Reverse Innovation: A Revolution of the Present and Future of the Emerging Markets

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***Abstract*— Emerging markets are generally in demand for the potential customers they represent — imaginably hundreds of millions of new consumers who are looking or will be looking in the near future for products to buy. Reverse Innovation; however, the term coined by the research of two Dartmouth University Professors Vijay Govindarajan and Chris Trimble refers to any innovation that get born first in the Developing countries with an intention to later launch it in the western or developed markets. In others words, it is the opposite way of the existing innovation path, adapted in the emerging countries. This new strategy, 'reverses' the traditional path to innovation and in this paper, the author, after visiting Brazil on a business tour, discusses how this new strategy constitutes the basis of the present and future revolution of the emerging markets**

I. INTRODUCTION

The focus of innovation worldwide appears to be changing because of the rise of emerging economies, such as the BRICS countries dominated by China and India because of the population, and the 'flattening' of the world. Reverse Innovation is the strategy of innovating in emerging (or developing) markets and then distributing or marketing these innovations in developed markets.

To date, many businesses are developing products in emerging countries like China and India and then distributing them globally. Because the majority of our daily consumption in the developing markets comes from the developed world or societies, reverse innovation is the opposite way.

The term reverse innovation refers to the process by which companies in emerging markets produce inexpensive goods and services to meet the needs of the poor and then repackage them as cost-effective innovations for Western buyers. It has inspired Govindarajan's eponymous New York Times and Wall St. Journal bestseller and helped propel him to the third spot in the latest Thinkers50 list of the world's most influential business minds (Kornwitz, 2013).

One will hear or read the request of innovation and be creative but nobody tells us how to be innovative or creative? In addition, because of change of dynamics in every society of this century, the emerging markets are more conscious than before and are becoming more and more aggressive to show case some innovations to mitigate the constant arising problems of their respective societies.

Reverse innovation will become more and more common. It presents a formidable organisational challenge for incumbent multinationals headquartered in the rich world, and they need a new organisational model for overcoming that challenge (Govindarajan, 2011).

The ultimate driver of reverse innovation is the income gap that exists between emerging markets on one hand and the developed countries on the other hand. There is no way to design a product for the American or European mass market and then simply adapt it for the Chinese or African mass market, simply because we are by nature more connected to diversity than to commonly.

Consumers in poor countries like Indian and many countries in Africa demand solutions on an entirely different price-performance curve. They demand new, high-tech solutions that deliver ultra-low costs and "good enough" quality. Their demands are for quality at affordable price to create sustainable opportunities for all. Reverse innovation is far more than reducing cost for the sake of poor consumers. "It is about pushing the performance paradigm and offering more for less".

Yes, buyers in the developing world have less money — but that is only the obvious beginning. The differences run much deeper. In fact, the gaps that separate needs between the emerging markets and the developed countries are at least five: the performance gap, the infrastructure gap, the sustainability gap, the regulatory gap, and the preferences gap (Trimble, 2012).

This is a big challenge for business today to offer quality for less as charity cannot solve the problems of the poor economies because there is not enough money in the world to remain competitive and sustainable (Kornwitz, 2013).

Although the call to the reinvention of our societies first before others declare us been obsolete is alarming, for us underscores Govindarajan (2011), reverse innovation is not a "nice to have" boost to revenue growth rates. We strongly believe that reverse innovation is changing our current environment and it will power our future as well — not just in poor countries, but everywhere. Many remarkable rich-world business opportunities will arise first in poor countries. To compete, global corporations must be just as agile innovating abroad as they are at home.

It is impossible to capture the growth opportunities in the developing world without developing new solutions from scratch (Govindarajan & Trimble, Reverse Innovation: create far from home, win everywhere, 2012). But despite the inexorable logic of reverse innovation, only a few multinationals—notably Coca-Cola, GE, Harmon, Microsoft, Nestlé, PepsiCo, Procter & Gamble, Renault, and Levi Strauss—have succeeded in crafting products in emerging markets and selling them worldwide. Even emerging giants—such as Jain Irrigation, Mahindra & Mahindra, and the Tata Group—have found it tough to create offerings that catch on in both kinds of markets (Winter & Govindarajan, 2015).

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In the business jargon, people might speak about GLOCAL, which in essence is "think Global" and "act Local"; we believe however, the problem with reverse innovation today is not to get the answers because they are there or here, but the problem is to think ahead and get the right questions. Reverse innovation requires a decentralized, local market focus. The local market is the base and management source of most of the resources dedicated to reverse innovation efforts.

"Surface and challenge assumptions that support glocalization but that inhibit reverse innovation, drive leaders to recognize that success in emerging economies requires clean - slate innovation and that the stakes are global, not local". (Govindarajan & Trimble, Reverse Innovation: create far from home, win everywhere, 2012).

The context within which emerging giants globalize today is very different. The world itself has dramatically changed in the past four decades. For example, it is flatter today than it was in the 1970's, thereby opening up different globalisation paths (Govindarajan & Trimble, Reverse Innovation: create far from home, win everywhere, 2012).

Countless established global corporations discount the need to innovate when competing in emerging markets. After all, innovation is expensive and risky. Therefore, how can it make sense to spend heavily on an innovation for a market in which customers have so little money? In this paper, we argue on the fact that reverse innovation is a revolution of the present and future of the emerging markets with less emphasize on global branding which constitutes the basis of another contribution from the author.

II. REVERSE INNOVATIONS DEFINED

In the conventional international business literature, innovation often is associated with technological breakthroughs and is anticipated to originate in the developed or rich countries where the world's leading multinational companies are located (see figure 1). This is true looking on how reverse innovation is defined and perceived today.

For many authors and advocates, innovations occurring in emerging economies tend not to involve technological breakthroughs of the kind that drive innovation in developed countries. They do, however, involve novel and innovative combinations of existing knowledge and technologies to solve pressing local problems and the use of new processes and business models underscore Govindarajan & Ramamurti (2011).

Historically, reverse innovation has been a rare phenomenon because multinationals innovated in rich countries and sold those products in poor countries. Reverse innovation is doing just the opposite. It is about innovating in the emerging countries or economies and taking those products to rich and developed countries. Thanks to the rapid development of populous countries like China and India and the slowing growth of wealthy nations, reverse innovation has become a strategic priority.

After all, it is the richest customers in the richest countries that will always demand the newest technologies. In due time, the costs of new technologies come down, and incomes in the emerging world rise. As a result, innovations trickle down. Right (Trimble, 2012). - Reverse innovations can be, but are not always, disruptive innovations (Govindarajan, What is Reverse Innovation?, 2009).

A reverse innovation is any innovation adopted first in the developing world. To be clearer on this, a reverse innovation has nothing to do with where the innovators are, and it has nothing to do with where the companies are. It has only to do with where the customers are (Trimble, 2012).

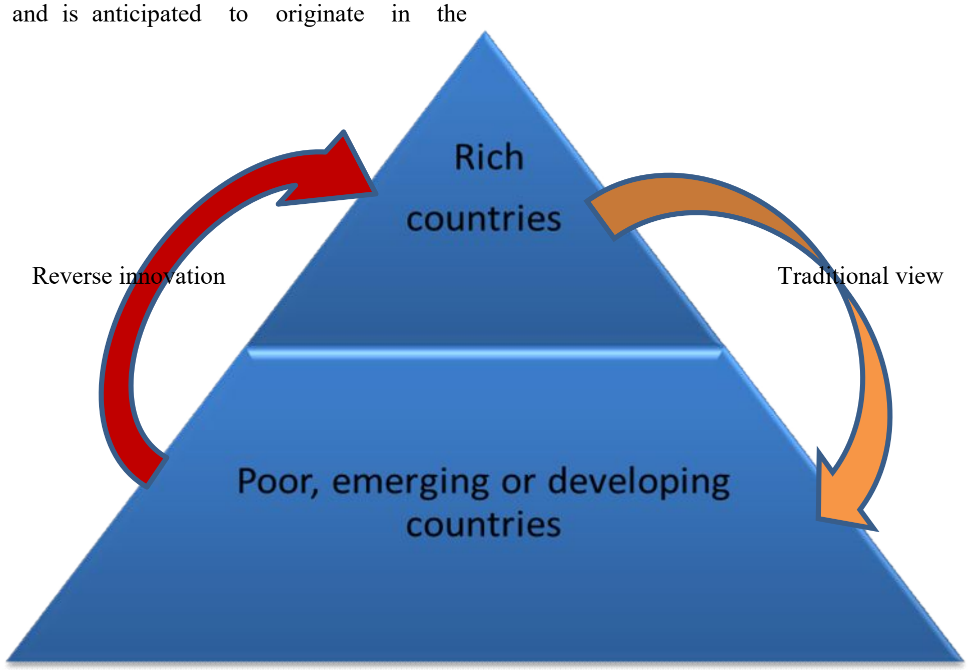

Figure 1. Reverse Innovation view

As illustrated in figure 1, in order to avoid this unsettling outcome which in any case is taking place, multinationals must shift gears. For years, they have predominantly followed a simple global strategy. First, innovate for home markets. Then, export, with at most some minor modifications, to address local market needs.

This strategy worked well enough in the past, when the biggest export markets were other rich countries. It will not work well anymore. Global corporations must recognize that to win in emerging markets, they must innovate, not simply export. Moreover, they must subsequently be prepared to migrate those innovations demanding, from the developing world to the rich world (Trimble, 2012)

Paralleled to the flow of innovations and technology from rich countries to poor countries as the normal cycle, flows in the opposite direction probably are still minuscule. Indeed, we believe more research and case studies are required to establish the true extent of reverse innovation and its potential. Our claims in this paper are reasonably modest—that innovative activity in emerging economies is much greater than it has ever been, that it is on the rise, and that the subsequent innovations may increasingly find their way to the rest of the world, including developed economies as many examples show evidence.

3. ORIGIN OF REVERSE INNOVATION

We are changing the nature as human being everywhere we are living. One has to pay attention to what is going on around us to understand and analyse the trends. Something has changed in the global market over the last decade. Most of the business today are primarily global while they remain conscious about the challenges and opportunities that increased when crossing international markets. Innovation, however, is a key phenomenon in business world which is supposed to be the righteous of developed countries because of their ability to undertake intensive research and development work (Lohia & Taneja, 2013).

Technology and the explosion of internet are creating a sense of collaborative ownership and shared community while media is converging and globalizing by reaching countless millions across the globe daily. Like underline earlier in this paper, we strongly recognised that people engaged mostly to diversity than to commonly, because of the dialog process that engages everyone and every country called "globalisation."

In the historical Perspective of reverse innovation, Govindarajan (2009) takes us to the globalisation journey of American multinationals in approaching the emerging markets that has followed an evolutionary process seen in distinct phases as show in figure 2.

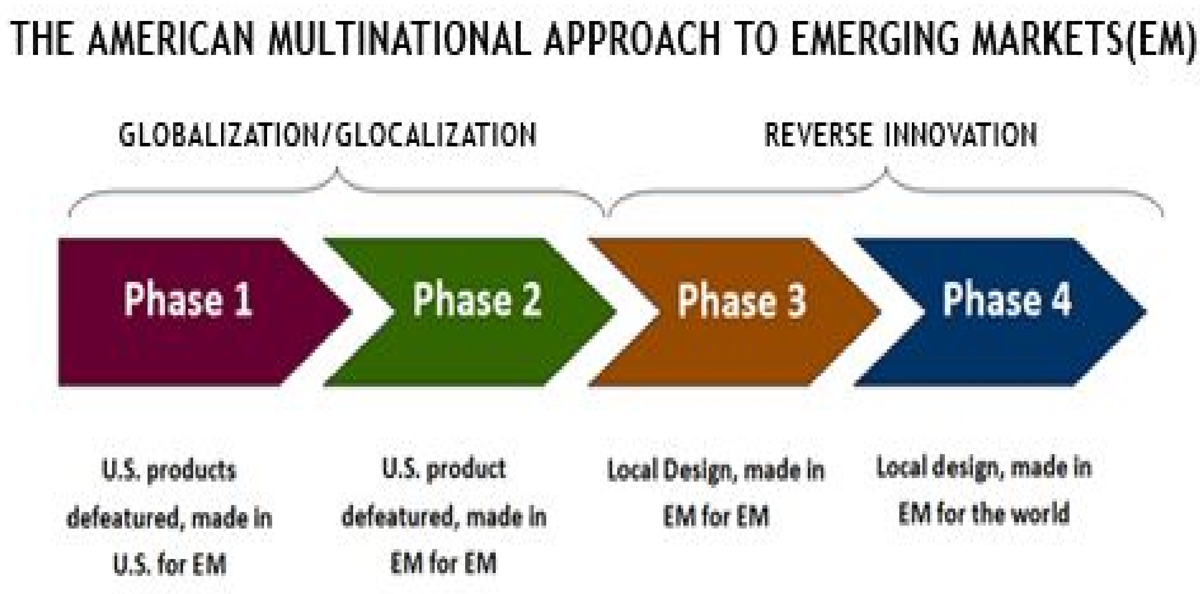

Figure 2. Historical perspective of reverse innovation

From figure 2, below is the explanation provided by Govindarajan (2009).

Phase 1. — Globalisation — Multinationals built unprecedented economies of scale by selling products and services to markets all around the world. Innovation happened at home, and then the new offerings were distributed everywhere.

Phase 2. — Glocalization — In this phase, multinationals recognized that while Phases 1 had minimized costs, they weren't as competitive in local markets as they needed to be. Therefore, they focused on winning market share by adapting global offerings to meet local needs. Innovation still originated with home country needs although the products and services were adapted in the later stage to win in each market. To meet the budgets of customers in poor countries, they sometimes de-featured existing products.

Phase 3. — Local Innovation — In this phase, the first half of the reverse innovation process, multinationals are focusing on developing products "in country, for country." They are taking a "market back" perspective. That is, they are starting with a zero based assessment of customer's needs, rather than assuming that they will only make alterations to the products they already have. As teams develop products for the local market, the company enables them to remain connected to, and to benefit from, global resource base.

Phase 4. — Reverse Innovation — If Phase 3 is "in country, for country," Phase 4 is "in country, for the world." Multinationals complete the reverse innovation process by taking the innovations originally chartered for poor countries, adapting them, and scaling them up for worldwide use.

A Dominant Logic

From what portrays in figure 2, we can firmly posit by saying that every organisation that has enjoyed great success is sustained and endangered by what it has learned in the past. Reverse innovation requires that you set aside the logic of the past. If you fail to do so, you will not have the humility necessary to admit you still have much to learn.

You must let go of what you have learned, what you have seen, and what has brought you the greatest successes. In fact, it is best to assume that you have just landed on Mars (Trimble, 2012). We strongly recognise this as jumping the s-curve, building new strategy from the past to be more attractive in closing gaps by been innovative.

4. AN EMERGING MARKET: DEFINITION & STRUCTURE

What exactly is an "emerging market"? A 2010 article in Forbes by Tarun Khanna and Krishna Palepu of Harvard Business School (authors of the book *"winning in Emerging Markets")* summarizes the history and essential features of emerging markets. The term began as a euphemism for the pejorative-sounding "third world"; but as the Financial Times argues, "Emerging market" now stands for a haphazard collection of countries with varying economic sizes and growth rates (Wheatley, 2015).

Above all considerations, we defined an emerging market as a country that has some characteristics of a developed market, but does not meet standards to be a developed market. We are aware of many preceding terms used to describe these countries in the past, which in essence were supposed to provide greater potential for profit, but also more risk from various factors like patent infringement.

In 2009, Dr. Kvint published this definition of the "Emerging market country as a society transitioning from a dictatorship to a free-market-oriented-economy". He continues by underlining the fact of this transition to take place with increasing economic freedom, gradual integration with the Global Marketplace and with other members of the GEM (Global Emerging Market), an expanding middle class, improving standards of living, social stability and tolerance, as well as an increase in cooperation with multilateral institutions (Kvint, 2009). It appears that emerging markets lie at the intersection of non-traditional user behavior, the rise of new user groups and community adoption of products and services, and innovations in product technologies and platforms

Some thought that these others terms were politically incorrect so the emerging market label was created. The term is misleading in that there is no guarantee that a country will move from "less developed" to "more developed"; although that is the general trend in the world, countries can also move from "more developed" to "less developed" argue many advocates.

In sum, Emerging market denotes countries and markets playing catch-up: nations with an undeveloped industrial base and infrastructure on the one hand, but a rapid rate of growth (usually exceeding that of developed nations) on the other hand. In addition, emerging markets distinguished themselves by some level of political and institutional instability, and ongoing demographic growth (Khanna & Palepu, 2010).

Definitions aside, the dramatic surge of the emerging markets certainly represents a sizable geopolitical shift. Yet just as significant as the fact of companies in developing countries asserting global dominance are the methods by which they have done so. This is a revolution not just in who but also in how. We see these features of emerging markets argue Khanna & Palepu (2010) as symptoms of underlying market structures that share common, important, and persistent differences from those in developed economies.

From what Govindarajan (2009) in the American multinational approach to the emerging markets, the structure of markets in developing countries helps local companies counter their multinational rivals. As illustrated in figure 3, most product markets comprise four distinct tiers: a global customer segment that wants products of global quality and with global features—that is, offerings with the same quality and attributes that goods in developed countries have—and is willing to pay global prices for them; a "glocal" segment that demands products of global quality but with local features (and local soul) at less-than-global prices; a local segment that wants local products with local features at local prices; and a bottom-of-the-pyramid segment, consumer that can afford to buy only the most inexpensive products underscore Khanna & Palepu (2006).

Because of the institutional voids in developing countries, multinational companies find it difficult to serve anything but the market's global tier. In product markets, the lack of market research makes it tough for multinational companies to understand customers' tastes, and the paucity of distribution networks makes it impossible for them to deliver products to customers in the hinterland. In talent markets, they don't have enough knowledge about the local talent pool to design policies that will attract and motivate employees at the glocal, local, and bottom-of-pyramid tiers. Therefore, when a developing country opens up, multinational companies rush into the global tier, and local companies dominate the local tier. There are immense opportunities in the bottom tier, but companies have to use radically different strategies to crack it open. Over time, the glocal tier becomes the battleground between local and foreign corporations (Khanna & Palepu, Emerging Giants: Building World-Class Companies in Developing Countries, 2006). The Chinese appliance manufacturer Haier, for example, cracked the American market by catering to the niche market of college students looking for compact refrigerators.

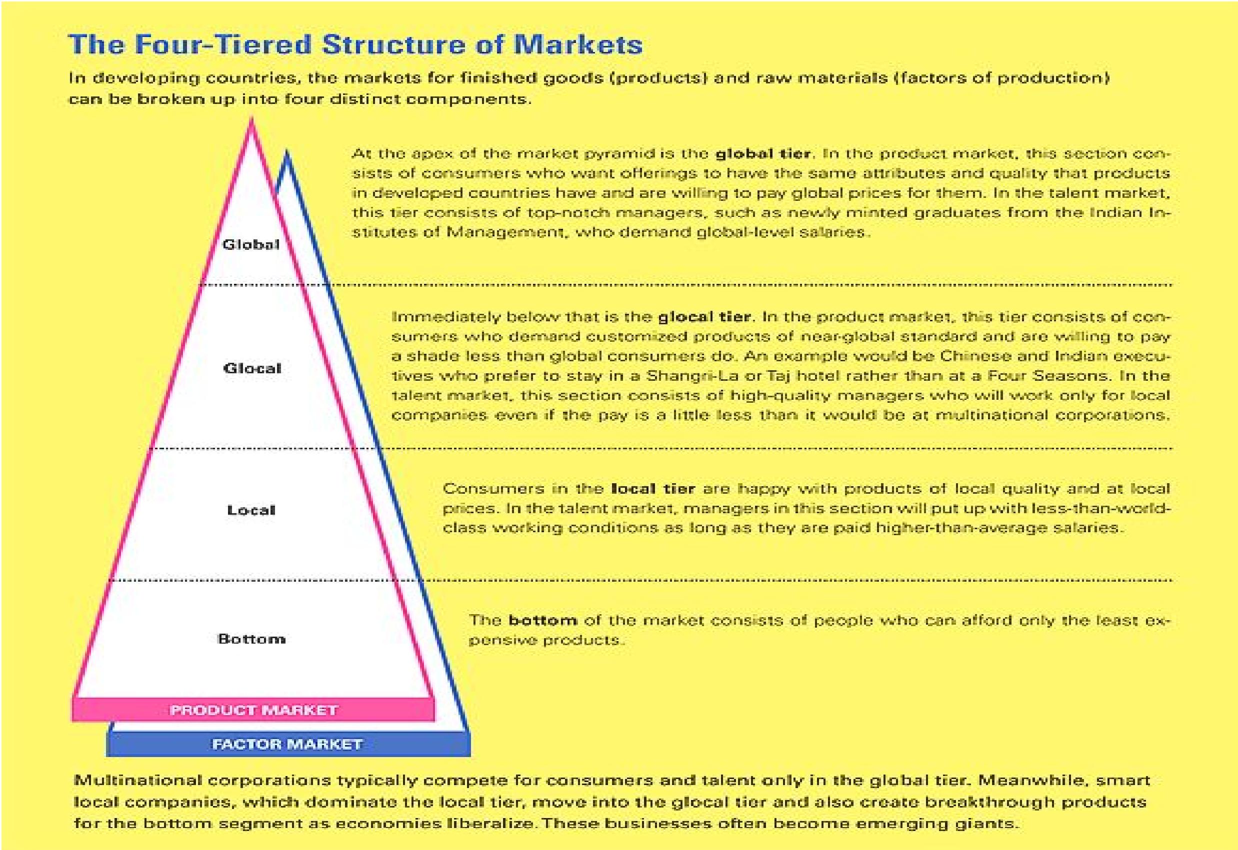

Figure 3. The Four tiered structures of markets

The next phase of the revolution as discussed in this paper however, which is successful innovation, relies on closely observing and empathizing with customers/users. Simplicity designed in emerging markets for developed markets (reverse innovation) is on the rise because it addresses an unmet need for simplicity. This might be problematic by simplicity designed in mature markets for mature markets because the concluding is to observe, empathize and fulfil the need locally.

The revolution has to follow its course because it is present already in the emerging markets. Before the shift to simplicity occurs in the mindset of multinationals in mature market, they will have to feel the full impact of reverse innovation. Moreover, as usual, there will be pioneers, corporations who will disrupt the established paradigm and start designing for simplicity while others still cling to the old model of feature-heavy high-cost products.

Talking from both angles, from the reverse innovation as well as from the emerging market, we can firmly say that the transition from globalisation to reverse innovation as outlined by Govindarajan is not only about the revenue gap between mature and emerging markets but by the rise of simplicity too. A powerful undercurrent that pushes simplicity to emerge as something that is not just cheaper but also more reliable, more effective, more authentic, more beautiful, and most desirable. In emerging markets argue Winter & Govindarajan (2015), not only do “fair” (or “good enough”), for every product, multinational companies typically produce three variations. To break into emerging markets, where consumers have very high expectations but much smaller pocketbooks, multinationals usually follow a design philosophy that minimizes the up-front risks: They value-engineer the “good” product, watering it down to a “fair” one that offers 50% of the performance at 50% of the price. They argue that products prove too expensive for the middle class, but the upmarket consumers—who can afford them—will prefer the top-of-the-line versions.

Meanwhile, because of economies of scale and the globalisation of supply chains, local companies are now bringing out high-value products, at relatively cheap prices, more quickly than they used to. Consequently, most multinationals capture only small slivers of the local market (Winter & Govindarajan, 2015). By developing a granular understanding of the underlying market structure of emerging economies–and not only labelling symptoms to be integrated in an overall risk assessment–corporations can tailor their strategies and execution in emerging markets to avoid mistakes and outcompete rivals (Khanna & Palepu, How To Define Emerging Markets, 2010).

5. WHY IS REVERSE INNOVATION A REVOLUTION

Reverse innovation is calling for businesses, governments and undeniably countries to reappraise how they go about doing things. Structures and international institutions that were in successful business decades ago are struggling to adjust to the pace of change.

Throughout the developing world, the telecommunications industry for instance has been a truly transformative force, providing cheap phone and internet connections for the first time has allowed much of Africa and emerging Asia to “leapfrog” economic development by not having to construct expensive fixed wire infrastructure and allow cheap phones calls and net access, unthinkable twenty years ago (Merlinlinehan, 2016). This is particularly relevant for emerging markets, where some countries are using this revolution to develop certain parts of their economy at a speed that was unconceivable only a few short years ago (Schiessl, 2016).

The use of technology is helping spread the mantra of e-business suites, enabling local corporations and some gouvernments to service their populations in wider ranging but more cost effective ways. This technology has also helped to connect on the same wave length people, arguably spurring the development of civil society organisations and democratic movements (Schiessl, 2016).

Why do we believe that reverse innovations constitutes the revolution of the present and future of the emerging markets - simply because among many reasons, the critical theme at the World Economic Forum in Davos in 2016 surrounds the "Fourth Industrial Revolution". This vast subject is stirring all our lives in ever more ways and the emerging markets play a very crucial role.

Here is what we have observed in the past few years, less than two decades to date. In 2002, Commonwealth Telecommunications Organisation researchers reported that in East Africa, people were transferring airtime to family and friends in villages, who were then using or reselling it. Doing so allowed workers in cities to get money to people back home without making long and unsafe journeys with large amounts of cash. It indicated a latent demand for money remittance services. That is how M-Pesa, the successful mobile money-transfer service, was born (Winter & Govindarajan, 2015).

What is this? The spread of the internet, created or developed in the rich world, but revisited in the emerging market has brought advantages. East Africa has been the world centre of innovation for mobile banking and corporations like M-Pesa have allowed previously unbanked customers in Kenya to send, receive, hold and save money. These technological springs create reverse innovation. This is a current or present encounter in Kenya for instance because of its success.

The Indian government is currently using technology to pioneer new ways to interact with residents that is changing many areas. With the introduction of a biometric scheme to identify residents, India is enabling large portions of the population to access the formal financial system for the first time. The dramatic growth of e-commerce is also having profound implications for the Indian economy (Schiessl, 2016). Brazil on the other hand, is using biometric at airport for local citizens to access boarding gates without human intervention.

From this time, the virtual shop in Asia enabled by technology has changed the way online shopping is been done in many countries worldwide. One thing we can all be sure of is that the pace of change is speeding up globally and the economies and governments that adapt and show flexibility will ultimately be the winners (Schiessl, 2016). Reverse innovations is happening and forcing multinationals to think differently in order to join the bench of winners.

Despite the fact that much of the technology and intellectual properties may have originated in the emerging economies, it is perhaps where the changes will be most profound (Schiessl, 2016). The dual success of China and India, countries of the emerging markets affirms our position and belief of the reverse innovation been the revolution. For Brazil, said Cristina Pecequilo, a political scientist at the University of Sao Paulo, the BRICS countries are a platform to benefit as a mediator and reformer on the international stage. "The emerging countries are better represented by BRICS than by the G8 she said (Prange, 2014)

Another area of growth as observed these days is coming in the form of providing support services for telecoms providers; this is making cases for Huawei phones and computers or providing parts, repairs or distributions services for this new wave of suppliers. This wave has its roots in the rich or developed countries, as devices consumers have turn to "made in Asia products" versus made in Europe or US products.

Like companies anywhere in the world, Chinese companies once they reach a certain size, start naturally to look abroad to diversify their holdings, increase their sales and margins, as well as learn lessons managerial and technological from other countries. Our observation, as we are discussing this topic from an emerging economy is that: the so-called BRICS countries - Brazil, Russia, India, China and South Africa - are becoming less willing to accept US world supremacy. This observation can be arguable, but it sustains based on many related factors.

For us, the goal of the emerging countries is clear - to change the global order with the United States as the hegemonic power. In 2010, IMF members had agreed to shift voting rights by 6 percent in favor of the developing and emerging countries. The reason: over the past 10 years, BRICS countries increased their share of global gross domestic product from 18 percent to 28 percent (Prange, 2014). There are many examples to show case the revolution as these countries view themselves as emerging powers with a great future ahead of them.

Talking for the future because the present revolution is tangible. For existing technology firms, Chinese competition could become more of a reality in the future, although many firms have found it difficult to operate out their comfort zone in China, international exposure will make them more adaptable, innovative and sensitive to operating in different countries (Merlinlinehan, 2016).

As a wrap up, we are saying this: when a multinational corporation learns to generate successful innovations in emerging markets and then exports that knowledge and those innovations to the developed world, new business possibilities suddenly burst forth. Although few companies experience this kind of renaissance, because reverse innovation—developing ideas in an emerging market and coaxing them to flow uphill to Western markets—poses immense challenges; the limits imposed by its traditional operations become surmountable, and the company can rethink all its products and attack new markets in search of growth (Govindarajan, A Reverse-Innovation playbook, 2012).

This exercise requires a company to overcome its dominant logic, the institutionalised thinking that guides its actions. Typically, that involves major changes: throwing out old organisational structures to create new ones from scratch, revamping product-development and manufacturing methods, reorienting the sales force (Govindarajan & Ramamurti, Reverse Innovation, Emerging markets, and global strategy, 2011). Developing countries like India, today, with their increasing disposable incomes, and the largest and ever surging middle class with higher than before spending capacitates, is now a very lucrative and potent target market for many global companies to venture into and capitalise on or to establish a stronger hold. Though the middle class in India today can afford to spend an extra buck for their added necessities and interests, they still find the products developed in the western economies out of reach, highly priced or unaffordable.

Our own demarcation has leads us to believe that with this approach, the companies can develop products that match the local taste while making it affordable for the consumers to own. The multinationals today, if they really want to survive, sustain and succeed over the competition, have to adopt reverse innovation as their approach to make a mark on the world market as this facilitates them to open the new avenues of growth through creation of an entire new demography through drum beat the new emerging markets.

However, challenges remain on the five-need gaps side to support wider deployment of many solutions in Africa in particular, including the need for improved data network coverage. Nevertheless, entrepreneurs in Africa, as in other emerging markets, have a blue ocean to leapfrog Western models and build a new paradigm for service delivery (Mrazek & Mou, 2016).

Above all, the emerging markets also serve as a litmus test for these numerous corporations to evaluate the market response of the product they later intend to pioneer in the western market. Clearly, the multinationals stand to benefit from economies of scale or volume sales in the local markets, and higher top-line and bottom-line profit margins gained through low cost production in the developing countries and higher priced product sale in the western market stimulated by Currency rate arbitration.

Although Reverse Innovation has led to more Disruptive innovations or has helped companies develop radically new products in the last decades, this approach is not limited to it. Reverse Innovation does not necessarily mean or go hand-in-hand with Disruptive innovation said Govindarajan & Trimble (2012). It could mean any product innovation (may it be disruptive, incremental, or radical) that is incorporated, exercised in or put to use in the developing country first to create products which would later be introduced or sold in the western markets as cost effective solutions.

This process called reverse innovation as a whole has produced several benefits for both developing countries as well as developed countries in terms of variety of goods at cheaper prices, rise in employment opportunities, technology advancement etc. In this way, Reverse Innovation has gradually revolutionised the production pattern, consumption trends across the world (Lohia & Taneja, 2013). Increasingly, commercial solutions developed on the African continent in instance, and addressing pain points of Africans are starting to emerge (Mrazek & Mou, 2016).

6. HOW WOULD THE EMERGING MARKET BENEFIT FROM REVERSE INNOVATION

Although understanding the five need gaps that separate developing countries from developed economies as mentioned early in this paper constitutes the basis or first step to the implementation of reverse innovation, we consciously decided to leave them out for the sake of this paper. We also saying that Businesses can take concrete steps to uncover and exploit the innovation opportunities in developing countries at any given time. In considering our advice as perceived from Govindarajan and Trimble (2012), companies must create a global organisation, with a reverse innovation mindset. Move people, power and money to where the growth is: the developing world.

At the project management level, Govindarajan and Trimble advocate “local growth teams” or LGTs, which should be run as separate companies directed by leaders new to the company (for a fresh perspective). Starting from scratch and thus unencumbered with the history, mindset or traditions of the parent company, the LGTs develop clean-slate solutions specifically targeted to the needs of emerging market customers (Govindarajan & Ramamurti, Reverse Innovation, Emerging markets, and global strategy, 2011).

The stakes are high. Global corporations that ignore reverse innovation opportunities will cede future growth markets — including those in their own back yards — to a new generation of multinationals headquartered in the developing world (Govindarajan, Five Phases Toward ‘Reverse Innovation’, 2011).

In responding to the call of quality but affordable products in the emerging markets, Tuck School of Business professors Vijay Govindarajan and Chris Trimble developed the concept of “reverse innovation” — that is in essence, innovation created first in the developing world and later “flows uphill” to the developed world. Instead of taking innovations originally created for western markets and adapting them for emerging economies, Govindarajan and Trimble propose the way the way around in advising companies to create products from scratch that respond specifically to the needs of their emerging market customers; surprisingly over and over again, these innovations later find markets in the rich world.

How would emerging countries benefit more from reverse innovation? Primarily because Reverse Innovation would lead to further boom in industrialisation (Lohia & Taneja, 2013). As more and more Holding company adopt and opt to produce and/or invent new products in the emerging countries first, the emerging economies would witness an increase. This will also raise the investments of the Indigenous Multinationals to build advanced R&D facilities that would inspire cutting edge innovation and engineering. It also means the engineers would experience higher employment opportunities, and the consumer market would profit from better products developed to cater to their needs at reasonable prices.

Reverse Innovation would also lead to the overall development of the entire eco-system comprising of big and good suppliers, technology vendors, educational institutions which support, fortify and facilitate this unprecedented growth through concurrent engineering, providing smart and agile engineering and production solutions to complex challenges, and development of resources (Lohia & Taneja, 2013).

Among examples underlined so far in this paper, we strongly believe that this one campaign of One Laptop Per Child (OLPC) makes a vital point for reverse innovation as we understand it and try to make a point here. One Laptop Per Child’s (OLPC) mission is to produce low cost laptops designed for children to use for educational purposes in the emerging countries. The release of the first product called XO is 2007.

Because the XO back in the day was for the developing world, the price had to be very low. To keep costs down, OLPC built a small notebook with a 9″ screen, limited storage and components a generation behind the market. Nevertheless, for a mix of reasons, the XO has had limited market success. However, it has created a new category of computers – the Netbook. As far that many people will remember the design of 2005, the finish product however is similar in look and capabilities as the current generation of Netbooks.

This is an example of reverse innovation. The XO designed for use in developing countries where buyers require inexpensive products. These buyers are looking for "good enough" functionality at a low price. Nevertheless, it turns out that in many cases "good enough" is also good enough for consumers in advanced economies. Despite their limitations, Netbooks are "good enough" at mobile computing applications to make them popular in the developed world.

It is without any doubt and further explanation that the benefits of the emerging markets from reverse innovation is quite significant. "Good enough" product and service opportunities will continue to grow globally in the coming years. This describes the present and future revolution as perceived by the author. Businesses of all sizes need to be aware of reverse innovation opportunities – and the competitive threats reverse innovation creates.

And above all, reverse innovation is bringing the countries and global markets further closer by fading the global borders to make "one world, one market" phenomenon a more reality. Reverse innovation would provide further impetus to the globalisation while increasing the influence of cross economic dependency and making cross border production and marketing viability plausible and effective (Lohia & Taneja, 2013).

CONCLUSION

For us, reverse innovation, because it constitutes the present and future revolution of the emerging countries, it would definitely reform, and revolutionise industry standards, market imperatives, and global expansion and success strategy perspectives for the Multinationals who constantly require keeping exploring various distinctive ways and means to become resilient in the perilous market conditions.

Conferring to the leading business strategist, Vijay Govindarajan, Reverse innovation will transform just about every industry, including energy, healthcare, transportation, housing and consumer products. Reverse innovation is about far more than reducing cost for the sake of poor consumers. "It is about pushing the performance paradigm and offering more for less."

Our claims in this paper against all odds, are reasonably modest—that innovative activity in emerging economies is much greater than it has ever been, that it is on the rise talking from the current outset, and that the subsequent innovations may increasingly find their way to the rest of the world, in the nearest future.

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