

CorporateLiveWire

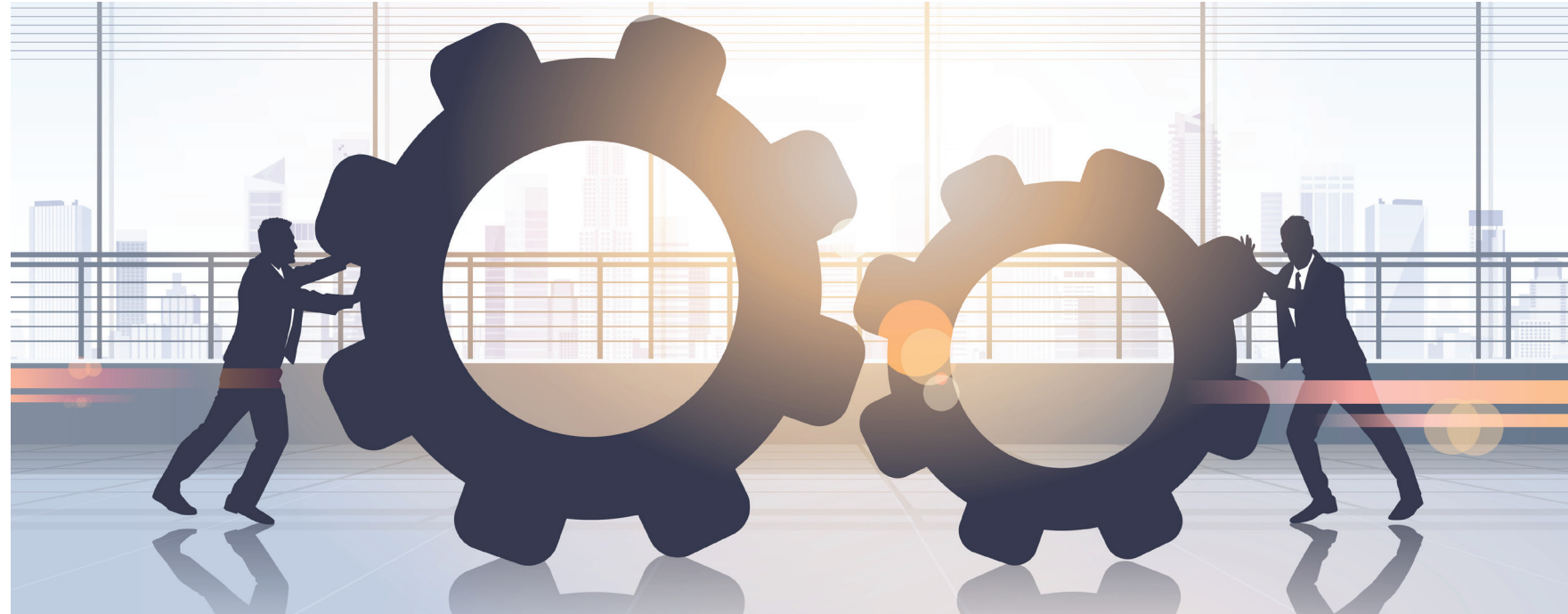
**INNOVATION
& EXCELLENCE**

AWARDS 2017

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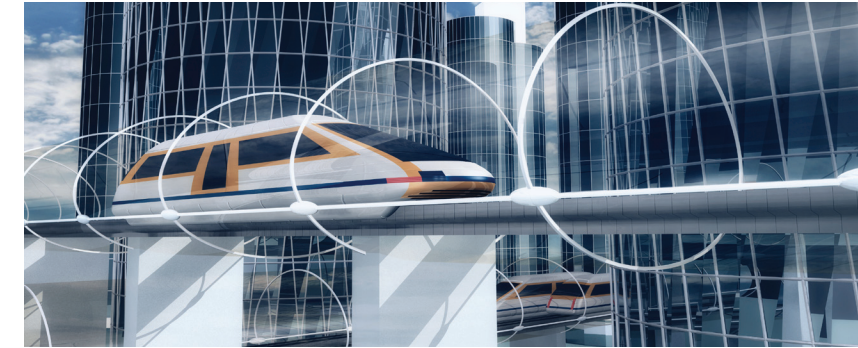
INNOVATION & EXCELLENCE AWARDS 2017

INNOVATION TRENDS FOR 2017



At the start of 2016, the then presidential candidate Donald Trump threatened that, if he were ever to take the Oval Office, he would “come down so hard on [Apple CEO Tim Cook] that his head would be spinning all the way back to Silicon Valley”. Such constructive dialogue with innovators remains the tone of Trump’s forthcoming presidency and offers much speculation as to what direction experimental companies are looking as we edge into 2017. The last 12 months saw continuous development among the tech giants, massive breakthroughs across all sectors and start-ups surfacing like plucky little gnomes across the world map. Now, faced with the political uncertainties 2016 afforded us, the geography of our dominant innovators looks set to change radically. Anti-immigration rhetoric and the Brexit vote means the effervescent tech hotbeds of yesteryear could be all but

drained away into new, emerging markets – just one CCS Insight report revealed the Indian smartphone market is set to grow 26% this year, setting the nation among the top 10 global smartphone makers for the first time ever, while Europe’s hipster capitals – the Stockholms, the Berlins, the Amsterdams – will undoubtedly gain from any mass exodus from their northerly island neighbour. And with China’s dedicated strategy to support domestic innovators standing in stark contrast to Trump’s relative lack of plan for research and development or support for start-ups, the atlases of experimentation could look very different this time next year. Corporate LiveWire takes a look at five sectors – technology, marketing, business, finance, and labour and employment – to see what trends are setting the year’s agenda.



1. Tech – A Silicon Universe

Despite throwing his hands up to decry the accusation that he’s trying to kill off UPS, Jeff Bezos, CEO of Amazon, began leasing airplanes and buying up truck trailers last year in a bid to create his own shipping infrastructure: intended to “supplement” the existing postal services, not kick them out. Mark Zuckerberg, too, sidestepped out of the Silicon Valley soup to open his hospital-cum-private-school in the disadvantaged East Palo Alto region back in August, while Google released grand plans to improve life for urbanites by reinventing public parking and transportation schemes. And that’s to say nothing of Hyperloop – Elon Musk’s levitating, tubular, pod transport system that travels at the speed of sound and has already aroused interest from the shores of Las Vegas, Abu Dhabi and Melbourne. No longer restricted to the realm of consumer-facing platforms and gadgets, the young and trendy techies of the Valley are emerging from their glass boxes out into the Real World, unashamedly shaking up entirely new civic sectors. 2017 looks set to be an exciting year as the fruits of these labours come to a head, and we begin to see even the most unexpected corners of our daily lives branded with Google logos and Amazon packaging. And with Elon Musk and SpaceX’s plan to colonise Mars, the Valley’s tentacles are indeed stretching far, far beyond the valley.

2. Marketing – The Attention Economy

Attention has always been the currency of advertising. Every day we are bombarded with images and simulations; seemingly unlimited amounts of ‘content’ screaming ‘ME ME ME!’ from billboards and pop-up ads, trying to out-wow each other with more colour, more intrusion, more noise, more glitter and sparkles and false promises. It doesn’t really matter what that content is – it could be cat videos, Kim Kardashian, or clever think-pieces on the migrant crisis – but with the average attention span reported to be a miserable 8.25 seconds, and roughly 5,000 marketing messages vying for each person’s 8.25 seconds every day, it’s not enough anymore to simply turn up and show your pretty little face. We’re getting more savvy: incognito browsing, pop-up blockers and a culturally-accepted disdain for online advertising encourage us to filter out the white noise, and what’s left after the purge will be those brands who are listening to customers’ needs, adapting their message to devices, situations and moods with tactics such as tailored touchpoints, dynamic storytelling, and experiential and participation marketing. Brands such as Intel, who partnered with Vice magazine way back in 2010 to produce The Creator’s Project, have forged ahead in producing content of real value to its consumers. It’s time- and energy-intensive to produce such offerings compared to your standard banner ad, but companies who invest in the attention economy are sure to be the ones on top this year.



INNOVATION TRENDS FOR 2017

3. Business – Bottom-up experimentation

Companies are slowly recognising that innovation doesn't always come from carefully incubated Research & Development departments – it can be squeezed out of every pore, from employees on the front line identifying a new technique for dealing with tricky customers to administrative staff finding a different way to manage the office supplies. Switched-on employees put in more hours and exercise more of their creative juices at work every day, while engagement, experimentation and risk-taking can manifest themselves in new products, services and business models – it's a win-win situation for CEOs, but one difficult to achieve. Bottom-up innovation doesn't just 'happen', it needs to be prodded along by management providing the necessary resources – time, money and permission – that will enable employees' ideas to flourish. Google, for example, pioneered 'Innovation Time Off', whereby its software engineers are allowed to spend 20% of their time on pet projects; software company Red Gate introduced 'Down Tools Week', where all employees pause their regular jobs to work on something new; and Innocent, the company behind fruit smoothies and veg pots, host monthly open forums where key financial information is shared with all employees to encourage them to get involved. The principle of 'Expansive Roles', where employees' job descriptions are left deliberately vague, help staff to formulate their own original ideas. Often such projects are precisely the catalyst required to push companies forward, but other times they simply work steadily to create the kind of open work culture that values employees' input.



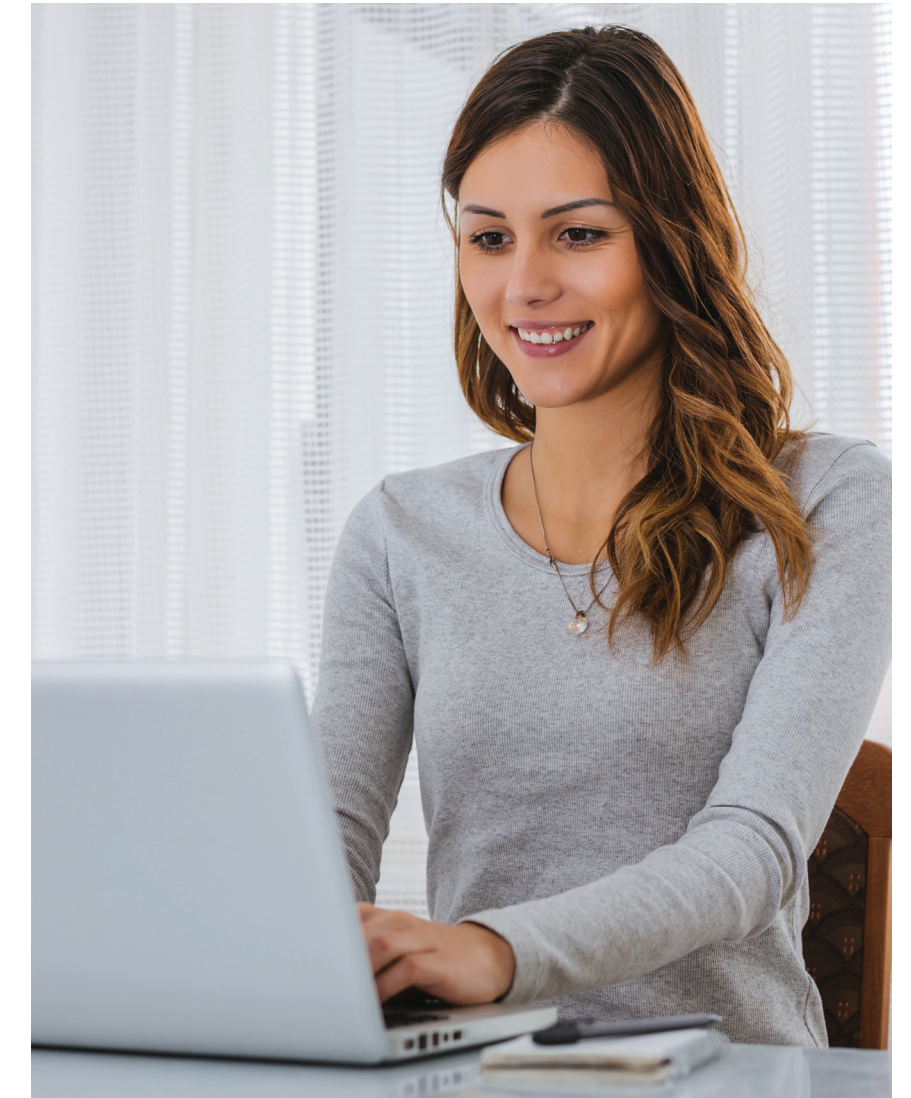
4. Finance – Always connected

The 'Internet of Things' wouldn't have looked out of place in any of the other sectors on this list – it's bubbling away at the helm of the zeitgeist, soon to smash into everything we hold dear, and that includes our finances. Wallets, checkouts and queues could soon be a distant memory as we become increasingly dependent on technology for our day-to-day activities: last March saw American bank Capital One partner with Amazon to allow customers to pay credit card bills through their Alexa home robot; quite literally banking through thin air. Meanwhile, Visa are working on a 4G and GPS connected car, integrated with Visa technology, which will enable drivers to pay for fuel or parking without so much as a second glance. Ericsson predict that as many as 28 billion connected devices could be on the market by 2021, while a survey of bankers conducted by Tata Consultancy Services reported that average company spending on the IoT would grow from \$117.4million in 2015 to \$153.5million in 2018. This could come in the form of wearables – usually smart watches or bands, which 59% of global banking brains expect to become a common payment device within the next two years – or the kinds of home technologies we see above, sales of which grew an eye-watering 343% between 2013 and 2015 and are continuing to soar. Machine-to-machine connectivity enables endless opportunities for sensors to feed information to banks, allowing them to track and analyse the behaviours of their customers and offer the personalised, contextualised service we increasingly demand.



5. Labour & Employment – The on-demand workforce

The world's rapid shift towards the 'gig economy' has long provided fodder for business publications, with well-publicised lawsuits such as that of the Uber drivers demands for full-time workers' rights – but the reality is much more far-reaching than angry taxi drivers. Forbes reports that 55 million Americans, 35% of the nation's workforce, were freelancing last year, while Adobe revealed that 56% of workers believe we will all have multiple jobs in future. Freedom, flexibility, balance and the ability to be our own boss is as tempting as ever, so more of us are hunting out one-time, short-term projects that allow us to set our own hours and use our own tools. As the 'side-hustle' mentality gains prominence, the effect on job titles, responsibilities and teamwork looks set to be a major headache for HR staff – but flip the coin and access to the best brains from anywhere in the world provides endless opportunity. The ripples will be felt too in I.T departments, faced with the need to strengthen infrastructure, VPNs, cloud technology and security systems, as well as financial services, who face a mass of 'risky' workers seeking credit without the payslips and contracts that make up the traditional credit safety net. It could be a lucrative business opportunity – particularly for insurance – but there are many hoops to jump before society becomes entirely comfortable with a flood of on-demand workers. There's leverage to be gained for both job seekers and employers if they are able to keep up with the changing tides.



R&D SNAPSHOT – INNOVATION



\$680 billion

Amount worldwide R&D spending among the world's 1000 largest corporate R&D spenders increased to in 2016.

4.2%

R&D intensity spiked to an all-time high of 4.2%, last seen in 2005.

25%

Companies allocating 25% or more of their R&D budgets to software offerings report faster growing revenues

8%

Germany is currently the leading market in Europe by R&D spend with an investment of 8%

0.04%

0.04% - growth in global R&D spending



Healthcare the industry that by 2018 will pass Computing and Electronics to become the largest industry by R&D spending

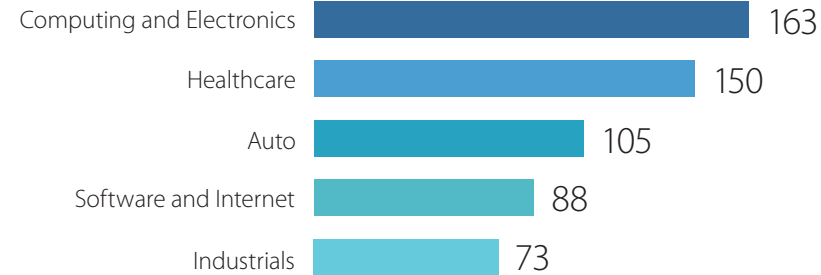
8th

UK ranks 8th globally for corporate R&D spending

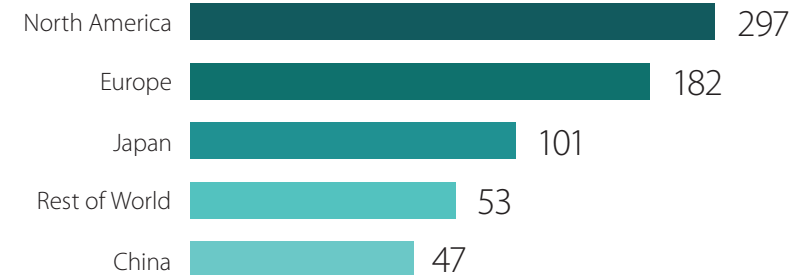


Apple, Alphabet (Google) and 3M – three most globally innovative companies

R&D Spending 2016 – Top 5 industries (US\$ Billions)



R&D Spending 2016 – By Region (US\$ Billions)

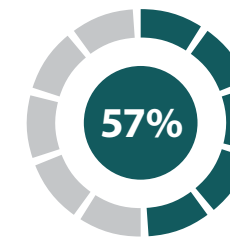


Sources: Strategy&, PWC, Global Innovation 1000

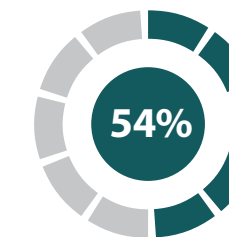
2016 – Top R&D Spenders20

2016 Rank		2015 Rank	Company	Geography	Industry	R&DSpend (\$Bn)*
1	▶	1	Volkswagen	Germany	Automotive	13.2
2	▶	2	Samsung	South Korea	Computing and electronics	12.7
3	▶	7	Amazon	United States	Software and Internet	12.5
4	▶	6	Alphabet	United States	Software and internet	12.3
5	▶	3	Intel Co	United States	Computing and electronics	12.1
6	▲	4	Microsoft	United States	Software and internet	12
7	▲	5	Roche	Switzerland	Healthcare	10
8	▼	9	Novartis	Switzerland	Healthcare	9.5

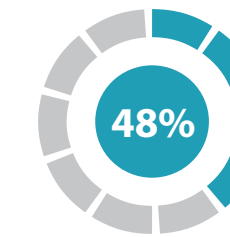
Five drivers of change in R&D spending allocation:



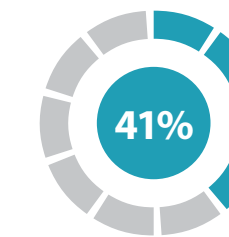
Need to stay competitive



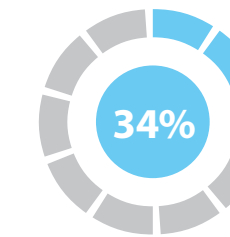
Need to increase revenue



Need to keep up with customer expectations



Need for higher margins



Desire to access untapped markets



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The combination of the Omni Knowledge Engine™ and the Network of local and national resources, delivered to their clients through the Enterprise planning process gives USI fundamentally different solutions, the resources to deliver, and a process to bring superior results to their clients.



USI Insurance Services began in 1994 with a single office of \$6.5 million of revenue and 40 associates. Today, the company has over \$1 billion of revenue with more than 4,400 associates in over 140 offices across the United States.

USI has served over 100,000 clients meeting their property & casualty, employee benefit, personal risk and retirement needs nationwide. Headquartered in Valhalla, New York, USI has more than 100 years of consulting and brokerage experience through its acquired agencies, with local offices dating back in their communities as far as the late 1800s.

The company combines industry leading national capabilities delivered through longstanding, passionate and committed local service teams. USI stands for Understand, Service and Innovate. USI works to Understand the specific needs of its clients, to provide an unparalleled local Service experience, and to Innovate with cutting edge solutions so its clients can continue to invest and grow.

What truly distinguishes USI as a premier middle market insurance brokerage and consulting firm is the USI ONE Advantage®, a game-changing value proposition that delivers to clients a robust set of risk management and benefit solutions with bottom line financial impact. USI ONE® represents Omni,

Network, Enterprise — the three key elements that set USI apart from the competition. Through USI ONE®, strategic, timely and effective risk management and benefit programs are developed in terms that are easy to understand and a measurable, positive economic impact is demonstrated.

USI is also proud of the deep roots it has in its communities. With agency offices dating back more than 100 years in their local neighborhoods, their teams have a passion for getting involved and helping others who are in need. To foster this spirit and enthusiasm, USI created a unique and thoughtful corporate social responsibility program that aligns with its core values and makes a positive difference in the neighborhoods where associates live and work.

The initiative is called “USI Gives Back,” an annual, nationwide campaign where everyone comes together as ONE to invest their time, talent and treasure in local community service throughout the year – with a particular emphasis during the month of August. USI Gives Back is about saying thank you to the communities that have been so instrumental in helping USI grow. Since its launch, more than 4,400 employees have come together to volunteer during USI Gives Back to assist hundreds of organizations and facilities helping more than 250,000 lives annually.

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