Press release

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**Top Innovators Expect US$250 Billion,
Five-Year Revenue Boost**

***PwC study finds innovation moving from fringe activity to mainstream***

**Dalian, China – September 11 2013** – The world's most innovative companies expect to grow by more than 60% over the next five years, adding a total of more than US$250 billion in new revenues as a result of sophisticated approaches to innovation in all areas of their operations.

A new PwC study, *Breakthrough Innovation and Growth--your $500 million opportunity*, released here at a meeting of the World Economic Forum, found a direct correlation between excellence in innovation and superior revenue growth. According to the study, the top 20% of innovators worldwide say their growth rate over the next five years will be double the global average and three times higher than that of the least innovative companies.

Companies are fundamentally changing the way they innovate, the study found. Innovation has moved beyond products and services and now regularly encompasses business models, operating systems and customer experience. Additionally, collaboration with both internal and external partners has become vital to innovation efforts.

Said David Percival, PwC's Global Client Innovation Leader:

“Innovation has gone mainstream. Five years ago, expansion into China was seen as the most powerful source of growth for just about every business. Now, companies see that innovation presents them with greatest potential for growth.”

While innovation was once thought to be the province of technology and consumer goods companies in developed economies, it has now become a key driver of growth for companies regardless of sector or geography. The top tier of innovators identified in the study come from a diverse range of sectors from healthcare to automotive to financial services, and from India, to the Netherlands and Brazil.

Said Rob Shelton, PwC's Global Innovation Strategy Leader:

“Business leaders must understand that there are already innovation pioneers in their industry and around the world. Leaders must be ready to step up to disruptive challenges from their more innovative competitors.”

The study found that successful innovation is dependent on well-developed strategies. Nearly 80% of top innovators said they had well defined innovation strategies, compared with less than half of among the least innovative companies.

The most innovative companies treat innovation in the same way as any other business or management process, the study found. Just one in five of the most innovative companies described their approach to innovation as ‘informal,’ compared with about one-third of the least innovative. Executives from the most successful companies say they devote more time to innovation, have more incentives to collaborate and are more likely to be supported by senior management.

**Comparing innovation**

The study found major differences between the most and least innovative companies. Among them:

* The most innovative companies anticipate 62.2% revenue growth over the next five years compared with 20.7% for the least innovative.
* The combined revenue growth of the most innovative companies is forecast to be US$252 billion over next five years compared with US$93 billion among the least innovative.
* Two-thirds of the most innovative companies say innovation is a competitive necessity compared with 19% among the least innovative.
* Nearly 80% of the most innovative say they have a well-defined innovation strategy compared with 47% of the least innovative.
* The most innovative companies are almost twice as likely to be targeting breakthrough and radical innovations.
* The most innovative companies are more likely to use corporate venturing to drive growth: 13% vs. 7%.
* The most innovative companies use social media more often to collaborate externally: 67% vs. 39%.

The most innovative are less likely to manage innovation efforts informally: 21% vs. 32%.

**Notes to editors:**

* PwC surveyed 1,757 C-suite and executive-level respondents responsible for overseeing innovation within their company across more than 25 countries and 30 sectors. To our knowledge, this is the largest and most comprehensive study of C-suite executives exploring innovation from a global, multi-sector perspective.

The report includes commentary and case studies derived from in-depth interviews conducted from among the same pool of executives, and with PwC’s Global Innovation Leaders. These insights are brought together into an Innovation Blueprint outlined in Chapter 3 of the report.The research was shaped by PwC in collaboration with consultancy Meridian West.
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