

Managing Innovation

Schneider Electric a Case Study

*NSAI Conference
Innovation & Standards
Supporting Enterprise*

25th March 2009



Content

● Introduction to Schneider Electric

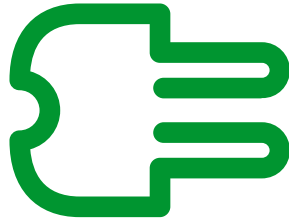
- Who we are
- What we do

● Case Study

- General framework for Innovation
- Schneider Ventures
- Business Innovation Process

● Summary

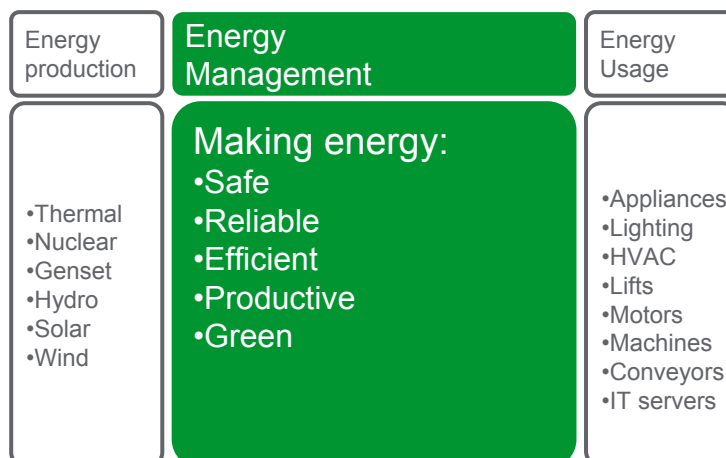
The global specialist in energy management



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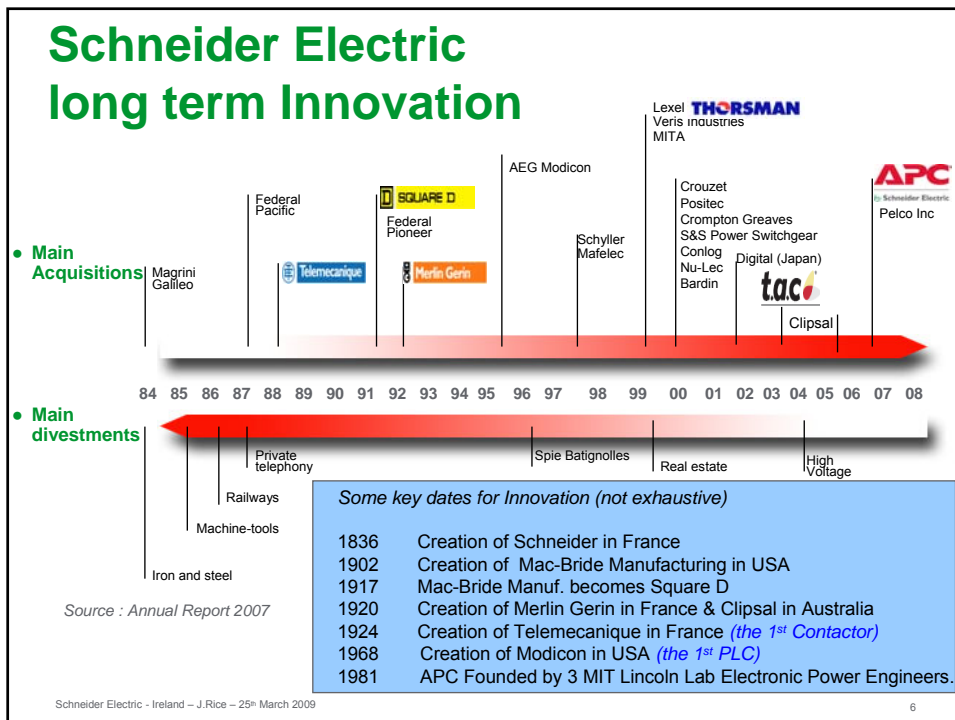
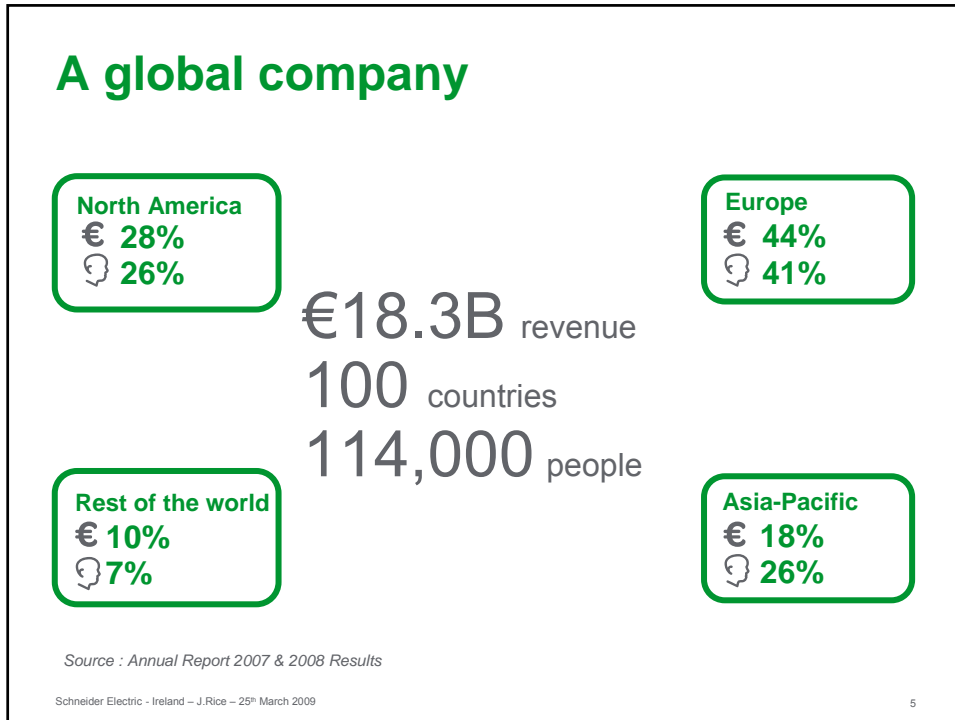
Helping people make the most of their energy



Source : Annual Report 2007

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Large Product Portfolio

Electrical Distribution Products & Systems



Medium Voltage

Low Voltage

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Large Product Portfolio

Industrial Automation Products & Systems



Automation Products, Systems & Solutions

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Large Product Portfolio *Installations Systems & Materials*

- Medical Ward Service Units
- Cable Management Systems
- Service Poles
- Cable Clips, Fixings and accessories



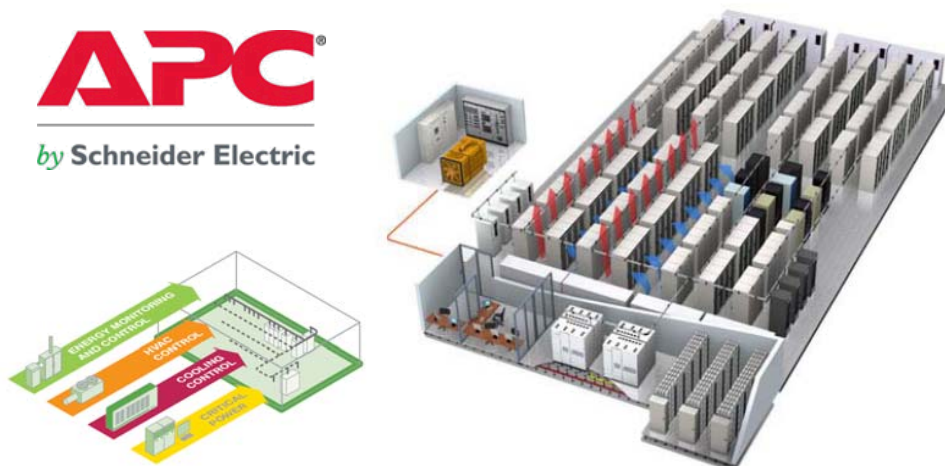
Cable Managements Systems & Fixings

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Large Product Portfolio *IT Critical Power Solutions*

APC[®]
by Schneider Electric



IT - Critical Power & Cooling Systems & Solutions

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Large Product Portfolio Building Automation & Energy Solutions



- *Comfort*
- *Communication*
- *Safety*
- *Operating costs*



Building Automation and Energy Systems & Solutions

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The Innovation Landscape in Schneider Electric



Innovation is a priority

- More than 4% of revenue devoted to R&D
- 6,500 R&D team members in 25 countries
- Co-operation agreements with more than 50 prestigious laboratories
- A venture capital fund focused on advanced technologies

Source : Annual Report 2007

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Innovation Award

Award

- In 2007, **Frost & Sullivan** awarded its product innovation prize for North America to Schneider Electric in the area of energy quality and energy management solutions.

These innovations included :

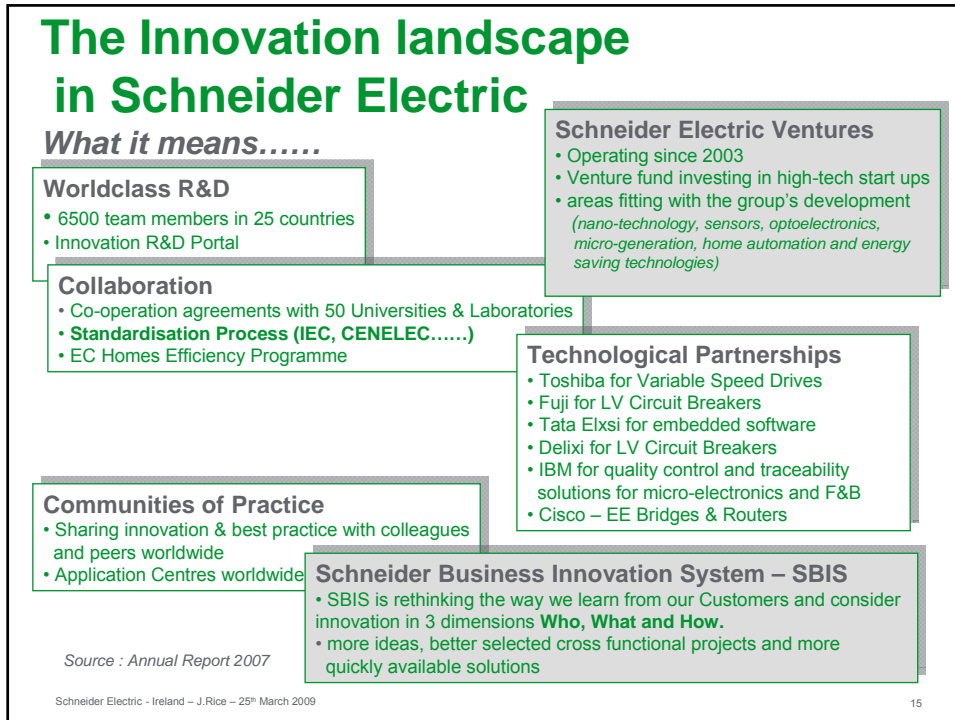


- PowerLogic ION 8800 and PowerLogic ION 8600, two Power Meters that allow distributors to invoice energy consumption while complying with legislation on network stability.
- PowerLogic ION Enterprise & PowerLogic System Manager, energy management software with web interface
- PowerLogic ION EEM, an energy management solution with advanced functions that can unify a company's energy, emissions and energy quality strategies


Source : Annual Report 2007

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Introduction to Schneider Electric Ventures



Schneider Electric Ventures In the VC market, Schneider Electric Ventures is a recognised Venture Capital Firm...

→ SEV has been **involved** in the VC market for the last **8 years** and developed its **expertise** with a **core team** of 5 people

IN A SNAPSHOT

- **An 8 year old company** : activity started in June 2000 with **very difficult first 2 years**
- **A venture organisation** : small emerging companies are looking for **venture financing** to start or grow their businesses
- **A highly selective process** : SEV reviewed more than **1300 companies** in 2008
- **Schneider Electric commitment** : a **50 M€** fund financing considered as a financial investment (financial impact in the P&L)

A TWOFOLD MISSION

Financial objectives

Returns

at an acceptable level of risk

Technology objectives

Innovation

acting as an Eye-Opener for the group

Generating Value Added

Fostering Innovation

IPO/Trade Sales

Sustaining Partnerships

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Schneider Electric Ventures ...and built a strong industrial expertise addressing Schneider Electric markets emerging trends & technologies

→ In line with its Corporate activities, SEV has developed a strong industrial expertise in **three main sectors**



Energy & Power



Automation & Communication



Electronics & Materials

Data Centers & Networks



Energy & infrastructures



Industry



Buildings



Residential



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Schneider Electric Ventures **..which provides the innovation bridge between innovative companies and Schneider Electric**

→ SEV provides new growth opportunities through scouting, selection and promotion of external innovations

From trends detection...

- **Identification and monitoring** of emerging markets & technologies
- **Development** of relationships with start-ups to foster innovation within Schneider Electric
- **Highlight** of new business opportunities through surveys

...to co-operations & Businesses

- **Business cooperation** on emerging markets (*Photovoltaic, Demand response...*)
- **Global cooperation** on emerging technologies / applications (*Wireless, Security...*)
- **Monitoring & Deployment** of disruptive or breakthrough technologies

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Schneider Electric Ventures **Small extract from the Portfolio**

→ Schneider Electric Ventures has invested in a number of companies including

Energy	Automation & Communication	Advanced Materials & Electronics
 PV energy provider	 wireless industrial solutions Wireless Enabler	 Electro-rheologic fluids

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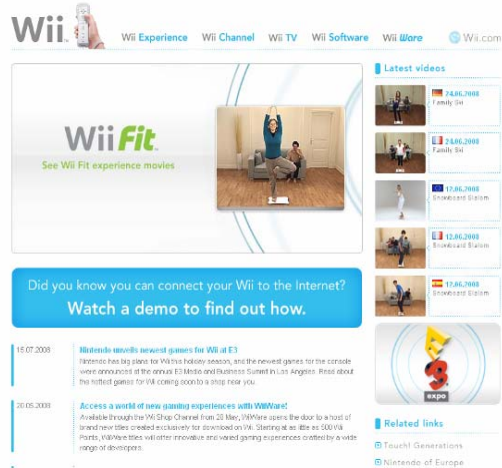
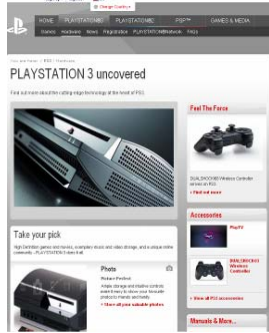
Introduction to the Schneider Electric Business Innovation System (SBIS)



Innovation ? #1



Innovation ? #2



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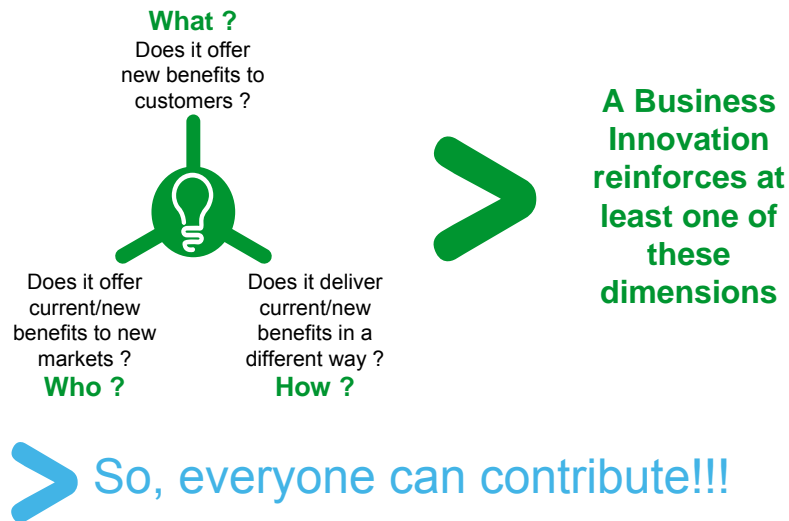
Innovation ? #3



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What is Business Innovation ?



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New insights about the future

By asking new questions and juggling with different perspectives, we can imagine our future

- What if the orthodoxies or conventions, (those defining the “rules of the game”) were overturned?
- What about unexpressed customer needs?
- Who is actually making-up the customer voice?
- Are there any confluences of trends that may announce discontinuities or breakthroughs in our industry?

Insights are the results of a « discovery » phase during which we question our present to imagine our future.

> Different tools to ask new questions, in order to have new answers

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The SBIS approach and tools

The basic principles behind SBIS

- Listen to **new** voices
- To get **new** answers, ask **different** questions
- Work from the future back
- **Diverge** before you **converge**
- Seek innovation at the **business** level

- Manage a **portfolio of innovation** ideas/opportunities/ projects
- Evaluate new/risky opportunities using **different criteria**

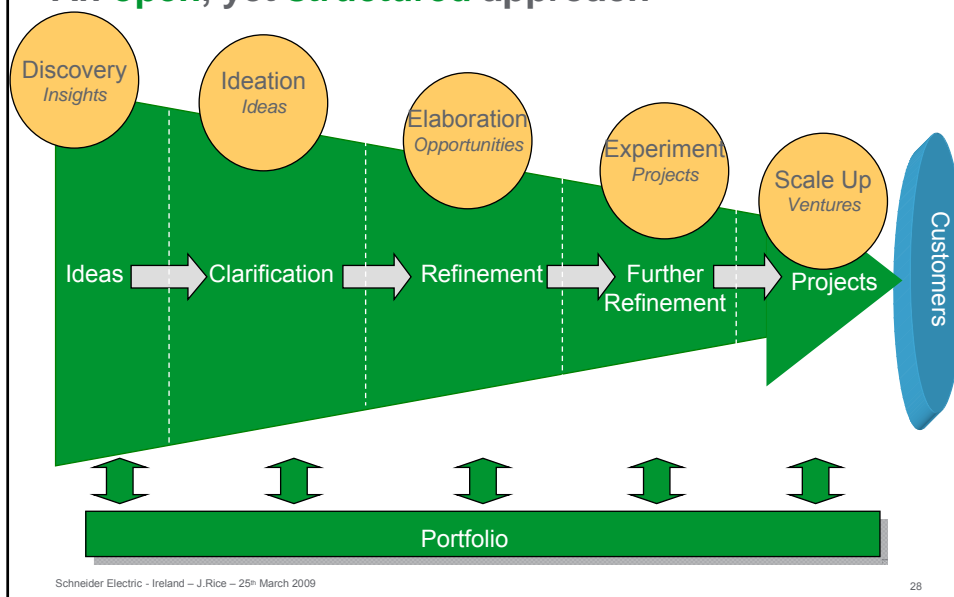
- Instill a **passion** about creating the future **for our customers**

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The SBIS approach and tools

An open, yet structured approach




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Implementing SBIS

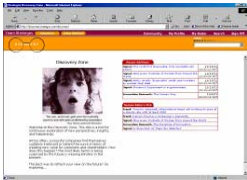
Discovery Phase - Different methods for new perspectives



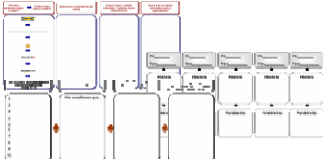
Facilitated Workshops using a robust tool-set




Customer observation




Desk research and analysis over traditional sources and internet will be an important source in content



We use different tools that allow us to extract new perspectives on different lenses



Spending a day in the life of a customer



During this phase meetings with clients and internal stakeholders are critical to harness all the views

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Implementing SBIS

Let's get started!

**Operating Division/
Business Unit brings to the table**

- Interesting business challenge
- Domain expertise
- Leadership support and quick decision making

↕

SBIS brings to the table

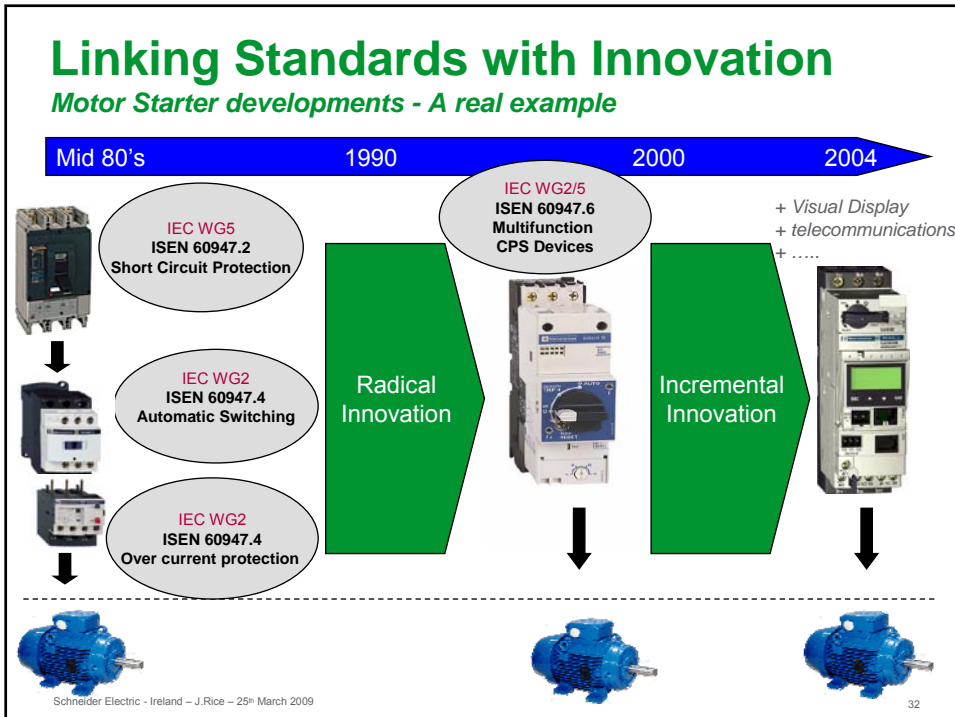
- Open, simple toolkit
- Proven innovation approach
- Innovation expertise and facilitation support

- Out-of-the-box thinking
- Provocative new findings
- Ideas with impact
- Early experimentation
- New business concepts in the market quickly

High **impact** results, using a **simple** approach, implemented in a **flexible** way.

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Linking Standards with Innovation



Innovation & Standardisation ?

From a Schneider Electric perspective there are basically 3 areas where Innovation & Standardisation interact

1. Innovation projects must take Standards into account
 - Ensure interoperability
 - Protect Customers against inferior products (compromising on safety)
2. Innovation allows the state of the art to evolve, requiring the definition and implementation of new standards
 - SE Personnel participate in formal & informal standardisation committees and working groups worldwide
3. In some countries there are suggestions to standardise on the innovation process itself, this is at the early stages and is becoming part of the standardisation domain.

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In summary

- Schneider Electric is a Global Organisation and is an example of a strong ethos of collaboration across borders - culturally, geographically and technologically with all actors both internal and external.
- Collaboration is key in the knowledge economy
 - Universities and Industry co-operation is an essential part of the process - but not the magic formula
 - Standards & Standardisation does not drive innovation but provides a unique platform for improved knowledge and knowledge management in relation to existing and new technologies.
 - SMEs must find a way to collaborate together and with other actors in order to fuel innovation.
- Innovation is not necessarily that "Eureka" moment it is much more than that. Incremental innovation and Radical innovation are very much complementary. Radical innovation can be placed in the domain of Research while Incremental innovation can be seen as Development
Redefine R&D => Refocus efforts on **research & DEVELOPMENT**

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Make the most of your energy



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- Get in touch with our local teams
 - Visit: <http://www.schneider-electric.com>
- Find out more about:
 - Business solutions: <http://www.schneider-electric.com/solutions/>
 - Sustainable development:
 - <http://www.schneider-electric.com/sustainable-development>
 - <http://www.foundation.schneider-electric.com>
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