

The Art of Idea Valuation

Valuating radical ideas can be even more challenging than valuating incremental ideas. This is because decision-making difficulty is associated with an increase in the degree of uncertainty and ambiguity in the decision-making context. Decision about radical idea launching can change the whole future of the software company.

The Art of Openness

The Art of Openness practice area provides companies with activities for enhancing competitiveness using external knowledge. In the case of radical innovation the utilizing of external experts is often even more important than in the case of incremental innovation. Thus, being successful with incubation can require some of the activities in the Art of Openness practice area to be addressed.

The Art of Innovation Stimulation

Innovation stimulation is an important way of supporting company innovativeness, increase the opportunities of the companies for radical innovation creation. Incubation projects need to be stimulated in a particular way. Insights can found in the chapter on the Art of Innovation Stimulation.

The Art of Optimizing the Impact of Critical Experts

In the case of radical innovation, the companies need an ability to reconfigure resources to match to the needs of the new situations. Each radical innovation is different. Each time when the radical innovation are valued, there is need for the different competences from inside and outside of the software company.

2.10.4 Questions

- What does radical innovation mean to your company?
- What does incubation mean to your company?
- How do radical innovations differ from incremental innovations?
- How do you manage incubation projects today?
- How do you deal with risk today?
- How do you manage uncertainty?
- What could *venturing* mean in your context?

2.11 The Software Innovation Canvas

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At this point in the book, we have explored the eight practice areas. Together, they introduce 47 practices for software innovation. The Software Innovation Canvas consolidates this in a single drawing (see Fig. 2.19). The canvas provides an overview of the activities that you, as a software company, can consider to innovate in your software. You can use the canvas as a kind of compass to help you to find the right direction for your journey towards improved software innovation.

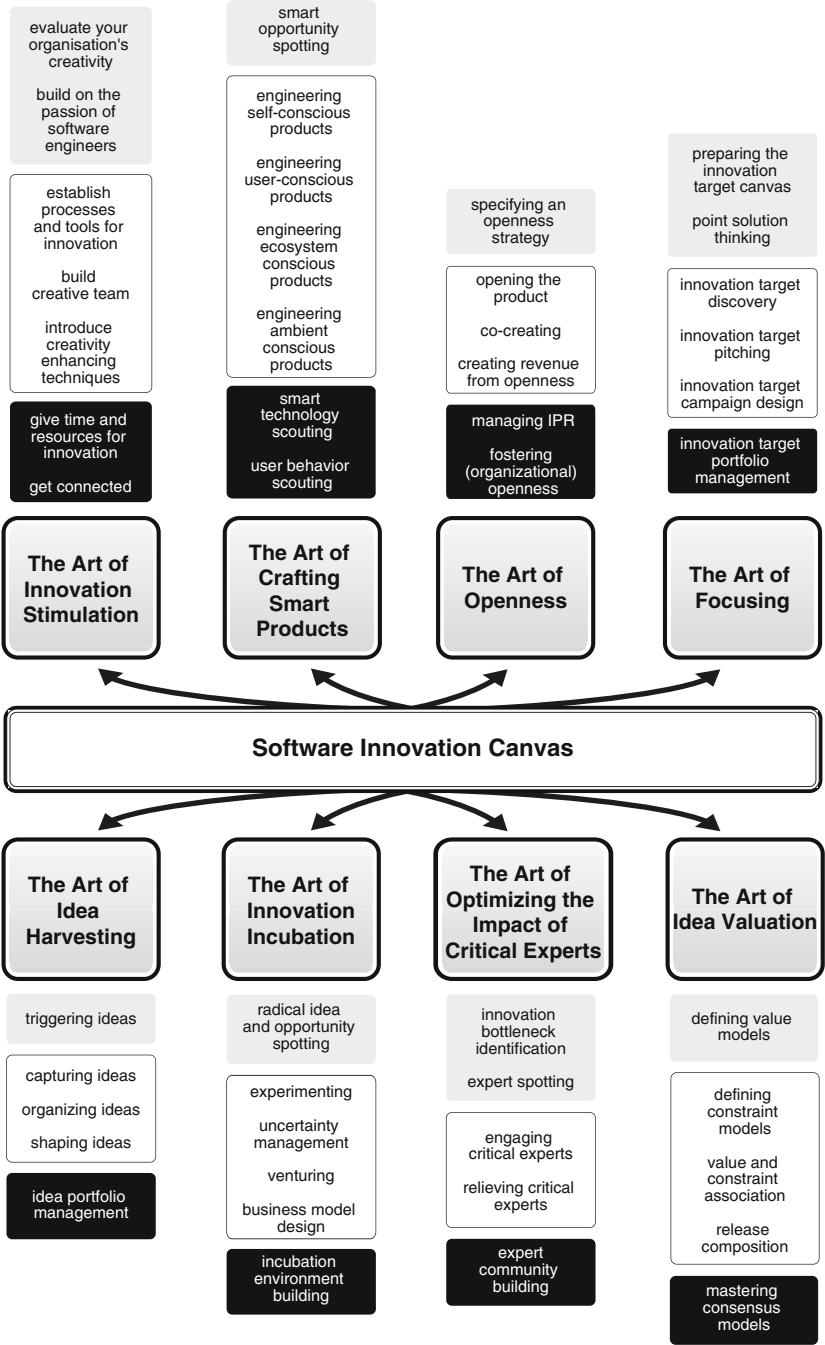


Fig. 2.19 The software innovation canvas

As a company, software companies can use this canvas several ways. For example, software companies that are highly engineering-driven today can use the canvas to explore how to become more innovation-driven. Non-software companies that consider including software in their product offering can use the canvas to explore the various innovation opportunities that software can offer.

Perhaps the most important use of the canvas is as an instrument for innovation improvement. In several of the industrial cases described in this book, the innovation canvas was used to improve the innovation capabilities of software companies. For example, in Metso (sect. 3.6), VTT coached several innovation improvement projects.

In software process improvement literature, deployment paradigms such as QIP (Basili 1989), and IDEAL (McFeeley 1996) have been widely used to support improvement actions in software engineering. It was noticed, while working with companies, that innovation improvement involves the five key steps that have similarities with the traditional software process improvement approaches. The steps are as follows:

Step 1: Set goals and choose practice areas for your improvement activities. Metso had two innovation targets. The first target was to make the customer idea management even more efficient and provide quicker responses to customer requests and wishes. The second target was to find more systematic ways to manage innovation in the software context by defining and deploying a new software tool to support identified innovation actions and improvements. Based on these targets, three practice areas were selected as a focus for the innovation improvement activities: the art of idea harvesting (sect. 2.4), the art of valuation (sect. 2.5) and the art of openness (sect. 2.6), as the goal of the study was to look at the customer communication aspect of idea harvesting and valuation.

Step 2: Understand how you are going to deal with the activities today (as-is). At Metso, VTT's staff carried out nine interviews aimed at company sales, marketing and product management. For the interviews, a set of questions related to the art of idea harvesting, valuation and openness were adapted to be better suited to Metso context. Remove:, was used. To help you as a company define your own questions we provide a set of questions at the end of each practice area that you can use as inspiration.

Step 3: List the challenges you currently experience in the area of this activity. At Metso, VTT researchers recorded all the interviews, analysed them and summarized the results in a presentation that was later shown to the company's sales, marketing and management. Examples of the challenges in the analysis are listed below:

- The marketing and customer support staff do not use the innovation tool (the potential of customers is not made full use of when making business plans and roadmaps).
- No feedback on ideas, and the innovativeness/motivation of the creativity of the actors is disappearing.

- Ideas and customer demands are sometimes documented vaguely (not focused), making the analysis difficult.
- Idea evaluation and prioritization are time-consuming due to the lack of collaboration.

Step 4: Examine the improvement needs in your company in terms of these activities. This book provides 21 industrial cases about software innovation (sect. 3). The cases are provided to help software companies to define innovation improvements / targets. In Metso case, VTT researchers used some cases presented in this book as inspiration for the improvements identification. For example, the Steria case (Steria, ‘Focusing Innovation in a Large ICT Company’) was used as an inspiration to organize a workshop in which the innovation targets were defined for the selected Metso programme. In addition, some experiences from the Mobideas case (‘Mobideas – Co-creating B2C software together with end-users’) were used to identify ideas on how to improve innovation openness. While your company situation will undoubtedly differ from that faced by the companies in our experience reports, some aspects of their experiences are likely to be relevant to your context.

Step 5: Prioritize and plan. In the Metso case, a workshop was organized on software innovation challenges and improvements during the workshop. VTT researchers presented the results of the key innovation challenges and needs and collected feedback from Metso’s sales, marketing and management. At the same meeting, the marketing, sales and management at Metso had the opportunity to vote on the priorities of the innovation ideas and improvement needs in the area of software innovation. More information on the results of the case can be found from the section 3.6 ‘Harvesting product ideas as part of a global innovation process’ in this book.

The canvas is not only useful to industry; it may also be relevant to the research community. The innovation canvas and experience reports can be used as inspiration to start new research initiatives in the domain of software innovation. The practice areas and activities from the canvas can be investigated from the research perspective: *What does this activity mean from a research perspective?* The experience reports introduced in the following chapter can provide support to find some new practical angles for research in the domain of software innovation.

The research on software innovation is still relatively new, which means that all aspects of software innovation may not yet be addressed in this canvas. In fact, we may have missed some activities or even practice areas. If you as a representative of a software company have any ideas on how to develop this further or if your research or practice generates new software innovation angles, please feel free to discuss it with us and others in the SinnoBok.Org community.

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