GE Global Innovation Barometer
2013 Results – Focus Australia
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.
Australia Executive Summary
Innovation is a strategic priority for Australian businesses (89% of Australian respondents report innovation is a strategic priority for their business).

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

- the improvement of existing products or services (mentioned by 68%)
- the development of new business processes to improve profitability (mentioned in second position by 67% of respondents – a result slightly above the global average)
- the development of products or services customized to local conditions (mentioned in third position by 58% of Australian respondents – a result above the global average).

Additionally, the development of new business models, while not yet recognized as a higher priority, is identified by 46% of Australian respondents as promising way to boost future performance.
To innovate successfully Australian respondents identify key abilities their business has to master:

- Understand customers and anticipate market evolutions (83%)
- Attract and retain innovative people (83%), a result 10 points higher than the global average
- Identify and work collaboratively with the best business partners as well as create an environment and culture conducive to innovation (69%)
- Challenge generally accepted practices and ways of thinking (66%), seems to be a specific area of interest from Australian business as the result in this market is 12 points higher than the global average
- Australian respondents stress the importance of weeding out unpromising innovations at an early stage (mentioned by 61% of respondents as a crucial innovation success factor vs. only 51% of the global sample)
- Mining data inside and outside of the company is a priority for 45% of respondents this time 8 points below the global average for this item.

Less of an interest from Australian respondents in the development of new business models is confirmed by the fact that this ability is regarded as a priority by 30% of Australians vs. 45% of the global sample.
Overall the framework for innovation in Australia is perceived as quite conducive for Innovation by business executives from the other markets: 52% of business executives from the 25 markets regard the Australian environment for innovation as strongly innovation conducive. This puts the country in the 13\textsuperscript{th} position of the global ranking based on this indicator.

When evaluating their own market, 67% of Australian business executives report that their country has a strongly innovation conducive environment overall.

When asked to evaluate in more detail their environment for innovation, Australian business executives provide interesting input:

On the negative side, the items connected to government support are more negatively evaluated than the global average and most of all in noticeable decline when compared to last year’s results in Australia. Funding support from private investors are also more negatively evaluated than the global average with a decline as well compared to last year’s results.

On the more positive side, Australian business executives report higher satisfaction than the global average regarding the belief that society as a whole is supportive of innovation and that there is an appetite for innovation among the younger generation. Australians are also much more convinced this year that the public is aware of the value innovation can bring to day-to-day life compared to last year.
Australian business executives make innovation a strategic priority and rely on it to drive future performance, however they are in line with other markets in the belief that it could also set a challenge for business by increasing competition and by accelerating the lifecycle of products and services: in Australia, 33% of respondents believe “Innovation has a negative impact on their economy”, a result similar to the global average (30%).

In this context, Australian businesses expect renewed support and Innovation incentives from policymakers, particularly regarding:

• **Business confidentiality**: 46% of respondents want to ensure that business confidentiality and trade secrets are adequately protected (5 points higher than the global average)

• **Fighting red tape and bureaucracy for companies trying to access innovation public funding** (45% of respondents).

Showing further evidence of prioritizing local needs, 40% of Australian business executive also regard very favorably policies that would lead to the promotion of domestic over imported technological development (7 points higher than the global average).
Growing trends from the barometer indicate that innovation can start from all kinds of economic actors (over 92% of Australian respondents in 2013 believe that SMEs and Individuals can be as innovative as large companies, quite a significant increase from 2012: +13 points).

This validates the perception that collaboration is key to innovate more successfully. 80% of Australian respondents report that their firm has been increasingly looking at innovation through the collaborative angle. Furthermore, 92% of respondents strongly agree their firm would be more successful at innovation through partnership than if their company went about it alone.

Business in Australia would like to partner first to access new technology (89%, 10 points higher than global average) and improve an existing product or service (87%, 12 points higher than global average). It should also be noted that improvement of the profitability of an existing offer is 17 points higher than the global average with 86% of Australian respondents declaring that it would be the main reasons why their company would seek to collaborate with entrepreneurs or other companies.

The barriers to collaborative Innovation are also clearly identified: lack of protection of confidentiality/IP (66% - in line with the global average), and because of lack of tested collaboration tools (49%, 10 points above global 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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<thead>
<tr>
<th>Priority</th>
<th>Australia</th>
<th>Global Average</th>
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<tr>
<td>A very high strategic priority</td>
<td>39%</td>
<td>44%</td>
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<tr>
<td>A quite high strategic priority</td>
<td>50%</td>
<td>47%</td>
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<td>A quite low strategic priority</td>
<td>10%</td>
<td>8%</td>
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<tr>
<td>A very low strategic priority</td>
<td>1%</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 Australia?

Q2. What kinds of innovation have contributed most to your company’s performance in the past few years? Australian results vs. 25 markets Global Average

- The improvement of existing products or services: Australia 71%, Global 83%
- The development or improvement of products customized to local circumstances or conditions: Australia 55%, Global 66%
- The development of new business processes to improve profitability: Australia 64%, Global 61%
- The development of entirely new products or services: Australia 57%, Global 63%
- The development of new business models: Australia 53%, Global 46%
- The development of more affordable new products and services for the customer: Australia 37%, Global 56%
- The development of more sustainable and eco-friendly processes, products or services: Australia 30%, Global 44%
- The development of new customer services: Australia 29%, Global 39%
A future gazing exercise: what will drive future business performance in Australia?

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

Australian results vs. 25 markets Global Average

- The improvement of existing products or services: 68% (Australia) vs. 79% (Global)
- The development of new business processes to improve profitability: 67% (Australia) vs. 63% (Global)
- The development or improvement of products or services customized to local circumstances or conditions: 58% (Australia) vs. 53% (Global)
- The development of entirely new products or services: 54% (Australia) vs. 66% (Global)
- The development of more affordable new products and services for the customer: 47% (Australia) vs. 56% (Global)
- The development of new business models: 46% (Australia) vs. 52% (Global)
- The development of more sustainable and eco-friendly processes, products or services: 37% (Australia) vs. 48% (Global)
- The development of new customer services: 28% (Australia) vs. 42% (Global)
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])

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<thead>
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<th>Ability</th>
<th>Australia</th>
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<tr>
<td>Understand customers and anticipate market evolutions</td>
<td>83% (+ 3 pts)</td>
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<td>Attract and retain innovative people</td>
<td>83% (+ 10 pts)</td>
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<td>Develop new technology</td>
<td>59% (- 7 pts)</td>
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<td>Identify and work collaboratively with the best business partners</td>
<td>69% (+ 3 pts)</td>
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<tr>
<td>Create an environment and culture conducive to Innovation</td>
<td>69% (+ 5 pts)</td>
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<td>Manage and take risks</td>
<td>67% (+ 7 pts)</td>
</tr>
<tr>
<td>Invest on long term innovative projects</td>
<td>54% (-5 pts)</td>
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<tr>
<td>Allocate a specific budget for Innovation activities</td>
<td>43% (- 11 pts)</td>
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<td>Challenge generally accepted practices and ways of working</td>
<td>66% (+ 12 pts)</td>
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<td>Mine data inside and outside the company</td>
<td>45% (-8 pts)</td>
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<tr>
<td>Manage an innovation pipeline with a structured business process</td>
<td>51% (-1 pt)</td>
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<tr>
<td>Weed out unpromising innovations at an early stage</td>
<td>61% (+ 10 pts)</td>
</tr>
<tr>
<td>Come up with new business models</td>
<td>30% (- 15 pts)</td>
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<tr>
<td>Attract investors to fund innovative programs</td>
<td>17% (- 17 pts)</td>
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<tr>
<td>Identify and work collaboratively with the best business partners</td>
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<td>Attract investors to fund innovative programs</td>
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</table>
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)

- Strongly agree: 11%
- Somewhat agree: 19%
- Somewhat disagree: 28%
- Strongly disagree: 38%
- Don’t know / Unsure: 3%
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.
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

The chart shows the percentage of respondents in various countries who prioritize these two policies.
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></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</td>
<td>26%</td>
<td>- 10 pts</td>
<td>- 19 pts</td>
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<td>their budget to support innovative companies</td>
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<tr>
<td>Governmental support for innovation is efficiently organized</td>
<td>23%</td>
<td>- 7 pts</td>
<td>- 17 pts</td>
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<td>and coordinated</td>
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<tr>
<td>It is quite easy for companies to partner with universities for</td>
<td>67%</td>
<td>+ 3 pts</td>
<td>+ 2 pts</td>
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<td>their R&amp;D needs</td>
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<tr>
<td>Local universities and schools provide a strong education model</td>
<td>59%</td>
<td>- 10 pts</td>
<td>+ 2 pts</td>
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<td>for tomorrow's innovate leaders</td>
<td></td>
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<td></td>
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<tr>
<td>Private investors are supportive of companies that need funding</td>
<td>37%</td>
<td>- 8 pts</td>
<td>- 21 pts</td>
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<td>to innovate</td>
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<tr>
<td>Public-private partnerships have proved effective in supporting</td>
<td>67%</td>
<td>- 5 pts</td>
<td>+ 2 pts</td>
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<td>innovation</td>
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<td>Society as a whole is accepting of taking risks as part of the</td>
<td>62%</td>
<td>- 2 pts</td>
<td>- 4 pts</td>
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<td>innovation process</td>
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<tr>
<td>Society as a whole is supportive of innovation, there is an</td>
<td>86%</td>
<td>- 2 pts</td>
<td>+ 7 pts</td>
</tr>
<tr>
<td>appetite for innovation among young generations</td>
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<tr>
<td>The general public is convinced of the value innovation can</td>
<td>76%</td>
<td>+ 13 pts</td>
<td>+ 1 pt</td>
</tr>
<tr>
<td>bring to their day-to-day life</td>
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<tr>
<td>The protection of the copyright and the patent are effective</td>
<td>62%</td>
<td>- 9 pts</td>
<td>+ 3 pts</td>
</tr>
<tr>
<td>The speed at which innovative products are brought to market is</td>
<td>46%</td>
<td>- 3 pts</td>
<td>- 14 pts</td>
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<td>adequate</td>
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<tr>
<td>Trade regulations are not preventing firms from being</td>
<td>46%</td>
<td>- 17 pts</td>
<td>- 14 pts</td>
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<tr>
<td>commercially successful</td>
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</table>
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)
IP protection a growing concern, including in China

Q6. 2 - The current IP protection system does not present barriers to innovation

Average 20 markets 2012: 64%
Average 20 markets 2013: 59% (-5pts)

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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)
The organization of government incentive to innovation is criticized

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)
On the positive side: greater societal support

Q6. 9 - The general public is convinced of the value innovation can bring to their day-to-day life

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?
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)

- Encourage a stronger entrepreneurial culture in the education system through stronger linkages between students and business savvy individuals
  - Australia: 44% (-6 pts)

- Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation
  - Australia: 45% (-3 pts)

- Better align students curricula with the needs of business
  - Australia: 36% (-8 pts)

- Ensure that business confidentiality and trade secrets are adequately protected
  - Australia: 46% (+5 pts)

- Create a financial environment that encourages the development of venture capital
  - Australia: 44% (+6 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)

- Create more incubators and facilities for start-ups to develop
- Promote domestic rather than imported technological development via preferences in government procurement
- Boost funding for public research programs
- Introduce results-based incentives for public research programs
- Promote the importation of innovative technologies by opening the market further to foreign trade and investment
- Implement an innovation and entrepreneurship awareness program promoting these values and targeting the general public
- Stimulate innovation through the use of commercially based public procurement

Australia

- 25% (-11 pts)
- 40% (+7 pts)
- 26% (-5 pts)
- 18% (-12 pts)
- 15% (-12 pts)
- 10% (-15 pts)
- 14% (-7 pts)
Clustering markets depending on Policy priorities

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Singapore</th>
<th>South Korea</th>
<th>China</th>
<th>Australia</th>
<th>Turkey</th>
<th>Brazil</th>
<th>Poland</th>
<th>Russia</th>
<th>Vietnam</th>
<th>Netherlands</th>
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<th>Mexico</th>
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<td>Encourage a stronger entrepreneurial culture in the education system through stronger linkages between students and business savvy individuals</td>
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<td>Fight bureaucracy and red tape for companies willing to access funds and incentives allocated to innovation</td>
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<td>Ensure that business confidentiality and trade secrets are adequately protected</td>
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<td>Create a financial environment that encourages the development of venture capital</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

Strongly agree
Somewhat agree
What countries are perceived as displaying the most innovation conducive environment?
EVALUATION OF INNOVATION ENVIRONMENT

Global Evaluation /10

Auto evaluation /10

Countries and their evaluation scores:
- USA: 9.0
- Germany: 8.5
- South Korea: 8.0
- China: 7.5
- Japan: 7.0
- Brazil: 6.5
- Canada: 6.0
- Mexico: 5.5
- Singapore: 5.0
- UAE: 4.5
- Turkey: 4.0
- Ireland: 3.5
- Nigeria: 3.0
- South Africa: 2.5
- Malaysia: 2.0
- Russia: 1.5
- Poland: 1.0
- Vietnam: 0.5
- Australia: 0.0
How do Australian 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 Australian 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

1. I am fully convinced that our firm could be more successful with innovation through partnership and collaboration than if we go about it alone.
   - **Global**: 87% strongly agree, 34% somewhat agree, 7% somewhat disagree, 4% strongly disagree.
   - **Australia**: 92% strongly agree, 80% somewhat agree, 8% somewhat disagree, 5% strongly disagree.

2. 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.
   - **Global**: 53% strongly agree, 34% somewhat agree, 11% somewhat disagree, 5% strongly disagree.
   - **Australia**: 35% strongly agree, 44% somewhat agree, 11% somewhat disagree, 5% strongly disagree.

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.
   - **Global**: 28% strongly agree, 45% somewhat agree, 16% somewhat disagree, 6% strongly disagree.
   - **Australia**: 28% strongly agree, 45% somewhat agree, 16% somewhat disagree, 6% strongly disagree.
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%
Reasons for collaborating

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%

Australia

- To access new technology: 89% (+10 pts)
- To enter new markets: 80% (+1 pt)
- To improve an existing product or service: 87% (+12 pts)
- To speed up time to market: 74% (+2 pts)
- To invent a new product: 73% (+3 pts)
- To improve the profitability of an existing offer: 86% (+17 pts)
- To gain insights and market intelligence: 74% (+5 pts)
- To scale up: 74% (+5 pts)
- To benefit from a company’s sales force: 60% (+2 pts)
- To share costs: 57% (+1 pt)
- To license patents and technology: 54% (=)
- To invent a new business model: 47% (-7 pts)
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)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Australia</th>
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<tbody>
<tr>
<td>Lack of Protection of confidentiality / IP</td>
<td>66% (+2 pts)</td>
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<td>Lack of trust in the partner company</td>
<td>46% (-1 pt)</td>
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<td>Talent / Knowledge poaching</td>
<td>48% (+3 pts)</td>
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<td>Lack of a tested Collaboration Process and Collaboration Tools</td>
<td>49% (+10 pts)</td>
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<td>Fears over unequal revenue splits</td>
<td>37% (+1 pt)</td>
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<td>We don’t know how to attract potential partners</td>
<td>26% (-5 pts)</td>
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<td>We don’t have time to allocate to managing the partnership</td>
<td>42% (+14 pts)</td>
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<tr>
<td>I don’t know if my company is ready or able to be working in partnership</td>
<td>28% (=)</td>
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<tr>
<td>We don’t have time to allocate to meeting possible partners</td>
<td>37% (+15 pts)</td>
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<tr>
<td>The company is bigger than ours</td>
<td>19% (-3 pts)</td>
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<tr>
<td>Our culture is too closed</td>
<td>15% (-3 pts)</td>
</tr>
<tr>
<td>The company is foreign</td>
<td>14% (-2 pts)</td>
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GE Global Innovation Barometer
2013 Results – Focus Australia