



# SHAPING EUROPE'S FUTURE

A Study Revealing the Growth Drivers of Europe's Successful Enterprises



On behalf of Infosys, the European Business Awards asked over 80 business leaders in successful companies, with revenue in excess of \$1 billion across Europe, about their businesses and in particular their growth.

These companies are some of the best performing businesses across Europe and this is a snapshot of what really makes an enterprise best in class. Over 64% of the respondents have more than 1,000 employees and all have been posting steady growth over the past two years. Just under half of the companies have seen greater market share and 55% have seen increased profit levels.

Over six in ten (61.5%) of the companies surveyed have been and still are performing above, or well above, their market sector. We asked them how they were achieving this and believe the findings will prove interesting reading for all businesses operating in the region, whatever their size or industry.







## Growth in new markets

Businesses are more positive about growth now than at any other time in the past two years. Innovation is firmly on the agenda of all the organisations surveyed, as is investment in new technologies. Nearly half of all the business leaders stated that in the next two years they will be **actively looking to enter into or source from new geographical markets**. Businesses are spreading their wings and looking further afield and this is good news for emerging markets both in Europe and the rest of the world. As well as introducing new technologies to drive business, companies are, in particular, looking at investing in the Internet, cloud technology and social media to engage with customers both new and existing.



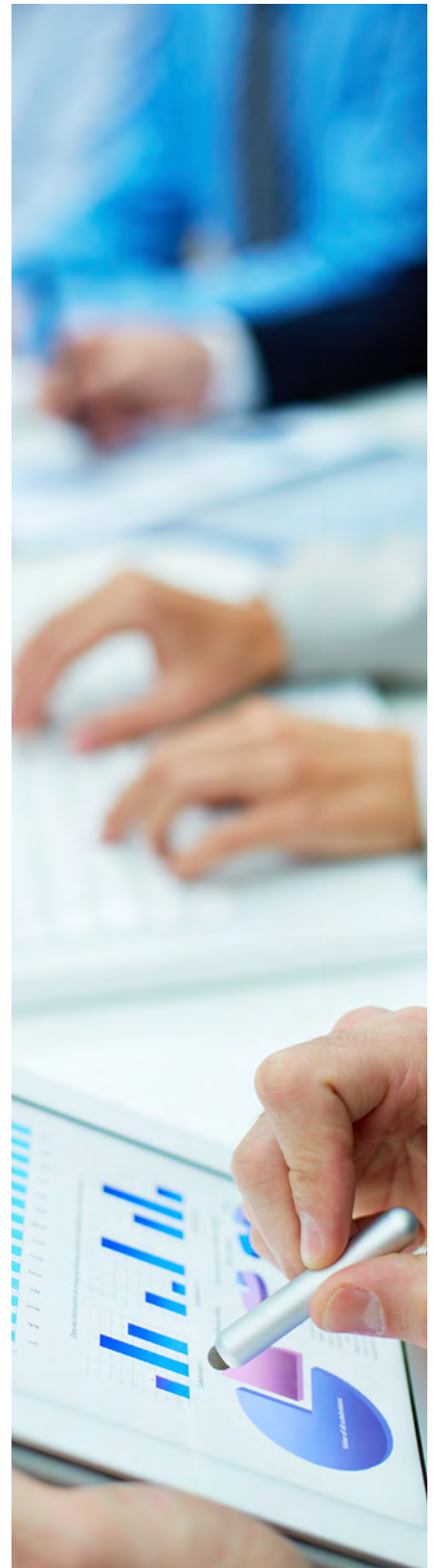
## IT as an engine for growth

The introduction of new technologies is rated as the second most important growth driver after expansion into new markets, with 63% of businesses stating that the IT department is now the primary growth engine for their business.

IT departments are no longer viewed as at best only there to keep the lights on and at worst, as obstructive or overly cautious – they are seen as drivers for growth. The IT department helps implement new technology quickly and effectively, brings new ideas into the business, supports new products and markets and improves collaboration to reduce silos.

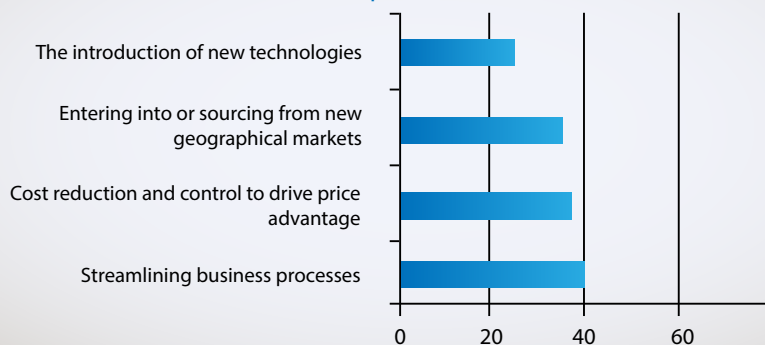
A strong, well run IT department also delivers positive implications for cost control, improving efficiencies, reducing overlap in role responsibilities and streamlining the business so it has little or no excess.

No-one can dispute that digital enterprise is the model of the future and these businesses are embracing this future in its many different, and constantly, evolving forms. To be a success, businesses will need to embrace new technologies but they need to do it in such a way that they do not lose sight of their strict cost control. There is no longer a blank cheque book waiting to be used, every penny of investment must count and must be proven to count.



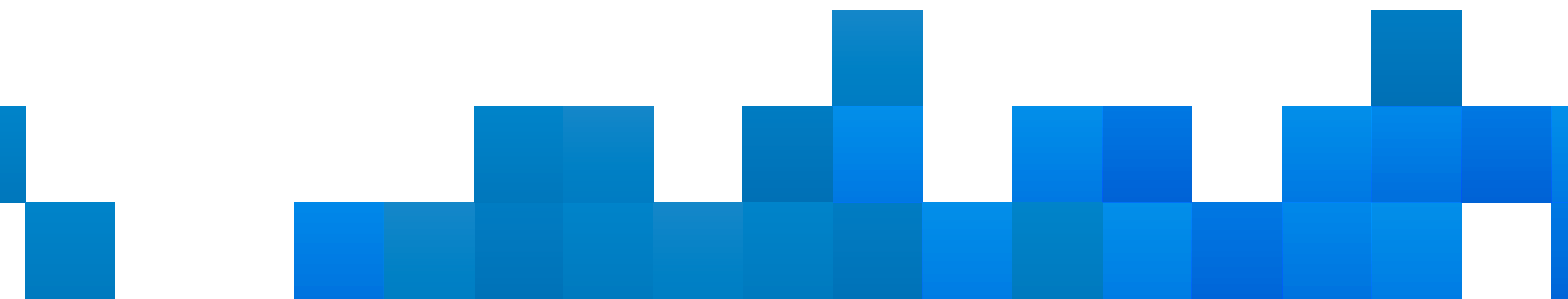
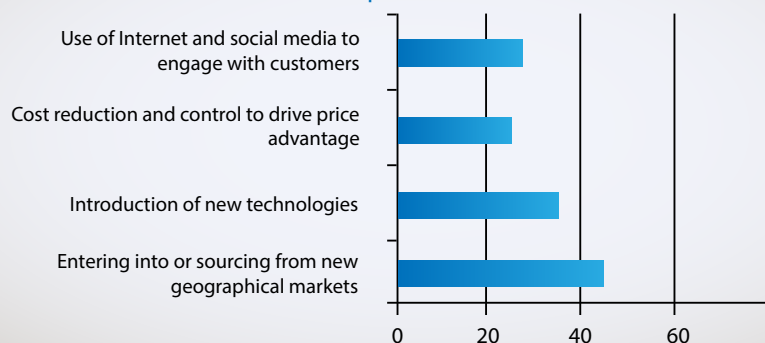
Which of these most closely describes the main drivers of our business in the last two years?

### Top Results



Which of these most closely describes the main drivers of our business in the next two years?

### Top Results





## Innovation not stagnation

There is an overwhelming focus on innovation with two thirds of successful business leaders stating that new ideas and innovation are vital to driving business growth.



**Innovation  
is in the DNA  
of successful  
businesses  
today**



Innovation comes from all parts of the business and in 86% of all cases is actively encouraged from all employees. No longer simply the realm of the R&D department, marketing and IT are playing an increasingly important role in innovation, as are sales, operations, HR and even finance and legal teams. Everyone has a voice when it comes to innovation and some of the most successful companies are the ones that have introduced formal processes to enable all employees to put forward ideas or make recommendations which are taken seriously and heard by senior management.



**We want to know  
what our people  
think. It is often  
our employees on  
the front line that  
see the way the  
market is changing  
long before it  
filters through to  
the Board**





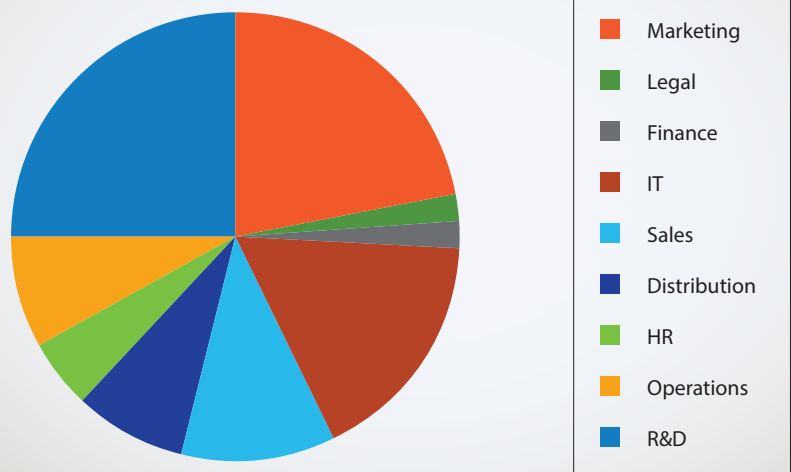


## Innovation matters

Look back five years to when Europe was in the grips of recession and some people asked the question – “Is innovation justified?” – the general consensus was that it was safer to batten down the hatches and implement a spending freeze. The companies that have remained successful and have even recorded growth during this time are the ones that refused to give in to this train of thought and never lost sight of the fact that innovation is vital to growth. Additionally that good, well targeted, strategic innovation is always justified.

We have found that innovation is firmly on every single one of these companies agendas – they have continued to innovate, evolve and grow but they have done it with strict cost controls in place, never losing sight of the bottom line.

Which departments do you expect to see innovation coming from?



## Proving Return on Investment – the Holy Grail

Innovation is not without its obstacles and we uncovered a number of roadblocks even within these highly successful organisations. The good news was that for the majority of companies there doesn't seem to be a lack of ideas, especially in those companies, as we've already mentioned, who have specific processes in place to enable all employees to offer their thoughts and suggestions. Innovation also seems to be well received and appreciated within most companies and there certainly appears to be a new wave of enthusiasm to accept and embrace new ideas from the top down.

However, the one overwhelming obstacle to innovation was the inability to prove ROI. This was the biggest issue by far for over half of the business leaders we contacted, who do not have a way to show ROI on investment internally.





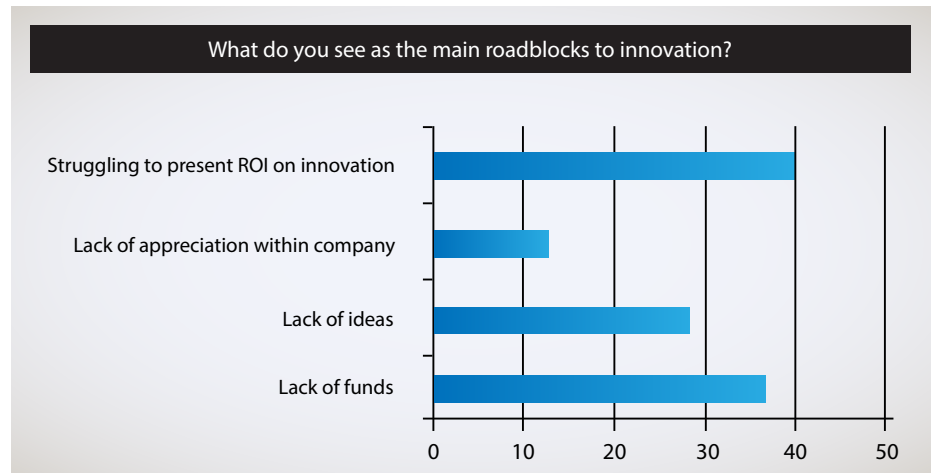
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**“Without this proof of ROI, we are constantly struggling to secure funding for innovation. We are stuck in a Catch 22 situation, as we have some really exciting ideas coming through but can’t progress them without investment and we can’t get investment unless we can prove there will be a return. It is very frustrating.”**

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If these top organisations are struggling to prove return on investment (ROI) on their innovation, then we can assume it is a huge issue for all businesses across Europe and this needs addressing.

The answer could be to find cost savings in other areas of the business which can be directed to innovation investments. We have found that some of these business have created specific innovation funds by saving money in other areas of their operations that are then being used for new areas of innovation.







## Cost control remains vital

There is a relentless focus on innovation but there are also strict cost controls in place in the vast majority of these businesses. The recession may be easing, but the lessons learnt will not be forgotten. In particular, businesses are now more aware of the benefits of streamlining business processes and operational costs. Over the last two years, successful companies have focused on efficiency and cost control as a business priority, ranking them above all other growth drivers.

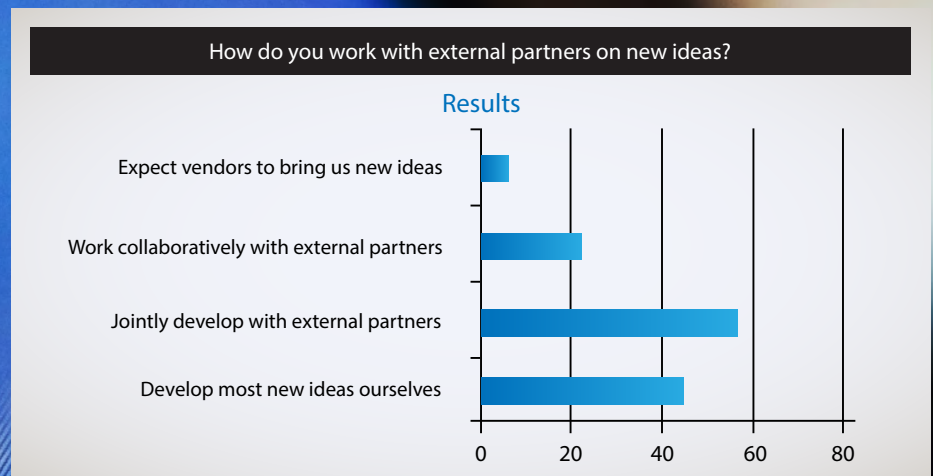
In the next two years, we expect cost control to remain a key business driver across all areas of the business and the key to success will be the extent to which businesses can continue to manage costs while also driving growth through innovation and expansion into new markets.





## Sourcing new technology

Two thirds of the companies surveyed look to source technology from external partners. They look to jointly develop software or products with these external partners to suit their specific business needs. The findings show that although the majority of businesses develop the ideas for new technology internally, they then source external partners to work with collaboratively to develop the required programmes.



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We work with external partners who are experts in their specific field, not just in technology but in all areas of our business. This makes financial sense both in terms of physical costs but also our time and resources

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## Conclusions

In summary, 2014 looks bright for Europe. There is a new mood of cautious optimism arising amongst the businesses we surveyed. While the domestic market may still offer little in terms of opportunities, successful businesses are targeting new markets for growth, as well as investing in new technologies to ensure their companies are as streamlined and efficient as possible. These new technologies are being actively sourced from external partners.

Growth is certainly on the horizon but these newly emerging, post-recession organisations will need to operate from a different business model. In order to be a success, companies must find a model that **embraces both innovation and strict cost control**. It is no longer a choice between growth or cost efficiency – to be a success companies will need to master both and must find a way to prove that innovation is without a doubt worth the investment.







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## About Infosys

Infosys is a global leader in consulting, technology and outsourcing solutions. We enable clients, in more than 30 countries, to stay a step ahead of emerging business trends and outperform the competition. We help them transform and thrive in a changing world by co-creating breakthrough solutions that combine strategic insights and execution excellence.

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**Tomorrow's** Enterprise

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