

Innovation goes online at ACEA



ACEA is the largest 'multi utility' industrial group in Italy, providing water and electricity to millions of customers in the central region from Tuscany down to Campania. These businesses operate mainly in regulated areas, and in some cases monopolies, which are subject to strict control of the authorities. Sixteen percent, and growing, of profits from within more than three billion Euros turnover group are generated within liberalised business sectors.

At a European and local level utilities are subject to increased competition and public scrutiny. Although the majority of ACEA's business is regulated, the company's management have prioritised the need to innovate, increase customer satisfaction and ensure that the utility follows a path of sustainable growth. For the first of these objectives, ACEA management assessed the internal capabilities to drive innovation as insufficient: although good technical

expertise and knowledge on process efficiency and quality was to be found within the company, breakthrough thinking had never been a priority. Rather than build these skills organically a more radical, open form of innovation has been developed, reaching out to the creativity of suppliers, universities and other external partners. The group best placed to manage this innovation project was judged to be within supply chain management, due to its global vision of all business processes and suppliers market. Suppliers were already known to be enthusiastic promoters of change: why not capitalise on their creativity and willingness to propose new solutions?

Supported by the top of the company, including the CEO and executives of the various business units, an open innovation project and process was implemented at the end of 2008. A dedicated website (www.aceainnovazione.com) was created to explain why ACEA would be interested in receiving innovative propositions for change, and establish an open discussion forum. Potential contributors could be supplier organisations, but could also be individuals from within or outside the company. Participation would require registration and would be open to all.

Two key aspects would be necessary to ensure that innovation portal was actively used. The first was to explain the objectives of the company and to promote the site's existence to a wide audience in business associations, at universities and in the press, but also through the company's main website and internal communications. The website would have to be part of a credible process in which real opportunities could be demonstrated, in order that suppliers would choose to publish their ideas openly.

Fabio Grossi Gondi, Procurement and Logistics Manager and responsible for the Open Innovation project, explains:

"It is critical that we are open to evaluate innovation ideas coming from, universities, institutes, suppliers, employees,... We need to offer them an efficient decision making process behind the website, the opportunity that their propositions are shown to our senior management, and that the speed of response is good"

The forty five propositions so far received are of a high standard: only a quarter could be rejected outright. Five suggestions are in the process of being reviewed with the appropriate ACEA business unit.

The propositions range from improving water metering, developing pumping turbines, to more straightforward suggestions on how to reduce printing costs.

The ACEA open innovation project is a good example of how a company can improve both its effectiveness and image by using online collaboration. The forum is showing success in stimulating innovation proposals, but equally it is promoting online dialogue that is positive about what the company stands for and wants to achieve.

The evolution of the project will require improved formalisation of the internal innovation process, as Grossi Gondi comments:

“We need to maintain company involvement and commitment to the process, preferably with a dedicated organisation to actively research how new ideas can be turned into solutions”.