

You win some, you lose some:
Knowledge in, from, and to the South

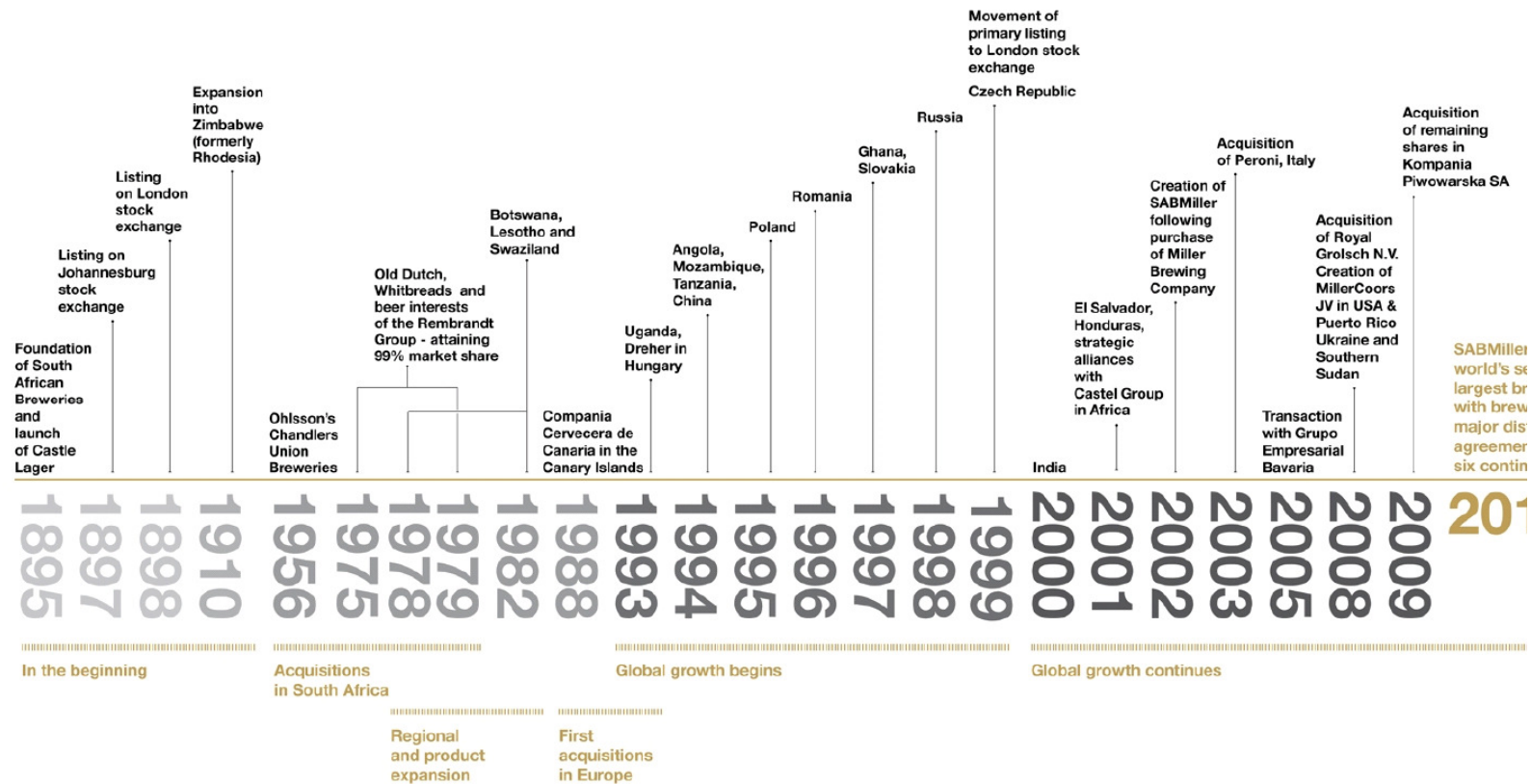
A contribution to WP5:
Firm strategies

HSRC, Cape Town

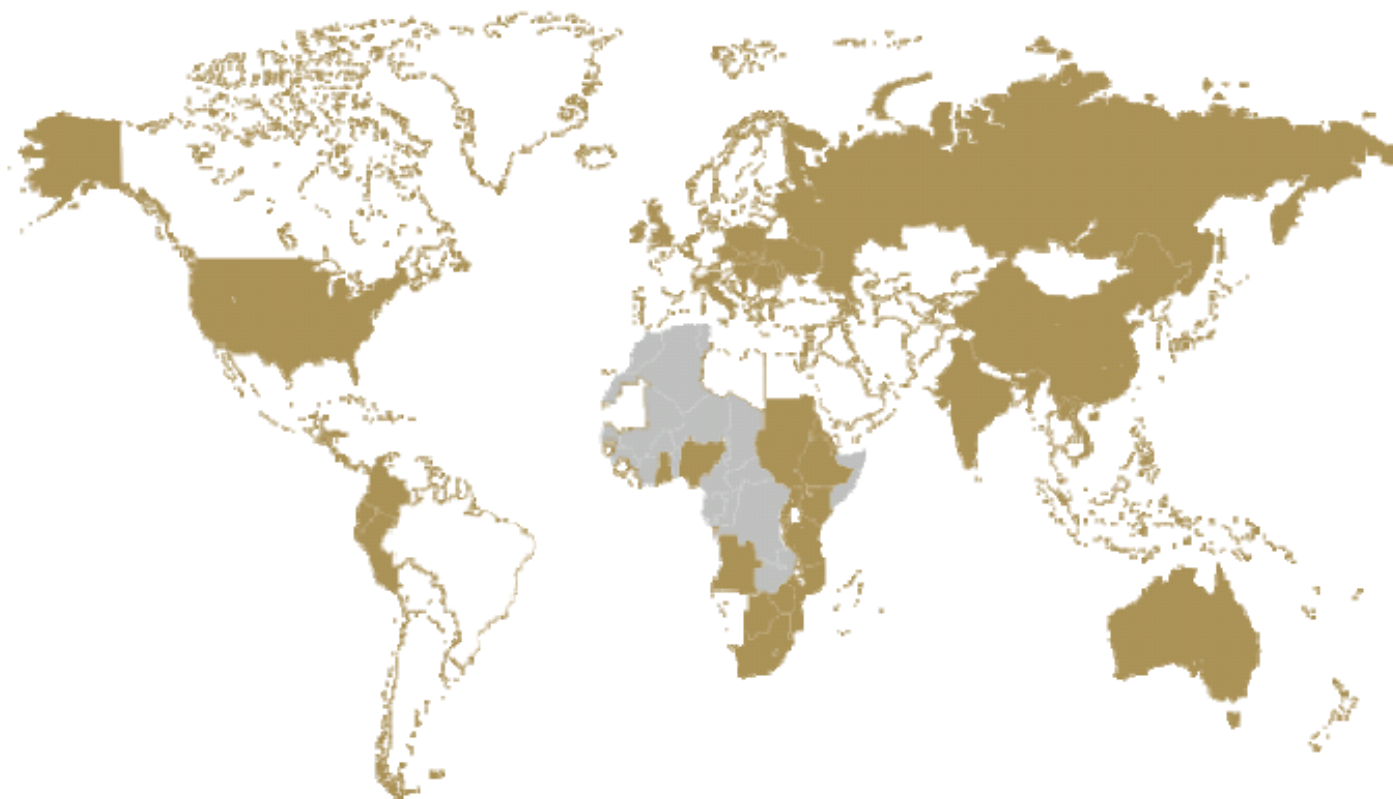
Firm 1 in the food-processing sector: From gIN to GiN

- 1895: founded in Johannesburg
- 1897: Listing on JSE; 1898: Listing on LSE
- 1950: Head office moves from London to Johannesburg
- 1999: Primary listing moves back to London to support internationalisation
- 2002: it acquires another firm in the same sector
- It has 200 different brands in 75 countries, employs >70,000 people and sells 213 million hectolitres of lager a year
- 2010 group turnover: \$23bn
- EBITA: LA (31%)>SA(22%)>Europe(19%)>North America (14%)>Africa(12%)>Asia(2%)

Becoming a global brewer



Scope of our operations



Examples of innovation in beer brewing

Processes

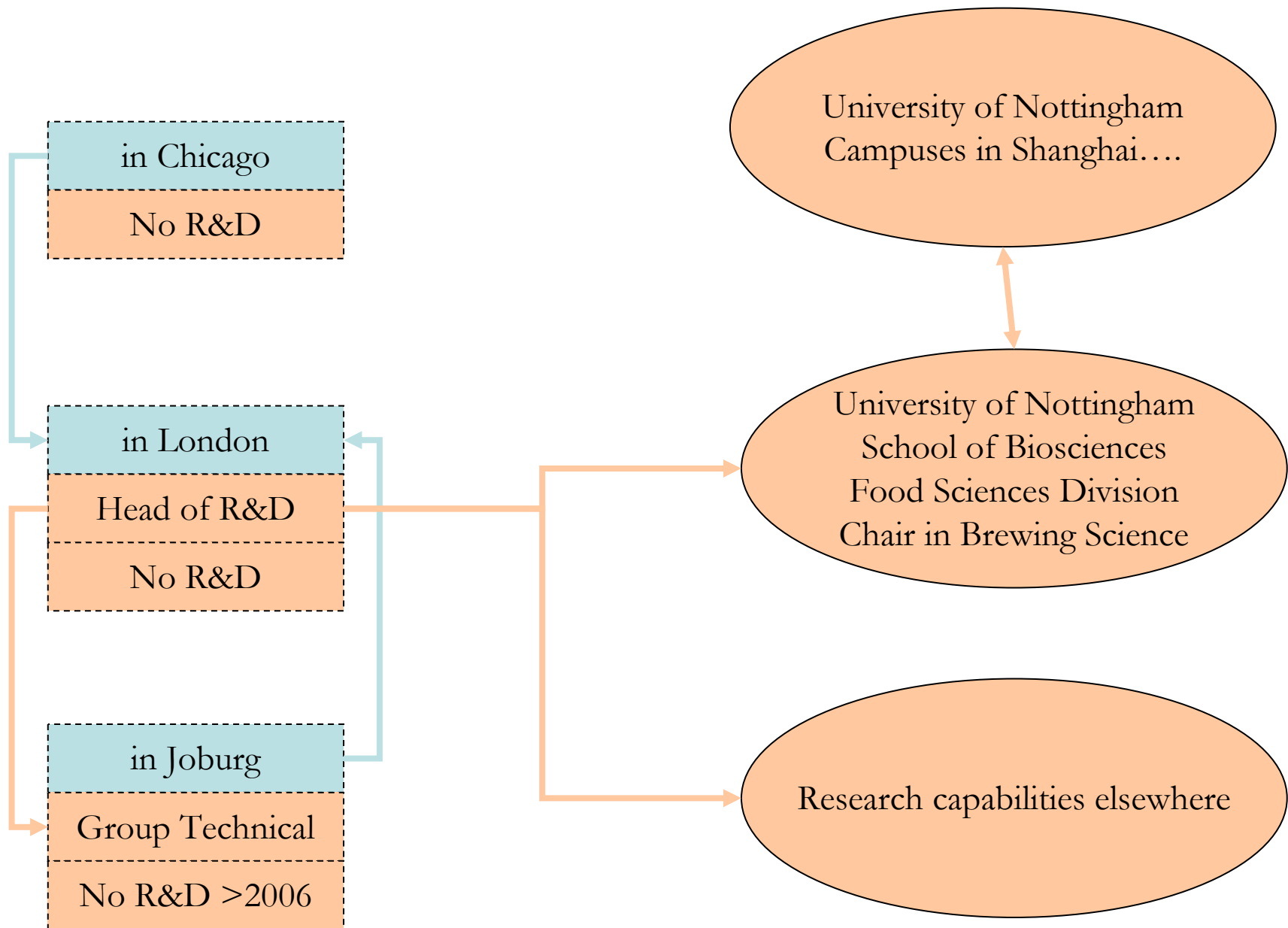
- Fermentation process efficiency
- Reduce fossil fuel emissions from energy use by 50% of hectolitre of lager produced by 2020
- Improve water efficiency by 25% by 2015 (partnership with WWF on water footprinting)

Products

- Packaging
- Genome analysis of raw materials to select especially suitable inputs

Human capital

- 30-50 people working for it



Firm 2 in the food-processing sector: From GPN to GiN

- 1989: It emerges from sugar and spirit firms
- 1997: New focus on global food ingredients
- 2005: Acquisition of a producer of enzymes and biochemicals
- 2008: Co-development partnership for a specific product with another firm
- 6,800 employees in 80 locations in >40 countries
- Markets: its ingredients in $\frac{1}{2}$ icecreams, $\frac{1}{2}$ cheeses, $\frac{1}{3}$ detergents, $\frac{1}{4}$ breads globally consumed
- Market size: Europe>US>Asia>Latin America>Africa
- Group revenue DKK13.7bn
- No.1 or 2 player in all its markets

Firm 2 Locations

LOCATIONS:

RES



Legend



Multiple Divisions



Cultures



Enablers



Genencor

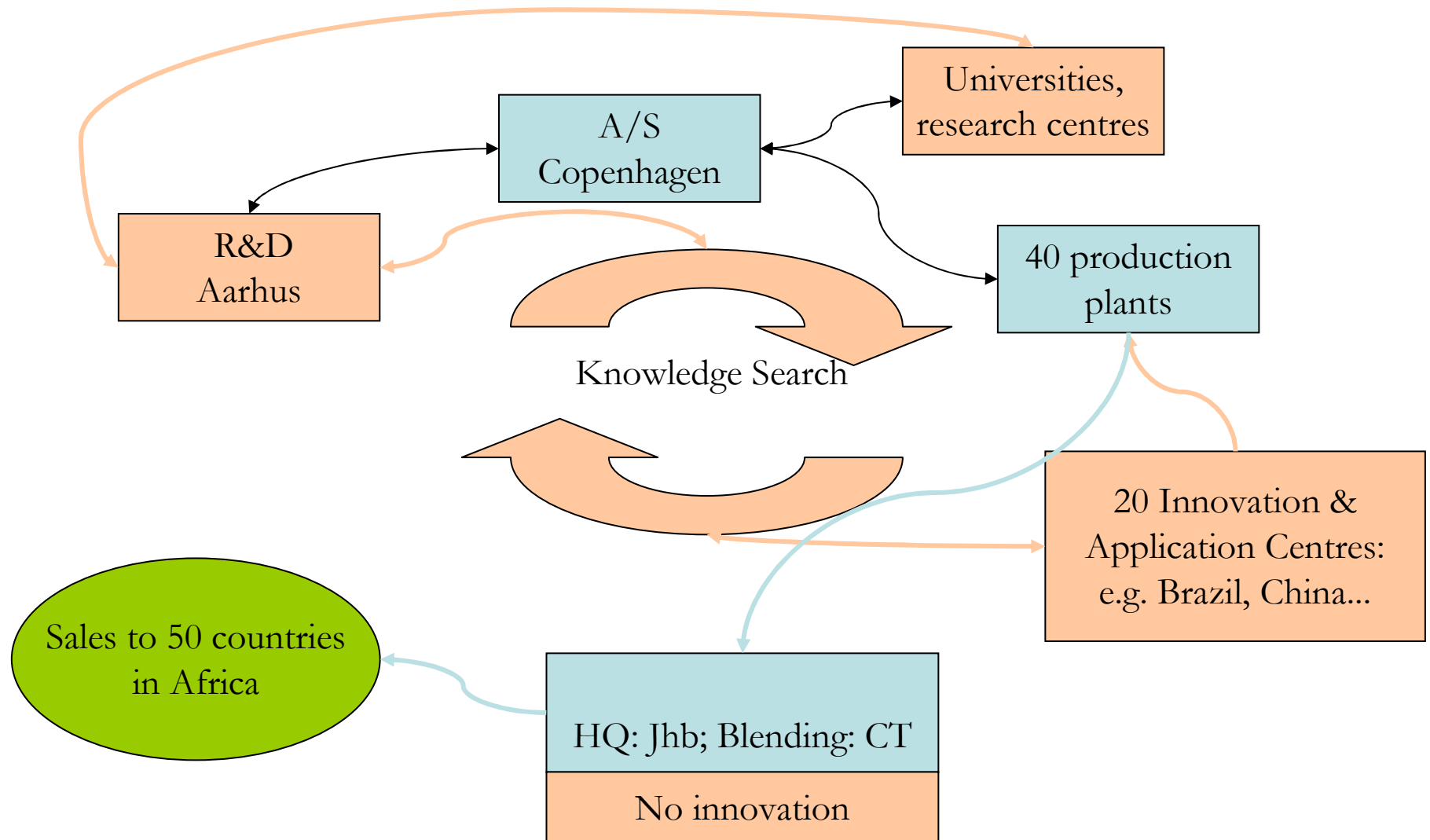


Sweeteners

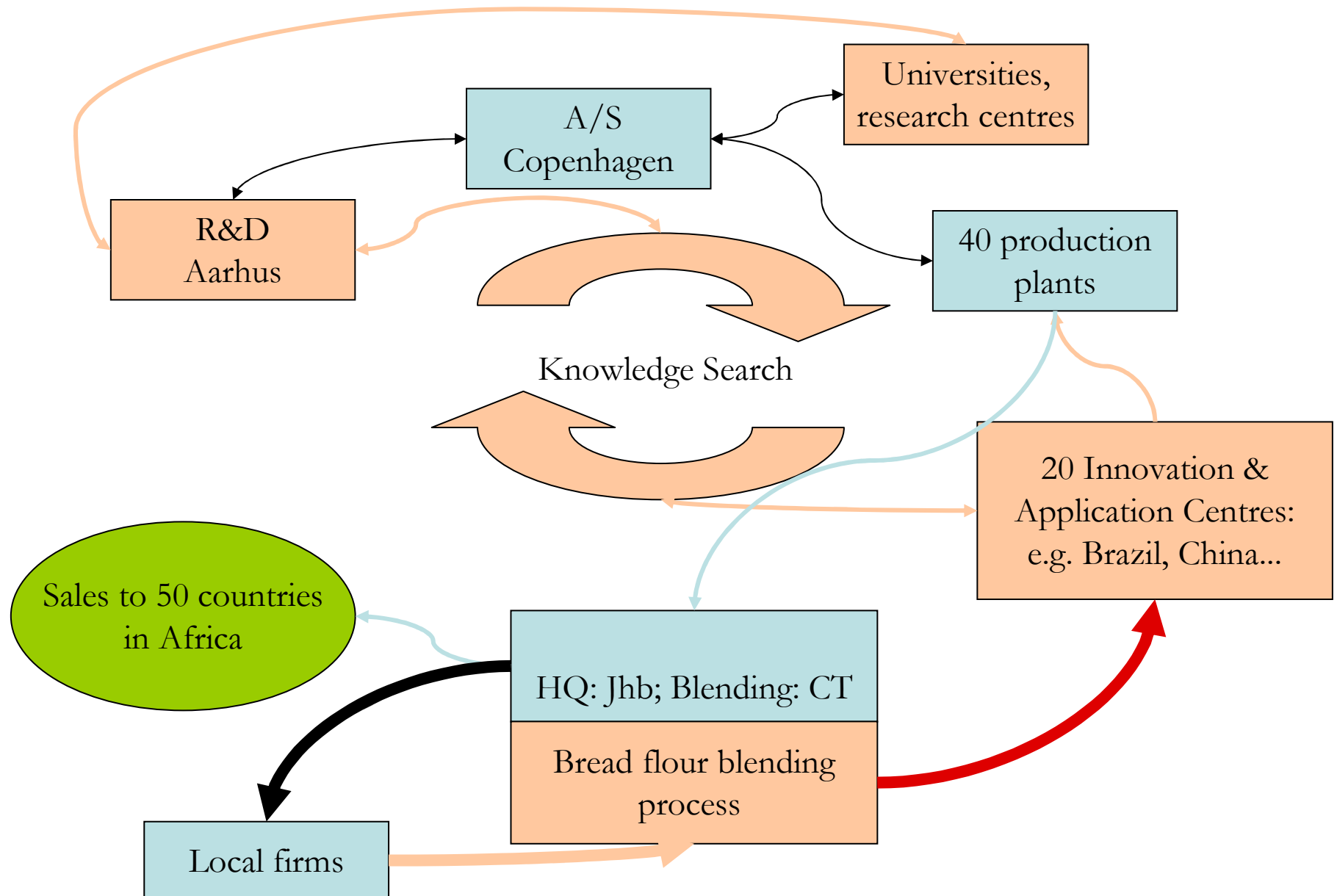
Innovation in food ingredients

- Taste and texture
- Health and nutrition
- Food protection
- 1,000 employees in innovation
- R&D DKK884m
- Patent portfolio: 9,300 ➔ No.9 worldwide in its industry
- 2008: Creation of China Research Centre, Shanghai, projected to become world-leading enzyme discovery unit

Firm 2 <2010: GPN



Firm 2 >2010: GiN



Conclusions

- There is no “home” advantage – globalisation might lead to a reduction in knowledge-intensive activities even for your own MNEs (e.g. SA loses Firm 1’s R&D.)
- There is no host disadvantage – high-capability subsidiaries of knowledge-intensive MNEs can pursue “world innovation mandates” (e.g. Firm 2 contributes to and taps into global knowledge flows).
- EU: Don’t worry about your firms establishing networked innovative activities elsewhere.
- SA: Don’t worry about ownership. The key issue is not ownership of IP but access to it. Look at knowledge intensity.