

**Frugal yet Efficient**  
and Complete  
Software Product **Idea**  
**Incubation**

# Table of Contents

01

 **Product/Solution Idea Incubation**

02

**How Does that Matter?**

03

**Essentials of Idea Incubation**

04

**Preventing Premature Death of an Idea**

05

**Modern Delivery Science and Idea Incubation**

06

**A Case in Point**

07

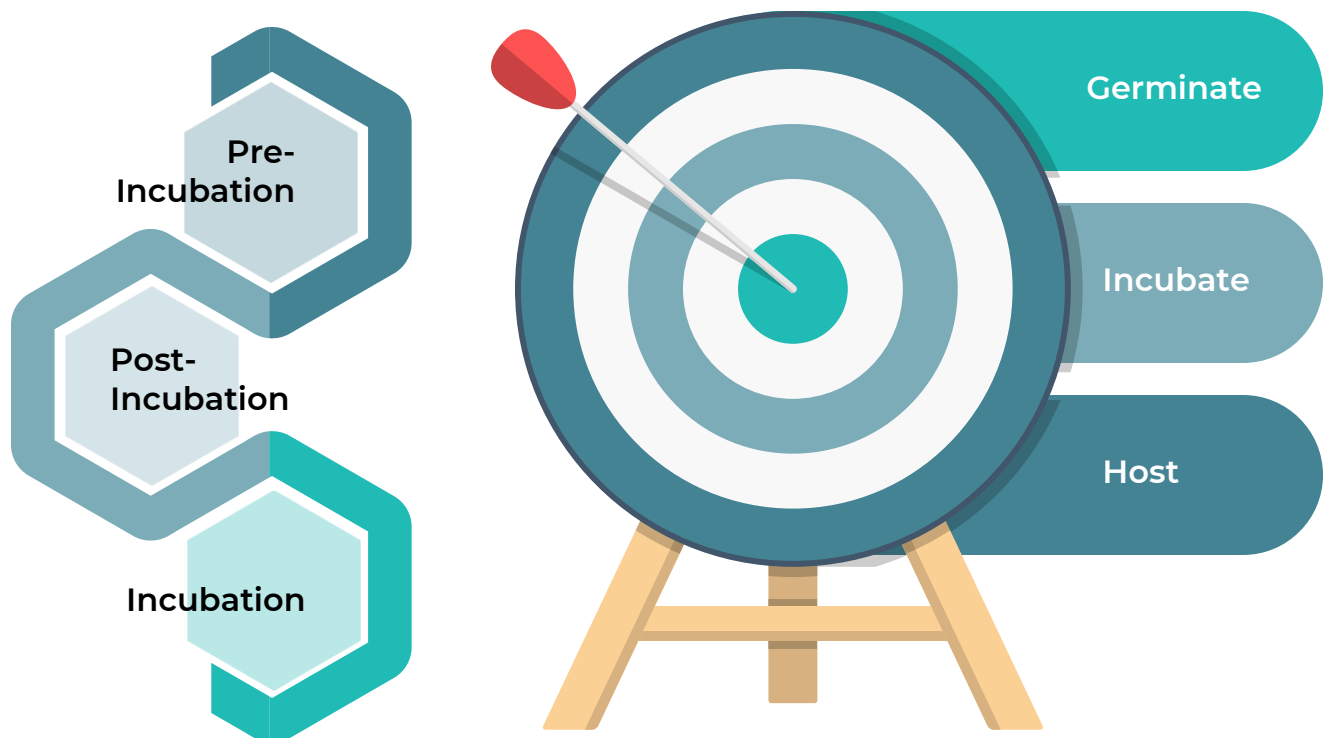
**Summary**

## Product/Solution Idea Incubation

Idea incubation is the process of turning ideas into reality. From the perspective of commercial feasibility, few ideas deserve a sound exploration with the end goal of translating them into tangible products.

Innovative ideas hold the key to incremental business success in this modern business world. We will be looking a little deeper into how these ideas offer a competitive advantage to a software product/solution firm in the global IT industry. As soon as an area of demand picks up, several ways to satisfy it crop up. Ideas that fulfill the demand cost-competitively with the least risk and added comfort are the ones that gain more market traction.

The origination of an idea can have a singular source through an individual. In some cases, it could be the result of collaborative brainstorming consistently. The incubation process begins once an area of value addition through an innovative idea is identified. Generally, incubation processes are long drawn and have several milestones. However, the duration is the least challenging aspect when incubating ideas. The availability of monetary muscle coupled with access to a talent pool for exploring an idea matters the most.



For an idea to reach its completion after it germinates, considerable financial resources are required from the core to the launch stage. The entire process is concentric, and the subsequent stages to the germination stage are often built over this core. As a result, ensuring the right first step is taken becomes vital when creating the following stages over them.

## How Does that Matter?

The most effective idea of interest either bridges a chasm or creates a new area of market demand. In both cases, ideas promise a competitive advantage, giving a business enterprise an edge over its competition. This helps an enterprise penetrate deeper into the market, boost the top line, garner a broader market share, and increase profitability. New ideas matter in modern-day highly competitive global markets given these clear business advantages. The search and research for gaining a competitive advantage through innovation are constant. Business enterprises either germinate an idea organically or look at inorganic ways, i.e., through mergers and acquisitions. In today's world, it is easy to find cases where an idea is taken over inorganically and nurtured further through a complete incubation process to translate them into leading products or solutions.

At the same time, several business enterprises shy away from pursuing newer ideas for various reasons. These reasons range from limited resource availability to uncertainties due to inherent risks. The good news is that even for such risk-averse businesses, modern-day models offer risk-based approaches for pursuing a new idea. No matter the perspective, ideas form a lifeline of today's learning enterprises.

## Essentials of Idea Incubation

As mentioned previously, idea incubation is an elaborate process. Here are the essential factors that ensure efficiency within the process:

### Patience

One of the key ingredients in a successful idea incubation. No idea can be taken on a fast-track to being translated into reality.

This means that the process must be followed. Businesses must be ready for trials, perform tests several times, avoid marketing myopia, etc.

- Process Driven
- Frequent Testing

### Financial strength

Many monetary resources need to be available to pursue innovation. There may not be immediate rewards and instead become long-term investments.

Modern delivery science offers dynamics of the flat world to rationalize the economic factor upfront. Nonetheless, finances form one of the fundamentals.

- Upfront Investment
- Delayed ROI

### A risk-based approach

Idea incubation presents several risk factors. Apart from facing marketing myopia, enterprises may also invest too many resources into a single idea. Countering this requires a risk-based approach. So if need be, an entity may be spun off into a separate business to pursue an idea, enabling businesses not to put all the eggs in one basket.

- No One Basket
- Independent BU

### Readiness to change

Pursuing newer ideas requires thinking and working differently. Incubation of a final product may also need enterprises to change how they operate. When an inorganic path is chosen to pursue an idea, it changes how the organization operates.

- Inorganic Scope
- New Processes

### Demand-driven scalability

An enterprise should be able to scale up (or down) depending on the demand pattern. This flexibility is required even on the talent front, involving a high cost.

- Scale Up/Down
- Demand Pattern

## Preventing Premature Death of an Idea

While pursuing new business/product ideas is exciting and promising, the ideas are often prone to premature ends. Several factors may lead to this. Let's look at some of them:

- **Marketing myopia:** An enterprise can sometimes misunderstand a particular demand pattern as market demand. This leads to the progression towards building a product that the market may not require. We get to see several such premature deaths in the modern business world.
- **Running out of money:** The continuous flow of finances is a must for idea incubation to sail through swiftly. Several products do not reach fructification when finances get drawn to conflicting areas of priorities.
- **Talent pool:** The sharp rise in attrition among the engineering and delivery teams often leads to fluctuations in the talent pool. This, in turn, causes ideas to get stuck in the incubation process. A consistent team is crucial when progressing idea incubation. If not the entire team, at least key members must remain constant for the effective fructification of new ideas.
- **Challenges of scale:** Idea incubation needs scarce human resources during the initial stages. However, an extensive enterprise system, for example, requires gradual and continuous scaling up of teams. At the same time, as the product comes to completion, it is essential to scale down the teams as well. Similarly, cost considerations may also require scaling down at some critical stages of the product. Inability to scale up and down often leads to the premature end.
- **Lack of a data-driven approach:** Since idea incubation is a risk-based process, several decision-making points need to be data-driven. The leadership team in the incubation process may go by their gut feeling. But while gut feeling has its role in incubation, data-driven decision-making needs to be emphasized most of the time.
- **Misplaced acceleration:** We have seen in the above section that incubating a breakthrough idea is a long-drawn process. To respond to an impending change or a competitive force, certain front lines of teams may put undue pressure on idea teams to churn out products faster. The product that comes out does not stand the test of time.

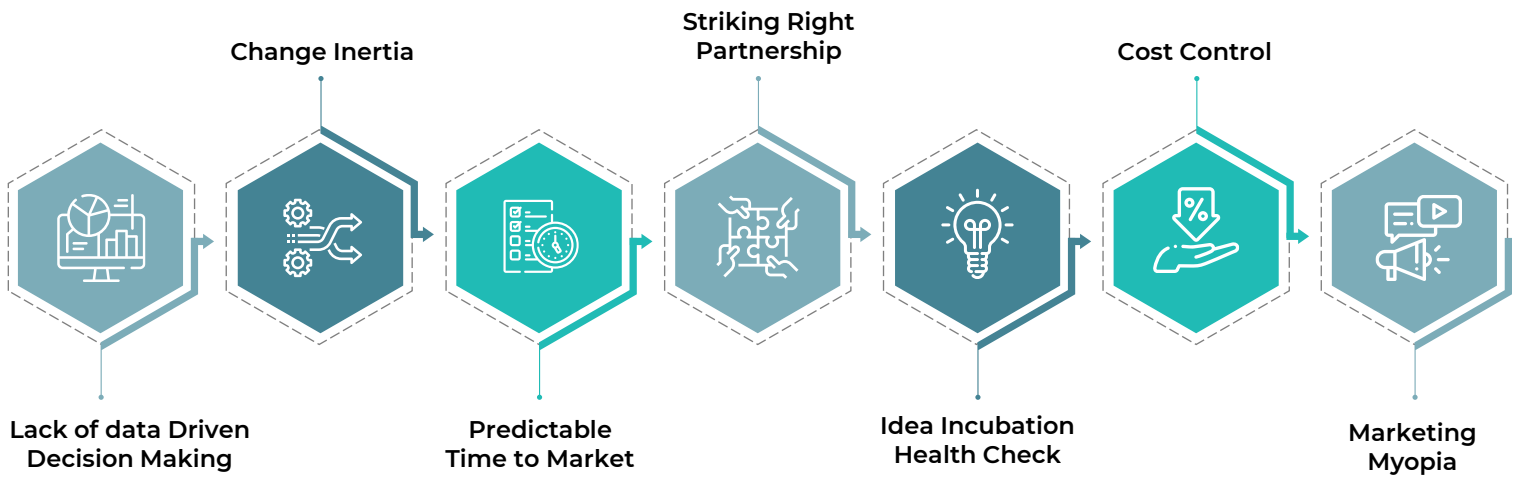
## Modern Delivery Science and Idea Incubation

An innovative idea germinates, incubates, and eventually is translated into a product. It has come through several stages of uncertainty and risk by that time. Fortunately, as applied to today's digital product engineering, modern delivery science presents several avenues to mitigate the inherent risk and minimize uncertainty.

This section explains the risks in the idea incubation process. We will also discuss how modern delivery science powered by data mitigates the risks effectively. The goal is to make idea incubation the modern IT industry's de facto standard, fuelling innovation consistently.

Sr.	Idea Incubation Risk	Risk Mitigation with Modern Delivery Science	Business Outcome/Impact
01	Lack of Data-Driven Decision-Making	Gut feeling is replaced with Key Performance Indicators (KPIs) on critical factors such as Talent Scalability, Attrition, Effective Team Hierarchies, Incubation Health Check, etc., through Real Time Dashboards.	Decisions taken basis the real time dashboard reflect the situation on the ground.
02	Change Inertia	Effective compliance framework as available in modern data-driven product engineering allows most stakeholders to be on the same page with respect to new processes as prescribed by the system.	Minimal change inertia allows new products to contribute to the business quickly.
03	Predictable Time to Market	With most critical factors on idea incubation available to leadership teams on a single real time dashboard, there comes a clear predictability on how fast or slow the products can hit the marketplace and respond to impending competition.	Competitive advantage by delivering a product at the right time to fill the chasm in identified area of demand.
04	Striking Right Partnerships	The nature of an idea when examined through the dashboard allows clear identification of partners required to pursue it. The history data enables data-driven decision-making for evaluating available partners.	De-risking of business and the idea incubation process through introduction of partners.
05	Idea Incubation Health Check	This allows determining during progression of incubation if the process is funded adequately and if it could hit a premature death of an idea.	Greater control over outcomes in terms of realizing the product in the final phase faster.
06	Cost Control	Modern delivery science allows the leveraging of flat world dynamics to rationalize the cost incurred for incubating an idea. Apart from inducing cost cutting, it directly helps in eliminating unnecessary cost heads.	Better cost control directly impacts the business bottom line. Realizing the innovative products faster at minimum cost.
07	Marketing Myopia	Built-in collaboration modules in the modern delivery platform coupled with compliance ecosystem allows for doing away with marketing myopia and stick to ground realities.	Churning out products that are 'really' in demand in the market.

## Idea Incubation Risk Areas



## A Case in Point

A new age ISV with \$375 million turnover and global customer base offers a comprehensive Customer Engagement Platform. Their operations are predominantly in North America, Europe, and the Asia Pacific. This platform has been designed primarily for the Banking and Financial Services industry. However, it also offers a superior value proposition for other sectors, such as Media and Advertising, Healthcare, and Hi-tech.

The Customer Engagement platform brings service providers and customers together. It is an AWS Cloud-based system that features a client portal for collaboration. For example, when operated by a bank, the portal empowers depositors to access their relationship and investment portfolio. The investors can also figure out what other bank services they access with an attached relationship manager. The Customer Engagement platform provides a win-win proposition for both banks and depositors. It also empowers banks to be closer to their customers and offers extensive cross-selling opportunities.



For over six years post mid-2010, this customer engagement platform drew much attention from the market. It even engaged audiences from European countries where customer engagement is nascent because of the culture, economic development, and regulations. However, starting from 2017, sales began to stagnate. One of the reasons for this was the disruption caused by the new-age digital transformation and technologies empowering it. For instance, their banking customers started paying heed to the Robo-Advisory system. The system allows machines to advise investors on growing their wealth, and these capabilities were missing from the ISV's repertoire. There are several similar examples of capabilities missing from the base platform.

The Engineering and Technology teams came up with an idea to enrich their base platform. They turned it into a new age portal on top of the existing financial systems such as core banking, offering a seamless "Hub n Spoke" platform. This platform allows banks to connect with a revenue stream (or a business function) of the ISV and go live on the web and mobile in a few days.

The idea appeared intriguing to the executive management, promising a much-needed competitive edge. However, the critical question for any executive management is the amount of investment. The resources, infrastructure, executive bandwidth, staffing, and development tools needed for this new idea to flourish are vital. Their investment capabilities were limited since the ISV ran a tight ship in the past fiscal terms. At the same time, the inherent risk involved in pursuing any new idea was also a deterrent.

A visionary Chief Technology Officer with the ISV brought in a recommendation to partner with a specialized Digital Product Engineering Services company that offered a wide array of product engineering services, including the idea incubation services. Following initial reservations as presented by some senior executives, it was decided to bring a partner on board. This was intended to begin a relationship with their Idea Incubation Center offerings. These present an end-to-end ecosystem for pursuing a new idea. Additionally, with the flat world dynamics leveraged by this partner, they offered the incubation services at the right pricing. The contracts presented a compelling environment for the ISV to pursue its new idea.

Following were the substantial business benefits that the ISV realized under this partnership, focusing on pursuing a new product idea:

Access to an on-demand and ready-to-use complete ecosystem for pursuing a new software product idea. This includes the availability of large pools of software engineers, architects, testers, content writers, UI/UX experts, consultants, etc.

Access to a risk-based and data-driven product delivery system. The ISV can leverage it to minimize resource drains behind the failure of an idea and predict a success rate.

On-demand scalability based on the KPIs of the progress of an idea.

Seamless transition to software production in the event of the success of an idea. Software development continues to be frugal and minimizes the investments into expensive product engineering.

## Summary

Ideas are many. However, it is essential to translate them into a business-driven, risk-based, and data-driven proposition to pursue it as a business. Many factors are vital to the success of an idea. However, cost escalations sometimes require several years of payback, making the overall proposition not feasible. Modern-day Digital Software Engineering Service providers offer specialized Idea Incubation Services to minimize risk and enhance the likelihood of success.



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