

Innovation Pruning

Making Strategic Decisions in Uncertain Times

April 2020



Global Paradigm Shift

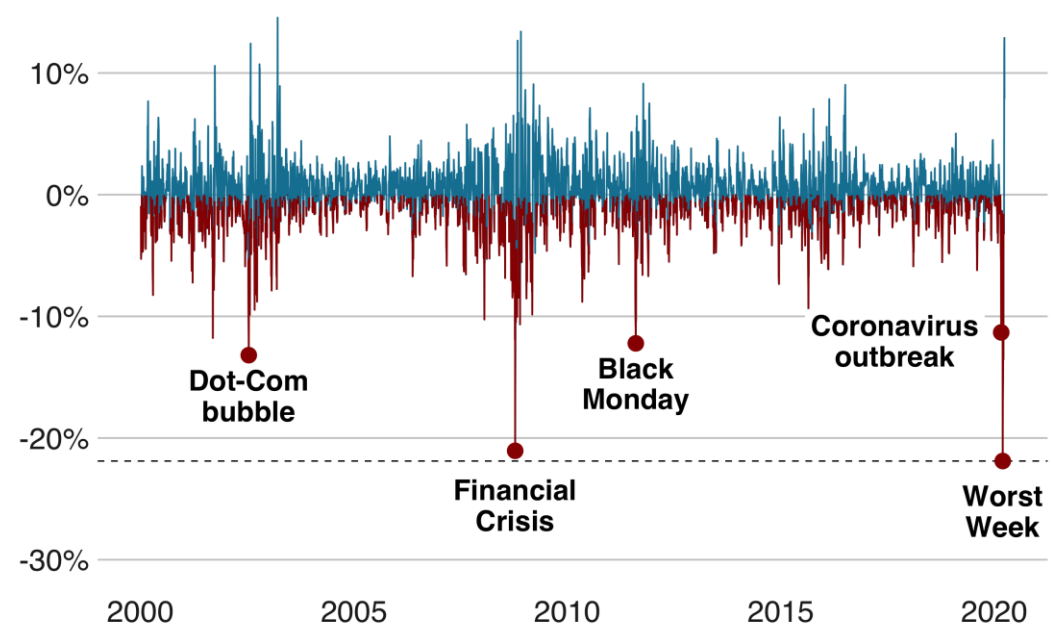
The recent and ongoing COVID-19 pandemic has thrust global economies into an accelerated recession that hasn't been seen since the Great Depression of the 1930s.

However, unlike most historical recessions, this one came without warning. Most, if not all, organisations were drastically underprepared and are now scrambling to cut costs wherever possible within the business. An unfortunate consequence of this is that many employees will lose their jobs and take with them valuable intellectual capital – an intangible asset that has driven innovation and competitive advantage for the business over many years.

Even more concerning is that organisations have been quick to terminate innovation initiatives that will be critical to their ability to 'rebound' once the immediate impacts of the COVID-19 pandemic begin to subside.

FTSE 100 plunges on coronavirus fears

Week-on-week percentage change



Source: Bloomberg, 27 March 2020, 13:00 GMT



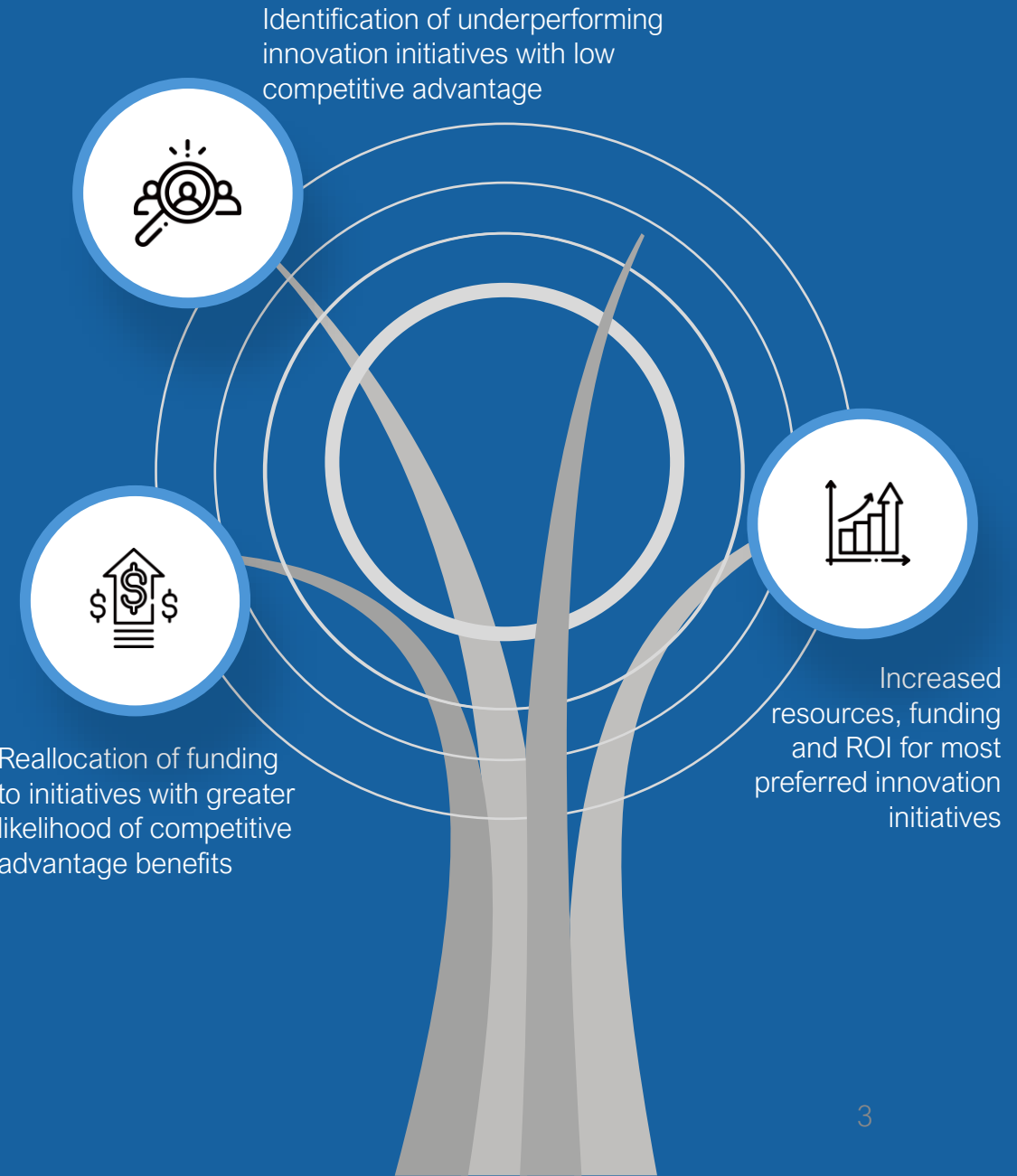
Innovation Pruning

Just like fruit trees, innovation portfolios need regular pruning to ensure that innovation initiatives are still aligned with the strategic objectives and values of the business. Removing innovation branches that are failing to bear fruit, or growing in the wrong direction, ensures that others have an opportunity to flourish.

This pruning process is even more important in difficult economic times where the business is seeking to rapidly cut costs. But an understanding of the competitive advantage that each innovation initiative represents simplifies and accelerates this process. It also frees up resources and capital for allocation to higher value innovation initiatives.

Assessing the competitive advantage of innovation initiatives requires a quantitative investigation of the following metrics:

- Technology
- Intellectual Property
- Market
- Competitor Landscape



Strategic Review Process

Preserving the 'building blocks' of sustainable competitive advantage, especially in difficult economic times, requires a strategic understanding of how human resources and innovation initiatives contribute to the future success of the business. Companies need to plan and act rapidly across four key horizons.

Plan

Review the existing plan for each significant innovation project, including projected spend, delivery milestones, innovation horizons, and expected ROI.

People

Identify the key personnel that have contributed to the innovation initiative, and whether they may be better assigned to other projects/initiatives.

Position

Assess the competitive advantage represented by each of the key innovation initiatives, and potential loss of competitive position by discontinuing it.

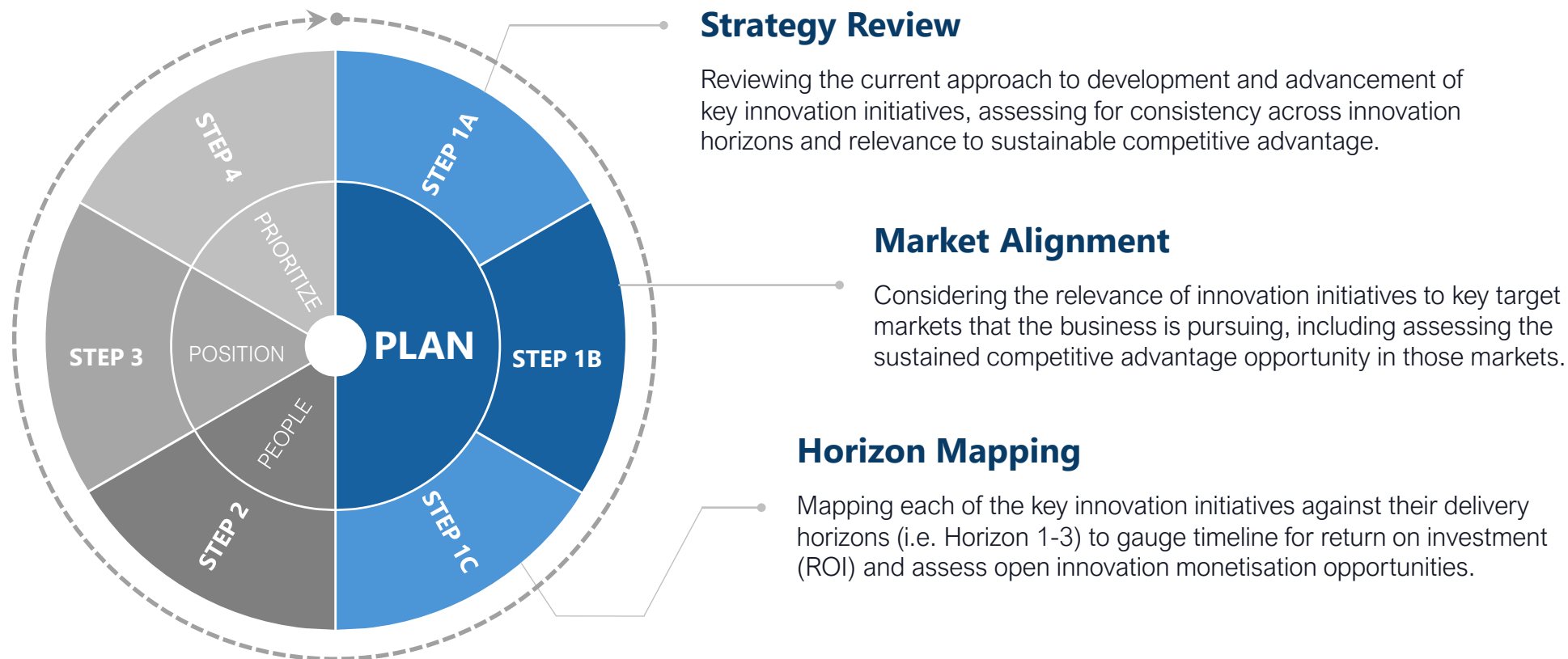
Prioritize

Make a strategic decision to progress, postpone, pivot or purge the innovation initiative based on the competitive advantage it represents.

There is no doubt that cost cutting is urgently needed in our current global circumstances. However, making wholesale reductions across all areas of the organisation is fraught with danger and likely to create more significant issues for the business in the longer term. These issues include a lack of access to critical talent in key innovation areas, a significant loss of intellectual capital across the organisation, and an inability to differentiate from competitors.

Plan: Market & Strategy Review

The initial phase of innovation portfolio pruning requires planning. Reviewing existing R&D and commercialisation strategies for each of the innovation initiatives to determine whether they still relevant to and align with key target markets. This planning stage also involves assessing the value of the innovation initiatives, the strategic significance of the underlying IP, and the estimated timeframe (i.e. Horizon) for expected commercialisation.



People: Strategic Insights

Understanding the factors underlying decisions to progress certain innovation initiatives is critical to measuring the value of those initiatives to the business. Since not all innovation initiatives are progressed purely on the uniqueness of the underlying technology, this stage of the process requires us to interview internal leaders and stakeholders to better understand the current business proposition for pursuing key innovation initiatives.

Strategic Value to Business

Does the innovation initiative represent a strategic lever that is likely to deliver sustained competitive advantage to the business or a significant advance on current business models?



Competitive Positioning Advantage in Market

Does the innovation initiative allow the business to secure a price or positioning advantage within the market as a result of the underlying technology being deployed?

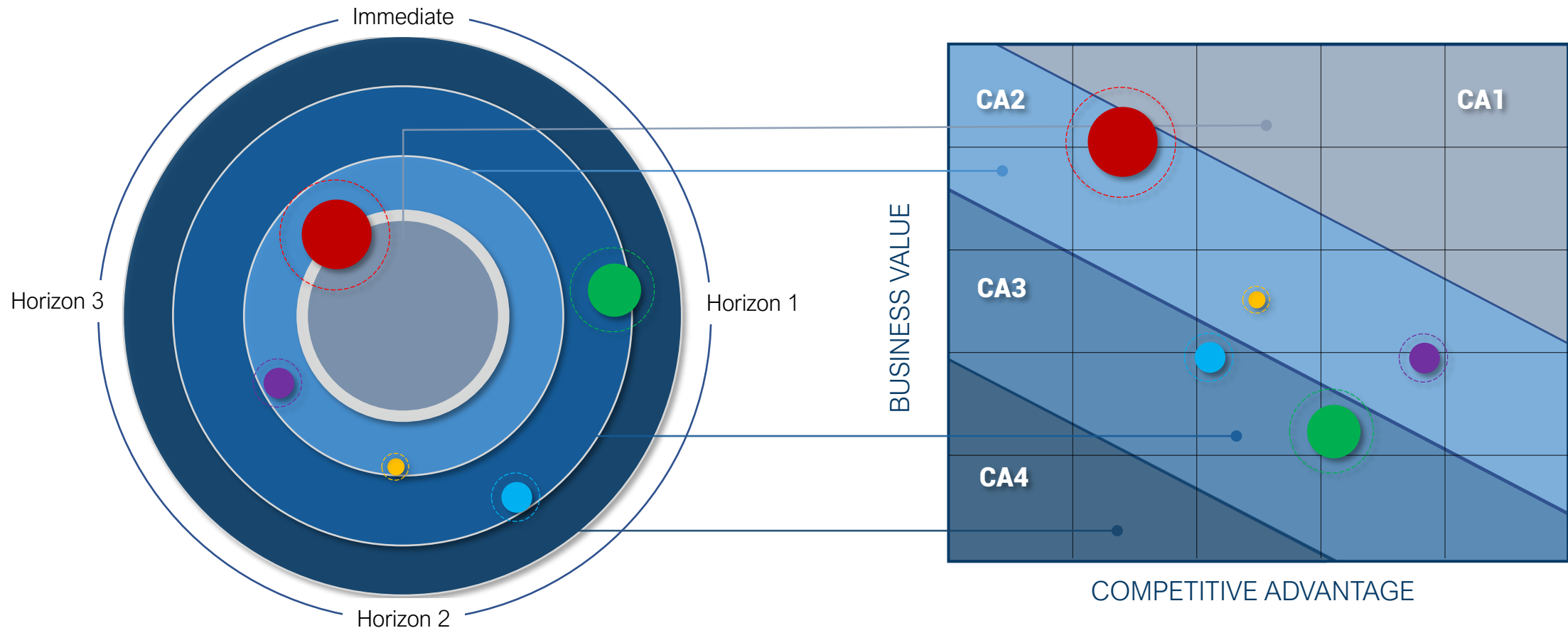







Monetization Potential for the Business

Does the innovation initiative (and underlying IP) represent an opportunity to generate revenues in key target markets, or through open innovation initiatives in adjacent markets?



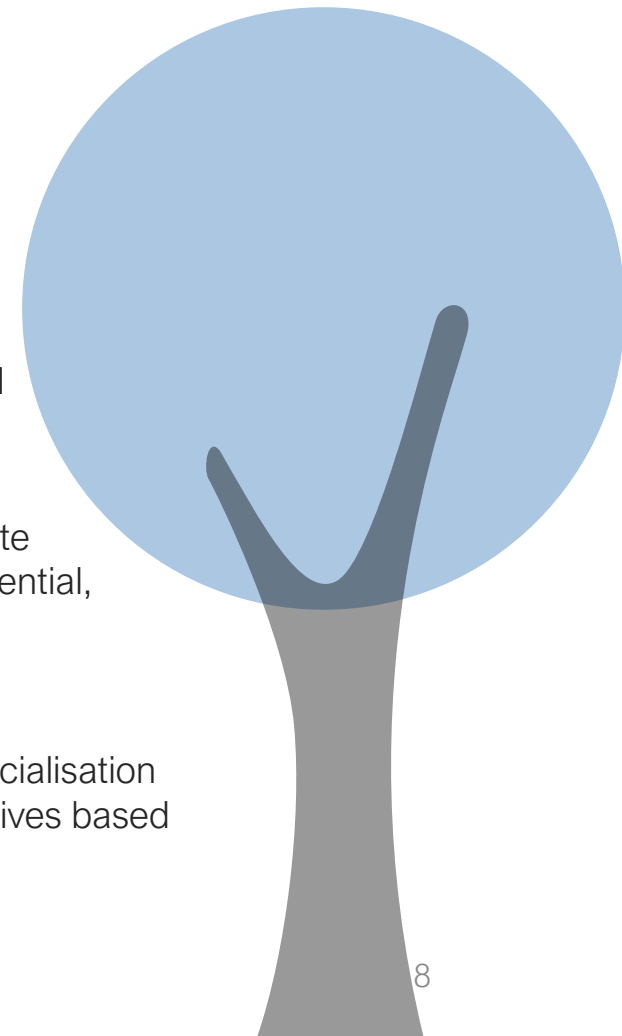
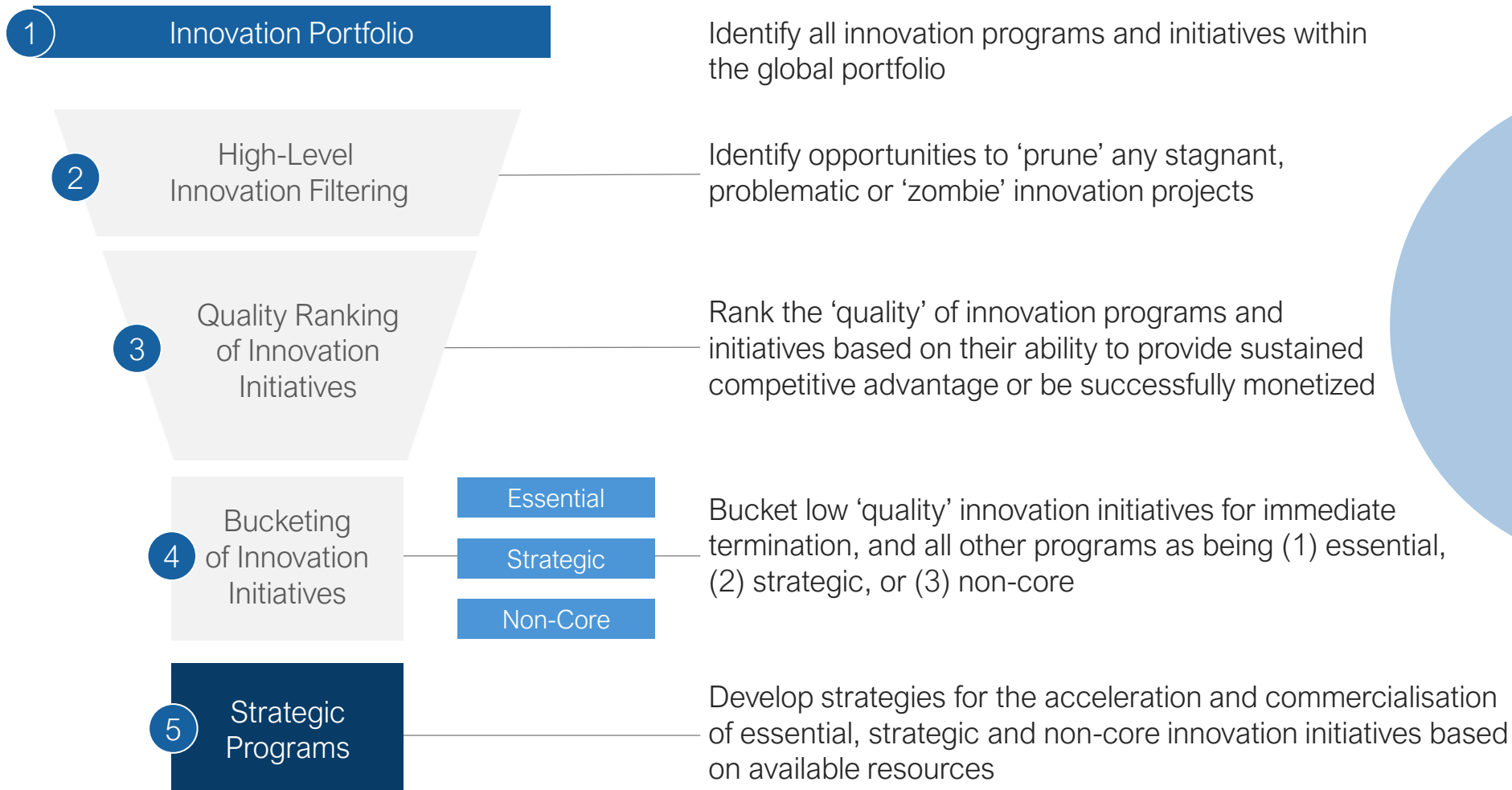
Position: Innovation Mapping



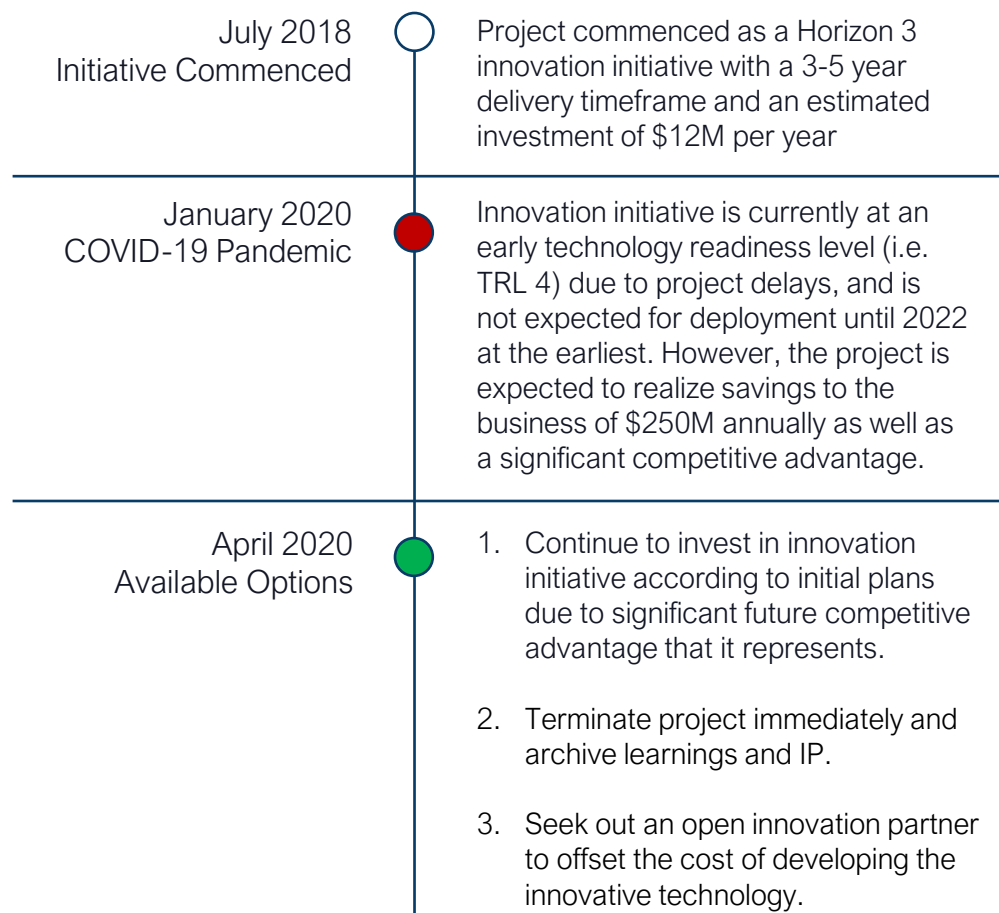
- Increased Productivity 
- Improved Safety 
- Increased Market Share 
- Greater Employee Retention 
- Reduced Carbon Emissions 

- CA1: Exclusive Ownership & Control
- CA2: Sustainable Competitive Advantage
- CA3: Competitive Head-Start
- CA4: Competition Neutral

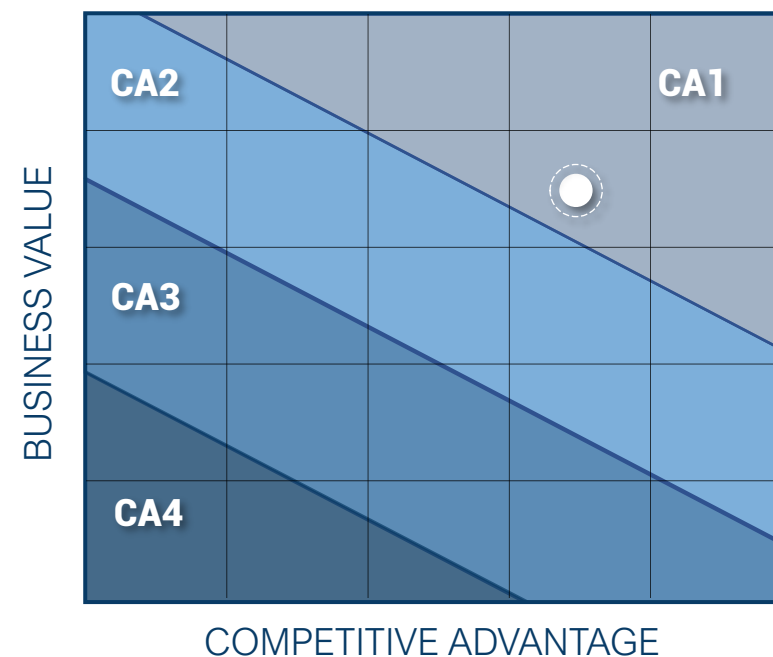
Prioritize: Innovation Filtering



Case Study



Considering the recent COVID-19 pandemic, a major Australian energy and resources company is assessing its current innovation portfolio with a view to immediately terminating any non-essential programs. One such program relates to the development of an integrated digital twin capability that will enable the business to realize significant efficiencies and competitive advantage in Horizon 2-3.

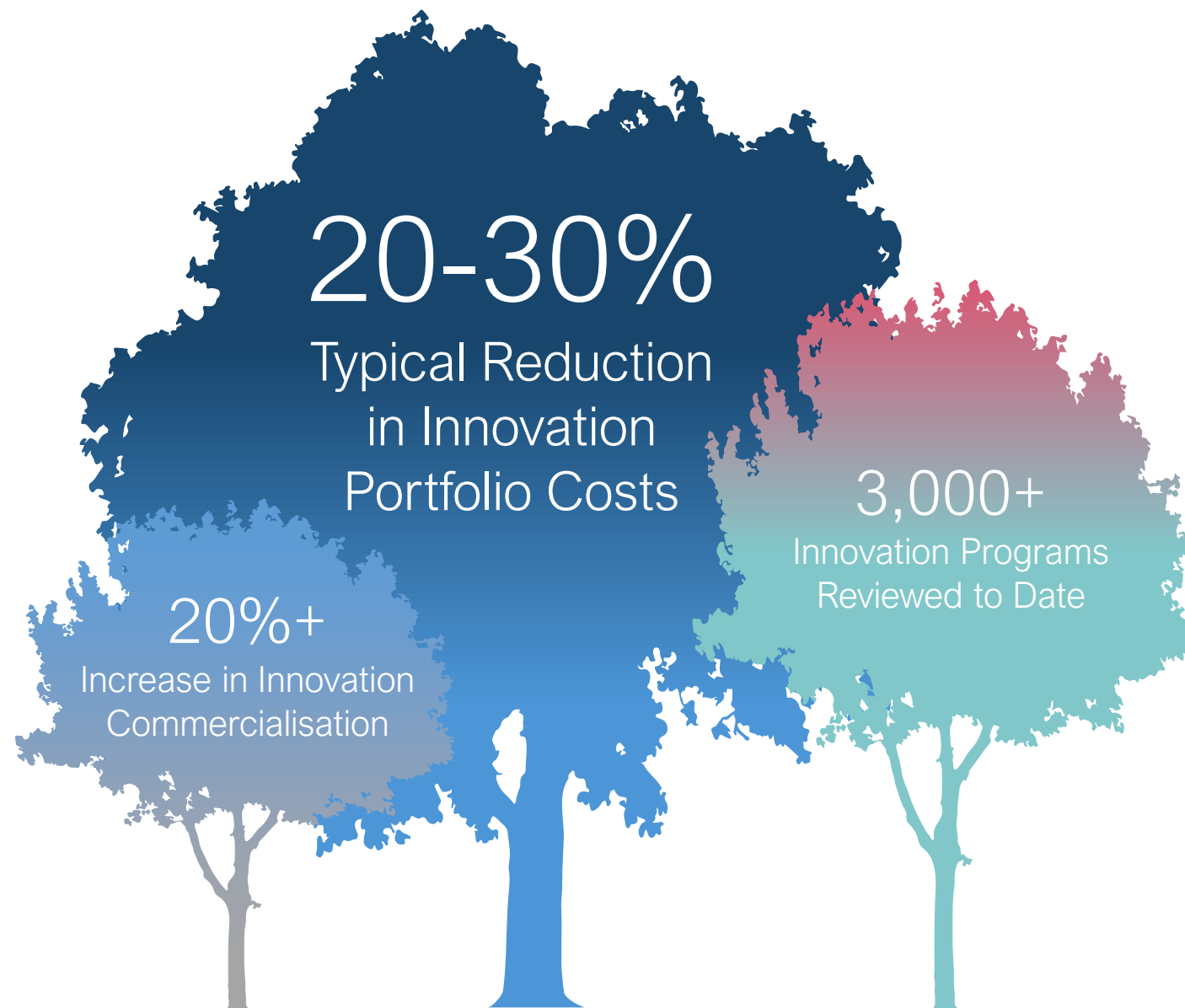


Initial Assessment

Our team of innovation management experts has had many years of experience in assessing and pruning innovation portfolios for leading global technology companies. This experience makes us ideally placed to rapidly assess your portfolio and provide an independent view of the strategic 'cuts' that are achievable.

In addition, our team of globally-recognized IP asset management specialists that can assist you with crafting strategies for asset monetization to help fund the ongoing development of critical innovation and IP initiatives within the business.

We invite you to contact us for an initial assessment of your innovation and intellectual property portfolios and start to realize the benefits immediately.



Execution Mindset

Radian Global blends together strategy, execution and future-thinking to provide its clients with proven strategies and execution playbooks for future growth.

We leverage our global networks and experience across a broad range of industries to deliver 'best in class' innovation management systems that can be 'right sized' for your organisation's needs.

We have designed, delivered and managed innovation and intellectual property programs for some of the world's most ambitious tech companies.

We have a team of 20+ technology, commercialisation and execution experts spread across three continents – including in Australia, where we established an office in 2019 to service the Asia Pacific market.





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