

IDEASCALE **CASE STUDY**

2020 State of Crowdsourced Innovation

IDEASCALE

A Note About This Year's Crowdsourced Innovation Report

Every year, IdeaScale undertakes a comprehensive audit of our system data, our customer conversations and survey data and develops a state of the industry report. This data gathering and analysis takes up the better part of our first quarter and it offers our customers (and beyond) a set of best practices and benchmarks to guide their efforts over the coming year.

But 2020 is a unique year for the crowdsourced innovation community (and indeed for everyone in the world). We found that as we were preparing to release the original version of the report, that we were experiencing relevant and dramatic sea changes that would change the nature of our recommendations for the rest of the year and potentially for many years to come. We set out on a new fact-finding mission, putting another survey into the field, performing a meta-analysis of our customer communities and interviewing numerous innovators who were responding to the COVID-19 crisis in real-time.

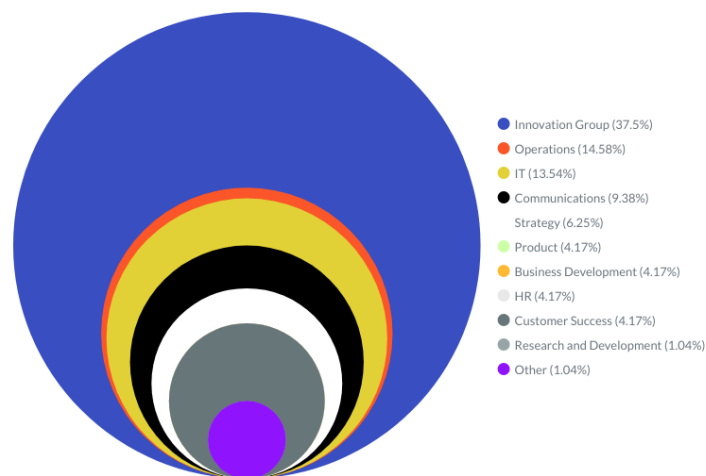
COVID-19 has disrupted and united our world in an unprecedented way. Many of us are encountering health risks that we had never considered, businesses face revenue stream instability, students are adapting to changing campus experiences, employees everywhere are addressing teleworking challenges, and so much more. But it has also generated an outpouring of public interest in problem-solving and remote collaboration. As we faced unprecedented challenges, the crowd arrived right on time and began to help - even though we were all social distancing.

No doubt that as the pandemic's future continues to unfold some of the trends in this report will shift, as well. However, we wanted to provide all innovators with some of these early signals to help them plan for the future. We have included many of the findings and recommendations from our original research that we felt could still reliably serve as a guidepost for future best practices, but colored some of those findings with how they have shifted in this new reality.

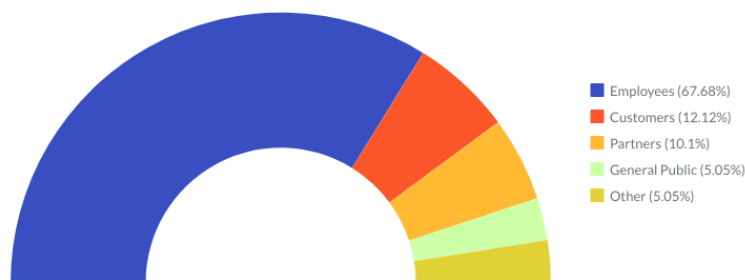
But if you take nothing else away from this year's report, remember this: the world rapidly shifted into a remote collective of problem solvers out of necessity and now that we are facing one of the greatest undertakings of our generation, we have a whole new set of collaborators ready to help us overcome those challenges. Let's get to work!

What Does Crowdsourced Innovation Management Look Like?

Innovation continues to be strategically relevant to the entire organization. Almost 40% of IdeaScale’s customers are seated in a dedicated innovation department. And although we see numerous other familiar functions managing innovation (communications and IT are leaders), it is significant that the next most likely department for managing innovation activities is the operations group who have a strategic view into the entirety of an organization. In fact, most crowdsourced innovation programs (82%) have an organization-wide scope.

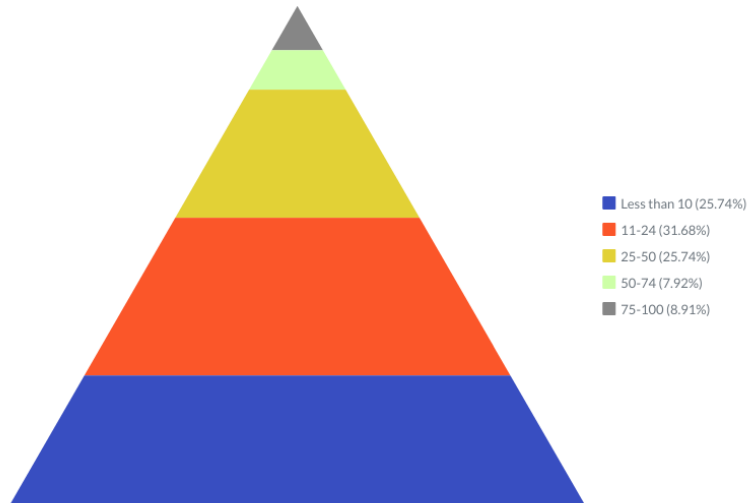


Most organizations look to their employees for new ideas. 68% of IdeaScale customers are crowdsourcing ideas from their employees. The remaining 32% are collaborating with partners, customers, and the public.

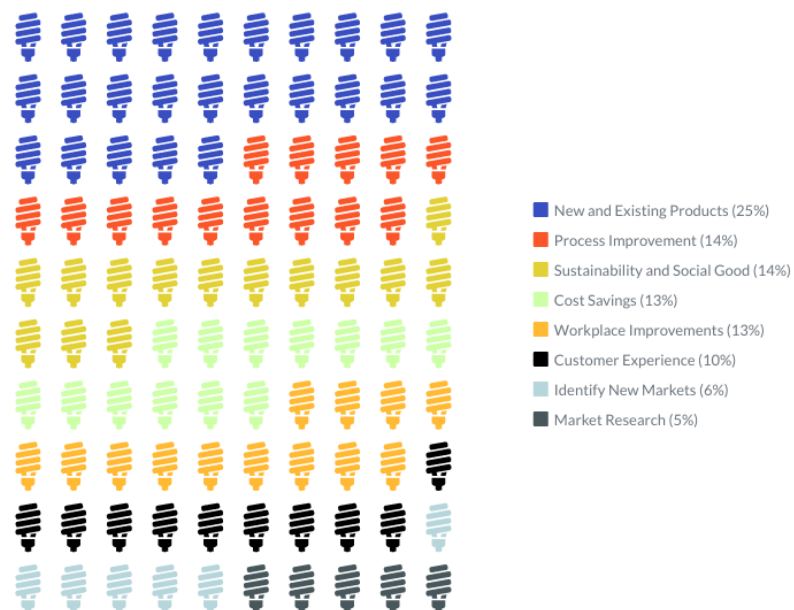


We continue to see, however, that it's **not just about the ideas, but about changing the way innovation works at a company**. Although finding new ideas was a priority for organizations, the majority of customers (16%) simply needed to centralize a location for ideas, increase transparency and align organizational activities. In other words, the **ideas were already there, but they wanted to transform culture and work more efficiently**.

Participation levels vary, but a **good participation benchmark is about 25%** of your invited crowd. 57% of our customers can achieve at least this.

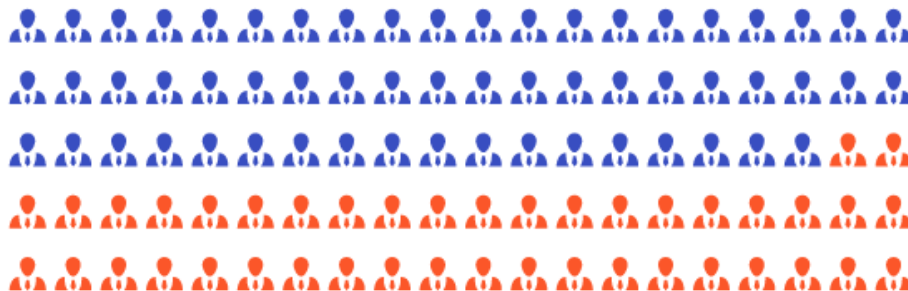


Product and process remain the key innovation areas. The Global Innovation Management Institute identifies five main domains of innovation (business model, production, offering, delivery, and market). IdeaScale customers are working on improving performance in all of those areas and more.



What Can We Learn from the Most Successful Innovators

Leadership Buy-In is Intrinsic to Program Success. In an analysis of our most successful customers, we were surprised that there were only a few indicators for success. For example, successful innovators were just as unlikely to have a budget as their less successful counterparts. However, one standout clue to a successful program was the need for executive buy-in: most successful innovation programs were far more likely to report leadership backing (80% vs. 58%) than their less successful counterparts.



This, of course, also explained other differences. Successful innovation programs were also far more likely to be **managing their initiative out of a dedicated innovation department and spent an above-average amount of time each week on innovation management (more than five hours).**

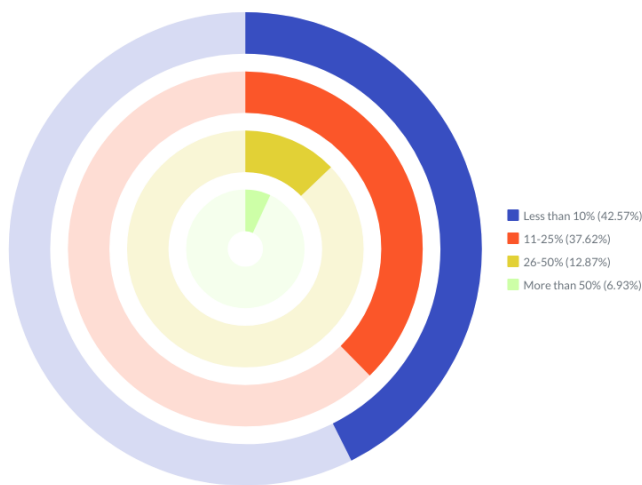
But we see all of this following from strong executive buy-in. Leaders who support innovation can assign more resources, remove obstacles, and provide communications uplift that increases adoption and visibility.

Innovators who don't currently have executive-level buy-in ought to take the time to find a sponsor in upper management as this could transform a program's efficacy. In order to make a case to leadership, be prepared with case studies about the impact a program has already had as well as qualitative data that shows the crowd's sentiment about participation.

Building People's Careers Significantly Drives Program Value. The most successful customers are the least likely group to refrain from offering incentives. But perhaps more interestingly, they're more likely to offer both recognition and career growth opportunities as their key incentives. This makes sense since professional development has synergistic benefits for both the innovator and the organization.

This means innovators should invest in training everyone, but should also find ways to specifically nurture the individuals who contribute valuable ideas, by sharing patent rights,

Take Some Time to Develop a Meaningful Idea Filtering Process. It's not about launching every idea, it's finding the best, most actionable ideas. For the majority of our customers (82%), less than 25% of submitted ideas reach the implementation stage. Admittedly, this rate trends higher in our most successful customers, but to make sure you're implementing the right 25% requires that innovators develop a process that allows you to select ideas that are



Desirable: Ensure that this solution is important to those that you're serving - your customers, your employees, your public. How will you determine that this idea is meaningful?

Feasible: Ensure that this solution is within the realm of possibility. Do more research to determine what the solution requires in order to plot an initial course for success.

Viable: Ensure that you can assign the necessary resources and that an organization can sustain the cost and values to create a sustainable business model. How

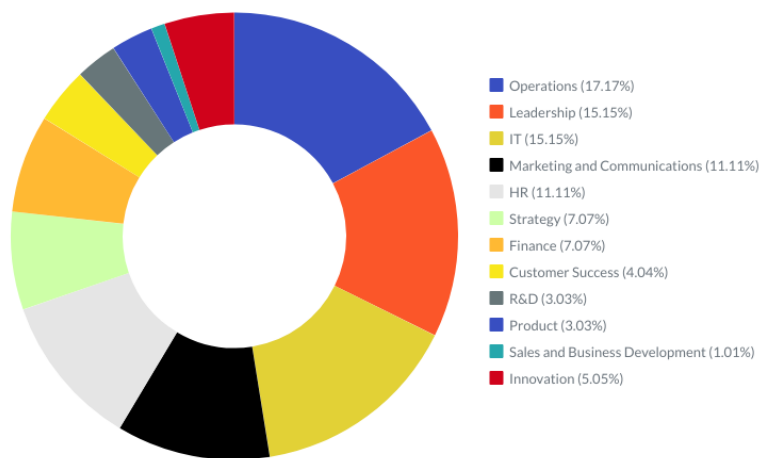
will you test this against your organization's existing resources?

Vettable: Ensure that decision makers, influencers, and outliers can understand and articulate the value of your idea back to you. If you can't pitch it to your organization's gate keepers, it will never see the light of day. How will you demonstrate that an idea has value?

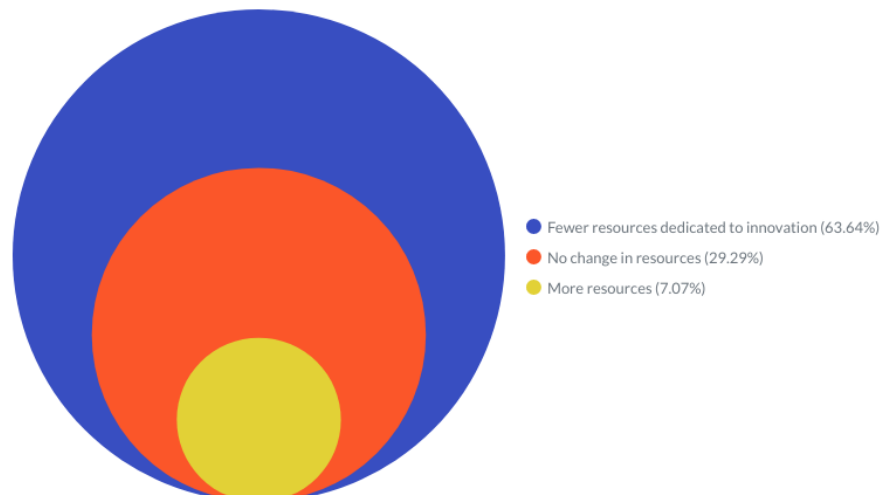
Reflect your organization in idea evaluation criteria. As you decide on ideas that are desirable, feasible, viable and vettable, the most common way to measure the value or relevance of an idea is against organizational objectives; 37% use this as their decision-making criteria.

How Has COVID-19 Changed the State of Crowdsourced Innovation

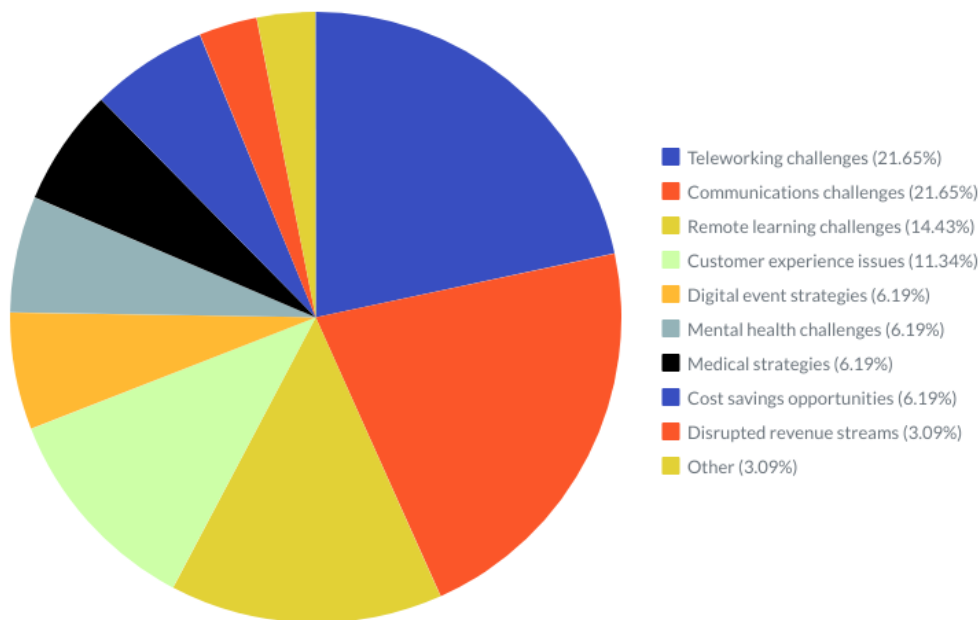
Innovation is not leading adaptation strategy in the age of COVID, but it could... When we asked our customers who was leading the charge when it came to COVID response strategies (those who were helping pivot business operations, sourcing new solutions to help the medical community, and more), the majority of respondents said that these changes are being led by operations, leadership, IT, and others. In fact, the innovation group was responsible less than 6% of the time! Given the innovation team's familiarity with change management and process improvement... this seems like a missed opportunity.



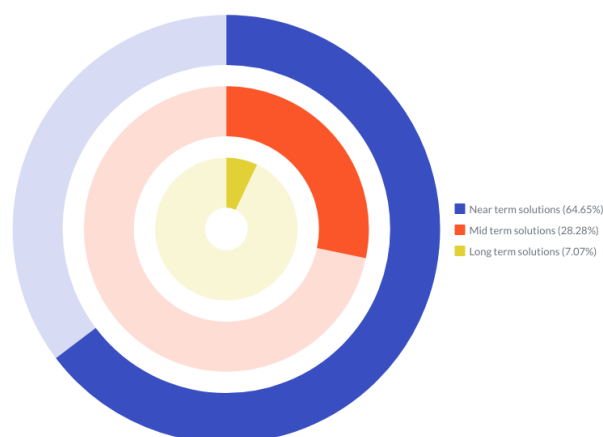
Innovation teams, in general, are noticing a downturn in their dedicated resources - reporting a drop in both budget and time available to dedicate to innovation efforts. (this is born out in correlative data that shows that nearly 64% of respondents are now spending less than 5 hours a week on innovation management - as compared to 50% before COVID-19).



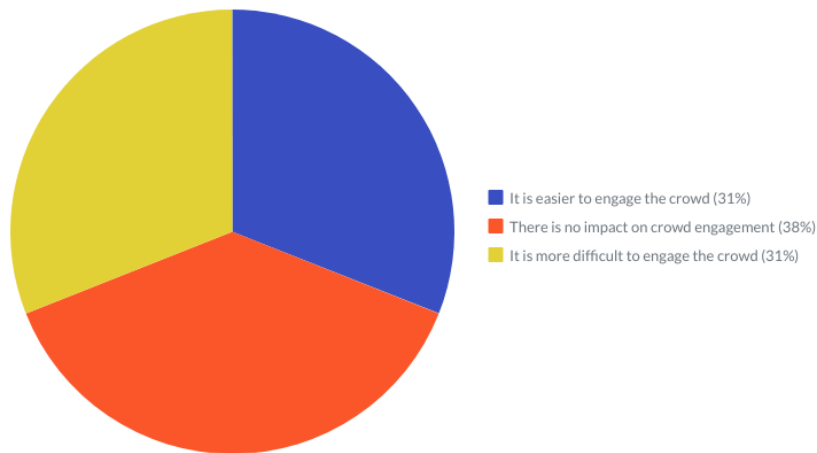
In spite of all this, however, IdeaScale has noted that more than a quarter of our customers have launched some sort of campaign in order to seek solutions to challenges that have arisen as a result of the COVID-19 pandemic. Businesses are asking their crowds to assist on a number of challenges, but most of them are related to the digital transformation necessitated by social distancing: telework, remote learning, communications challenges, and more.



When responding during this time of crisis, the innovation process is decidedly simpler and the solutions that organizations are seeking are far more near-term (which is a notable departure from our pre-COVID survey where nearly 28% of crowdsourcing efforts were focused on transformation). Almost no one said they were seeking long-term solutions at this time.



But here's the silver lining: many in the crowd are even more eager to engage in solutions right now. A third of customers said that it is more difficult to gain participation from their crowd right now, but the majority said it was either the same or even easier to gain participation.



These are the times that will define our businesses for years to come. A company's ability to pivot, create new offerings, join in the fight that is being fought on the frontlines by healthcare workers, as well as grocers, delivery persons, and others... this will shape us after the pandemic. As we plan for that future, there are a few recommendations that we would make to innovation programs:

Find an Executive Sponsor. If you don't already have leadership backing, you must find it. In fact, it's even better if innovation permeates the entire top-level of an organization. There is no better indicator of program success and program longevity than leadership committed to its course. The next recommendation is strikingly similar to one we made on last year's report, but it will directly

Recommendations

Measure & Report on Innovation Programs. Organizations that are generating significant cost savings, developing substantial new lines of revenue, and saving lives all have one key best practice in common: *they measure the outcomes of their programs*. Doing this one thing will create a virtuous cycle that drives all other innovation metrics: engagement, innovation professional development, and more. It will also help to overcome key obstacles as programs with demonstrable value will win head count more easily, gain organizational air time for their communications, and generally level up their innovation culture. After all, PwC reported that “93 percent of business executives believe that organic growth through innovation will drive the greater proportion of their revenue growth.” Be prepared to demonstrate that connection.

Invest in Recognition and Professional Development. Honoring your crowd requires an investment of attention more than dollars. Be sure to celebrate your contributors and one of the best ways to reward them is to invest in their future. Mentor these budding leaders and you will build trust in your program and competency in your organization.

Bring Innovation into the COVID-19 Response Efforts. If the innovation team is not involved in the COVID-adaptation strategy, it's a missed opportunity. Be sure to reach out to those leading the charge and offer your services. After all, you've got a willing crowd who wants to help. They can generate novel respirators, co-create new work from home policies, aid in delivery pattern recognition, and more. Innovation teams already have the skill set necessary to organize that enthusiasm and deliver on those ideas in rapid fashion. If you haven't already offered to collaborate with your leaders, do so now.

Ready to launch your own program? Learn more at ideascale.com.