

CEO CFO

innovaro



Issue:
October 21, 2011

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Innovaro, Inc. is Helping Companies Innovate and Be More Productive in Bringing New Products to the Market to Grow Their Top Line

Services
Management Services
(INV-AMEX)

Innovaro, Inc.

2109 East Palm Avenue
Tampa, FL 33605
Phone: 813-754-4330



Asa Lanum
Chief Executive Officer

BIO:

Asa Lanum joins Innovaro as CEO with a proven record of successful executive and operational experience leading public and private companies. Just prior to joining Innovaro, Asa was Managing Principal and senior technology principal within The CTO Group/QCG. The CTO Group is a technology focused consulting group and the QCG side of the business focuses on working with executive management to assess organizational performance, assists in developing strategies and multi-year plans and augments strategic alignment to achieve operational excellence. His core capabilities include delivering added value strategic planning and technology services clients. For over 35 years, Asa has been responsible for establishing business and operational strategy, with a heavy focus on companies with IT as a business foundation. The blending of business acumen, strategic thinking, planning

and technology has enabled Asa to match corporate, brand, product and project deliverables to deliver competitive advantage clients.

Company Profile:

Innovaro, Inc. is a comprehensive end-to-end innovation solution provider. With fully scalable solutions, whether for a global 1000 company or small R&D lab or university scientist, we help our clients create breakthrough innovation, realize latent value in their IP and accelerate their innovations to market. Leading companies trust us to create profitable growth, new revenue streams, enduring capabilities and lasting value through innovation.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Lanum, what attracted you to Innovaro?

Mr. Lanum: One of the key things that I see going forward not only to the U.S. economy, but for the world economy, is the ability for businesses to begin to grow their top line again. That ability is going to be primarily fueled through their capabilities to bring new products and services to market. However, that growth is not going to be achieved by just painting a car a different color. They are going to have to do some fundamentally new things in terms of the products and services they bring, and Innovaro will be key in helping companies do that.

CEOCFO: What is Innovaro all about?

Mr. Lanum: We interact with companies that have the desire to innovate

in one of three ways. One is if a company wants to look at their ability to innovate to bring significant new capabilities to the market place, the culture, people, and processes must all be in place. If they are not, what we can do is we can come in and help them understand the culture of innovation and get the management processes in place and get people thinking the right way. An analogy that I like to use is that if someone decides they want to be able to cook, but they are not a cook, we can come in and actually teach them how to be a cook. That is one way we can interact. The second one is that if companies have the right cultures in place, we have innovation accelerator software developed based on methodologies we have developed and refined over fifteen years. These provide the "power tools" that companies can use to accelerate their ability to innovate. Quite simply that means it reduces their cost of innovation and more importantly helps them get new capabilities to the market faster. So using the cooking analogy, if you know how to cook and you need a good set of appliances and things for your kitchen to help you do it regularly, or repeatedly and in volume, we provide the tools to do that. The third piece is that like any good cook, you need ingredients, and our technology services and information services will help you find partners, will help you find intellectual property and provide information on social and market trends. Therefore, it provides the ingredient that you need to help make decisions. We can help you learn to cook, we can help you get your kitchen ready and help provide ingredients to turn out a great meal. In the case of our clients, these

are new products that people want to buy.

CEO CFO: Do most companies that come to Innovaro know where they are deficient or do you have to lead them from step-one as to what they might need and what they should be doing?

Mr. Lanum: It truly is situational. There are a number of companies that have been out there and for very large companies it gets harder and harder to really be innovative. That is because most of the executives are primarily focused on short-term results and things they need to do get to the next step. For large companies it is when they elevate their thinking, and if they really want to get much larger then they have to do something

fundamentally different. One of our clients, which was a large business said that they had to add half a billion dollars a year for five years, but they were not where they wanted to be and that is a big challenge. Normally, what happens is we come in and they tell us, "We do not know how to do this. We know how to grow normally, but we do not know how to grow at the rate we want to grow." Others come in and say, "You know we really do want to innovate, but we are really just not that good at it, so we need the power tools to do that". It tends to be a mix of those. It is tough to say when one walks in the door. We have seen small companies that are locked into a mode of thinking and big companies that are locked into a mode of thinking. We have probably seen more that are in the mode of, "We understand we need to do this, we need help to get started, and move forward." We see that as a major opportunity going forward for us, particularly in smaller organizations that tend to be more nimble than larger organizations, they have less people that they have to change to move forward.

CEO CFO: What about the human side?

Mr. Lanum: The human side for us starts with a desire on the part of the

organization we are working with, when they decide they want to change, because they are not getting where they want to go. Most of the time you have someone who recognizes a need that is unfulfilled rather than a need that they are servicing, but not doing well enough. What we do with that is to go in with our people and help them go through some of the diagnostics. We would say, "You need to have processes in place that help people get ideas up, processes in place that recognize and fund new ideas." However, nothing is in place to do that and that goes to the cultural issue of it. That diagnostic is important for determining where people are; sort of a maturity curve for innovation culture. The more mature they are with innovations, the more of these

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- Asa Lanum

things they are going to have in place.

CEO CFO: I see from your website Innovaro has a very stellar list of clients of well known companies; what is your geographic reach?

Mr. Lanum: We are a relatively small organization. We are concentrated in North America, but we have group in Europe that works with clients there, and we have a small but important operation in the Far East. One of the things you can appreciate is that for many of the larger organizations, they are truly multinational; they truly are international, as they have parts of their business all over the world. Therefore, what we find in working with them in carrying this work out throughout the world. is that much of the work that we do throughout the world comes from people that we have worked with before that have

gone to another organization or people that refer us. They are talking to their peers and friends about the problems that they had. It is a continuously expanding network of clients that we have.

CEO CFO: What is the competitive landscape?

Mr. Lanum: Classically, there are the traditional big firms that "sell innovation". However, they tend to come with a fairly formulated response to things. Not that they are not good at what they do, but we try to fundamentally change the organization and leave behind the ability to innovate. Where in many cases, they come in and provide answers, but if it is fishing, do you want to eat a fish or do you want to learn to fish. We teach

people to fish and often our competitors bring people fish one time. That is a fundamental difference. The others are what tend to be thought of as boutique organizations that service a relatively small number of clients. They may or may not have developed a method that they use over time. Some are very oriented towards the one phase of the innovation process, so they are not really interested in, "what is the new business that you

are trying to undertake." They may have a product that they can help with from a design standpoint. So we tend to see a number of small firms that service organizations in that way.

CEO CFO: What is new at Innovaro?

Mr. Lanum: It is really two things. One is we are seeing a real up-tick in the demand for innovation marketplace. You have seen the word "innovation" used in the press all the time, it is on the front page of everything from business journals to technology magazines, President Obama has spoken of it many times and I think there is a demand to move back to an innovation economy to drive economic growth. What that says for us is the demand for services has gone up significantly. Part of what we are looking to do is to determine how to be more effective in bringing people into

an organization like ours, particularly where you are dealing with fairly senior people inside your clients. You really have to look at how you are going to grow your people to do that. That is one of the things that we are working on from a Professional Services standpoint. On the software side, we have a new software product we are developing, and are in the introduction phase of it as a separate product. We have had previous versions of the technology that a number of our clients have licensed and continue to use. This really is starting to take advantage of a lot of the new technologies that are out there in terms of searching the web for information availability, the ability to do analysis for ideas, and how ideas fit together or a clustering of ideas. So our new software is very exciting in terms of the capability it provides clients, but also in terms of the number of clients that we can facilitate.

CEO CFO: What is the financial picture like for Innovaro today?

Mr. Lanum: We went through a period over the back half of 2010 where we focused on operational excellence. My task was very simply to come in, look at the cost structure to the organization, and bring that in line with how we were performing from a reve-

nue standpoint. We pretty much have that under control. Therefore, our focus for the first half of 2011 really is to bring in some new blood. We are starting to change our revenue growth to grow our top line, and we are doing that in a number of ways. We are established a new sales organization that is focused on selling not just one or two products, but being able to sell our entire portfolio of products. We will introduce them to the software platform, as it moves towards general availability. Proving that it works, getting the traction that we need to expand and driving that product much more aggressively in the marketplace.

CEO CFO: Do you do much investor outreach?

Mr. Lanum: We do a little bit now; most of it is 'direct'. We have reasonable access to the people that are significant shareholders of our stocks currently. I meet regularly with a group of people that do that. I probably have anywhere from four to eight interactions a week with people, most of those on the brokerage side, shareholders, things of that nature. We are not ready to start an institutional program yet. I in the situation where I like to have demonstrated results to go back to people with rather than just hope. The things we have to do this

year are to demonstrate results in top line performance and successfully introduce the new software products. With those in place we will have a very positive story for outreach to the investment community.

CEO CFO: In closing, why should investors pay attention to Innovaro today?

Mr. Lanum: It comes down to two things. First, I have been involved with a number of high growth successful companies and when I look at Innovaro, where it is today and the opportunity, it has gone through some very difficult transitions from a BDC (Business Development Company) to a operating company. Innovaro has moved from being more of a services company, into a software and services company, and there is some high-growth opportunities in that. I see that as being one of best growth and opportunity for highly scalable growth from the top line as well as improved results from the margins that it delivers to the bottom line. That to me is very exciting. That is why I took the assignment to come here; first to fix it and then to the drive top line and get us into the software business and services. We really are a solutions company, and that is going to be a successful opportunity for us.



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