

# DSM Transformation: The Learning Cycle of Innovation

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Until 2012: Executive Vice President  
Corporate Strategy & Acquisitions  
Royal DSM N.V.

# Our history



**Coal Mining**

**Commodity  
Chemicals**

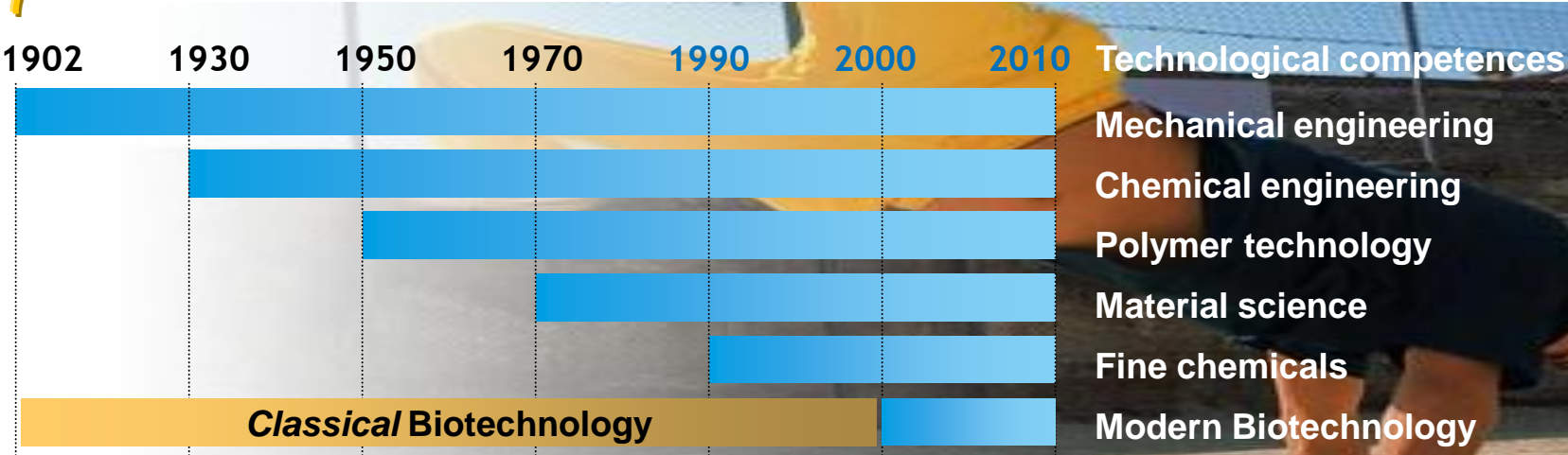
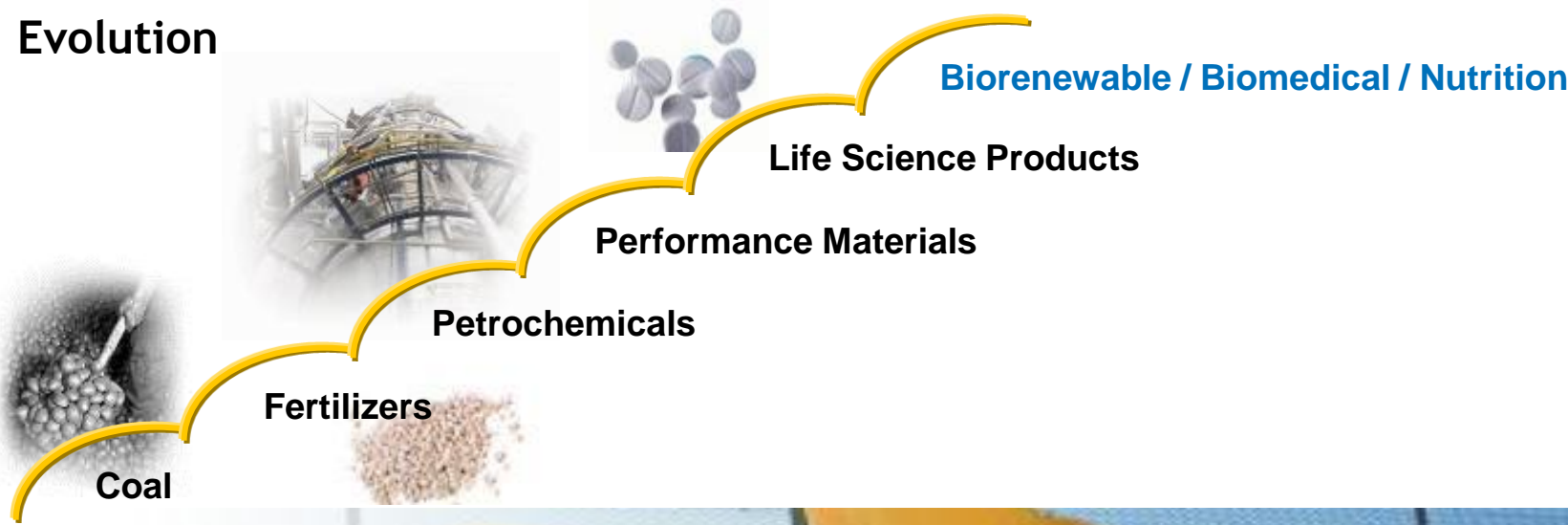
**Specialty  
Chemicals**

**Life Sciences &  
Materials Sciences**

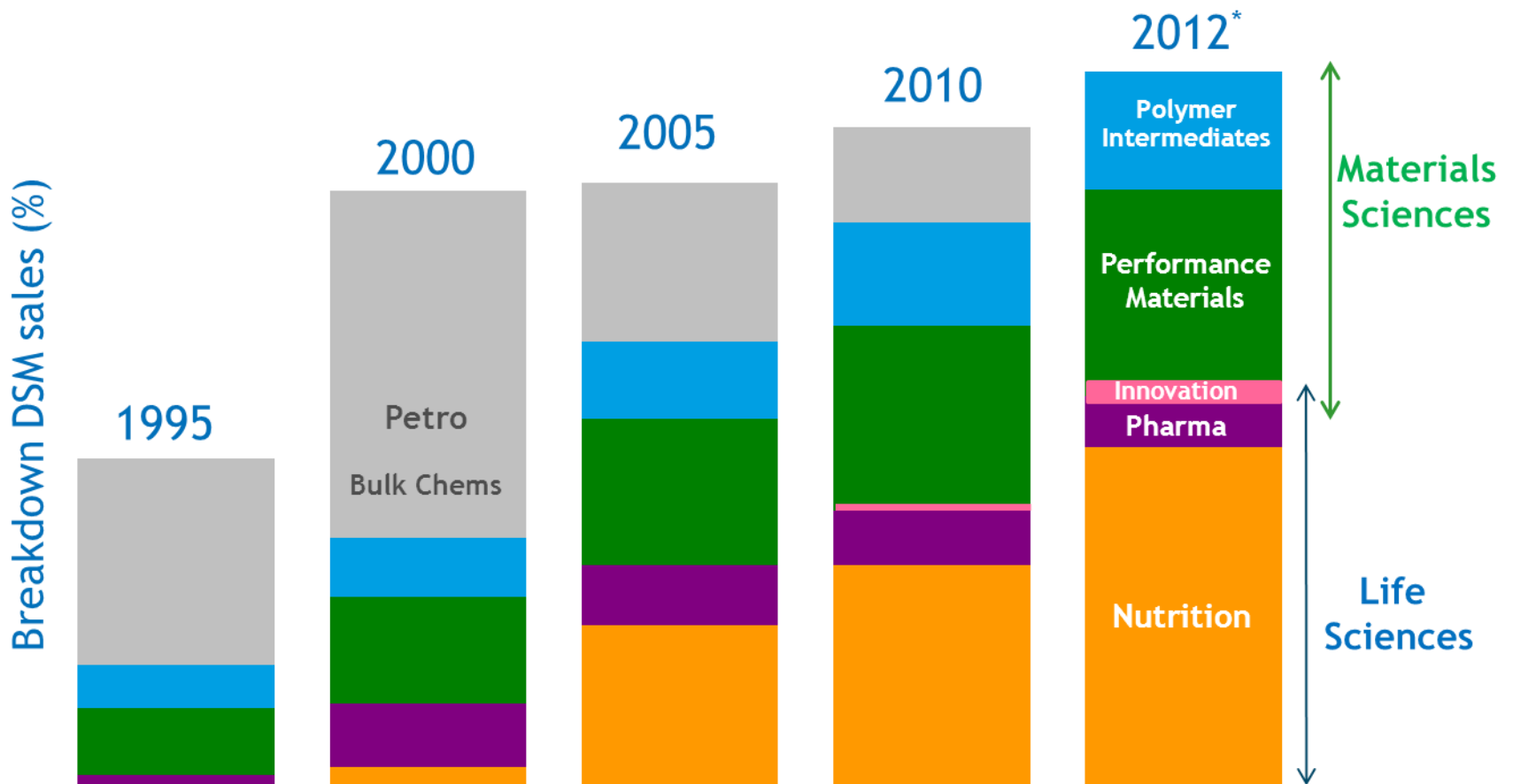
**Making the next leap: entering a new era**

# DSM: Ability to Change

## Evolution

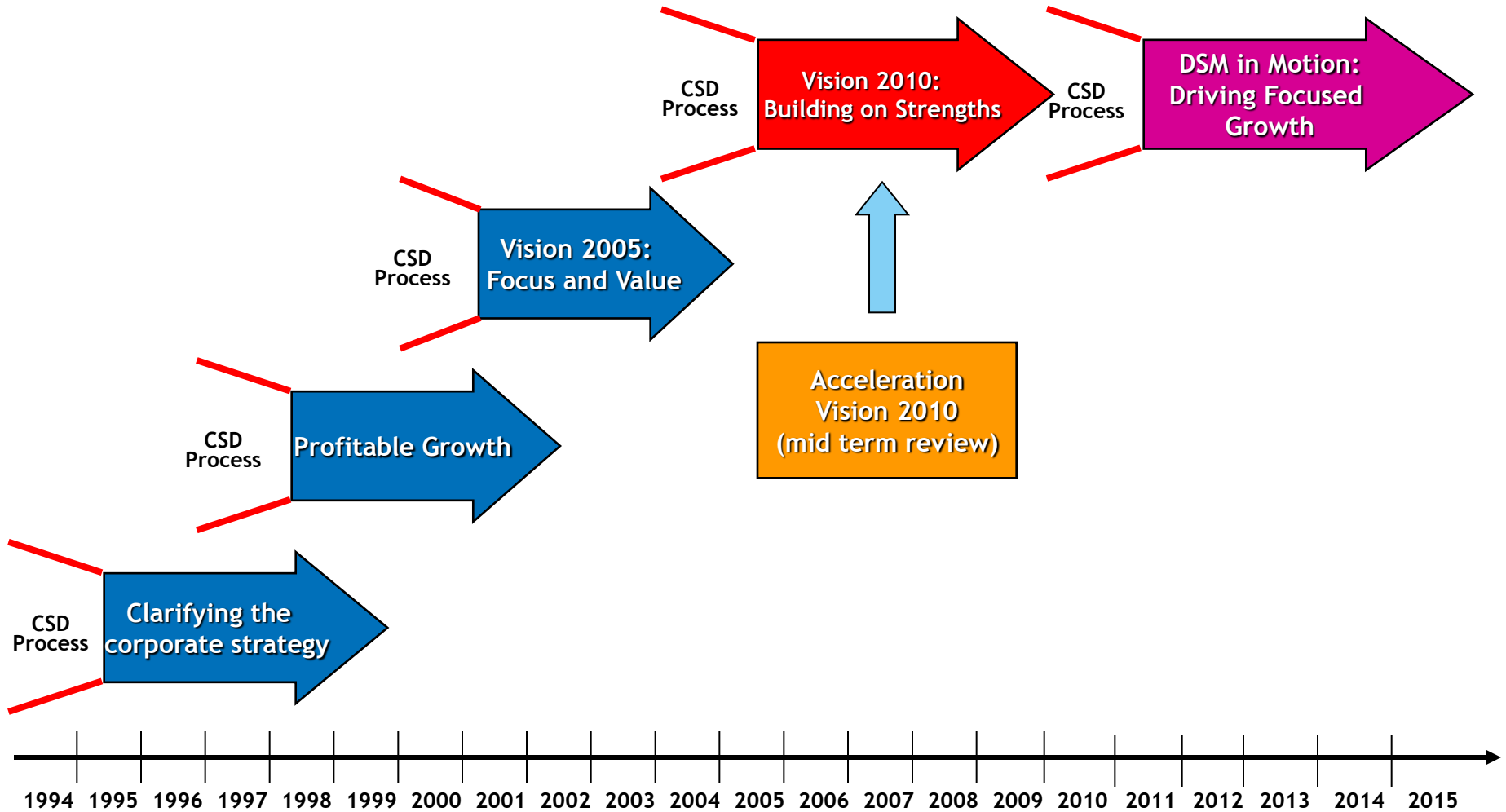


# DSM: Transformation 1995-2012

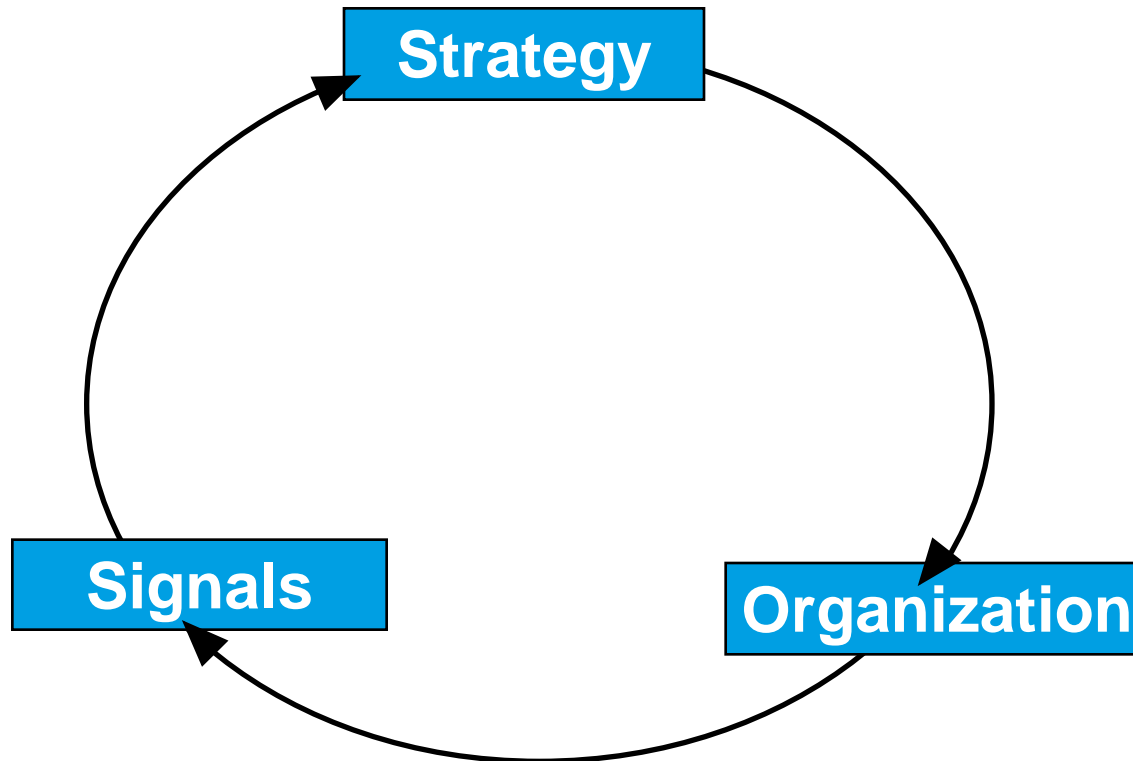


\* 2012 = 2 \* H1 including pro-forma sales  
Kensley Nash, ONC, Tortuga and Fortitech

# Corporate Strategy Dialogues



# Evolutionary Transformation: S.O.S. !



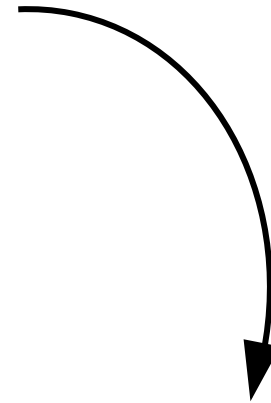
# Innovation Strategy 2005 - 2010

## Strategy

Target: € 1bn extra  
from Innovation

# Innovation Strategy 2005 - 2010

Strategy  
Target: € 1bn extra  
from Innovation



Organization  
Chief Innovation Officer  
DSM Innovation Centre  
Billion Bunch  
4 EBAs

# Accelerating and supporting innovation

## DSM Innovation Center

### New Business Development



**EBA  
Biomedical**



**Sports  
program**



**EBA Bio-based  
Products & Services**



**EBA Advanced  
Surfaces**



**Business  
Incubator**

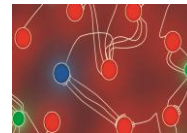


**“BOP”  
project**

### Enablers



**Excellence in  
Innovation**



**CTO Office**



**Licensing**



**Venturing**

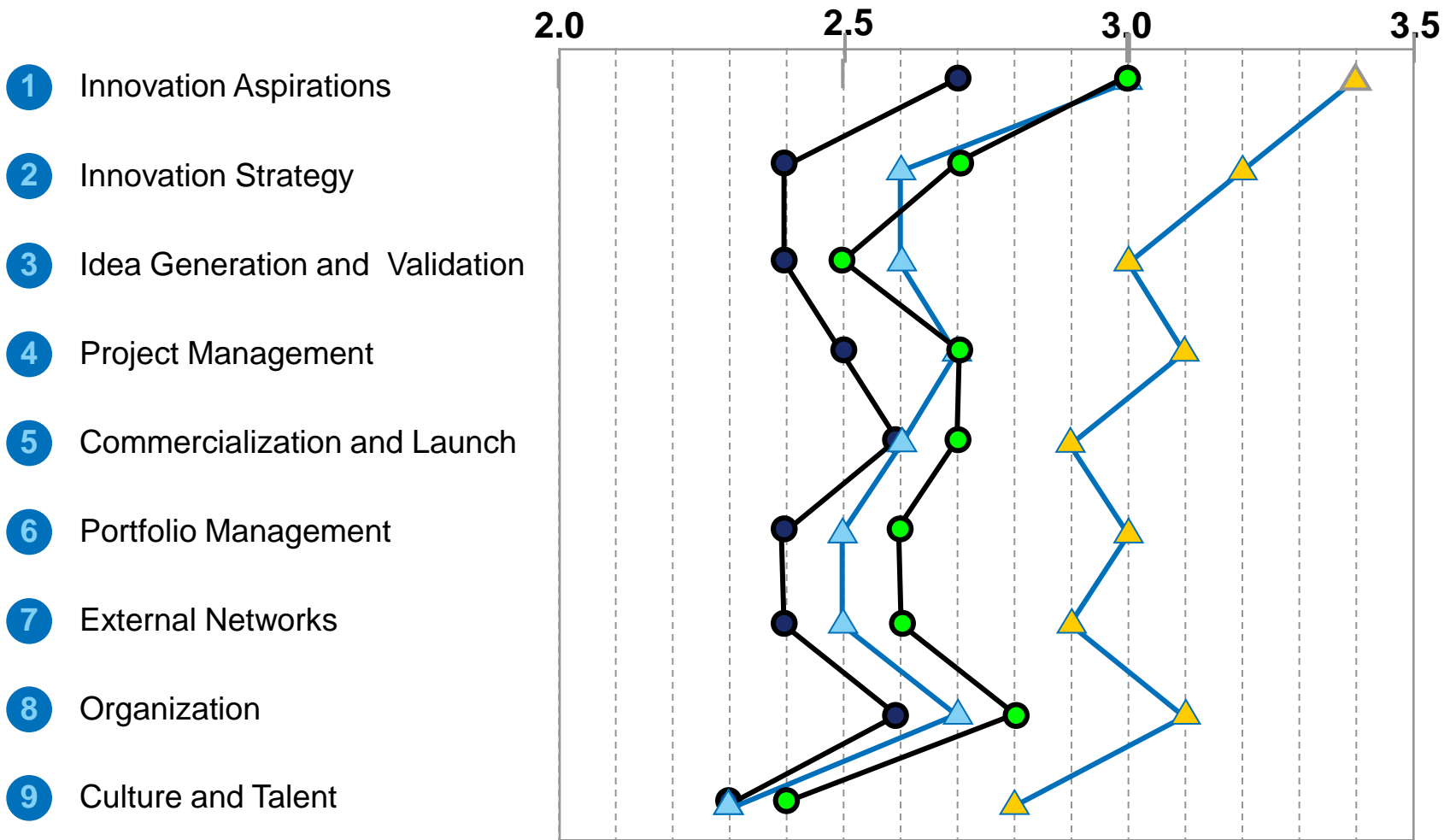
# Innovation Strategy 2005 - 2010

Strategy  
Target: € 1bn extra  
from Innovation

Signals  
Innovation Reporting  
Innovation Diagnostic

Organization  
Chief Innovation Officer  
DSM Innovation Centre  
Billion Bunch  
4 EBAs

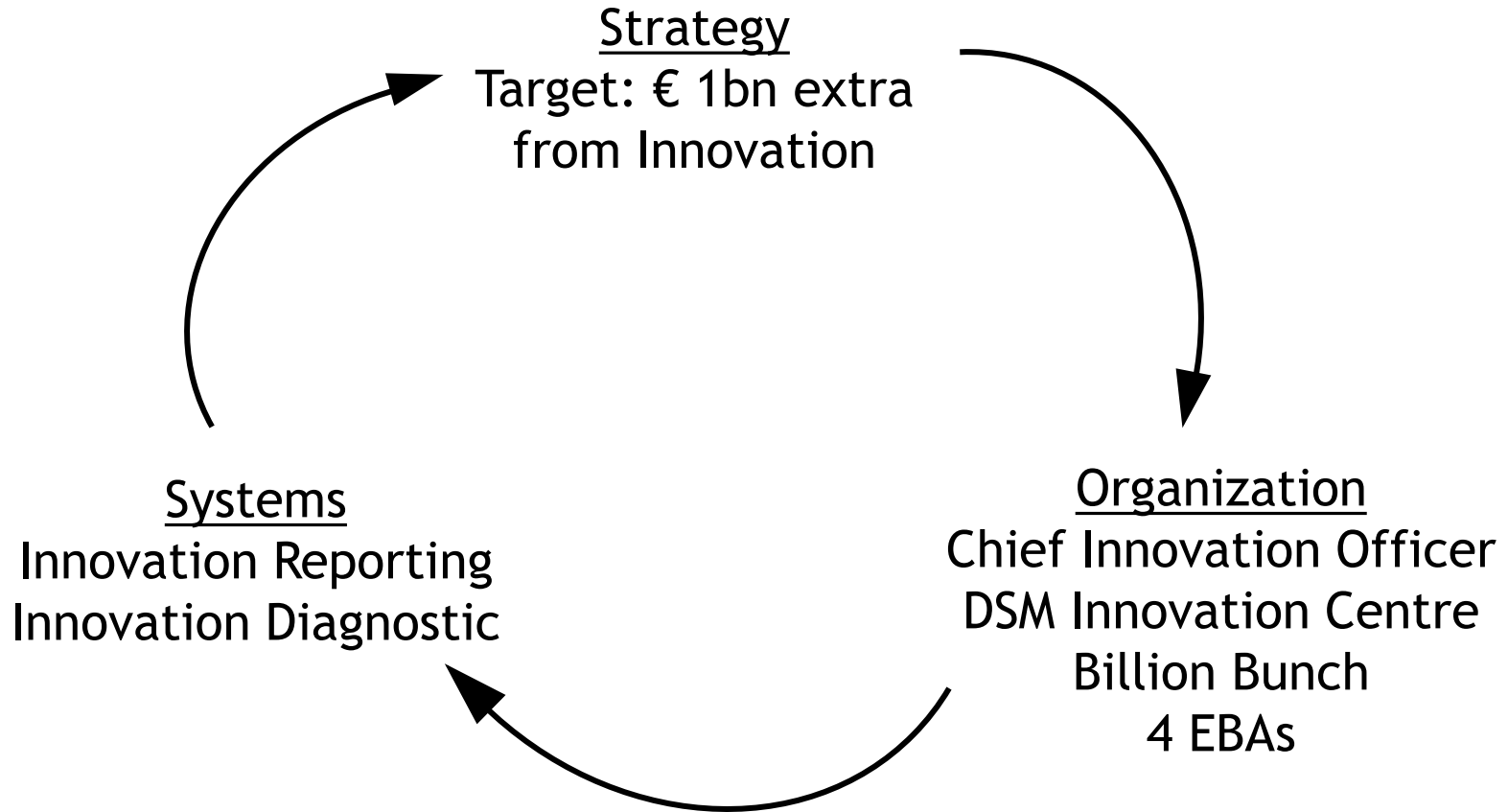
# Innovation Practices now above Industry Average, but still work to be done!



Average DSM 2006    
  Average DSM 2008    
  Industry average    
  Top quartile



# Innovation Strategy 2005 - 2010



# Innovation



## Proud to have achieved

- € 1bn sales from innovation
- Increased speed of innovation
- Setting up (4) EBAs
- Setting up innovation infrastructure/culture
- External recognition as leading innovator

## Next level aspiration

- Innovation sales 20% of total sales
- EBA sales > € 1bn (2020)
- Innovation focus on defined platforms
- Value creation via best practices
- Set up Innovation Centers in China/India

**From building the machine to doubling the output**

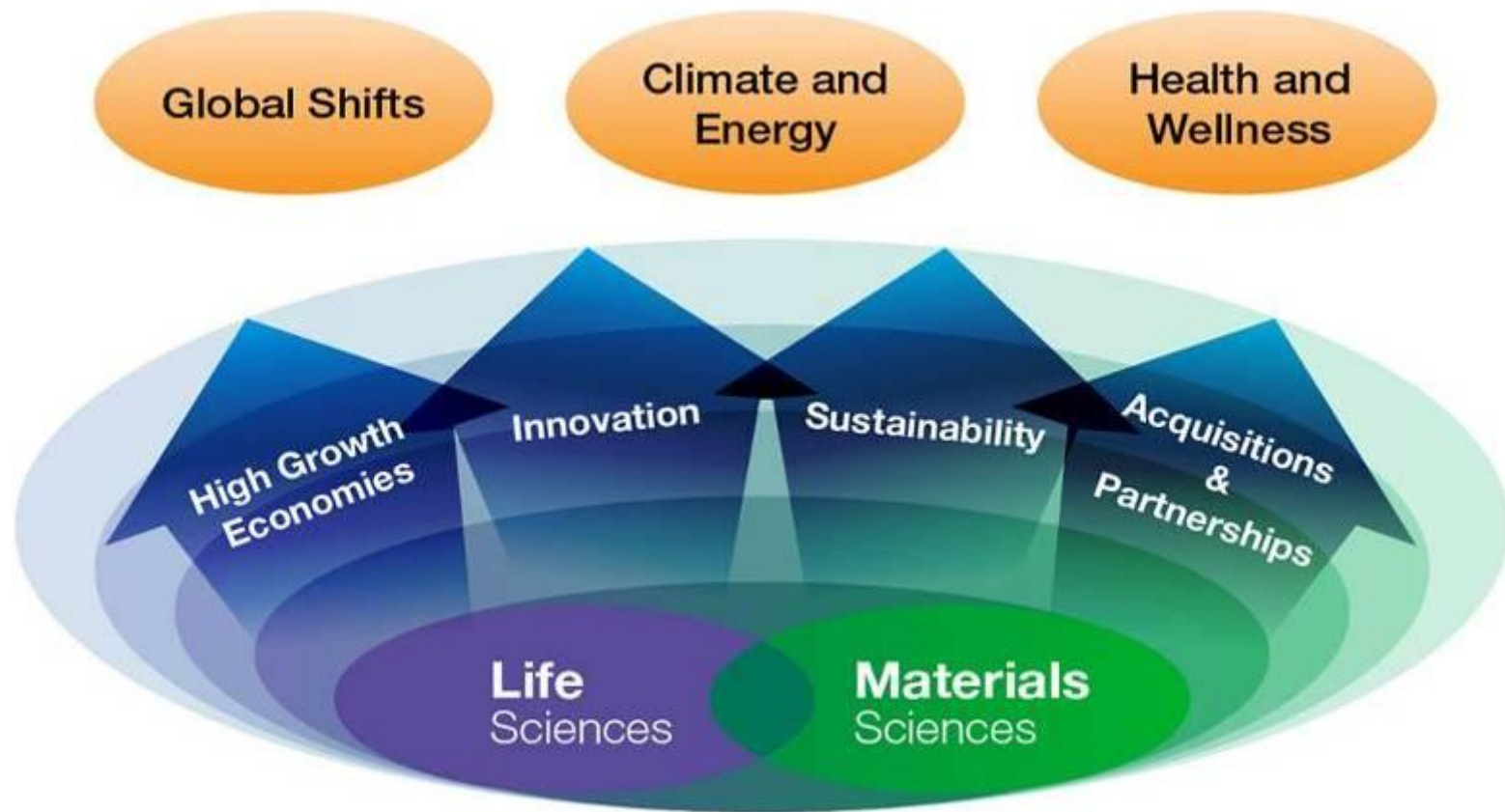
# Lessons from DSM case

- Innovation can be planned
- Innovation cycle: Strategy - Organization - Signals
- Completion of entire Innovation Cycle necessary!
- So, you need perseverance
- And also some luck .....😊



**BRIGHT SCIENCE. BRIGHTER LIVING.™**

# DSM in motion: *driving focused growth*



**People - Planet - Profit: creating value along three dimensions**

# Venturing Portfolio: Direct Investments

## Climate & Energy

bioprocess  
CONTROL



NOVOMER



## Health & Wellness

Provexis  
plc

Sol-Gel Technologies  
Sol-Gel Improves the Quality of Human Life

Ganeden  
Improving Quality of Life™

HARLAND  
Medical Systems



## Health & Wellness

IntegraGen

VIO CARE

XYLOS  
Innovation in Biomaterials

IQ Therapeutics  
instant immunity

agennix

## Functionality & Performance

Van Technologies, Inc.

SupraPolix

Segetis™

XOLVE  
We make rain happen

upfront

InMat

SkySails  
TURN WIND INTO PROFIT

verdezyne™

# Open Innovation in practice



# Contrasting principles of Innovation

## • Closed

- All smart people work for us
  - Invent, develop, produce yourself
  - Discover and get to market as No1
  - Commercialize quickly
  - Create most and best idea's to win
  - Control your IP to defend positions
- **The Lab is our World !**

## Open

Most of the smart people do **not** work for us

Add internal & **external** forces

We can profit from **outside** R&D

Choose the best **business model**

Use internal and **external** idea's to win

Profit from other's and **combine** with own IP

**The World is our Lab !**

# Pros and Cons of Open Innovation

- + Shorter time to market
- + Higher chance of success
- + More funnel output
- + Lower innovation costs
- + Mitigated risk (options)
- + Reputation; recruitment
- + Knowledge based economy
- Info overflow
- Culture change is slow
- Many legal contracts
- IP leakage (China)
- Balance of power
- Less job rotation