Innovation Portfolio Management of MNC targeting Emerging markets
The case of a European telco operator in Africa and Middle East

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This communication addresses the practice of innovation of multinational corporation from advanced countries (AMNC) while targeting emerging markets (EM) in order to catch the growth opportunity in these markets. It focuses on the specific case where the majority of the AMNC's innovation capabilities are located in the domestic site. Indeed, many AMNC created subsidiaries in EM without having significant development resources in these given countries. This raises questions such as what are the processes adopted for the development of innovative offers targeting these market? what are the respective roles of corporate centralized and local units in the development as well as in the deployment of these innovation from one subsidiary to another?

By addressing these questions we answer to the call of Subramaniam, Ernst and Dubiel (2015) when they argue that studies should continue to empirically examine the practice of innovation in the EM context, identify new patterns, and theorize their underlying rationale.

The questions will be addressed through the case of a French telco operator (Orange) that targets Africa and the Middle East where 22 subsidiaries were developed and several products and services were launched providing, thus a particularly interesting research setting. Here again, we intend to answer to the call of Subramaniam et al. (2015) when they point out that BRIC were highly studied whereas markets in regions like Latin America and Africa are understudied and require a stronger research focus.

The methodology adopted is a multi cases fine-grained analysis of the development and the diffusion of innovative offers (Eisenhardt, 1989). The cases represent a theoretical sampling (Yin, 2003): past innovations in order to analyze the overall innovation process from the development to the deployment. Seven innovations were studied: *Caller Ring Back Tones*, *Cattle Tracking*, *Emergency Credit*, *Orange Money*, *Livebox*, *Village Phone*, and *Voice Mail Improvement Program*.

Through an inductive approach three innovation types (global, regional and local) are identified. They differ by: (i) the development process adopted, in which corporate and local actors play different roles, (ii) the first market targeted and (iii) the deployment trajectory. The table below summarizes the main characteristics of these three innovation types.

	Global innovation	Regional innovation	Local innovation
Actors involved in the development process	Strong involvement of a dedicated centralized team Widespread distribution planned centrally	Centralized team dedicated to develop the core part of the offer	Local players (internal or external)
Local involvement *(design, development, distribution, finance)*	Marginal: local implementation, operational marketing. Marginal product adaptation Little local funding	Medium: market analysis, local parts development (offer, distribution), designing and executing marketing campaign, Further development Mixed funding: corporate for core part and local for specific part	Maximum: local identification and development Product design and market introduction Funded locally
Initially targeted market	Homogenous needs	Specific needs for a region	Specific needs locally

We argue that while targeting emerging markets, the MNC maintains a portfolio of innovation composed of these three types. This coexistence is rarely analyzed in the existing literature. We highlight the dynamic management of this innovation portfolio in which the scope of the deployment is adapted progressively thanks to the knowledge acquired through successive market introductions. Therefore, offers can be adjusted from one type to another. Table below specifies the deployment trajectory of each type using von Zedtwitz et al. (2015) framework.

	Ideation	**Development**	**1st mrkt launch**	**2nd mkt launch**	**3rd mkt launch**	**(….)**	**nth mkt launch**
Global innovation	E or A	A	E1 or A	E2	E3	Ei	En
Regional innovation	E	A and E	E1	E2	E3	Ei	En or A
Local innovation	E	E	E1	?	?	?	En or A

E: Emerging market, A: Advanced market

This communication brings two contributions: it discusses and enriches the reverse innovation model in which only primary (Emerging) and secondary (Advanced) market introduction are considered and it highlights the heterogeneity of emerging markets and the way this can be addressed. Therefore, we address how subsidiaries in emerging markets are able to build and manage their innovation portfolio.

References

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