About the GE Global Innovation Barometer

Now in its **fourth edition** and spanning across **26 countries**, the GE Global Innovation Barometer is an international opinion survey of **senior business executives**, all actively engaged in the management of their firm's innovation strategy.

The survey is conducted by **Edelman Berland** a consulting and research company on behalf of GE. The Barometer explores how the perception of innovation is changing in a complex, globalized environment.

It examines the way business executives around the world appreciate the **framework for innovation** their country has developed, it also details the perspective from business on the most efficient **policies** to support Innovation.

Finally, it adopts a **firm centric approach** to better understand the way international businesses adapt their innovation practices and strategies in a challenging economic environment.
Sample and fieldwork details

3,209 phone interviews (in local languages)

Interview average duration: 35-40 minutes

Period: April 2\textsuperscript{nd} to May 30\textsuperscript{th} 2014

All respondents directly involved in the innovation strategy or process within their company. (31% C-Level).

28\% of companies operate globally, average company size is 650 employees

Average age of respondent is 44 years old

26 markets

- New countries in 2014
  - Algeria
  - Indonesia
  - Italy
  - Kenya
A comprehensive assessment of innovation

The ideal innovation process
Today’s Drivers & Barriers

Is the ideal innovation process...
• Planned or spontaneous?
• Integrated or autonomous?
• Internal or collaborative?
• Protective or offensive?
• Local or global

What are the drivers and barriers of successful innovation...

In general?
In your company?

The future of innovation in specific sectors:

The best type of innovation to drive the quality of healthcare

The ability of innovation to solve today’s and tomorrow’s energy challenges

Countries & Public policies
State of the National Innovation Framework

Which country is the leading innovation champion?

What does your country do well?
• Cross-disciplinary research? Effective IP system? Private funding?

What do the Public Authorities in your country do well, or less well?
• Sufficient support to SMEs? To larger companies?
• Adequate budget allocation?

Public policies – your country’s priorities should be:
• IP protection?
• Curriculum and talent management?
• Relationship between public / private sectors?
• To lead innovation through public procurement’s decisions?

Innovation trends & practices
Myths & Realities

Familiarity, relevance, readiness for your company:
• Convergence of technology
• Collaboration
• Industrial internet
• Big data

The impact of the Industrial internet...

• On the job market
• On energy consumption and dependency
• Leading the new Industrial Revolution

Big data, data sciences and analytics: buzz word or ...
• A critical priority?
• A source of internal power / influence?
• A rewarding investment?
Saudi Arabia executive summary
Macro findings

Saudi executives perceive innovation as a positive force with 79% agreeing that people in their country live better today than 10 years ago because of the impact of innovation – in line with the global average (80%).

87% of executives in Saudi Arabia agree that innovation is increasingly becoming a global game, merging and combining talents, ideas, insights and resources across the world is the only way to be successfully innovative – above the global average (82%).

Regarding collaboration, Saudi executives are less inclined than other executives globally in saying that despite the risks associated with collaboration and IP infringements, collaboration is a risk worth taking if you want to successfully innovate nowadays (66% compared to 77% global average).

Executives in Saudi Arabia are recognising the value of collaboration with 70% of executives reporting that the revenue generated by collaborative innovation activities has been growing over the last year, higher than the global average of 64%.

Contrary to global trends which favour SMEs as the driving force for innovation (the global average being 41%), only 18% of Saudi executives agree with this, most feeling that public organisations (36%) are in fact driving innovation. They are closely followed by multinationals (33%), above the global average (19%).
Macro findings

Saudi executives highlight several priorities that their companies need to master to innovate successfully. Understanding customers and market trends comes as a clear priority. To 76% of executives, understanding customers and anticipating market evolutions is a critical factor—lower than the global average (84%). This is consistent with last years’ result of 78%. The second crucial ability is attracting and retaining skilled individuals (74%)—up 5 points from 2013 (69%). Encouraging creative behaviours and disruptive processes comes in third at 60%.

When asked about their company performance against these necessary abilities, a large 40% of executives said that their company performed extremely well at understanding customers and anticipating market evolutions and 29% thought their company performed extremely well at retaining new talent.

When looking at what Saudi executives consider key challenges for innovation, it is the lack of talent / inadequate skillset which trumps all challenges at 30%, followed by the lack of sufficient investment and financial support (28%).
Macro findings

Internal organisation – how businesses in Saudi Arabia go about innovating

60% of executives in Saudi Arabia recognise the need for companies to encourage creative behaviours and disruptive processes in the business in order to be able to innovate successfully – in line with the global average (64%).

77% of executives believe that when innovating, it is best to protect the core business’ profitability as much as possible so as to support research & innovation efforts compared to 23% that say it is best not to worry about the potential short term negative impact on the core business’ revenue – slightly higher than the global agreement of 72% for protecting the core business’ profitability.

60% of Saudi executives agree that the most successful innovations are planned, emerging through a structured innovation process compared to 40% who say they are spontaneous, emerging through the interactions of creative individuals, in line with the global average of 62% and 38% respectively.

In terms of organizational design, 68% say it is best to position innovative teams and activities inside the existing lines of businesses and structured teams – in line with the global average of 68% while 32% believe innovative teams and activities should be placed outside in specialized and dedicated innovation /research centres – also in line with the global average (32%).

54% of Saudi executives say it is best to get to market as quickly as possible to keep an edge on competition (in line with the global average of 50%), and 46% say they prefer not to rush and take all the time needed to perfect the innovation (in line with the global average – 50%).
Macro findings

The appreciation of predictive analytics in Saudi Arabia is in line with other executives globally with 51% saying that to use analytics and predictive knowledge is a crucial ability compared with 53% globally.

36% of Saudi executives say they have never heard of big data before and 6% say that big data is more of a buzz word than a reality – in line with the global average (6%). 42% of Saudi Arabian executives report that their company is either totally or quite prepared to make the most out of big data compared to the 25% global average. Only 14% say they have not increased their ability to analyse large and complex amounts of data over the last year and won’t (compared to the 29% global average).

Concerning the industrial internet, a significant 40% of executives in Saudi Arabia say they have never heard of the industrial internet compared to a global average of 44%. 53% believe the industrial internet will have a positive or neutral impact on the job market, higher than the global average (49%). 5% of executives in Saudi Arabia believe their business is already totally prepared with a strategy or process to make the most of industrial internet – in line with the global average (6%).
Macro findings

Saudi Arabia’s framework for innovation is perceived as being quite challenging by executives from other markets with 18% saying that Saudi Arabia has developed a framework conducive to innovation. However, Saudi executives’ self-evaluation of their overall framework for innovation is slightly higher than this, with 32% reporting Saudi Arabia has developed an innovation-conducive environment this year.

Regarding the perception of the efficiency of government support for innovation, 65% of executives agree that government support for innovation is efficiently organised, much higher than the global average (40%).

When it comes to the priorities for government to tackle, executives in Saudi Arabia have slightly different priorities than executives globally. Ensuring public procurement always favours the most innovative solutions even if they come from foreign countries tops the priority list at 82% (compared to a global average of 70%). Additionally, 79% call for government to encourage and ease the hiring of talented foreign citizens (compared to 67% globally) while fighting bureaucracy falls to 76% (global average being 87%) and ensuring that business confidentially and trade secrets are adequately protected falls to 79% (global average being 86%).

Public authorities’ financial support towards innovative companies is seen as sufficient and is higher than the global average (47%), with 74% agreeing that government and public authorities allocate an adequate share of their budget to support innovative companies. 54% of executives in Saudi Arabia highlight an insufficient support to SMEs, lower than the global average of 61%.

57% of executives in Saudi Arabia think the best policy would be to give subsidies/preferences to both local and international businesses willing to bring innovative solutions to their market – this is slightly higher than the global average of 51% whilst 32% are more in favour of giving subsidies/preferences to local business only to favour the development of solutions, also slightly higher than the global average (29%).
At a glance

The game has changed

<table>
<thead>
<tr>
<th>Statement</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>WE ARE CURRENTLY IN A <strong>NEW INDUSTRIAL REVOLUTION</strong> AT THE MEETING OF HARDWARE AND SOFTWARE, A HISTORICAL SHIFT INTO THE AGE OF ADVANCED MANUFACTURING AND INDUSTRIAL INTERNET – Agree</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>INNOVATION IS INCREASINGLY BECOMING A <strong>GLOBAL GAME</strong>, MERGING AND COMBINING TALENTS, IDEAS, INSIGHTS AND RESOURCES ACROSS THE WORLD IS THE ONLY WAY TO BE SUCCESSFULLY INNOVATIVE – net agree</td>
<td>87%</td>
<td>70%</td>
</tr>
<tr>
<td>MORE THAN EVER BEFORE, INNOVATION NEEDS TO BE <strong>LOCALIZED</strong> TO SERVE SPECIFIC MARKET NEEDS</td>
<td>87%</td>
<td>70%</td>
</tr>
<tr>
<td>THE CONSTRAINTS EXPERIENCED BY SOME EMERGING COUNTRIES CREATE <strong>INNOVATION OPPORTUNITIES</strong> FOR COMPANIES, WILLING TO INVEST IN OVERCOMING THEM</td>
<td>71%</td>
<td></td>
</tr>
</tbody>
</table>

**Driving Innovation the Most Today in Your Country**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALLER BUSINESSES (NET:SMES+ START-UPS &amp; INDIVIDUALS)</td>
<td>18%</td>
</tr>
<tr>
<td>MULTINATIONALS</td>
<td>33%</td>
</tr>
<tr>
<td>LARGE ENTERPRISES HEADQUARTERED IN YOUR COUNTRY</td>
<td>6%</td>
</tr>
<tr>
<td>PUBLIC ORGANISATIONS</td>
<td>36%</td>
</tr>
</tbody>
</table>
### Changing business model

<table>
<thead>
<tr>
<th>Statement</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>When innovating, companies must encourage <strong>creative behaviours</strong> and <strong>disruptive processes</strong> in the business.</td>
<td>60%</td>
</tr>
<tr>
<td>The difficulty to come up with <strong>radical and disruptive ideas</strong> as a key challenge killing your business’s ability to innovate efficiently, independently from the profile of their company.</td>
<td>19%</td>
</tr>
<tr>
<td>When innovating, it is best to <strong>protect the core business' profitability</strong> as much as possible, so to support research &amp; innovation efforts.</td>
<td>77%</td>
</tr>
<tr>
<td>The most successful innovations are <strong>planned</strong>, emerging through a structured innovation process.</td>
<td>60%</td>
</tr>
<tr>
<td>In terms of organizational design, it is best to position <strong>innovative teams</strong> and activities <strong>inside</strong> the existing lines of businesses and structured teams.</td>
<td>68%</td>
</tr>
<tr>
<td>When innovating, it is best to <strong>get to market as quickly</strong> as possible to keep an edge on competition.</td>
<td>54%</td>
</tr>
</tbody>
</table>
### Embracing new innovation abilities

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Collaborating with external business partners can put my business at risk as regard intellectual property and trade secrets but this is a risk worth taking if you want to successfully innovate nowadays</strong></td>
<td></td>
<td>66%</td>
</tr>
<tr>
<td><strong>The revenue and profit generated by collaborative innovation activities has been growing over the last year</strong></td>
<td>74%</td>
<td>70%</td>
</tr>
<tr>
<td><strong>Have never heard of Big Data</strong></td>
<td></td>
<td>36%</td>
</tr>
<tr>
<td><strong>Have not increased their ability to analyze large and complex amounts of data over the last year and won't</strong></td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td><strong>Business already fully / quite prepared with a strategy or process to make the most of Big Data</strong></td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td><strong>Have never heard of the Industrial Internet</strong></td>
<td>40%</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Industrial Internet: Positive impact on the job market, fuelling companies performance and growth and creating new demand for employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business already fully / quite prepared with a strategy or process to make the most of Industrial Internet</strong></td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

**Over-indexes compared to global average**

**Under-indexes compared to global average**
### At a glance

#### 2014: Innovation framework ranking 26th

<table>
<thead>
<tr>
<th>INNOVATION FRAMEWORK EVALUATION: COUNTRY HAS “INNOVATION-CONDUCIVE ENVIRONMENT”?</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNMENT SUPPORT FOR INNOVATION IS EFFICIENTLY ORGANIZED</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>GOVERNMENT AND PUBLIC AUTHORITIES ALLOCATE AN ADEQUATE SHARE OF THEIR BUDGET TO SUPPORT INNOVATIVE COMPANIES</td>
<td>51%</td>
<td>65%</td>
</tr>
<tr>
<td>55%</td>
<td>74%</td>
<td></td>
</tr>
</tbody>
</table>

### WHAT DO YOU THINK IS THE BEST PUBLIC POLICY?

<table>
<thead>
<tr>
<th>GIVE SUBSIDIES/PREFERENCES TO BOTH LOCAL AND INTERNATIONAL BUSINESSES WILLING TO BRING INNOVATIVE SOLUTIONS TO THE MARKET</th>
<th>57%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIVE SUBSIDIES/PREFERENCES TO LOCAL BUSINESS ONLY TO FAVOR THE DEVELOPMENT OF LOCAL SOLUTIONS</td>
<td>32%</td>
</tr>
<tr>
<td>SUBSIDIES AND PREFERENCES ARE NOT AN EFFECTIVE WAY TO SUPPORT INNOVATION AS THEY INTRODUCE STRONG BIAS AND HAVE ONLY SHORT TERM EFFECTS</td>
<td>11%</td>
</tr>
<tr>
<td>PUBLIC AUTHORITIES DO NOT SUPPORT SME’S IN THEIR INNOVATION EFFORTS ENOUGH</td>
<td>54%</td>
</tr>
<tr>
<td>PRIVATE INVESTORS ARE SUPPORTIVE OF COMPANIES THAT NEED FUNDS TO INNOVATE</td>
<td>63%</td>
</tr>
</tbody>
</table>

*Based on the 32 markets covered in Q9*
## Innovation success priorities

<table>
<thead>
<tr>
<th>Priority</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>To understand customers and anticipate market evolutions</td>
<td>78%</td>
<td>76%</td>
</tr>
<tr>
<td>To attract and retain the most talented and skilled individuals</td>
<td>69%</td>
<td>74%</td>
</tr>
<tr>
<td>To quickly adapt and implement emerging technologies</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>To encourage creative behaviours and disruptive processes in the business</td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>To identify and work collaboratively with the best external business partners</td>
<td>61%</td>
<td>59%</td>
</tr>
<tr>
<td>To allocate and secure a specific budget for innovation activities</td>
<td>55%</td>
<td>50%</td>
</tr>
<tr>
<td>To prioritize longer term innovation goals over shorter term financial objectives</td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>To adopt a test fast, fail fast, adjust fast approach</td>
<td></td>
<td>49%</td>
</tr>
<tr>
<td>To use analytics and predictive knowledge</td>
<td></td>
<td>51%</td>
</tr>
<tr>
<td>To make the most of public authorities’ incentives, subsidies, tax credits</td>
<td></td>
<td>33%</td>
</tr>
<tr>
<td>To attract investors to fund innovative programs</td>
<td>35%</td>
<td>33%</td>
</tr>
</tbody>
</table>

*At a glance*

- **Over-indexes compared to global average**
  - To understand customers and anticipate market evolutions
  - To attract and retain the most talented and skilled individuals
  - To quickly adapt and implement emerging technologies
  - To encourage creative behaviours and disruptive processes in the business
  - To allocate and secure a specific budget for innovation activities
  - To make the most of public authorities’ incentives, subsidies, tax credits
  - To attract investors to fund innovative programs

- **Under-indexes compared to global average**
  - To prioritize longer term innovation goals over shorter term financial objectives
  - To adopt a test fast, fail fast, adjust fast approach
  - To use analytics and predictive knowledge

*Source: [GE Global Innovation Barometer 2014](https://www.ge.com/energy/research/publications/barometer)*
### Innovation killers

<table>
<thead>
<tr>
<th>Issue</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>The incapacity to scale up successful innovations, to a wider or international market</td>
<td>20%</td>
</tr>
<tr>
<td>The difficulty to come up with radical and disruptive ideas</td>
<td>19%</td>
</tr>
<tr>
<td>The difficulty to define an effective business model to support new ideas and make them profitable</td>
<td>21%</td>
</tr>
<tr>
<td>To lack sufficient investment and financial support</td>
<td>28%</td>
</tr>
<tr>
<td>A lack of talent / inadequate skillset</td>
<td>30%</td>
</tr>
<tr>
<td>To lack internal support from leadership team/top management</td>
<td>24%</td>
</tr>
<tr>
<td>The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions</td>
<td>21%</td>
</tr>
<tr>
<td>The incapacity of the business to take risks</td>
<td>17%</td>
</tr>
<tr>
<td>MAIN PRIORITIES COUNTRY SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION</td>
<td>2013</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>FIGHT BUREAUCRACY AND RED TAPE FOR COMPANIES WILLING TO ACCESS FUNDS AND INCENTIVES ALLOCATED TO INNOVATION</td>
<td>76%</td>
</tr>
<tr>
<td>ENSURE THAT BUSINESS CONFIDENTIALITY AND TRADE SECRETS ARE ADEQUATELY PROTECTED</td>
<td>89%</td>
</tr>
<tr>
<td>BETTER ALIGN STUDENTS CURRICULA WITH THE NEEDS OF BUSINESS</td>
<td>83%</td>
</tr>
<tr>
<td>FACILITATE RESEARCH COOPERATION WITH OTHER COUNTRIES</td>
<td>82%</td>
</tr>
<tr>
<td>ACTIVELY PROMOTE PARTNERSHIPS BETWEEN THE PUBLIC AND PRIVATE SECTORS</td>
<td></td>
</tr>
<tr>
<td>REINFORCE IP TO ENCOURAGE STRONGER COLLABORATION BETWEEN COMPANIES</td>
<td></td>
</tr>
<tr>
<td>ENCOURAGE THE COLLABORATION OF PRIVATE COMPANIES WITH SOES</td>
<td></td>
</tr>
<tr>
<td>ENSURE PUBLIC PROCUREMENT LEADS THE EARLY ADOPTION OF MAJOR INNOVATIONS</td>
<td></td>
</tr>
<tr>
<td>EVALUATE THE IMPACT SOME OF ITS LOCAL CONTENT REQUIREMENT AND REGULATORY POLICIES</td>
<td></td>
</tr>
<tr>
<td>ENSURE PUBLIC PROCUREMENT ALWAYS FAVOR THE MOST INNOVATIVE SOLUTIONS EVEN IF THEY COME FROM FOREIGN COUNTRIES</td>
<td></td>
</tr>
<tr>
<td>ENCOURAGE AND EASE THE HIRING OF TALENTED FOREIGN CITIZENS</td>
<td></td>
</tr>
</tbody>
</table>

At a glance

<table>
<thead>
<tr>
<th>Feature</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-indexes compared to global average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under-indexes compared to global average</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Global findings
Innovation executives are acutely aware that powerful trends are at work that will change the business environment.

Collaboration, convergence, Industrial Internet, Data-analytics change(d) the way business are innovating

Collaboration is already embraced and delivering positive results, the risk is worth taking.

Convergence of technology and big data are more than buzz words, they become a reality but create implementation challenges.

Firms broadly boosted their analytics capabilities but a small majority have leveraged the predictive dimension of Big data. Those who did recognized the value it added to their innovation process and the influence it conferred data scientists in their organization.

Awareness of the Industrial Internet is significant, but the concept still needs to demonstrate its true revolutionary nature. High tech, Telecom and Energy industries have already prepared to embrace the revolution, Manufacturing and Healthcare slower to adopt.

The debate around the impact of Industrial internet on the job market is not settled, but a majority reject the hypothesis of a net negative impact on employment.
Increasingly Innovation is about finding the right talent, partners, resources, ideas and insight on a global scale.

Constraints in emerging markets can be converted into opportunities, even if some interesting differences emerge on this notion.

The focus on local needs and specificities is being recognized.

In most emerging economies, multinational companies drive Innovation much more prominently than local governments or academia, and more so than local business.

The GloCal nature of Innovation is becoming table-stake, the innovation playground knows no borders.

Infrastructure challenges of emerging economies don’t stop innovative businesses, even if scaling up is a clear issue for them.
The need for disruption in processes and behaviors is established as a criterion for success. But business leaders are still very much focused on short term profitability. And struggle to adopt more spontaneous, creative and interactive innovation models. More traditional organizational design attached to innovation activities remain the norm.

To maximize the potential of this new environment, business leaders need to make some « tough calls ».

Innovation is disrupting the business status-quo, business leaders face uneasy trade-offs.
Internal agility and speed clearly identified as pre-requisites to Innovation success

“Fast works” related concepts are getting traction, but old reflexes are hard to shake-off

Internal inertia is identified as a strong « innovation killer »

How to foster an environment fully ready for disruptive and radical innovation is a key challenge

The ability to adopt and implement emerging technologies fast is clearly identified as a business driver and competitive advantage, but only a few excel at it

The acceleration of the go-to market process (test fast, fail fast, pivot fast) is embraced by half of Innovation executives, but still generate considerable nervousness
Designing effective and sustainable business models lays at the very core of innovation executives’ concerns and priorities.

Managing collaboration, articulating revenue streams, funding innovation activities and finding them a « home » in the company are identified as focus areas.

The difficulty to scale up Innovative business is the number one “Innovation killer”

How to articulate revenue streams coming from innovative activities and more core business operations is challenging. Only a minority of respondents are ready to risk disrupting current profit streams to enable innovative business to grow.

How to fund innovation aggressively both from public and private sources is a challenge, due to internal and external factors.

Deciding where best to embed and integrate the new functions and external partners can have important consequences on the operations and on the culture of the firm.
What are business leaders’ expectations regarding the role of government and public authorities?

Provide a conducive Innovation framework, set the right incentives for Innovation, invest in talent, support SMEs and harness the power of multinationals

Governments have to provide the right framework for Innovation (IP protection, minimal red tape and bureaucracy, public private partnership)

They should also harness the power of public procurement to support innovation and manage subsidies carefully

They should make sure they prepare and give access to the talent pool needed to innovate better

They should focus innovation incentives on the value created beyond geographic or national considerations

They should amplify the support to Innovative SMEs and at the same time capitalize on the drive Multinationals can bring to their Innovation landscape
Country specifics, there is no one size fits all model for Innovation

Innovation champions like USA and Germany, display contrasted perceptions and priorities. Emerging economies are not a consistent block, Asia emerging markets doing more positively than African markets

The efficacy of government support to Innovation is increasingly contrasted (Singapore, UAE, China and KSA still and even more leading on this indicator than before, USA is stable at a low level of satisfaction)

USA confirms and amplifies its status as a leader for Innovation (Innovation champion, and most innovation conducive environment) at least from a reputation standpoint (macro economic indicators providing a more contrasted picture)

South Korea, Singapore, India are less perceived as innovation-friendly environments by the Global community
The Energy industry is facing multiple challenges, but driving economic growth through new and more sustainable sources of energy is identified as the absolute priority.

The contribution from energy to broader economic growth is identified as the number one challenge. The reduction of the environmental impact of energy and the diversification of the energy mix comes second. The rising role of analytics in helping the industry become more efficient is recognized but less prominent in energy respondents’ opinion.

Technical and medical innovation such as imaging devices and diagnosis tools are expected to drive the most progress in quality of healthcare. This is the first driver identified by Healthcare industry respondents. Scientific innovation and especially applied genetic science to diagnostic are also very high in the ranking. Policy innovation (awareness campaigns, early detection of diseases) is also expected to play a leading role.
Detailed findings
Innovation executives are acutely aware that powerful trends are at work that will change the business environment.

Collaboration, convergence, Industrial Internet, Data-analytics change(d) the way business are innovating.

Collaboration is already embraced and delivering positive results, the risk is worth taking.

Convergence of technology and big data are more than buzz words, they become a reality but create implementation challenges.

Firms broadly boosted their analytics capabilities but a small majority have leveraged the predictive dimension of Big data. Those who did recognize the value it added to their innovation process and the influence it conferred data scientists in their organization.

Awareness of the Industrial Internet is significant, but the concept still needs to demonstrate its true revolutionary nature. High tech, Telecom and Energy industries have already prepared to embrace the revolution, Manufacturing and Healthcare slower to adopt.

The debate around the impact of Industrial internet on the job market is not settled, but a majority reject the hypothesis of a net negative impact on employment.
Innovation is acknowledged as driver of general improvement in countries. But some executives sense a scepticism amongst their national public opinion about the impact of technological innovation on inequalities.

“PEOPLE IN MY COUNTRY LIVE BETTER TODAY THAN 10 YEARS AGO BECAUSE OF THE IMPACT OF INNOVATION ON THEIR LIFE AND ON OUR COUNTRY”

Q6-3. Would you say that you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following opinions? Q10-4. Thinking about your country in particular, how far do you agree with the following statements? There is a strong fear that technological innovation will increase inequalities. Base: Global results N= 3,209, Saudi Arabia N= 101.

“THERE IS A STRONG FEAR THAT TECHNOLOGICAL INNOVATION WILL INCREASE INEQUALITIES”

The country is over-indexing compared to the global average

The country is under-indexing compared to the global average
The apprehension of the impact of technological innovation on inequalities varies across countries

“THERE IS A STRONG FEAR THAT TECHNOLOGICAL INNOVATION WILL INCREASE INEQUALITIES”

Q10-4. Thinking about your country in particular, how far do you agree with the following statements? There is a strong fear that technological innovation will increase inequalities. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
A new Industrial Revolution? Split perceptions

“We are currently in a new Industrial Revolution at the meeting of hardware and software, a historical shift into the age of advanced manufacturing and industrial internet”

Q18-2. Now we are going to present different views on these emerging trends, we would like you to pick the one you feel is the truest or the most relevant. Base: Global results N= 3,209
Continuity for developed markets, a radical change for the emerging ones

“We are currently in a new Industrial Revolution at the meeting of hardware and software, a historical shift into the age of advanced manufacturing and industrial internet”

A revolution

An evolution

Q18-2. Now we are going to present different views on these emerging trends, we would like you to pick the one you feel is the truest or the most relevant. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
A more confidential trend but some are already actively looking into it

A multifaceted change, businesses are embracing by stages

Collaboration is an established trend and a (upcoming) reality for most

Not all have heard of it, but many are getting ready for it

Not all have heard of Big data, but half companies are getting ready for it

A more confidential trend but some are already actively looking into it

%Totally /quite prepared

- Totally prepared
- Quite prepared
- Not quite prepared but planning to
- Not at all prepared and not planning to
- Don't know
- Never heard of it

Q17. Is your business already equipped with a strategy or process to make the most of…

Base: Global results N= 3,209
External collaboration is now a reality, and demonstrates to be a profitable risk worth taking. The revenue and profit generated by collaborative innovation activities has been growing over the last year. My company embraces open source innovation – involving external stakeholders such as entrepreneurs in the internal development of new ideas. My company has already resorted to crowdsourcing soliciting contributions (ideas, content, investment, etc.) from a large and varied group of stakeholders for its innovation activities. The facts:

- 64% agree that the country is over-indexing compared to the global average.
- 52% agree that the country is under-indexing compared to the global average.

Q14. Which of these two statements is closer to your opinion? Q13. Which of the following apply in your company? Base: Global results N= 3,209, Saudi Arabia N= 101.
Collaboration, a reality in most markets

AND THE REVENUE AND PROFIT GENERATED BY COLLABORATIVE INNOVATION ACTIVITIES HAS BEEN GROWING OVER THE LAST YEAR

Some countries have increased their collaboration effort even further than last year

AND THE REVENUE AND PROFIT GENERATED BY COLLABORATIVE INNOVATION ACTIVITIES HAS BEEN GROWING OVER THE LAST YEAR

The ability or willingness to embrace change varies size of company

The revenue and profit generated by **collaborative innovation activities** has been growing over the last year

And similarly, **reinforcing IP** to encourage stronger collaboration between companies is critical especially for companies with 501 to 1,000 employees

Q13-1. Which of the following apply in your company? (% Yes) & Q12-1. What are the main priorities your country should focus on to efficiently support innovation? (% critical priority)

Base: <100 employees N= 907; 101-500 employees N= 1045; 501-1,000 employees N=588; >1,000 employees N= 669
And it also varies by sector

- My company has already resorted to crowdsourcing
- My company embraces open source innovation

Q13-2&3. Which of the following apply in your company? Base: Sectors – Min n=140 – Max n=469
Big data is not longer a buzz word

Do you believe in the importance of data sciences and analytics in enabling innovation?

- **Critical for all**: 31% (56%)
- **Critical for some**: 39% (24%)
- **Useful tool**: 23% (14%)
- **Buzz Word**: 6% (6%)

Q19. Do you believe in the importance of data sciences and analytics in enabling innovation? By “Data sciences and analytics”, also often referred to as “Big data”, we mean the ability for a company to use analytics to create strategic knowledge from large and complex datasets. Base: Global results N=3,209, Saudi Arabia N = 101.

The country is over-indexing compared to the global average.

The country is under-indexing compared to the global average.
But not all markets are familiar with Big data

Q15-3. Are you familiar with the following notions? Big data Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Big Data, the reality:

THE BUSINESS NEED

Most identify the need for predictive data

84%
Believe it is critical to understand customers and anticipate market evolutions to innovate successfully

THE SOLUTION

But only half identify Big Data as being the solution

53%
Believe it is critical to use analytics and predictive knowledge to innovate successfully

THE FACTS

HAS YOUR COMPANY INCREASED ITS ABILITY TO ANALYZE LARGE AND COMPLEX AMOUNTS OF DATA OVER THE LAST YEAR?

- Yes: 47%
- No, but we are planning to: 29%
- No and we won’t: 24%

Q1-3 Q2-9 – innovation priorities, Base all n=3,209. Q21. Big data is / will be a real challenge for my company as it forces to allocate resources and budget at the expense of more traditional activities (e.g. marketing, insight, research, etc). Base Those which increased/planning to increase ability N= 1,851 //Q22/Has your company managed to make the most out of the data collected and convert this into added value for the innovation process? Base: Big Data users global N= 1,135 //20 bis/ Do data scientists, i.e. those who able to make sense of large amounts of data, have strong influence and authority in your company . Base Big data enabled companies N=721
The planning of increased analytical capabilities is polarising across countries

HAVE NOT INCREASED THEIR ABILITY TO ANALYZE LARGE AND COMPLEX AMOUNTS OF DATA OVER THE LAST YEAR AND WON’T

Q20. Has your company increased its ability to analyze large and complex amounts of data over the last year? (% Yes)
Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Sectors with more advanced technical expertise or more structured sets of data lead the change, but better be a larger company

NUMBER OF COMPANIES WHICH HAVE **INCREASED ABILITY** TO ANALYZE LARGE AND COMPLEX AMOUNTS OF DATA OVER THE LAST YEAR?
Big Data, the reality:

And many dread the challenge/ impact of its implementation on the business model

Q1-3 Q2-9 – innovation priorities, Base all n=3,209. Q21. Big data is / will be a real challenge for my company as it forces to allocate resources and budget at the expense of more traditional activities (e.g. marketing, insight, research, etc). Base Those which increased/planning to increase ability N= 1,851 //Q22/ Has your company managed to make the most out of the data collected and convert this into added value for the innovation process? Base: Big Data users global N= 1,135 //20 bis/ Do data scientists, i.e. those who able to make sense of large amounts of data, have strong influence and authority in your company. Base Big data enabled companies N=721

61% of those who have made the move or are planning so, Declare Big data is / will be a real challenge as it forces to allocate resources and budget at the expense of more traditional activities

Those experiencing increased data analytics capabilities see the added value Big Data brings into their innovation process

69% declare they made the most out of the data collected and converted it into added value for the innovation process
“Industrial Internet”: more confidential.

“Industrial internet” or “Internet of things” = “The next generation of internet integrating complex physical machinery with networked sensors and software”

<table>
<thead>
<tr>
<th>FAMILIARITY WITH THE NOTION</th>
<th>THE 'INDUSTRIAL INTERNET' OR ‘INTERNET OF THINGS' WILL HAVE A RATHER...</th>
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</thead>
<tbody>
<tr>
<td>Fully familiar with this notion</td>
<td><strong>Positive impact</strong> on the job market, fuelling companies performance and growth and creating new demand for employment</td>
</tr>
<tr>
<td>Heard of it but were not completely sure of its meaning</td>
<td><strong>Neutral impact</strong> on the job market, transforming the overall job market</td>
</tr>
<tr>
<td>Never heard of it</td>
<td><strong>Negative impact</strong> on the job market, making it easier to replace unskilled workers by machines and automated processes</td>
</tr>
</tbody>
</table>

26% | 30% | 44% | 56%

Q15. Are you familiar with the following notions? Base: Global results N= 3,209 // Q18-1. Now we are going to present different views on these emerging trends, we would like you to pick the one you feel is the truest or the most relevant. Base: Global results N= 3,209
High tech / IT and Telecoms are paving the way

50% innovation executives agree the “industrial internet” will drive innovation success in the future

50% OF BUSINESSES ALREADY EQUIPPED WITH A STRATEGY OR PROCESS TO MAKE THE MOST OF...

Q17. Is your business already equipped with a strategy or process to make the most of... Base: Global results N=3,209 / Sectors – Min n=140 – Max n=469
Increasingly Innovation is about finding the right talent, partners, resources, ideas and insight on a global scale.

Constraints in emerging markets can be converted into opportunities, even if some interesting differences emerge on this notion.

The focus on local needs and specificities is being recognized.

In most emerging economies, multinational companies drive Innovation much more prominently than local governments or academia, and more so than local businesses.

The GloCal nature of Innovation is becoming a table-stake, the innovation playground knows no borders.

Infrastructure challenges of emerging economies don’t stop innovative businesses, even if scaling up is a clear issue for them.
Think “Glocal”!

INNOVATION IS INCREASINGLY BECOMING A GLOBAL GAME, MERGING AND COMBINING TALENTS, IDEAS, INSIGHTS AND RESOURCES ACROSS THE WORLD IS THE ONLY WAY TO BE SUCCESSFULLY INNOVATIVE.

MORE THAN EVER BEFORE, INNOVATION NEEDS TO BE LOCALIZED TO SERVE SPECIFIC MARKET NEEDS.

Q6-2&1. Would you say that you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following opinions? Base: Global results N= 3,209:

INNOVATION IS INCREASINGLY BECOMING A GLOBAL GAME, MERGING AND COMBINING TALENTS, IDEAS, INSIGHTS AND RESOURCES ACROSS THE WORLD IS THE ONLY WAY TO BE SUCCESSFULLY INNOVATIVE.

Global 82% Local 73%

- Strongly agree: 48%
- Somewhat agree: 34%
- Somewhat disagree: 14%
- Strongly disagree: 4%

- Strongly agree: 37%
- Somewhat agree: 36%
- Somewhat disagree: 9%
- Strongly disagree: 9%

2012 2013 2014

76% 84% 73%
Localized innovation is more polarizing

More than ever before, innovation needs to be localized to serve specific market needs.

Innovation is increasingly becoming a global game, merging and combining talents, ideas, insights and resources across the world is the only way to be successfully innovative.

Q6-2&1. Would you say that you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following opinions?

Constraints in emerging markets mostly seen as an innovation opportunity

THE CONSTRAINTS EXPERIENCED BY SOME EMERGING COUNTRIES (E.G. LOWER PURCHASING POWER, ENERGY CHALLENGES, LACK OF INFRASTRUCTURES, ETC.)…

Create innovation opportunities for companies, willing to invest in overcoming them

74% Make it almost impossible to innovate there

26%

Q4-5. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209 / Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

CREATE INNOVATION OPPORTUNITIES

Professional services 77%
Telecoms 77%
FMCG 76%
Healthcare 76%
Energy 76%
Other 75%
High-tech / IT 73%
Automotive 73%
Manufacturing 71%
Industrial products 70%
Electronics 70%

1,000+ 79%
501-1,000 71%
101-500 73%
<100 74%

The country is over-indexing compared to the global average
The country is under-indexing compared to the global average
No consensus amongst emerging countries

THE CONSTRAINTS EXPERIENCED BY SOME EMERGING COUNTRIES CREATE INNOVATION OPPORTUNITIES FOR COMPANIES, WILLING TO INVEST IN OVERCOMING THEM

Q4-5. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Q7. Who do you think is driving innovation the most today in your country? Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
The business fabric of innovation varies across countries, each picking a combination of business types to lead it.

Q7. Who do you think is driving innovation the most today in your country? Based on businesses for which a country over-indexes compared to global average

Base: Country results N= 100–300 per market / Base Saudi Arabia N= 101

**Public organisations musty**
- Singapore
- Turkey
- Algeria

**Public organisations & Multinationals**
- Malaysia
- UAE / KSA
- Kenya
- Mexico

**Public organisations & Large national companies**
- Russia

**Large national companies & Multinationals**
- South Korea

**Multinationals mostly**
- Nigeria

**Smaller businesses & Public organisations**
- China
- UK

**Smaller businesses & Large national companies**
- Germany
- Japan
- Canada

**Smaller businesses & Multinationals**
- Australia / Indonesia

**Large national companies mostly**
- South Korea

**Smaller businesses mostly**
- US
- Sweden
- Italy
- Poland

**Public organisations mostly**
- Singapore
- Turkey
- Algeria

**Public organisations & Multinationals**
- Malaysia
- UAE / KSA
- Kenya
- Mexico

**Public organisations & Large national companies**
- Russia

**Large national companies & Multinationals**
- Brazil
- India

**Smaller businesses & Multinationals**
- Australia / Indonesia

**Large national companies mostly**
- South Korea

**Smaller businesses mostly**
- US
- Sweden
- Italy
- Poland
To maximize the potential of this new environment, business leaders need to make some « tough calls »

Innovation is disrupting the business status-quo, business leaders face uneasy trade-offs

The need for disruption in processes and behaviors is established as a criterion for success

But business leaders are still very much focused on short term profitability...

...And struggle to adopt more spontaneous, creative and interactive innovation models

More traditional organizational design attached to Innovation activities remain the norm
Being truly innovative is a challenge, requiring to change mind-sets, behaviours and processes. Disrupt!

64% agree that to be successful when innovating, companies must encourage creative behaviours and disruptive processes in the business, especially:

- 70% in the Healthcare sector Vs. 64% in all other sectors
- 67% Amongst those that already collaborate Vs. 60% for those who don’t
- 68% Amongst those already use open sources Vs. 60% for those who don’t
- 69% Amongst those already use big data Vs. 63% for those who don’t

Very consistently across audience, 59% consider the difficulty to come up with radical and disruptive ideas as a key challenge killing your business’s ability to innovate efficiently, independently from the profile of their company.

Q5-1. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently? Q1_5. Thinking about how companies manage innovation, how important are the following for a company to be able to innovate successfully? (Grades from 8 to 10) Base: Global results N= 3,209
Emerging countries are the most opened to disrupt their internal business model

WHEN INNOVATING, COMPANIES MUST ENCOURAGE **CREATIVE BEHAVIOURS** AND **DISRUPTIVE PROCESSES** IN THE BUSINESS, ESPECIALLY

THE DIFFICULTY TO COME UP WITH **RADICAL AND DISRUPTIVE IDEAS** AS A KEY CHALLENGE KILLING YOUR BUSINESS’S ABILITY TO INNOVATE EFFICIENTLY, INDEPENDENTLY FROM THE PROFILE OF THEIR COMPANY

Q5-1. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently? Q1_5. Thinking about how companies manage innovation, how important are the following for a company to be able to innovate successfully? (Grades from 8 to 10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
But behind good “disruptive” intentions, most prefer to stick to well-established and more conservative practices and processes.

When innovating, it is best:
- **To protect the core business’ profitability** as much as possible, so to support research & innovation efforts (72%)
- **Not to worry** about the potential short term negative impact on the core business’ revenue (28%)

The most successful innovations are:
- **Planned**, emerging through a structured innovation process (62%)
- **Spontaneous**, emerging through the interactions of creative individuals (38%)

Q4-1&2. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209, Saudi Arabia N= 101.

The country is under-indexing compared to the global average.
Some markets are more disruptive than others regarding the ideal innovation process, but the large majority agrees on the importance to protect the core business' profitability.

Q4-1&2. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Internal agility and speed clearly identified as pre-requisites to Innovation success

“Fast works” related concepts are getting traction, but old reflexes are hard to shake-off

Internal inertia is identified a strong « innovation killer »

How to foster an environment fully ready for disruptive and radical innovation is a key challenge

The ability to adopt and implement emerging technologies fast is clearly identified as a business driver and competitive advantage, but only a few excel at it

The acceleration of the go-to market process (test fast, fail fast, pivot fast) is embraced by half of Innovation executives, but still generate considerable nervousness
There is a strong consensus on the need for internal agility, and the difficulty of achieving it.

67% agree that to be successful when innovating, companies must quickly adapt and implement emerging technologies.

57% consider the internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions is a challenge limiting their business’s ability to innovate efficiently.

Internal inertia is a key critical challenge killing their business’s ability to innovate efficiently.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Healthcare</td>
<td>62%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>61%</td>
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<tr>
<td>Professional services</td>
<td>60%</td>
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<tr>
<td>FMCG</td>
<td>58%</td>
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<tr>
<td>Industrial products</td>
<td>57%</td>
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<tr>
<td>Automotive</td>
<td>57%</td>
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<tr>
<td>Energy</td>
<td>57%</td>
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<tr>
<td>Other</td>
<td>55%</td>
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<tr>
<td>High-tech / IT</td>
<td>54%</td>
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<tr>
<td>Electronics</td>
<td>53%</td>
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<tr>
<td>Telecoms</td>
<td>52%</td>
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</tbody>
</table>

Q1/Q2. Thinking about how companies manage innovation, how important are the following for a company to be able to innovate successfully? (Grades 8-10).

Q5-7. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently (A critical challenge/ A bit of a challenge)?

Base: Global results N= 3,209
Emerging technologies are a priority for most

Q1/Q2. Thinking about how companies manage innovation, how important are the following for a company to be able to innovate successfully? (Grades 8–10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

TO BE SUCCESSFUL WHEN INNOVATING, COMPANIES MUST QUICKLY ADAPT AND IMPLEMENT EMERGING TECHNOLOGIES

Global average 67%

Over-indexing

Mexico: 88%
Turkey: 84%
Brazil: 80%
India: 77%
Algeria: 76%
Russia: 76%
Kenya: 75%
South Africa: 75%
Italy: 73%
Nigeria: 73%
Poland: 73%
Israel: 72%
Canada: 71%
UAE: 66%
USA: 65%
Australia: 64%
South Korea: 64%
Germany: 63%
Malaysia: 61%
China: 57%
Indonesia: 57%
Japan: 57%
UK: 55%
Singapore: 53%
KSA: 40%

Under-indexing
Internal inertia is an innovation challenge in most countries

**INTERNAL INERTIA IS A KEY CRITICAL CHALLENGE KILLING THEIR BUSINESS’S ABILITY TO INNOVATE EFFICIENTLY**

Q5-7. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently (A critical challenge/ A bit of a challenge)?

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Speed to market remains a tougher decision dividing innovation executives into 2 camps

WHEN INNOVATING, IT IS BEST..

To get to market as quickly as possible to keep an edge on competition

Not to rush and take all the time needed to perfect the innovation

50%

50%

50% think it is crucial for companies to adopt a test fast, fail fast, adjust fast approach in order to innovate successfully

IT IS CRUCIAL FOR COMPANIES TO ADOPT A TEST FAST, FAIL FAST, ADJUST FAST APPROACH IN ORDER TO INNOVATE SUCCESSFULLY...

- Energy: 54%
- Healthcare: 53%
- Professional services: 52%
- Manufacturing: 51%
- FMCG: 51%
- Electronics: 50%
- Other: 49%
- Industrial products: 48%
- High-tech / IT: 47%
- Telecoms: 45%
- Automotive: 45%

Q4-4. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Q1/Q2. Thinking about how companies manage innovation, how important are the following for a company to be able to innovate successfully? (Grades 8 to 10) Base: Global results N= 3,209 & Base: Global – sectors N= min n=40 (Telecomms) max n=469 (Manufacturers), Saudi Arabia N= 101.
Speed to market, Japan leads the race

When innovating, it is best **to get to market as quickly as possible to keep an edge on competition**

Q4-4. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
The speed at which business adopt emerging technologies is critical

To innovate efficiently and successfully, it is **critical** for companies…

- To understand customers and anticipate market evolutions: 84% (+3 pts)
- To attract and retain the most talented and skilled individuals: 79% (+6 pts)
- To quickly adapt and implement emerging technologies: 67% (+1 pt)
- To encourage creative behaviours and disruptive processes in the business: 64% (=)
- To identify and work collaboratively with the best external business partners: 62% (-4 pts)
- To allocate and secure a specific budget for innovation activities: 59% (+5 pts)
- To prioritize longer term innovation goals over shorter term financial objectives: 58% (-1 pt)
- To adopt a test fast, fail fast, adjust fast approach: 53% (-4 pts)
- To use analytics and predictive knowledge: 50% (-4 pts)
- To make the most of public authorities' incentives, subsidies, tax credit: 48% (-4 pts)
- To attract investors to fund innovative programs: 41% (+7 pts)

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? (Grades from 8 to 10)

Base: Global results N= 3,209
Identifying future opportunity is a core priority for all

TO UNDERSTAND CUSTOMERS AND ANTICIPATE MARKET EVOLUTIONS

Q1/Q2.. How important do you think the following elements are for a company to be able to innovate successfully? (Grades from 8 to 10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

NEW markets 2014
In many countries, the need for talent is becoming even more strategic

TO ATTRACT AND RETAIN THE MOST TALENTED AND SKILLED INDIVIDUALS

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? (Grades from 8 to 10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

innovate successfully?
Less of a consensus on how best to council longer and shorter terms requirements

**TO PRIORITIZE LONGER TERM INNOVATION GOALS OVER SHORTER TERM FINANCIAL OBJECTIVES**

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? (Grades from 8 to 10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
More businesses rely on internal funds in emerging markets

Q1/Q2. How important do you think the following elements are for a company to be able to *innovate successfully*? (Grades from 8 to 10)

Base: Country results N= 100–300 per market; Saudi Arabia results N= 101
Q1/Q2. How important do you think the following elements are for a company to be able to **innovate successfully**? (Grades from 8 to 10)

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

**TO ATTRACT INVESTORS TO FUND INNOVATIVE PROGRAMS**

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Mexico</td>
<td>60%</td>
<td>70%</td>
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<tr>
<td>South Africa</td>
<td>38%</td>
<td>52%</td>
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<tr>
<td>Australia</td>
<td>17%</td>
<td>31%</td>
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<td>Turkey</td>
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<td>Brazil</td>
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<td>Indonesia</td>
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<td>59%</td>
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**NEW markets 2014**
Designing effective and sustainable business models lays at the very core of innovation executives’ concerns and priorities.

Managing collaboration, articulating revenue streams, funding innovation activities and finding them a « home » in the company are identified as focus areas.

The difficulty to scale up Innovative business is the number one “Innovation killer”

How to articulate revenue streams coming from innovative activities and more core business operations is challenging. Only a minority of respondents are ready to risk disrupting current profit streams to enable innovative business to grow.

How to fund innovation aggressively both from public and private sources is a challenge, both because of internal and external factors.

Deciding where best to embed and integrate the new functions and external partners can have important consequences on the operations and on the culture of the firm.
The difficulty to define an effective business model to support new ideas and make them profitable is a challenge killing the ability to innovate for 60%
Some markets express a stronger need to define a new business model to support successful innovation

THE DIFFICULTY TO DEFINE AN EFFECTIVE BUSINESS MODEL TO SUPPORT NEW IDEAS AND MAKE THEM PROFITABLE IS A CHALLENGE KILLING THE ABILITY TO INNOVATE

Q5-2. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently? Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Businesses face many challenges limiting their ability to lead more radical and larger scale innovation.

**Q5. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently?**

<table>
<thead>
<tr>
<th>Implications</th>
<th>Critical challenge</th>
<th>A bit of a challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scaling up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disruptive ideas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective business model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of investment</td>
<td></td>
<td></td>
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<tr>
<td>Lack of talent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of top-down support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal inertia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk averse</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Base:** Global results N= 3,209

- **Scaling up:** 61%
- **Disruptive ideas:** 59%
- **Effective business model:** 60%
- **Lack of investment:** 56%
- **Lack of talent:** 57%
- **Lack of top-down support:** 44%
- **Internal inertia:** 57%
- **Risk averse:** 50%

The incapacity to scale up successful innovations, to a wider or international market.

The difficulty to come up with radical and disruptive ideas.

The difficulty to define an effective business model to support new ideas and make them profitable.

To lack sufficient investment. A lack of talent / inadequate skillset.

To lack internal support from leadership team/top management.

The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions.

The incapacity of the business to take risks.
Saudi Arabian respondents feel coming up with radical ideas is less of a challenge while support from internal leadership is a stronger barrier.
### Unsurprisingly, smaller and younger businesses suffer the most from this challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Global average</th>
<th>Number of employees</th>
<th>Age of company</th>
</tr>
</thead>
<tbody>
<tr>
<td>The incapacity to scale up successful innovations, to a wider or international market</td>
<td>24%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>To lack sufficient investment and financial support</td>
<td>26%</td>
<td>&gt;1000</td>
<td>5 yrs</td>
</tr>
<tr>
<td>The difficulty to come up with radical and disruptive ideas</td>
<td>23%</td>
<td>&gt;1000</td>
<td>5 yrs</td>
</tr>
<tr>
<td>A lack of talent / inadequate skillset</td>
<td>22%</td>
<td>&gt;1000</td>
<td>C-level</td>
</tr>
<tr>
<td>The difficulty to define an effective business model to support new ideas and make them profitable</td>
<td>18%</td>
<td>&gt;1000</td>
<td></td>
</tr>
<tr>
<td>To lack internal support from leadership team/ top management</td>
<td>19%</td>
<td>&gt;1000</td>
<td></td>
</tr>
<tr>
<td>The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions</td>
<td>17%</td>
<td>&gt;1000</td>
<td></td>
</tr>
<tr>
<td>The incapacity of the business to take risks</td>
<td>16%</td>
<td>&gt;1000</td>
<td></td>
</tr>
</tbody>
</table>

Q5. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently? Base: Global results N= 3,209

Unsurprisingly, smaller and younger businesses suffer the most from this challenges.
Electronics and FMCG are most protected from these challenges

Q5. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently?

Base: Global results N= 3,209

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Energy</th>
<th>Healthcare</th>
<th>Automotive</th>
<th>FMCG</th>
<th>Electronics</th>
<th>High-tech/IT</th>
<th>Manufacturing</th>
<th>Telecoms</th>
<th>Professional services</th>
<th>Industrial Products</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>The incapacity to scale up successful innovations, to a wider or international market</td>
<td>20%</td>
<td>26%</td>
<td>24%</td>
<td>23%</td>
<td>16%</td>
<td>19%</td>
<td>27%</td>
<td>25%</td>
<td>22%</td>
<td>31%</td>
<td>21%</td>
</tr>
<tr>
<td>To lack sufficient investment and financial support</td>
<td>23%</td>
<td>25%</td>
<td>21%</td>
<td>22%</td>
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<td>27%</td>
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<td>18%</td>
<td>18%</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>A lack of talent / inadequate skillset</td>
<td>19%</td>
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<td>19%</td>
<td>20%</td>
<td>17%</td>
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<td>20%</td>
<td>19%</td>
<td>15%</td>
<td>23%</td>
<td>18%</td>
<td>14%</td>
<td>17%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>To lack internal support from leadership team/top management</td>
<td>18%</td>
<td>20%</td>
<td>17%</td>
<td>18%</td>
<td>15%</td>
<td>23%</td>
<td>18%</td>
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<td>15%</td>
<td>23%</td>
<td>18%</td>
<td>15%</td>
</tr>
<tr>
<td>The incapacity of the business to take risks</td>
<td>17%</td>
<td>18%</td>
<td>14%</td>
<td>12%</td>
<td>17%</td>
<td>18%</td>
<td>19%</td>
<td>10%</td>
<td>18%</td>
<td>18%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Despite seeing a factor as a critical innovation driver, only some excel in delivering it in their company.

<table>
<thead>
<tr>
<th>Innovation Driver</th>
<th>Critical for companies</th>
<th>Performs extremely well</th>
<th>CONVERSION RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To understand customers and anticipate market evolutions</td>
<td>33%</td>
<td>84%</td>
<td>39%</td>
</tr>
<tr>
<td>To attract and retain the most talented and skilled individuals</td>
<td>25%</td>
<td>79%</td>
<td>32%</td>
</tr>
<tr>
<td>To quickly adapt and implement emerging technologies</td>
<td>28%</td>
<td>67%</td>
<td>42%</td>
</tr>
<tr>
<td>To encourage creative behaviours and disruptive processes in the business</td>
<td>26%</td>
<td>64%</td>
<td>41%</td>
</tr>
<tr>
<td>To identify and work collaboratively with the best external business partners</td>
<td>27%</td>
<td>62%</td>
<td>44%</td>
</tr>
<tr>
<td>To allocate and secure a specific budget for innovation activities</td>
<td>23%</td>
<td>59%</td>
<td>39%</td>
</tr>
<tr>
<td>To prioritize longer term innovation goals over shorter term financial objectives</td>
<td>25%</td>
<td>58%</td>
<td>43%</td>
</tr>
<tr>
<td>To use analytics and predictive knowledge</td>
<td>25%</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>To adopt a test fast, fail fast, adjust fast approach</td>
<td>24%</td>
<td>50%</td>
<td>48%</td>
</tr>
<tr>
<td>To make the most of public authorities’ incentives, subsidies, tax credit</td>
<td>27%</td>
<td>48%</td>
<td>56%</td>
</tr>
<tr>
<td>To attract investors to fund innovative programs</td>
<td>21%</td>
<td>41%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? Base: Global results N= 3,209.

Q3. To what extent does your company currently perform against these success criteria? Based on those who said it was a critical factor (8-10).
Despite seeing a factor as a critical innovation driver, only some excel in delivering it in their company.

**THE PERFORMANCE OF THEIR COMPANY AGAINST INNOVATION DRIVERS**

- **To understand customers and anticipate market evolutions**: Critical: 40%, Performs extremely well: 76%, Performance rate: 53% (53% of those who said it was an important driver think their company is excelling at delivering it).
- **To attract and retain the most talented and skilled individuals**: Critical: 29%, Performs extremely well: 74%, Performance rate: 39%.
- **To quickly adapt and implement emerging technologies**: Critical: 31%, Performs extremely well: 53%, Performance rate: 58%.
- **To encourage creative behaviours and disruptive processes in the business**: Critical: 30%, Performs extremely well: 60%, Performance rate: 50%.
- **To identify and work collaboratively with the best external business partners**: Critical: 37%, Performs extremely well: 59%, Performance rate: 63%.
- **To allocate and secure a specific budget for innovation activities**: Critical: 30%, Performs extremely well: 50%, Performance rate: 60%.
- **To prioritize longer term innovation goals over shorter term financial objectives**: Critical: 30%, Performs extremely well: 50%, Performance rate: 80%.
- **To use analytics and predictive knowledge**: Critical: 27%, Performs extremely well: 51%, Performance rate: 53%.
- **To adopt a test fast, fail fast, adjust fast approach**: Critical: 22%, Performs extremely well: 49%, Performance rate: 45%.
- **To make the most of public authorities' incentives, subsidies, tax credit**: Critical: 18%, Performs extremely well: 33%, Performance rate: 55%.
- **To attract investors to fund innovative programs**: Critical: 27%, Performs extremely well: 33%, Performance rate: 82%.

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? Base: Saudi Arabia N= 101.

Q3. To what extent does your company currently perform against these success criteria? Based on those who said it was a critical factor (8-10).
## Funding Innovation remains highly complex

<table>
<thead>
<tr>
<th>External environment</th>
<th>Crucial internal Innovation drivers</th>
<th>Company performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private investors are supportive of companies that need funds to innovate 65%</td>
<td>The lack of sufficient investment and financial support is a key challenge for 56%</td>
<td>To attract investors to fund innovative programs 41%</td>
</tr>
<tr>
<td>The first priority is to fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation 87%</td>
<td></td>
<td>21% of whom perform extremely well at attracting investors to fund innovative programs</td>
</tr>
<tr>
<td>Government and public authorities allocate an adequate share of their budget to support innovative companies 47%</td>
<td></td>
<td>27% of whom perform extremely well at making the most of public authorities' incentives, subsidies, tax credit</td>
</tr>
<tr>
<td>To allocate and secure a specific budget for innovation activities 59%</td>
<td></td>
<td>23%* of whom perform extremely well at it</td>
</tr>
<tr>
<td>To prioritize longer term innovation goals over shorter term financial objectives 58%</td>
<td></td>
<td>25%* of whom perform extremely well at it</td>
</tr>
</tbody>
</table>

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? Base: Global results N=3,209

Q3. To what extent does your company currently perform against these success criteria? Based on those who said it was a critical factor (8-10)
Overall, a consolidated support from private investors

PRIVATE INVESTORS ARE SUPPORTIVE OF COMPANIES THAT NEED FUNDS TO INNOVATE

Q10-1. Thinking about your country in particular, how far do you agree with the following statements? Private investors are supportive of companies that need funds to innovate. Results for top 2 boxes (somewhat agree + totally agree). Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Even if disruption is accepted in theory, most prefer to stick to well-established and more conservative practices and processes.

When innovating, it is best:
- Not to worry about the potential short term negative impact on the core business' revenue: 72%.
- To protect the core business' profitability as much as possible, so to support research & innovation efforts: 28%.

The most successful innovations are:
- Planned, emerging through a structured innovation process: 62%.
- Spontaneous, emerging through the interactions of creative individuals: 38%.

Q4. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209, Saudi Arabia N= 101.

The country is under-indexing compared to the global average.
Positioning innovative teams and activities inside the business is the dominant model, only High-tech and IT companies tend to be more open to an outside model.

In terms of organizational design, it is best to position innovative teams and activities:

- **Inside** the existing lines of businesses and structured teams: 68%
- **Outside** in a specialized and dedicated innovation / research centres: 32%

**Global average**: 32%

Q4-3. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209, Saudi Arabia N = 101 / Base: Global – sectors N= min 140 (Telecomms) max 469 (Manufacturers)
Apart from Japan, the majority of innovative executives prefer to keep innovative teams and activities inside the existing lines of business. However, some are less closed than others to externalization.

IN TERMS OF ORGANIZATIONAL DESIGN, IT IS BEST TO POSITION INNOVATIVE TEAMS AND ACTIVITIES OUTSIDE IN A SPECIALIZED AND DEDICATED INNOVATION /RESEARCH CENTRES

Q4-3. Now we are going to present different views on the ideal innovation process. We would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
What are business leaders’ expectations regarding the role of government and public authorities?

Provide a conducive Innovation framework, set the right incentives for Innovation, invest in talent, support SMEs and harness the power of multinationals

Governments have to provide the right framework for Innovation (IP protection, minimal red tape and bureaucracy, public private partnership)

They should also harness the power of public procurement to support innovation and manage subsidies carefully

They should make sure they prepare and give access to the talent pool needed to innovate better

They should focus innovation incentives on the value created beyond geographic or national considerations

They should amplify the support to Innovative SMEs and at the same time capitalize on the drive Multinationals can bring to their Innovation landscape
Innovation executives expect Public Authorities to improve the overall innovation framework of their country.

Q12. What are the main priorities your country should focus on to efficiently support innovation? Global average. Results for top 2 boxes (critical priority & important but not critical priority). Base: N=3,209

- **Fight bureaucracy** and red tape for companies willing to access funds and incentives allocated to innovation (Critical priority: 54%, Important but not a critical priority: 32%, Global average: 87%)

- Ensure that **business confidentiality** and **trade secrets** are adequately protected (Critical priority: 53%, Important but not a critical priority: 33%, Global average: 86%)

- Better align **students curricula** with the needs of business (Critical priority: 52%, Important but not a critical priority: 34%, Global average: 85%)

- Facilitate **research cooperation** with other countries (Critical priority: 42%, Important but not a critical priority: 43%, Global average: 85%)

- Actively promote **partnerships** between the public and private sectors (Critical priority: 41%, Important but not a critical priority: 42%, Global average: 83%)

- **Reinforce IP** to encourage stronger collaboration between companies (Critical priority: 39%, Important but not a critical priority: 42%, Global average: 80%)

- Encourage the **collaboration** of private companies with SoEs (Critical priority: 30%, Important but not a critical priority: 42%, Global average: 72%)

- Ensure **public procurement** leads the **early adoption** of major innovations (Critical priority: 29%, Important but not a critical priority: 47%, Global average: 76%)

- **Evaluate** the impact some of its **local content requirement** and **regulatory policies** (Critical priority: 25%, Important but not a critical priority: 46%, Global average: 71%)

- Ensure **public procurement** always **favor** the most innovative solutions even if they come from foreign countries (Critical priority: 24%, Important but not a critical priority: 46%, Global average: 70%)

- Encourage and ease the **hiring of talented foreign citizens** (Critical priority: 23%, Important but not a critical priority: 43%, Global average: 67%)
Emerging markets put more pressure on policymakers to provide them with the framework they need to innovate successfully.

Innovation executives identify 4.1 priorities out of 12 as being critical to be addressed on average.

AVERAGE NUMBER OF CRITICAL PRIORITIES PER COUNTRY OUT OF 12 PRIORITIES

Q12. What are the main priorities your country should focus on to efficiently support innovation? Average number of critical priorities per country out of 12.

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
The efficiency of government support for innovation is variable

**GOVERNMENT SUPPORT FOR INNOVATION IS EFFICIENTLY ORGANIZED**

Q11-2. Thinking about the policies and actions undertaken in your country by the government and public authorities, how far do you agree with the following statements. Government support for innovation is efficiently organized. Results for top 2 boxes (somewhat agree + totally agree).

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
A strong priority: ensure that business confidentiality and trade secrets are adequately protected

ENSURE THAT BUSINESS CONFIDENTIALITY AND TRADE SECRETS ARE ADEQUATELY PROTECTED

Q12-8. What are the main priorities your country should focus on to efficiently support innovation? Ensure that business confidentiality and trade secrets are adequately protected. Results for top 2 boxes (critical priority & important but not critical priority).

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Talent management remains an essential priority

Q12. What are the main priorities your country should focus on to efficiently support innovation? Average number of critical priorities per country out of 12. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
The financial support from governments and public authorities varies significantly across countries.

GOVERNMENT AND PUBLIC AUTHORITIES ALLOCATE AN ADEQUATE SHARE OF THEIR BUDGET TO SUPPORT INNOVATIVE COMPANIES

Q12. What are the main priorities your country should focus on to efficiently support innovation? Average number of critical priorities per country out of 12.

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Public Procurement is expected to adopt a first in class practices

**MAIN PRIORITIES COUNTRY SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION**

<table>
<thead>
<tr>
<th>Lead</th>
<th>Better regulate</th>
<th>Be open</th>
</tr>
</thead>
<tbody>
<tr>
<td>To ensure public procurement leads the <strong>early adoption</strong> of major innovations is a critical priority for 76%</td>
<td><strong>Evaluate</strong> the impact some of its <strong>local content requirement</strong> and regulatory policies 71%</td>
<td>To ensure public procurement always favor the most innovative solutions even if they come from <strong>foreign countries</strong> 70%</td>
</tr>
</tbody>
</table>

Q12. What are the main priorities your country should focus on to efficiently support innovation? Global average. Results for top 2 boxes (critical priority & important but not critical priority). Base: N= 3,209
Nuances in expectations in regards to procurement

MAIN PRIORITIES COUNTRIES SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION

To ensure public procurement...

- always favor the most innovative solutions even if they come from foreign countries
- leads the early adoption of major innovations is a critical priority for

Q12-10&11. What are the main priorities your country should focus on to efficiently support innovation? Global average. Results for top 2 boxes (critical priority & important but not critical priority). Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Public subsidies / preferences are broadly accepted, but nationality bias are favoured by a minority

WHAT DO YOU THINK IS THE BEST PUBLIC POLICY?

Give subsidies/preferences to **local business only** to favor the development of local solutions

Give subsidies/preferences to **both local and international** businesses willing to bring innovative solutions to the market

51%

[VALUE] [VALUE]

Subsidies and preferences are **not an effective way** to support innovation as they introduce strong bias and have only short term effects

More open to both

- Automotive 54%
- Healthcare 55%
- Energy 53%
- High-tech / IT 53%

More local focus only

- Telecoms 38%
- Other 34%
- Electronics 32%
- Professional services 29%

More rejectors

- Industrial products 22%
- FMCG 22%
- Manufacturing 21%

Q4-6. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N=3,209
No consensus on the use of Public subsidies / preferences

Give subsidies/preferences to both local and international businesses willing to bring innovative solutions to the market

Subsidies and preferences are not an effective way to support innovation as they introduce strong bias and have only short term effects

Give subsidies/preferences to local business only to favor the development of local solutions

In Germany, Indonesia and the US, the role for Public Subsidies is rejected by more than 1 in 3 Innovation executives

Q4-6. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
Governments’ support to SMEs is largely seen as currently insufficient

Q11-3. Thinking about the policies and actions undertaken in your country by the government and public authorities, how far do you agree with the following statements. Public authorities do not support SME’s in their innovation efforts enough. Results for top 2 boxes (somewhat agree + totally agree).

Small is beautiful! SMEs, start-ups and individuals are seen as the innovation champions and the most promising collaboration partners.

Q7. Who do you think are driving innovation the most today in your country?
Base: Global results N= 3,209

85% of innovation executives agree collaboration with start-up and entrepreneurs will drive innovation success in the future.
SME’s and start-ups are battling for the innovation champions title across countries

Q7. Who do you think are driving innovation the most today in your country? Base: Country results N= 100–300 per market, Saudi Arabia N= 101.

WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?

- SMEs
- Start-ups & Individuals
- Multinationals
- Large Enterprises headquartered in your country

More SMEs

More start-ups / individuals

WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?
Country specifics, there is no one size fits all model for Innovation

Innovation champions, like USA and Germany, display contrasted perceptions and priorities. Emerging economies are not a consistent block, Asian emerging markets are more positive than African markets

The efficacy of government support to Innovation is increasingly contrasted (Singapore, UAE, China and KSA even more leading on this indicator than before, USA is stable at a low level of satisfaction)

USA confirms and amplifies its status as a leader for Innovation (Innovation champion, and most innovation conducive environment) at least from a reputation standpoint (macro economic indicators providing a more contrasted picture)

South Korea, Singapore, and India are less perceived as innovation-friendly environments by the Global community
Understanding customers/markets and attracting / retaining talents are increasingly the top priority drivers of successful innovation

TO INNOVATE EFFICIENTLY AND SUCCESSFULLY, IT IS **CRITICAL** FOR COMPANIES...

- To understand customers and anticipate market evolutions 84% (+3 pts)
- To attract and retain the most talented and skilled individuals 79% (+6 pts)
- To quickly adapt and implement emerging technologies 67% (+1 pt)
- To encourage creative behaviours and disruptive processes in the business 64% (unchanged)
- To identify and work collaboratively with the best external business partners 62% (-4 pts)
- To allocate and secure a specific budget for innovation activities 59% (+5 pts)
- To prioritize longer term innovation goals over shorter term financial objectives 58% (-1 pt)
- To use analytics and predictive knowledge 53% (unchanged)
- To adopt a test fast, fail fast, adjust fast approach 50% (-1 pt)
- To make the most of public authorities' incentives, subsidies, tax credit 48% (unchanged)
- To attract investors to fund innovative programs 41% (+7 pts)

*On average executive describe 6.7 out of 12 as being critical priorities*
Innovation executives expect Public Authorities to improve the overall innovation framework of their country

**Q12. What are the main priorities your country should focus on to efficiently support innovation? Global average. Results for top 2 boxes (critical priority & important but not critical priority). Base: N= 3,209**

- **Critical priority**
- **Important but not a critical priority**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Critical priority</th>
<th>Important but not a critical priority</th>
<th>Global average</th>
</tr>
</thead>
<tbody>
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<td>Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation</td>
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<td>87%</td>
</tr>
<tr>
<td>Ensure that business confidentiality and trade secrets are adequately protected</td>
<td>53%</td>
<td>33%</td>
<td>86%</td>
</tr>
<tr>
<td>Better align students curricula with the needs of business</td>
<td>52%</td>
<td>34%</td>
<td>85%</td>
</tr>
<tr>
<td>Facilitate research cooperation with other countries</td>
<td>42%</td>
<td>43%</td>
<td>85%</td>
</tr>
<tr>
<td>Actively promote partnerships between the public and private sectors</td>
<td>41%</td>
<td>42%</td>
<td>83%</td>
</tr>
<tr>
<td>Reinforce IP to encourage stronger collaboration between companies</td>
<td>39%</td>
<td>42%</td>
<td>80%</td>
</tr>
<tr>
<td>Encourage the collaboration of private companies with SoEs</td>
<td>30%</td>
<td>42%</td>
<td>72%</td>
</tr>
<tr>
<td>Ensure public procurement leads the early adoption of major innovations</td>
<td>29%</td>
<td>47%</td>
<td>76%</td>
</tr>
<tr>
<td>Evaluate the impact some of its local content requirement and regulatory policies</td>
<td>25%</td>
<td>46%</td>
<td>71%</td>
</tr>
<tr>
<td>Ensure public procurement always favor the most innovative solutions even if they come from foreign countries</td>
<td>24%</td>
<td>46%</td>
<td>70%</td>
</tr>
<tr>
<td>Encourage and ease the hiring of talented foreign citizens</td>
<td>23%</td>
<td>43%</td>
<td>67%</td>
</tr>
</tbody>
</table>
Overall, a consolidated support from private investors

PRIVATE INVESTORS ARE SUPPORTIVE OF COMPANIES THAT NEED FUNDS TO INNOVATE

Q10-1. Thinking about your country in particular, how far do you agree with the following statements? Private investors are supportive of companies that need funds to innovate. Results for top 2 boxes (somewhat agree + totally agree). Base: N= 3,209, Saudi Arabia N= 101.
A strong priority: ensure that business confidentiality and trade secrets are adequately protected

Q12-8. What are the main priorities your country should focus on to efficiently support innovation? Ensure that business confidentiality and trade secrets are adequately protected. Results for top 2 boxes (critical priority & important but not critical priority). Base: N= 3,209, Saudi Arabia N= 101.
The efficiency of government support for innovation is variable

Q11-2. Thinking about the policies and actions undertaken in your country by the government and public authorities, how far do you agree with the following statements. Government support for innovation is efficiently organized. Results for top 2 boxes (somewhat agree + totally agree).

Innovation champion

WHAT IS THE COUNTRY THAT YOU CONSIDER TO BE THE LEADING INNOVATION CHAMPION?

Q8. What is THE country that you consider to be the leading innovation champion? Base: N= 3,209 / Open- ended question

35%

1st

USA

16%

2nd

Germany

12%

3rd

Japan

10%

China

South Korea

UK

India

Israel

France

Singapore

Sweden

Switzerland

UAE

Other

Unsure

1%

3%

4%

1%

3%

4%

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1%
Assessment of the innovation environment in each market

Q9. For each of the following markets, how far would you say that they have developed an Innovation-conducive environment?
Base: N= 3,171, Saudia Arabia N = 101 / Note: % of respondents that have given a grade superior or equal to 7/10
A consistency between reputation and performance

The innovation frameworks of Sweden, Malaysia, Singapore are underappreciated

The innovation frameworks of China, India and Japan are over evaluated

<table>
<thead>
<tr>
<th>Country</th>
<th>Perception</th>
<th>« Reality »*</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Japan</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>UK</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Canada</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>South Korea</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Sweden</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>India</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>Israel</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Australia</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Italy</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Russia</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>UAE</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Brazil</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>South Africa</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Turkey</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td>Malaysia</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>Indonesia</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Poland</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Mexico</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Nigeria</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>Kenya</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Algeria</td>
<td>26</td>
<td>26</td>
</tr>
</tbody>
</table>
Evaluation of countries’ innovation environment
The self-evaluation of the innovation framework in own country varies

Q9. For each of the following markets, how far would you say that they have developed an Innovation-conducive environment?

Note: % of respondents that have given a grade superior or equal to 7/10 to their own country

Base: Country results N= 100–300 per market, Saudi Arabia N= 101.
The Energy industry is facing multiple challenges, but driving economic growth through new and more sustainable sources of energy is identified as the absolute priority.

The contribution from energy to the broader economic growth is identified as the number one challenge.
The reduction of the environmental impact of energy and the diversification of the energy mix comes second.
The rising role of analytics in helping the industry become more efficient is recognized but less prominent in energy respondents’ opinion.

Technical and medical innovation such as imaging devices and diagnosis tools are expected to drive progress the most in quality of healthcare.

This is the first driver identified by Healthcare industry respondents.

Scientific innovation and especially applied genetic science to diagnostic are also very high in the ranking.

Policy innovation (awareness campaigns, early detection of diseases) is also expected to play a leading role.
## Energy – priorities to tackle within 5 years

**WHAT ARE THE MAIN CHALLENGES THE ENERGY INDUSTRY WILL HAVE TO FACE IN THE NEXT FIVE YEARS?**

<table>
<thead>
<tr>
<th>Absolute priority</th>
<th>Absolute/somewhat a priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>To drive economic growth by developing new sources of energy</td>
<td>50%</td>
</tr>
<tr>
<td>Identify and develop more sustainable sources of energy</td>
<td>50%</td>
</tr>
<tr>
<td>Reduce the environmental impact of conventional energy sources such as oil and gas</td>
<td>49%</td>
</tr>
<tr>
<td>Develop solutions to make conventional energy sources such as oil and gas more efficient and sustainable</td>
<td>46%</td>
</tr>
<tr>
<td>Make energy prices lower and more competitive</td>
<td>43%</td>
</tr>
<tr>
<td>Develop IT and analytic solutions to improve the control and maintenance of energy production, responding more efficiently to potential breakage/technical issues</td>
<td>36%</td>
</tr>
<tr>
<td>Reduce the geostrategic tensions linked to energy, answering the challenges of energy security</td>
<td>34%</td>
</tr>
<tr>
<td>Improve the access to energy for individuals</td>
<td>30%</td>
</tr>
<tr>
<td>To be able to operate remotely in inaccessible areas such as deep seas, South pole, etc.</td>
<td>23%</td>
</tr>
<tr>
<td>Better answer the increasing need to share revenue and risk between companies involved in a collaborative innovation process</td>
<td>20%</td>
</tr>
</tbody>
</table>

---

E1. What are the main challenges the energy industry will have to face in the next five years? Base: Global results N= 340* *Question asked only to executives from the energy sector
**Healthcare – what will drive progress in quality of healthcare in next five years**

**IN THE NEXT FIVE YEARS, WHAT WILL DRIVE THE MOST PROGRESS IN THE QUALITY OF HEALTHCARE DELIVERED TO CITIZENS IN YOUR COUNTRY?**

<table>
<thead>
<tr>
<th>First most important driver</th>
<th>Summary 3 drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovations in genomics and molecular medicine that can more precisely diagnose disease at the individual level</td>
<td>Scientific innovation 17%</td>
</tr>
<tr>
<td>New imaging devices, medical techniques or diagnosis tools</td>
<td>Technical / Medical innovation 17%</td>
</tr>
<tr>
<td>Consumer awareness campaigns, screening and early detection of disease</td>
<td>Policy innovation 10%</td>
</tr>
<tr>
<td>New molecules / medicines</td>
<td>Pharma innovation 8%</td>
</tr>
<tr>
<td>Making sure we train enough healthcare professionals and technicians with the right skills to meet local needs</td>
<td>Talent innovation 8%</td>
</tr>
<tr>
<td>Home health solutions, the consumerization of healthcare and the rise of wearable health monitoring devices</td>
<td>Mobile innovation 8%</td>
</tr>
<tr>
<td>Re-thinking how healthcare systems are organized and managed to build more financially sustainable operating models</td>
<td>System innovation 7%</td>
</tr>
<tr>
<td>A cultural shift away from a disease based model to the value of healthy life</td>
<td>Cultural innovation 5%</td>
</tr>
<tr>
<td>Redefining how the private healthcare sector and public authorities collaborate</td>
<td>Partnership innovation 5%</td>
</tr>
<tr>
<td>The digitization of healthcare; improving healthcare delivery via use of information technology / data</td>
<td>Digital Innovation 2%</td>
</tr>
<tr>
<td>New financial / reimbursement / incentive models</td>
<td>Payment innovation 2%</td>
</tr>
<tr>
<td>The adoption by developed markets of solutions initially created to answer the resource constraints in emerging markets</td>
<td>Reverse innovation 3%</td>
</tr>
</tbody>
</table>

H1. In the next five years, what do you think will drive the most progress in the quality of healthcare delivered to citizens in your country? Please select 3 options from the most important, to the second most important to the third most important driver.

Base: Global results N= 417*  *Question asked only to executives from the healthcare sector