

The Motivations Behind Alliances



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Purpose

The purpose of this paper is to outline the motivations behind the growth of alliances as a means of advancing the goals and objectives of individual organizations/companies, especially those working in technology markets. It is hoped that what follows will assist the innovator or entrepreneur who is struggling with how to bring new technologies to the market. Alliance participation is a valuable tool to help these leaders achieve their vision. This paper examines the motivations behind the use of alliances as a means for organizations of all kinds to promote and realize their goals and objectives.

The Motivations That Drive Alliances

The basis of an alliance is an agreement between two or more entities to cooperate in ways that enable each party to benefit from the strengths of others, and of the group as a whole, to further individual and collective objectives and goals. The organizing purposes of alliances are as varied and complex as the spectrum of human endeavor from which these organizations arise. One consistent theme is that alliances form to promote a shared vision amongst a community of some kind. What is most surprising about alliances, as compared to other cooperative relationships, is that alliances are often formed among entities that are direct competitors within a market, political, or technology space. As this last aspect of alliances is counterintuitive, some effort will be made within this treatise to understand the motivating principals which would influence an organization to work in a cooperative environment with their competitors. Some examples include:

- **Shared Vision** – While the specific objectives of individual members of an alliance will seldom be completely aligned, alliances are often formed around a common *shared vision*. This vision will be considered important to all members. While individual participants within an alliance will continue to pursue their own goals, sometimes independently of the alliance, these members maintain the benefit of alliance participation due to the fact that overarching objectives of the alliance are in harmonization with some, or all, of the individual members' goals.
- **Increased Awareness of Technology, or Market, with the Public** – Many alliances have formed with the goal of increasing the public's awareness of new products and technologies and promoting their adoption in the market. This aspect of alliances is especially important for organizations hoping to effectively leverage limited resources and maintain control of their budgets as they work to establish revenue streams. Alliances are a way of cost sharing, especially with respect to mounting effective marketing campaigns around general technology awareness. Through the alliance, shared resources and capabilities can greatly enhance the ability of individual members to educate the public on the benefits new technologies.
- **Improved Speed-to-Market** – Product Development (PD) is a complex and resource intensive process. This effort is further complicated by the nature of many new products. Specifically, as more and more common-use items are equipped with microprocessors and communications

capability, the interoperability of products that were normally not a consideration within the PD process must now be addressed. Additionally, as many products now involve software (applications), coordination with the developer community becomes an issue in PD. Many of these challenges can be greatly reduced through common agreements within alliances. This ability is especially useful when individual members of an alliance focus on different aspects of the whole solution. For example, one member of an alliance may focus on the hardware necessary for the solution while another focuses on delivering the software or application that manages or enables the hardware.

- Interoperability – In the complicated and interconnected world of the Internet of Things (IoT), coordination among entities working on components within larger systems (which the connected world is becoming) have an ever greater need to insure that their respective products work together and within the system as a whole. Alliances allow for this cooperation during product development and provide a venue for thorough interoperability testing prior to market launch.
- Collective Agreement on Rules and/or Process – Many alliances work towards standards as a way of establishing common rules and infrastructure in support of product and technology development. Even if full standardization is not the goal, collective agreements form the basis for: specifications, work rules, algorithms, Open Source, etc. All of these agreements help “define” the ecosystem under which development takes place. This is a great enabler for organizations, who can now focus on their specific contribution within a defined and understood construct.
- Establish Competencies – Often, alliances form with a goal of establishing and maintaining core competencies, which they provide to industry. These organizations have specific requirements for membership and most of them include skills training, assessment and certification. The use of alliances as a way to verify competencies is common in many different ways. In addition to verification of skills competency, alliances may also certify product compliance with a common standard or specification (e.g. The Wireless Power Consortium - <https://www.wirelesspowerconsortium.com/>).

Risk Mitigation

One major benefit from alliance participation is associated with the ability to spread risk and responsibility. Indeed, this is a common attribute of almost all cooperation amongst people and organizations. Risk mitigation through alliance participation can take many forms:

- A commitment of shared resources amongst participants – Alliances benefit from the larger pool of resources available to them than would be the case for individual members. This larger resource pool implies a greater access to knowledge, as well as greater tactical resources with which the alliance might accomplish its mission (e.g. marketing, lobbying, educating, etc.). A larger pool of resources and talent reduces risk to all alliance members.

- A potential for “group” learning – As noted above, the alliance has a larger knowledge pool than is the case for any individual member. A secondary result of this aspect is the ability of individual members to take advantage of “group” learning and shared knowledge to reduce their individual learning curves and aid in their R&D and PD efforts—thus reducing total risk.
- Alliance goals that are aligned with, and complementary to, individual member strategy – an individual organization joins an alliance specifically because the mission of that alliance is aligned with one of the priorities of the organization. This means that the work of the alliance has tangible benefit to the individual members and often in areas where they may not have the wherewithal to achieve these benefits on their own—thus reducing financial and other risks for alliance members.

The complexity and interoperability required in the technology space make the motivations noted herein even more important to technology companies. Of equal importance is the ability of the collaborative group to engage in “messaging” to educate the broader public on the needs and benefits of the specific technical market.

Alliance Objectives

Alliances are a core component of corporate strategy for many multi-national organizations. These organizations see alliance participation as a necessary part of their technology and market strategies and critical to their competitive position within their industries. Many large companies are participants in, and leaders of, numerous individual alliances which require coordination with many partners. The complexity and cost that this type of management and coordination imply, is a good indication of the value that these organizations place on alliance membership.

It is important, however, that alliances remain “open” in their nature and governance. Open alliances are the best mechanism for technological advancement and the benefit of the entire community. Open member participation, open technology perspective and open specifications are all important elements of creating a technology ecosystem where each participant may use alliance knowledge and market awareness created by the larger alliance “partnership”.

The alliances themselves are viewed as natural extensions to these companies and their strategic objectives. Organizations within alliances may have slightly different goals, based on their size and maturity. However, within the construct of alliances, these differences often prove complementary and advance the overall market in a way beneficial to all participants. For example, individual members of these alliances may not have the financial ability to engage in the kinds of marketing efforts that can be leveraged by the larger group to build market awareness. This represents one way in which alliance participation benefits disparate organizations, which might be expected to compete on a head-to-head basis in their regular work.

Shared Vision

When the concept of shared vision is discussed, scale is a very important metric. A general rule can be stated as, “The larger the organization, the more diverse the focus”. As a result, the proper size for an

alliance is very closely related to the commonality of the strategic goals of its members. There is a challenge when an organizations focus is so broad that the objectives of individual members become marginalized. This situation is not uncommon in large global Standards Development Organizations (SDOs). Another aspect of this problem is time-to-market; many start-up organizations are under pressure to establish revenue streams as they operate on venture capital money. The alliance approach offers these smaller organizations the ability to work in a focused environment, where progress can be made much more quickly than through the traditional standardization process.

The point has been made here that standardization through alliances often can be accomplished in less time than through the traditional approach with an SDO. In addition to this potential value from alliance collaboration, other benefits that are normally associated with traditional SDO participation might be obtained through participation in an alliance. Above and beyond a focused group working on standardization, an alliance offers its members access to outside expertise within its general technology space, but beyond the narrow focus of the members' internal resources. This is a significant benefit especially given that virtually all organizations contend with constrained budgets. As noted earlier, this experience of the broader market has become more important as new products are being developed with the combination of intelligence through microprocessors and communications through wireless technology. What were previously independent technologies now commonly include "applications" that represent an equally complex and critical periphery technology to the core product. Alliances and standards are a large part of what make these complex technical verticals possible.

Advancing an Agenda

Public and market awareness is critical to the success of most endeavors. Unfortunately, the effort necessary to promote public awareness is costly and the returns are difficult to quantify. As a result of these challenges, general promotion is an area that is often lacking within companies and one that is best accomplished through a collective.

In the United States, most people are familiar with this concept of collective "marketing" as it relates to Political Action Committees (PACs). Whatever your opinion regarding the appropriateness of PACs, their effectiveness in advancing a common agenda is clear from their explosive growth and ubiquitous utilization by all political parties and campaigns. This type of high-level messaging educates the public and is common among alliances with political aspects to their mission. The same benefits can accrue to technology ecosystems from this form of collective marketing and public education, as is the case in the political realm. For technology alliances, the objective is less to promote a position than it is to build awareness around a technology with which the general public is unfamiliar. The technology may represent a completely new market, or it might be a significant improvement in an existing market area, where the specific benefits must be communicated.

Finally, every company has objectives beyond their tactical needs to compete and to differentiate. There is a significant benefit from an alliance, in terms of the forum that it provides individual members within their respective markets and technologies. The collective represents an opportunity to both learn and teach; this is an aspect of alliances that is beneficial to everyone, including both alliance members and the

general public. Beyond the forum for group learning, the existence of the alliance allows individual members to delegate some of their messaging/marketing/outreach to the collective. This makes all organizations more efficient and may dramatically improve their chances of success.

Alliance Support and the IEEE

In the late 1990's, the IEEE Standards Association (IEEE-SA), an established SDO and operating unit of the IEEE, recognized the benefits of independent alliances and established the ISTO as a separate entity. The ISTO is a federation of member programs, aimed at supporting the needs of collaborative organizations described within this treatise. The ISTO mission is “to facilitate the life cycle of industry standards development through a staff committed to neutrality, quality, and member satisfaction.” To this end, the organization supports the logistical and strategic needs of many technical consortia. While the ISTO is affiliated with the IEEE, the organization maintains its independence as well as assuring that the activities of its member programs, including management of any alliance intellectual property, are completely separate from IEEE policies or authority.

The ISTO, as well as its member programs, is a recognized 501(c)(6) non-profit organization. One aspect of the non-profit nature of the ISTO is that the organization does not accept customers or clients—groups interested in partnering with the ISTO are engaged as “members” of the federation, and gain non-profit status through membership. The significant benefit this structure provides is the ability for collaborative groups to operate within an objective, neutral structure where some challenges associated with larger and more formal structures (e.g. global SDOs) can be minimized. Additionally, owing to the focused nature of these programs, the goals of individual members can be met in a timely fashion and all participants can be assured a voice in their community.

A small sample of the 50+ alliances that have been supported as member programs of the ISTO is provided below.



Example ISTO Alliances