

GE Global Innovation Barometer 2012 Results

Canada Executive Summary



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GE imagination at work



News Release

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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.

For more information on the GE Innovation Barometer please visit www.ge.com/ca and www.ge.com/innovationbarometer

About the Barometer:

The research was commissioned by GE and conducted by StrategyOne between October 15, 2011 and November 15, 2011. Interviews with the 2,800 senior business executives were conducted by telephone across 22 countries. All respondents are directly involved in their company’s innovation processes and are VP and above with 30 percent of those surveyed at the C-suite level. The countries included in the research are Algeria, Australia, Brazil, Canada, China, France, Germany, India, Israel, Japan, Mexico, Poland, Russia, Kingdom of Saudi Arabia, South Africa, South Korea, Singapore, Sweden, Turkey, UAE, UK and USA. Canadian interviews were conducted in major markets across the country in both English and French.

About GE

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About Strategy One

StrategyOne is a full service, strategic research and measurement consultancy institute. Created in 1999 in New York, with offices in London, New York, Paris, Brussels, Washington, Chicago, Silicon Valley, Abu Dhabi and Atlanta.

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About the Study

- Conducted by StrategyOne, an independent research and consulting firm, between Oct 15 and Nov 15, 2011 in 22 markets
- Telephone survey of 2,800 senior business executives
- All respondents SVP-level or above, 30% c-suite 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
- Average interview length: 16 minutes

Sample

- Minimum 100 respondents per market. Canada interviews cross-country major markets – English/French
- Larger sample sizes in USA (300) & BRIC countries (200)
- Each market afforded the same weight in global results
- Year-over-year tracking possible in 12 markets (underlined below)

AMERICA

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sample: 700

USA: 300

Brazil: 200

Canada: 100

Mexico: 100

APAC

sample: 800

China: 200

India: 200

Singapore: 100

Australia: 100

S. Korea: 100

Japan: 100

EUROPE

sample: 700

Germany: 100

Sweden: 100

UK: 100

France: 100

Poland: 100

Russia: 200

MENA

sample: 600

Israel: 100

Turkey: 100

KSA: 100

UAE: 100

Algeria: 100

S. Africa: 100

Margin of error varies with sample size:

| | | | |
|----------------------|-------------------------|---------------------|-------------------------|
| Global sample (2800) | Between 0.4 and 2.4 pts | BRIC (200) | Between 1.4 and 6.9 pts |
| US (300) | Between 1.1 and 5.6 pts | Other Markets (100) | Between 1.9 and 2.7 pts |

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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

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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



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