



## **E-Novation: Current status and future outlook**

**Results of a global survey on the use of collaborative web-based technologies in innovation and product development**

**Excerpts from ongoing study  
May 21, 2009**

**Survey sponsored by:**

**PRTM**





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**A. Scope and objectives**

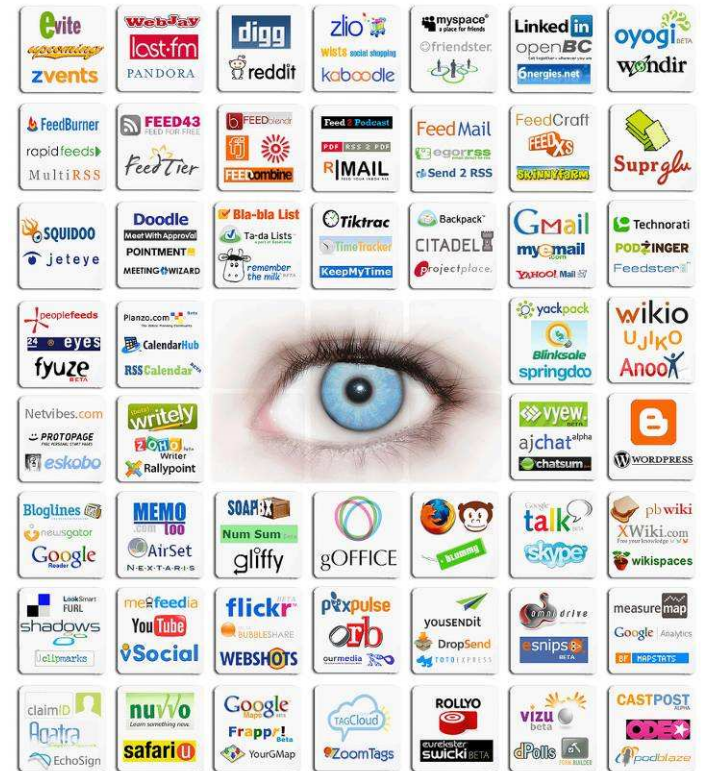
**B. Some key findings from the survey**

**C. Findings in detail**



## Some general trends which have shaped the networked innovation landscape today:

- **More focus on Open Innovation** among manufacturers as the internal R&D organizations can't keep up with increasing market requirements and customer expectations.
- **Diffusion of Web 2.0 enabled Product Development** for example the use of blogs, online communities and forums for idea gathering.
- **Outsourcing R&D to online brokers** in order to reduce the cost of development and access to external expertise (e.g. Innovation intermediaries)
- **Emergence of new paradigms in Co-Creation using Web** which are trying to use the wisdom of crowds to design the product offerings.
- **Conducting R&D activities and Knowledge sharing in Virtual Worlds** such as virtual prototyping or Ideation events in Second Life



## E-Novation Matters

The rise of collaborative/social web-technologies & a more open perspective towards innovation, have fueled rise of what we refer to as E-Novation:

**E-Novation: The use of web technologies with a social or collaborative element, in Innovation and Product development processes.**

■ **E-Novation** usually incorporate a **social element** which includes interactions between a group of people within a community for sharing knowledge, problem-solving or co-creation.

**Social element as a differential point with other one-way-interactions or traditional alliance based models in open innovation era**

**Focus on innovation and product development process differentiates E-Novation from general concepts/applications of Web (2.0)**

■ **E-Novation** utilizes the power of **Web** to facilitate innovation process and/or bring a new product to the market (not necessarily web 2.0)

## About E- Novation study

E-Novation study lays out a research project to understand the growing web-enabled innovation phenomena, the technologies involved, and their relative costs and benefits.

The initiative started in mid 2008 in Virginia Tech, along with the support of Chalmers Uni. (Sweden), RWTH Aachen (Germany) and IE Business School (Spain).

### Facts & Figures

10 Months  
research study

Global survey:  
203 companies

More than 70  
Interviews

15 selected  
Case studies

### Key Research Questions

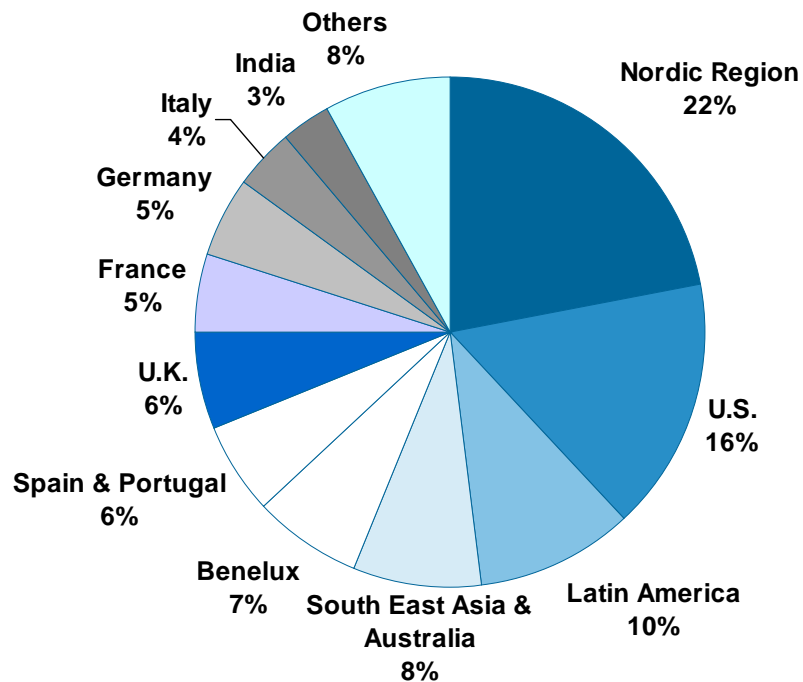
- What is the potential of E-Novation?
- How companies are using collaborative web capabilities in their innovation process?
- What are the drivers behind using E- Novation? What are Success Factors?
- How should a company organize for E- Novation?

## About E-Novation survey

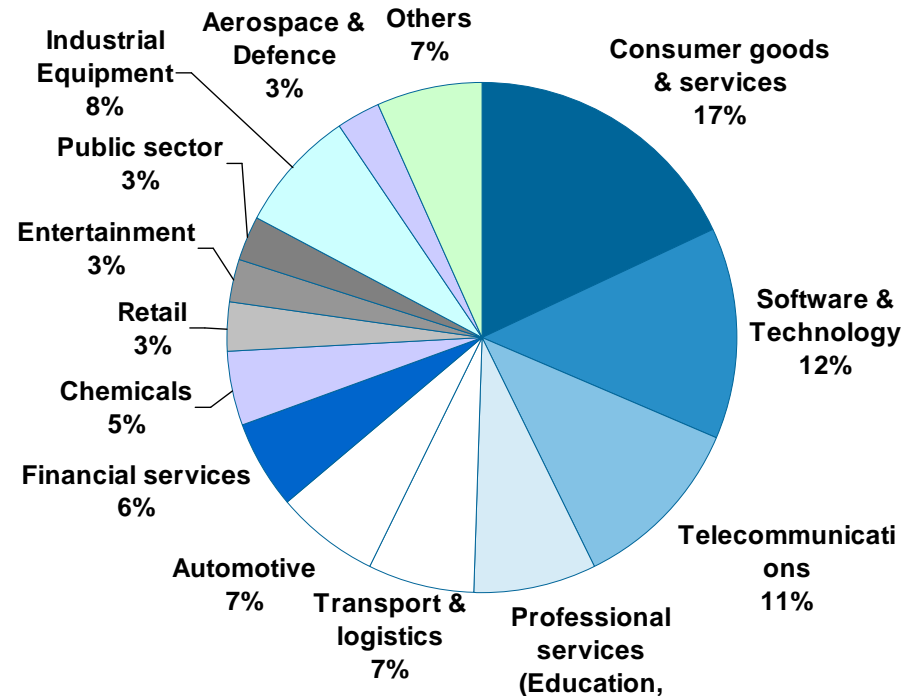
Current status and future outlook of E-Novation technologies were reviewed during the March-May 2009 through a web survey

This survey builds onto a mix of more than 203 established companies (15% of total sample) from all continents and across different sectors

### Scope of participants by region



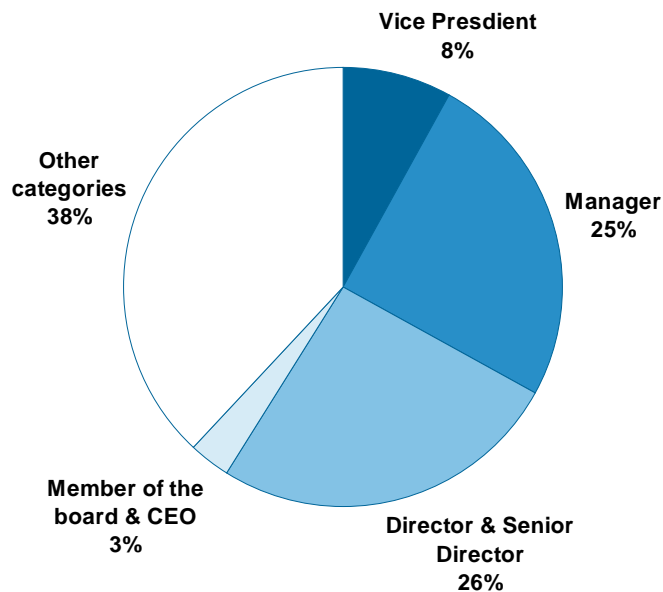
### Scope of participants by sector



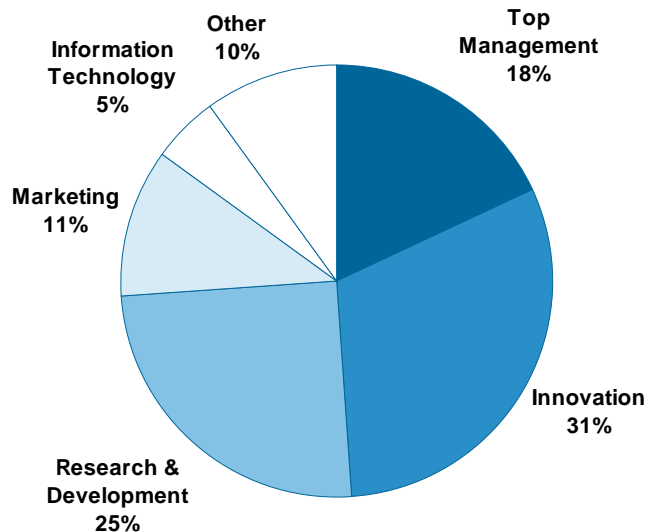
## Distribution of the participants by category and function:

A rather **participatory approach** was used along with normal web survey process to increase the reliability and depth of insights: **The survey was sent to innovation executives in established firms (e.g. Fortune 1000 companies), asking them to complete the questionnaire.**

### Distribution by job category



### Distribution by function



- Survey conducted among **general managers, executives and experts in 37 countries.**
- **Average years of experience** among the respondents: **12 years**
- **62% of the participants were in the manager category and above, with a majority from R&D and Innovation departments (%56)**



## B. Some key findings from the survey



## Key findings (1/2)

1.

**There is a gap** among the surveyed companies **between awareness of E-Novation/its business value and adoption of the related capabilities** which implies that **companies have been late to adopt** such tools **or they are not strategic** for them.

2.

**Companies have more maturity with internal aspects of community-based innovation** and even though the use of **external online communities are considered highly strategic**, companies have come to **this realization only recently**.

3.

The **focus of E-Novation capabilities has been on the early phases of Innovation and product development**; **not fully realizing the potential of collaborative web capabilities in later phases such as design, testing and product launch**.

4.

**Get deeper & better consumer insight, speed up the innovation process, improve idea generation (quality, quantity) and better internal collaboration are top motives** for the surveyed from **to adopt E-Novation**.

## Key findings (2/2)

**5.**

**49% of the companies have a committee which is formally responsible for decision making about such capabilities. Such decisions are mostly made in innovation and strategy committees rather than IT-related committees.**

**6.**

**Majority of the surveyed firms mentioned “individual champions” in the company as the trigger to adopt E-Novation. 51% of the firms are not aware of the break-even time for E-Novation capabilities, however 41% indicated 1-3 years time as the fruition time.**

**7.**

**Overall, the companies have satisfaction with their investment in collaborative web-technologies; however some respondents believed, due to the novelty of such concepts it’s still hard to judge the exact value.**

**8.**

**59% of the companies surveyed will either keep the current investment level in E-Novation or will increase it in the next 3 years. 33% were not aware of their companies’ investment plans related to such technologies.**



# C. Findings in detail

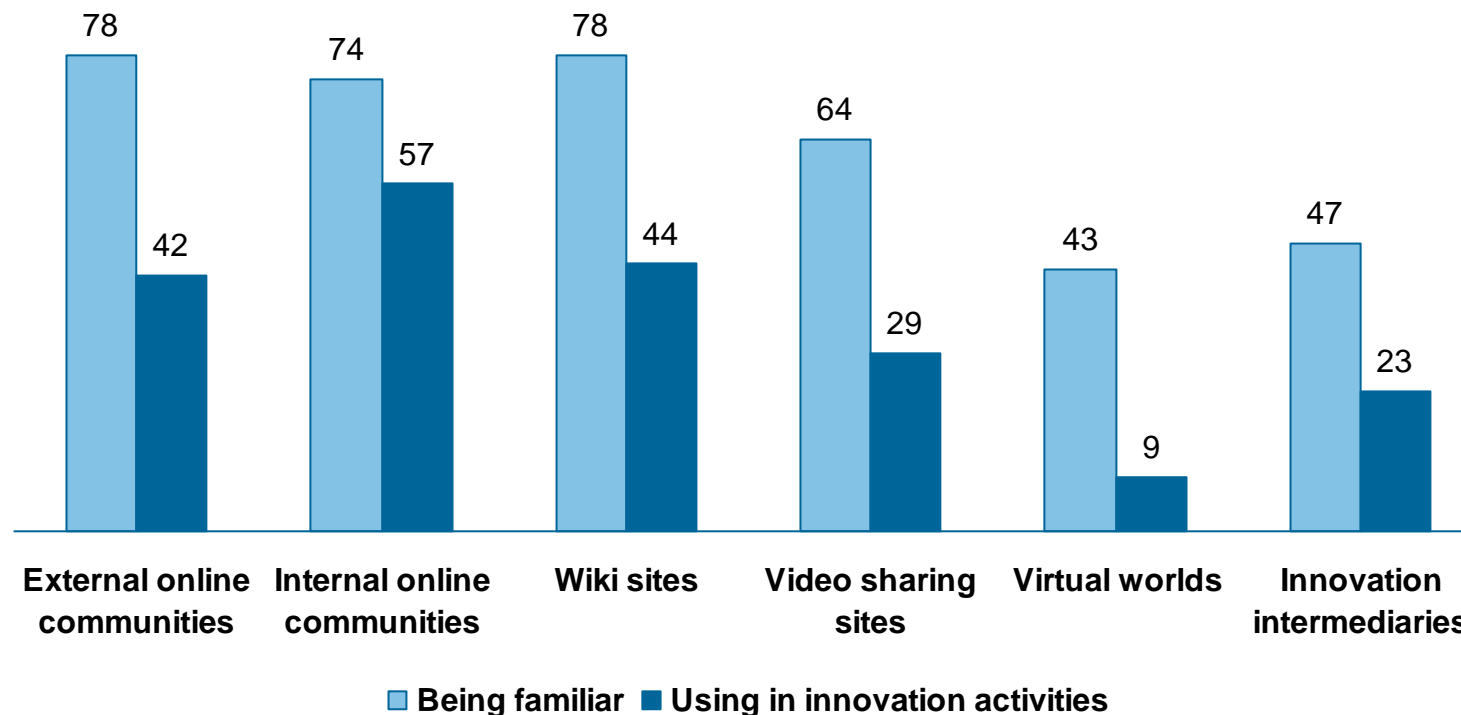
# 1

## The gap between awareness and adoption of the capability

Are you aware of such applications in innovation and their value? Do you use them?

There is a **gap** among the surveyed companies **between awareness of E-Innovation/its business value and adoption of the related capabilities** which implies that **companies have been late to adopt such tools or they are not strategic for them.**

### Awareness vs. usage of E- Innovation (%)



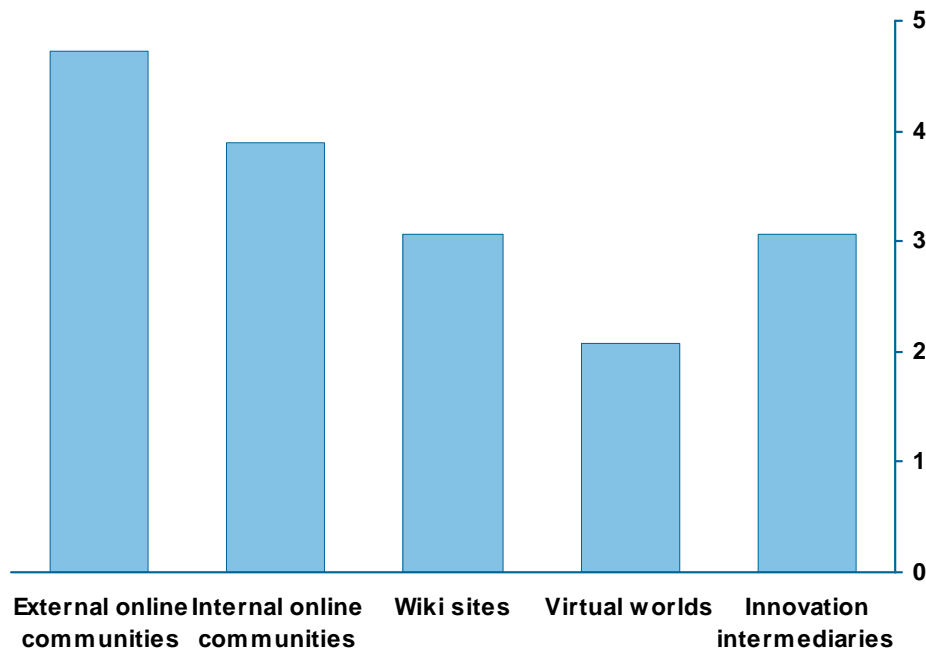
## 2

### Strategic importance of E-Novation among companies

Do you consider E-Novation strategic? When did you adopt/start experimenting with it?

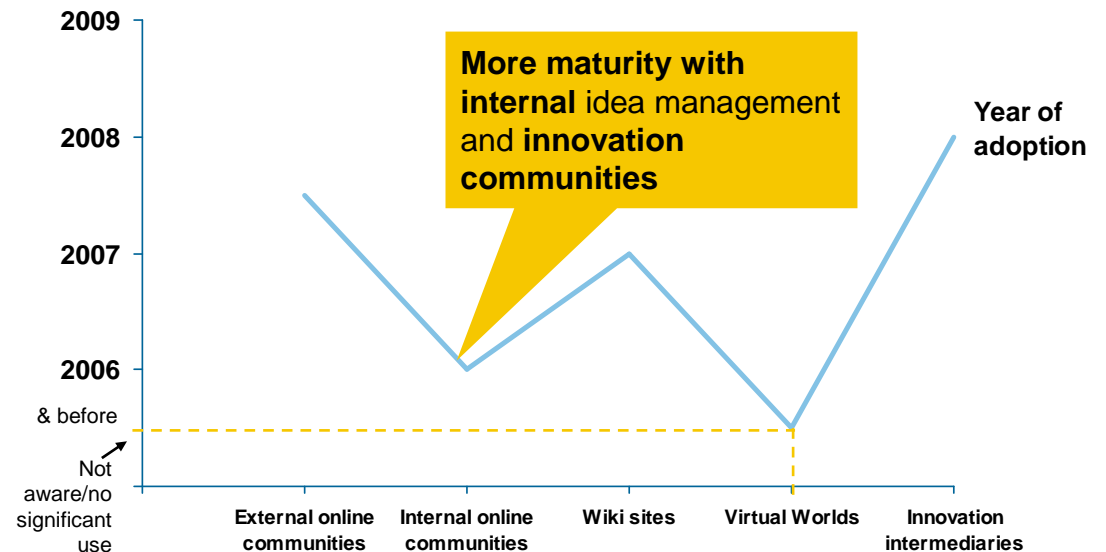
Companies have more maturity with internal aspects of community-based innovation and even though the use of external online communities are considered highly strategic, companies have come to this realization only recently.

#### Strategic importance for the firm



(5: Highly strategic, 1: Not strategic)

#### Adoption time of the tool/capability

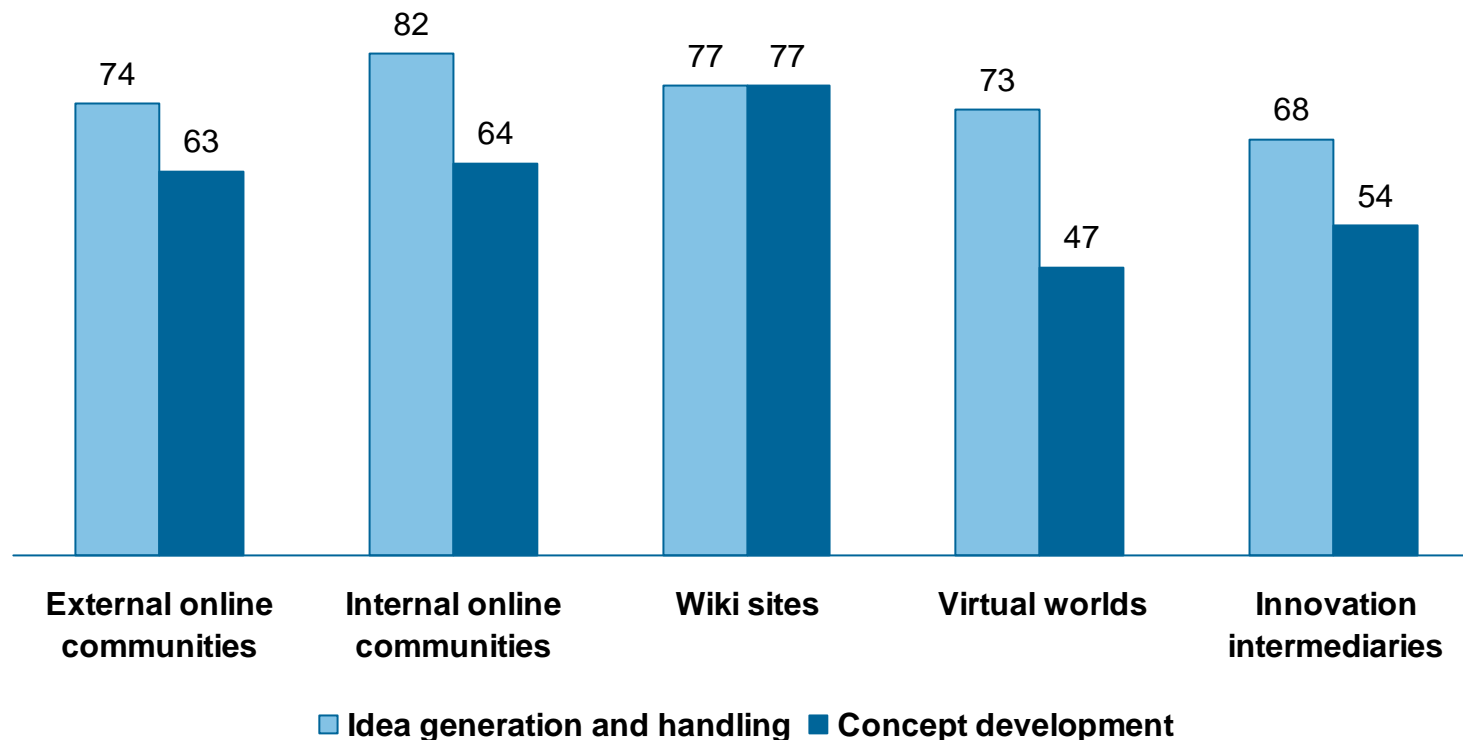


### 3

## The focus of E-Novation in the new product development funnel: In which phases of the innovation process do you use such technologies?

The focus of E-Novation capabilities has been on the early phases of Innovation and product development; not fully realizing the potential of collaborative web capabilities in later phases such as design, testing and product launch.

### Top focus areas of E-Novation use (%)



# 4

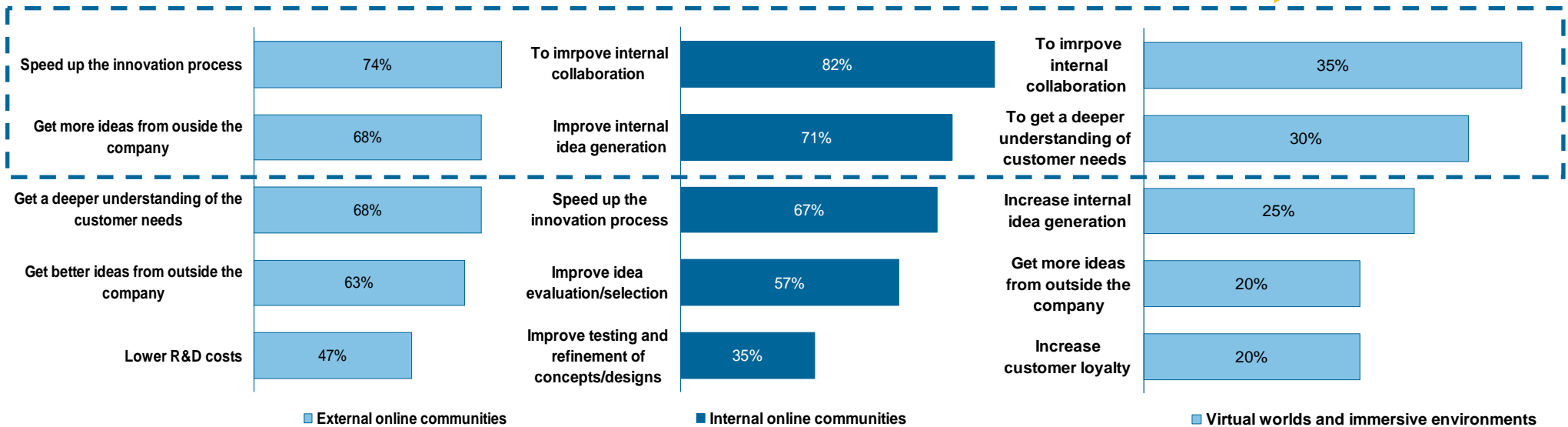
## Top reasons people use E- Novation related tools:

Which of the following goals were important in your company's decision to start to utilize Innovation Intermediaries?

Get deeper & better consumer insight, speed up the innovation process, improve idea generation (quality, quantity) and better internal collaboration are top motives for the surveyed from to adopt E-Novation.

### The purpose of using E-Novation (%)

Top reasons why companies adopt E-Novation capabilities



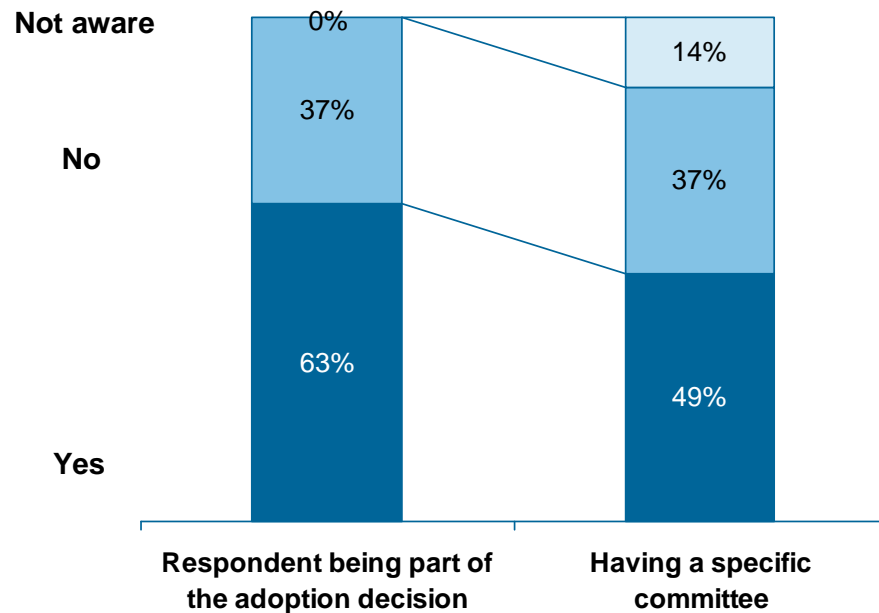
# 5

## Formal responsibility within the organization for E-Innovation:

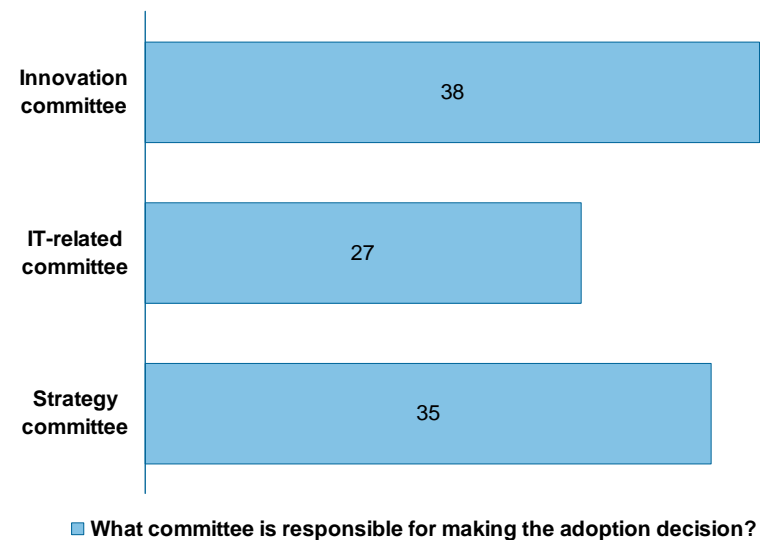
Do you have a committee formally responsible for E-Innovation decisions?

49% of the companies have a committee which is formally responsible for decision making about such capabilities. Such decisions are mostly made in innovation and strategy committees rather than IT-related committees.

### Having a formal committee (%):



### Which committee is responsible:



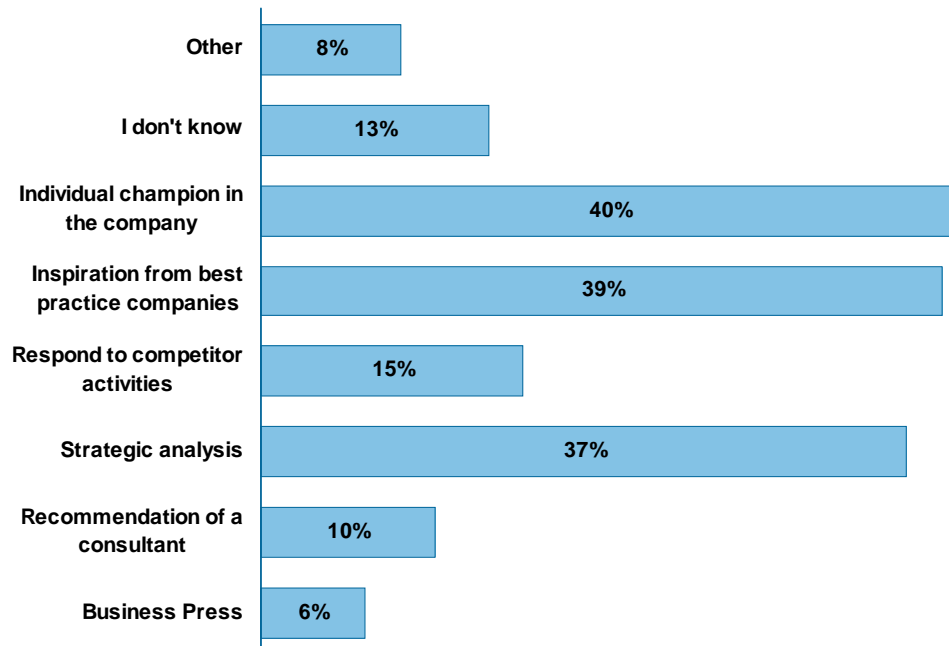
# 6

## The trigger for adoption decision and fruition time:

In your point of view, what has been the trigger for adopting E-Novation in your company?

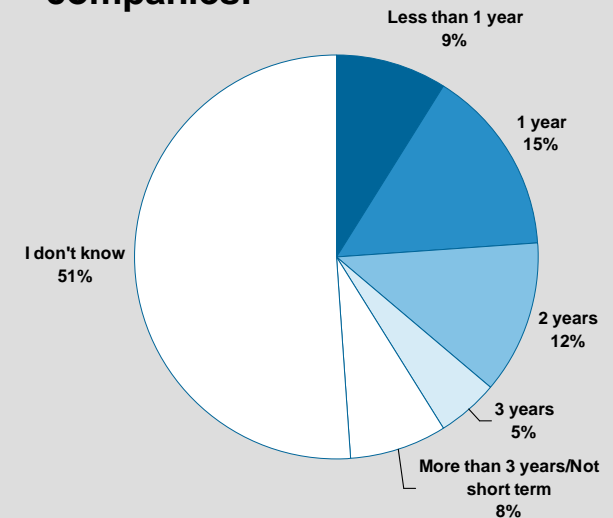
Majority of the surveyed firms mentioned “individual champions” in the company as the trigger to adopt E-Novation. 51% of the firms are not aware of the break-even time for E-Novation capabilities, however 41% indicated 1-3 years time as the fruition time.

### The trigger for the adoption decision (%):



### Fruition time (Years)

Average break-even time of the E-Novation tools in surveyed companies:



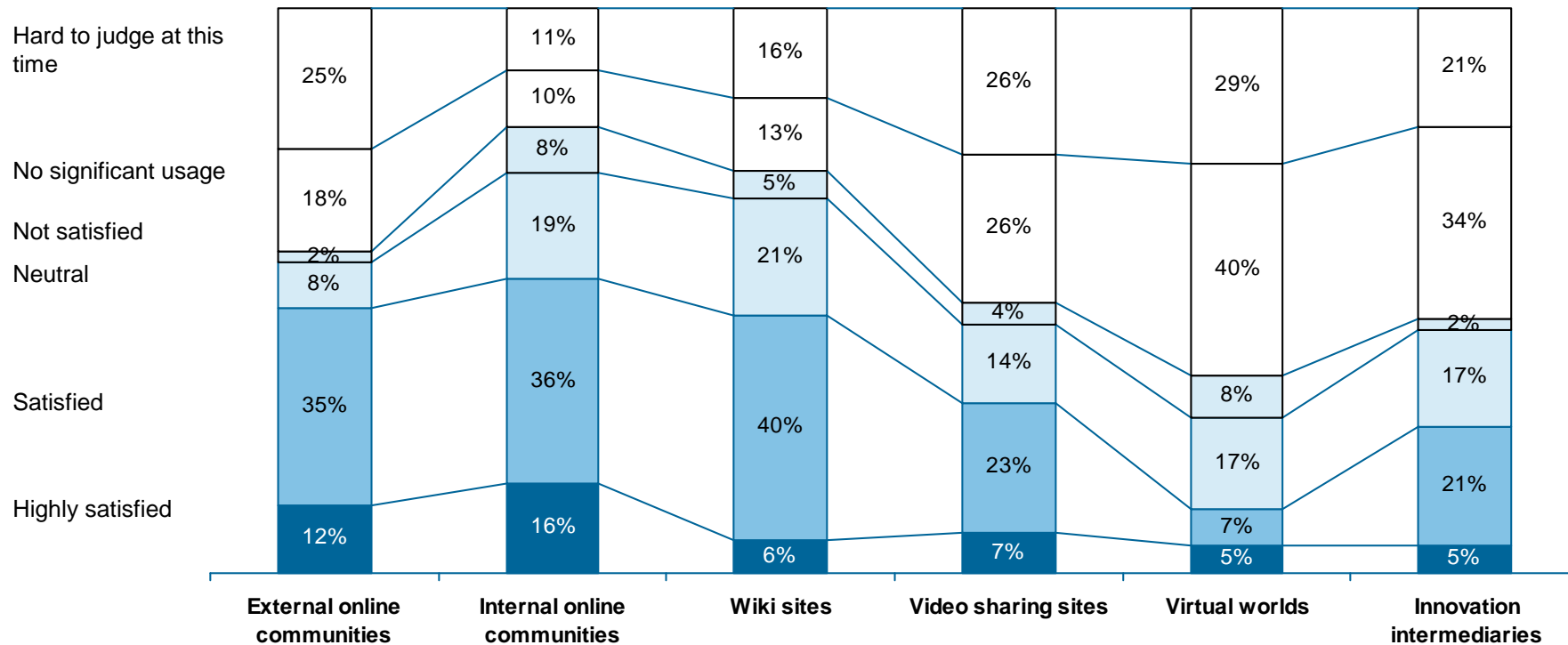
# 7

## The overall satisfaction with the investment:

What is your overall satisfaction with the benefits of using E-Novation tools in your company's innovation activities?

Overall, the companies have satisfaction with their investment in collaborative web-technologies; however some respondents believed, due to the novelty of such concepts it's still hard to judge the exact value.

### Overall satisfaction with E-Novation (%):



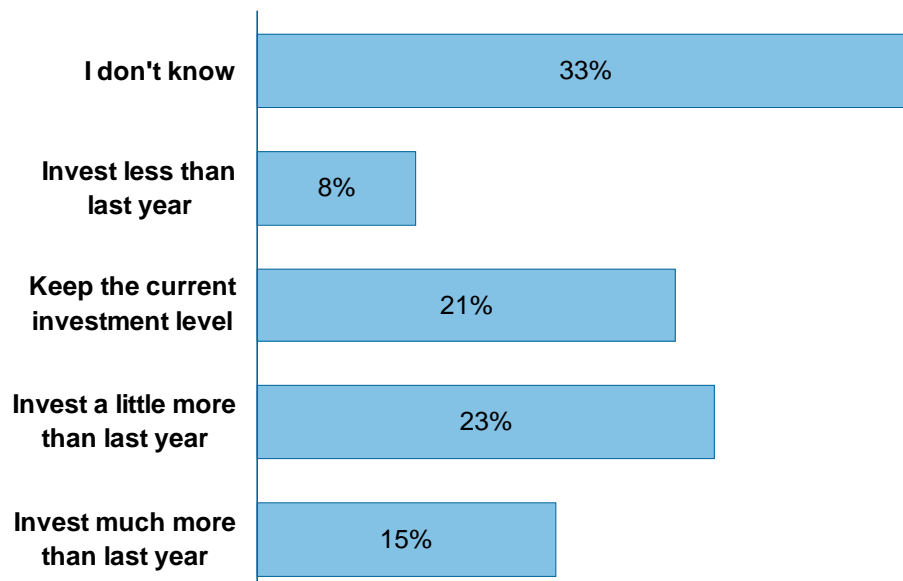
# 8

## Future outlook:

What are your company's investment plans for E-Novation tools during the next three years?

59% of the companies surveyed will either keep the current investment level in E-Novation or will increase it in the next 3 years. 33% were not aware of their companies' investment plans related to such technologies.

### Future investment on E-Novation (%):



### Survey insights:

- It's expected that the use of E-Novation increases in the next three years as a result of increase in the investments.
- However, it seems the reason for such decision is more inspiration from best practice companies or competitor activities rather than past contribution of E-Novation or ROI.
- As an evidence, 80% of the companies surveyed don't have a formal way to measure E-Novation performance and 55% don't know it's ROI.

**Please contact us for more information:**

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