News release

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**Leading TMT Innovators Cite Collaboration as**

**Competitive Edge**

***Distinct Differences at Top 20% Most Innovative TMT companies:***

***Intelligent Risk Taking, Business Model Innovation, and Collaboration Translate into Significant Revenue and Market Share Gains***

**New York, 27 Jan 2014**‑‑The most innovative 20% of Technology, Media and Telecom (TMT) companies use collaboration in unique ways to gain a competitive edge, according to the most recent instalment of PwC’s global innovation report series for the TMT industry. The report, *“Learning from innovation leaders: Winning practices of the most successful Technology, Media, and Telecom innovators"*, showcases the strategic and operational decisions that leading TMT companies make about innovation, and how these choices translate into more favourable returns.

Dan DiFilippo, Global TMT Leader, PwC, said:

“The top 20% most innovative TMT companies follow strikingly consistent patterns when it comes to finding the right mix of innovation and maintaining flexibility to incorporate innovation into their existing business model.

“Our research and analysis shows five main actions set innovators apart from others in the TMT sector – these traits result in opportunities for higher revenues and overall growth that others may miss out on.”

***Anatomy of the “Innovation Decathlete”***

The top 20% of innovative companies are referred to in the report as “Innovation Decathletes,” who excel at multiple innovation disciplines. The top five areas include:

* Intelligent risk-taking: a greater focus on breakthrough and radical innovation
* Versatility: ability to innovate the business model
* Game plan: coordinated, orchestrated innovation structures
* Endurance: a long-term vision embracing new innovation operating models
* Collaboration: more frequent partnering internally and externally

*Learning from innovation leaders* indicates that radical and breakthrough innovation comprises about 30% and 45% respectively, of typical TMT companies’ portfolio of innovation efforts, with the majority of efforts focused on incremental product line innovation. But top TMT innovators allocate between 45% and 65% of their portfolio to radical and breakthrough innovation. By deliberately taking intelligent risks, TMT innovators find that this kind of innovation portfolio allocation, though more risky, is more likely to lead to competitive advantage and increased revenue or market share.

Raman Chitkara, Global Technology Industry Leader, PwC, said:

“The most innovative TMT companies making the largest, consistent gains are not always heavily investing in the ‘next version’ of anything, but are instead building an innovation ecosystem that encourages development ofproducts and services that alter industry and society. Within that ecosystem thrives a culture of ‘intelligent risk taking’ that focuses on continuous improvements by analyzing failures while promoting risk taking at the same time.”

Collaboration was cited in the research as a key differentiator between TMT innovation leaders and laggards. In today’s competitive market, many cannot afford to innovate alone. Collaboration and partnering have become the norm for companies aiming for breakthrough and radical innovations. Partnering and collaborating have their benefits: innovation leaders cited enhanced brand value and additional revenue streams in new markets as after effects.

Collaborating is also more structured and formalised, the report says. Most of the 20% most innovative TMT companies have a plan in place to collaborate with strategic partners (99%), customers (97%), suppliers (78%) and academics (74%).

The report also explores the importance of business model innovation. While many companies focus on product innovation, business model innovation requires a re-evaluation of core priorities and what they should be. Though more challenging, business model innovation is crucial in helping companies avoid commoditisation.

Yet all of this innovation will have little impact if there are not well-orchestrated and coordinated internal structures in place, the report states. The most successful TMT innovators apply a more structured innovation approach which ensures the best ideas are gathered and organized into commercially-viable propositions. This differs from the least innovative TMT companies, which take a much more informal, ad hoc approach toward innovation that has little connection to corporate goals and processes.

Rob Shelton, PwC’s Global Innovation Leader, said:

“Identifying the traits and habits of leading innovators and instituting a framework of innovation discipline have a direct correlation to higher revenues, larger market share and overall growth for TMT and all companies. Even companies that discover ‘the next big thing’ do not succeed unless they have a longer term, formal process to repeat and sustain innovation over time.”

**Notes:**

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*Learning from innovation leaders* is the second in a series of reports about TMT innovation by PwC. The first report, *Seizing the Innovation Edge*, identified steps companies could take to develop a coherent innovation strategy, and h0w this focus on innovation generates faster revenue growth. The final paper in this series will focus on common barriers to innovation and how they can be overcome, as well as best practice innovation approaches occurring across the TMT industries.

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