



Building the foundation for a successful innovation agenda

The role of IT in delivering innovation.



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About this report

Methodology

The results presented in this report are based on a mobile-only, 23-question global survey conducted through November 2018.

This survey targeted 5,488 Manager, Director, Vice President or C-Level executives, across 24 markets globally, with influence in the decision-making process of cloud solutions, platforms, and infrastructure or department-specific software. Respondents worked within organisations generating revenues between less than £1 million to more than £500 million, with 100 to 50,000 employees.

Key findings

IT Teams are reporting satisfaction with their organisation's performance, **but the gaps between their aspirations to drive innovation and their actions to see it through** tell a different story.

Across the organisation, respondents are not clear which department owns innovation. On top of that, the organisation is burdened by too many projects, which creates a conflict between quality and quantity. As a result, globally and across all lines of business, the majority of innovation projects do not make it to market.

This problem is exacerbated by a lack of collaboration and clear leadership. Fortunately, organisations are placing value on the customer experience, thereby helping to move the business forward. Unfortunately, this momentum is hindered by the lack of priority that the organisation places on talent.

Overall, organisations are generating ideas but struggling to execute them due to poor process and lack of focus. As a result, there is a big gap between ambition and ability, aspiration and action. Ambition demonstrates that people are willing to accept a culture of innovation – but once accepted, organisations do not know how to enable it and redesign the business to actively engage innovation.

Key findings

Looking across all findings, we can see that many of the challenges to innovation are people-related, such as **poor execution, lack of belief, and ineffective cross functional collaboration.**

A high percentage of global respondents also believe there is not technology to enable collaboration; an assumption that IT needs to correct. With an abundance of projects considered to be a major challenge, IT should be encouraging efficiency. IT can further drive the efficiencies that other lines of business want to see to free up their workloads.

IT is in a position to create the strong framework for innovation to make it easy to adopt transformational change across organisations.

IT should be reassuring the business that they can enable innovation ideas brought by other lines of business. This means working closely with lines of business to understand their business challenges, and work as a team to identify innovative solutions and the technology platform that can support this.

Research and analysis

Innovation landscape

- Incremental tech innovation
- Culture-enabling innovation
- Disruptive innovation
- Role of innovation

Building the agile organisation

- Who is owning innovation?
- Leadership and cultural behaviours

Measuring the value

- Innovation metrics
- Barriers to innovation

The agenda for innovation

- Aspiration vs actual action

Innovation culture

- Importance of processes for idea generation
- Employee incentives and rewards
- Innovation projects making it to market
- Barriers to reaching market

Next steps

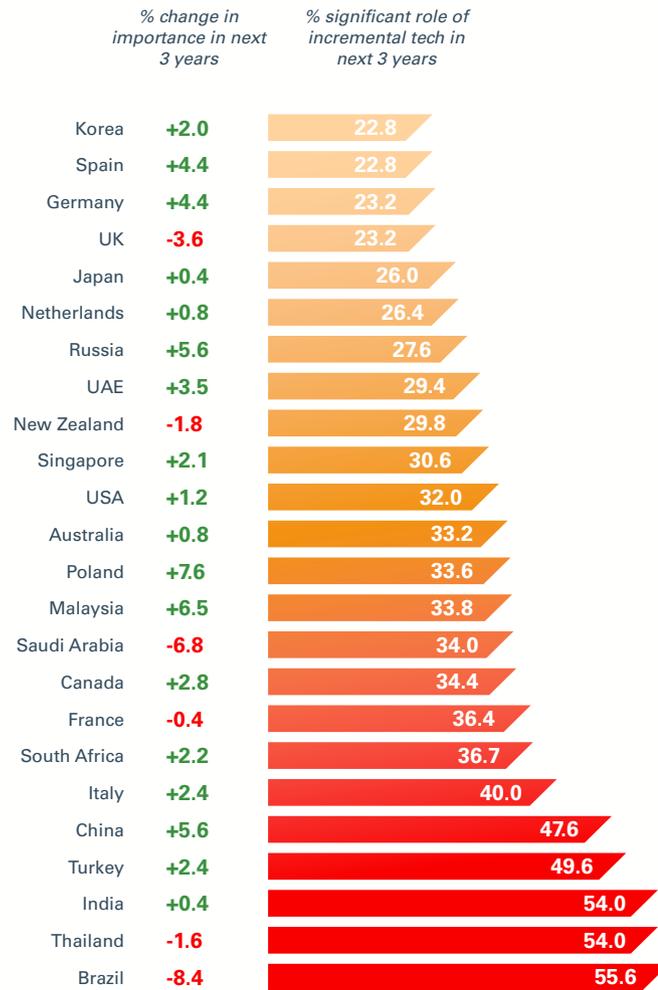


Innovation landscape – Incremental tech innovation

In the next three years **Poland** and **Malaysia** expect incremental technology to play a more significant role (+7%), while countries like **Brazil** and **Saudi Arabia** look to lessen the significance of this type of tech.

Incremental tech innovation

Base: Global population, 24 markets, nr. 5,488

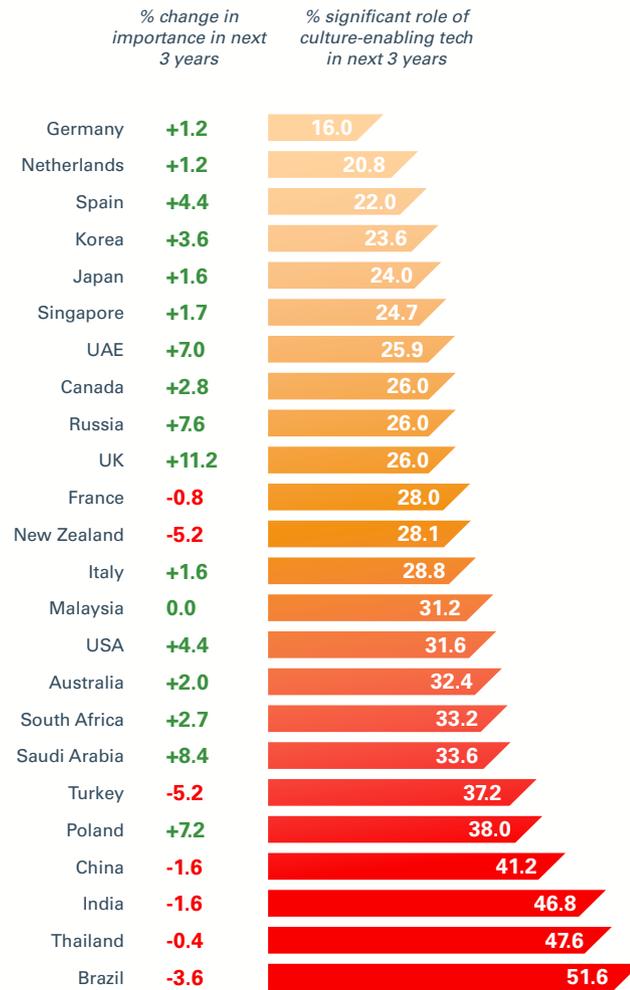


Innovation landscape – Culture-enabling innovation

Looking at culture-enabling innovation, again **Brazil** represents the country where the innovation **plays the most significant role (52%)**, followed by **India and China** – however, on average countries report plans to invest more aggressively in culture-enabling innovation in the next three years than with incremental tech: most notably the **UK (+11%)**, **Saudi Arabia (+8%)**, and **Russia (+8%)**.

Culture-enabling innovation

Base: Global population, 24 markets, nr. 5,488



North, Central and South America

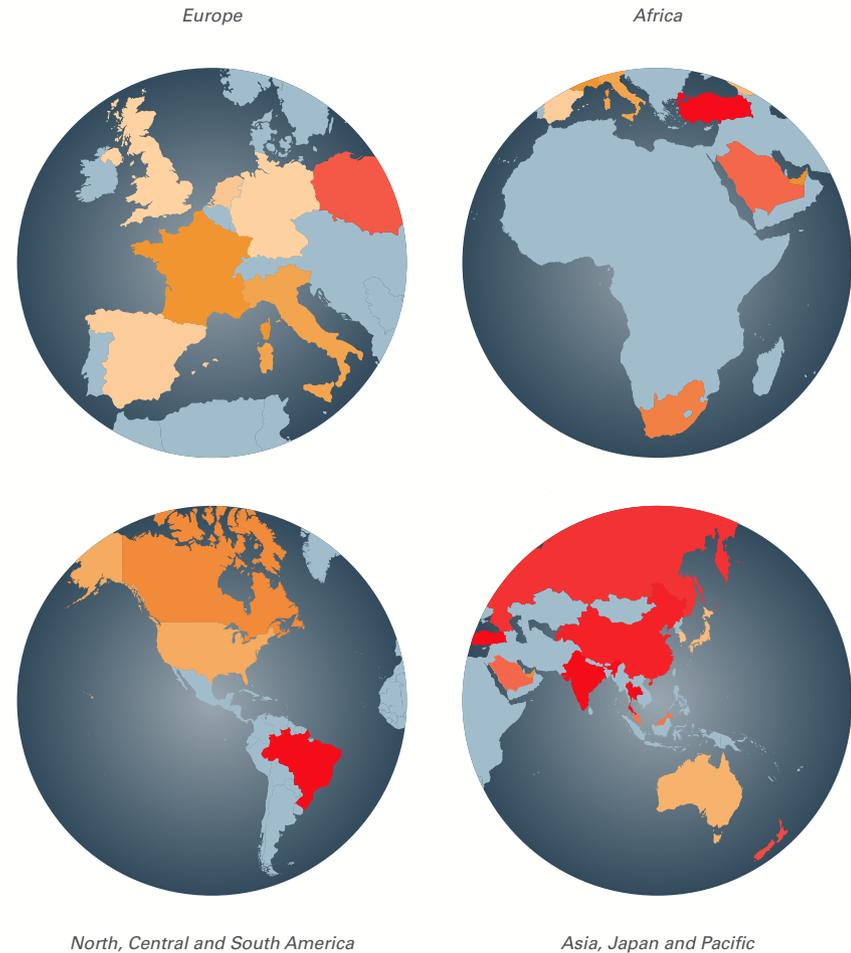
Asia, Japan and Pacific

Innovation landscape – Disruptive innovation

Disruptive tech is the most polarising innovation of those discussed – half of the countries surveyed report plans to decrease their organisation’s investment in the innovation, with **Saudi Arabia** and **Poland** leading the charge (~-8%). Meanwhile the other half (particularly **New Zealand** and **Russia**) plan to further invest in disruptive innovation.

Disruptive innovation

Base: Global population, 24 markets, nr. 5,488



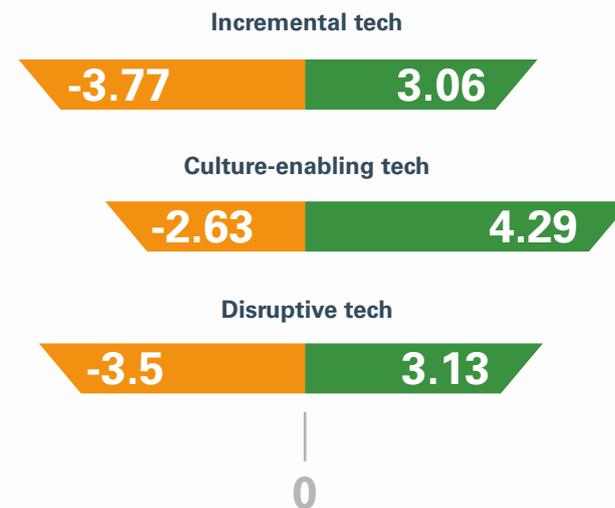
Innovation landscape – Role of innovation

Though more countries report plans to increase the role of incremental tech in their organisation in the next three years over culture-enabling innovation, **culture-enabling innovation has a higher average % increase** – proving individuals plan to invest more aggressively in this innovation than with incremental tech.

Number of countries changing significant role of innovation in organisations in next three years

Nr. of countries	Incremental	Culture-enabling	Disruptive
Increase role	18	16	14
Decrease role	6	7	10
No change		1	

% average change in importance in next three years globally, by innovation



Base: Global population, 24 markets, nr. 5,488

Innovation landscape – Role of innovation (cont.)

Globally, across all audiences, investment in incremental tech is more significant than spend in culture-enabling or disruptive tech. This is consistent across IT teams as well (pictured below).

This focus on incremental tech is not surprising given the lower inherent barriers to the implementation

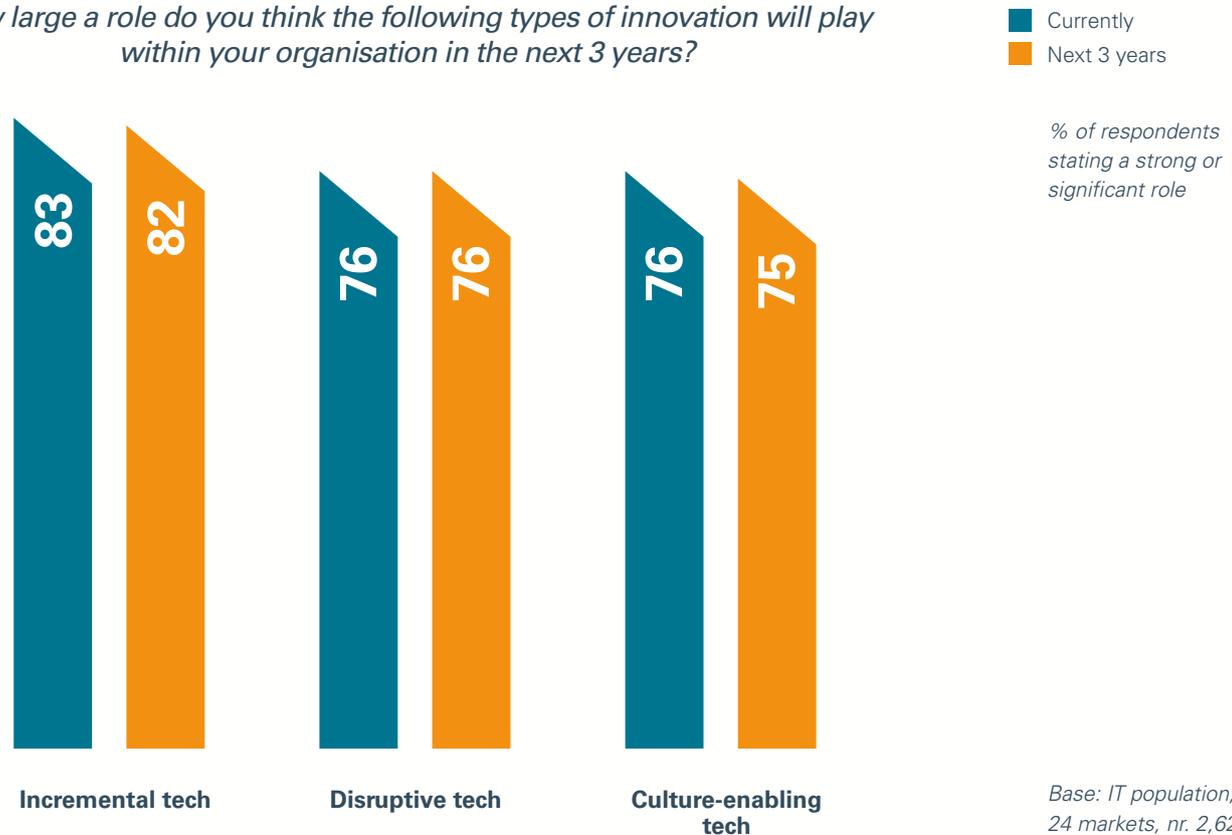
process. In terms of planning to grow or preserve their investment in innovation over the next three years, IT professionals don't know what the next wave of infrastructure will bring; they have predicted either a slight decrease, or maintained current levels, of investment across each innovation category.

As with global findings, while IT teams may be focused on extracting value from investments already made, they will need to keep a stake in the game by

increasing innovation budgets. 84% of boards overall state that innovation is important to the business, so the CFOs understand this is important because tomorrow's revenues are going to largely be coming from digital innovation.

They have to figure out the metrics, the operating model, and some of the other thornier issues that are sitting there in the grey area today, because that's where the revenue is coming from tomorrow.

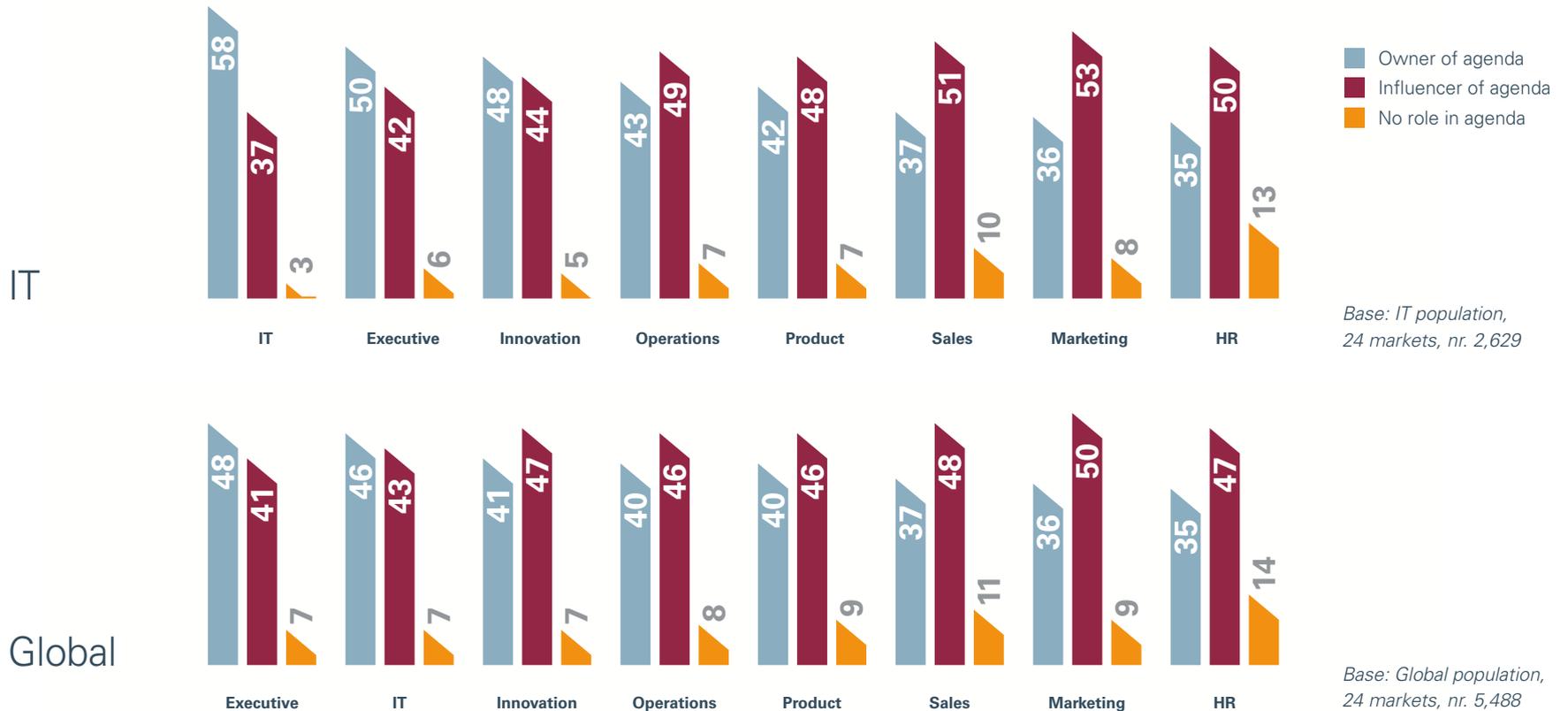
How large a role do you think the following types of innovation will play within your organisation in the next 3 years?



Building the agile organisation – Who is owning innovation?

Across all audiences, IT are placed directly behind the executive team as owners of the innovation agenda and, in most cases, were seen as a key stakeholder of the agenda. However, when IT teams were asked the same question, they put themselves at the top of the agenda setting.

What role do the following teams or departments play in the innovation agenda within your organisation?



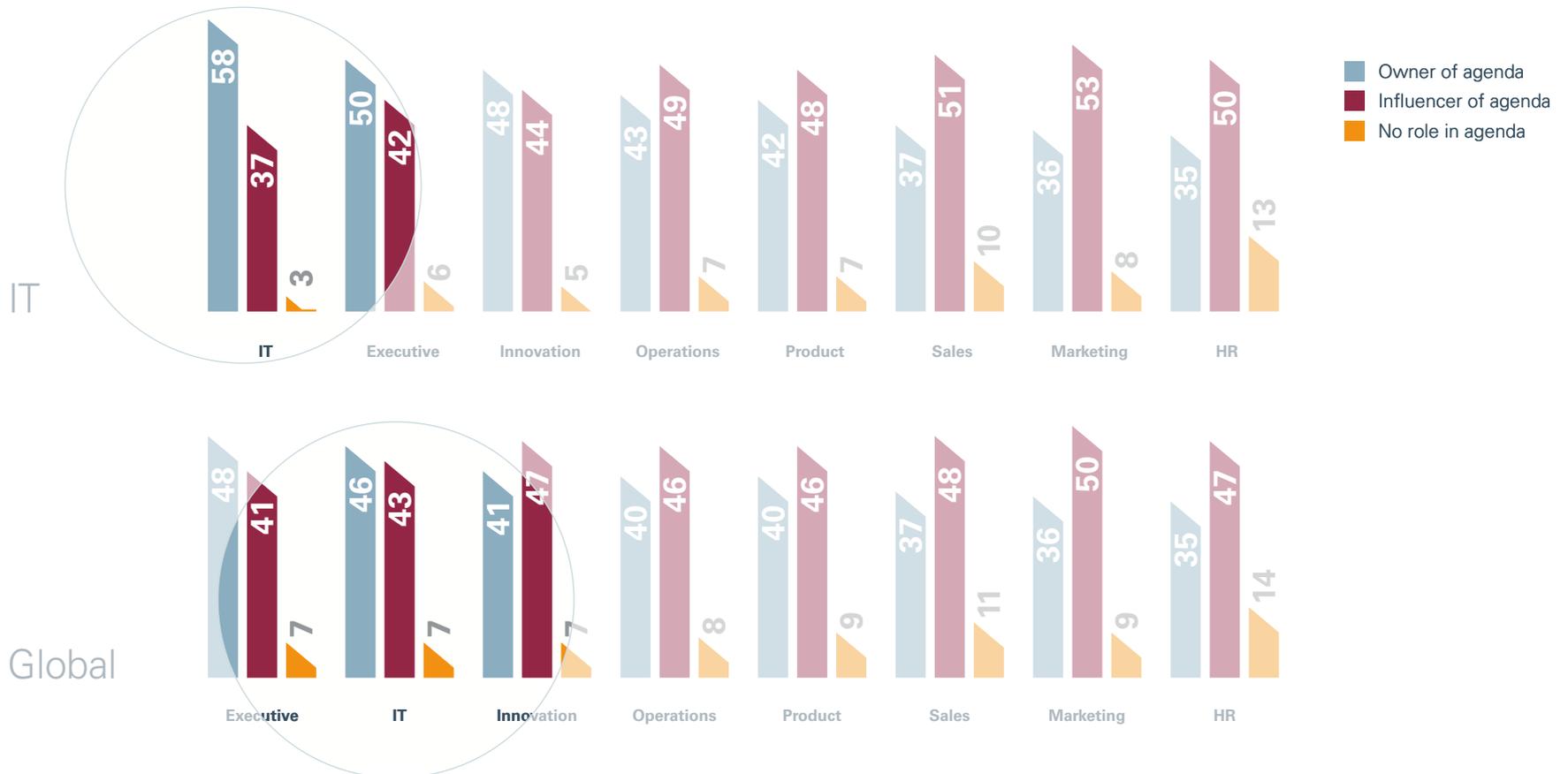
Building the agile organisation – Who is owning innovation? (cont.)

While executive teams need to own and influence the agenda, a more collaborative approach is clearly needed, allowing IT teams to better understand their role alongside that of their peers.

Critically, IT must take the opportunity to collaborate more effectively with marketing teams. Marketing was rated the strongest influencer of the innovation agenda, but this line of business rated IT teams the lowest for ownership.

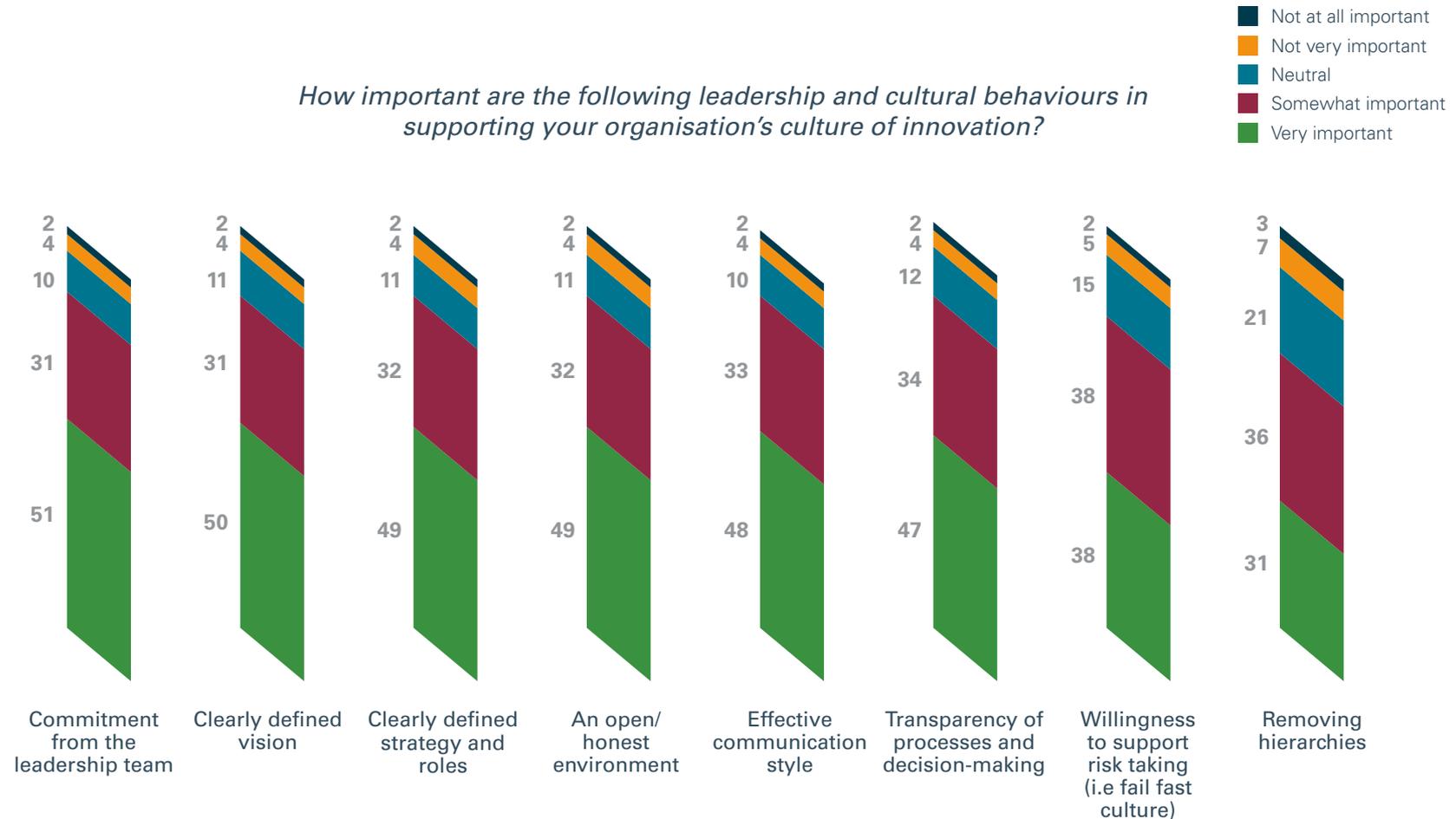
Given that marketing departments typically juggle the largest number of tech tools, most of which are not integrated, there is a role for IT to provide the support and framework to help.

What role do the following teams or departments play in the innovation agenda within your organisation?



Building the agile organisation – Leadership and cultural behaviours

In terms of behaviours that support innovation, as global data pictured below **most find that an organisation with a committed leadership team and a clear vision is best positioned for innovative success** – willingness to support risk and remove hierarchies are less of a focus.



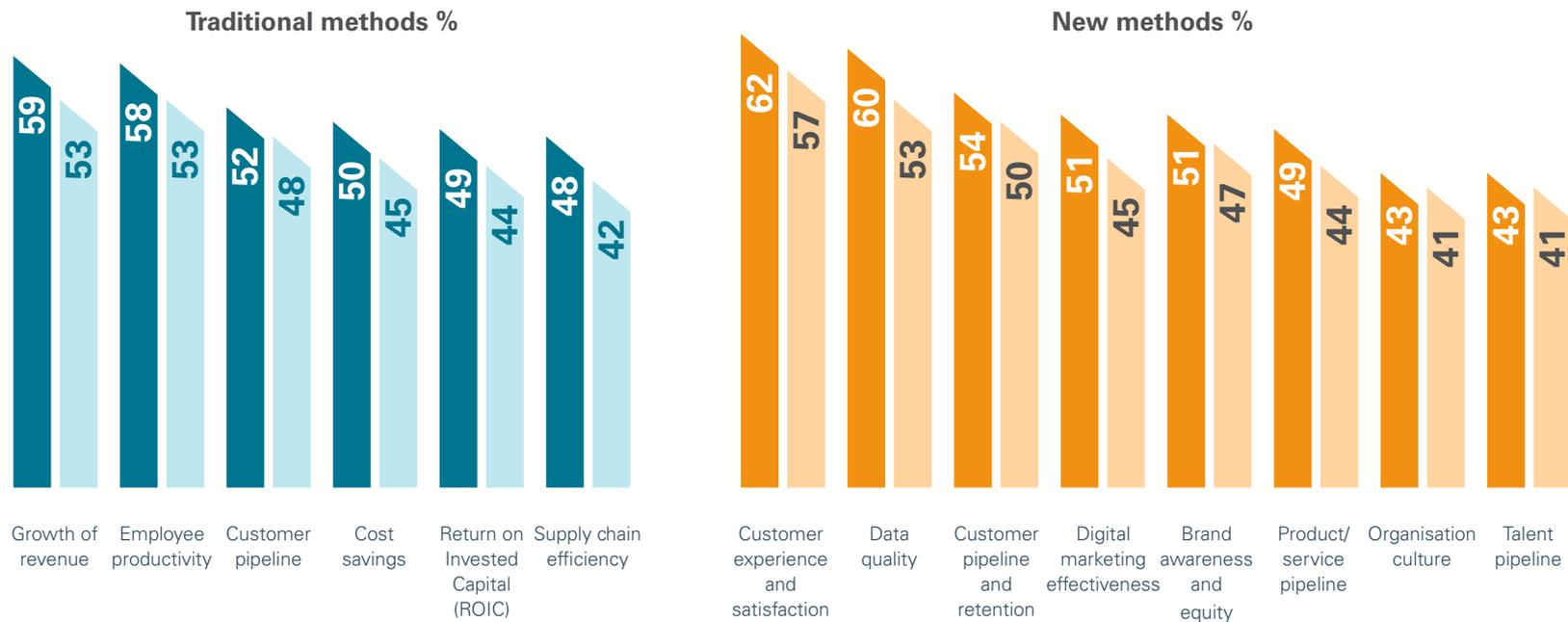
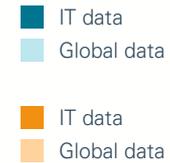
Base: Global population, 24 markets, nr. 5,488



Measuring the value – Innovation metrics

Within IT teams, as with global findings, **the value placed on new and traditional measures demonstrate the growing importance of customer experience and satisfaction**, recognising that long-term customer relationships drive growth.

Which of the following KPIs are important in measuring innovation-driven growth within your organisation?



Base: IT population, 24 markets, nr. 2,629

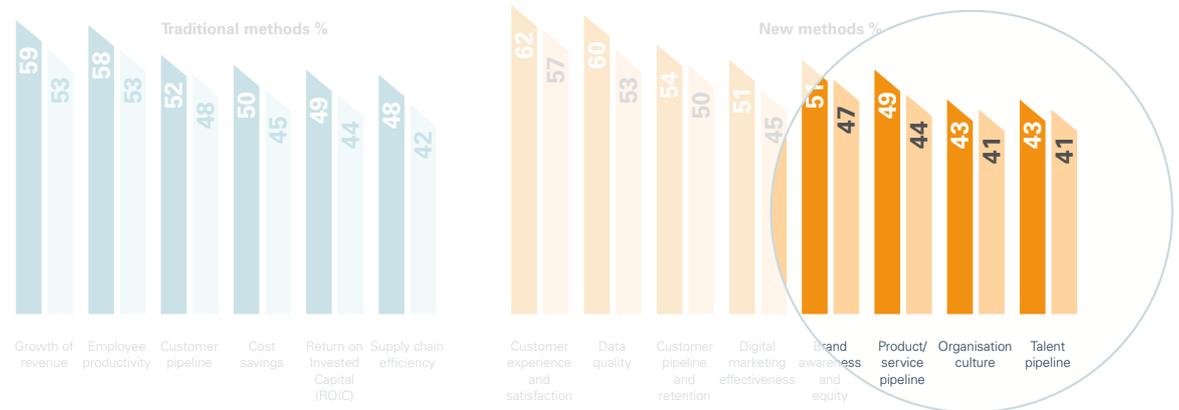
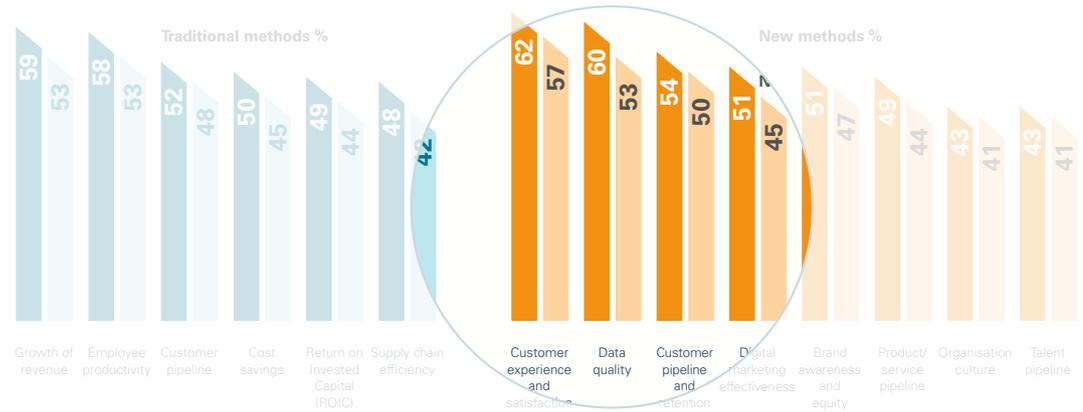
Base: Global population, 24 markets, nr. 5,488

Measuring the value – Innovation metrics (cont.)

The value placed on non-traditional KPIs, such as customer satisfaction and data quality, demonstrate an appreciation of the power of new metrics.

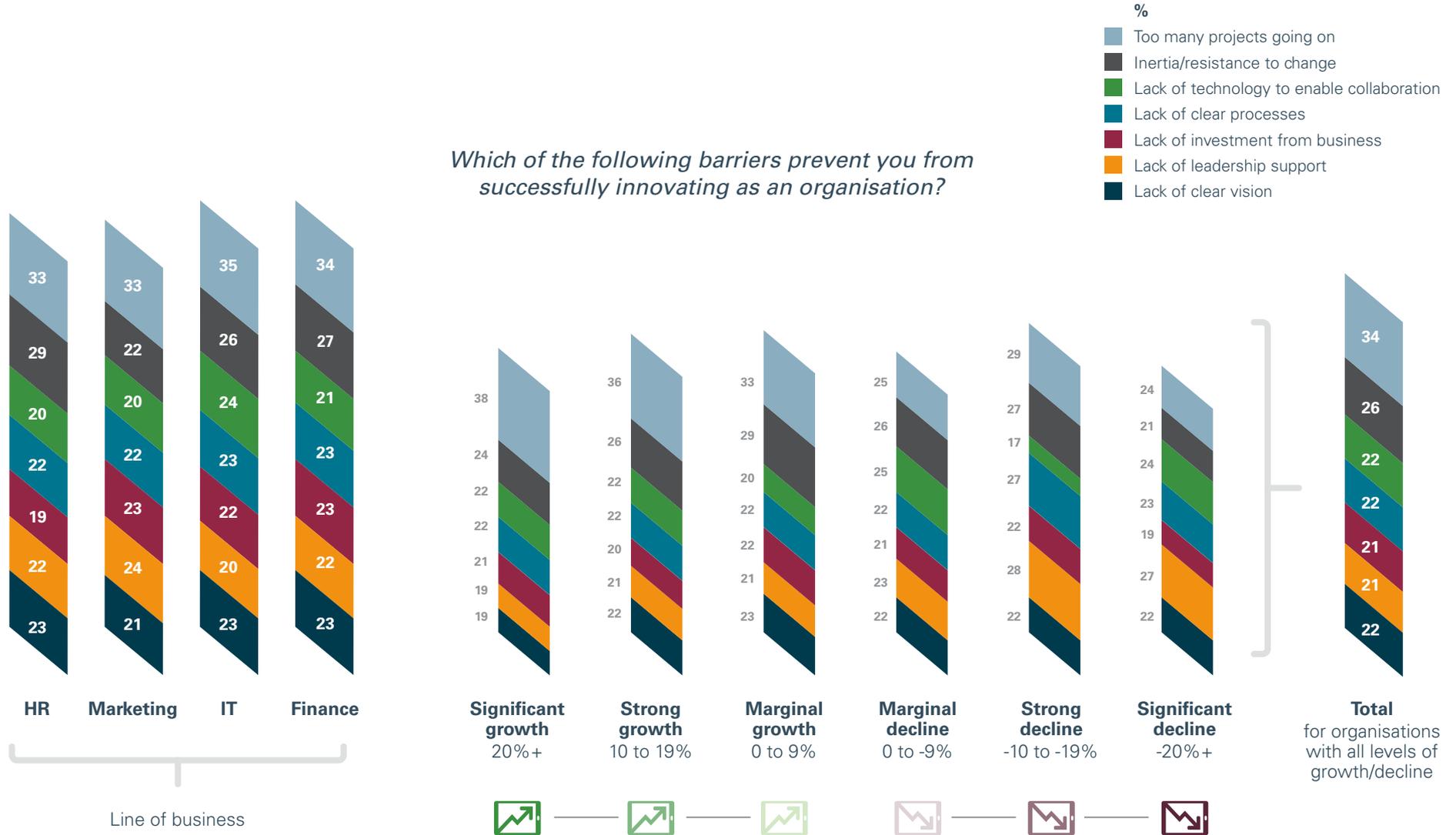
The fact that IT teams appreciate these new metrics demonstrates their evolving commercial mindset. What is most notable is the value placed on data quality – as such quality enables IT to accurately measure success.

However, the organisation as a whole needs to recognise that if it wants to derive the same value from employees, they need to place equal value and measurement on employee relationships, represented by culture and talent KPIs. This will be the only way to extract the value expected from employee productivity.



Measuring the value – Barriers to innovation

Unfortunately, the time and processes needed for successful implementation for innovation are hindered by having too many projects; a primary barrier listed across all departments and audiences.



Base 24 markets: HR population, nr. 710; Marketing population, nr. 790; IT population, nr. 2,629; Finance population, nr. 845

Global population, 24 markets, nr. 5,488

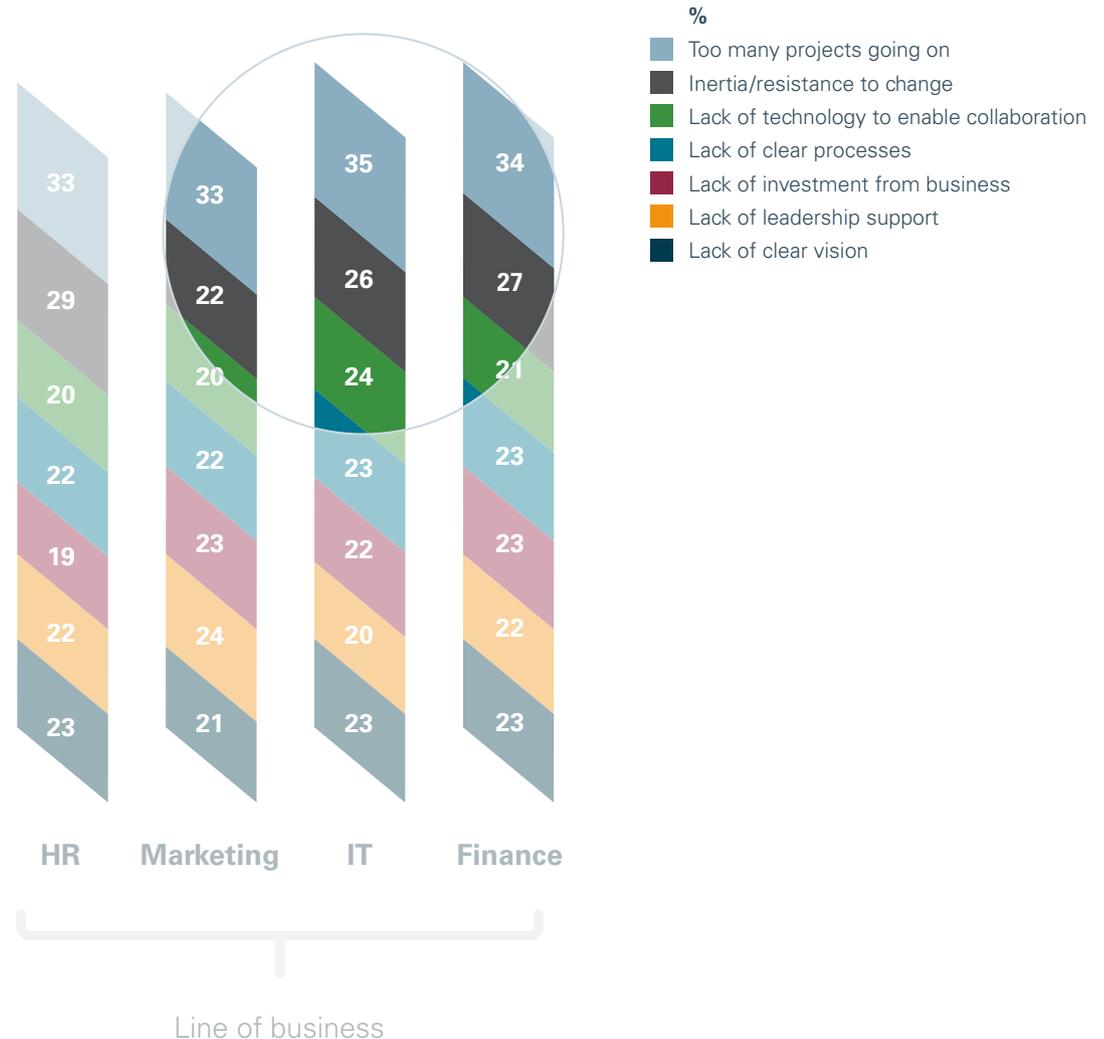
Measuring the value – Barriers to innovation (cont.)

Globally, businesses are overwhelmed. For IT teams, the abundance of projects may be linked to pockets of innovation that exist at many organisations, where groups are producing test cases, and yet these cases aren't becoming processes that are embedded in the organisation.

This adds to the workload, especially for IT teams who are relied on to provide platforms and frameworks for innovation. IT needs to step up their role in prioritising, decluttering and ensuring investments are made where the biggest potential impacts will happen.

IT teams state that another key barrier is a lack of technology to enable collaboration. This may reflect the patchwork of tools being used across lines of business when innovation is driven from the bottom, rather than through a framework set by IT teams. IT is recognising a need for greater communication, which we see in other results where collaboration is shown to be key to successful transformation.

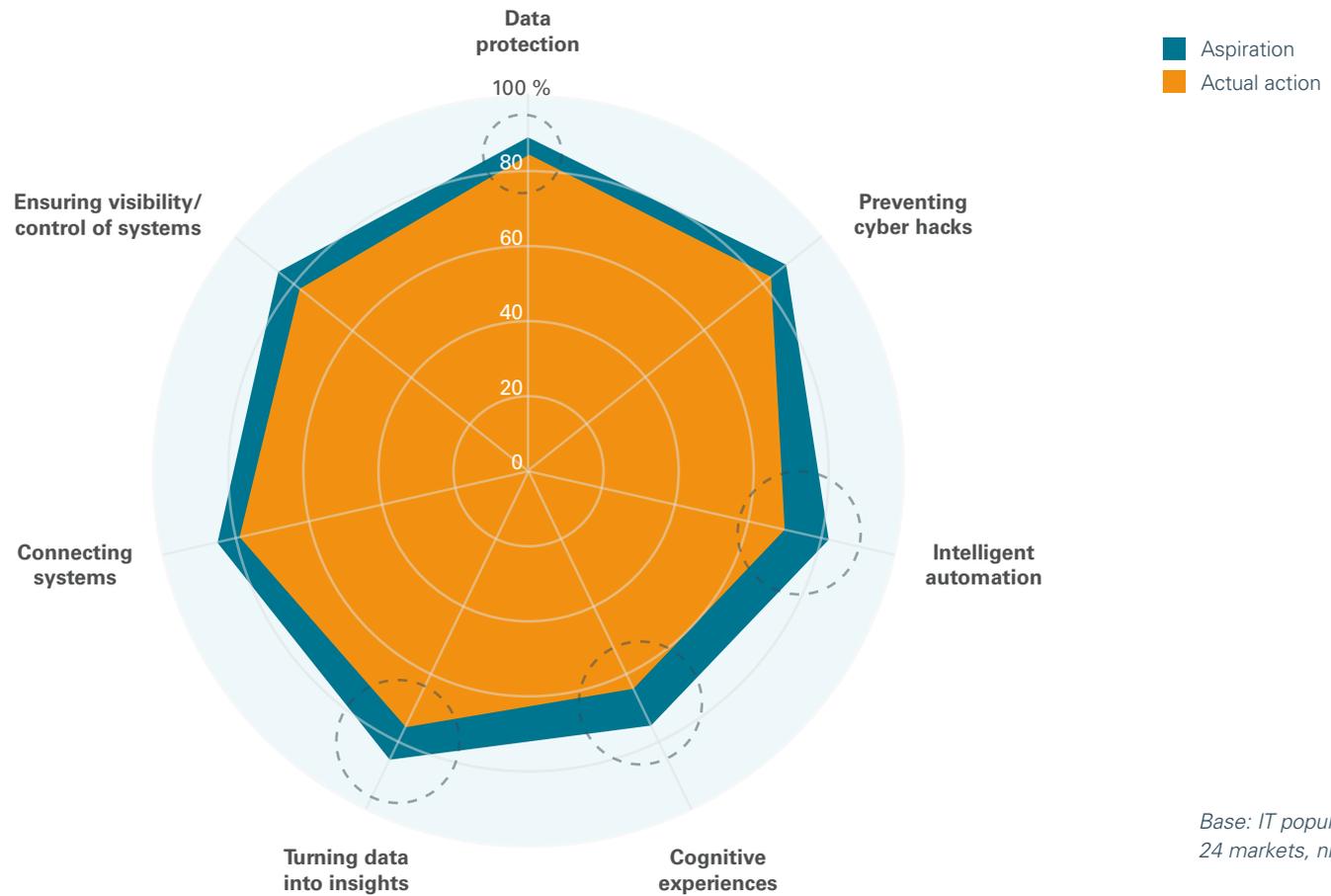
Other departments are stating that volume of projects is their greatest barrier to innovation. IT therefore has a role in enabling these functions to automate daily tasks to increase efficiencies and free up time.



The agenda for innovation – Aspiration vs actual action

On a global scale, **intelligent automation is the largest operational challenge** for IT, followed by cognitive experiences and turning data into insights – on the other hand, IT is taking the greatest action towards data protection.

In what areas do you aspire to enable innovation and where are you actually taking action to innovate?



Base: IT population, 24 markets, nr. 2,629

The agenda for innovation – Aspiration vs actual action (cont.)

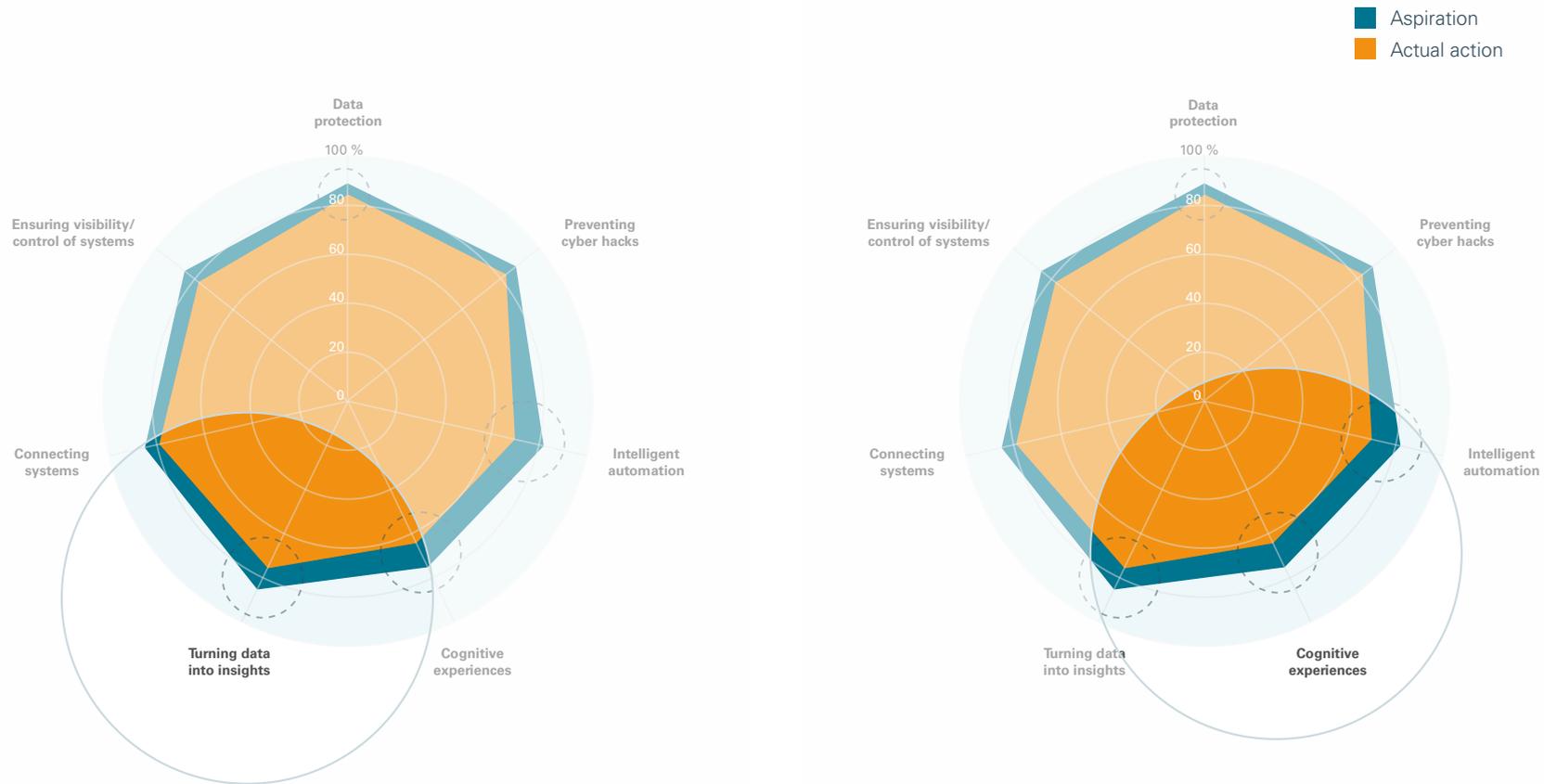
IT teams report significant gaps between their aspirations and action when it comes to deploying transformative innovation.

These findings suggest that IT teams have the ambition to play a greater role in supporting innovation but are currently not able to play this role as effectively as desired. IT leaders are also saying they are not fully

realising the organisation's potential to turn data into insights. Stepping up in this ability will significantly enhance innovation across the departments.

Data access and management belongs to IT, and is crucial to the successful implementation of innovation across all departments. What is also interesting is that the stated aspiration level for new cognitive technology is at the moment falling behind other objectives.

It is worth reinforcing that it is the adoption of new transformative technologies that poses the greatest challenge to innovation across the business, and the greatest opportunity for IT teams to step in and lead the direction. This will ensure consistent best practice and head off issues that may slow down the delivery, and add to the existing burden, of new projects.





Innovation culture

Acquiring talent is critical – every department is dependent on having skills for the future, including IT teams. Which skills are peaking up in the innovation game?

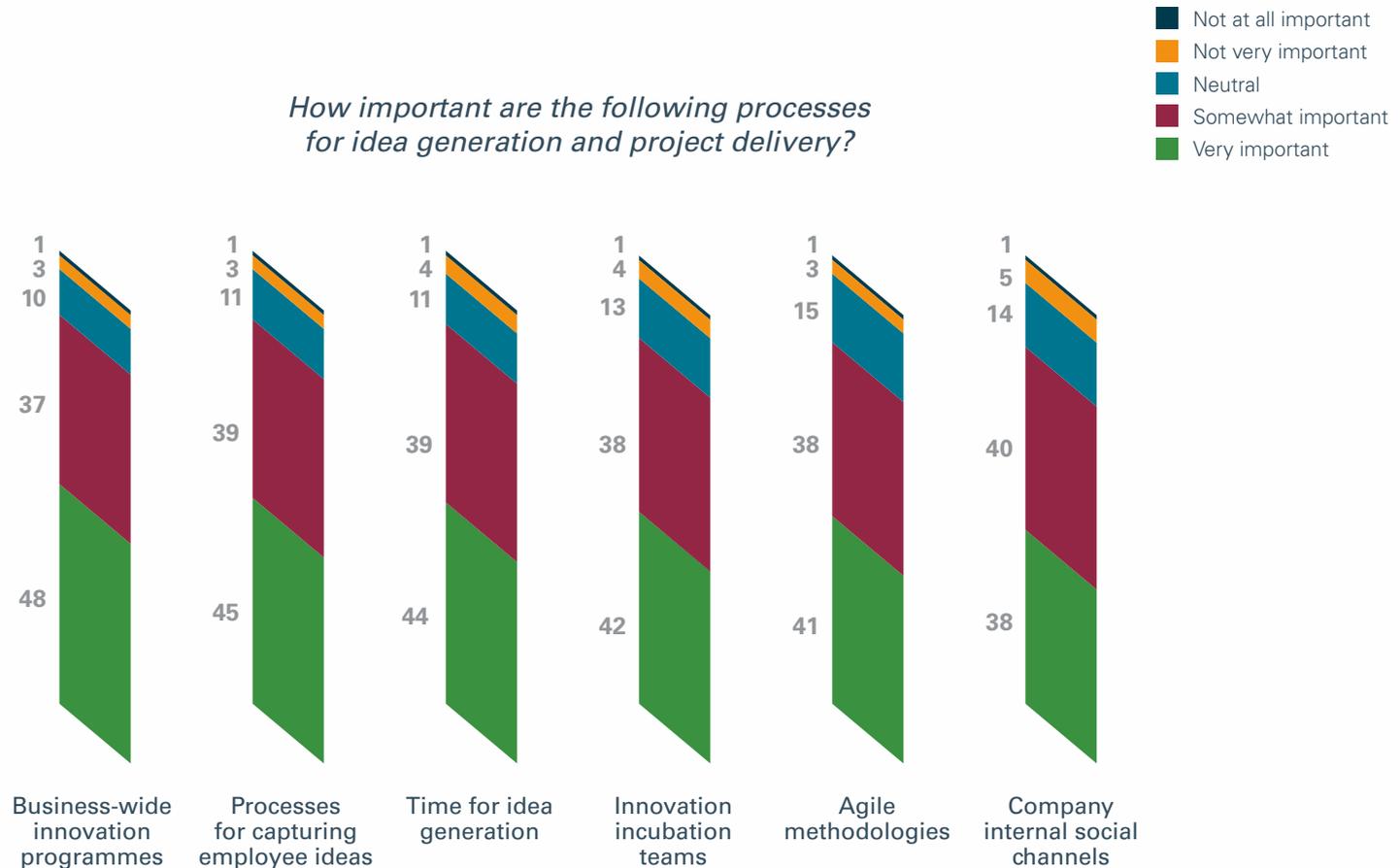
Agile methodologies, data science or data innovation, and transforming large data sets into actionable insights are among them. But also design skills – to design an experience, an organisation, and a business model – all are critical to future agile organisations.

While these needs are consistent, as the following pages demonstrate, no singular process or incentive model has been identified as ‘the’ way forward. However, all organisations agree that the right culture is needed to allow talent to flourish. As such, processes, hierarchies and incentives will be increasingly critical to success.

Organisations need to maximise ideas from their people, and ensure the right ones are successfully executed. IT teams are not necessarily always driving innovation, but they have great ambition to do more to lead the organisation into the future.

Innovation culture – Importance of processes for idea generation

As with the global findings, IT teams believe that all processes have their place in supporting innovative idea generation and project delivery. **Ranking among the most important are business-wide innovation programmes, processes for capturing employee ideas, and time for idea generation.**

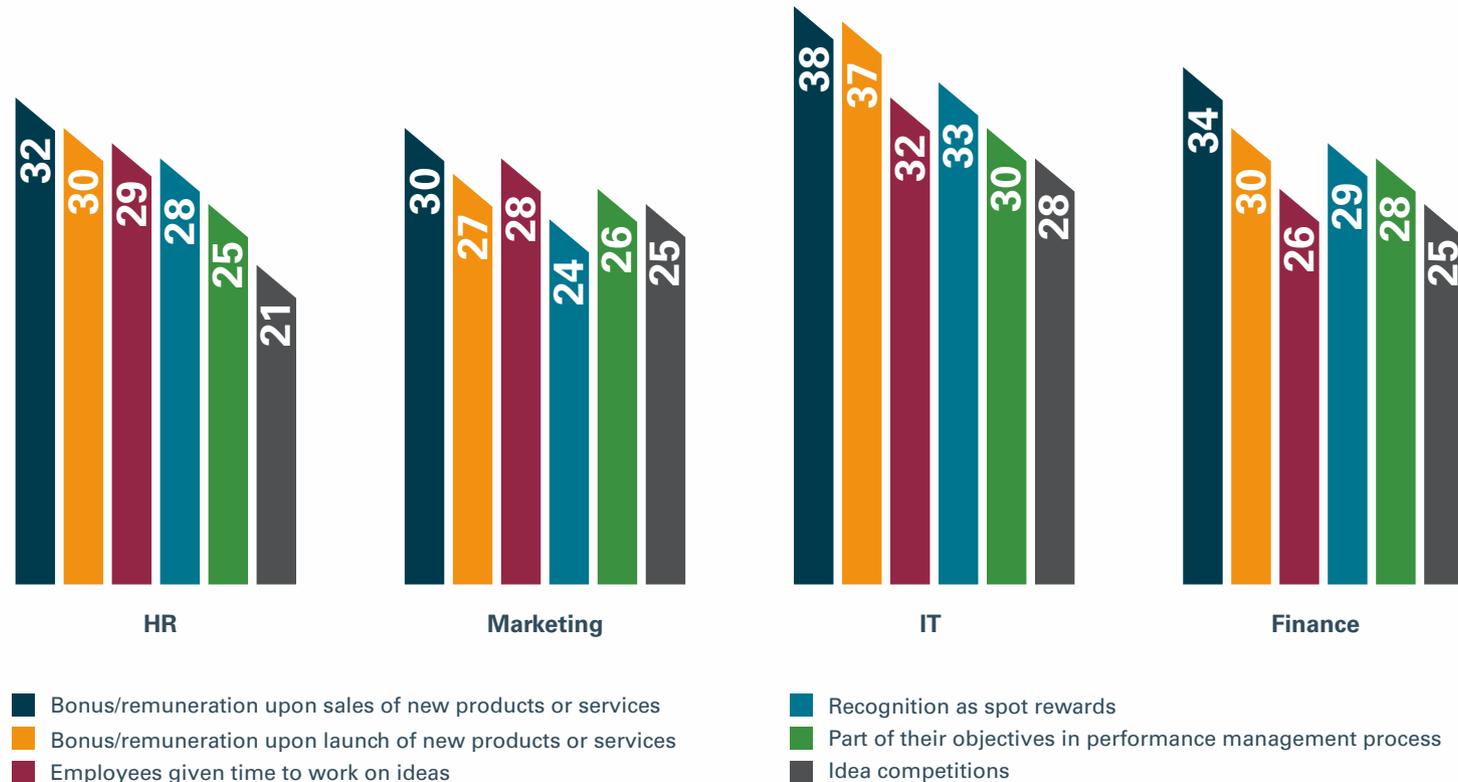


Base: IT population, 24 markets, nr. 2,629

Innovation culture – Employee incentives and rewards

Demonstrating their financial commitment to innovation, **the majority of organisations provide incentives to employees to actively encourage the generation of innovative ideas.** Consistent with global findings, nothing stands out as a singularly successful incentive programme. This may reflect the fact that different tactics work for different businesses.

How do you incentivise and reward employees for generating ideas for product or service innovations?

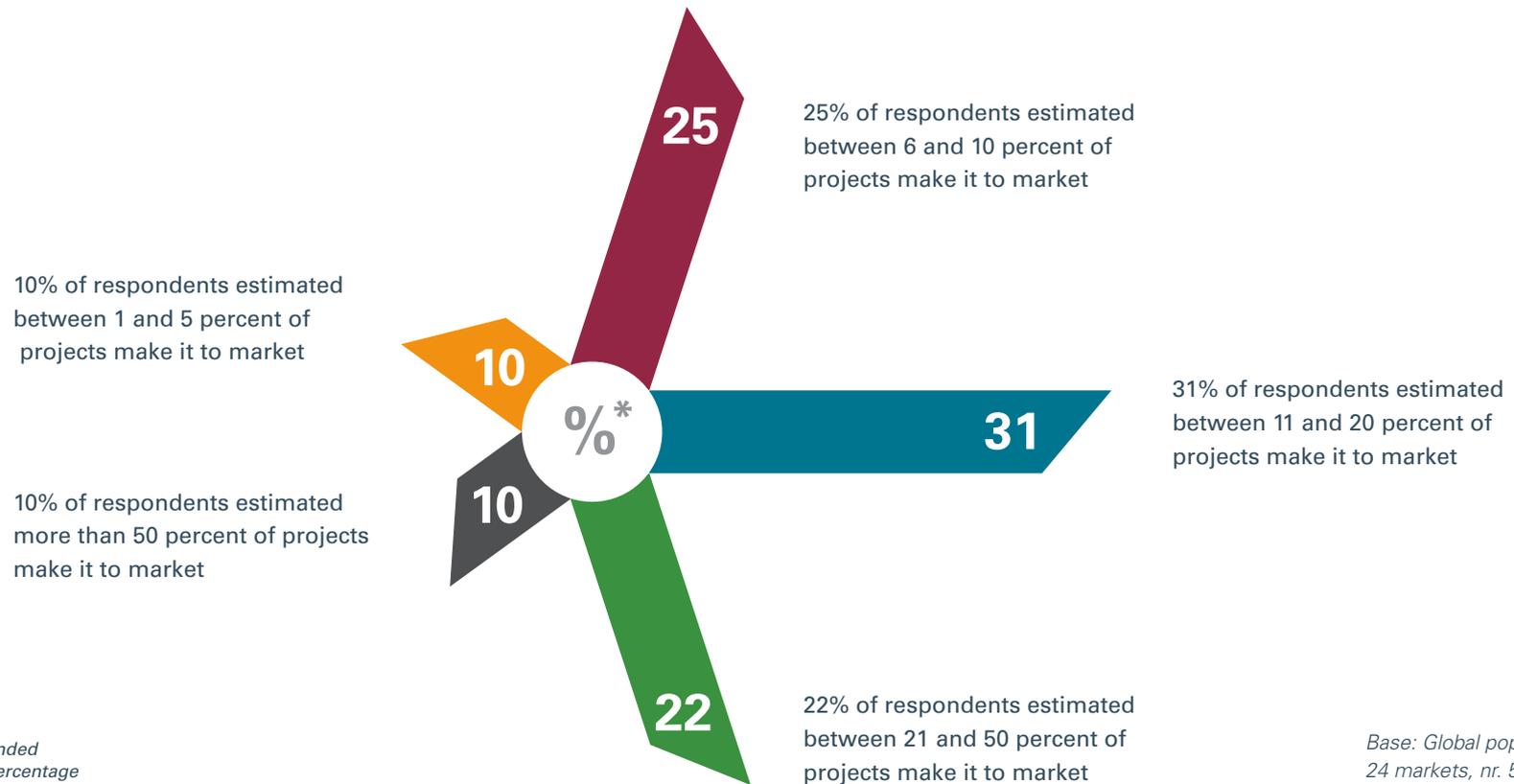


Base: IT population, 24 markets, nr. 2,629

Innovation culture – Innovation projects making it to market

Concerningly, despite the processes and incentives in place to support innovation, 90% of respondents within IT teams, and globally, report that **less than half of their innovation ideas make it to market.**

*Based on your best estimate, what percentage of innovation projects make it into market?**



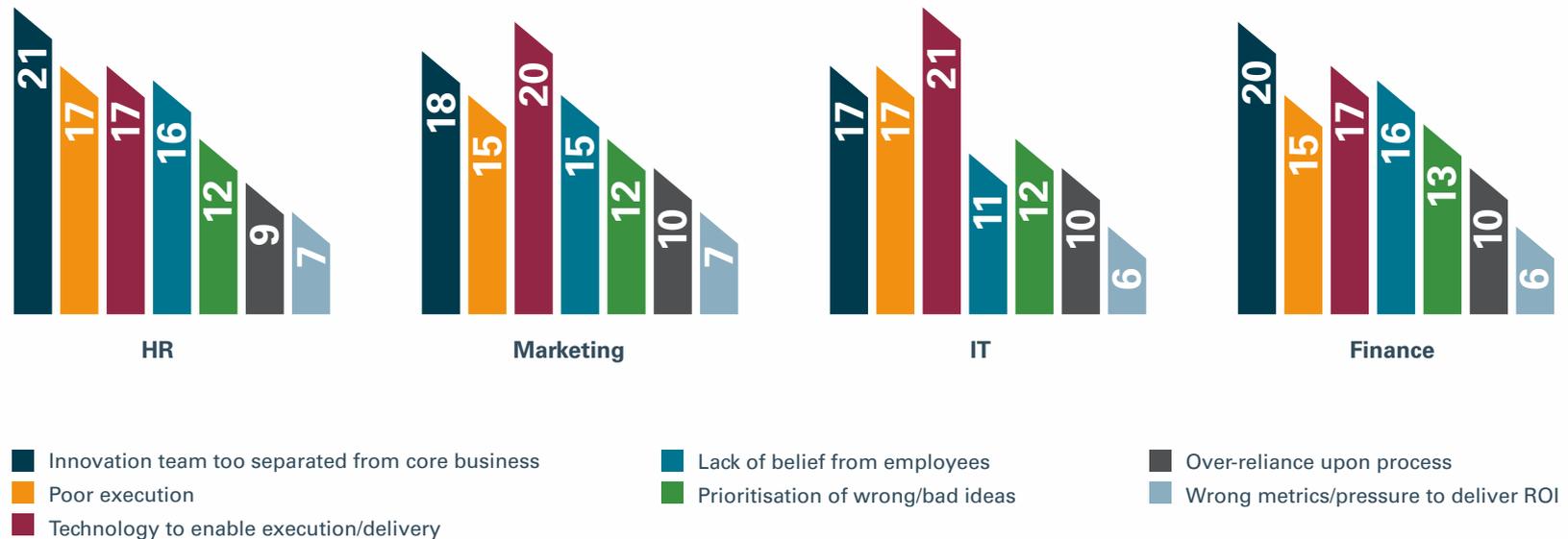
* Figures have been rounded to the nearest whole percentage

Base: Global population, 24 markets, nr. 5,488

Innovation culture – Barriers to reaching market

When bringing new products, services and customer experiences to market, globally, **the (lack of) technology to enable execution or delivery** was listed as the main barrier. This is followed by the separation of innovation teams from the core business and poor execution.

What is the main barrier that stops new products, services, and customer experiences from reaching the market?



Base 24 markets: HR population, nr. 710; Marketing population, nr. 790; IT population, nr. 2,629; Finance population, nr. 845

Innovation culture – Barriers to reaching market (cont.)

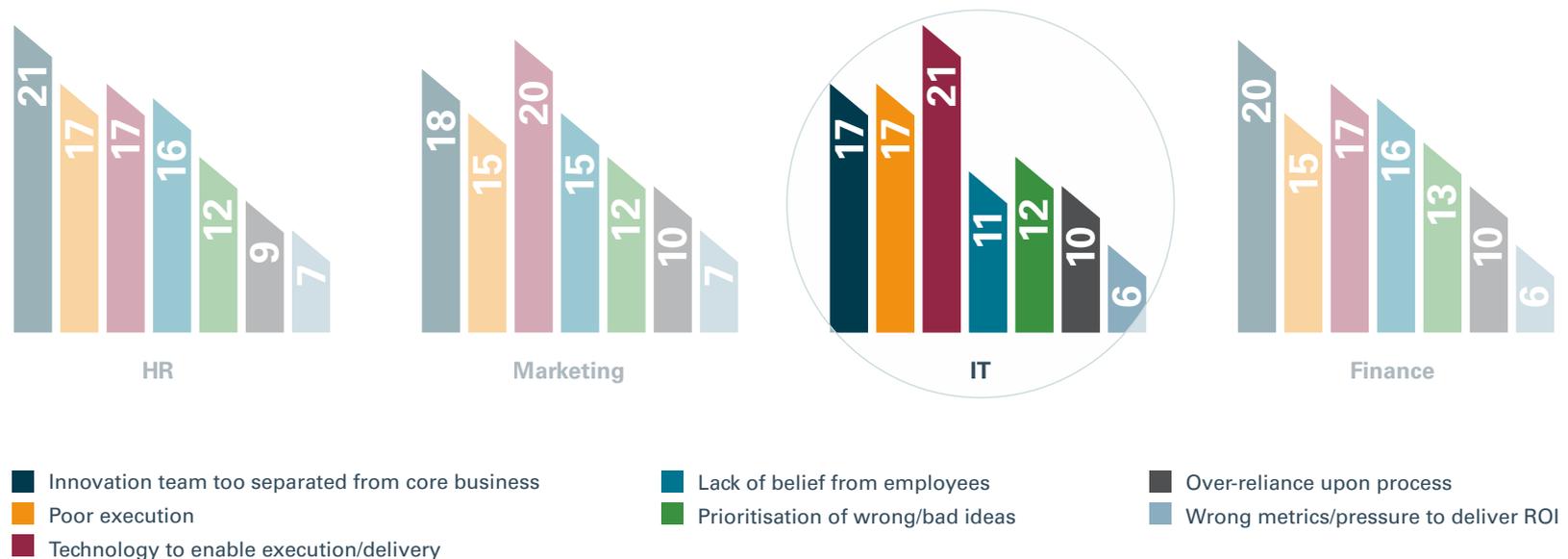
IT teams are best positioned to understand what technology works and does not work within their organisation; as such, it is not surprising that tech is listed as their top barrier.

Given the abundance of projects, it is likely that IT teams have tools that they are not currently fully deploying, and which are therefore not delivering full efficiency and value to smooth the path to market.

Among IT teams, ring-fenced innovation teams are named as a strong barrier, highlighting the

importance of embedding innovation into the core business from initiation. Fortunately, especially considering the pressure IT teams may face, pressure to deliver on ROI does not appear to be hindering the innovation of finance teams. This helps to give space for ideas to nurture.

What is the main barrier that stops new products, services, and customer experiences from reaching the market?



Next steps

We can draw strong conclusions from these findings, namely:

IT needs to be a key driver for transformation. IT teams therefore need to aim higher; to be a strategist, enabler, and a custodian of the discipline of innovation.

IT teams need to put themselves at the centre of innovation.

While other lines of business may seek out the appropriate technology required to innovate within their individual lines of business, it is the core function of IT to create the protocols, standards and platforms by which the organisation manages and secures data. It is essential that lines of business embrace IT teams so that they can reinforce these systems to improve data quality.

IT needs to drive their acceptance as a collaborative part of the *digital dream team*

to cut across finance, HR, marketing and the broader business. This will require IT to more effectively communicate availability and leverage the transformative benefits of technologies that can help lines of business reduce their workload while providing new, scalable and efficient services.

This collaboration goes both ways.

While IT teams need to be empowered to more efficiently play their role, all teams need to work together, each embracing the KPIs which create long-term success. In short, each line of business needs to support the other in order to close the innovation gap.

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