



# Co-Innovation in Action: Insights for Driving Collaborative Growth

## SUMMARY

Co-innovation enables organizations to collaboratively develop innovative solutions by leveraging shared resources, expertise, and insights. The process follows distinct stages—co-discovery, co-development, co-deployment, co-delivery, and co-dissemination—that enable collaboration from ideation to implementation. Effective co-innovation strategies involve engaging diverse stakeholders, leveraging technology ecosystems, building trust, and balancing short and long-term goals. This report synthesizes best practices from IRI research and case studies to serve as a guide for executing successful co-innovation initiatives.

## Key Takeaways

- Co-innovation thrives on collaborative ecosystems where organizations share resources, expertise, and insights to develop innovative solutions that are challenging to achieve independently.
- The co-innovation process follows distinct stages—co-discovery, co-development, co-deployment, co-delivery, and co-dissemination—that build on each other to create and implement successful innovations.

- Adopting collaboration models that engage diverse stakeholders enables organizations to address complex challenges and align products with evolving market needs.
- Leveraging technology ecosystems and co-innovation labs accelerates prototyping, enhances data-driven decision-making, and ensures alignment with consumer expectations.
- Building trust and transparency across co-innovation ecosystems is critical for fostering strong partnerships, aligning incentives, and navigating challenges collaboratively.
- Co-innovation success relies on balancing short-term needs with long-term goals, ensuring mutual benefit and scalability while addressing market-specific demands.

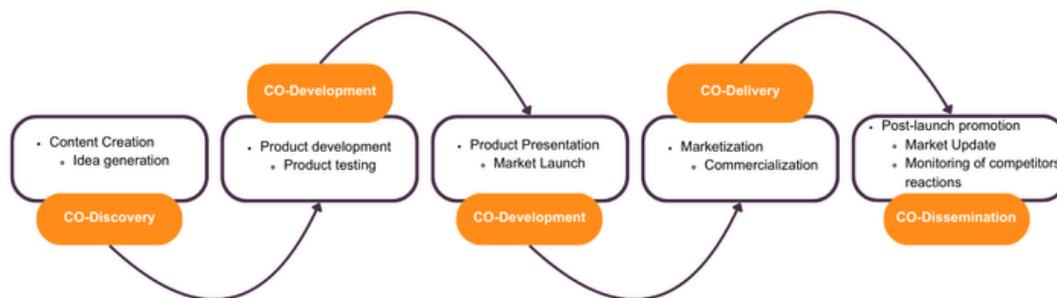
## Introduction

Co-innovation is defined as the process where multiple organizations or stakeholders collaborate to develop new products, services, or solutions by sharing resources, expertise, and insights. This approach leverages the strengths of each participant and fosters innovation that would be difficult to achieve independently. This Innovation Research Interchange (IRI) report synthesizes best practices in co-innovation from previously published IRI materials and other sources. By combining these insights with IRI member best practices, this report serves as a valuable guide for executing effective co-innovation projects and programs.

## Stages of Co-Innovation

Best practices around co-innovation involve a series of collaborative stages where partners work together to create and bring new solutions to the market. It begins with co-discovery, where insights and opportunities are explored and identified. This leads to co-development, where both parties jointly design and refine the innovation. The focus then shifts to co-deployment, ensuring the solution is successfully rolled out, followed by co-delivery, where it is delivered to customers.

Finally, in co-dissemination, the results and insights from the innovation are shared to build recognition and create further opportunities for growth (Baregheh, Ernst, et.al. 2019). Each stage builds on the previous, ensuring a seamless and effective collaborative process (Baregheh, Ernst, et.al. 2019).



**Figure 1:** The stages of the co-innovation process

## Key Points to Consider: Summary of IRI Best Practices

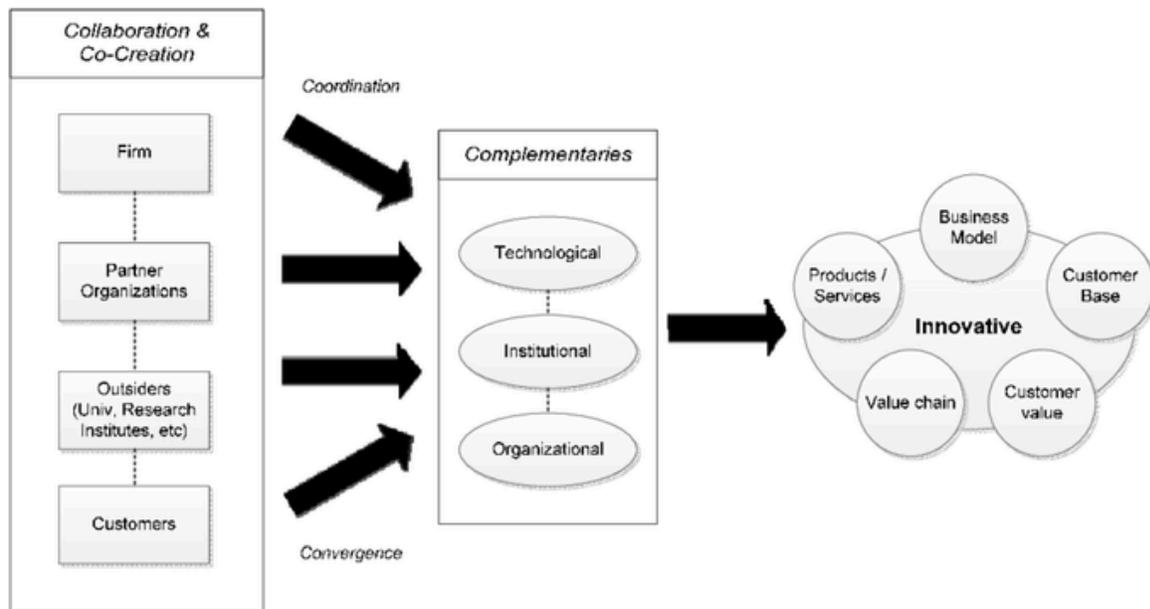
The following lessons learned will help you to stay on track with your own goals and those of the partnership as you embark on your co-innovation journey.

**1. Engage Passionate Customers in Co-Innovation:** Identify and involve highly motivated “in love” consumers who are deeply connected to the brand and invested in its success. These enthusiastic users serve as invaluable co-innovation partners by offering authentic insights that go beyond traditional market research. This is illustrated through [Driving Innovation through Customer Insights: The Novonesis Approach to Collaborative Product Development](#), an IRI white paper that highlights the evolving role of customer insights in driving innovation. The paper examines the customer insights process at Novonesis, from data collection to actively engaging customers in the innovation process.

Effectively managing these contributors requires structured feedback mechanisms and a commitment to incorporating their input meaningfully. By fostering a sense of ownership and belonging—such as involving them in early-stage ideation, prototype testing, or feature selection—you can create a collaborative innovation environment that aligns with real-world needs.

**2. Collaborate with Integrated Suppliers as a Potential Partner:** Partner with suppliers that have strong R&D capabilities to translate your insights as a consumer into cost-effective, high-quality solutions. Foster flexible agreements to mitigate risks and encourage mutual collaboration. This partnership allows for joint problem-solving, creating opportunities for both parties to benefit from new technologies and processes.

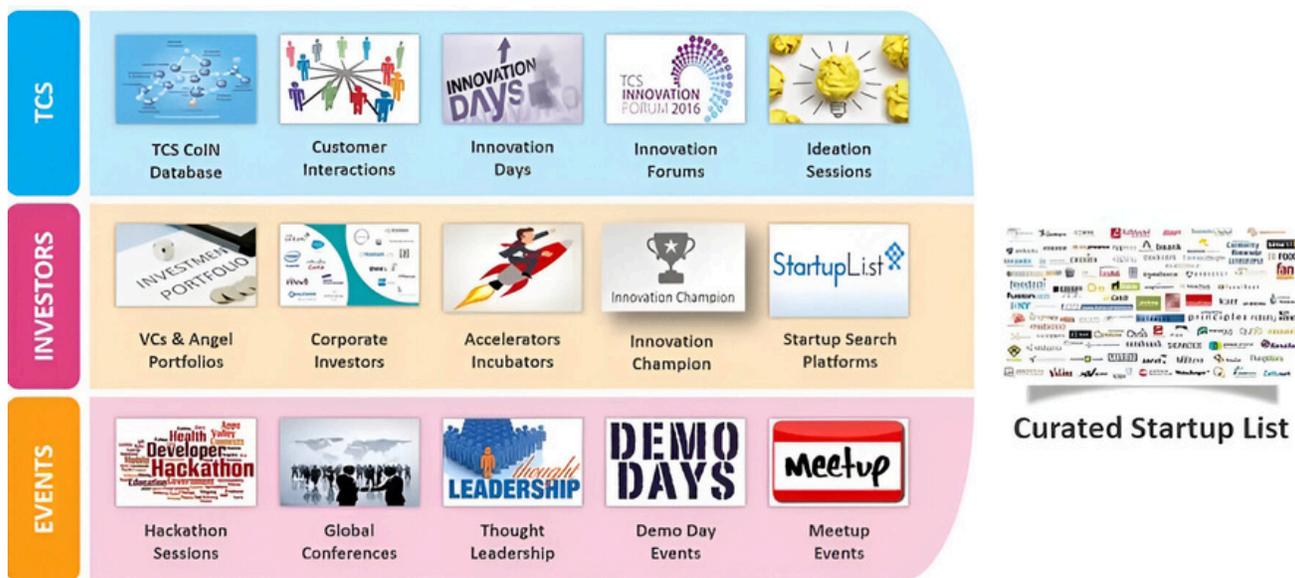
**3. Adopt Collaboration Models:** Expand beyond traditional customer and supplier-focused collaboration by actively engaging with diverse external partners such as industry partners, universities, startups, and even competitors to drive co-innovation. Identify potential collaborators by mapping out ecosystem players who share common challenges or complementary capabilities. Establish structured engagement channels—such as joint research initiatives, open innovation platforms, or technology-sharing agreements—to facilitate knowledge exchange and co-development. It is important to prioritize partnerships that bring fresh perspectives whether through emerging technologies, novel business models, or access to new markets. An example of a collaboration model is below.



**Figure 2:** Co-Innovation: A Review and Conceptual Framework (Saragih, Tan, 2018).

This framework illustrates how collaboration and co-creation among firms, partners, external organizations and customers drive innovation. It emphasizes the coordination of diverse inputs and the convergence of technological, institutional, and organizational complements from each partner which, when merged within a collaborative structure, will contribute to learning and successful co-innovation. Finally, the last layer of the model demonstrates that interconnected elements—business models, customer bases, value chains, customer value, and products and services collectively shape and sustain innovation as resources continue to be merged and utilized to achieve successful co-innovation.

**4. Leverage Diverse Stakeholder Networks:** Establish globally distributed partnerships with startups, venture capitalists, research labs, and academic institutions to tap into cutting-edge technologies, emerging trends, and market insights. For example, Tata Group’s innovation arm, **Tata InnoVista**, and its collaboration platform, **TCS Co-innovation Network**, foster partnerships with startups worldwide. These partnerships accelerate the development and commercialization of new solutions by providing startups with access to Tata’s extensive resources, market reach, and industry expertise. Tata helps emerging companies refine their technologies and scale their innovations through joint research projects, pilot programs, and mentorship. An illustration of the TCS start-up mentoring process is below.



**Figure 3:** TCS’s Approach to Co-Innovating with International Startups (Gotteti, 2020).

**5. Harness Technology Ecosystems:** A technology ecosystem is a network of interconnected businesses, organizations, and individuals that collaborate to develop, distribute, and support innovation. These ecosystems enable co-innovation by providing a shared infrastructure where partners can leverage advanced technologies like machine learning, IoT, edge computing, and cybersecurity to enhance data-driven decision-making and accelerate prototyping. By integrating diverse data sources and fostering real-time collaboration, you can co-develop solutions, align on emerging opportunities, and iterate more efficiently. Experimental environments within these ecosystems further support co-innovation by offering controlled yet dynamic spaces where multiple stakeholders can jointly test, refine, and scale solutions before full deployment while ensuring that innovations meet both technical and market needs.

**6. Embrace an Iterative Feedback Loop:** Co-innovation thrives on continuous learning and adaptation, making real-time feedback essential for refining products and services. Developing systems to collect and analyze consumer insights post-launch fosters a collaborative approach where customers, partners, and internal teams actively contribute to product evolution. Implementing experimental environments, such as beta testing programs or limited market rollouts, enables you to gather actionable data, identify potential issues, and highlight areas for improvement before full-scale deployment. By incorporating partner and customer feedback early and often, you can co-develop solutions that better align with real-world needs, minimize risks, and optimize offerings for scalability.

**7. Balance Short- and Long-Term Goals:** To succeed in co-innovation, you must align immediate business needs with long-term objectives like building capabilities, exploring disruptive ideas or entering new markets. This requires consistent communication to ensure all partners are on the same page, shared metrics that evaluate both short- and long-term progress, and relationship management strategies that prioritize collaboration over competition. By striking this balance, you can deliver value in the present while setting the foundation for innovation and growth.

**8. Build Trust and Transparency Across Ecosystems:** Co-innovation ecosystems are most effective when built on a strong foundation of trust and openness among all stakeholders. Establishing clear communication channels and transparent decision-making processes fosters a culture where partners can share ideas, risks, and resources with confidence. A key element in sustaining trust is ensuring that incentives are aligned so all participants see mutual value in the collaboration. This includes defining intellectual property agreements, revenue-sharing models, and long-term commitments that encourage ongoing investment in the partnership. Additionally, structured conflict resolution mechanisms help navigate inevitable challenges and ensure that setbacks do not derail innovation efforts.

Strong partnerships are particularly critical in co-innovation because the process often involves adaptability and shared problem-solving. When trust is well-established, stakeholders are more willing to take calculated risks, experiment with new approaches, and co-create solutions that may not have been possible in a more siloed environment.

It is important to pursue non-exclusive agreements to maintain flexibility, build trust, and encourage open innovation. For example, Figure 5 depicts how an IRI member company managed their innovation partnerships, highlighting the alliance agreement as a crucial step before project initiation. Such agreements set the foundation for collaboration by outlining roles, expectations, and governance structures, ultimately helping to build a resilient ecosystem where all parties felt secure investing in shared goals and tackling uncertainties together.

**“A key element in sustaining trust is ensuring that incentives are aligned so all participants see mutual value in the collaboration.”**



## Partner for Innovation (P4I)



**Figure 5:** Co-Innovation with Strategic Customers to Drive Collaboration (Foessel, 2017)

## Catching Up with Alex Foessel: Harnessing a Technology and Business Ecosystem In Action

**“It can be very hard to innovate from within an organization exclusively”**

***Alex Foessel, Managing Partner at Balanced Engineering, LLC.***

IRI recently reconnected with Alex Foessel, Managing Partner at Balanced Engineering, LLC, to explore how he thinks co-innovation is evolving. Alex emphasizes that co-innovation is essential in industries where integrating new solutions requires collaboration across multiple stakeholders because internal innovation is often constrained by product-focused business models and proprietary restrictions.

By working with external partners, businesses can share investment risks, accelerate prototyping, and develop scalable-multi-brand technologies that serve a wider market. Furthermore, this collaborative approach enhances adaptability, efficiency, and long-term success by leveraging diverse expertise and resources.

Alex illustrated the benefits of co-innovation through a current project in the agricultural space. His organization is working to connect producers with global start-ups to explore agricultural robotics with the goal of getting hundreds of robotic tractors operating in the fields within the next 1-5 years. This collaboration is not just about showcasing new technology but about enabling real adoption, aligning IT integration, process adjustments, and scaling strategies. Though this project is in its early stages, this co-innovation network has already reduced technology risks and built strong business cases for adoption and projected scalability.

A lesson learned is that to drive real change, businesses must look beyond proprietary solutions and embrace service-based, multi-brand innovation by prioritizing customer needs and fostering external partnerships. In both his tenure at John Deere and his current ventures, Alex advocates for co-innovation as the key to developing scalable, adaptable, and economically viable advancements in agricultural automation and beyond.

## Conclusion

Co-innovation provides a strategic pathway for organizations to address complex challenges, fast-track innovation, and generate lasting value through partnerships that create solutions beyond what could be achieved independently. Successful initiatives require trust, transparency, and a balance between short-term needs and long-term goals while ensuring that all stakeholders benefit from the collaboration. Through co-innovation, organizations will be well-positioned to unlock new opportunities and drive impactful innovation. Furthermore, fostering a culture of openness and adaptability allows companies to navigate uncertainties while experimenting with emerging technologies, and refining solutions in real-time. As industries evolve, co-innovation will continue to be a critical strategy for staying ahead of market shifts, meeting strategic objectives, and co-creating value in an increasingly interconnected business landscape.

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