NEWS ADVISORY

Organizations See Innovation Gridlock as Key Inhibitor to Dealing with Change

PALO ALTO, Calif., May 11, 2010 – HP today announced new global research that reveals the need for organizations to free up dollars spent on operations and instead invest in driving innovation.

According to the new study, more than half of business executives indicated their organizations suffer from "innovation gridlock," where IT organizations are blocked from driving new business innovation because the majority of technology funding is consumed by operating the current environment.

In looking at the effect of innovation gridlock, the research focused on business and technology executives around the world. Almost 70 percent of all respondents indicated they are unable to invest in new technologies to meet changing business needs. The study found that 40 percent of respondents' current budgets were spent on mission-critical systems and 30 percent on legacy systems, with only 30 percent left for new technology initiatives.

"The phrase 'time is money' rings true here, as 99 percent of organizations say that innovation gridlock cost them in lost time," said Thomas E. Hogan, executive vice president, Sales, Marketing and Strategy, HP Enterprise Business. "By breaking the innovation gridlock, organizations can regain time to market and capitalize on new opportunities."

Costs to the business add up

Not only does innovation gridlock impact IT organizations' ability to drive new innovation and create positive results, it also results in a significant cost to the business. According to the respondents:

— Ninety-five percent of business and technology executives said innovation gridlock resulted in lost opportunities for their organizations.

— Ninety-one percent felt that innovation gridlock cost their organizations in lost effort (from resources).

Business and technology executives come together

The research reveals that business and technology executives are aligned on the perceived factors that prevent their organizations from investing in innovation. Business executives are more likely to identify fears about the economy, too much budget spent on operations, and difficulties measuring the success of innovation as limiting factors. Technology executives are more likely to cite the business risks associated with innovation.

Furthermore, 73 percent of business executives indicated that innovation gridlock

Editorial Contacts

Michael Thacker, HP
+1 415 819 3115
thacker@hp.com

Emily Neumann, HP
+1 714 962 4078
emily.neumann@hp.com

HP Media Hotline
+1 866 266 7272
pr@hp.com
www.hp.com/go/newsroom

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, CA 94304
www.hp.com

prevented them from generating real flexibility in their operations. Almost 60 percent of executives felt this gridlock also prevented their organizations from keeping up with the competition.

Methodology
Coleman Parkes Research Ltd. conducted the HP-commissioned survey by performing 410 detailed interviews with chief information officers and technology executives of major organizations across the globe using a telephone research methodology. An additional 150 detailed telephone interviews were conducted with chief executive officers and business leaders of major organizations globally. Twenty-five percent of all interviews were conducted with organizations with 500-999 employees and the rest with organizations of 1,000 or more employees. Regions included: North America (United States and Canada), Europe and the Middle East (Czech Republic, Denmark, France, Germany, Russia, United Arab Emirates, United Kingdom), Asia Pacific (Australia, China, India, Japan, South Korea), and Latin America (Brazil, Mexico).

More data is available at www.hp.com/go/HPEnterpriseResearch2010.

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