

## EXCERPT

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### **IDC MarketScape: Worldwide Innovation Management Solutions 2013 Vendor Analysis**

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#### **IN THIS EXCERPT**

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Innovation Management Solutions 2013 Vendor Analysis by Vanessa Thompson (Doc # 240823). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, and Essential Guidance. Also included is Figure 1.

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#### **IDC OPINION**

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Social software has grown in acceptance over the past few years. This, in combination with the impact of the Internet, is heralding vast changes that impact business models, social interaction, and technology. Businesses are reacting to these new models and technologies by soliciting feedback as a way to meet and manage the changing expectations of employees, customers, partners, and suppliers. Managing the complex processes associated with leveraging this feedback is where innovation management can play a key role. As competitive pressures rise, companies will increasingly look to innovation management solutions to help build a more agile business. This IDC study examines the key players in the worldwide innovation management solutions market and analyzes their current capabilities as well as longer-term strategies that impact their ability to service customers and gain market share. Key criteria for enterprise social software solutions that contribute to customer success include:

- An optimized mobile user experience (UX) that enables in-application experiences to be exposed across multiple device platforms by embedding inside a proprietary native application or by providing a mobile application SDK
  - The ability to expose information assets via APIs in order for companies to deliver syndicated API services rather than the traditional packaged software approach
  - The analysis of specific business metrics, primarily managing levels of user engagement and areas of user contribution (Data models also need to be extensible to customers and application partners for optimization of specific business processes.)
  - Task and workflow management as a minimum requirement to facilitate business decision making and enable feedback to be put into action in the business in its correct context (business or technical) with minimal manual interference
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## IN THIS STUDY

This IDC study examines the key players in the worldwide innovation management solutions market, a subsegment of the enterprise social software market. It analyzes the current capabilities of solutions as well as longer-term strategies that may impact the ability to serve customer requirements and gain future market share. It uses a scoring and ranking model based on qualitative and quantitative criteria resulting in a single graphical illustration of each vendor's position in the market. This study is supported by a discussion of key criteria that IDC has identified and that contribute to a vendor's current and future success as well as an outline of the key differentiators that highlight each participant's placement in the IDC MarketScape.

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## Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment of the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors and customers, publicly available information, and an analysis of end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

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## SITUATION OVERVIEW

Businesses are under increasing pressure to find new ways of operating to meet changing user expectations and leverage available data and information for competitive advantage. As the impact of social workflow penetrates through organizations, it will become inextricably linked to where end users are getting work done and where business decisions are made. Enabling this social workflow doesn't mean a set of new applications but enhanced social capabilities that allow an organization to evaluate market factors, social outcomes, and social outputs that are driving business change. Through 2012 and early 2013, the adoption of innovation management has matured quickly. Much of this interest is predicated upon the growing maturity of enterprise social networks and, more broadly and more importantly, the impact of social workflow inside an organization.

By soliciting the preferences and opinions of employees, customers, partners, and suppliers, companies can begin to create a deeper connection and commitment in the context of business operations. Although it may seem like a rather simple task, managing the process from ideation to innovation management can be quite complicated. In some cases, innovation management can be viewed as a corporate function, although the corporate function means the process of innovation management may be thought of as a business silo, but this needs to be tempered with a broader business strategy conversation (i.e., business strategy and

innovation). Innovation management can also exist in a business model, where ideas and feedback solicited from the solution contribute to business strategy and operational decisions in the cadence of general business management updates. The main impacts of innovation management to an organization are:

- ☒ Enabling an end-to-end innovation life-cycle process
- ☒ Enabling open innovation through crowdsourcing ideas and feedback
- ☒ Increasing customer, partner, and employee intimacy with the product/service development process

Innovation management solutions are being deployed in organizations to meet a number of business scenarios:

- ☒ Solutions provide a bridge or connector to enterprise social networks present inside an organization to make a network more pervasive.
- ☒ Solutions may operate standalone inside an organization without the connection to an enterprise social network with the view to providing increased engagement across a business. This scenario is primarily in smaller organizations with specific requirements for customer or employee engagement.
- ☒ Solutions operate outside the business where the main focus is to solicit ideas and preferences from customers, partners, and suppliers in order to generate an ongoing conversation with these constituents.
- ☒ Solutions can support an existing business problem and help move a validated idea into the business to make a change as well as manage the change process.

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## **Current State of the Innovation Management Market**

Companies are now comfortable with their basic understanding of the social Web and the use of social software in a business context. According to IDC's February 2013 *Social Business Survey*, the major business initiative companies will look to social software to provide over the next 12 months will be online communities. Ideasourcing will be sought by 27% of companies, and innovation management, qualified as a more complex process than ideasourcing, will be sought by 25% of companies.

By their nature, online communities play a communication role to facilitate open discussion between customers, whether in peer-to-peer customer communities or in a direct interaction with a company through a managed community, directly associated with an owned digital asset. This communication allows for an ongoing relationship to be built between an employee, a customer, a partner, or a supplier and the originating company. Linked to this ongoing relationship is the need to understand interactions and relationships and facilitate a stronger and deeper connection with the employee, customer, or partner through the lifetime of the relationship with the company. Understanding the interaction and interoperability of communities, enterprise social networks, and innovation management solutions is critical to understanding how an innovation management solution can impact an organization in a broader context.

While most of the vendors in the innovation management solutions market offer independent or standalone innovation management solutions, a number of vendors like IdeaScale have taken a service-oriented platform approach, with solutions being based upon APIs. This architecture allows solution capabilities to be surfaced inside any application. Embedding cocreation and open innovation processes into existing enterprise application processes in order to capture ideas, solicit feedback from inside and outside the business, and apply a more structured workflow approach to managing innovation has also become a way to capture mindshare and presence on the periphery of the enterprise social software market. Vendors like Spigit and Lithium may provide up to 80% of the functionality found in enterprise social software solutions, with primary solution capabilities supporting cocreation.

Creating an environment that transcends an organization's "suggestion box" and enables ideas, feedback, and other business innovations to be put into action in the business is the general goal of innovation management solutions. Extending technology sets that support socially enabled processes can help organizations shape cultural and behavioral changes necessary to capture the value of contributions. Innovation management solutions should contribute to increased productivity in organizations by connecting people to people, to information, and to systems, enabling business decisions to be made based on a deeper understanding of customer causality and indicative future behaviors.

Internal knowledge sharing and the ability to ask questions have come to the fore this year according to IDC's February 2013 *Social Business Survey*. The focus on facilitating an ongoing conversation means that online communities have become a top priority to support this, but internal knowledge sharing is a critical component to understanding the context of any given conversation, as well as the ideas and feedback that are being captured by solutions. Internal knowledge sharing also becomes critical as companies move from an external focus to bringing all constituents into the feedback process. Over the past year, we have seen enterprise social networks assume task and workflow management to facilitate the distribution of this feedback. This is a clear indication that as companies become more comfortable in managing social workflow and as solutions mature, the requirement to provide a succinct workflow, approval, and project management approach is inextricably linked to cocreation.

The impact of mobile devices on how work is being done and how companies now need to interact with constituents has made delivering solutions increasingly complex, although the user experience is required to be more simplistic. Organizations are now looking to rich clients across all mobile form factors (particularly smartphones and tablets) to capture ideas and feedback from constituents. With the nature of native mobile applications being containerized, innovation management vendors should enable core components of the feedback and idea capture to be embedded into a company's owned native application. Extending a streamlined native "in application" user experience across mobile form factors will enable end users to continue to contribute ideas and feedback in the context of the community or work processes they are engaged in.

Enabling a scalable innovation management solution to meet the changing needs of customers should be implemented with a clear understanding of how applications will

be architected in the future. Increasingly, information assets will be productized, syndicated, and distributed as "callable" IP assets via an API. The API will be the means to unlock production data that may currently be in silos to ensure a single version of truth for employees, partners, and commercial developers. By enabling this approach with regard to the application portfolio, companies will no longer need to build application integrations and will look to callable services via API syndication over "finished" software services.

A critical component of innovation management solutions is in understanding the impact of interactions that occur among employees, customers, partners, and/or suppliers. For an idea to move from being a standalone idea to being compared with or measured against another idea with the same intended context, an idea needs to be ranked based on its level of contribution to the goals of the specific challenge, campaign, or project. A pairwise voting mechanism or structured head-to-head review process can be applied to the comparison of ideas to rank ideas higher or lower. The ability to apply a rank order to the voting, so each individual idea has equal opportunity to be voted upon, is a required component for solutions. In addition to pairwise or head-to-head voting, advanced analytics algorithms can be applied to an idea or interaction to understand the context of the interaction or between two constituents that are both external to the business in order to glean insight. At a minimum, innovation management solutions will require content analytics capabilities including entity extraction to group ideas into thematic similarities as well as a blended statistical comparison model for the review of ideas. IDC expects that organizations will look to innovation management solutions that encapsulate both cocreation and open innovation processes. This results in the need for solutions to deliver deep advanced analytics, with a focus on predictive behavioral analytic capabilities in order to appropriately manage the end-to-end innovation processes.

The companies included in this IDC MarketScape provided a mix of pricing models, including subscription-based approaches and more traditional perpetual licenses options. While subscription is most often associated with cloud deployment, it is also offered as an option for many on-premise offerings and those more heavily supported by associated business process services. While not always the preferred approach in every case, subscription allows companies to adopt innovation management solutions more incrementally, with less risk if the customer's social strategy changes or if newer solutions become available that offer a broader range of desired functionality. It is especially important that innovation management solution providers offer a pricing approach that is easy to understand and transparent for customers. Flexibility is often a desired characteristic of a pricing approach, yet simplicity is also desired. Innovation management solution providers will need to balance their approach so that customers feel that they can buy in a way that makes sense for their specific use case, but also in a way that is not overly complex to understand (or that requires a sales rep to explain).

The market for innovation management has been around for many years, with some providers entering the space in the late 1990s. The advent of the social Web and social workflow and the supported evangelism of idea capture and management by vendors like salesforce.com has helped support the growth of the market into its current state. A critical component of innovation management solutions is enabling other business workflows to become more pervasive in an organization by helping to

retain and drive engagement but also generate new ideas and feedback about those processes. The majority of companies today that have deployed an innovation management solution have done so to solve either cocreation or open innovation but not both. This has meant the market for innovation has become highly fragmented, with many smaller, more nimble providers like Kindling emerging to meet immediate cocreation demands. Larger and more established innovation management solution providers that focus on the implementation of a defined problem set like HYPE and Imaginatik will have a vested interest in protecting and growing current installed bases. As the footprints of the smaller providers grow, proprietary and interdependent architectures will need to give way to a more open and modular solution approach in order to link cocreation to open innovation and ultimately to other enterprise applications.

## FUTURE OUTLOOK

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### **IDC MarketScape: Worldwide Innovation Management Solutions Market Vendor Assessment**

The IDC vendor assessment for the innovation management solutions market represents IDC's opinion on how well vendors are positioned today through current capabilities and which vendors are best positioned to gain market share over the next few years. For the purposes of discussion, IDC divided potential key strategy measures for success into two primary categories: capabilities associated with the current strategy and strategies associated with a vendor's future strategic direction from both a business and a technical architecture perspective.

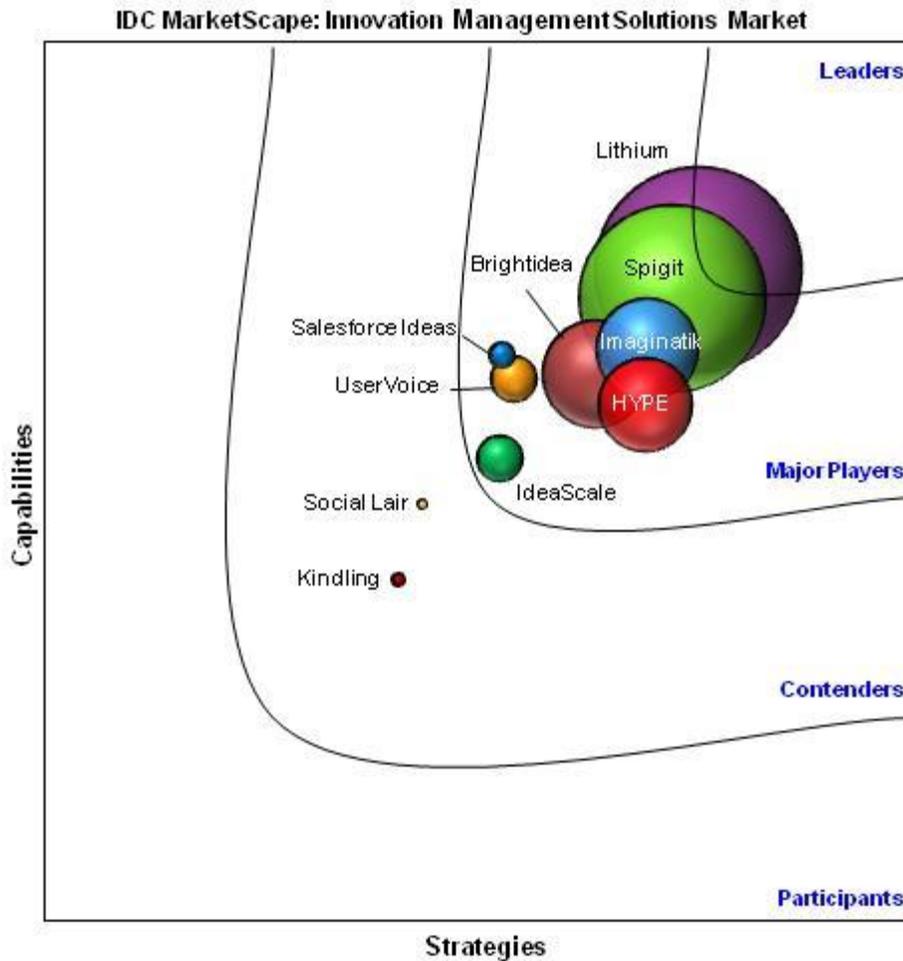
Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and the product today. Under this category, IDC analysts look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level strategic decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the future, in this case defined as the next three to five years. Under this category, analysts look at whether or not a supplier's strategies in various areas are aligned with customer requirements (and spending) over a defined future time period.

Figure 1 shows each vendor's position in the vendor assessment chart. The vendor's market share is indicated by the size of the bubble.

**FIGURE 1**

**IDC MarketScope: Worldwide Innovation Management Solutions Vendor Assessment**



Source: IDC, 2013

**Vendor Profiles**

***HYPE Idea Management***

Since the company's inception in 2001, HYPE has been progressively building innovation capabilities into broader company offerings, with the company founders originating from the R&D department at Chrysler. HYPE targets front-end and back-end processes to encompass both cocreation, the collection of feedback and ideas generated by users of a system, product, or process, and open innovation, enabling a structured workflow management approach rather than a concentration on capture of ideas. HYPE provides Ideas Exchange, where ideas are able to be sourced and put into an actionable workflow that includes project management style approval processes.

HYPE is a Major Player in this analysis and demonstrated a strong customer renewal rate through 2012. HYPE will continue to focus on the process, from idea to market, enabling customers to transform ideas from the crowd into revenue for their business. The company offers a KPI toolkit enabling customers to configure how the idea activities are viewed and how KPIs are applied to these activities. Semantic search is offered to HYPE customers via a third-party German software company, IntraFind. HYPE offers predefined workflows in the open innovation phase with customers able to create an object (a defined problem statement) and enforce approval criteria for moving through the full idea management workflow.

HYPE provides both cocreation and open innovation and has made good progress inside its current customer base building strong and deep relationships. IDC believes that for HYPE to grow the business, HYPE should look to the new market opportunity arising in idea capture associated with external (owned) Web properties and community management sites, where customers would benefit from a lightweight, structured approval workflow in the idea management phase.

## ESSENTIAL GUIDANCE

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### **Actions to Consider**

In the sections that follow, IDC offers guidance for vendors and IT decision makers looking at the market for innovation management solutions.

#### ***Advice for Vendors***

- ☒ A seamless native and in-application experience is a baseline customer expectation. Vendors need to service this across all target application interfaces, primarily iOS and Android; this also includes enabling idea and feedback capture to be embedded inside a proprietary mobile business application.
- ☒ A scientific approach needs to be applied to processes evoked by the capture of interactions and behaviors. This is to enable the analysis of specific business metrics, primarily managing levels of user engagement and areas of contribution. In this context, data models also need to be extensible to customers and application partners for optimization of specific processes.
- ☒ At a minimum, innovation management solutions should include lightweight task and workflow management to facilitate business decision making. Winning solutions will have mature workflow approval that takes feedback, vets the feedback through a clearly defined process, and enables the feedback to be articulated in its correct context (business or technical) with minimal manual interference.

#### ***Advice for Buyers***

- ☒ Meeting changing employee, customer, and partner expectations will become the differentiator of companies that remain competitive. Companies need to find new ways to meet and serve these needs, through solutions that harness feedback from all business constituents.

- ☒ With the highly complementary nature of ideas and feedback to an organization's owned online presence, delivering a highly responsive and intuitive user experience should be a minimum requirement for innovation management solutions to meet and exceed user and brand experience expectations.
- ☒ Innovation management solutions should involve the orchestration of internal business processes to create a flow that is planned and architected in a manner that makes the capture of feedback from partners, customers, and suppliers as easy, quick, transparent, positive, and full featured as possible and delivers the business explicit outputs or outcomes directly associated with the feedback.
- ☒ Companies must have a clear picture of how social solutions will complement existing application architecture. Companies should begin to prioritize the key social workflow processes that will have a continued impact on the business because supporting the growing number of social capabilities and workflow in ad hoc scenarios will become impractical.

## LEARN MORE

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### Related Research

- ☒ *Leveraging Social Technologies for Competitive Advantage* (IDC #DR2013\_T2\_VT\_LR, March 2013)
- ☒ *Top 10 Social Business Predictions for 2013 — Moving to Integration* (IDC #WC20130220, February 2013)
- ☒ *IDC's Social Business Taxonomy, 2013* (IDC #239313, February 2013)
- ☒ *Converting Social Software into Business Value* (IDC #239195, January 2013)
- ☒ *Market Analysis Perspective: Worldwide Enterprise Social Networks and Collaborative Technologies, 2012* (IDC #238368, December 2012)
- ☒ *The Role of Collaboration in the Mobile Enterprise* (IDC #237858, November 2012)
- ☒ *Enterprise Social Networks* (IDC #237384, October 2012)
- ☒ *IDC MarketScape: Worldwide Enterprise Social Software 2012 Vendor Analysis* (IDC #237336, October 2012)
- ☒ *The State of Enterprise Social Software Adoption in 2012* (IDC #236637, September 2012)
- ☒ *Worldwide Enterprise Social Software 2012–2016 Forecast* (IDC #235471, June 2012)
- ☒ *Worldwide Enterprise Social Software 2011 Vendor Shares* (IDC #235273, June 2012)

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## **Synopsis**

This IDC study uses the IDC MarketScape model to provide an assessment of a number of vendors participating in the innovation management solutions market. The IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assess vendors relative to one another and to those factors expected to be most conducive to success in a given market during the short as well as the long term.

"As competitive pressures rise, companies will increasingly look to innovation management solutions to help build a more agile business," says Vanessa Thompson, research manager for IDC's Enterprise Social Networks and Collaborative Technologies. "Companies are now able to make many smaller changes based on feedback from employees, customers, partners, and suppliers that add up to larger, more significant changes and an overall more agile and innovative organization."

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