

GE Innovation Barometer

A preview of the 2012 results

Saudi Arabia Analysis



GE imagination at work

Methodology Reminder

- ❑ 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.
- ❑ 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



Results Overview



Saudi Arabia Executive Summary

Allocation of resources and budget:

- ➔ Respondents from Saudi Arabia are more satisfied than the global average regarding the way their country is allocating resources and budget in all dimensions, notably healthcare, energy security and needs and education.

Innovation « new model »:

- ➔ More than globally respondents recognize the changing nature of innovation and the need to embrace a new model based more on creativity than scientific research. They see the value of innovation mainly as a way to be competitive and they follow the global average regarding the imperative of innovation to provide value to the overall society beyond profit and growth.
- ➔ Respondents are less convinced than others about the necessity for innovation to be localized to address specific human needs and there are also somewhat less convinced than the global average that SME's can be as innovative as large companies.

Environment for innovation:

- ➔ Saudia Arabia is one of the markets where respondents describe their innovation environment most favorably. Nearly all dimensions tested are above average, however three dimensions are particularly over standards: intensity and efficiency of the government's incentive to innovate and support from private investors
- ➔ On the longer term, 96% of respondents feel the environment for innovation has improved over the last 5 years. This is the one of the best results measured out of the 22 markets of the survey



Saudi Arabia Executive Summary

Optimism that innovation will drive improvement in citizens' lives

- ➔ Saudi Arabia is among the most enthusiastic regarding the capacity from innovation to drive improvement in various areas of citizens lives. They display above average perceptions on dimensions such as healthcare, citizen security and housing quality
- ➔ In terms of sectors that could benefit from improved innovation policies to create profit and growth, respondents agree with the global perception that energy is a sector with strong innovation driven potential for growth. They also notably highlight, more than the global average, telecommunication, construction, hospitality, retail and financial services as sectors with great innovation growth potential

Economic crisis impact:

- ➔ The economic crisis has had a less of an impact on Saudi Arabian businesses than globally. The only greater impact is concentrated mostly on a greater focus on incremental and process innovation. On the contrary respondents report below average impact on venture capital and below average risk aversion connected to the economic crisis

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

- ➔ Talent (both more creative people and more technical experts) is high on the list of needs from businesses in Saudi Arabia and this is in line with global perceptions. More financial support from public authorities is also expressed as a great need which is also in line with global perceptions



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



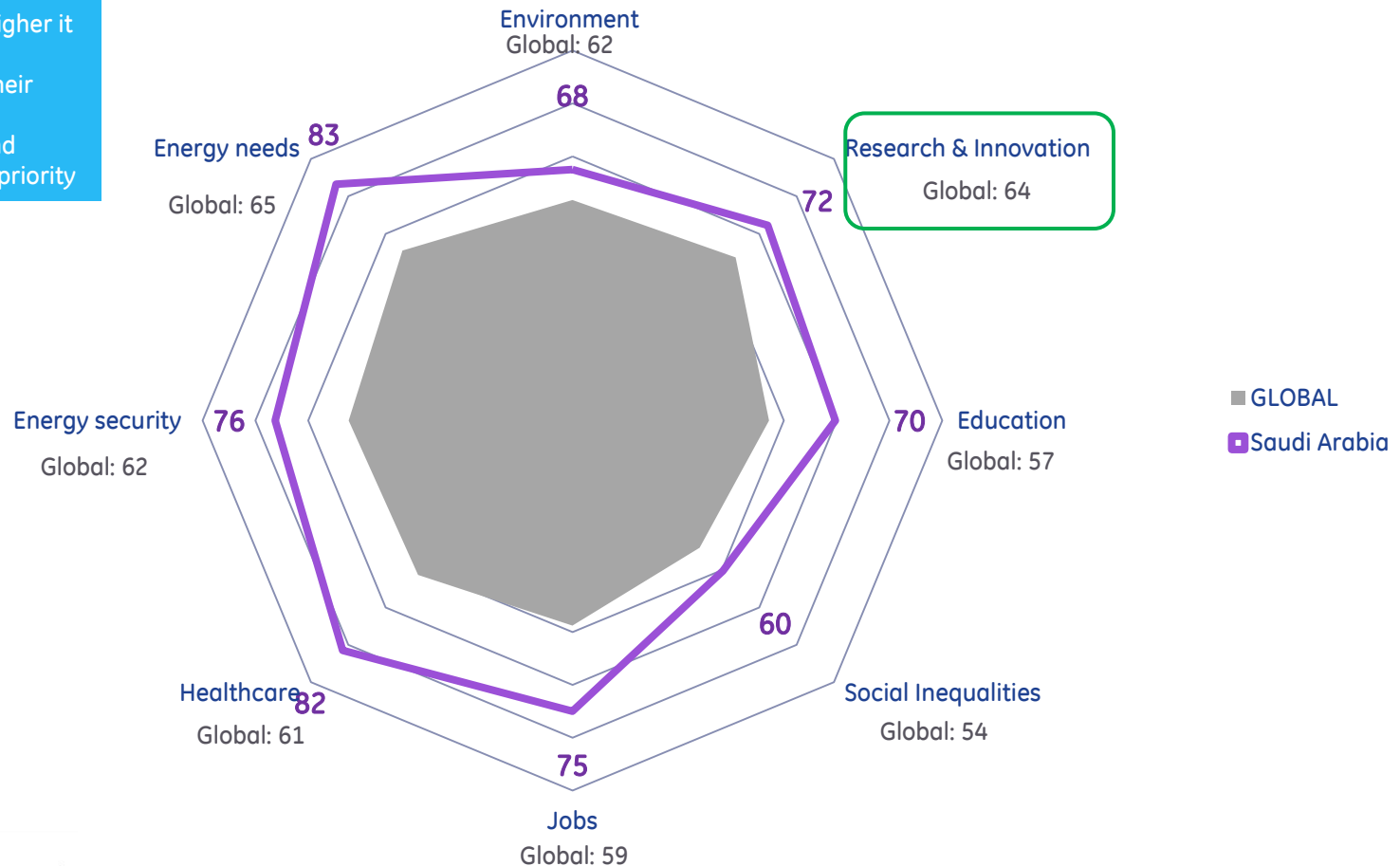
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Innovation as a National Priority?

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



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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	Saudi Arabia
The implementation of new processes, products, organizational changes or marketing changes	47%	49%
An environment/culture that embraces positive change, creativity and continuous improvement	42%	45%
Research and development, new intellectual property (IP), and inventions	41%	35%
Staying ahead in the market and being a market leader	32%	41%
Solutions that benefit society and societal outcomes (including environmental outcomes)	29%	16%
None of the aspects above is close to my personal definition of innovation	10%	14%



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

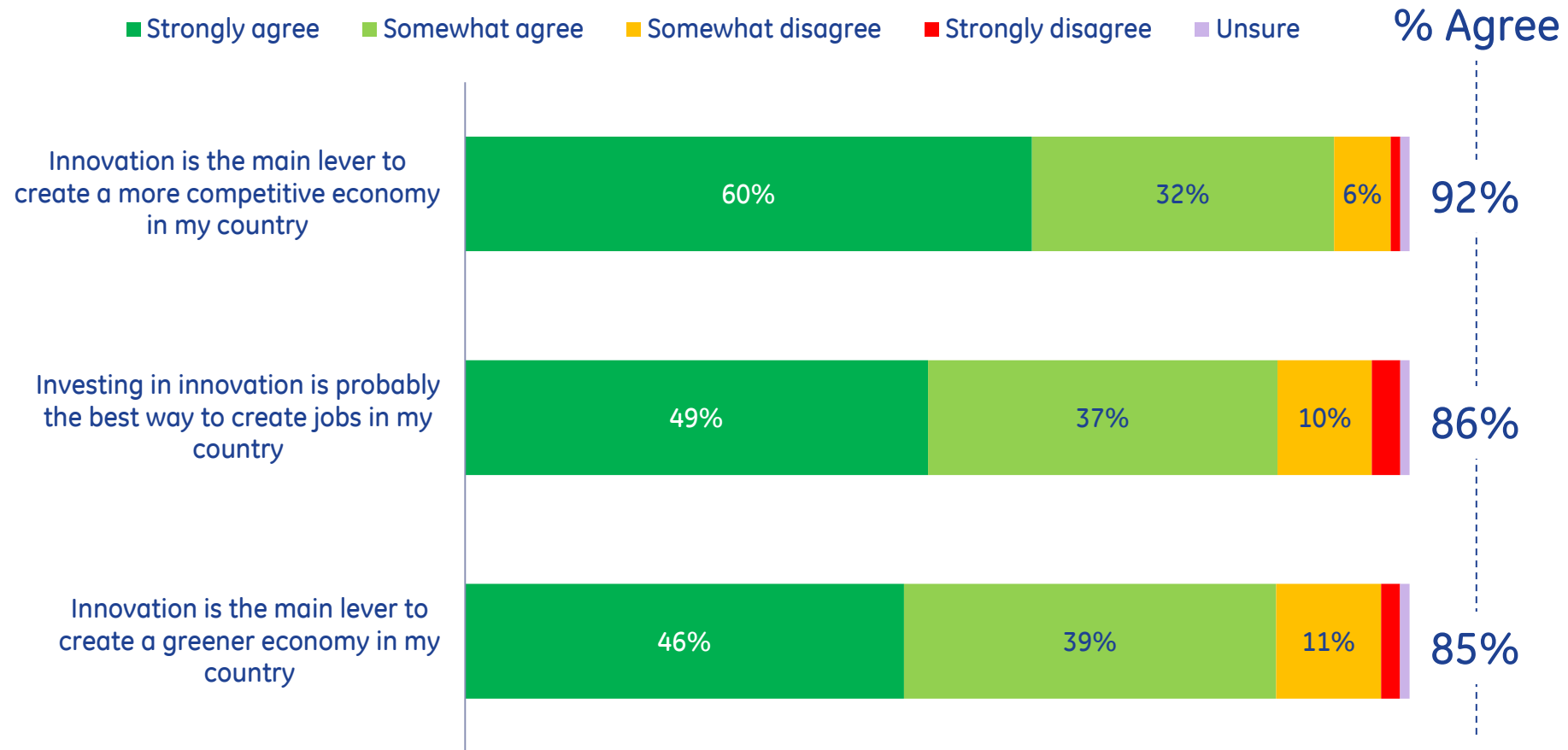
C ompetitiveness
C reativity
C ollaboration
C ommunities
C hange



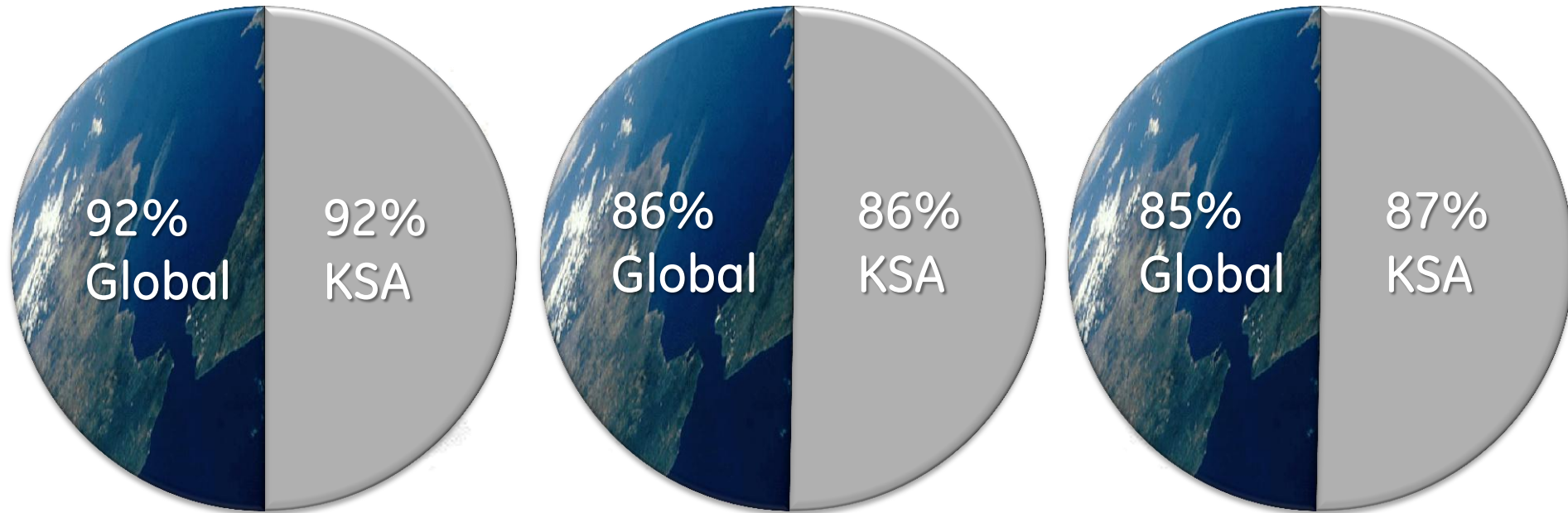
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Innovation is a transformation driver for national economies

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



Innovation and competitiveness



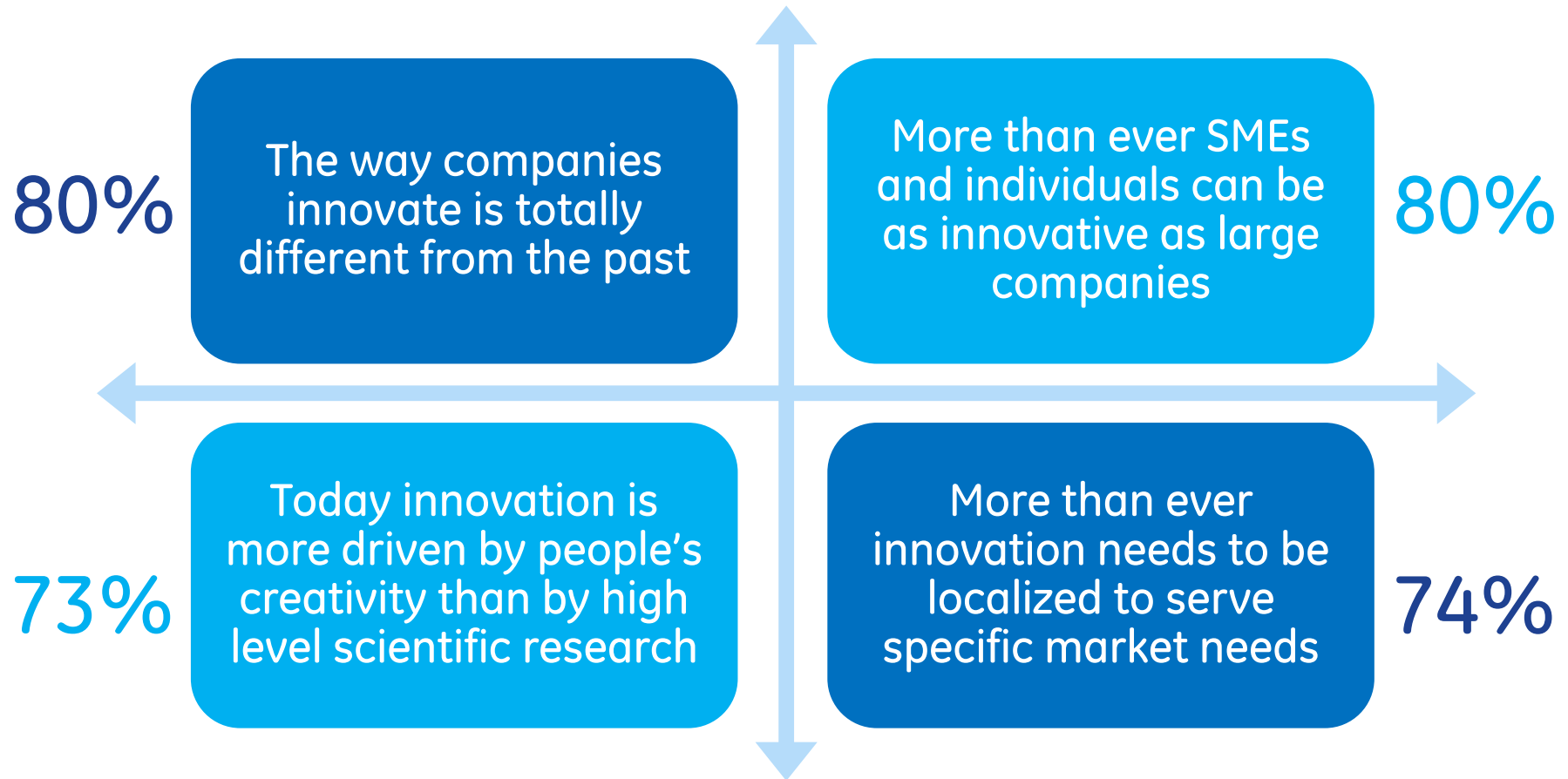
**Innovation is the main
lever for a more
competitive economy**
(% agree)

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

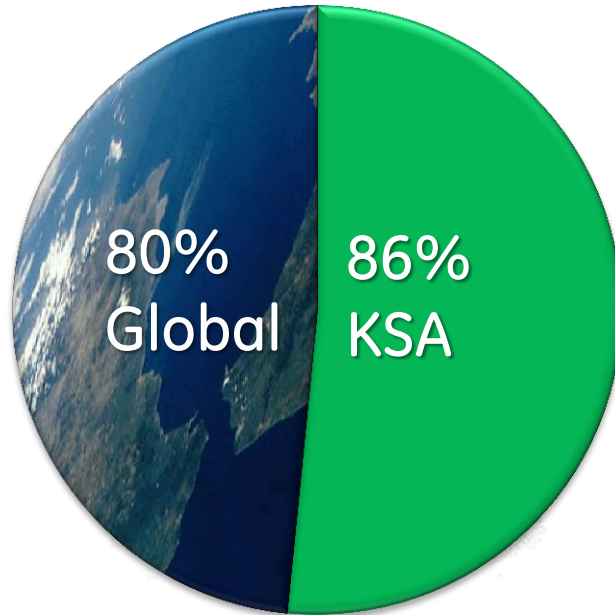
**Innovation is the main
lever to create a
greener economy**
(% agree)

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

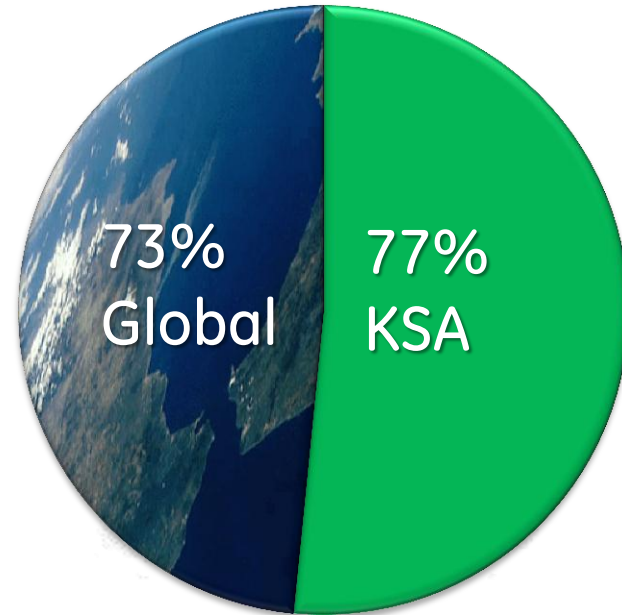
To what extent do you agree or disagree with each of the following statements? (% agree)



Innovation in the 21st Century



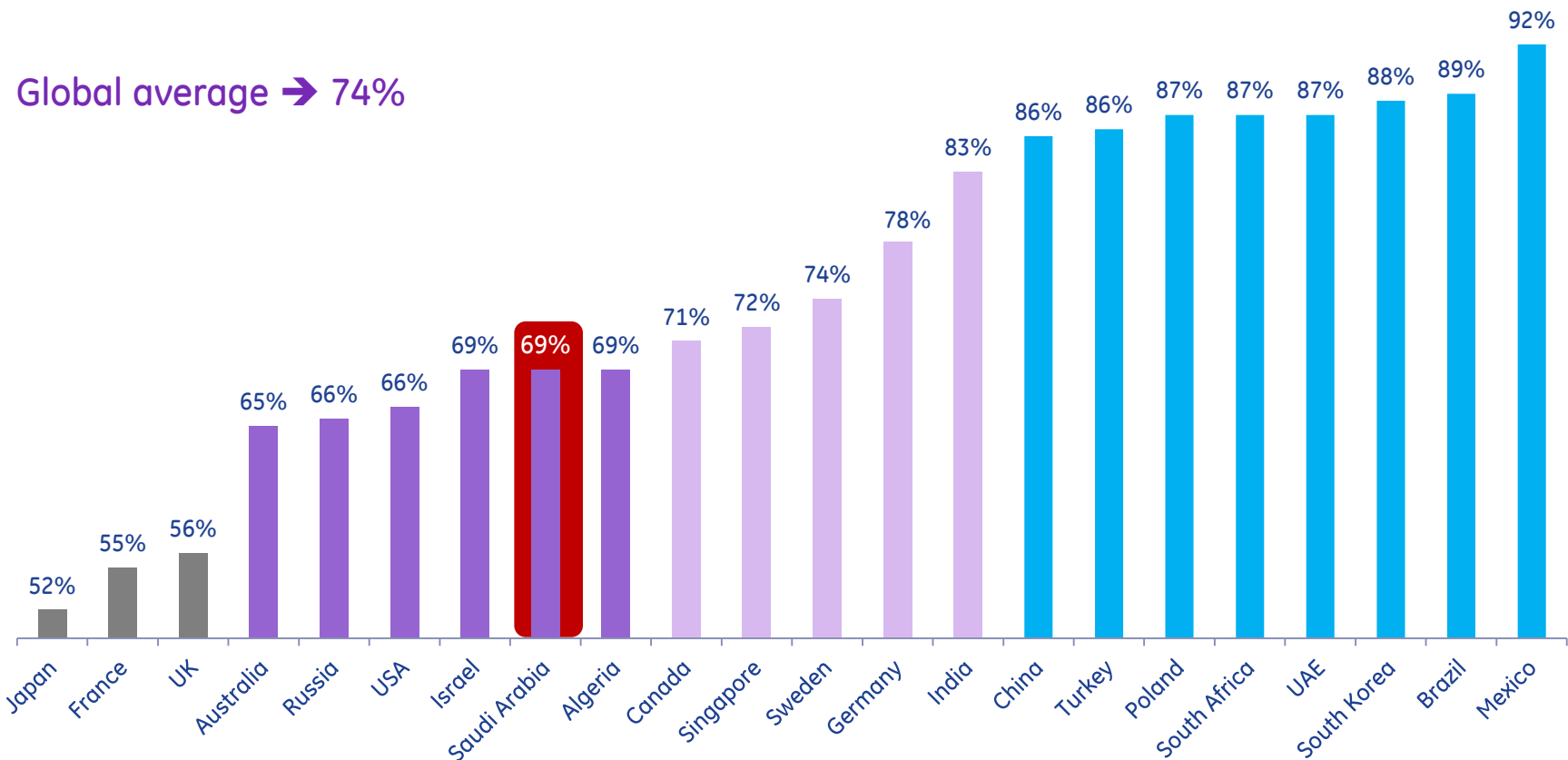
The way companies will
innovate in the 21st century is
totally different from the past
(% agree)



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

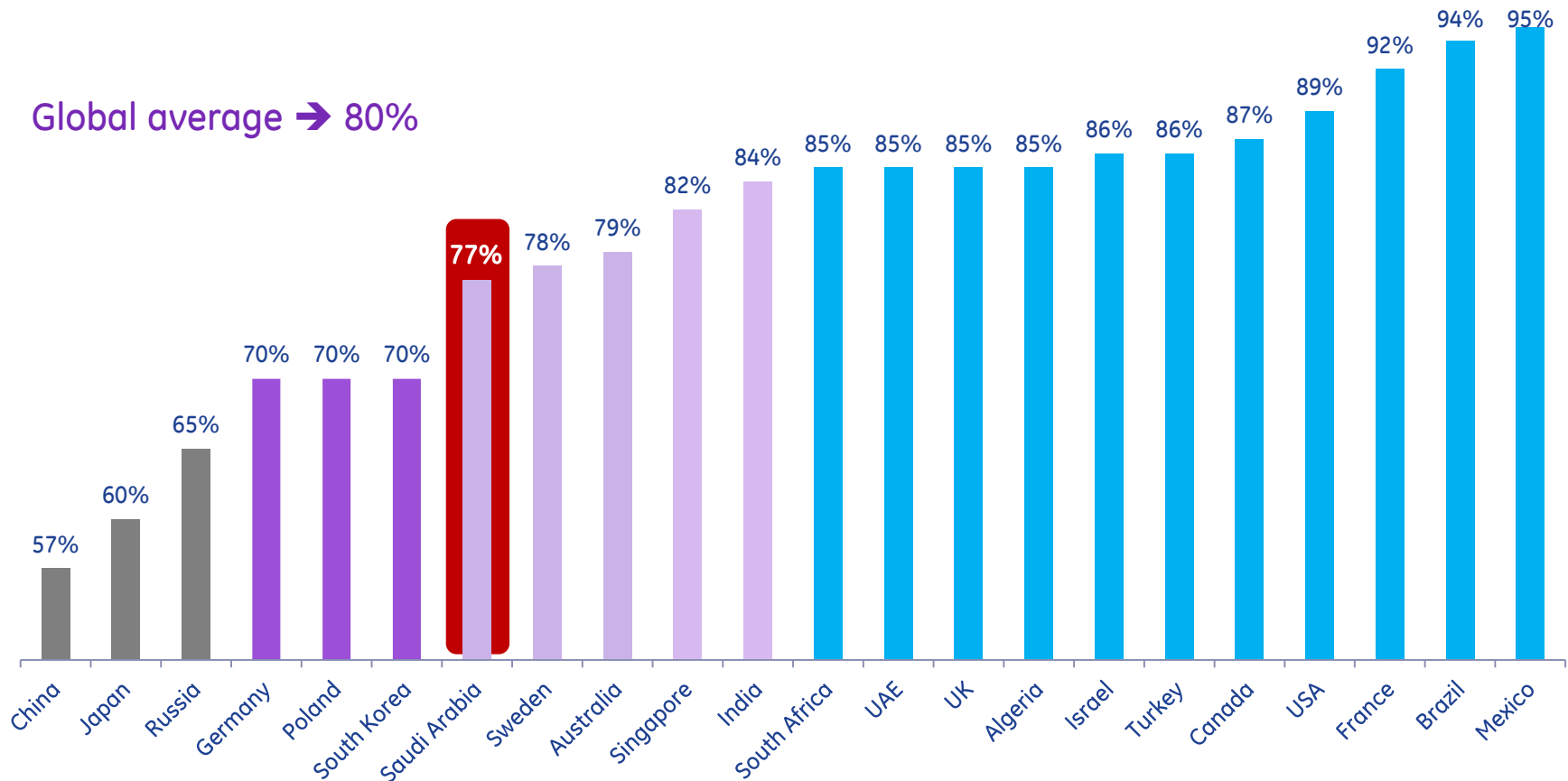
More than ever before, innovation needs to be localized to serve specific market needs

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



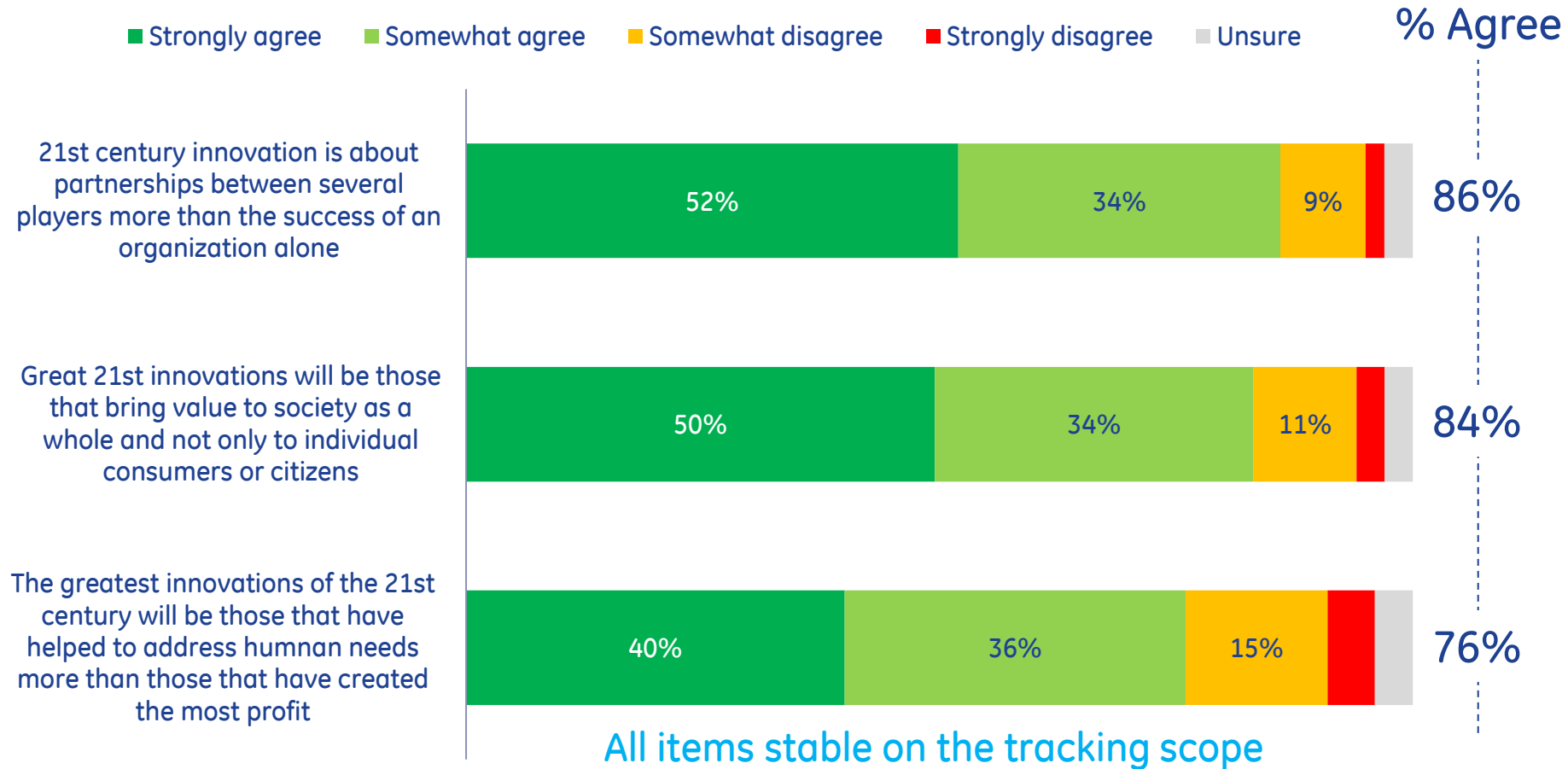
More than ever before, SMEs and individuals can be as innovative as large companies

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

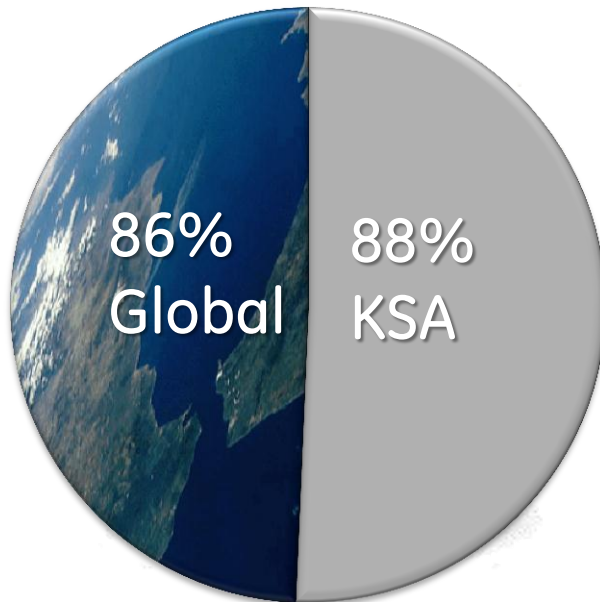


Confirming a new innovation model: fueled by partnerships and purpose

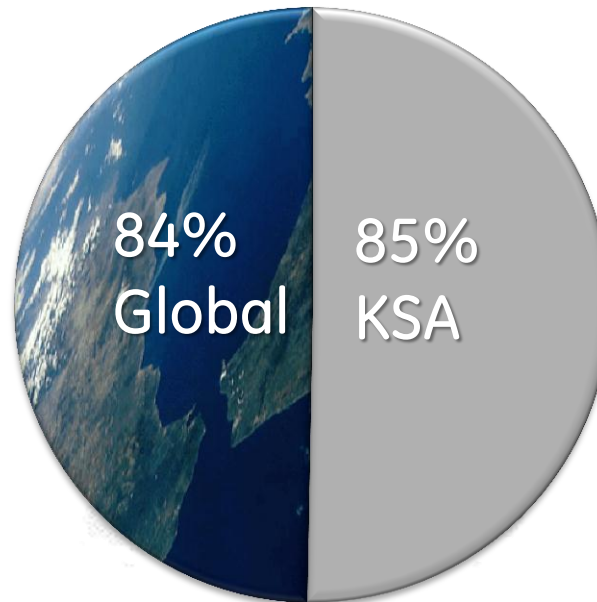
To what extent do you agree or disagree with each of the following statements?



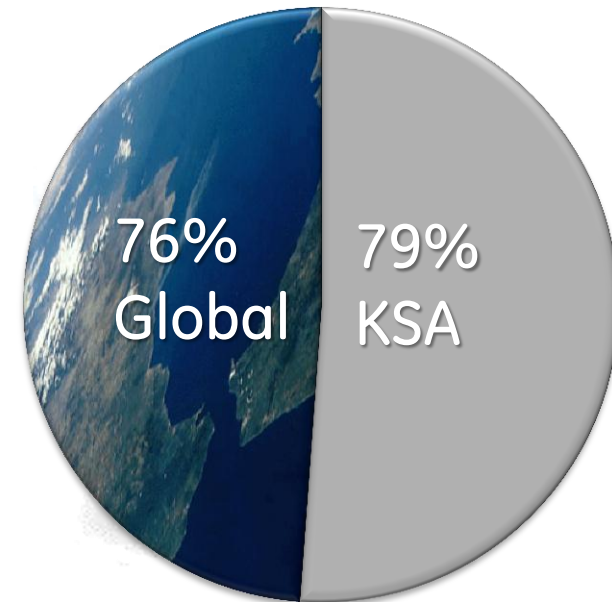
Confirming a new innovation model: fueled by partnerships and purpose



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



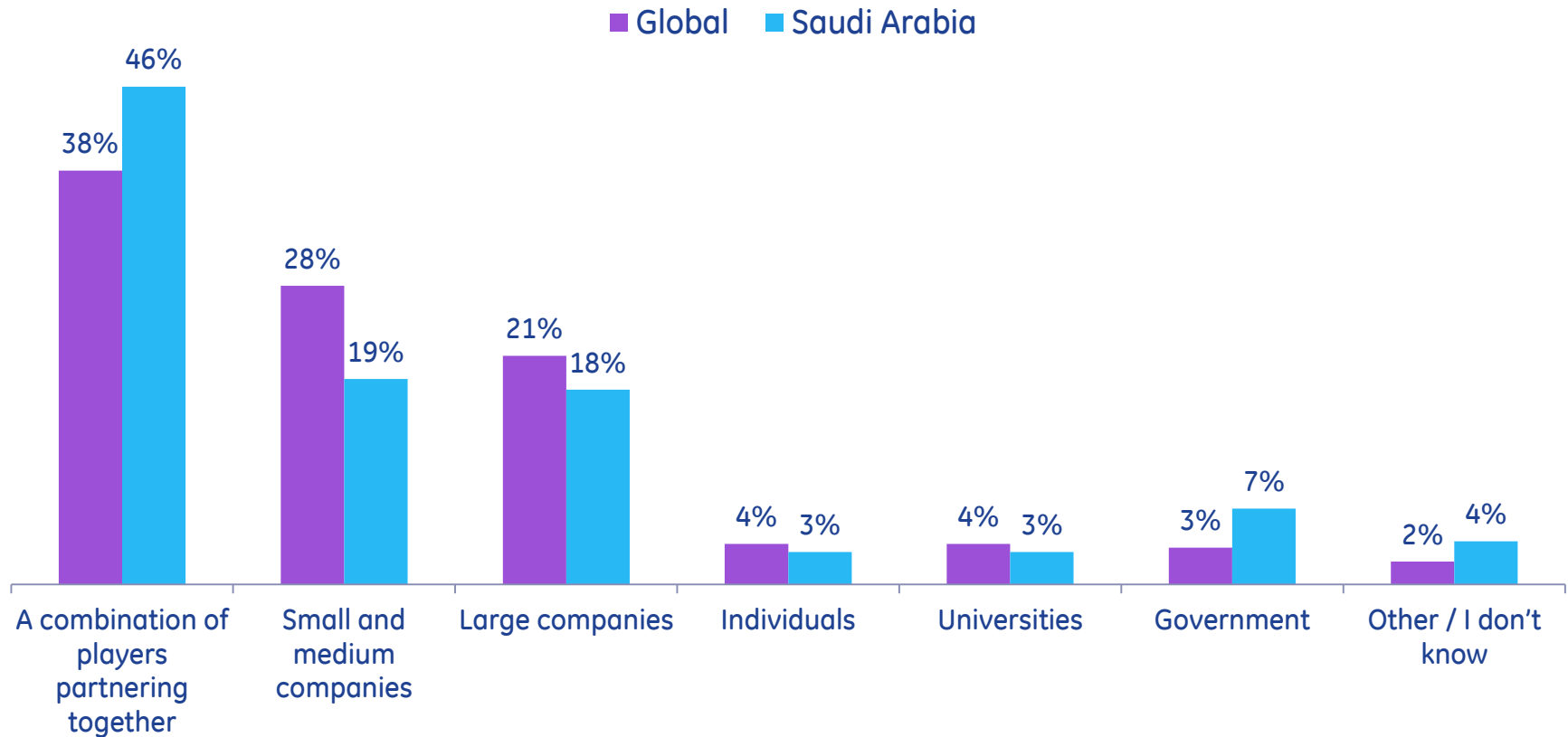
Great Innovations bring value to society not only to individual consumers or citizens
(% agree)



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



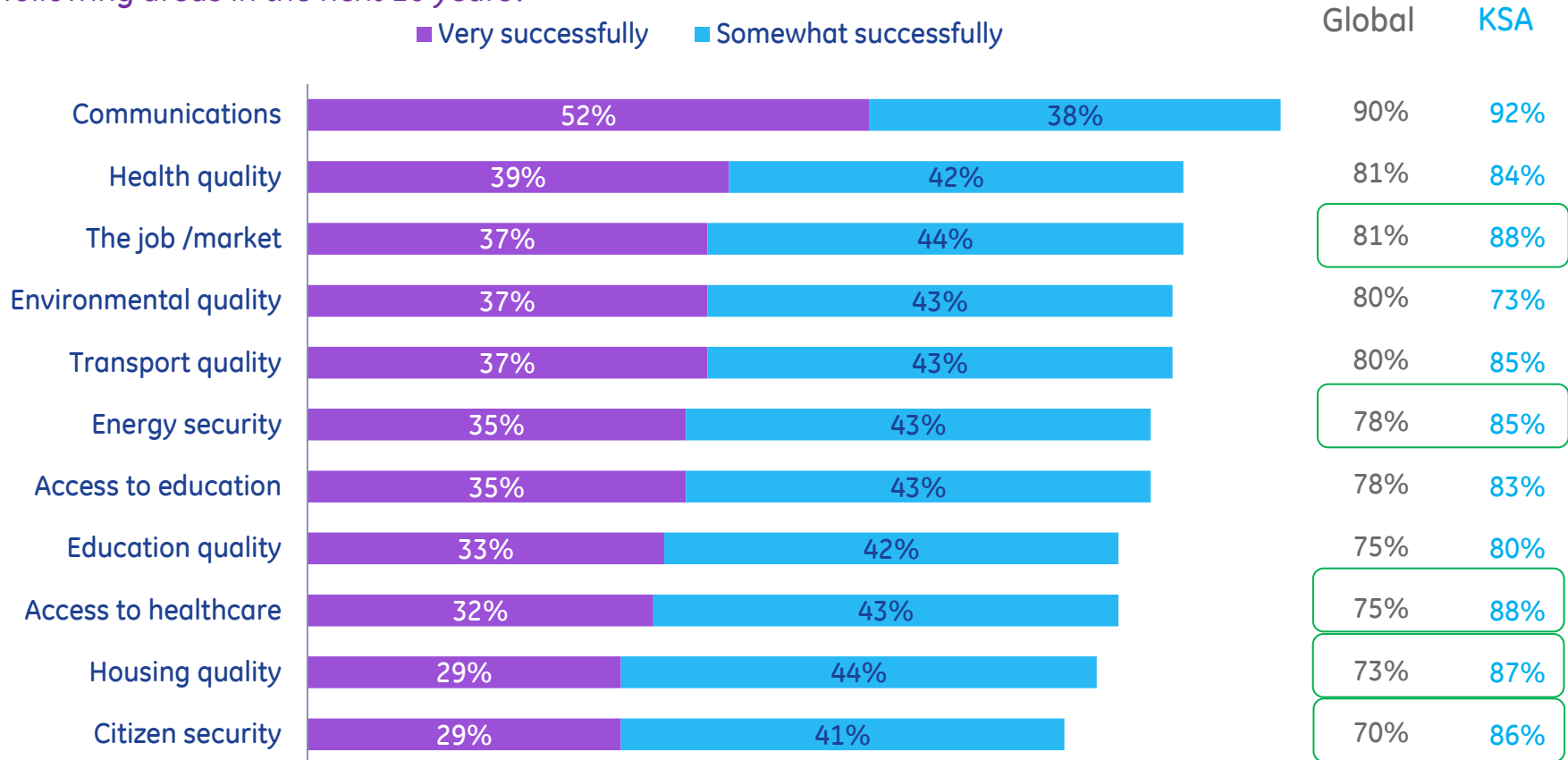
Who will drive innovation the most in the next decade: collaborating partners, SMEs, MNCs...?



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?

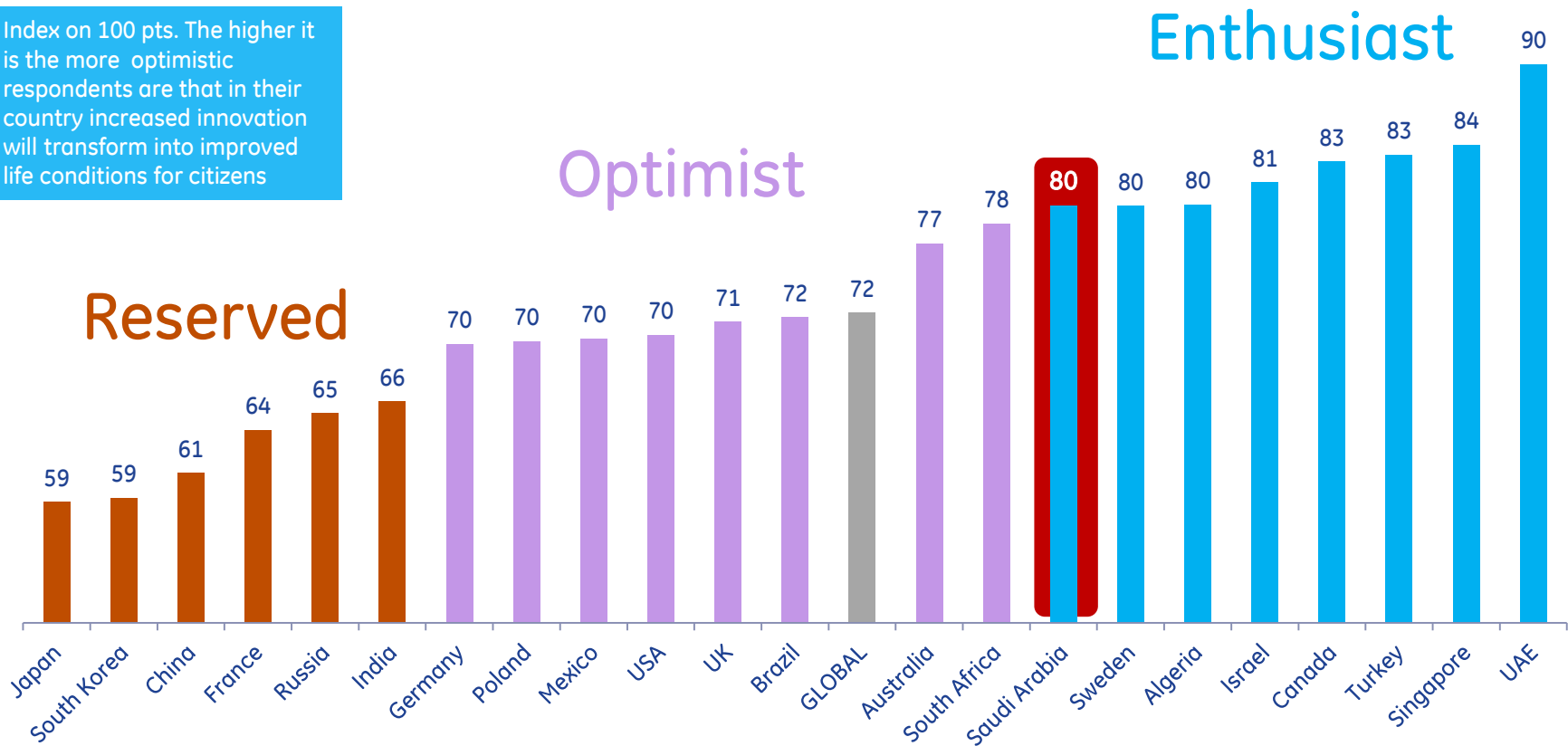
How successfully do you think innovation could improve citizens lives in each of the following areas in the next 10 years?



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

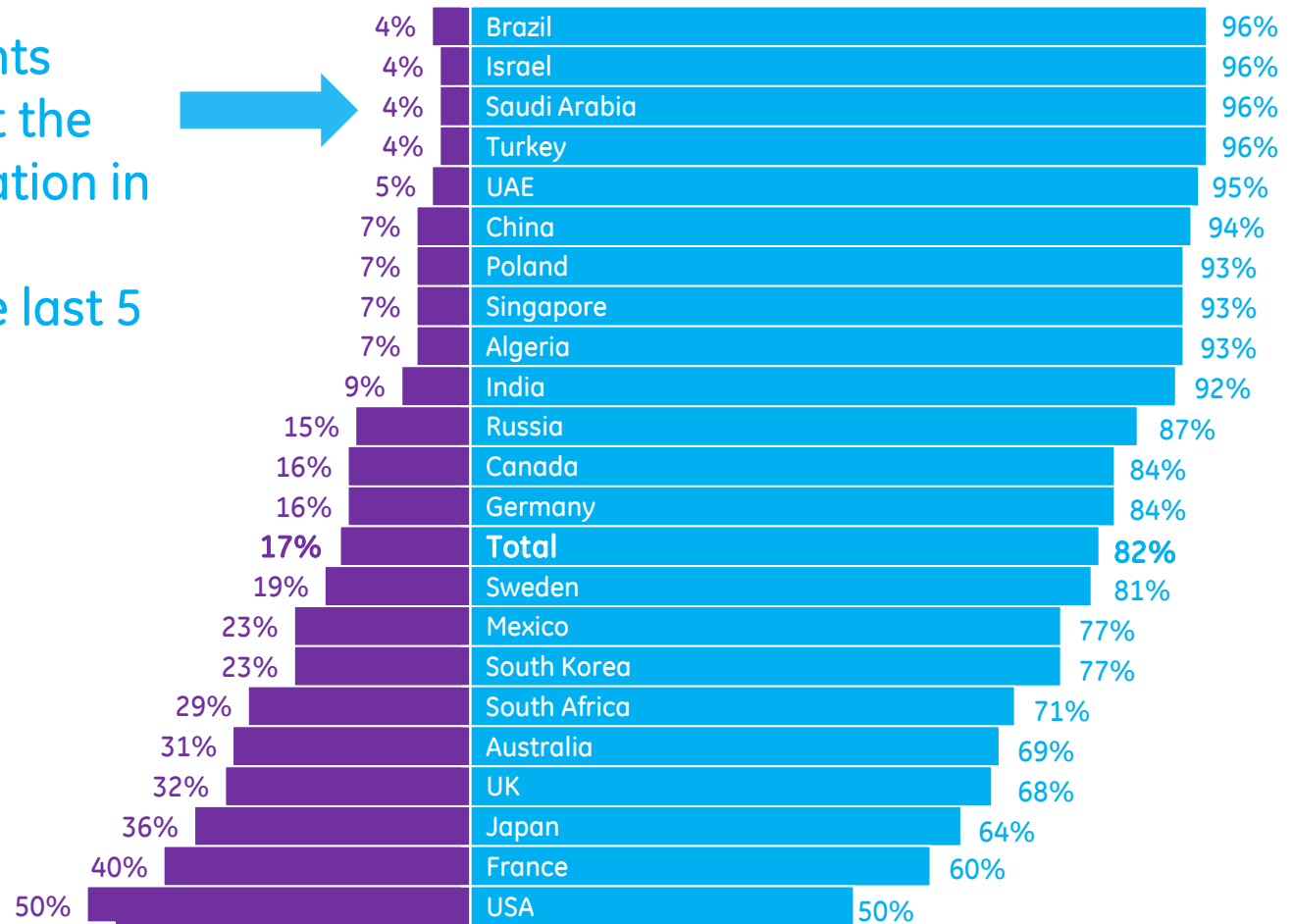


The Global context for Innovation is multifaceted and inconsistent. Overall governments have been successful at making Innovation a priority over the last 5 years, yet a clear need of harmonization remains. More than the amount of resources allocated to support innovation the effectiveness of the system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



A mainly positive perspective on the way local innovation contexts 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

Government Investment

"It's very obvious, the government is supporting it. They are investing a lot."

Strong Economy

"Can see there is so much infrastructure and employment is growing, factories are being built, the economy is going stronger and creating more jobs and have better products."

Culture Shift

"It has an environment that has changed a lot. The way they think, the way business is run and a lot of money is spent on many things to help improve society."

Many New Products

"There are a lot of products coming to market."

Key Set Backs

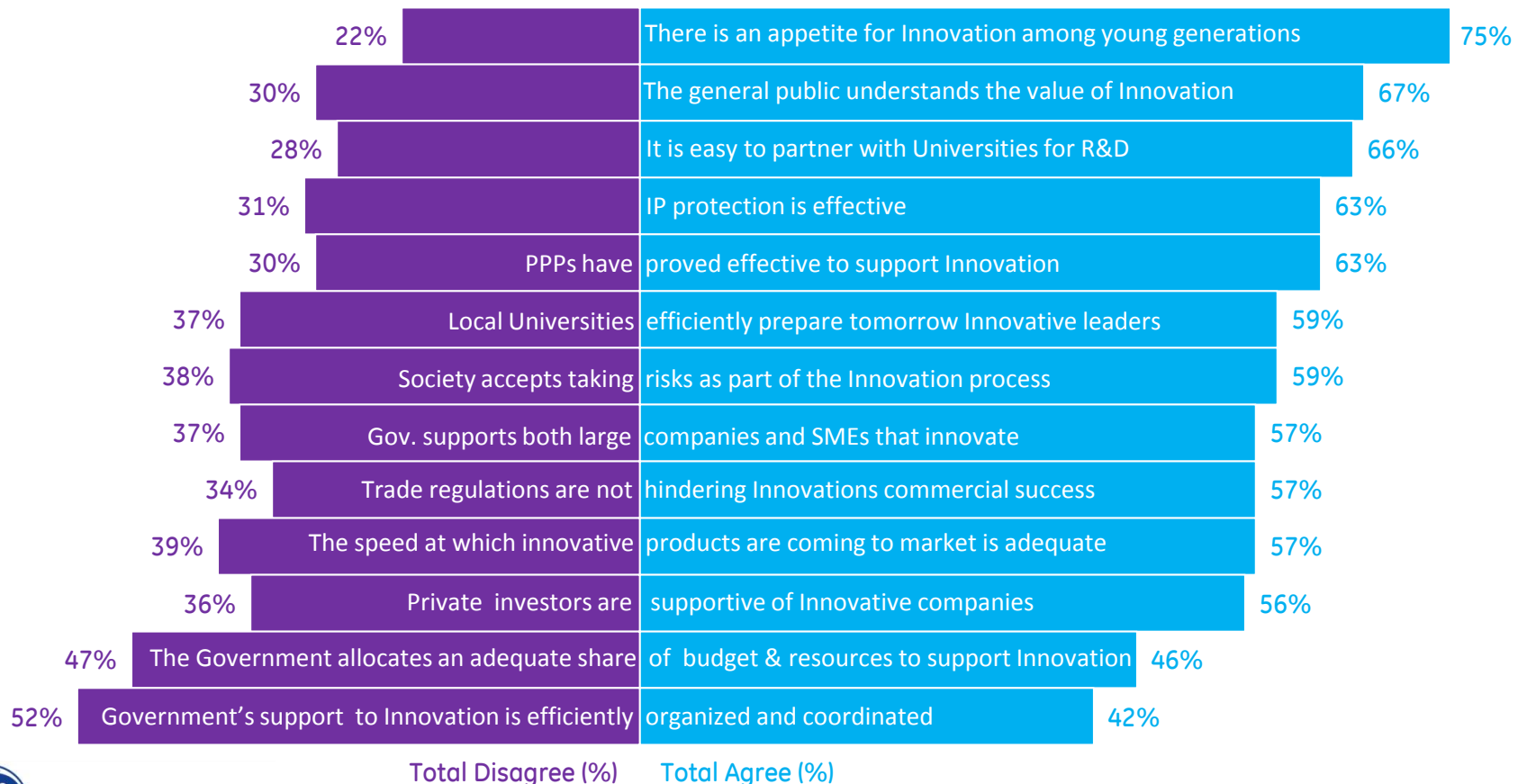
No trend identified



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:

In my country....



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 Saudi Arabia context for innovation

+	Private investors	PPPs have proved efficiency in supporting Innovation	General public is convinced of the value innovation brings to citizens	Appetite for Innovation among young generations
-	IP Protection	Local univ prepare tomorrow leaders	Society as a whole is accepting of taking risks	Intensity <u>and</u> efficiency of Gov support

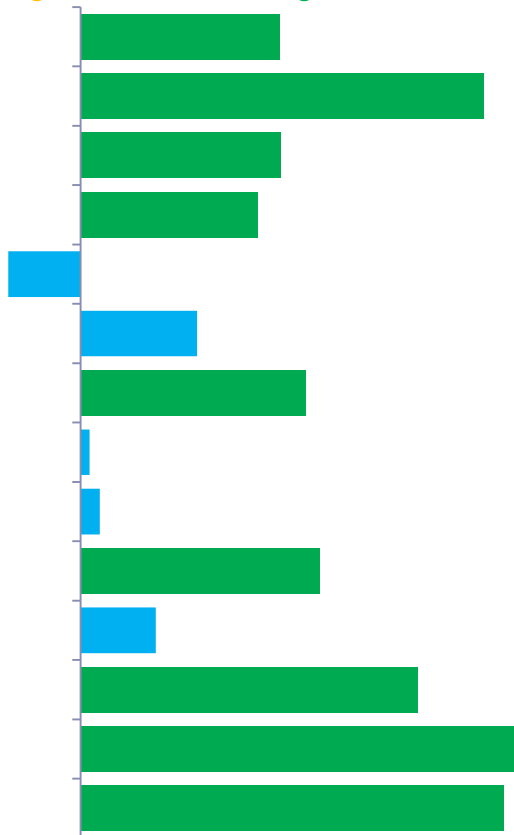
The green boxes indicate a satisfaction significantly higher within this country on this element

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



Perception of the Innovation Environment (Saudi Arabia vs. Global average)

Below average Above average



Overall Innovation context

Private Investors

Trade regulations are not a limit to innovative commercial success

General public is convinced of the value innovation brings to citizens

Appetite for Innovation among young Generations

Society as a whole is accepting of taking risks as part of the Innovation...

The speed at which innovative products are coming to market is adequate

IP Protection

Local Univ prepare tomorrow leaders

PPPs have proved effective in supporting Innovation

Easy R&D Partnership with Univ

Gov support both Large Companies & SMEs

Efficiency of Gov Support

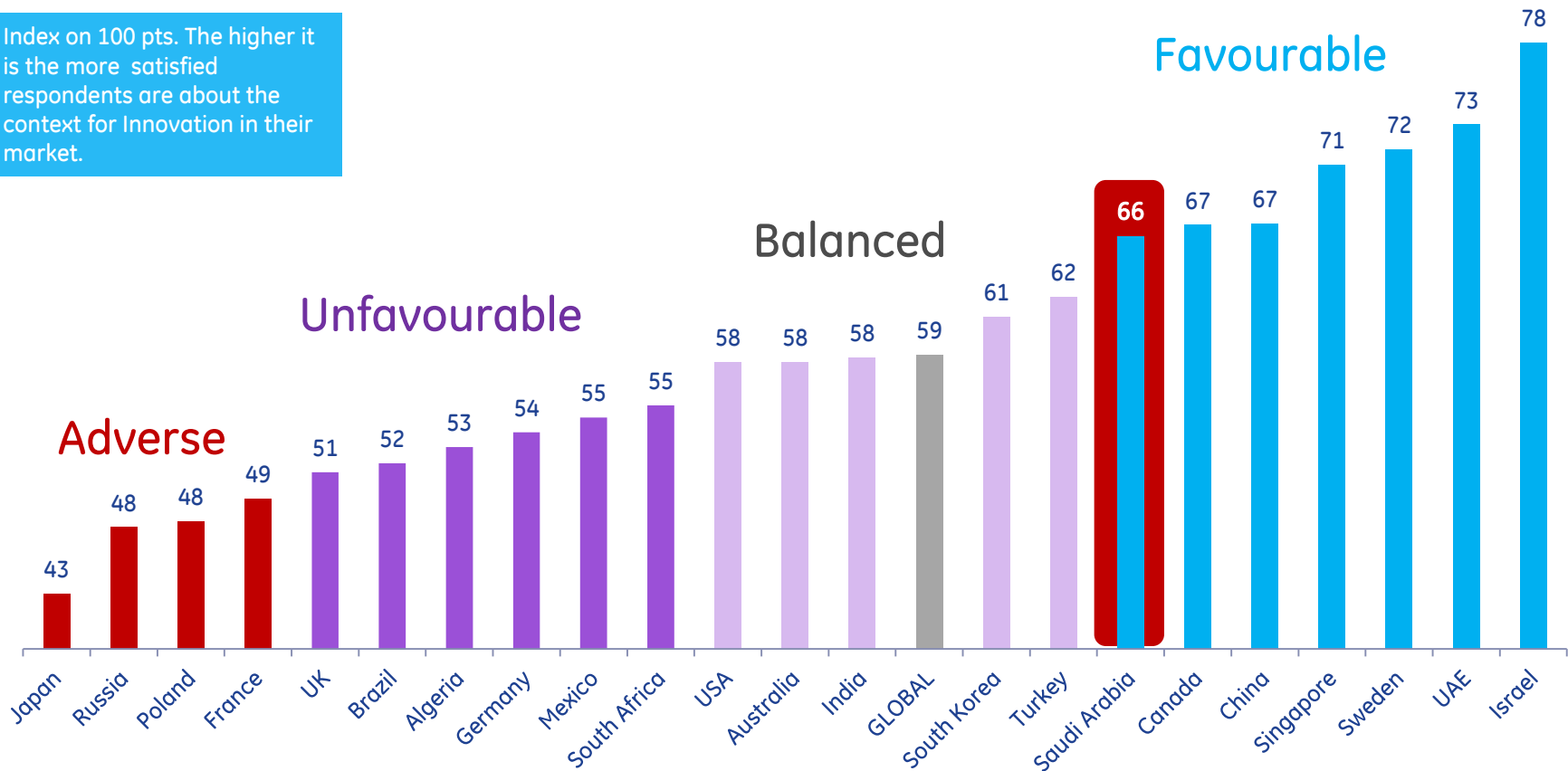
Intensity of Gov Support

The green bars indicate a satisfaction significantly higher than the Global average on this element
The yellow bars indicate a satisfaction significantly lower than the Global average on this element

Perception of the Innovation Environment

Index on 100 pts

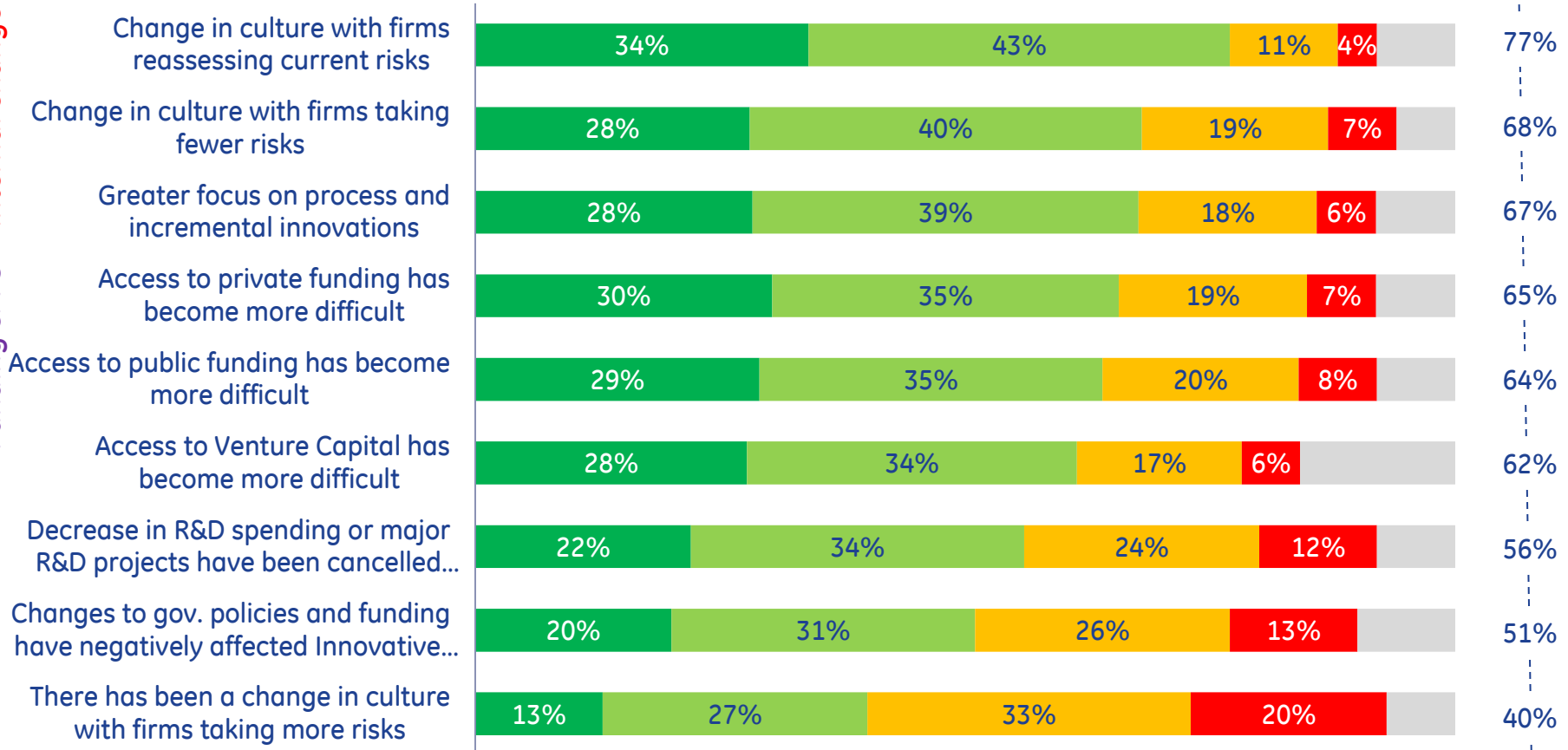
Index on 100 pts. The higher it is the more satisfied respondents are about the context for Innovation in their market.



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

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

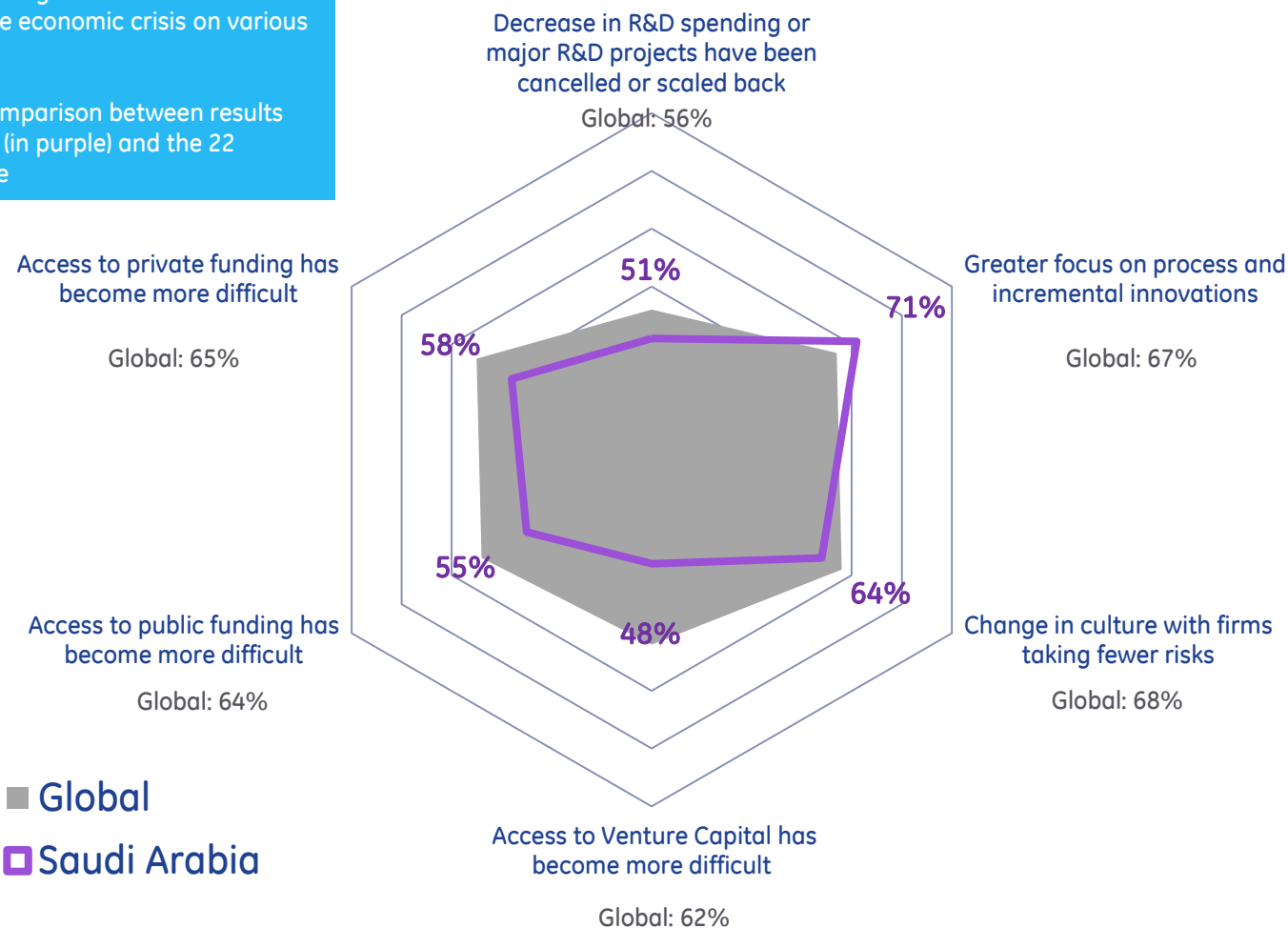
Internal change
Funding & VC



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



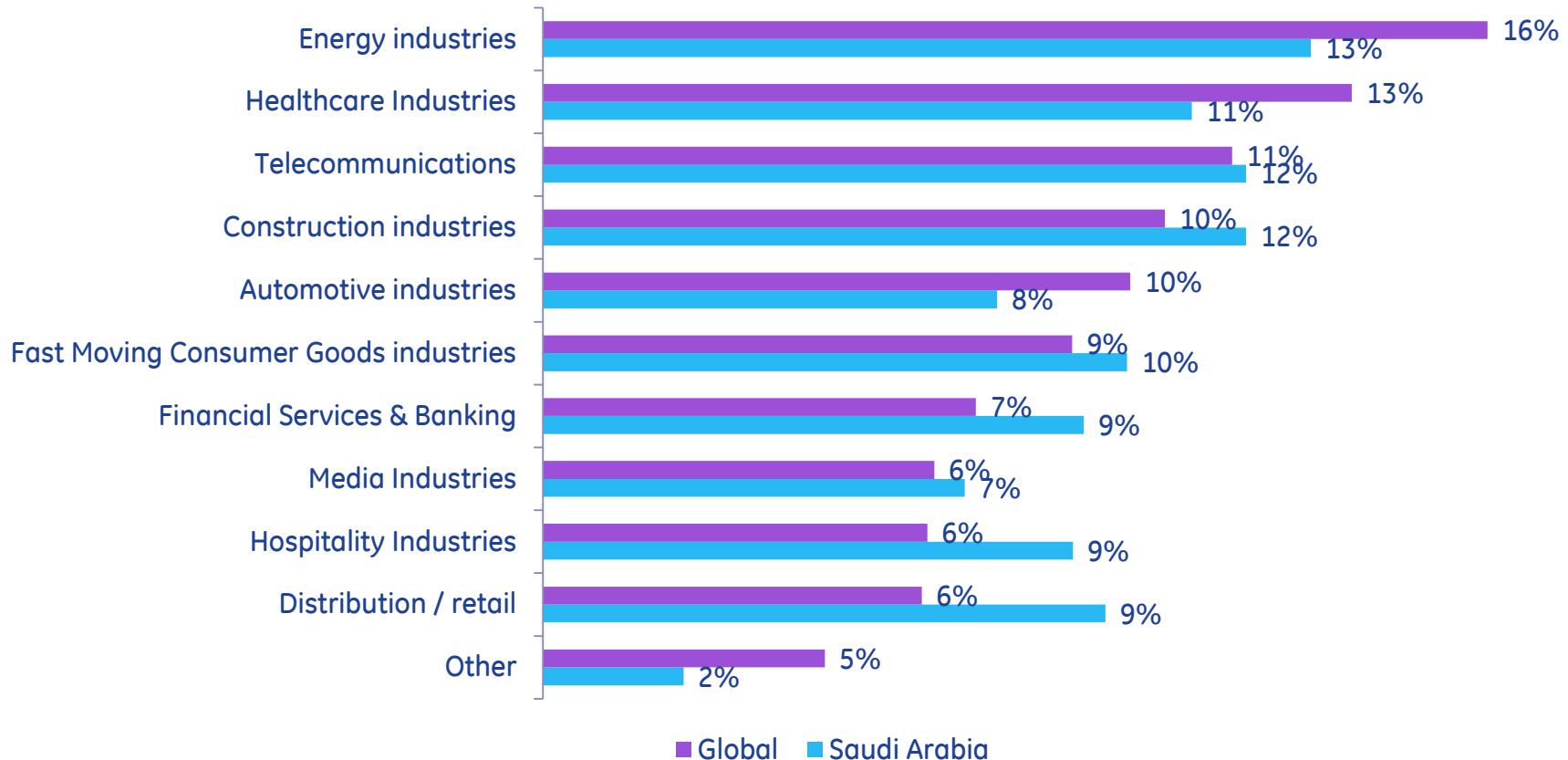
What are the economic sectors that could benefit from more innovation policies?



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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?

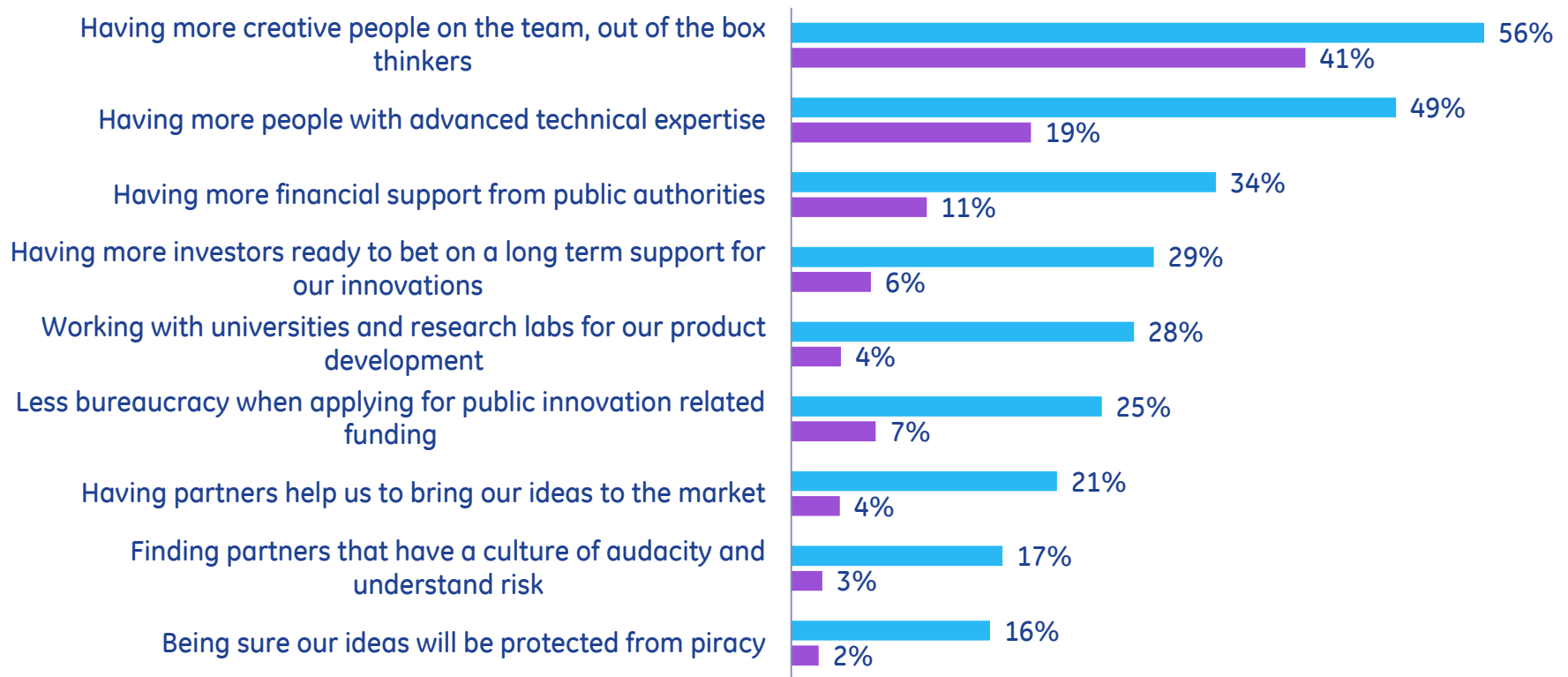


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Top 3 **global** factors to help innovators on a day-to-day basis

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

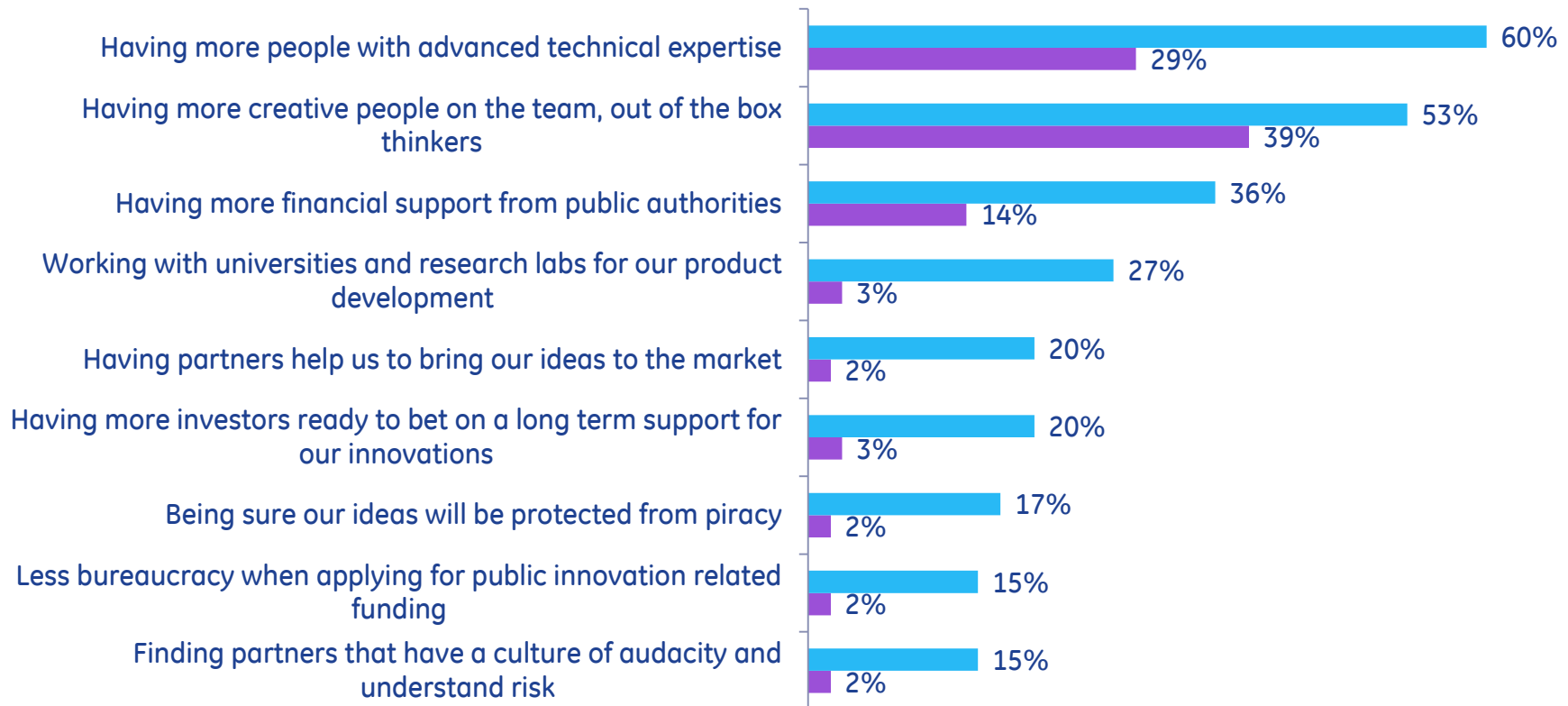
■ % Cumulated ■ % 1st



Top 3 factors in Saudi Arabia 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



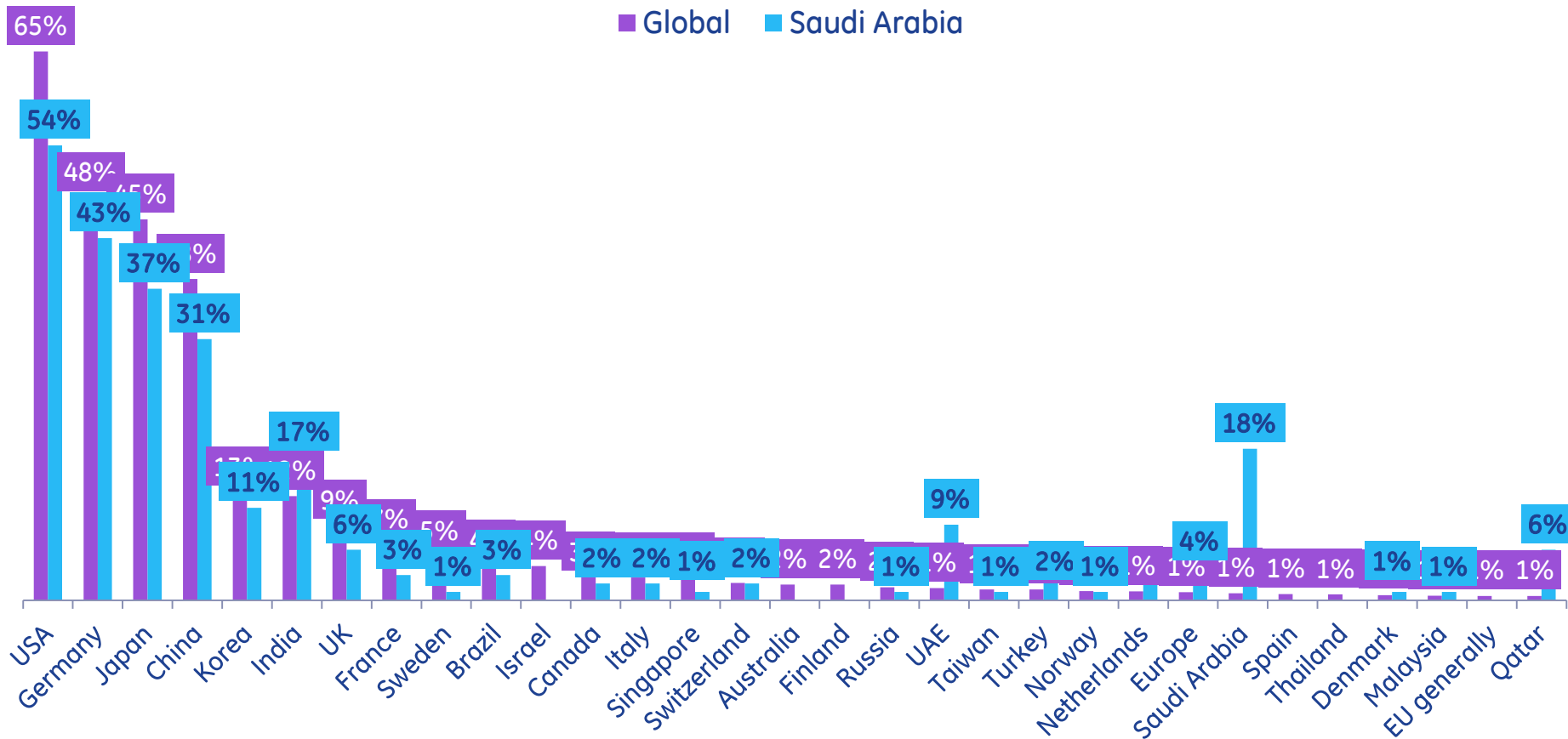
Innovation Reputation (external & self-assessment)



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What are the countries with the best reputation for innovation?

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



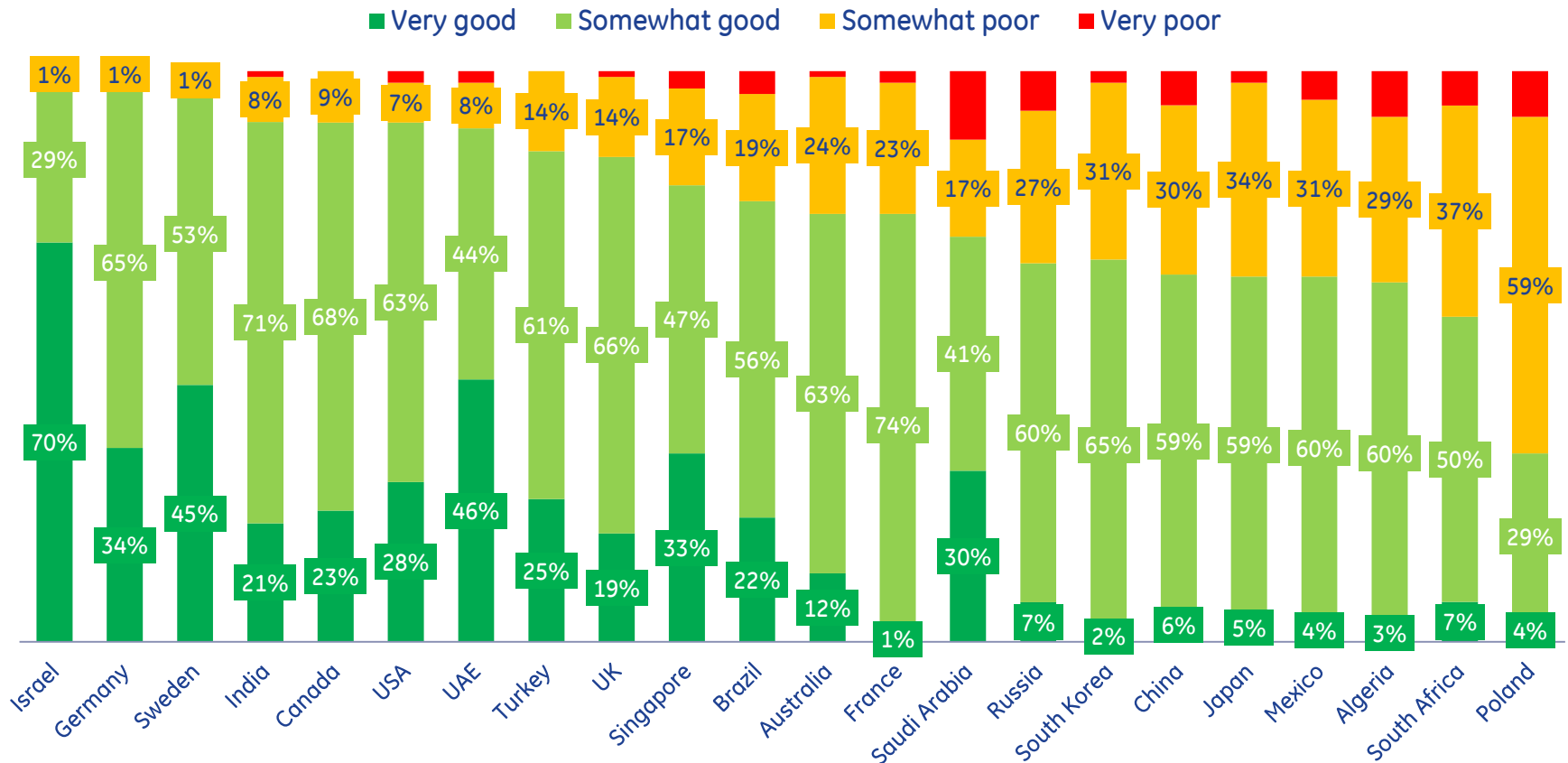
1% of global respondents report Saudi Arabia as one of the Top 3 Innovation Champions



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How do countries evaluate their own reputation for innovation?

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



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71% of Saudi Arabia respondents report that their country has a good reputation for innovation

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