



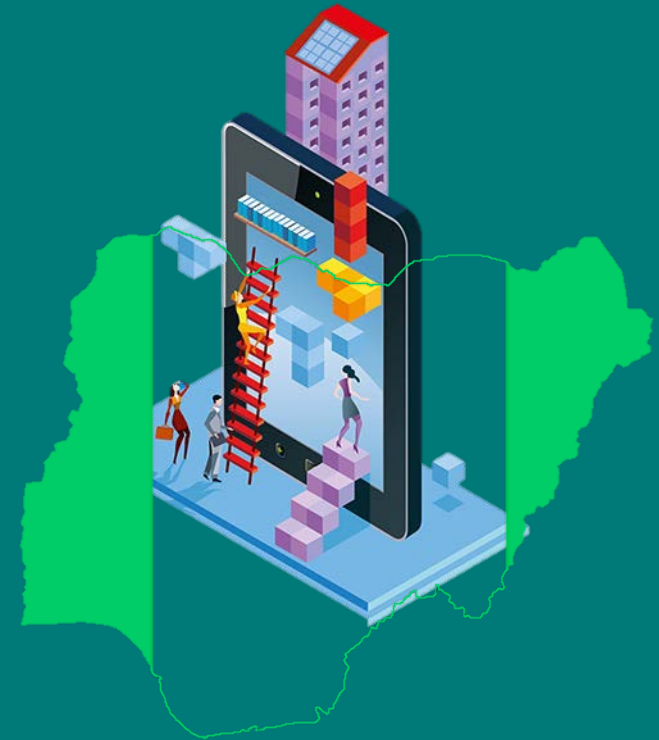
Innovation and Growth in a Competitive Environment

Presentation to the Chartered Institute of Stock Brokers

By:

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Outline

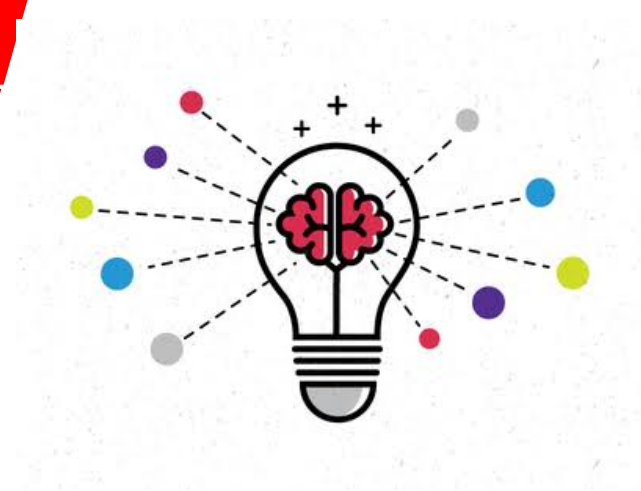
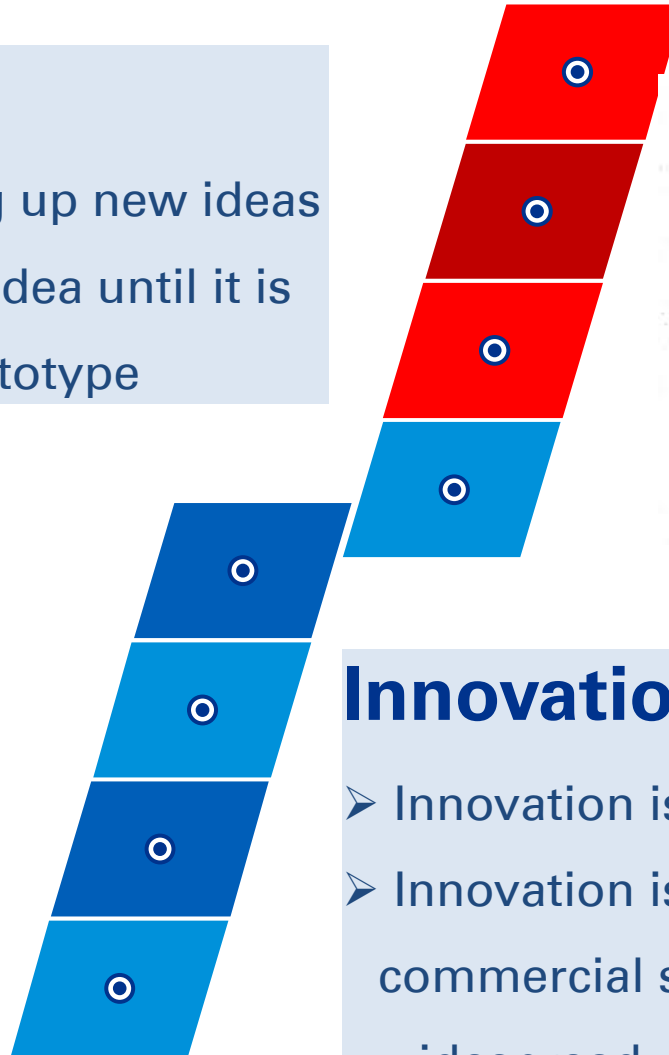
- What is Innovation?
- Impact of Technology on Innovation
- Spotlight on Some Innovative Companies in Nigeria
- Key Imperatives for Innovation

What is innovation?

Creativity Vs Innovation

Creativity

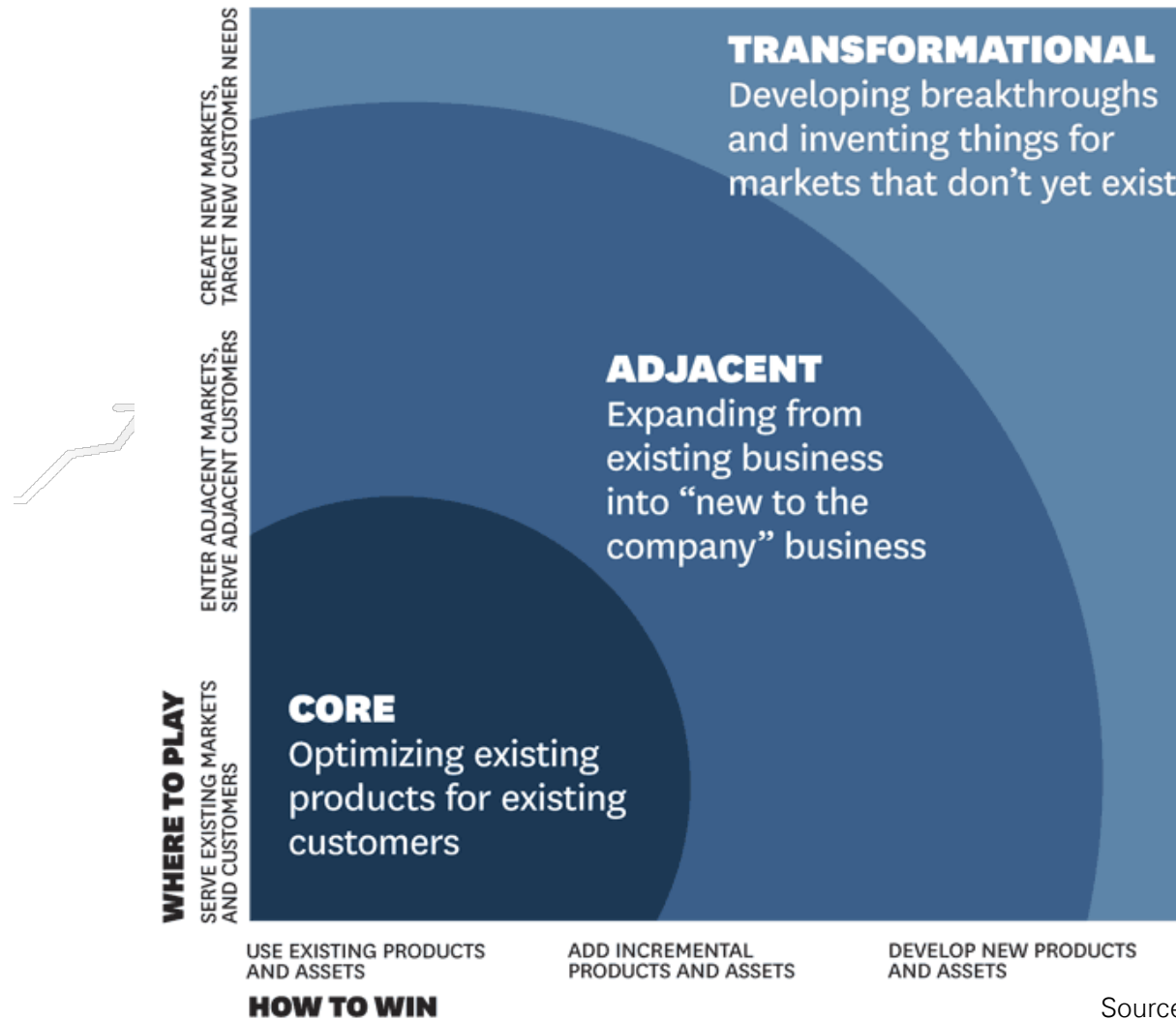
- Creativity is thinking up new ideas
- Creativity is just an idea until it is developed into a prototype



Innovation

- Innovation is doing new things
- Innovation is turning an idea into a commercial success or for a widespread use

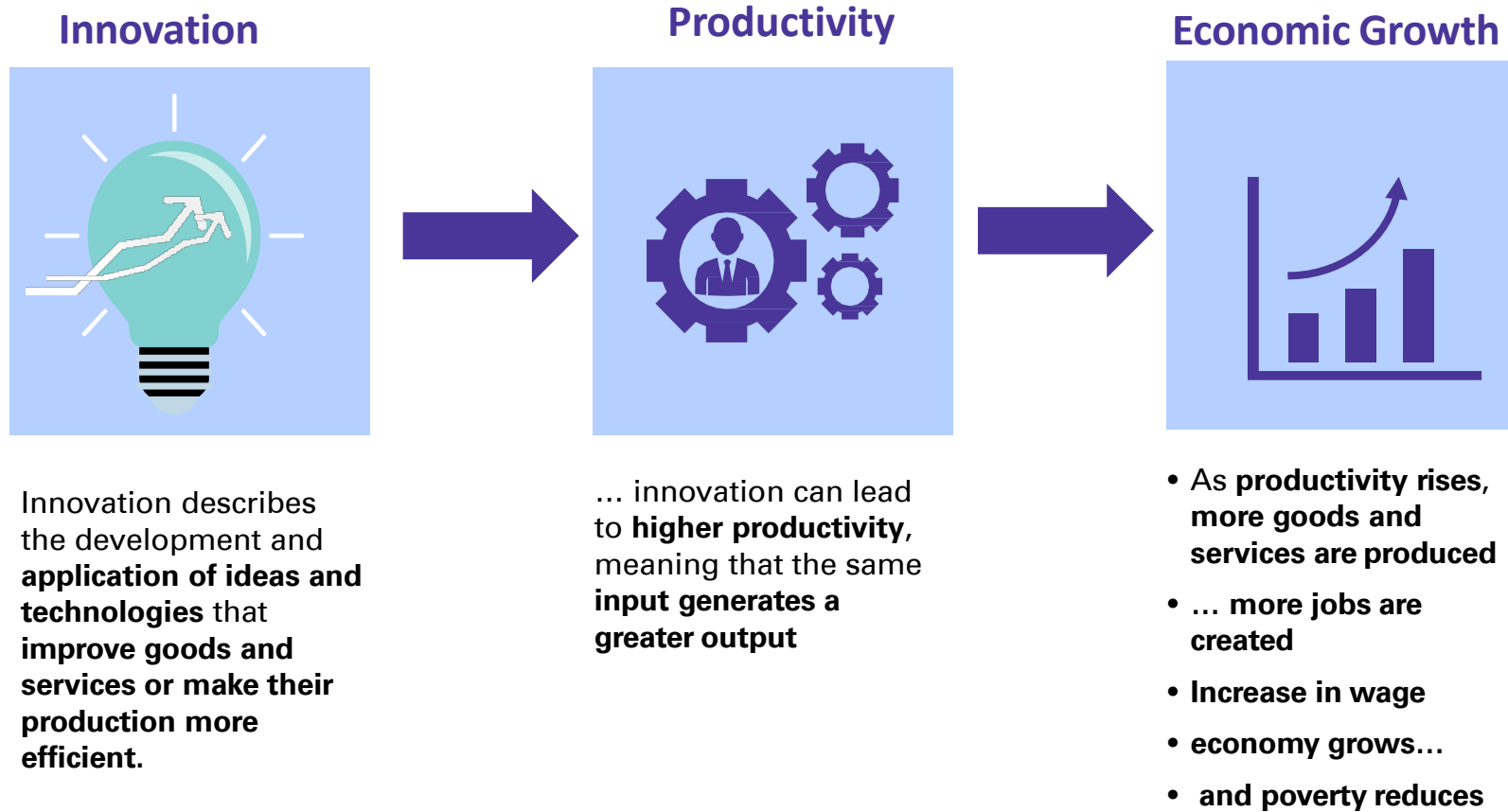
Innovation can be viewed in different ways... it is



Source: Harvard Business Review, Managing Your Innovation Portfolio May 2012

Innovation is a proven pathway for Sustaining Growth

New ideas improve productivity which in turn drives growth and prosperity



<https://www.ecb.europa.eu/explainers/tell-me-more/html/growth.en.html>

Why Focus on Innovation?

The Kodak Story

- ❖ In the last century, Kodak held 90% of the shares in the film market.
- ❖ At the turn of the 21st century; the digital age, Kodak became less relevant and started to decline.
- ❖ In 2012, the company filed for bankruptcy.



The Blackberry Story

- ❖ In 2007, RIM; the parent company of BlackBerry had a market cap that surpassed \$67 billion and 10 million subscribers.
- ❖ RIM kept BBM locked down to its own hardware while the cross-platform WhatsApp grew into a \$19 billion business.
- ❖ In 2016, RIM announced it will no longer make smartphones.



Digital Business Models assume Leadership



Source: Wikipedia and Bloomberg – Sunday Sept 22nd 2019

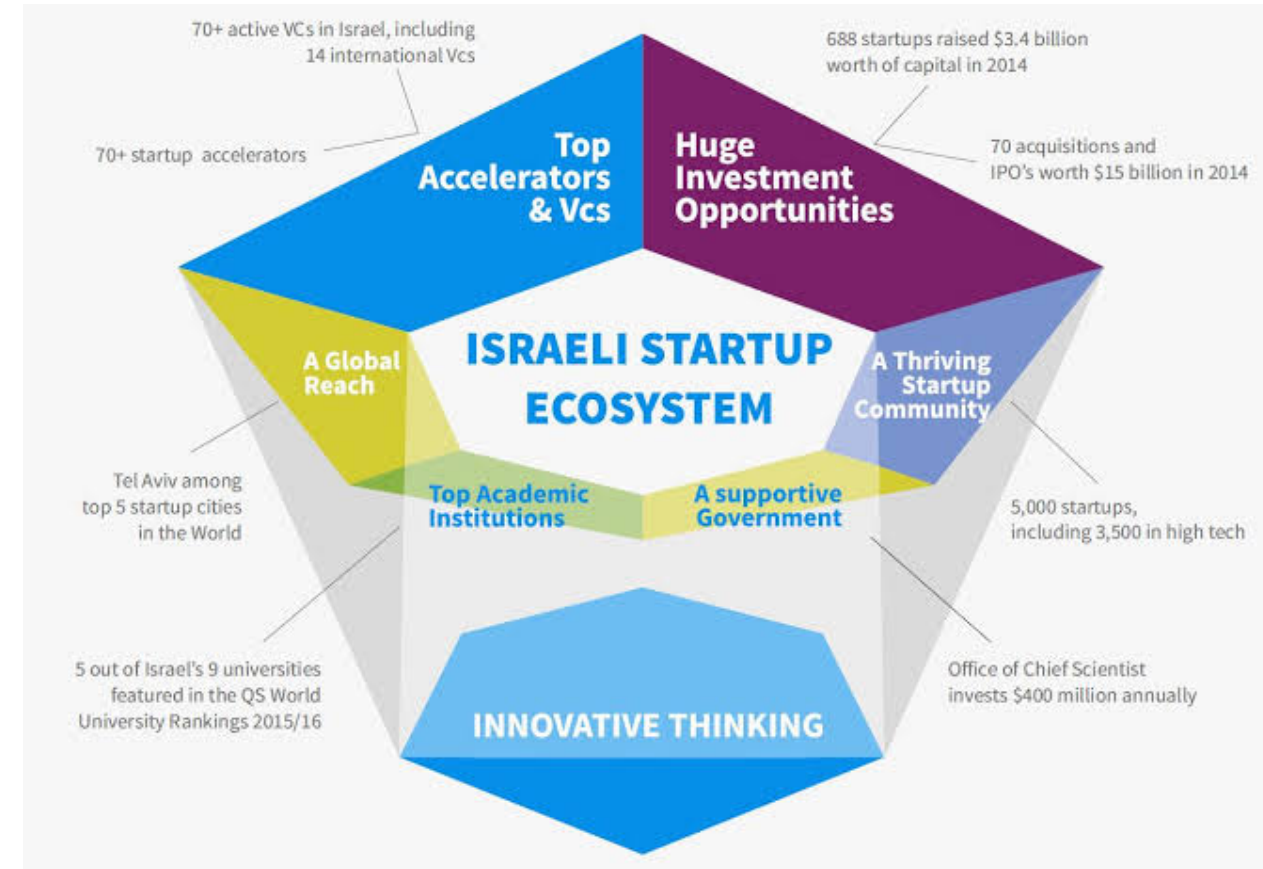
Innovation in China...Spotlight on Tencent

- ❖ Tencent is a multi-billion dollar conglomerate and largest gaming company in the world.
- ❖ Tencent is the parent company of WeChat messaging app which boasts of over 980 million active users
- ❖ Tencent spun out its digital reading company, China Literature, which had a valuation of \$1billion at the release of its IPO
- ❖ WeBank, founded in January 2015, is a joint venture led by Chinese internet giant, Tencent.
- ❖ The Bank boasts of 96 percent of its customer's transactions being delivered through chat bots
- ❖ Tencent has a market cap of over \$400 billion which makes it one of the biggest companies in China

Tencent 腾讯

Israel's Innovation Ecosystems

- Israel is called the 'Start up Nation' because it has the highest density of startups per capita in the world.
- The USB flash drive, the first Intel PC processor and Google's Suggest function, were all invented in Israel
- Israel spends more money on research and development as a proportion of its economy than any other country which is 4.25% of GDP
- Over 250 global companies including Facebook, Google, Apple, HP and Microsoft have set up their R&D labs in Israel.



Impact of Technology on Innovation

1

- ❖ Technology in has the ability to help businesses gain efficiencies and differentiate themselves, either through utilizing technology to improve business processes or deliver new products and services.
- ❖ Strategic innovators take advantage of new opportunities by setting up their processes around the right technology.



2

- ❖ A technology platform can be used as a basis for creating new product offerings or services.
- ❖ Examples of some common technology platforms used are mobile technology, internet, software, social media platforms etc.

Impact of Technology on Innovation

Use Cases

Amazon

- ❖ Runs 200 experiments everyday.
- ❖ The experiments involve using algorithms to understand their customer's shopping pattern.
- ❖ Recommend relevant products for their shopping carts.



Uber

- ❖ Adopted the mobile technology to create a niche market in the transportation industry.
- ❖ Uses advanced data collection to provide convenient transportation services for the populace.



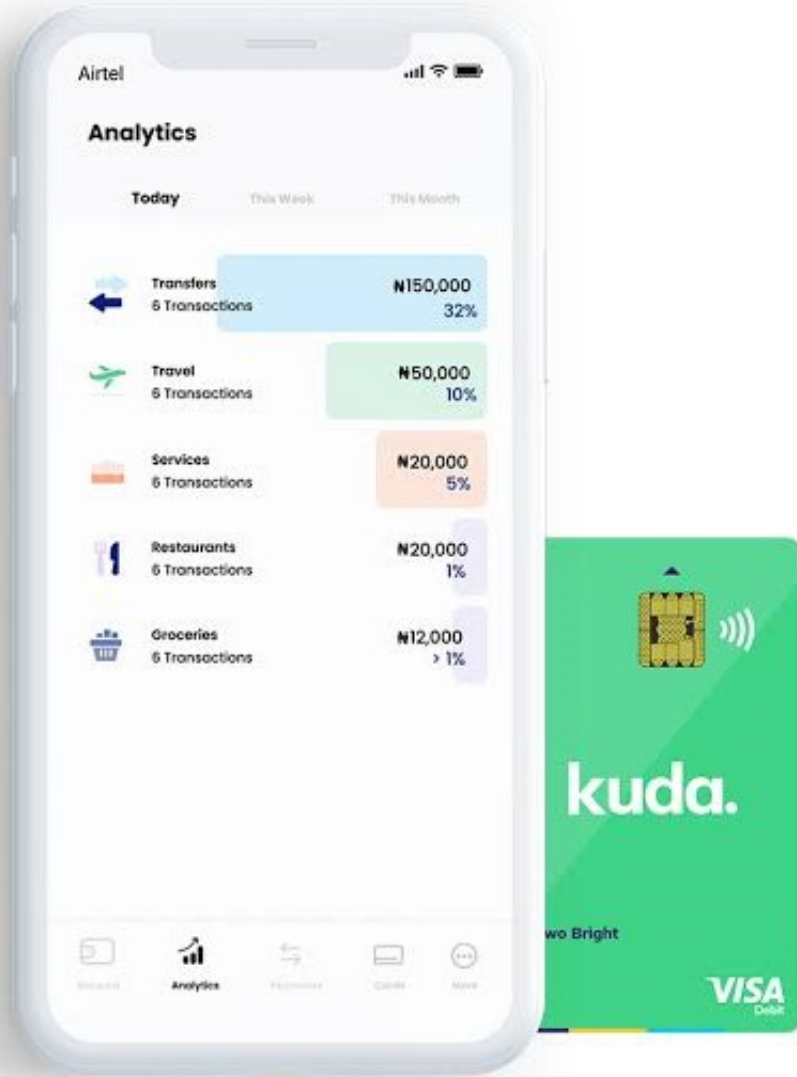
Airbnb

- ❖ Used digital technology to transform global travel by connecting guests with homeowners.
- ❖ It started in 2007, currently has a valuation of \$35 billion.



Spotlight on Some Innovative Companies in Nigeria

Innovative Companies in Nigeria... Kuda Bank



1

Started in 2016 as Kudi money offering soft loans but has now become a digital-only retail bank and the only bank to be licensed by the CBN

2

Kuda offers a full service digital no-fee bank

3

Kuda got funding of \$1.6 million

4

The platform has over 10,000 users

Market-creating innovation creates growth...

The Indomie Story



- This was started by a family (Tolaram Group) that came from Indonesia to Nigeria. There wasn't a market for noodles in Africa.
- This family constructed a noodles factory in Nigeria and developed a recipe that was tailored to products that are common to Nigeria
- Then they found that there were no dealers to sell their product. So they had to create a system of dealerships.
- In order to control the quality and consistency of the flour used as a raw material, they had to buy a farm.
- They also had to build their own roads and bridges around their factories in order to ship their products.

Source: <https://knowledge.wharton.upenn.edu/article/prosperity-paradox-clayton-christensen/>

More innovation stories in Nigeria...

Agriculture



Financial Services



Education



Retail



Healthcare



Energy



Commerce



Logistics



Key Imperatives for Innovation

Key Imperatives for Innovation

1. Fostering an environment of inclusion and a workplace culture of freedom and integration, such that employees have an incentive to air their creative opinions

2. Dedicating funds to R&D

3. Government should help to **strengthen the innovation and research commercialization capabilities of leading universities**

4. Government and policy interventions are still required to accelerate Nigeria's innovation potential

5. Market creating innovations are more than just products or services – they generate new infrastructure and enabling frameworks for sustainability

Thank You...
Questions?