IDEASCALE

2024
OPEN INNOVATION REPORT

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Introduction

Is your organization ready to seize the future?

Innovation is the driving force behind progress, and understanding how organizations harness this power is crucial. This report delves into the current state of open innovation, showcasing various approaches and highlighting both the successes and challenges innovation leaders face.

Our findings paint a picture of a vibrant innovation landscape, with many organizations actively supporting and valuing new ideas. However, turning these ideas into reality remains a challenge for some. By exploring key trends and sharing insights from different sectors, we aim to offer practical guidance to help you enhance your own innovation strategies.

As you go through this report, we hope you find both inspiration and actionable insights to boost your innovation efforts. Together, we can unlock the potential of collective intelligence and pave the way for a brighter future.

About the Survey

This year, we surveyed 98 innovation leaders from 95 organizations across government, industry, academia, and nonprofit sectors. This diverse range was selected to provide a comprehensive view of open innovation practices. The survey, conducted using QuestionPro from December 2023 to February 2024, aimed to capture the current state and emerging trends in open innovation.

98 INNOVATION LEADERS

Survey participants held a variety of innovation-focused roles, including Head of Innovation, Director of Emerging Technology, Chief Strategy Officer, Business Process Program Manager, and Program Director of Creativity & Innovation.

95 ORGANIZATIONS

State, local, and federal government, academia, nonprofits, healthcare, hospitality, finance, and technology were among the sectors represented in the survey.
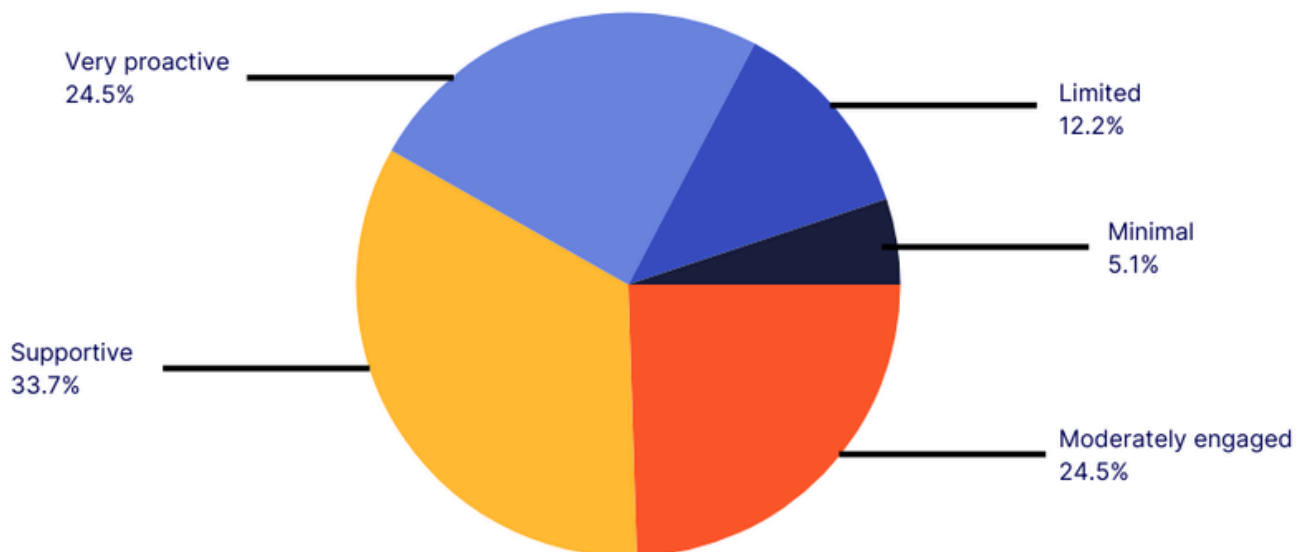
ORGANIZATION SIZE

The survey encompassed a diverse range of organizations, including small businesses with fewer than 100 employees and larger enterprises with over 5,000 employees.

Current Landscape

How would you describe your organization's approach to generating and implementing new ideas?

Very proactive
24.5%

Limited
12.2%

Minimal
5.1%

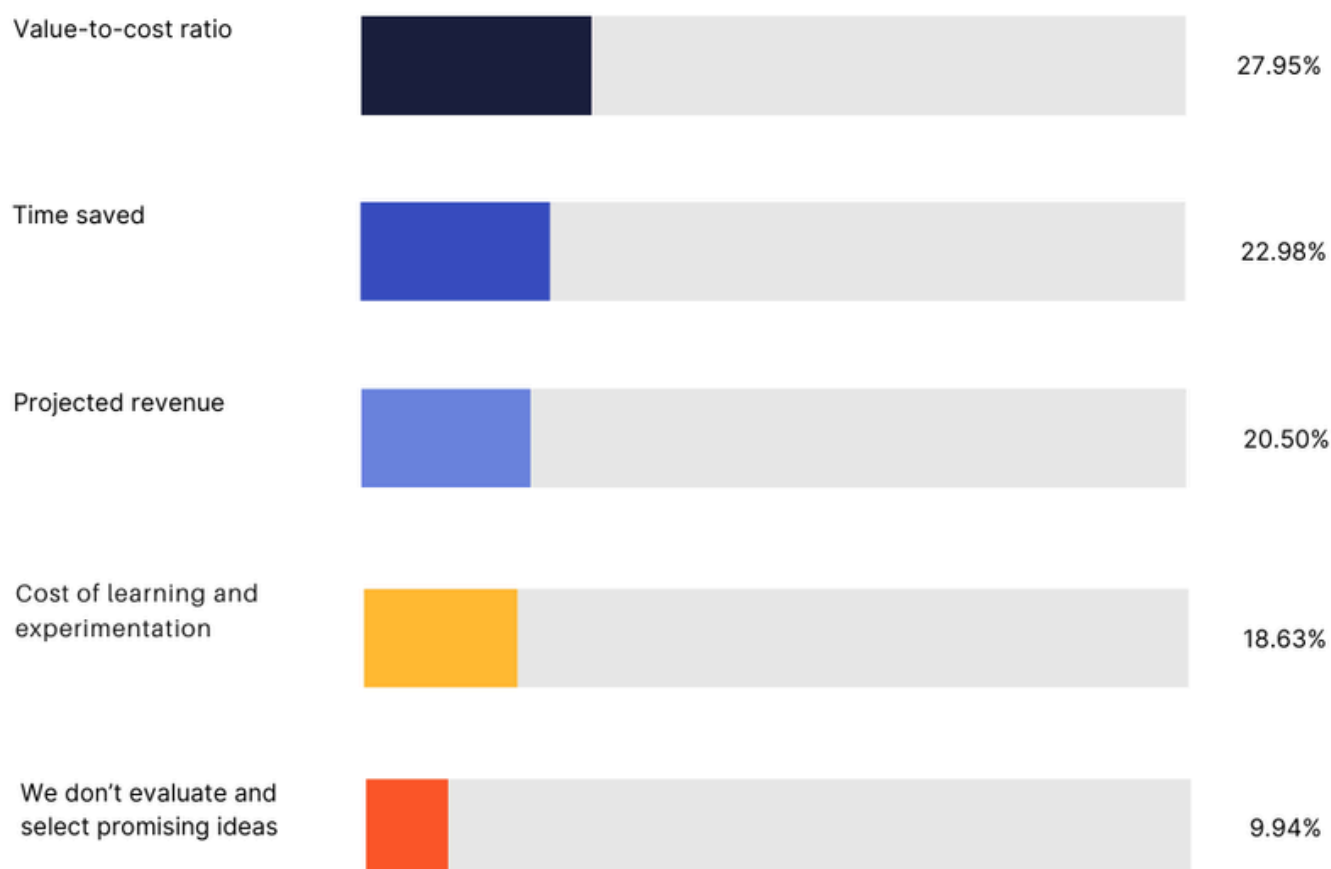Supportive
33.7%

Moderately engaged
24.5%

The current state of open innovation, as reflected by survey data, reveals a diverse range of open innovation approaches. While a small percentage, 5.1%, of organizations demonstrate minimal engagement, **the majority are actively involved in generating and implementing new ideas.**

Changing times and dedicated innovation departments may slowly increase the need for idea generation and collection. Nearly a quarter, 24.49%, indicated that they have mechanisms for idea collection but need more consistency and may need a formal moderation and implementation process. The collected ideas may have great potential but are not implemented due to a variety of limitations.
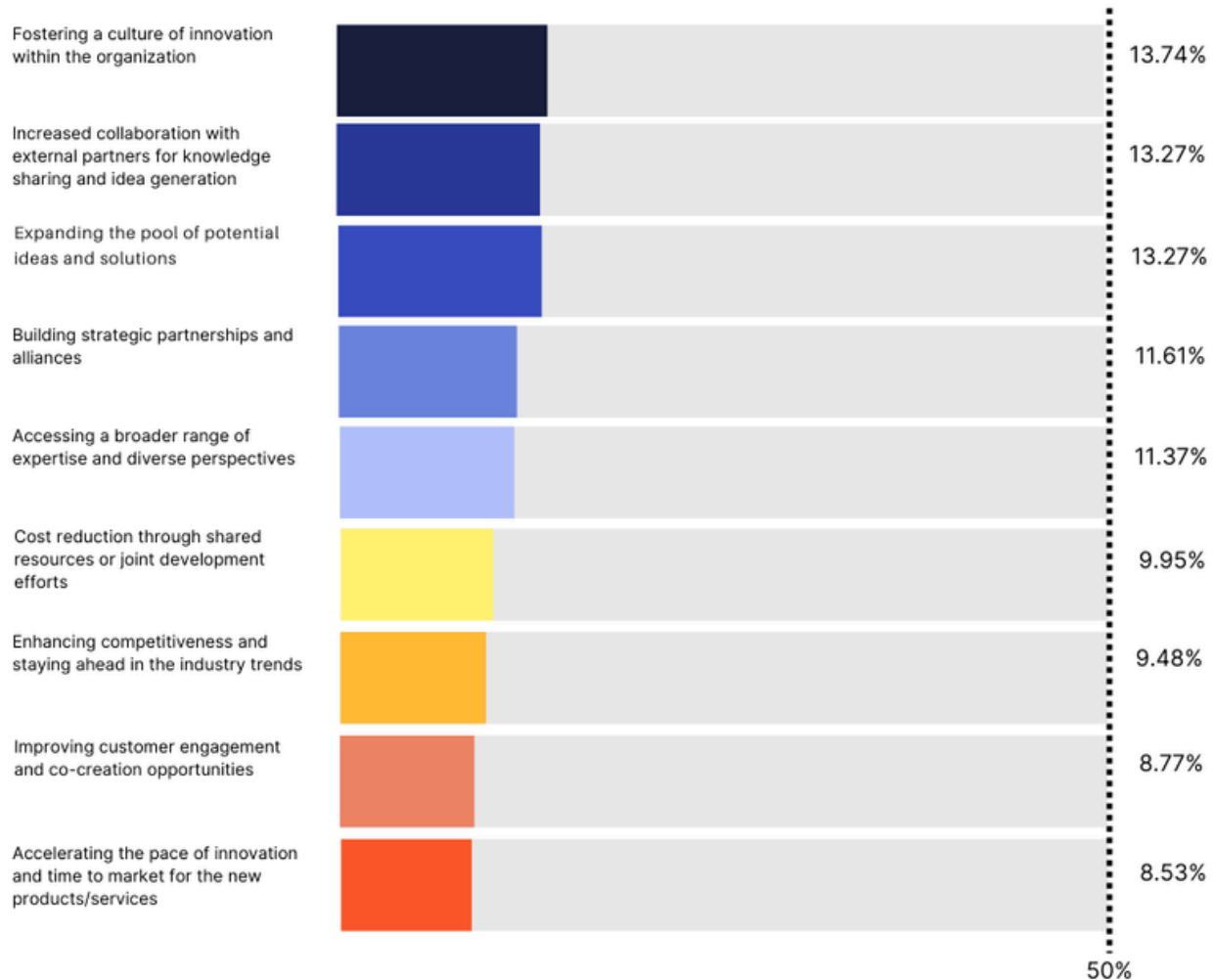
The most promising result for the future of innovation is that **more than half (58.16%) of respondents said their organizations are supportive or very proactive when generating or implementing new ideas.** The most significant proportion of respondents, 33.67%, said they have a supportive attitude, value employee contributions, and have established channels and workflows for idea submissions. However, they still need to improve the speed and efficiency of implementing promising ideas. With transparent innovation, employees or stakeholders can become restless when waiting long periods to see ideas implemented. The proactive segment of innovators is reaping the benefits of a structured approach to innovation, driving continuous improvement, and highlighting the potential for further progress.

What types of metrics does your innovation program use to evaluate and select promising ideas?

Metric	Percentage
Value-to-cost ratio	27.95%
Time saved	22.98%
Projected revenue	20.50%
Cost of learning and experimentation	18.63%
We don't evaluate and select promising ideas	9.94%

The current open innovation landscape reveals a diversified approach to evaluating and prioritizing ideas among innovation programs. Regardless of the collection method, when survey respondents evaluate and select promising ideas, they use a value-to-cost ratio (27.95%) and time saved (22.98%). The COVID-19 pandemic and other fluctuations in the economy likely pushed organizations to be more pragmatic with a focus on efficiency and cost-effectiveness. Respondents also utilize projected revenue (20.50%), and another 18.63% use the cost of learning and experimentation to evaluate and select promising ideas. However, 9.94% of respondents either do not evaluate ideas or choose not to proceed with selecting and implementing them. **The diversity highlights the evolving methodologies and the opportunities for standardization and enhancement in open innovation strategies.**

Which services would provide valuable support to your innovation efforts?

Service	Percentage
Fostering a culture of innovation within the organization	13.74%
Increased collaboration with external partners for knowledge sharing and idea generation	13.27%
Expanding the pool of potential ideas and solutions	13.27%
Building strategic partnerships and alliances	11.61%
Accessing a broader range of expertise and diverse perspectives	11.37%
Cost reduction through shared resources or joint development efforts	9.95%
Enhancing competitiveness and staying ahead in the industry trends	9.48%
Improving customer engagement and co-creation opportunities	8.77%
Accelerating the pace of innovation and time to market for the new products/services	8.53%

50%

Nearly every organization reported implementing at least one innovation initiative. The distribution of services is relatively even, with the least pursued service receiving 8.77% of votes and the top service receiving 13.74%. The data suggests innovators value improving the drivers of innovation culture and getting it right over the short-term time to market of new product and service metrics. While the variety of focus areas indicates a balanced approach to innovation priorities across organizations, it could also be fragmented.

This even response distribution could be due to several factors:

Maturity of Innovation Practices: Organizations at different stages of their innovation journey may prioritize different goals. For instance, early-stage innovators might focus on building a culture of innovation, while more mature organizations might emphasize external collaboration or cost reduction.

Industry Differences: The optimal innovation strategy can vary significantly across industries. For example, a technology company might prioritize speed to market, while a healthcare organization might focus on improving the quality of care.

Resource Constraints: Organizations may have limited resources to dedicate to innovation, forcing them to prioritize a balanced approach across multiple goals.

Risk Aversion: A lack of consensus on a single dominant goal could indicate a general risk aversion among organizations. They may hesitate to commit to one approach without evidence of its effectiveness.

Which of the subsequent activities has your organization been engaged in?
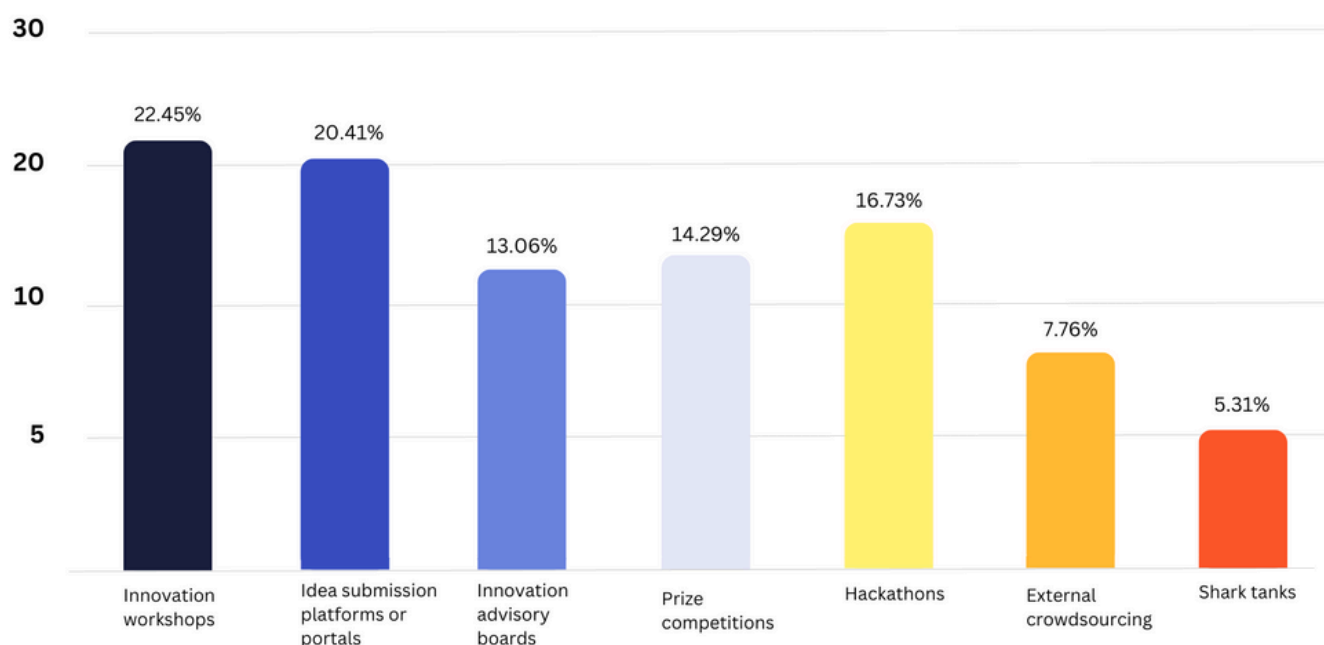
To understand how organizations innovate, we asked about their involvement in various activities. **The responses revealed a balanced approach to open innovation, combining interactive, collaborative methods with digital platforms.** Innovation workshops emerged as the most popular activity, with 22.45% of respondents highlighting their value in fostering collaborative environments for idea generation. Following closely, 20.41% of organizations utilize idea submission platforms, indicating a significant investment in digital tools for widespread idea collection.
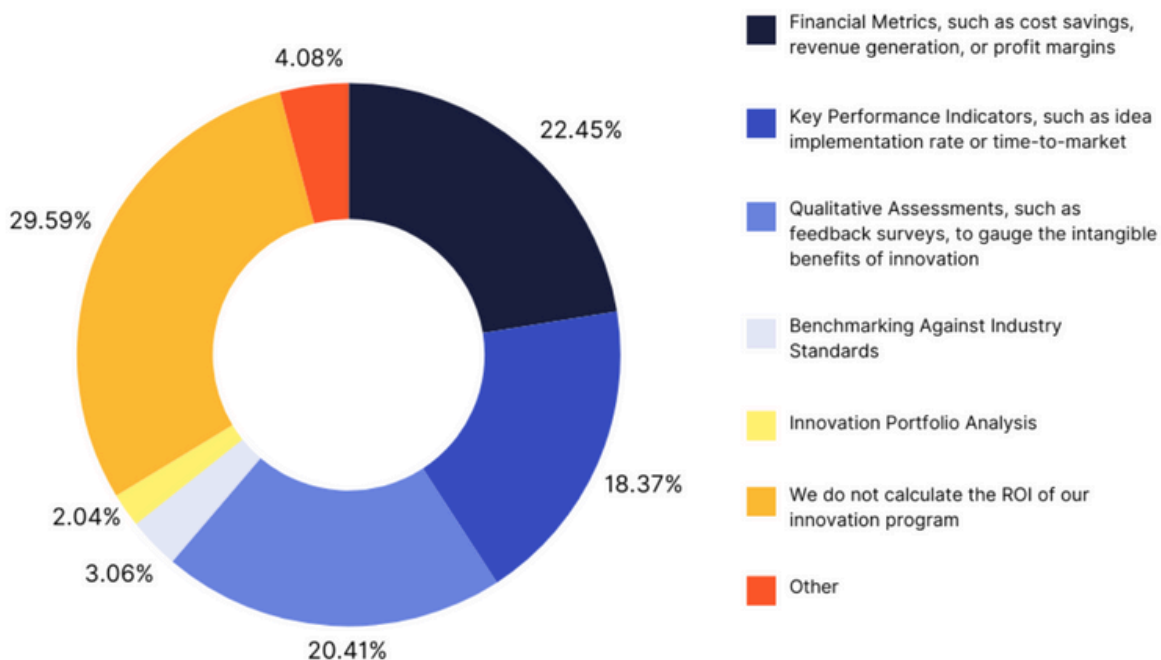
Less common are activities like shark tanks (5.31%) and external crowdsourcing (7.76%), which are more resource-intensive, likely explaining their lower participation rates. Surprisingly, prize competitions did not rank among the top three innovation activities, despite many IdeaScale clients achieving substantial success through reward-based idea generation.

An exemplary model of large-scale open innovation and prize challenges is the U.S. National Aeronautics and Space Administration (NASA). NASA's "Prizes, Challenges, and Crowdsourcing" section on its website invites public participation in advancing the agency's missions and exploring creative solutions to complex problems. For instance, the current NASA Breath Diagnostics challenge offers $55,000 in prizes, tasking participants with developing a classification model to differentiate between the breath of COVID-positive and COVID-negative individuals using existing data.[1] This initiative aims to enhance the accuracy of the NASA E-Nose device as a diagnostic tool based on the molecular composition of human breath. Such rewards significantly incentivize engagement and innovative contributions. To learn more about how NASA innovates, watch our webinar here.

1 Prizes, Challenges, and Crowdsourcing." NASA, NASA, www.nasa.gov/prizes-challenges-and-crowdsourcing/

Open Innovation Impact

How does your team calculate the ROI of your innovation program?

Legend:
- Financial Metrics, such as cost savings, revenue generation, or profit margins
- Key Performance Indicators, such as idea implementation rate or time-to-market
- Qualitative Assessments, such as feedback surveys, to gauge the intangible benefits of innovation
- Benchmarking Against Industry Standards
- Innovation Portfolio Analysis
- We do not calculate the ROI of our innovation program
- Other

Chart values: 4.08%, 22.45%, 29.59%, 18.37%, 2.04%, 3.06%, 20.41%

Organizations use various methods to calculate the Return on Investment (ROI) for innovation initiatives. Financial metrics like cost savings, revenue generation, and profit margins are used by 22.45% of respondents. Meanwhile, 18.37% rely on key performance indicators (KPIs) such as idea implementation rate or time-to-market. Interestingly, 29.59% do not calculate ROI at all, highlighting an area for potential improvement in measuring innovation impact and the need to balance financial metrics with testing and learning metrics.

The variety of methods respondents indicated they used to measure ROI reflects the diverse nature of innovation activities, objectives, and contexts. Innovation yields both tangible and intangible benefits, requiring tailored measurement approaches. Organizational goals, the type of innovation, the degree of uncertainty, resource availability, stakeholder expectations, and organizational culture all influence how and when ROI is measured.

29.6% Survey respondents who do not calculate the ROI of their innovation program

For clients only: Before using IdeaScale, what methods did you use to manage ideas?


A structured innovation program can be a game-changer, as illustrated by the word cloud highlighting common and less frequent ideation methods. **While idea-collection is essential, effective implementation hinges on strong leadership, careful moderation, rigorous evaluation, and a structured approach**. Consider the United States Coast Guard, which previously relied on an unwieldy email system to manage a sea of ideas. By adopting IdeaScale's crowdsourcing platform, CG_Ideas@Work, the Coast Guard transformed idea management, fostering collaboration and empowering personnel to share and refine solutions. This shift proved invaluable during the challenging 2017 hurricane season, enabling rapid knowledge sharing, improved response efforts, and ultimately saving lives.

Want to learn more about how IdeaScale helped the Coast Guard navigate challenges and improve operations? Read the full case study here.

Challenges and Opportunities

What are the key pain points you experience when managing and executing innovation projects?
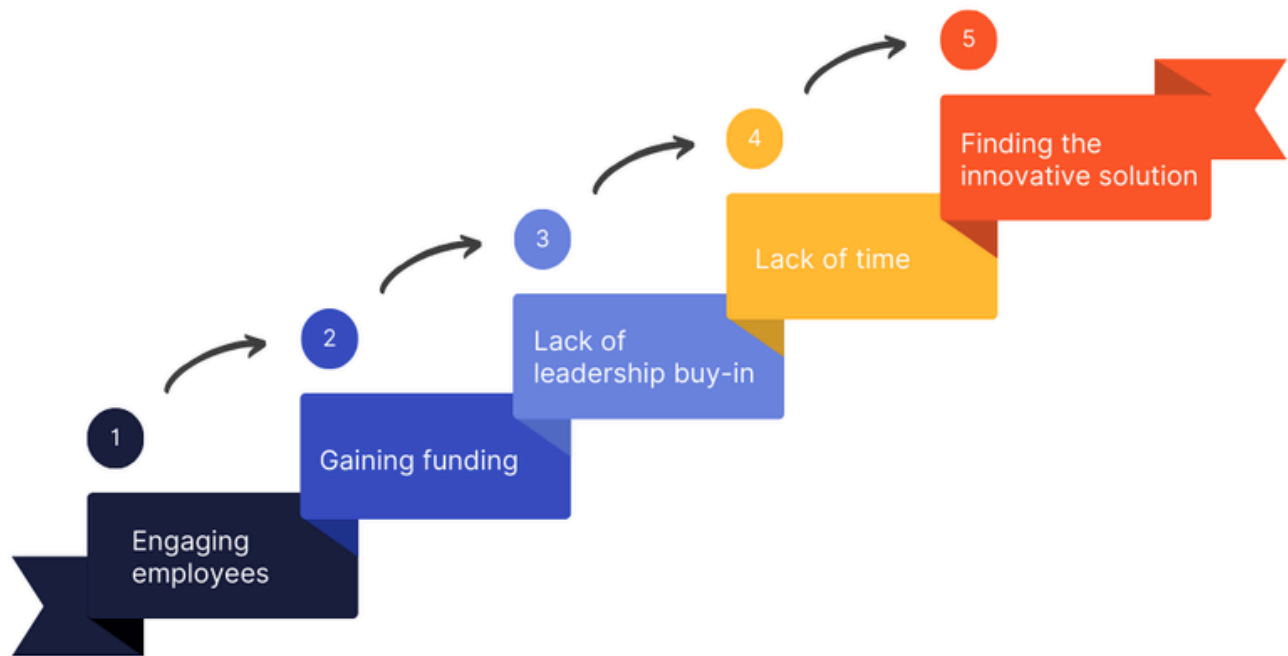
Turning a great idea into a reality is a challenging feat. Organizations face a number of hurdles when trying to manage and execute innovation projects. Our research shows that the biggest challenges are:

- **Getting employees on board:** Inspiring people to share their ideas and actively work on new projects is challenging.
- **Securing funding:** Finding money for new, risky ideas can be a real struggle, especially when there are established projects competing for resources.
- **Winning over leadership:** Getting buy-in from the top is crucial for innovation to thrive, but it's often easier said than done.
- **Finding the time:** Between day-to-day operations and other priorities, innovation often takes a backseat.
- **Coming up with fresh ideas:** Turning a good idea into a groundbreaking solution can be challenging without the right tools and approach.

These challenges add up to what we call the "innovator's dilemma." Companies often have to decide between focusing on products and services that are already working well or taking risks with new ideas. To overcome this, organizations need to make innovation a vital part of the company's goals, measure its success, and give it the resources it needs.

Many companies are turning to agile methods and lean startup approaches to handle the pressure of tight deadlines and limited budgets. **By breaking big projects into smaller steps and learning from early results, companies can move faster and reduce risks**. Plus, encouraging experimentation and learning helps teams come up with creative solutions and adapt to changes.

Getting employees excited about innovation involves things like recognizing their contributions, creating interesting challenges for them to work on, while offering opportunities to learn and grow. **When people feel valued and supported, they're more likely to share their ideas and work together**.

> To see how IdeaScale helped NYU build a highly engaged community of faculty, staff, and leadership, check out their case study here. It offers valuable insights into creating a culture where innovation thrives.

To convince leaders to invest in innovation, showing them the real benefits is essential. By highlighting successful projects and estimating the return on investment, companies can make a strong case for more support. Involving leaders in the innovation process can help them see the value firsthand.

By understanding these challenges and putting the right strategies in place, organizations can create a thriving innovation ecosystem.

DID YOU KNOW?
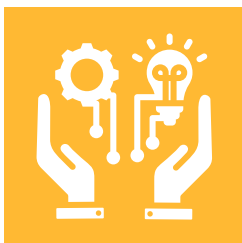
The Innovator's Dilemma, a term coined by Harvard Business School professor Clayton Christensen, describes the challenge companies face when balancing the need to innovate with the pressure to maintain existing operations. Learn more about this phenomenon in IdeaScale's blog post, "The Innovator's Dilemma: Why Successful Companies Fail and How Disruptive Innovation is the Key to Survival."

Opportunity: Stand Out in a Sea of Innovators

Are there specific areas or aspects of innovation that your company aims to prioritize in the future?
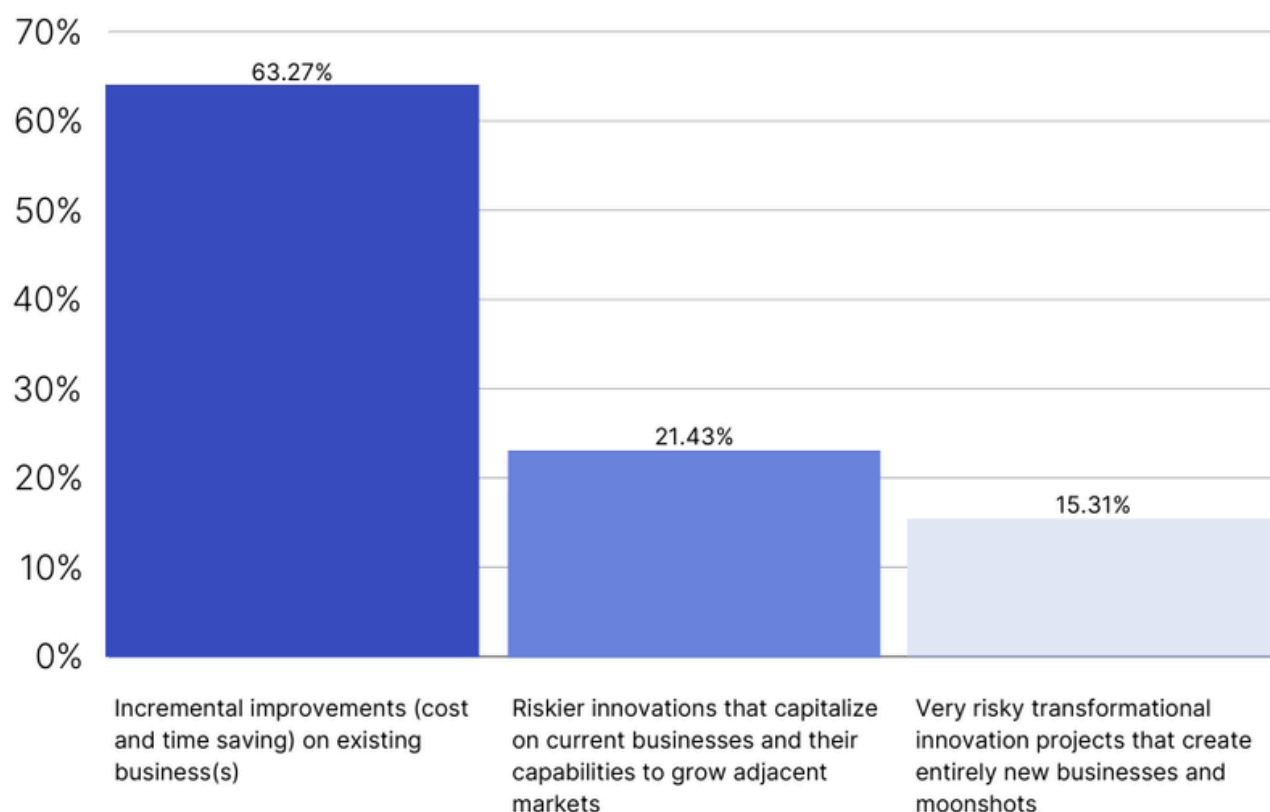
Looking ahead, innovation leaders have a unique opportunity to distinguish themselves as most organizations play it safe. According to our survey, 63.27% of respondents prioritize incremental improvements within existing businesses and 21.43% focus on riskier innovations that leverage current business capabilities to expand into adjacent markets. Innovation leaders need more leadership buy-in and budgetary support for their innovation activities. Only 15.31% of respondents prioritize high-risk transformational innovation projects. **If you're looking to make a significant impact, now might be the perfect time.**

Opportunity: Support Your Innovation Champions

Which service would provide valuable support to your innovation efforts?

Support with crafting campaign performance reports
72%

Trainings that will help with analyzing a community or campaign's goals and performance
40%

Strategy sessions and tools for calculating the ROI of an idea or your overall innovation pipeline
60%

Support with creating custom data visualizations using Tableau or PowerBI
48%

Co-designed campaign guides and innovation marketing material to help scale your program company-wide
48%

On-call additional monthly support ranging from campaign strategy to demos to training to quick campaign configurations
40%

The insights we've gathered point to key opportunities for supporting innovation leaders in their initiatives. A significant 72% of respondents are in need of assistance with crafting campaign performance reports, **indicating a strong demand for tools and expertise to efficiently measure and convey the success of innovation projects.** Additionally, 60% seek strategy sessions and ROI calculation tools, highlighting the importance of metrics in decision-making and cultivating support. This need is underscored by the fact that nearly 30% of respondents indicated they don't calculate ROI at all. Addressing these gaps can markedly improve the impact and efficiency of innovation initiatives, even in less-than-ideal conditions.

Opportunity: Adopt New Technologies

How do you hope generative AI will help your innovation efforts?
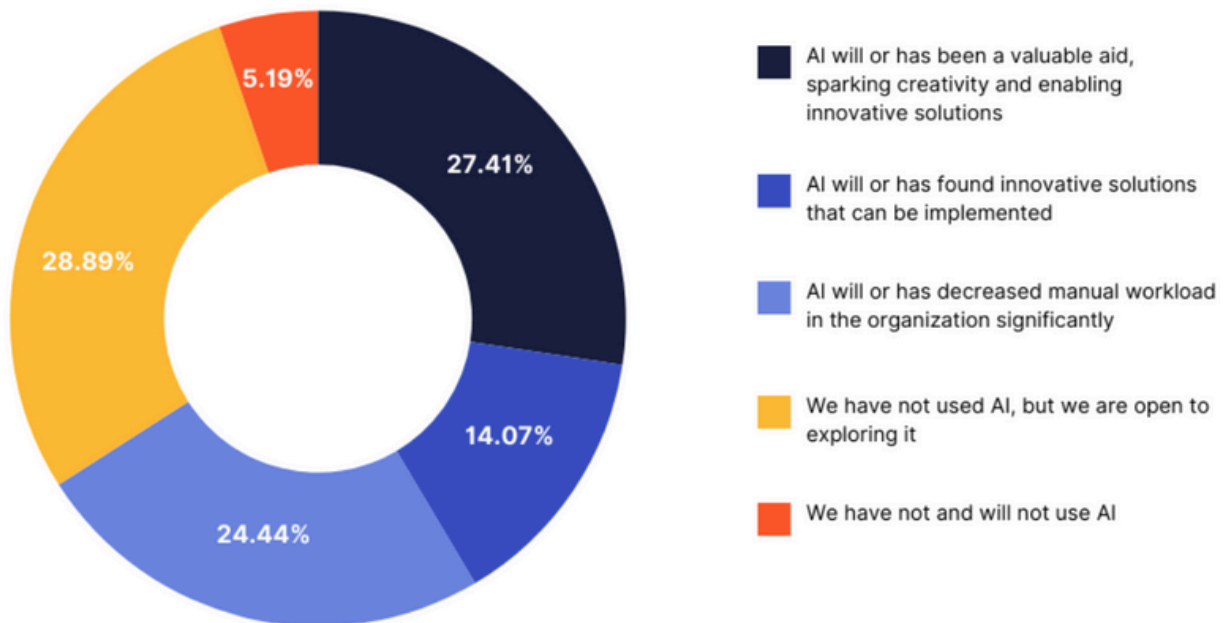
In 2024, AI is in every discussion, driving significant interest and investment. How can sites like Microsoft AI enhance leaders' innovation efforts? What opportunities are there for organizations to improve innovation operations? A notable 27.41% of survey respondents recognize AI as a pivotal tool for sparking creativity and enabling innovative solutions. These organizations think of generative AI as an extra person in the room while brainstorming. Yet, only 14.07% of respondents see AI as capable of finding new solutions that could be implemented. When considering AI's capacity to reduce manual workloads, 24.44% of respondents said AI has or will significantly decrease their manual tasks.

Despite society's push towards utilizing generative AI, 34.08% of respondents have yet to use AI since this survey. **Of those who have not used it, 28.89% have expressed openness to exploring the technology.** For organizations, providing employees with educational resources, training sessions, and support can empower individuals to leverage AI's potential.

Considering potential changes in government budgets and policies related to AI, organizations should stay informed about shifts that could affect funding and support for AI initiatives. Additionally, with ongoing societal shifts regarding AI, such as increased emphasis on ethical AI use and privacy concerns, organizations should prioritize transparency and ethical practices in their AI strategies to build trust and compliance.

Recommendations

Based on the respondent's insights, here are some key recommendations for how both new and experienced innovation practitioners can enhance their innovation programs:

Develop a comprehensive innovation strategy:
- *Create a balanced portfolio of incremental improvements, moderate-risk projects exploring adjacent markets or opportunities, and some higher-risk transformational initiatives.*
- *Align innovation goals with overall organizational strategy and objectives.*
- *Continuously review and adapt processes based on feedback, changing needs, and new technologies.*

Foster a culture of innovation:
- *Encourage idea sharing at all levels of the organization.*
- *Provide training and resources to support innovative thinking.*
- *Recognize and reward innovative contributions and risk taking.*

Implement robust idea management processes:
- *Utilize user-friendly idea submission and innovation management platforms to capture and cultivate ideas systematically.*
- *Develop clear processes for evaluating, selecting, and implementing promising ideas. These processes may vary depending on the types of innovations or their level of uncertainty and risk.*
- *Use a mix of quantitative and qualitative metrics to assess ideas, including value-to-cost ratio, projected revenue, time saved, key learnings, as well as social and environmental impacts.*

Leverage technology and AI:
- *Provide education and training on AI to address any resistance or lack of familiarity.*
- *Ensure AI initiatives align with organizational policies and address ethical considerations.*
- *Sponsor AI crowdsourced campaigns to explore AI applications, enhance creativity, reduce manual workload, and generate new solutions across a comprehensive innovation strategy.*

Recommendations Continued

Measure and communicate financial impact:
- *Develop a balanced framework for calculating the value and ROI of your program and portfolio, including financial metrics, KPIs, and qualitative assessments.*
- *Regularly benchmark against industry standards.*
- *Communicate the value of innovation initiatives often, to secure buy-in.*

Allocate time and resources:
- *Allocate dedicated time for innovation activities, such as designated innovation hours per team and priorities.*
- *Ensure adequate resources, including funding and personnel, to nurture ideas that become innovation projects.*
- *Conduct regular in-person and virtual innovation workshops to foster teamwork and idea generation.*

Focus on implementation and scaling:
- *Create a network of innovation champions or mentors across the organization.*
- *Create mechanisms to scale successful innovations across the organization.*
- *Offer reliable and accessible support for innovation tools and processes.*

Provide ongoing support to strategic partnerships:
- *Consider external open crowdsourcing and prize competitions to access broader and diverse perspectives.*
- *Engage customers in the innovation process through co-creation initiatives.*
- *Collaborate with external partners, including other organizations, academic institutions, or startups, to access new ideas and capabilities.*

Become an Early Adopter
- *Explore and adopt new technologies early and often to stay ahead of the curve.*
- *Continually assess your tech stack based on changing organizational needs.*

About IdeaScale

At IdeaScale, we are committed to helping organizations unlock the potential of collective intelligence and succeed in an increasingly open and collaborative world. IdeaScale is a leading FedRAMP-certified idea management solution, originating from a White House initiative. We empower businesses, government agencies, nonprofits, and institutions to harness collective intelligence through crowdsourcing. With a robust focus on data security and 24/7 customer support, we are dedicated to advancing open innovation and supporting organizations on their journey toward greater success.

Your feedback is invaluable! Help us improve future reports by taking a brief survey here. Share your thoughts to help shape the future of innovation research.

Ready to unlock the power of open innovation?

To dive deeper into the report's findings, contact our innovation expert at rico.oyola@ideascale.com, or schedule a complimentary consultation with our innovation experts here.