

# NEWS CLIPPING

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## Innovation the key to survival

**W**hen gaming company Atari made its debut in the 1970s, it took the computer entertainment industry by storm. A pioneer in arcade games, gaming consoles and computer games, Atari helped define the industry for more than a decade. Since then, however, other new and more engaging ways of gaming, like Sony's PlayStation, have come to market and Atari is now merely a shell of what it used to be in its heyday.

This is because Atari was complacent and had refused to innovate and change to keep up with the fast-evolving world of computer gaming, says Damien Duhamel, managing director of marketing intelligence firm KAE Asia. On the other hand, the PlayStation has continued to grow in popularity, with new versions of the original console and increasingly engaging games hitting the market regularly. PlayStation succeeded where Atari failed: constant innovation to stay ahead in the market and remain relevant.

Singapore is on the cusp of becoming an innovative financial hub in Asia-Pacific and will soon be able to rival cities like Tokyo and even Hong Kong, says Duhamel. But this isn't going to happen overnight. Singaporean leaders and the businesses they lead must first break away from their traditionally rigid ways and be willing to embrace and implement changes in their workplace to stay afloat and keep pace with the rest of the world.

"Singapore is one of the most diverse cities in Asia," says Duhamel, 37. "It is a melting pot of races and [has some] of the brightest brains in the world. Innovation is key to the country's survival but, for us to reach the mark set by the government, change has to be implemented from the bottom up. Businesses and their management must be willing to innovate and change to stay relevant."

But with all the hype over innovation and its implementation one tends to wonder what that buzzword really means. What essentially is innovation?

"Innovation is the ability to transform an idea into long-term, sustainable competitive advantage for a company," Duhamel says. "It is a painful task anywhere you are in the world. Many people want to innovate, they just don't know how. But once you do, it can be very rewarding."

KAE Asia, which Duhamel has headed since last year after spending seven years in business consultancy firm Synovate, works mostly with blue-chip companies, helping them find new growth avenues and currently has offices in London, Washington, Shanghai and Singapore. KAE was set up in 1969 in London and is listed on the city's stock exchange.

Duhamel, who is French by origin but "Asian by choice" after spending 22 years in Asia, says there are essentially two types of innovation: incremental, where products are modified in terms of their



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features or specifics like Nokia or Procter & Gamble; and disruptive, creating a whole new business or market niche in which a particular company dominates market share in that area.

"Take Google, for example," he says. "Eight years ago, you and I were both conducting online searches on MSN, but overnight we moved on to using Google; they created a whole new market for themselves. Now, MSN has 1% of the market, whereas Google controls 85% of that market."

"Will Apple die when Steve Jobs dies? Probably not. Will Google fade the day its founders retire? Probably not, again. This is because they have instilled innovation at the core of their business. Ideas are everywhere. It's how you translate these ideas into money to create shareholder value. Innovation is beyond creativity. It's about delivering value."

So, how should Singapore companies and entrepreneurs implement innovation as part of their businesses to narrow the gap between the situation now and the government's vision for the country as an innovation hub? What is the situation like now?

Duhamel says one of the barriers limiting innovation is remaining in a "comfort zone" when it comes to recruiting. "If you are from a specific origin, you will hire someone from that same origin. If I took an MBA from, say, Insead, I would be inclined to

hire someone from Insead because I would feel more comfortable. We need to go beyond that to innovate," he says. "Everyone thinks differently. By headbutting each other with different ideas and actually encouraging people to 'fail' as long as they come up with ideas, everyone could argue and debate on how best to innovate and change. But, in Asia especially, encouraging ideas is easy but the failing part isn't."

"If I am the boss and I expect you to do what I say without thinking, where is the root for innovation? If you were an innovative thinker, you would go somewhere else and I would have lost you. Diversity is the root to innovation. At our office in Singapore, for example, everyone is from a different nationality and comes from varying disciplines. This creates diversity."

He says Singapore's leaders need to break away from a traditional mindset, which limits innovation. They also need to understand why they need to change, and be clear about how they want to implement these changes into their businesses, in order to succeed and make a difference.

"Recruit people who scare you, because these are the people who will challenge the status quo and initiate innovation at the core of your business," advises Duhamel. "Or risk going the same way as Atari."