

DISCOVER WHERE VALUE'S HIDING

How to unlock
the value of your
innovation investments



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UNCOVERED**

ABOUT THE AUTHORS

Our team is at the forefront of helping organizations to steer a path through disruption, unlocking trapped value and becoming leaders in the new.



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He has extensive experience in strategy consulting, developing growth strategies for energy companies. His research looks at how companies can understand, harness and scale disruptive innovation in support of inclusive growth.

A QUICK LOOK

Technology-enabled innovations are creating enormous potential in every industry. To convert that potential into value, companies need to put innovation to work, at the right pace and in the right place.

But many are unable to do so. In fact, the return on companies' innovation spending has declined by 27 % over the past five years.¹

The good news is there is a group of companies (14% of C-level executives we surveyed) that are turning innovation investments into value with success.

So, what are these high-growth companies doing that others aren't?

High-growth companies adopt a distinct approach to innovation that helps them turn innovation investments into value. The approach advocated by their C-suite is:

1

CHANGE-ORIENTED

Have the courage to apply innovation with greater intensity to reinvent existing ways of working, and thus achieve deep organizational change.

2

OUTCOME-LED

Foster innovation efforts across the business, and have the discipline to tie them rigorously to financial performance.

3

DISRUPTION-MINDED

Commit to invest more aggressively, over time, in truly disruptive innovation initiatives that have the potential to create entirely new markets.

Sources: (1) Accenture Research analysis based on Bloomberg, with method adapted from Bloom, N., Jones, C.I., Van Reenen, J., and Webb, M. (2018): "Are Ideas Getting Harder to Find?", version 2, National Bureau of Economic Research.

A magnifying glass with a white border is positioned over an open book. The book's pages are yellowed with age and show some dark spots. A bright, glowing white orb is visible through the magnifying glass, resting on the pages. The background is a dark blue gradient with a wavy, light blue pattern. The text is overlaid on the right side of the image.

**INNOVATION
UNLOCKS
TRAPPED VALUE
IN THE DIGITAL AGE**

FINDING NEW OPPORTUNITIES

In exponential technology change

Advanced technologies' performance relative to cost is improving exponentially. Unsurprisingly, this trend presents an abundance of value opportunities.

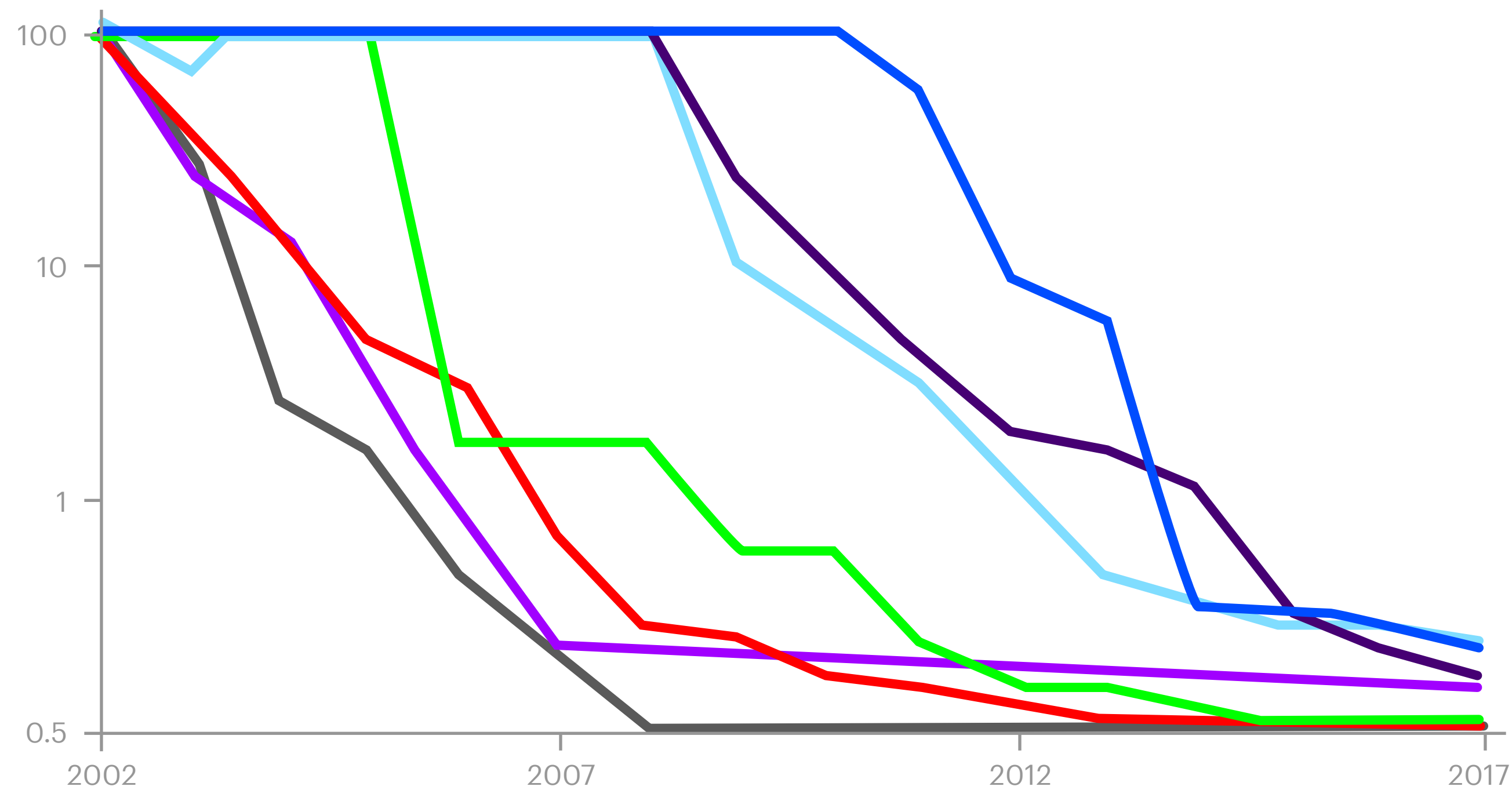


Figure 1:

The declining cost of advanced technologies¹
Logarithmic cost index, 2002 = 100

- Cloud storage costs (\$US/GB per month)
- Electric vehicle battery pack (\$US/kWh)
- Global PV module prices (\$US/W)
- Commercial/military drone minimum prices (\$US/unit)
- Global bandwidth costs (US\$/1000 MBps)
- 3d printing machines (\$US/machine)
- Genome sequencing cost (\$US/genome)

Sources: (1) Accenture Research estimates based on data from: IHS Markit; NY Times; WEF.

INCREASING INVESTMENTS

Reveal the chase for new opportunities

Overall, spending on innovation is up. Way up.

The top 1,000 companies globally (by market capitalization) grew R&D spending at a six percent CAGR between 2012 and 2017 – from \$361 billion to \$456 billion.

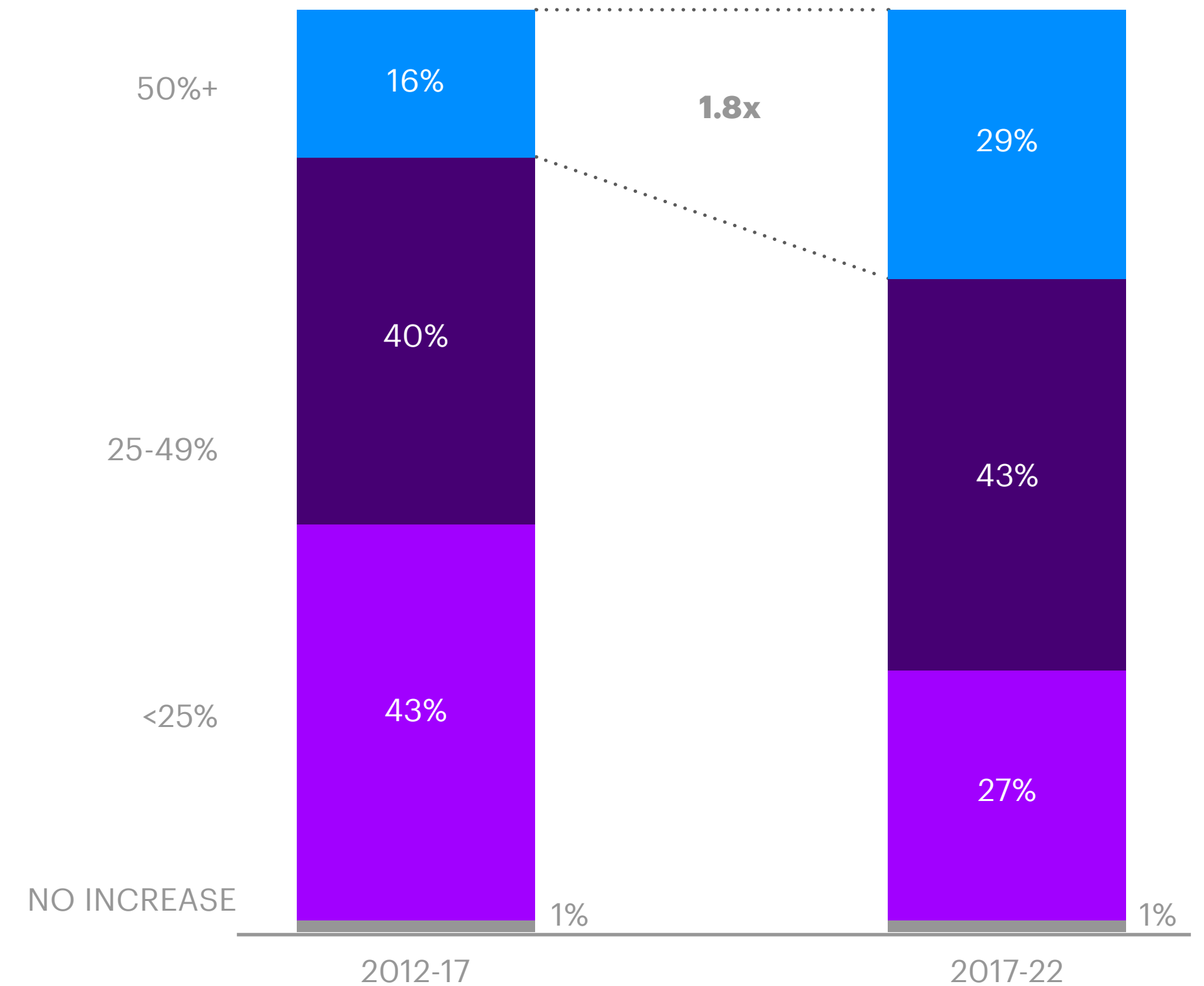
Between incumbents and start-ups \$3.2 trillion was spent on innovation-related activities over the past five years (covering R&D, technology M&A and corporate venture capital).¹

And this trend will only continue. Namely, a majority of executives expect their companies to increase investments in innovation by more than 25 percent from 2017-2022.

And almost one-third expect to increase their investments in innovation by more than 50 percent – a 1.8X increase compared to the past five years.

Figure 2:

Increase in innovation investment
% respondents, n=840



Sources: (1) Accenture Research analysis based on 1,000 Large Cap Global Equities, Bloomberg, and NVCA Pitchbook Q4 2017.

BUT TOO MANY COMPANIES ARE FAILING

To convert opportunity into value

Most companies are not seeing a return on investment in innovation commensurate with the size of investment made. Why is this the case? Despite their prolific investments, most companies are just tinkering at the edges.

Sixty two percent of respondents claimed most of their spend will be directed towards incremental innovation. Based on our experience, such incremental focus is not enough to seize the opportunities created by new technologies.

With the continued improvement of advanced technologies, the gap between what technology makes possible and the ability of companies to internalize it is only going to grow. The result is a steady supply of “trapped value” – value that businesses could be releasing and sharing in if only they could change faster and more fundamentally.

57%

Of respondents, who increased their investments in innovation by more than 25%, underperformed their industry peers

“TOO MANY COMPANIES SEE ‘INNOVATION’ AS SOMETHING ABSTRACT FROM SOLVING REAL PROBLEMS AND CREATING REAL VALUE. AS A RESULT, TOO MUCH TIME AND INVESTMENT IS SPENT ON EFFORTS AT THE PERIPHERY THAT HAVE NO LINK TO VALUE – AND THE OPPORTUNITY TO CREATE TRUE CHANGE WITHIN THE COMPANIES IS MISSED, ONCE AGAIN.

ALISON KENNEDY

Senior Managing Director
Accenture Strategy

TRAPPED VALUE

Can be unlocked in four areas

INNOVATION MUST BE APPLIED IN A NEW AND DIFFERENT WAY TO RELEASE VALUE EFFECTIVELY.



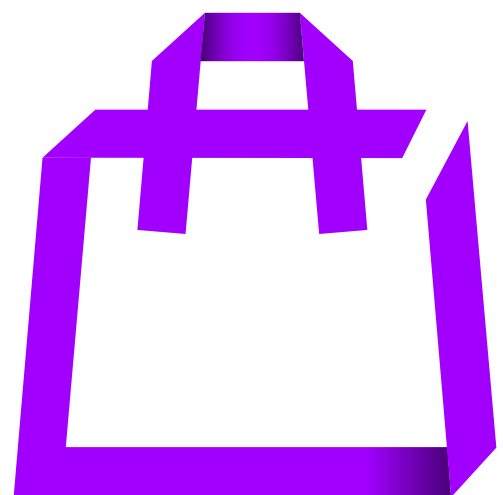
ENTERPRISE

Enterprise Trapped Value exists when an economic opportunity is **visible, yet currently unreachable** (i.e., it cannot be unlocked by existing business models and capabilities).



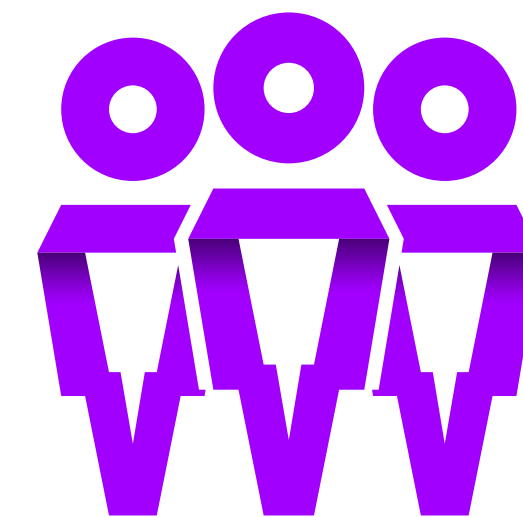
INDUSTRY

Industry Trapped Value exists when a **few companies are reaping rewards** where more could benefit, or where partnerships that accelerate innovation are not pursued.



CONSUMER

Consumer Trapped Value exists when there is a **cost burden** for the consumer (e.g., international call costs), or **latent consumer surplus** (e.g., monetising personally owned assets).



SOCIETY

Societal Trapped Value exists when **commercial activities fail to create benefits for the general public** (e.g., reduced carbon emissions; job creation; water and food safety).



**RELEASE
VALUE
USING THE
DISTINCT
INNOVATION
APPROACH**

HOW THE 14% OF HIGH-GROWTH
COMPANIES PUT INNOVATION TO WORK

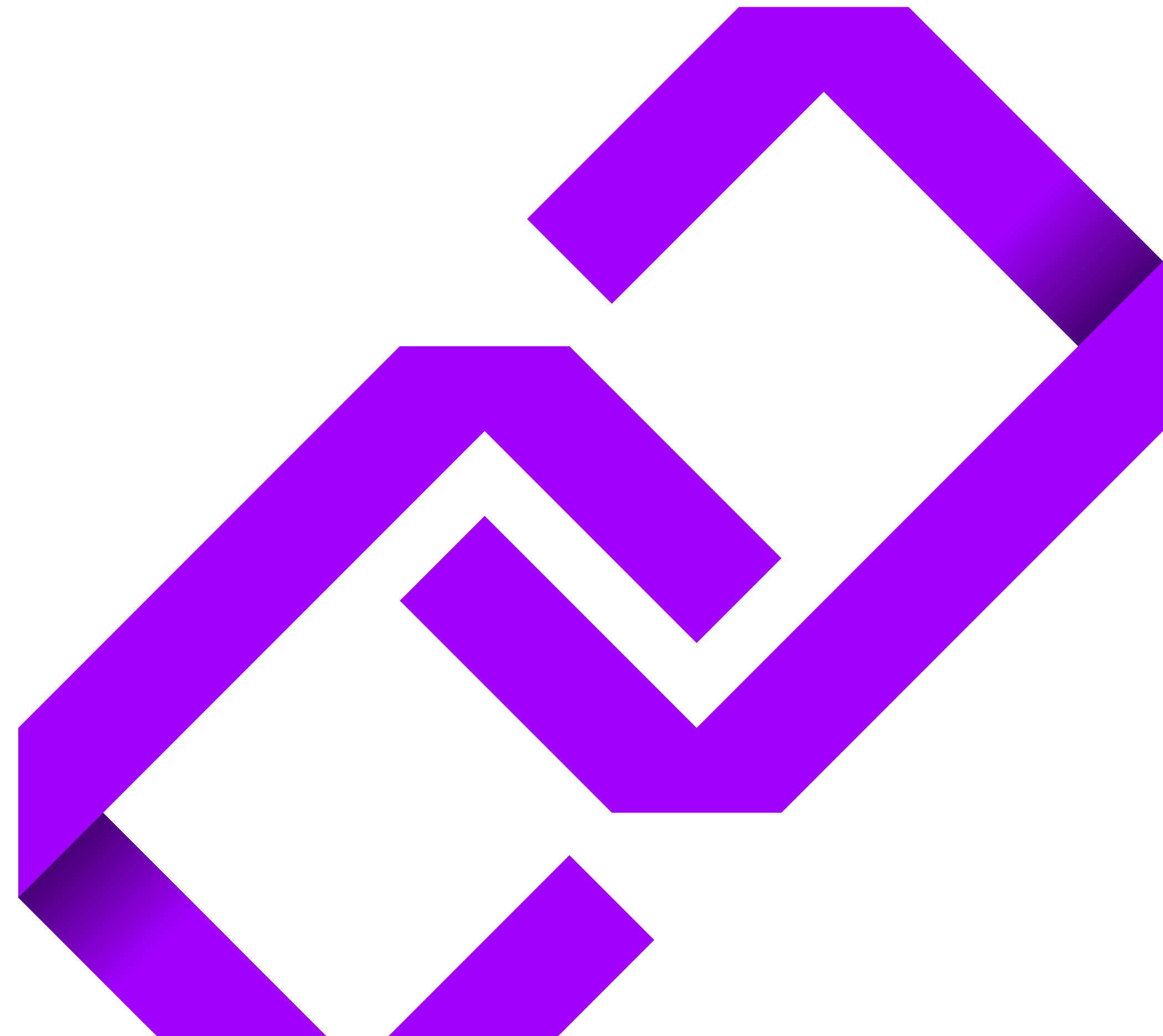
WHICH COMPANIES ARE RELEASING TRAPPED VALUE, AND HOW?

Our research set out to answer two core questions:

- Which companies are releasing trapped value?
- What can other companies learn from their approaches and characteristics?

We addressed these questions in two stages:

- 1 The first stage involved defining where trapped value resides, and then analyzing enterprise trapped value specifically: The growth of current operations (Current Value) and investor expectations (Future Value) of 995 of the largest companies by revenues across 14 industries. We found that growing strongly and consistently is difficult for a large majority of companies.
- 2 Second, to derive the drivers of releasing trapped value, we conducted a literature review of more than 170 sources, spanning 60 years of thinking by academics, thought leaders, and industry experts. We identified a set of 49 innovation practices, based on the literature and Accenture's experience with industry leading clients. These innovation practices formed the basis of our trapped value survey analysis, which was sent to executives at 840 of the world's largest multinationals.



HIGH-GROWTH COMPANIES

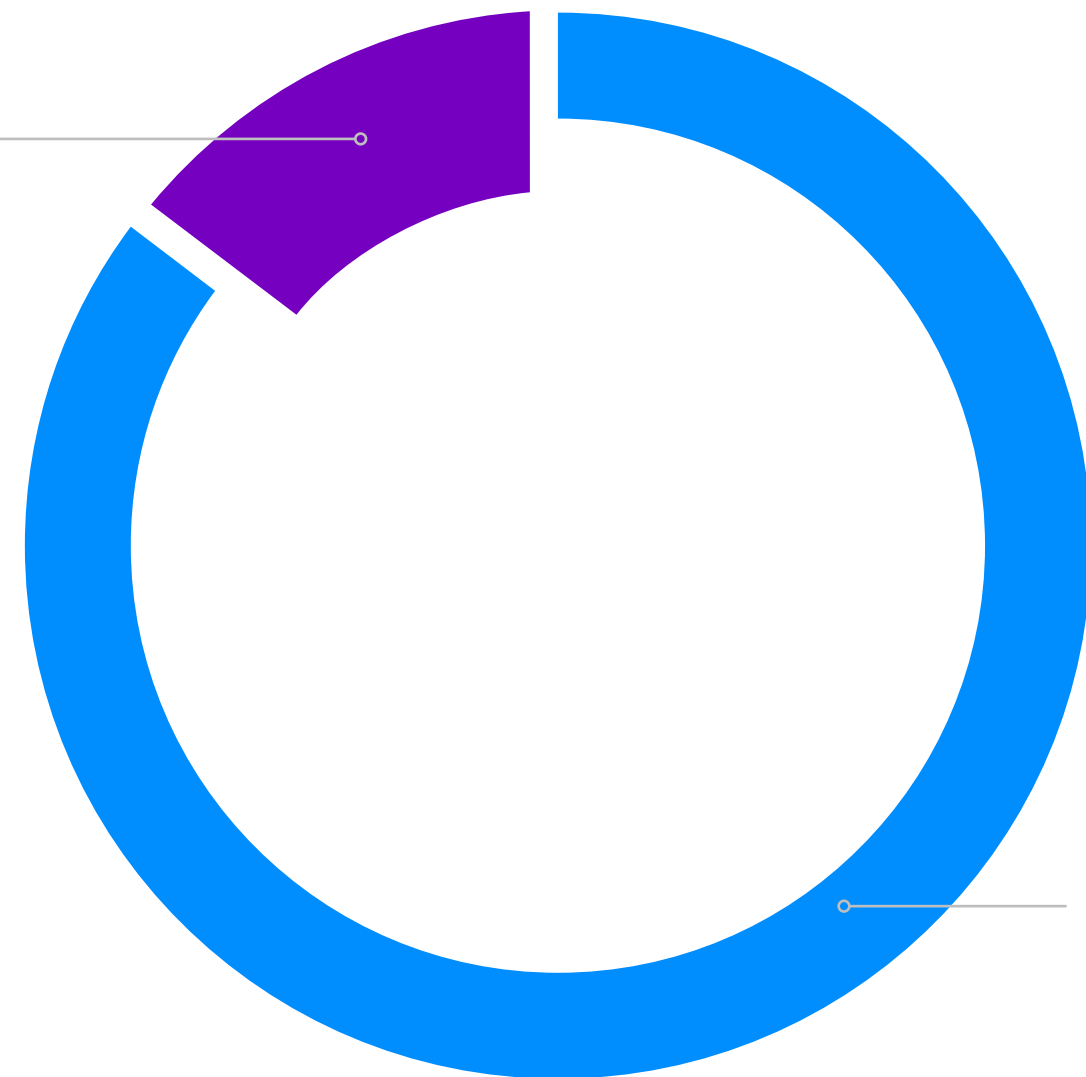
Are few and far between

Just 14% of companies in our survey have grown, and expect to grow, both profits (NOPLAT) and Market Cap above their industry average:

14%

HIGH-GROWTH COMPANIES

Self-reported growth of both NOPLAT and Market Cap at a CAGR above the industry average from 2012-17, and expected for 2017-22.



86%

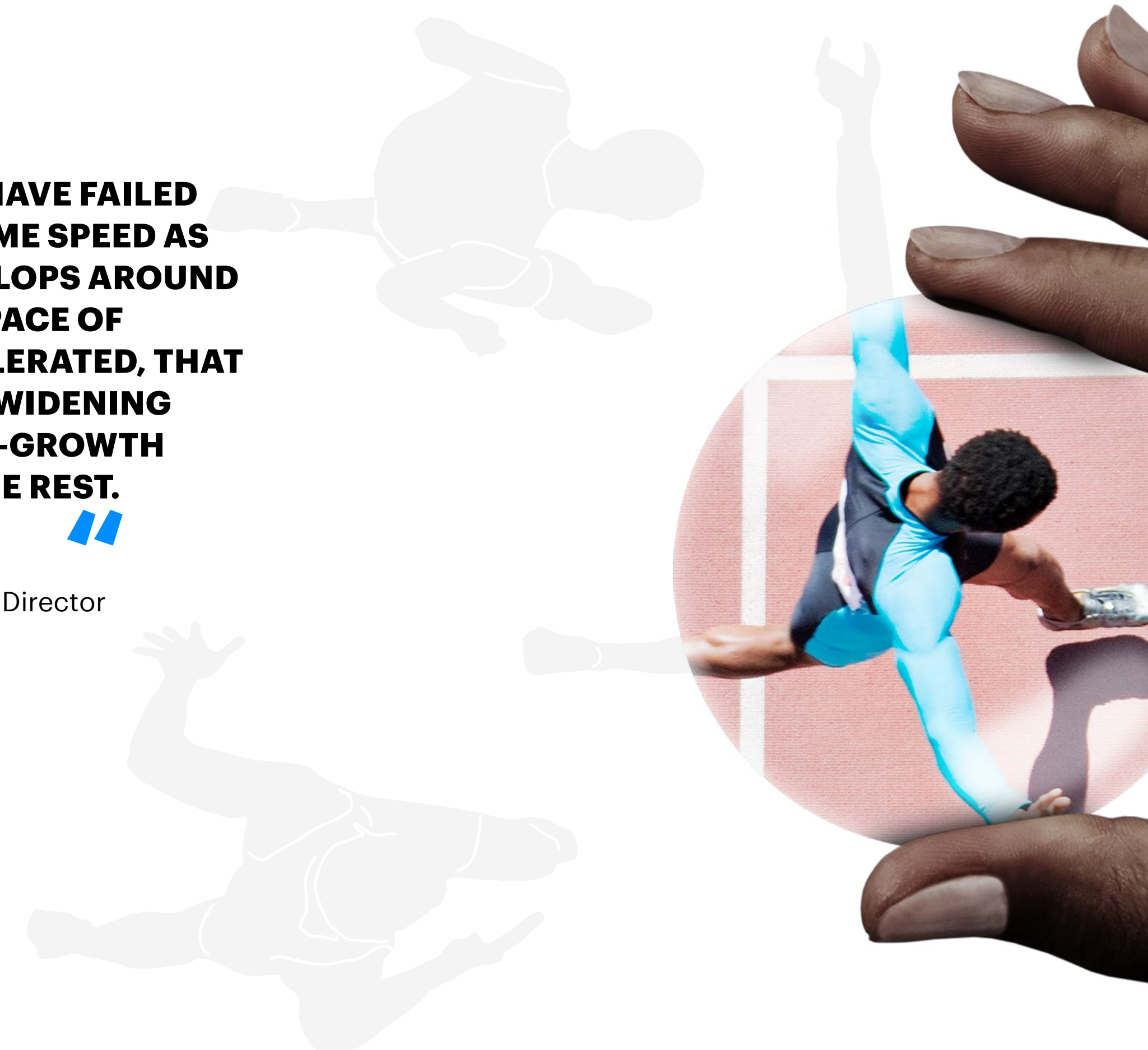
OTHERS

Self-reported growth of both NOPLAT and Market Cap at a CAGR in line with or below the industry average from 2012-17, and expected for 2017-22.

" MOST COMPANIES HAVE FAILED TO MOVE AT THE SAME SPEED AS TECHNOLOGY DEVELOPS AROUND THEM. AND AS THE PACE OF CHANGE HAS ACCELERATED, THAT HAS RESULTED IN A WIDENING GAP BETWEEN HIGH-GROWTH COMPANIES AND THE REST. "

ANDREW SMART

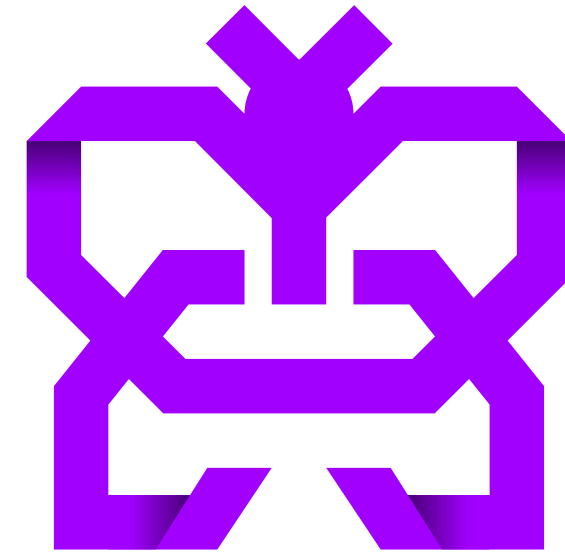
Energy Industry Managing Director
Accenture



THE SECRET OF HIGH-GROWTH COMPANIES?

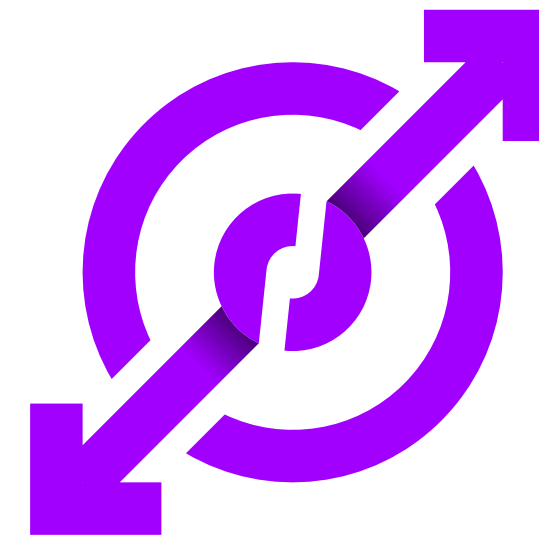
A distinct innovation approach

High-growth companies adopt a distinct approach that helps them turn innovation investments into value. Their approach is:



CHANGE-ORIENTED

Having the courage to apply innovation with greater intensity to reinvent existing ways of working, and thus achieve deep organizational change.



OUTCOME-LED

Fostering innovation efforts across the business, and have the discipline to tie them rigorously to financial performance.



DISRUPTION-MINDED

Committing to invest more aggressively, over time, in truly disruptive innovation initiatives that have the potential to create entirely new markets.

CHANGE-ORIENTED INNOVATION

Reinvent existing ways of doing business

Many companies see innovation as a matter of inspiration or imagination that happens by chance. In fact, 53 percent of our survey respondents shared this perspective, reporting that they see innovation as “an ad-hoc creative process.”

In contrast, high-growth companies employ innovation that is more persistent, and requires the courage to change the organization at a more fundamental level.

This means that to unlock trapped value, it will not be sufficient to only apply innovation to create new products and services for customers, but also to achieve **deep organizational change**.

We tested the adoption of 49 innovation practices, including the following (examples):

- Ability to grow the **capabilities of the senior leadership** to oversee innovation-led change
- Focus on enabling **small cross-disciplinary teams** to work on innovation projects
- Use of **design thinking** to develop products and services that revolve around customer experience
- **Collaboration with customers** during the innovation process to identify the high potential commercial opportunities
- Use of **cognitive agents/virtual advisers** (based on artificial intelligence) in customer-facing activities
- Use of **new-venture vehicles**, such as CVC, accelerators and incubators, and idea labs, to accelerate innovation

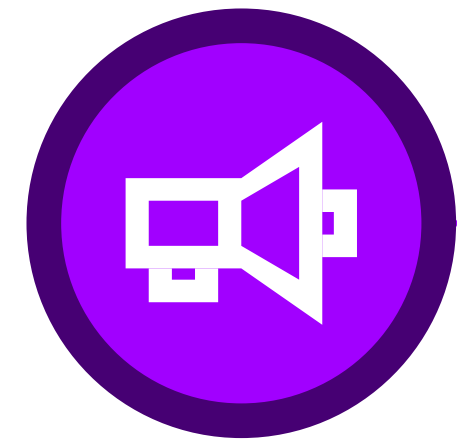
90%

of the innovation practices we tested will be more commonly applied by high-growth companies over the next five years

CHANGE-ORIENTED INNOVATION

Discover the seven characteristics

High-growth companies apply innovation practices to change their way of doing business more fundamentally, so they can become:



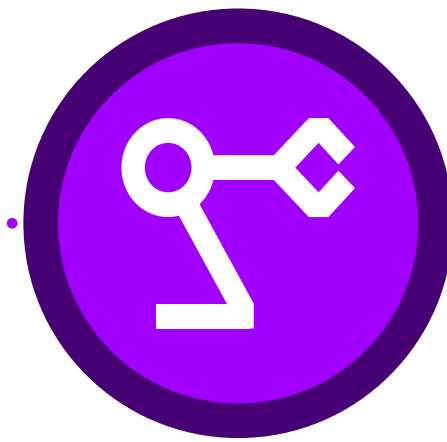
HYPER RELEVANT

Knowing how to be – and stay – relevant by sensing and addressing customers' changing needs.



NETWORK POWERED

Harnessing the power of a carefully managed ecosystem of partners, to bring the best innovations to your customers.



TECHNOLOGY PROPELLED

Mastering leading-edge technologies that enable business innovation.



TALENT RICH

Creating new, modern forms of workforces (flexible, augmented and adaptive) to gain a competitive advantage in fast-changing markets.



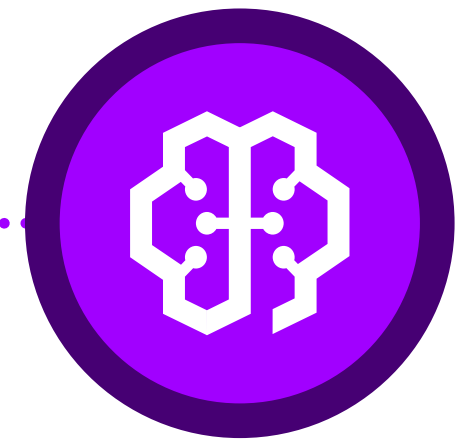
DATA DRIVEN

Generating, sharing and deploying data to deliver new product and service innovations safely and securely.



INCLUSIVE

Adopting an inclusive approach to innovation and governance that incorporates a broader range of stakeholders.



ASSET SMART

Adopting intelligent asset and operations management to run businesses as efficiently as possible, and to free up the capacity for other innovative efforts.

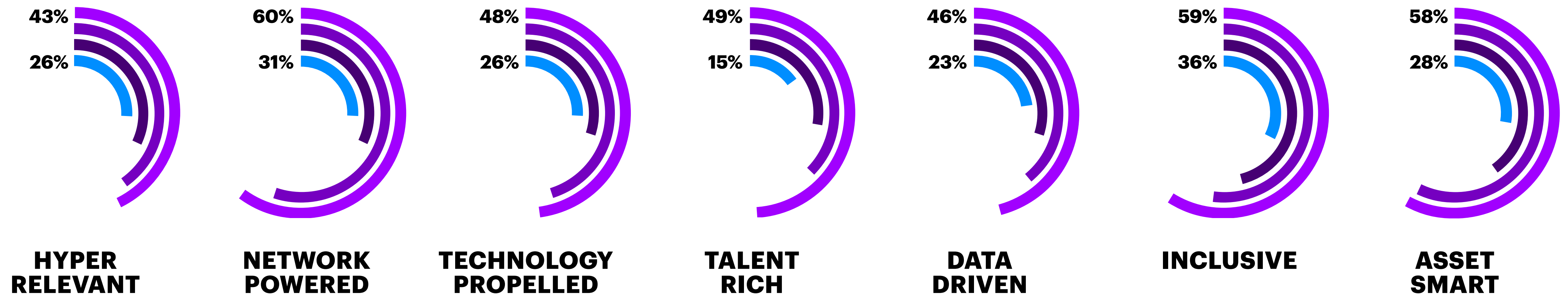
CHANGE-ORIENTED INNOVATION

Reinvent existing ways of doing business

High-growth companies apply innovation with greater intensity compared to other companies. This is particularly evident in their focus on changing the way they work with their ecosystem.

Figure 3:

Mastering the seven characteristics
Percentage of respondents that plan to master a characteristic between 2017-22, by financial performance segment



● High-growth companies (n=118)
 ● Imbalanced growers (n=188)
 ● Moderate growers (n=495)
 ● Laggards (n=39)

CHANGE-ORIENTED

Bosch

Bosch Group, the 132-year-old German industrial giant, has made the Internet of Things into a primary focus for its future.

In February 2018, the company's CEO unveiled an IoT innovation lab in Berlin.¹ But Bosch began investing in the IoT in 2008, with an acquisition that became Bosch Software Innovations. That subsidiary has designed, developed, and carried out 250 international IoT projects, and those projects and subsequent initiatives were – and continue to be – measured against strict benchmarks for the return on investment.²

Bosch is not only delivering these innovations to customers; it is using them to change the way it works. The company has piloted more than 100 IoT innovations in its own factories.³

The strategy is bearing fruit: in 2017, Bosch sold 38 million web-enabled products. The Bosch IoT Suite connects 6.2 million sensors, devices, and machines with users and company applications.⁴ By the end of the decade, the company reports, all of its electrical product classes will be connected to the internet. Bosch saw its revenues grow by 12 percent, and EBITA by nearly 30 percent (CAGR) between 2012 and 2017.

Sources: (1) Özdemir, Betül, "Bosch opens IoT campus in Berlin", ProjektZukunft, 16 February 2018; (2) Economic Development Board, Singapore; (3) Bosch Annual Report 2016; (4) Bosch press release.



OUTCOME-LED INNOVATION

Tie innovation efforts to financial performance

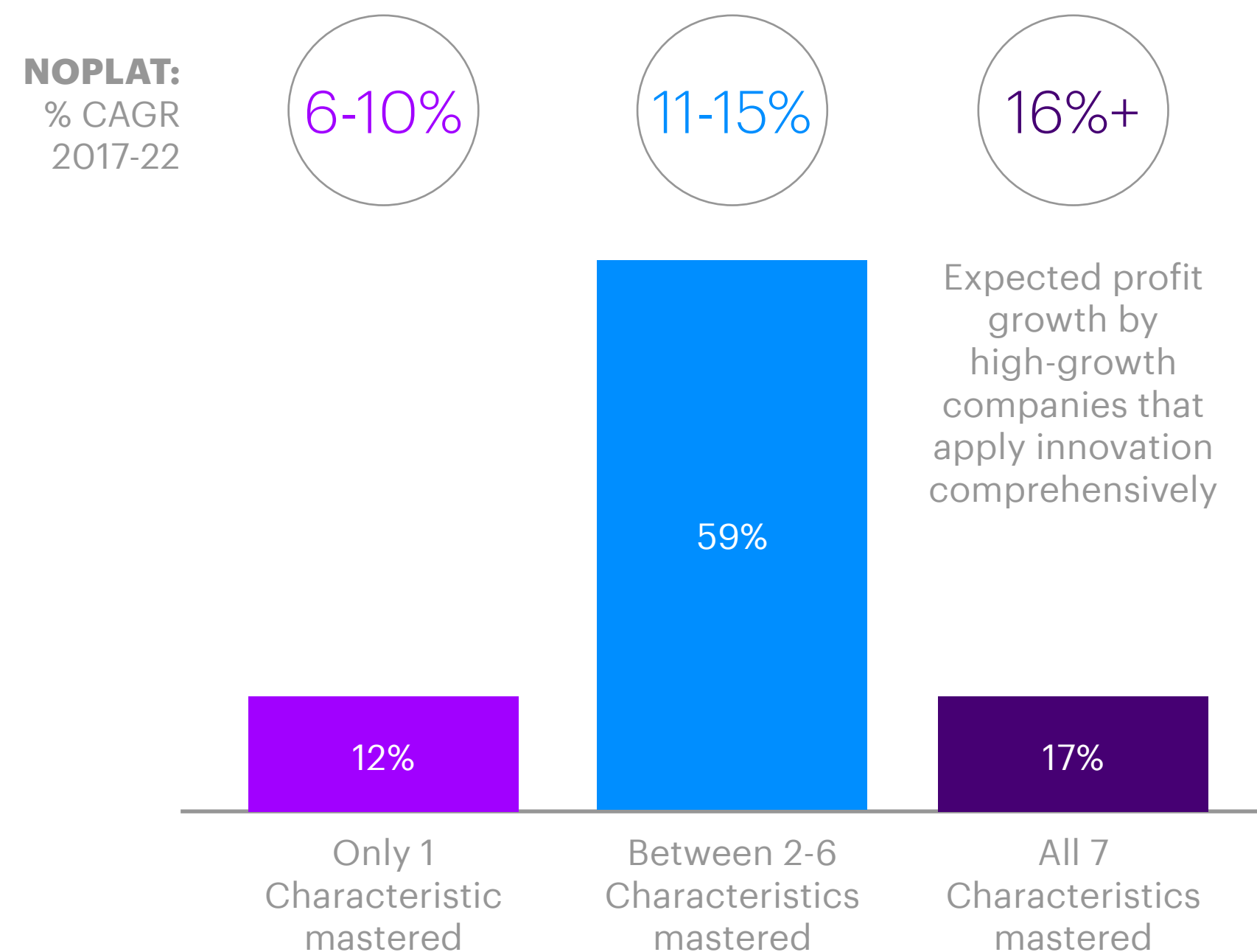
High-growth companies expect to apply innovation more comprehensively compared to others. Notably, seventy six percent of C-level executives from those companies report they have plans to adopt innovation practices that enable them to master more than one of the seven characteristics we examined.

As high-growth companies apply more innovation across the business and master more characteristics, their expectations for profit growth rise.

High-growth companies focused on mastering one characteristic reported that they expect to grow their profits (on average), within a range of 6-10 percent CAGR. Meanwhile, those that focus on mastering all seven expect to grow their profits at over 16 percent CAGR.

Figure 4:

Number of characteristics high-growth companies expect to master and expected profit (NOPLAT) growth, 2017-22
% high-growth companies, n=118



OUTCOME-LED

Nike

Nike exhibits a number of characteristics. The company's supply chains have become increasingly **network powered**. It has been working with global manufacturer Flex since 2015 to automate its shoe manufacturing processes. By using advanced robotics and digitization, Nike can now produce a complete pair of uppers in just 30 seconds, with 30 percent fewer steps and up to 50 percent less labor.¹

Nike has also developed its ability to be **hyper relevant** and serve customers more effectively by sensing and addressing their changing needs. The company has invested in a new internal structure as part of its Consumer Direct Offense strategy, creating an integrated design-to-delivery organization that consolidates Categories, Design, Product & Merchandising.² A bolstered Nike+ digital platform also improves the company's ability to gather and analyze customer data.

Finally, Nike has increasingly focused on being an **inclusive**, responsible business. Nike Grind – a palette of premium recycled materials – is used in 71 percent of Nike footwear and apparel products, in everything from yarns and trims to soccer kits and basketball shoes.³

Developing these characteristics has helped Nike to outperform the S&P 500 over the past five years. Between April 2013 and October 2018 the valuation of the S&P 500 has grown by 64%, but Nike has more than doubled in market capitalization, having grown by 110%.⁴

Sources: (1) Nike Investor Day 2017 [Transcript](#), 25 October; (2) [Nike press release](#); (3) [Nike.com](#); (4) Accenture analysis based on Capital IQ.



DISRUPTION-MINDED INNOVATION

Invest aggressively in disruptive innovation initiatives

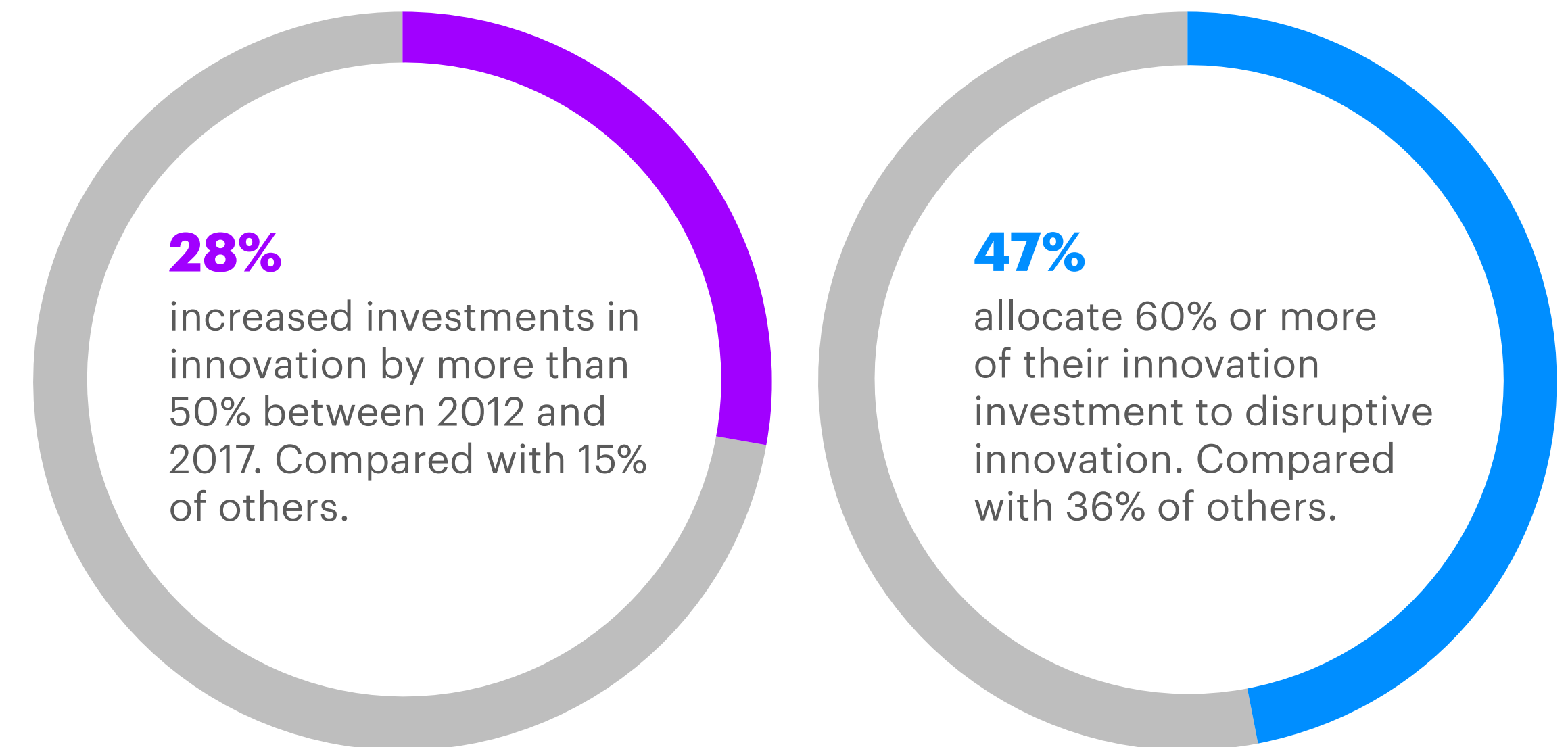
As the volatility of the business environment has increased, investors have put pressure on companies to be more innovative. But, some argue that companies are becoming worse at innovation.¹ One study even claims that companies pursue innovation primarily for the sake of public relations, rather than purpose.²

High-growth companies invest more aggressively than other companies, with disruptive innovation in mind.

Their investments are focused on new commercial or scientific advances that can create entirely new markets, with the potential to disrupt entire industries. Meanwhile their peers are more focused on incremental innovation – improving “what is” rather than on creating “what could be”.

Figure 5:

Investing to disrupt
% high-growth companies, n=118



Sources: (1) Anne Marie Knott, “Is R&D Getting Harder, or Are Companies Just Getting Worse At It?”, HBR, March 2017; (2) Scott Anthony, “How to tell if a company is good at innovating or just good at PR”, HBR, December 2015.

DISRUPTION-MINDED

SoftBank

SoftBank's Vision Fund, a Japanese Internet group's technology fund, is targeting "meaningful, long-term investments in companies and foundational platform businesses that seek to enable the next age of innovation."¹ As such, the fund is active across a range of "frontier" technologies, including robotics, AI, and computational biology.

The Vision Fund made a US\$500 million investment in Improbable, whose platform, SpatialOS, is used for running large-scale simulated worlds (as in gaming). The platform is now making it possible for organizations to build massive agent-based simulations (based on autonomous individuals, groups, or organizations) in the cloud to inform and improve decision making. This has included a simulation of the Internet's entire underlying infrastructure, designed to test what would happen if the Web's routing infrastructure was attacked.²



Sources: (1) <https://softbank-ia.com/vision-fund>; (2) Wired, "If we're living in a simulation, this UK startup probably built it", May 2017.

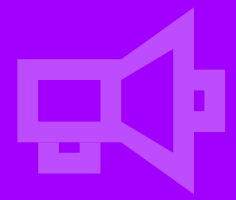


THE SEVEN CHARACTERISTICS OF HIGH-GROWTH COMPANIES, UNCOVERED

CONSIDER IN MORE DETAIL THE SEVEN KEY CHARACTERISTICS HIGH-GROWTH COMPANIES STRIVE TO DEVELOP BY PUTTING INNOVATION TO WORK.

ARE YOU READY TO APPLY INNOVATION

To fundamentally change the way you WILL do business?



HYPER RELEVANT

Are you ready to be – and stay – relevant by sensing and addressing customers' changing needs?



NETWORK POWERED

Are you ready to harness the power of a carefully managed ecosystem of partners, to bring the best innovations to your customers?



TECHNOLOGY PROPELLED

Are you ready to master leading-edge technologies that enable business innovation?



TALENT RICH

Are you ready to create new, modern forms of workforces (flexible, augmented and adaptive) to gain a competitive advantage in fast-changing markets?



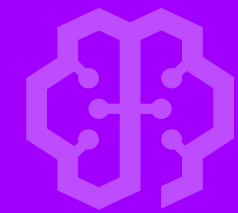
DATA DRIVEN

Are you ready to generate, share and deploy data to deliver new product and service innovations safely and securely?



INCLUSIVE

Are you ready to adopt an inclusive approach to innovation and governance that incorporates a broader range of stakeholders?



ASSET SMART

Are you ready to adopt intelligent asset and operations management to run businesses as efficiently as possible, freeing up capacity for other innovative efforts?

HYPER RELEVANT

What is it?

**High-growth companies
strive to be – and stay –
relevant by sensing and
addressing customers'
changing needs.**



HYPER RELEVANT

How does it work?

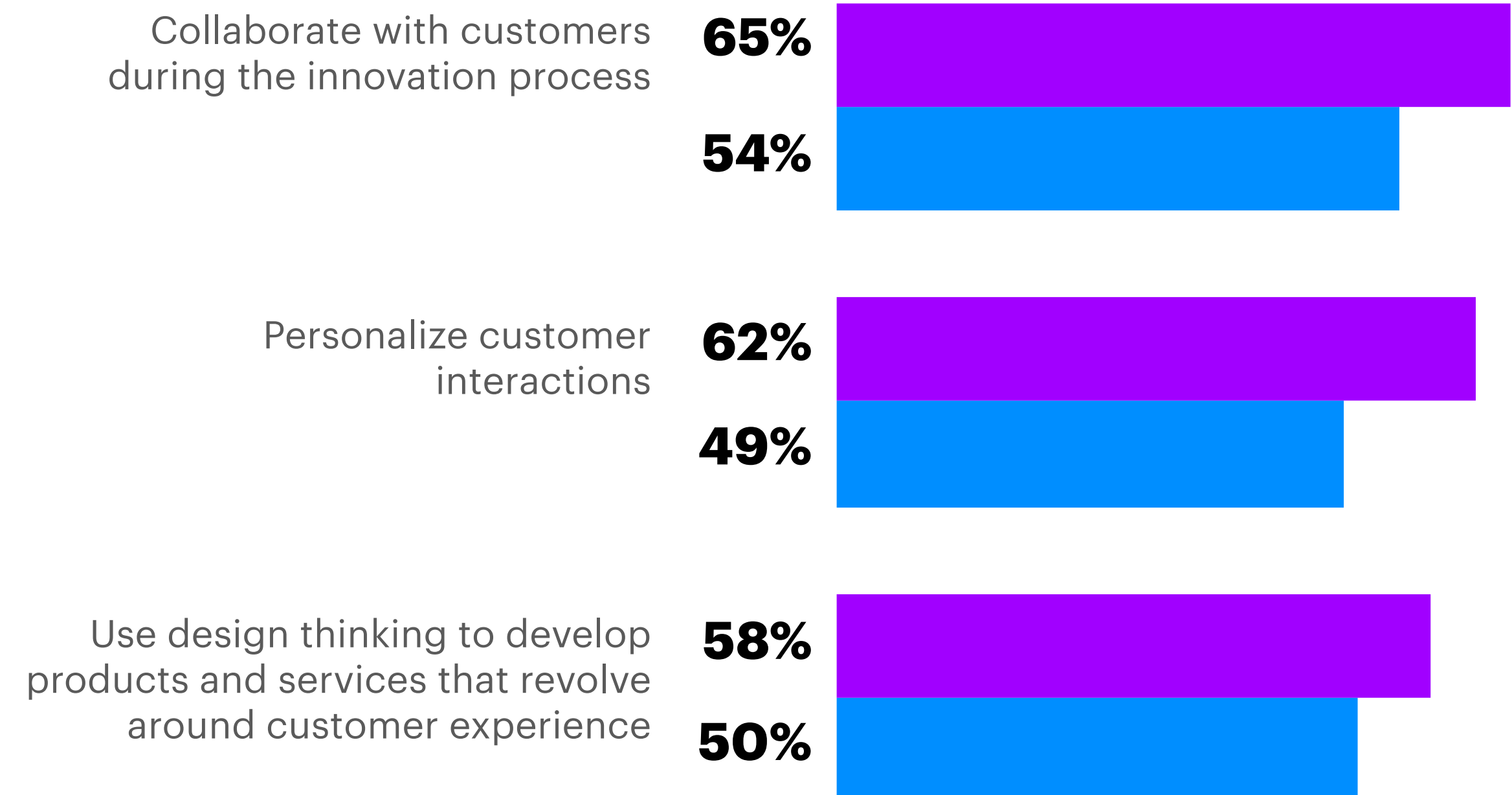
High-growth companies drive towards hyper-relevance, in part, by personalizing customer interactions.

Tommy Hilfiger’s runway collections, for example, are instantly available through TommyNow, the company’s “see now, buy now” initiative. This initiative eliminates the standard six-month wait between the runway and retail.¹ As soon as shows begin, shoppers can order items through the label’s digital platforms, and an event live-stream.

Elsewhere, AI-powered chatbots used Facebook Messenger to act as virtual stylists for thousands of customers. To enable TommyNow, Hilfiger overhauled its production and supply chains, restructuring its relationship with global supply chain manager Li & Fung.²

Figure 6:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years
% ● High-growth companies, n=118, vs. ● Others, n=722



Sources: (1) Jedrzejczak, A (2018): “Tommy Hilfiger’s Secret Weapon”, Bloomberg BusinessWeek, March 12 2018; (2) Phillips-Van Heusen (2018): PVH Annual Report 2017.

NETWORK POWERED

What is it?

High-growth companies strive to harness the power of a carefully managed ecosystem of partners, to bring the best innovations to their customers.



NETWORK POWERED

How does it work?

High-growth companies manage their external networks to accelerate the flow of ideas from outside of the company.

Take additive manufacturing company, Carbon, which is collaborating with Adidas to create the Futurecraft range of personalized 3D printed shoes.¹ Carbon has broken down design, manufacturing and delivery siloes to do in a few days what other companies traditionally do in a 8-12 month timeframe.²

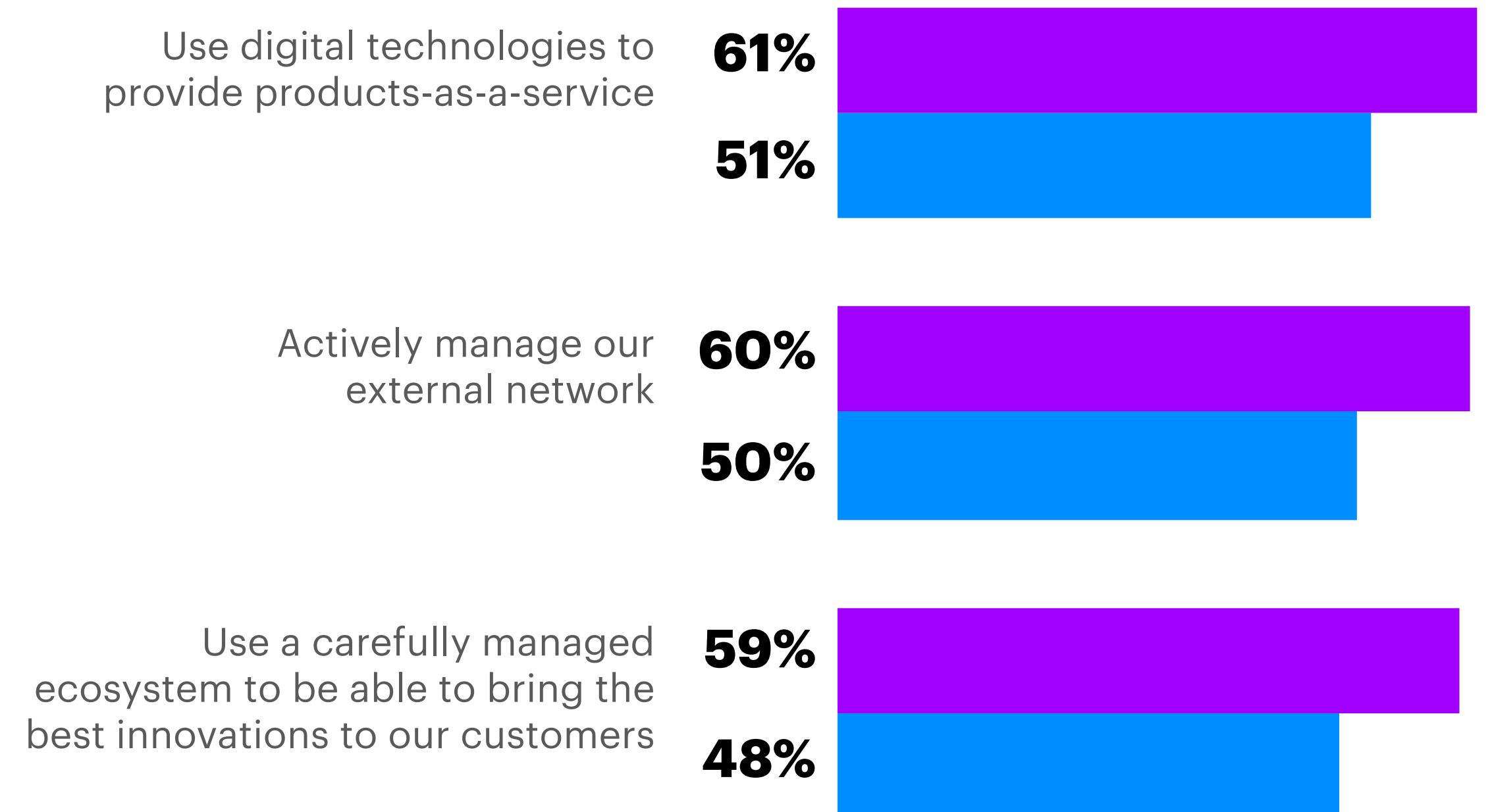
The most common production process for athletic shoes is to prototype using lower-quality materials and then complete a separate step of injection and compression moulding for the final product. But Carbon's Digital Light Synthesis system enables the firm to rapidly test and prototype design concepts; typically, 10x faster than previous methods.³ With Carbon's help, Adidas plans to scale production from 5,000 pairs to 100,000 in just over a year.⁴

Sources: (1) Heater, B. (2017): "Carbon is raising a \$200 million Series D to scale 3D printing for manufacturing", TechCrunch, December 20; (2) Accenture and World Economic Forum (2018): "Operating Models for the Future of Consumption", January; (3) Tepper, F. (2017): "Adidas' latest 3D-printed shoe puts mass production within sight", TechCrunch; (4) Carbon (2017): "The perfect fit: Carbon + Adidas collaborate to upend athletic footwear", April 7.

Figure 7:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years

% ● High-growth companies, n=118, vs. ● Others, n=722



TECHNOLOGY PROPELLED

What is it?

High-growth companies master leading-edge technologies that enable business innovation.



TECHNOLOGY PROPELLED

How does it work?

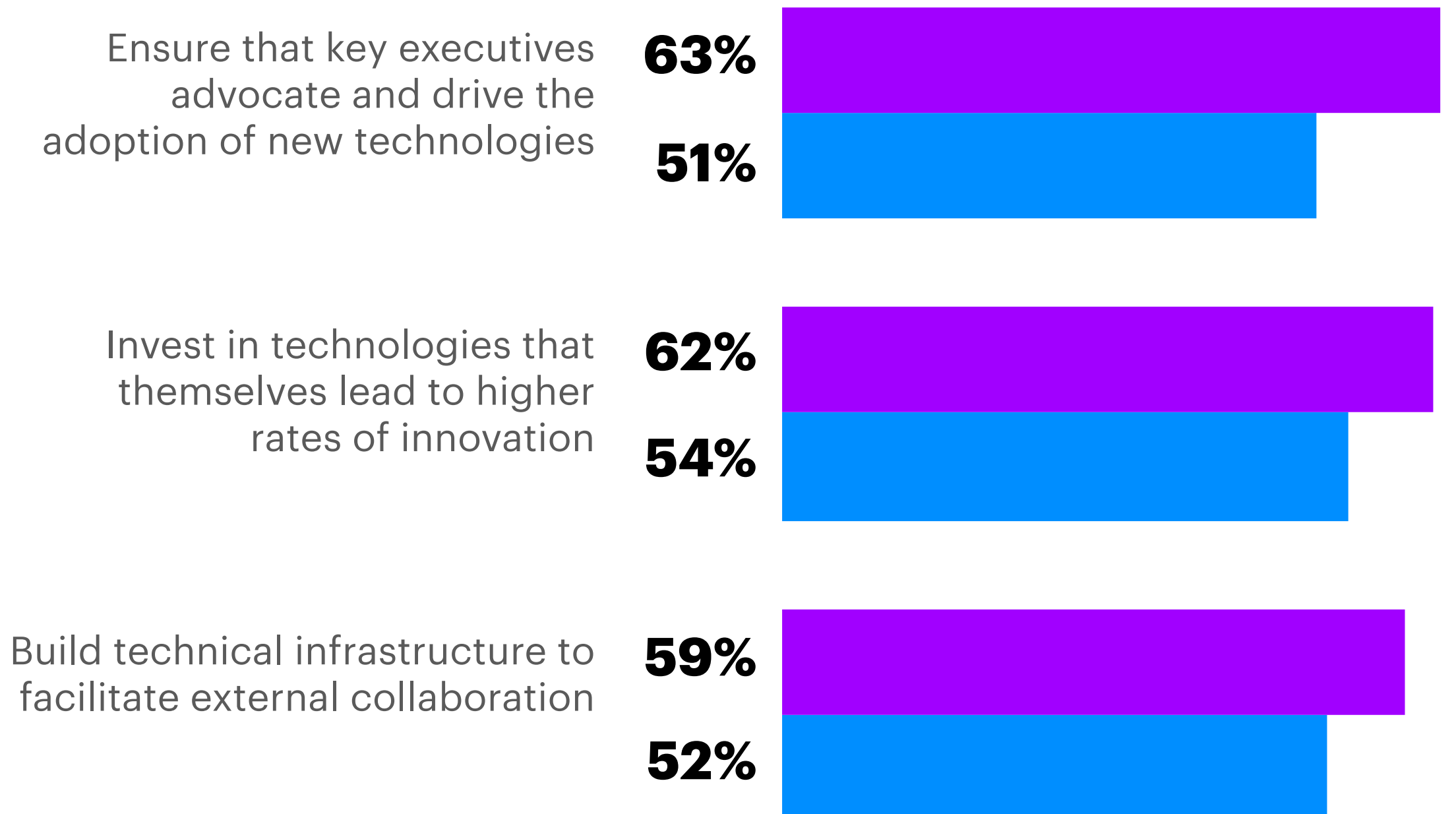
One of the practices high-growth companies use to become technology propelled is to focus on technologies that themselves lead to higher rates of innovation.

In collaboration with Industrial Light & Magic (ILM), Lucasfilm, for example, has created a “Digital Backlot” – akin to a real-world Wookieepedia.¹ This resource enables different platforms – movies, games, etc. – to use assets developed elsewhere, and makes it easier for storytellers to focus on being creative. Using the Digital Backlot, a creature in Episode VIII could be sketched by a concept artist, then built as a puppet by Pinewood Studios. That puppet or model could then be 3D scanned, touched up and finished in computer graphics by ILM, and exported as an exact digital file. If that file is later needed for a toy, or a video game character, it can be shared. For example, the platform was used in the production of the Star Wars film, Rogue One, with ILM borrowing assets created for a separate Star Wars video game.

Figure 8:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years

% ● High-growth companies, n=118, vs. ● Others, n=722



Sources: (1) Franklin-Wallis, O. (2016), “Kathleen Kennedy made your favourite childhood films. Now she’s reinventing Star Wars”, Wired, 12 December.

TALENT RICH

What is it?

High-growth companies create new, modern forms of workforces (flexible, augmented and adaptive) to gain a competitive advantage in fast-changing markets.



TALENT RICH

How does it work?

For high-growth companies, one of the innovation practices they use to become talent rich is to grow the capabilities of senior leadership to oversee innovation-led change.

AT&T offers an illustration. The company launched an initiative in 2013 to prepare its workforce for the demands of the future. “Workforce 2020” includes training employees in cloud-based computing, data science, and other technical capabilities. According to Bill Blase (Senior EVP of Human Resources), “It’s important for companies, at the senior level, to engage and retrain workers, rather than constantly going to the street to hire.”¹

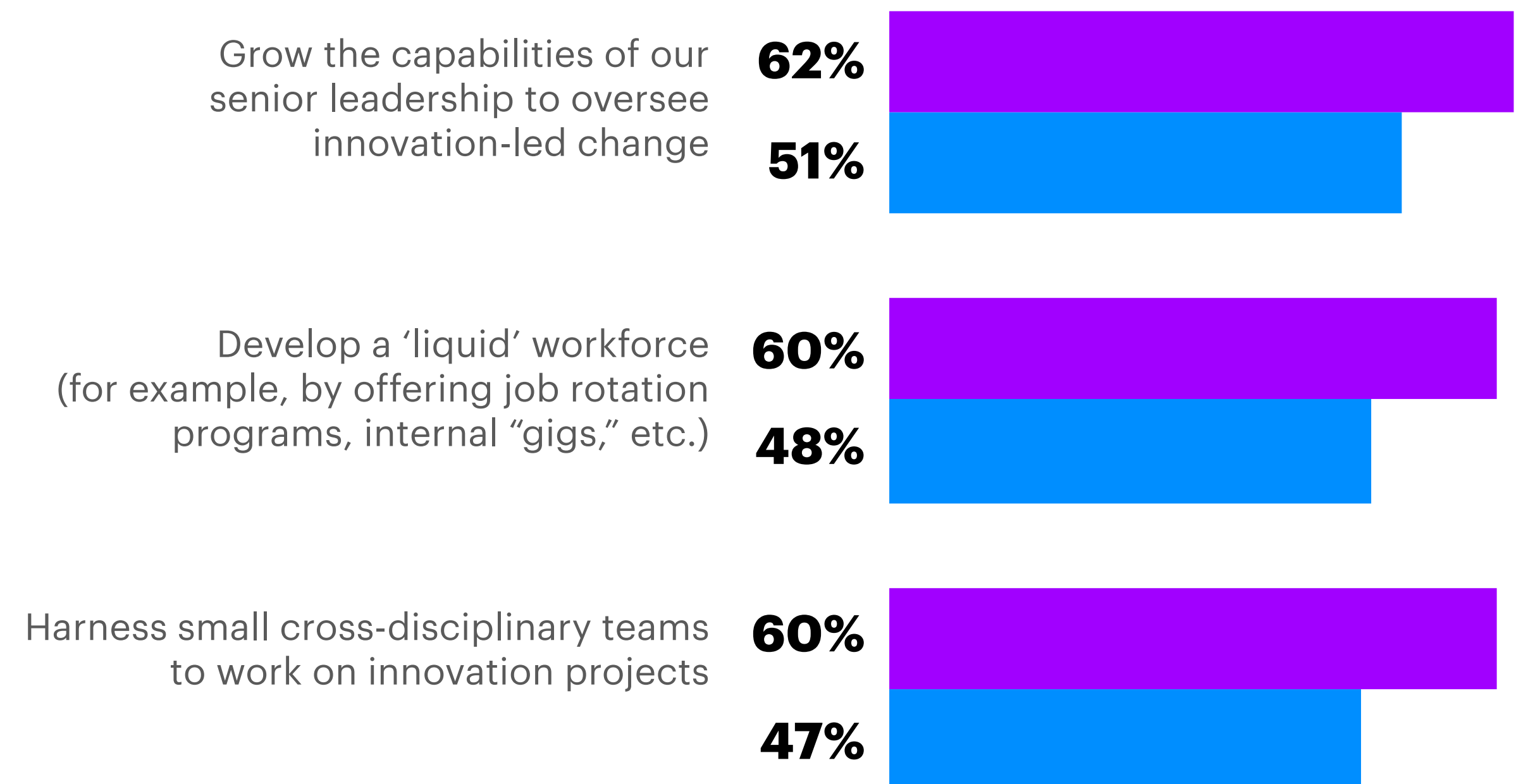
Since its launch, AT&T has spent \$250 million on employee education and professional development programs and more than \$30 million on tuition assistance annually. The company estimates that 140,000 employees are actively engaged in acquiring skills for new roles. AT&T plans to invest over a billion dollars from 2013-2020 in its push to prepare employees to face the next wave of technology.²

Sources: (1) Caminiti, S (2018): “AT&T’s \$1 billion gambit: Retraining nearly half its workforce for jobs of the future”, CNBC, March 13; (2) The Economist (2017), “Equipping people to stay ahead of technological change”, Jan 14.

Figure 9:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years

% ● High-growth companies, n=118, vs. ● Others, n=722



DATA DRIVEN

What is it?

High-growth companies generate, share and deploy data to deliver new product and service innovations safely and securely.



DATA DRIVEN

How does it work?

One of the innovation practices high-growth companies use to be data driven is to apply advanced analytics to identify cost savings.

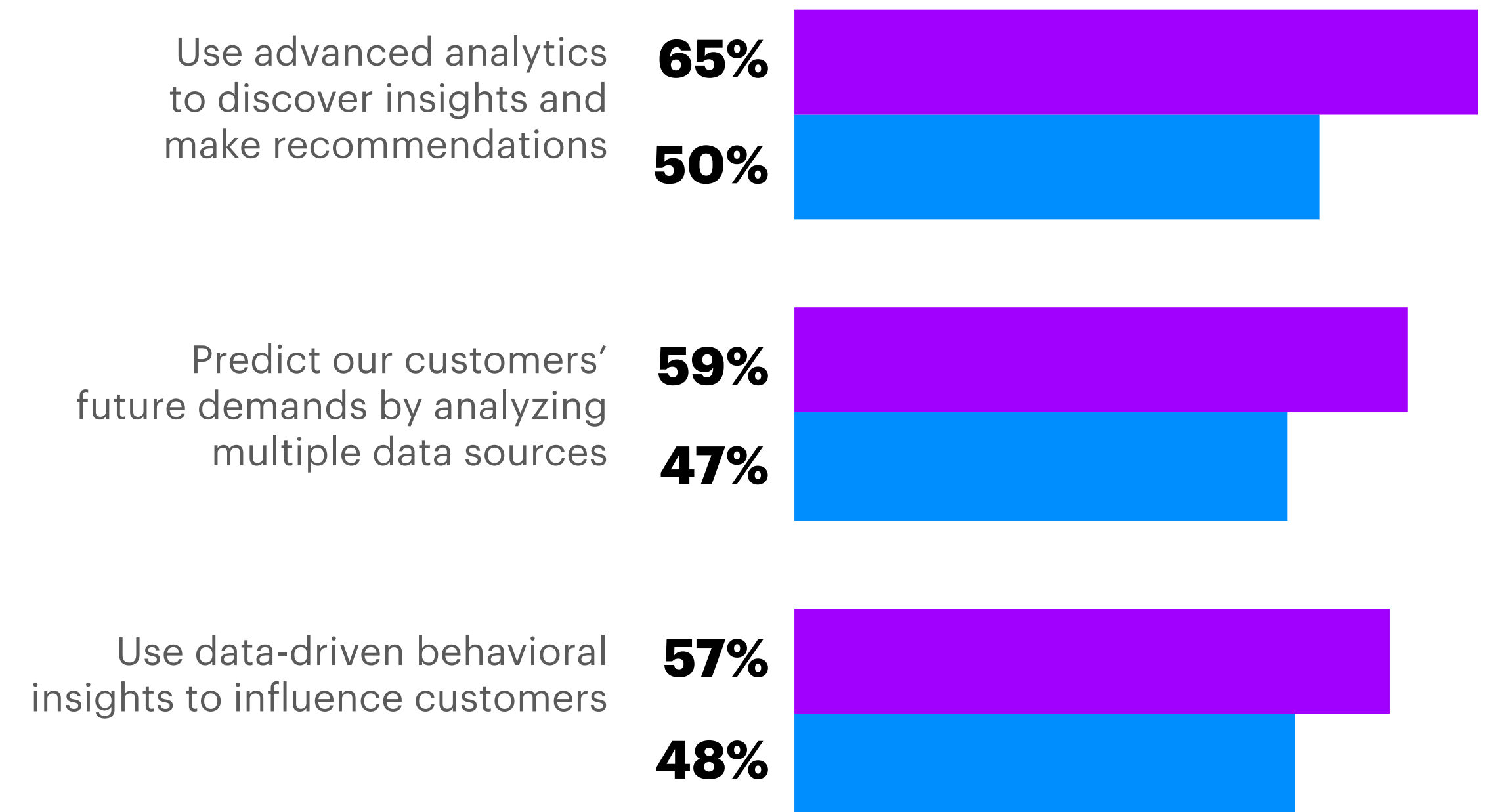
Chevron, the world's third largest publicly traded oil producer, is spending \$4.3 billion this year on shale basins, approximately a fifth of its global spending. It is using data-analysis expertise gained at its offshore wells to make horizontal drilling more efficient. This analysis is based on a proprietary database of over five million well attributes, supplemented by data analytics of petrophysical properties.¹

The insights gained helped Chevron reduce the time take to drill a shale well from 27 days, to just 15 days, for longer and more complex wells.²

Figure 10:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years

% ● High-growth companies, n=118, vs. ● Others, n=722



Sources: (1) Chevron Q3 2017 Earnings Call, 27th October 2017, Bloomberg Terminal; (2) Crowley, K. and Blas, J. (2018): "Was This Oil Giant Smart or Just Lucky?", Bloomberg Businessweek, March 7.

INCLUSIVE

What is it?

High-growth companies adopt an inclusive approach to innovation and governance that incorporates a broader range of stakeholders.



INCLUSIVE

How does it work?

One of the innovation practices high-growth companies use to become inclusive is to develop new services that better address customers' higher needs, such as autonomy.

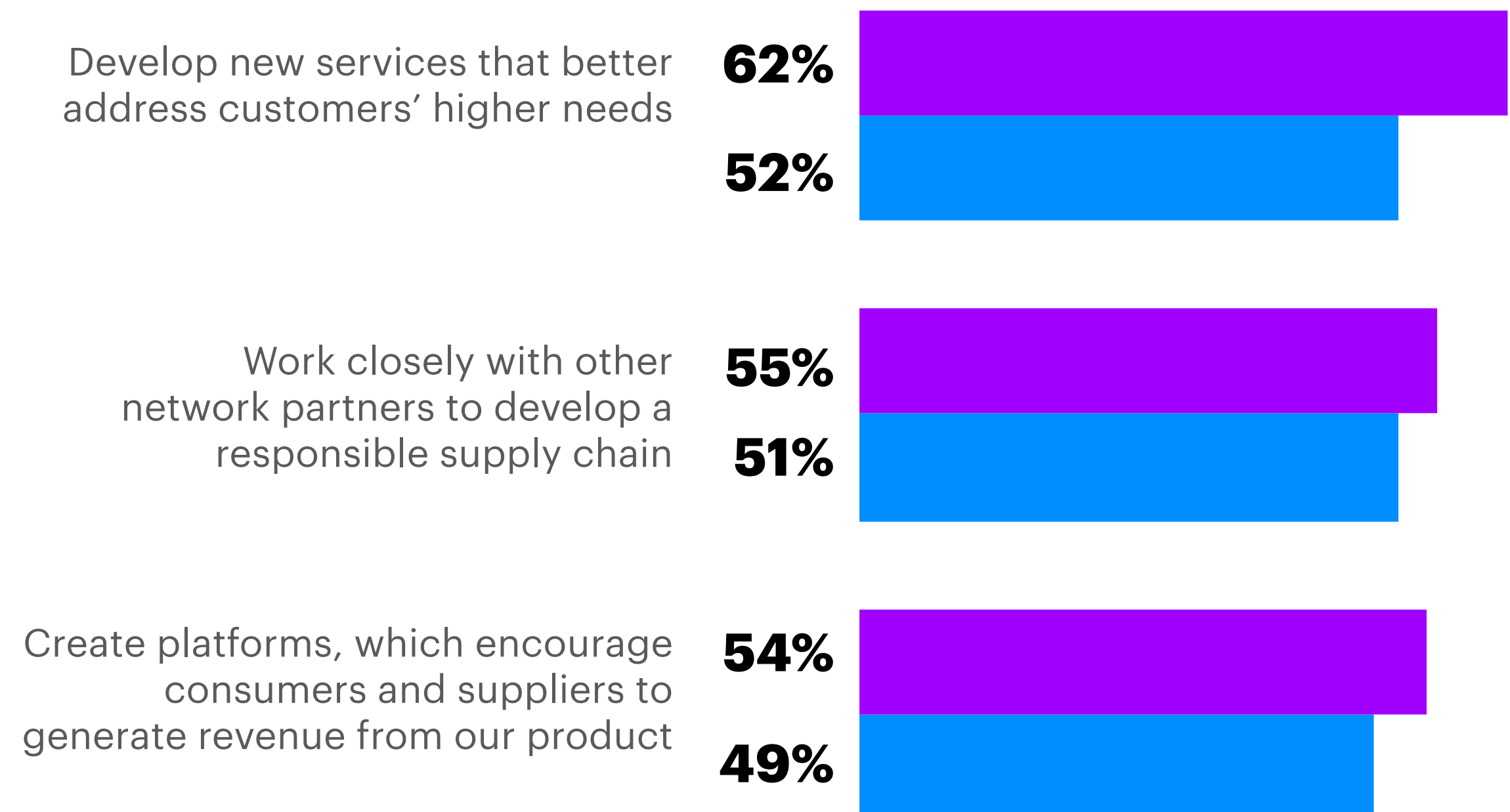
Accenture, for example, has worked with Amazon Web Services and Age UK to develop an AI-powered platform that helps older people manage their well-being. The platform suggests activities to support the overall physical and mental health of individuals aged 70 and older.

For example, it provides easy access to reading and learning materials, music, daily exercises, and appointment reminders. A "Family and Carer" portal then lets family and caregivers check on the individual's daily activities, such as whether they have taken their medication or made new requests for caregivers. The platform can also spot abnormalities in behavior and alert family or friends, based on user defined permissions.¹

Sources: (1) Accenture (2017): [Accenture uses artificial intelligence to help the elderly better navigate their care and improve their well-being](#), November 28.

Figure 11:

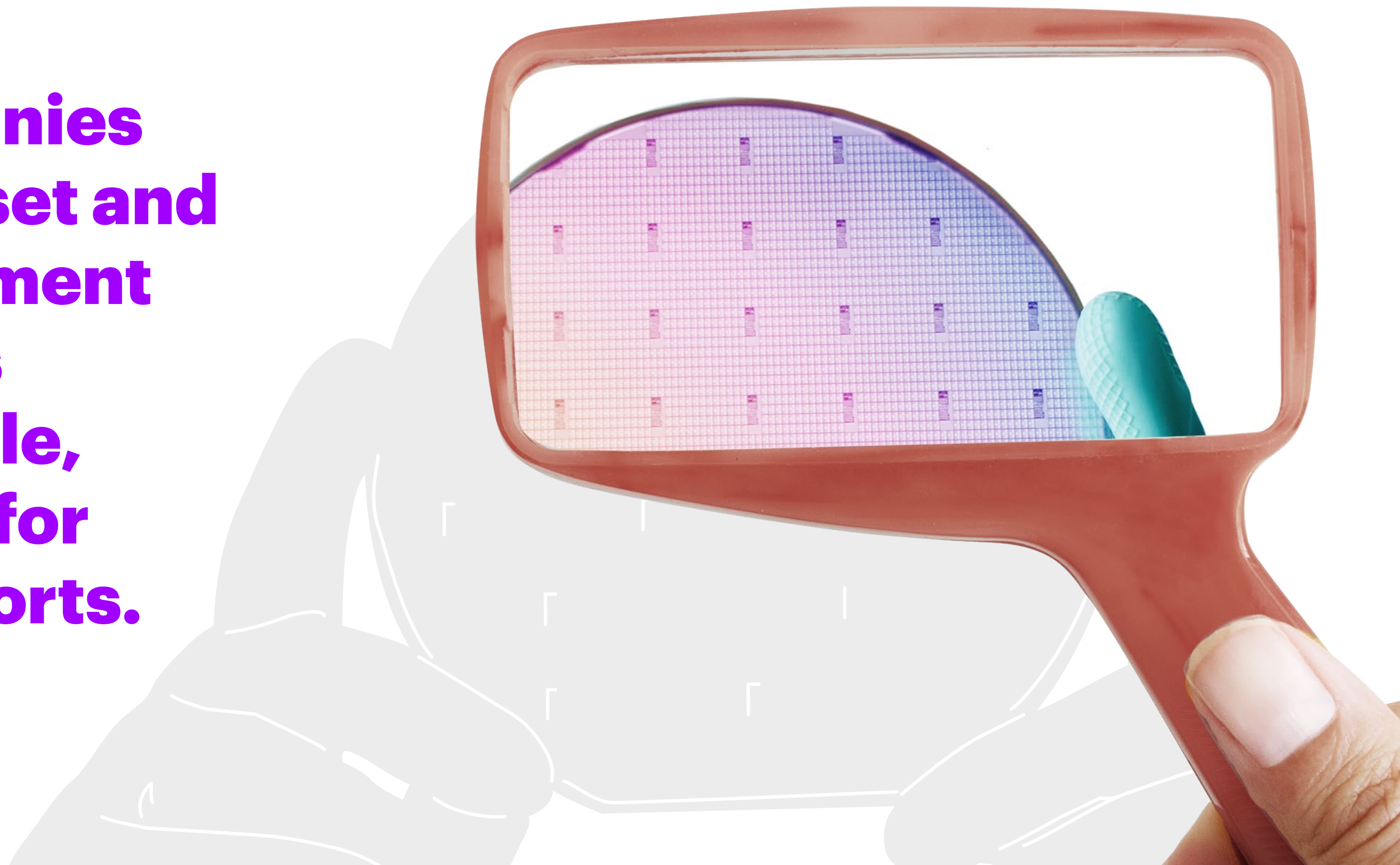
Respondents that plan to adopt an innovation practice to a significant extent over the next five years
% ● High-growth companies, n=118, vs. ● Others, n=722



ASSET SMART

What is it?

High-growth companies adopt intelligent asset and operations management to run businesses as efficiently as possible, freeing up capacity for other innovative efforts.



ASSET SMART

How does it work?

High-growth companies drive towards being asset smart, in part, by using intelligent process automation.

Consider: Trillions of dollars-worth of transactions are conducted through financial institutions daily. However, record-keeping of these transactions has remained the same for decades: Each institution holds its own copy of transaction history.

Digital Asset, a blockchain start-up, uses Distributed Ledger Technology to offer another approach. The company can create an independently verifiable, single version of a recorded transaction to eliminate operational activities.¹

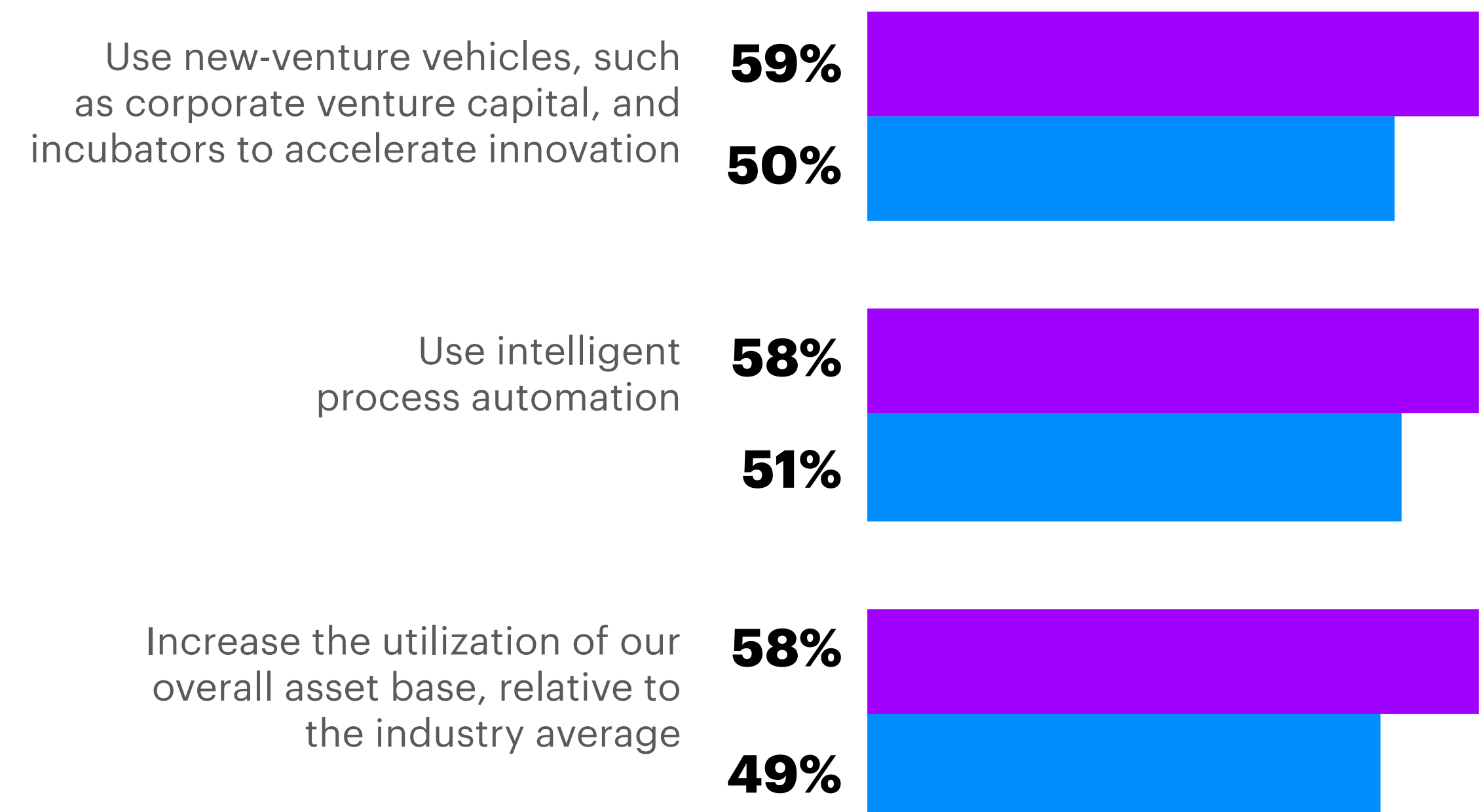
Digital Asset's solution reduces the cost and time taken to reconcile these disparate records in settlement and clearing processes. Data can be shared securely, accurately, and in real-time. One client? The Australian Securities Exchange is adopting the solution to record shareholdings and manage the clearing and settlement of equity transactions.²

ASX was the first major bourse to announce the adoption of blockchain technology for this purpose.

Figure 12:

Respondents that plan to adopt an innovation practice to a significant extent over the next five years

% ● High-growth companies, n=118, vs. ● Others, n=722



Sources: (1) <https://www.accenture.com/gb-en/service-accenture-digital-asset>; (2) Meyer, D. (2017): "The Australian Securities Exchange Just Made Blockchain History", Fortune, December 7.

HOW TO PUT INNOVATION TO WORK

Actions to take now

TARGET ENTERPRISE TRAPPED VALUE

BE CHANGE-ORIENTED...

Identify which target characteristics (e.g., becoming talent rich) are central to your growth strategy, and how intensely you are prepared to drive innovation-led change.

BE OUTCOME-LED...

Prioritise investments in those capabilities that you can bring back into your 'core' to help modernise the existing ways of working (e.g., acquisition of artificial intelligence or cyber security capabilities).

BE DISRUPTION-MINDED...

Aggressively direct your investment capacity to innovations that help expand your footprint into new markets, with foresight (e.g., using Blockchain to improve women inclusion in insurance).

RELEASE ENTERPRISE TRAPPED VALUE

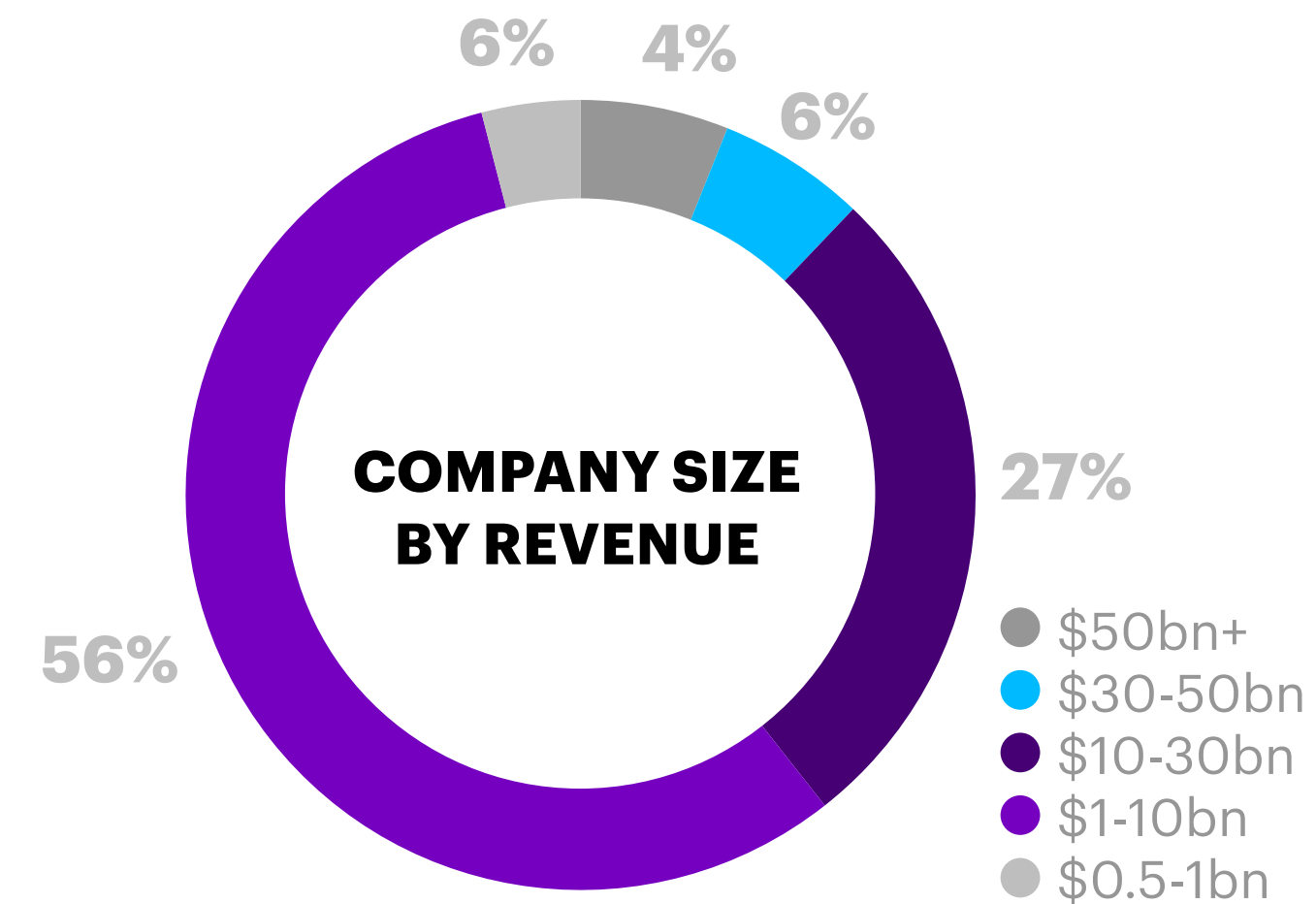
Test and embrace multiple innovation practices to redefine the most established ways of doing business (e.g., rotation of talent from BAU roles to 'innovation gigs').

Tie your innovation investments to the desired long-term performance (i.e., growth revenue, profit, customer value growth etc.), not only to short-term efficiency benefits.

Organise differently for disruptive innovation initiatives (e.g., go beyond experiments, and turn those initiatives with the highest disruption potential – or your 'moon shots' – into new businesses at a faster pace).

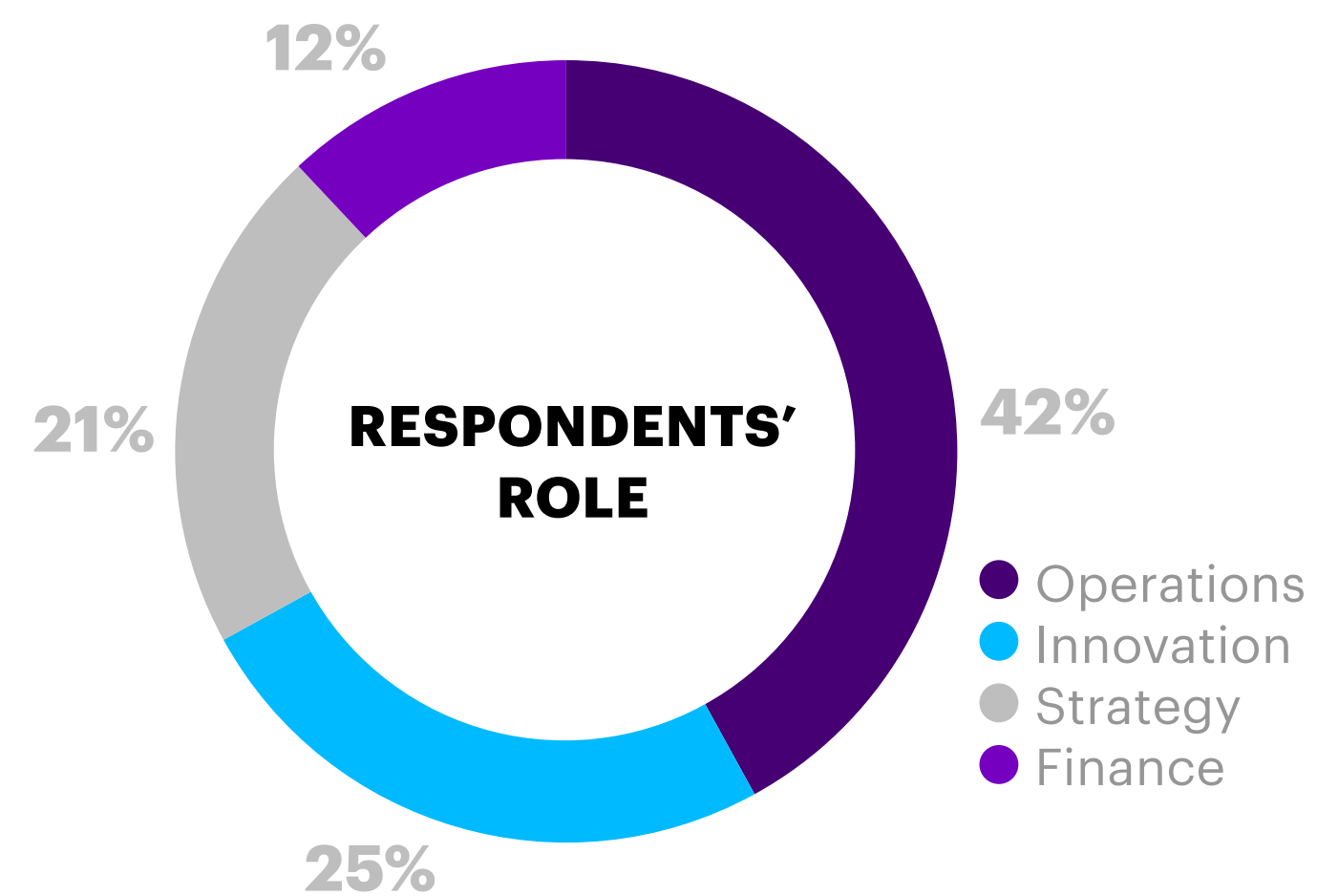
ABOUT THE RESEARCH

Survey sample characteristics



8 COUNTRIES

- Australia
- Brazil
- Canada
- China
- India
- Japan
- United Kingdom
- United States



14 INDUSTRIES

- Life Sciences
- Chemicals
- Electronics & High Tech
- Software & Platforms
- Media & Entertainment
- Consumer Goods & Services
- Retail
- Construction & Engineering Products
- Automotive
- Industrial Equipment & Machinery
- Telecoms
- Utilities
- Energy
- Metals & Mining

FINANCIAL ANALYSIS

We analyzed the growth of current operations (Current Value) and investor expectations (Future Value) of 995 of the largest companies by revenues across 14 industries from 2000 to 2016. This analysis showed that few companies successfully release trapped value.

SURVEY ANALYSIS

To understand the characteristics of companies that successfully release trapped value, we fielded a survey in September and October 2017. The survey was sent to executives at 840 of the world's largest multinationals and was grouped into three parts: demographic and financial information; approaches to innovation; the extent to which they applied 49 innovation practices, identified as underpinning trapped value release.

ABOUT ACCENTURE

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients' industries, our team of 250 researchers and analysts spans 23 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research – supported by proprietary data and partnerships with leading organizations such as MIT and Singularity – guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients.

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Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 449,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

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ACCENTURE AND INNOVATION

The Accenture Innovation Architecture

The Accenture Innovation Architecture uses an innovation-led approach to help our clients develop and deliver disruptive innovations, and to scale them faster. It combines capabilities from across the company and is built around six elements:

- **Accenture Research** uncovers insights and shapes trends, combining industry knowledge and data-driven research techniques.
- **Accenture Ventures** partners with growth stage companies, and identifies, partners and strategically invests in the most promising innovations in the market.
- **Accenture Labs** redefine the possible with applied R&D, incubating and prototyping new concepts that will have a near-term impact on clients' businesses, and finding technology solutions to improve the way businesses operate.
- **Accenture Studios** build solutions with speed and agility, focusing on rapid development and prototyping of applications and the design and creation of digital services.
- **Accenture Innovation Centers** demonstrate and scale industry solutions. Located strategically worldwide, Innovation Centers operate across technologies and industries to deliver new impact for clients, now.
- **Accenture Delivery Centers** industrialize the delivery of Accenture innovations globally. Delivery Centers unlock the power of New IT and transform business processes through an unparalleled network across more than 50 locations.

ADDITIONAL RELEVANT PUBLICATIONS

"Make your Wise Pivot to the new."
Accenture Research. June 2018.

"Investing to power your Wise Pivot."
Accenture Research. June 2018.

"Disruption need not be an enigma."
Accenture Research. February 2018.

"To find value in the digital age,
find it for others first."
European Business Review. January 2018.

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