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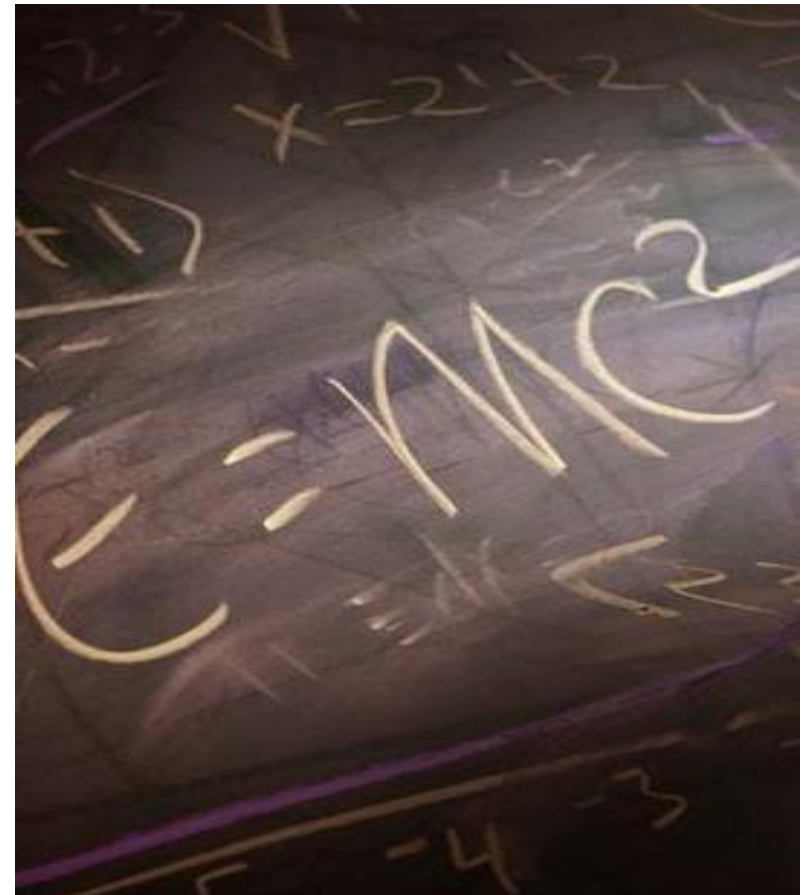
Why Innovation Is Moving out of the Laboratory?

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Chairman

IBM Europe / Middle East / Africa

Why Innovation Matters

- Creates new industries and markets
- Spurs productivity and economic growth
- Fuels wealth creation and profitability
- Generates high-value, higher-paying jobs
- Raises standard of living



Why Innovation Matters for Europe

- Slow growth of economy
- High unemployment
- Lagging in R&D and innovation
- Demographic shift
- Fragmentation and economic patriotism
- Lack of a common vision and slowness of execution



The Changing Nature of Innovation

- In the early days of the 21st century, innovation is increasingly:
 - Open
 - Collaborative
 - Multi-disciplinary
 - Global
- And it is occurring at an unprecedented pace



Global CEO Study 2006

3 themes emerged

- § **Business model innovation matters**
Competitive pressures have pushed business model innovation much higher on CEOs' priority lists.
- § **External collaboration is indispensable**
CEOs stress the importance of collaborative innovation – particularly beyond company walls.
- § **Innovation requires orchestration from the top**
CEOs need to create a team-based environment, reward individual innovators and better integrate business and technology.





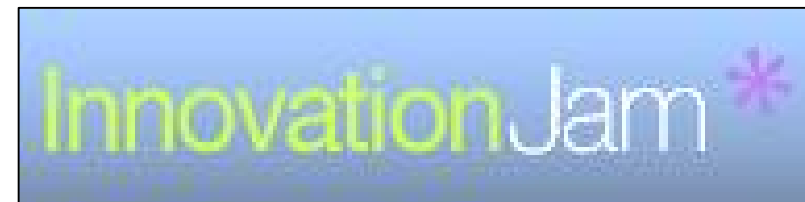
InnovationJam* 2006

Participants

- Over 150,000 participants
- 104 countries represented
- 67 client, partner and university organizations
 - Sample organizations: American Express, Bank of America, Boeing, Disney, Honda, Nestle, Pfizer, Shell, Stanford University, Samsung, MIT, UPS
 - 12,000+ IBM family members signed up
- 31,000 concurrent users

Posts

- 46,000+ ideas posted in across two 72-hour session
- More than 1000 contributors to 31 jam wikis
- More than 4.6 million page views of Jam materials and discussions





Top 10 Ideas

1. Smart Healthcare Payment Systems
2. Simplified Business Engines
3. Real-time Translation Services
4. Intelligent Utility Networks
5. 3D Internet
6. "Digital Me"
7. Branchless Banking for the Masses
8. Integrated Mass Transit Information Services
9. Electronic Health Record System
10. Big Green Innovations
 - Water Filtration (through nanotechnology)
 - Practical Solar Power Systems (photovoltaics)
 - Advanced Water Modeling

Why Innovation Is Moving out of the Laboratory?

Because...

...innovation is...

Global Open

Collaborative

Multi-disciplinary

Faster paced

...changing!



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