

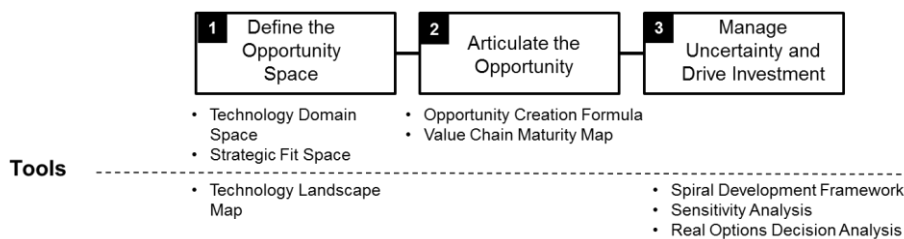


OPPORTUNITY CREATION FORMULA -

a Targeted Ideation Process

You can start identifying opportunities from either market or technology views. In the end, it is about pinpointing challenges can be addressed by the company's own capabilities, as well as identifying and developing the critical set of the capabilities required for delivering true value

Our approach brings together market and technology insights to help you uncover opportunities that align well your company's internal capability and organizational structure.



This practical and verified approach fuses both traditional and unique tools for technology and market analysis. It is centered around 1) Defining opportunity space in the context of unsolved challenges in growing market and technology technologies 2) Articulating the opportunity based on a systematic analysis of the company's position in the evolving value chain, and 3) Managing uncertainty and investment risk.

The set of capabilities needed to deliver value must include not only technology-related capabilities but also business-related competencies. In fact, business competencies—including such elements as channel access, brand equity, strategic alignment, and business infrastructure—often contribute more to the future commercial success than technology capabilities; thus, they should be carefully considered early in the discovery process, and given every bit as much attention as the technical capabilities that are typically the focus of front-end innovation efforts. In this light, the winning formula for a new business opportunity can be presented as:

$$\text{Technical Capabilities (TC) + Business Competencies (BC) = New Business Opportunity}$$

To provide the competitive differentiation needed to turn a technology-based opportunity into a commercial success, we have found there must be a critical mass of capabilities in each of the two categories. Typically, a differentiated technology capability arises from the combination of two or more of critical elements, such as material, process, and application knowledge. In the case of product development in the core, the company will mostly have a critical mass of these capabilities internally. However, a company entering a new space often does not have the needed technology competency factors; in this case, external technologies, accessed via licensing or acquisition, are needed to augment



core strengths and achieve a critical mass of technology capability. With this in mind, the formula can be modified to include the effects of external technology leverage (ETL):

$$[\textit{Internal Technology Capabilities} + \textit{ETL}] + \textit{BC} = \textit{New Business Opportunity}$$

This formula highlights the role of external technologies as important enablers in the business opportunity formula. However, any external technology must be considered in the context of the other organizational competencies. If there is not enough overall critical mass—a combination of internal technical and business capabilities—the external technology will not likely lead to commercial success.