



**W**HILE businesses are under constant pressure from external forces such as customers, competitors, markets and vendors, they are also under immense internal pressure to diversify, promote new revenue streams, bring new products to market, and identify new areas for innovation.

The very nature of business is growth, and some of the most effective ways to achieve growth are through innovation and collaboration. There are clear signs of industry sector convergence happening, starting

where players from the technology sector such as Google, Apple and Alibaba are taking on payment services which are traditionally undertaken by the financial services sector.

**THE INNOVATIVE, COLLABORATIVE BUSINESS ENVIRONMENT**

However, many businesses approach the dual ambitions of innovation and collaboration as separate, unique efforts, or as distinctive skills sets within their organisation. This thought is so entrenched in the minds of management that businesses design their organisational structures in exactly this way. Research and development becomes physically and

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# THE BENEFITS OF COLLABORATION

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organisationally distinct from corporate development, which is separate from sales and marketing, and so forth.

While forming silos of responsibility for existing products and services can lead to efficiency and productivity, it can be an impediment when it comes to fostering an environment of innovation and collaboration. An isolated departmental organisation creates barriers between valuable members of a team, and poses challenges for communication, iteration, trial-and-error experimentation, and other important components of the innovation journey.

Similarly, different departments may find it harder to collaborate due to organisational barriers. Without significant coaching and communication from management to overcome these barriers, team members can find themselves unsure of their ability to reach outside their departments for the resources that they need, snuffing out projects before they are even completed.

Hence, in addition to having vertical departments that are individually responsible for their area of speciality, it may be important to establish cross-functional business teams that champion a specific aspect of the overall corporate strategy. Having removed the restrictive lens of specific functional areas, these horizontal teams would have a broader perspective of challenges and opportunities faced organisation-wide, and in turn, be more able at driving innovation through collaboration.

### INNOVATIVE COLLABORATION AND COLLABORATIVE INNOVATION

The similarity between the business environmental needs of innovation and collaboration is not coincidental. Too often, these two ideas are viewed as separate initiatives. But innovation and collaboration are not mutually

exclusive. They are often symbiotic, feeding and building upon each other, and serving as feeder pipelines for offshoots of new ideas and developments.

The best collaborations harness not only the power of individual businesses, employees and contributors, but the collective impact of their suppliers, vendors, and even competitors. Collaborative partners can help identify efficiencies, lend expertise, supply key components, provide market access, or otherwise enhance the ability of the innovation to succeed in the marketplace. They can also help maintain the customer-driven focus of innovation, helping to ensure greater marketplace traction and a ready demand for the newly created supply.

### GOVERNMENT AND ECONOMIC INFLUENCES

The push towards innovation and collaboration is not a new phenomenon, but has gained significant traction from the growth and acceptance of the concept of the sharing or collaborative economy. While most people are familiar with the individual, personally-focused aspects of the sharing economy such as house rentals and car shares, businesses are taking note of the model and using it as a way to gain revenue and increase utilisation.

Until recently, only startups with consumer or retail-focused businesses found opportunities within the sharing economy space, mostly within the tech-savvy, early adopter millennial crowd.

Larger B2B businesses found themselves with little opportunity to effectively harness the power of the sharing movement to drive revenue and innovation. But as sharing economy tenets have become more ubiquitous and commonplace in the B2C space, and consumers and businesses have grown accustomed to the concepts that they

espouse, the idea of sharing resources and promoting greater utilisation of high-cost, high-value assets in less consumer-facing businesses have taken root. The push to incorporate elements of the sharing economy into business innovation and collaboration efforts

is not only being driven by business needs and economic factors.

The larger governmental vision of Singapore as a Smart Nation – being

a technologically-driven country that uses its tech resources to increase sustainability, improve services and enhance quality of life for its citizens – relies heavily on the concepts of the sharing economy.

The Smart Nation framework hopes to promote awareness of the sharing economy as a way to create new revenue streams, creatively solve social and environmental challenges, and to build resilient, sustainable communities. And while these concepts in many cases are not new – carpooling as a form of sharing has been around nearly as long as cars – the application of technology and fair remuneration to the problem and its solution is the hallmark of a true sharing economy innovation and collaboration.

### CHALLENGES TO INNOVATION AND COLLABORATION REQUIRE CREATIVITY

Building shared innovations and collaborative alliances is not without its pitfalls, however. Issues of regulation, insurance and taxation, intellectual property rights, and others are all at the forefront of collaborative innovation arrangements. Understanding these issues and addressing them at the beginning of any arrangement is key to a healthy collaboration.

Limitations of collaborative partners can also be a challenge for long-term growth. Outreach to other collaborators can help, as can learning consortia or incubators that specialise in nurturing the relationships needed to develop innovative and collaborative business ecosystems.

KPMG's Digital Village is an example of an open collaborative ecosystem of innovators, investors, and corporates innovating and reaping its rewards together. The mission of Digital Village is to boost the adoption of innovative technological solutions by corporate clients to differentiate their businesses, which in turn accelerates the commercialisation of startups' offerings to scale up.

By providing access to information, resources, and creative business thinking, the Digital Village hopes to promote customer-focused innovation, with the ability to move rapidly from ideation to commercialisation.

Collaboration brings with it endless opportunity for innovation. Being open to these opportunities as they become available, and evaluating each collaboration or innovation's ability to be commercialised and monetised is the true test, and a challenge for Singaporean businesses as the sharing economy continues to evolve. ■

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