GE GLOBAL INNOVATION BAROMETER

2014 Edition
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.
3,209 phone interviews (in local languages)

Interview average duration: 35-40 minutes

Period: April 2nd to May 30th 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
A comprehensive assessment of innovation

1. 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

2. Countries & Public policies
   *State of the National Innovation Framework*
   - What 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?

3. 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?

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
JAPAN executive summary
Macro findings

Japanese executives perceive innovation as a positive force with 67% agreeing that people in their country live better today than 10 years ago because of the impact of innovation – however this is 13 points below the global average (80%).

61% of executives in Japan 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 – well below the global average (82%).

Regarding collaboration, Japanese executives are slightly above the global average 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 (83% compared to 77% global average) displaying a high agreement rate.

Executives in Japan are slowly and increasingly recognising the value of collaboration with 50% of executives reporting that the revenue generated by collaborative innovation activities has been growing over the last year, this percentage has increased by 11 points from 2013 (39%).

34% of Japanese executives perceive smaller businesses such as SMEs and start-ups as driving innovation in Japan – below the global average (41%). They are followed by large enterprises headquartered in your country (25%), well above the global average (13%).
Macro findings

Japanese executives highlight several priorities that their companies need to master to innovate successfully. The necessity of understanding customers and anticipate market evolutions comes in as a clear priority being mentioned by 79% of executives in Japan. The second crucial ability is to attract and retain the most talented and skilled individuals (64%) – below the global average (79%). To quickly adapt and implement emerging technologies comes in third for 57% of executives.

When asked about their company performance against these necessary abilities, only 13% of executives thought their company performed extremely well at understanding the needs of customers and 9% said that their company performed extremely well at retaining new talent and adapting fast to new technologies.

The critical challenges faced by companies in Japan limiting their ability to innovate is primarily the incapacity to scale up for 24% of executives – in line with the global average – followed by the incapacity to come up with radical and disruptive ideas for 18% - in line with the global average (21%) and the difficulty to define an effective business model to support new ideas and make them profitable for 16% of executives – also in line with the global average (18%).
Macro findings

Internal organisation – how businesses in Japan go about innovating

49% of executives in Japan recognise the need for companies to encourage creative behaviours and disruptive processes in the business in order to be able to innovate successfully – below the global average (64%).

61% 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 39% that say it is best not to worry about the potential short term negative impact on the core business' revenue – below the global average of 72% for protecting the core business’ profitability.

Japanese executives have opposing views to other executives globally as to how the best innovations emerge with 40% believing the most successful innovations are planned, emerging through a structured innovation process compared to 60% who say they are spontaneous, emerging through the interactions of creative individuals, compared with 62% and 38% global average respectively.

In terms of organizational design, 35% say it is best to position innovative teams and activities inside the existing lines of businesses and structured teams – well below the global average of 68% while 65% believe innovative teams and activities should be placed outside in specialized and dedicated innovation /research centres – well above the global average (32%).

A large majority, 71%, of Japanese executives say it is best to get to market as quickly as possible to keep an edge on competition (well above the global average of 50%), and 29% say they prefer not to rush and take all the time needed to perfect the innovation (below the global average – 50%).
Macro findings

The appreciation of predictive analytics is lower in Japan than globally with 30% saying that to use analytics and predictive knowledge is a crucial ability compared with 53% globally. Businesses in Japan report lower ‘adoption rates’ regarding big trends such as big data.

Nearly a third (30%) of Japanese executives say they have never heard of big data before and 22% say that big data is more of a buzz word than a reality – well above the global average (6%). Only 9% of Japanese executives report that their company is either totally or quite prepared to make the most out of big data compared to 25% global average. And a significant 52% say they have not increased their ability to analyze large and complex amounts of data over the last year and won’t (compared to 29% global average).

Concerning the industrial internet, 48% of executives in Japan say they have never heard of the industrial internet compared to a global average of 44%. 47% believe the industrial internet will have a positive or neutral impact on the job market, in line with the global average (49%). Only 3% of executives in Japan believe their business is already totally prepared with a strategy or process to make the most of industrial internet – below the global average (6%).
Macro findings

The Japanese framework for innovation is evaluated very positively by executives from other markets with 82% saying that Japan has developed a framework conducive to innovation. Moreover, Japanese executives’ self-evaluation of their overall framework for innovation has improved this year, with 68% reporting Japan has developed an innovation-conducive environment this year compared to 39% 18 months ago – a 29-point increase.

The perception of the efficiency of government support for innovation has also improved with 23% of executives agreeing that government support for innovation is efficiently organised (+13 points compared to 2013), although it is still well below the global average (40%).

When it comes to the priorities for government to tackle, executives in Japan are aligned with executives globally. 88% would like to see a better protection of business confidentiality and trade secrets; 76% call for government to fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation but they would also like government to actively promote partnerships between the public and private sectors (76%) – in line with the global average (83%).

Public authorities’ financial support towards innovative companies is seen as insufficient and is below the global average (47%), with only 31% agreeing that government and public authorities allocate an adequate share of their budget to support innovative companies. 75% of executives in Japan highlight an insufficient support to SMEs – above the global average (61%).

60% of executives in Japan 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 above the global average of 51% whilst 21% are in favour of giving subsidies/preferences to local business only to favour the development of local solutions.
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 – <em>Agree</em></td>
<td>32%</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 – <em>Net agree</em></td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>MORE THAN EVER BEFORE, INNOVATION NEEDS TO BE <strong>LOCALIZED</strong> TO SERVE SPECIFIC MARKET NEEDS</td>
<td>83%</td>
<td>68%</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></td>
<td>74%</td>
</tr>
</tbody>
</table>

DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALLER BUSINESSES (NET:SMES+ START-UPS &amp; INDIVIDUALS)</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>MULTINATIONALS</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>LARGE ENTERPRISES HEADQUARTERED IN YOUR COUNTRY</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>PUBLIC ORGANISATIONS</td>
<td>19%</td>
<td></td>
</tr>
</tbody>
</table>

*Over-indexes compared to global average
*Under-indexes compared to global average
### Changing business model

<table>
<thead>
<tr>
<th>Requirement</th>
<th>2014</th>
<th>Global Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>When innovating, companies must encourage <strong>creative behaviours</strong> and <strong>disruptive processes</strong> in the business, especially</td>
<td>49%</td>
<td></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>18%</td>
<td></td>
</tr>
<tr>
<td>When innovating, it is best to protect the core business’ profitability as much as possible so as to support research &amp; innovation efforts</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>The most successful innovations are <strong>planned</strong>, emerging through a structured innovation process</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>In terms of organizational design, it is best to position <strong>innovative teams</strong> and activities inside the existing lines of businesses and structured teams</td>
<td>35%</td>
<td></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>71%</td>
<td></td>
</tr>
</tbody>
</table>
### At a glance

**Embracing new innovation abilities**

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Collaborating</strong> with external business partners can put my business at risk as regard intellectual property and trade secrets but this is a <strong>risk worth taking</strong> if you want to successfully innovate nowadays.</td>
<td>83%</td>
</tr>
<tr>
<td>The revenue and profit generated by <strong>collaborative innovation activities</strong> has been growing over the last year.</td>
<td>39% 50%</td>
</tr>
<tr>
<td><strong>Never heard of</strong> Big Data.</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Not increased</strong> their ability to analyze large and complex amounts of data over the last year and won’t.</td>
<td>52%</td>
</tr>
<tr>
<td>Business <strong>already fully / quite prepared</strong> with a strategy or process to make the most of <strong>Big Data</strong>.</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Never heard of</strong> the Industrial Internet.</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Industrial Internet</strong>: positive impact on the job market, fuelling companies performance and growth and creating new demand for employment.</td>
<td>25%</td>
</tr>
<tr>
<td>Business <strong>already fully / quite prepared</strong> with a strategy or process to make the most of <strong>Industrial Internet</strong>.</td>
<td>11%</td>
</tr>
</tbody>
</table>
At a glance

2014: Innovation framework ranking Japan 3rd*

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNOVATION FRAMEWORK EVALUATION: COUNTRY HAS “INNOVATION-CONDUCIVE ENVIRONMENT”?</td>
<td>81%</td>
<td>82%</td>
</tr>
<tr>
<td>GOVERNMENT SUPPORT FOR INNOVATION IS EFFICIENTLY ORGANIZED</td>
<td>10%</td>
<td>23%</td>
</tr>
<tr>
<td>GOVERNMENT AND PUBLIC AUTHORITIES ALLOCATE AN ADEQUATE SHARE OF THEIR BUDGET TO SUPPORT INNOVATIVE COMPANIES</td>
<td>25%</td>
<td>31%</td>
</tr>
</tbody>
</table>

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

- Give subsidies/prefs to both local and international businesses willing to bring innovative solutions to the market: 60%
- Give subsidies/prefs to local business only to favor the development of local solutions: 21%
- Subsidies and preferences are not an effective way to support innovation as they introduce strong bias and have only short term effects: 19%
- Public authorities do not support SME’s in their innovation efforts enough: 75%
- Private investors are supportive of companies that need funds to innovate: 31%

*Based on the 32 markets covered in Q9
## At a glance

### 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>72%</td>
<td>79%</td>
</tr>
<tr>
<td>To attract and retain the most talented and skilled individuals</td>
<td>55%</td>
<td>64%</td>
</tr>
<tr>
<td>To quickly adapt and implement emerging technologies</td>
<td></td>
<td>57%</td>
</tr>
<tr>
<td>To encourage creative behaviours and disruptive processes in the business</td>
<td></td>
<td>49%</td>
</tr>
<tr>
<td>To identify and work collaboratively with the best external business partners</td>
<td>58%</td>
<td>45%</td>
</tr>
<tr>
<td>To allocate and secure a specific budget for innovation activities</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>To prioritize longer term innovation goals over shorter term financial objectives</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>To adopt a test fast, fail fast, adjust fast approach</td>
<td></td>
<td>56%</td>
</tr>
<tr>
<td>To use analytics and predictive knowledge</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>To make the most of public authorities’ incentives, subsidies, tax credit</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>To attract investors to fund innovative programs</td>
<td>10%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Over-indexes compared to global average

Under-indexes compared to global average
### Innovation killers

<table>
<thead>
<tr>
<th>Issue</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>THE INCAPACITY TO SCALE UP SUCCESSFUL INNOVATIONS, TO A WIDER OR INTERNATIONAL MARKET</strong></td>
<td>24%</td>
</tr>
<tr>
<td><strong>THE DIFFICULTY TO COME UP WITH RADICAL AND DISRUPTIVE IDEAS</strong></td>
<td>18%</td>
</tr>
<tr>
<td><strong>THE DIFFICULTY TO DEFINE AN EFFECTIVE BUSINESS MODEL</strong></td>
<td>16%</td>
</tr>
<tr>
<td><strong>TO DEFINE AN EFFECTIVE BUSINESS MODEL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TO DEFINE AN EFFECTIVE BUSINESS MODEL TO SUPPORT NEW IDEAS AND MAKE THEM PROFITABLE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TO LACK SUFFICIENT INVESTMENT AND FINANCIAL SUPPORT</strong></td>
<td>13%</td>
</tr>
<tr>
<td><strong>A LACK OF TALENT / INADEQUATE SKILLSET</strong></td>
<td>13%</td>
</tr>
<tr>
<td><strong>TO LACK INTERNAL SUPPORT FROM LEADERSHIP TEAM/TOP MANAGEMENT</strong></td>
<td>18%</td>
</tr>
<tr>
<td><strong>THE INTERNAL INERTIA AND THE INCAPACITY TO BE NIMBLE, FAILING AT RAPIDLY CONVERTING IDEAS INTO ACTIONS</strong></td>
<td>16%</td>
</tr>
<tr>
<td><strong>THE INCAPACITY OF THE BUSINESS TO TAKE RISKS</strong></td>
<td>11%</td>
</tr>
</tbody>
</table>

**Over-indexes compared to global average**

**Under-indexes compared to global average**
## MAIN PRIORITIES COUNTRY SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION

<table>
<thead>
<tr>
<th>Priority</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation</td>
<td>70%</td>
<td>76%</td>
</tr>
<tr>
<td>Ensure that business confidentiality and trade secrets are adequately protected</td>
<td>81%</td>
<td>88%</td>
</tr>
<tr>
<td>Better align students curricula with the needs of business</td>
<td>71%</td>
<td>64%</td>
</tr>
<tr>
<td>Facilitate research cooperation with other countries</td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>Actively promote partnerships between the public and private sectors</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Reinforce IP to encourage stronger collaboration between companies</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>Encourage the collaboration of private companies with SOEs</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Ensure public procurement leads to the early adoption of major innovations</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>Evaluate the impact some of its local content requirement and regulatory policies</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Ensure public procurement always favors the most innovative solutions even if they come from foreign countries</td>
<td>71%</td>
<td></td>
</tr>
<tr>
<td>Encourage and ease the hiring of talented foreign citizens</td>
<td>65%</td>
<td></td>
</tr>
</tbody>
</table>

Over-indexes compared to global average

Under-indexes compared to global average
Global findings
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.
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.
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
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.

Collaboration, convergence, Industrial Internet, Data-analytics change(d) the way business are innovating.
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 / Base Japan N= 100

Strongly agree: 80% / Somewhat agree: 7% / Somewhat disagree: 13% / Strongly disagree: 19%

Strongly agree: 47% / Somewhat agree: 28% / Somewhat disagree: 26% / Strongly disagree: 15%

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 / Base Japan N= 100
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”

---

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 / Base Japan N= 100
A multifaceted change, businesses are embracing by stages.

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

- **Collaboration with start-up and entrepreneurs**: 47% totally / quite prepared, 34% not quite prepared but planning to, 21% not at all prepared and not planning to, 18% don't know, 14% never heard of it.
- **Convergence of technology**: 32% totally / quite prepared, 40% not quite prepared but planning to, 25% not at all prepared and not planning to, 25% don't know, 25% never heard of it.
- **Big Data**: 25% totally / quite prepared, 40% not quite prepared but planning to, 25% not at all prepared and not planning to, 20% don't know, 20% never heard of it.
- **“Industrial Internet”**: 25% totally / quite prepared, 44% not quite prepared but planning to, 25% not at all prepared and not planning to, 25% don't know, 25% never heard of it.

Base: Global results N=3,209
External collaboration is now a reality, and demonstrates to be a profitable risk worth taking if you want to successfully innovate nowadays.

But this is a risk worth taking if you want to successfully innovate nowadays. And this is why you company should avoid collaborating with external business partners can put my business at risk as regard intellectual property and trade secrets...

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.

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 / Base Japan N= 100
Collaboration, a reality in most markets

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

Q13. Which of the following apply in your company? YES Base: Country results N= 100–300 per market / Base Japan N= 100
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

Q13. Which of the following apply in your company? YES

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2014</th>
<th>NEW markets 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>60%</td>
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<td></td>
</tr>
<tr>
<td>Canada</td>
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<td>61%</td>
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<tr>
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<td>50%</td>
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<tr>
<td>Israel</td>
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<tr>
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<td>63%</td>
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<tr>
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<td>71%</td>
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<tr>
<td>UAE</td>
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<td>Singapore</td>
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<tr>
<td>Brazil</td>
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<td>74%</td>
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<tr>
<td>Saudi Arabia</td>
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<td>70%</td>
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<td>Italy</td>
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<td>Algeria</td>
<td>76%</td>
<td>79%</td>
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<tr>
<td>Kenya</td>
<td>66%</td>
<td>79%</td>
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</tr>
</tbody>
</table>

Q13. Which of the following apply in your company? YES Base: Country results N= 100–300 per market / Base Japan N= 100
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

Professional services
- My company has already resorted to crowdsourcing: 40%
- My company embraces open source innovation: 40%

High-tech / IT
- My company has already resorted to crowdsourcing: 40%
- My company embraces open source innovation: 40%

Other
- My company has already resorted to crowdsourcing: 62%
- My company embraces open source innovation: 37%

Industrial products
- My company has already resorted to crowdsourcing: 60%
- My company embraces open source innovation: 58%

Energy
- My company has already resorted to crowdsourcing: 60%
- My company embraces open source innovation: 58%

Healthcare
- My company has already resorted to crowdsourcing: 58%
- My company embraces open source innovation: 64%

FMCG
- My company has already resorted to crowdsourcing: 36%
- My company embraces open source innovation: 35%

Manufacturing
- My company has already resorted to crowdsourcing: 58%
- My company embraces open source innovation: 58%

Electronics
- My company has already resorted to crowdsourcing: 31%
- My company embraces open source innovation: 31%

Telecoms
- My company has already resorted to crowdsourcing: 30%
- My company embraces open source innovation: 30%

Automotive
- My company has already resorted to crowdsourcing: 52%
**Big data is not longer a buzz word**

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

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Global (%)</th>
<th>Japan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical for all</td>
<td>31%</td>
<td>15%</td>
</tr>
<tr>
<td>Critical for some</td>
<td>39%</td>
<td>65%</td>
</tr>
<tr>
<td>Useful tool</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>Buzz Word</td>
<td>6%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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 / Base Japan N= 100
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 / Base Japan N= 100
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 / Base Japan N= 100

Stronger rejection (over-index)

Global average 24%

Stronger acceptance (under-index)
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.

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.

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.
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

**“Industrial Internet”**: more confidential.

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

**FAMILIARITY WITH THE NOTION**
- Fully familiar with this notion: 26%
- Heard of it but were not completely sure of its meaning: 30%
- Never heard of it: 44%

**THE ‘INDUSTRIAL INTERNET’ OR ‘INTERNET OF THINGS’ WILL HAVE A RATHER...**
- **Positive impact** on the job market, fuelling companies performance and growth and creating new demand for employment: 31%
- **Neutral impact** on the job market, transforming the overall job market: 18%
- **Negative impact** on the job market, making it easier to replace unskilled workers by machines and automated processes: 7%
High tech / IT and Telecoms are paving the way

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

**% OF BUSINESSES ALREADY EQUIPPED WITH A STRATEGY OR PROCESS TO MAKE THE MOST OF…**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Never heard of it</th>
<th>Not planning to</th>
<th>Planning to</th>
<th>Prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-tech / IT</td>
<td>31%</td>
<td>39%</td>
<td>26%</td>
<td>14%</td>
</tr>
<tr>
<td>Telecoms</td>
<td>31%</td>
<td>39%</td>
<td>26%</td>
<td>14%</td>
</tr>
<tr>
<td>Energy</td>
<td>29%</td>
<td>37%</td>
<td>26%</td>
<td>16%</td>
</tr>
<tr>
<td>Professional services</td>
<td>28%</td>
<td>38%</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>Automotive</td>
<td>26%</td>
<td>40%</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>Electronics</td>
<td>26%</td>
<td>41%</td>
<td>26%</td>
<td>19%</td>
</tr>
<tr>
<td>Industrial products</td>
<td>26%</td>
<td>45%</td>
<td>26%</td>
<td>19%</td>
</tr>
<tr>
<td>FMCG</td>
<td>25%</td>
<td>48%</td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>21%</td>
<td>47%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>21%</td>
<td>47%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
<td>53%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

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 business.

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

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

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

Strongly agree
Somewhat agree
Somewhat disagree
Strongly disagree

Global 82%

Local 73%

Glocalization

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
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?

Base: Global results N= 3,209. Base: Country results N= 100–300 per market / Base Japan N= 100

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
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.)…

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: Japan results N= 100

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

74% 26%

Make it almost impossible to innovate there

74% 26%
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 / Base Japan N= 100
WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?

- More multinationals
- Large enterprises headquartered in your country
- Both equally
- More large national companies

Q7. Who do you think is driving innovation the most today in your country? Base: Country results N= 100–300 per market / Base Japan N= 100
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

The business fabric of innovation varies across countries, each picking a combination of business types to lead it.

- Public organisations
- Smaller businesses & Public organisations
  - Singapore
  - Turkey
  - Algeria
- Public organisations & Multinationals
  - Malaysia
  - UAE / KSA
  - Kenya
  - Mexico
- Multinationals
  - Nigeria
- Smaller businesses
  - US
  - Sweden
  - Italy
  - Israel
  - South Africa
  - Poland
- Large national companies
  - China
  - UK
- Smaller businesses & Large national companies
  - Russia
- Large national companies & Multinationals
  - Germany
  - Japan
  - Canada
  - South Korea
- Smaller businesses & Multinationals
  - Australia / Indonesia
  - Russia
  - Brazil
  - India
  - Argentina
  - Mexico

The business fabric of innovation varies across countries, each picking a combination of business types to lead it.
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.
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:

<table>
<thead>
<tr>
<th>70% in the Healthcare sector</th>
<th>67% Amongst those that already collaborate</th>
<th>68% Amongst those already use open sources</th>
<th>69% Amongst those already use big data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vs. 64% in all other sectors</td>
<td>Vs. 60% for those who don’t</td>
<td>Vs. 60% for those who don’t</td>
<td>Vs. 63% for those who don’t</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>87%</td>
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<tr>
<td>Mexico</td>
<td>87%</td>
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<tr>
<td>Brazil</td>
<td>86%</td>
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<td>India</td>
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<td>Japan</td>
<td>41%</td>
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<tr>
<td>South Korea</td>
<td>48%</td>
</tr>
</tbody>
</table>

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 / Base Japan N= 100
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: 28%
- **Not to worry** about the potential short term negative impact on the core business' revenue: 72%

**THE MOST SUCCESSFUL INNOVATIONS ARE**

- **Spontaneous**, emerging through the interactions of creative individuals: 38%
- **Planned**, emerging through a structured innovation process: 62%

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; Japan results N= 100
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.

The most successful innovations are planned, emerging through a structured innovation process.

When innovating, it is best to protect the core business' profitability as much as possible, so to support research & innovation efforts.

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 / Base Japan N= 100
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.

- Healthcare: 62%
- Manufacturing: 61%
- Professional services: 60%
- FMCG: 58%
- Industrial products: 57%
- Automotive: 57%
- Energy: 57%
- Other: 55%
- High-tech / IT: 54%
- Electronics: 53%
- Telecoms: 52%

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 companies. A recent study found that 88% of companies ranked emerging technologies as a top priority for Q1/Q2. When asked to think about how companies manage innovation, respondents were asked to rate the importance of various factors. Based on the survey results, the importance of emerging technologies for innovation was indicated by a global average of 67%.

The chart displays the percentage of respondents from different countries who consider emerging technologies crucial for innovation. For example, Mexico leads with 88% of respondents, while Sweden has the lowest percentage at 40%. The countries are sorted from highest to lowest percentage, providing a clear visual representation of the data.

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)
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 / Base Japan N= 100
Speed to market remains a tougher decision dividing innovation executives into 2 camps

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

When innovating, it is best...

50% to get to market as quickly as possible to keep an edge on competition

50% not to rush and take all the time needed to perfect the innovation

The country is over-indexing compared to the global average

71%

The country is under-indexing compared to the global average

29%

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)

- 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%
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 / Base Japan N= 100
The speed at which business adopt emerging technologies is critical

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

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 / Base Japan N= 100
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 / Base Japan N=100
Less of a consensus on how best to council longer and shorter terms requirements

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 / Base Japan N= 100
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; Japan results N = 100

TO ALLOCATE AND SECURE A SPECIFIC BUDGET FOR INNOVATION ACTIVITIES
Attracting investors, still key 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 / Base Japan N= 100

<table>
<thead>
<tr>
<th>Element</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>60%</td>
<td>76%</td>
</tr>
<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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<tr>
<td>Turkey</td>
<td>34%</td>
<td>34%</td>
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<tr>
<td>Brazil</td>
<td>47%</td>
<td>48%</td>
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<tr>
<td>Malaysia</td>
<td>59%</td>
<td>59%</td>
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<tr>
<td>Japan</td>
<td>24%</td>
<td>37%</td>
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<tr>
<td>Canada</td>
<td>10%</td>
<td>24%</td>
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<tr>
<td>South Korea</td>
<td>24%</td>
<td>32%</td>
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<tr>
<td>Germany</td>
<td>20%</td>
<td>31%</td>
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<tr>
<td>UK</td>
<td>26%</td>
<td>31%</td>
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<tr>
<td>Singapore</td>
<td>30%</td>
<td>34%</td>
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<tr>
<td>Israel</td>
<td>34%</td>
<td>37%</td>
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<tr>
<td>Nigeria</td>
<td>41%</td>
<td>41%</td>
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<tr>
<td>USA</td>
<td>60%</td>
<td>60%</td>
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<tr>
<td>China</td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>Russia</td>
<td>44%</td>
<td>45%</td>
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<tr>
<td>Saudi Arabia</td>
<td>45%</td>
<td>37%</td>
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<tr>
<td>Poland</td>
<td>37%</td>
<td>35%</td>
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<tr>
<td>Sweden</td>
<td>33%</td>
<td>33%</td>
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<tr>
<td>UAE</td>
<td>33%</td>
<td>33%</td>
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<tr>
<td>India</td>
<td>33%</td>
<td>33%</td>
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<tr>
<td>Italy</td>
<td>33%</td>
<td>33%</td>
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<td>Kenya</td>
<td>33%</td>
<td>33%</td>
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<tr>
<td>Algeria</td>
<td>33%</td>
<td>33%</td>
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<tr>
<td>Indonesia</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>New markets 2014</td>
<td>59%</td>
<td>59%</td>
</tr>
</tbody>
</table>
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 / Base Japan N= 100
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>KEY CHALLENGES KILLING THEIR BUSINESS’S ABILITY TO INNOVATE EFFICIENTLY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implications</strong></td>
</tr>
<tr>
<td>Scaling up</td>
</tr>
<tr>
<td>61%</td>
</tr>
<tr>
<td>24%</td>
</tr>
<tr>
<td>37%</td>
</tr>
<tr>
<td>The incapacity to scale up successful innovations, to a wider or international market</td>
</tr>
<tr>
<td><strong>Internal challenges</strong></td>
</tr>
<tr>
<td>Lack of investment</td>
</tr>
<tr>
<td>56%</td>
</tr>
<tr>
<td>23%</td>
</tr>
<tr>
<td>33%</td>
</tr>
<tr>
<td>To lack sufficient investment</td>
</tr>
</tbody>
</table>

Base: Global results N= 3,209
Japanese businesses face many challenges limiting their ability to lead more radical and larger scale innovation

- The incapacity to scale up successful innovations, to a wider or international market: 24% (Global average), 24% (JAPAN)
- To lack sufficient investment and financial support: 23% (Global average), 13% (JAPAN)
- The difficulty to come up with radical and disruptive ideas: 21% (Global average), 18% (JAPAN)
- A lack of talent / inadequate skillset: 22% (Global average), 13% (JAPAN)
- The difficulty to define an effective business model to support new ideas and make them profitable: 18% (Global average), 16% (JAPAN)
- To lack internal support from leadership team/top management: 19% (Global average), 18% (JAPAN)
- The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions: 17% (Global average), 16% (JAPAN)
- The incapacity of the business to take risks: 16% (Global average), 11% (JAPAN)

Q5. Do you consider any of the following as key challenges killing your business’s ability to innovate efficiently? % Critical challenge
Base: Global results N= 3,209 / Japan N= 100

Over-indexing: More of an innovation killer than other countries
Under-indexing: Less of an innovation killer than other countries
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>&lt;100 26%</td>
<td>5 yrs &lt; 24%</td>
</tr>
<tr>
<td>To lack sufficient investment and financial support</td>
<td>23%</td>
<td>101-500 28%</td>
<td>5 yrs 23%</td>
</tr>
<tr>
<td>The difficulty to come up with radical and disruptive ideas</td>
<td>21%</td>
<td>501-1000 23%</td>
<td>5 yrs 21%</td>
</tr>
<tr>
<td>A lack of talent / inadequate skillset</td>
<td>22%</td>
<td>1000+ 20%</td>
<td>C-level 24%</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>&lt; 5 yrs 18%</td>
<td>2 yrs 18%</td>
</tr>
<tr>
<td>To lack internal support from leadership team/ top management</td>
<td>19%</td>
<td>101-500 18%</td>
<td>2 yrs 16%</td>
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<tr>
<td>The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions</td>
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<td>5 yrs 12%</td>
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<tr>
<td>The incapacity of the business to take risks</td>
<td>16%</td>
<td>1000+ 15%</td>
<td>C-level 15%</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
Electronics and FMCG are most protected from these challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Global average</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>
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<tbody>
<tr>
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<td>24%</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>
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<tr>
<td>To lack sufficient investment and financial support</td>
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<td>17%</td>
<td>15%</td>
<td>11%</td>
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<tr>
<td>To lack internal support from leadership team/top management</td>
<td>19%</td>
<td>18%</td>
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<td>18%</td>
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<tr>
<td>The incapacity of the business to take risks</td>
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<td>17%</td>
<td>18%</td>
<td>14%</td>
<td>12%</td>
<td>17%</td>
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<td>19%</td>
<td>10%</td>
<td>18%</td>
<td>18%</td>
<td>11%</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

Over-indexing: More of a innovation killer
Under-indexing: Less of a innovation killer
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 33%, Performs extremely well 84%, Conversion Rate 39%
- To attract and retain the most talented and skilled individuals: Critical 25%, Performs extremely well 79%, Conversion Rate 32%
- To quickly adapt and implement emerging technologies: Critical 28%, Performs extremely well 67%, Conversion Rate 42%
- To encourage creative behaviours and disruptive processes in the business: Critical 26%, Performs extremely well 64%, Conversion Rate 41%
- To identify and work collaboratively with the best external business partners: Critical 27%, Performs extremely well 62%, Conversion Rate 44%
- To allocate and secure a specific budget for innovation activities: Critical 23%, Performs extremely well 59%, Conversion Rate 39%
- To prioritize longer term innovation goals over shorter term financial objectives: Critical 25%, Performs extremely well 58%, Conversion Rate 43%
- To use analytics and predictive knowledge: Critical 25%, Performs extremely well 53%, Conversion Rate 47%
- To adopt a test fast, fail fast, adjust fast approach: Critical 24%, Performs extremely well 50%, Conversion Rate 48%
- To make the most of public authorities' incentives, subsidies, tax credit: Critical 27%, Performs extremely well 48%, Conversion Rate 56%
- To attract investors to fund innovative programs: Critical 21%, Performs extremely well 41%, Conversion Rate 51%

Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? Base: Japan N= 100

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)

Only 39% of those who said it was an important driver think their company is excelling at delivering it.
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**: 13% Critical, 79% Performs extremely well
  - Conversion Rate: 16%

- **To attract and retain the most talented and skilled individuals**: 9% Critical, 64% Performs extremely well
  - Conversion Rate: 14%

- **To quickly adapt and implement emerging technologies**: 9% Critical, 57% Performs extremely well
  - Conversion Rate: 16%

- **To adopt a test fast, fail fast, adjust fast approach**: 14% Critical, 56% Performs extremely well
  - Conversion Rate: 25%

- **To encourage creative behaviours and disruptive processes in the business**: 8% Critical, 49% Performs extremely well
  - Conversion Rate: 16%

- **To identify and work collaboratively with the best external business partners**: 9% Critical, 45% Performs extremely well
  - Conversion Rate: 20%

- **To prioritize longer term innovation goals over shorter term financial objectives**: 8% Critical, 37% Performs extremely well
  - Conversion Rate: 22%

- **To make the most of public authorities' incentives, subsidies, tax credit**: 13% Critical, 32% Performs extremely well
  - Conversion Rate: 41%

- **To use analytics and predictive knowledge**: 10% Critical, 30% Performs extremely well
  - Conversion Rate: 33%

- **To allocate and secure a specific budget for innovation activities**: 12% Critical, 25% Performs extremely well
  - Conversion Rate: 48%

- **To attract investors to fund innovative programs**: 11% Critical, 19% Performs extremely well
  - Conversion Rate: 58%

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Q1/Q2. How important do you think the following elements are for a company to be able to innovate successfully? Base: Japan N= 100

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

**External environment**
- Private investors are supportive of companies that need funds to innovate 65%
- The lack of sufficient investment and financial support is a key challenge for 56%
- Government and public authorities allocate an adequate share of their budget to support innovative companies 47%
- The first priority is to fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation 86%

**Crucial internal Innovation drivers**
- To attract investors to fund innovative programs 41%
- To make the most of public authorities' incentives, subsidies, tax credit 48%
- To allocate and secure a specific budget for innovation activities 59%
- To prioritize longer term innovation goals over shorter term financial objectives 58%

**Company performance**
- 21% of whom perform extremely well at attracting investors to fund innovative programs
- 27% of whom perform extremely well at making the most of public authorities' incentives, subsidies, tax credit
- 23%* of whom perform extremely well at it
- 25%* of whom perform extremely well at it

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 / Base Japan N= 100

NEW markets 2014

PRIVATE INVESTORS ARE SUPPORTIVE OF COMPANIES THAT NEED FUNDS TO INNOVATE

Has improved

Unchanged

Has worsened

2013

2014
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:**

- 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. 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 Japan N= 100
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. Only High-tech and IT companies tend to be more open to an outside model. **Outside** in a specialized and dedicated innovation/research centres.

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

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 / Base Japan N= 100
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
- Ensure that **business confidentiality** and **trade secrets** are adequately protected
- Better align **students curricula** with the needs of business
- Facilitate **research cooperation** with other countries
- Actively promote **partnerships** between the **public** and **private** sectors
- **Reinforce IP** to encourage stronger collaboration between companies
- Encourage the **collaboration** of private companies with **SoEs**
- Ensure **public procurement** leads the **early adoption** of major innovations
- **Evaluate** the impact some of its **local content requirement** and **regulatory policies**
- Ensure **public procurement** always favor the most innovative solutions even if they come from foreign countries
- Encourage and ease the **hiring of talented foreign citizens**

- **Critical priority**
  - Fight bureaucracy: 87%
  - Business confidentiality: 86%
  - Students curricula: 85%
  - Research cooperation: 85%
  - Partnerships: 83%
  - Reinforce IP: 80%
  - Collaboration: 72%
  - Public procurement: 76%
  - Local content: 71%
  - Public procurement favor: 70%
  - Hiring of talented foreign citizens: 67%

- **Important but not a critical priority**
  - Fight bureaucracy: 54%
  - Business confidentiality: 53%
  - Students curricula: 52%
  - Research cooperation: 42%
  - Partnerships: 41%
  - Reinforce IP: 39%
  - Collaboration: 30%
  - Public procurement: 29%
  - Local content: 25%
  - Public procurement favor: 24%
  - Hiring of talented foreign citizens: 23%
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**

<table>
<thead>
<tr>
<th>Country</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>6.0</td>
</tr>
<tr>
<td>Kenya</td>
<td>5.5</td>
</tr>
<tr>
<td>South Africa</td>
<td>5.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>5.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>5.2</td>
</tr>
<tr>
<td>Poland</td>
<td>5.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>5.1</td>
</tr>
<tr>
<td>Russia</td>
<td>5.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>4.9</td>
</tr>
<tr>
<td>China</td>
<td>4.8</td>
</tr>
<tr>
<td>KSA</td>
<td>4.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4.5</td>
</tr>
<tr>
<td>Italy</td>
<td>4.2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.1</td>
</tr>
<tr>
<td>India</td>
<td>4.0</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.8</td>
</tr>
<tr>
<td>Germany</td>
<td>3.5</td>
</tr>
<tr>
<td>USA</td>
<td>3.4</td>
</tr>
<tr>
<td>UK</td>
<td>3.3</td>
</tr>
<tr>
<td>Australia</td>
<td>3.3</td>
</tr>
<tr>
<td>UAE</td>
<td>3.2</td>
</tr>
<tr>
<td>Canada</td>
<td>3.1</td>
</tr>
<tr>
<td>Israel</td>
<td>2.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.6</td>
</tr>
<tr>
<td>Japan</td>
<td>2.5</td>
</tr>
<tr>
<td>South Korea</td>
<td>2.4</td>
</tr>
</tbody>
</table>

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 / Base Japan N= 100
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).

Base: Country results N= 100–300 per market / Base Japan N= 100

New markets 2014

GOVERNMENT SUPPORT FOR INNOVATION IS EFFICIENTLY ORGANIZED

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Has improved

Unchanged

Has worsened

2013 2014
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 / Base Japan N= 100
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 / Base Japan N= 100

BETTER ALIGN STUDENTS CURRICULA WITH THE NEEDS OF BUSINESS

NEW markets 2014

2013 2014

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

- Decreased
- Stable

China 89% 88%
Saudi Arabia 83% 88%
Malaysia 82% 87%
Turkey 92% 97%
Russia 86% 90%
Germany 78% 80%
Australia 90% 90%
Nigeria 94% 93%
Poland 7% 96%
South Africa 93% 92%
USA 88% 91%
UAE 85% 87%
UK 79% 93%
South Korea 87% 77%
Mexico 100% 93%
Japan 71% 71%
Canada 64% 93%
Brazil 88% 93%
Israel 85% 94%
Sweden 78% 88%
India 81% 93%
Singapore 74% 92%
Algeria 89% 88%
Indonesia 88% 88%
Kenya 78% 88%
Italy 88% 88%
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 / Base Japan N= 100

NEW markets 2014
Public Procurement is expected to adopt a first in class practices

<table>
<thead>
<tr>
<th>MAIN PRIORITIES COUNTRY SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead</td>
</tr>
<tr>
<td>To ensure public procurement leads the <strong>early adoption</strong> of major innovations is a critical priority for 76%</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

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

MAIN PRIORITIES COUNTRIES SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION

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 / Base Japan N= 100
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/predicts to local business only to favor the development of local solutions

Give subsidies/predicts 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

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 / Base Japan N= 100
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). Base: N= 3,209 / Base Japan N= 100

PUBLIC AUTHORITIES DO NOT SUPPORT SME’S IN THEIR INNOVATION EFFORTS ENOUGH

Global average 61%
Small is beautiful! SMEs, start-ups and individuals are seen as the innovation champions and the most promising collaboration partners.

WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?

- **SMEs**: 21%
- **Start-ups & Individuals**: 20%
- **Multinationals**: 19%
- **Large Enterprises headquartered in your country**: 13%
- **Governments and public authorities**: 11%
- **Universities and research labs**: 11%
- **Public authorities at local level**: 3%
- **SoEs**: 1%

85% of innovation executives agree that **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

WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?

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

Q7. Who do you think are driving innovation the most today in your country? Base: Country results N= 100–300 per market / Base Japan N= 100
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…**

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

On average executives describe **6.7** out of 12 as being critical priorities.

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
Innovation executive expect Public Authorities to improve the overall innovation framework of their country

Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation

Ensure that business confidentiality and trade secrets are adequately protected

Better align students curricula with the needs of business

Facilitate research cooperation with other countries

Actively promote partnerships between the public and private sectors

Reinforce IP to encourage stronger collaboration between companies

Encourage the collaboration of private companies with SoEs

Ensure public procurement leads the early adoption of major innovations

Evaluate the impact some of its local content requirement and regulatory policies

Ensure public procurement always favor the most innovative solutions even if they come from foreign countries

Encourage and ease the hiring of talented foreign citizens
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 / Base Japan N= 100
A strong priority: ensure that business confidentiality and trade secrets are adequately protected.
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).

Base: N= 3,209 / Base Japan N= 100
What is THE country that you consider to be the leading innovation champion?

35% USA
16% Germany
12% Japan
10% China
4% South Korea
3% UK
2% India
2% Israel
1% France
1% Singapore
1% Sweden
1% Switzerland
1% UAE
3% Other
4% Unsure

Exit: Netherlands, Canada

Q8. What is THE country that you consider to be the leading innovation champion? Base: N= 3,209 / Open-ended question
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 / Note: % of respondents that have given a grade superior or equal to 7/10
A consistency between reputation and performance

<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>
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<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>

The innovation frameworks of Sweden, Malaysia, Singapore are underappreciated

The innovation frameworks of China, India and Japan are overevaluated

*INSEAD Global Innovation Index - 2013
Evaluation of countries’ innovation environment

Global Evaluation /10

Self-evaluation /10

USA
Germany
Japan
UK
South Korea
China
Canada
Sweden
Germany
South Africa
Italy
Russia
UAE
Turkey
Poland
Indonesia
Brazil
Malaysia
Kenya
Algeria
Nigeria
USA
Germany
Japan
UK
South Korea
China
Canada
Sweden
Germany
South Africa
Italy
Russia
UAE
Turkey
Poland
Indonesia
Brazil
Malaysia
Kenya
Algeria
Nigeria
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 / Base Japan N= 100
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>

*Question asked only to executives from the energy sector*

*Base: Global results N= 340*

---

E1. What are the main challenges the energy industry will have to face in the next five years?

Base: Global results N= 340*
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?

Innovations in genomics and molecular medicine that can more precisely diagnose disease at the individual level

New imaging devices, medical techniques or diagnosis tools

Consumer awareness campaigns, screening and early detection of disease

New molecules / medicines

Making sure we train enough healthcare professionals and technicians with the right skills to meet local needs

Home health solutions, the consumerization of healthcare and the rise of wearable health monitoring devices

Re-thinking how healthcare systems are organized and managed to build more financially sustainable operating models

A cultural shift away from a disease based model to the value of healthy life

Redefining how the private healthcare sector and public authorities collaborate

The digitization of healthcare; improving healthcare delivery via use of information technology / data

New financial / reimbursement / incentive models

The adoption by developed markets of solutions initially created to answer the resource constraints in emerging markets

First most important driver

Summary 3 drivers

Scientific innovation 17% 42%
Technical / Medical innovation 17% 41%
Policy innovation 10% 25%
Pharma innovation 8% 26%
Talent innovation 8% 25%
Mobile innovation 8% 19%
System innovation 7% 24%
Cultural innovation 5% 23%
Partnership innovation 5% 16%
Digital Innovation 2% 16%
Payment innovation 2% 10%
Reverse innovation 3% None of these: 10%

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