



Connecting.TW

放大台灣經濟

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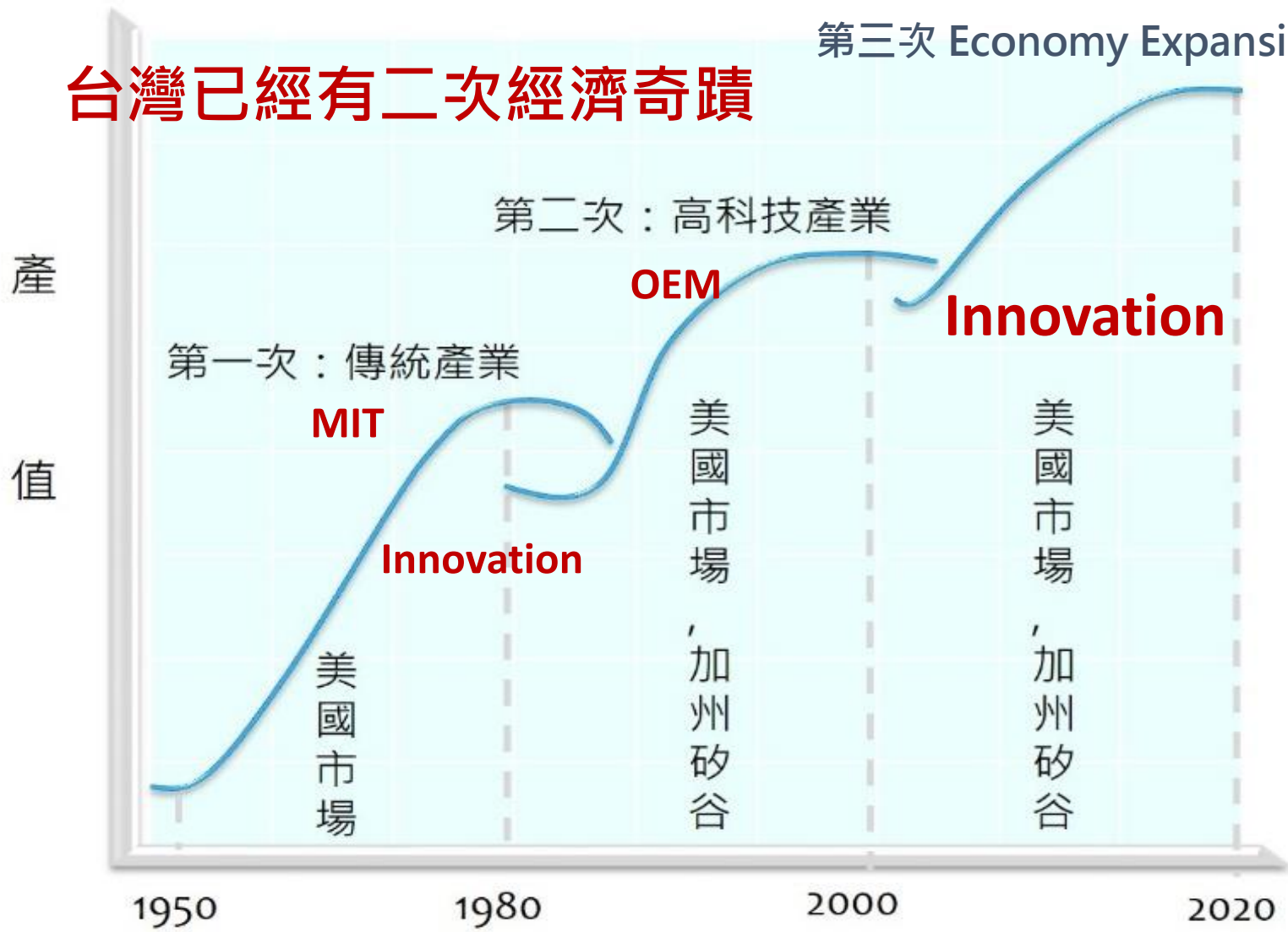
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Secrets of Innovations –
Secret, Paranoid &
Protection of Intellectual Properties

June 16, 2018

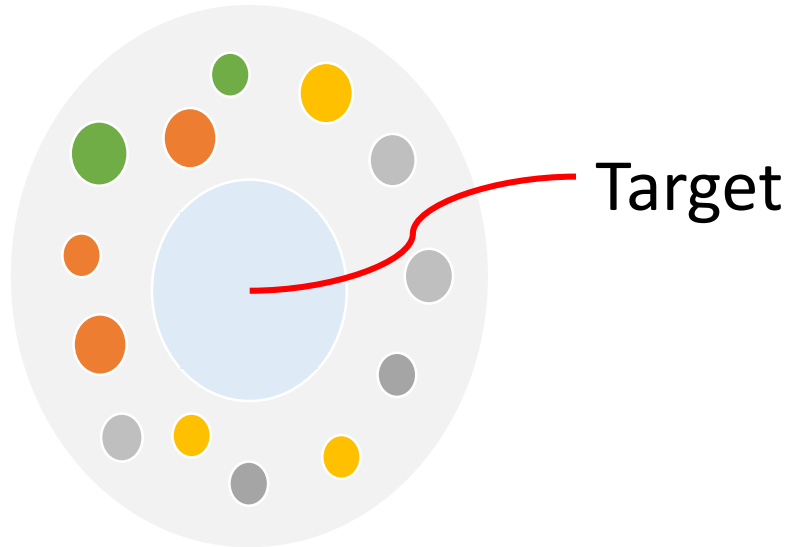
放大台灣 - 東進美國, 打大聯盟

Recap



Continuing Experimentation Strategy

Recap



- Machine guns – continuous firings (experimentation) to understand market and directions



- Canon – Capture market



Why

1. 1% success rate
2. Unknown market
3. Difficulty in determining needs

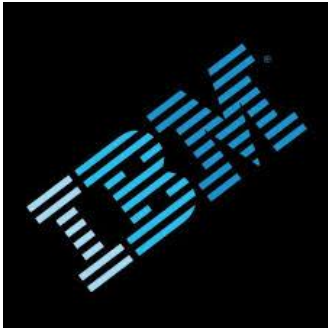
Five Secrets of Innovation

- Disruptive Products – Create new market to upset old market
 - Apple PC > iPod > iPad > iPhone
- Core Competency – Number One or Two in the World
 - Fuji Film vs. Kodak
- Continuing Experimentation
 - Honda Motorcycle
- **Secrecy, Paranoid, Protection (SPP)**
- World-class Team

How Has SPP Evolved Over Time?

American vs.
Japanese Auto
Industry in
1960s

Today's New
Auto Industry –



HDD Industry



S: Secret

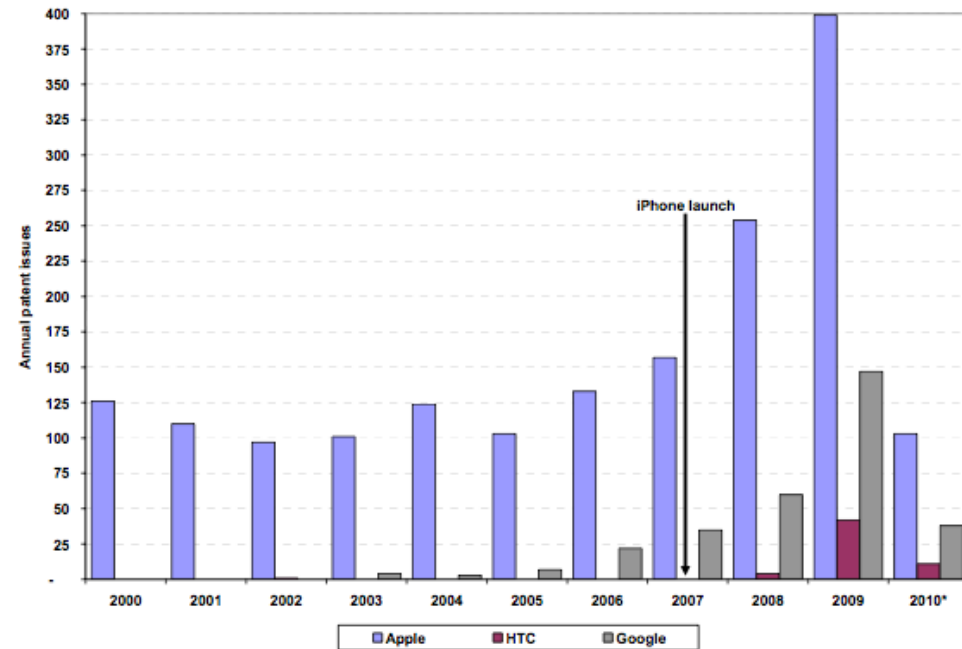
P: Paranoid

P: Protection

Why Today's Companies Invest So Heavily on SPP?



Figure 7: Yearly patent filings by Apple, HTC and Google with the US Patent Office

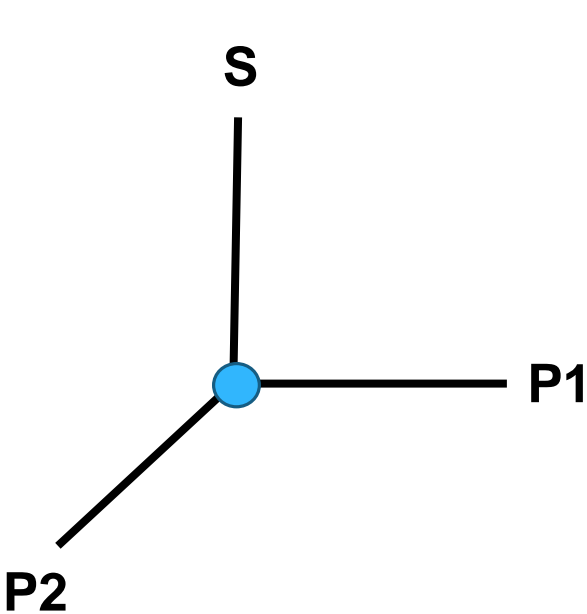


Source: US Patent and Trademark Office (USPTO)

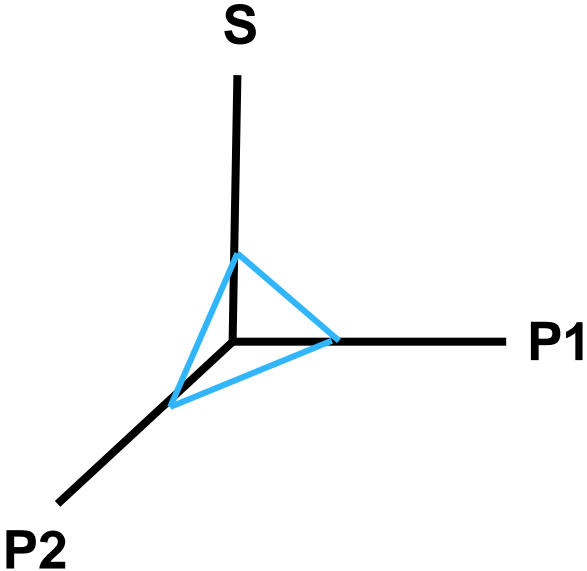
Why Apple chose to sue HTC in 2010?

What other options could have HTC considered back then?

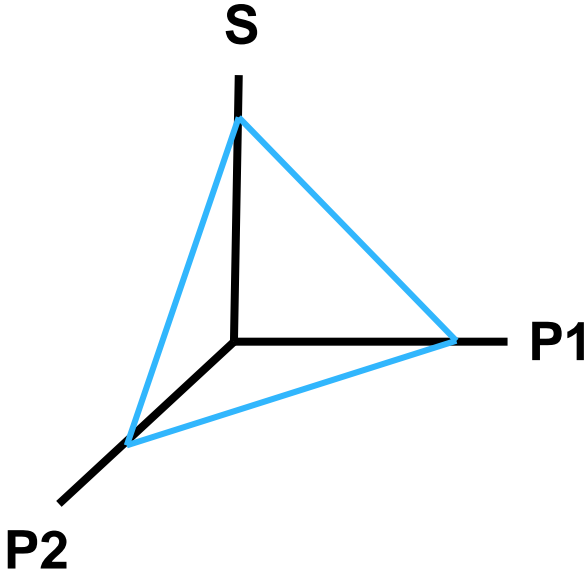
Company's SPP Progression



Very little SPP



Some SPP



Significant SPP

Identifying Strengths and Weakness - Importance of Competitive Analysis

007
**MY
NAME
IS BOND.
JAMES
BOND.**



HDD



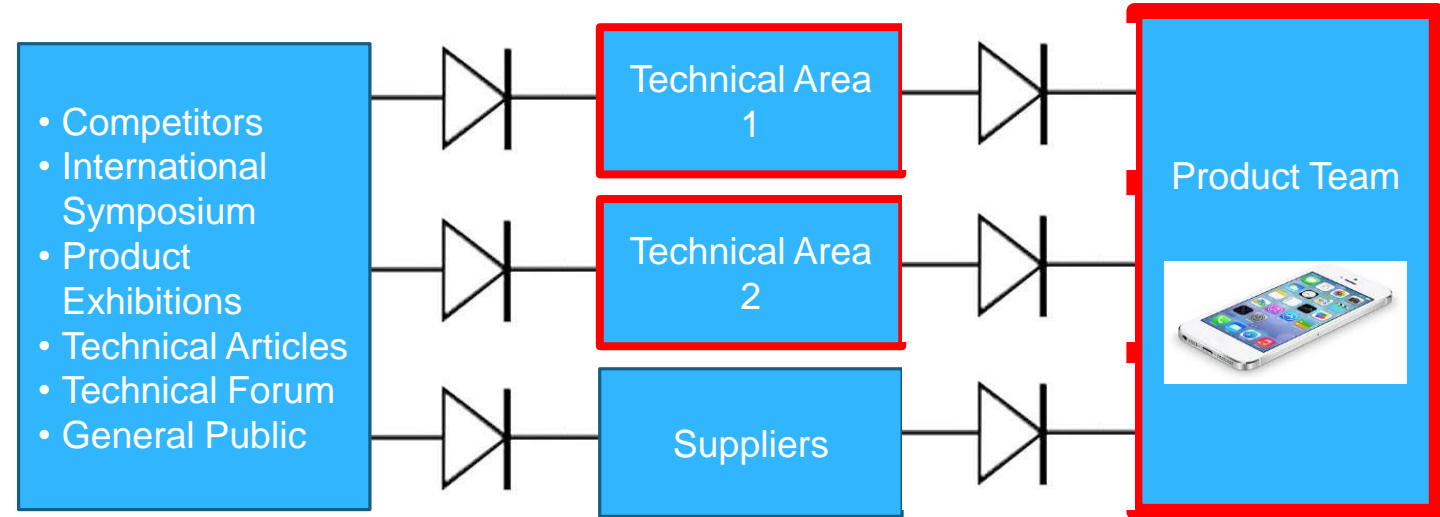
auto
engine

Methods to Secrecy, Paranoid & Protection

Execution of Secrecy

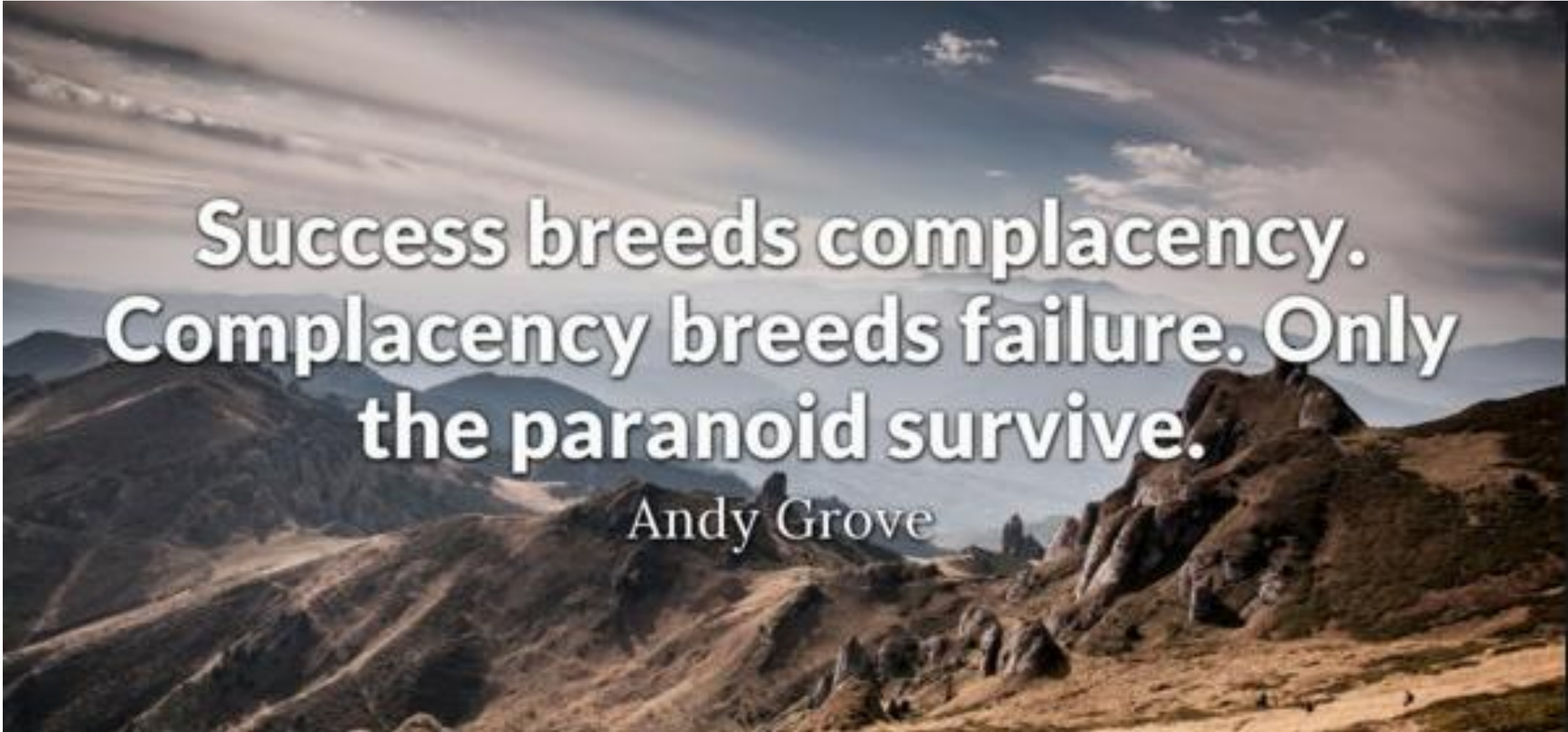
1. Diode

2. Stealth



To ensure business continuity & survival, we must deploy proper strategies vs. the competitors, regardless of their size

- **Protect** – Prevent your competitors from entering your markets
 - Patent
 - Trademark
 - Trade Secret
 - Copyright
- **Attack** – Stop your competitors from entering your markets
 - Legal actions / lawsuits
 - Products competitions/Time to Market



**Success breeds complacency.
Complacency breeds failure. Only
the paranoid survive.**

Andy Grove

Case Study: SPP

Case Study

In 2006, a key component supplier to a large US company enjoyed 90% market share and over 50% profit margin.

To mitigate a potential supply chain risk and to reduce cost, this US company decided to identify a second source. This potential Asia company still lacked technology maturity; however, it offered a significant cost and turn around time advantages.

You are the CEO of this existing, key component supplier, you have several choices:

1. Reduce cost and enhance customer services to attack this Asia company
2. Resort to legal. However, this action involves huge legal cost. In addition, this Asia company was not technologically competitive and it might not have infringed any patent
3. Explore other options (e.g. take over or invest). Make this Asia company becoming an ODM

What would you do? Why? Or are there other strategies?

Reality – This Key Supplier:

1. Took legal action. This Asian company eventually settled and paid settlement charges.
2. Filed complaints to the US company for risking and jeopardizing supply chain relationship.