GE Global Innovation Barometer 2013 Results – Focus Ireland
GE global innovation barometer methodology

Now in its third edition and spanning across 25 countries, the GE Global Innovation Barometer is an International opinion survey of senior business executives actively engaged in the management of their firm Innovation strategy.

The survey is conducted by StrategyOne a consulting and research company and funded by GE. The barometer 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 covers a diversity of economic sectors

8 out of 10 respondents are men (no quota)
Sample and fieldwork details

3100 phone interviews (in local languages)

25 markets (tracking in 20 markets for 2 years and 10 markets for 3 years)

Questionnaire average duration: 38 Minutes

Period: October 22nd to December 5th  2012

All respondents directly involved in the innovation strategy or process within their company. (28% C-Level).

Average company size is 1 200 employees

Average age of respondent is 43 years old.
Ireland Executive Summary
Innovation as a strategic priority for Irish business

Innovation is a strategic priority for Irish businesses (89% of Irish respondents report innovation is a strategic priority for their business).

Various types of innovation are expected to drive the performance of Irish businesses in the future:

• The improvement of existing products or services (91%; this is 12 points higher than the global average);

• The development of new business processes to improve profitability (75% - 12 points higher than global average)

• The development of entirely new products or services (74%; 8 points higher than global average)

64% of Irish respondents believe that the development of new business models will drive the performance of their business in the future, this is 12 points higher than the global average showing a strong appetite from Irish business executives for Business model Innovation.
Abilities Business have to master in order to innovate successfully

To innovate successfully Irish respondents identify key abilities their company have to demonstrate:

• **Understand customers and anticipate market evolutions** (87% - 6 points higher than global average)
• **Attract and retain innovative people** (73% - in line with global average)
• **Create an environment and culture conducive to innovation** (69% - 5 points higher than global average)

A little over half of Irish respondents (55%) believe that the ability to mine data inside and outside the company is key for a company to innovate successfully – this is in line with the global average.

It should also be noted that concerning managing an innovation pipeline with a structured business process, 63% of Irish respondents report it is an ability companies should possess in order to innovate successfully - this is 11 points higher than global average.

In spite of current economic challenges, attracting investors to fund innovative programs comes in last position of the abilities ranking with 27% of respondents – 7 points lower than global average – viewing this ability as important for successful company innovation.
Evaluation of the Irish framework for Innovation

Overall the framework for innovation in Ireland is perceived as quite challenging for innovation by business executives from the 25 other markets: 32% of global respondents regard Ireland’s framework as innovation-conducive. This puts the country in the 16th position of the ranking based on this indicator. When evaluating their own market 57% of Irish business executives report that their country has an innovation-conducive environment overall.

By taking a closer look to the different components of the Irish framework we are able to differentiate between what is perceived to be holding back innovation and what are its current drivers.

On the negative side, the items connected to the efficiency and level of governmental support for innovation are more negatively evaluated. With 56% of respondents reporting that the speed at which innovative products are brought to market is adequate, commercialization is an area where Ireland has room for progress.

On the more positive side, Irish respondents report higher satisfaction with the way the education system prepares future innovators with 77% of respondents believing that universities and schools provide a strong education model for future innovative leaders – 20 points above global average. The supportive attitude of society towards innovation and the understanding of the value of innovation by younger generations is also particularly highlighted – these items are above global average.
Irish business executives perceive innovation as a positive force and a key driver for their economy, signs of anxiety that it could also set a challenge for business by increasing competition and by accelerating the lifecycle of products can be measured on almost one third of respondents: in Ireland, 26% of respondents believe “Innovation has a negative impact on their economy” a result slightly below global average (30%).

At policy level, business expect renewed support and incentives from decision makers with particularly strong expectations regarding education-related actions:

• **Encouraging a stronger entrepreneurial culture in the education** system through stronger linkages between students and business savvy individuals is a measure recognized as high priority by 59% of Irish respondents - 9 points above global average

• **Better align students’ curricula with the needs of business** (high priority for 52% of Irish respondents - 8 points above global average)

• **Creating a financial environment that encourages the development of venture capital** is also a priority well above global average (52% - 14 points above global average) in Ireland.
Collaborative innovation as the way forward

Growing trends from the barometer indicate that innovation can start from all kind of economic actors (94% of Irish respondents believe that SMEs and individuals can be as innovative as large companies).

86% of respondents believe their firm has been changing the way it looks at innovation by integrating more of the need for collaboration. A further 83% is convinced that their firm would be more successful at innovation through partnership than if their company went about it alone – in line with global average.

Business in Ireland would like to partner first to enter new markets (87% - 8 points higher than global average), access new technology (86% - 7 points higher than global average), improve an existing product or service (82% - 7 points higher than global average).

It should also be noted that to gain insights and market intelligence is 8 points above global average with 77% of respondents declaring it would be one of the main reason why their company would seek to collaborate. Also above global average is to improve the profitability of an existing offer (15pts above average).

The barriers to collaborative innovation are also identified: lack of protection of confidentiality/IP (68%), and lack of a tested collaboration process and collaboration tool (47% - 8 points above global average). It is interesting to note that lack of trust in the partner company as a common deterrent for collaboration is low in Ireland with only 37% of respondents mentioning it– this is 10 points below average.
Innovation is a strategic priority for business globally
Innovation on top of business agenda: 89% of respondents would say it is a strategic priority for their company (vs. 91% average)

Q1. Would you say that for your company innovation is…?

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<th>Ireland</th>
<th>Global Average</th>
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<td>46%</td>
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<td>47%</td>
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<td>A quite low strategic priority</td>
<td>7%</td>
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<tr>
<td>A very low strategic priority</td>
<td>4%</td>
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Innovation types and business performance: looking back and looking forward
What kind of Innovation drove business performance in the past in Ireland?

Q2. What kinds of innovation have contributed most to your company’s performance in the past few years?  
Irish results vs. 25 markets Global Average
A future gazing exercise: what will drive future business performance in Ireland?

Q3: What kinds of innovation do you expect to contribute the most to your company’s performance in the future?

Irish results vs. 25 markets Global Average

- The improvement of existing products or services: Ireland 79%, Global 91%
- The development of new business processes to improve profitability: Ireland 63%, Global 75%
- The development of entirely new products or services: Ireland 66%, Global 74%
- The development of more affordable new products and services for the customer: Ireland 56%, Global 68%
- The development of new business models: Ireland 52%, Global 64%
- The development or improvement of products or services customized to local circumstances or conditions: Ireland 53%, Global 64%
- The development of new customer services: Ireland 42%, Global 61%
- The development of more sustainable and eco-friendly processes, products or services: Ireland 52%, Global 48%
Key abilities innovative firms master better
To Innovate successfully business need to master market insight, technology development, partnerships, talent and culture

Q4. How important do you think these abilities are for a company to innovate successfully? (Importance grade on 10 points, % High importance [Top 3 boxes])

- Understand customers and anticipate market evolutions: 81%
- Attract and retain innovative people: 73%
- Develop new technology: 66%
- Identify and work collaboratively with the best business partners: 66%
- Create an environment and culture conducive to Innovation: 64%
- Manage and take risks: 60%
- Invest on long term innovative projects: 59%
- Allocate a specific budget for Innovation activities: 54%
- Challenge generally accepted practices and ways of working: 54%
- Mine data inside and outside the company: 53%
- Manage an innovation pipeline with a structured business process: 52%
- Weed out unpromising innovations at an early stage: 51%
- Come up with new business models: 45%
- Attract investors to fund innovative programs: 34%

IRELAND %

- 87 (+ 6 pts)
- 73 (=)
- 68 (+ 2 pts)
- 64 (-2 pts)
- 69 (+ 5 pts)
- 62 (+ 2 pts)
- 65 (+ 6 pts)
- 55 (+ 1 pt)
- 63 (+ 9 pts)
- 55 (+ 2 pts)
- 63 (+11 pts)
- 57 (+ 6 pts)
- 48 (+ 3 pts)
- 27 (-7 pt)
Increased competition and protectionist temptation: A global innovation vertigo?
The net positive impact of Innovation on local economies is challenged by 30% of respondents: a globalization anxiety?

Q5-2. By creating more competition among businesses and making some products and services obsolete, innovation has a negative impact on my country’s economy (% Agree)

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<th>Strongly agree</th>
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<td>Somewhat agree</td>
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<tr>
<td>Somewhat disagree</td>
<td>28%</td>
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<tr>
<td>Strongly disagree</td>
<td>38%</td>
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<tr>
<td>Don’t know / Unsure</td>
<td>3%</td>
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</table>
The positive impact of Innovation on local economies is challenged: greater competition and shorter business lifecycles.

Q5-2. By creating more competition among businesses and making some products and services obsolete, innovation has a negative impact on my country’s economy.

Strongly agree
Somewhat agree
Opening up the market or national preference, paradoxical tensions seem to exist within global business

Q9. What are the main priorities your country should focus on to efficiently support innovation?

Q9-8. Promote domestic rather than imported technological development via preferences in government procurement

Q9-11. Promote the importation of innovative technologies by opening the market further to foreign trade and investment
Expectations regarding the policy focus to be adopted are contradictory and vary greatly from one market to another.

Q9. What are the main priorities your country should focus on to efficiently support innovation? (%Top 2 grades = very high priority)

- Promote importation of innovative tech. by opening the market further to foreign trade and investment
- Promote domestic rather than imported technological development via preferences in government procurement
Role of SMEs and need for greater localization: the trend keeps building up globally
A growing consensus around the need for innovation to be embracing the specificities of local market needs

Q5.1 - More than ever before, innovation needs to be localized to serve specific market needs

Average 20 markets 2012: 76%

Average 20 markets 2013: 84% (+8pts)
Innovation can be originated anywhere

Q5. 3 - More than ever before, SMEs and individuals can be as innovative as large companies

Average 20 markets 2012: 79%
Average 20 markets 2013: 84% (+5pts)
A contraction of the Global environment for Innovation
How do respondents evaluate their country’s Innovation framework? No major change in Global ranking, strong new entries

Index on 100 points summarizing the perceptions of respondents regarding 13 dimensions of the Innovation framework of their country.
<table>
<thead>
<tr>
<th>Category</th>
<th>% Agree 2013</th>
<th>Gap / 2012</th>
<th>Gap / Average 25 markets</th>
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</thead>
<tbody>
<tr>
<td>Government and public authorities allocate an adequate share of their budget to support innovative companies</td>
<td>44%</td>
<td>N/A</td>
<td>- 1 pt</td>
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<tr>
<td>Governmental support for innovation is efficiently organized and coordinated</td>
<td>44%</td>
<td>N/A</td>
<td>+ 4 pts</td>
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<tr>
<td>It is quite easy for companies to partner with universities for their R&amp;D needs</td>
<td>72%</td>
<td>N/A</td>
<td>+ 7 pts</td>
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<td>Local universities and schools provide a strong education model for tomorrow's innovative leaders</td>
<td>77%</td>
<td>N/A</td>
<td>+ 20 pts</td>
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<td>Private investors are supportive of companies that need funding to innovate</td>
<td>61%</td>
<td>N/A</td>
<td>+ 3 pts</td>
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<td>Public-private partnerships have proved effective in supporting innovation</td>
<td>66%</td>
<td>N/A</td>
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<td>Society as a whole is accepting of taking risks as part of the innovation process</td>
<td>75%</td>
<td>N/A</td>
<td>+ 9 pts</td>
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<td>Society as a whole is supportive of innovation, there is an appetite for innovation among young generations</td>
<td>92%</td>
<td>N/A</td>
<td>+ 13 pts</td>
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<td>The general public is convinced of the value innovation can bring to their day-to-day life</td>
<td>77%</td>
<td>N/A</td>
<td>+ 2 pts</td>
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<td>The protection of the copyright and the patent are effective</td>
<td>66%</td>
<td>N/A</td>
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<td>The speed at which innovative products are brought to market is adequate</td>
<td>56%</td>
<td>N/A</td>
<td>- 4 pts</td>
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<td>Trade regulations are not preventing firms from being commercially successful</td>
<td>60%</td>
<td>N/A</td>
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Detailed results per component & market
Private investment stagnation, a positive exception in Germany

Q6.1 - Private investors are supportive of companies that need funds to innovate

Average 20 markets 2012: 59%
Average 20 markets 2013: 57% (-2pts)
Q6. 2 - The current IP protection system does not present barriers to innovation

IP protection a growing concern, including in China

Average 20 markets 2012: 64%
Average 20 markets 2013: 59% (-5pts)
Contrasted evolution regarding universities’ ability to train talents

Q6. 3 - Universities and schools provide a strong education model for tomorrow’s innovative leaders

Average 20 markets 2012: 61%
Average 20 markets 2013: 55% (-6pts)
Lower financial support from Governments overall

Q6. 5- Government and public authorities allocate an adequate share of their budget to support innovative companies

Average 20 markets 2012: 47%
Average 20 markets 2013: 45% (-2pts)
Q6. 6 - Governmental support for innovation is efficiently organized and coordinated

Average 20 markets 2012: 43%

Average 20 markets 2013: 39% (-4pts)
On the positive side: a growing appetite from young generations

Q6. 8 - Society as a whole is supportive of innovation, there is an appetite for innovation among young generations

Average 20 markets 2012: 76%
Average 20 markets 2013: 77% (+1pt)
Q6. 9 - The general public is convinced of the value innovation can bring to their day-to-day life

On the positive side: greater societal support

Average 20 markets 2012: 68%
Average 20 markets 2013: 73% (+5pts)
On the positive side: greater tolerance to Innovation related risks

Q6. 10 - Society as a whole accepts that taking risks is part of the innovation process

Average 20 markets 2012: 59%
Average 20 markets 2013: 63% (+4pts)
What policies would support Innovation most efficiently?
Q9. What are the main priorities your country should focus on to efficiently support innovation?
Grade on 10 points where 10 means it should be a VERY STRONG priority and 1 a VERY LOW one. (% Top 2 grades)

- Encourage a stronger entrepreneurial culture in the education system through stronger linkages between students and business savvy individuals: 59 (+ 9 pts)
- Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation: 42 (- 6 pts)
- Better align students curricula with the needs of business: 52 (+ 8 pts)
- Ensure that business confidentiality and trade secrets are adequately protected: 34 (- 7 pts)
- Create a financial environment that encourages the development of venture capital: 52 (+ 14 pts)
Education, fighting bureaucracy and protecting trade secrets evaluated as the most pressing priorities to support Innovation

Q9 What are the main priorities your country should focus on to efficiently support innovation?
Grade on 10 points where 10 means it should be a VERY STRONG priority and 1 a VERY LOW one, (% Top 2 grades)
### Clustering markets depending on Policy priorities

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<td>Create more incubators and facilities for start-ups to develop</td>
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Stronger regulation on talent mobility have had a noticeable impact on Business ability to Innovate

Q5-4. Over the last two years, it has become more difficult for companies to hire talented foreign citizens because of stricter visa requirements and it had a negative impact on their ability to innovate.
What countries are perceived as displaying the most innovation conducive environment?
How do Irish business executives evaluate other markets’ Innovation environment?

Q8. For each of the following markets, how far would you say that they have developed an Innovation conducive environment?

% of respondents that evaluate a market innovation environment positively by giving it a grade between 7 an 10/10 points (Global perception vs. perception measured among Irish respondents only)
Collaborative Innovation: review of drivers and barriers, experience and policy framework
Collaborative Innovation has a Global appeal

Q11: Measuring the appetite for collaboration

- **I am fully convinced that our firm could be more successful with innovation through partnership and collaboration than if we go about it alone.**
  - % Agree: 87%, 83%
  - % Disagree: 53%, 34%, 7%, 4%

- **Our firm has been changing the way it looks at innovation to integrate more of the need for collaboration both inside and outside the firm.**
  - % Agree: 82%, 86%
  - % Disagree: 38%, 44%, 11%, 5%

- **I think my firm is open to sharing the revenue stream or the revenue losses that could be generated through a collaborative innovation initiative.**
  - % Agree: 73%, 67%
  - % Disagree: 28%, 45%, 16%, 6%
Partnership is globally seen as an opportunity to succeed

Q11 Measuring the appetite for collaboration
Q11-2: I am fully convinced that our firm could be more successful with innovation through partnership and collaboration than if we go about it alone

Average: 53%
Emerging markets leading preparing even more strongly to partner

Q11 Measuring the appetite for collaboration
Q11-1: Our firm has been changing the way it looks at Innovation to integrate more of the need for collaboration both inside and outside the firm

Average: 38%
Revenue sharing model: a more difficult question to solve

Q11 Measuring the appetite for collaboration
Q11-3: I think my firm is open to sharing the revenue stream or the revenue losses that could be generated through a collaborative innovation initiative

Average: 28%
Q15 Still on collaboration, what are the main reasons why your company would seek to collaborate with entrepreneurs or other companies?

- To access new technology: 79%
- To enter new markets: 79%
- To improve an existing product or service: 75%
- To speed up time to market: 72%
- To invent a new product: 70%
- To improve the profitability of an existing offer: 69%
- To gain insights and market intelligence: 69%
- To scale up: 69%
- To benefit from a company’s sales force: 58%
- To share costs: 56%
- To license patents and technology: 54%
- To invent a new business model: 54%

IRELAND

- To access new technology: 86% (+7 pts)
- To enter new markets: 87% (+8 pts)
- To improve an existing product or service: 82% (+7 pts)
- To speed up time to market: 81% (+9 pts)
- To invent a new product: 69% (-1 pt)
- To improve the profitability of an existing offer: 84% (+15 pts)
- To gain insights and market intelligence: 77% (+8 pts)
- To scale up: 65% (-4 pts)
- To benefit from a company’s sales force: 62% (+4 pts)
- To share costs: 64% (+8 pts)
- To license patents and technology: 57% (+3 pts)
- To invent a new business model: 53% (-1 pt)
Barriers to collaboration

Q16. Still on collaboration, what are the main reasons why your company would be reluctant to collaborate with entrepreneurs or other companies? (% of respondent that selected the item as a barrier)

- Lack of Protection of confidentiality / IP: 47% (IRELAND: 68%)
- Lack of trust in the partner company: 39% (IRELAND: 37%)
- Talent / Knowledge poaching: 45% (IRELAND: 45%)
- Lack of a tested Collaboration Process and Collaboration Tools: 36% (IRELAND: 45%)
- Fears over unequal revenue splits: 31% (IRELAND: 41%)
- We don't know how to attract potential partners: 28% (IRELAND: 24%)
- We don't have time to allocate to managing the partnership: 28% (IRELAND: 24%)
- I don’t know if my company is ready or able to be working in partnership: 28% (IRELAND: 24%)
- We don’t have time to allocate to meeting possible partners: 22% (IRELAND: 24%)
- The company is bigger than ours: 22% (IRELAND: 24%)
- Our culture is too closed: 18% (IRELAND: 18%)
- The company is foreign: 16% (IRELAND: 13%)
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