ADVANCED PRACTICES COUNCIL® (APC)

Setting New Competitive Standards Through Research and Thought Leadership

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Breakthrough Innovation Without Breaking the Bank

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The Society for Information Management (SIM)
McKinsey Study on Leadership and Innovation

- 70% of executives say that innovation will be one of three key drivers of growth.
- 65% are not confident of their ability to innovate.
- 94% say that key innovation enablers are people and culture – these are also the key inhibitors.
APC Learning

• How can we best leverage IT to drive innovation that delivers significant value to our business?
• How can we identify high potential innovation opportunities and deliver the value in low cost ways?
Key Messages

- IT has almost unlimited power to drive business innovation.
- A culture of innovation and disciplined execution is critical to success, especially in turbulent times.
- Executives can influence and change their firms’ culture using the right levers.
Agenda

- Creating a Culture of Innovation
- Leveraging Networks to Identify Innovative Solutions
- Managing Costs and Risks
- Executing to Capture Value
Do you have an Organizational Culture that Encourages Innovation?

- IT executives as evangelists
- Before and after action reviews
- It’s hard to tell IT partners from others
- IT creates collaboration tools and “playgrounds”
- 70/20/10 rule
- Executive message: “If you’re not failing enough, you’re not trying hard enough”
Leveraging Networks to Identify Innovative Solutions

• Why Do You Need to Leverage Networks Beyond Your Firm?
  • There are many more ideas and smart people outside your firm than you can ever hope to hire
  • The global talent pool dwarfs the talent in developed markets
  • Emerging market talent is cheaper and more motivated
  • Customers and partners have knowledge and expertise waiting to be harnessed
  • Large firms find it difficult to do cost-effective innovation
Leveraging Global Technology Network at BP

- **Digital Technology Scanning Team**
  - Goal is to identify truly significant opportunities for BP
  - Has deep knowledge of BP’s businesses and appreciation of technology
  - Uses a “venture capital” model of digital scanning
  - Meets with business executives to ferret out opportunities
  - Reaches out to its global network for possible solutions
Leveraging Global Technology Network at BP

- Filters for innovative ideas and technologies
  1. Relevance
  2. Technical readiness
  3. Economic viability
- The surviving 40-50% are considered by business executive sponsors for pilots
- 5-10 pilots are selected for broader adoption each year
- Feedback loop to ecosystem partners
Leveraging Global Technology Network at BP

- Game Changer Initiatives
  - At least one per year has generated business impacts up to $100 million
Chubb’s First Innovation Jam

Purpose: Generate profitable growth ideas for Chubb

• Leverage external consulting resources
• Encourage employee and external supplier participation
• Capture ideas
• Evaluate and fund the best ideas
• Measure success
• Showcase innovative thinking
Results

- 10792 total Chubb employees
- 1093 IT users
- 438 total idea submitters
- 608 total ideas
Chubb’s Second Innovation Jam

Purpose: Generate IT efficiency and reinvestment opportunities

Efficiency Results

Site Statistics
- 93,506 Site “Hits”
- 467 Ideas Submitted
- 786 Participants (IT only invited)
- 1615 Idea “Builds”

Key Themes
- Application Support
- Business Area Support
- Cost Avoidance
- Project/System Lifecycle
- Savings

Reinvestment Results

Site Statistics
- 21,509 Site “Hits”
- 70 Ideas Submitted
- 414 Participants (IT only invited)
- 260 Idea “Builds”

Key Themes
- Knowledge Management
- Re-Use of Software Platforms
- Additional Functionality for portable devices
- New technologies/e.g. Cloud Computing
Chubb’s Innovation Model

A disciplined approach and dedicated structure are critical. Successful programs require:

**Phases**
- Idea Generation
- Idea Screening
- Evaluation
- Funding
- Development & Execution
- Track Economic Benefits

**Structure**
- Internal Employees & External Agents and Suppliers
- Cross Functional Team
- Innovation Support Team
- Venture Fund Management Team
- SBU and Branch Business Owners
- Finance
Leveraging Networks for Connect and Develop

InnoCentive® is an exciting web-based community matching top scientists to relevant R&D challenges facing leading companies from around the globe. We provide a powerful online forum enabling major companies to reward scientific innovation through financial incentives.

SEEKERS
I have a problem...
Around the world, uniquely prepared minds are waiting to solve your toughest scientific problems. Learn More

Solvers
I have a solution...
World class companies are offering financial awards for solutions to their scientific challenges. Learn More

I Found The Answer
InnoCentive matches top scientists to relevant research and development challenges facing leading companies around the globe, for rewards up to $100,000 USD or more.

Source: Mohan Sawhney, Kellogg School of Management
The Amazing Reach of InnoCentive

Total Solvers > 90,000
Total Seekers - 34
Scientific Disciplines - 40
Challenges Posted > 200
Challenges Solved > 58

Source: Mohan Sawhney, Kellogg School of Management
Welcome!

- The Netflix Prize seeks to substantially improve the accuracy of predictions about how much someone is going to love a movie based on their movie preferences. Improve it enough and you win one (or more) Prizes. Winning the Netflix Prize improves our ability to connect people to the movies they love.
- Read the Rules to see what is required to win the Prizes. If you are interested in joining the quest, you should register a team.
- You should also read the frequently-asked questions about the Prize. And check out how various teams are doing on the Leaderboard.
- Good luck and thanks for helping!

*The winner: BellKor’s Pragmatic Chaos*
Your Inspiration. Our Global Resources. A New Billion Dollar Business

Announcing the Winners of the First-ever Cisco I-Prize
Managing Costs and Risks*

- Establish business cases (business units)
- Follow disciplined lifecycle with pilots tied to success metrics; pilots and projects killed early – but not the people
- Assemble resources by leveraging vendor capabilities
- Encourage vendors to share financial risk; stage financial obligations
- Establish and monitor through metrics
  - Early-stage quantitative metrics
  - Mid-stage metrics on project milestones
  - Rollout and scale-up metrics include
    - Effectiveness of implementation and delivery
    - Business impact

*Driving Breakthrough Business Innovation with IT: A CIO Perspective (Lynda Applegate and Deborah Soule)
Executing to Capture Value

• How IBM succeeded in creating an innovative company able to execute on emerging business opportunities on its third try*
  • Team’s conclusions
    • Management system rewarded short-term results, not strategic business building
    • Once selected, many ventures failed in execution
    • Senior management didn’t spend enough time on new growth opportunities
  • Solution
    • Senior executive put in charge of highest potential emerging business initiatives
    • Dual reporting relationship – senior executive and business unit
    • Active sponsorship by SVP; protected funding; and regular, frequent reviews
    • Initiatives nurtured and graduated – or killed

*Bruce Harreld
Executing to Capture Value

• Results
  • $15.4B of incremental revenue from new markets, business performance transformation, and business in emerging countries, none of which existed in 1999

• Conclusion
  • Culture is the most important control system in an organization
  • People watch the CEO and how he behaves
Key Messages

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Sources


Driving Breakthrough Business Innovation with IT: A CIO Perspective, Lynda Applegate and Deborah Soule

Corporate Social Networking, Ann Majchrzak and Luba Cherbakov
SIM Advanced Practices Council

Setting new Competitive Standards Through Research and Thought Leadership

- CIO Driven Research
- Relevant Thought Leadership
- Member Sharing
- Networking

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Recent APC Research Projects

- Driving Breakthrough Business Innovation with IT: A CIO Perspective
- IT Governance and Control: Making Sense of Standards, Guidelines and Frameworks
- Pulling the Competitive Levers: Leading Innovation in the 21st Century Firm
- Corporate Social Networking
- Energy Informatics
- Metrics for Managing Information Technology Decisions in Firms
- The Wiki in Your Company: Lessons for Collaborative Knowledge Management
- Enterprise Mash-ups: What Do They Mean for CIOs?
- Information Lifecycle Management Concepts, Practices, and Values
- Unleashing the Power of Enterprise Value Nets
- How to Drive Value from IT – Senior Executives’ Perspectives
- Deploying Far-Flung Teams: A Guidebook for Managers
- Transformation of the Enterprise through eBusiness
- Benefits and Risks of Open Source
Early 2010 Research Agenda

- Leading disciplined innovation in good times and bad
- Emerging technologies
- Linking cloud strategy attributes to business value
- Adopting and integrating SaaS into a legacy environment
- Customer service applications for smart phones
- Surviving the data deluge: Information management, risk assessment and valuation
- Update on venture capital funding for software
- Updates on green IS
- Updates on IT legal issues