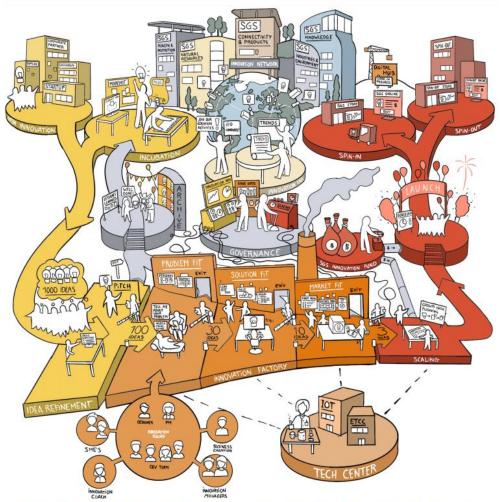
## Driving Value with the SGS Global Innovation Engine

Nov 2021

The world around us is changing all the time. Organizations face fresh challenges and new opportunities every day, and the rate of this change is increasing. Successful responses require adaptability and the creation of new services and business models that effectively answer ever-evolving customer needs.



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Our Digital Innovation Engine helps organizations to find breakthroughs and new opportunities

However, large organizations can find it difficult to innovate. Existing business models focus on delivering operational efficiencies and reductions in cost and risk. Good management practices include linear execution, planning, predictability and minimizing failure. At the same time, employees are focused on everyday tasks and don't necessarily have the time to innovate. This system allows for evolution, not revolution.

Successful innovation requires the adoption of new behaviors. Companies need to learn to take risks and find breakthroughs through rapid and iterative experimentation. Failure must be embraced as part of the learning experience. Leaders need to excel at pattern recognition, delivering a culture of innovation by navigating between the big picture and the fine detail.

SGS has built a global digital innovation engine that supports the business as we explore new working methods and business models. It empowers our organization to deliver efficient, systematic and continuously innovative operational strategies based on key technological and societal trends.

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## Our global digital innovation engine consists of the following operations:

Innovation Lab – helps each division identify key technological and societal trends and establish a working Innovation Thesis. Each thesis defines the topics in which the SGS division will invest for digital and innovation.

Incubation Lab – facilitates ideation and the search for new ideas based around key topics in each division. It enables the launch of campaigns around these topics and invites SGS employees to form teams and submit ideas. The best teams are selected and then educated about lean startup, design thinking and agile practices. They are empowered to build their ideas and, when applicable, new startups will be created.

In the future, we will open incubation campaigns to external startups, suppliers and partners through our Open Innovation approach.

Idea Refinement – in this stage, initial ideas are improved, scored and translated into concrete innovation projects. We have appointed digital innovation managers in every division and in all regions to lead this process.

Low scoring ideas that are not pursued and those that fail during validation will be archived. This knowledge is not lost, instead it can be used to facilitate learning and might form the starting point for a future idea. Failure is celebrated because it brings us one step closer to success.

Concrete innovation projects are validated through a lean start-up and agile approach with several stage gates monitored by a governance board. The **SGS Innovation Factory's** agile innovation squads support this process by executing user validation, prototyping and rapid building of Minimum Viable Products. Central to this approach is customer and user testing.

**Technology Center** – supports the divisions and innovation projects with technology solutions. It consists of the SGS IoT Competence Center and the Emerging Technology Competence Center, which focuses on artificial intelligence, robotic process automation and other disruptive technologies.

**Innovation Factory** – supports the scaling of the project following the validation process. All projects are either scaled within existing divisions (spin-in) or as separate ventures (spin-out).

The Innovation Board consists of one innovation manager from each SGS division and region and is responsible for governance and maintaining a strategically filled innovation funnel. By continuously monitoring the funnel, they will identify strategic gaps, replication possibilities, or opportunities to improve efficiency and effectiveness.

Looking to the future – we will consider establishing an Innovation Fund to invest in future ventures and external start-ups.

Are you a supplier, start-up or existing client with an idea that could benefit our customers and company?

Please get in touch.



Contact Us
<u>DigitalAndInnovation@sgs.com</u>.

**Siddi Wouters**Senior Vice President Digital & Innovation at SGS