

## The Cost of Innovation in Software Development Projects

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**Abstract :** The paper tackles the topic of determining the cost of innovation in software development projects. Innovation can be achieved either in a planned or unplanned manner. The paper approaches the scenarios where innovation is planned for. As a starting point an innovative software development project is analyzed. The project is depicted step by step as it was implemented, from inception to delivery. Costs that are proprietary to innovation in software development are isolated based on the author's personal experience in managing the above mentioned project. Innovation cost components identified by the author are then validated using open discussions with software development professionals and projects managers on LinkedIn groups. In order to receive relevant feedback only groups that focus on software development and innovation management are targeted. Additional innovation cost components suggested by software development professionals and projects managers are also considered. Based on the identified cost components an indicator is built. The indicator is meant to formalize the process of determining the cost of innovation in a software development project. The indicator aggregates all the innovation cost components that are identified in the research process. The process of calculating each cost component is also described. Conclusions are formulated and new related research topics are submitted for debate.

**Keywords :** innovation cost, IT project management, software development, innovation management

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