About the GE Global Innovation Barometer

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

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

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

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

3,209 phone interviews (in local languages)

Interview average duration: 35-40 minutes

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

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

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

Average age of respondent is 44 years old
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
   - What are the drivers and barriers of successful innovation...
     - In general?
     - In your company?
   - The future of innovation in specific sectors:
     - The best type of innovation to drive the quality of healthcare
     - The ability of innovation to solve today’s and tomorrow’s energy challenges

2. Countries & Public policies
   State of the National Innovation Framework
   - Which country is the leading innovation champion?
   - What does your country do well?
     - Cross-disciplinary research? Effective IP system? Private funding?
   - What do the Public Authorities in your country do well, or less well?
     - Sufficient support to SMEs? To larger companies?
     - Adequate budget allocation?
   - Public policies – your country’s priorities should be:
     - IP protection?
     - Curriculum and talent management?
     - Relationship between public/private sectors?
     - To lead innovation through public procurement’s decisions?

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?
Detailed findings
MACRO TRENDS AT WORK TO CHANGE THE INNOVATION ENVIRONMENT
Innovation is acknowledged as a driver of general improvement in countries. But some executives sense a scepticism in 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”

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>46%</td>
<td>34%</td>
<td>7%</td>
<td>13%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>26%</td>
<td>27%</td>
<td>19%</td>
</tr>
</tbody>
</table>
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”

This statement is true, this new industrial revolution is a reality

This is an overstatement, we observe a continuous technical evolution, not a revolution per say

This statement is untrue, this new industrial revolution is a myth

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

“We are currently in a new Industrial Revolution at the meeting of hardware and software, a historical shift into the age of advanced manufacturing and industrial internet”
A more confidential trend but some are already actively looking into it

% Totally /quite prepared
- Totally prepared
- Quite prepared
- Not quite prepared but planning to
- Not at all prepared and not planning to
- Don't know
- Never heard of it
External collaboration is now a reality, and demonstrates to be a profitable risk worth taking.

Collaborating with external business partners can put my business at risk as regard intellectual property and trade secrets...

But this is a risk worth taking if you want to successfully innovate nowadays.

And this is why you should avoid.

77% 23%

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

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

My company embraces open source innovation – involving external stakeholders such as entrepreneurs in the internal development of new ideas.

My company has already resorted to crowdsourcing soliciting contributions (ideas, content, investment, etc.) from a large and varied group of stakeholders for its innovation activities.

The facts

64%

59%

34%
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
Some countries have increased their collaboration effort even further than last year.

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.
The ability or willingness to embrace change varies by 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
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

Big data is critical to optimize the business operational efficiency of all types of businesses

- Critical for all: 31%

Big data is a critical tool to optimize the business efficiency, but only for certain types of businesses

- Critical for some: 39%

Data sciences and analytics can be useful tools but not as critical as often said

- Useful tool: 23%

Big data is more of a buzz word than a reality

- Buzz Word: 6%
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
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?**
  - 47% Yes
  - 29% No, but we are planning to
  - 24% No and we won’t

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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 are able to make sense of large amounts of data, have strong influence and authority in your company. Base Big Data enabled companies N=721
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
“Industrial Internet”: an emerging understanding

“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%

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

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

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

Q17. Is your business already equipped with a strategy or process to make the most of... Base: Global results N= 3,209 / Sectors – Min n=140 – Max n=469
A GLOBAL PLAYGROUND
FOR INNOVATION
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

GLOBALIZATION

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
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
Constraints in emerging markets mostly seen as an innovation opportunity

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

CREATE INNOVATION OPPORTUNITIES

Professional... 77%
Telecoms 77%
FMCG 76%
Healthcare 76%
Energy 76%
Other 75%
High-tech / IT 73%
Automotive 73%
Manufacturing 71%
Industrial products 70%
Electronics 70%
1,000+ 79%
501-1,000 71%
101-500 73%
<100 74%

Q4-5. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209 / Base: Country results N= 100–300 per market
No consensus amongst emerging markets

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
INTERNAL DISRUPTION AND TRADE-OFFS
Being truly innovative is a challenge, requiring to change mind-sets, behaviours and processes to become ‘disruption ready’

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

- **70% in the Healthcare sector**
  Vs. 64% in all other sectors

- **67% Amongst those that already collaborate**
  Vs. 60% for those who don’t

- **68% Amongst those already use open sources**
  Vs. 60% for those who don’t

- **69% Amongst those already use big data**
  Vs. 63% for those who don’t

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

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

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

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

Q5. 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
Adopting emerging technologies quickly is a necessity for most to be successfully innovating.

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

Base: Country results N= 100–300 per market

Q1. TO BE SUCCESSFUL WHEN INNOVATING, COMPANIES MUST QUICKLY ADAPT AND IMPLEMENT EMERGING TECHNOLOGIES

Global average 67%
But behind good “disruptive” intentions, most prefer to stick to well-established and more conservative practices and processes.

**When innovating, it is best..**

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

**The most successful innovations are**

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

Q4-1&2. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209
Some markets are more disruptive than others in regard to the ideal innovation process, but the large majority agree on its importance in protecting the core business' profitability.

Q4-162. 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
SPEED AND AGILITY TO INNOVATE BETTER
There is a strong consensus on the need for internal agility, and the difficulty in 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: 67%
- 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
Internal inertia is an innovation challenge in most countries

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

QS-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
Speed to market remains a tougher decision dividing innovation executives into 2 camps

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

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

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

It is crucial for companies to adopt a test fast, fail fast, adjust fast approach in order to innovate successfully...

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)
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

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

Stronger emphasis on speed to market

Global average 50%

The speed at which business adopts emerging technologies is critical

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

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

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

Base: Global results N= 3,209
MANAGING CHANGE INTERNALLY TO SUPPORT INNOVATION WITH A SUSTAINABLE BUSINESS MODEL
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

QS-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
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?

**Base: Global results N= 3,209**
Unsurprisingly, smaller and younger businesses suffer the most from these 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>26% 26% 23% 17%</td>
<td>30% 23% 23%</td>
</tr>
<tr>
<td>To lack sufficient investment and financial support</td>
<td>23%</td>
<td>28% 22% 20% 20%</td>
<td>18% 23% 26%</td>
</tr>
<tr>
<td>The difficulty to come up with radical and disruptive ideas</td>
<td>21%</td>
<td>23% 20% 20% 21%</td>
<td>21% 21% 23%</td>
</tr>
<tr>
<td>A lack of talent / inadequate skillset</td>
<td>22%</td>
<td>26% 20% 20% 18%</td>
<td>24% 21% 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>18% 18% 16% 19%</td>
<td>28% 18% 17%</td>
</tr>
<tr>
<td>To lack internal support from leadership team/top management</td>
<td>19%</td>
<td>21% 18% 18% 16%</td>
<td>23% 18% 16%</td>
</tr>
<tr>
<td>The internal inertia and the incapacity to be nimble, failing at rapidly converting ideas into actions</td>
<td>17%</td>
<td>15% 18% 18% 20%</td>
<td>12% 18% 16%</td>
</tr>
<tr>
<td>The incapacity of the business to take risks</td>
<td>16%</td>
<td>19% 16% 14% 15%</td>
<td>15% 16% 16%</td>
</tr>
</tbody>
</table>

Over-indexing: More of a innovation killer
Under-indexing: Less of a innovation killer

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
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>%</th>
<th>Change</th>
</tr>
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<tr>
<td>To understand customers and anticipate market evolutions</td>
<td>84%</td>
<td>+3 pts</td>
</tr>
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<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>
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</tbody>
</table>

On average, executives describe 6.7 out of 12 as being critical priorities.
Despite seeing a factor as a critical innovation driver, only some excel in delivering it in their company

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

NEW markets 2014
Positioning innovative teams and activities inside the business is the dominant model, only High-tech and IT companies tend to be more open to an outside model.

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

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

Outside in a specialized and dedicated innovation/research centres:
- High-tech / IT: 38%
- Healthcare: 36%
- Electronics: 33%
- FMCG: 33%
- Other: 32%
- Automotive: 32%
- Manufacturing: 31%
- Professional services: 30%
- Telecoms: 30%
- Energy: 30%
- Industrial products: 26%

Global average: 32%

Q4-3. Now we are going to present different views on the ideal innovation process, we would like you to pick the one you feel is the truest or the most relevant in driving successful innovation. Base: Global results N= 3,209 / Base: Global – sectors N= min 140 (Telecoms) max 469 (Manufacturers)
INNOVATION POLICIES:
THE PERSPECTIVE FROM
BUSINESS ON INNOVATION
POLICIES AND
FRAMEWORK
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?

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

85% of innovation executives agree collaboration with start-up and entrepreneurs will drive innovation success in the future.
Governments’ support to SMEs is largely seen as currently insufficient

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

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
Multinationals more likely to be perceived as driving innovation compared to local large companies

WHO IS DRIVING INNOVATION THE MOST TODAY IN YOUR COUNTRY?

- Multinationals
- Large enterprises headquartered in your country

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

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.
The efficiency of government support for innovation is variable

**GOVERNMENT SUPPORT FOR INNOVATION IS EFFICIENTLY ORGANIZED**

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

Base: Country results N= 100–300 per market

NEW markets 2014
A strong priority: ensure that business confidentiality and trade secrets are adequately protected

**ENSURE THAT BUSINESS CONFIDENTIALITY AND TRADE SECRETS ARE ADEQUATELY PROTECTED**
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

<table>
<thead>
<tr>
<th>Country</th>
<th>2013</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>China</td>
<td>92%</td>
<td>86%</td>
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<td>Saudi Arabia</td>
<td>83%</td>
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<td>93%</td>
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<tr>
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<td>95%</td>
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<tr>
<td>UAE</td>
<td>87%</td>
<td>86%</td>
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<td>78%</td>
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<tr>
<td>Italy</td>
<td>93%</td>
<td>93%</td>
</tr>
</tbody>
</table>

BETTER ALIGN STUDENTS CURRICULA WITH THE NEEDS OF BUSINESS

NEW markets 2014
The financial support from governments and public authorities varies significantly across countries.

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.
Public Procurement is expected to adopt first in class practices

MAIN PRIORITIES COUNTRY SHOULD FOCUS ON TO EFFICIENTLY SUPPORT INNOVATION

**Lead**
To ensure public procurement leads the *early adoption* of major innovations is a critical priority for 76%

**Better regulate**
Evaluate the impact some of its *local content requirement* and regulatory policies 71%

**Be open**
To ensure public procurement always favor the most innovative solutions even if they come from *foreign countries* 70%

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
Public subsidies / preference are broadly accepted, but nationality bias is favored by a minority

WHAT DO YOU THINK IS THE BEST PUBLIC POLICY?

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

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

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

<table>
<thead>
<tr>
<th>More open to both</th>
<th>More local focus only</th>
<th>More rejectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sectors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Automotive</td>
<td>• Telecoms 38%</td>
<td>• Industrial products 22%</td>
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<tr>
<td>• Healthcare</td>
<td>• Other 34%</td>
<td>• FMCG 22%</td>
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<tr>
<td>• Energy</td>
<td>• Electronics 32%</td>
<td>• Manufacturing 21%</td>
</tr>
<tr>
<td>• High-tech / IT</td>
<td>• Professional services 29%</td>
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</table>

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
COUNTRY REPUTATION FOR INNOVATION, SELF ASSESSEMENT AND EVALUATION BY GLOBAL RESPONDENTS
WHAT IS THE COUNTRY THAT YOU CONSIDER TO BE THE LEADING INNOVATION CHAMPION?

35% USA
16% Germany
12% Japan
10% China
9% South Korea
8% UK
7% India
6% Israel
5% France
4% Singapore
4% Sweden
4% Switzerland
3% UAE
3% Other
3% Unsure
1% UAE
1% UK
1% India
1% South Korea
1% Germany
1% China
1% Japan
1% USA
1% Japan
1% USA
1% USA
1% USA

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: how innovation conducive are they?

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>Perception</th>
<th>Reality based ranking</th>
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<tbody>
<tr>
<td>USA</td>
<td>1</td>
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<tr>
<td>Germany</td>
<td>2</td>
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<td>Japan</td>
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<td>UK</td>
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<td>China</td>
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<tr>
<td>Algeria</td>
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</tbody>
</table>

The innovation frameworks of Sweden, Malaysia, Singapore are underappreciated.

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

*INSEAD Global Innovation Index - 2013*
The self-evaluation of the innovation framework in respondents’ 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