

# How to succeed with innovation



India is a large country with more than 1.3 billion people. Healthcare that balances access, affordability and quality care is always a challenge in a highly populated country. Innovative organizations and institutions have come together to create an ecosystem that brings balance between access, affordability and quality care, thus enabling disruption in healthcare.

**Innovation** is “transformation of an idea into reality”. It can be described as a change that adds value to the products or services that a firm provides to its consumer community, and fulfills their needs better than other alternatives. Innovation covers all the enablers - the process, the culture, and the ecosystem linkage - that helps in the generation of new ideas and their translation into products and services.

#### **Innovation is about:**

- An audacious, inspiring end goal/vision
- Overcoming challenges to achieve the audacious goal/vision
- Respecting external partners and their capabilities in achieving the objective, together
- Delivering superior experiences

## **The essentials for innovation**

Innovation is important in differentiating, and positioning, a firm for sustained success in an increasingly VUCA (volatile, uncertain, complex and ambiguous) world.

Innovation requires companies to understand that it is important to have a wide spectrum of success/failure acceptance and associated culture in place. It is essential to acknowledge that things will fail at times, and firms must learn to ‘fail fast’ and quickly apply the lessons learned from those failures. The failures must not lead to “witch hunts”.

Organizations can sustain and accelerate innovation impact by insisting on information transparency. Information transparency can

be brought about by reporting on both successful and failed instances of innovation. There is a fair possibility that the failures in one part of the company are successful in another part of the company; thus information transparency may boost innovative practices across the organization.

An essential skill for an organization is to link inventions with the core business. An organization can achieve such links via innovation. For instance, building a cross-platform, portable script execution solution is an invention. But, coupling the above solution with another mobile app, which offers a quality assurance solution to address the needs of universal communication vendors, is an innovation.

In other example, the invention - a supply chain management platform - is enhanced to accommodate the requirements of an agricultural equipment manufacturer. Thus, innovation improves the business applicability of an invention.

Inventions may have the potential to be successful innovations. However, for an organization to drive successful innovation practice, inventions are not necessary, as innovation can be brought in to apply to practices, delivery, processes, etc.

Inventions require niche skills which are specific (‘vertical’ skills - such as new technology) while Innovations require broader ‘horizontal/ lateral’ skills. Horizontal/lateral skills could be sociology, finance, marketing, business strategy - among others.

It is standard practice that innovation is limited to the R&D of an organization; however, an organization must spread its base not just across the organization but also across academic and vendor partners. The R&D organization needs to connect with the ecosystem to be relevant in the innovation ecosystem. Regular feedback from sales, delivery, potential user or customer, is essential to stay relevant (See Figure 1).

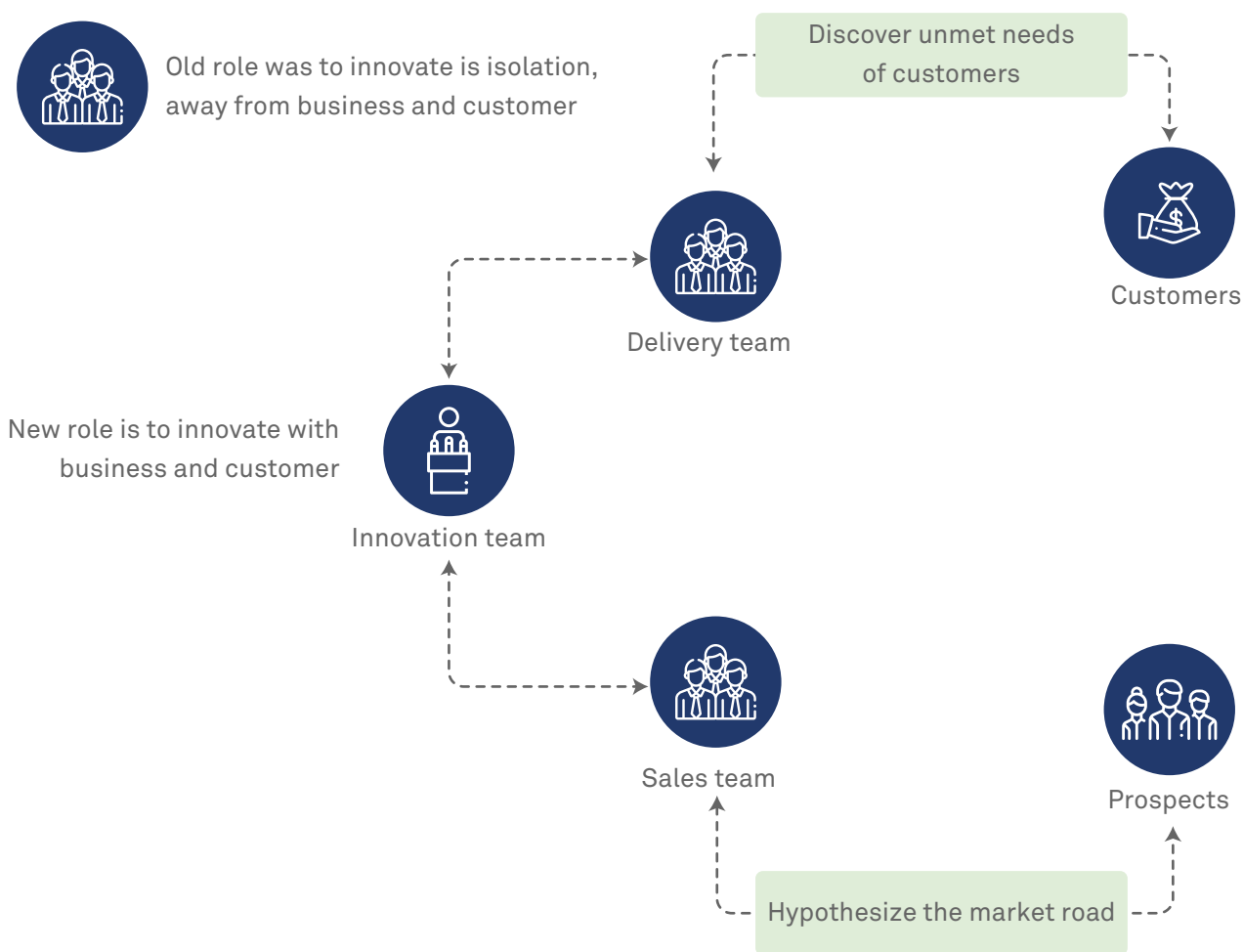


Figure 1: Innovation: The changing paradigm

## How to measure innovation

Inventions are easy to measure since patents are clearly an internationally recognized yardstick. However, when it comes to Innovation, firms often struggle to quantify, and therefore it leads to losing out on the momentum of the innovation.

We can measure innovation by identifying the inputs for innovation and articulating the end goal i.e. defining the output.

## Metrics of the innovation can be determined by defining the output:

- Percentage of existing customers that trade up to next-generation products or services (e.g.: 10-15% offer new practices/solutions in all transformation deals)
- Curating IP portfolio by reviewing impact measures of such portfolios (including both new and existing) and determining how to augment or trim the portfolio while allowing time for success to build up, with



the time really depending on the lifecycle of new product development (longer for pharma, shorter for digital services)

- Revenues from products or services sold to new customer segments (e.g. selling to disruptors that can grow non-linearly is more significant than to those firms which may be large but are shrinking)
- Innovation acceptance must never be confused with recognition of invention success, which are typically patent grants. However, deployment and successful impact of the invention must be considered an innovation success.

## Innovation: The three dimensions

Innovation within an organization encompasses its offerings, the combination of its offerings, managing talent, and how it markets itself.

Organizations should consider an innovation across three dimensions (See Figure 2)

- i. Its catalog of offerings, including how they are created
- ii. How the firm delivers value to the community and the market
- iii. How the firm engages with the market including clients and prospects as well as competitors and analysts

A brief outline of some of the best practices for innovation are:

### Innovation in offerings

- A large firm should not only emphasize the size of its workforce but also the accumulated knowledge and experience based insights. Hence offerings will increasingly contain less of FTE/labor and more IP, as well as licensing of its patent portfolio (unique IDFs).

- It is vital that innovation be sourced both internally (organically incubated) as well as through partnering with OEM/ISV and other innovation ecosystems or even clients. The principal benefit of this inclusiveness will be to have more futuristic or complex problems being addressed, as well as more effective and disruptive solutions to legacy problems.
- Till innovation in offerings becomes a core practice across the organization with measures well established, a central function will be a great enabler and should work closely with the Inventions team of the CTO organization.
- It will also be important to show that innovation in offerings is bringing revenue to the firm, and ideally at a higher margin overall.

### Innovation in delivery

- A central function that is continuously engaged with delivery can ensure identification of best practices, its proliferation, components being used, grassroot ideas being tracked, IP being leveraged, and crowdsourcing. Innovation must be associated with, and measured alongside, CSAT.
- The central function, which is linked to the respective delivery heads, will ensure Innovation in delivery. Systems, classification policies and data-based association with revenue as well as cost will ensure this doesn't need to be the job of an Innovation Head/CTO in a business unit. It remains very important to show Innovation is bringing revenue to the firm and improving CSAT.

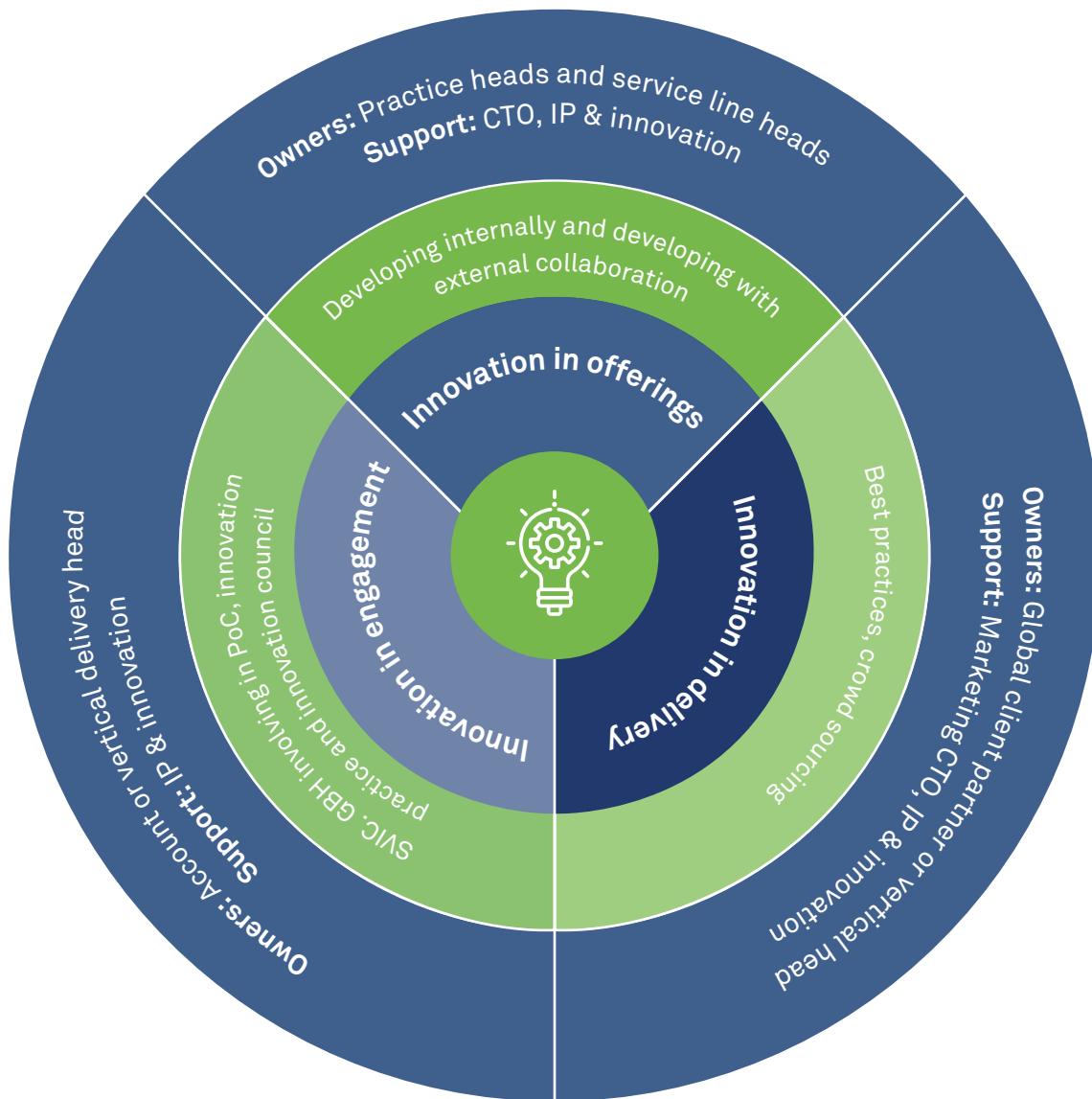


Figure 2: The three dimensions of Innovation in an organization

### Innovation in engaging with the market

- It is critical that inventions and innovations are correctly positioned at world class industry and technology events; account reviews and at the level of partnering proposals with clients; proactive transformation bids and proofs of concept for disruption, even participation in Innovation Councils or client events.
- These engagement initiatives must result in a pipeline of business to the firm. If it merely creates publicity, recognition or awards, nothing is really aligned to business objectives.

- The owner(s) of market engagement for innovation can be the account managers across the firm, with support from the marketing, invention and innovation teams.

### The way forward

Monetizing innovation practice or culture becomes inevitable at a stage when there are replicable cases of an innovation success story. Institutionalization of innovation practice or culture is necessary to take advantage, as an early mover, in the innovation game.

## About the authors

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