

APC FORUM: DRIVING COMPETITIVE STRATEGY THROUGH THOUGHT LEADERSHIP¹

Madeline Weiss
Program Director,
SIM Advanced
Practices Council

Innovation can be both costly and difficult. R&D groups are expensive and may not yield profitable results. Employees in large companies, who haven't been able to get a fair hearing for their ideas, get discouraged and stop trying – sometimes going elsewhere to start their own successful businesses with their ideas. But it can be very costly to not be innovative. If you don't exploit opportunities, your current and future competitors will.

Given the tight economy, how do you keep costs down and maximize your firm's resources – money, staff talent and creativity? This question continues to be asked by SIM Advanced Practices Council members, who suggest that CIO can also stand for Chief Innovation Officer. Over the last year, they have heard from researchers, other thought leaders, and from each other about ways to drive innovation in today's very tight economy. The practices range from surfacing innovative opportunities and solutions from employees, business partners, customers, and way beyond.

AT&T took an internal approach by launching The Innovation Pipeline (TIP) on its intranet to convert its patent portfolio into revenue-generating ideas for customer products and services. There are three phases to each TIP campaign, which lasts a maximum of three months. The initial social innovation phase issues an open call to AT&T's 40,000 staff members. Ideas are posted on the intranet for employees to discuss and to invest in with TIP dollars (\$10,000 in virtual currency granted to each staff member), placing bets on which ideas have the greatest potential. Winners are selected for the second phase, then provided with funds to develop a prototype and business case as well as assistance from AT&T's Intellectual Property Group. The third phase identifies and moves some projects from prototype to production. Over 500 new ideas are submitted monthly and the program has allocated tens of millions of dollars to fund dozens of ideas from customer service enhancements to new technology offerings.

Recognizing that customers, partners and others have knowledge waiting to be harnessed, many firms have reached beyond employees. IBM has been hosting innovation jams with staff, business partners and customers since 2001. The jams are intended for idea creation, incubation and implementation. Ideas generated through its ThinkPlace intranet have garnered \$500 million for IBM since 2005. In 2009, Chubb Group of Insurance Companies conducted its innovation jam targeting profitable growth ideas among employees, independent agents, partners and suppliers. It resulted in 24 ideas with \$5 million in funding.

In the public sector, the Washington, D.C., government reached out to technology vendors to help solve an environmental challenge in a low-cost fashion. If streets are not cleaned well, rain water washes trash and approximately 10 pounds of oil and grease as well as three pounds of nitrogen and phosphorus per mile into local rivers. But for every warned, but illegally-parked, vehicle on streets targeted for sweeping,

*MISQE is
Sponsored by*



**KELLEY SCHOOL
OF BUSINESS**
INDIANA UNIVERSITY

SIM

Delivering Business Value
Through IT Leadership

¹ This is the next in a series of columns from the SIM Advanced Practices Council, an exclusive forum for senior IT executives who value directing and applying pragmatic research; exploring emerging IT issues in depth; and learning different, global perspectives from colleagues in other industries.

three parking spaces cannot be cleaned. In order to reduce the number of illegally parked vehicles without increasing the number of people ticketing the vehicles, the D.C. government found a technology solution from a vendor: mobile monitoring devices mounted in sweepers photograph the vehicles and license plates, retrieve relevant data regarding the vehicle, and create parking violation notices. The system has reduced parking violations per route from an average of 89 to 30. The program payback was realized within the first 7 months.

In 2001, Eli Lilly launched its website, InnoCentive, to harness brainpower from around the world to identify solutions to projects that its R&D staff had not been able to solve. Today, 34 companies – including Boeing, DuPont, Novartis and Procter & Gamble – use InnoCentive to find solutions from 250,000 solvers in more than 40 disciplines across nearly 200 countries. Scientists receive payments of up to \$1 million for their ideas, which have launched such innovative products as P&G's Swiffer floor mop.

Cisco recently awarded \$250,000 to the winner of its Internet-based campaign to identify its next billion-dollar business: a sensor-enabled smart electricity grid. Two years ago, Netflix's Internet-based Netflix Prize campaign awarded \$1 million to people who could improve the accuracy of predictions of customers' movie preferences.

All of these examples offer lessons in harnessing the power of technology to leverage internal and external networks to identify and deploy highly innovative solutions at low cost.