

**Deloitte.**

EU@viewpoint on  
Growth & Innovation.



It's innovation  
that puts things in motion

**Deloitte.**

### Did you say ... "Growth"?!

The European Commission's 2014 winter forecast foresees continued economic recovery in most Member States and in the EU as a whole. Coming out of a recession in spring 2013, followed by three consecutive quarters of subdued recovery, the outlook has improved to a moderate step-up in economic growth. Following real GDP growth of 1.5% in the EU and 1.2% in the euro area in 2014, economic activity is expected to accelerate in 2015 to 2.0% in the EU and 1.8% in the euro area.

### Deloitte supports the Innovation Union and smart fiscal consolidation

While these signs of economic recovery are encouraging to create sustainable growth, the EU will need to close the current innovation divide to maximize new opportunities as they arise: encouraging partnerships and technology transfer to foster innovation, empowering SMES to create more jobs in our regions, investing in a world-class infrastructure to incentivize centers of excellence.

The EU continues to encourage investment in innovation, however those investments are shrinking - comparing Member States' public budgets for R&D 2011 and 2012 (State of the Innovation Union 2012). While a balance between fiscal prudence and innovation is a key value driver, Deloitte sees innovation as part of a broader ecosystem, focused less on short term

operational results and more on answering the critical questions required to create sustained growth. What promising new technologies will emerge? What political trends or changing socioeconomic patterns will affect your organization? What new risks will surface and how will you respond? Deloitte is focused on delivering early insight to questions like these by enabling your organization to install a framework to innovate and a culture to reward it.

### Our clients' insights: made in Europe innovation does not come by decree

In today's global economy, made in Europe companies need to innovate continuously to respond to rapidly changing business conditions. To paraphrase Edward de Bono, vision and creativity are "excellent, but not enough" to produce successful innovations and turn Europe into an Innovation Union. Indeed, many made in Europe companies still fail to translate great ideas to successful innovations and keep pace with global competitors. Deloitte experience and research shows that many companies struggle to gain insights in unfamiliar markets and manage operational pressure. Often times, momentum is lost due to a lack of leadership support across organizational silos. In addition, many companies fall short on building a sustainable culture of innovation. Further, one of the most essential questions business leaders face is how to deploy limited resources to support innovation initiatives while maintaining operational targets.

### How to make Horizon 2020 work for your research and innovation ambitions?

We have a Deloitte innovation framework, which is aligned with the spirit and ambitions of Horizon 2020. With a €71 billion € budget, Horizon 2020 is the primary EU strategic framework for European Research and Innovation in 2014-2020. Our Deloitte innovation framework can help you getting ahead of the crowd as regards Horizon 2020-funded actions. To ensure optimal participation and revenues, Deloitte innovation framework suggests the following to participating organizations:

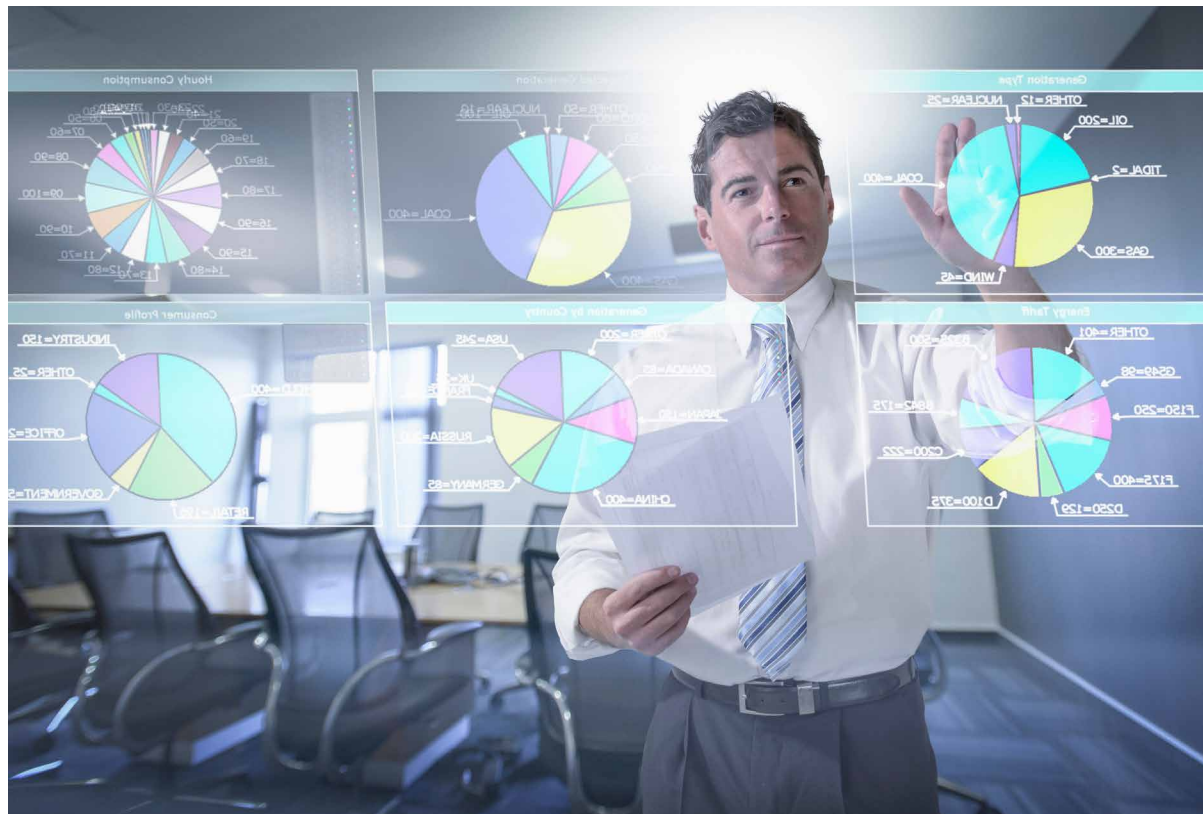
- Align your strategy towards Horizon 2020 objectives and redefine your innovation portfolio according to Horizon 2020 priorities: excellent science, industrial leadership, societal challenges
- Strategically prioritize your internal processes at the right level : local, regional, national, European
- Leverage your efforts with external partners, using our open innovation methodology.

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What political trends or changing socioeconomic patterns will affect your organization? What new risks will surface and how will you respond?

The downturn has brought opportunities to win with innovation: rethinking business models and finance mechanisms to support innovation. Through Deloitte's innovation framework, our clients are enabled to openly share risks and collaborate on sources of competitive advantage. Our clients have also experienced success applying new and innovative finance mechanisms to better foster a culture of innovation. A key trend we are seeing is an evolution from traditional finance mechanisms to nimble models which allow faster response to emerging trends. We believe crowd funding, social entrepreneurship, removal of cross-border obstacles and similar programs, currently being evaluated by the Commission, are key to continued momentum. These and other emerging trends are no doubt on the agenda of European Parliament and Council. With Horizon 2020 and other initiatives constraining resources more than ever, it is important to have an objective partner with a global view on emerging trends in innovation. We have the deep industry expertise, global perspective and understanding of decision makers required to put ideas into motion, creating enterprise value and sustainable growth.

## The downturn has brought opportunities to win with innovation: rethinking business models and finance mechanisms to support innovation



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