



GE GLOBAL INNOVATION BAROMETER

Summary of Key Findings

June 2014

Imagination at work

Overview



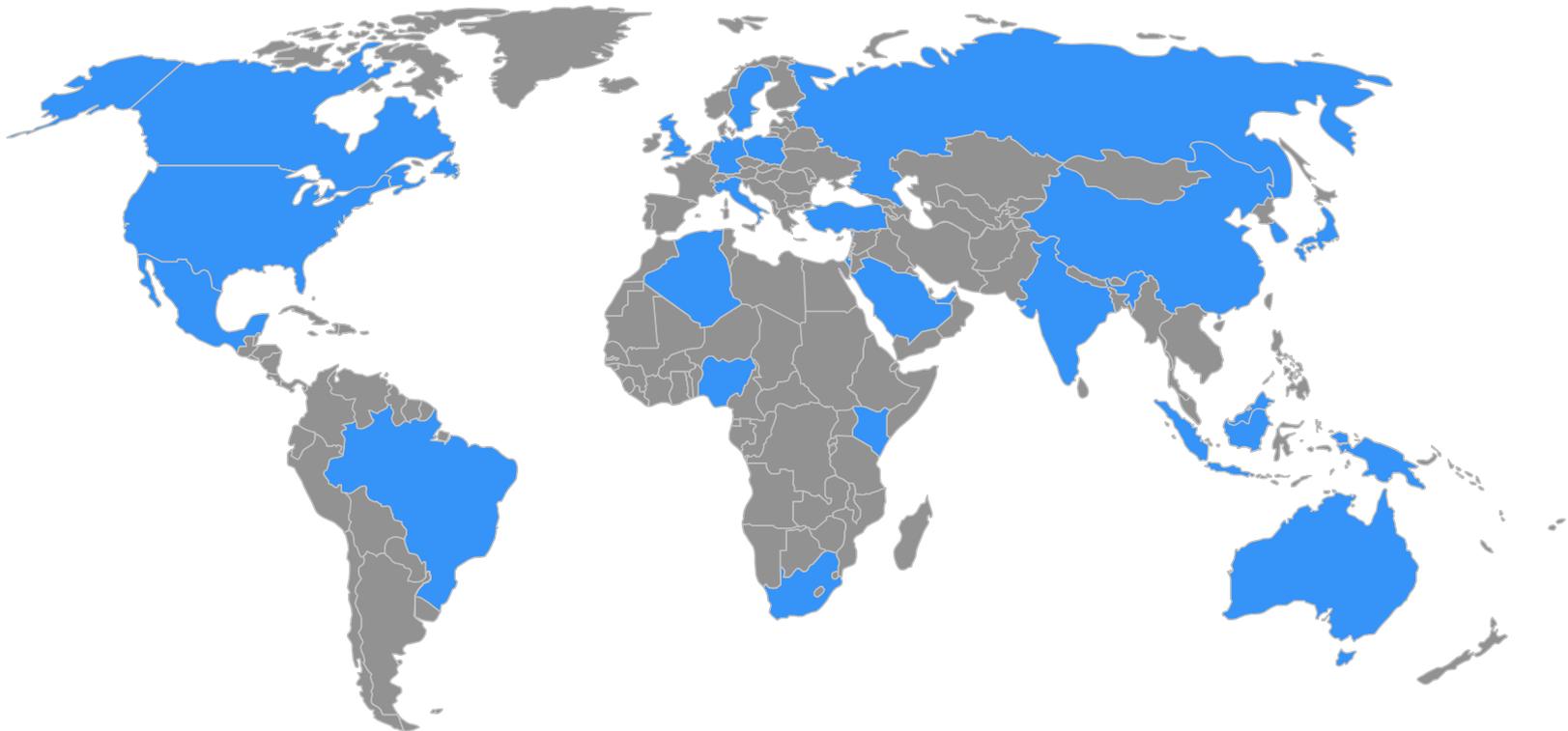
Now in its **fourth edition** and spanning across **26 countries**, the GE Global Innovation Barometer is an international opinion survey of **3,200 senior business executives**, all actively engaged in the management of their firm's innovation strategy.

The largest global survey of business executives dedicated to innovation, it explores how business leaders around the world view innovation and how those perceptions are influencing business strategies in an increasingly complex and globalized environment.



Methodology

The research was commissioned by GE and conducted by Edelman Berland between April 14, 2014 and May 30, 2014. Interviews with the 3,200 senior business executives were conducted by telephone across 26 countries. All respondents are VP level or above and directly involved in their company's innovation processes. Thirty one percent of those surveyed are at the C-suite level.



2014 Key Findings

This year's Global Innovation Barometer explored the actions that senior business executives are taking to pursue innovation and shows a majority of leaders are embracing the need to make their business "disruption ready," adapting to new trends, putting in place new processes and expecting policymakers to support their effort to stay ahead in the globalized innovation race.

1

Disruption Ready: Executives are in search of the new kind of talents, technologies and partners they need for innovation success. Two-thirds believe they need to encourage creative behaviors and must disrupt their internal processes in order to do so.

2

Collaboration: Last year, due to concerns about IP, only 38% were looking to collaborate more. Today, 77% report that the risk associated with collaboration is worth taking, and most are looking to start-ups and entrepreneurs when choosing partners.

3

Big Data: 70% of executives believe that big data is critical to optimize business efficiency, but only one in four feel their company is prepared for it. For those who use big data, 69% see added value to the innovation process.

4

Future Talent: Talent jumps in priority for executives: 79% now say it is critical for innovation success – six points higher than last year. Data scientists are rising in importance as big data becomes more mainstream.

5

External Framework: Executives consistently expect a stable and conducive policy framework for innovating (IP protection, minimum red tape, incentives for innovative companies). They are urging governments to ease the access to key talents and align student curricula with the future needs of business.



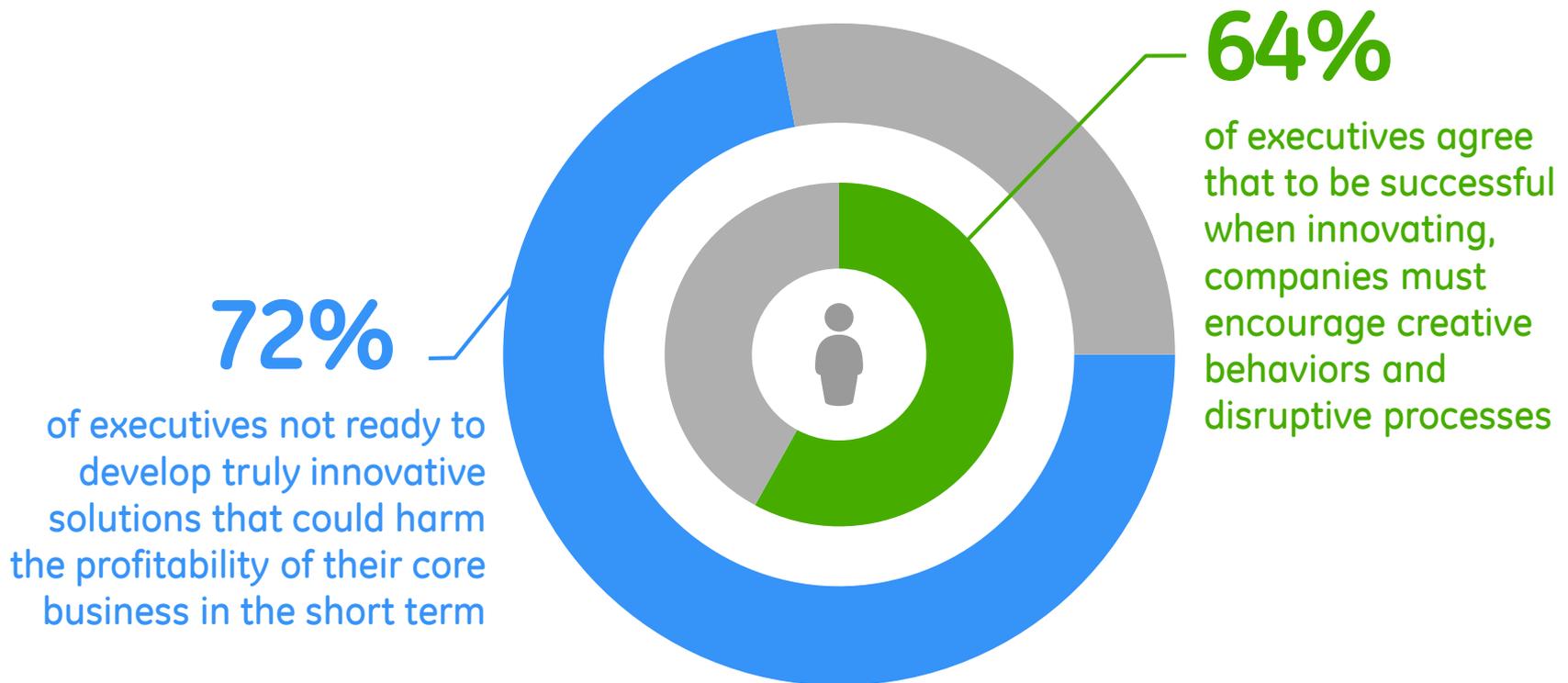
To Drive Innovation, Business Gets 'Disruption Ready'

Two-thirds of executives surveyed for the GE Global Innovation Barometer believe businesses have to encourage creative behaviors and must disrupt their internal processes in order to do so. They are taking action, embracing the need to transform and adapt to an unprecedented – and at times undefined – reality.

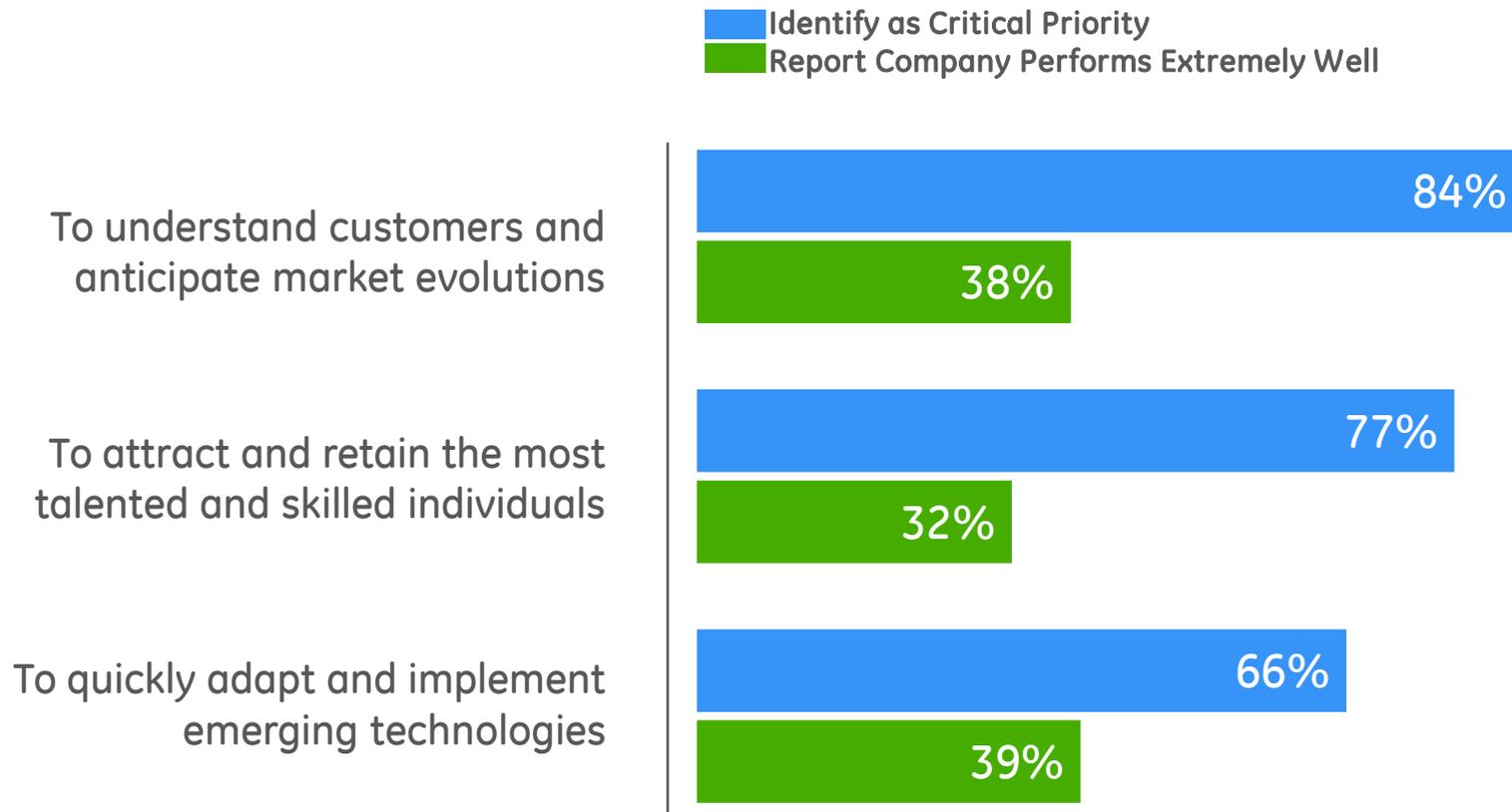
Though many this year confess they have yet to find the perfect business model, most are embracing the adaptation to new innovation trends – as well as searching for the new kinds of talent, technology and partners they need to become *disruption ready*.



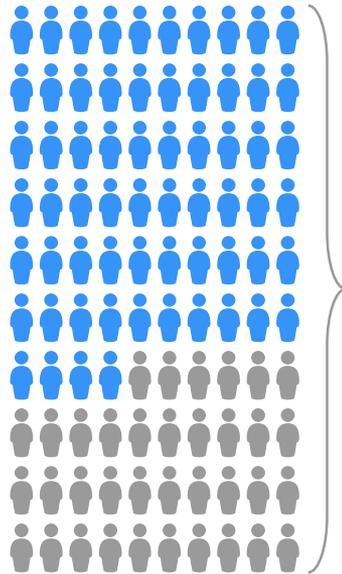
The Innovator's dilemma: foster disruption and protect profitability



Of top three priorities identified for innovation success, businesses report moderate performance



To address performance gap, majority of executives embrace the need to disrupt old models



64%

are convinced that businesses have to encourage creative behaviors and disrupt their processes more

Emerging markets more open to disrupting their business models:



While some more established markets are not:



Embracing New Models and Technologies

Several forces are shaping how executives approach innovation, creating opportunities for both internal and external disruption.

These forces are:

- Collaboration
- Big Data
- Industrial Internet

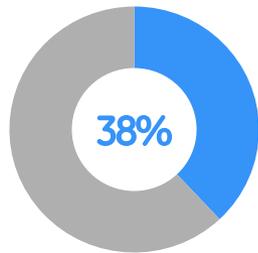
Though they are at different stages of acceptance, businesses that have made early moves in each are already seeing positive returns in value to the innovation process.



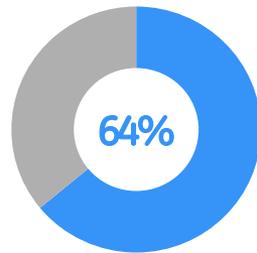
Collaboration: gaining traction and providing value to the innovation process

Collaboration is now seen as a revenue-driver and risk worth taking – with start-ups and entrepreneurs the most desired partners.

2013 Barometer

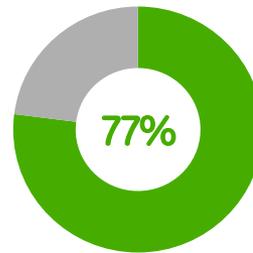


of executives wanted to strongly increase their collaboration with others to innovate

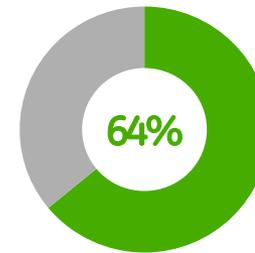


said that IP protection was a major concern

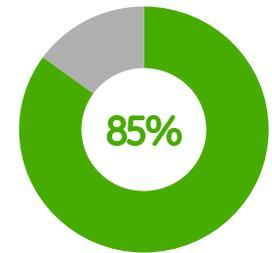
2014 Barometer



of executives see collaboration as a risk worth taking



have seen revenue increase as a result of collaboration

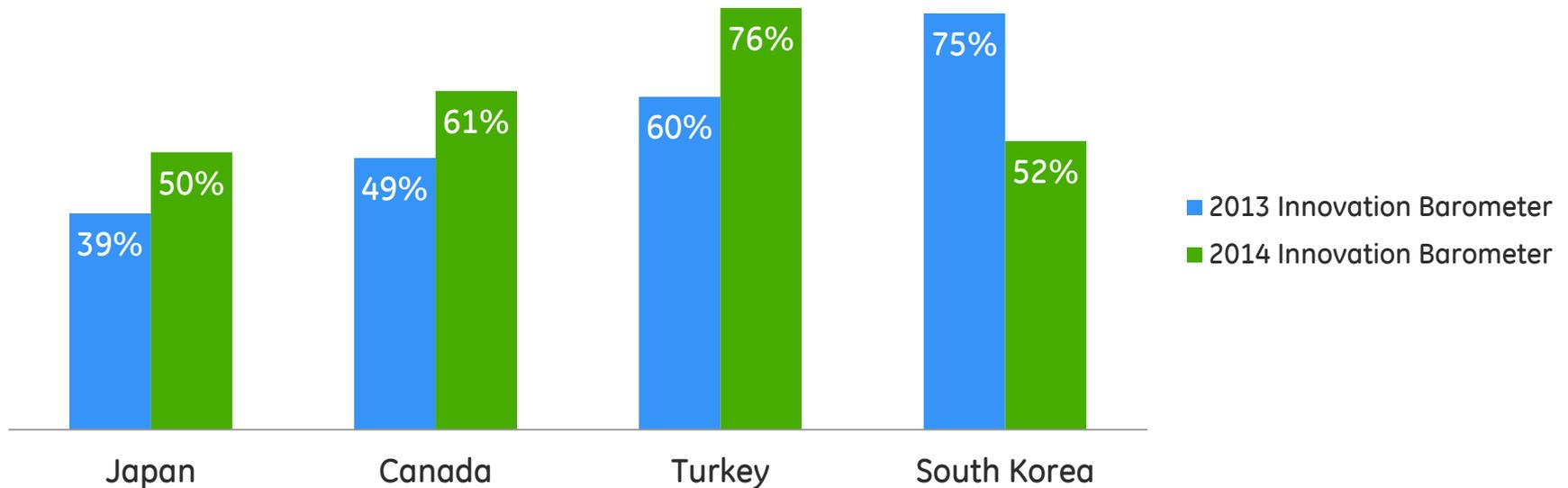


say that collaboration with start-ups and entrepreneurs will drive innovation success



Collaboration: some markets seeing big return on efforts taken

Turkey, Canada and Japan have seen significant jumps in revenue generated from collaborative activities compared to last year. Meanwhile, South Korea has seen revenue slow down.

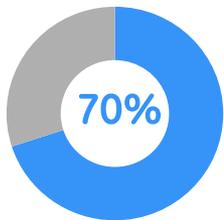


Big Data: companies that move from interest to implementation see positive ROI



94%

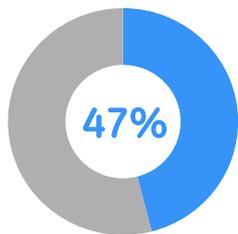
say big data is more than a buzz word



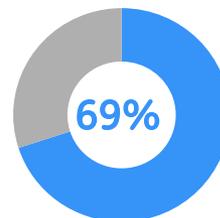
70% believe big data is critical to optimize business efficiency



But only 1 in 4 is prepared for it



47% of companies increased their big data and analytics capabilities over the last year

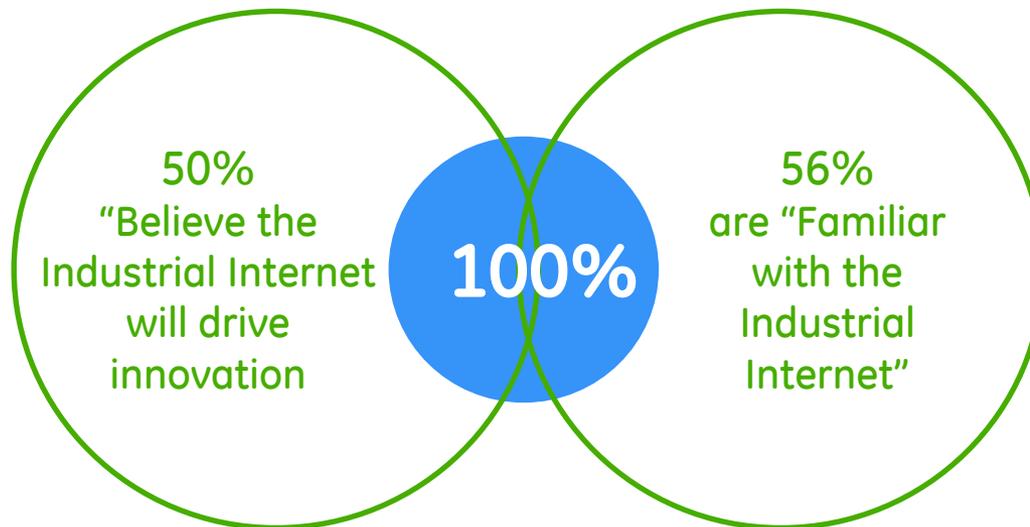


69% of those that increased their analytics capabilities report increased value in the innovation process



Industrial Internet: still emerging as a concept, but those who are aware believe it will drive innovation

Most who are aware of the Industrial Internet believe it drives innovation



88%

of those who are familiar with the Industrial Internet expect it will have a positive or neutral impact on employment in their countries



Competing for People and Ideas

Talent becomes even more of a priority for executives but few believe they are excelling at attracting and retaining it.

Forces such as collaboration, big data and the Industrial Internet are shaping the future of work. Individuals who can understand both their industry and the associated analytics – and can reorganize the business to take full advantage of emerging trends – will be in high demand.



Talent top of mind for executives, but posing real challenge to business

79%

of global respondents believe talent is a crucial asset for successful innovation

...**6 points** higher than last year

32%

of executives who see talent as crucial believe they excel at attracting and retaining it

57%

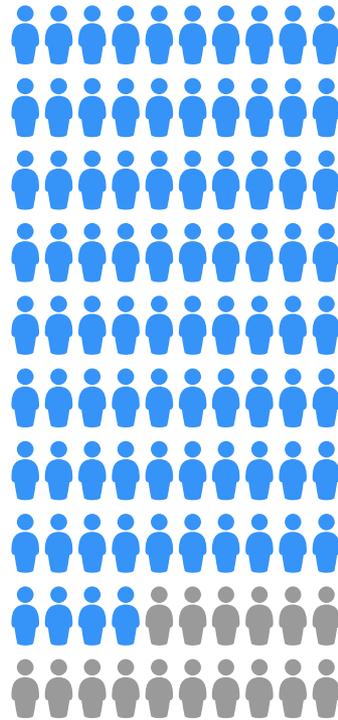
of businesses report that the lack of talent and skills is harming their ability to innovate



Executives seeing new talent needs emerging, specifically around analytics

Business are looking for those who can harness the power of analytics to guide strategic business decisions.

84%
of executives
believe it is critical
to understand customers and
anticipate market evolutions



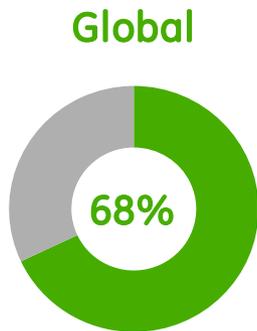
72%

of those who implement
analytics driven models report
that data scientists have a
very strong influence and
authority in their company

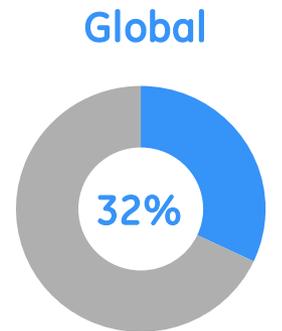


Most are spreading innovation talent throughout the business rather than in specialized, external teams

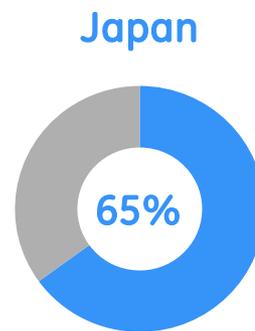
In terms of organizational design, it is best to position innovation teams and activities:



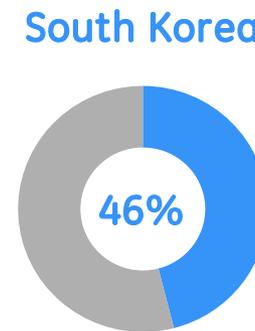
inside
existing lines of businesses and structured teams



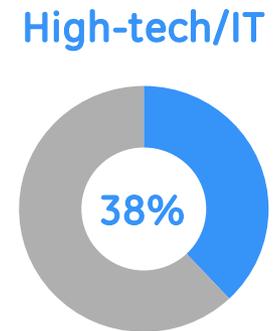
outside,
in a specialized and dedicated innovation/research centers



outside



outside



outside

High-tech and IT industries, as well as some Asian markets, more open to an outside model.



Developing an External Framework for Innovation

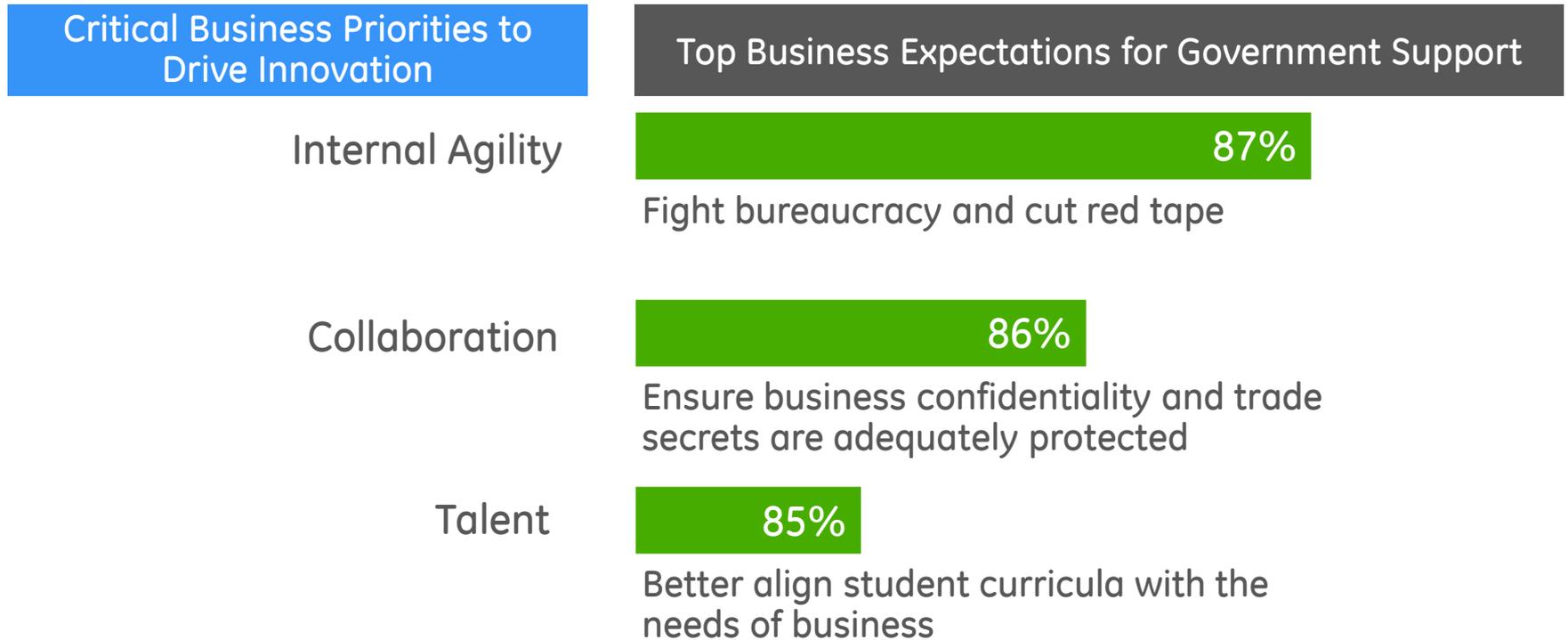
Executives are increasingly looking to governments to create an innovation-conducive environment. Yet many feel that the hurdles to take advantage of existing opportunities are excessively high.

Especially in emerging markets, a nation-agnostic approach is arising, as businesses expect public procurement to favor the most innovative solutions, even if they come from foreign-based companies.



High expectations exist for governments to support innovation activities

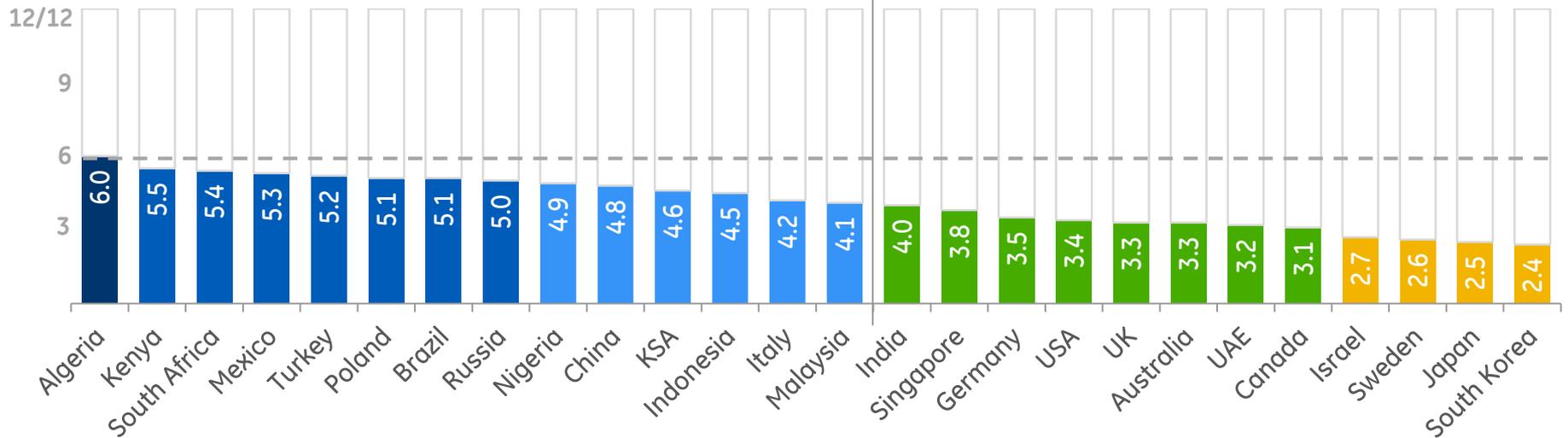
Executives expect governments to provide a framework to support top drivers of innovation.



Expectations on policy makers particularly high in emerging markets

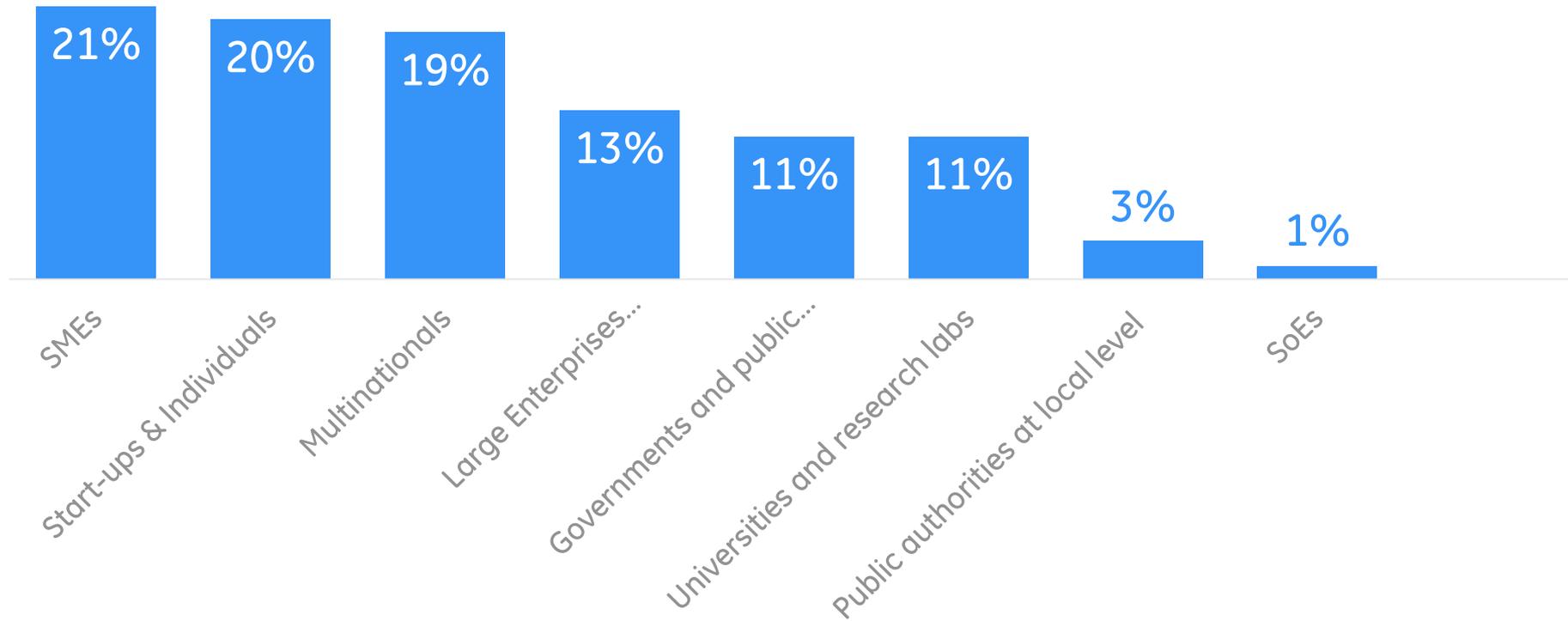
Innovation executives identify 4.1 priorities out of 12 as critical to address on average

Average number of critical priorities per country out of 12 priorities



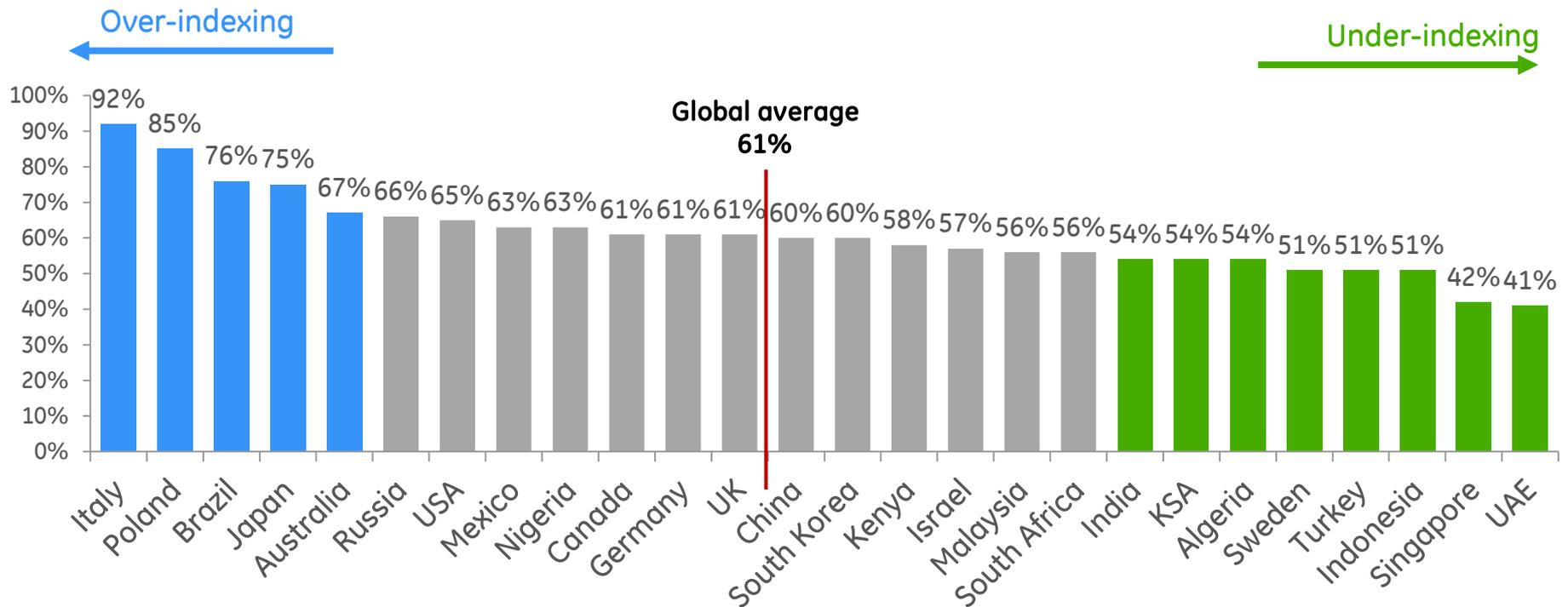
SMEs and start-ups most likely to be seen as innovation champions, with multinationals a close third

When asked who is driving innovation most in their country, executives say SMEs first.



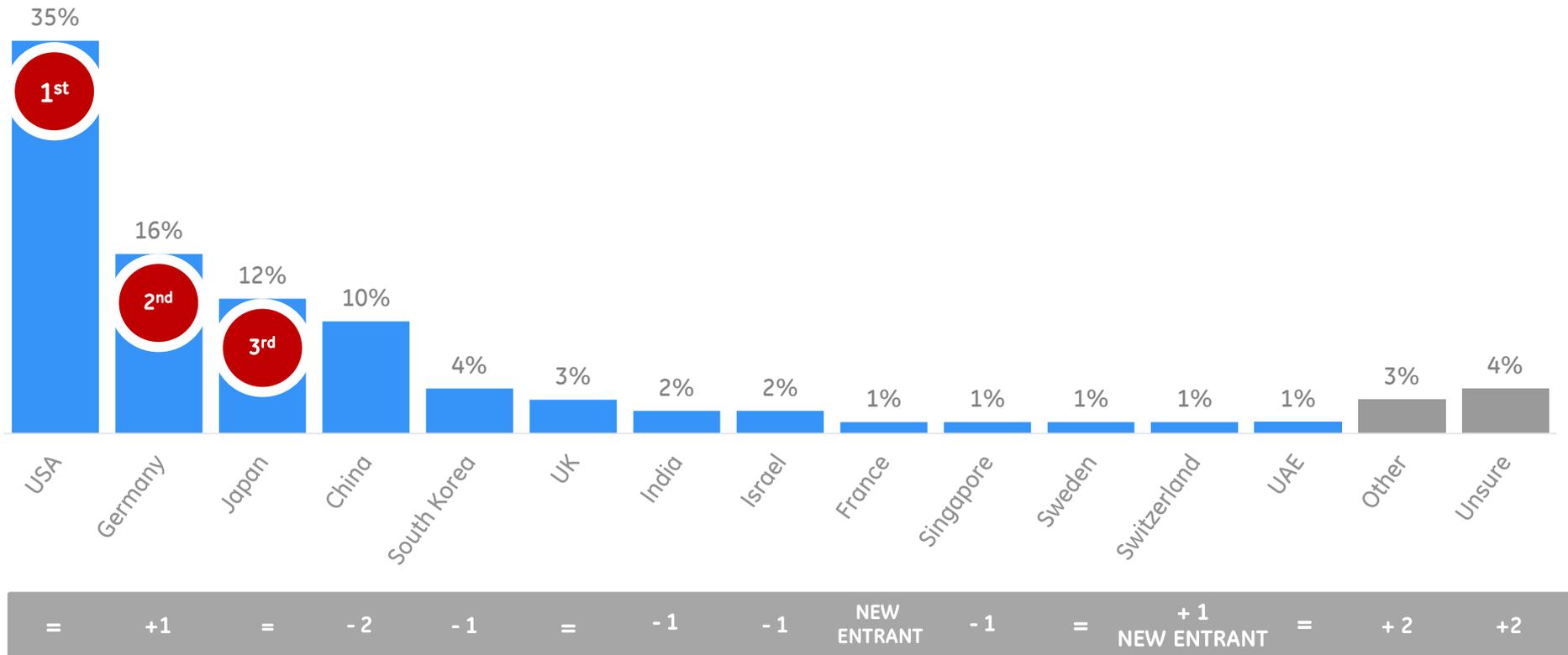
But government support to SMEs largely seen as insufficient

When asked if public authorities do NOT support SMEs in their innovation efforts enough, 61% say no – but with clear country stand-outs.

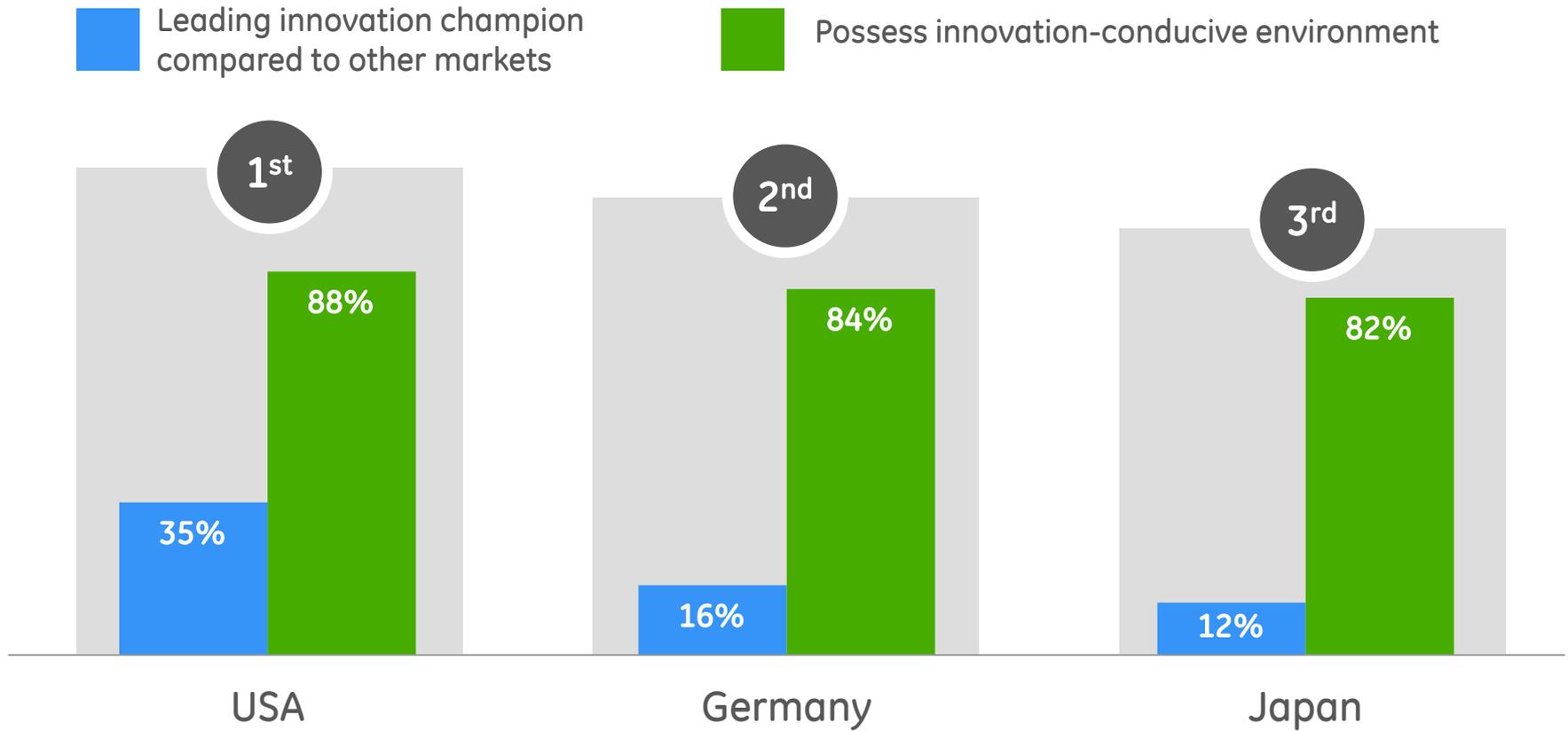


U.S., Germany and Japan considered top global innovators

U.S. in clear lead when it comes to perception around innovation leadership.



Top ranked countries are also seen as having most innovation-conducive environments



For more information about the GE Global Innovation Barometer, contact:

ANTOINE HARARY

General Manager, Europe
Edelman Berland

Antoine.harary@edelmanberland.com

UNA PULIZZI

Director of Global Public Affairs
GE

Una.Pulizzi@ge.com

