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A new frontier for technology:
Using nimble innovation to drive profitable business growth
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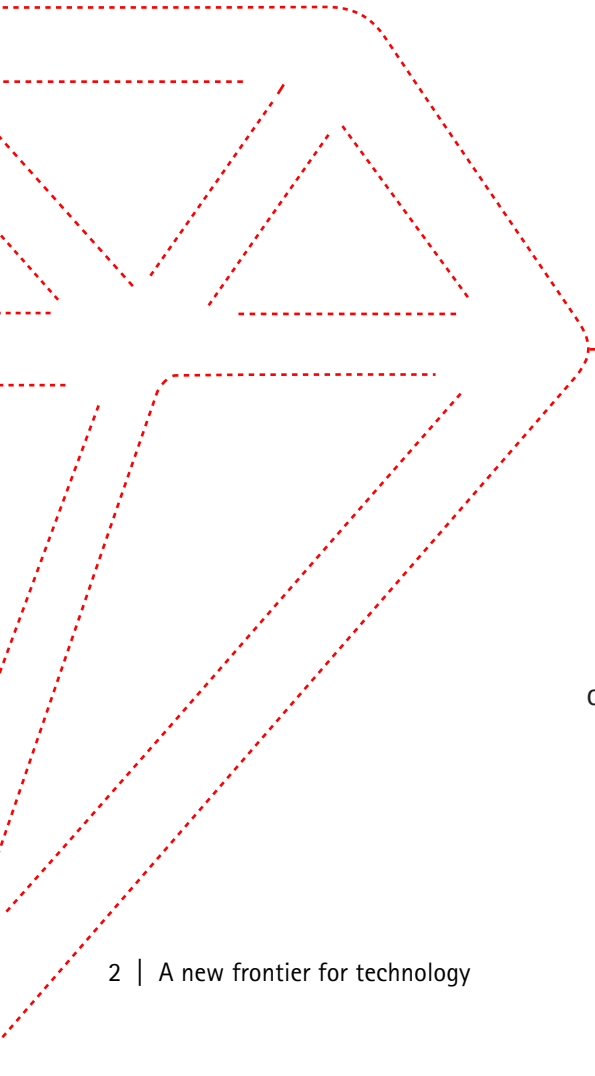
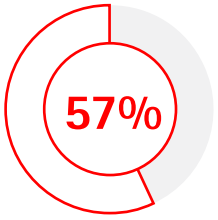
Most CIOs today are struggling with how to innovate to deliver timely, incremental value at a reasonable cost. They lack the necessary budget, people or time to take the business in a new direction due to their focus on the ongoing demands of daily technology maintenance and support. What if these traditional constraints could be bypassed to enable CIOs to keep pace with digital disruption and make innovation a priority?

Nimble innovation offers a golden opportunity for technology leaders to change their mind-set from struggling to achieve business value to being a consistent driver of competitive business advantage.

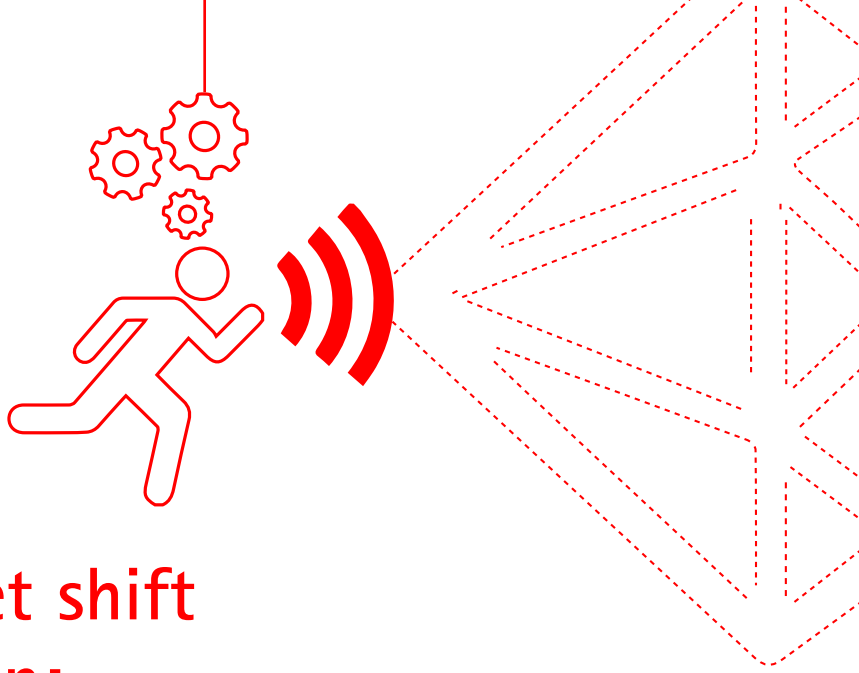
Nimble innovation brings together funding and resources across the business, IT and external partner ecosystem to solve business problems in a time-bound, incremental fashion.



of business and technology leaders believe that IT-led innovation is critical to growth and survival



consider their organizations to be early adopters when it comes to technology-driven innovation



Achieving a mind-set shift for nimble innovation:

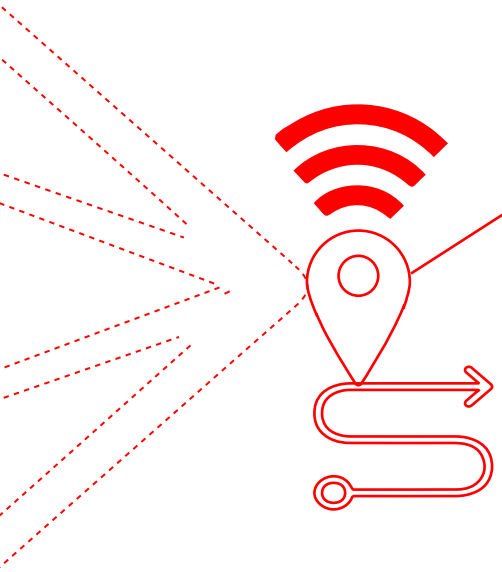
Take time-bound, incremental steps to meet your business objectives

There is a critical demand for innovation to be quicker, more incremental and focused on achieving specific outcomes aligned to business goals. Accenture Strategy research shows that 90 percent of business and technology leaders believe that technology-led innovation is critical to their company's growth as well as survival. Yet, only 57 percent consider their organizations to be early adopters when it comes to technology-driven innovation[1]—meaning almost half of those leaders lack urgency and risk falling behind their competitors.

In the past, an organization's approach to innovation has often been disjointed or not tied to any business goal—from allowing a percentage of employees' time to be dedicated on innovation, to conducting various innovation contests. The results from such initiatives have been variable and often disappointing.

By tying innovation to clear business outcomes, measuring progress and calling a halt to innovation that is not working, companies can "innovate with a purpose" to improve returns. In this way, a new, rapid-test, fail-fast process that focuses on learning through failure can result in cost-effective innovation. For instance, a global mining company is using nimble innovation to tie more than 50 ideas to business outcomes. The company has defined a structured innovation process with strict time schedules within each phase, such as six weeks in proof of concept and six months in pilot. The program is being structured and controlled to deliver a number of validated prototypes to generate savings of more than US$1 billion.

Visa Inc. used nimble innovation techniques to deliver new experiences for its customers by moving from idea to pre-concept, design implementation and roll-out of a proof of concept all within a 12-week period. The company demonstrated "connected car commerce capability" for secure and seamless payment transactions.



64%
of senior executives said that IT works jointly with other areas of the organization on innovation

58%
report that at least half of all innovation is being predominantly sourced via the business rather than IT

Establish a culture and ecosystem for innovation

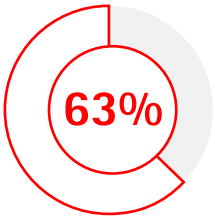
In a market where it is important to be first or fast, it is no longer cost effective for companies to set up innovation centers or restrict innovation to their own backyard. Leading CIOs are creating liquid workforces by taking advantage of the on-demand economy to help them fast track innovation and make the search for innovative practices integral to the fabric of the organization.[2]

Collaboration is key to fueling ideas. For instance, bridgemakers[3] establish an ecosystem beyond the traditional technology organization. They work with organizations to share suggestions, network with other businesses, and manage the innovation process from ideas through deployment.

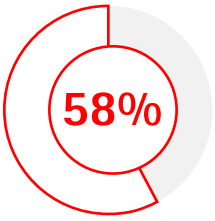
Another way to use external relationships for low-cost innovation is to partner with higher education institutions. Academic institutions are often willing to innovate on specific business problems, while opening new relationships with highly skilled students who could become the organization's future talent pool. For example, several financial services companies have teamed with the Stevens Institute of Technology, a private, coeducational research university in the United States, to conduct applied analytics research and jointly deliver new business analytics solutions. Similarly, the FinTech Innovation Labs[4] in New York, London, Hong Kong and Dublin run a 12-week mentorship program bringing together young FinTech companies with senior IT executives from 15 of the world's leading banks and insurance companies.

Top 3 contributors

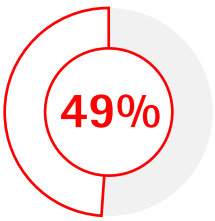
External organizations were ranked as the top three contributors to innovation to support their organization's strategic initiatives



digital technology leaders



cloud platform leaders



digital partners

The nimble innovators

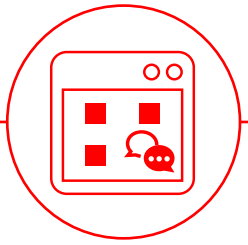
According to the Accenture Technology Vision...

77%

of companies surveyed are taking part in open innovation initiatives, using application programming interfaces to exchange data and technology platforms to deliver better outcomes.

60%

plan to engage new digital partners within their respective industries over the next two years (41 percent selected outside of their industries).



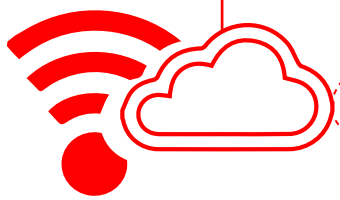
Typically, the insurance industry has not been an early adopter of innovation, but even this industry is changing. According to the Accenture Distribution and Agency Management Survey...

43%

of insurers are planning or have completed an acquisition of start-ups or innovative competitors.

72%

of insurers are planning to form new distribution partnerships in the near future, or have already done so.[5]



Extend the funding beyond traditional IT boundaries

One of the many roadblocks within the technology organization is lack of budget and resources. Not only is there minimal budget to "keep the lights on," but also even less spare investments for innovation.

Nimble innovation pools funding beyond IT. There are many sources of funding outside of the technology organization that could be used—from discretionary funds within the business, to taking advantage of low-cost emerging markets.

Technology organizations can accelerate innovation by embracing, rather than stopping initiatives currently being spawned within the business. For instance, an American multinational high-tech company has used shadow IT to build systems that manage its overall manufacturing and testing processes. Using real-time analytics, the company was able to improve operational transparency and quality control and reduce the number of defects released to its end customers.

A note of caution with this approach: it is important to establish the proper controls and governance from a risk, standards, security and compliance perspective to keep these initiatives on track with the overarching technology strategy.

Accenture Strategy research shows that many technology organizations are already teaming with other areas of the organization to innovate—64 percent of senior executives said that IT works jointly with other areas of the organization on innovation. Further, 58 percent report that at least half of all innovation is predominantly sourced via the business rather than IT.[6]

IT organizations are also getting creative by partnering with the business to first prove the commercial feasibility of new concepts in emerging markets. Once the commercial feasibility of a new offering is proven, it is then adapted for developed markets. In the last five years General Electric's healthcare laboratory in Bangalore has produced some of the company's most sophisticated products that are also prime examples of nimble innovation. One such product was a handheld electrocardiogram (ECG) small enough to fit in a backpack that ran on batteries as well as the mains. The device sold at less than half the price of a conventional ECG, was simpler to operate, and has reduced test costs to just US$1 per patient.[7]

Shadow IT—where end-users find a way "around" IT to access the technology, service, or solution required.

Nimble frontiers

Two years ago, 71 percent of surveyed executives said they expect the technology organization to be the main generator of innovation. Today, only 34 percent hold that expectation.[8] Going forward, a new frontier of innovation is being established. CIOs can benefit if they:

Adopt an innovation mind-set focused on targeted outcomes

Start with the desired customer or business outcomes, and work backwards to tie technology innovation ideas to those outcomes. Break innovation efforts into bite-sized chunks and put a time and cost limit against each effort.

Adapt the IT and business operating model to be open to external ecosystems

Use fluid approaches such as crowdsourcing, bridgemakers, or academic institutions to form external innovation networks. Take advantage of the innovation process as well as the ideas from a broader ecosystem.

Take a holistic approach to funding sources

Pool business and IT funding, resources to boost joint innovation efforts with an integrated and informed governance. Make use of emerging markets to pilot solutions at a lower cost.

By adopting nimble innovation, technology leaders can view traditional constraints less as a debilitating challenge, and more as an opportunity for sustainable, profitable business growth.

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Notes

1. Accenture Strategy Research on the Intersection of Business and Technology, 2015. Accenture Strategy surveyed more than 900 executives around the world on a variety of topics related to business resilience, multi-speed business and IT, technology-led innovation, and the digital agenda.

2. Accenture Technology Vision 2016

3. Bridgemakers: Guiding Enterprise Disruption through Open Innovation, Accenture 2015

4. FinTech Innovation Lab

5. Accenture Technology Vision 2016; Accenture Technology Vision 2015; Accenture Distribution and Agency Management Survey, November 2015

6. Accenture Strategy Research (see Reference 1 above)

7. *The Economist*, April 15th 2010, "First break all the rules"

8. Accenture Technology Vision 2015

About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 373,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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