

How innovation labs can drive digital business

Google X. Amazon Lab126. Microsoft Research. IBM Garage. Facebook Reality Labs. Nearly every tech giant today boasts an innovation lab of their own, where ideas blossom and new products are born.



Erik Van Ommeren, senior director analyst at Gartner.

The creation of an innovation lab is a popular tactic among technology leaders to foster growth and promote new ideas. Whether a physical or virtual space, these centres are dedicated to helping a company stay on the cutting edge of its industry. On average, enterprises using innovation labs report higher revenue growth and customer satisfaction.

“The innovation lab should offer a framework for using exploration, free time and creativity to achieve a specific outcome. This can be anything, from creating new products to entering into a new market to improving culture and employee engagement,” says Erik Van Ommeren, senior director analyst at Gartner.

“Oftentimes, innovation labs fail because they are lacking a clear, business-relevant goal.”

Whether creating a new innovation lab or revamping an existing one, here are the four activities that support digital transformation:

1. Scanning for trends

Trendspotting keeps the organisation abreast of new opportunities and potential threats that arise in the industry. If done effectively, it will prevent the organisation from chasing hype.

Proper trendspotting requires a three-step approach: finding sources of information, digesting them and filtering them through the lens of the organisation's strategy. The output of trendspotting should be a document, presentation or briefing for decision-makers within the organisation. These findings should be framed in the context of the business, to highlight potential market opportunities to leadership.

2. Bringing ideas to value

Innovation happens when ideas create value. An innovation lab is an ideal place to explore and establish how the organisation will accomplish this. In addition to taking ownership of idea generation, the lab is responsible for overseeing successful implementation. This can be done by measuring the outcomes of ideas along the way. Investments in innovation require proof to gather more funding.

3. Communicating to prepare the organisation

When ideas leave the innovation lab, they become the responsibility of the larger organisation. Think of innovations as seedlings, and think of the organisation as the garden where they will grow. The organisation can help the innovation seedlings flourish through support, sponsorship, funding and alignment across various stakeholders.

The lab's job is to tell the right stories and find the potential fertile grounds where innovation is most welcomed or needed. Whether through direct contact with stakeholders or through more creative channels such as innovation competitions, speaking engagements or blog posts, communication is essential for helping ideas grow into reality.

4. Liaising with third-party partners

Outside parties, such as startups, universities, industry groups, governments and other organisations, can be greatly beneficial for accelerating innovation. These third parties can offer ideas, technology, IP or even execution capabilities.

The innovation lab is an ideal place to engage with these partners. When liaising with third parties, find opportunities for face-to-face conversations and allow for personal connections. Prepare a clear value proposition that outlines a vision for the future and what the organisation is willing to invest.