



EXECUTIVE SUMMARY

Out-Innovate Your Competitors with Advanced Analytics

The Analytics Race in Innovation is Still Anyone's Game to Win

Ask innovation and product development executives at U.S. manufacturers, and they will agree – advanced analytics will change the face of innovation. Two-thirds of executives surveyed expect that analytics will improve their innovation performance in the near future. Currently, few companies are resourcing analytics well enough to leapfrog their competition or maintain their market position.

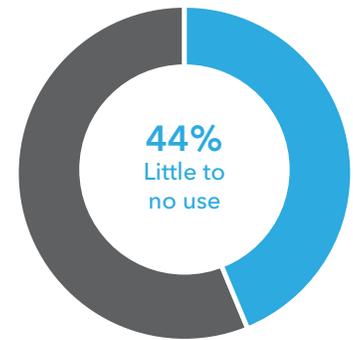
Surprisingly, the vanguards of applying advanced analytics to innovation challenges are not necessarily innovation leaders looking for a new way to maintain their edge. Companies from all across the spectrum of current innovation performance are looking to get a leg up on their competition by doing analytics proofs of concept today. This means future market positions are up for grabs, and the analytics race in innovation is still anyone's game to win. There is no substitute for getting a head start on your competition, because harnessing the power of information today will be the foundation of innovation success tomorrow.

No Silver Bullet Tool to Drive Speed, Profit, and Breakthrough Innovation

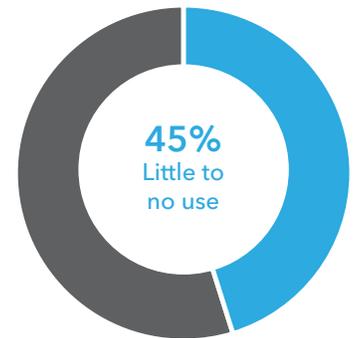
The use of advanced analytics in innovation, or anywhere else for that matter, is not an end in itself. It is a means to an end, which is a more effective and efficient innovation process. The majority of companies are looking for insights from their data to drive speed-to-market. It is no surprise that almost three quarters of our respondents identified getting to market faster as their top innovation challenge since this improvement translates directly into increased sales and profitability. Innovation executives are also looking to advanced analytics to fuel breakthrough innovation. Indeed, nearly every company is looking for a way to deliver value to their customers and capture more market share. Currently, companies use a patchwork pattern of advanced analytics techniques, with no technique being a silver bullet to solve all of the most pressing innovation challenges.

There are clear differences in the application of analytics techniques between companies who have just started their advanced analytics journey and those who have done several proofs of concept. When companies are just getting started, the focus is on advanced analytics to support decision-making and using unstructured data from external sources. Whereas once they start proofs of concept, they invest more heavily in core analytics techniques that use their historical data, large datasets, and high-speed data.

Innovation Performance by Advanced Analytics Adoption Stage



Below Industry Average



Leading the Industry

Implementation of Analytics Tools

Analysis of company-external data



Analysis of high-speed data



Analysis of large datasets



Analysis of unstructured data



Big or small data-driven decision making



Big or small historical data-driven modeling



■ Tool/technique not considered

■ Tool/technique was considered, but not used

■ Tool/technique is being used

Present Technology Adoption Challenges are Vexing, But Typical

The average company has massive amounts of collected and stored data that, when properly linked, can be distilled into valuable insights. While the use of advanced analytics is rapidly expanding in functions such as marketing and sales, the potential of these techniques to improve innovation and product development is largely unexploited. Advanced analytics has transformative potential, but roadblocks that commonly delay the deployment of new technologies are to blame. The top three most common roadblocks that companies face in progressing with analytics are all related to executive buy-in: no dedicated budget (59%), low management awareness of the potential (54%), and lack of dedicated resources or bandwidth (53%). Innovation executives find themselves in a familiar catch-22 paradox: without awareness of the potential power of advanced analytics in innovation, the budget and investment in expertise are not forthcoming. However, without a budget, they cannot experiment and prove the worth of advanced analytics.

The Way Forward for Advanced Analytics in Innovation

Here are four steps innovation executives should follow to propel their innovation with analytics.

- 1. Be specific in the application of advanced analytics.** Identify innovation pain points and apply analytics in those areas. Take any existing innovation framework, and one can see that leading innovators typically excel in one or more aspects such as product insight, project execution, portfolio management, and talent and knowledge. Advanced analytics can improve each of these.
- 2. Start laying the foundation for success.** There is no escaping the groundwork needed for advanced analytics to flourish. Unless people understand the benefits of advanced analytics and have a culture of data-driven decision-making, progress will be slow and often painful.
- 3. Pluck the low-hanging fruit.** Early success is important, just as with any other type of change management. Innovation leaders should pick their top innovation challenge, match it with an advanced analytics technique likely to address it, and then run a proof of concept.
- 4. Acquire further advanced analytics capabilities and build a comprehensive infrastructure.** Finally, one needs to transition from ad-hoc proofs of concept to a more systematic use of data. This is only feasible after making adequate investments in the data infrastructure, quality, access, and skills and tools needed to do the analytics.

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