

# INNOCENTIVE<sup>®</sup>

Where the World Innovates



## GUIRR

*Crowdsourcing: Open Innovation, InnoCentive, and My 3 Sons*



# Defining Innovation and Open Innovation

## Innovation:

An event characterized by an act of creation or invention followed by successful implementation and deployment so that the benefits of that creation may be widely enjoyed.

## Open Innovation:

The premise that companies should make **greater use of external ideas** and technologies in their own business, and allow unused internal ideas to flow out to others for use in their [organizations]. It is the **antithesis of a closed innovation** process which relies on internal R&D and deep vertical integration.\*

# A Paradigm Shift for Business, Government, and Society with Step Change Potential is Needed

Conventional Innovation (Last 25-50 years)	Open Innovation (The Future is Now)
<p><b>Mode: Objectives Steer Internal Innovation Teams</b></p> <p><b>Frame and Structure:</b></p> <ul style="list-style-type: none"> <li>• Stage Gate Innovation</li> <li>• Monolithic Structures</li> <li>• Command and Control</li> <li>• Employ or Contract for Resources</li> </ul> <p><b>Innovation Economics:</b></p> <ul style="list-style-type: none"> <li>• High Fixed Costs</li> <li>• Pay for Failure</li> <li>• Poor Innovation Metrics</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Inefficient</li> <li>• Costly</li> <li>• Difficult to adapt to needs</li> <li>• Diminishing Returns</li> </ul>	<p><b>Mode: Objectives Drive a Global Ecosystem of Innovators</b></p> <p><b>Frame and Structure:</b></p> <ul style="list-style-type: none"> <li>• Project Management</li> <li>• Distributed Innovation</li> <li>• Network Orchestration</li> <li>• Challenge, Partner, and Collaborate</li> </ul> <p><b>Innovation Economics:</b></p> <ul style="list-style-type: none"> <li>• Variable Costs</li> <li>• Pay for Performance</li> <li>• Improved Metrics</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• "On Demand" Talent</li> <li>• Better Access to New Ideas</li> <li>• Innovation Compression</li> <li>• Improved ROI/ Capital Flexibility</li> </ul>

# Where is knowledge today?



*"No matter who you are ... the smartest people work for someone else"* – Bill Joy, CTO Sun Microsystems.

Knowledge is everywhere ... in departments, agencies, universities, geographies, disciplines, 7BB people ... a world of innovators.

How much do we reach? Is it CORE to our processes?

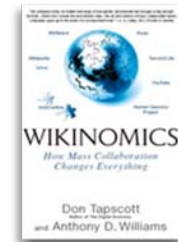
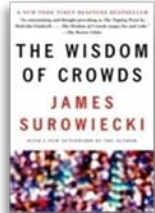
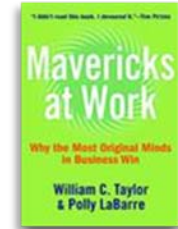


# Our Mission is to fundamentally “Open” and Transform the world’s Innovation Processes.

**INNOCENTIVE** ©  
Where the World Innovates



- Our leading **Open Innovation and Crowdsourcing** platform solves difficult business, technical, social, and policy “challenges” for Fortune 1000 corporations, Government, and Foundations.
  - We can deliver breakthrough ideas and solutions at lower cost and in shorter time than previously possible.
  - Our **Global Solver Community** of problem solvers are unrivalled, reaching into the millions through our direct community, syndication partners, and social media.
  - We enable access to talent *both inside and outside* of organizations.
- 
- Organizations **pay only for results** – a fundamental change in the Economics of Innovation.



# INNOCENTIVE CUSTOMERS and PARTERS Lead the World in Innovation (sampling)

## Commercial Customers



## NFP Customers



## Foundation Partners



## Government Customers



## Syndication Partners



## Consulting Partners



# Challenges (in our approach) are Fundamental to Effective Distributed Problem Solving

→ Well-defined Challenges are **Boundary Objects**.

**Challenges** are the fundamental basis for:

- Problem Solving; and
- Distributing creative and inventive work.

- Organizations package their needs, problems and opportunities into Challenges which are coupled with inducements and made available for audiences to solve on a secure platform.
- Audiences may be customers, users, employees, retirees, partners, in addition to our own Global Solver Community
- Innovation yield has been well above traditional monolithic yields – in both solve rates and cost efficiency.
- In fact, “challenge” types are all around us and supporting outsourced software development, manufacturing, and services contracts in addition to competitions and prizes.



# Challenge “Framing” is Critical

SEARCHING FOR  
**Ideas or Solutions**

**IDEATION  
CHALLENGE**

**THEORETICAL  
CHALLENGE**

**REDUCTION  
TO PURPOSE  
(RTP)**

SEARCHING FOR  
**People or Resources**

**eREQUEST  
FOR PARTNER  
(eRFP)**

Concept

Definition

Specification

Execution

**PRODUCT DEVELOPMENT CYCLE**



# **InnoCentive Challenges** advancing missions in areas from **Medicine** to **Space Science**

**INNOCENTIVE** is Solving Problems today in diverse areas from corporate product development to human health to protecting our environment.



# InnoCentive Challenges already reach 12+ million potential Problem Solvers!

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**The Economist**
**THE IDEAS ECONOMY**

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## INFORMATION

 MAKING SENSE OF THE DELUGE  
JUNE 7-8, 2011

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## CHALLENGES

*The Economist*, the prestigious weekly news and international affairs publication, has partnered with InnoCentive to create *The Economist* Innovation Pavilion. Through this pavilion, InnoCentive and *The Economist* are working together to bring forward Challenges that align with themes in *The Economist's* Ideas Economy event series as well as to feature select public good and business-related Challenges. The Challenges in this pavilion are open to InnoCentive's global network of over 250,000 Solvers, *The Economist's* millions of readers and the rest of the world.

This pavilion is part of a new event series by *The Economist* under the banner of The Ideas Economy. With the Ideas Economy focusing on topics such as innovation, human potential, and intelligent infrastructure, *The Economist* seeks to create an ecosystem, through the InnoCentive platform, where good ideas move from concept to implementation. These Challenges are a natural extension of *The Economist's* founding spirit - exploring ideas in the pursuit of human progress.

[Register as a Solver](#) »


### Eliminate Potholes - StreetBump for Boston!

We need your help to remedy the problem of potholes! Given acceleration and GPS data collected by volunteers running the StreetBump app on Android smartphones.

# The Power of Open Innovation: Case in Point

- **Challenge:** Find a means of better measuring the quality and amount of a clinical specimen as it is passed through one of Roche's automated chemistry analyzers
- **Challenge Duration:** Roche and its partners had been wrestling with the challenge for 15 years
- **The Test:** The challenge was posted on the InnoCentive.com and had almost 1,000 Solvers in two months; 113 proposals submitted from around the world
- **The Result:** Roche solved a 15 year old challenge in 60 days and replicated the entire history of its R&D program (all of the solutions Roche had tried over 15 years came in)



*"I couldn't put ten people in a room and have a brainstorming session or a seminar for two days for the same cost with all the travel involved. And I would have got a few hundred sticky notes rather than an entire notebook with 113 separate detailed proposals." – Tod Bedilion, Roche*

# INNOCENTIVE in Action



## Studied by Forrester Research

Forrester Research conducted an in depth study to measure the impact of InnoCentive's Program.

## The Client

Syngenta is one of the world's leading firms dedicated to bringing plant potential to life. Through world-class science, global reach, and commitment to customers, Syngenta helps to increase crop productivity, protect the environment, and improve health and quality of life.

*Client utilized all of InnoCentive's products to tap Innovation both inside and outside their organization.*

## Company Details

- Industry: Agribusiness
- Employees: 25,000
- Revenue: \$11 Billion (2009)
- Operations: 90+ countries

## Key Business Drivers:

- Compete more effectively to achieve corporate goals
- Work more swiftly and be more nimble with resources
- Pursue "high risk" projects with no fixed costs
- Provide an internal collaborative forum for scientists
- Manage legal barriers of IP transfer from country to country

## Solution:

- Extensive training and stakeholder buy-in process launched
- Strategy developed for aligning organizational incentives
- New access avenues for external expertise established
- Initial focus on near-term critical projects proved out solution value
- Sustainable pipeline of Challenges developed

## Results:

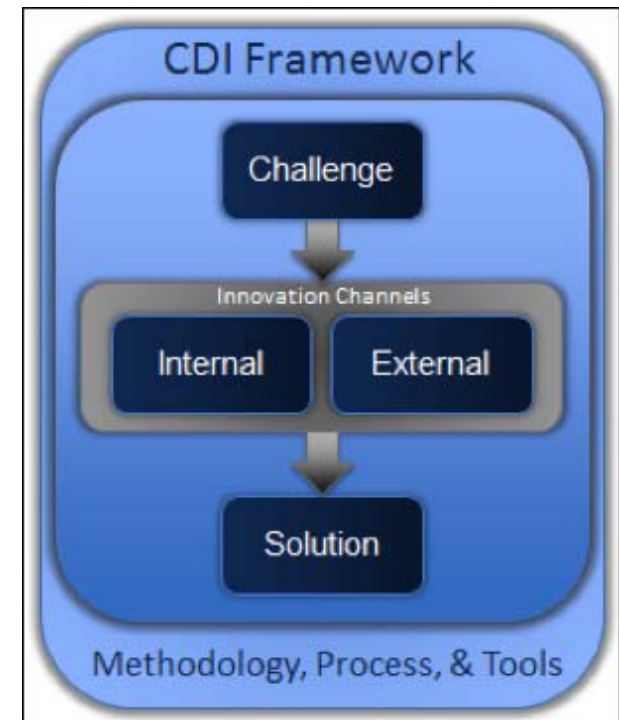
- ROI of 182% with payback in fewer than two months. Value of benefits estimated at ~\$12 Million over three years
- Cost and productivity savings for Challenge solutions and researchers respectively
- Positive culture change: Complementary innovation process provides new opportunities and lowers risk
- Licensing and legal fee savings through faster IP transfer process

# Challenge Driven Innovation (CDI)

## Challenges at Scale

**Challenge Driven Innovation** is an innovation framework that accelerates traditional innovation outcomes by leveraging open innovation and crowdsourcing along with defined methodology, process, and tools to help organizations develop and implement actionable solutions to their key problems, opportunities, and challenges.

**CDI is our approach to distributing innovation work as a core process.**



# Our Vision of Open Innovation: An Ecosystem of Innovators driving REAL Business Results

The Open Innovation spectrum runs from transactional OI to comprehensive innovation management, all enabled by our disciplined approach: **Challenge Driven Innovation™**





# CDI utilizes Challenges to engage Channels *Inside* and *Outside* the Enterprise

Adopter

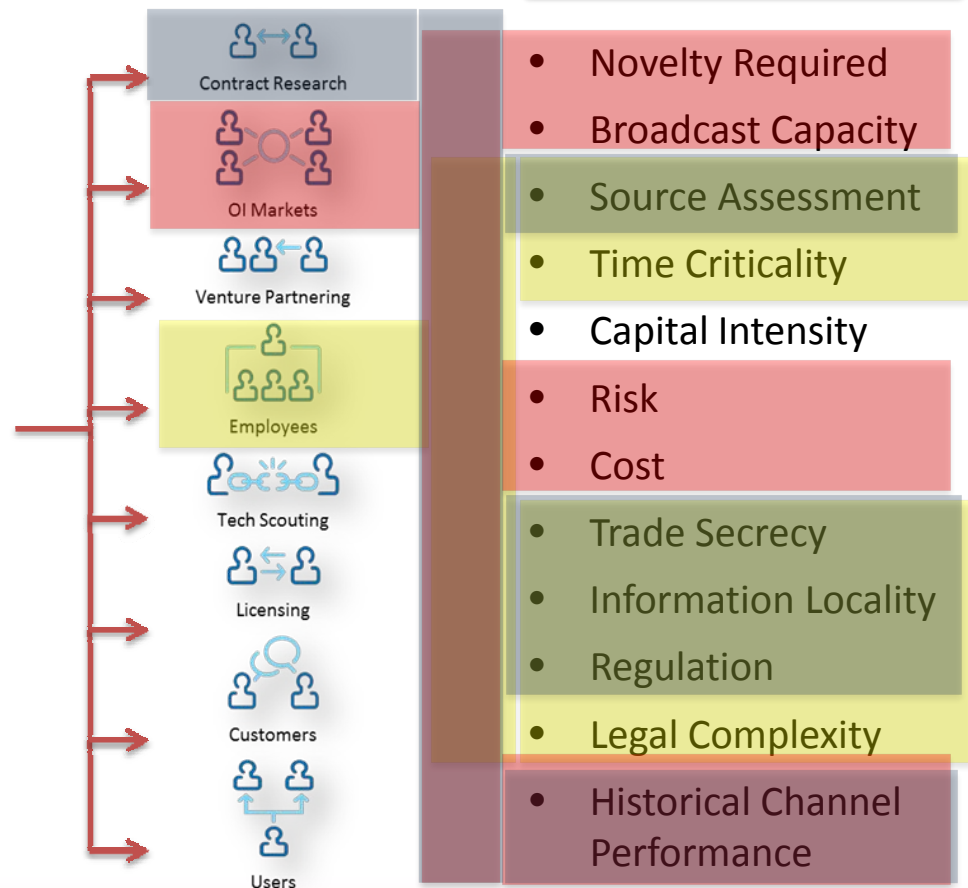
Challenges

Channels

Channel  
Characteristics



- Firms are *innovation portfolio managers*, identifying needs, opportunities, and problems and then allocating those to high performance challenges for fulfillment.
- Goal is maximal innovation yield.



# Benefits are significant ...

## BETTER, FASTER, COST EFFECTIVE

- Distributed parallel processing = accelerated R&D
- “On demand” access to highly skilled and diverse resources w/o fixed costs or complex procurement
- Novel solutions and breakthrough approaches
- Funding of solutions, not “trial & error projects”
- Competitive AND Collaborative problem solving
- Faster product development cycles
- Scalable from technical to business to policy



**Do the benefits stop at innovation as we know it today?**

# Open Innovation then may enable a Virtualization Strategy impacting many dimensions of a business.



## Challenge Driven Enterprise Playbook

- I. Board of Directors and C-Level Commitment
- II. Promote Early Trial and Adoption
- III. Virtualize the Business Strategy
- IV. Establish the CEO Mandate
- V. Create and Empower CDE Task Force
- VI. Align and “Ready” the Organization
- VII. Select Enablers and Enroll Partners

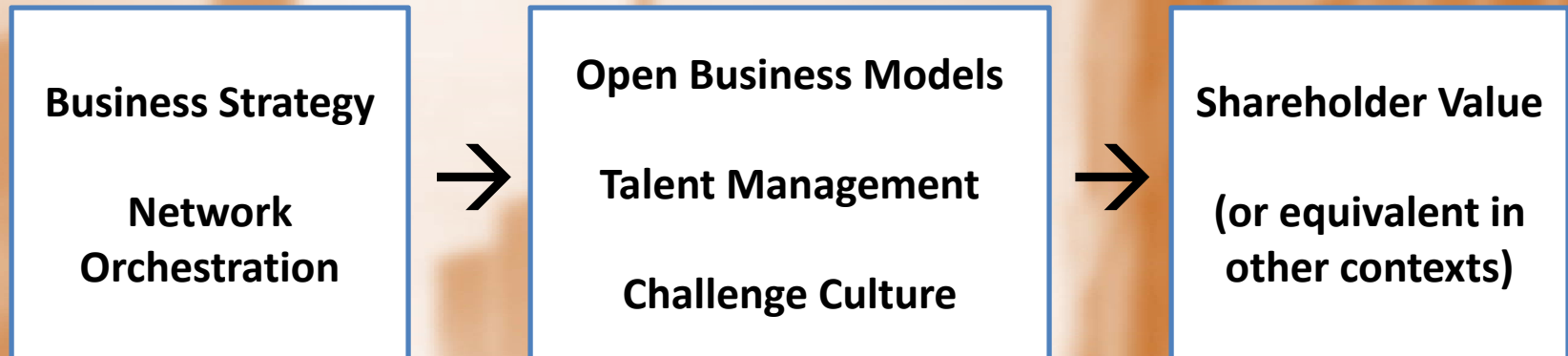
# The Challenge Driven Enterprise (CDE)

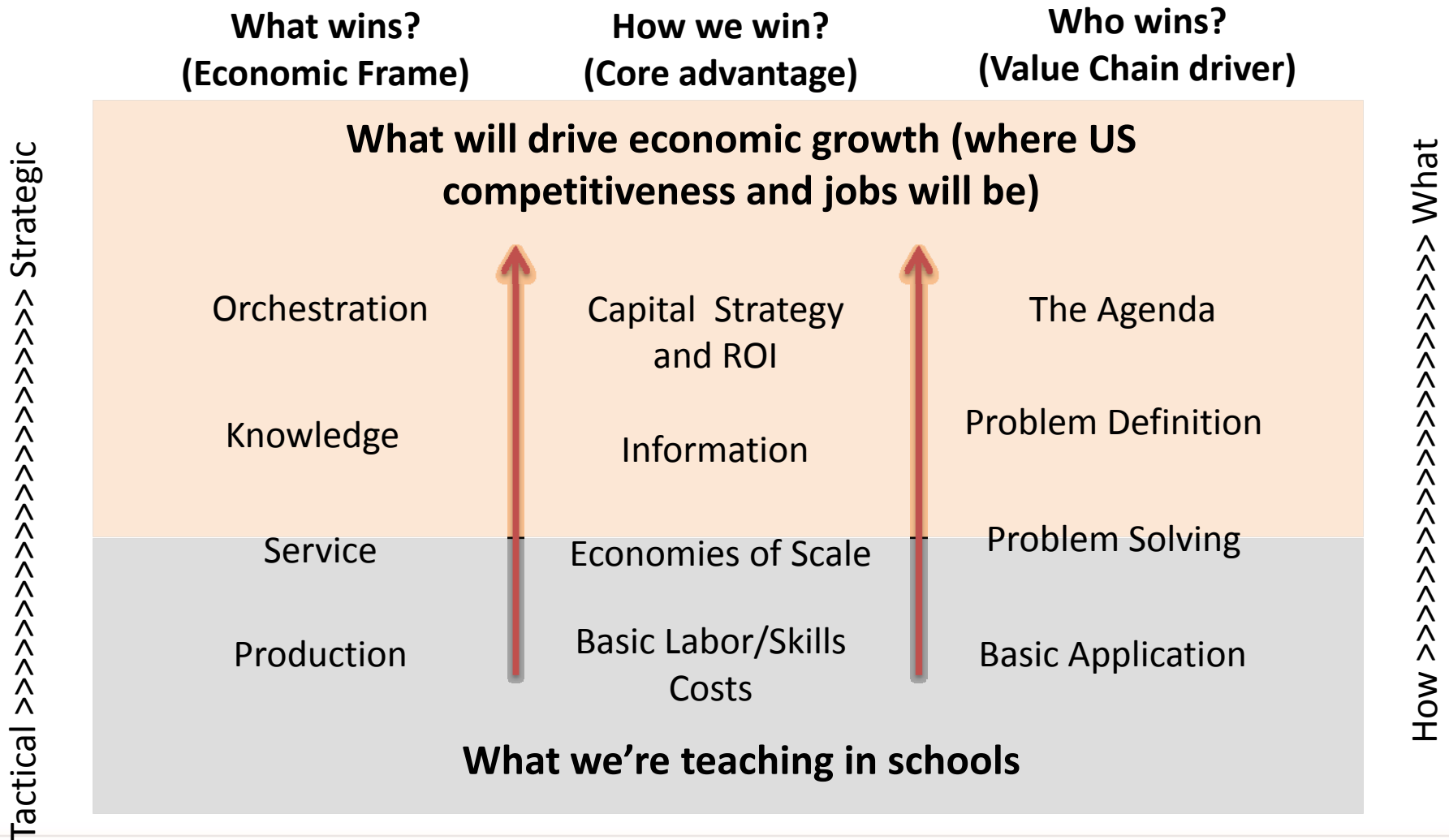
## *A New Business Calculus:*

*Only sources of sustainable advantage:*

*Core capabilities to execute on strategies (hallmarks):*

*Value Creation:*









**THANK YOU!**

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