



Department of State and
Regional Development



The Challenge to Business of Collaboration and Alliances

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Increasingly Australian organisations are collaborating to seize opportunities created by the growing Global Economy. These opportunities are being promoted by the signing of Free Trade Agreements (FTAs) with Thailand, USA and Singapore and possible FTAs with Malaysia, China and Japan. They are also driven by growth in world trade fuelled by the massive Global Transport & Logistics capabilities, underpinned by developments in communications and associated technologies.

Collaboration allows alliance partners to overcome barriers to entry in traditional markets and/or develop new markets.

From an Australian perspective the requirement to engage the larger World Market is driven by the need to have a healthy organisational balance sheet, an objective which is familiarly all too difficult in the Australian market alone. Not surprising, as the Australian Market is only about 1.11% the size of the total World Market (CIA World Fact Book). In the ICT industry sector a large number of specialised organisations have formed to exploit opportunities in highly developed ICT niches. These Australian ICT organisations increasingly have to deal with a small local market coupled with strong competition from India and China.

Collaboration is only limited by imagination and economic reality. Collaborations are defined as the formation of a group of entities for a strategic purpose, that purpose typically involves the producing of a product and/or service. In a collaboration there are many alliance partners from government organisations such as Austrade and the NSW DSRD that provide a multitude of services to business organisations. To strategic organisations such as the Western Sydney IT Cluster (WSITC), promoting IT initiatives in Western Sydney. To member organisations, such as the Asian Business Connection (ABC) which promote Western Sydney connections with Asia. Alliance partners can range from National or International companies through to entrepreneurs. Collaboration can be formed specifically for one project; reform for other projects or involve the establishment of ongoing joint venture(s). Collaborations are dynamic and may be a means to an end; a venture may use collaboration to achieve a merger (BHP-Billington).

Collaborations are formed on an attractive prospect that is required to be rapidly described, quantified and analysed to determine if this prospect is worth the effort. Collaboration alliance partners are identified which bring capabilities or opportunities to the table. Synergies between the alliance partners are actively sought. The alliance partners must develop a common understanding and objective. The intent of the alliance, what it was formed for, who are the parties, how are the benefits to be shared needs to be rapidly agreed to – anything else invites more than challenges.

Collaborations require a culture that will promote creativity with frank open constructive criticism. This culture may be markedly different to that of some of the alliance partners. This culture is required to be supported by a methodology and processes which are built during the collaboration.

Successful collaborations get the fundamentals right and have processes that deal with the emerging situation. Increasingly collaborations are being used as a vehicle to successfully bundle technologies and deliver these technologies into the Global market.

Globally collaborations have generated a recent high level of interest. Airbus has produced and flown the World's Largest Airliner the A380 this year (2005). UN/CEFACT (international agencies) actively promote e-business collaboration as they see this as a means to effect the agencies objectives, including feeding the World's population. Richard Lambert produced what has become a milestone report for the Blair government on university-business research collaboration. This report identifies the growing trend of leading international companies seeking collaborations with Universities to access technology & innovation. Interestingly, one of the recommendations of this report was the requirement of government to play a crucial role by strongly supporting R&D investment (in particular pre-market phase) as a means to foster these collaborations. US companies and universities operating in the nanotech field have and are continuing to seek collaborations with Chinese business & universities. One of these initiatives involves, the US company CTI Molecular Imaging Inc., a provider of positron emission tomography (PET) imaging equipment & services, in a collaboration with Zhejiang University.

In the US ICT space, collaboration is a well known business model, US retailers (Target, Kmart and 9 other major corps.) collaborated to form an Internet business-to-business (B2B) marketplace with combined sales of \$300 million (USD) in 2000/2001. The Singapore government approaches collaboration using ICT as the enabler which binds and makes the collaboration possible.

Collaboration is rapidly becoming a popular organisation model in Australia. The "Group of Eight" universities have collaborated nationally and are collaborating internationally through Universitas 21 (U21) (an international university network). UNSW has had a long and successful collaboration with the Australian Defence Force Academy (ADFA). The University of Western Sydney's (UWS) industry partnerships is one example of the many programmes that UWS has developed to form collaborations with organisations external to the university. The UWS centre for environmental health development has formed a collaboration with other WHO organisations (including, PAHO (Washington) and LESATARI (Malaysia)). Foxtel/Telstra's collaboration in pay TV has dominated the Australian pay TV market. Tenix, use alliances as part of their core strategy to effect projects in water processing, power and gas networks and ship construction.

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William Horton is presenting his insights at the September Cluster forum, whose theme will be "Collaboration IS a Business Strategy". He will address the issues of how to develop good systems for collaborating and discuss the issues around intellectual property when collaborating. For further information click [here](#).