Management of innovation is an important issue for firms and being good at this may be the deciding difference between death and survival. This paper argues, based on 12 case studies, that new technology influence the innovative capability of firms and disturbingly the process appears not to be managed in the sense that aims, instruments and resources are unclear. It is observed that new technology is adopted with a limited scope and focus – often to solve a particular technical problem e.g. the quality of specification are too low. For a single reason a new technology is introduced within the firm, which over time becomes a source of innovation. However, through adoption of this new technology firms engage in a mutual learning and forming process where the firm learn by using the new technology. When learning, the firm and the new technology is mutually formed as the firm tries to adopt and develop the elements of the new technology they see fit for their purpose. In this process the firms also adapt their existing technology to the new technology thus forming a new hybrid technology. The technological and organisational learning process happens over time and translates into strategic learning. As the possibilities of the new hybrid technology are recognised a new strategy based on the new hybrid technology is formed trying to exploit its advantages. The paper uses a number of case studies in firms implementing product configuration systems to substantiate these claims. It has been observed through these interviews that product configuration systems are being implemented to solve a particular problem only later to become a significant part of business processes. Product configuration systems over time become a central element when innovating new products.