

## 1.2 BUSINESS MODEL

# BUSINESS MODEL

Innovation is the foundation of Indra's business model, the key to its sustainability as a company and the crucial factor that differentiates the solutions and services it provides.

### Innovation



**Indra is built on the talent to innovate, using technology to meet the challenges that our clients face.**

#### Clients

Indra's business model is based on building first-rate socio-technological relationships with its clients. In other words, Indra strives not only to be a mere service provider, but rather to be a key ally in its clients' innovation and, in this way, contribute decisively towards achieving their business objectives. It is the demanding nature of this type of client, resulting from their own competitive experiences, that drives us to develop innovative solutions with high added value that fulfil their needs completely.

As a result, Indra is the socio-technological partner of choice for the largest Spanish companies with a global presence, as well as a growing number of companies in international markets. In fact, many of our solutions have been developed working side by side with our clients to provide effective responses to their actual needs.



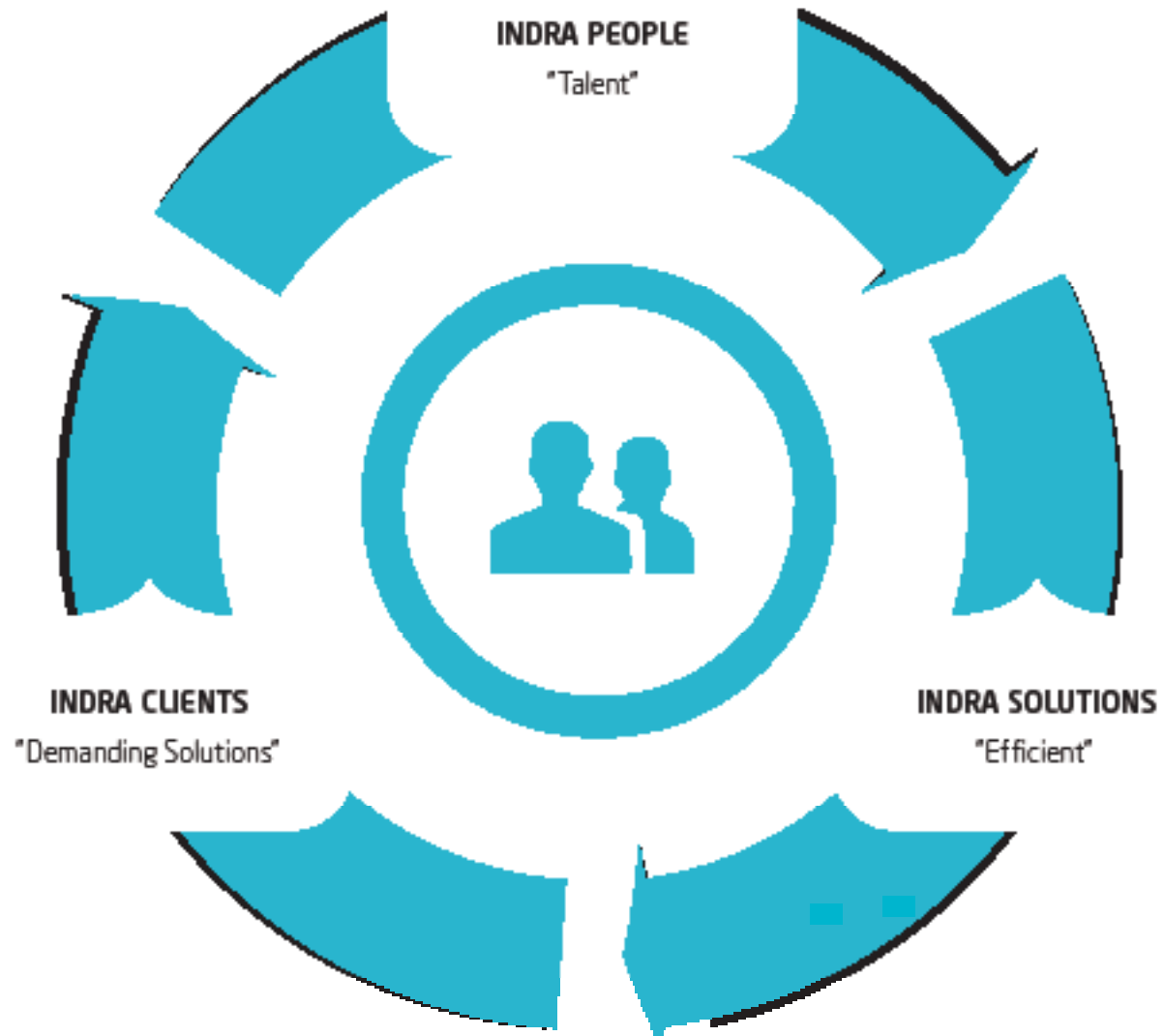
#### In-house technology and solutions

from its very beginnings, Indra had been strongly committed to developing its own technologies and solutions, providing the innovation for the range of solutions and services it offers, covering the entire value chain of the sector, from consultancy, development and integration to outsourcing. Our commitment to in-house technology and solutions is what sets Indra apart and enables it to compete under the best conditions and to break into new markets. Indra boasts a range of in-house solutions in all of the varied sectors that it operates in (Transport and Traffic, Energy and Industry, Public Administration and Healthcare, Financial Services, Security and Defence, Telecom and Media). It is this diversity that enables Indra to take advantage of synergies that arise between the sectors and to exploit cross-applications of the capabilities developed in each of the sectors in other fields. All this is possible thanks to the impressive efforts in innovation.

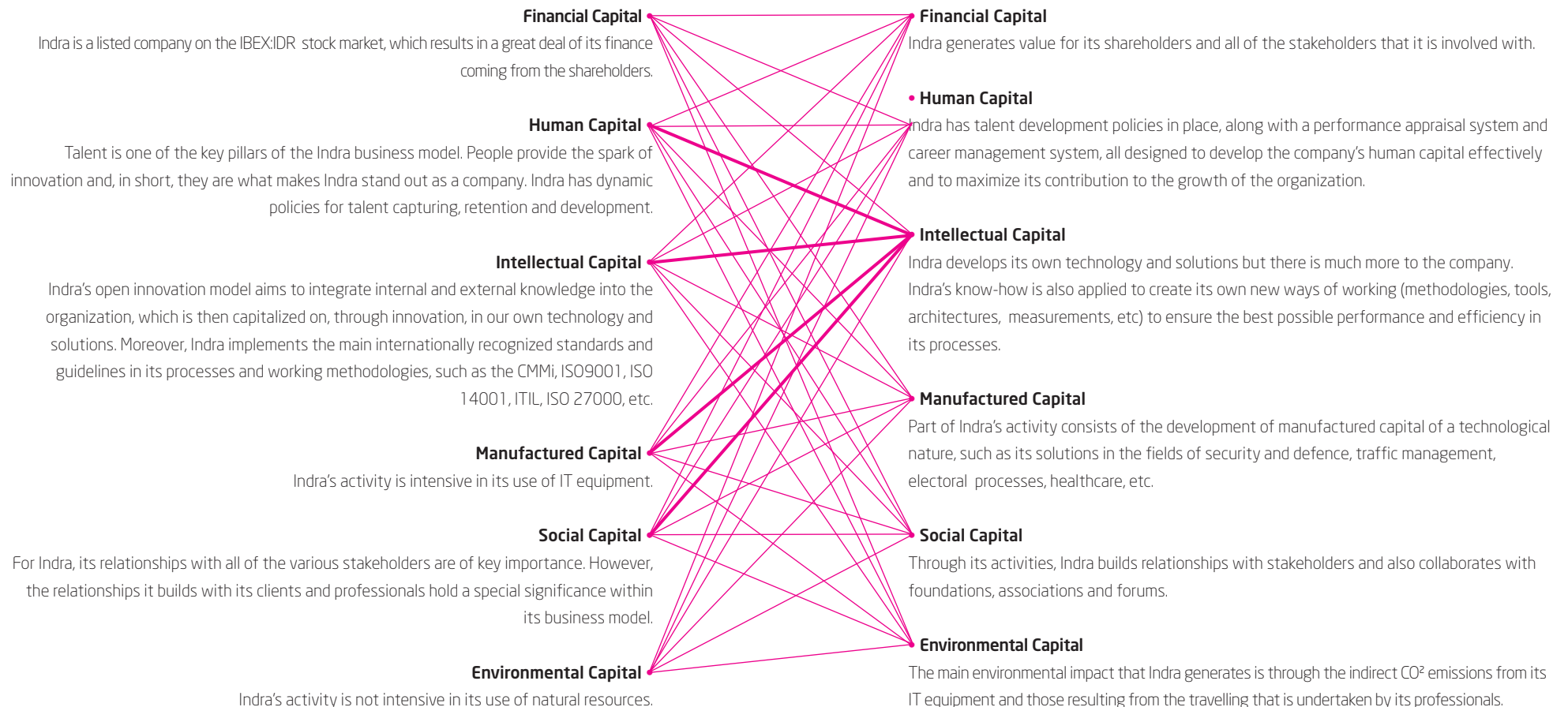


#### Talent

we are now operating in an increasingly global economy in which it is highly likely that the only lasting competitive advantage that companies can secure is in the talent of its professionals. In a world that is constantly becoming more technological, we must never forget that the capacity for innovation comes only from people. It is people who create, learn, teach and drive new ways of working and thinking. Therefore, the management of our human capital is crucial to Indra and the capturing, development and retention of talent is a strategic priority.



## 6 CAPITALS MODEL\*



\*Based on the International Integrated Reporting Committee (IIRC) model

## 1.3 BUSINESS MODEL INNOVATION

### R&D&I MANAGEMENT: OPEN TO KNOWLEDGE

Innovation is a key factor in international leadership and development. As a company, Indra strives to be at the forefront in these fields, which requires not only a well differentiated product and service range with high added value, but also continual improvement of our project and process management capacities. As a result, innovation is the foundation of Indra's strategy, which is reflected in the quality of the solutions and services that are developed by the company's professionals and the internal development of the organization.

The most innovative companies take full advantage of the available talent, both within and outside the organization, which requires the creation of a global multidisciplinary collaborative network. Indra collaborates with companies, universities and research institutes around the world. The company boasts an advanced set of R&D&I instruments which, together with the product and service generation mechanism that our Networks of Excellence provide, enable the company to respond to our clients' actual current needs and, at the same time, allow us to anticipate the future needs that they may have and to remain at the forefront of technological developments.

As a result, Indra has distanced itself from classical models of innovation management and has created its own model of open innovation, in which collaboration and knowledge generation are not limited by the company's borders, but rather are open to input from clients, technological allies, universities, research institutes and even society in general.

This innovation model includes the following main features:

- Decentralized with the participation of the whole organization.
- Open and networked.
- Aligned with the business strategy.

The allocation of significant resources to research, development and innovation, as well as our constant involvement in international R&D consortiums, has been the cornerstone of Indra's growth and development, which has enabled the company to achieve its current position as a technological leader.

The following factors are critical in this model:

- Attracting funding and generating external interest.
- Fluid communication that facilitates the project teams' institutional relations.
- Constant monitoring of the channelling of information as an early indication signal in relation to opportunities with new technologies and emerging markets.
- Continual improvement of methods used in the management of innovation projects.

In 2011, there was a significant boost in Indra's participation in international R&D&I funding programs.