

white paper - white paper

bringing ideas to reality

a joint innovation perspective

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**Business
Services**



summary

- 4 a high level view
- 4 what is joint innovation?
- 5 leading edge, not bleeding edge
- 5 marketing the unknown
- 6 who needs innovation?
- 6 the purpose of joint innovation
- 7 the innovation journey
- 7 lessons learned in the outsourcing business
- 9 how to generate productive innovative ideas
- 10 the need for methodology
- 10 innovating jointly with
Orange Business Services
- 11 some of the innovation tools we use
- 12 do we need a model for reality?
- 13 about workshops and other creativity tools
- 14 overall description of the joint innovation
program
- 15 how we nurture joint innovation
- 16 innovation workshops
- 16 embarking on a joint innovation journey
- 17 footnotes

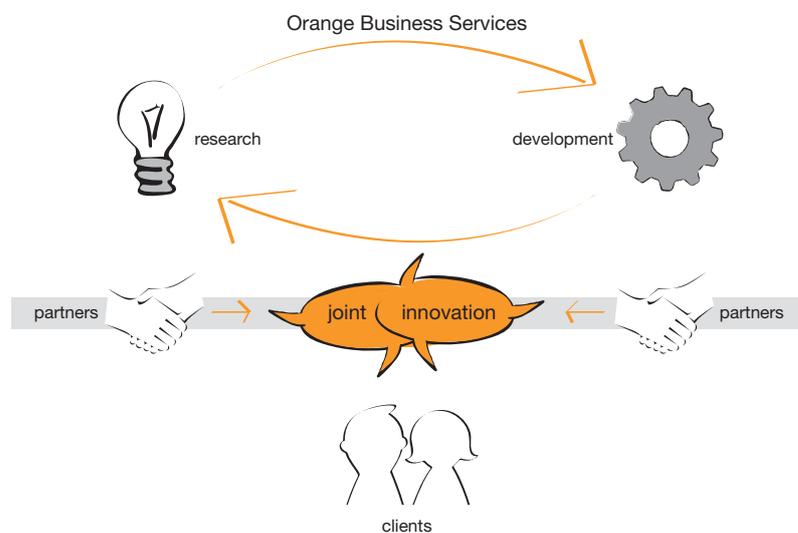
a high level view

When innovation is discussed, people often say "it's all about execution; ideas are easy" or "innovation is about creativity and only creative people can innovate." Experience has shown, however, that generating a good idea that can be executed rapidly requires a good process and an organization's ability to learn. This learning process must take place internally, through a culture of knowledge sharing, and externally, from the ecosystem of value-add partners.

Our joint innovation approach supports customers as they travel through their "innovation journey."

what is joint innovation?

To some, innovation means developing new products or services. To others the focus of innovation is on the generation, prioritization and development of radically new ideas (as opposed to on-going product development). Still others will interpret innovation as the process of successfully implementing new ideas. Whether incremental or disruptive, however, innovation always benefits from experimentation that involves customers and partners. Joint innovation, as it is called, accelerates the innovation process and the time to market.



leading edge, not bleeding edge

business requirements



technological options

marketing the unknown

Whether innovation emerges from pure creativity or from business requirement analysis is a spurious question. Both are required, and only the combination of the two will produce business benefits. It is generally accepted that when a product or service is useful, it should sell in large quantities. In this context, marketing new products or services is indeed very straightforward, i.e., requirements can be measured, and these measurements can be immediately applied to product or service design. However, in reality it is very rare that things happen that way, since innovation is very much about marketing the *unknown*⁽⁷⁾. Hence, delivering successful innovations for the enterprise is not so much about eliciting underlying requirements as it is about surprising people with new ideas, new approaches or new ways of marketing existing products or services. It is also about jointly experimenting with new things and learning from experience. As a result, innovation is always the product of a dual process, mixing technological advances and inventions with market responses and business requirements.

who needs innovation?

In a 2005 article from The Economist, it was reported that the S&P 500 companies paid back \$197 billion to shareholders during 2004. The author postulated that these companies had squeezed out all possible efficiencies through cost cutting measures and now had cash to spare. They had reached a point where further cost cutting measures could severely impact their business models. The acceleration of market deregulation around the world, the long-term reductions in transportation and communication costs and the new opportunities for competition provided by new technologies and scientific advances have had a significant impact on global business rules. In such a global and competitive world, corporate organizations can no longer wait for changes to happen for fear of losing market share and potential for improvement. As a consequence, the need for innovation is deeply felt, and clients do not hesitate to turn to the members of their ecosystem – and especially Orange Business Services – to help them increase the chances of success and the pace of delivery of their new products or services.

the purpose of joint innovation

Most corporations are looking for an innovation process that will lead them to the next iteration of their business model – in effect, a self-driven process that will cause disruption in their marketplace or take them into new markets to create new value. The disruption could happen in a number of different ways: through the introduction of a new technology, a different commercial model or a new operating model (or any combination of the three).

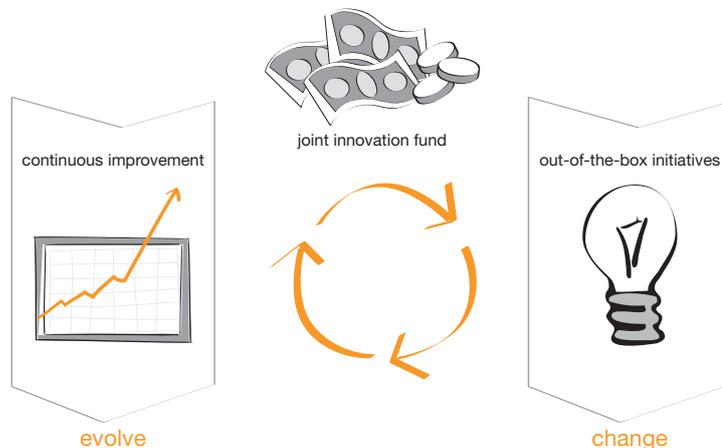
the innovation journey

The innovation journey begins with a discussion. Experience has shown that a well-prepared-for, high-impact session, typically taking place over several days, results in a rich array of qualified ideas ready for implementation and a highly motivated team of people ready to execute rapidly. We can become engaged at any point in the discussion, for example to help explore the relevance of emerging communications technologies and their applicability to specific scenarios. Where we begin (our "point of application") varies based on each client's needs.

lessons learned in the outsourcing business

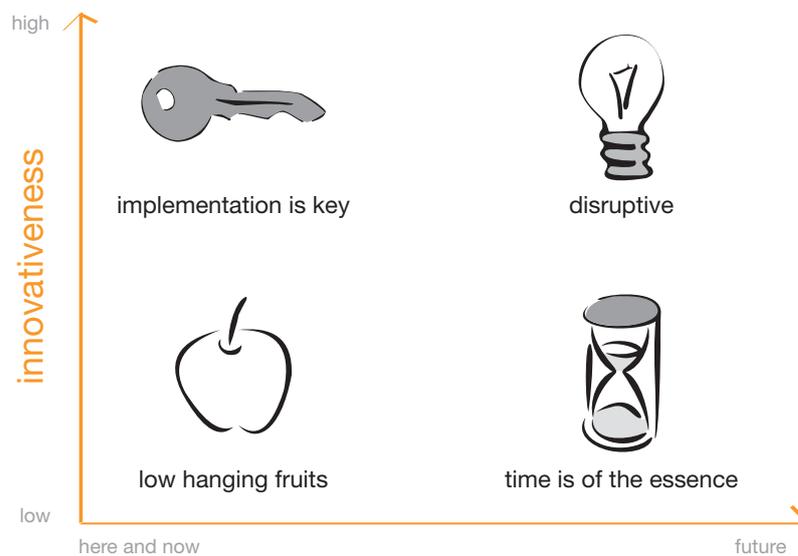
Over the past few years, we have witnessed dramatic changes in the communications outsourcing landscape. More than ever, multinational companies are relying on external service providers to streamline and manage their infrastructure support organizations, but they often want more. There is a growing universal requirement for innovation to be embedded within the outsourcing contract. We have found this requirement to be two-fold:

the joint innovation program



On one hand, clients want to update their current infrastructure to better accommodate technical changes within the framework of the outsourcing contract. However, the purpose is not to update the current technology simply to keep pace with changing technology; rather it is to ensure that the service provider will do everything possible to evolve the legacy architecture and therefore ensure that the maximum level of savings is achieved through innovation. This holistic approach spreads across all technical domains, allowing for convergence to be used to its full capability. In this first instance – called continuous improvement – the active cooperation of all solutions architects is orchestrated within the joint innovation initiative.

On the other hand, in our fiercely competitive world, corporations are also looking for an innovation process that will lead them to the next iteration of their business model, cause disruption in their marketplace, or take them into new markets to create new value. We call these "out-of-the-box" initiatives and can map them on a matrix with four distinct types of innovation.



how to generate productive innovative ideas

the "ideation" process

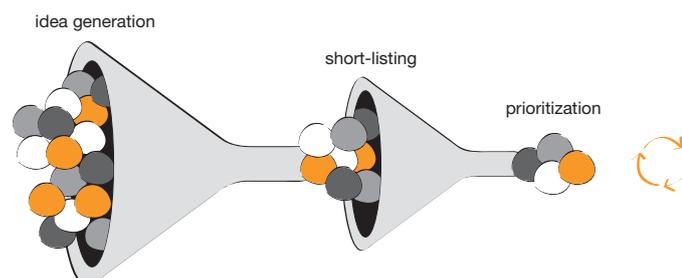
ideation ('id • ē'ā • shən) *the capacity to form an idea; imagine or conceive*⁽²⁾

An ideation process is the process of generating, managing and prioritizing a list of improvement ideas. The process used in the development and implementation of new ideas is key to ensuring that the ideas generated address the common interest. The diagram below shows the process that we use with our clients to correct, augment and transform an initial set of innovative ideas. This process is managed by the Orange Business Services innovation office, with experts from Orange Labs and other departments depending on the skills needed. This is the idea generation phase, which does not require validation from the top of the innovation governance (described later).

The second phase of the ideation process involves filtering these initiatives to obtain a short list of well-structured ideas in synch with the client's policies, while eliminating all ideas that are not within the client's strategy, that have too much risk, etc. During this phase, the innovation matrix can help balance "low-hanging fruit" with disruptive innovations. Whereas phase one (idea generation) is a creative phase, its purpose being to generate as many ideas as possible, phase two is about ensuring that the ideas are useful to our clients.

Phase three is the prioritization phase. Prioritization uses business prioritization techniques (BPT), a fairly common innovation approach that our innovation experts have performed many times to help clients.

At the end of phase three, the prioritized items are validated with the top level of our innovation governance to identify project sponsorship and to ensure support for the initiatives throughout the organization. Depending on the context, a fast-track ideation process can be used to handle suggestions from the field that cannot be addressed promptly or properly through normal processes⁽³⁾.



the need for methodology

Despite the fact that generating new concepts is a "gift" possessed by many if not every one of us, asking individuals to be "playful" or to "think harder" is not really helpful to the process. It may even be stressful to individuals who are short on new ideas. When asked to be creative, most individuals will react in one of three ways: they will jump to an obvious conclusion to avoid embarrassment and move to another issue; they will be led to an impasse because their minds are fixed on issues and problems that could not be solved in the past; or, out of perplexity, they will say nothing at all.

innovating jointly with Orange Business Services

The core capabilities required for innovation include: the generation of new ideas, the management of the ideas, the implementation or program management of the ensuing projects and value management. These capabilities are applied in the context of exploration (scanning), acceleration (rapidly and continuously combining and testing the ideas to create valuable business propositions), mobilization (turning the propositions into reality) and finally, realization (managing the outcome to ensure that value is created).

These capabilities must be supported by organizational structure and process. They can only be executed in a culture that supports the belief that innovation is essential for growth and survival, and everything must be linked into the company's strategy.

This management, understanding and support must be translated into the design and strict implementation of a mandatory innovation governance model aimed at creating favorable conditions for the generation, development and implementation of new concepts. Top management involvement in that process – through the above-mentioned governance model – is crucial and conditions the success of the implementation of the joint innovation process.

Orange Business Services (combined with the rest of the France Telecom Group) is a driving force in idea creation and management. We have the ability to pose potentially disruptive ideas (technical, commercial and operational) to clients

because of the quality of our people and our specifically designed processes and tools in environments designed to support collaboration. We present the group's ability to innovate so our customers can combine those disruptive ideas with other essential dimensions, including changes in the business environment (global and local), lifestyle changes and other similar extraneous factors that impact business. Then we can both put that learning into a context that generates value.

some of the innovation tools we use

As suggested earlier, there is nothing magical about innovation. The stakes are too high, and creativity is too serious a business to be left to chance. Above all, it requires method and management drive and, more importantly, it demands preparation. We have created a specific joint innovation program to that effect – to ensure that all the critical aspects of innovation are covered. We also have designed an innovation toolkit covering the four major stages of the joint innovation process, from preparation to delivery.

the France Telecom Group at the forefront of innovation



The France Telecom Group is renowned both within and out of the telecom industry for fostering innovation. Its Orange Labs employ 3,900 technologists in 15 sites across three continents. In 2005, the group invested €700 million in R&D, a 20% increase from the previous year. The France Telecom Group patents over 500 new inventions each year, boasting a total patent portfolio of more than 8,000 patents.

do we need a model for creativity?

Many would argue that creativity is not directed by process and that a model is not a valid incentive for generating novel ideas⁽⁴⁾. Being inventive and imagining new ideas would be described by most as the ability to let one's mind wander and let the unexpected happen. As a matter of fact, if we look at art as a primary source of inspiration for creativity, no real standardized methodology can be derived from practice which would show the way forward in terms of imagination. Yet that does not mean that artists are not resorting to creativity methods that help them come up with new ideas. On the contrary, a multiplicity of methods is used to create art. One of the most striking examples used by most, if not all, artists is the ability to repeat almost indefinitely the same theme over and over again until new patterns emerge. Variations on a theme abound in music (remember the amazing Goldberg variations⁽⁵⁾), and they have been used time and time again in painting, as well.

Likewise, when it comes to business issues and creativity in the business world, we cannot exclude methods and processes. But it would be wrong to assume that we have to resort to the same procedures over and over.

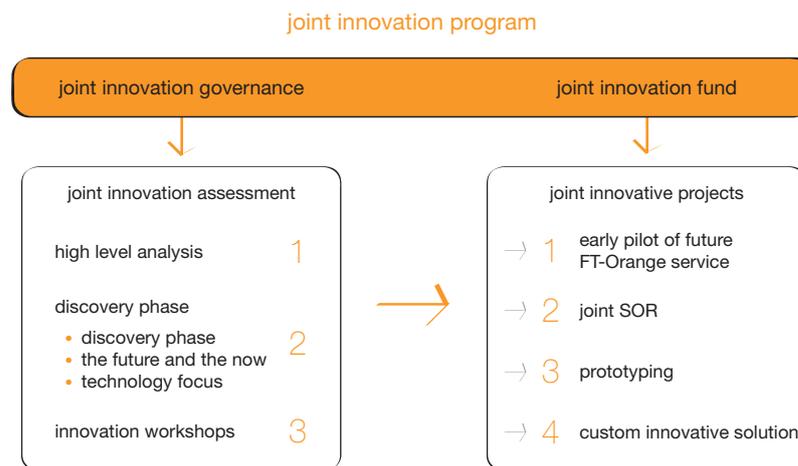
Many models dealing with creativity have been discussed in literature, and none of them are necessarily right or wrong. They merely serve the purpose of guiding the mind and channeling new ideas so one does not lose exciting new opportunities that are worth developing. On the whole, most modern creativity models are used to establish a correct balance between imagination and analysis and to purposefully generate new ideas under the direction of a facilitator (older models suggested that imagination was the result of a subconscious process). Working with these newly generated ideas can turn them into concrete realities. At Orange Business Services, we provide the best of both worlds – fostering imagination and creativity and delivering the framework for the valid and accurate business-driven analysis of new ideas.

about workshops and other creativity tools

Most of us are familiar with the standard workshop approach. It is typically a facilitated process consisting of pushing information to attendees, some sharing on a group level and fixed activities designed to reach an outcome. This approach has a place when the required outcome is, for example, to reach consensus among a group. However, the process needs to be different when creativity is coupled with an unknown outcome. In this particular case, the innovation workshop is the result of a preliminary investigation, which will have already occurred. Face-to-face interviews and preliminary meetings identify the predominant subjects that need to be investigated and to prepare for a successful workshop.

The goal of the joint innovation assessment phase is to prepare the preliminary workshops. There is no magic formula for solving all issues or questions related to innovation; each client and engagement requires a unique combination of elements from an a la carte menu of tools and set of instruments, each with a different purpose and method aimed at solving a particular issue within the ideation process. For the preparation of an engagement, our consultants will employ one or more of these tools and instruments to achieve the objective(s) set forth in the joint innovation initiative. The tools make up the innovation toolkit. Each of the tools can and must be adapted to the context of the situation to which it applies.

overall description of the joint innovation program



The joint innovation program can be divided into two parts. The first part is dedicated to uncovering potential business opportunities and/or issues and eventually the appraisal and high level design of potential technological solutions. We call this process the joint innovation assessment whereby we evaluate the innovation context, the environment and the potential of new ideas which could lead us to the creation and the launch of innovative projects.

The joint innovation assessment phase may be preceded by an innovation session at one of the Orange Labs. Such a session, which may be a simple walk through our innovation garden or a more customized discovery workshop along a specific set of topics, can fuel the imagination and help prepare the next steps along the innovation journey.

But the joint innovation assessment is only a means to an end. Pending the prioritization of the estimated business benefit for each new idea generated by the ideation process, we may then launch joint innovative projects. Of course, not all ideas will lead to real projects. It is perfectly normal for ideas – even though deemed sound at the outset – to be excluded from the process at a later stage. It is how the ideation process is conducted that determines the richness of the overall joint innovation program. That is why precise heuristics of creativity must be defined – to avoid a dearth of information or ideas that could lead to the deferral of the launch of new joint initiatives.

We have so far described several different types of joint innovation projects. However, this list is by no means comprehensive. It could be augmented with new, inventive co-development techniques and related business models,

starting with the simple, advanced test of a future service to be launched by the France Telecom Group and ending with the design of complex, mutually beneficial innovative solutions. Intermediate options include the design of a joint specification for a future initiative and the prototyping of a new solution aimed at solving the business issue of a client or partner.

how we nurture joint innovation

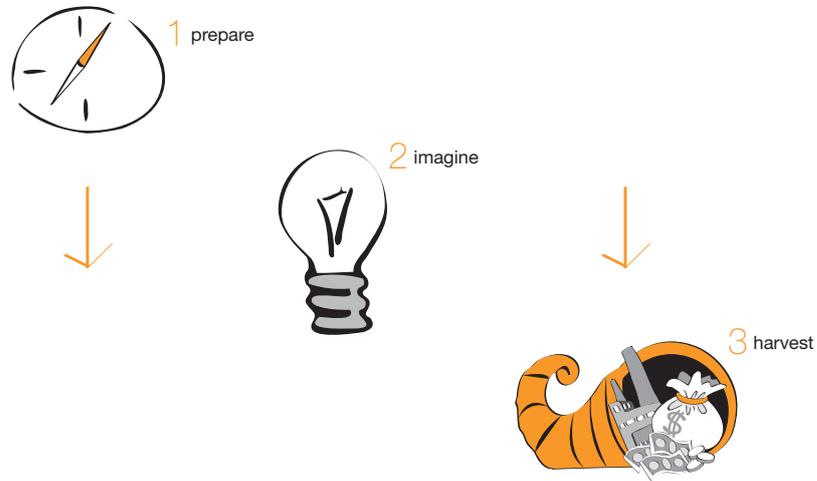
the heuristics of creativity

Our consultants will prepare and facilitate the innovation workshops and the wrap-up and will follow up on workshop results. The heuristics (or rule of thumb) of creativity is a list of guidelines which each participant in an innovation session must understand and adhere to. The workshop moderators apply these rules and ensure that attendees abide by them. Orange Business Services has developed these guidelines and they serve as a backbone for our creativity sessions.

directed creativity®

Paul Plsek's definition of directed creativity is "the purposeful production of creative ideas in a topic area, followed up by deliberate effort to implement some of those ideas." Directed creativity is the process of revealing the inventiveness which is buried inside each one of us but that we may not always show or practice for fear of appearing foolish. It is not just sufficient to enjoin people to be creative. Directed creativity is the process of revealing the inventiveness which is buried inside each one of us but that we may not always show or practice for fear of appearing foolish. It is not just sufficient to enjoin people to be creative. Directed creativity is the set of methods and tools which makes the innovation workshop a success.

innovation workshops



Innovation workshops are undeniably the most elaborate way to generate ideas in group sessions. These workshops are a mixture of playful exercises, serious presentations and working sessions. The lively – and to some extent exhilarating – character of parts of these sessions, however, impresses wrong ideas in the minds of many who think that an innovation workshop is mere child's play. In actuality, it requires a lot of hard work and preparation, including the strenuous task of moderation, which must be strictly executed during the workshop. Orange Business Services consultants have extensive experience in this area and have prepared and moderated a great number of workshops.

embarking on a joint innovation journey

In this paper, we have established that innovation is at the top of most corporate agendas and that finding the right level of innovation through a balanced approach is the right path for continued growth and success. Such success can also be fueled by advanced communications technology, which is why partnering with an innovation expert like Orange Business Services can be beneficial to your business.

When it comes to outsourcing, there is an additional incentive for exploring joint innovation. Projects which span several years should incorporate both technological evolution (continuous improvement) and the generation of fresh ideas that will enable you to swiftly adapt your business model to changing market conditions and be ahead of competitors' out-of-the-box initiatives. The Orange Business Services joint innovation program addresses these challenges with a fresh and unique approach.

footnotes

(1) Marketing the Unknown: Developing Market Strategies for Technical Innovations by Paul Millier, 1999

(2) Adapted from The American Heritage® Dictionary of the English Language, Fourth Edition

(3) In that case, a special set of guidelines applies

(4) "[...] it is important to note that some experts dismiss the notion that creativity can be described as a sequence of steps in a model. For example, Vinacke (1953) is adamant that creative thinking in the arts does not follow a model. In a similar vein, Gestalt philosophers like Wertheimer (1945) assert that the process of creative thinking is an integrated line of thought that does not lend itself to the segmentation implied by the steps of a model. But while such views are strongly held, they are in the minority." Paul Plesk, Op.cit.

(5) "All the thirty-two pieces are built upon the same thirty-two-note ground bass and its implied harmony [...] the rhythm of which is maintained throughout the work. [...] In some movements, the theme acquires different harmonic flavours, while in others it is transferred to the high pitch range by the hand-crossing texture". Yo Tomita, Queen's University, Belfast [<http://www.mu.qub.ac.uk/tomita/essay/cu4.html>]

(6) Creativity, Innovation, and Quality by Paul E. Plesk, Irwin Professional Publishing

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