Corporate Open Innovation Portals: An Active Part of an Open Innovation Strategy

As part of the Open Innovation movement, many companies now actively solicit technical solutions, products and business ideas from innovators, customers, suppliers, and the broader marketplace of technology providers. Some companies have begun utilizing structured innovation submission programs, typically implemented through their corporate websites. This article helps companies understand Collaborative vs. Direct Portals, and the importance of IP-anti-contamination and efficient filtering in choosing the best innovation portals for their unique situations.

"*Young inventor invents technical tool for big company*" – that's a news story to which we all respond. The underdog saves the big company with a great idea. That was the story reported in a business article in the New York Times (February 22, 2014), a tale of Mark King, a young 21-year-old community-college dropout, who responded to a call for ideas on a website sponsored by General Mills. King responded to a technology problem posted on the company's website and invented an organoleptic analyzer -- a way to measure the texture of granola bars. King's side of the story is good reading (story link here), but we're interested in the *corporate* side of that story – why and how companies like General Mills decided to utilize an idea submission program.

Numerous companies – Unilever, General Mills, Shell, DSM, Mars, GSK, Kraft, Crown Holdings to name just a few -- have made structured solution or innovation submission programs a functional part of their Open Innovation practice. Other B2B

Numerous companies are trying to decide whether to institute innovation submission programs

and B2C firms are now paying attention, trying to decide whether to move in this direction, too.

Figure 1: General Mills solicits novel product and business ideas via its online portal
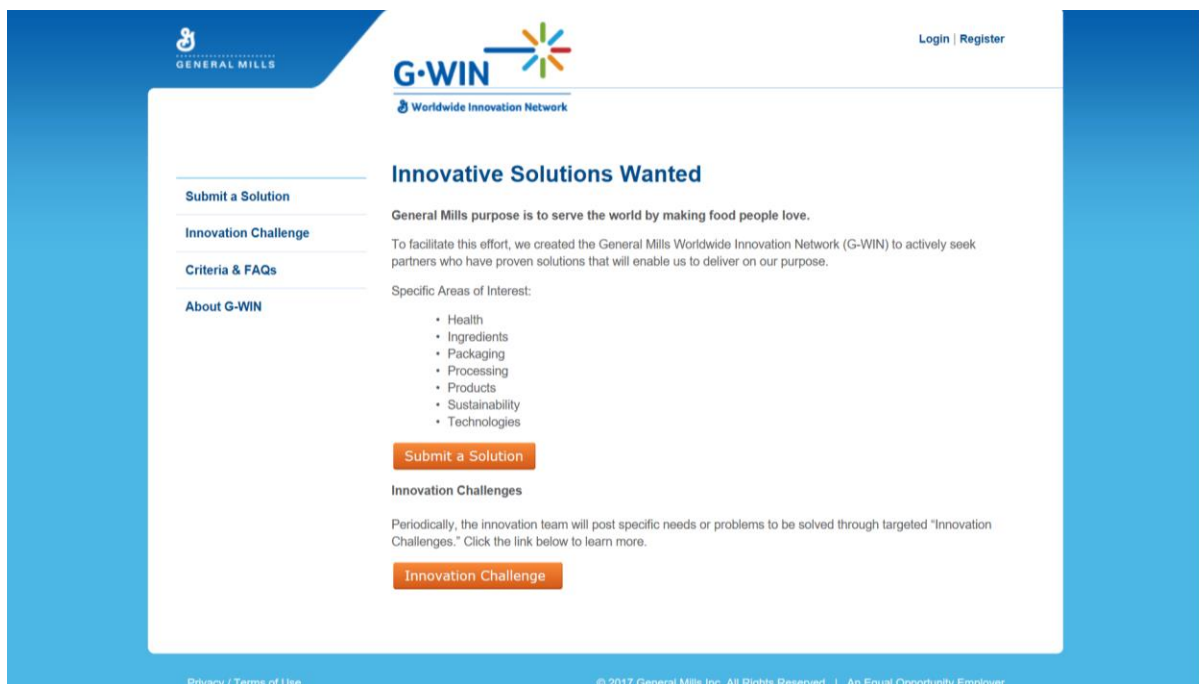
In response, an armada of service providers has emerged to help companies design and put such an innovation portal plan into action. Because these programs are still relatively new, it can be challenging to know where to start.

yet2 has been a service provider in the Open Innovation market since 1999; among technology scouting and other intellectual property services, we provide custom and turnkey Open Innovation Portal Programs to corporate clients. We are happy to take the opportunity to suggest how companies can navigate their way toward an effective idea submission program, one that will be a useful part of product development in an active Open Innovation program.

Collaborative vs. Direct Innovation Portals

Corporations are currently using several different implementation models to accomplish their innovation submission goals. Most structured programs, like that of Unilever, for example, take the form of a dedicated micro-site linked off of the corporate website – called "innovation portals." Some companies limit their portals simply to encouraging and collecting ideas as they come in. Other companies additionally list their current technology needs, in order to encourage responses to those specific technical challenges. Both Unilever and General Mills, for example, include their own technical challenges. It was to one of the posted challenges in General Mills' G-Win program that Mark King responded.

Some of the flavor variations on innovation submission programs include crowdsourcing and co-creation models, terms we will expand upon later.

yet2 divides the innovation submission market into two: Collaborative vs. Direct innovation portals. The various models in current vogue sort themselves into these two large buckets. Deciding whether a direct or collaborative portal implementation is best depends upon cultural fit as well as the intellectual property goals of any specific company.

yet2 divides the innovation submission market into two: Collaborative vs. Direct innovation portals

Collaborative innovation portals are sites in which submitters' ideas can be seen by everyone – for comments, idea-building, and generating buzz. Collaborative portals can be an excellent tool for engaging and creating a conversation with customers, innovators, and corporate supply chain. They may also be used to help a company tap into customer trends – for example, asking customers (the "crowd") which color or flavors are most popular, and/or to gather or test variation ideas for existing products (crowd-sourcing). In another variation, collaborative sites may be deliberately designed to enable participants to build on one another's ideas in the spirit of a virtual team (co-creation). Host companies to crowd-sourcing and co-creation models sometimes offer rewards or prizes for the best solution ideas to specific problems.

The most successful open portal webpages are extremely customer oriented, designed as consciously and thoroughly as any consumer-facing storefront or webpage.   Such designs incorporate creative user interface design, gamification of content, and other engagement tools.

Figure 2: Unilever posts specific technical " challenges and wants" on their submissions portal
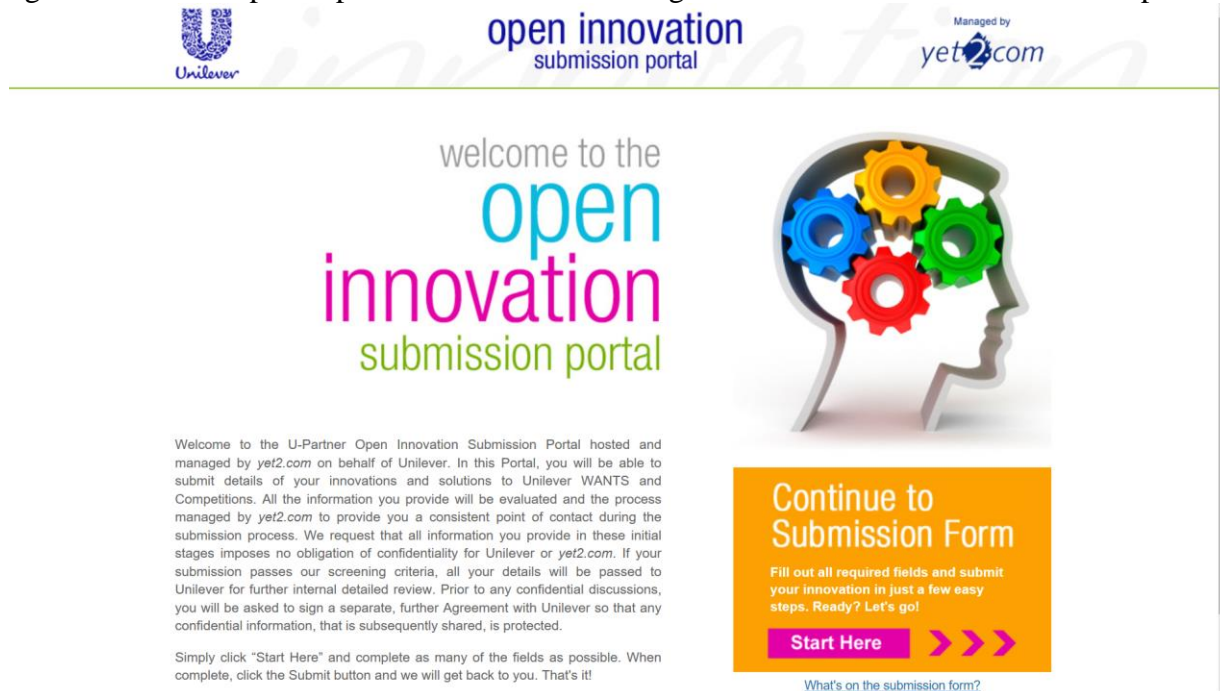
Industry articles have articulately described the differences among these variations; see, for example, *Innovation Management's* [Crowdsourcing vs. Co-Creation: Is There a Difference?](#) for more details.

Direct innovation portals, on the other hand, are ones in which technical solutions or ideas are submitted directly -- nobody sees a given submission except the company itself (and/or their service agent if they have outsourced their portal management). This is the way Mark King submitted his idea to General Mills. Many other firms choose direct portals, as well, including Mars, Unilever, AB-Inbev, and GSK.

Companies with direct innovation portals tend to be seeking technical solutions, technology platforms, and business process solutions. As a result, companies deploying direct portals may gently discourage brand "ideas" in favor of developed "*solutions*" – insights or inventions already prototyped, tested, and, ideally, protected by initial intellectual property filings. This difference in outcome goals, between "ideas" and "solutions," is a key distinction.

The most successful open portal webpages are extremely customer oriented

Submitters of further-developed solutions may hesitate to participate in a collaborative innovation portal, because such solution-owners would like to realize a return on the investment they've made in developing their ideas. Moreover, not only do solution submitters want to realize a return, they want to *maximize* the economic value of their developments, and may not care to be limited by a predetermined "reward," as often set in open portal models. Direct portal models help protect both the submitter's and the receiver's intellectual property – since both parties can know with whom they are dealing. Direct portals permit two-way, personal communication between idea submitters and the companies. Thus, the host company might share deeper contextual information or ask specific questions of submitters.

Like collaborative portals, direct innovation portals are also designed to be user friendly and to encourage submissions, but they are generally less consumer oriented and tend not to utilize games and contests.

The difference in outcome goals, between "ideas" and "solutions," is a key distinction.

One emergent variation on direct portals is "internal portals" -- ones designed to be used entirely within the company, for employees. Internal systems, by definition, do not have confidentiality issues, since the entire system operates underneath the confidentiality umbrella of the firm. As

such, some internal implementations use crowd-sourcing, game, and reward features to help develop ideas, build cohesion and collegiality, and to serve broader employee morale goals.

Managed Internally or Outsourced to Agent

<u>Internally managing</u> a corporate innovation submission portal requires a combination of marketing and technological skills. It can require many of the same job responsibilities and daily attentions as managing other interactive social media but, most importantly, an understanding and integration into the innovation process of the company. First, the back end submission management function must either be designed and coded, or outsourced. On the front end, some team or individuals must be responsible for developing and writing the need content, developing the selection criteria, posting the challenge information, responding to idea submitters, and vetting and filtering potential solutions. Additionally, potential solutions must ultimately be channeled into the correct internal teams to enter the company's R&D process.

> *As for any website, portals are not a "build it and they will come" proposition.*

As for any website, portals are not a "build it and they will come" proposition. A portal site must be marketed with the same levels of attention and budget as for other corporate activities, and those responsible for content management must maintain attention to keep the content and conversations fresh, productive, engaging, and appropriate. Overall, developing a homegrown system requires development time and staff, plus a dedicated set of resources for ongoing administration, system management, and marketing.

<u>Outsourcing portal management</u> to a service provider such as yet2 or others, means using an outside service for any portion of the portal preparation and/or implementation. These functions can include website design and execution; integration of the knowledge management backbone; coordination of portal content and technology need postings; vetting of ideas via conversations with submitters; and filtering/prioritizing submissions to appropriate internal technical staff.   A number of service providers offer pieces or full turnkey packages that address these needs.

When selecting a service provider, be sure to select an agent experienced with the fundamental activities of Open Innovation – the need articulation, technology scouting, vetting, and filtering that are at the heart of the client's Open Innovation goals. That is where the core competency, and value, of an innovation submission portal resides.

A key advantage to using an outside service provider, aside from the obvious benefit of avoiding the overburdening of internal teams, is

> *A key advantage to using an outside service provider is avoiding "IP-contamination."*

avoiding "IP-contamination." A skilled outside service can catch every single submission that inadvertently contains confidential information. Such information, if unchecked, could expose the company to fractious IP ownership disputes later.

For companies who post their own technology Needs, an experienced agent will help your staff clarify and articulate those specific Needs -- for more on-target responses and better efficiency. A good agent will review submissions, filter out the rubbish, and work with submitters to extract the relevant information before passing them along to the client's internal team for further evaluation. When skillfully done, this process is advantageous to the innovation submitters, too: it can give them the opportunity to provide deeper substantiation and answer questions not addressed by the portal submission form; and make sure they haven't given away too much information (especially in cases in which a submitter's ideas are not yet patent protected).

Though an outside portal management agent can provide as turnkey a system as your company might like, please note that marketing of the portal by the client is critical. An outside agent can help with an initial campaign to launch the site and provide marketing via their own networks. But we see a greatly enhanced volume of submissions when the corporate site owner employs all their usual corporate marketing tools and harnesses the full power of their own brand name, consistently, over time.

Determining the Best Choices for Your Company

Collaborative or direct, internally supported or outsourced? As so often happens, there are no universal right answers, only the best answers for your specific situation. The optimal portal system balances three key considerations.

1. Number of ideas submitted: the more ideas received, the more ideas there are to filter through, and the greater the nominal "noise" in the whole system.
2. Sensitivity to intellectual property protection: the more intellectual property protection is a concern, the less social the experience becomes, and the more a

6 Practical Insights for Successful Portal Implementation

85% of submissions are low priority; 15% can be potentially interesting; and <10% incredibly valuable.

If you want a consistent flow of submissions, you will need to commit to high profile placement on your corporate site and/or sustained marketing of this innovation function.

It's easy to scare off submitters – legalese alone can be very intimidating. And every extra click you impose on submitters roughly halves the number of submissions you can expect.

Your internal IT has great incentive to win your business, limited incentive to get you all the way to the revised portal that works smoothly for administrators and submitters alike.

Imposing even a little pain on internal vetters (often in the form of balky administrative function User Interfaces [UI]) usually results in quick abandonment of the task by employees.

Whether you insource or outsource, you want a *team,* not a lead *person,* well-versed in the skills of IP-contamination protection, tech-transfer deal experience, and of customer service.

company is likely to reduce the raw number of ideas received while increasing overall solution value.

3. Amount of filtering work required: the more ideas, the more work required to filter through them. The trade-off here is volume vs. quality. Counter-intuitively, a lower number of higher quality solutions does not necessarily save filtering time, but does change the type of work done. The nature of the filtering work for technical solutions is usually more in-depth, calling for more direct conversations with submitters, more research into patent coverage, etc.

In choosing the best portal design, a company wishing to increase its conversations, touchpoints and engagement with customers might consider a collaborative platform, with requisite social media tools.

Another company, seeking closer-to-market technical solutions and disruptive opportunities, may be better served by the higher percentage of IP-protected solutions, the anti-contamination, and the sophisticated filtering capabilities of direct platforms.

Perhaps surprisingly, the best portal system choices do not split naturally by a B2B or B2C grouping or other company segmentation. B2B companies might have strong desire to increase conversations with customers, and consumer companies might seek to solve challenging technology needs.

All of these counterbalancing considerations require thoughtful sifting. Before launching into questions of crowdsourcing, co-creation, knowledge management software, reward systems, web tools, etc., it is worthwhile to step back and look at fundamental motives. Here is a series of questions to pose internally as your company considers the best solution set:

Collaborative vs. Direct

- Are we looking for technical solutions to technology challenges?
- Are we looking for new product ideas to enhance/extend our existing products' lifecycles
    - e.g. new flavors, colors?
    - Are we looking to expand our supplier network, and how concerned are we about potential IP contamination in those discussions?
- Do we want to share confidential or non-confidential levels of detail?
    - Do we want to offer rewards or do we want to retain flexibility to offer larger paybacks for more developed solutions?
- How important is corporate ownership of a solution's IP?

Internally Developed or Outsourced

- How important is it not to be contaminated internally with potential new solution ideas?

- Do you prefer a platform enabling solution providers to co-create? Or do you prefer for solution providers to submit dedicated solutions to your needs?
- Do you have staff to devote to supporting a portal system?
- Would you like portals to be part of your full open innovation process?

Client Portal Choices and Features to Consider

Many of *yet2's* clients have selected the outsourced, direct platform route. Consumer products giant Unilever is one example. "Providing a single route of entry for technology solutions and protecting against intellectual property contamination was one of our biggest concerns," reports Jonathan Hague, VP, Open Innovation at Unilever. "So getting a partner between us and solution submitters was really important. So far the program is working well. We feel we have lowered the risk of inadvertent IP contamination and we are happy the process of vetting and filtering has been removed – we have received over 3000 submissions to date. *yet2.com* manages the filtering in a timely and efficient way, so we receive only the most viable solutions, enabling our R&D resource to focus on the ones that are the best fit to us."

And Joe Wetli, Director of Innovation and New Business Development at Elmer's Products commented, " For the kinds of developed solutions we seek, we really want to be able to have a substantive conversation with the providers about our needs and their products. Some of that we can do collaboratively, but we prefer to do it directly. We're very pleased with the sophistication of the *yet2* team, to be able to initiate these discussions on our behalf. It helps us evolve our brands through collaborative efforts much more quickly and efficiently."

Figure 3. Sample Corporate Innovation Portals
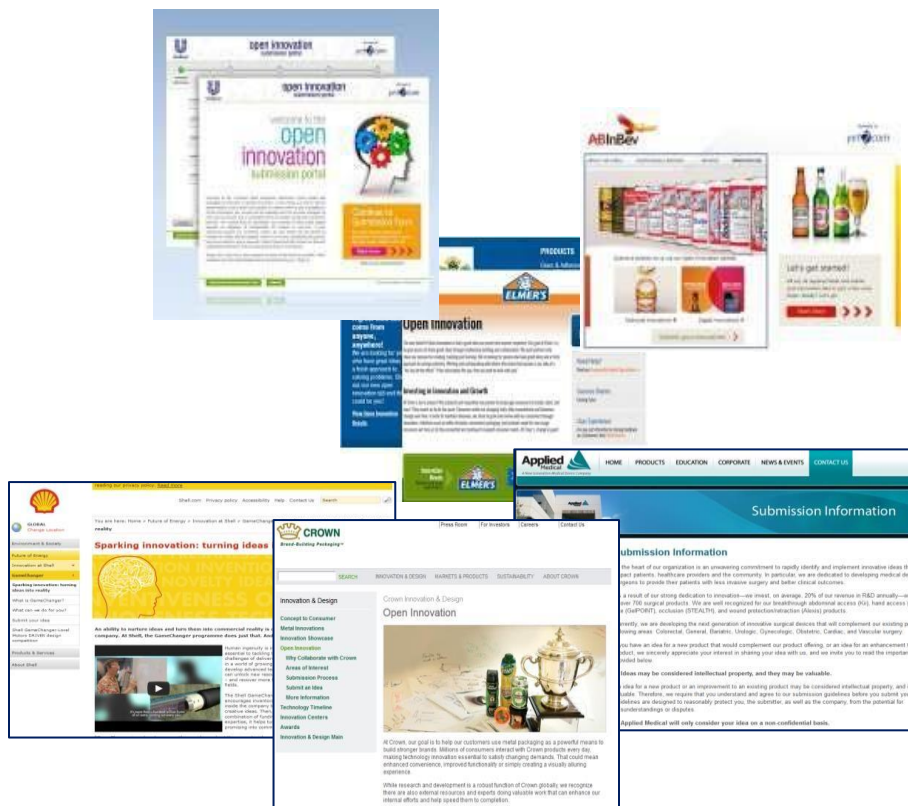
Whether developed internally or externally, helpful portal features include:

- Needs writing -- including an internal process for corporate technology needs identification, write-up, and hosting on portal
- Integrated external solution submission management "back end": access to relevant technology solutions via client admin access
- Well-designed submission form to enable a clear understanding of submitter's solution, applications, and IP status
- Personalised or standardized FAQs, Terms & Conditions, legal waiver, process flow and communications with submitters

A well-designed back end for administration is the most critical feature, to enable all information and correspondence to be tracked back to each individual submission for historical review. An experienced vendor, familiar with usage needs throughout the clients' product development systems, will help companies optimize system flexibility.

A well-designed back end for administration is the most critical feature

Summary

In summary, interactive web technology has enabled exciting two-way "conversations" with customers, suppliers, and technology experts – not only for marketing purposes but also to solve thorny technical challenges. Open Innovation, bringing outside ideas into the corporate product development process, gives companies unprecedented, and highly efficient, access to solutions they've never enjoyed before. Corporate innovation portals are one way to encourage this conversation in an organized way. Choosing the best portal design and system requires asking some cultural and mission-oriented questions, the answers to which will lead a company in the right direction. Key considerations include submitter motivations and cultural fit for Collaborative vs. Direct; interest level in outsourced filtering to avoid IP- contamination; the importance of back-end administration; and the impact of UI design on usability for both submitters *and* for internal OI personnel.

yet2: Bringing Intellect & Experience to Open Innovation Practice

Tim Bernstein has been with *yet2* since 2001 and currently serves as the CEO, delivering on technology exploitation/acquisition licensing and innovation projects for many Global 1000 and SMEs across the world. Tim drives the development of technology acquisition offerings for *yet2*'s buyside clients, with particular focus on facilitating technology transfer deals. *tbernstein@yet2.com*

yet2 provides turnkey Corporate Open Innovation Portal solutions to F100 clients as part of its broader array of Open Innovation services for an international corporate client base. To learn more about yet2's portal services, go to our website, or contact us at info@yet2.com and we'll be happy to send you more information or schedule a conversation.