

# The management of global innovation: business expectations for 2030

2024

KEARNEY IMP<sup>3</sup>ROVE



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# Prologue

Dear readers,

Accelerating technology cycles, ever-faster changing customer needs, increasing regulatory pressure to fulfill sustainable development goals (SDGs), and geopolitical disruptions drive constant change. As a consequence, innovation management has topped the agendas across industries as well as in the public sector. The results of our present study, backed by a survey among 70+ leaders from around the globe, showcases priorities and drivers for achieving excellence in managing innovation in the years to come.<sup>1</sup> This encompasses the development of the right innovation strategies, the design and implementation of suitable innovation operating models, and the usage of innovation enablers, including AI.



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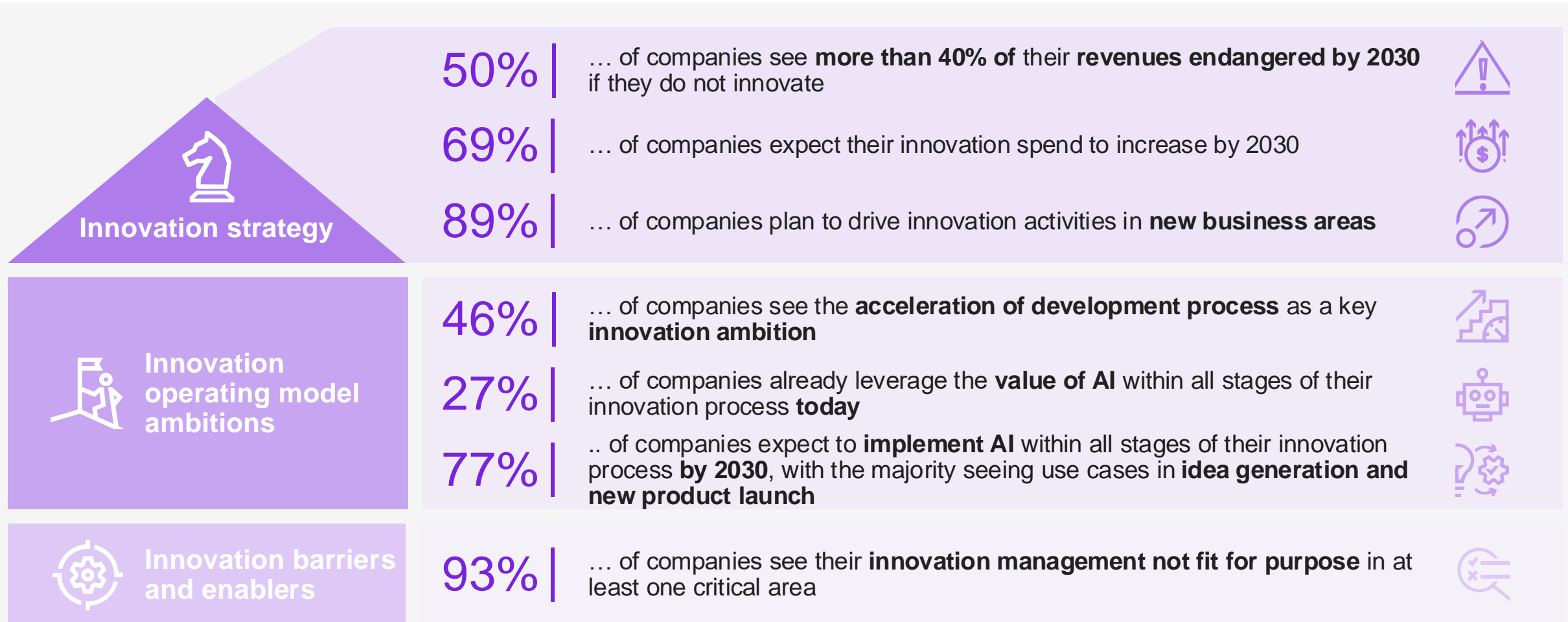


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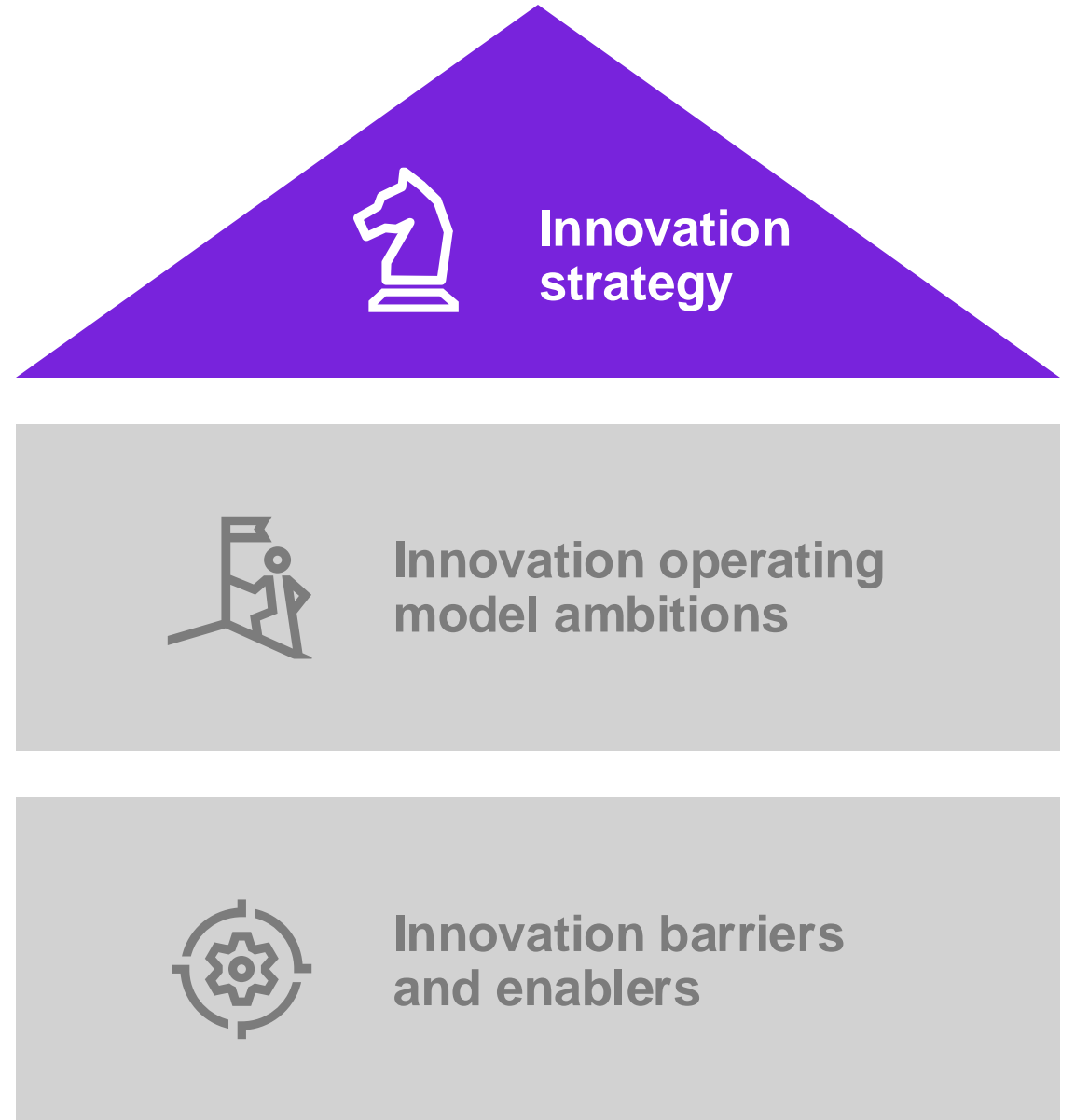


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# At a glance



# Innovation strategy



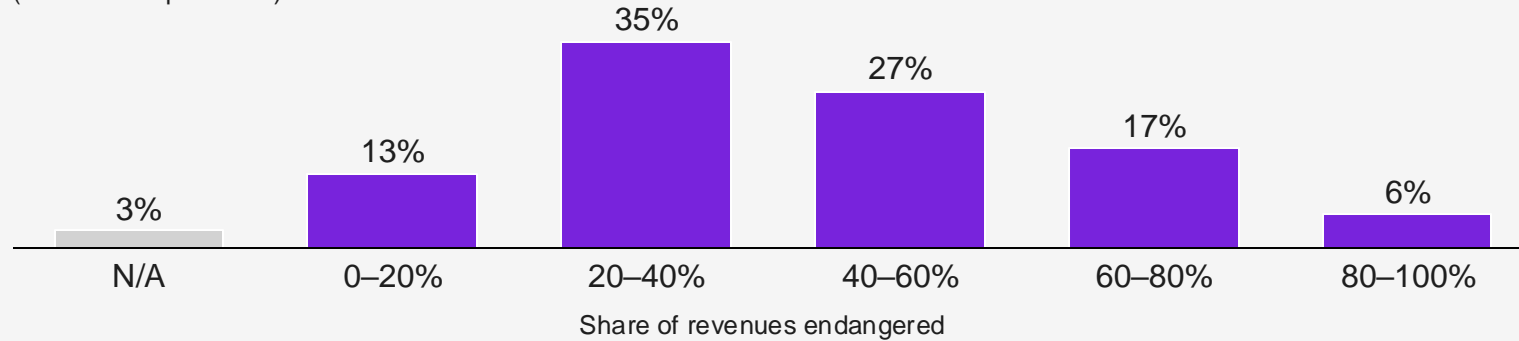
# To prevent revenue decline, more than two-thirds of companies plan to increase their innovation spend by 2030



Innovation  
strategy

## Revenues endangered by 2030 if company does not innovate

(Share of respondents)



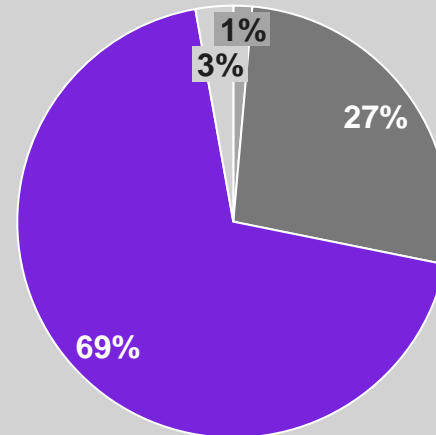
Nearly  
**50%**

of companies see more than 40% of their revenue endangered by 2030 if they do not innovate

## Change in innovation spend as a share of revenues until 2030

(Share of respondents)

- Decrease
- Constant
- Increase
- N/A



More than  
**69%**

of companies plan to increase their innovation spend as a share of revenues

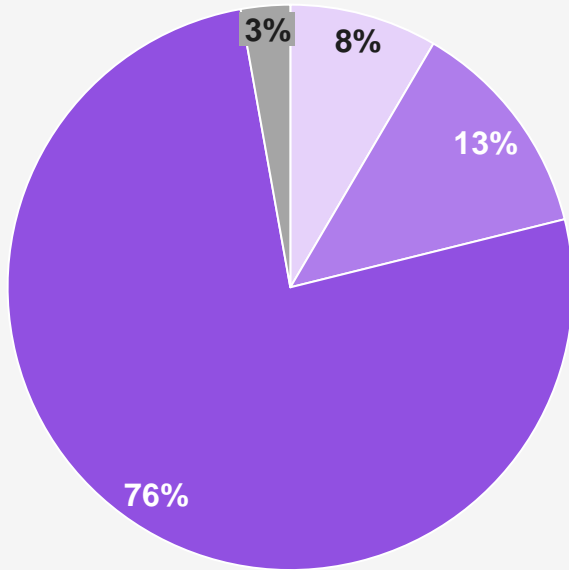
# Most companies plan to innovate in both existing and new business areas until 2030; nearly half of them see deficits in their innovation management ability to do so



Innovation strategy

## Our innovation activities will focus on innovating in...

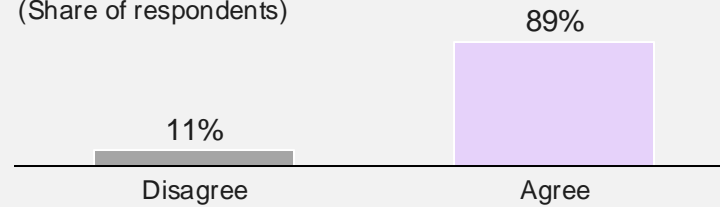
(Share of respondents)



Existing business areas<sup>1</sup>    Both<sup>1,2</sup>  
 New business areas<sup>2</sup>    Neither

## Our current innovation management is fit for purpose to innovate...

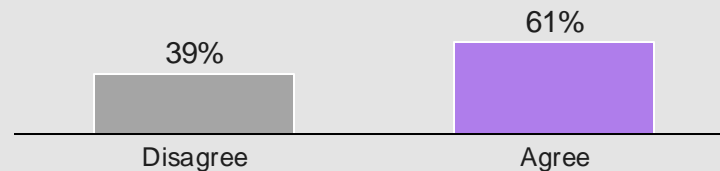
... in **existing business areas**<sup>1</sup>  
 (Share of respondents)



92%

of companies who plan to innovate in *existing* business areas until 2030 assume their innovation management to be already fit for purpose

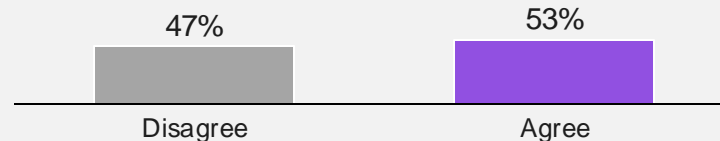
... in **new business areas** until 2030<sup>2</sup>  
 (Share of respondents)



59%

of companies who plan to innovate in *new* business areas until 2030 assume their innovation management to be already fit for purpose

... **both** existing and new business areas<sup>1,2</sup>  
 (Share of respondents)



56%

of companies who plan to innovate in *existing and entering new* business areas until 2030 assume their innovation management to be already fit for purpose

<sup>1</sup> The same customer segments and product/service categories

<sup>2</sup> New customer segments and/or new product/service

Source: Kearney Innovation Survey (2024)

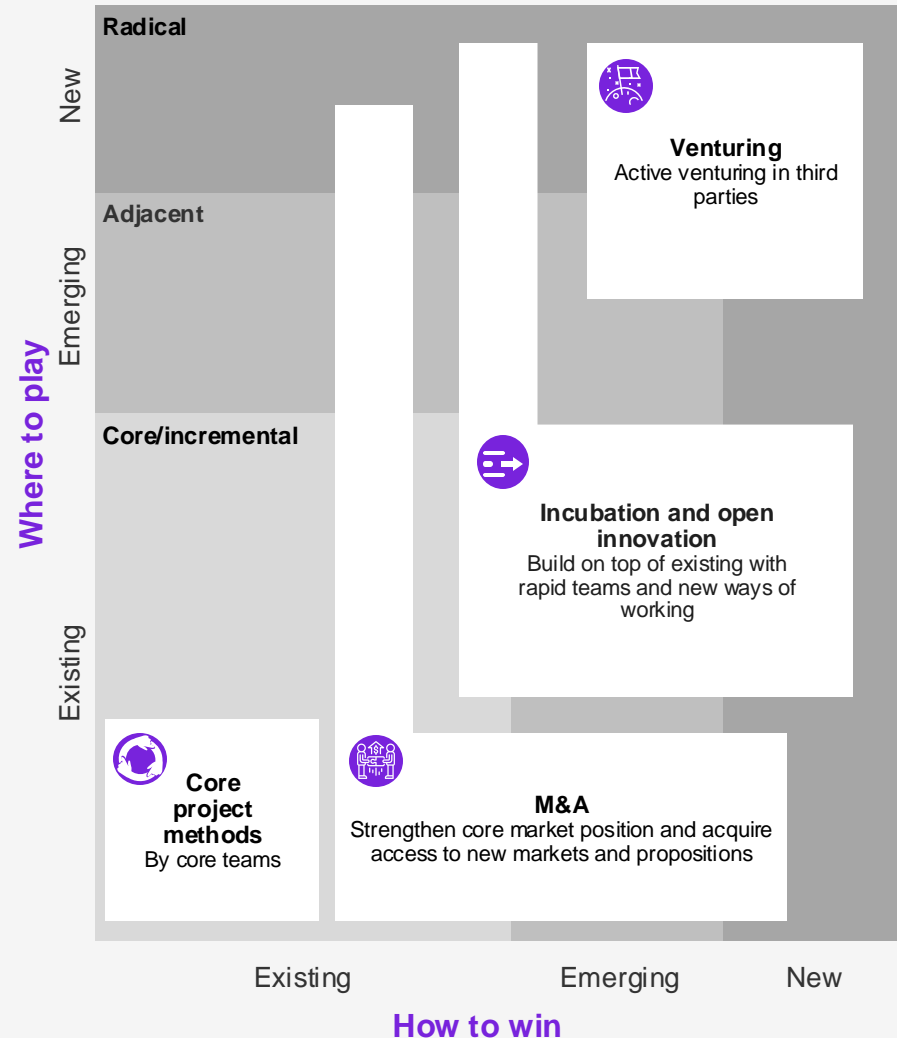
Depending on the area of innovation focus, companies can explore various innovation approaches



Innovation strategy

## Innovation portfolio and approaches

### Core, adjacencies, and radical



### Core projects

- Innovate on core value propositions
- Can include traditional, agile, design thinking, and other methods

### M&A

- Gain **immediate access** to **entirely new** markets, propositions, and/or talent via company acquisitions
- Set up M&A teams to develop pipeline and evaluate acquisition fit

### Incubation and open Innovation

- **Accelerate** process development of **incremental and radical** innovations
- **Broaden idea funnel** testing and covering opportunities for new business
- **Rapidly** prototype and industrialize solutions, **collaborating** with ecosystem partners

### Venturing

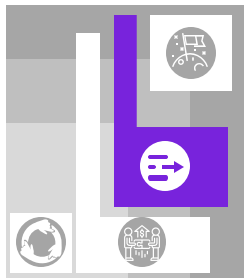
- Screen, build, and invest in start-ups to stay at the **forefront of innovation**
- Actively venture in selected business fields to acquire control points and technologies

# Through open innovation, global leaders around the world achieve success in their key innovation ambitions

## Client examples



Innovation strategy



Increase customer centricity

Increase collaborative innovation

Accelerate the development process

Source: HYPE

A **global toy manufacturer** leverages open innovation to directly access the ideas of their customers, thus increasing the customer centricity of their innovations.



Own co-innovation program targeting several hundred external inventors



**Extended idea funnel**

A **global vehicle manufacturer** uses open innovation to enhance collaborative innovation within key innovation priorities, such as sustainability, cost, and weight reduction.



Innovation network of 250+ suppliers, which is constantly growing



New steady knowledge stream of ideas and collaborative **implementation of ~10%** of them

A **global specialty chemicals player** integrated open innovation within its core to accelerate development processes.



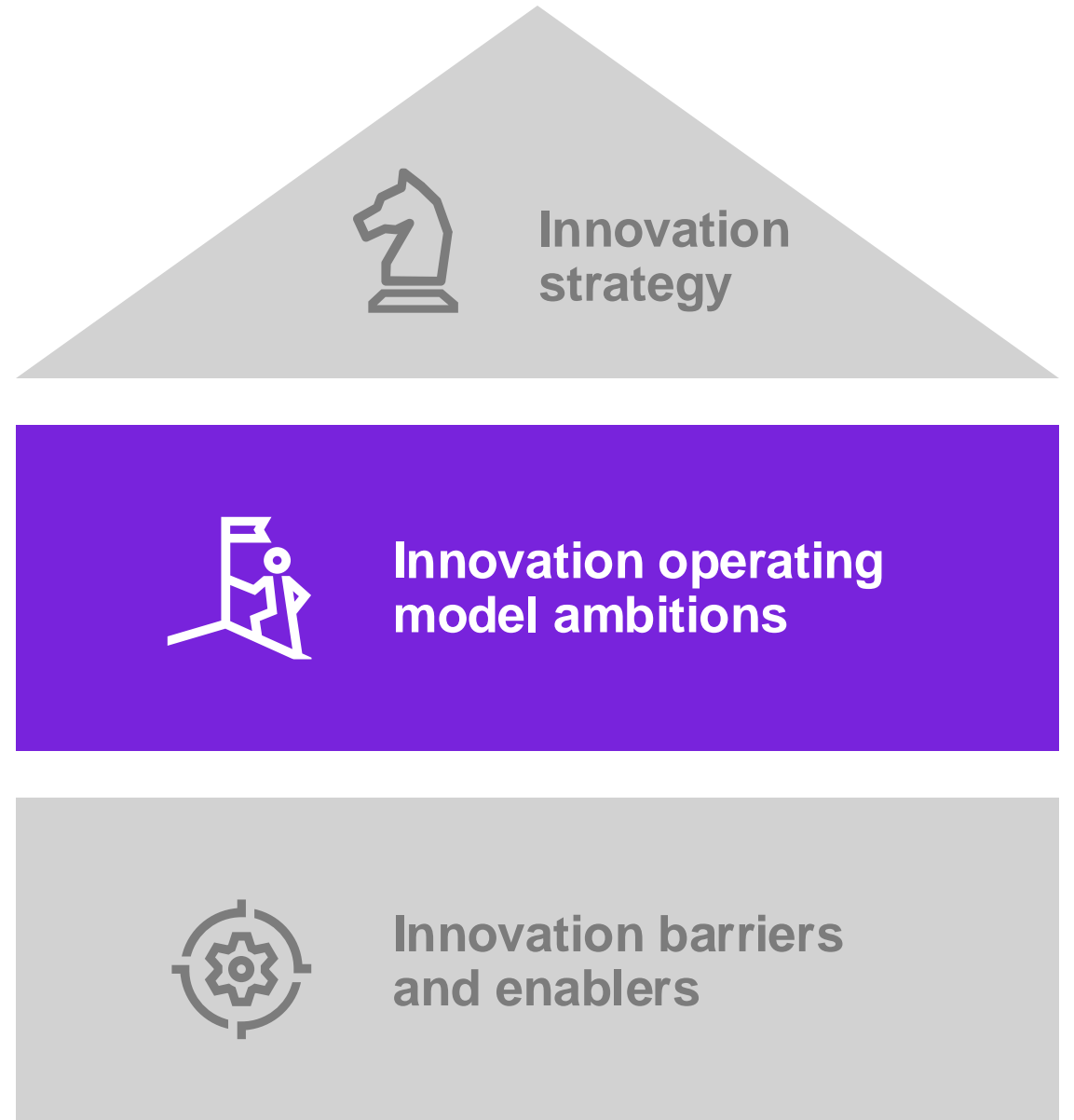
Ecosystem of 3,500+ start-ups, suppliers, and academia



**Acceleration of development process by up to 30%**

Their strategy blends collaboration, sustainability, and bold strokes of innovation!

# Innovation operating model ambitions



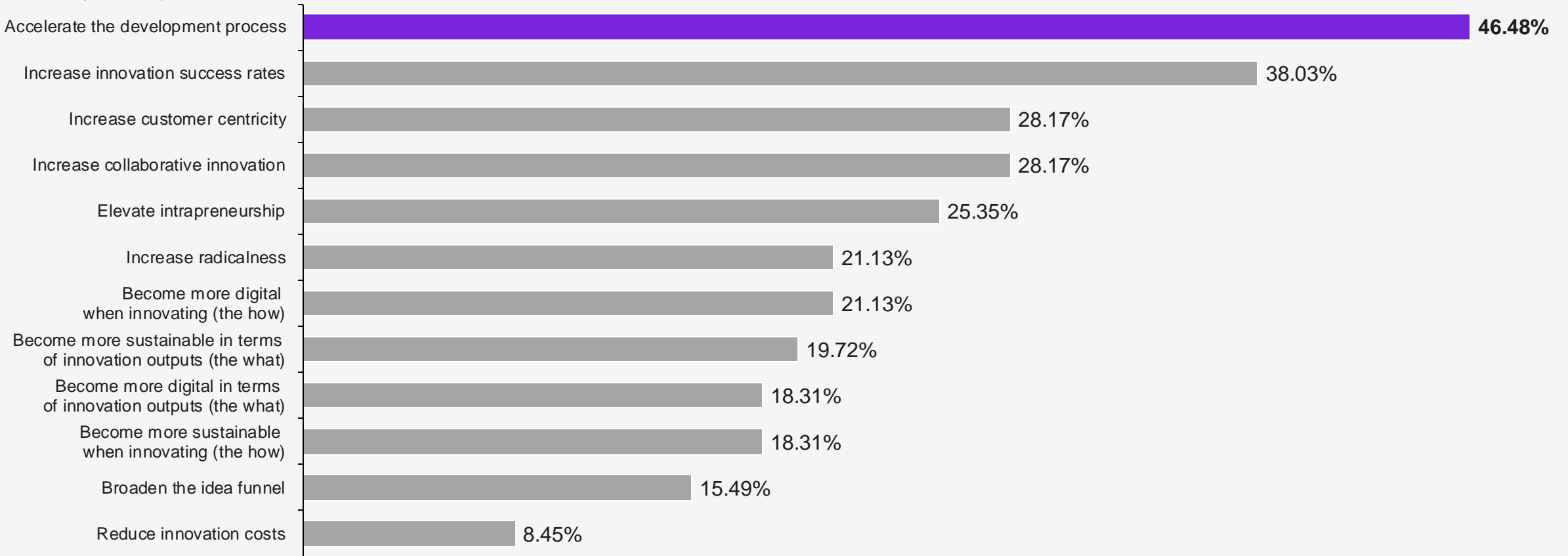
# For almost half of companies, the acceleration of the development process is among their top 3 priorities



Innovation operating model ambitions

## What are your top 3 ambitions for innovation until 2030?

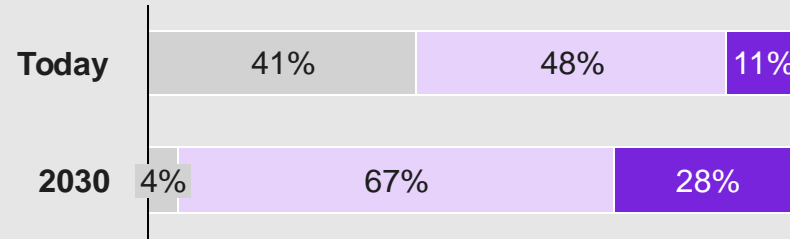
(Share of respondents<sup>1</sup>)



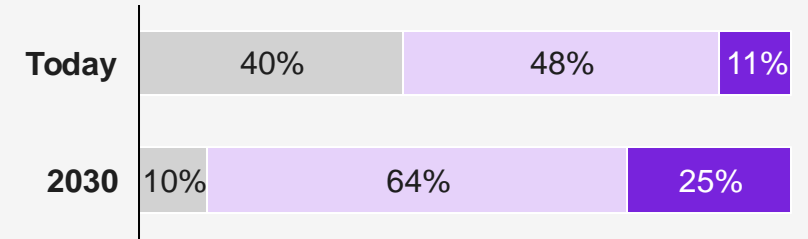
# To accelerate the development process, using AI will be key along the innovation funnel

## How important is AI in your innovation process today... and what do you expect it to be by 2030, with a view to...

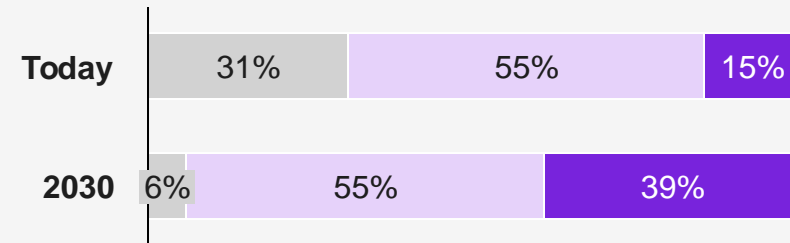
**Idea generation**  
(Share of respondents)



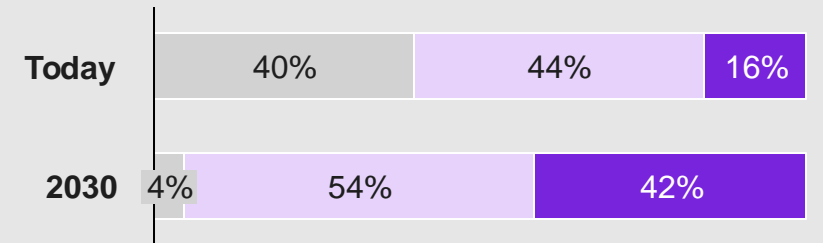
**Idea selection**  
(Share of respondents)



**Innovation development**  
(Share of respondents)



**New product launch**  
(Share of respondents)



■ Not important ■ Somewhat important ■ Very Important



### Innovation operating model ambitions

**70%**

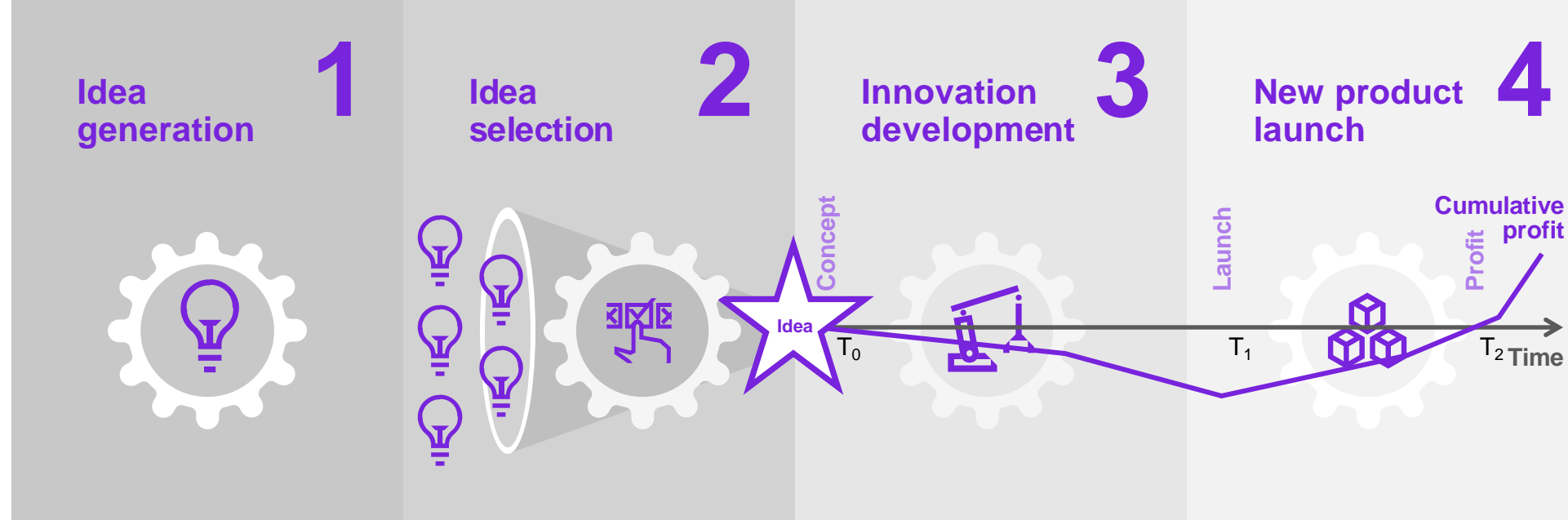
of companies already use AI today in innovation development, making it the most prominent use case today


**98%**

of companies expect AI to be at least somewhat important in any stage of their innovation management process

Note: percentages may not resolve due to rounding.  
Source: Kearney Innovation Survey (2024)

Already today we see a variety of use cases for AI implemented by innovation leaders



Selected use cases	<b>Trend and player identification</b>	<b>Holistic evaluation of ideas</b>	<b>AI-enabled design of experiments</b> 	<b>Product innovation radar</b>
	<b>Semantic search for research and prior art</b>	<b>AI-driven market and ecosystem analysis</b>	<b>Big-data powered patent portfolio management systems</b>	<b>Post-launch customer sentiment analysis</b>
	<b>Holistic generation of ideas</b>	<b>Automated scoring and ranking of ideas on predefined criteria</b>	<b>Generative design for variety of product configurations</b>	<b>MVP launch and feedback analysis</b>



Innovation operating model ambitions



# By leveraging machine learning algorithms, a client was able to reduce formulation trials by 50%



Client example

Innovation operating model ambitions

Situation



**Large number of trials necessary** for R&D of a consumer goods player to determine the optimal formulation



**Trials cause high costs and tie up resources**

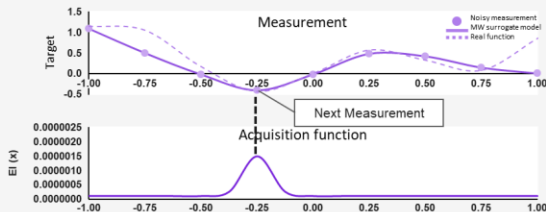
## Classic process



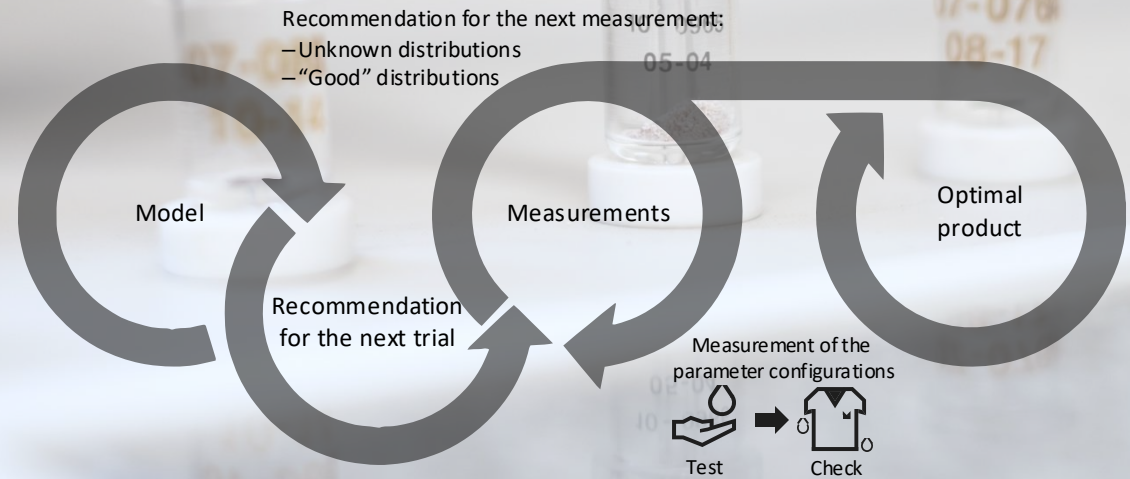
Solution



Use **machine learning** to apply Bayesian optimization to achieve better results with fewer trials than with a classical DoE in **sequential experiments**<sup>1</sup>



## Improved process

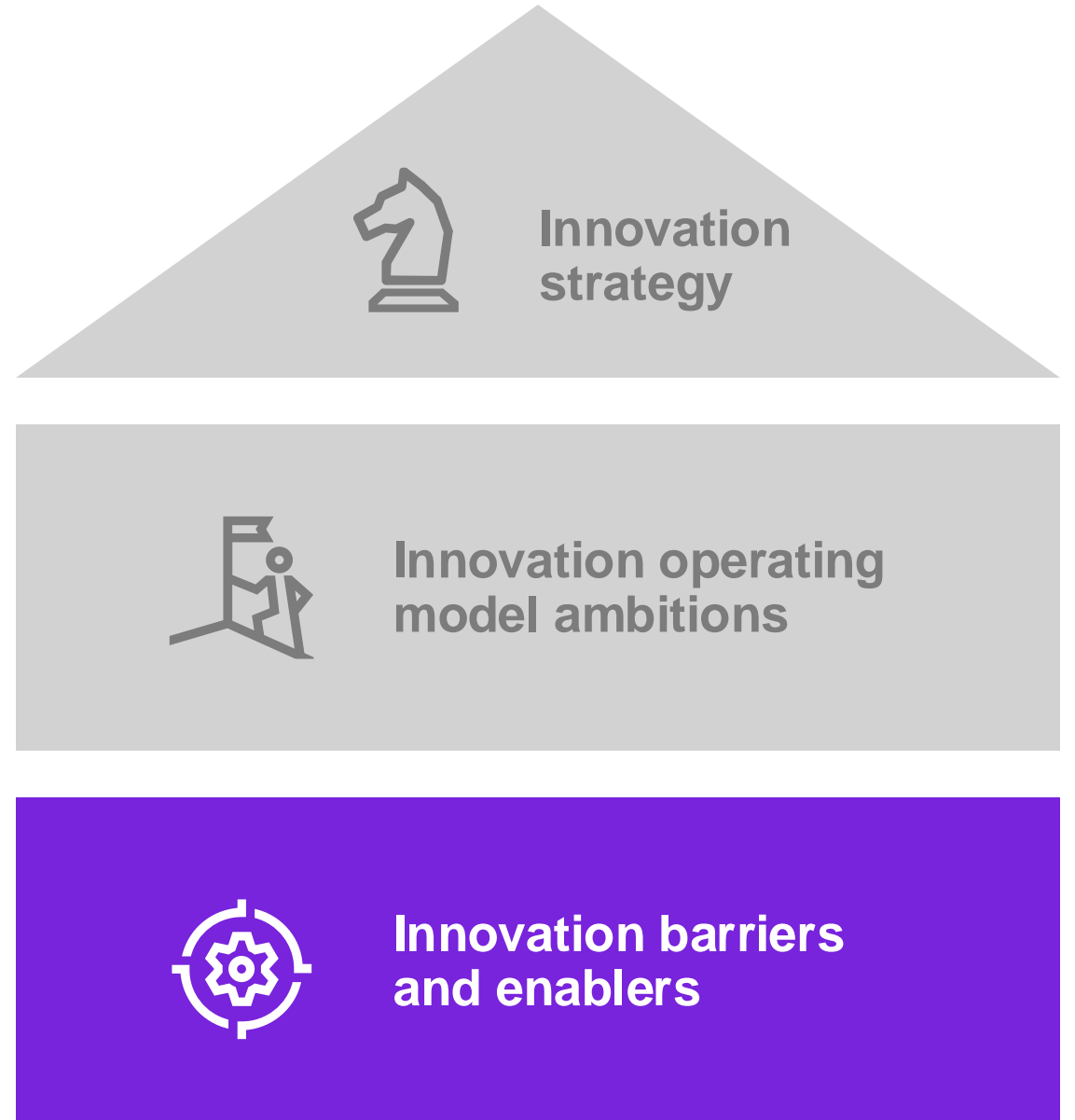


Impact

**50% fewer attempts than with a classic DoE approach**

<sup>1</sup> DoE is design of experiment. Source: Fraunhofer IAIS; Kearney analysis

# Innovation barriers and enablers

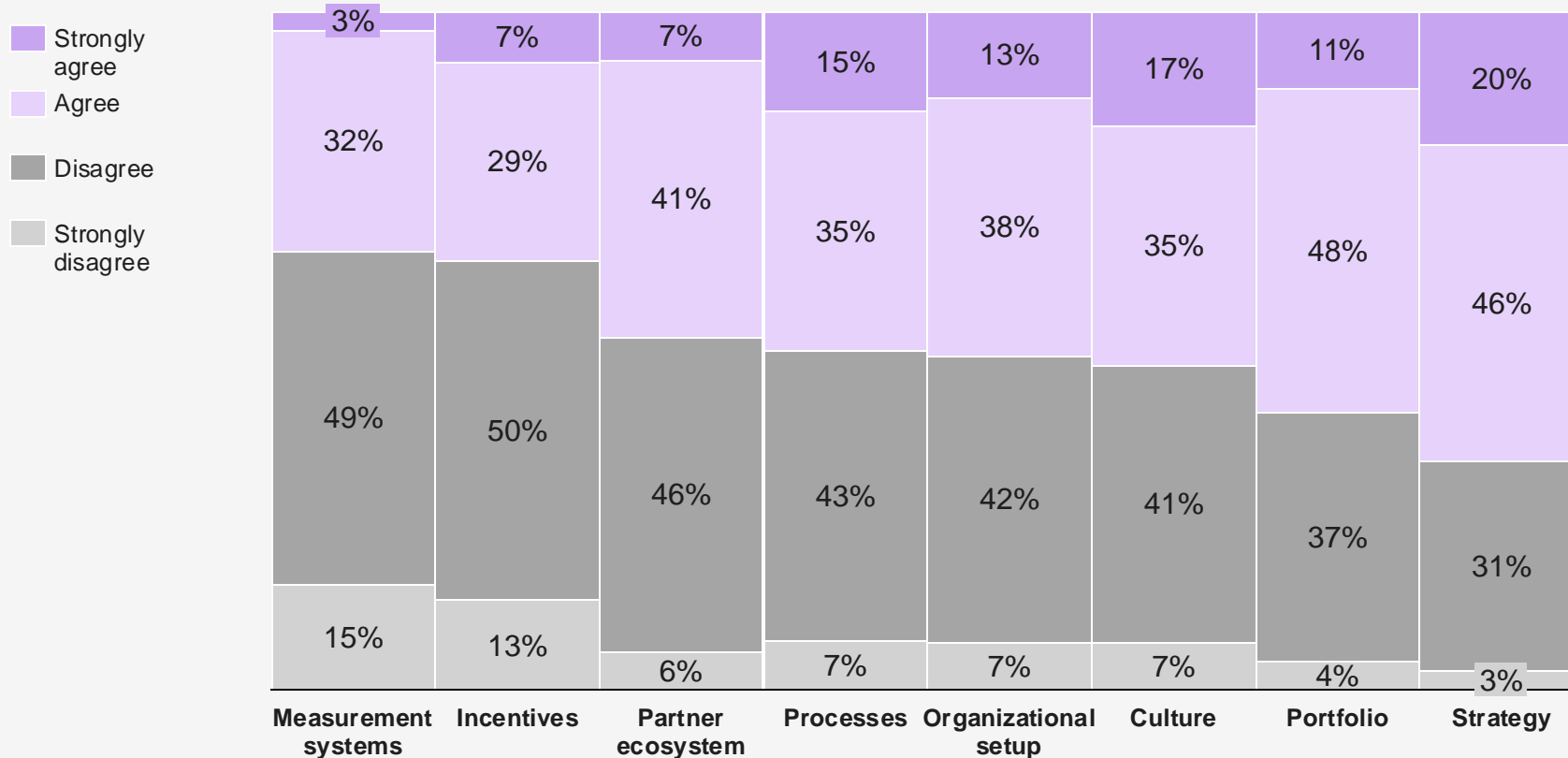


# Two-thirds of companies see their innovation measurement system not fit for purpose



Innovation barriers and enablers

## Share of respondents seeing their innovation management fit for purpose with regard to...



# 93%

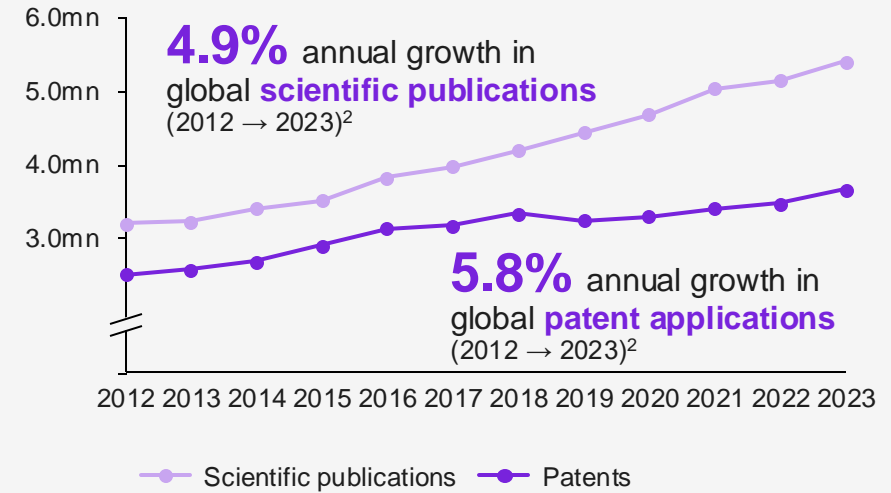
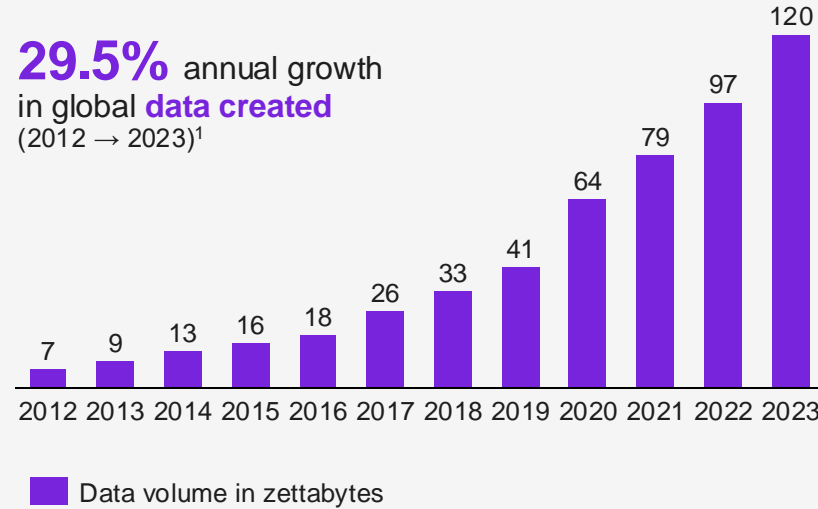
of the companies are not fit for purpose in at least one mentioned innovation area

The exponential growth of data challenges companies to stay on top of all relevant information, but also provides an increasingly valuable pool for analytics applications that support decision-making

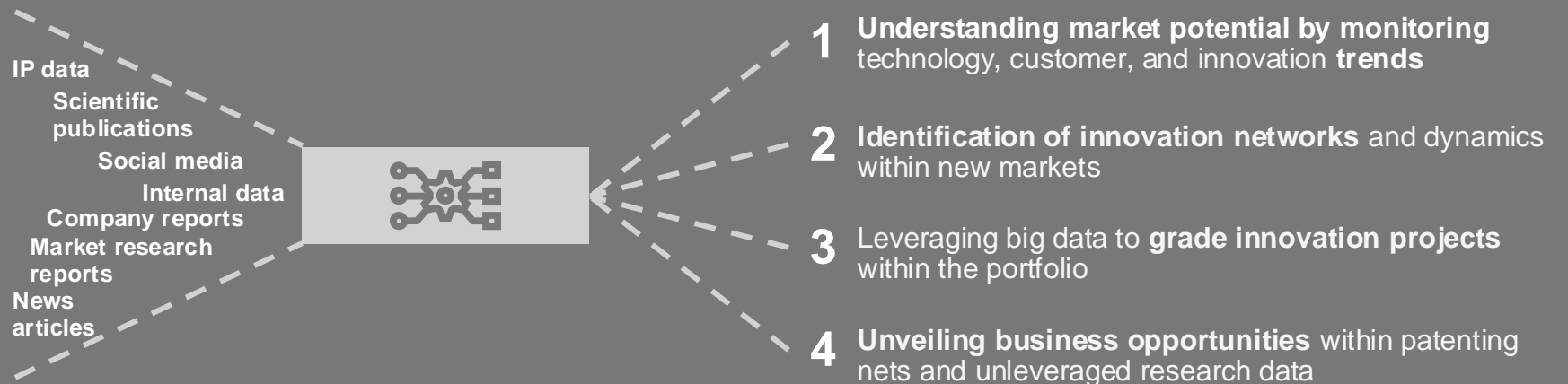


Innovation barriers and enablers

## Rapidly increasing data pools drive complexity...



## ...but also feed analytics applications for fast and effective decision-making



<sup>1</sup> Statista  
<sup>2</sup> WIPO  
Source: Kearney | IMP<sup>3</sup>ROVE

# To measure their own innovation KPIs, a client is leveraging many available pools of data to benchmark their R&D activities with their peers



Innovation barriers and enablers

Innovation investment	Generated IP	Innovation output	Consumer perception	Corporate impact
<b>R&amp;D expenditure</b> <p>R&amp;D expenditures total in USD (average past 5 years)</p> <p>R&amp;D expenditures as % of revenue per year (average past 5 years)</p>	<b>Patents</b> <p># of granted patents per year (average past 5 years)</p> <p><b>49</b></p> <p>Size (in k) of patent portfolio (past 20 years)</p> <p><b>Patent quality</b> </p> <p>Patent quality³ (0-100)</p>	<b>New product launches²</b> <p>Number of new products per year (average past 5 years)</p> <p><b>369</b></p> <p>New products launched per 1 million USD R&amp;D compared to peers</p> <p>Type of new product (average past 5 years)</p>	<b>Perception</b> <p><b>19%</b></p> <p>of consumer conversations about selected client brands are suggesting innovativeness</p> <p>Main drivers of perceived innovation:</p> <ul style="list-style-type: none"> <li> Flavor and taste</li> <li> Packaging and closure</li> <li> Brand image</li> </ul>	<b>Sales</b> <p>CAGR (past 5 years)</p>

<sup>1</sup> Dashboard based on a peer group of 5 companies, selected by revenue within the client's sector.

<sup>2</sup> New products refers to products within the client's sector; all new product data is compiled through the Mintel database.

<sup>3</sup> Patent portfolio is superior to x.x% (score) of similar portfolios, determined by the factor's grant robustness, market potential, citation potential.

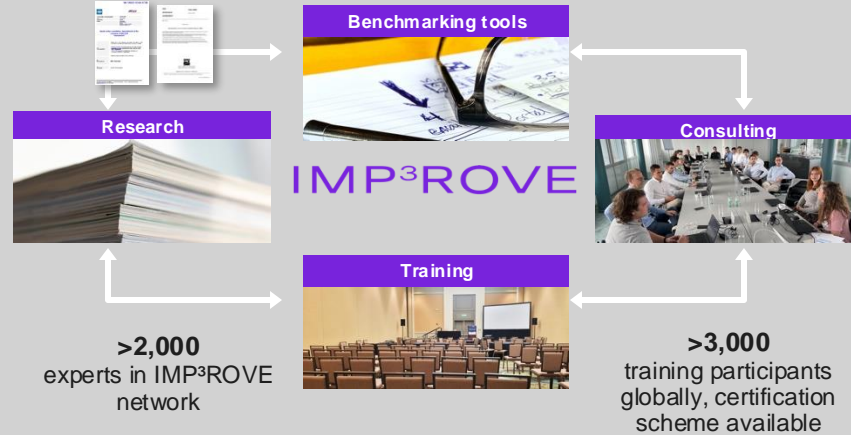
Sources: Mapegy, Capital IQ, Mintel, Dealogic, S&P Global, Symanto, Quant IP; Kearney analysis

With IMP<sup>3</sup>ROVE, Kearney has a dedicated competence center for innovation management providing cutting-edge expertise

## Our innovation management expertise

### About IMP<sup>3</sup>ROVE

Convenor for ISO TR 56004 Innovation Management Assessment



Knowledge partner of the World Economic Forum on innovation



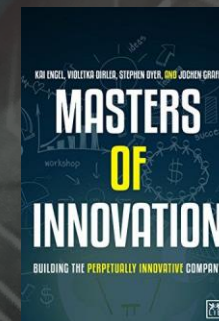
>500 innovation management projects in the past 5 years

- RDI assessment and benchmarking using the globally leading innovation management database
- RDI strategy development
- RDI operating model development
- ...

### Author of *Masters of Innovation* book

*"Masters of Innovation shows companies a practical way to continuously improve and execute their innovation strategies."*

- Klaus Schwab, Founder and Executive Chairman, World Economic Forum



### Unique innovation management data access and intelligence via proprietary AI tools

- >10 million companies and start-ups
- +42 million patents
- >1.2 million research institutes
- +60 million research papers
- +7 million trend signals and forecasts
- +54 million news articles

# Thank you

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