

# A Quick Look at InnoCentive



Presented by:

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# Product Lifecycles



# Open Innovation



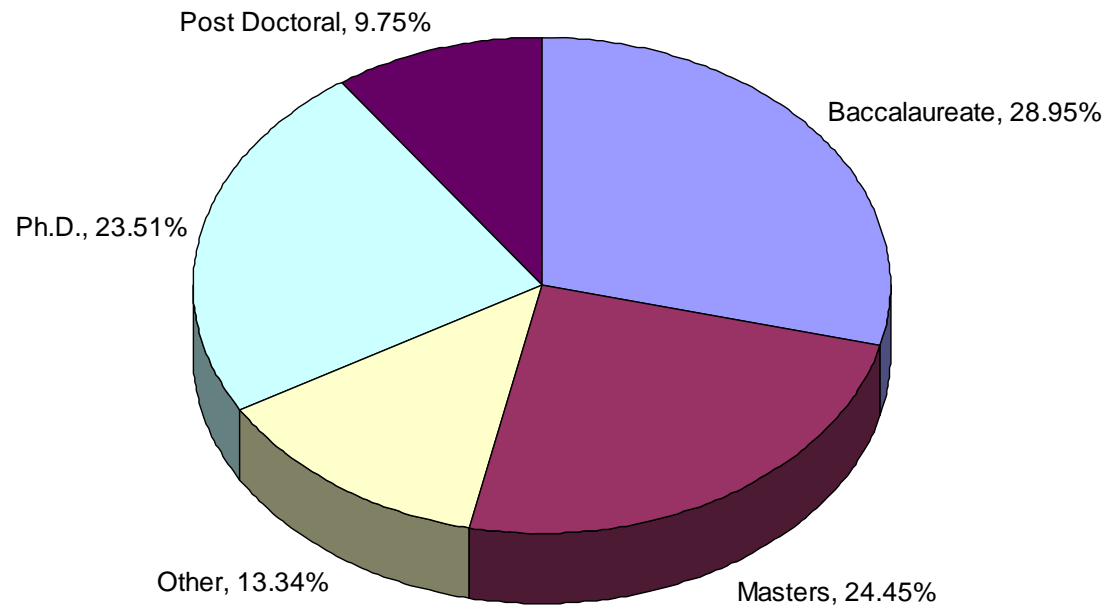
## Leverage “THE” Network Effect

- **Global Community of Solution Providers**
- **+145,000 Solvers, 175 Countries, 40 Industry Disciplines and Growing**
- **Best Solution is Awarded a Cash Prize – You Only Pay for Results**

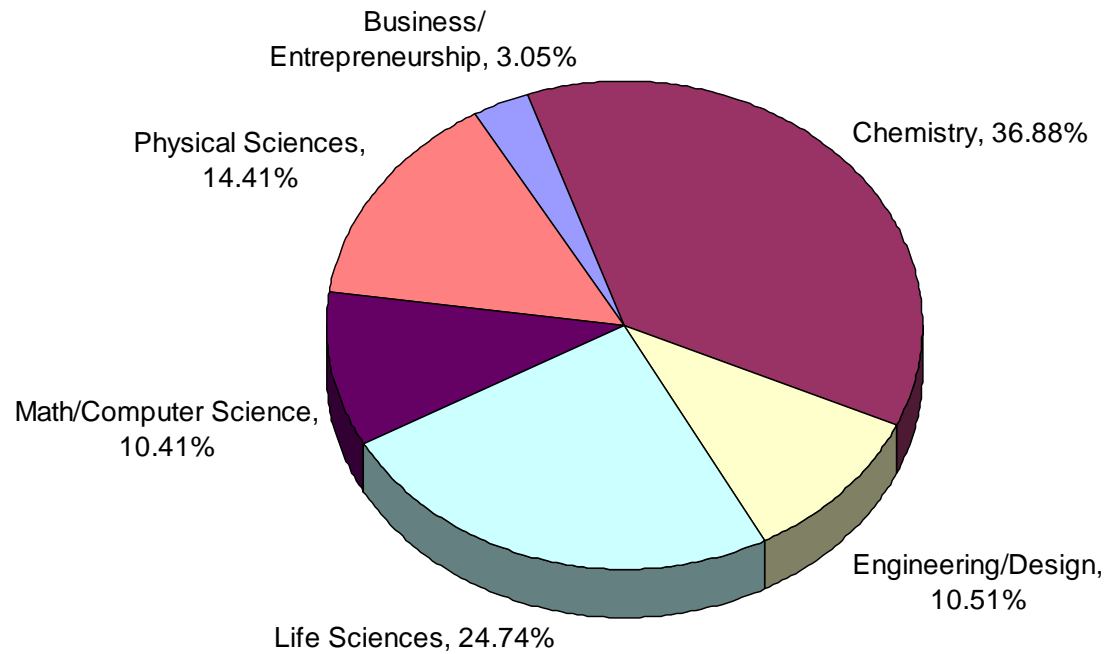
A diverse external innovation partner



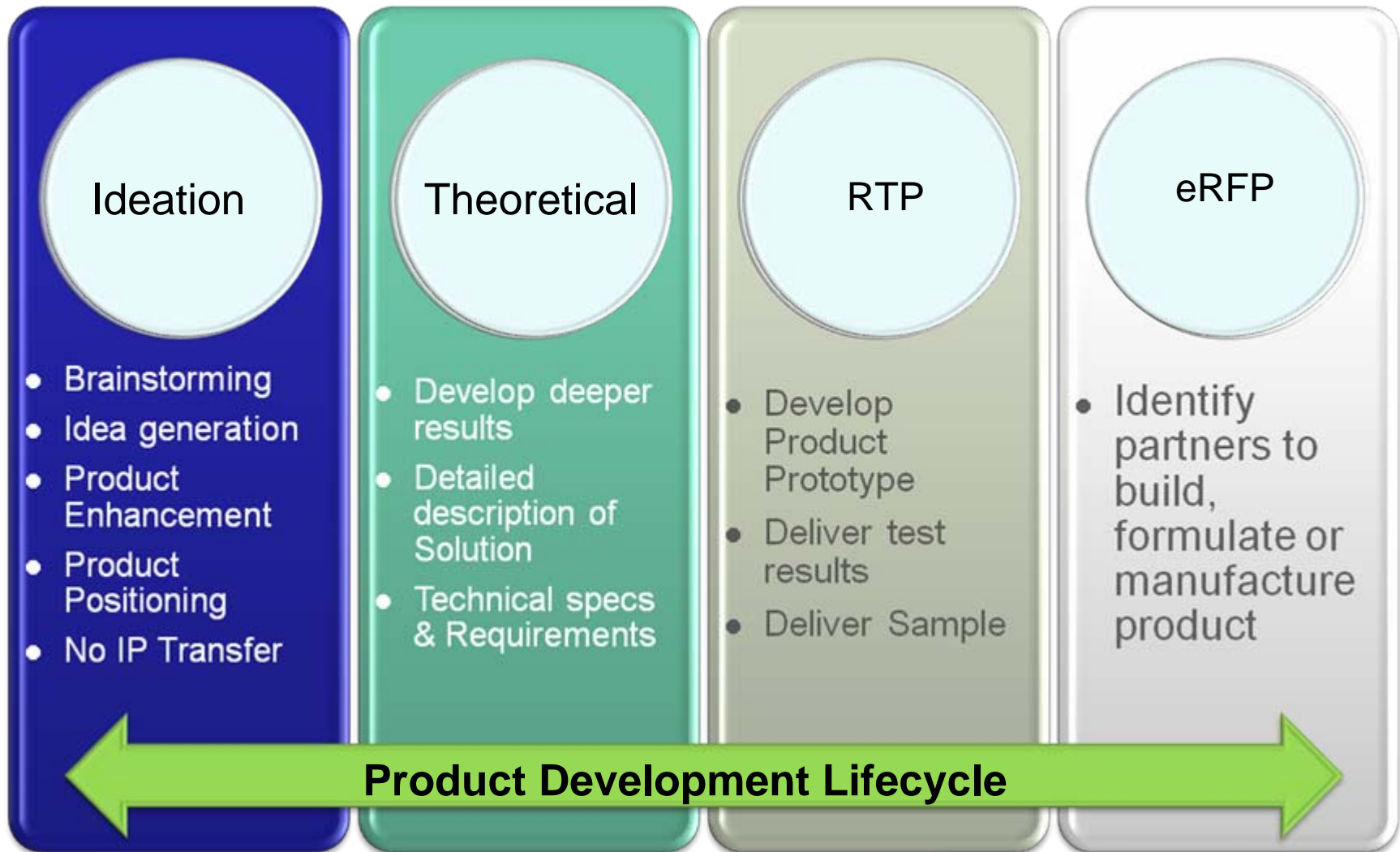
# Solver's Mix



# What are they interested in?



# Product Development with InnoCentive



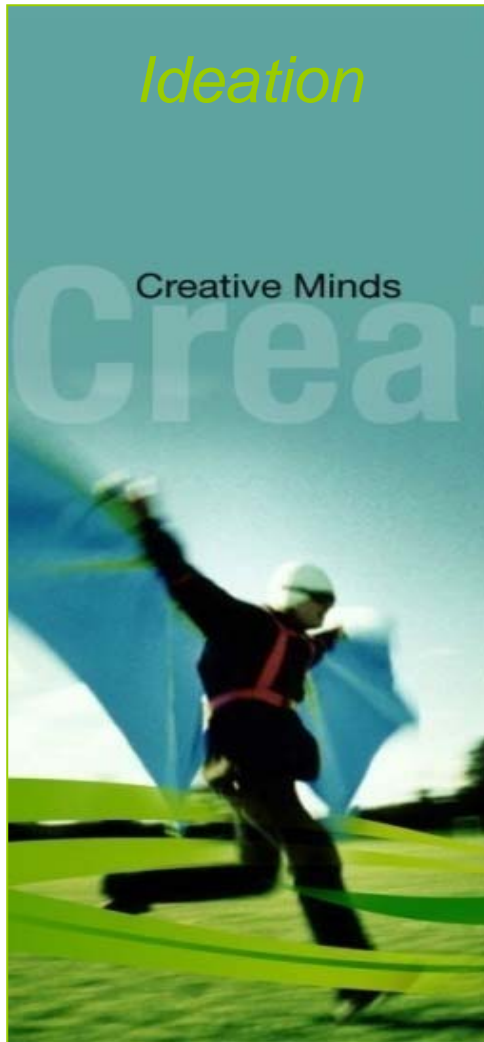
# Innocentive

- 1 **The Big Idea**
- 2 **The Design**
- 3 **The Prototype**
- 4 **The Final Product**

**The Complete Innovation Solution  
from the Big Idea to the Final Product**

*InnoCentive, the only provider of complete end-to-end  
open innovation solutions.*

# Challenge Types



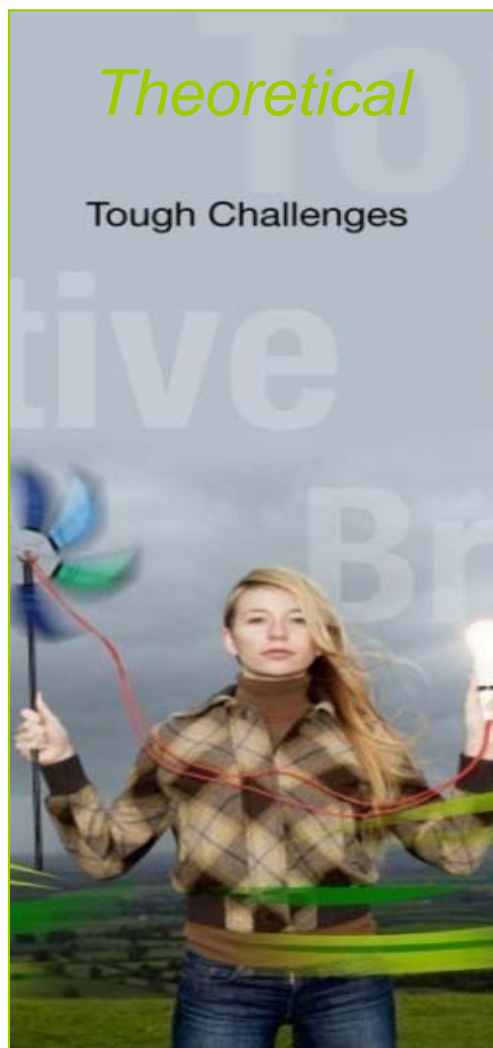
## Ideation

- Searching for new approaches to long-standing problems, new applications for existing products, something new!
- Seeker pays Award for the best response
- Non-Exclusive License Granted, IP is not transferred

## Examples

- Novel commercial applications for surface modified carbon black
- Creative ideas for reduction of chemical vapor emissions in a specific industry setting
- Ideas for rapid and simple detection of specific DNA sequences are needed

# Challenge Types



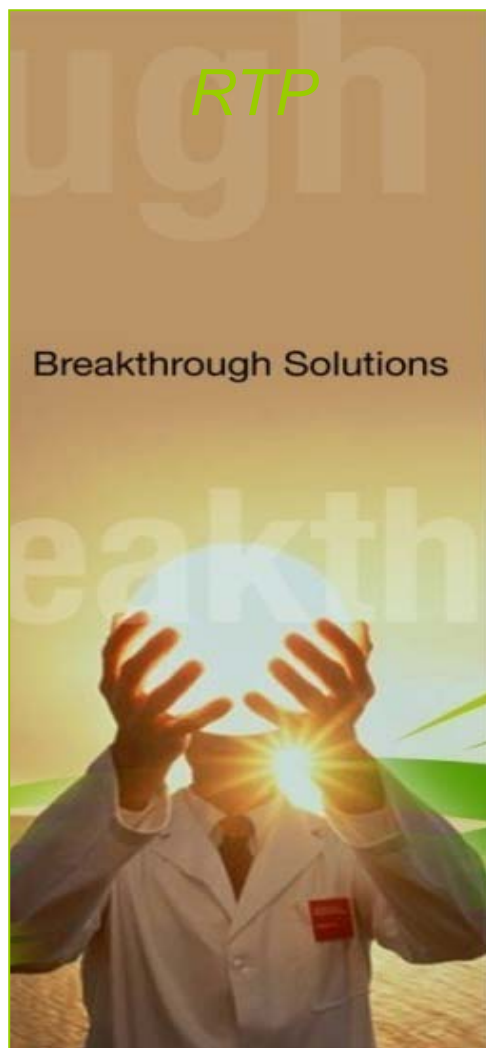
## Theoretical

- A Challenge with well-defined success criteria and deliverables that do not require lab work
- Award paid only if a Solution meets the Challenge success criteria
- Full IP rights transferred if an Award is paid

## Examples

- Time dependent model for chemical compounds
- Removing end groups from polymer latexes
- Improved adhesion of powders to food substrates
- Novel formaldehyde scavengers for polymers

# Challenge Types



RTP: Reduction to ... Practice/Prototype/Proof

- A Challenge with well-defined success criteria and deliverables that may require lab work along with right to validate solution
- Award paid only if a Solution meets the Challenge success criteria
- Full IP rights transferred if an Award is paid

Examples

- Non-animal water insoluble material for the shell of a capsule
- Elimination of odor from an aqueous solution
- Narrow Bandwidth Optical Spectral Filter
- Removal of safrole from nutmeg oil

# Challenge Types
















## eRFP

- A Challenge with a confidential or non-confidential statement of need where the Seeker is searching for a collaborator, a supplier, or a partner for a joint development program
- No Fees Due InnoCentive other than a one time Posting Fee

## Examples

- Identification of a commercial source of high surface area MgO
- Seeking formulation development partners from China and India
- Partner for the development of an oral formulation needed
- Identification of alternative fluorosurfactant suppliers

# Key Features of InnoCentive's Challenge Types

Challenge Type	Ideation	Theoretical	RTP	eRFP
Award Value Assigned				
Guaranteed Award				
Non-Exclusive License Upon Award				
Success Criteria May Include Physical Deliverables				
Award Paid Only If Challenge Solved				
Full IP Transfer If Challenge Solved				
Success Fees Paid If Challenge Solved				
Collaboration Proposals Provided				



Creative Minds



Tough Challenges



Breakthrough Solutions



**InnoCentive**  
Open Innovation  
Marketplace



**Our Process**

# Step 1: Challenge Formulation & Posting



## Challenge ideas

- Seeker specialists & InnoCentive collaborate on idea
- InnoCentive helps formulate Challenge

## Internal Seeker review

- Standard disclosure process
- Legal, specialist, commercial

## Posting

- Final seeker review
- Solution criteria confirmed
- Deadline, award established

**InnoCentive is a Full Service Company and facilitates the entire process**



# Step 2: Information Access by Solvers



## Abstract

- Global Solver community
- Publicly available information
- Objective: attract interest
- 1,000s of Solvers view Challenge

## Summary

- Registered Solvers only
- Non-confidential information
- Solver self-selection
- Fewer Solvers Interested in Challenge

## Confidentiality Agreement

- Binding confidentiality for Seekers & Solvers
- License to valuate (transfer to full license on award)
- Standard contract terms

## Details

- Full confidential details
- Anonymity preserved
- Project Room: secure, private communications
- Final few Solvers qualified to solve Challenge

# Step 3: Submission & Award



## Submissions

- From Solver to InnoCentive
- Via individual Project Room only

## Solution evaluation

- Vetting by InnoCentive
- Validation by Seeker
- Seeker chooses best solution
- Auditable process ensures integrity

## Solver Verification

- Solver authority verified
- Appropriate employer waiver if needed
- Wet signatures

## Award

- Awardees transfer IPR
- All others retain IPR
- InnoCentive administers payment



Creative Minds



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Breakthrough Solutions



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**Challenge Discussion**

# Solver Success

## 555 Challenges posted

- Total Posting Value of \$14.5 Million
- 2007 Postings will be nearly double 2006 level
- Postings have increased every year since 2001
- Over 6,700 solutions submitted
- On average, a Challenge will have 200-300 project rooms opened up
- 5-10% of opened project rooms submit a solution



## 192 awards to date

- Nearly \$2.5 Million awarded to Solvers in over 30 countries
- Solvers are from private sector, academia, consulting, CROs, retirees, consultants, basically everybody
- Average award size trending up
- Many more solutions under review/pending

Creative Minds



Tough Challenges



Breakthrough Solutions



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# Full Service Posting

Full Service Challenge Posting Pricing					
Includes 12 Consulting Hours per Challenge *		InnoCentive Success Fee			
Challenge Type	Posting Fee	Awards Up to \$99,999	Awards \$100,000 - \$499,999	Awards \$500,000 and more	Award Minimum
Ideation	\$8,950	N/A	N/A	N/A	\$5,000
Theoretical	\$8,950	40%	30%	10%	\$10,000
RTP	\$8,950	40%	30%	10%	\$30,000
TCP	\$13,425	N/A	N/A	N/A	N/A

# Government Sectors

<b>Innocentive: Government Sectors Pricing</b>	
<b>Introductory Bundle #1 - \$59,000</b>	
<b>Challenge Details</b>	<b>Consulting Details</b>
Package includes 7 challenges. All MUST be posted within 90 days of purchase.	1 days On-site or Online Training within 45 days of signing. *
Success Fees are NOT included and will be billed according to the appropriate level in the Full Service Challenge Pricing.	A total of 70 Hours of Consulting is included.
<b>Introductory Bundle #2 - \$99,000</b>	
<b>Challenge Details</b>	<b>Consulting Details</b>
Package includes 12 challenges. All MUST be posted by 12-31-08	2 days On-site or Online Training within 45 days of signing. *
Success Fees are NOT included and will be billed according to the appropriate level in the Full Service Challenge Pricing.	A total of 120 Hours of Consulting is included.

# Awards

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