InterSystems®
Creative data technology

The InterSystems Innovation Index:
Achieving innovation strategy success

Introduction

For organisations to not just survive but thrive in constantly changing landscapes, filled with evolving customer demands, market volatility, and geopolitical events, innovation is key.

This becomes even more important as budget constraints, labour shortages, and increasing costs add to organisations' pain.

Across every industry, innovation is necessary to ensure that organisations are agile enough to not only keep up with these rapidly changing demands, but also for myriad other reasons. Innovation can help businesses to improve customer and patient experiences, develop and create new revenue streams faster, keep pace with changing regulatory requirements, and remain competitive.

However, undertaking innovation initiatives requires organisations to be able to fully leverage their people, processes, and technology. While many organisations will have undertaken some degree of digitisation in recent years, which will have strengthened some of their processes and technology infrastructure, just digitising what they have today is not enough.

Instead, digitisation needs to be viewed in the context of forward-thinking innovation to expand its impact and create new value.

> **Undertaking innovation initiatives requires organisations to be able to fully leverage their people, processes, and technology**

To understand how organisations are faring when it comes to innovation, and whether one sector is leading where others should follow, InterSystems, the leading provider of next generation solutions for critical enterprise digital transformations, commissioned data analyst firm Vitreous World to survey more than 300 business leaders across the healthcare, financial services, fintech, supply chain, and education sectors in the UK and Ireland.

These survey results form the basis of this report, which explores views on innovation within the respective industries, the key drivers of initiatives, and what improvements are needed to increase the success rate of innovation strategies.

Key findings

Skills gaps are hampering organisations in a number of areas linked to innovation, including achieving interoperability and understanding and utilising data.

Just
11%
of organisations have reached their current digital transformation goals

85%
of organisations rely on third-parties to plan, collaborate, and deliver innovation strategies

3/4
of respondents believe innovation is vital to their organisation's success

1/4
of respondents see innovation as nice to do, but not essential, while 26% view innovation as a worthwhile endeavour but challenging to get right

64%
of innovation initiatives are being driven by a desire to keep pace with patient or consumer needs

1/3
of those surveyed think innovation helps their organisation get a competitive advantage

Attitudes towards innovation

The key drivers of innovation

Across all sectors surveyed, almost three-quarters (74%) of respondents believe innovation is vital to their organisation's success. Fintech and supply chain respondents feel most strongly about this, with over 80% in agreement about how critical innovation is.

74% see innovation as vital to their organisation's success

But what exactly is driving innovation? The leading reason cited is being able to keep pace with patient or consumer needs (64%).

Meanwhile, more than half (55%) of respondents said gaining agility and futureproofing their organisation are among the biggest drivers of innovation as organisations respond to recent and ongoing business disruption. This is followed by keeping pace with changing regulation (53%), and staying up to speed with or leading the market (50%).

However, despite 79% of leaders seeing an eagerness for innovation initiatives within their organisations, many are currently being held back from achieving their innovation potential owing to significant barriers.
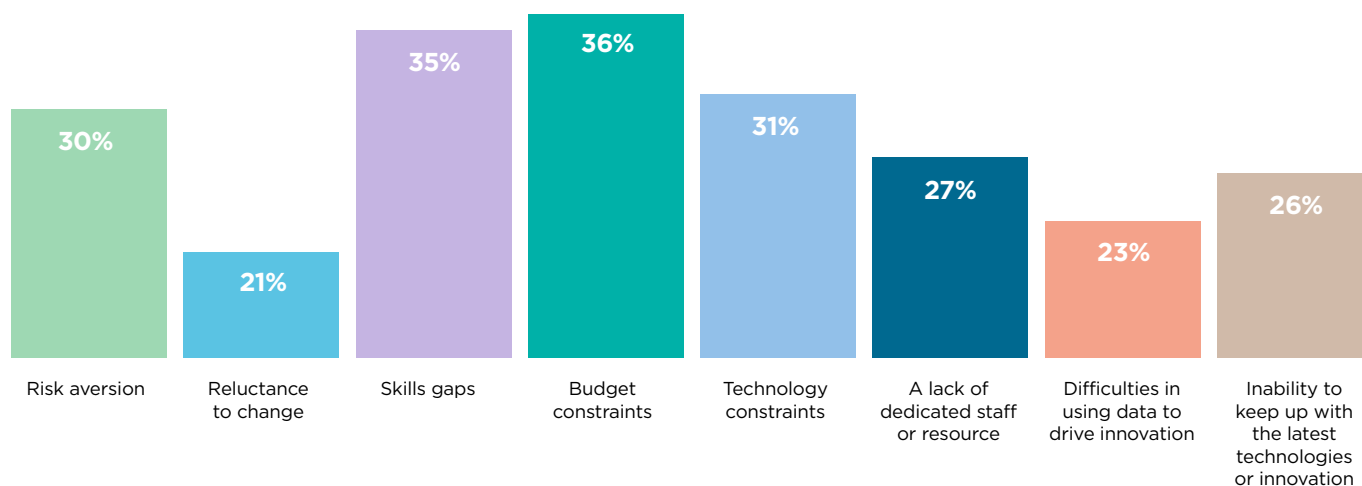
55% said gaining agility and futureproofing their organisation are among the biggest drivers of innovation

The biggest barriers to innovation

From data challenges to skills gaps, organisations are facing a wide range of challenges that are preventing them from innovating, making it difficult to quickly and accurately respond to changes, understand the evolving needs of customers or patients, and get an accurate 360-degree view of their organisation.

Barriers to innovation

30%	21%	35%	36%	31%	27%	23%	26%
Risk aversion	Reluctance to change	Skills gaps	Budget constraints	Technology constraints	A lack of dedicated staff or resource	Difficulties in using data to drive innovation	Inability to keep up with the latest technologies or innovation

People

According to the survey, budget constraints and skills gaps top the list of challenges organisations face when trying to innovate. In particular, education and healthcare sectors were revealed to find budget constraints a major challenge. Yet, amid ongoing volatility and uncertainty on a global scale, these are challenges that are only likely to worsen in the coming years, and consequently require organisations to take action.

Attitudes have also been found to impede innovation as 30% of respondents cite risk aversion as a barrier to innovation, rising to 36% of healthcare respondents. Similarly, more than one in five (21%) cite reluctance to change as a barrier to innovation within their organisation.
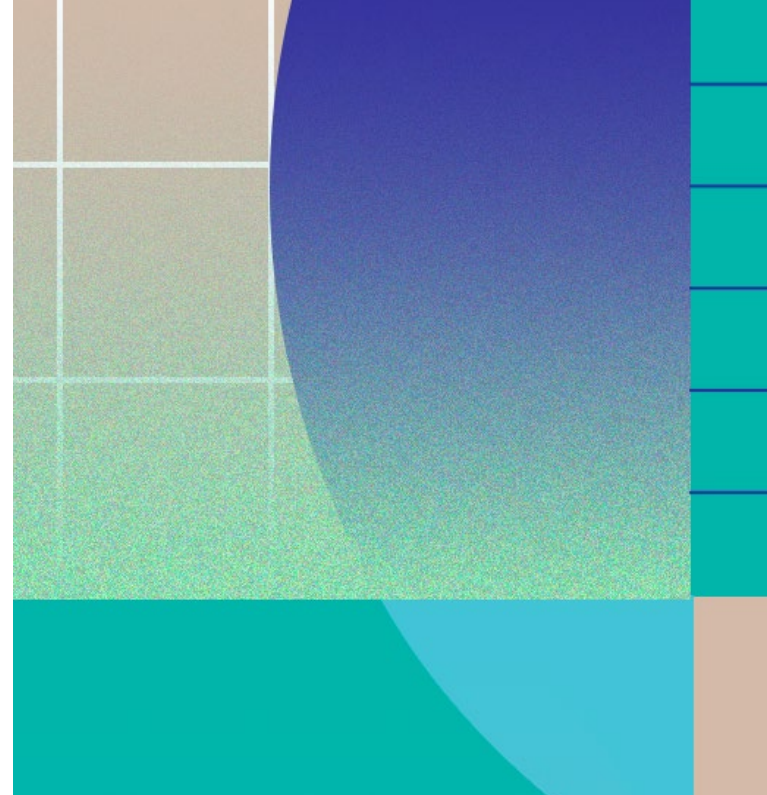
Processes

When it comes to processes, many organisations are experiencing difficulties with interoperability that are hampering innovation. Complying with changing regulation (49%) is the biggest interoperability challenge identified, which rises to 67% among fintech respondents and 57% in education.

Here specifically, skills shortages are shown to be a recurring theme, with 41% of respondents finding a lack of sufficient in-house skills is also hindering their interoperability. More than two in five (41%) financial services respondents say that their current data platform doesn't facilitate interoperability with financial services standards. This can have serious repercussions for firms, creating inefficiencies and making their offering a less desirable option in some markets.

Technology

Almost a third of those surveyed (32%) cite technology constraints as a major barrier and 26% struggle to keep up with the latest innovation or technologies, which rises to 43% in education.

For more than three-quarters of respondents (77%), data is being used to enable and drive innovation across their organisation, but it still comes with its own challenges. These are:

- **Inconsistencies**
- **Unreliability**
- **Delays in accessing the data**

Once again, the theme of insufficient skills in-house arises as more than a third (34%) of respondents revealed that their biggest struggle with data is a skills gap which means they are unable to understand and analyse the data. This could be the reason that a third (33%) of education respondents said they aren't confident in using data to drive innovation initiatives.

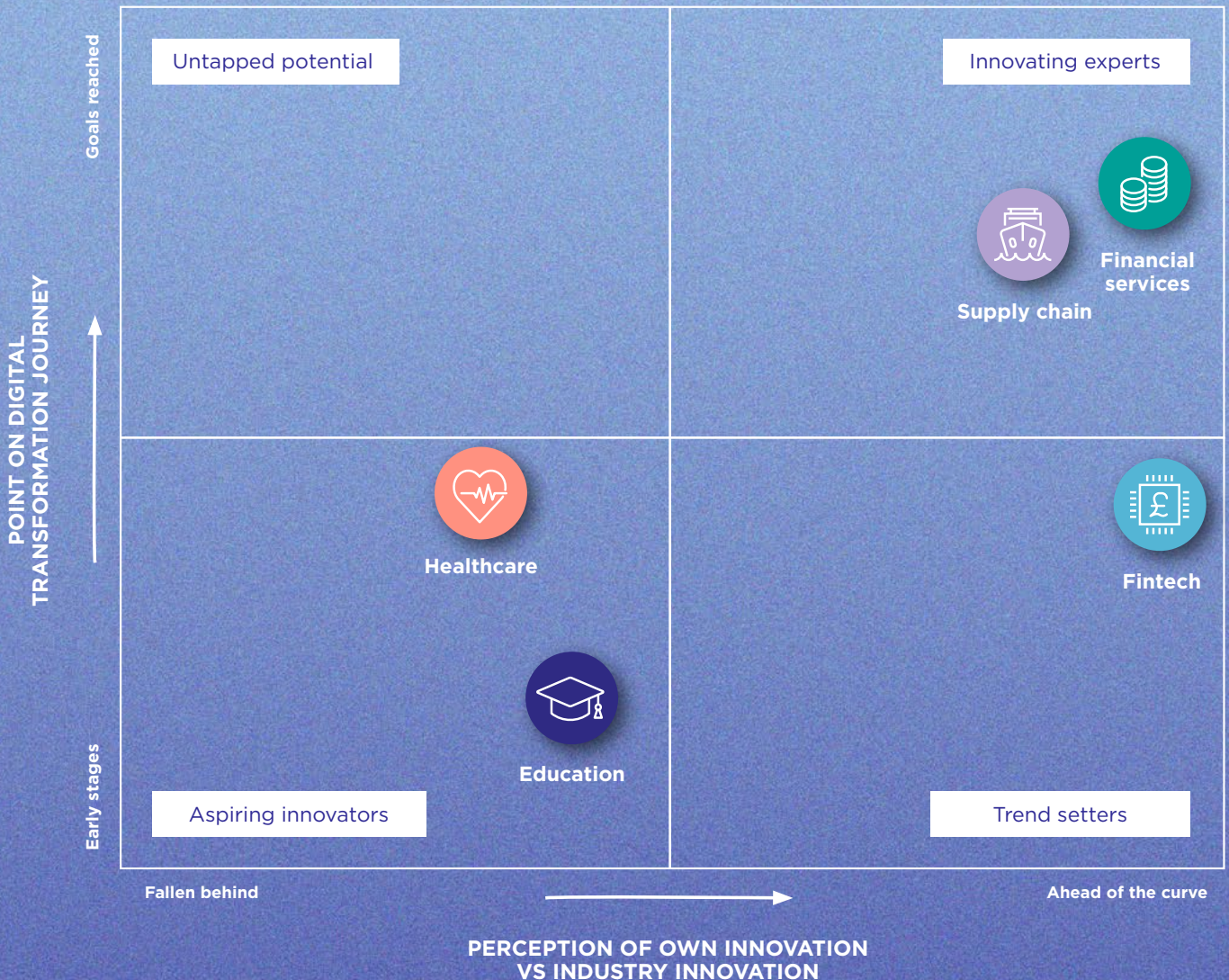**1/4 think innovation is worthwhile, but difficult to get right**

34% have insufficient skill in-house to facilitate interoperability

1/3 aren't confident using data to drive innovation initiatives

Necessity or nice to have?

While the majority of respondents are in agreement over the importance of innovation, a quarter (25%) of respondents see innovation as nice to do, but not essential – a figure that rises to 40% among education respondents. This hesitation could point to a perception that while innovation is worthwhile, it can be difficult to get right – an opinion supported by 26% of respondents.

When asked about what innovation means to them personally, and not from the perspective of their organisation, almost a third (32%) said it helps their organisation get a competitive advantage. Yet, despite this, only 14% of those surveyed believe they are ahead of the curve in terms of innovation within their industry. In healthcare and education, this drops to just 7%, but rises to 20% in fintech – indicating that organisations are clearly at different stages of their innovation journey, even within their own sectors.

Despite a clear link between innovation and digitisation, only 11% of organisations have reached their current digital transformation goals, with 82% revealing that they still have some way to go on this journey. As organisations look to further their innovation initiatives, it is vital they don't look at digitisation in insolation and instead look at how they can digitise to have the most impact and extract the most value.

The Innovation Index

This diagram maps where respondents feel they are on their digital transformation journey against their perception of where their organisation sits within their industry in terms of innovation.

It shows a clear link between digital transformation and the ability to innovate, with those who are close to reaching their digital transformation goals more likely to be ahead of the innovation curve.

That said, fintechs are shown to be still largely working towards their digital transformation goals, yet are confident they are ahead of the curve with regards to innovation. This is likely to stem from these organisations often being digital natives and therefore having a standing start on their digital transformation journey.

Improving innovation initiatives

Data-driven innovation

In the face of significant barriers to innovation, respondents appear to have a clear idea of the ways in which their initiatives could be improved, with the use of data a key asset. Topping the list is getting access to real-time data (47%), followed by cross-department collaboration (46%), and using more or better data and insights (45%).

How could innovation initiatives be improved?

- Getting access to real-time data
- Cross-department collaboration
- Using more or better data and insights

"To meet evolving customer demands, guard against market volatility, and navigate the impact of geopolitical events, digital investment is a necessity. However, just digitising what you have today is not enough. Organisations must focus on innovation and expand its impact to create new value"

Chris Norton
Managing Director UK & I, InterSystems

At a time when organisations are dealing with ever-growing volumes of data, these findings reflect the need to be able to extract value from data by gaining real-time access to it. Through instant insight into their organisation, this allows them to make better, more accurate, in the moment decisions to drive innovation, improve customer or patient experiences, and help them get ahead of the curve. Furthermore, OECD cites data-driven innovation as "a key pillar in 21st century sources of growth",

indicating the potential data has to drive organisations forward.

Fintech respondents see data as fundamental to improving their innovation efforts, with 60% citing getting access to real-time data and using more or better data and insights as top priorities. As these organisations are often considered to be leading the way in innovation, this helps to illustrate just how important data is in driving innovation.

When it comes to driving innovation, data is a key enabler.

To ensure they can use data to its full potential, it is vital business leaders ask themselves the following four questions:

Q. Do I have the right data?
Organisations need access to clean, current, accurate data – and lots of it.

Q. Am I finding the right insights?
Armed with more diverse data, organisations can gain a more complete and comprehensive view of the business for better insights.

Q. Will my analysis drive business outcomes?
Implementing self-service analytics capabilities can enable organisations to freely explore and ask ad hoc questions of their data to guide decision-making and help them understand what happened, why it happened, and what is likely to happen.

Q. Does governance help or hinder?
Organisations can ensure governance is a help by establishing enterprise-wide standards for data governance using a modern data management solution which allows data to flow securely to different segments of the business.

This will help them to identify any gaps in their data and the corresponding processes so they can make the necessary changes to empower them and their employees to use data to drive meaningful change.

The view of data as the lifeblood of innovation is reinforced by the fact more than half (56%) of respondents see data management technology as playing the most important role in their innovation success, while 39% believe data platforms play a vital role. More than half (53%) also see analytics as performing a major role in their innovation efforts.
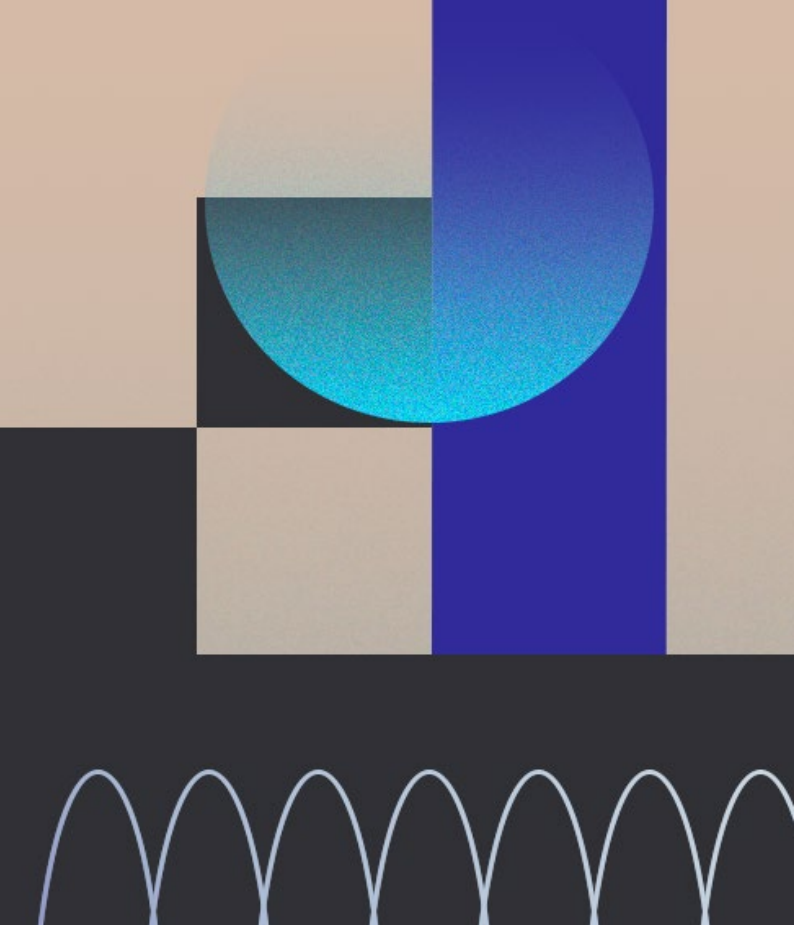
Addressing skills gaps

As well as improving their use of data to drive innovation, a crucial step for organisations is to address the skills gaps identified.

Currently, only 5% of respondents believe that up to 100% of their workforce is data literate. Therefore, while resolving their data challenges, such as difficulties with accessing it and the format of it, are essential, this alone isn't enough to ensure everyone will be able to make use of the data.

With data playing a vital role in innovation, as the survey responses have highlighted, it is important to ensure that all employees are empowered to use and understand it. Reassuringly, 84% of respondents said their organisation either has a data literacy programme in place or they are planning

to implement one. This will help to give all employees a base-level understanding of how to use data effectively.

In addition to implementing data literacy programmes, adopting solutions with self-service analytics capabilities will enable individuals to freely explore the data, ask ad hoc questions, and drill down via additional queries based on initial findings, without needing to rely on IT. This will help to give everyone within the organisation not just the confidence to use data, but also the physical capabilities to arm themselves with accurate insights to achieve data-driven innovation.
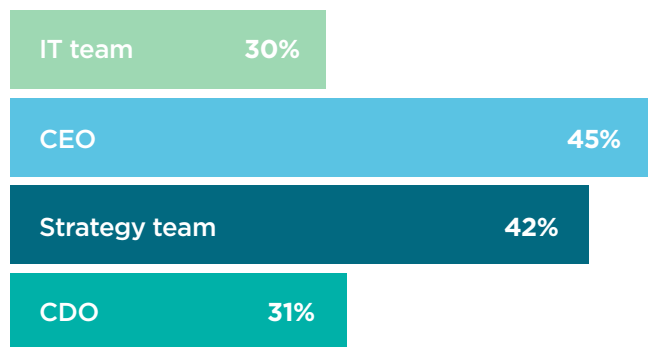
> Only 5% of respondents believe that up to 100% of their workforce is data literate

Collaborate to innovate

Collaboration is at the heart of innovation, with a variety of skills and experience needed to successfully innovate and this is only further reinforced by the skills gaps identified.

Who takes the lead on innovation?

IT team	30%
CEO	45%
Strategy team	42%
CDO	31%

Internal collaboration

In more than half (58%) of businesses, the IT team tends to take the lead on innovation, followed by the CEO (45%) and strategy team (42%). While it's been recognised that data can play a significant role in innovation initiatives, the Chief Data Officer (CDO) is often the driver of innovation in only 31% of organisations.

Supported by research from PwC, this may be due to the fact that a staggering 79% of companies don't have a CDO in place. Of those organisations that do have a CDO, PwC discovered that 42% are still not members of the c-suite. Together, these findings suggest that organisations are perhaps unaware of just how much value can be added to their innovation initiatives through the inclusion of data specialists such as a CDO.

The CDO will take a leading role but may need support from experts in different areas of the business. Bringing together a subset of experts from across the organisation will ensure the necessary considerations are raised as early as possible, and changes and decisions don't occur in silos, to the benefit of innovation initiatives. This also helps ensure full acceptance from the wider business.

Working with partners

In addition to collaborating with internal stakeholders, working with external partners is a vital piece in the innovation puzzle. The majority (85%) of organisations rely on third-parties to plan, collaborate, and deliver innovation strategies.

Respondents seem more likely to work with partners at planning stage, with 54% turning to industry analysts and 51% to technology vendors. Taking this approach allows organisations to benefit from the expertise of specialists and can also help to plug skills gaps, with those third-parties offering up tried and tested approaches and methodologies that organisations can benefit from. Working with trusted partners who are invested in the success of their customers will ensure that organisations obtain real value from these relationships.

In many industries, organisations establish the challenges they must overcome and then look for quick wins to reach their innovation goals. To do so they may look to their peers for a lead. A third (33%) of all respondents said they scope out what their peers are doing when undertaking innovation initiatives. Alternatively,
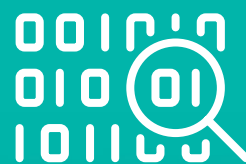
The Chief Data Officer (CDO) is often the driver of innovation in only 31% of organisations

some organisations will borrow from other industries that have already overcome similar challenges.

We can already see this happening, for instance, in the ways in which banks originally digitised to improve customer experience and retention by launching an app in which consumers can manage their finances. This has provided the blueprint for healthcare institutions to do similar, with the NHS app now being used to improve and streamline interactions and engagement with patients.

Further to this, during the pandemic, healthcare institutions followed the financial services sector's example by adopting a telemedicine approach, in which chatbots, telephone calls, and video calls were used to facilitate care at a distance. Meanwhile, in recent years, the education sector has begun to take inspiration from healthcare institutions by adopting standards for interoperability to allow for secure data sharing.

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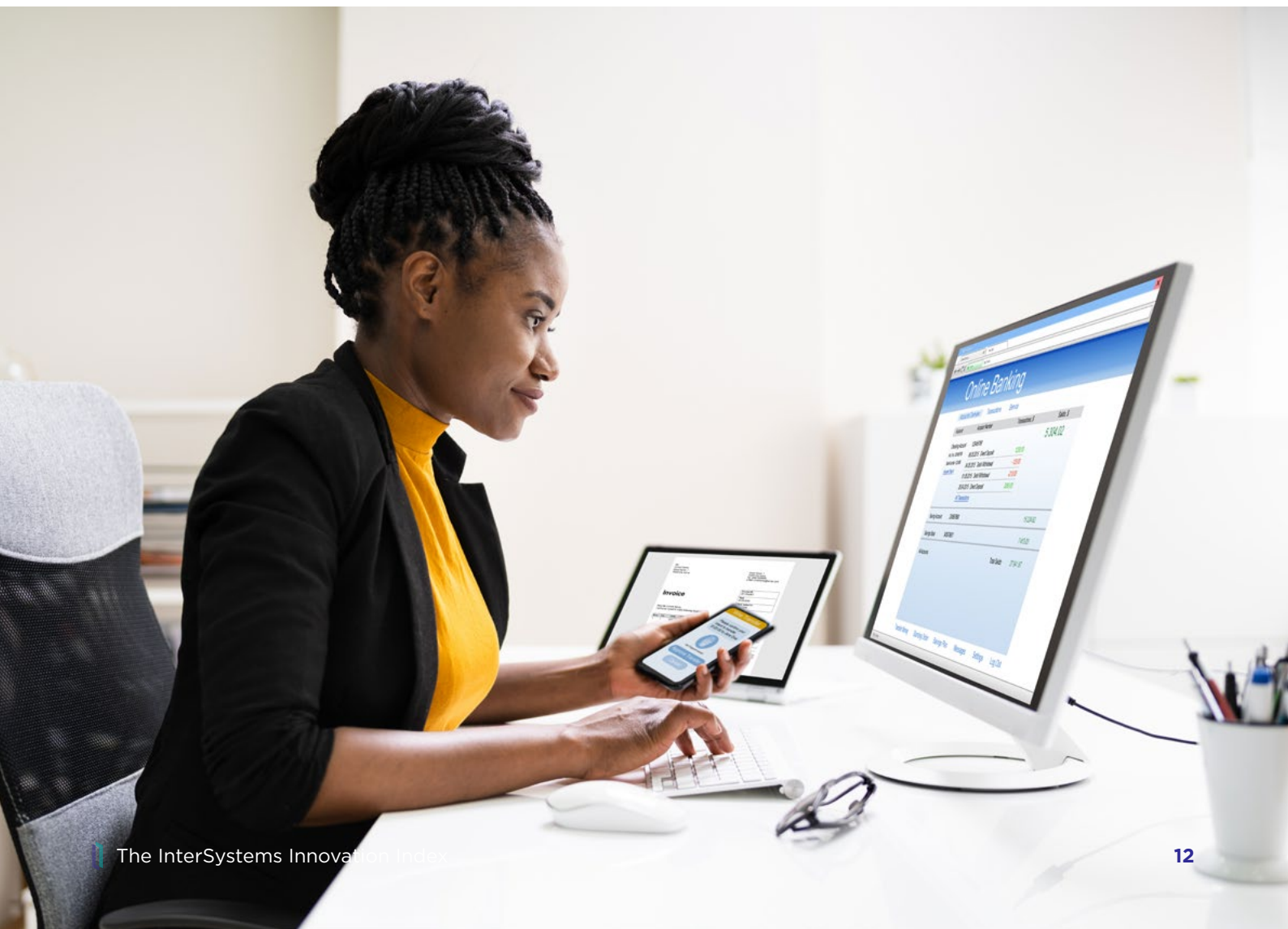
Conclusion: The path to innovation success

What's the biggest sign of innovation success?

58%
being able to keep pace with consumer or patient needs

45%
remaining up to speed with market changes and futureproofing the organisation

In today's constantly changing landscape, over half (58%) of respondents see being able to keep pace with consumer or patient needs as the biggest sign of innovation success. This is followed by remaining up to speed with market changes and futureproofing the organisation (45%). Consequently, overcoming the hurdles currently preventing them from achieving the agility required to innovate, such as delays in accessing data, technology constraints, and skills gaps, is essential.

This requires businesses to go back to basics and look at innovation more holistically, ensuring that they have all the pieces of the puzzle in place: the right people, with the right skills, armed with the right technology, and the right processes.

As shown by the results of the survey, data platform or data management technologies have a vital role to play – helping organisations to overcome the challenges identified with getting access to real-time data and insights to help drive their innovation initiatives forward.

Bringing all of these different but interlinked elements together under one strategy and creating an innovation ecosystem, made up of internal stakeholders and trusted partners, will help organisations to address issues such as skills gaps and data challenges and give them the agility and edge they need to thrive today.

Armed with a clear innovation strategy and a team of empowered and data-enabled employees at every level, organisations across all sectors will be best placed to succeed with their innovation initiatives. As the uncertainty and volatility of recent years looks set to remain, this will give organisations the capabilities to not only overcome any challenges they face, but critically, to grow their offering, futureproof their organisation, and meet changing customer and patient demand.

Find out more at intersystems.com/uk/innovation-index

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Creative data technology

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