

F R O S T & S U L L I V A N

**Mega
Trends**
Defining Our Future:
Are You Ready?

VIG's State of Innovation Survey
**The Pace of Innovation is Accelerating—Creativity,
Passion, and Sacrifice are Needed to Keep Up**

Frost Perspective
October 2017

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Introduction

- This study captures innovation trends from respondents from a variety of functional perspectives and organizational levels.
- Organizations seeking to benchmark innovation performance will find this study useful in terms of understanding perceptions related to innovation's importance, the pace of innovation, influencers and drivers of innovation, critical barriers to innovation, and attributes required of innovation champions.

Innovation Perspectives Explored

The Importance of Innovation to Future Success

The Perceived Pace of Innovation in Companies and Industries

Company Responses to Innovation Acceleration

Influencers and Drivers of Innovation

Prevalence of Chief Innovation Officers

Areas of Innovation Focus

Cultural Barriers to Innovation

Top Attributes of Innovation Champions

Personal Sacrifice Required for Championing Innovation

Source: Frost & Sullivan

Frost & Sullivan's Visionary Innovation Offering

Our Most Popular Projects in Innovation



Analytical and Data-centric Approach

Based on the most reliable data, we employ advanced analytic techniques to drive credible outcomes.



Diverse Perspectives

Our team consists of economists, futurists, ethnographers, anthropologists, and more to provide a variety of perspectives.



Balanced Time Horizons

We believe in aligning short-term tactics with the long-term strategies.



Co-Creative Process

We leverage our clients' teams to ensure solution applicability and stakeholder buy-in.

[Click here for contact information and to learn more about the Visionary Innovation offering](#)

Source: Frost & Sullivan

Executive Summary

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Key Findings

The Importance of Innovation

Ninety-one percent of respondents believe innovation will be important or critical to their company's success over the next 5 years. Even so, only 19% report that their companies have a Chief Innovation Officer, and product/service innovation remains the top area of innovation focus, over process and business model innovation.

Innovation Influencers and Barriers

Technology related to the digital economy is cited as the top influencer of innovation acceleration, with consumer demand coming in second. Inadequate headcount is the number one cultural barrier to innovation, followed by securing funds for innovation efforts and time constraints that result in the de-prioritization of innovation efforts.

Pace of Innovation

At both the company and industry levels, innovation is accelerating, with over 75% of respondents reporting some or significant quickening in pace. Most respondents also indicate that their companies are able to keep up with innovation acceleration. However, a small subset, 16%, report that their companies are lagging, and of that subset, 44% believe their companies may be in significant trouble in the next 5 years.

Championing Innovation

Respondents in all business models selected the same top attributes as important to driving innovation: creativity, passion, open mindedness, resoluteness, and courage. The majority agree that a noticeable or a tremendous amount of personal sacrifice is required to champion innovation within a company.

Source: Frost & Sullivan

Research Scope, Background, and Methodology

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Research Scope

Survey Year	2017
Survey Timeframe	2012–2022 (approximately 5 years plus/minus the survey year for questions requesting comparative assessments of the past and future)
Geographical Scope	Global
Top Participating Functions	R&D/Innovation, Strategy, Sales, Marketing, Production and/or Operations, Corporate Development, and Information Technology
Top 5 Participating Industries	Information and communication technologies, healthcare and life sciences, automotive and transportation, professional services, and electronics and security

Source: Frost & Sullivan

Research Background

This research service augments content from various other innovation studies:

- 9819-00-2F: [Designing a Hardware Incubation and Acceleration Program](#)—Completed February 2017
- K144-01: [CEOs' Perspective on Growth, Innovation, and Leadership](#)—Completed September 2016
- K066-01: [Top Mega Trends Driving Innovation and Investment](#)—Completed February 2016
- 9AA2-00-13: [2015 R&D/Innovation Priorities Survey Results](#)—Completed April 2015
- 9AA2-00-0D: [2014 R&D/Innovation Priorities Survey Results](#)—Completed March 2014
- 9819-00-2A: [Innovation Metrics Selection and Implementation Process](#)—Completed September 2013
- 9819-00-29: [Harnessing Voice of Customer for Incremental Innovation](#)—Completed September 2013
- 9819-00-0F: [Collaborative Innovation Process](#)—Completed February 2013
- 9819-00-23: [Open Innovation: Gateway to Breakthrough Ideas](#)—Completed May 2012

This study is supplemented by continual interactions with industry experts, industry participants, partners, and in-house industry analysts.

Source: Frost & Sullivan

Methodology

This survey amasses input from a sample of professionals working in and around innovation.

Methodology	<ul style="list-style-type: none">• The survey was administered through an online platform.
Sample Size	<ul style="list-style-type: none">• n = 282, variations in sample size are due to question response rate; sample sizes are provided for aggregate and business model data• Link to respondent demographics
Fieldwork	<ul style="list-style-type: none">• August to September 2017
Reporting Notes	<ul style="list-style-type: none">• All figures are rounded, and thus percentages may not total to 100%.• In some instances, chart bars or columns may show variations in length or height despite reporting the same percentage numbers. This is due to rounding.• Questions that allow respondents to select multiple responses will not have response percentages that sum to 100%.• B2B/C indicates those respondents that selected both B2B and B2C as business models under which their company operates, whereas, for example, B2B indicates data for respondent that selected only B2B as a business model.• Business model respondents do not total to the aggregate because some respondents selected “Other” as a business model.

Source: Frost & Sullivan

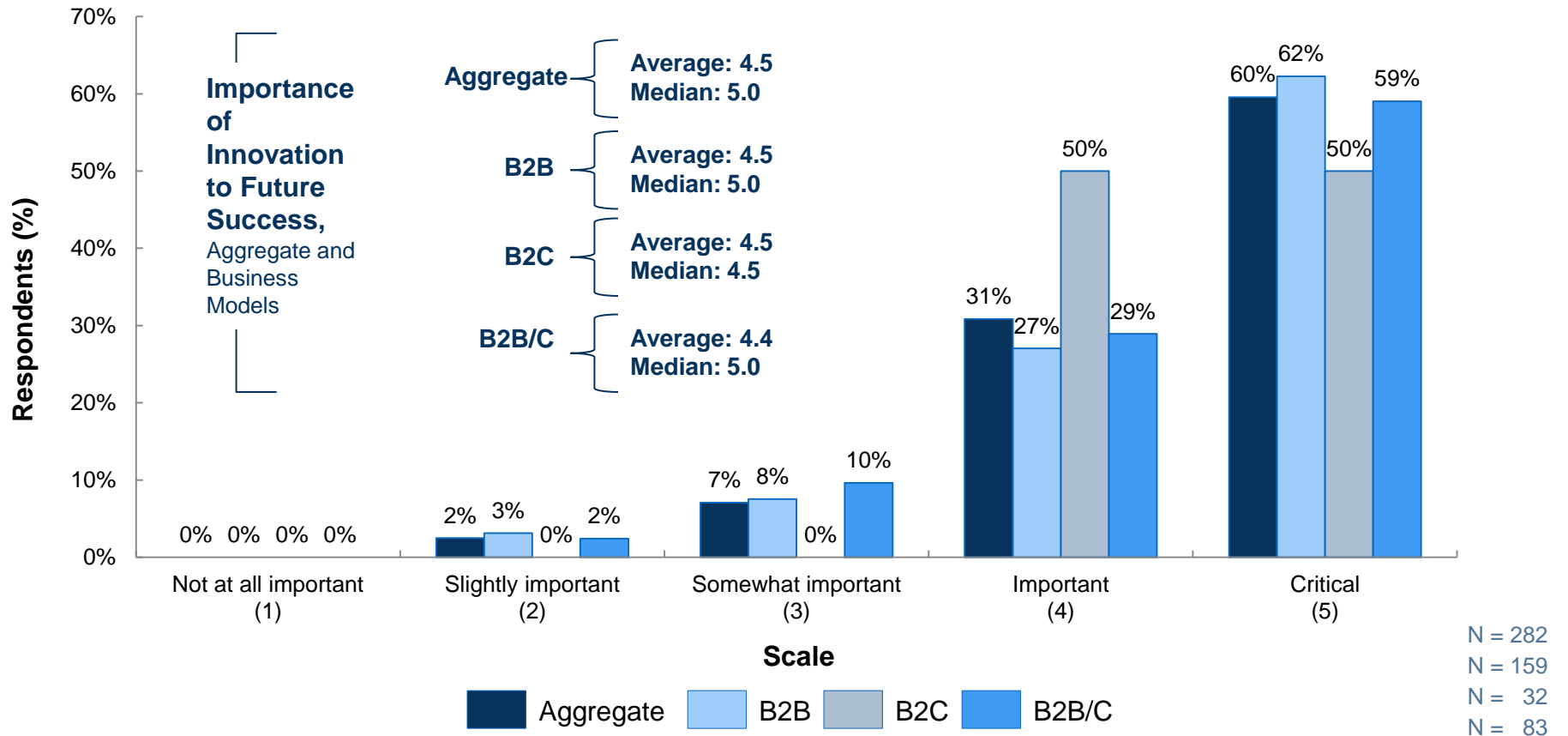
State of Innovation Survey Results

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How Important is Innovation?

The majority of all respondents (approximately 60%) state that innovation will be critical to the success of their companies over the next 5 years.

VIG's State of Innovation Survey: Importance of Innovation to Company's Future Success, Aggregate and Business Models, Global, 2017

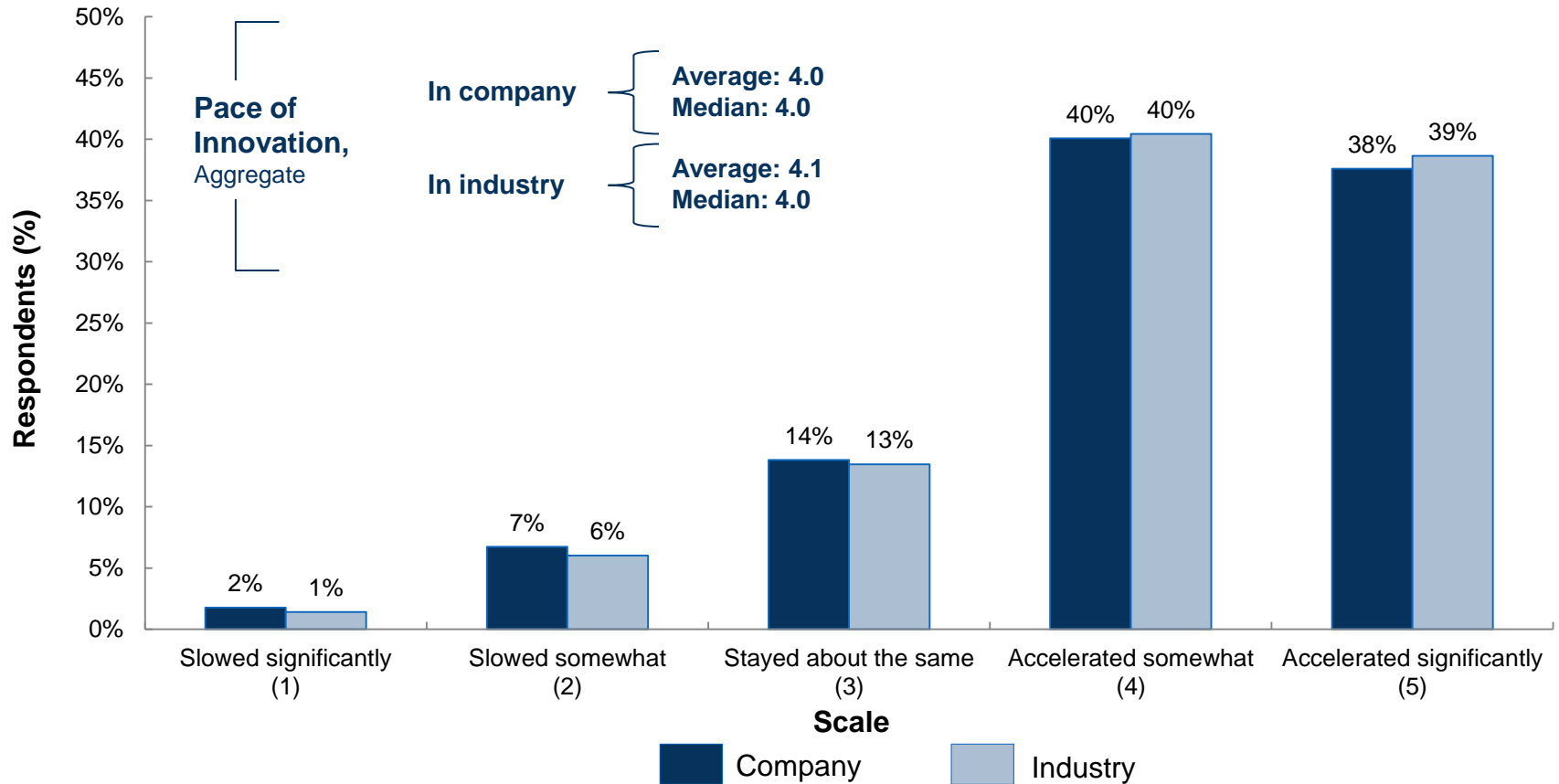


Q. Given the pace of innovation in your industry/ies, please indicate how important innovation will be to your company's future success (over the next 5 years)?

Is the Pace of Innovation Accelerating?

The pace of innovation in both respondent companies and industries has accelerated in the last 5 years.

VIG's State of Innovation Survey: Perception of Innovation Pace in Company and Industry, Aggregate, Global, 2017



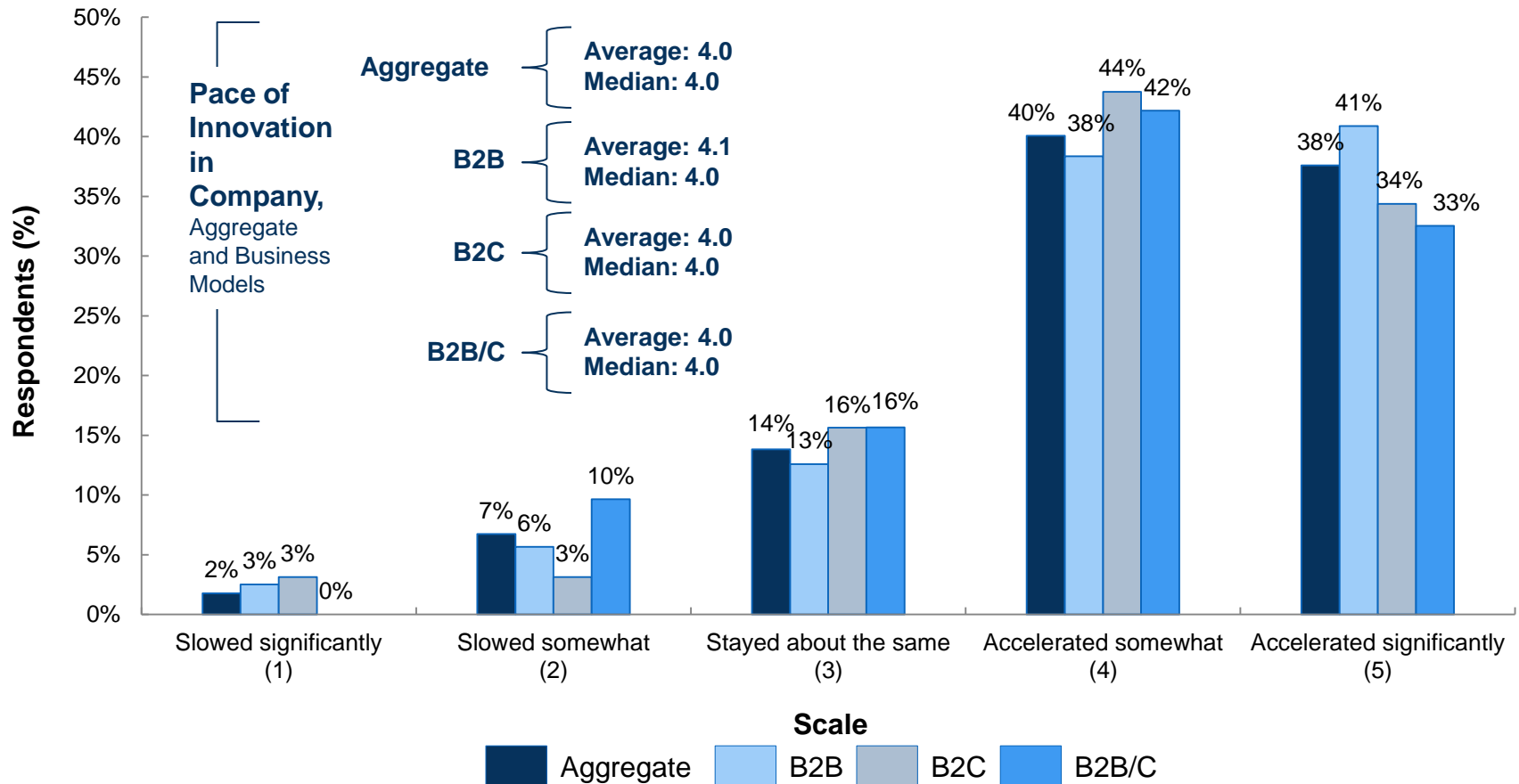
N = 282

Q. Compared with 5 years ago, the pace of innovation in your company and industry/ies has....

Is the Pace of Innovation Accelerating? (continued)

B2B records the highest percentage of respondents indicating significant acceleration of innovation within their companies.

VIG's State of Innovation Survey: Perception of Innovation Pace in Company, Aggregate and Business Models, Global, 2017



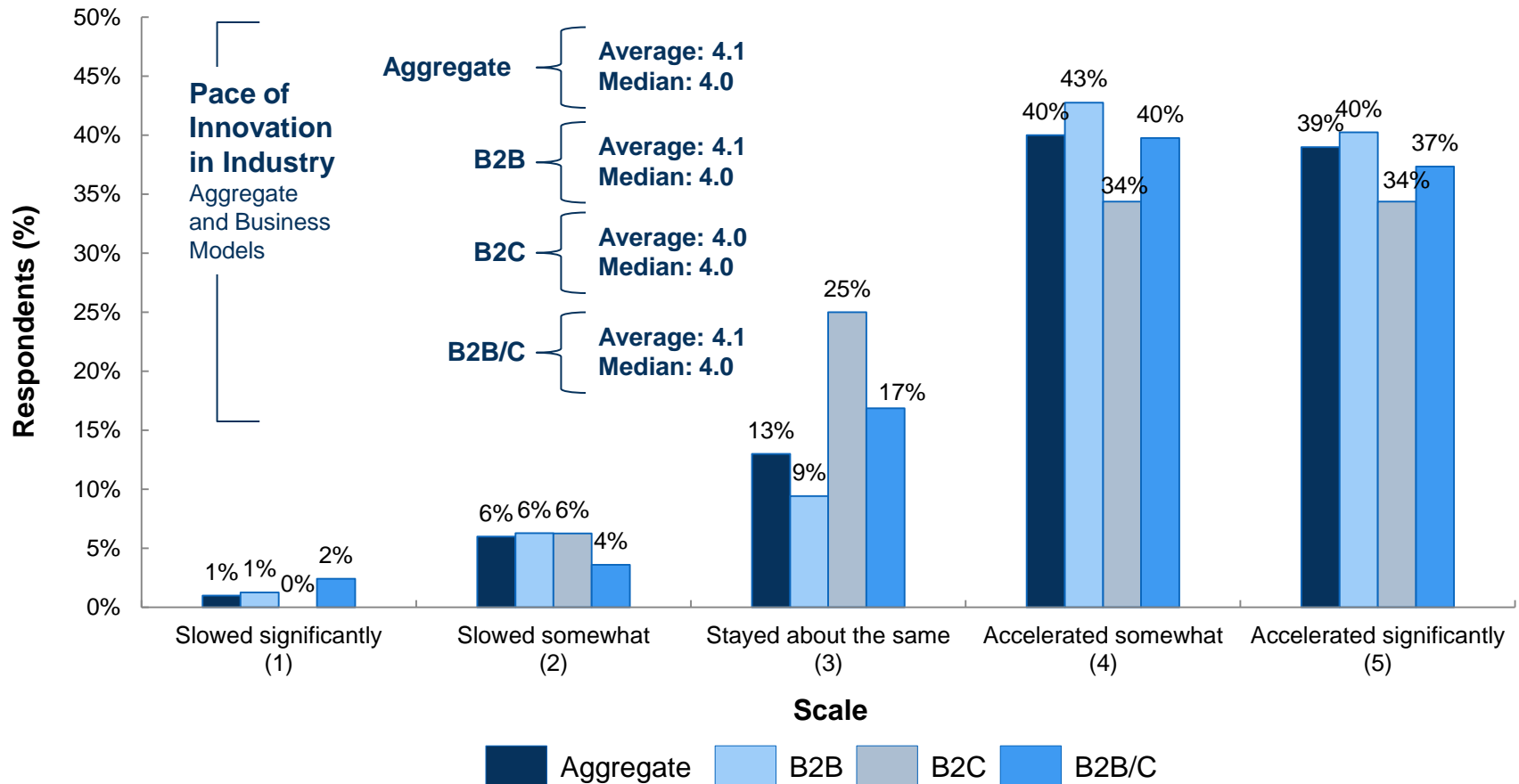
N = 159
N = 32
N = 83

Q. Compared with 5 years ago, the pace of innovation in your company has....

Is the Pace of Innovation Accelerating? (continued)

Twenty-five percent of B2C respondents report that the pace of innovation within their industries has stayed the same over the last 5 years, likely reflecting the fact that innovation within B2C is generally fast paced.

VIG's State of Innovation Survey: Perception of Innovation Pace in Industry, Aggregate and Business Models, Global, 2017

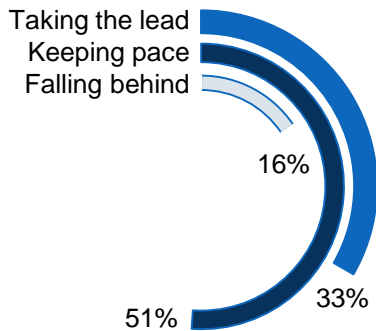


Q. Compared with 5 years ago, the pace of innovation in your industry/ies has....

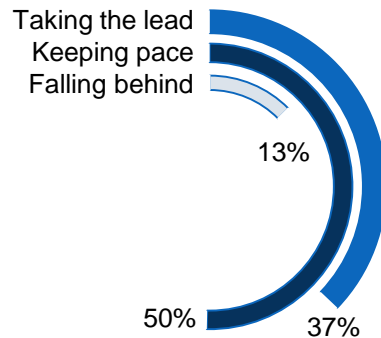
How is Your Company Responding to Innovation Acceleration?

Most respondents report that their companies are keeping up with (rather than outperforming or lagging behind) the current pace of innovation in their industries.

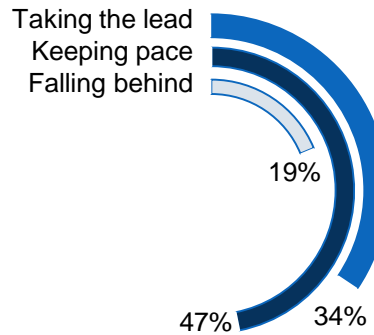
VIG's State of Innovation Survey: Assessment of Company Pace in Innovation, Aggregate and Business Models, Global, 2017



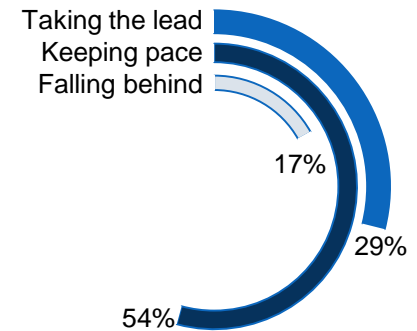
AGGREGATE



B2B



B2C



B2B/C



Although 72% of respondents indicate that their companies' executives are either driving or significantly driving innovation within their industries, most respondents believe that their companies are only keeping pace with change. [Click here to view results for drivers of innovation.](#)

N = 282

N = 159

N = 32

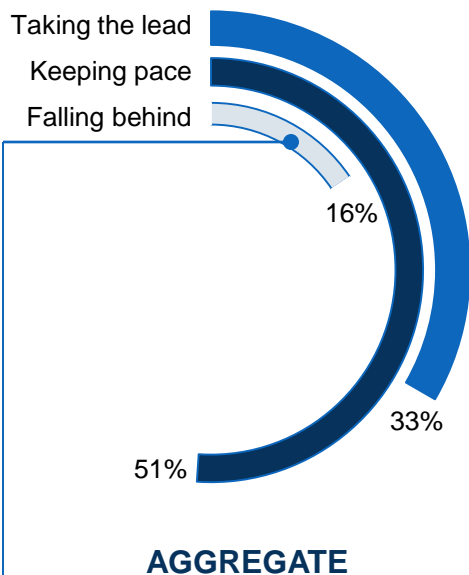
N = 83

Q. Compared with the pace of innovation in your industry/ies, your company is...

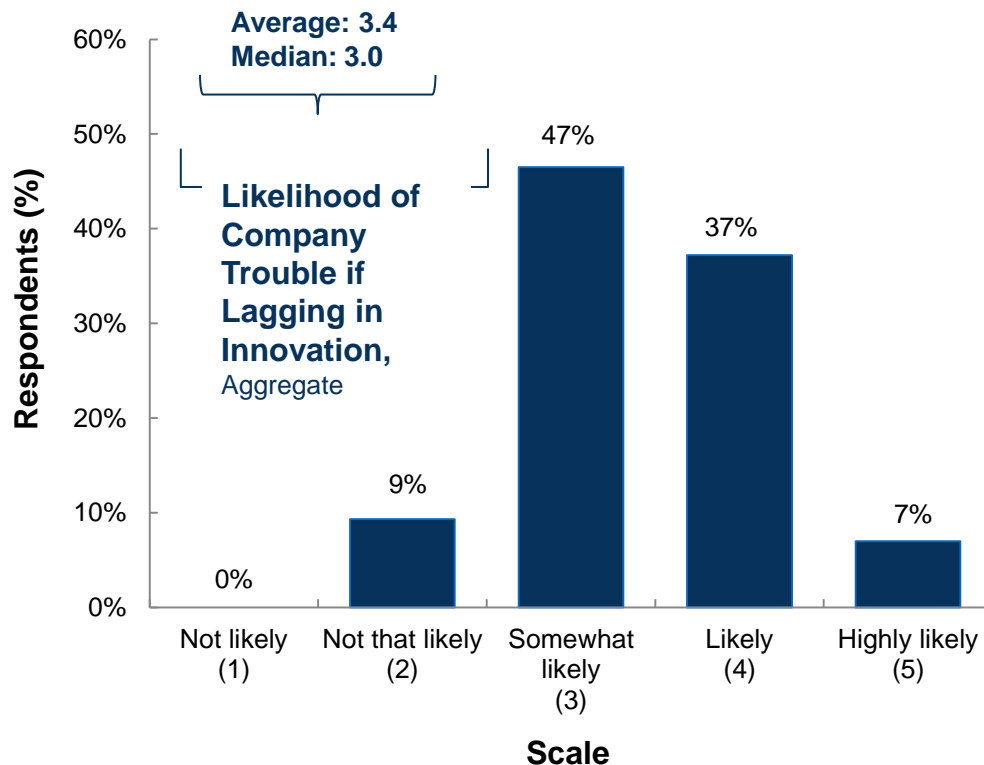
How is Your Company Responding to Innovation Acceleration?

(continued) Of those reporting a lag in innovation, 44% state that it is likely or highly likely that their companies will be in significant trouble within 5 years.

VIG's State of Innovation Survey: Assessment of Company Pace in Innovation, Aggregate, Global, 2017



VIG's State of Innovation Survey: Likelihood of Future Company Trouble if Currently Lagging in Innovation, Aggregate, Global, 2017



N = 282
N = 43

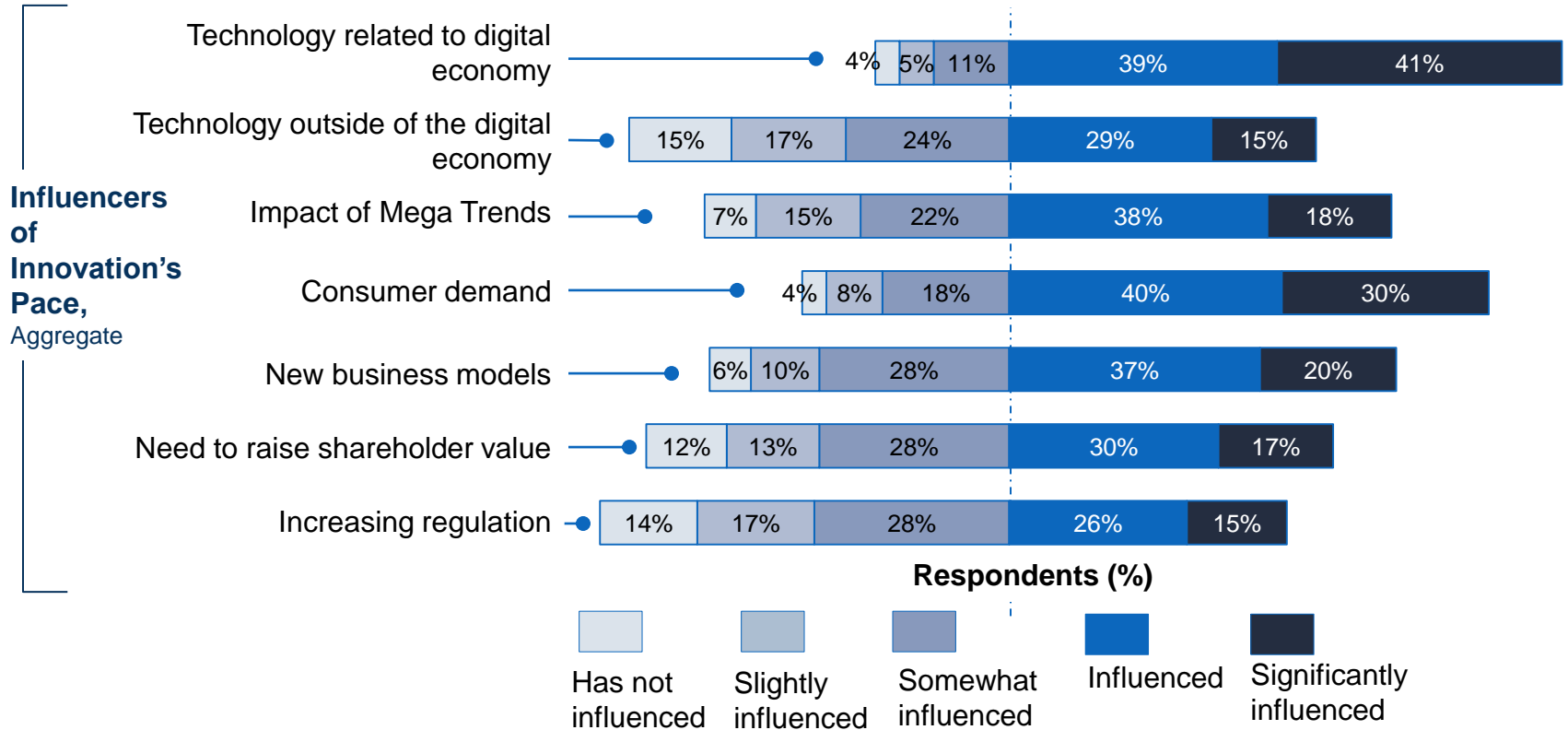
Q. Compared with the pace of innovation in your industry/ies, your company is...

If your company is lagging in innovation compared with your industry/ies, what is the likelihood that your company could be in significant trouble within the next 5 years?

What is Influencing the Pace of Innovation?

The digital economy and consumer demand are considered the most significant influencers of innovation's pace.

VIG's State of Innovation Survey: Influencers Spurring the Pace of Innovation in Industry, Aggregate, Global, 2017



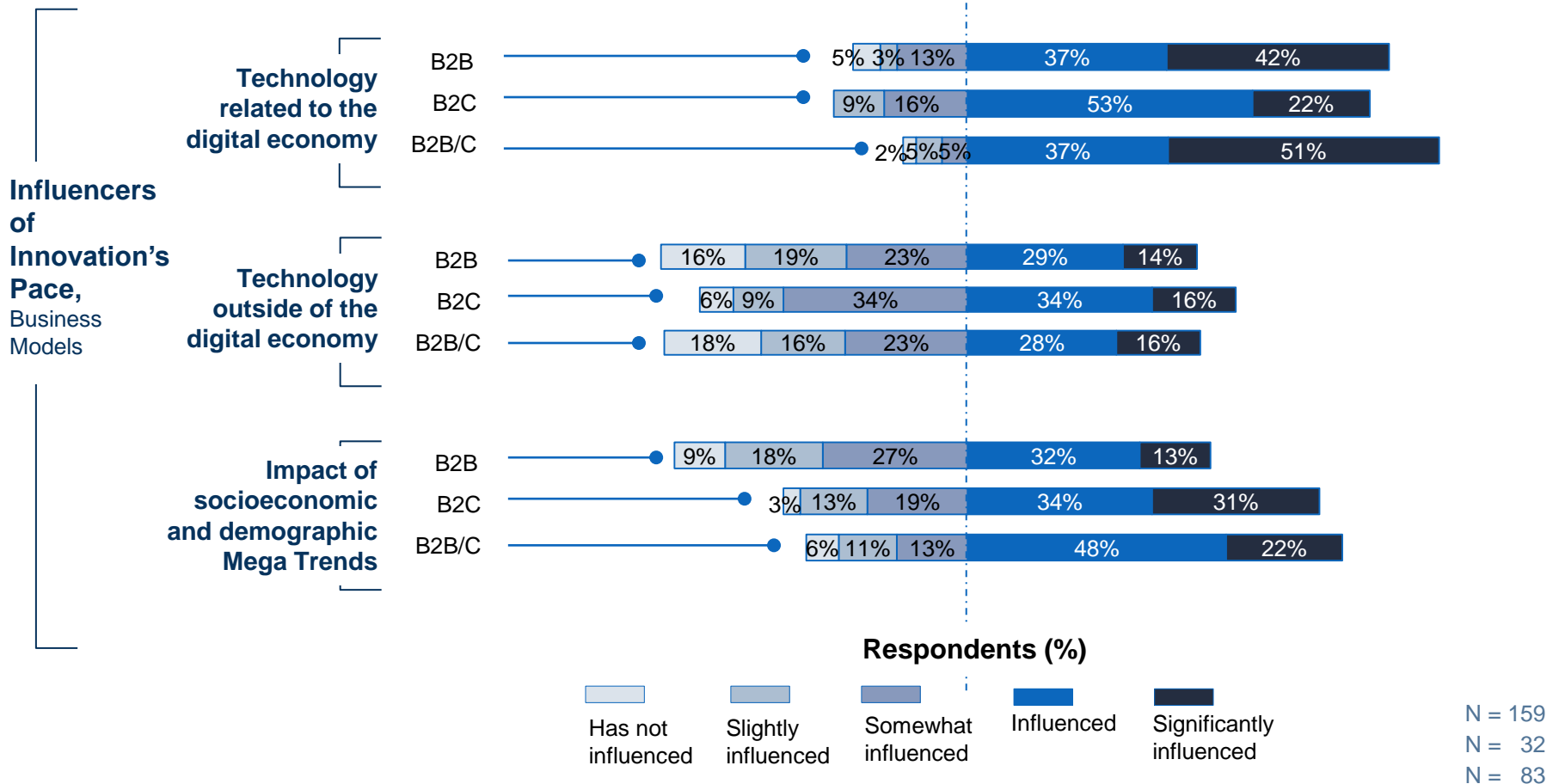
N = 282

Q. To what extent have the following influenced/spurred the pace of change in innovation in your industry/ies? .

What is Influencing the Pace of Innovation? (continued)

Mega Trends related to social, economic, and demographic trends (such as aging or the rise of millennials) is seen as a more significant influencer of innovation acceleration for B2C and B2B/C than for B2B.

VIG's State of Innovation Survey: Influencers Spurring the Pace of Innovation in Industry, Business Models, Global, 2017

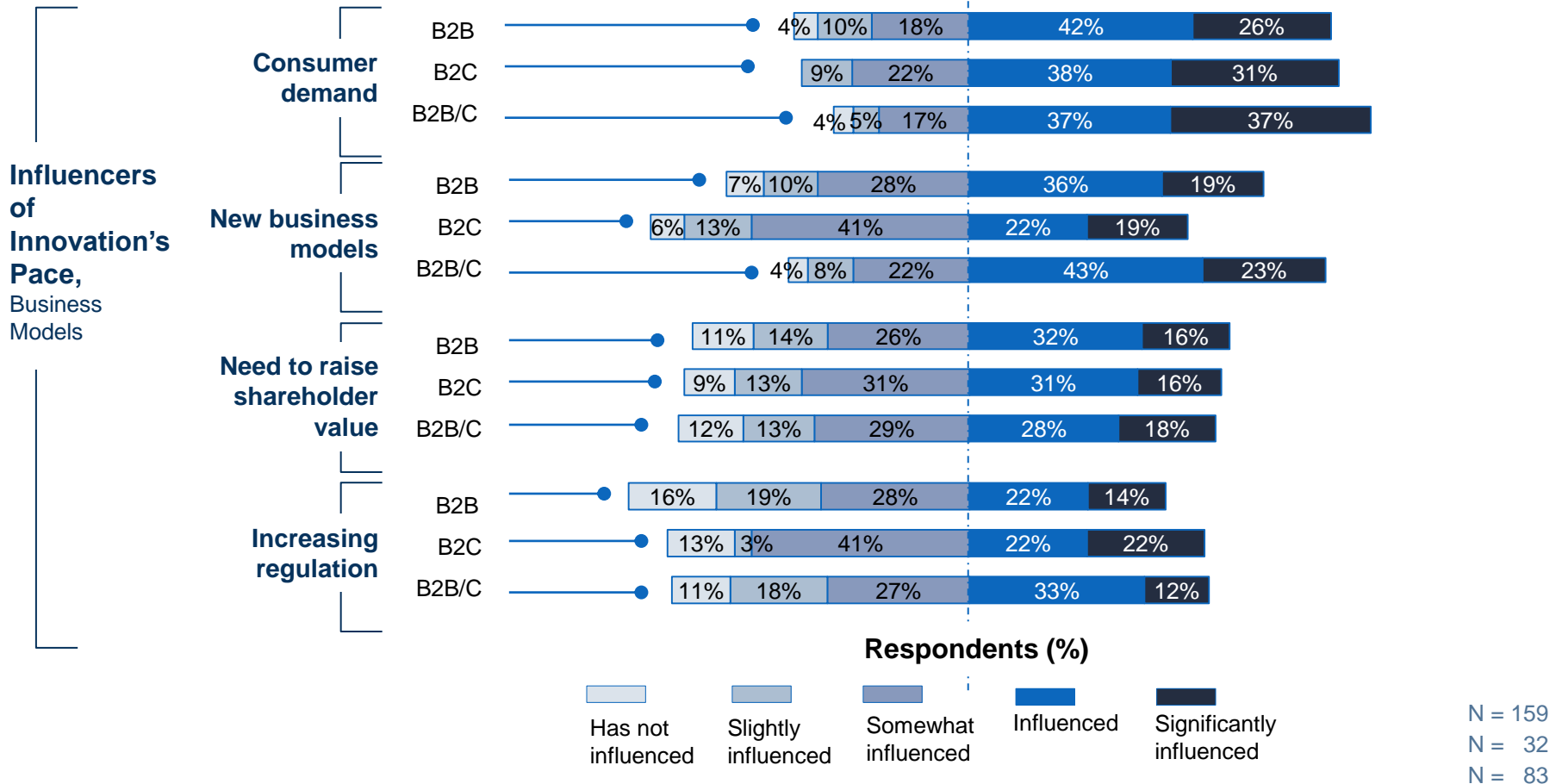


Q. To what extent have the following influenced/spurred the pace of change in innovation in your industry/ies?

What is Influencing the Pace of Innovation? (continued)

New business models is cited as an innovation accelerator for a majority of B2B and B2B/C respondents, while increasing regulations is regarded as the influencer contributing least to innovation acceleration.

VIG's State of Innovation Survey: Influencers Spurring the Pace of Innovation in Industry, Business Model, Global, 2017

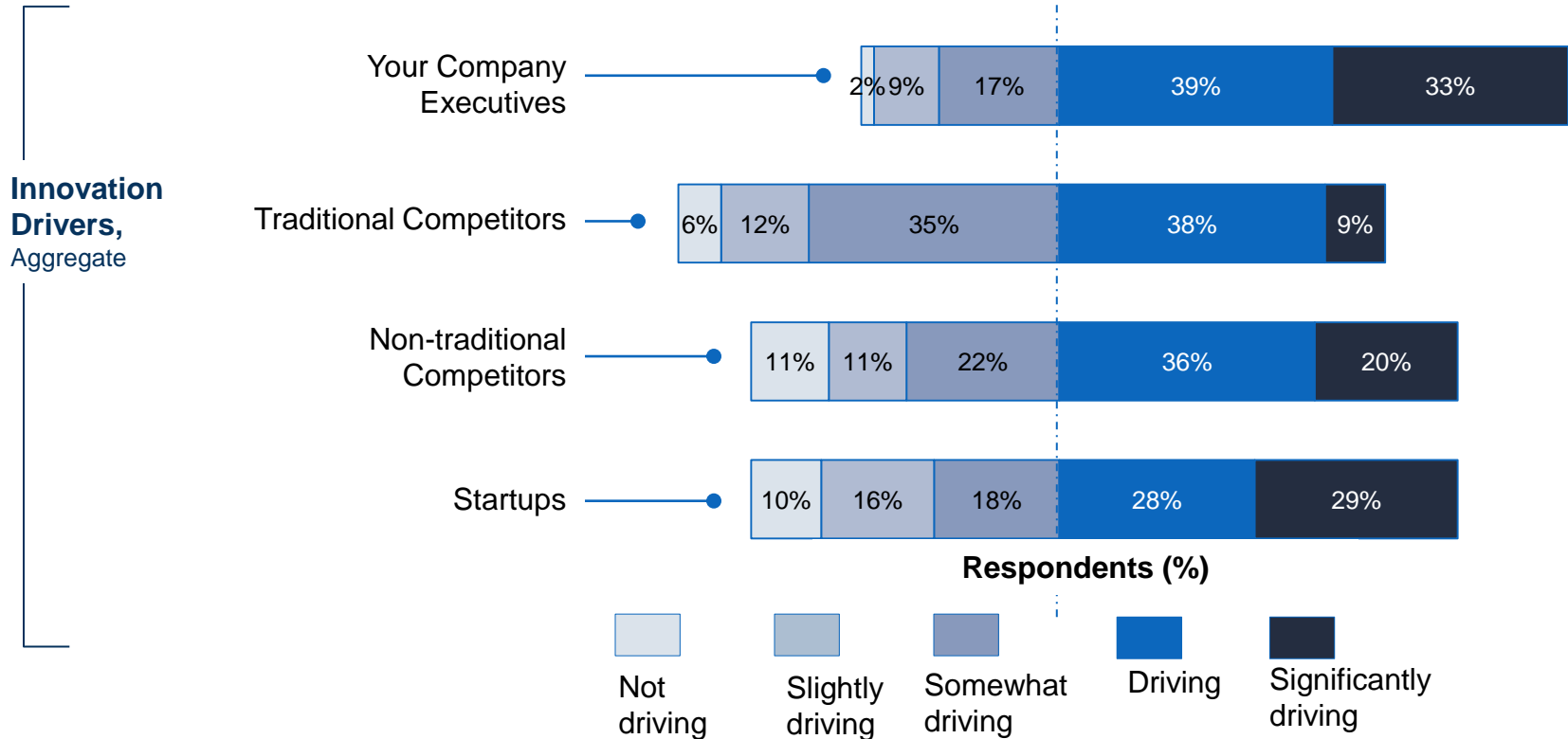


Q. To what extent have the following influenced/spurred the pace of change in innovation in your industry/ies?

Who is Driving Innovation Efforts?

Interestingly, 72% of respondents suggest that their companies' executives are driving innovation in their industries, while only 47% believe the same of traditional competitors.

VIG's State of Innovation Survey: Innovation Drivers for Industry of Operation, Aggregate, Global, 2017



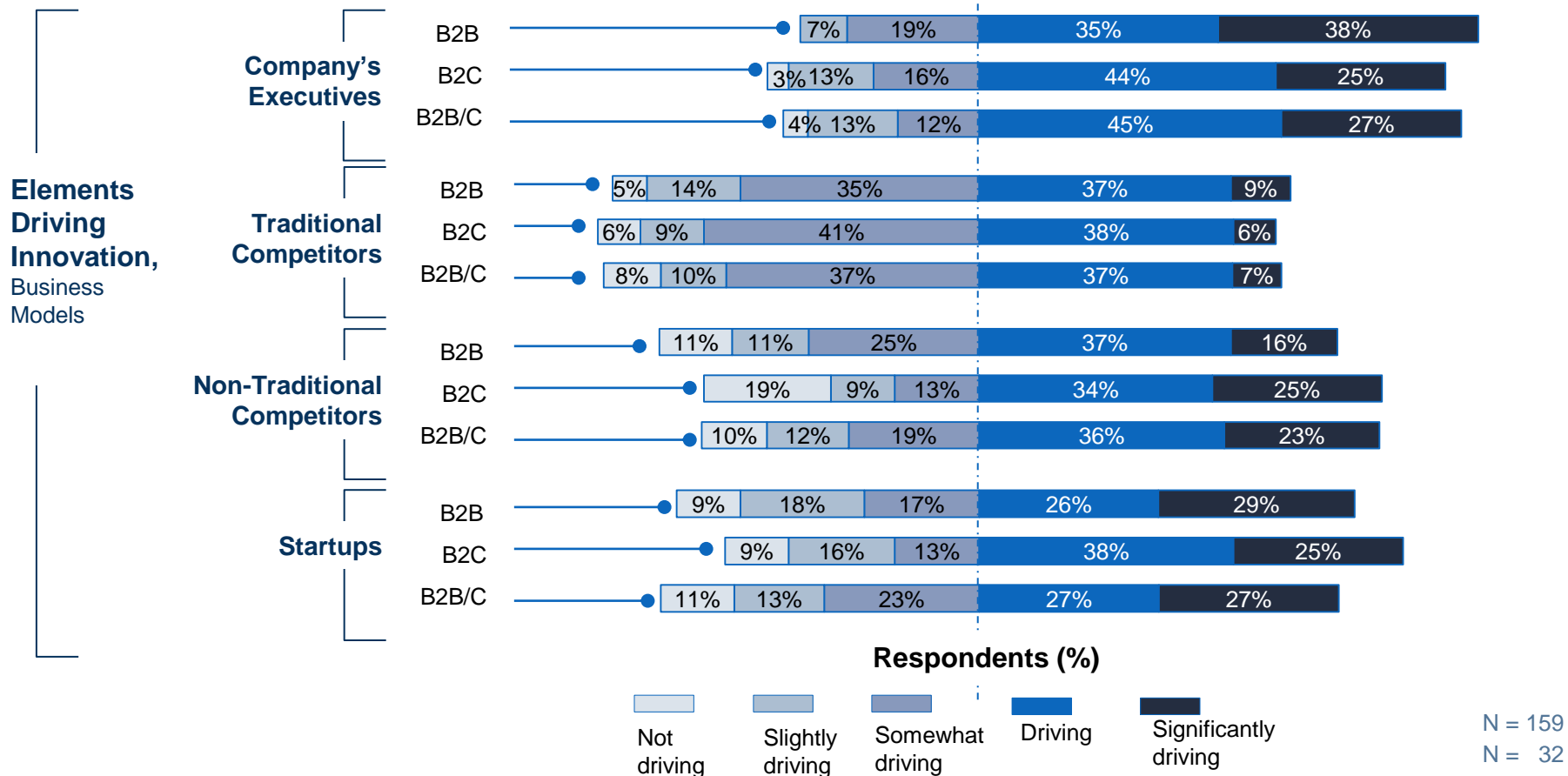
N = 282

Q. Please indicate the degree to which the following elements are driving innovation for the industries in which your company operates.

Who is Driving Innovation Efforts? (continued)

Perception among all business models is that non-traditional competitors and startups are driving innovation within their industries more than traditional competitors.

VIG's State of Innovation Survey: Elements Driving Innovation for Industry of Operation, Business Models, Global, 2017

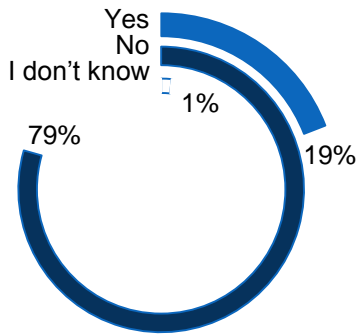


Q. Please indicate the degree to which the following elements are driving innovation for the industries in which your company operates.

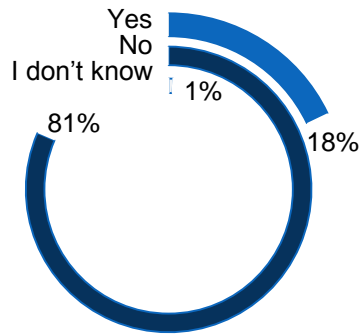
Does Your Company Have a Chief Innovation Officer?

The vast majority of respondents indicate that their companies have yet to appoint a Chief Innovation Officer.

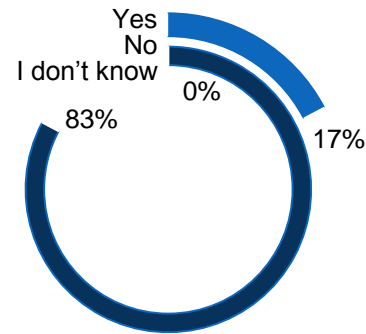
VIG's State of Innovation Survey: Presence of a Chief Innovation Officer, Aggregate and Business Models, Global, 2017



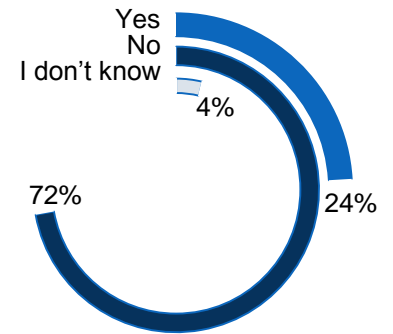
AGGREGATE



B2B



B2C



B2B/C



A Chief Innovation Officer can be instrumental in overcoming cultural barriers to innovation. [Click here to view the top barriers to innovation cited by respondents.](#)

N = 267
N = 151
N = 29
N = 79

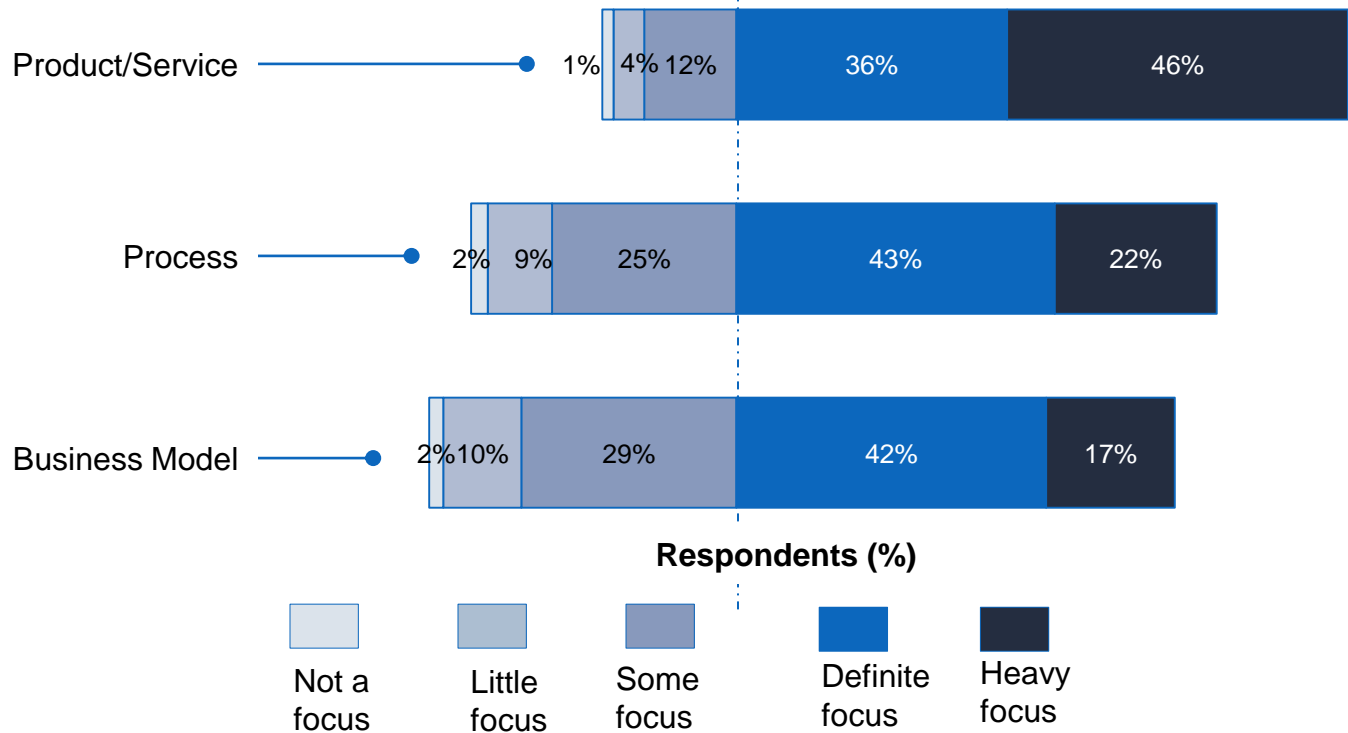
Q. Does your company have a Chief Innovation Officer?

On Which Areas of Innovation Is Your Company Focused?

Respondents report that companies have a definite or heavy focus on product/service innovation.

VIG's State of Innovation Survey: Degree of Focus for Areas of Innovation, Aggregate, Global, 2017

Areas of Innovation, Aggregate



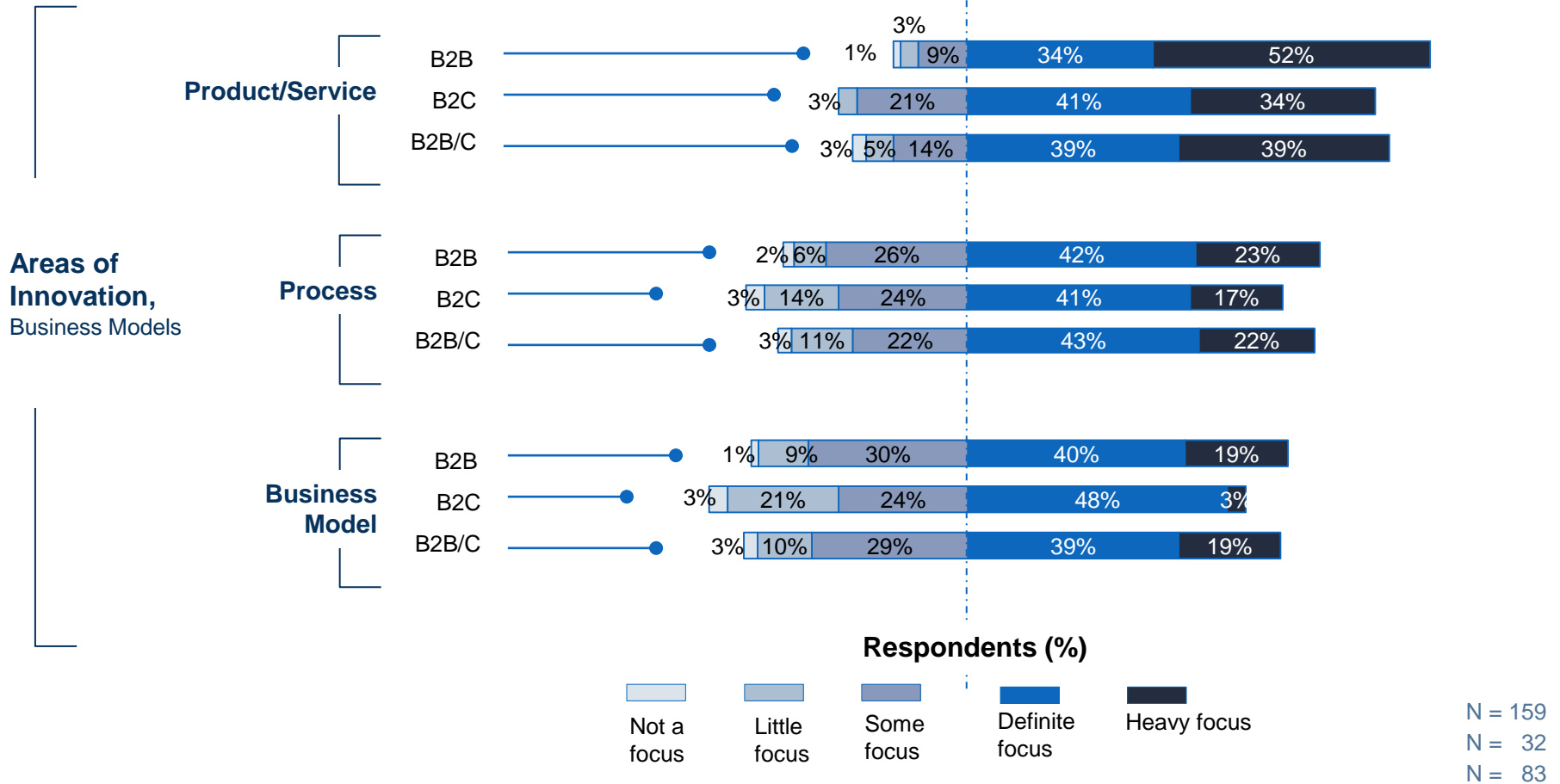
N = 267

Q. Please indicate to what degree your company is focusing on the following areas of innovation.

On Which Areas of Innovation Is Your Company Focused? (continued)

Business model innovation receives the least attention from companies across all business models.

VIG's State of Innovation Survey: Degree of Focus for Areas of Innovation, Business Models, Global, 2017

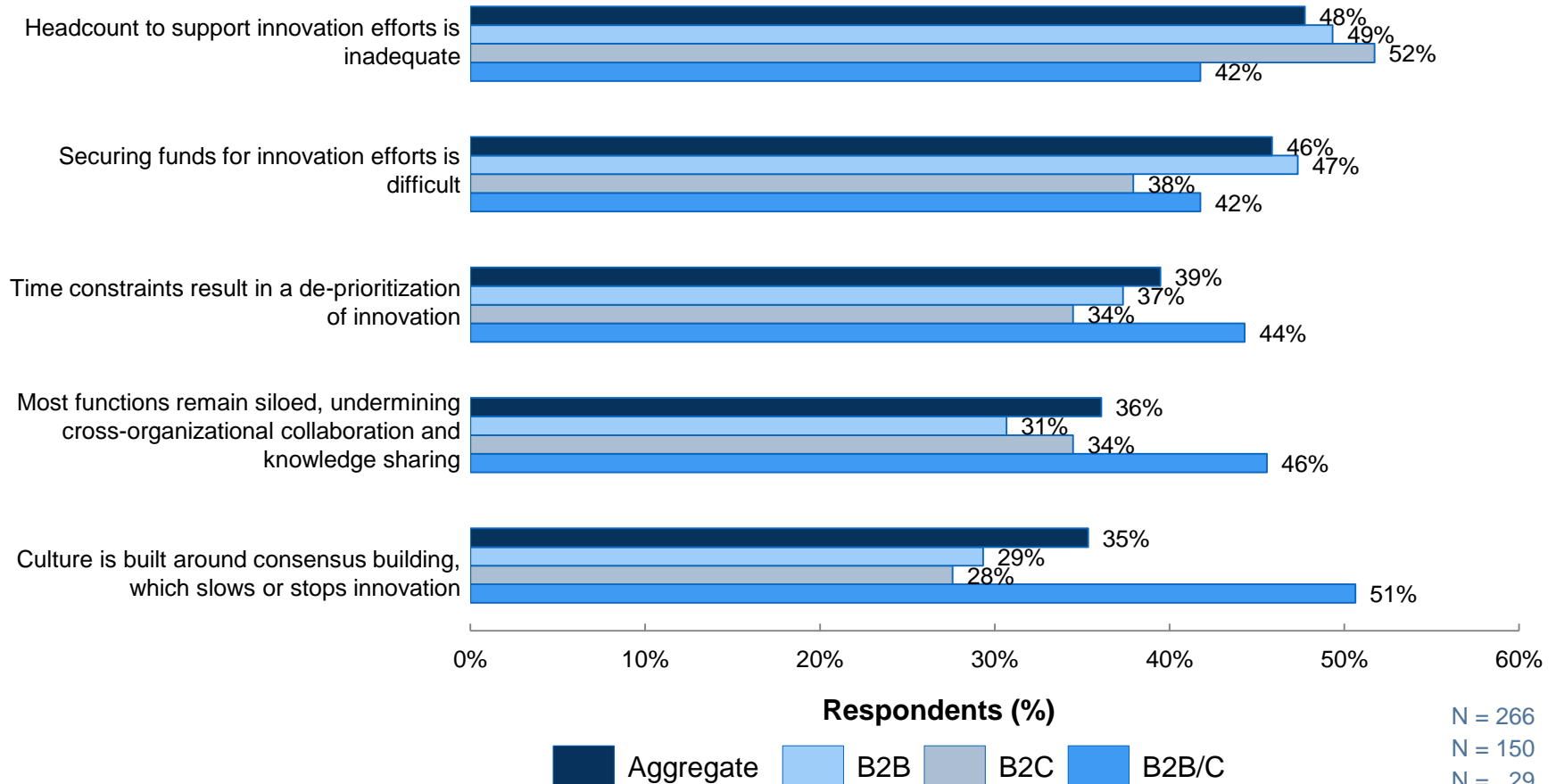


Q. Please indicate to what degree your company is focusing on the following areas of innovation.

What Are the Cultural Barriers to Innovation?

Inadequate headcount to support innovation is the top innovation barrier for B2B and B2C respondents; however, for B2B/C respondents, a consensus-oriented culture is the leading culprit undermining innovation.

VIG's State of Innovation Survey: Key 1-5 Cultural Barriers to Innovation, Aggregate and Business Model, Global, 2017 (ordered by aggregate response)

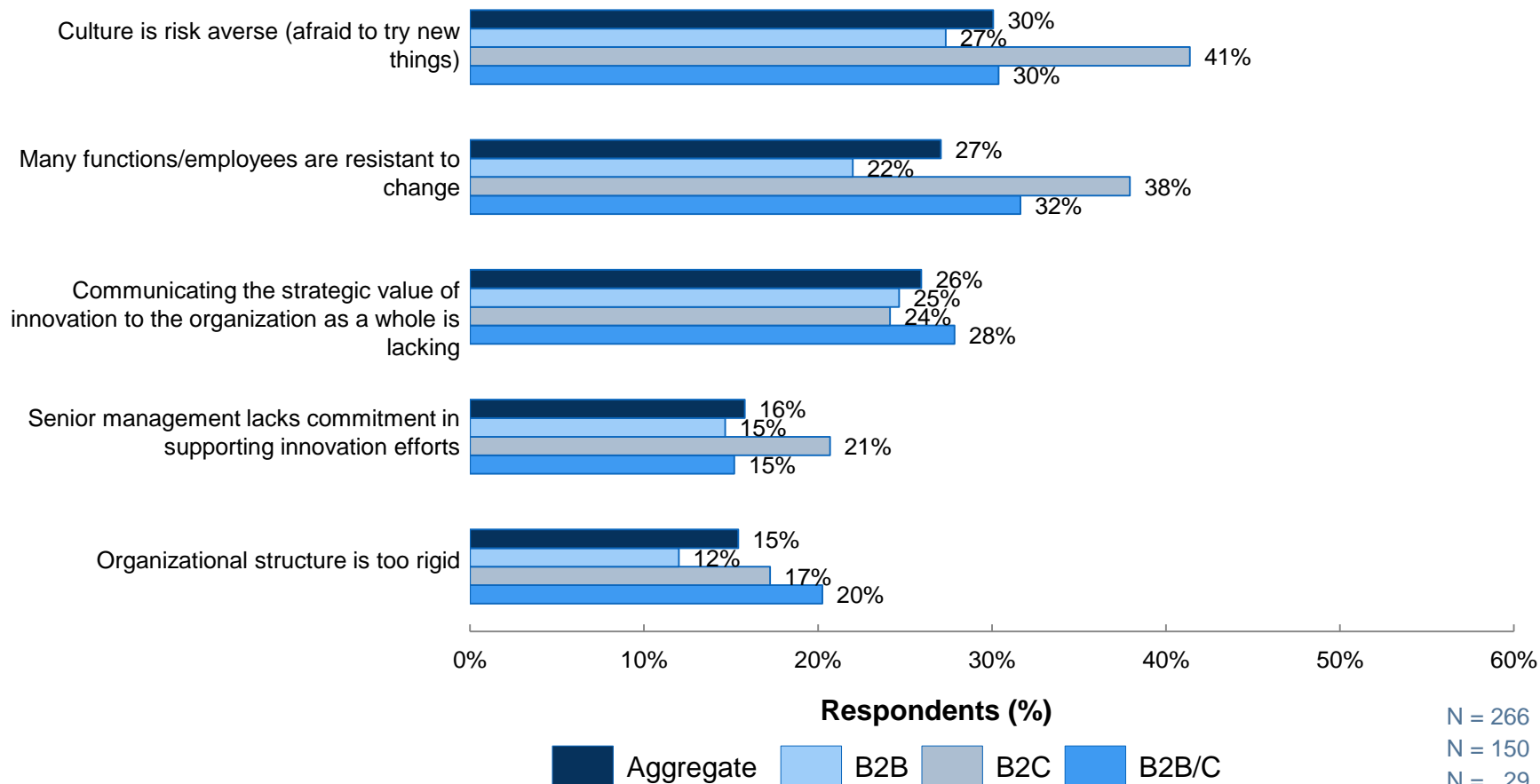


Q. Please select the key cultural barriers to innovation within your company (check all that apply).

What Are the Cultural Barriers to Innovation? (continued)

More B2B respondents state that a risk-averse culture is a top barrier than B2B or B2C respondents.

VIG's State of Innovation Survey: Key 6-10 Cultural Barriers to Innovation, Aggregate and Business Model, Global, 2017 (ordered by aggregate response)



Q. Please select the key cultural barriers to innovation within your company (check all that apply).

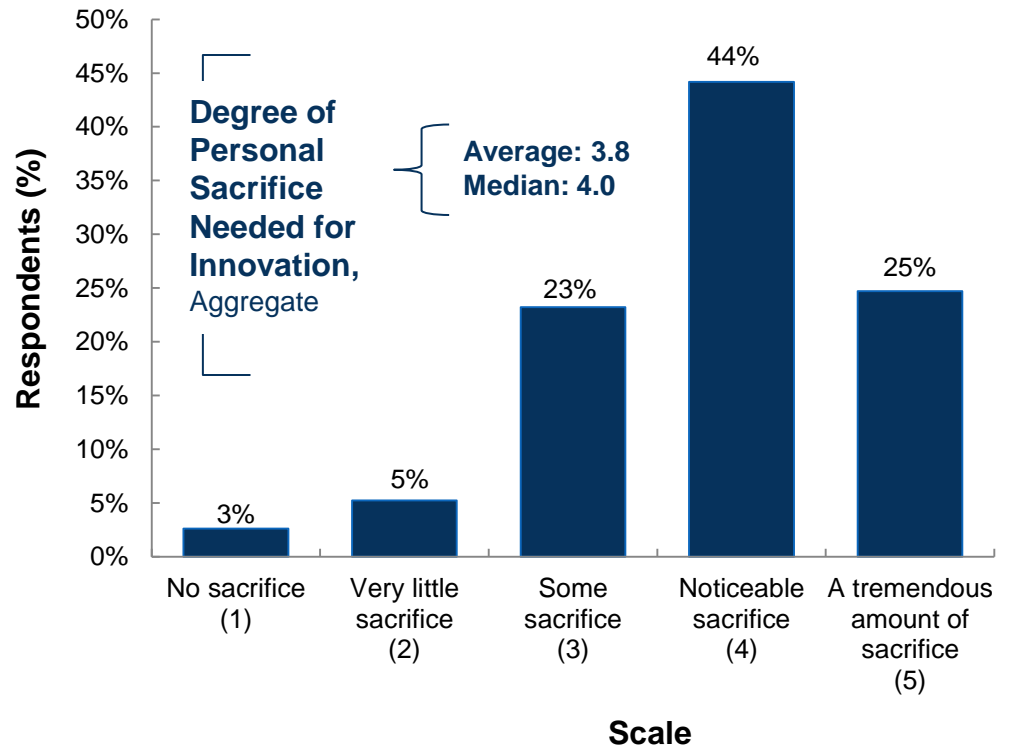
What Is Needed to Drive Innovation?

Creativity is cited as the number one attribute necessary for innovation, and 69% of respondents believe a high degree of personal sacrifice is required for championing innovation within a company.

VIG's State of Innovation Survey: Top Attributes for Driving Innovation, Aggregate, Global, 2017

- 1 Creativity or divergent thinking
- 2 Passion or enthusiasm
- 3 Open mindedness
- 4 Resoluteness or determination
- 5 Courage

VIG's State of Innovation Survey: Degree of Personal Sacrifice Required for Championing Innovation, Aggregate, Global 2017



Q. Please rank the top 3 attributes (with 1 representing the most important attribute) that describe the type of personal leadership that is/would be required to drive innovation within your company.

Please indicate the amount of personal sacrifice (e.g., time, energy, stress) that is/would be required of you to champion innovation within your company.

N = 267

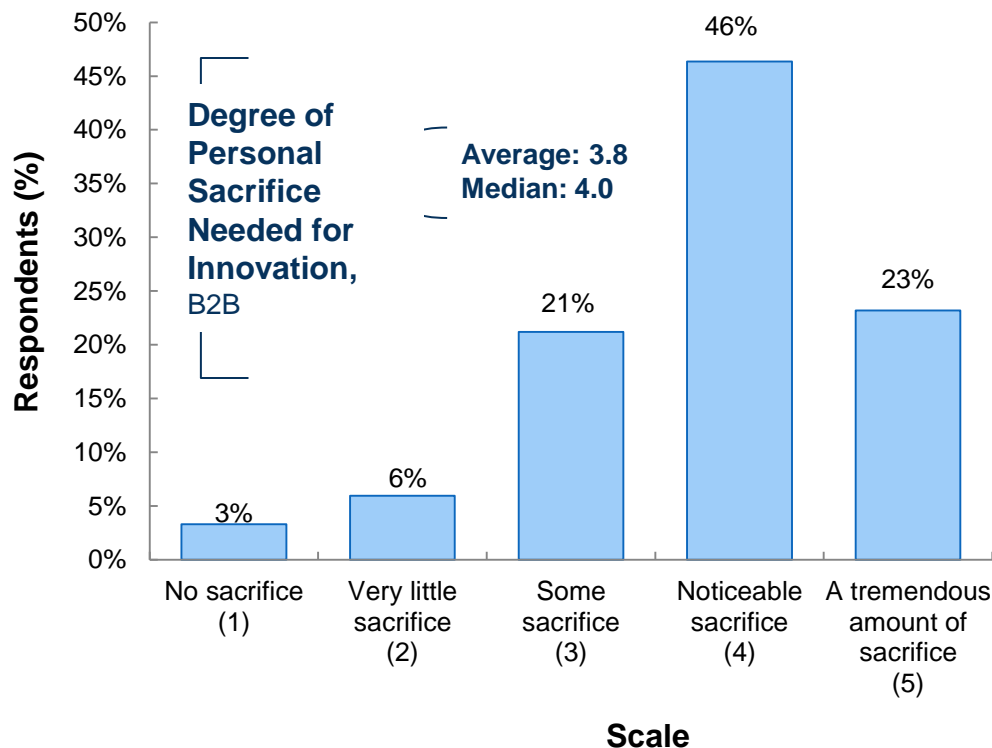
What Is Needed to Drive Innovation? (continued)

B2B responses reflect aggregate numbers, with creativity, passion, and open mindedness representing the top attributes needed to drive innovation within a company.

VIG's State of Innovation Survey: Top Attributes for Driving Innovation, B2B, Global, 2017

- 1 Creativity or divergent thinking
- 2 Passion or enthusiasm
- 3 Open mindedness
- 4 Resoluteness or determination
- 5 Courage

VIG's State of Innovation Survey: Degree of Personal Sacrifice Required for Championing Innovation, B2B, Global, 2017



Q. Please rank the top 3 attributes (with 1 representing the most important attribute) that describe the type of personal leadership that is/would be required to drive innovation within your company.

Please indicate the amount of personal sacrifice (e.g., time, energy, stress) that is/would be required of you to champion innovation within your company.

N = 151

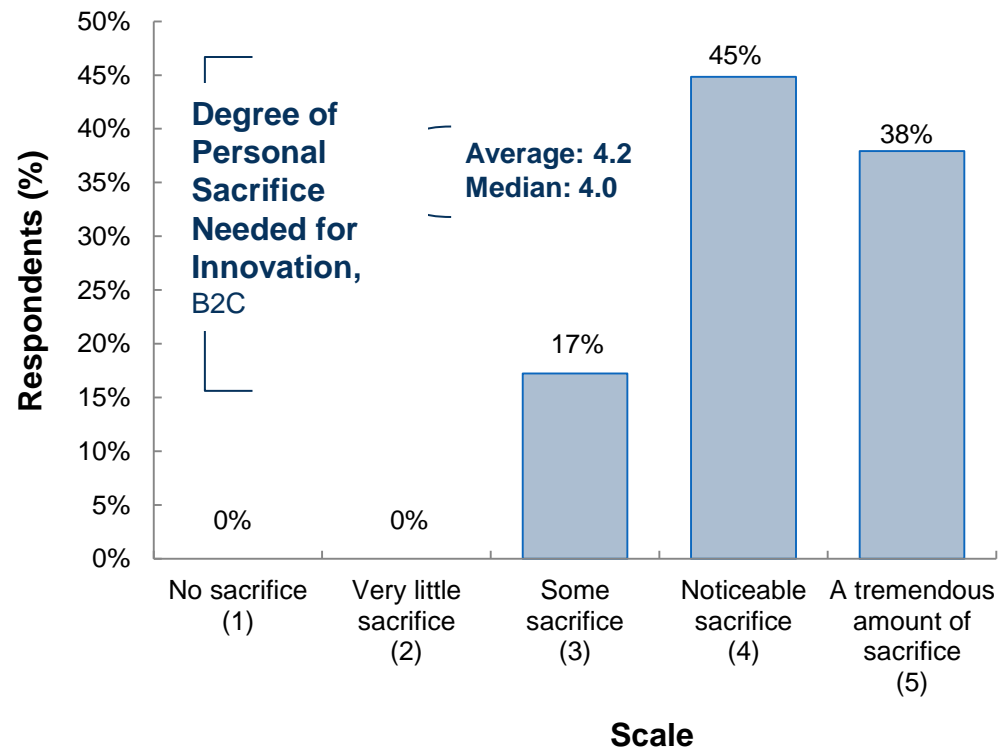
What Is Needed to Drive Innovation? (continued)

All B2C respondents report that some degree of personal sacrifice is required to support innovation efforts throughout a company.

VIG's State of Innovation Survey: Top Attributes for Driving Innovation, B2C, Global, 2017

- 1 Creativity or divergent thinking
- 2 Passion or enthusiasm
- 3 Resoluteness or determination
- 4 Open mindedness
- 5 Courage

VIG's State of Innovation Survey: Degree of Personal Sacrifice Required for Championing Innovation, B2C, Global, 2017



Q. Please rank the top 3 attributes (with 1 representing the most important attribute) that describe the type of personal leadership that is/would be required to drive innovation within your company.

Please indicate the amount of personal sacrifice (e.g., time, energy, stress) that is/would be required of you to champion innovation within your company.

N = 29

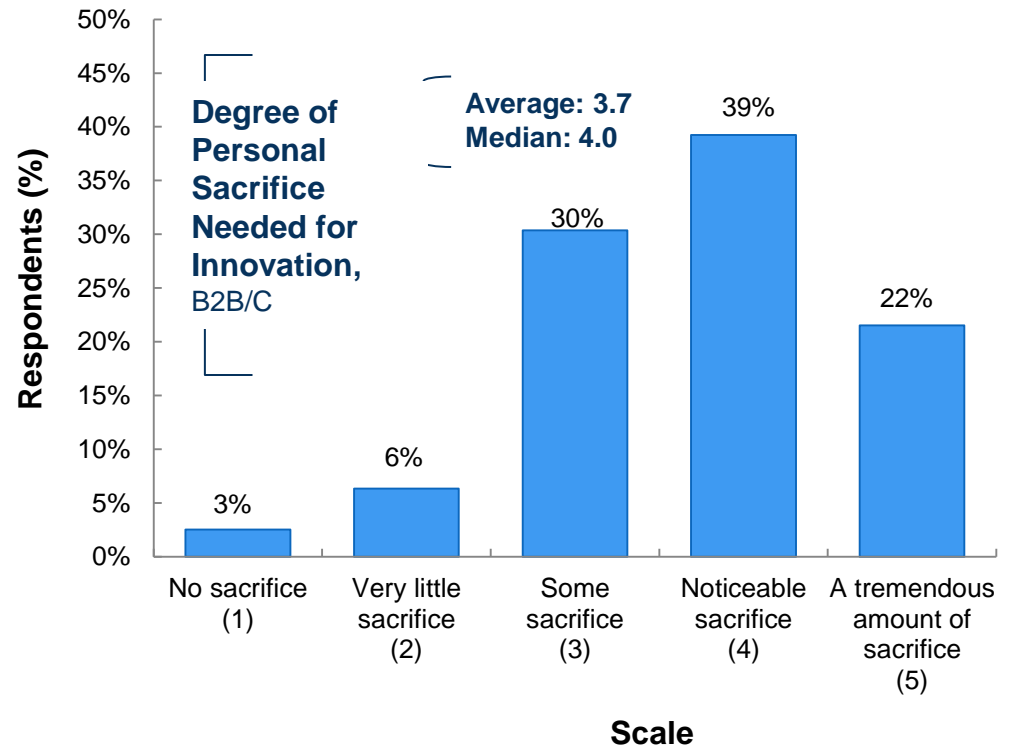
What Is Needed to Drive Innovation? (continued)

For B2B/C respondents, passion supersedes creativity as the top attributed needed for driving innovation.

VIG's State of Innovation Survey: Top Attributes for Driving Innovation, B2B/C, Global, 2017

- 1 Passion or enthusiasm
- 2 Creativity or divergent thinking
- 3 Open mindedness
- 4 Resoluteness or determination
- 5 Courage

VIG's State of Innovation Survey: Degree of Personal Sacrifice Required for Championing Innovation, B2B/C, Global, 2017



Q. Please rank the top 3 attributes (with 1 representing the most important attribute) that describe the type of personal leadership that is/would be required to drive innovation within your company.

Please indicate the amount of personal sacrifice (e.g., time, energy, stress) that is/would be required of you to champion innovation within your company.

N = 79

The Last Word

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The Last Word—Key Takeaways

1

Evidence points to the continued acceleration of innovation, driven by ongoing evolution of the digital economy.

2

Companies must strive to keep pace or risk collapse in the coming years. Critical to supporting a culture of innovation is adequate resources, funding, and time.

3

Internal champions are fundamental to cultivating and maintaining a culture of innovation, but they will have to exert a significant amount of personal effort to effect change.

Source: Frost & Sullivan

Next Steps



Undertake an Innovation benchmarking assessment



Locate, evaluate, and apply best practices in Innovation from a wide range of industries



Align Innovation pursuits with corporate initiatives



Set Innovation pipeline priorities and objectives



Build an Innovation roadmap to navigate the digital economy, consumer demands, new business models, and emerging Mega Trends

[Click here for contact information and to learn more about the Visionary Innovation offering](#)

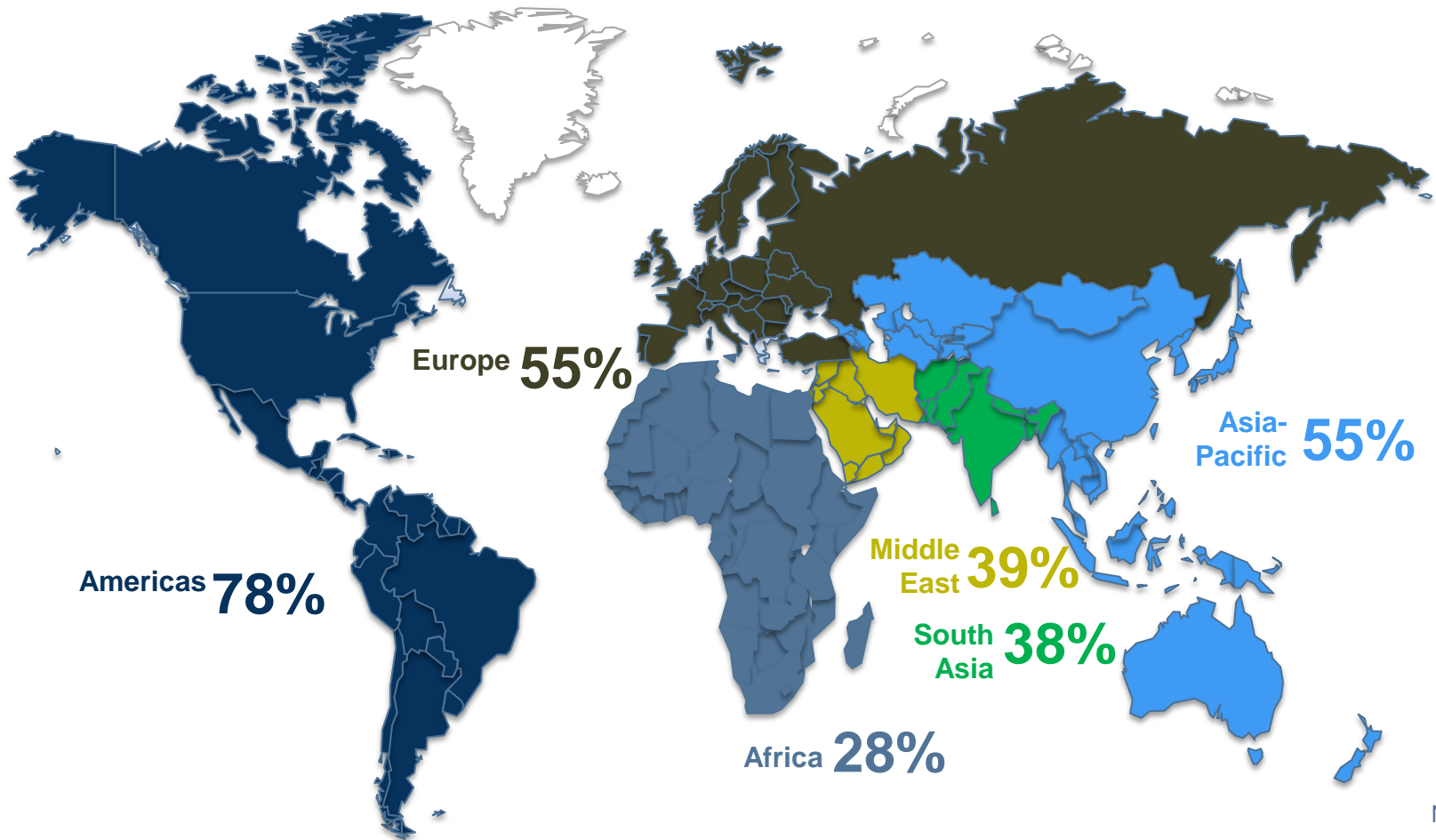
Source: Frost & Sullivan

Respondent Demographics

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Respondent Demographics

VIG's State of Innovation Survey: Regions of Operation, Global, 2017

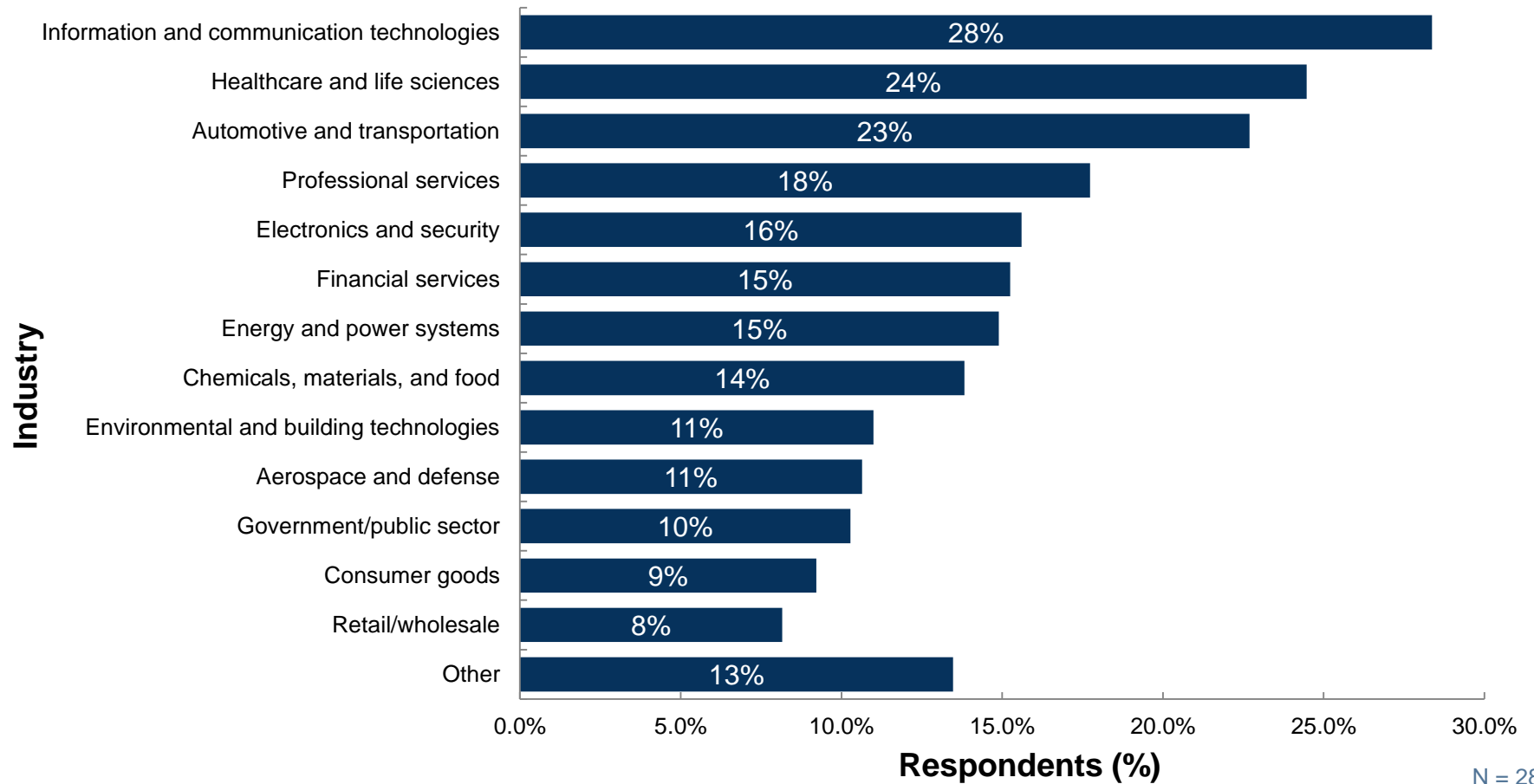


N = 282

Q. In which of the following regions does your company operate (check all that apply)?

Respondent Demographics (continued)

VIG's State of Innovation Survey: Industries of Operation, Global, 2017

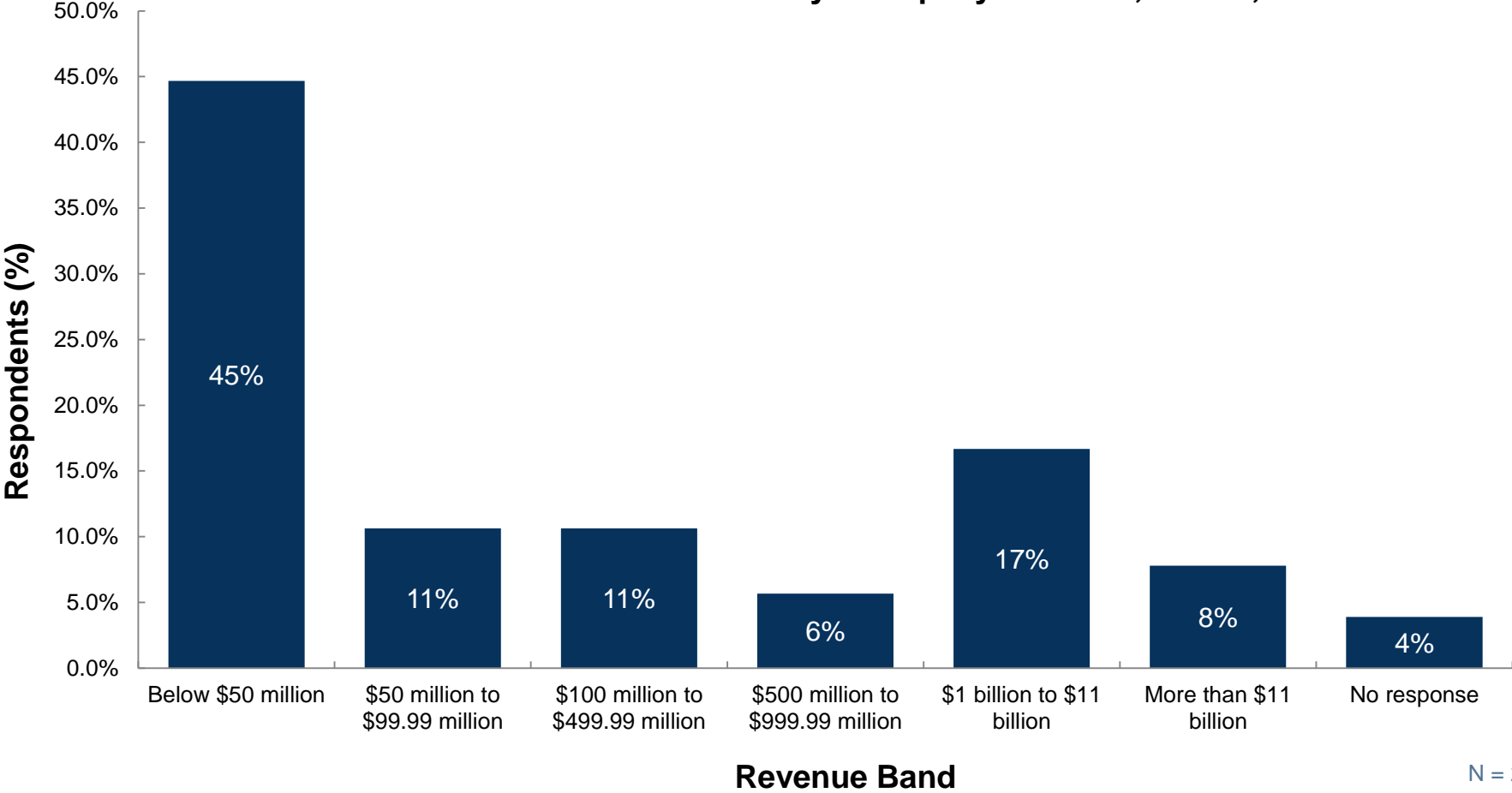


Q. In which of the following industries does your company primarily operate (check all that apply)?

N = 282

Respondent Demographics (continued)

VIG's State of Innovation Survey: Company Revenue, Global, 2017

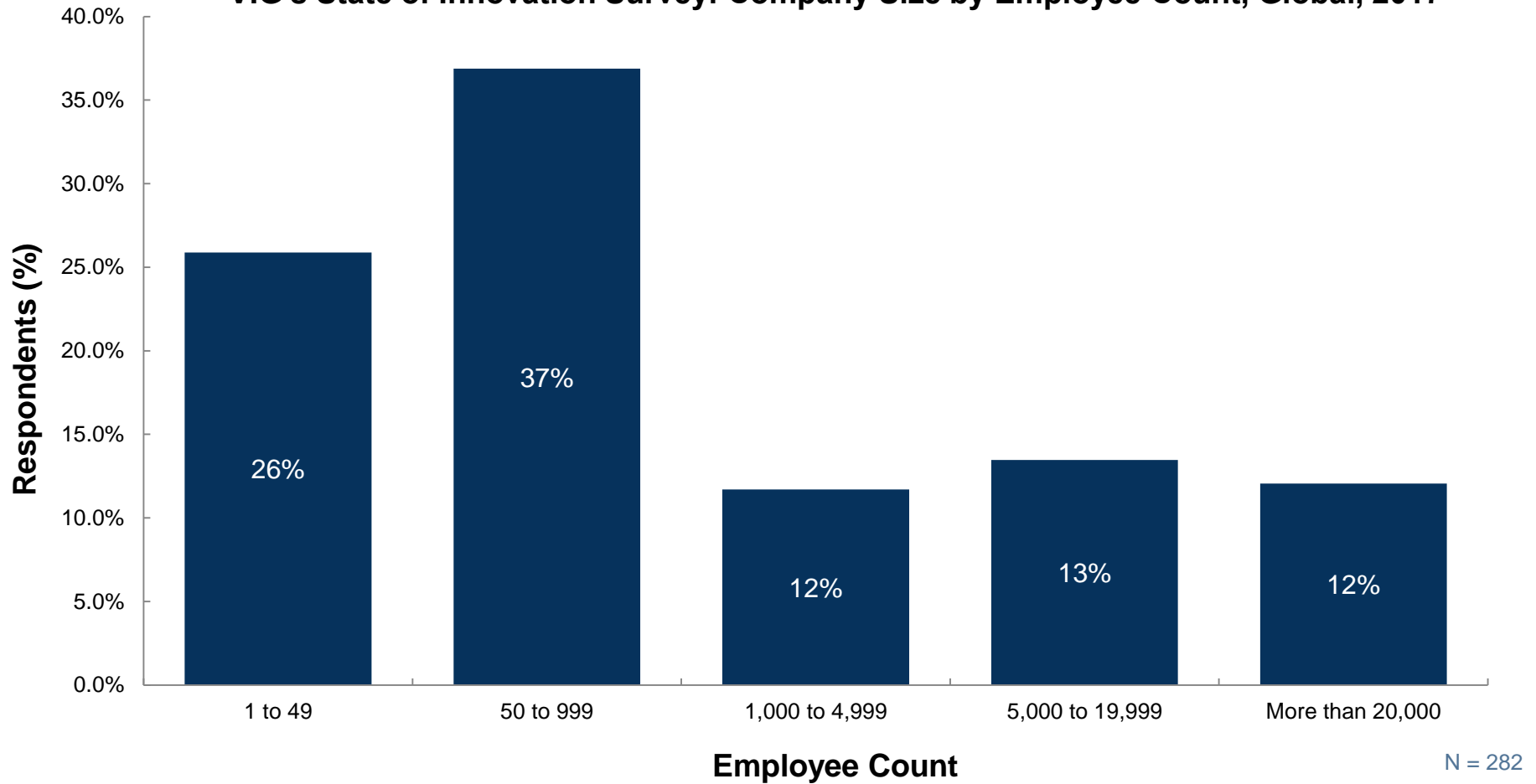


N = 282

Q. Which range (in \$USD) best represents your company's 2016 revenues (the revenue figure should include all divisions and business units)?

Respondent Demographics (continued)

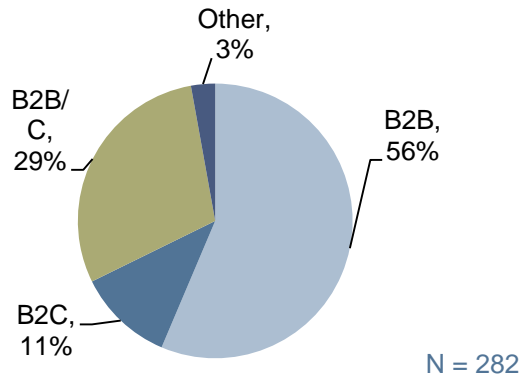
VIG's State of Innovation Survey: Company Size by Employee Count, Global, 2017



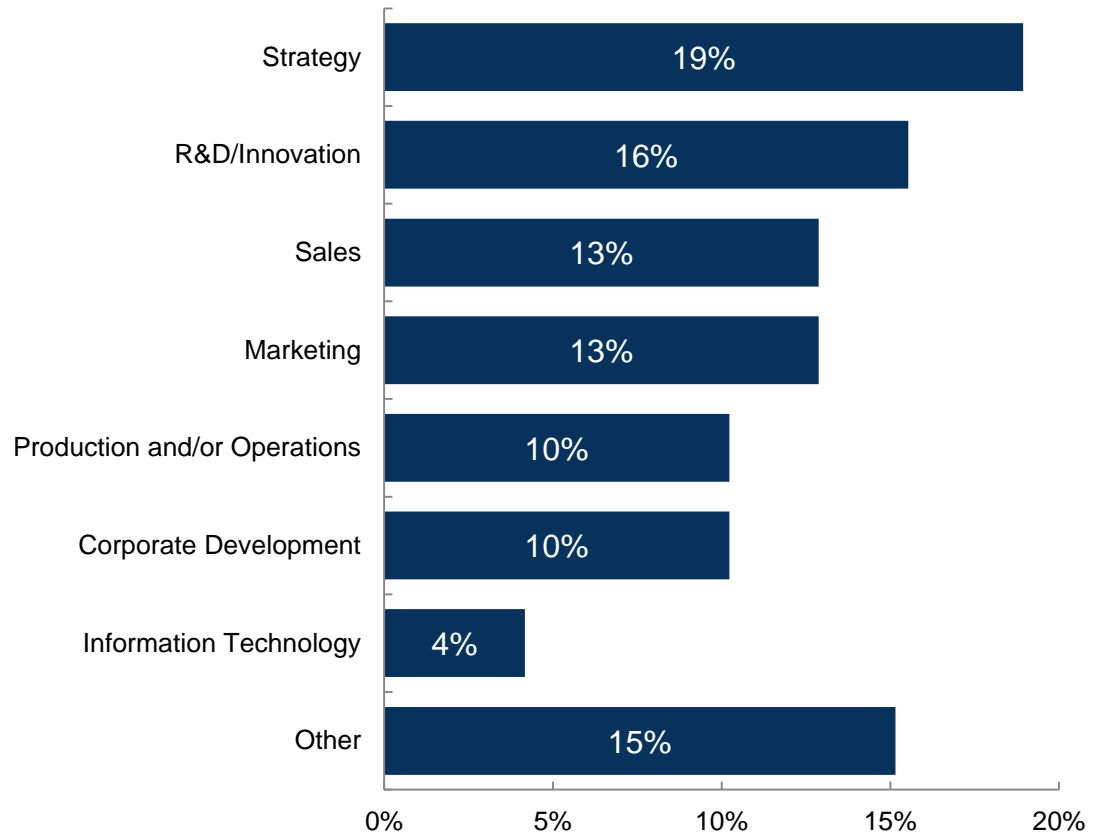
Q. Which range best approximates the total number of employees in your company globally?

Respondent Demographics (continued)

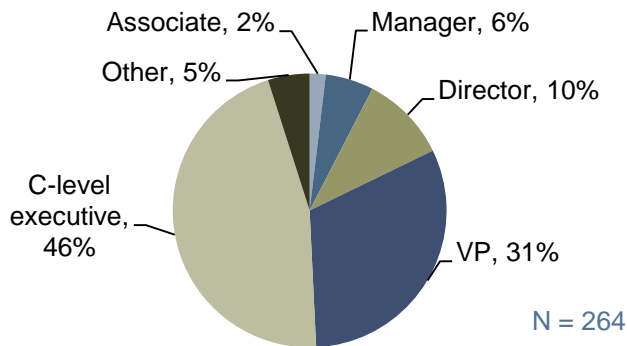
**VIG's State of Innovation Survey:
Organization Type, Global, 2017**



**VIG's State of Innovation Survey: Respondent
Function, Global, 2017**



**VIG's State of Innovation Survey:
Respondent Level, Global, 2017**



Q. Which of the following statements best describes your company's business model?
Please indicate which position/title best describes your current role.
Please indicate with which function you are primarily associated.

N = 264

Contact Information

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Learn How Frost & Sullivan's Visionary Innovation Group Can Support Your Innovation Efforts

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Source: Frost & Sullivan

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