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Make Innovation Sourcing a Business Strategy

by William Gindlesperger, Chairman and Chief Executive Officer, e-LYNXX Corporation

“Innovation Sourcing: Contributing to Company Competitiveness,” a study published by CAPS Research, the research arm of the Institute of Supply Management, underscores the importance of organizations adopting external innovation versus relying solely on their internal research and development efforts. In some cases, goals are being set to increase revenues by adopting external innovation. Proctor & Gamble, for instance, has a goal of attaining 50% of its revenues through external innovations over the next five years.

The findings of the CAPS study are supported by the seventh annual global survey of senior executives, conducted by The Boston Consulting Group in conjunction with Bloomberg/*Business Week*. Two significant findings of that survey stand out:

- “Innovation is again becoming a top priority at companies, after the Great Recession, and more resources are being spent on innovation. Satisfaction with innovation return is slowly increasing,”
- “Three areas of weakness limiting innovation are: (1) risk adverse corporate cultures, (2) lengthy new product development cycle-times, and (3) inadequate measurement practices for innovation.”

Another factor that influences the acceptance of external innovation is intellectual property protection. It makes no sense to try to duplicate something that already has been invented, tested, patented and licensed. The work has been done, the idea validated and intellectual property protections established. To infringe on a patent is risking legal action that will have a negative bottom line impact as well as tarnish an organization’s reputation.

An example of a patent protected new technology is the automated vendor selection (AVS) competitive procurement procedure that makes it possible for buyers of custom goods and services, such as printing and the manufacture of specialty products, to streamline their procurement process, gain full transparency, document every task and reduce cost of the procured good or service by 25% to 50%. The average savings for current licensees is running around 42%.

AVS Technology™ was invented in the 1990s, patented with a series of patents in 2002, 2008 and 2010, and has been licensed to organizations across a broad range of sectors including heavy equipment, construction, building materials, parcel delivery, utility, computer hardware, retail, grocery, health care, finance, resale distributor and associations. The technology itself is only part of the package because to achieve the transparency, strengthened quality controls and 25% to 50% in cost reductions, the inventing company, e-LYNXX Corporation, also invested in the development of a proprietary communications and workflow system and a series of tested best practices. For the inventor, the successful outcome represents a tremendous investment in time and a huge allocation of resources.

External innovation recognizes the importance and benefits of inventions that are developed outside of internal research and development (R&D) departments. To external innovation advocates, it is common sense to adopt a proven technology rather than trying to “reinvent the wheel” to achieve similar results, especially when an inventor is making deployment of the invention very attractive. Using e-LYNXX as an example again, there are no upfront costs to the client for having the AVS software installed and staff trained on the system. The buyer organization also eliminates unnecessary R&D expenses, another bottom-line benefit.

CAPS Research encourages organizations that want to be competitive in today’s economy to adopt external innovation as a business strategy. Senior level executives need to encourage innovation from all sources, and they need to support and engage suppliers that are most likely to provide innovative solutions. “The companywide innovation strategy should be more ‘open’ than ‘closed,’ with an organizational culture that values and emphasizes innovation from supplier and other external sources” the study concludes.

About e-LYNXX Corporation

e-LYNXX Corporation patented the technology integral to e-commerce. Endorsed by Educational & Institutional Cooperative Purchasing (E&I) and Printing Industries of America (PIA), e-LYNXX drives results through its three divisions. • AVS Technology™ licenses the patented* automated vendor selection procedure used in e-commerce and procurement systems. • American Print Management provides web-based system, services and patented AVS Technology™ to reduce substantially the procured costs of direct mail, marketing, publications, packaging, labels and other procured print. • Government Print Management offers effective U.S. GPO bid services and strategies. www.e-LYNXX.com – 888-876-5432

*U. S. Patent No. 6,397,197, Patent No. 7,451,106, post-*Bilski* Patent No. 7,788,143, and Continuing Application 12/855,423 (collectively, the AVS Technology™) – This thicket of patents covers all custom goods and services, not just print. To inquire about licensing, contact Anthony Hawks at 888-876-5432 or Michael Cannata at 905-773-2207.

About the Author



William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Profit, non-profit and government organizations alike have benefited from his strategic insight and innovation that result in measured and substantial cost reduction.

Mr. Gindlesperger's sound advice and counsel have yielded results for those with fiduciary responsibility and the authority to take action to reduce costs. He has directed major initiatives in both the private and public sectors. He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of government procurement.

He has been a lead fund raiser for senatorial, congressional and gubernatorial elected officials. He was a founder and chairman of Printing Industries of America's (PIA) PrintPAC (political action committee) and has been recognized for his contributions to PIA and services to the printing industry. He was inducted into PIA's Ben Franklin Honor Society of print industry leaders in 2009 for his lifetime contributions to the print industry. *Supply & Demand Chain Executive* honored Mr. Gindlesperger by including him in its 2010 listing of the most influential leaders in the supply and procurement profession in North America.

Mr. Gindlesperger invented the Automated Vendor Selection Technology™ -- the technology that is integral to e-commerce and optimizes cost reduction in the procurement of *all* customized and specification-defined goods and services. He has been granted a series of Automated Vendor Selection patents, including Patent No. 6,397,197, Patent No. 7,451,106, and post-*Bilski* Patent No. 7,788,143 (collectively, the "AVS Technology™").

Under Mr. Gindlesperger's leadership, e-LYNXX has grown into the leading print management and procurement licensing firm in North America. e-LYNXX has been exclusively endorsed by Printing Industries of America (PIA) and has been named one of the top 100 procurement firms in North America by *Supply & Demand Chain Executive* magazine.

His firm handles more than 200 on-going consulting assignments at any given time. Among its contracts is one with Educational & Institutional Cooperative Purchasing to assist colleges, universities and other institutions nationwide with procurement and spend management.

A native of Chambersburg, Pa., Mr. Gindlesperger is a graduate of Dickinson College in Carlisle, Pennsylvania