

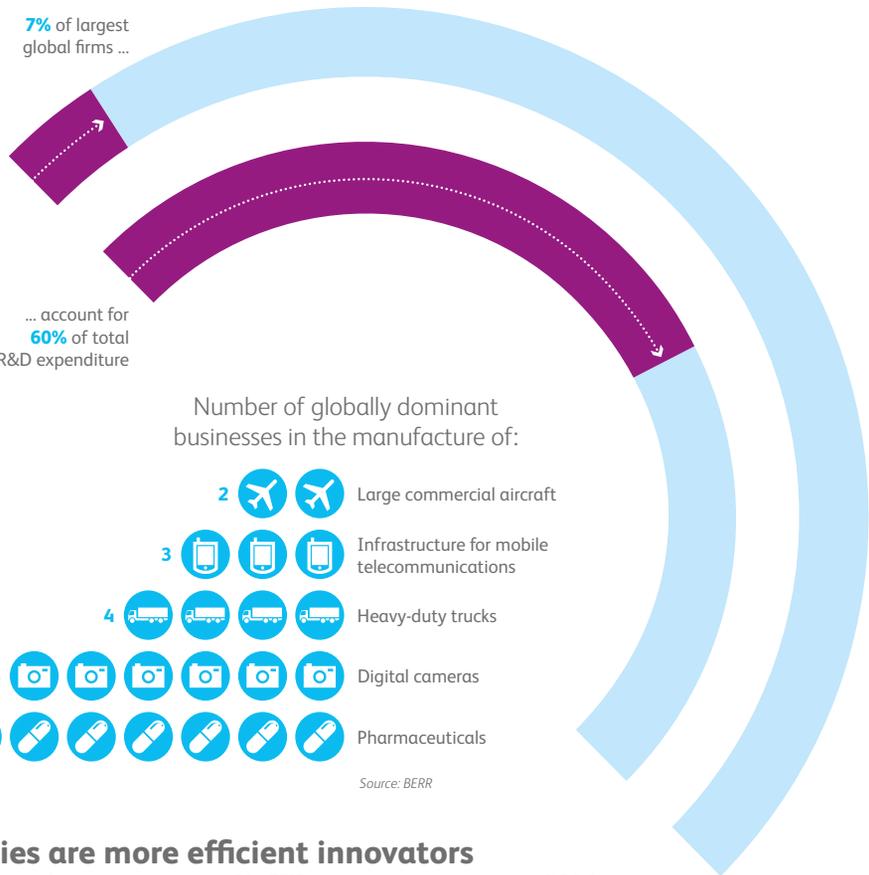
Innovation without frontiers

‘Western’ businesses can learn lessons from emerging economies to break out of existing thinking and unlock innovation



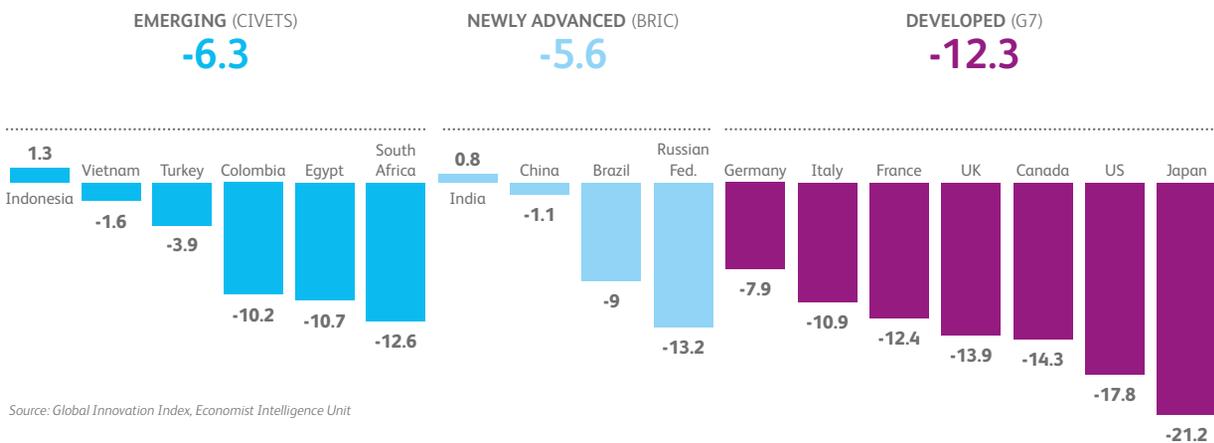
Companies from 'high income' countries dominate global innovation spend

One hundred giant firms, all from the high-income countries, account for 60% of the total R&D expenditure among the world's top 1,400 companies



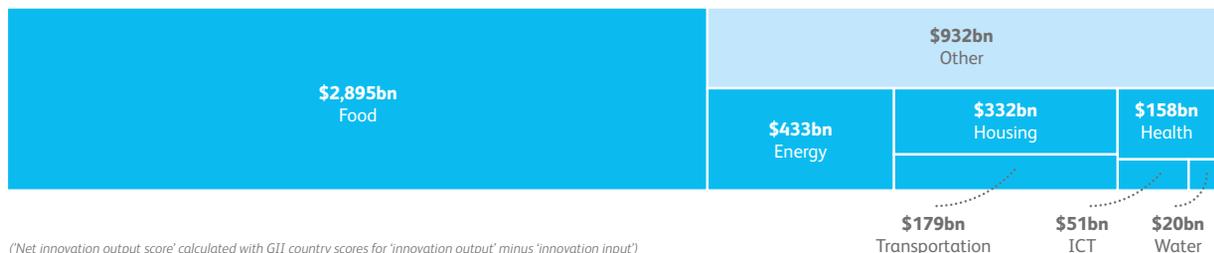
But 'developing' countries are more efficient innovators

Average 'net innovation output scores' show emerging (CIVETS) and newly advanced (BRIC) economies to be twice as efficient as developed economies (G7)



Unaddressed markets present a considerable opportunity

The 'bottom of the pyramid' (population living on a PPP figure of under USD 3,000/year) represents a market of nearly USD 5 trillion. Shown below split by sector:



Innovation without frontiers – lessons from emerging economies

Emerging economies often prove more innovative than the developed; this paper shows how Western businesses can break away from existing thinking and unlock new value

The innovation opportunity – accessing underserved markets

The lion's share of resources for innovation is spent by global firms in developed countries, focused on the high income part of the market with mostly existing customers. However, we believe that a significant opportunity exists to access currently underserved and less targeted markets, wherever in the world they might be. When split by daily income the global population distribution creates a lighthouse (figure 1), through which the scale of such opportunities can be considered.

The population lighthouse illustrates a number of potential opportunities for growth. Of course, the affluent top section of the pyramid offers a valid source of revenues. More sizeable, however, are the rapidly expanding middle classes in developing countries. Africa's middle class has tripled over the last 30 years, for example, with one in three people now considered to be living above the poverty line.

The greatest difficulty in the world is not for people to accept new ideas, but to make them forget their old ideas

JOHN MAYNARD KEYNES¹

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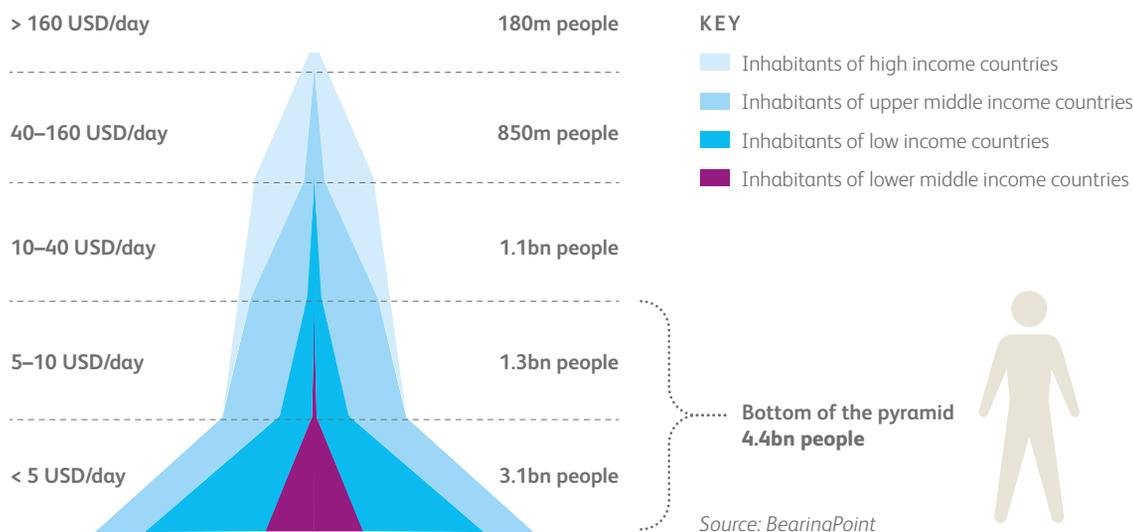
The current trajectory suggests that the African middle class will grow to 1.1 billion² in 2060³, up to 42% of the total continent's population.

Overall, developing countries have young, technology-literate populations. However, inhabitants are often rurally based, and many people still live on less than USD 10 a day – the so-called 'bottom of the pyramid' (BOP). We learnt a lot about this demographic from a previous BearingPoint Institute paper⁴ and this group poses a significant opportunity, as many organisations are discovering.

Developed economies also encompass underserved communities and consumer habits – many European countries have large rural populations,

Figure 1: The population lighthouse

Identifying potential opportunities for growth in developing countries



as well as sizeable populations living beneath the poverty line. Meanwhile, even more affluent audiences can have unmet needs. The meteoric rise of social networking, for example, illustrates what can happen when solutions are provided to unsolved problems – in this case, real-time or ad-hoc communications and information sharing between peers.

The question to ask is, ‘Can your company fulfil the opportunities presented by currently underserved markets, and monetise them to the satisfaction of all parties?’ In the following sections we look at how the needs of developing populations can be addressed, and determine what organisations in the developed world can learn from such experience.



WHAT IS ‘DEVELOPING’, ANYWAY?

Terms like ‘developing’ and ‘emerging’ are generally used at a country level, to differentiate nations based on overall averages or thresholds being passed. When it comes to innovation and targeting specific segments of the population however, this can mean certain opportunities can be missed.

In Turkey, for example, 70% of the population live in urban areas and the country is the third largest user of the internet in Europe. However, 51% of the population remain unbanked or under-banked, particularly the younger population or women – which causes many people to stay dependent on parents or husbands.

Conversely, while Kazakhstan may be seen as a ‘developing’ country, with 46% of the population living in rural areas with relatively low levels of technological literacy, plastic card penetration is at 60% in some metropolitan areas and 3G technology covers 90% of the population.⁴

Innovation applications and use cases in developing countries

When innovation is discussed in the context of developing countries, the conversation often turns to technology in general and mobile telephony in particular. The role of mobile phones as a catalyst for development has been well-documented – not least in terms of the ongoing mobile payments revolution across the globe, which we discussed in the *BearingPoint Institute Report Issue 002*.⁶

Our interest in this article goes beyond simple-use cases for mobile telephony, towards its wider implications for the economy. When a new, private mobile operator was created in Haiti in 2004, for example, as well as stimulating the mobile telephony market, this set in motion a virtuous circle of economic sector development, with the operator

accounting for 20% of the country's GDP growth between 2005 and 2007.⁷

What is remarkable is not the growth of technology, mobile telephony or otherwise, but rather how organisations are creating new, innovative and (above all) profitable services to the benefit of the widest pool of citizens. We are seeing this across developing geographies in a number of sectors, including education, retail, healthcare and banking, as outlined in figure 2 below.

Mobile money

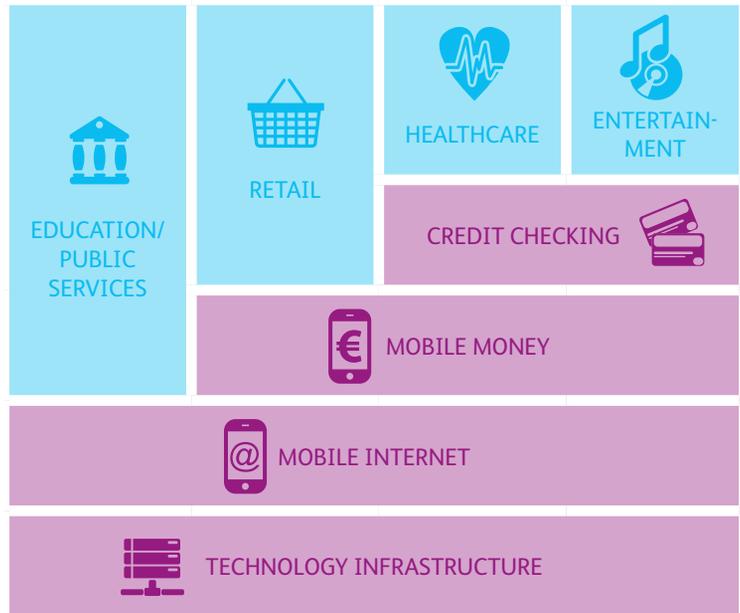
Mobile money is a means to an end. It enables access to financial services such as banking, money transfer and payments to pay for a range of products and services: children's education, groceries, clothing, medical procedures, or the financing of the acquisition of trading stock or a house, to name a few examples. Many people are familiar with the success of the mobile currency M-PESA in Kenya⁸, but less well known is the fact that the currency was triggered by the launch of pre-payment cards for mobile telephony, which then extended to the phone becoming a payment mechanism in its own right.

To understand how mobile money services are playing out in emerging economies, BearingPoint partnered with the European Bank for Reconstruction and Development (EBRD) to undertake an extensive research study across a number of countries in Eastern Europe and Asia.⁹ Mobile money equates to a service in which a mobile device is used to access financial services and/or initiate financial events (see figure 3). Note that, according to the World Bank, almost 2.7 billion people lack access to financial services.

According to the research, mobile money led to increased financial inclusion and a subsequent reduction in the shadow economy footprint (measured by Visa at EUR 2.15 trillion for Europe in 2013 – or about 18.5% of Europe's economic activity) – both factors that brought about improvements in socio-economic development. It also improved the security of financial transactions compared to cash, and reduced the operational overheads for both buyers and sellers.

What is remarkable is how organisations are creating new, innovative and profitable services that benefit the widest pool of citizens

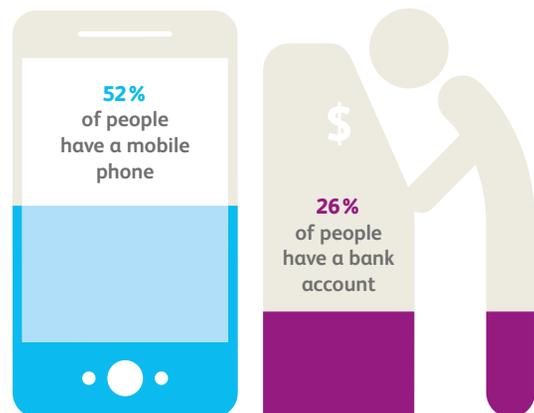
Figure 2: Technology layers can provide foundations on which sector solutions can be designed



Source: BearingPoint

Figure 3: Mobile but not monied

Those from emerging markets are far from being financially included



Source: CGAP, Wireless Intelligence



PHOM HUY'S STORY

Phom Huy is a rice grower in the north-west of Cambodia. He uses his mobile phone very little – in part in a 'classic' way, to keep contact with his youngest daughter who is studying to become a teacher. Otherwise, he uses his mobile to negotiate group purchases: for example, when his family (12 adults including brothers, sisters and parents) want to buy some fish, he collates their requirements, which always amounts to several kilos in total. He calls the fishmongers he has in his address book (about ten) and negotiates the best price. Once he has received the order, the fishmonger will deliver it on an agreed day, when he passes through the village.¹¹

In the suburbs of major cities across developing countries, few retailers have the kinds of electronic point-of-sale infrastructure that might be expected in developed markets – such as electronic cash registers, card terminals, contactless readers and so on. However, a significant number of people have mobile phones. Should a cashless transaction be required, a retailer can call a number on the mobile, and type in the purchase details – which are transmitted to the mobile phone of the purchaser for authorisation. A brief call or an SMS later, the payment is confirmed and the transaction completed.

For a non-mobile example we can look at the Republic of Georgia, where banks have implemented PayBox terminals – self-service banking machines located in shops and markets, railway/airport stations and localities that lack bank branches.¹² PayBox terminals cost one-third the price of ATMs and are growing rapidly in popularity, weaning citizens away from what has traditionally been a cash-centric economy.

Purchasers are also innovating around use of technology, for example enabling group-purchasing schemes (see Phom Huy's story).

Credit checking

The ability to transact in a measurable way provides an interesting spin-off benefit for traditionally 'unbanked' populations. For example in Brazil, many people do not have bank accounts. When it comes to needing financial services such as taking out a loan, there is no way of checking the credit history of the individual.

US start-up Cignifi¹³ has created modelling software that can make a judgment call on whether a loan applicant is a worthy prospect for a lender by analysing patterns of mobile activity, such as timely payments and top-ups, and the hours and duration of phone calls. The program, which was tested with 3 million mobile subscribers in Brazil last year, comes up with a numeric rating, similar to a credit score of a credit rating agency, based on consumers' mobile habits and behaviour.

This software allows loans companies to use mobile phone records as a way of checking whether the individual has been consistently able to pay. This offers the 'unbanked' the ability to access credit, whilst allowing lenders to manage risk.

Healthcare

The ability to remotely connect and monitor patients is acting as an enabler to a number of healthcare services. We investigated several of these in another BearingPoint Institute paper, 'ICT and Health Systems in Africa'.¹⁴ For example, the Pesinet remote paediatric service was set up in Mali in 2007, run by a not-for-profit organisation and targeted at children between 0–5 years of age. The model is that local healthcare 'agents' visit participant families once per week, checking and weighing children, and then entering data into a mobile application, which is then sent to a central team of medical experts.¹⁵

On a larger scale, the Etisalat mobile baby initiative targets maternal mortality through pre-emptive remote monitoring of pregnant women, and gives support to local health workers.¹⁶ If issues are identified, transportation and care is implemented. Following initial trials in Tanzania, Nigeria, United Arab Emirates and Saudi Arabia, the programme was rolled out across nine more countries in 2012.

What is interesting is that neither Pesinet nor Etisalat mobile baby are 'free' services. For Pesinet, participant families pay 1 euro per month – equivalent to a day's wage for 90% of Malian families.¹⁷ Meanwhile Etisalat generates revenue through data transfers, and transportation is paid for separately.

Not only do such schemes save lives, but they also influence people's behaviour, as they improve education, dramatically change perception of the value of prevention, and encourage families to get to the doctor as soon as the first symptoms occur.

Education and public services

Technology is providing a simple, effective backbone to enabling access to educational resources in a number of developing nations. In some countries, such as Mexico (through its Telesecundaria program), this is a simple response to a clear need – distance education enables rural communities and more transient populations to be reached more easily.¹⁸ In others, such as Afghanistan and Pakistan, such services can enable the education of people – including women – who could not otherwise access it for political reasons.

For governments, the flows are two-way – to enable often centralised public services to be delivered more broadly to a larger section of the population; distributed populations have better access to information and more influence on their own governments as a result. The Ushahidi website was created in Kenya during the unrest after the 2007 presidential election, for example, enabling real-time data mapping of eyewitness reports of violence.¹⁹ The tool has been used following the 2010 earthquake in Haiti, as well as many other countries – benefiting from rapid set-up times, ease of use and low cost of operation.

Entertainment

Not all services have to be quite so highbrow. There is a rapidly expanding video-gaming market in developing countries, for example – growing by 170% in India, and 595% in Latin America, in the years 2009–11, according to game delivery company Pando Networks.²⁰

As another example, in the Republic of Georgia, PayBox companies like OSMP, Novatech or TBCPay are not only providing effective bill payment and mobile phone top-up services, but are also tapping the entertainment and gambling market by providing betting, poker and gambling services on their terminals at a very low cost, to enable even those stretched for funds to participate.

Even the poorest citizens are prepared to pay for services. Money can always be made, even if the services are low cost

Learning from the models

It is important to recognise what the above examples share in terms of characteristics. Most importantly, even the poorest citizens are prepared to pay for services. Money can always be made, even if the services are low cost.

The second point is how providers are now looking to access sometimes quite specific markets, which traditionally may have been seen as 'not worth the effort'. Different views on addressability exist. Sometimes these start as quite niche pockets of customers (like the Etisalat mobile baby service), but on other occasions they can become very large (like the M-PESA mobile payments service).

It is well understood in developing countries that technology innovation is not an end in itself, but is the means to an end – namely to fulfil varying human needs. The bigger question is, ‘Can developed economies also break with their own past, based on a similar view of technology innovation, to benefit from lessons from emerging countries?’

The resulting outcomes are increased inclusion and better access to services. While this may sound obvious, sometimes this scenario is not true in developed economies. There are services to be delivered and there is money to be made in three areas: mass market, niche and, indeed, those at the edges of society.

Viral adoption is seen as the exception rather than the rule

It is not just that some of these opportunities exist in the developed world – rather it is how they have taken place and how that differs from Western business models. Companies in developed countries can benefit by applying similar principles to their own markets, or indeed by seeing developing countries as a valid opportunity.

Inhibitors to innovation in developed economies

It would be wrong to suggest that developed economies are ‘un-innovative’ – by their nature they have higher standards of living and greater access to technology. Equally however, as described above, opportunities are being missed – particularly when it comes to reaching underserved areas of the population.

Numerous examples exist of where the developed world has exhibited sluggishness when it comes to innovation. Areas such as healthcare, public service delivery and – most pointedly – mobile money could be seen as lagging way behind. In the UK, for example, the Mondex electronic cash pilot scheme debuted in Swindon in 1995 – 14,000 cards were issued to a total population of 160,000. However,

three years later the town was reported to be using ‘more coins and notes than ever.’²¹

More recently, the UK cash machine network LINK has made available an online service for consumers to suggest new locations for cash machines – thus not only continuing the dependency on cash, but supporting its further expansion.²² Examples such as this are legion: elsewhere in this issue, we look at technology and process challenges around patient care across Europe, which are based on a core of complexity built over decades.

When we consider the ‘underserved’, therefore, we are not looking exclusively at the poorest groups, nor the disenfranchised. Rather, we see clear areas where a specific service could be rolled out to a specific population segment, if it was not hampered by legacy factors such as:

- Existing legacy infrastructure, processes and related operational costs, leaving little margin for new development. IDG figures indicate much time and cost – 63% is spent ‘keeping the lights on’ rather than innovating.²³
- A lack of urgency and risk-aversion in the developed markets makes organisations more likely to maintain existing systems and models rather than to create new ones, even while current models and systems deliver sub-optimal outcomes. This includes conservative, convenience-driven behaviours – for example, how people like cash.
- Western entrepreneurialism and venture capital models are based around a shared-risk approach, which recognises that not every attempt will succeed. While this creates unexpected innovations, it can turn attention to the ‘next big thing’ and away from solving less interesting, yet no less important challenges.
- There is a reticence to upset the applecart by either cannibalising existing markets or asking people to pay for services at the outset – as illustrated by deferred-reward, ‘freemium’ and/or advertising-supported business models.
- In developed economies, focus is often placed on large-scale marketing to articulate a value proposition, rather than bottom-up adoption based on more Darwinian principles. Viral adoption is seen as the exception rather than the rule.

In summary, these factors are causing opportunities to be missed – large scale and small, in developed and in developing countries – as many organisations based in developed countries simply aren't geared up to understand consumer needs or to respond to them in an appropriate manner. So, what can these companies learn about innovation from emerging economies that can be reapplied to their own markets?

Enablers to innovation without barriers

Quite clearly, market segments in emerging economies operate differently to those in developed countries, with different driving factors – for example, the former experience increased demand for money transfer services, due to domestic/international migration of labour. Equally, regulatory frameworks and competitive positions are different – for example, how would mobile companies fare if they tried to compete with banks head-on in the developed world?

Based on our client work and research, we have assimilated four key pillars of best practice when it comes to understanding where and how to identify opportunities for innovative products and services. These are:

- Establish a confirmed need;
- Verify the scope of market addressability;
- Establish realistic business models;
- Identify the enabling foundations.

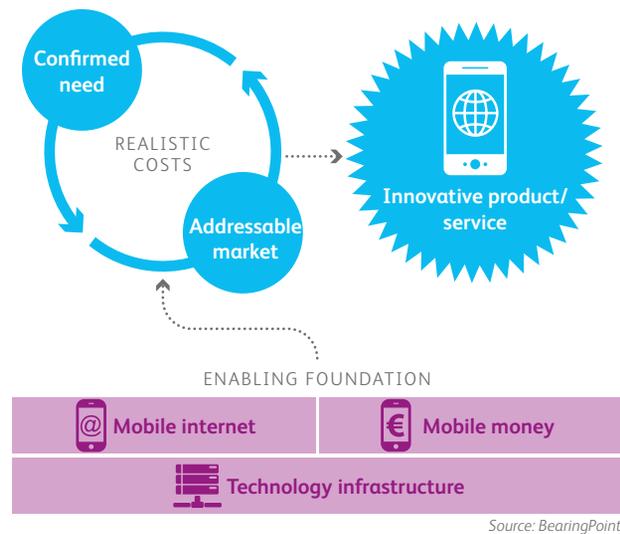
We look at these below in figure 4.

Establish a confirmed need and mode of use

The first thing that needs to be taken into account when developing innovative products and services to meet underserved requirements, is that success comes from fulfilling a genuine, clear and present need. While this may sound obvious, Western marketing so often starts from the point of view of creating a need in the hope of willing it into existence.

Figure 4: Enablers to innovation

Identifying opportunities for innovative products and services



Once a need has been identified, the solution needs to add clear, positive value to the customer. In practical terms this means focusing on convenience and ease of use, as well as affordability. There are clear opportunities across:

- public services – for example, establishing government-to-citizen interaction channels using mobile platforms;
- consumers – for example, remote health services;
- businesses – for example, e-invoicing or shared purchasing.

Such needs are useful catalysts for the increased use of technology mechanisms such as mobile payments or mobile health, which can later be expanded; they also pave the way for increased collaboration between the private and public sectors.

Success comes from fulfilling a genuine, clear and present need

Verify the scope of market addressability

Innovation in emerging markets does not come with high profit margins. Hence, to keep risk levels down, market addressability needs to be guaranteed. Factors to be taken into consideration include minimum population size and density, ecosystem availability, progressive regulation, and so on.

- Adopters (Turkey, Russia, Kazakhstan, etc.) – faster-growth nations with expanding middle classes that show high propensity to adopt new products, services and technologies.²⁴

Tailoring propositions may result in smaller, yet more realistic market sizes that can be targeted more directly.

Establish realistic business models

Another success factor is to have a business model that can work with minimal investment, can generate cash flow early, and can grow with the maturity of the product and the customers.

Even the poorest people in the world are prepared to pay for the services they receive. Financial models can be built around setting expectations on service costs against delivery. Potentially, the business proposition can be made so cheap that the product or service becomes a no-brainer. For example, service providers can either offer customers mobile phones with inbuilt top-up plans, to better control their daily/monthly spend, or a mobile wallet that is free to load, but which incurs a small charge for sending or withdrawing money.

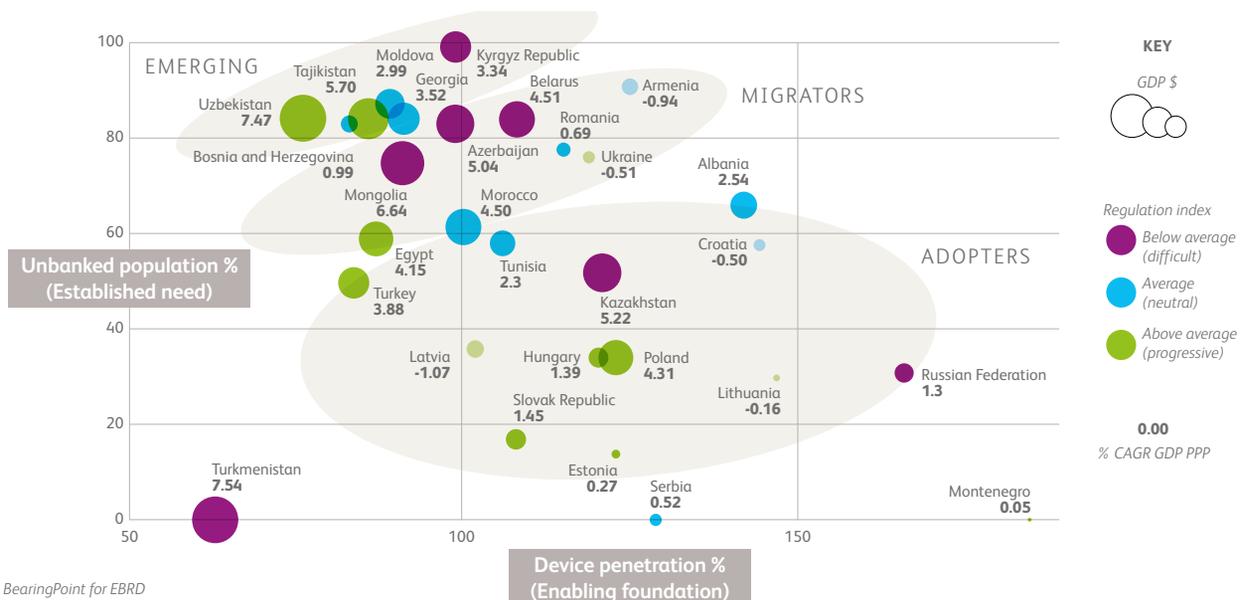
Propositions can be targeted according to demographic factors

When looking beyond the traditional, middle-class ‘prosumer’ (professional consumer) communities targeted with innovation in developed countries, propositions can be targeted according to demographic factors. For example, from the EBRD research study covering Eurasian countries, we identified three target groups at different levels of market maturity (figure 5):

- Emerging (Kyrgyz Republic, Moldova, Tajikistan, etc.) – countries that have large rural populations with basic transactional needs;
- Migrators (Georgia, Azerbaijan, Mongolia, etc.) – diverse populations with numerous sub-groups, which are developing at different speeds and migrating from basic transactional needs to more advanced services;

Figure 5: Innovations can be selective, targeting demographic needs and foundations

Mobile penetration vs unbanked population (including CAGR GDP PPP and regulation level)



Source: BearingPoint for EBRD

Identify the enabling foundations

Enablers can come from a number of sources. First, the foundation laid down by technology already present – even legacy technology – provides a solid basis for innovation. In the business space of mobile-driven innovation we recognise two levels of foundation: mobile technology platforms (including basic telecom network coverage, device penetration and device capabilities), and monetisation and payment based on mobile money services.

Second, access to a diverse group of potential partner organisations allows companies to enhance their service offerings or deliver new, previously unviable products. For example, consider the example of the Brazilian telco provider that exploits the data analytics services of a third party, to enable it to grow its post-pay customer base and even to expand into financial services by offering loans.

Finally, operations and customer service capabilities need to be in place at an adequate level of quality, in order to move the innovation swiftly from trial stage into early economies of scale with a large enough, happy, early-adopter customer base.

Re-engineering the West for innovation

We can see that innovation is not simply about hit-and-hope approaches – when addressing the needs of underserved markets in developing economies, blind hope is rarely a strategy for success. To understand how organisations can achieve such a level of innovation, we will consider the lessons from developing countries in terms of the five strands of an innovation taxonomy (see figure 6).



Govern – put innovation at the heart of strategy

An organisation's processes can be structured to enable innovation to happen. However the organisation needs to be clear about its abilities before it starts. This includes:

- Whether such innovation is seen as strategic;
- Whether appropriate processes are in place;
- Whether competences exist, and how staff are being trained;
- What other key resources are necessary.

Business strategy around areas of underserved innovation is about doing the exception, not the norm

Business strategy around areas of underserved innovation is about doing the exception, not the norm. As such, it requires the organisation to take a leap of faith, pioneering an area with low-cost services, which may offer larger margins in the future, particularly as economies of scale are achieved.

As some organisations have discovered, corporate social responsibility (CSR) can also play a part if it helps to catalyse initiatives that reach underserved population segments. An example of such a model comes from the education sector and its use of

Figure 6: The BearingPoint innovation taxonomy



Source: BearingPoint

remote learning platforms or ‘massive open online courses (MOOCs)’, enabling much broader access to education, as well as marketing paid-for courses, and offering upsell opportunities.²⁵



Explore – walk in the shoes of others

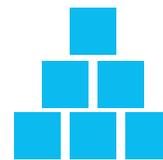
It is important to ensure that a population segment can be clearly targeted with a profitable service. Organisations should look for a wide set of inputs to ensure that this picture is as clear as possible, not least from:

- Social trends;
- Competitive pressures;
- Evolving technology;
- New regulations and legislation.

When targeting a population it may be better to ‘walk in their shoes’ and gain local experience

When targeting a population it may be better to ‘walk in their shoes’ and gain local experience, rather than to second-guess behaviours and usage patterns based on what has worked in the developed world. An example is Schneider Electric, which applied its experience in electricity and lighting to enable Indian communities to benefit from alternative light sources. By looking at local needs, the company integrated into the local ecosystem, with resellers renting lamps with recharged batteries by the day.²⁶

Another example is how telecom operators have adapted to local market needs by introducing pre-formatted SMS services in emerging markets, to stop revenue loss from customers exchanging messages via intentional ‘missed calls’ on mobile phones.



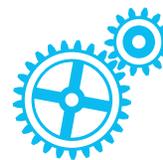
Build – think big, start small

When creating a solution to meet the defined requirement, we can learn from developed countries to start small, say with a pilot project. An example comes from Veolia, which looked to provide clean drinking water to poor rural populations in Bangladesh. Veolia developed the concept of a ‘micro-factory’ adapted to the local context, serving distribution points (taps) managed by local entrepreneurs, who were charged with selling the water.²⁷

From such experiences we can learn to:

- Initiate projects within a well-bounded framework, within which one can experiment with new solutions;
- Bind investment from the start and check the financial viability of each initiative;
- Acquire effective best practices and solutions, which can be replicated on a larger scale.

Such piloting approaches can be greatly helped by the use of an existing technology foundation. For example, a mobile application or payments platform can be rented at very low cost to test ideas. Pilots also offer the opportunity to co-create, elicit feedback and iterate prototypes.



Process – take a maturity led approach

In terms of the process itself, organisations can build on the above to implement an innovation lifecycle, which leads with ideation and goes right through to the industrialisation of a product. Organisations should not try to become ultra-innovative overnight, rather they can consider a maturity-based approach covering:

- the innovation portfolio;
- launch trajectories;

Sales conversion for patients visited by Essilor International SA's mobile opticians

40%

- product life cycle management;
- agile processes;
- interoperability with other organisations.

Clearly, adoption is a key metric, for any product or service, and this can be used to measure innovation success.



Cooperate – involve the whole ecosystem

A number of players contribute to the economic ecosystem around any segment. These include, for example, service providers and financial institutions, government bodies, NGOs and local institutions. We know from our research into the BOP segment that defining and implementing the right partnership strategy can be a critical element of success.

Local players possess a key understanding of target segments that can be lacking in many companies.

A number of potential partnership models exist, including:

- complementarity;
- substitution;
- co-opetition.

A good example is Essilor International SA's experience in providing eye glasses to rural populations in India. The initiative relied on mobile units to reach rural areas, providing diagnosis services and then assembling the glasses in situ. On average, teams spent two days in each village, where about 40% of patients they saw then bought a pair of glasses, with an entry-level price of 2 euros. Essilor relied on partnerships with local medical organisations to better reach customers, educate them on the benefits of the treatment, and improve the remote diagnosis of patients.²⁸

Partnering also offers access to sources of finance. Public institutions are often looking to encourage private sector investment, for example, the 'matched funding' models of the UK Technology Strategy Board for innovation projects.²⁹ It is worth researching where public financing, preferential lending rates or tax breaks are available, and steering initiatives accordingly.

Start small, say with a pilot project

Experience collated by the World Bank about public-private partnerships in water utilities³⁰ shows that the sustainability of a joint action between public and private sectors must rest on two pillars – clear repartition of financing between parties, and transparency of operator margins.

Defining and implementing the right partnership strategy can be a critical element of success

The innovation opportunity

The truth is, all economies are in a way 'developing' when it comes to innovation. In some areas, developing countries are already there, but businesses in developed countries also have the opportunity to harness further innovation opportunities, if they can take a longer view and stop assuming all answers need to come from within. This is more about understanding what customers really want and how to enable the solution cost-effectively, rather than any grand plan.

The innovation opportunity is two-fold for businesses in developed countries. First, applying the lessons learned from innovations in emerging countries to target underserved populations within their existing markets of operation. Second, redeploing some of the investment capital to develop products and services for new markets in developing countries, which previously appeared difficult to address.

lie not within corporate headquarters but out in the field, across the populations of emerging countries. Successful innovation processes will be noticeable by having two clear facets, covering both governance and cooperation:

- The creation of local ecosystems, including entrepreneurship models based on specific market conditions;
- A complete cycle of reverse innovation, starting with the population being served.

Successful leaders of today will be those who identify new business opportunities from both within their organisations and in collaboration with a broad set of business partners. Such leaders will expend substantial effort to nurture change agents who can not only see the potential of innovative new products, but who also excel at bringing them to new markets.

Fundamentally, the inspiration for true innovation comes from outside the corporation – it is those who understand how to learn, adapt and then respond to genuine needs that will win in the long term. 

The opportunity is two-fold for developed countries businesses: target underserved populations at home and develop products and services for new markets in developing countries

In order to be successful, companies in the developed world have to act without pride: the majority of their knowledge, ideas and innovation



KEY TAKE-AWAYS

- Western organisations are leaving opportunities on the table
 - Underserved markets exist not only in developing countries but also in all developed economies
 - Many have populations living beneath the poverty line
 - By addressing those segments, organisations in the developed world have the opportunity to fulfil their social responsibility while generating a profit
- Companies in developed countries tend to focus more on marketing-led approaches rather than viral adoption
 - Backward inertia from infrastructure, existing business models and a lack of urgency are holding them back
- Developing nations are more efficient in terms of return on innovation investment
 - They focus on making money and delivering services people need rather than ‘the next big thing’
- Technology can offer a solid foundation to address previously un-addressable markets
 - The right structures need to be in place to support bottom-up, needs-led innovation

About the authors



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INNOVATION OHNE GRENZEN – WAS KANN MAN VON DEN WACHSTUMSMÄRKTEN

LERNEN?

Die Entwicklung von Innovationen in Entwicklungsländern erfolgt sehr unterschiedlich im Gegensatz zu denen in westlichen Ländern. Auch wenn wenig Geld verfügbar ist und die Märkte häufig schwer zugänglich sind, finden Anbieter immer wieder Wege, wie sie Ihre Ideen umsetzen können. Infolgedessen werden Dienstleistungen und Produkte verfügbar für normalerweise weniger zugängliche Marktnischen. Und die Wirtschaft gedeiht.

Während sich die Gelegenheit ebenso für alle Unternehmen der westlichen Länder bietet, in bisher nicht bearbeitete Märkte einzutreten, behindern sie sich häufig selbst durch ihre eigenen vermeintlichen 'Vorteile'. Veraltete Infrastruktur, bestehende Prozesse, konservatives Denken und andere Ursachen der Trägheit können Barrieren für Innovationen sein. Dies kann dazu führen, dass näherliegende, weniger umkämpfte Märkte angesprochen und damit viele mögliche Gelegenheiten verpasst werden.

Dieser Artikel zeigt, wie Unternehmen aus dem Westen von ihren weniger begünstigten, doch manchmal dynamischeren Cousins aus den Wachstumsmärkten, lernen können. Wir beschreiben die Suche nach Wegen, wie Technologie verwendet werden kann, um hochwertige Dienstleistungen mit minimalem Investment zu erzielen, entweder um Märkte zu erreichen, die vorher unerreichbar waren, oder um Kosten zu reduzieren und Werte innerhalb der Organisation freizusetzen.



INNOVATION SANS FRONTIÈRES – LES APPORTS DES PAYS ÉMERGENTS

L'innovation se développe fort différemment entre les pays occidentaux et les pays émergents. Même si pour ces derniers les ressources sont plus limitées et les marchés souvent moins ouverts, les entreprises parviennent à transformer leurs idées en réalité. Les services et produits deviennent accessibles à des communautés et entreprises habituellement en retrait, contribuant ainsi à développer l'économie.

Alors que les opportunités de s'adresser à de nouveaux marchés existent également dans les pays développés, les entreprises se retrouvent parfois entravées par leurs propres « avantages ». Les équipements existants, les processus en place, les manières de penser conservatrices, et toute autre cause d'inertie, peuvent créer des barrières à l'innovation. Préférer se cantonner à des marchés plus simples, ou moins perturbateurs, peut amener à manquer de belles opportunités.

Cet article étudie comment les organisations occidentales peuvent apprendre des pays émergents, moins avantagés mais parfois plus dynamiques, en matière d'innovation. Il montre comment les technologies peuvent être utilisées pour offrir des services à haute valeur ajoutée avec un investissement minimal, afin d'adresser des nouveaux marchés ou de réduire les coûts et de générer de la valeur au sein d'une organisation.

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