# THE TIGER OF INNOVATION. WHY IS SAMSUNG SUCH AN INNOVATIVE COMPANY?

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"We don't see things as challenges. We see them as opportunities, and we never stop innovating. Our innovation is based on a product, process and people-centric approach. To create the best products, we have the best process, and to create the best process, we need the best professionals". These statements by BK Yoon (President and CEO of Samsung Electronics) at the Government Summit in Dubai last February perfectly summarize the innovation policy of the South Korean company.

In fact, this philosophy of business innovation has paid off, and Samsung is in every innovation ranking we can find, for example: 5th in the 24/7 WallSt publication; four-time winner of the Thomson Reuters Top 100 Innovative Companies; 4th in the ranking of the consultancy Booz Allen Hamilton; 41st on the Fast Company magazine list.

## Innovation policy: product, people, trends.

Throughout its entire path, <u>Samsung</u> has developed great technological advances. With its innovative smartphones, Samsung delivered an unprecedented mobile experience for consumers around the world. He also challenged the television industry with the introduction of <u>LED</u> which completely changed old beliefs about how televisions should be built. As the latest example, it is worth highlighting the high-quality refrigerator, offering consumers the ultimate freshness for a healthier life in the comfort of their own kitchen.

In terms of process, clear standards and unified processes are critical to operating a global company like Samsung. For example, through a standardized operating system, Samsung efficiently manages the flow of parts and products, and remains united and close to its partners throughout the entire value chain. span>

The main thing is the people. Samsung supports and nurtures its employees, helping them reach their full potential. For example, Samsung's Regional Specialist Program offers employees the

opportunity to experience and understand local markets, while initiatives such as the Global Strategy Group functions as a "think tank" (group of experts of an investigative nature ) internal, attracts <a href="MBA">MBA</a> Most talented graduates from around the world come to the company's headquarters.

#### **Megatrends and Innovation Structure**

Returning to BK Yoon's remarks in Dubai, the Samsung Chairman outlined four megatrends: mobility, urbanization, aging and new threats such as climate change, which are altering everything from the way we live and we work the way we structure and organize societies and governments. For Samsung, technology is key to dealing with these mega-trends, especially with the rapidly emerging concept of the so-called <a href="Internet of Things">Internet of Things</a> (IoT). By integrating sensors, smart components and better connectivity into everyday objects, and using Big Data analytics to understand and act on the information they generate, the IoT has endless possibilities to provide solutions that make our lives healthier, more comfortable and more safe. In order to ensure the success of the IoT, it must be developed around the needs of people, and it must be built on an open ecosystem. In this scenario, the support of governments and collaboration between governments and the private sector is essential for unlocking and exploring the infinite possibilities of the IoT.

Once Samsung's policy and ideology have been broadly explained, we will summarize the structure of the innovation section. The innovative organization chart consists of five areas: Digital Health, Data Center, Human Computer Interfaces, Internet of Things, Smart Lighting.

Digital Health leverages a suite of hardware and software technologies designed to engage developers, healthcare professionals, academics, and healthcare enthusiasts to create a healthier world. The key component of this initiative is a new open reference design platform adapted to a new concept of health, to take advantage of the latest sensors, behavioral algorithms, battery and display technologies.

The goal of the Data Center platform is to innovate new architectures and apply world-renowned and market-leading technology such as Samsung's in the development and implementation of revolutionary next-generation data centers. Equipped with Samsung's robust DRAM library, Flash products, and ARM CPUs, the data center team is developing new reference designs and platforms comprised of hardware, software, and interconnect technology built around open standards. With this department, Samsung intends to create new solutions to the growing demand for data by people from all corners of the planet.

The Human Computer Interfaces group is evolving the smartphone into a more intelligent platform. Samsung drives innovation in all directions, from novel camera sensors to faster processors for new applications. The company's goal is to make the phone a smarter assistant and enable more immersive communication between people. To do this, they work with <u>startups</u> and universities to rapidly integrate cutting-edge R&D into the world's most popular mobile platform.

The Internet of Things (IoT) is about connecting our home experiences, developing smart cities, protecting the environment and providing better health. Samsung is developing an open platform that reduces fragmentation and enables faster IoT adoption. At this point it is important to name the hardware ARTIK, a group of small and powerful building blocks for the IoT. This hardware is optimized for things like performance, power consumption and memory utilization, as well as security and privacy. With ARTIK, developers can finally focus on new ideas for a more creative and connected IoT.

The Smart Lighting platform fosters an open ecosystem, creating Smart Lighting systems using plug-and-play LED modules, multiple wired and wireless connectivity options, <u>Flexible APIs</u>s for developers, an open multi-sensory protocol and easy integration with SAMIIO (the platform for Samsung's own data exchange). The goal is to create new lighting solutions that are more

responsible, safer and smarter.

#### Effort in R+D+i

In this section we have analyzed data related to patents and investment in R&D, important indicators when evaluating the degree of innovative commitment of a company.

According to the figures published by the Korean giant, 2014 was a record year in terms of investment in research and development, with a huge expenditure of approximately 13.8 billion dollars in R&D.

Thus, research and development has meant an investment of 7.4% of total revenue for a manufacturer like Samsung, which has registered almost 186,000 million in its entries, and comparatively, around triple the expenditure on R&D that it made, for example. Apple during the same period.

In the patent section, according to IFI Claims, in 2014, Samsung was the second most patented company worldwide with 4,952 patents, behind only IBM. At a European level, according to the <u>European Patent Office</u> (EPO, <u>European Patent Office</u>), the company South Korea was the one that applied for the most patents in 2014, specifically 2,541, followed by Philips and Siemens.

### **Unique initiatives**

Samsung inaugurated in April 2014 the Museum of Technological Innovation. The building offers a historical journey through inventions such as the light bulb, the telegraph or the first mobile phones. Located in the so-called "Samsung City", in the town of Suwon (south of Seoul), the Samsung Innovation Museum brings together three exhibition halls (The Age of Inventors, The Age of Innovation Industry, The Age of Creation) and a Room of History. The aim is to show visitors the origin of the technology currently used and "serve as an inspiration" for future innovations.

On the other hand, we find it interesting to name the contest <u>Samsung EGO Innovation Project</u> at Madrid Fashion Week. It is a national contest destined to grant an innovative project that develops a proposal related to technology applied to fashion in any of its facets (fabrics, clothing, accessories, staging...). The selected project is exhibited within the context of Samsung EGO fashion shows, either affecting the format of the presentations itself, or as a presentation itself.

There are no comments yet.