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Upfront

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Product Development

ROI = Return on Innovation

When the economy goes south, many companies reflexively slash research and development budgets and jettison strong projects along with weak ones. Even in good times, innovations with potential get shelved for a number of reasons, including faulty commercialization or failure to find a market. Most large companies have a number of R&D projects in the pipeline at any given time and only a sketchy idea of what they're likely to be worth.

Why can't corporations do a better job of evaluating the potential of R&D projects? According to Richard A. Siegel, president and CEO of ISIS International in Monroe, Conn., a key reason is that organizations tend to be very secretive about their research.

"Sometimes even in-house people who are critical to the ultimate success of a project aren't told what's going on until late in the game," he says. "Most researchers aren't interested in the problems of production or marketing. As a result, issues that could be resolved early on crop up later when fixing them costs more and takes longer. Such secrecy and territoriality slows the development and commercialization of innovations. It also makes it difficult for companies to go outside and identify potential high-value markets."

One solution for managing innovation more effectively and improving return on R&D investments is using a network of intermediaries to facilitate the exchange of information among companies -- while keeping those businesses' secrets. ISIS provides just such a service.

"Most frequently, companies call us in fairly early in the R&D process," Siegel explains, "to help them pinpoint their most promising innovations, optimize their technology and speed their commercialization. We typically approach more than 200 market-leading



companies where there might be a strategic fit for the technology. We then cut that number down to about 14 high-potential users or partners who could introduce the client's technology in multiple markets at once. Within these remaining companies, we identify the key decision-makers in R&D and marketing, and, while keeping the name of our client secret, we talk with these people one-on-one and fill them in on the potential of the innovation.

"This process ultimately leads to a summit conference in which participants engage in a candid dialogue with ISIS and give their opinions on the market potential of the innovation within their field," Siegel adds.

The client, which remains anonymous through this stage of the process, is then in a position to meet with companies that can offer it significant business opportunities. Such conferences can result in prospective sales worth several hundred million dollars, according to Siegel.

How can ISIS ensure secrecy until the client is ready to be revealed? Everyone involved signs a nondisclosure agreement. "We're also careful not to approach companies that are competitors or potential competitors of our client," says Siegel. He stresses that the process isn't about turning losers into winners, but rather is meant to help companies commercialize the winners more quickly and profitably.

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