

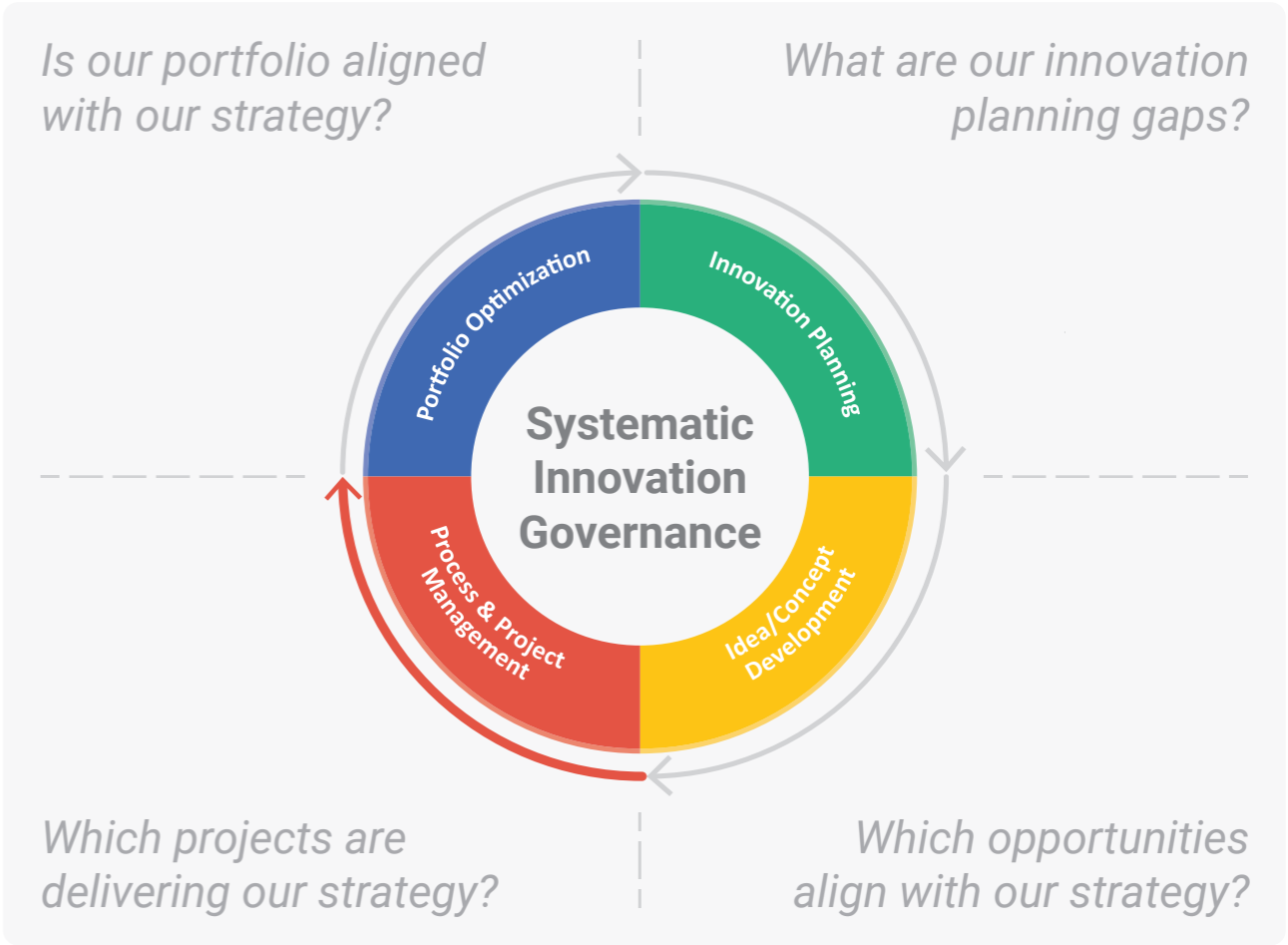
PRODEX SYSTEMS

Systematic Innovation Governance



Our passion is to optimise the return on your innovation investments

“Systematic Innovation Governance is the methodical system of rules, practices and processes by which a company directs and **controls** its **innovation activities** to fulfil shareholder expectations and **sustain corporate growth**”



Systematic

adjective
adjective: **systematic**

done or acting according to a fixed plan or system; methodical

synonyms:
structured, methodical, organised, orderly, well ordered, planned, systematised, regular, routine, standardised, standard, formal, logical, coherent, consistent, businesslike, practical, careful, fastidious, meticulous

antonyms:
disorganised, chaotic

Innovation

noun
noun: **innovation**

the action or process of innovating: Innovation is crucial to the continuing success of any organisation

synonyms:
Change, alteration, revolution, upheaval, transformation, metamorphosis, reorganisation, restructuring, rearrangement, recasting, remodelling, renovation, restyling, variation

a new method, idea, product

plural noun: innovations
“Technological innovations designed to save energy”

Governance

noun
noun: **governance**

the action or manner of governing a state, organisation, etc

organisations or countries are managed at the highest level, and the systems for doing this:

We aim to promote and maintain the highest standards of directorship and corporate **governance**.

Corporate **governance** is the system of rules, practices and processes by which a **company** is directed and controlled.

What is Systematic Innovation Governance?

The process of Systematic Innovation integrates the business analysis of markets and opportunities with the long term strategic agenda for the business. It defines the white space in which to target ideation efforts as well as the governance processes for effective execution of innovation projects.

Systematic Innovation is not a new methodology but rather the integration of a set of processes which work together to optimise the innovation investments made by any business.

“Most organisations spend more time and energy on tactics, than on strategy. Systematic Innovation Governance is a Strategic Methodology and addresses the differences between short term / tactical innovation and strategic innovation Management”.

Professor Gil Garnier
Monash University

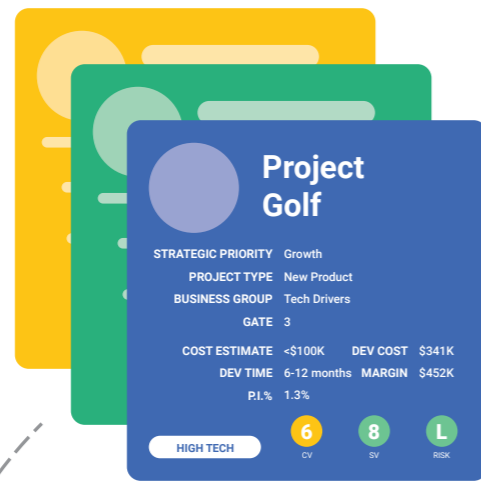
“Our key takeaway from the Systematic Innovation Governance masterclass was the recognition that there is a process.... which weaves together all the elements of effective Innovation management”.

Technology and Innovation Director
ASX Listed Technology Company



Innovation Planning

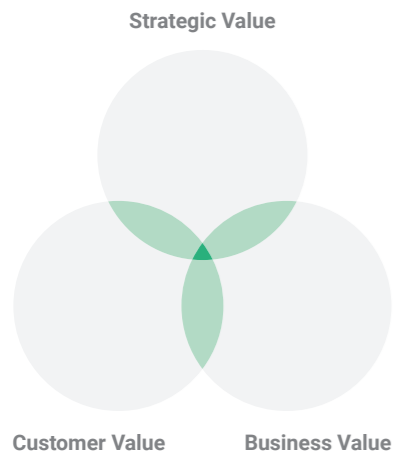
The Innovation Planning process commences with an analysis of the as-is portfolio of projects and ideas. A review of your existing project lists and the collation of a set of project metrics is used to categorise and prioritise the existing portfolio.



Portfolio Balance

Investing for both short term profitability and long term growth requires an innovation portfolio which is balanced across:

- Planning Horizons (H1,H2,H3)
- Risk Vs Reward
- Innovation Type
- Markets & Categories
- Strategic Shift



| | Market A | Market B | Market C |
|------------|----------|----------|----------|
| Category A | | ? | |
| Category B | | | ? |
| Category C | | ? | ? |

| | Horizon 1 | Horizon 2 | Horizon 3 |
|-----------------|-----------|-----------|-----------|
| New to World | | | ? |
| New to Category | | ? | ? |
| New to Company | | | ? |

Multiple Planning Lenses

Systematic Innovation Governance requires a review of the different innovation types by more than just the financial lens of a projects **business value**. To build a balanced innovation portfolio, projects must also be assessed on the basis of their **strategic value** as well as on **customer value**.

Dimensions of Value

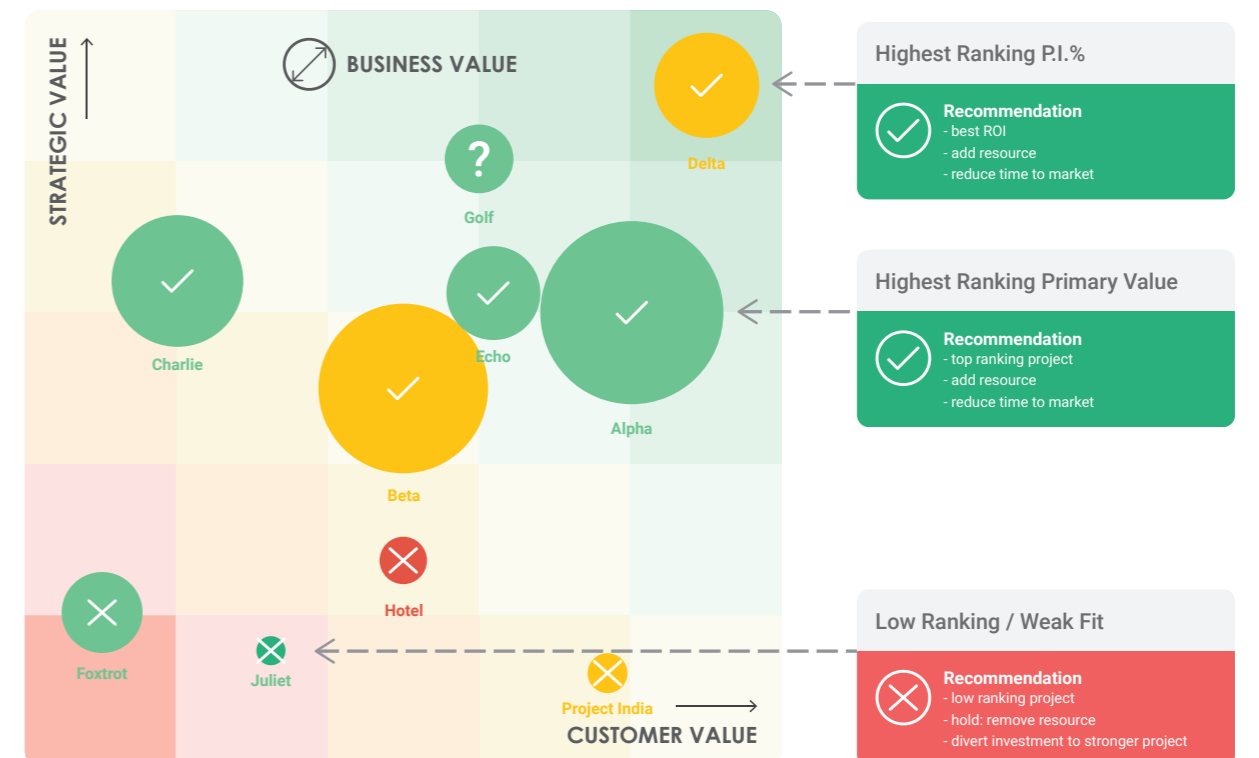
A primary value metric and pareto analysis is used to identify and accelerate strong projects and to isolate and challenge investments into weak projects.

COST REDUCTION PORTFOLIO

| | Market | Category | Launch | CV | SV | Risk | Dev Cost \$ | Yr1 Incr Margin \$ | P.I. | |
|-------------------------|-----------------|----------|------------|----------|-------------|-------------|-------------|-------------------------------|---------------------------------|-------|
| <div><div>✓</div></div> | Project Alpha | Market A | Category C | 15/01/20 | <div></div> | <div></div> | <div></div> | <div><div>453,241</div></div> | <div><div>3,245,524</div></div> | 7.2% |
| <div><div>✓</div></div> | Project Beta | Market D | Category C | 22/03/20 | <div></div> | <div></div> | <div></div> | <div><div>132,133</div></div> | <div><div>2,854,241</div></div> | 21.6% |
| <div><div>✓</div></div> | Project Charlie | Market C | Category A | 08/01/19 | <div></div> | <div></div> | <div></div> | <div><div>17,311</div></div> | <div><div>1,653,245</div></div> | 95.5% |
| <div><div>✓</div></div> | Project Delta | Market C | Category B | 14/03/19 | <div></div> | <div></div> | <div></div> | <div><div>56,924</div></div> | <div><div>1,124,231</div></div> | 19.7% |
| <div><div>✓</div></div> | Project Echo | Market A | Category B | 26/07/18 | <div></div> | <div></div> | <div></div> | <div><div>73,131</div></div> | <div><div>852,123</div></div> | 11.7% |
| <div><div>✗</div></div> | Project Foxtrot | Market B | Category B | 02/08/19 | <div></div> | <div></div> | <div></div> | <div><div>11,241</div></div> | <div><div>655,352</div></div> | 58.3% |
| <div><div>?</div></div> | Project Golf | Market A | Category C | 22/11/19 | <div></div> | <div></div> | <div></div> | <div><div>341,414</div></div> | <div><div>452,242</div></div> | 1.3% |
| <div><div>✗</div></div> | Project Hotel | Market D | Category A | 11/09/19 | <div></div> | <div></div> | <div></div> | <div><div>8,231</div></div> | <div><div>200,321</div></div> | 24.3% |
| <div><div>✗</div></div> | Project India | Market B | Category B | 10/08/18 | <div></div> | <div></div> | <div></div> | <div><div>37,242</div></div> | <div><div>113,511</div></div> | 3.0% |
| <div><div>✗</div></div> | Project Juliet | Market D | Category A | 20/11/19 | <div></div> | <div></div> | <div></div> | <div><div>15,242</div></div> | <div><div>65,242</div></div> | 4.3% |

Productivity Index (P.I.)

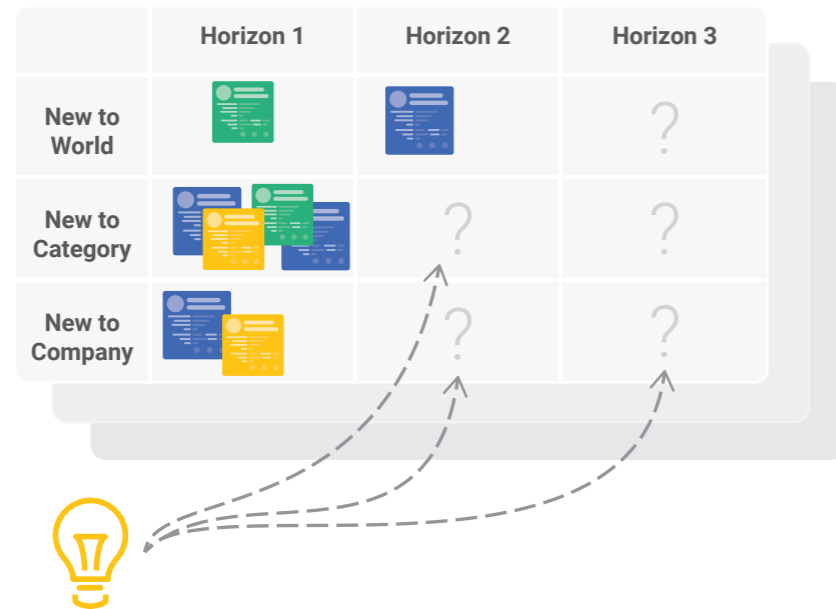
The ratio of development cost to incremental margin is required to compare return on investment.





Gap Analysis

The mapping of the existing portfolio of innovation projects and ideas provides not only clarity of “what we are doing” but more importantly highlights the white spaces in which we currently have no offering. This Gap Analysis defines the arenas of opportunity in which we seek to grow.

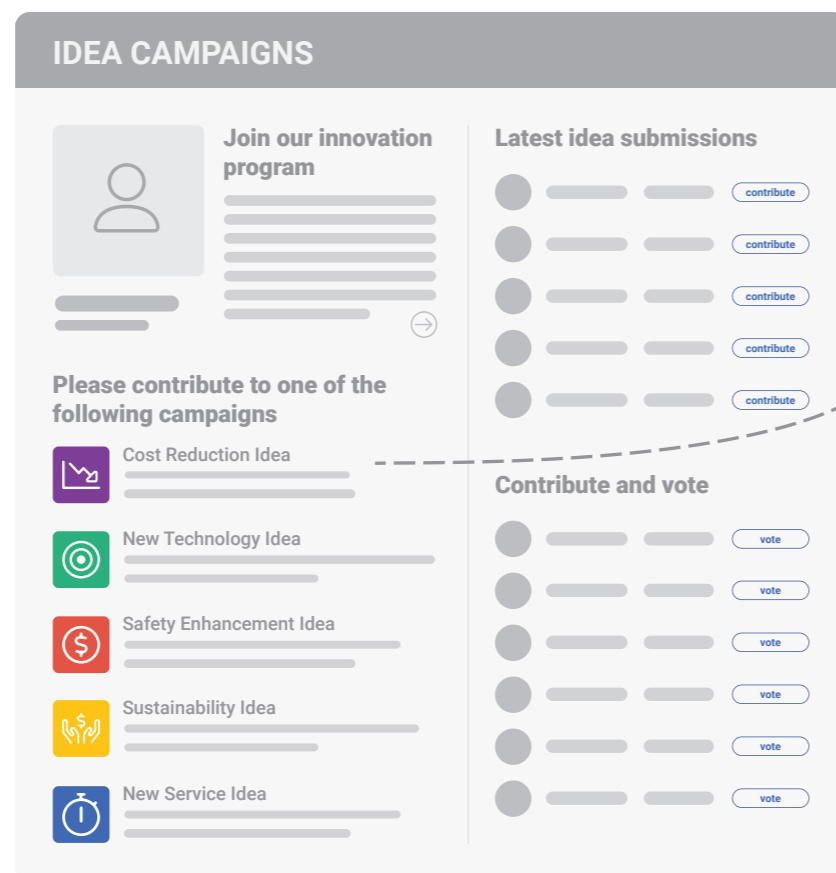


In response to identified gaps in the innovation plan, targeted ideation campaigns are developed. This strategic alignment between the innovation plan and ideation ensures that creative marketing and technical effort is focused in defined strategic arenas aligned with growth objectives.

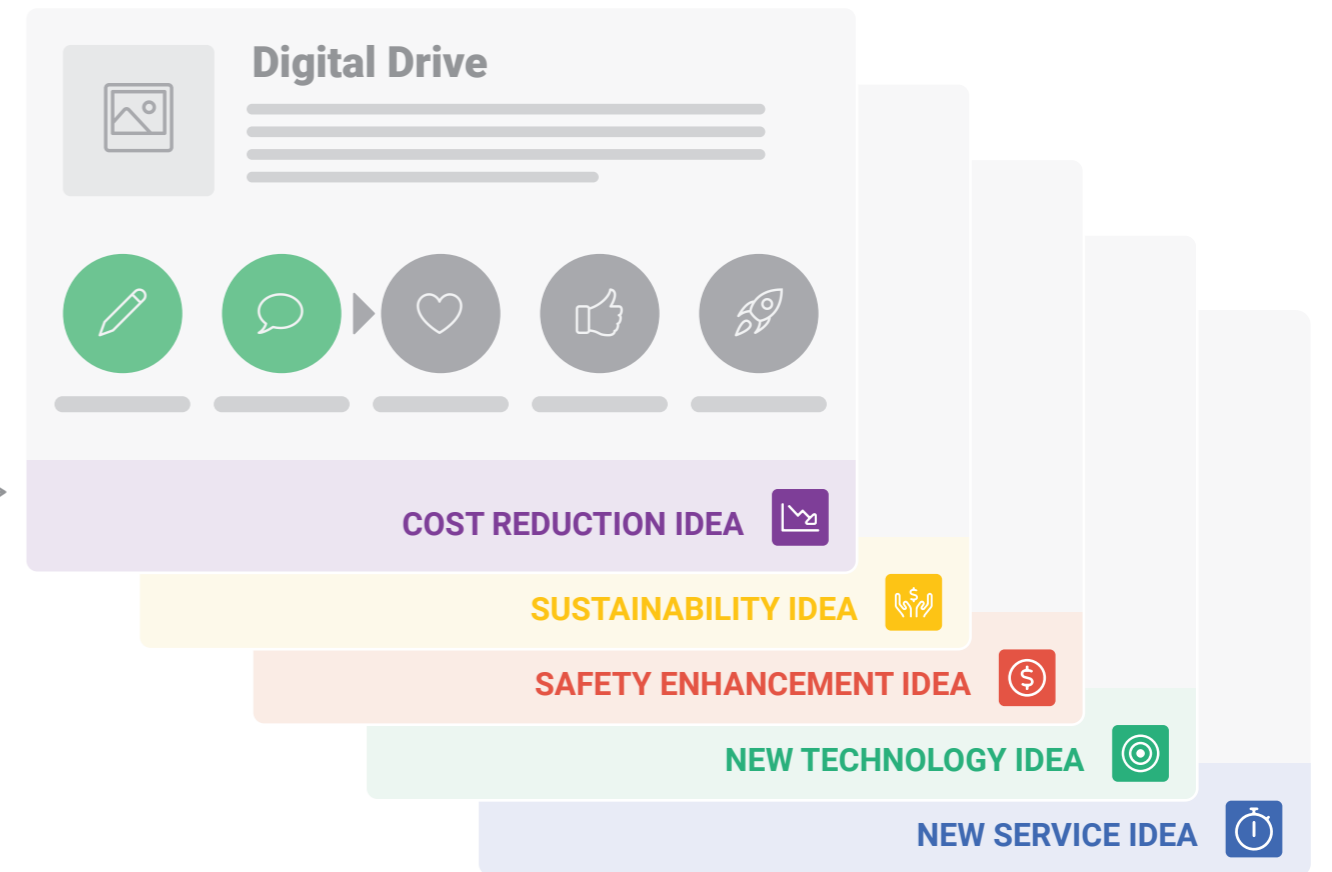
Systematic Innovation Governance supports the definition of targeted idea campaigns across different idea types and identifies idea gaps.

Campaigns have a fixed duration, closing date and a defined process for input, evaluation and advancement of ideas.

Idea managers are assigned for each different idea type and strong communication programmes are established to reward contributors and to encourage continued inputs. Successful ideas are showcased and celebrated.



Targeted Ideation



Idea Analysis

With limited information available at the idea stage, ideas are assessed against the dimensions of:

- Strategic Value
- Customer Value
- Business Value

Two further metrics for the Probability of Commercial Success and the Probability of Technical Success are also introduced to create an overall idea rank score.

[Create New Project >>>](#)



Process & Project Management

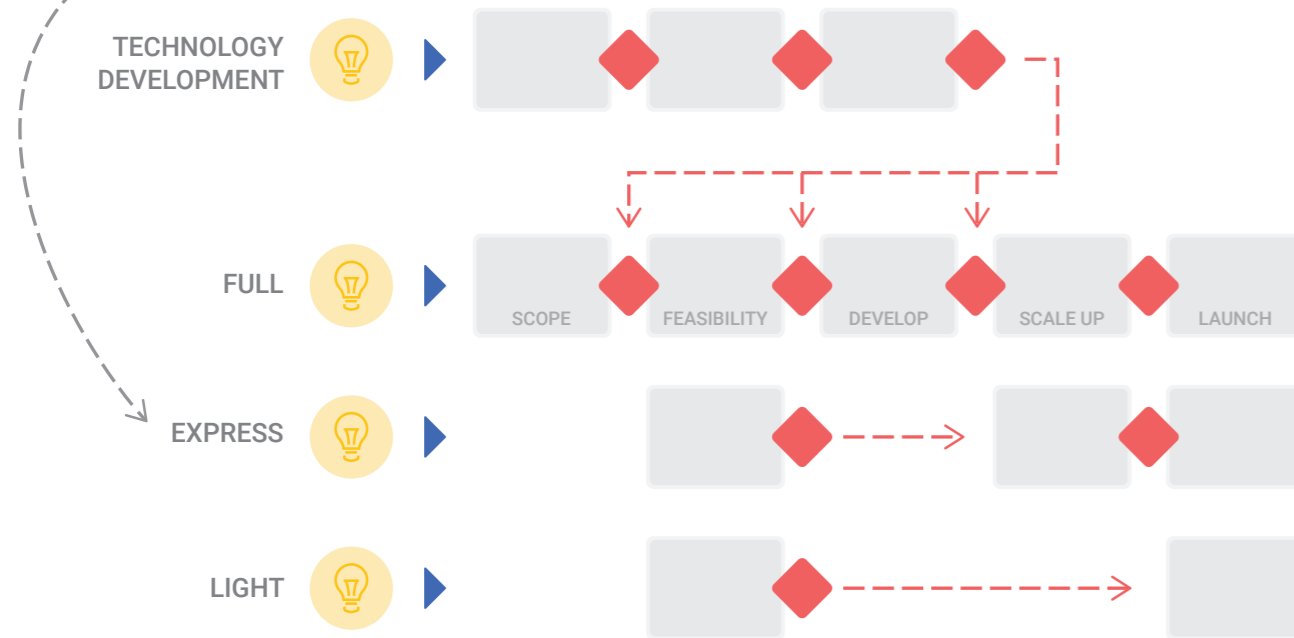
Ideas are upgraded to projects and follow a process workflow aligned to meet their project type and level of risk and investment.

COST REDUCTIONS IDEA SUMMARY

| | Strategic Value | Customer Value | Business Value | Probability Cx | Probability TS | Rank | Create |
|------------|-----------------|----------------|----------------|----------------|----------------|------|--------|
| Europa | ● | ● | ● | ● | ● | 3 | ✓ |
| Callisto | ● | ● | ● | ● | ● | 7 | ✗ |
| Titan | ● | ● | ● | ● | ● | 5 | ✗ |
| Luna | ● | ● | ● | ● | ● | - | ⊖ |
| Enceladus | ● | ● | ● | ● | ● | 2 | ✓ |
| Prometheus | ● | ● | ● | ● | ● | 1 | ✓ |
| Pandora | ● | ● | ● | ● | ● | 6 | ✗ |
| Atlas | ● | ● | ● | ● | ● | 4 | ✓ |
| Proteus | ● | ● | ● | ● | ● | - | ⊖ |
| Phobos | ● | ● | ● | ● | ● | 8 | ✗ |

Create New Project >>>

Idea managers review ideas as candidate projects, promoting the best ideas through alternate Stage Gate workflows based on their project type.



Gated process models can be developed for many different project types. Any business process which is suited to a staged investment can be managed in this way, including:

- Product and Process Development
 - New Product / Process Development
 - New Product / Process Extension
 - Product / Process Change
 - Product Deletion
- Technology Platform Development
- Stage Gate for IT Projects
- CAPEX Processes
- Intellectual Property Management

Process Templates

S2 Technical Assessment

PROJECT: **Project Alpha**

TYPE: New Product

CATEGORY: Category A

TEMPLATE OWNER: Gerard Ryan

PRODUCTION PLANT: Brisbane

TEAM LEAD: Jane Doe

LAUNCH DATE: 2 Sep-18

TEMPLATE DUE: 13 Jun-18

Please summarise and rate any risks associated with this project

M

S2 Risk Assessment Summary

L 3

H 1

M 1

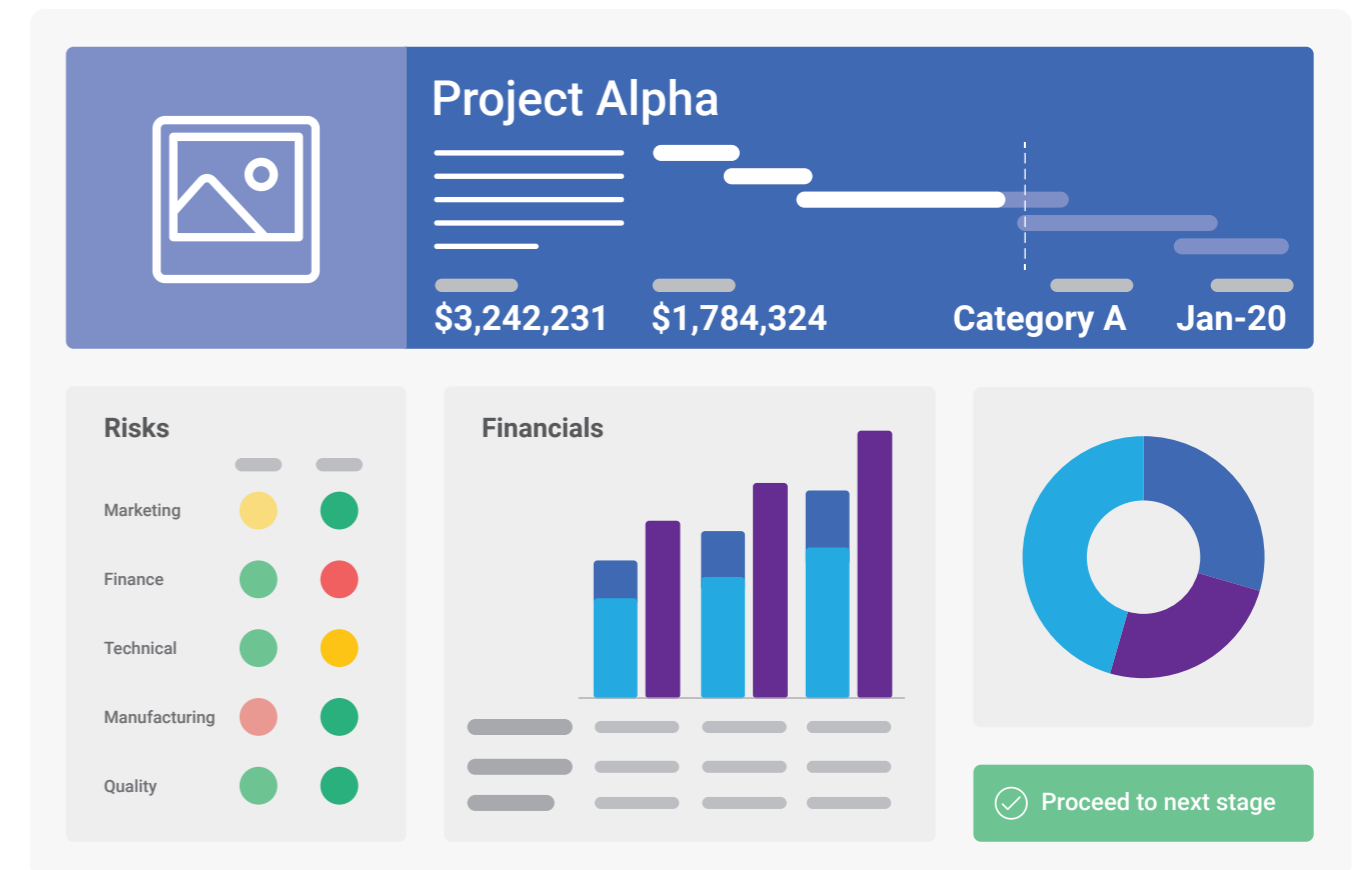
Marketing: **L**

Finance: **H**

Technical: **M**

Risk identification and analysis is integrated with the Stage Gate process and tracked through project status dashboards.

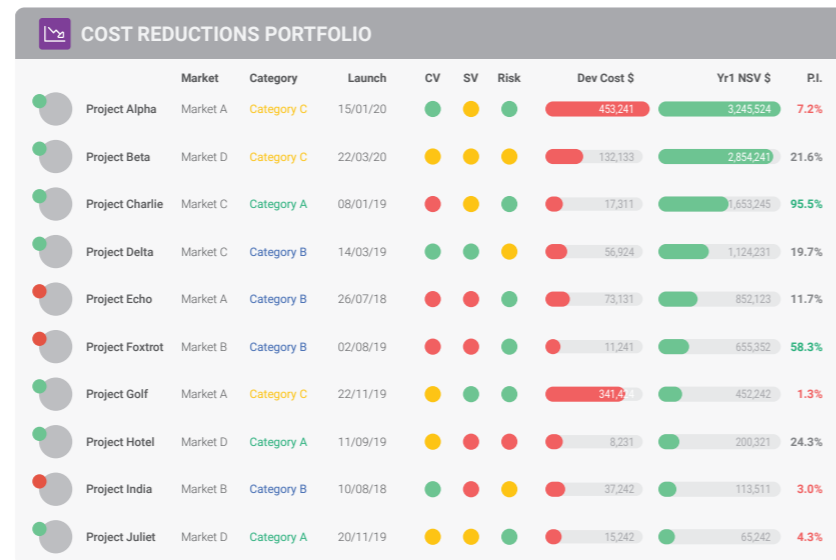
Project Dashboard Summary



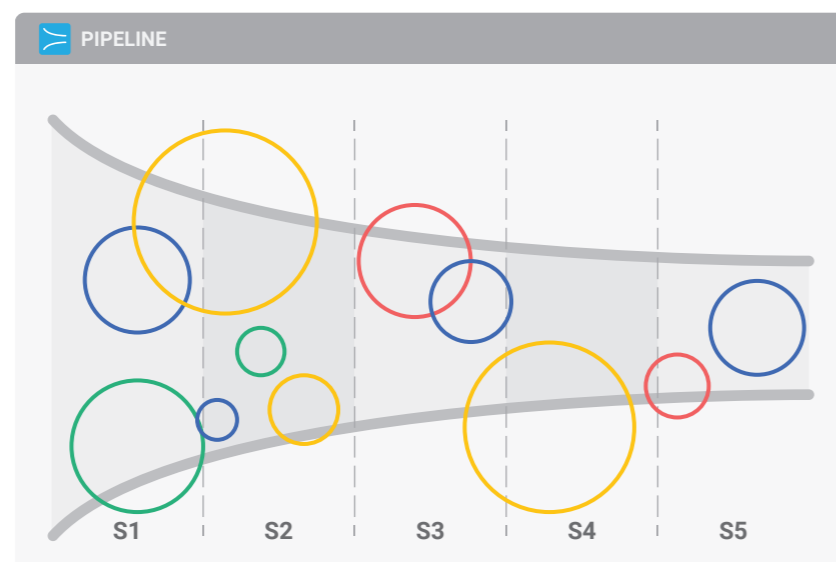


Portfolio Optimisation

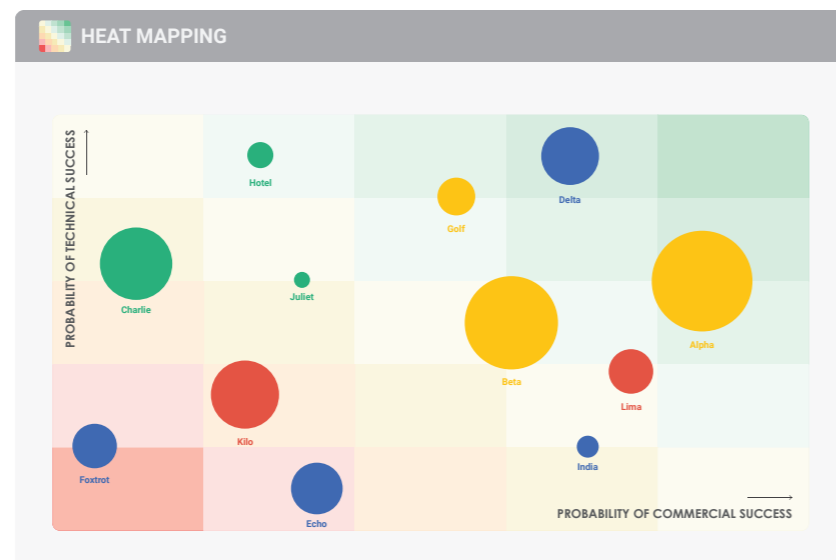
The 3 objectives of portfolio optimisation are; **alignment** with strategy, **balance** across project types, categories and markets, and **value**, considering strategic, customer and business value.



Pipeline Health is measured through the visibility of a continued stream of healthy and attractive projects. Kill decisions are taken early and typically occur at the end of the feasibility stage.

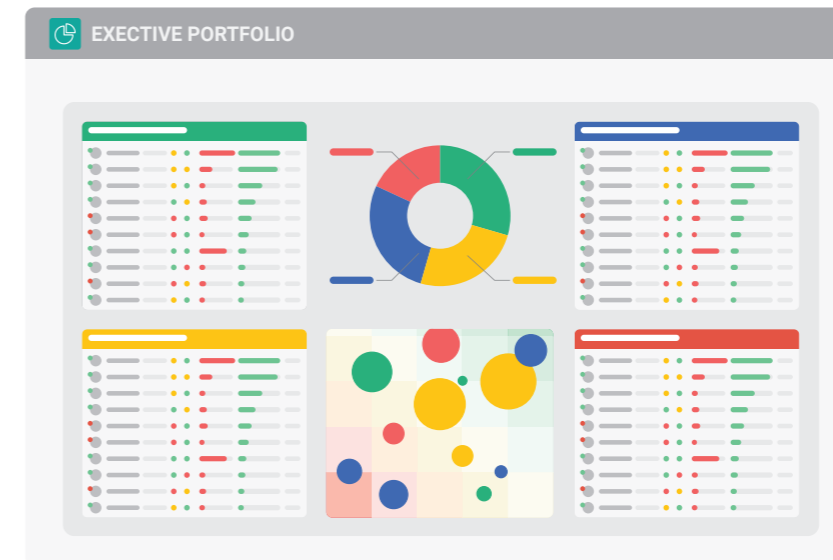


Alternate Portfolio Views are created to isolate and challenge weak projects to allow the diversion of investment funds to strong and viable innovation projects.

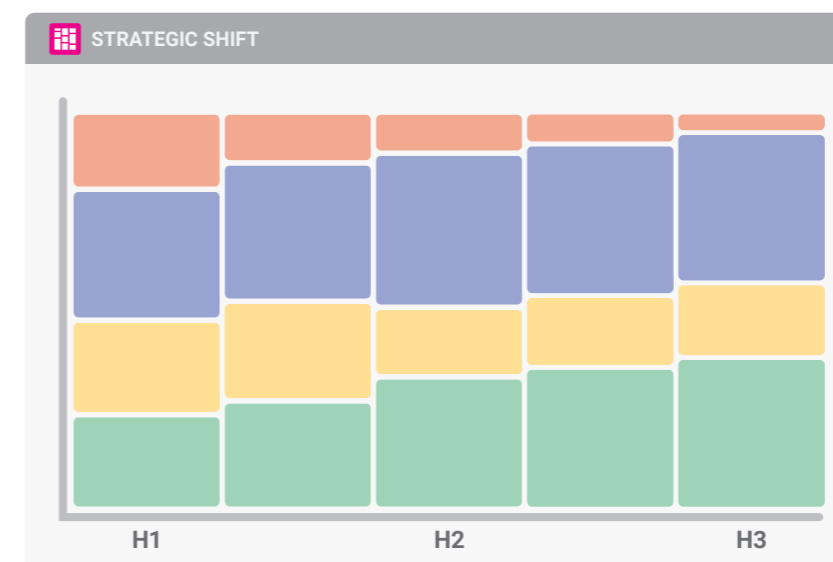


Portfolio Automation

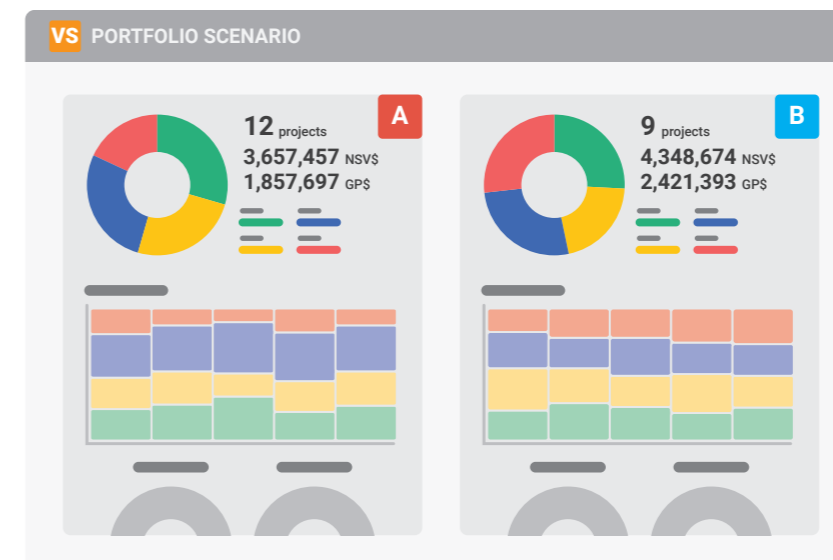
The demand for real time assessment of the innovation portfolio mandates the use of portfolio automation software for productivity gains.



Each innovation type requires a discrete budget allocation for projects within that **Strategic Bucket**. Project ranking and prioritisation occurs within each strategic bucket and not across project types.



Strategic Shift, describes the progressive transformation of an innovation portfolio. In response to market and technological trends a business will shift the desired balance across project categories, markets and projects types over time.



Scenario Planning allows the definition and analysis of alternate portfolio investment options. The goal is to achieve **fewer** projects, with **bigger** returns and **better** customer satisfaction.

About Prodex

Prodex Systems is a specialist provider of Consulting, Training and Software Implementation services which facilitate Systematic Innovation Governance. Our consulting assignments include the implementation of Stage Gate® and Product Portfolio Management systems and are supported by our capabilities for in-house training. Prodex Systems is the Australasian reseller and consulting support partner for Sopheon's Accolade solution for Enterprise Innovation Governance.



CONSULTING

Prodex supports the definition of strategy and process, the training and empowerment of people and the implementation of technologies which drive innovation success. We offer an integrated range of services which support our mission to enable excellence in New Product Innovation (NPI):

- Innovation Process Audits
- Innovation Process Development
- Innovation Process Implementation
- Portfolio Management Systems
- Strategy & Ideation Workshops
- Voice of the Customer Methods



TRAINING

Prodex provides a range of customised and in-house training workshops to ensure your business is aligned with best practices in successful product development. We are also in partnership with some of the world's leading innovation academics & practitioners. Contact us for training courses on:

- Systematic Innovation Governance
- Innovation Planning
- Strategic Road Mapping
- Technology Road Mapping
- Stage Gate Best Practices
- Portfolio Management
- Voice of The Customer
- Innovation Governance Coaching



ACCOLADE

Prodex is the Australasian reseller of the Accolade® product suite by Sopheon. Accolade® is the first in the industry to provide end-to-end support for strategic road mapping, idea development, product portfolio management, and innovation process execution. Sopheon's innovation management software solutions are used by Global 1000 manufacturers and service providers including; BASF, Corning, Electrolux, Honeywell, Merck, PepsiCo, Phillips, Solvay, Parker Hannifin, Siemens and Proctor & Gamble.



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