

# THE ART OF INNOVATION

What makes one company more creative than another, and how can you implement that kind of thinking in your company? The magic formula lies in creating a system of carefully managed chaos, says Gemalto.

By **Lisa Cheong**



**W**hat makes one company more innovative than the other? Why does Apple's iPod fare so much better than other MP3 players, or how does Facebook remain relevant even when its competitors are left in the wake of their self-destruction?

When Marc Ribas, vice-president of HR for Gemalto Asia says innovation is in the DNA of the company, it's hard not to see why. By the end of 2007, the Dutch company boasts of having 100 new inventions and over 5,000 patents in a total of 1,200 patent families.

Gemalto started out as a public telephone phonecard provider for the French government and has slowly evolved its business to include digital security products and solutions that permeates most of our everyday lives. Whether it is the Singapore government's digital e-passports that allow citizens to travel with ease at the airports, or digital chips in mobile phones that pay for items such as movie tickets, chances are these products were spawned out from one of the nine research and development centers (including a Singapore center located at Ayer Rajah Crescent).

But innovation in business goes beyond coming up with new products. IBM's CEO Samuel Palmisano was once reported as saying that the way IBM will thrive is through constant innovation – "innovating in technologies, innovating in strategies, innovating in business models."

Over the last five years with the company, Ribas has seen the company grow from a smart card company to a digital security company offering end-to-end digital security solutions and services after the merger of Gemplus and Axalto.

The company's innovation is the key differentiator in separating Gemalto from the competition, says Ribas. "Innovation is the essence of what we are doing, and it sets our condition for growth and survival."

### Abstract art?

When asked about the role HR has to play in the innovation process, Ribas, who oversees 14 countries and territories in the Asia region says his role is one of a facilitator, making sure there is a right frame in employees' minds to ensure innovation success.

"I am not going to walk the ranks and tell people, 'Innovate, innovate, innovate!'"

Ribas elaborates further by saying that it is HR's duty is to recruit the right people, offer the right training, plot employees' career path, ensure an active succession plan and develop people-orientated managers.

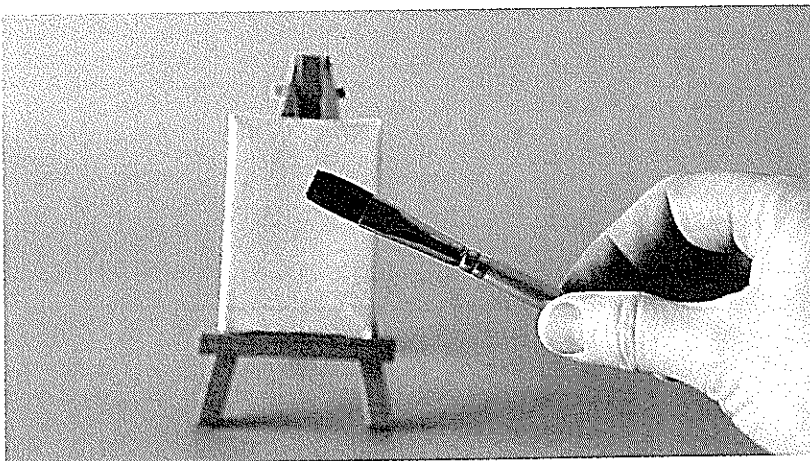
But delving deeper, the strategy to spread out Gemalto's nine R&D centers across parts of Europe, US and Asia underpins the company's entire innovation process. One downside to decentralised R&D centers means resources are spread out, and this, Ribas concedes, can be costly and complicated for both HR and the organisation.

But there are benefits that outweigh the costs. For instance, Singapore's R&D centre plans to ramp up its headcount from the current 219 R&D engineers to 266 engineers by 2010. This means it would need to recruit employees with experience from outside of Singapore to come and transfer their skills and knowledge to the younger engineers here.

The decentralised approach also allows companies to work closely with their clients, ensuring constant communication between both parties. It also facilitates for greater employee diversity within the company. And with R&D centres in China and Singapore, Ribas adds that it also develops Asian employees and their skill sets, whether it is in the job function of R&D, manufacturing or sales and marketing.

### Mix and match

One promise Ribas makes to potential employees during interviews, is that in two to three years time,



Encourage innovative thinking by allowing employees room to develop their talents.

employees would most likely find themselves out of a job that they were originally gunning for.

The organisation has a long-standing culture of constantly stirring up the career and learning experiences of employees by ensuring that they are mobile. Employees are moved across three planes, either on a geographical basis, job functional basis or moved across business units.

One geographical transfer programme that Gemalto formalised in late 2007 is an initiative that selects 25 junior talent each year and transfers them to other R&D centres. These employees typically have one to two years chalked up in the company, with the bulk of them headed mainly to the French headquarters. The company has sent



Ribas

50 employees so far, Ribas says, adding that this "it is a first-time expatriation at a very young age."

Gemalto has reasons for investing substantial money in transferring these 50 employees across continents. Not only does it help with the transference of knowledge, but it also helps to create a sense of excitement within younger employees about a unique value proposition that the company can offer. "You can imagine, lots of our people that we transfer from China to France never had a passport or been outside of China before. So you can imagine the cultural shock that [the transfer] may create."

The transference of employees also builds the slate for the next generation of Gemalto's managers. "I am not promising 25 people they will one day become CEOs in the company, but that they will grow and their skills to become team leaders when we have projects, or at least we give them the chances to come back and grow."

Ribas says Gemalto moves its employees so frequently that Ribas says that it is embedded

within the company's DNA and is done "without thinking". It also ensures that employees are constantly learning in their jobs. "I always ask employees, 'Are you still learning in your job?' That to me, is the fundamental question."

Once an employee starts to become bored and stagnant at work, thoughts about leaving the company would be not far behind as well. "The element of constant learning is key for us. And the easiest way for us to ensure that people are learning is to change business units or job functions."

But it is not without backlash. Ribas admits that there are occasions where managers get "cheesed off" with the constant transfers - especially when it means moving excellent subordinates out of their division. However, Ribas says, managers in the organisation are often a product of being transferred themselves and by showing managers how they've benefited from the transfers, these movements then become an easier sell.

In addition, the constant transfers have also helped create a common culture for the company. Now with the transfers of people from Asia to places such as the French headquarters, Ribas says it has helped fuse a common culture across the many. He cites of an anecdote where he received a call from their French headquarters talking about how the French employees are now conversing in English - something which was not done before.

### Creating a masterpiece

Despite the downturn, Gemalto recently reaffirmed its commitment to staff development, such as its newly launched e-MBA programme for its employees. The company will also beef up its training programmes later this year.

As Gemalto moves towards developing its solution and services business, Ribas says his biggest challenge right now would be to recruit quality employees who have experience in IT services and IT marketing outside of their industry. "By having people come in from companies which have never sold any physical cards, we do expect to be internally challenged with new ways of doing things and ideas for new offerings."

Whether it is creating a new solution for its client or developing a new business strategy, all companies depend on employee innovation to ensure long-term sustainability in the market. And it becomes even more so for Gemalto, says Ribas, as the company prides its innovation as the key factor of differentiation. "This is why we are always leading the pack in terms of innovation, and why our financial results are strong." ■