



The Smartphone Innovation Curve

Samsung's curved-screen smartphones are a hot trend, but innovation may come from unlikely places.

Today the long rumoured announcement came: LG is launching a mobile phone with a curved screen, shortly after Samsung made the same announcement. The phones are not imitations of each other. The Samsung phone has curved sides, which changes the grip and visibility. The LG phone is curved lengthwise so that it can be held more snugly against the head. I admit some puzzlement at the need for these designs, but OK. Seen as innovations, it is pretty impressive that the screens can be curved. This is done as an OLED, or organic light-emitting diode, which is a new, difficult, and expensive technology. Are these introductions right after each other just evidence that firms in the same industry will act as rivals and pursue the same technologies? Maybe, but the story has more details. LG and Samsung are Korean companies, are well aware of the screen technology each of them is developing, and most likely they get some information from the same sources. Such a high technology is not developed solely inside one firm, even a giant firm like Samsung; alliances are used to develop it. Indeed, Samsung is one of the key examples of a good user of alliances in the book that I, Tim Rowley, and Andrew Shipilov wrote and will publish soon. When firms are developing new products, a network of alliances gives a firm an advantage, but so does the proximity to other innovators. This is the kind of benefit that has made Silicon Valley so powerful, as firms there learn

through alliances and through being near each other. But now there is also research on how firms can be far away from other firms and still do well. The answer is again related to information flows through networks. Russel Funk has an article coming out in Academy of Management Journal that looks at innovations by nanotech firms. He finds that firms that are near other innovators have an advantage if they have a well-integrated network internally so they can integrate information they get from the outside. This is well known, and we write about it in our book. But he also finds a different form of advantage. Firms that are away from other innovators have an advantage if they have a loose network internally, so that innovators inside the firms can be more independent from each other. So, learning from the outside and developing in the inside calls for the exact opposite internal structure. This new research is interesting, and gives some hope to firms that are away from other innovators. Such firms often have disadvantages in innovation races, and need every trick they can get. For Samsung, it is less interesting because they already have the advantages of proximity to others and a large network – and internally they are tightly integrated. Funk, R. (2013). "Making the Most of Where You Are: Geography, Networks, and Innovation in Organizations." Academy of Management Journal forthcoming. Greve, H. R., Rowley, T., and Shipilov, A. Forthcoming. Network

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Advantage: How to Unlock Value from Your Alliances and Partnerships. Jossey-Bass.Sangani, B. 2013. LG curved G Flex smartphone 'to rival Samsung Galaxy Round'. The Telegraph, 28.10.2013. [Henrich's blog](#) Follow INSEAD Knowledge on [Twitter](#) and [Facebook](#)

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