

How do you ensure your spend on innovation will drive real commercial value for your business?

The pace of innovation is growing, leading to increased competition and disruption in markets. Investment in innovation is complex and, given capital constraints, a robust approach is needed to measure and maximise value to protect and grow your business. EY's Innovation Value Assessment (IVA) will help you quantify the value of your innovation investment and help you plan to optimise future returns.

How we can help

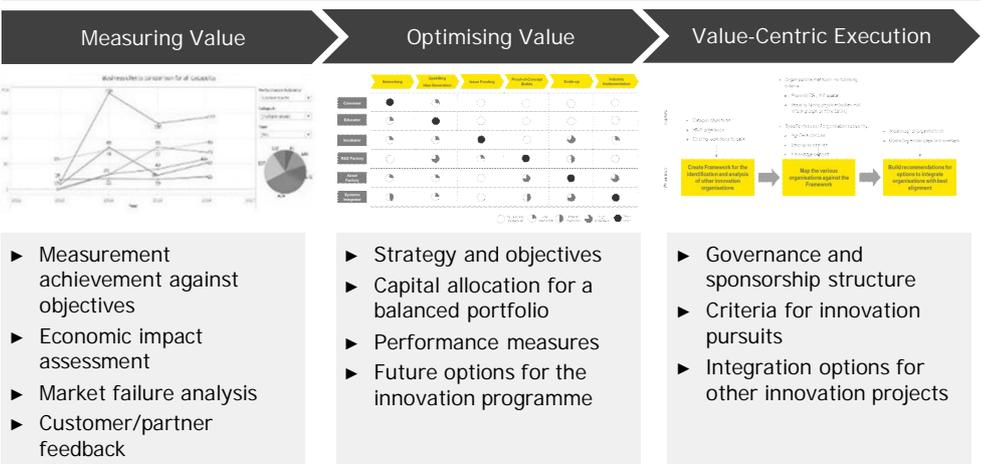
- ▶ Measure and explain innovation investment and returns to date
- ▶ Define future innovation plans to:
 - ▶ Quantify the appropriate capital allocation for innovation
 - ▶ Establish and measure a balanced portfolio of innovation pursuits
 - ▶ Optimise the commercialisation of existing intellectual property (IP) and future pursuits
- ▶ Optimise your operating model to:
 - ▶ Generate higher, sustainable returns from innovation investments
 - ▶ Integrate innovation across the business

Key questions for your business

- ▶ How do you measure and communicate to stakeholders the value your investment in innovation is delivering? How could this impact the performance of your business?
- ▶ Are your innovation plans optimised to deliver maximum impact to your business?
- ▶ Is your operating model optimised to create value as fast as possible?

Our approach

We use a structured, evidence-based approach to measuring and plan for optimising value from innovation investments



Read our review of the UK Government's investment in technology innovation centres, as referenced in the Industrial Strategy:

<https://www.gov.uk/government/publications/catapult-network-review-2017-independent-report-from-ernst-and-young>

Our differentiators

People

- ▶ We are able to bring in a global team of sector professionals and draw on cross-disciplinary knowledge throughout our analysis

Experience

- ▶ We have hands-on expertise in measuring and delivering quick and tangible value to innovation programmes

Quantitative analysis

- ▶ Our IVA provides a robust top-down approach to quantifying the actual value provided by innovation work streams primarily in terms of the organisation's financial measures and also more broadly in terms of economic impact

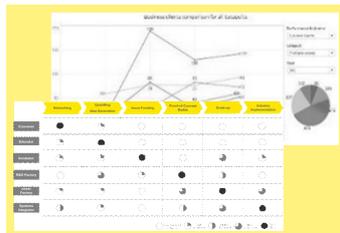
Our view

Our experience in helping clients to measure and optimise returns on innovation investment has identified five key themes central to success:

- 1 All areas of innovation spending activities should be identified and continually monitored
- 2 The measurable outputs and outcomes, supported by a clear roadmap, of innovation activities should be defined prior to undertaking them
- 3 For each innovation project, the transition point to 'business as usual' should be defined
- 4 Innovation plans must be informed by, and inform, the overall business strategy
- 5 A retrospective view of innovation pursuits should show an optimal mix of successful and non-successful projects

Some of our recent work

Innovation funding performance review



The issue: The client wanted to conduct an assessment of their how their innovation funding had performed, how to optimise innovation activities for the future and what an efficient governance model could be.

What we did: We engaged with a number of technology innovation centres to identify and measure the innovation activities they performed and the economic impact this has had over a five-year period. Based on the lessons learnt, we put forward recommendations to optimise the value created from any future investments in innovation, including the optimal governance structure.

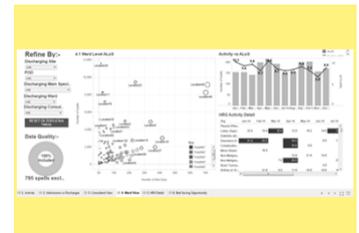
Decision support for copyright innovation funding



The issue: Prior to a further round of funding, the client asked us to conduct an economic assessment to ascertain the demand for a digital Copyright Hub based on generation of digital IP, including a review of the governance and technology required for the Copyright Hub to be a success.

What we did: We identified the market size for digital IP over the next 10 years and associated economic impact. We engaged with industry and other stakeholders to define the propensity for funding based on developments in the digital IP sector. We also defined the critical success factors for the Hub to deliver a minimum viable product in the next three years, covering areas such as: ability to establish an internet-based governance mechanism and acquisition of digital talent to build the solution.

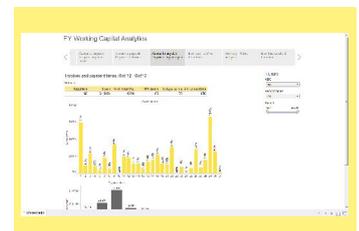
Innovation portfolio optimisation



The issue: Having invested significant capital in innovation projects over the years, the client wanted to understand the value each of these projects had delivered and how to optimise the overall portfolio.

What we did: We built an innovation project modelling tool that allowed comparison of projects, enabling a view of historic and future returns of the projects. This allowed the client to understand ROI to date and also optimise the portfolio – namely to bring to a halt projects that had delivered low value and/or were forecast to deliver low value. The portfolio view of innovation across the organisation allowed identification of overlaps and therefore opportunities to improve efficiency.

Innovation-integrated business model



The issue: A focus on innovation is needed within the business in light of the technology driven disruption that is being seen in the market. This required a critical review of key technologies and areas of opportunity across the business.

What we did: A dedicated team of resources was established and tasked with assessing various technologies that could be applied within the business. We carried out a series of pilots with technologies in Natural Language Generation, Automation and Artificial Intelligence. Following on from these pilots we are now deploying these across the service lines with the aim of delivering a benefit of 15,000 hours in this financial year.

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