

Innovation Leadership – It’s Not What You Think

Ricoh survey defines actionable steps to innovation leadership and dispels common myths and misconceptions

TOKYO, February 17, 2016 – Innovation practices are found to be a critical component of achieving strategic business outcomes, yet new research identifies that while 70% of companies characterize themselves as above average innovators (Performers and Leaders), only 14% are actually seeing meaningful business impact from those practices.

According to the findings of an [IDC study commissioned by Ricoh](#), the factors that define true innovation leadership are often confused and misconceptions on what innovation actually is are common.

IDC and Ricoh uncovered that innovation is more than simply disruptive product development - it contributes to a broad range of business areas. Innovation leaders use innovation to better serve customers and find it essential to every aspect of the business with the largest percentage of respondents saying it’s important to information technology (54%) and customer service/support (51%) than product development (45%).

“Many senior executives are simply not making the hard choices needed to enable innovation leadership,” said Crawford Del Prete, Executive Vice President, Worldwide Research Products & Chief Research Officer, IDC. “Innovation is not just about producing new products, but rather about taking risks both in business processes and R&D investment. True innovation leaders understand that growth is dependent on this type of comprehensive approach.”

Investing for Innovation Success – Surprising Findings

The research delivered many surprising findings that had a correlation to how companies decide to invest in achieving innovation success. Examples of these findings include:

- Innovation is about more than being disruptive: all disruptors innovate, but not all innovators disrupt. While innovation can be about creating entirely new concepts, products, and business models and therefore disrupting existing markets, it can *also* be about improving existing processes, products, and operations. For example, companies that make enterprise search software available to all employees who need it had 33%

higher three-year revenue growth, 70% higher profit margin, and 41% more revenue from new products than companies that do not.

- Innovative leaders focus their R&D efforts more on blue sky projects than non-innovators (29% vs 18%), yet spend less on R&D (5%) than laggards.
- Innovation leaders use information technology to support their innovation efforts at a much higher rate than other companies. Investing in the right mix of technologies to optimize business processes and improve the way an organization works is key. It's not just about hot new technologies like cloud and big data, but technologies that enable information to flow effectively through an organization and provide employees with the right information, at the right time, in the right form, no matter where they are. This has a direct impact on optimizing efficiencies in the way business is conducted and customers are served. The top five technologies used by leaders are: enterprise social networks, business workflow automation, digital signage, information capture/tagging/indexing/search, and mobile device enablement for enterprise applications. In fact, 100% of leaders surveyed think social software is important, compared with only 3.9% of laggards.

Ultimately, this new research found that innovation leaders have advantages over non-innovators across key business outcomes including:

- Average annual revenue growth – 44% advantage
- Percent of annual revenue for new products – 46% advantage
- Average employee productivity percent increase – 42% advantage
- Average increase in product quality – 34% advantage
- Average profit margin – 16% advantage

“This research is part of our efforts to transform the way people work by inspiring innovation and helping boost business,” said Carsten Bruhn, Group Vice President & General Manager, Services Business Center, Corporate Associate Advisory Officer, Ricoh Company, Ltd. “By providing both a clear definition of what drives innovation, and guidance into what steps a company needs to take to become a true innovator, we are opening the door for organizations to adjust practices that will truly affect their bottom lines. The ultimate result is improved business processes, increased revenues and more satisfied employees.”

To learn more about this IDC research, please read this [white paper](#).

For details on Ricoh's full line of products, services and solutions, please visit www.ricoh.com.

*IDC InfoBrief commissioned by Ricoh, *Innovation Leadership, It's Not What You Think: Every Company Can Realize the Benefits of Innovation*, January 2016

| About Ricoh |

Ricoh is a global technology company that has been transforming the way people work for more than 80 years. Under its corporate tagline – *imagine. change.* – Ricoh continues to empower companies and individuals with services and technologies that inspire innovation, enhance sustainability and boost business growth. These include document management systems, IT services, production print solutions, digital cameras, and industrial systems.

Headquartered in Tokyo, Ricoh Group operates in over 190 countries. In the financial year ending March 2015, Ricoh Group had worldwide sales of 2,231 billion yen (approx. 18.5 billion USD).

For further information, please visit www.ricoh.com

###

© 2016 RICOH COMPANY, LTD. All rights reserved. All referenced product names are the trademarks of their respective companies.