



**THE NEW “INNOVATION UNIT” OF A
MULTINATIONAL MOBILE NETWORK
OPERATOR**

Accenture Case Study WS 3 (Gil Gidron)

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Situation & Challenge: How to grow in saturated markets?

Client description A leading multinational mobile network operator with 50+ million customers. The general organization structure consists of an operative holding company with national operations in more than 10 countries.

Market situation

- Demand for traditional voice communication is reaching saturation in most markets
- Voice and data services of competitors are similar – few differentiation
- Revenue growth through new products is dependent on a crucial innovation time frame from around 18 to 36 months

Client situation

- Lack of differentiation of the products and services portfolio
- Lack of internal capabilities for products and services innovation (not able to meet the crucial time frame 18 – 36 months)
- Lack of an “innovation culture” within the company
- Lack of capable IT tools to support innovation capabilities

PRODUCT INNOVATION IS EVIDENT

- to stay competitive
- to ensure revenue growth

Solution: Development of an “Innovation Unit”

Accenture and the client agreed to basic requirements and guiding principles of the “Innovation Unit” before project start

Client defined high level requirements for its “Innovation Unit“ to be built:

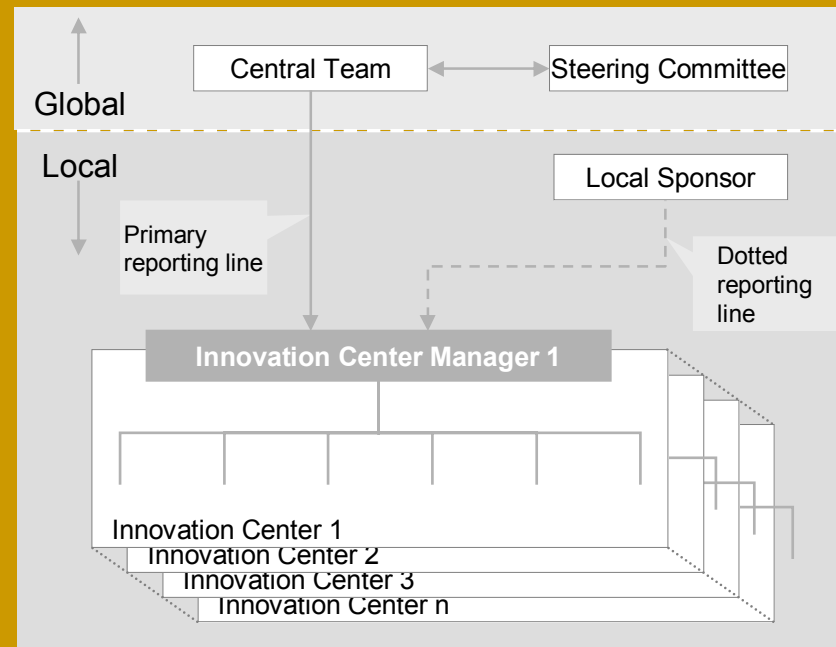
- Small & distributed
- Located between technology R&D and product roadmap
- Scope: Marketing & Technical
- Structured idea filtering & product shaping

Four main guiding principles has been defined:

- “Small machine” vs. “Big Machine” paradigm (Understand innovation unit as a very autonomous unit that sits in front of the “big machine” that is responsible for definition and implementation of product roadmap
- Embrace risk taking culture
- Innovation is not a marketing only play - start with the technical validation/feasibility early on
- “Well connected” - ... to academia, external research, vendors and venture capitalists

Solution: Governance and collaboration of the Innovation Unit

The organizational structure for the new innovation unit consists of an international network of innovation centers and a lean central team.



The Innovation Unit

- consists of a network of Innovation Centers across multiple locations and a lean Central Team.

The Central Team

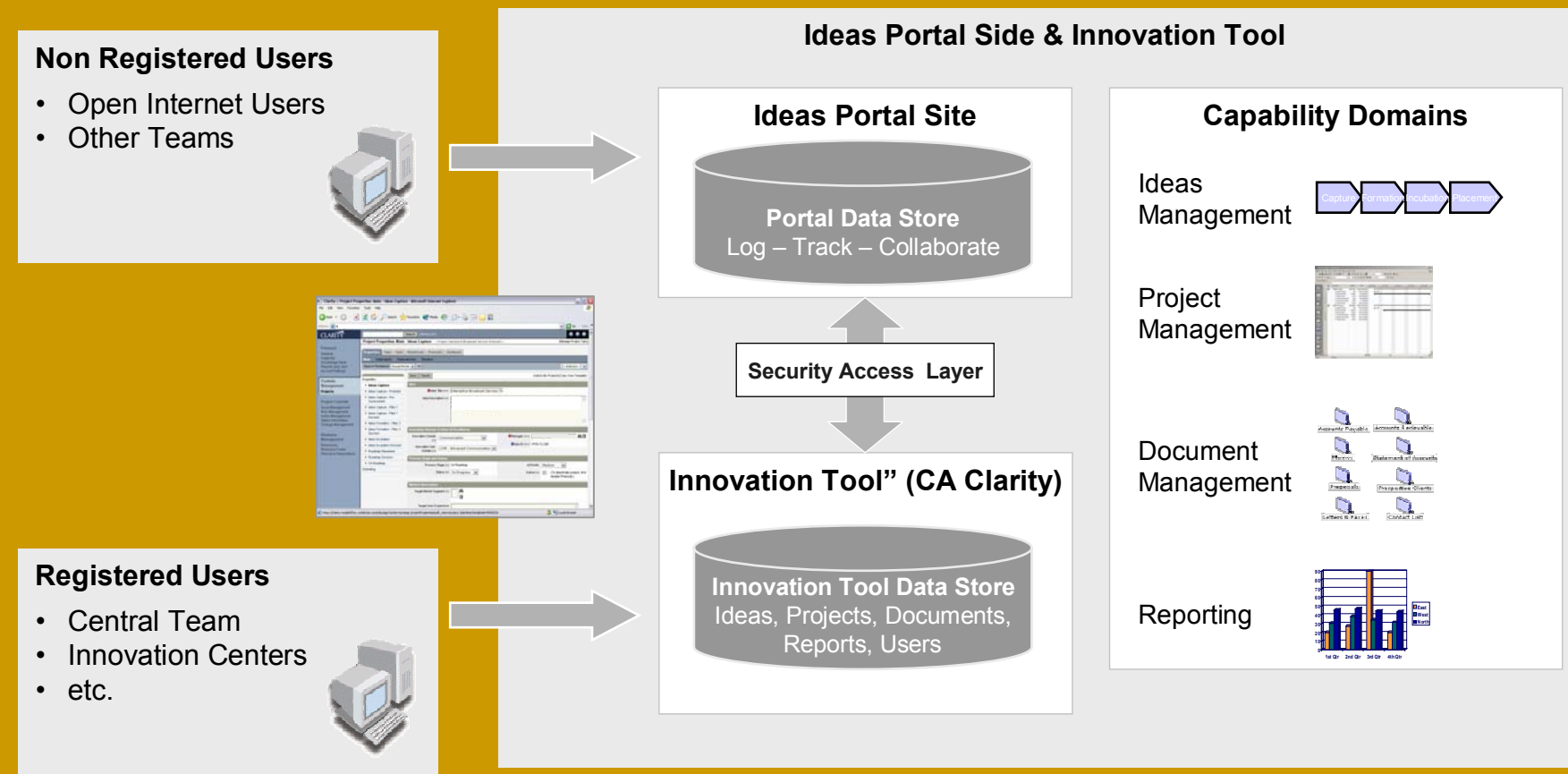
- responsible for vision, shaping strategy, governance, ideas logging and allocation and oversight of the Innovation Centers
- align and coordinate between the Innovation Centers
- promotes both internally and externally the Innovation Unit's vision, values and capabilities
- provides Finance & HR support for the Innovation Unit.

The Innovation Centers (local)

- Focus on a specific innovation area (e.g. Voice and Data Communications, Entertainment, mCommerce and Transaction Services, etc.) for which they collect, filter, prototype, test & create product proposals
- Deliver differentiated products that can be included on the product development roadmap 1–3 years ahead
- Influence supplier's R&D activities, develop a superior quality global team and facilitate best practice sharing
- Coordinate Global and Local Market product innovation activities and resources

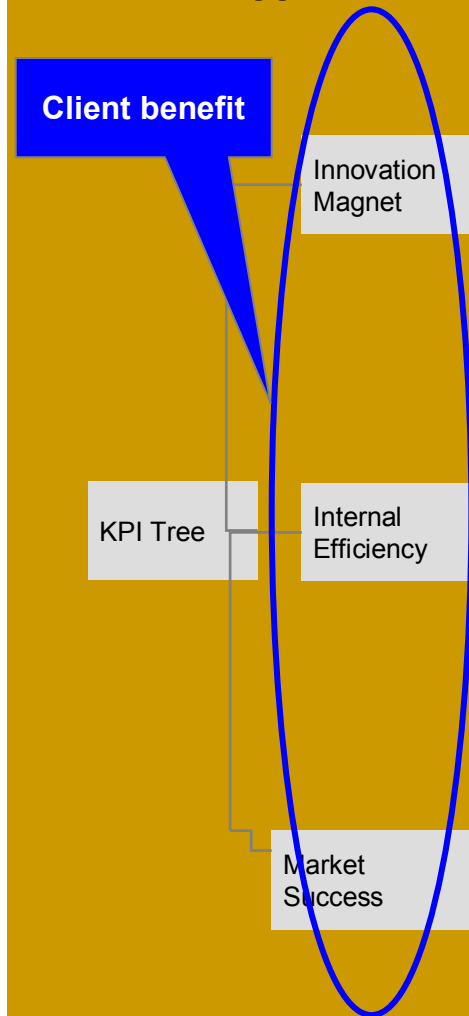
Solution: Using IT to foster innovation

A comprehensive innovation management application was implemented to support the execution of a structured process across distributed teams and foster knowledge management. (The IT solution is based on CA Clarity)



Client Benefits: Innovation, Efficiency and Market Success

KPI Tree



Scorecard

Scorecard focuses primarily on tangible results

- Avg. time between capture of idea and presentation for roadmap placement
- Avg. time between presentation and actual roadmap placement
- Avg. time from roadmap acceptance to launch

- Variable costs/ OPEX ('buy-to-try pot')
- Fixed (Total FTEs/ payroll costs)

- Staff turnover

- Revenues/ cost savings from products according to business case scenario

- # of products presented vs. accepted
- # and % of products on roadmap
- Patent exploitation rate (# of patents associated with products on roadmap)

Internal Indicators

- # of external key innovation partners

- # of internal key innovation partners
- # of active think tanks

- Avg. time for idea to reach each stage of the innovation funnel (funnel speed)

- Avg. cost to funnel one idea (total)
- Avg. cost to funnel one idea (per stage)

- # of qualified ideas listed (backlog)
- Value of incubation portfolio

Internal indicators add long-term view and innovation funnel details

Lessons Learned

Locations

- Significant presence of innovative concepts and ideas in local markets. The distributed organization allows to leverage these potentials and differences in markets and transfer best of breed across geographies
- Distributed operating model introduces healthy competition spirit between the individual Innovation Centers

Domains

- Distribution of innovation domains across geographies requires well-defined and distinguished domains to avoid overlaps and discussion about responsibilities of Innovation Centers
- Application process for the hosting locations needs to focus on revealing the innovation potential within the national operating companies

Process & People

- Need to design target KPIs and expected output of Innovation Unit considering the capabilities of the “Big Machine” that will finally develop the products and bring them into the market
- Process design for Innovation Unit required a mix between “lean and mean” processes and well defined integration points
- Need to transfer people into the innovation unit with a good corporate relationship network and high credibility



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