



sLAB (Strategic Innovation Lab)

2010

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### Suggested citation:

Logan, Robert K. and McEwan, Duncan (2010) The emerging of new business culture: A few key issues pertain to open economy and marketing. *International Journal of China Marketing*, 1 (1). pp. 73-84. ISSN 21566186 Available at <http://openresearch.ocadu.ca/id/eprint/869/>

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## **The Emerging of New Business Culture: A Few Key Issues Pertain to Open Economy and Marketing**

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*There is no question that the open source way of doing business has many distinct advantages over the traditional proprietary economy. Sharing IP (intellectual property) in an open economy is great but there has to be a return on the investment to create that IP. We examine the positive and negative aspects of the shift from industrial era capitalist proprietary business practices to a tribal form of an open source based “open economy”, and explore some key issues pertain to open economy and marketing.*

### **INTRODUCTION**

Market and market mechanism have undergone a number of changes over the aeons as the economy changed and evolved as humanity passed from a hunting gathering society to a manor-based agricultural society to a burgher-based agricultural society to an industrial society to our present information age economy. In hunting and gathering societies trading was conducted as an “open economy” in which resources and information were freely shared largely for the benefit of the whole society although certain community tools might be managed by a leader in a Big Man form of tribalism or a Chief in a chiefdom. The notion of ownership of resources only emerged with agriculture in which those that possessed the land, i.e. the lord of the manor, controlled the wealth that it produced and the workers, as either serfs or slaves, only enjoyed the bare minimum for survival (Gudeman, 2001).

There arose in the towns a class of tradesmen and craftsmen who created wealth through their trading or their craftsmanship respectively. One then begins to get the proprietary ownership of information oft times protected by a guild that only its members and their offspring were privy to. Guilds were organized in a manner somewhere between a trade union, a cartel and a secret society. With industrialization the protection of proprietary information was essential to protect the business organization and to make sure that they could earn a return on their initial investment. It is with the beginning of industrialization that there came into existence the patent

system that excluded others from making use of or exploiting one's registered proprietary information (Baba, 2006; Silberston, 1967).

It is only with the advent of the Internet where information could be easily shared that the practice of freely sharing information with a community of interest came into being beginning at first with the common creation of software known as open source software. Within this framework any user was free to make use of the software sharing their improvements of that software with the community that created it. This led to the development of extremely effective software such as the Linux operating system. This notion of the open sharing of information also led to the development of the wiki-based encyclopedia, the Wikipedia, which has almost totally eclipsed all printed encyclopedias including the prestigious Encyclopedia Britannica.

There is no question that the open source way of doing business has many distinct advantages over the traditional proprietary economy as has been demonstrated by the development of Linux and the Wikipedia. This has led to a movement in which a number of thinkers advocate this way of organizing commercial activities. For example Tapscott and Williams (2007) have written a book entitled *Wikinomics*, which conflates the success of the development of open source software and the creation of wiki-based knowledge collections. These authors then describe in a somewhat Pollyannaish manner their impact on the economy, suggesting that we are on the verge of a potent economic and societal shift. Yochai Benkler also argues for the many advantages of freely sharing information in his book *The Wealth of Networks*, just as so does Jeff Howe's book on Crowdsourcing and James Surowiecki's book *The Wisdom of Crowds*. These authors share with Tapscott and Williams same belief in the power of collaboration, and we are along with them. However, we argue that they are a bit naïve in their belief that nonmarket production will magically come to dominate market production. While it is certainly the case that non-market production is transforming our society and our economy, we believe that market production will still remain the driving force of our economy. We therefore believe that while the sharing IP (intellectual property) in an open economy is has advantages there still has to be a return on the investment to create IP or in other words someone has to pay for the production of IP. As we will argue there are situations for which openness has tremendous benefits but that it is not the best course in every situation. We will attempt to suggest where openness works well and where protection of IP is called for.

We do not believe that it is the use of wikis or the open source technique of collaboratively developing software that is the driving force of economic and social change. Rather it is what these two movements have in common that is key. Underlying both is the fact that they involve an intense level of communication, collaboration, networking and the sharing of ideas, information and knowledge that the "new media" (including wikis, blogs, email, listservs, the World Wide Web, social networks and the Internet) make possible.

From this enhanced level of communication a new economic system is emerging that is better described as the "open economy". This "open economy" is characterized by an order of magnitude greater level of communication, networking and collaboration between organizations, their customers, their suppliers, their competitors and unaffiliated experts. It accelerates development and innovation, while enabling commoditized production to shift to low-cost producers, as economic theory would dictate.

The challenge is that the openness and the sharing within the increased level of collaboration and communication is purchased at the expense of compromising what was formerly regarded as proprietary information or IP. If we are not careful, genuine wealth creation at the upper end of the value chain could diminish.

There are two kinds of openness afoot in today's marketplace and it is important to differentiate them. One is the voluntary sharing of information as occurs with those participating in a wiki or the open source development of software, which is both legal and high spirited. The other kind is involuntary and consists of the misappropriation of other's intellectual property. This is reprehensible behavior, which is difficult to control because of the ease with which information can be digitized and shared or even hacked. This is especially true with music and software but is not limited to these two areas.

The question is one of balance between the advantages of collaboration and the need to protect one's IP so as to recover the investment made in creating it. On the one hand, the more open any collaboration, the likelier it is to result in accelerated innovation and development. On the other hand how does an organization protect proprietary information sufficiently to harvest value once innovation has taken place?

We hope to address in this essay some of the problems of this new openness and sharing and at the same time describe some of the new opportunities that present themselves. We believe our economy is being transformed into a new way of doing business.

We have chosen to call this the "open economy" because we believe that it is the new "openness" that is transforming the economy and not just one communication channel like the wiki or one way of developing new software, i.e. open source development. The essence of the "open economy" is the linking up and networking of consumers, producers and collaborators in imaginative new ways to drive innovation and hence wealth creation and social development as has been well documented. We believe therefore that the new economy is better described as opennomics than wikinomics.

## **OPENING THE ECONOMY WITHOUT COMPROMISING IT**

Tapscott and Williams (2007:17) full of optimism write, "Some fear mass collaboration will reduce the proportion of our economy that is available for profitable activity and wealth creation, we will show the opposite is true." What these authors fail to take into account is something that McLuhan long ago pointed out, namely, that all technologies, methodologies and innovations "are both services and disservices that make very heavy demands of our awareness and understanding (McLuhan1972: vii)." It is only by studying wikis, the open source movement and the new "openness" and their effects that we can anticipate change and be prepared for it. "Control over change would seem to consist in moving not with it but ahead of it" (McLuhan, 1964:199). So while the new "openness" does create opportunities it also harbours dangers.

Tapscott and Williams (2007) provide a number of examples of the service of the new "openness" such as the case studies of Linux, Red Hat, Wikipedia, Goldcorp Inc., Innocentive, yet2.com, Lego, the Chinese motorcycle industry, and Best Buy's Geek Squad. But there is another side to the coin, the disservice side. Consider the following impacts of the new "openness" some of which Tapscott and Williams acknowledge but ultimately brush aside or ignore:

- Amateurs often with a particular bias share the production of "knowledge" and "the news" with professional, trained, credentialed knowledge experts and journalists.
- Publishers of music and literature and producers of television shows, movies and software are the canaries in the coal mine warning of disruption to come
- The disrespect of intellectual property (IP) by the likes of the Napster and Lime Wire operations that proliferate on the Web and many of China's burgeoning entrepreneurs.

- Jaron Lanier's concern over the suffocation of authentic voices by the mass mediocrity of on-line collectivism cited by Tapscott and Williams (2007:16). Lanier by the way is not a Luddite or a stodgy businessman but an artist, an avant-garde musician and composer and one of the creators and pioneers of virtual reality.
- Gates concern that the incentives for knowledge producers are disappearing in this new environment of "openness" is also cited and dismissed by Tapscott and Williams (2007:16).

These are a few of many examples of the "disservice" of openness. Taking an economic bias, our focus is on the economic impacts of disservice, and the challenge in ensuring that amateur enthusiasms don't overly threaten economically necessary activity.

## THE NEW "OPENNESS" AND ACHIEVING A BALANCE

To their credit, Tapscott and Williams (2007) cite some of these potential problems but disagree with the points made by Lanier and Gates and dismiss or choose not to dwell on the others and thereby provide a very rosy picture of the phenomenon they are describing. It is not our intention to go in the opposite direction and dwell on the problems. We see the new "openness" as a major opportunity but also a formidable challenge that can only be navigated by carefully analyzing both side of the coin, i.e. the service and disservice sides.

As has been the case with other disruptive trends this new "openness" is not evenly distributed but has hit some sectors and some organizations more than others. We explore in this essay when an organization might wish to take advantage of or enter into the "open economy" way of doing business and what needs to be protected. We neither countenance total protection or total openness but some mixture of the two as each unique circumstance demands. As we have said before it is a question of balance, as the following case studies will illustrate.

Let's start by looking at two case studies from Chapter 5 of *Wikinomics* (Tapscott and Williams 2007). The discussion of Apple and Sony is illuminating, but not for the reasons the authors cite. Apple and Sony find themselves facing enthusiastic hackers keen to force products open and thereby by-pass Apple and Sony's control over the market. In Sony's case, the need for protection is required to preserve the economics of the market for individual games for themselves. Tapscott and Williams summarize by saying that it's an error to stop the shift of power to consumers. However speaking from a purely business perspective, what the authors fail to understand is that everything in economics is linked. In developing pricing for the Playstation, Sony would have taken into account its expected revenues from game licensing, and thus of course its need to protect this revenue stream. If those revenue streams become non-existent through Tapscott and Williams (2007)' happy world of collaboration, then Sony must re-price its box upwards to recover its lost revenue. Either way consumers must end up paying or the business goes under. For Sony, or Apple, or any developer of contemporary innovative products, basic economics require them to work hard to preserve their rights. In the end someone has to pay.

The tenor of "Wikinomics" suggests that Sony, like Apple or NBC television, may represent an older, less collaborative, more dinosaur-friendly age. But in a very fundamental way, why would anyone engage in creating anything for financial gain unless that activity carries with it a reasonable chance that the legal framework protecting their investment can be sustained.

By way of contrast to Apple and Sony the success of Lego in allowing its product to be hacked is documented in *Wikinomics* (Tapscott and Williams 2007). The difference in the two

cases is that Lego recovered its basic costs 20 years ago. Lego has no need to recover its base investment, but only the incremental costs of new adaptations of the basic blocks. Apple and Sony, on the other hand, need to protect revenue streams to repay the massive investments they made in R&D. They cannot afford to surrender their intellectual property and risk losing their investment. What contrasting these two examples teaches us is that there is a time to share and a time to protect and the timing is determined by the life cycle of the product in question. We shall return to this question of timing and the use of the life cycle of a product as an indicator of when to open up a product in a later section of this article.

It is great to close the gap between the consumer and the producer but the reality of a capitalist market system is that it takes a great deal of capital to create products like the Playstation, the iPod, the iPhone or the iPad and that capital must be re-paid through sales or else the whole system collapses.

Product hacking per se is neither desirable nor undesirable in all cases – it is a question of balance and timing depending where in the product cycle the product sits. It is clear that many information products like music and software are becoming services. But the same is true of hardware products, which morph into service platforms through product or customer hacking. Manufacturers of products like Apple or Sony need to see their products as service platforms for a significant number of their customers. Instead of fighting the trend perhaps the best strategy is to develop a mechanism that protects the integrity of the product and its ability to generate revenue for the company for a sustainable period but at the same time uses the creativity of the product hackers to provide free R&D and make their devices even more desirable.

We support Tapscott and Williams' (2007:148) suggestion to “make [one's] products modular, reconfigurable and editable... real business is not creating finished products but innovation ecosystems”. We would, however, insert the proviso that the proprietary IP be protected to the extent that the product's capacity to generate revenue is not compromised. We would also suggest that a communication channel be set up and incentives provided so that improvisations of the original product are communicated back to their producer for their possible incorporation into future models. The idea of an innovation ecosystem or platform suggestion ties into the DIY (do it yourself) movement and in our opinion represents a smart business practice.

## **THE CHALLENGES OF TOTAL OPENNESS**

In the idyllic world of Wikinomics consumers have access to all knowledge for free. But to make intelligent knowledge, writers and thinkers need to devote time and effort. This time and effort needs to be rewarded or our thinkers won't eat or instead they'll mow lawns or flip burgers.

One successful example of the new “openness” that Tapscott and Williams (2007) cited is the Human Genome Project and the SNP Consortium, where collaboration between industry and academia accelerated the mapping of the human genome and the development cycle of drugs. In this instance this model worked and collaborative instincts could be encouraged and supported, because the academics were paid by their universities and the pharmaceutical industry scientists were paid from the profits of their company's drug sales. But outside of the academic world and certain large corporations, unpaid collaboration is a nice social convention but destructive of the entrepreneurial instinct.

The funding of academic research is most analogous to a patronage system, mirroring the way intellectual property was generated in the pre-industrial, pre-capitalist economy of the Renaissance period. It is important to segregate “patronage” derived R&D from commercial



R&D when conducting an analysis of open architectures. “Patronage-supported” activity is freed from the requirement to generate an economic return. The focus of this paper is on the R&D funded by commercial and economic interests who expect a return on their investment.

It is possible that committed and wealthy individuals can play a role in a broader revival of the patronage system in the new “open economy”. This is a possible viable solution for an “open economy” in a basically capitalistic market economy?

The open source construction of intellectual property is a form of socialism, and the question arises as to how compatible such activity may be with free market capitalism. We believe that this is not an either or proposition but that some blended form of the two types of economy will emerge. Once again it is a question of balance. Capitalism and a bit of socialism are compatible. The practical outcome for business may be best defined through a fresh look at product lifecycles.

In a capitalist market economy each individual is presumed to act in his or her own self interest and it is left to the invisible hand of the market place to sort everything out and resolve potential conflicts. Every small IT company we know goes after patents as hard as possible to tie things up and to capitalize on the effort they put into their research and/or development. Given this instinct, this is natural in a capitalistic system, considering the fights in wiki or open source collaboration systems that might emerge when one of the collaborators locks on to an opportunity and patents it for him or her-self. Thus we believe the lament for protectionism cited in Wikinomics (Tapscott and Williams 2007:180) and becoming a staple of the Wiki creed is misplaced. These difficulties arise not so much from individual selfishness but are structural and inevitable in a capitalist society. The inevitability is that someone somewhere ultimately will seek payment for the innovation and the time they took to create that innovation.

All Wiki collaboration does is move the issue around until someone seizes the moment. There is always the potential for trouble or conflict unless there is a built in mechanism that allows an equitable sharing of the products of a collaboration, which is the case with a number of software companies that offer an API (application programming interface).

An API is a source code interface that a computer application or operating system or library provides to support requests for services to be made to it by a computer program ([en.wikipedia.org/wiki/API](http://en.wikipedia.org/wiki/API)). SAP, the creator of enterprise resource planning software, revitalized its products and was able to achieve a great deal of free R&D by opening up its product with an API (Tapscott and Williams, 2007:210-12). The platform approach to collaboration liberates intelligence and is profoundly efficient and taps into the spirit of DIY. This is the model of how open source and free enterprise can work together. The API move by SAP created a loyal base of SAP innovators who could make money and at the same time make SAP more profitable – a win-win situation. When open source operates as a zero sum game there is a problem but when everybody makes money the problem disappears. The challenge for any organization is to turn the open source methodology and the “open economy” approach into a win-win situation. Just because something is free like water does not mean you cannot still make money. The key is service and knowing what your customers need and value.

A question that arises from this new and efficient way of doing R&D is whether or not it contributes to an increase in economic activity. Innovation, particularly technical innovation, reduces cash flow and profitability. In general improved efficiency leads to lower pricing. In microeconomics this is a good thing, but in macroeconomics does this lead to net increases in GDP or does it lead to net losses? Where does the displaced activity go? The assumption is that there is always a demand for more stuff, so those displaced will go off, join new things and

generate more stuff, and consumers will then buy “more stuff”. If it is physical stuff, we wonder how this will sit in a more ecologically aware era.

If it is intellectual stuff, then people need to be paid for that and that’s the contradiction we continue to see. The consumer addiction is to the Wal-Mart-ization of physical products with the entire focus on price, and to an entitlement to “free” for entertainment or intellectual products. In this environment only true “service” activities will flourish such as live entertainment, restaurants, and coffee houses where the coffee is served with 28 adjectives and grandè means medium.

## **THE “OPEN ECONOMY” IN THE CONTEXT OF A CAPITALIST SOCIETY**

When the Internet first appeared on the scene it was sometimes described as an information highway. It was soon realized that this was an inadequate description because it did not take into account the interactivity and two-way communication capacity of the Net. We would like to use the metaphor for just a moment to make the point that the Internet is an important piece of infrastructure just as important as our roadways that carry vehicular traffic. The same argument is used to justify the sharing of information. The argument that can be made is that in a culture there is a body of information infrastructure that belongs to the culture as a whole like the place number system and the alphabet for example. Ultimately all information that is created is based on certain blocks of information which might be called cultural infrastructure. There is some validity to this position but it has its limits. If there is no protection of proprietary information; it would take away the incentive to create new ideas.

One can find many ways to criticize the capitalist market system if one is so inclined but one must concede that it has been an engine for economic and technical innovation. A comparison of the Western democracies and the Soviet bloc during the cold war illustrates this point, as does the growing affluence of Russia and China as a result of these two countries adopting free market economies. In science, space exploration, weapons development, high culture and the Olympics the two sides were on a par during the cold war. As far as creating consumer goods and providing a livable environment the West won hands down because of their free market economies. So the danger is can we afford to allow proprietary information to go unprotected, as would be the case in an ideal socialist state or is there something worth preserving in the old capitalist system. Once again it is a question of balance.

While we are on the topic of socialism some argue that open source is unfair competition because it is socialistic but Linus Torvalds claims open source is real free enterprise in that it is nothing more than a group of people working together to jointly creates a product. He regards some proprietary software developers as monopolistic and feudal in that they unfairly block competition by taking advantage of their monopoly position. Stock or share companies also entail people co-operating but are not regarded as socialistic. If an entrepreneur does not have enough capital to launch an enterprise he or she will find partners to invest in their company. One can argue that the open source methodology is no more socialistic than a corporation that sells shares in its company.

If information or software entrepreneurs do not have enough intellectual capital to create a finished product or wish to improve their product they can find partners to cooperate and share the benefits of their jointly produced product.

The Internet is a very effective communication vehicle to bring together people interested in their project. The same model as the common share stock company is used in the open source



model of software development. The difference is that with common share companies investors are located through a stock market. In the case of open source projects investors willing to invest their intellectual capital in a project are found on the Internet with the help of search engines. The challenge with this model is that intellectual property is un-protectable and one must find ways to develop revenue streams that are protected enough to invite investment. One revenue stream is providing service so that users can take full advantage of the commonly held intellectual property as Red Hat has done with the Linux operating system. Another stream is to use the common intellectual property as a platform and to build something proprietary on top of it.

Part of the criticism of the “open economy” made almost exclusively by those embedded in the “closed economy” is that there is something unfair about the way the new communications technologies are being used by the nouveau digital entrepreneurs. A similar protest was made by the manuscript writers when the Gutenberg press destroyed their profession. Let us consider some quintessential “open economy” operations, like Craigslist.org or Google, both of which are taking a sizable bite out of newspaper and TV advertising. Newspapers and TV provide free or subsidized information and entertainment in exchange for exposing readers or viewers to advertising that generates their primary revenue. The Web uses the same model but does it better because the user can target exactly the information or entertainment they wish and the advertisers can target their ads to the audience they wish to influence. If the “open economy” model gives the best deal then the invisible hand of the market place will favor the Web and no amount of moralizing will change that.

The telephone displaced the telegraph and ironically Western Union took a pass when offered the opportunity to get into the telephone business. The PC displaced the minicomputer, which in turn had displaced the mainframe. IBM embraced the PC revolution and survived; Digital Equipment, the creator of the Vax, did not embrace the PC soon enough and did not survive. The “open economy” is displacing the corporate hierarchy and shared IP is displacing private IP. Those companies that embrace the “open economy” and shared IP will survive and those that don’t won’t!

## **THE “OPEN ECONOMY” OR OPENNOMICS IS REALLY A COMMUNICATIONS REVOLUTION**

Soliciting partners to participate in a open source software development project or inviting experts or customers to participate in increasing the intellectual capital of the organization by either a monetary reward or a symbolic one by recognizing their contribution is becoming part of the tool box of corporate strategies that was documented in Wikinomics (Tapscott and Williams 2007).

The Innocentive.com model, where companies request and reward solutions is one strategy. InnoCentive describes itself as “an exciting web-based community matching top scientists to relevant R&D challenges facing leading companies from around the globe.”

The Yet2.com model where the holders of solutions in the form of patents seek partners who can exploit and license their technology is another. They describe themselves as a “technology transfer, intellectual property and patent exchange, [and] IP licensing marketplace.”

A third strategy is where parties outside the firm, often customers, will offer solutions merely for the sake of recognition as is the case with the shoe manufacturer Fluevog. Through

their Web site they solicit shoe designs and manufacture the best designs giving the name of the designer to the model (ibid: 129).

A fourth strategy employed by Lego is to have the users of one's products suggest improvements of the product. This of course involves some risk since a certain amount of proprietary information has to be disclosed. The risk is low for a company like Lego, which has a mature product, which has dominated its marketplace. The advantage of this strategy is that those that are so intimately involved with a product can develop new ways of using it and suggests ways of how the product needs to evolve so as to prolong its life cycle. As this strategy takes advantage of those providing valuable input some sort of compensation other than recognition will increase the flow of ideas.

And finally a fifth strategy is the one that we already described above, namely the issuing of an API that allows partners to participate in the development of one's product and still profit from it.

What all these strategies have in common is that they take advantage of the increased communication capacity of the "new media" which allows the following kinds of interactions:

- collaborators to work together through a wiki or an open source project,
- producers of a service or a product can identify, communicate with and collaborate with experts outside their immediate organization by offering incentives such a straight cash reward or the possibility of creating a new service in which the generated revenue can be shared,
- creators of a technological innovation can find partners who can license their innovation and hence better monetize their R&D efforts,
- producers of a service or a product and their suppliers can collaborate more easily and create joint projects,
- producers of a service or a product can engage in two-way communication with their users or customers and tap into their insights of how their service or product should evolve.

The "open economy" is characterized by an order of magnitude greater level of communication and collaboration between organizations, their customers, their suppliers, their competitors and unaffiliated experts. Communication and collaboration are the essential elements of the "open economy".

Robert Logan co-authored with Louis Stokes a book entitled *Collaborate to Compete* (Logan and Stokes 2004) that came out in January of 2004 but was written in 2002 and early 2003. The book focused on collaboration but there was no mention of wikis or blogs and only one mention of open source. Instead the book contained the buzzwords of that era, namely, terms like community of practice, community of interest, and community of developers to denote open source software development. The term c-commerce or collaborative commerce was used to denote what Tapscott and Williams call *wikinomics* and what we refer to as the "open economy" or *openomics*. *Collaborate to Compete* like *Wikinomics* advocates collaboration with customers, suppliers and competitors. And this is the central message of this article. The "open economy" is the "collaborating economy" whether that is with wikis, blogs, Web sites, knowledge networks (Logan and Stokes 2004, chapter 8) or open source software development. It is not what tools that are used to get people to work together that is important but rather the spirit of sharing ideas in such a way that all the players are participating in a win-win scenario, no one is being ripped off or taken advantage of and the structure of our engine of wealth, the capitalist market economy, is not being compromised.

## **TIMING AND THE PRODUCT LIFE CYCLE TECHNIQUE**

We agree with Tapscott and Williams (2007:275) that “the choice facing firms is not whether to engage and collaborate with peer-production communities, but to determine when and how.” We would like to offer a suggestion as to when and how by making use of the concept of a product’s life cycle. We believe it is possible to exploit the spirit of collaboration for creating efficiency without compromising the source of wealth creation that needs to be protected.

Every product idea has a kernel or core of value that has a limited or finite shelf life in the marketplace. One needs to constantly re-invent and create a new business cycle and this applies to all products and all organizations. A new innovation, which attracts collaborators, degrades the core value of the original innovation requiring a reinvention of a new core idea.

A safe time to place a product or service in the “open economy” is when a product has reached maturity, has command of its market but is destined to go into decline. At this point throwing it completely open has little risk and at the same time has the potential for revitalizing the product or service. It also might be to one’s advantage to place a product or service into the “open economy” before it reaches maturity and a market dominance but in this case greater care in protecting one’s IP will be needed.

We need to help people recognize where the core value is within their kernel using the HP Life cycle of products model. As things wind down the time arrives for openness and collaboration – protection is only needed in the stage when products are hot.

## **CONCLUSION**

Patenting in today’s environment is not always a form of protection but perhaps openness with certain safeguards as we have outlined is. The key to taking advantage of the “open economy” or openomics is communications and collaboration where all parties benefit and no one is taken advantage of. In order to achieve this care must be taken as to how the collaborative interaction is to be structured and how benefits will be distributed, which of course will create more opportunities for business anthropologists to study. The other factor is timing, which attention to the product life cycle will facilitate. And finally a reminder about balance—one must be aware of both the opportunities and the dangers or challenge of openness.

We agree with Tapscott and Williams (2007) that in the internet era is changing because there is much more communication, networking and collaboration. This new openness, however, does not portend the end of the traditional proprietary economy as is hinted by Tapscott and Williams (2007) in Wikinomics. We believe that traditional market production will still remain the driving force of the economy and hence our preference for Openomics over Wikinomics. We stress the need for a balance between openness and traditional proprietary patterns. It is the place in the life cycle of a given product that determines when to protect it and when to open it up for collaboration. This involves looking at products not as finished articles but as items in an innovation ecosystem. In the end, all companies need to embrace the open economy in order to survive. This has strong implications to the Chinese marketers as the economy in China has undergone through a systematic reforms and changes since later 1970s, as a result the economy in China has become more and more open (Tian and Wang, 2002; Wu 2009).

In China, the policies implemented towards open economy by the Chinese government encouraged the adoption of foreign technology or marketing techniques. However, counterfeiting has been found to be an antagonistic consequence of the policy. Scholars have recommended that

motivational work and the implementation of an effective legal system could protect expansion of counterfeit marketing in China (Safa and Wang, 2005). It is clear that the open economy brings the opportunities to the marketers in China. The trick is to find the appropriate solution: the right balance between securing revenues through rights and opening up the product for collaboration.

Finally from an anthropological point of view we can see the beginnings of a new business culture emerging, one, which is more open and more collaborative in which companies, will Collaborate to Compete (Logan and Stokes 2004).

## **Acknowledgements**

The authors wish to thank Mogens Olesen and the editors of IJCM for their suggestions and tireless effort on behalf of our paper.

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