Enterprise Innovation Management:
10 Key Considerations in Evaluating and Selecting a Software Solution
Why Enterprise Innovation Management Matters

Most C-level executives can’t get the data they need to systematically drive new value creation. But Enterprise Innovation Management is changing the game, enabling leaders to control levers for growth.

Despite positive economic trends, a number of large, global firms have been struggling with organic sales growth for several years. Recently, a growing chorus of business analysts have identified two dominant market trends—ever-changing consumer behaviors and competitive pressures that arise from global digitization—that have disrupted many of the world’s market leaders. Their response has often been an increased focus on M&A activity, restructuring, and bottom-line strategies such as cost-reduction programs and the continued automation of transactional processes. These efforts are important as they can drive the margin improvements necessary to deliver on shareholder expectations in the short term. But they do not address organic growth in the medium to long term—thus the aphorism, “you cannot cost-cut your way to prosperity.”

The answer, of course, is new value creation. And to be sure, an update on innovation progress is a set piece in nearly every CEO’s update to shareholders. But a surprising number of C-level executives will privately admit they struggle with how to make systematic changes at the enterprise-level to improve their innovation capabilities.

Common Problem

“I know I’m wasting half of my money on product development, I just don’t know which half.”
Why Enterprise Innovation Management Matters

A core reason why executives struggle is the sheer lack of visibility they have regarding the progress of their own strategic growth initiatives.

But when a CEO wants to assess if the business is on-track to achieve its growth targets in the medium- or long-term, the quality and/or lack of this data is shockingly poor. How are executives to know which value creation levers they need to pull when they can’t even determine where they have gaps?

Fortunately, there is a new organic growth strategy that overcomes these challenges, and which represents an entirely new operating model for the core value creation function of the business.

This is increasingly referred to as enterprise innovation management, which means applying digitization to the cross-functional work of product and process innovation to develop new business capabilities that enable business leaders to respond more quickly to changing consumer, business, and market needs.

The result: a more predictable, continuous pipeline of high-value innovations that get to market faster.

According to Nielsen ...

The success rate of consumer product launches is as low as 33%

Why Enterprise Innovation Management Matters

Although this strategy has roots in innovation improvement approaches from the past, what is different is that new cloud-based technologies allow these capabilities to scale across a large global enterprise.

This gives them exponential power to deliver strong contribution to organic net sales and profit growth. This strategy is increasingly deployed by a diverse set of market leaders, including companies like Hershey, Covestro, Electrolux, Honeywell, Merck, Leprino Foods, Parker Hannifin, J.M. Smucker, BASF, PepsiCo and others.

The reason for the momentum of this approach is it presents a tangible, easy-to-adopt means by which these firms can innovate at a pace that approaches the speed and agility of a small, aggressive start-up, while capitalizing on the scale and global reach only available to a larger enterprise.

As such, it provides a level of business impact that demands attention at the C-level, analogous to other transformational enterprise platforms such as ERP or CRM.

Identifying and selecting a solution to drive this engine in the long term can be difficult. Buyers need to make difficult choices when evaluating and selecting a solution, and often don’t know what questions to ask.

Incorporating the experience we have accumulated after 16+ years and more than 250 customer implementations for many of the world’s best-known companies and innovation leaders, this ebook highlights key considerations and offers useful tips for evaluating and selecting an enterprise innovation software solution.

Request the Executive Buyer’s Guide by emailing us >
Key Solution Requirements

There are 10 key requirements of an Enterprise Innovation Management solution that will successfully support **exceptional long-term growth and profitability** through sustainable innovation, and drive significantly higher returns on innovation investments:

1. Provides an integrated platform for all business initiatives and opportunities
2. Supports the full product lifecycle from strategy to retirement
3. Supports all dimensions of organizational planning and decision making
4. Provides a knowledge base for agility, speed and decision making
5. Enables measurable performance improvements
6. Addresses your most pressing issues now and expands as capabilities mature and needs change
7. Provides idea and concept development as an enterprise service
8. Is easy to use by all organizational users
9. Co-exists with other business software solutions
10. Is offered by a vendor with proven track record, focus and commitment to innovation
Provides an Integrated Platform for All Business Initiatives & Opportunities

Enterprise innovation applies to all areas, capabilities, and revenue-generating activities in your company. There are three primary dimensions to consider in selecting an integrated platform for all your business initiatives and opportunities:

• Innovation scope and form
• Enterprise scale
• Business integration

Without these capabilities, companies tend to resort to a variety of jump starts, task forces, incentives, focus groups, and other “theme of the month” initiatives that may provide some tactical short-term outcomes, but never develop a long-haul, sustainable innovation engine.

QUESTIONS TO ASK....

• Is the solution being used successfully by other companies of similar industry, scale and scope to yours? Make sure to ask for proof.

• Does the solution address the business questions of innovation – how much you want to grow organically from innovation, how much new growth vs extending your current business, etc.?

• Does the solution strengthen the governance of your innovation process?

• Does it develop cumulative capabilities for increasing benefits and results over time?
Supports the Full Product Lifecycle from Strategy to Retirement

You need to make enterprise portfolio and innovation decisions across the entire lifecycle of your products, services, processes and business model(s). Decisions about which products you phase out, which process you should no longer operate, which markets you are getting out of or into, etc.

These decisions go well beyond the projects in the pipeline, and place demands on what new products, services, processes, etc. must be developed, what innovations are needed, and when. All decisions have ramifications; if you shift resources or add initiatives, other projects, initiatives or investments will be impacted.

Enterprise Innovation Management is not possible without this full lifecycle perspective.
Supports All Dimensions of Organizational Planning & Decision Making

Innovation is a team activity. You need processes and a supporting innovation system/platform that enables visibility, collaboration, alignment and workflow management across an enterprise, for all functional areas, departments, geographic locations, workers and contributors.

The primary impact of not having an Enterprise Innovation Management system that supports all dimensions of your organizational planning and decision making are silos of uncoordinated activities, incorrect decisions, wasted investments, duplicative or overlapping initiatives, and other detriments that will relegate your company’s innovation performance to average at best.

QUESTIONS TO ASK….

- Does the system reduce administrative burden and communication barriers for innovation teams across locations, organizations and time zones as part of regular day-to-day activity?
- Does the solution track dependencies between market, product and technology initiatives for dynamic and agile alignment of plans across the organization as circumstances change?
- Does it provide high visibility/accessibility to all innovation-related data and activities across the entire management structure from senior executives to individual contributors?
- Does it enable secure role-based and individual access management?
4 Provides a Knowledge Base for Agility, Speed & Decision Making

A key executive objective for investing in an EIM system is to **enable the definition and management of predictable, repeatable processes for sustainable innovation** and development models that produce the desired business results.

A common factor underlying poor innovation results or failures is bad choices made by executives and managers who lack the relevant information or accurate historical learnings on which to base the difficult decisions they are faced with daily. Without an active knowledge base that is inherently part of the innovation system and processes, you cannot make progress from cumulative learning, experience and facts, and typically suffer from less agile and even sluggish innovation processes.

**TIP**

The key requirement is for the innovation repository/knowledge base to be an inherent element of the EIM solution and operate seamlessly as part of how people do their daily work, not some add-on activity or task.
Enables Measurable Performance Improvements

Based on our 16+ years' of working with many of the world’s best innovators, plus exhaustive industry research, we have identified four key metrics for quantitatively measuring the impact of an EIM solution on innovation performance:

- **Success Rate** – % of new products brought to market that are considered successful (relative to expectations)
- **New Product Value** – average value (considering revenue, margin, cannibalization) of successful and unsuccessful products launched
- **Throughput** – total number of new products released annually (whether successful or not) for the same level of investment
- **Time to Market** – average number of weeks taken to bring a new product to market from when the project investment is committed

**CHECKLIST FOR COMPARING VENDORS**

- Establish which of the four key metrics above are most relevant for your organization and most connected to the motivation for investing in an EIM solution. It could be one, a few, or all four.
- Without sharing your measures, ask the EIM vendors you are evaluating how they propose to measure performance improvements, success criteria and ROI from your EIM investment.
- Establish whether the vendors truly understand the need for real and connected performance measures vs. other ROI calculations based on inconsequential metrics.
- Have the vendors produce projected results over a 5 year time frame. Review the results and determine whether (a) the vendor understands what you want to accomplish, and (b) the results meet your objectives for the EIM investment initiative.
The functional scope of an EIM solution that supports the entire innovation management lifecycle includes four major functional categories:

- Innovation Planning
- Idea and Concept Development (Ideation)
- Program, Process and Project Management
- Portfolio Management

Our experience and market observations show that many companies initially acquire and implement a point solution to tactically address the immediate challenge or opportunity. These are typically ideation or project management solutions that support only a limited scope of the innovation lifecycle. While they may solve the immediate problem, these companies still don’t have the platform, capability or innovation processes to move forward to the next level of maturity, and/or connect their tactical outcomes with the dynamic business strategy going forward.

**TIP**

Your EIM solution is a long-term investment to support your current and future innovation management needs. Approach the evaluation and selection process from this perspective.
Provides Idea & Concept Development as an Enterprise Service

Not implementing an ideation solution across your organization and external constituents will only deliver limited results and miss many potentially valuable contributions to your innovation engine. Consider the following:

• **Define the role/scope of ideation.** This will determine the scope/scale of the ideation solution required.

• Innovation doesn’t start and end with ideation. Innovation planning, business strategy, and product, market, and technology roadmapping come first. So **define your business objectives first**, and only then find which existing products/projects in your portfolio and/or new ideas are required to fulfill these.

• To get your best ideas funded, developed and delivered the ideation solution should be **part of an integrated EIM solution suite** that incorporates concept validation, product development execution, portfolio investment and resource decision capabilities.

• The ideation solution must be able to be implemented, adopted and used easily by **all contributors across the company**.

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1 PDI, CGT, Sopheon Research, BCG, and Booz
Easy to Use by All Organizational Users

All vendors make ease-of-use, usability and user interface claims, but what does this mean in a business context and what really matters? While many ease-of-use claims are centered on the user interface design and interaction, there's much more to it than that. Don't forget to consider the following:

- **Simplification**: Does it provide users with the means to easily and efficiently accomplish complex tasks and get accurate, predictable results?
- **Comfort**: Can users continue to use the specific tools of their trade and have the system extract and populate the relevant data?
- **Automation**: Does the system automate certain tasks and operations so that human intervention is limited to only predefined, out-of-bounds conditions and exceptions?

**TIPS**

1. Don’t fall too quickly for a slick or fancy interface. You’ve heard the expression “lipstick on a pig” – make sure you’re not buying the lipstick and getting a pig.
2. Look for graphical interfaces that are not just pretty or eye-catching but that support real user capabilities and simplify complex tasks in relevant functional areas with graphical manipulation of the underlying data.
3. Look for simplicity of complexity versus simplicity because it’s a simple solution.
4. The system should provide automation capabilities to boost productivity and accuracy.
5. Check for interfaces with your general office tools and systems (ex: MS Office, G-Suite) to allow users to continue using day-to-day applications and have the system pull/push the relevant data between the EIM database and those tools.
Co-Exists with Other Business Software Solutions

The solution should have integration capabilities with a broad range of other solutions and tools to coordinate business processes and aggregate product innovation and new product development data. This will ensure that the right new products get to market cost-effectively and on time by coordinating your initiatives across planning, operational and execution systems.

The solution should include pre-packaged integration and interface capabilities with a robust, well-documented API to seamlessly connect with other enterprise applications. The vendor should have a proven track record of customers using these integration capabilities in the system.
Offered by a Vendor with Proven Track Record, Focus & Commitment to Innovation

You will be making a **significant investment** in the Enterprise Innovation Management solution for your business with the expectation that it will support the business for many years.

The result of not having the right EIM solution and vendor to partner with is **failure to establish an effective and productive innovation engine** for your company. You may have some short-term tactical victories with point solutions, but you’ll be back to the drawing board going through the same process again in a few years. You will not only have lost the investment in that tool, but more importantly, you **will have lost ground to your competitors**.

**DOES THE VENDOR...**

- ...have a primary focus on innovation management?
- ...have a proven track record of EIM solution implementations over many years at well-known, innovative companies?
- ...offer business advisory services expertise and experience for successful implementation, on budget, on time?
- ...offer a solution that covers the entire innovation management lifecycle now or are they promising future capabilities?
- ...offer flexible deployment and purchase options?
- ...offer a system with implementation flexibility to grow as your innovation capabilities mature and business dynamics change?
GET IT NOW: Executive Buyer’s Guide

This ebook has introduced at a high level the key capabilities that should be considered when evaluating an end-to-end, strategy-to-launch Enterprise Innovation Management system.

We have also created a more detailed Buyer’s Guide for executives who are currently evaluating solutions or are preparing for a selection initiative. Covering the same 10 key capabilities, the Executive Buyer’s Guide dives deeper into:

• Why these capabilities are important
• What the impact is of choosing a solution that is lacking or not strong in that capability
• More in-depth tips on questions to ask and things to watch out for when comparing solutions

The Buyer’s Guide can be requested by emailing mary.marks@sopheon.com.
About the Publisher

Sopheon partners with customers to provide complete Enterprise Innovation Performance solutions including software, expertise, and best practices to achieve exceptional long-term revenue growth and profitability through sustainable innovation.

Sopheon’s Accolade® solution provides unique, fully-integrated coverage for the entire innovation management and new product development lifecycle. For the first time, businesses can access a single source of the truth across:

- Strategic Innovation Planning
- Roadmapping
- Idea and Concept Development
- Process and Project Management
- Portfolio Management and Optimization
- Resource Planning

Sopheon’s solutions have been implemented by over 250 customers with over 60,000 users in over 50 countries.

Contact Sopheon for more information, feedback and comments.