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# Innovate your way out

## Driving innovation in tough economic times is of fundamental importance, writes Adam Kenney, the product manager for Thomson IP Management Services

As economists continue to debate whether the current global recession is getting better or worse, it is natural that those of us charged with setting corporate strategy will spend much of our time contemplating worst case scenarios and planning progressively deeper cost cuts to help our organisations weather the storm. As budgets are cut from the highest levels, engineering and legal teams are asked to cut spending along with everyone else. Some easy targets of these cuts are often IP prosecution and maintenance budgets, meaning that many companies have begun to drop the maintenance of older patents, stopped renewing less-used trademarks and raised the bar for determining which ideas are pursued for protection and product development.

At the same time, we are asked to identify new revenue streams and create the foundation for long-term growth, knowing that this downturn will eventually end. How do we resolve these seemingly conflicting priorities? We must find ways to create new value from what we already have.

In the United States, President Obama has repeatedly said that ingenuity and innovation will drive the economic recovery. For many outside the IP world, this sounds fairly straightforward: simply invent the car that runs on water and emits flower petals, or find a cure for cancer with side effects of weight loss and giddy optimism. Many people view innovation as the isolated “Aha!” moment when an engineer gets it right.

In reality, innovation requires serious effort supported by good strategic decisions and a business model that puts new ideas to work. Moreover, companies can no longer rest on a single big invention to sustain them for long periods of time. Great companies recognise that innovation is a continuous creative process that must be fuelled by investment, fostered in a climate of opportunity and cultivated through effective market strategies.

In tough economic times, this approach creates tremendous opportunity. According

to research by McKinsey & Company, over the past 20 years companies that emerged successfully from recessions invested 22% more in R&D during the recession than their unsuccessful peers.

Of course, it is not a simple matter of just adding money. Efforts must be directed by clear vision of market needs and realities. Further, many of the problems that need solving are too big to be tackled by a single engineer, or even a single team within a business. Bringing solutions to the really big problems to market requires collaboration between diverse teams from engineering, legal, business and marketing disciplines.

As many organisations look to become leaner and focus on their distinctive competence, there is a greater tendency to outsource critical functions to trusted partners. Business consultants help to define innovation strategies. Outside counsel turn ideas into IP. Marketing groups create brands and go-to-market strategies.

Many organisations have even found ways to share the cost and burden of R&D. This may take the form of consolidation or partnerships with other companies working in the same space. The harder it becomes to rally capital for large acquisitions, the more attractive the cooperative route becomes. Many companies have also created a stake in major breakthroughs by entering into cooperative research agreements with universities and national laboratories.

Collaborative innovation is a great way to help everyone stay focused on what they do best. However, it places more burden on the parties involved to find the right partners and manage the collaborative process effectively.

There is no shortcut to doing your homework in this area. The good news is that there are many tools available that can help in determining who is innovating in a particular area. For example, citation analysis and ThemeScape maps, within Thomson Innovation from Thomson Reuters, allow people to locate and analyse large bodies of prior art to determine who owns them, around what core technologies they are grouped and what existing inventions are most relevant. These enable users to compile data about the health of potential partners'

business and soundness of their IP portfolio.

Of course, you must still make the final decision of who will be the right partner in the long run. Fortunately, because everyone is in this downturn together, many organisations are more motivated to generate new research dollars through cooperative research and licensing agreements.

Keeping everyone working smoothly together, both internally and externally, can be challenging. There are plenty of opportunities to waste money and effort. Engineers may keep re-inventing the same thing for lack of awareness of the current portfolio, or might invest huge efforts building something they could have got from a partner. Great ideas and business opportunities can get lost in the sheer volume of activity. Loose management of outside counsel can lead to poor quality patents and expensive litigation.

One effective way to manage the process is to bring everyone together around a single, collaborative IP management solution that allows users to define how they want everyone to work together and helps them see the connections between their ideas, intellectual property, products and agreements. This provides decision-makers with the information they need to make good decisions and manage strategic partnerships. It's the reason Thomson Reuters invests so heavily in creating configurable collaboration solutions.

As we are all faced with tough choices in the current economic climate, we are also faced with great opportunities to emerge stronger than ever. The most important thing is to stay focused on fostering the kind of innovation that will solve the toughest challenges and create new value through the ingenuity of people. Using the right research and management solutions to make decisions will help to ensure that focus is on the right innovations to maximize their value.

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