition

Fully open

**New forms of public-private
partnership**

Market creation

* From "Preparing Europe for a New Renaissance" ERAB strategic report 2009

Challenges - European Complexity

- **Framework 7**
 - Slow, long term, pre-competitive
- **Intellectual property environment**
 - Inconsistent, poor value for money
- **National Schemes are currently more attractive**



"Hi, this is Brussels - we're going to need to order some more red tape."

Challenges – Other Parts of the World are Growing Faster than EU

- **Corporate R&D investment has been growing faster in Asia and the USA***
- **Big companies are investing in R&D where they see emerging capabilities and future growth**
- **Europe is still leader in many R&D fields, eg Food**

* From European Industrial R&D Scoreboard 2009
NB 2008 year broke the trend – for the first time in six years

Challenges - Market Creation is Difficult

- **EU Venture Capital fragmented and at a fraction of US levels***
- **Low levels of stimulus for SME's**
- **Prioritisation**
- **Hard to build a major new industry or sector from Europe**

* From European Private Equity and Venture Capital Association White Paper 2010



Proposals



Proposals for Debate



- **Pro-competitive consortia**
 - Unlock barriers to new industry building
 - Co - locate and co – create
 - Make DELIVERY and SPEED imperatives
 - **Competitive consortia via vertical industry networks**
 - **Create a single EU venture capital market**
 - **Fix the complexity - Fast**
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