



FORRESTER HAS BEEN ANALYZING offshore outsourcing for years. In fact, the most commonly cited estimate on how many service jobs are expected to go offshore by 2015—3.3 million—comes from Forrester.

If jobs are headed offshore, what are we going to do in the United States (or Europe or Japan) for work? If you look on the flip side of the offshore coin, you'll find innovation. As lower value jobs go overseas, we must create new products, new services, new companies, new jobs.

When you say “innovate” to old-line business leaders, they think skunk works, stealth products that nuke the competition, patents, lawyers. They think about building protectionist walls.

Forrester believes that a new mode of innovating is on the rise—one driven by collaboration and partnerships, not protection. *Innovation Networks* is a collaborative model in which four types of players cooperate to create and share in the fruits of innovation.

Inventors hatch the invention. Examples include Apple Computer and MIT.

Transformers grab inventions from anywhere and transform them into products and services. The poster child transformer is Dell, which spends just 1 percent of its revenue on research and development.

Financiers such as Kleiner Perkins fund the innovation.

Brokers are the facilitators that bring inventors, transformers, and financiers together. Think media, consultants, Forrester.

The greatest innovation will accrue to those companies that deftly play one of these roles in the network—and many players will perform all four roles at different times. IBM CEO Sam Palmisano gets it. That's why he sold the company's PC business to Lenovo—so he could tap the formidable invention and transformative powers being unleashed in China.

Who makes the profit in an Innovation Network? Who manages it? Can you trust the other members? We're working to answer those questions. In the meantime, get ready to hone your joint venturing skills.

A stylized, handwritten signature in black ink, consisting of three large, connected loops that resemble the letters 'GFC'.

George F. Colony
Chairman of the Board and
CEO of Forrester Research Inc.