



Innovation Management in Life Sciences

Establishing innovation as a core competency to capitalize on the changing healthcare industry

Given such rapid change, Life Science companies are considering new ways to more predictably invest in the best innovations for the highest return and greatest value. Oracle Innovation Management Cloud offers a uniquely results-oriented approach to evaluate, select and track the effective execution of the best ideas and inventions. Since the solution was introduced in 2013, Life Science companies have embraced its best practice framework to define strategies for addressing the changing healthcare industry.

Innovation Channels in Life Sciences

Based on a review of use cases where Life Science companies have applied Innovation Management solutions, three distinct innovation channels have emerged that when combined, create an innovation platform to align resources to corporate strategy. Collectively managing these innovation channels will have a significant impact on business performance and market competitiveness.

Primary Innovation Channels

- » **Product Innovation** – Defining critical requirements for patient and target markets. The goal is to create competitive offerings through product differentiation that aligns with corporate strategy and leverages intellectual property.
- » **Business Innovation** – Managing the direction, development and evaluation of new business models in Life Sciences. This may include co-development, in/out-licensing, market expansion, new channel development, and M&A activities which can reduce portfolio risk, accelerate market introduction and improve margins.
- » **Operational Innovation** – Aggregating and balancing internal priorities. This could include information technology strategies, science and technology initiatives, outsourcing opportunities, and Lean Six Sigma programs in order to improve execution performance through enterprise transformation.

For each channel, Life Sciences companies need to determine which proposals best align to corporate strategic objectives and therefore are the best use of critical company resources. Common to all innovation channels are four key considerations that need to be understood and managed effectively to shape the portfolio, improve execution and increase ROI on innovation initiatives.



INNOVATING IN LIFE SCIENCES

Regulatory scrutiny, cost and high risk are just a few of the uniquely complex aspects of innovating in Life Sciences. These concerns make the typical innovation challenges even more difficult to overcome without a disciplined approach.

According to research by Aberdeen Group of over 600 respondents across industries, the top reported innovation challenges include:

- Inability to balance resources across the portfolio
- Too many projects in pipeline
- Decision processes not based on objective information (politics)
- Poorly defined portfolio decision criteria / prioritization
- Inability to understand portfolio trade-off / visualize 'what-if' scenarios

ABERDEEN GROUP
"INNOVATION MANAGEMENT: HOW LEADERS OUTPERFORM THEIR PEERS"
NOVEMBER 2015

Key Considerations for Each Innovation Channel

- 1. Targeted portfolio categories:** Ensure that market goals link directly to strategic initiatives, company investments, and the annual operating plan. Define specific initiatives to pilot in a chosen innovation channel.
- 2. Current portfolio profile:** Identify resource requirements to sustain current offerings and any availability to support new initiatives. Account for the number of active projects, average range of project duration, quantity and type of resources allocated, level of risk and overall portfolio capitalization.
- 3. Key constituents:** Clarify who to involve in the process and record job descriptions. Participants should include contributors, subject matter experts and decision makers who can provide ideas, assess risks, and ask challenging questions about alternatives, intellectual property, and competitive response. This is core to successful portfolio management as it leverages corporate culture in a democratic environment, allowing everyone to have a voice.
- 4. Standard metrics:** Define requirements, evaluate ideas, select the most promising and manage proposals based on standard business cases, risk assessment and availability of active portfolio resources. These metrics should be used to provide constant feedback through analytics and illustrate which programs are best aligned to - and performing to - portfolio objectives.



“Product innovation is too critical a business process to be left to spreadsheets, documents or PowerPoints, disconnected from the rest of the product value chain. The Oracle Innovation Management solution supports innovation by bridging the gap between innovative ideas and execution. In CIMdata’s view, this type of solution may lead to more innovative products with greater profitability and more happy customers. Who doesn’t want that?”

CIMDATA COMMENTARY
2014

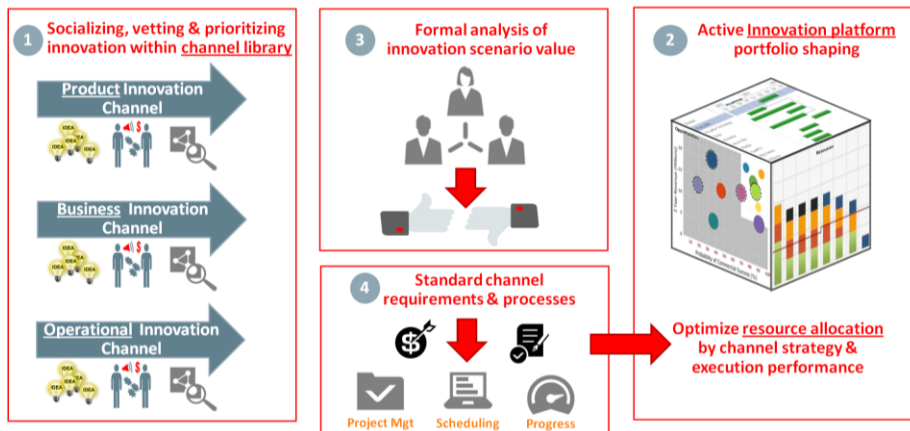


Figure 1. The integrated components of effectively managing an Innovation Platform

Operational Impact of Effective Innovation Management

Without effective management, an innovation gap is caused by misalignment between a company’s strategy and its execution. Inconsistent processes and systems compromise the conversion of ideas to formal proposals that can be supported within operational constraints - especially in the complex, regulated life sciences industry.

Effective management of the innovation platform requires a consistent process to:

- » Collect and prioritize ideas from broad sources prior to formal innovation channel execution
- » A standard process to convert ideas into concepts justified with standard business case proposals
- » Portfolio analytics to effectively balance, shape and manage each channel’s portfolio

For all Life Science companies, innovation channels require a consistent focus on compliance integrity and business efficiency to maintain regulatory compliance. Life Sciences companies

NOT SATISFIED WITH YOUR INNOVATION PERFORMANCE?

Companies must close the gap between strategy and execution to improve the innovation pipeline.

that establish a best practice innovation platform gain a competitive advantage through introduction, reuse and monitoring of innovations to capture market share and enable global expansion.

Overview of Oracle Innovation Management Cloud

Oracle Innovation Management Cloud is specifically designed to increase innovation volume and velocity across innovation channels. Re-use of requirements, technology, processes and knowledge improves the efficiency and performance of each innovation channel pipeline. This capability enables a competitive advantage through creation of an innovation platform to deliver safe, effective, and economical therapies to the global healthcare market.

Highly flexible yet systematic, Oracle Innovation Management Cloud provides an approach based on a bottom-up, broad assessment of ideas and a top-down, portfolio analysis to support making the right decisions before, during and after each innovation investment within the Life Science innovation platform. By empowering users across the extended organization, it democratizes the innovation process to enhance collaboration throughout the innovation lifecycle.

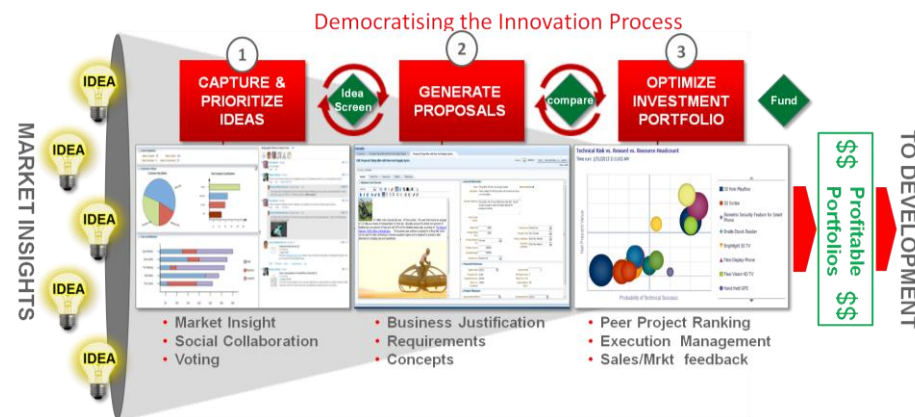


Figure 2. Optimizing the R&D portfolio balance and execution through democratization

Three Steps to More Effective Innovation Management

The solution provides a standard process for capturing and prioritizing ideas, defining requirements, developing concepts, proposals, and optimizing your innovation investment portfolio. This can be outlined in three steps:

1. Manage innovation by capitalizing on uninhibited ideation while providing a systematic approach to capture, review and prioritize the right ideas for each innovation channel.
2. These ideas can feed a collaborative proposal to justify budgets, resources and requirements – providing an objective view of the potential portfolio of innovation investment(s) within a single system of record.
3. Portfolio analytics to monitor active projects, budget, timeline and resources to assure project/business case is still valid innovation within the portfolio.

WHY ORACLE?

Oracle Innovation Management Cloud establishes a disciplined innovation management process.

- Unique and purpose-built to manage your entire end-to-end innovation management process
- Cloud-based for lower cost and rapid deployment
- Single source of truth to centralize ideas, requirements, concepts, proposals and portfolios.
- Reduced effort to administer and govern the innovation process - focus on innovating!

INNOVATION DEMOCRACY:

A formalized innovation process to socialize innovation ideas, justify proposals, and provide visibility to each channel in the portfolio

Use Cases of Oracle Innovation Management Cloud

Innovation can take several forms, even within each innovation channel. The below table illustrates sample use cases enabled by Oracle Innovation Management Cloud. Establishing such a flexible, common innovation platform can improve a wide variety of innovation programs.

SAMPLE INNOVATION PLATFORM USE CASES FOR LIFE SCIENCES

Sample Use Case by Innovation Channel	Description
Product Innovation	
Requirements Management	Establish product requirements early in the process and link to program management to improve portfolio management and eliminate scope creep.
Product Platform Management	Leverage product IP as a platform to enable re-use of core product knowledge to expand product features and rapidly differentiate products in the global market place. This requires cross functional analysis of product knowledge and HA requirements for market authorization and supply chain management but can significantly improve R&D ROI.
Internet of Things (IoT)	Take control of IoT initiatives. IoT offers many options to refine your product and provide disruptive product features, but with so many options, management of company knowledge and use of this technology will be critical in determining an effective IoT strategy.
Business Innovation	
Board Level Strategy and Direction	Define, direct and communicate corporate strategies and goals. Building a universal innovation process is a leading practice for spearheading an innovation platform and aligning the corporate culture.
Co-Development Business Models	Evaluate convergence. Competitive alliances are being established with peers, competitors and outside partners – determining the risk and rewards of these new business models will define the winners and losers.
In/Out Licensing Consideration, M&A Evaluations	Optimize product line content. There are many inorganic considerations that may provide improved ROI when compared to R&D development.
Operational Innovation	
IT Investments	Get more strategic. IT investments have historically shown inconsistent ROI. Establish a holistic approach to defining a strategic IT platform to eliminate point solutions and free up resources.
Science and Technology Considerations	Constantly manage awareness and analysis of rapidly advancing equipment, methods, processes and materials.
Six Sigma Lean Initiatives	Pursue continuous improvement projects. Innovation Management provides a great opportunity to prioritize these initiatives using Six Sigma Lean analysis.

INNOVATION PLATFORM:

A holistic approach to managing the three primary innovation channels in Life Sciences with the purpose of aligning resources to corporate strategy:

- Product Innovation
- Business Innovation
- Operational Innovation

Your Benefit Assessment

Oracle Innovation Management Cloud is a complete end-to-end solution for your Life Science innovation platform, and is proven to significantly impact both top line growth and cost savings.

Together with customers and partners, Oracle has developed a business case template and offers rapid cloud deployment models to help you establish the ROI justification and gain quick wins.

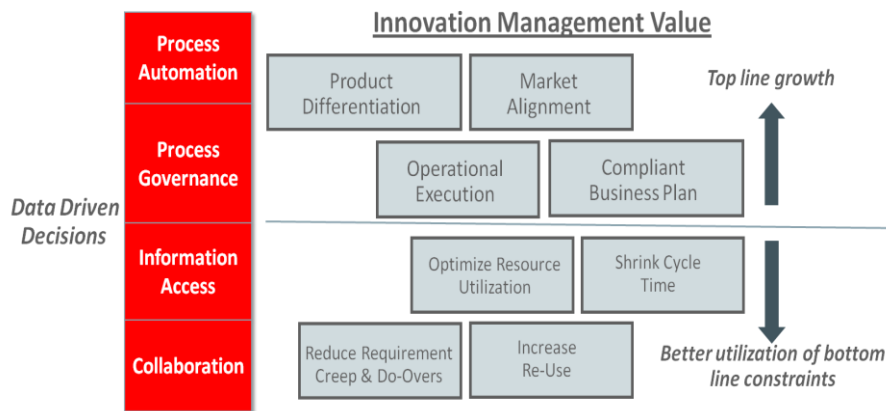


Figure 3. Measuring the value of Oracle Innovation Management Cloud

Personalized Workshops

To help you determine your specific benefit, Oracle offers personalized workshops held on-site at your facility. Receive a comprehensive solution evaluation and demonstration for all stakeholders. Leverage this educational opportunity to accelerate cross-functional understanding and support of managing an innovation platform in the cloud.

Workshops typically last up to four hours. To maximize your personalized experience, submit a subset of your innovation portfolio data to be used during the Oracle Innovation Management Cloud demonstration. Simply contact Oracle to get started.

Contact Us

Give your organization a significant advantage by making innovation management a core competency within your business.

Visit www.oracle.com/InnovationManagement, contact your Oracle sales person, or call +1.800.ORACLE1 to speak to an Oracle representative.

FINANCIAL IMPACT

New offerings are often an organization's most important source of revenue – however, it can also represent one of the riskiest ventures a business undertakes.

Improving the ability to pick a mix of offerings that best address customer demands and company fit has a tremendous impact on the financial success of a company.

Best-in-Class companies have:

- 53% more cost targets met
- 51% more launch targets met
- 38% more quality targets met
- 47% more revenue targets met
- 8.5% higher profit margins on new products and services

ABERDEEN GROUP

"BENEFITS OF IMPROVING THE INNOVATION MANAGEMENT PROCESS" NOVEMBER 2015

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FOR MORE INFORMATION
Contact: 1.800.ORACLE1



Integrated Cloud Applications & Platform Services

Oracle Corporation, World Headquarters

500 Oracle Parkway
Redwood Shores, CA 94065, USA

Worldwide Inquiries

Phone: +1.650.506.7000
Fax: +1.650.506.7200

Visit www.oracle.com/innovationmanagement to learn more. For a personalized assessment of your product and service innovation process, contact your local Oracle sales person or call +1.800.633.0738 to speak with an Oracle representative.

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