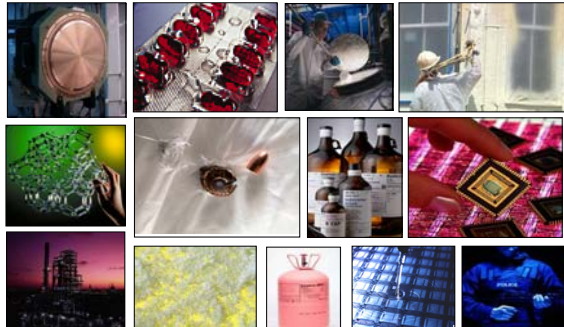




Bernard Pellereau
President, Europe
Honeywell Specialty Materials

**Finnish Presidency Conference
The Challenges of Globalization for R&D
An Industry Perspective**





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Specialty Materials Research Locations



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Seelze R&D Center of Excellence

- Co-located with our main European production site acquired by Honeywell/ Allied Signal in 1996
- More than 50 scientists
- Specialty Chemicals, Security Pigments and Electronic Chemicals



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Shanghai R&D Center of Excellence

- Co-located with Honeywell China headquarters in Pudong section of Shanghai
- Opened in Nov. 2004
- Employs 50 people
- Application engineering, but no basic research
- Specialty additives, refrigerants



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Advantages of Global Research

- World's Best Talents and Diversity of Ideas
- Additional research capabilities, not replacing current work and "24-hour" research
- Customer-specific applications in local markets
- Low cost Countries
- Strengthens total R&D portfolio
- Speed to Market

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Challenges of Global Research

- Access to needed talent in some regions
- Retention of top talent in fast-growing regions
- Infrastructure
- Cultural issues
- Distance issues
- Insufficient patent protections in some regions

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Innovation is dependent on collaboration

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Business contributions

- Private research dollar and capital
- New business models
- Innovational clusters
- Focus on market needs
- Commitment to health, safety and environment

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Government contributions

- Patents and intellectual property
- Better regulations
- Collaboration platforms
- Fiscal incentives for R&D
- Coordinated R&D funding
- Energy, Materials and Logistics

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Academia contributions

- Entrepreneurial acceptance
- Recognition for commercial impact
- Cross entity, collaborative R&D
- Innovation education
- Open, interdisciplinary thought environment

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Labor contributions

- Life-long learning
- Talent pool
- Talent growth
- Tolerance for change

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**“Innovation is the ability to see change
as an opportunity – not a threat.”**

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