

GE Global Innovation Barometer 2012 Report

Canada Research
January 2012



GE imagination at work



18 January 2012

Canada Needs More Creative Thinkers

Lacks International Recognition for Innovation GE “Global Innovation Barometer” Examines Business Innovation in 22 Countries

Mississauga, ON – GE (NYSE: GE) today released the results of the second annual “Global Innovation Barometer” that confirms business’ belief in innovation as the main driver of prosperity, competitiveness and job creation. The global study surveyed 2800 senior business executives in 22 countries. This year, Canada was included for the first time in the study. The Barometer was commissioned by GE and conducted by independent research and consulting firm StrategyOne to identify drivers and deterrents of innovation and to analyze perceptions around innovation opportunities and challenges.

The study compares Canada’s perception of innovation -- as it relates to satisfaction and optimism within the country -- to 21 other markets from around the world, including the US, China, Brazil and Germany. This builds on the first report that included 11 countries and was released at Davos in January 2011. Overall, Canadian respondents show above average satisfaction with the way the country’s innovation framework has evolved over the last five years and are optimistic about the value innovation brings to society as a whole. However, dissatisfaction was expressed with the speed at which innovative products are coming to market, the availability of private investment, and the efficiency of government in its approach to organizing, coordinating and allocating resources to support innovation.

When referring to innovation in the 21st century, Canadian respondents had an above average association with high level scientific research compared to people’s creativity. However Canadian respondents identified creative and out of the box thinking as the most important factor to drive innovation in their businesses. “Increased creativity particularly in the areas of business processes and commercialization is important to our future success,” says Elyse Allan, President and CEO, GE Canada.

The study notes that Canada lacks an international reputation in the area of innovation. Only 3 percent of global respondents report Canada as a Top 3 Innovation Champion, while 91 percent of Canadian respondents report that Canada has a good reputation for Innovation. “Canadians share a global conviction that innovation is a key driver of economic transformation, however we need to increase the speed at which innovative products are coming to market, improve the efficiency of public/private support, and tell a stronger story globally, if we want to improve productivity and drive next generation innovation”, notes Allan. “The Barometer’s findings reinforce GE’s perspective on Canadian innovation, and recent decisions to invest in several new centres of excellence and innovation.”

The 2012 Global Innovation Barometer validates the importance of investing in innovation as a critical piece of global competitiveness. This investment comes in many forms – from traditional R&D to new products, markets and business models. Governments and business both have an important role in ensuring the right conditions for meaningful innovation are supported in order for countries to deliver value and meaningful solutions that promote competitiveness and prosperity.

GE Global Innovation Barometer

The GE Global Innovation Barometer is commissioned by GE and conducted by independent research and consulting firm StrategyOne to identify drivers and deterrents of innovation and to analyze perceptions around innovation opportunities and challenges. In 2012, nearly 3,000 senior business executives in 22 countries, were surveyed on their companies' innovation strategy and decision making.

www.ge.com/innovationbarometer

About the Study:

- ❑ First study released in 2011 at Davos and included 11 countries
- ❑ Second study released January 2012 extended to 22 countries, Canada included
- ❑ Telephone survey of 2800 Senior Business Executives, carried out by StrategyOne an independent research and consulting company
- ❑ Average interview length is 16 minutes
- ❑ Carried out between Oct 15 and Nov 15 2011 in 22 Markets
- ❑ Results presented here are 100% Final
- ❑ Sample is high level (all SVPs & above, 30% C-Level)
- ❑ All respondents directly involved in the Innovation strategy or process within their company
- ❑ Average company size is 1 500 employees, 20% of respondents belong to companies of more than 5 000 employees
- ❑ Year on Year tracking can be done in 12 markets

Sample details

- ❑ 100 resp. / market min, Canada major centres and survey conducted in English and French.
- ❑ Boosted samples in US & BIC countries
- ❑ Each market has the same weight in Global results independently of sample size
- ❑ Tracking possibilities in 12 markets (indicated below with a *)

AMERICAS: 700

USA*/300
[Regional Split]
Brazil*/ 200
Canada/ 100
Mexico/ 100

APAC= 800

China*/ 200
India*/ 200
Singapore/ 100
Australia*/ 100
S. Korea*/ 100
Japan */ 100

EUROPE= 700

Germany*/ 100
Sweden */ 100
UK/ 100
France/ 100
Poland/ 100
Russia 200

MENA = 600

Israel* / 100
Turkey / 100
KSA* / 100
UAE* / 100
Algeria / 100
Sth Africa / 100

Global Innovation Barometer Findings Executive Summary - Canada

Canada Executive Summary

Allocation of resources and budget:

- Canadian respondents are particularly satisfied with the way their country is allocating resources and budget to address national priorities, most notably on healthcare and energy related fields.

Innovation

Canadian businesses stress particularly the importance of partnership as an innovation driver. They also recognize the changing nature of innovation and the need to embrace new practices

- However they remain more focused than others on R&D as the core innovation driver (over creativity) and they subscribe less to the idea that the value of innovation lies in providing answers to some of society's challenges or needs. Innovation seems to be mainly perceived as a competitive instrument.

Environment for innovation:

- Business executives report above average satisfaction about the context for innovation in Canada. Most of the 13 dimensions evaluated tend to be perceived more positively than the global average. The dimensions that are perceived particularly positively are often related to Education and universities. Canadian respondents are also among the most satisfied about the intensity of government support for innovation
- On the longer term, Canadians also display a strong conviction that the context for innovation in their country has been improving over the last 5 years. 84% of them feel it has been improving

Canada Executive Summary

Optimism that innovation will drive improvement in citizens' lives

- ➔ Canadian respondents are “enthusiastic” when it comes to how innovation could contribute to improving citizens' lives in the future. They display above average confidence in education, healthcare and energy. The only areas where results are just in line with global average (as opposed to being very much above) are housing and jobs
- ➔ In terms of sectors that could benefit from improved innovation policies to create profit and growth, energy and healthcare are very high on the list, (confirming a global trend) but Canadians are highlighting more than others that these two sectors are the ones that will have the most potential for innovation driven growth

Economic crisis impact:

- ➔ The crisis impact on business innovation strategies seems to have been above average in Canada. Canadian businesses have been impacted both internally and externally. The most notable change reported is larger difficulties in accessing private funding for innovation. More than 3 respondents out of 4 reported increased difficulties in this area because of the crisis

Priority needs to innovate more on a day to day basis:

- ➔ Confirming an emphasis on education and knowledge as the first innovation asset, Canadians put talent (both creative and technical skills) as the most immediate need to innovate more on a day to day basis. This is in line with global perceptions, but once again Canadian makes this a higher priority than in most other markets
- ➔ Simplified processes to access innovation related funding is also a priority more strongly expressed in Canada than in the global average. Fighting bureaucracy and red tape is a clear demand from businesses

Results Overview



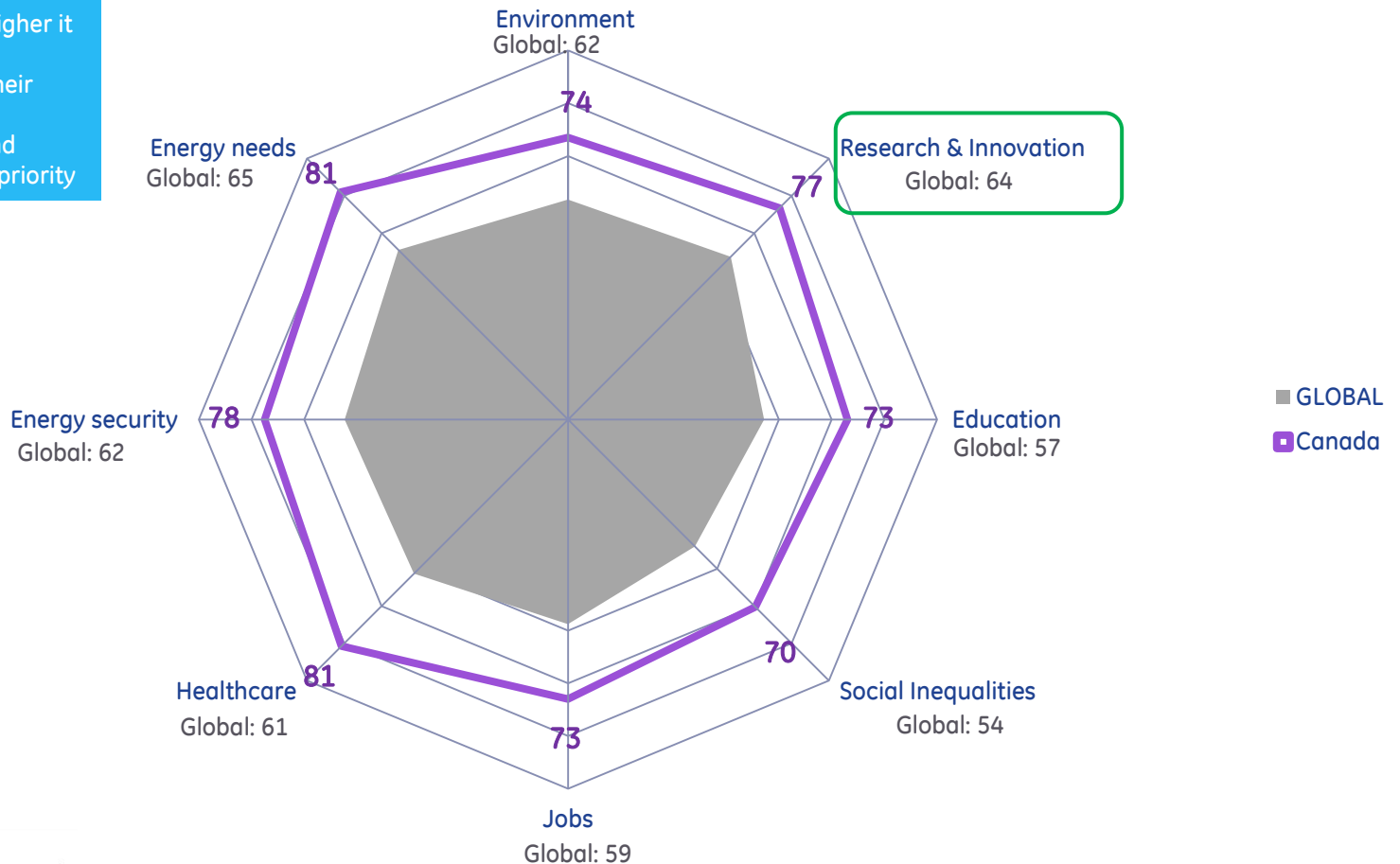
Context: Evaluation of the way the government allocates resources and budget to tackle global challenges

Innovation as a National Priority?

Budget & Resource Allocation Index

How successful is your country in allocating resources to tackle national priorities?

Index on 100 pts. The higher it is the more confident respondents are that their country is successfully allocating resources and budget to address this priority



Defining Innovation

Defining Innovation: what are the two most important dimensions?

Which two aspects below most closely correspond to your personal definition of innovation?

Suggested dimensions	Global average	Canada
The implementation of new processes, products, organizational changes or marketing changes	47%	53%
An environment/culture that embraces positive change, creativity and continuous improvement	42%	44%
Research and development, new intellectual property (IP), and inventions	41%	38%
Staying ahead in the market and being a market leader	32%	33%
Solutions that benefit society and societal outcomes (including environmental outcomes)	29%	19%
None of the aspects above is close to my personal definition of innovation	10%	13%

The “New Model” for Innovation identified last year is confirmed, This model can be articulated around 5 Cs:

Competitiveness
reativity
ollaboration
ommunities
hange

Innovation is a transformation driver for national economies

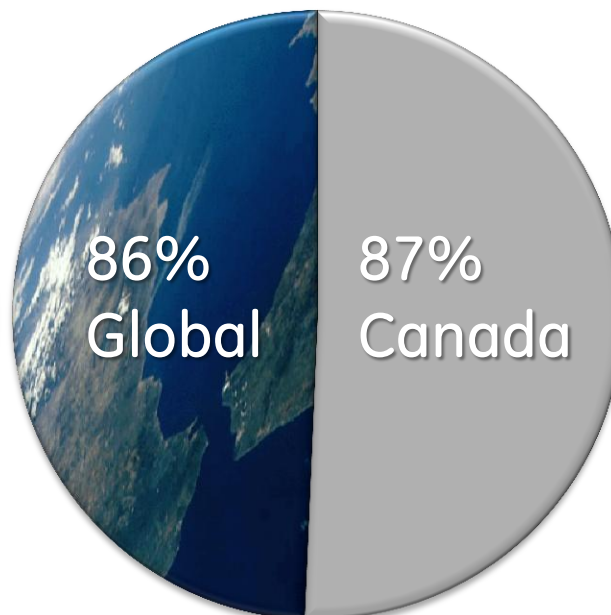
To what extent do you agree or disagree with each of the following statements?



Innovation and competitiveness



Innovation is the main lever for a more competitive economy
(% agree)



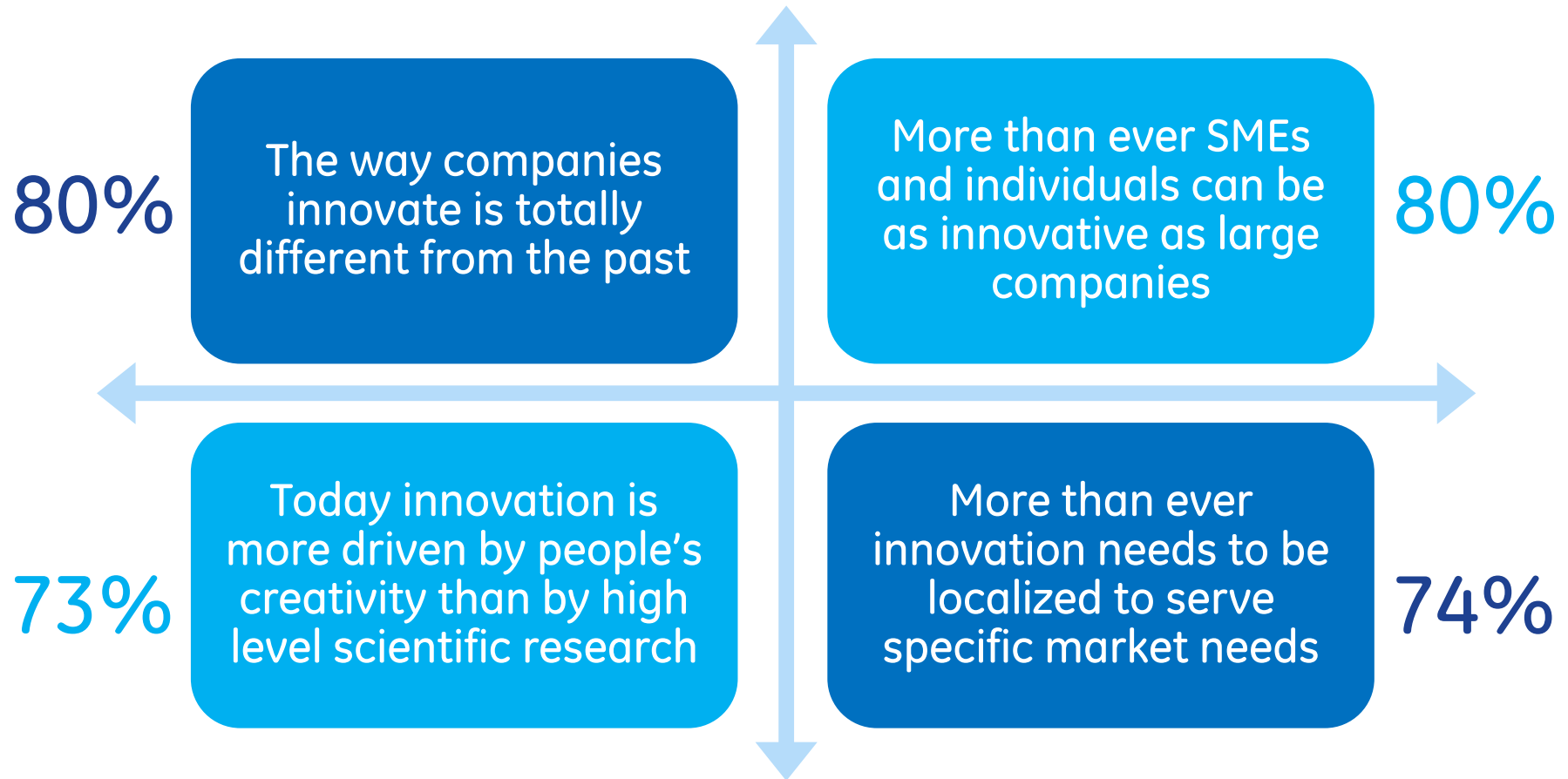
Innovation is probably the best way to create jobs
(% agree)



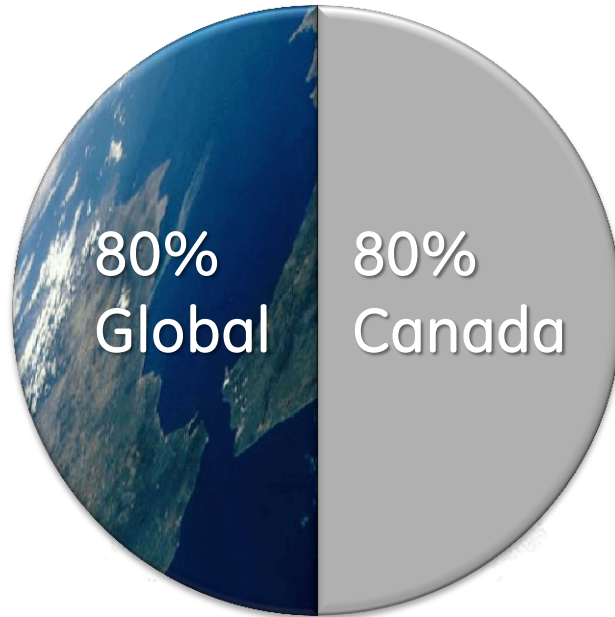
Innovation is the main lever to create a greener economy
(% agree)

Change: Cards are being re-shuffled in the 21st century innovation game

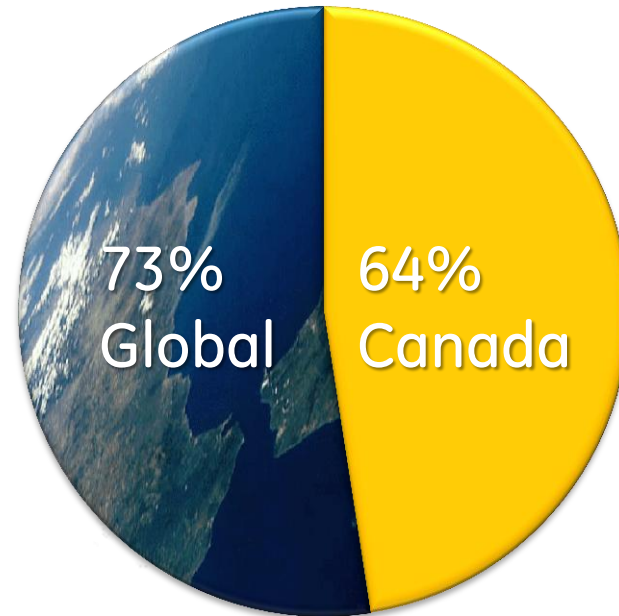
To what extent do you agree or disagree with each of the following statements? (% agree)



Innovation in the 21st Century



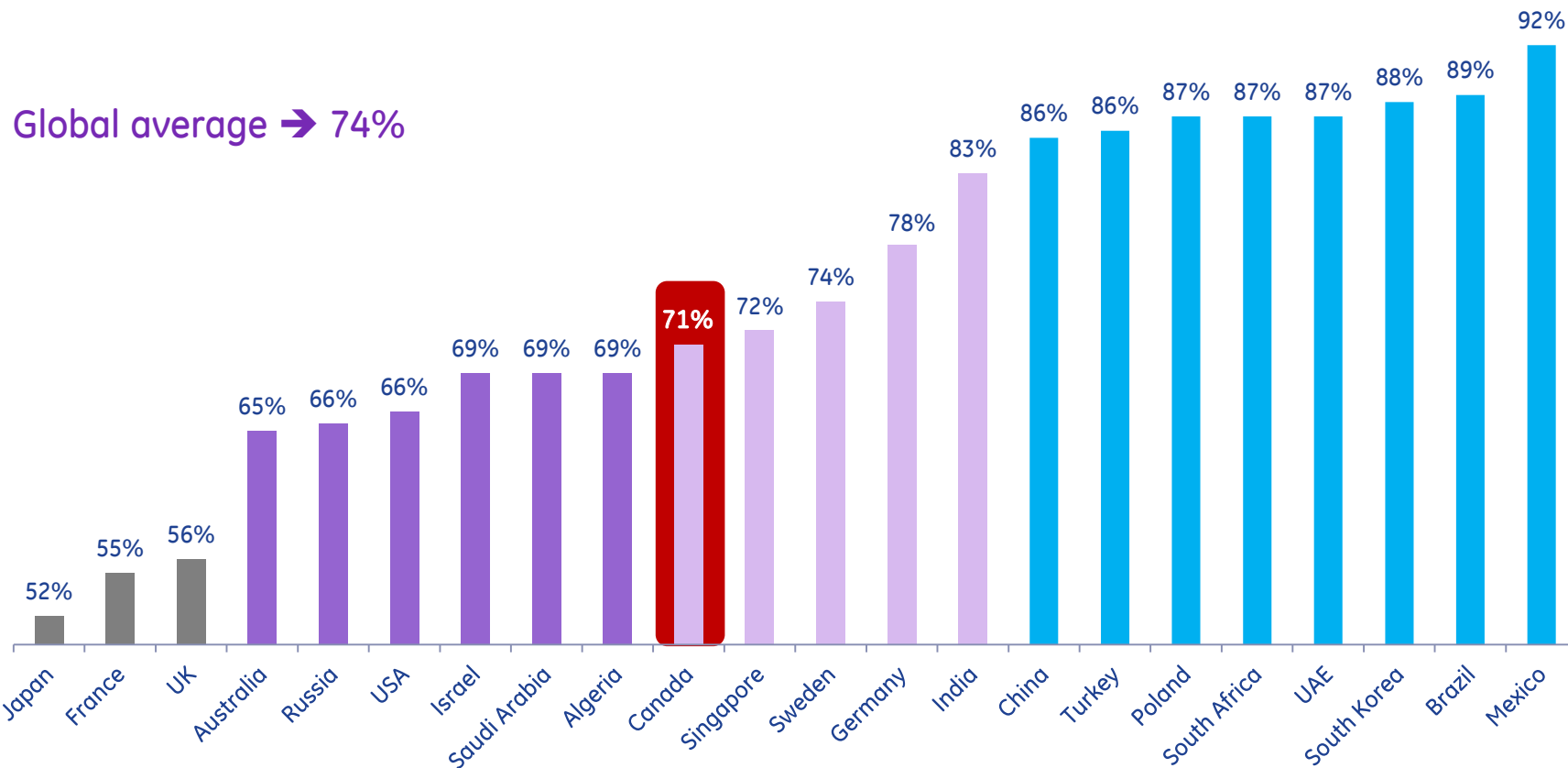
The way companies will innovate in the 21st century is **totally different from the past**
(% agree)



Today innovation is more driven by **people's creativity** than by high level scientific research
(% agree)

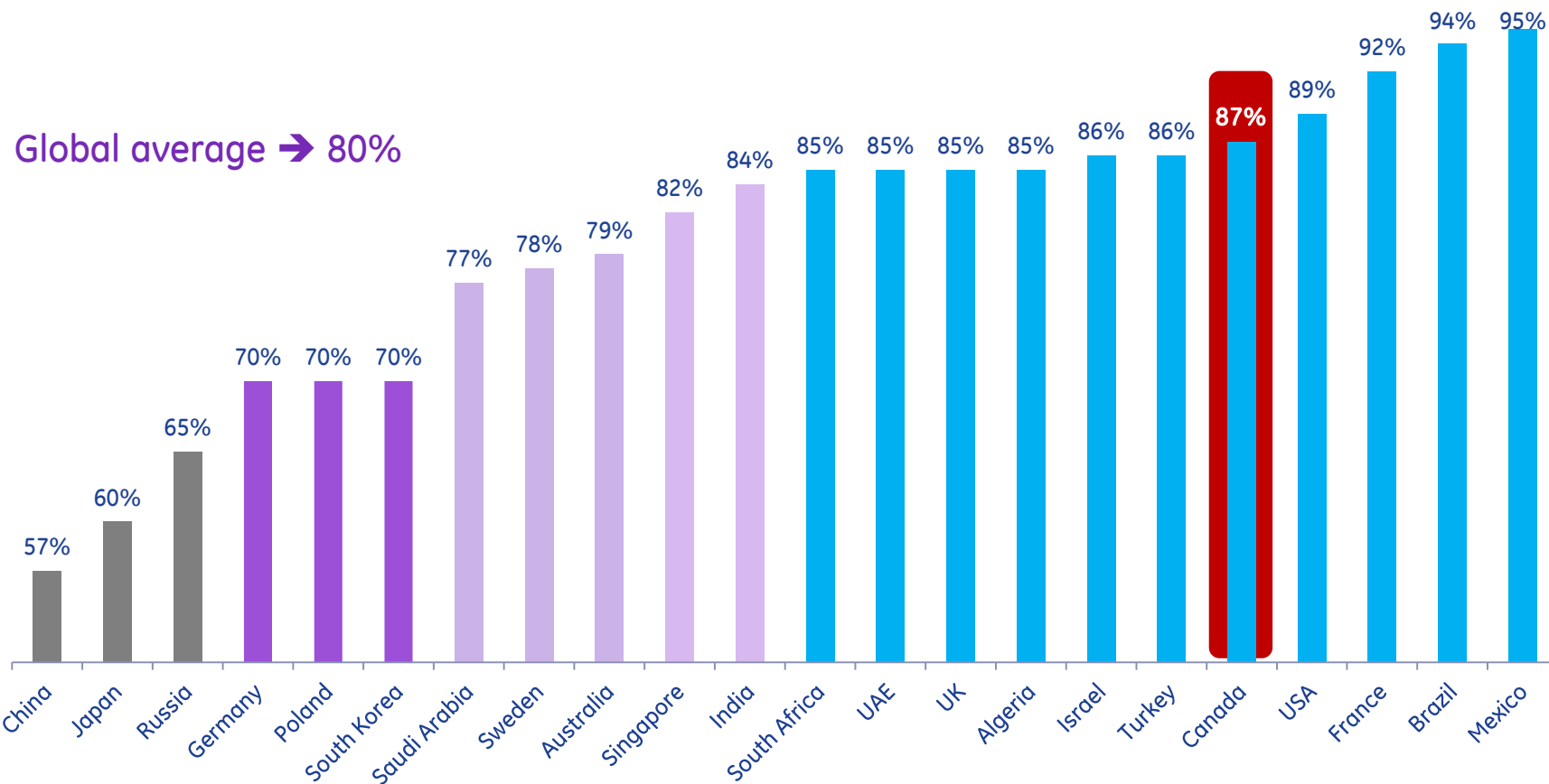
More than ever before, innovation needs to be localized to serve specific market needs

Market detail (based on % of respondents in agreement with the statement)



More than ever before, SMEs and individuals can be as innovative as large companies

Market detail (based on % of respondents in agreement with the statement)

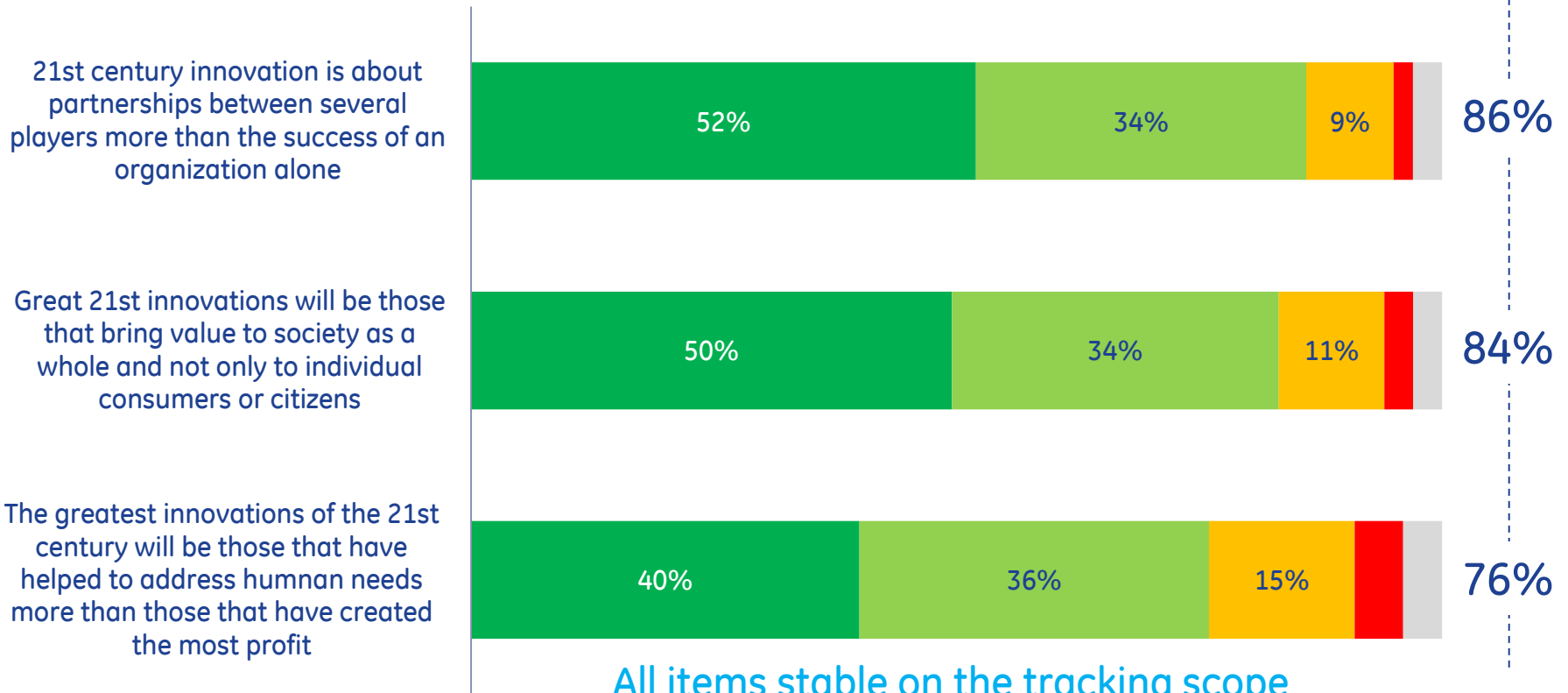


Confirming a new innovation model: fueled by partnerships and purpose

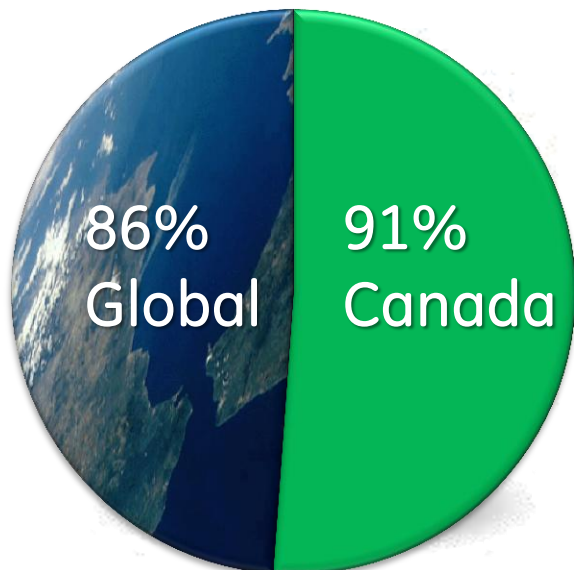
To what extent do you agree or disagree with each of the following statements?

■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree
 ■ Unsure

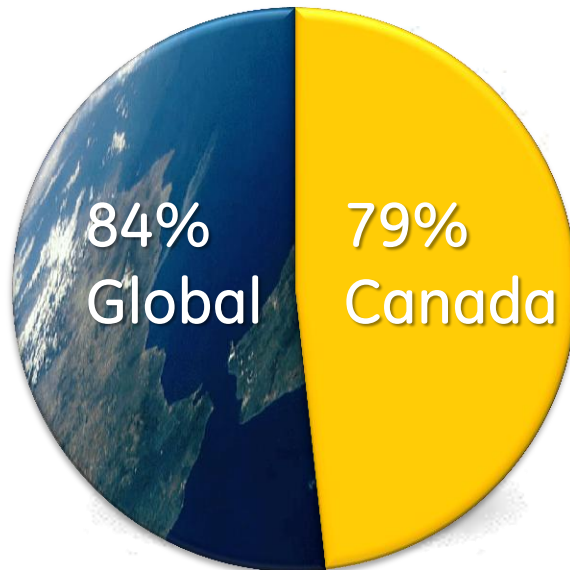
% Agree



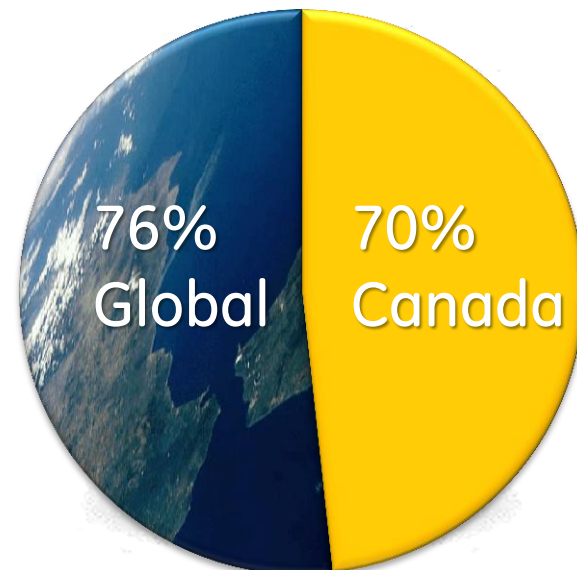
Confirming a new innovation model: fueled by partnerships and purpose



Innovation is about partnership between several different players more than stand alone success
(% agree)

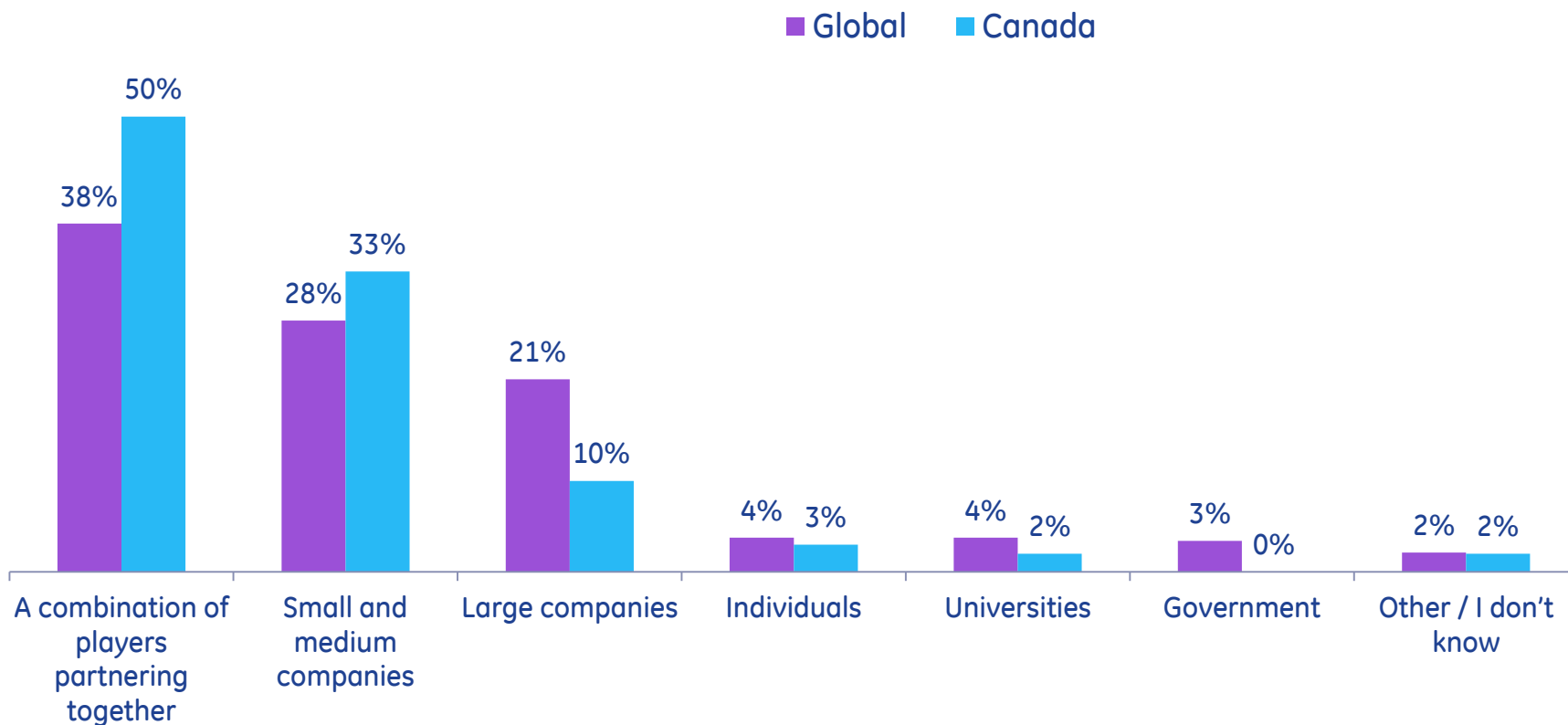


Great Innovations bring value to society not only to individual consumers or citizens
(% agree)



The greatest Innovations will be those that help to address human needs more than those creating the most profit
(% agree)

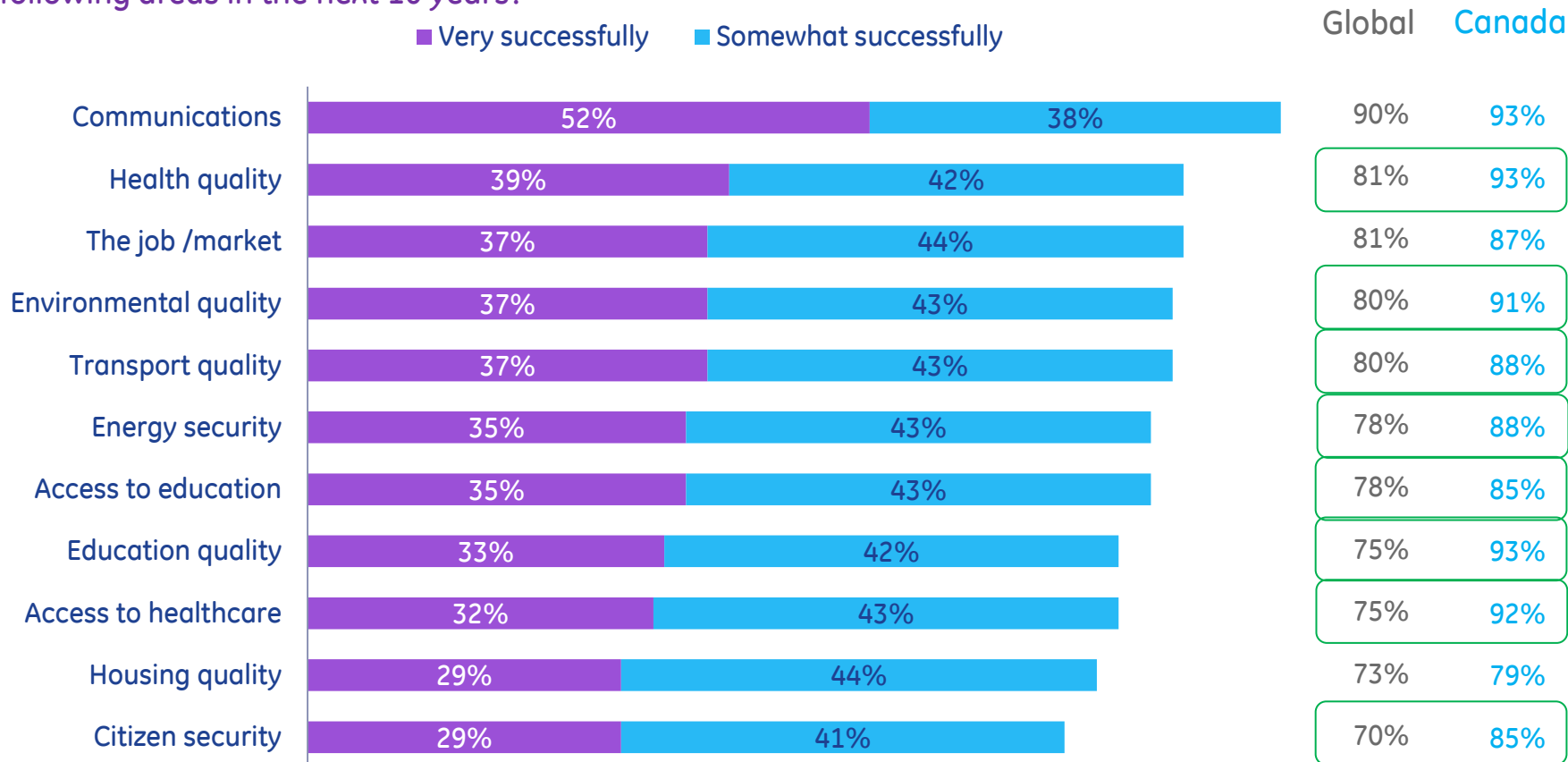
Who will drive innovation the most in the next decade: collaborating partners, SMEs, MNCs...?



Innovation is still an optimism driver globally. Business is confident that improved innovation policies would drive not only profit and jobs in various economic sectors, but as well contribute to improve citizens' life

Beyond growth, can innovation successfully improve people's lives?

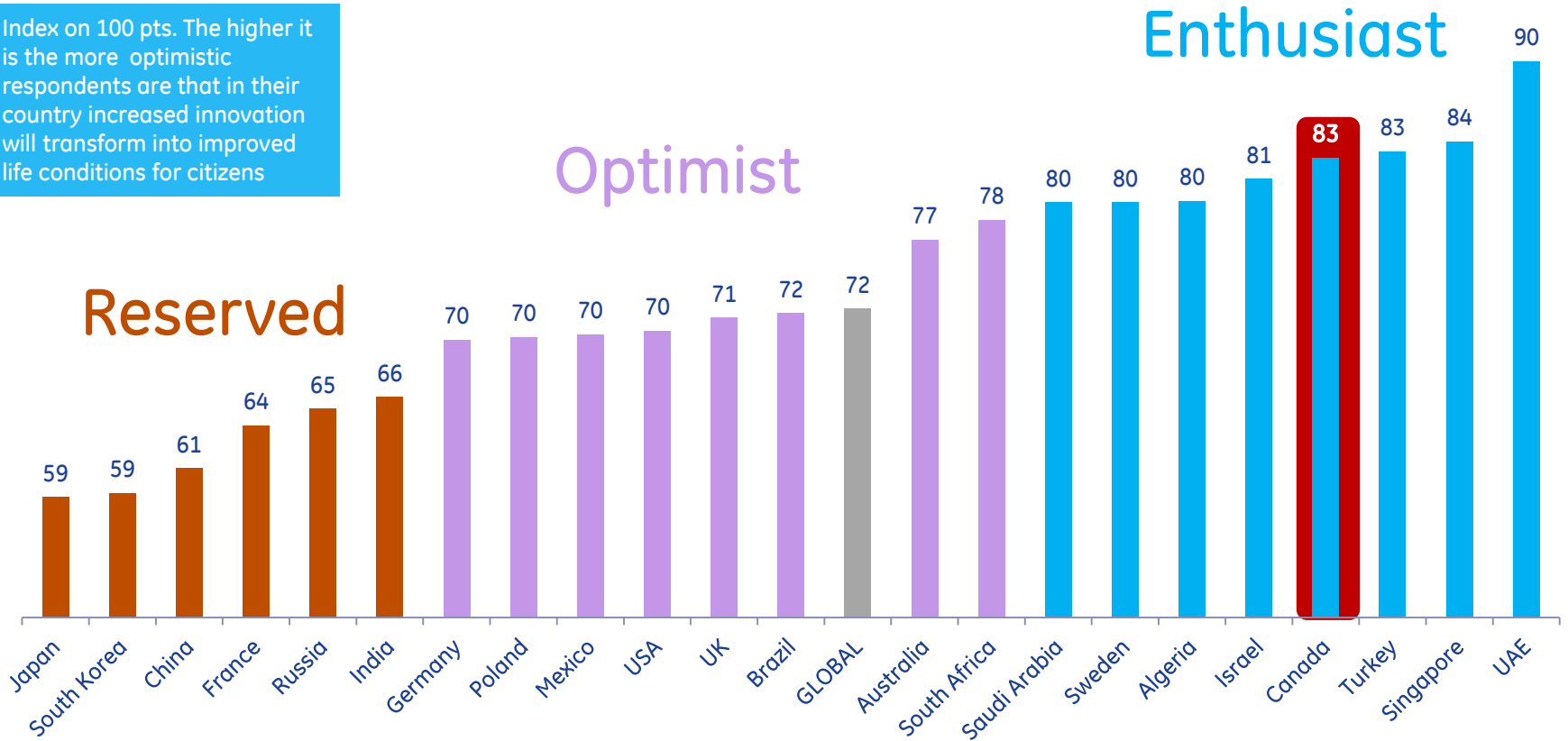
How successfully do you think innovation could improve citizens lives in each of the following areas in the next 10 years?



Innovation Optimism Continuum:

Index on 100 pts based on citizen life improvement

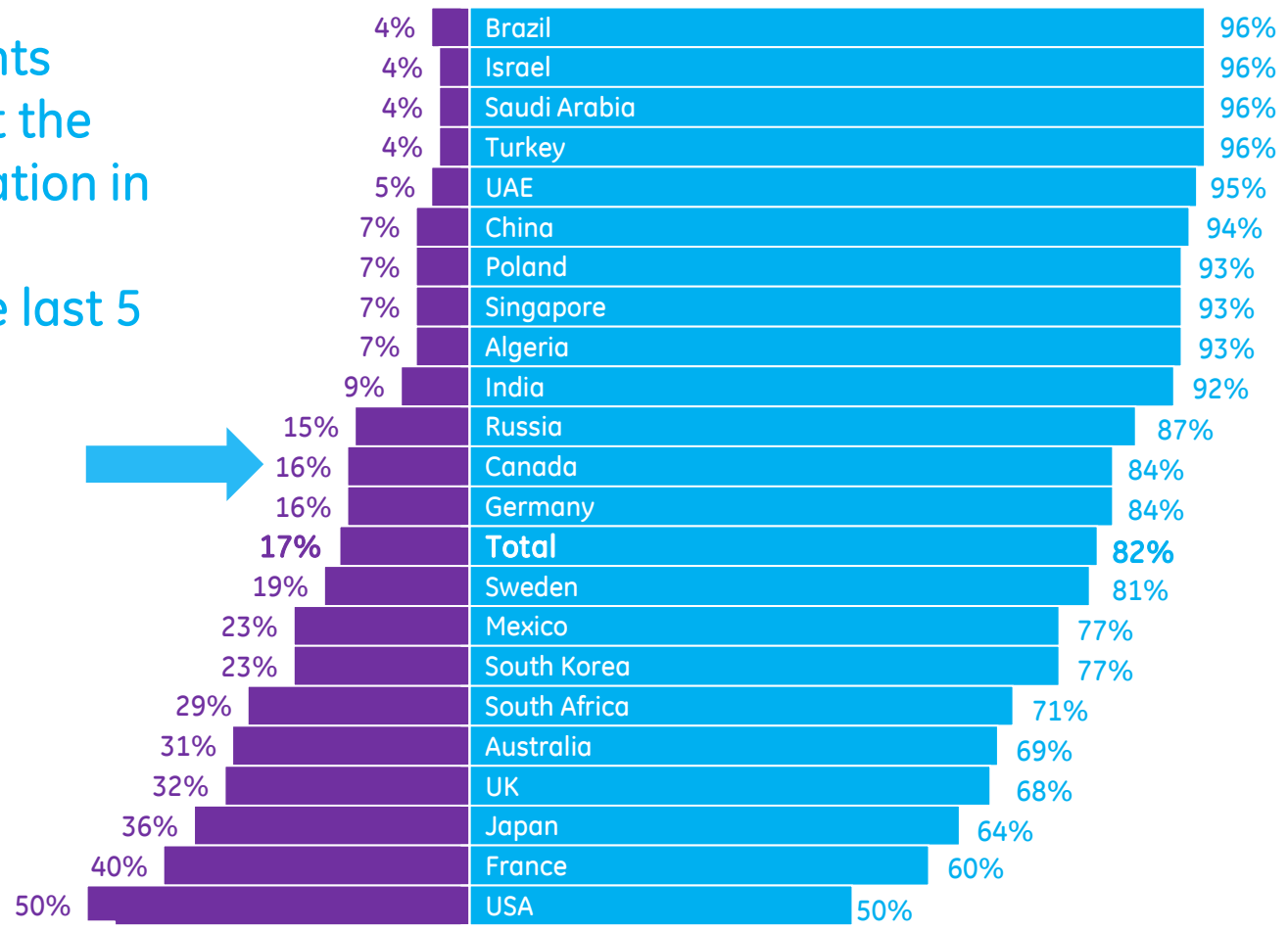
Index on 100 pts. The higher it is the more optimistic respondents are that in their country increased innovation will transform into improved life conditions for citizens



The Global context for Innovation is multifaceted and inconsistent. Overall governments have been successful at making Innovation a priority over the last 5 years, yet a clear need of harmonization remains. More than the amount of resources allocated to support innovation the effectiveness of the system is challenged in the “innovation driven” economies

A mainly positive perspective on the way local innovation environment evolved

82% of respondents globally think that the context for Innovation in their country has improved over the last 5 years



Improved or worsened?

Key Improvements

Seeing & Experiencing (Small but New) Products & Initiatives

"The movement of products has increased."

"Looking at productivity figures they are really positive"

"I see lots of new products, infrastructure development, fast growth"

"In my experience I have a great number of small projects running with many groups of young people in 20's their innovation skills"

Key Set Backs

Regulations

"Governmental policies - the FDA are a shining example - have become increasingly burdensome to get products through the pipeline"

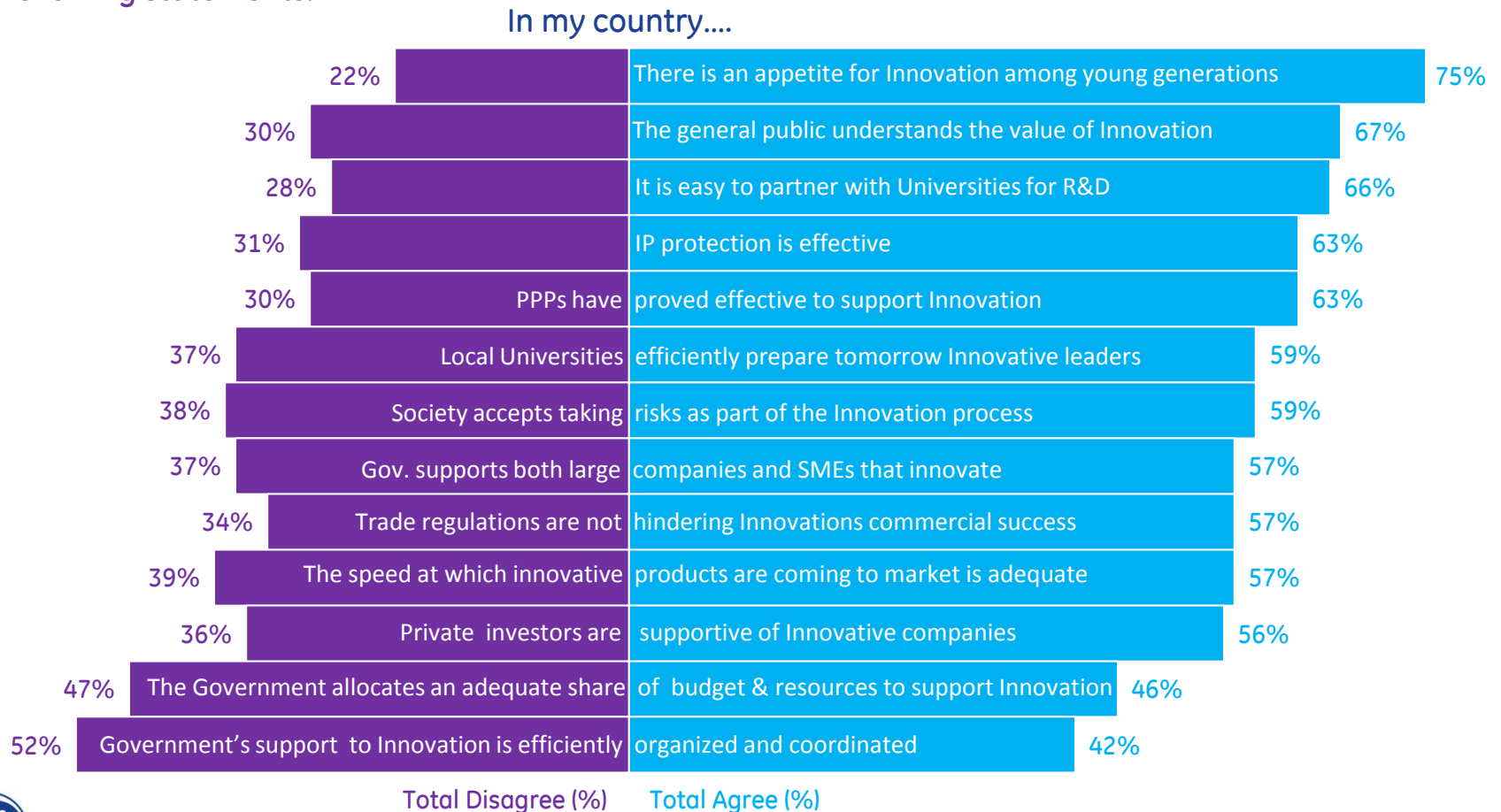
"Government is putting too many new regulations into place"

"SMEs and large companies are under attack from the government."



A closer look at some key elements of the Innovation framework

Please state whether you totally agree, somewhat agree, somewhat disagree, totally disagree with the following statements:



The best - and the worst- of the global context for innovation

+

Support from
Populations

Partnerships
with Univ.

IP and Patent
protection

Public Private
Partnerships

-

Organization
of Gov.
Support

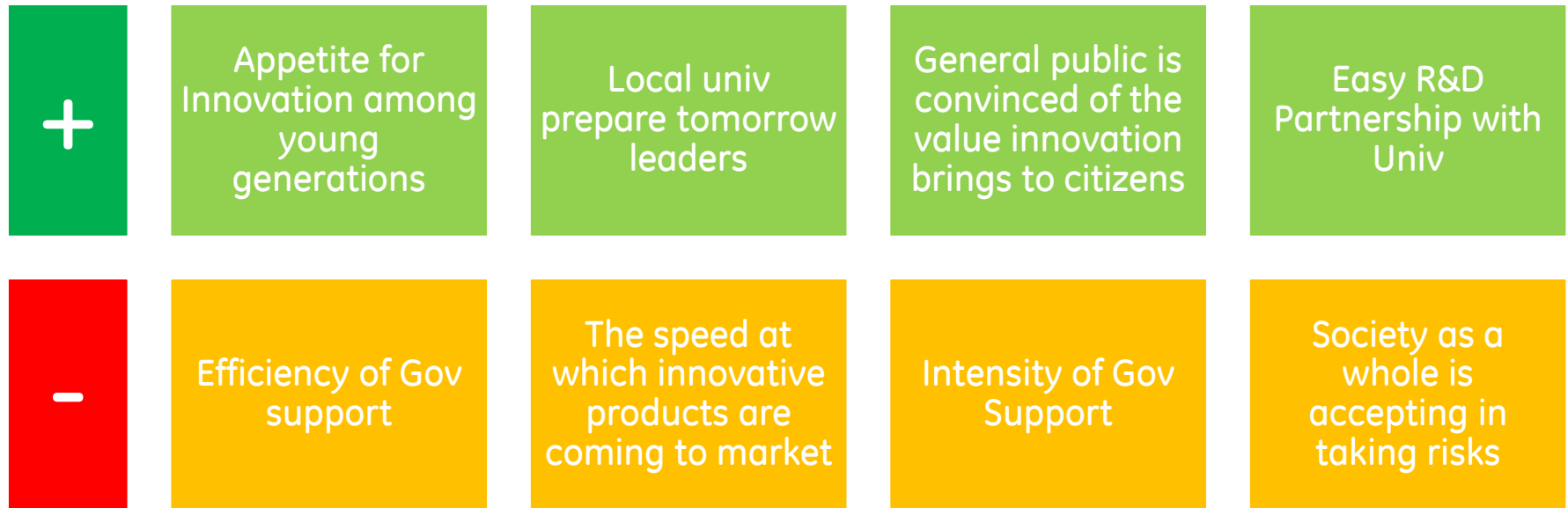
Intensity of
Gov. Support

Private
Investment
Drought

Speed to
Market



The best - and the worst- of the Canada context for innovation

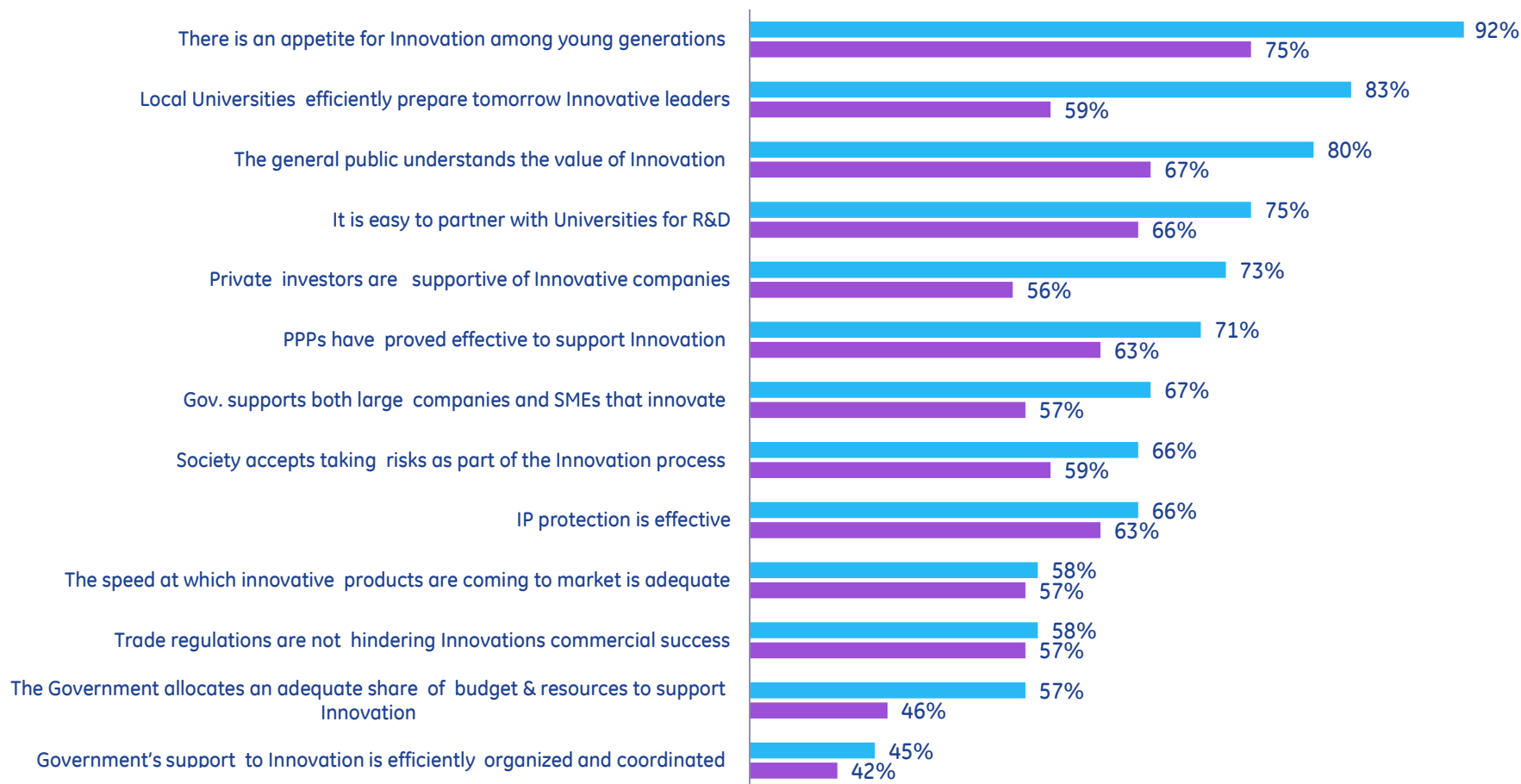


The green boxes indicate a satisfaction significantly higher within this country on this element

The yellow boxes indicate a satisfaction significantly lower within this country on this element

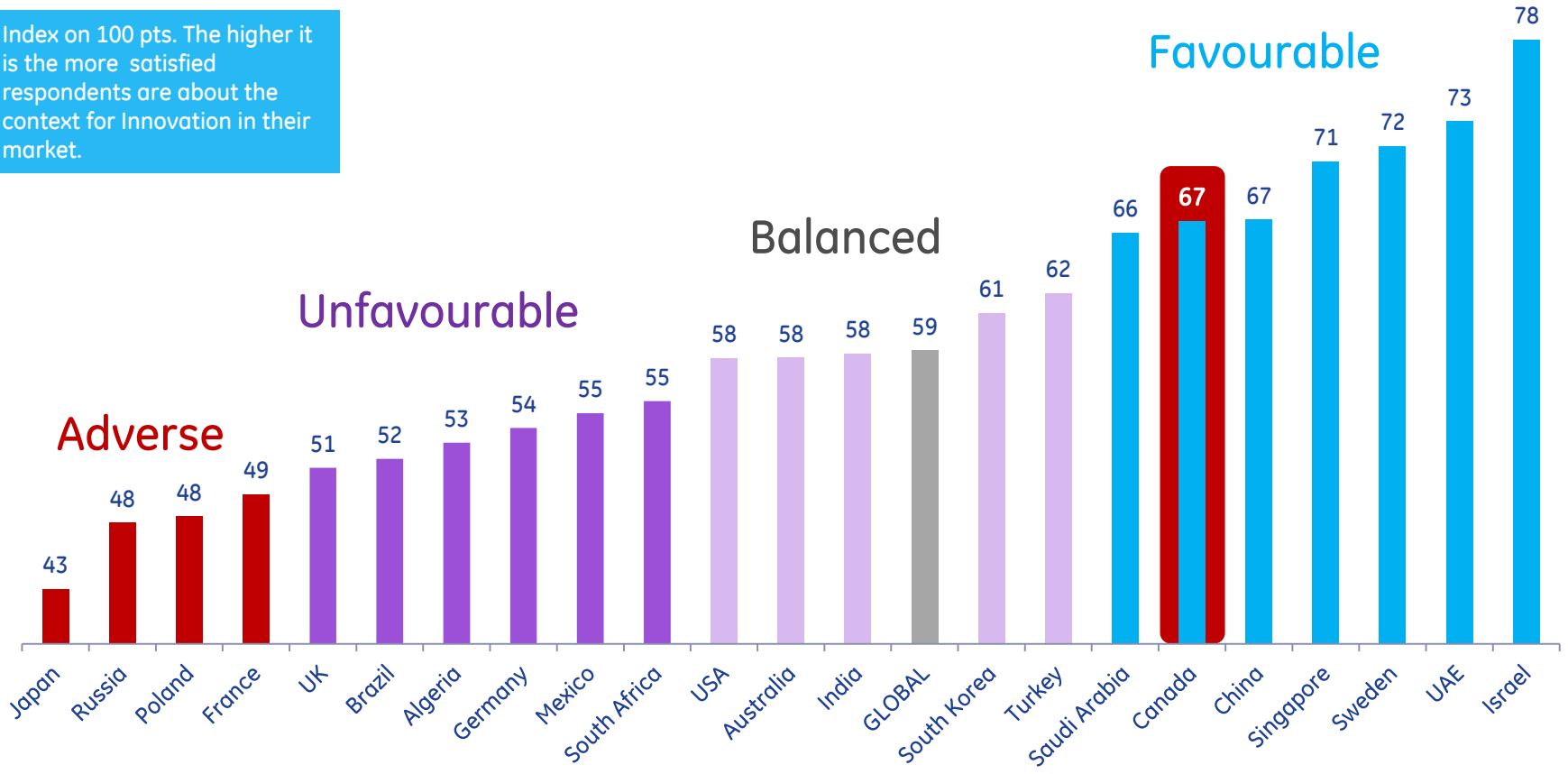
Perception of the Innovation Environment (Canada vs. Global average)

■ % Agree (Canada) ■ % Agree (Global)



Perception of the Innovation Environment Index on 100 pts

Index on 100 pts. The higher it is the more satisfied respondents are about the context for Innovation in their market.

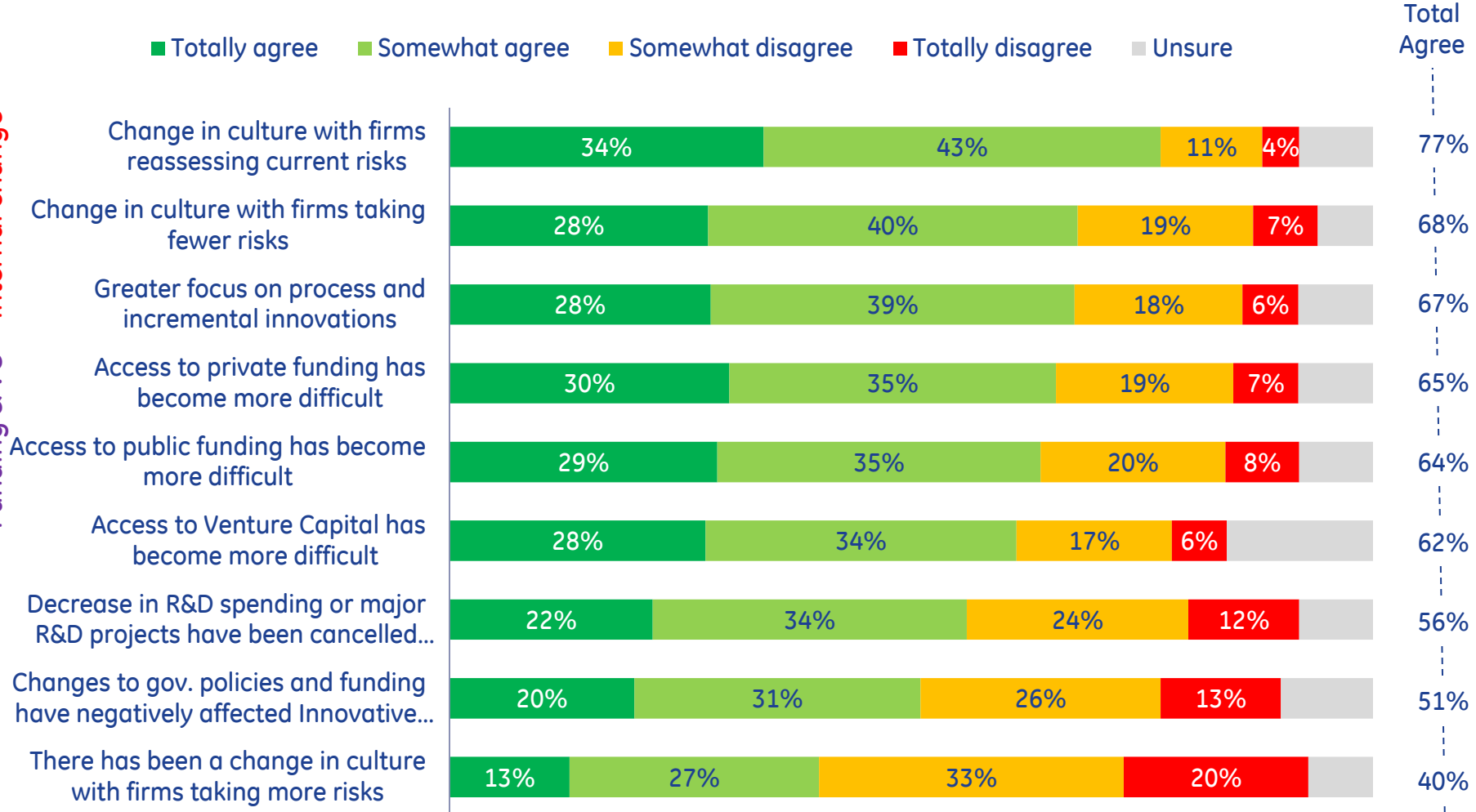


What is the impact of the economic crisis on business innovation?

■ Totally agree ■ Somewhat agree ■ Somewhat disagree ■ Totally disagree ■ Unsure

Internal change

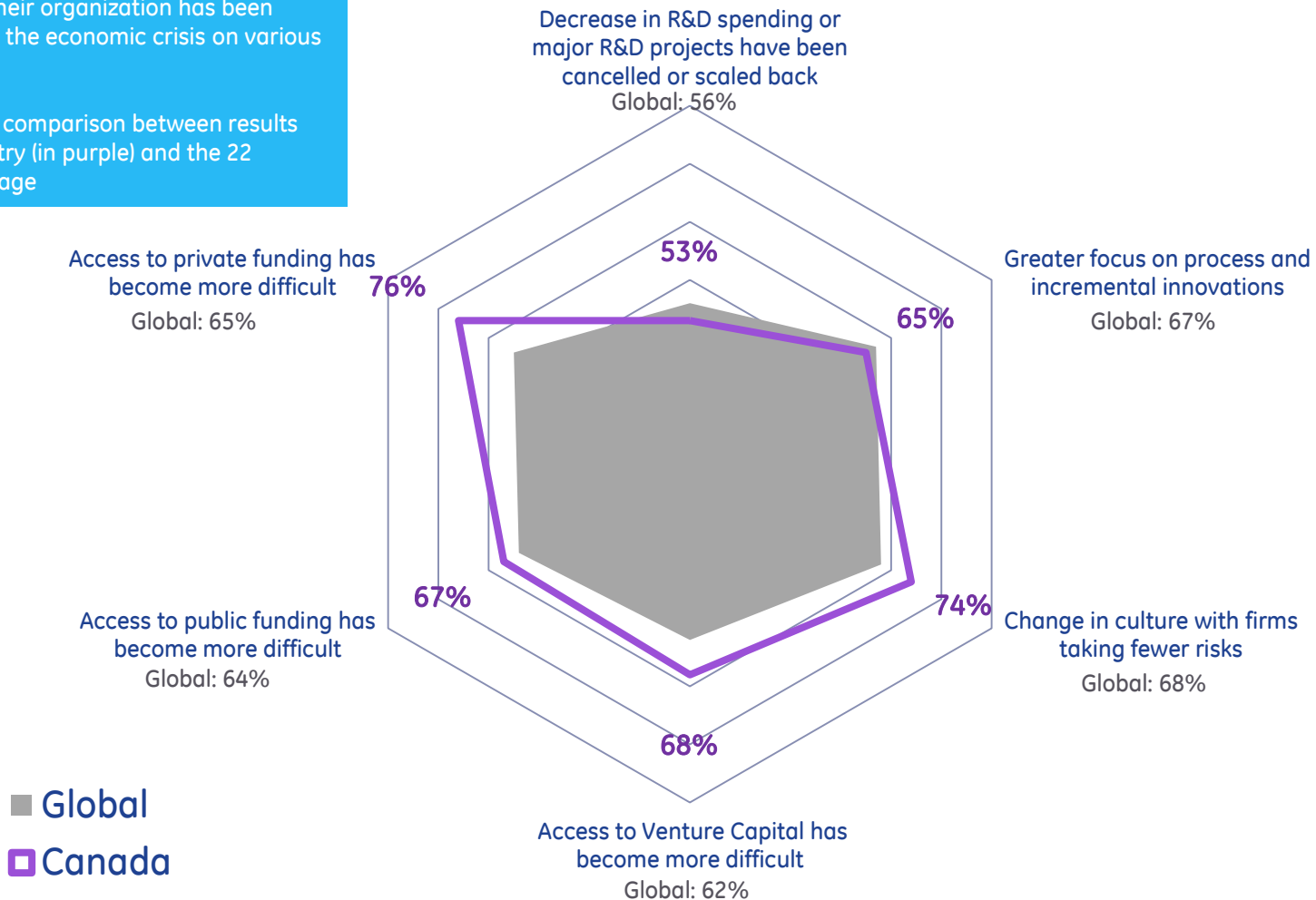
Funding & VC



Impact of economic crisis

This radar represents the % of respondents that agree their organization has been impacted by the economic crisis on various dimensions.

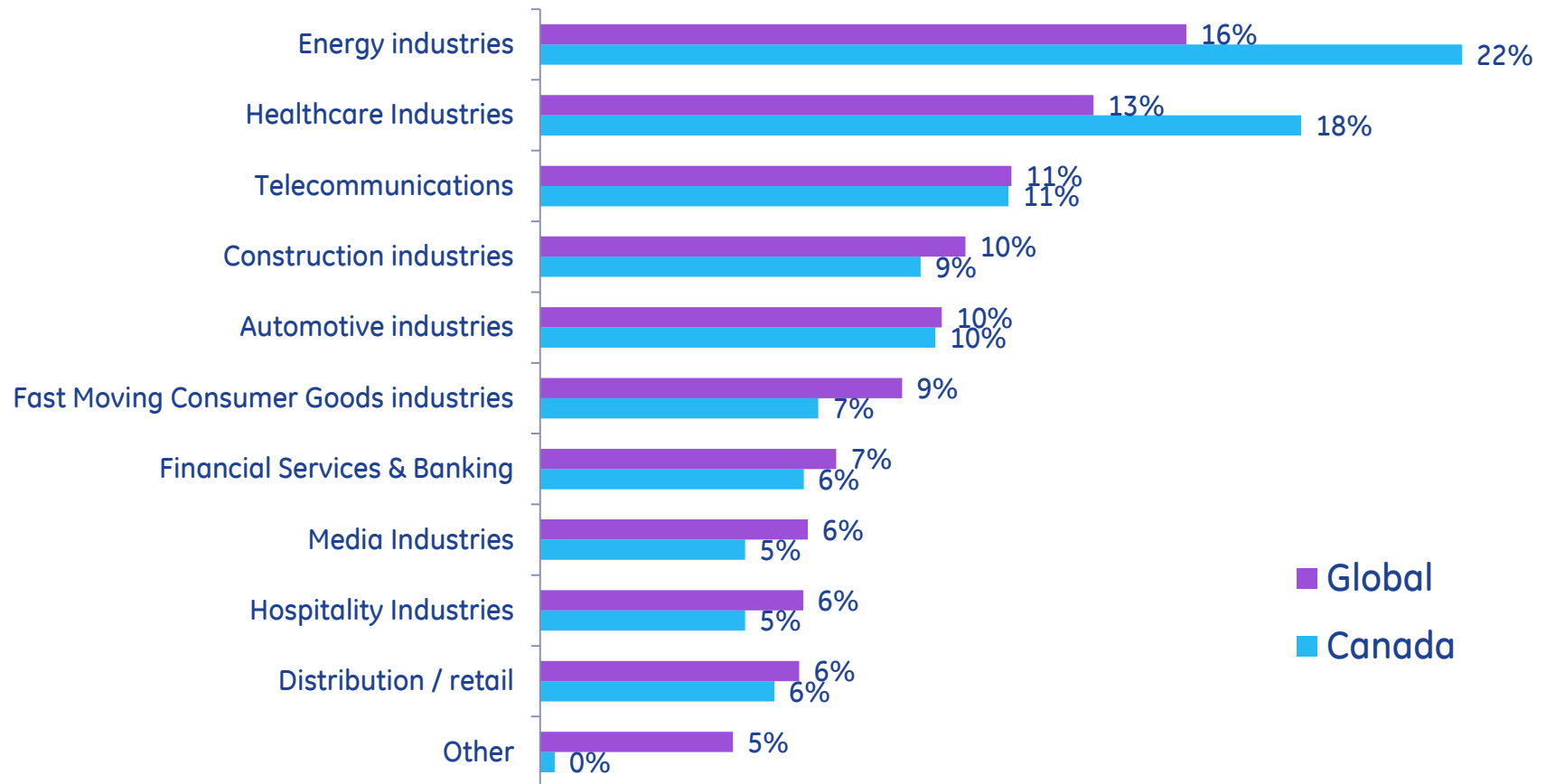
It features a comparison between results for the country (in purple) and the 22 market average



What are the economic sectors that could benefit from more innovation policies?

Economic sectors with the most innovation driven growth potential

What economic sectors do you believe would benefit most in terms of job creation and increased profits if the government were to implement a more efficient innovation policy in your country?

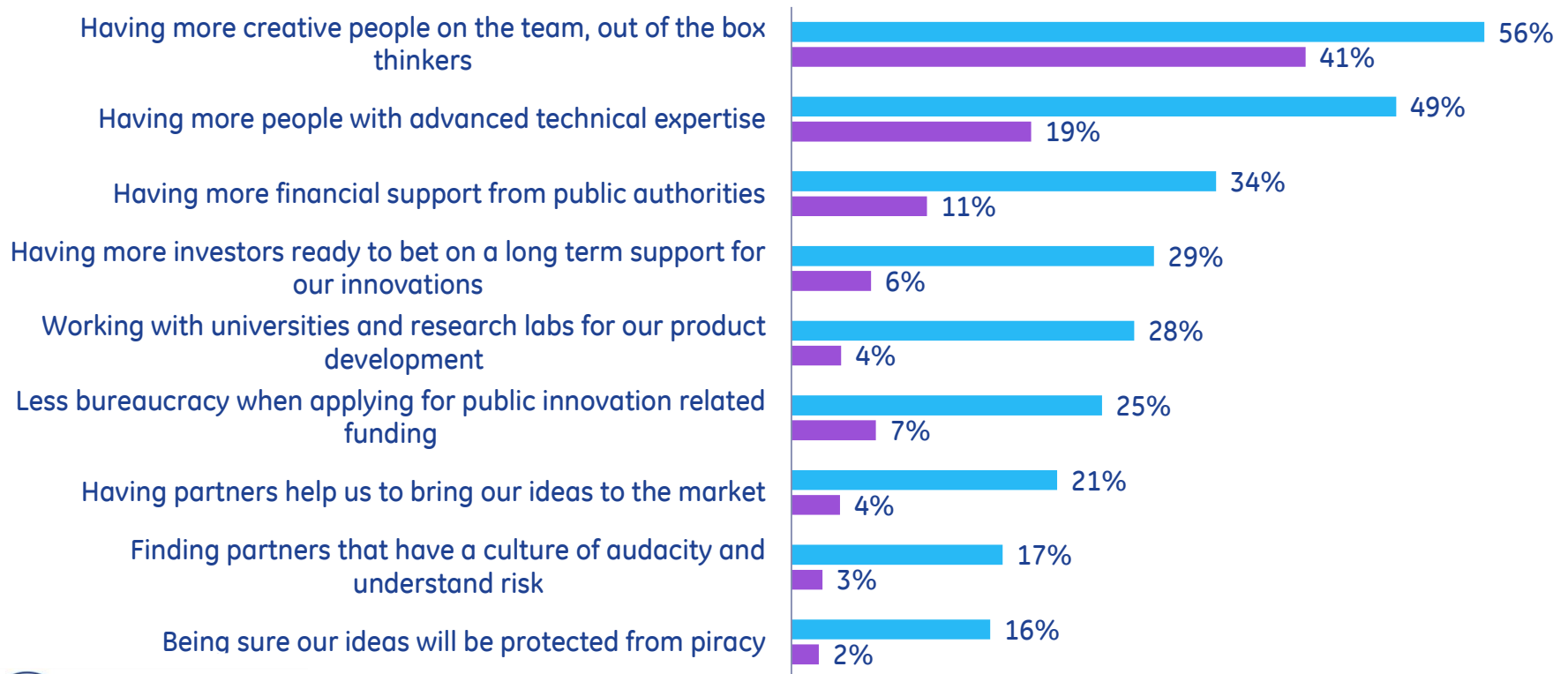


On a day-to-day basis, what do innovators need most?

Top 3 global factors to help innovators on a day-to-day basis

At your own company level, what could help you the most to be more successfully innovative?
(% mentioned)

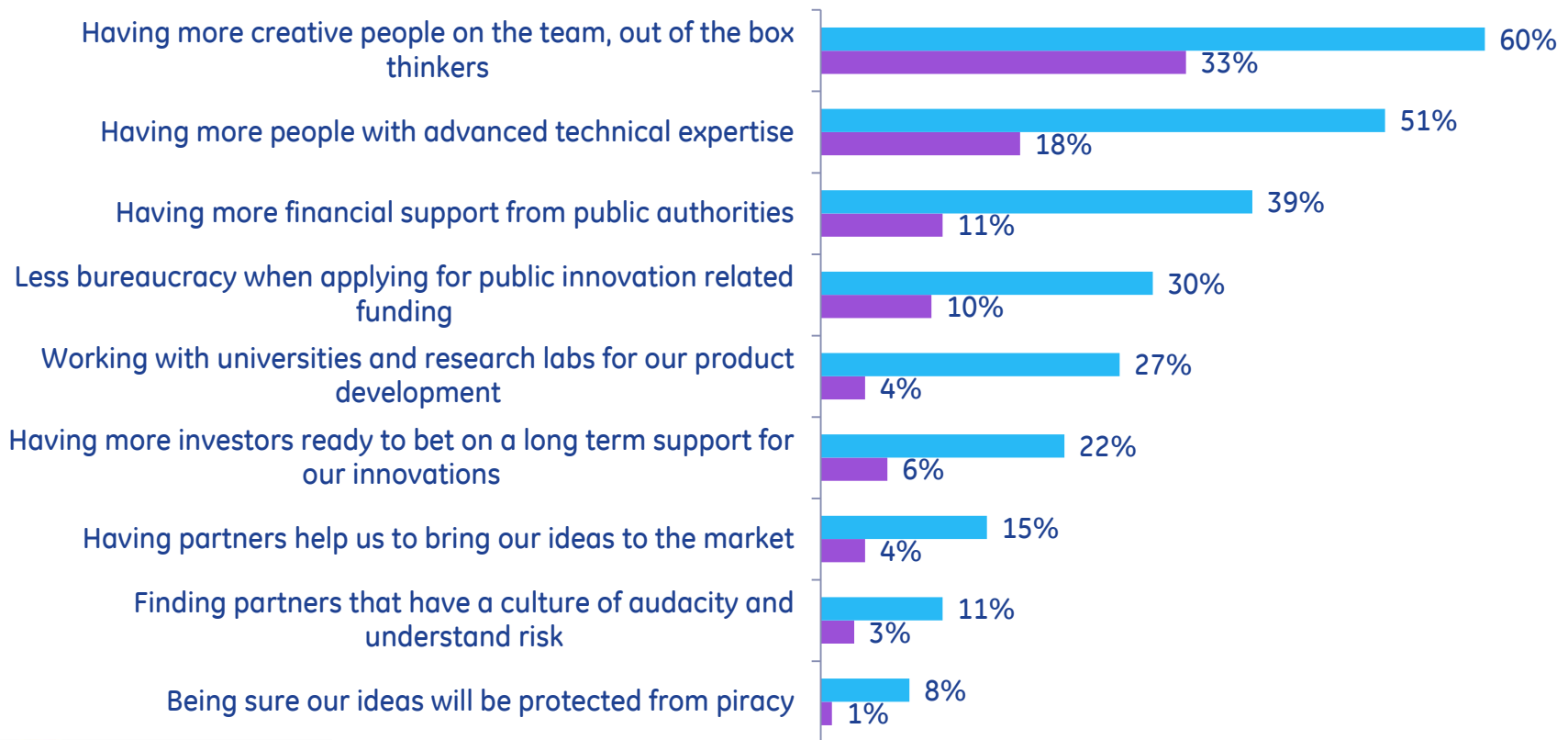
■ % Cumulated ■ % 1st



Top 3 factors in Canada to help innovators on a day-to-day basis

At your own company level, what could help you the most to be more successfully innovative?
(% mentioned)

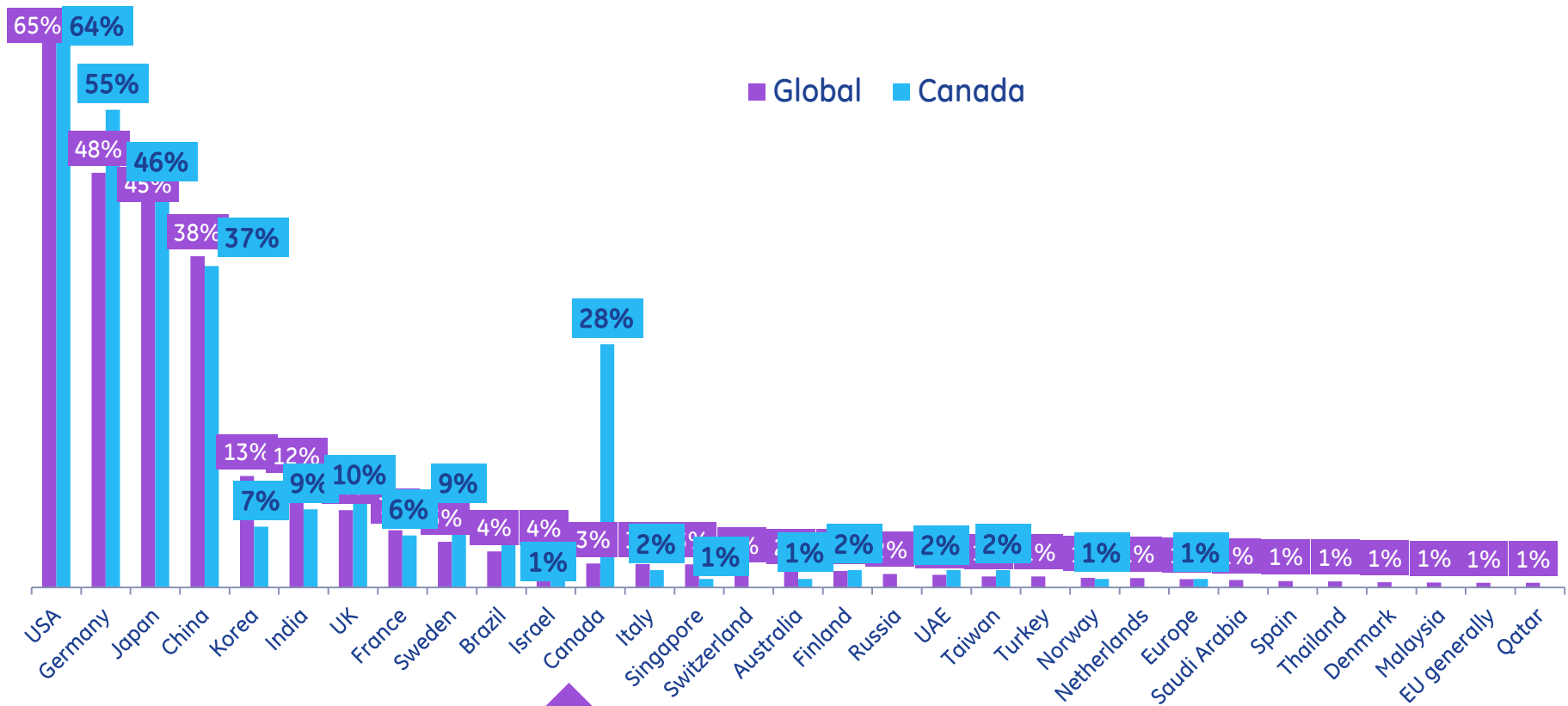
■ % Cumulated ■ % 1st



Innovation Reputation (external & self-assessment)

What are the countries with the best reputation for innovation?

What are the 3 countries that you identify as Innovation champions? (%mention)

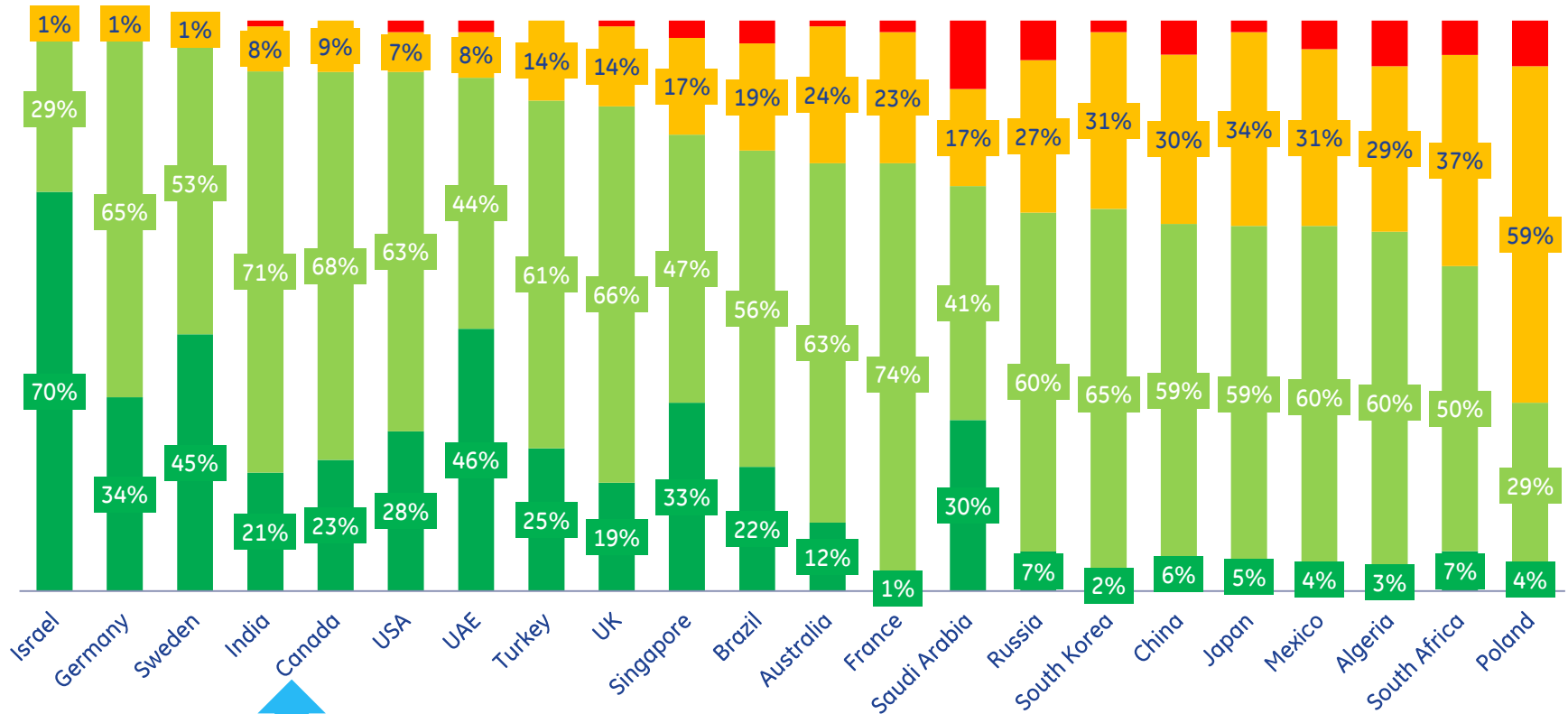


↑ 3% of global respondents report Canada as one of the Top 3 Innovation Champions

How do countries evaluate their own reputation for innovation?

Do you think that the reputation of your country as an innovative market is...

Very good Somewhat good Somewhat poor Very poor



91% of Canadian respondents report that Canada has a good reputation for innovation



GE imagination at work

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Canada Report
January 2012

GE Innovation Barometer

2nd Edition, Jan 2012



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To review the Global Innovation Barometer Report

<http://www.ge.com/innovationbarometer/>



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