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Asia Overtakes Europe as Destination for Innovation Center Investment

Paris, December 14, 2016 – Asia has for the first time overtaken Europe in its number of innovation centers built and operated, with the region now host to nearly a third (29%) of all such centers globally. So strong is Asia's growth that it could soon overtake the US as the biggest hub of innovation centers, if it continues to grow at the same rate. This is the finding of a new global report, [‘The Spread of Innovation Around the World: How Asia Now Rivals Silicon Valley as New Home to Global Innovation Centers’](#), by [Capgemini Consulting](#)'s Digital Transformation Institute in collaboration with Fahrenheit 212, part of the Capgemini Group and in partnership with Brian Solis of [Altimeter, a Prophet company](#).

Europe's share of innovation centers slipped 4 percentage points between July 2015 and October 2016 – from 30% to 26%, prompted by an uncertain economic environment and regulatory challenges. In the same time period, Silicon Valley's share of the world's total innovation centers also dropped, from 18% to 14%. Innovation centers, typically physical sites located in major global technology hubs, are increasingly being set up by large organizations as they seek to contend with digital disruption and transform themselves. When operated successfully, innovation centers allow large organizations to leverage an ecosystem of startups, venture capitalists, accelerators, vendors, and academic institutions in order to develop breakthrough products and solutions. The report suggests Asia's increasing influence is due to a culture of technology-driven innovation, talent and Government support. This has led to heavy investment not only from Asian companies, but from Europe and US-based giants too.

Eric Turkington, Director at Fahrenheit 212, part of the Capgemini Group, said: *“We are witnessing a rapid changing of the guard for global investment in innovation centers. The US and Europe have traditionally been viewed as dominant forces in innovation and technology but Asia could soon surpass the US for number of innovation centers built and operated. Moreover it is clear that funding alone is not enough — the success or failure of any innovation center hinges on how effectively it taps into the surrounding ecosystem, and the role it plays in driving a broader corporate innovation strategy.”*

Asia's emergence as a leading hotbed of innovation is underscored by its position as a world leader in patent applications, a key indicator of technological and scientific breakthroughs. The region now accounts for over

half (56%) of the world's total patent grants. During the last decade (2005-15), Europe's share of global patent grants has fallen from 24% to 13%.¹

"Innovation centers are corporate attempts at thwarting digital disruption. And companies seeking to out-manuever disruption usually become the disruptors in their space. With Asia's dominance in this edition of our research, it's clear that innovation is becoming globally democratized. Furthermore, by tracking associated technology trends, the focus on AI suggests that the future of corporate innovation will realize new business models, products and processes emanating out of Asia with global effects" said Brian Solis, co-author and principal analyst at Altimeter, a prophet company.

The study also found:

- There is a trend towards innovation centers focusing on a single technology or advancement, with this particularly true of Artificial Intelligence. The number of new centers focused on AI is up from one in July 2015 to nine in October 2016, with nearly half of these based in Asia (four)
- Bucking the wider European trend, the UK's share of Europe's innovation centers has consistently risen since July 2015 by 7 percentage points.
- In the most recent six months of data (March-October 2016), Asia saw rapid growth in its number of innovation centers (35%), with Europe much more restrained (12%). Five of the top 10 cities for innovation centers are located in Asia.

To download a copy of the report, visit: <https://www.capgemini-consulting.com/resources/rise-in-asia-innovation-centers>

About Altimeter

Altimeter, a Prophet company, is a research and strategy consulting firm that helps companies understand and act on disruption. In July 2015, Prophet acquired Altimeter Group, to bring together forward-thinking digital research and consultancy under one umbrella to help clients unlock digital transformations. Altimeter was founded in 2008 by best-selling author Charlene Li, focusing research in digital transformation, social business and governance, customer experience, big data, and the Internet of Things. Altimeter is based in San Francisco, CA. For more information, visit <http://www.altimetergroup.com>.

About Capgemini Consulting

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, the global team of over 3,000 talented individuals work with leading companies and governments to master Digital Transformation, drawing on their understanding of the digital economy and leadership in business transformation and organizational change. Find out more at: <http://www.capgemini-consulting.com>.

Fahrenheit 212 is a global innovation strategy and design firm that joined the Capgemini Group in 2016. Based in New York and London, Fahrenheit 212 defines innovation strategies and develops new products, services and experiences for some of the world's leading companies, such as Coca-Cola, Marriott and Citi. The global team of innovation practitioners work across a wide range of industries and geographies. Team members bring together diverse capabilities of strategy, idea development, digital, research, branding and design. Find out more at: <http://www.fahrenheit-212.com>

¹ WIPO, "World Intellectual Property Indicators 2016", October 2016; Financial Times, "Asia takes lead in rush to monetise innovations", June 2016