WINNING IN THE AGE OF DISRUPTION

Accenture UK and Ireland Innovation Maturity Index Report 2020
READY OR NOT:  
DISRUPTION IS HERE

Innovation-driven disruption is challenging every business today. Accenture UK and Ireland has created an Innovation Maturity Index which shows that nearly two-thirds of respondents said they expected technology-driven innovations to be the number one factor disrupting their businesses over the next three years.

Other Accenture research shows that nearly 47% of UK companies are in industries which look vulnerable to disruption, and nearly 30% are experiencing volatility—meaning that over 70% of UK companies are susceptible to future disruption in the UK.

The extent of that vulnerability has been further highlighted by the COVID-19 pandemic and the unexpected economic impacts that will follow in its wake. Almost every industry is susceptible: none can rely on durability in the face of increasing—and unexpected—disruption.

WINNING IN THE AGE OF DISRUPTION

Innovation Champions don’t just expect disruption, they embrace it.
INDUSTRY DISRUPTION IN THE UK

47% of UK companies are showing vulnerability to disruption. There is not one UK industry which is showing durability in the face of disruption.

Figure 1 – UK industry exposure to disruption
UK Industry Sector Disruptability Index (17 industry sectors)

1Percentages denotes proportion of companies in given year that are in an industry that falls into the quadrant based on the given year’s weighted averages for Susceptibility and Current Level of Disruption

2Cross-geography average score comprises aggregate average of 8 geographic regions (United States, United Kingdom, Germany, Nordics, Japan, India, China, and ANZ). Ireland was not included in this analysis for the UK.

Sources: Accenture Research Disruptability Index 2.0 (based on 2018 data)
UK and Ireland (UK&I) industries continue to play catch-up with changing consumer expectations. New competitors may be looking to disrupt in all sectors.

The UK economy is dealing with immense political and economic upheaval, not only from COVID-19 and Brexit, but also from the pace of innovation and digital transformation which can change industries overnight. The impact of this disruption is already here: many traditional players and familiar names in key industries are either in severe financial difficulties or have stopped trading altogether. Added to these disruptions in 2020 has been the impact of COVID-19, arguably the largest business disruption in recent memory.

In a time of diminishing returns, higher costs and increasing volatility, industries in the UK&I also now need to defend against new entrants.

However, rather than simply waiting to be disrupted, to survive in this new landscape, UK&I industries need to now be more proactive. They need to think about how they can disrupt their own businesses and way of operating as new ecosystems evolve.
UK&I companies understand that they should evolve—often radically. But for many, putting that understanding into action is hard. They are stuck in their current business models and overly focused on preserving traditional “core” businesses, rather than trying to access “new” value.

Our survey shows that over 20% of UK&I companies continue to focus innovation in their legacy businesses, using mostly traditional approaches. As a result, most companies are missing opportunities to release a tremendous amount of unrealised value inside their current business models, supply chains and wider markets. This “trapped value” is typically unlocked by disruption, so if companies don’t get to it themselves, others will.
Many governments around the world are focusing on innovation, both to drive economic growth and defend against rising economic volatility and disruption.

In the UK, the government has set a target of increasing Research and Development (R&D) spending to 2.4% of GDP by 2027. UK companies are looking for support from the UK government, not only at a national level, but also from large cities in the UK that are fostering and therefore attracting innovative companies.

**UK government’s innovation mission**

While the UK, like the rest of the world, faces broad economic challenges and an uncertain investment outlook as a result of the COVID-19 pandemic, it is also contending with Brexit and now, as a result of Covid, an accelerated pace of technological change.

In all cases, there is a view that a greater focus on innovation will allow the UK to make a wise pivot to a more sustainable economic future.

Today, the UK government is formulating a more “mission-oriented” approach towards innovation. This aims to achieve specific objectives and facilitate innovation by developing policies which focus on Grand Challenges, which, by definition, focus on explicit technological and sectoral development supported by teams which will develop ‘missions’ to tackle them.

The UK is keen to grow industries which focus on (R&D).

In March 2020, the UK government announced it will increase R&D public funding by 15% in the next fiscal year (its largest year-on-year increase ever). While it is extremely difficult to say how these plans might change in the post-COVID economic environment, if the commitment remains, spending on R&D would increase even faster over the next three years, more than doubling the current total to £22 billion by 2024–25.

Such funding will align with the UK broader industrial strategy and focus on key industries, for example: the UK space industry, the nuclear and the automotive/electric vehicle industries (the UK has a target of gaining a 10% share of the global space market by 2030). Under these scenarios, public R&D spending would be 0.8% of UK GDP in 2024–25, which would be more than the United States, China, Japan, or France.
INNOVATING WITH CONFIDENCE

Most companies are challenged when it comes to turning their innovation investments into results. They are struggling to unlock trapped value, leaving them vulnerable to disruption.

Most UK&I companies are comfortable with their levels of innovation, however increasing disruption is threatening this status quo.

There are certain UK&I businesses who possess a far deeper and embedded understanding of what it takes to innovate successfully than others.

We call them INNOVATION CHAMPIONS. They are setting the pace and their experiences offer lessons for all.

To rate companies on their innovation strength (Figure 2), the Accenture Innovation Maturity Index, measures the presence of Innovation Practices and the ability to Innovate by Design. The overall country score on the Accenture Innovation Maturity Index in the UK&I was 61 out of 100.

But a small group of Innovation Champions—11% of the sample—averaged 71 points. These Innovation Champions have built innovation skills to create new products and services for customers and have also achieved deep organisational change. Because of their innovation maturity, these companies release value much more effectively than their peers.

Innovation Champions are doing the following:

01. Building Innovation structures (innovate by design)

02. Adopting innovation practices into their everyday business

03. Pivoting their business to the new (e.g. new businesses, services and technologies) - all enabled by innovation)

Building innovation structures and practices into their business is helping them build innovation maturity. They can then better manage their disruption journey as they pivot their business to the new, enabled by this innovation maturity.
The struggle to master innovation is far from unique to UK&I. Yet a handful of companies, the “Innovation Champions”, are bucking this trend. They routinely turn innovation investments into accelerated growth.

The Innovation Champions in the UK&I have grown faster than their peers in the past five years and expect to do so for at least the next four years as well. They show a comprehensive awareness of the state of innovation in the UK&I market and they are capitalising on this through an innovation mindset—being the disruptor rather than the disrupted—and using it to drive higher returns from innovation.

Our analysis reveals that these companies did two critical things that made them into Innovation Champions.

01. First, they have successfully created a smooth, reliable, and repeatable innovation process, which we call “Innovate by Design”. This focuses on defining an innovation strategy, creating a culture that rewards innovation, and building a formal innovation architecture.

02. Second, and perhaps more importantly, these companies have undertaken fundamental organisational change to embed innovation across the enterprise and make it part of everyday business. This change is reflected in seven traits we call “Innovation Practices” that successful innovators share. These practices show innovators as hyper-relevant, network-powered, technology-propelled, asset-smart, inclusive, talent-rich, and data-driven.

Our research shows that companies which successfully and consistently release trapped value are also exhibiting these seven characteristics.
The overall country score on the Accenture Innovation Maturity Index in the UK&I was **61 out of 100**. But a small group of Innovation Champions—11% of the sample—averaged 71 points. A company that scores high on the innovation index can expect to increase revenue nearly **13% more** than peers and raise profits by **10% more**.

See end-note for a fuller description of the Accenture Innovation Maturity Index.

INNOVATE BY DESIGN

**Innovation Strategy**
- Incremental/Disruptive
- Quantifiable
- Concentrated/Diffused
- Investment – Core/New

**Innovation Architecture**
- R&D
- Venture Capital
- Venture Accelerators
- Innovation Centres
- Crowdsourcing
- Commercial Pilots

**Innovation Culture**
- Execution
- Siloes/Open
- Commercialisation
- Leadership
- Innovation Teams

Figure 2 – Accenture – Innovation Maturity Index Framework

Pillar 1

INNOVATION BY DESIGN

Pillar 2

INNOVATION PRACTICES

Hyper Relevant
Sensing and addressing customers’ changing needs through more collaboration using data /design thinking

Technology Propelled
Use of leading edge technologies that enable business innovation including technology platforms for greater collaboration

Data Driven
Generate, share, and deploy data and analytics to support innovation and to guide customer interactions and customise offerings

Asset Smart
Intelligent asset- and operations- approaches to run businesses efficiently and free up capacity for innovation. Use of use corporate venture-capital funds and in-house incubators.

Network Powered
Harness the power of a carefully managed ecosystem of partners//processes/services

Talent Rich
Invest in new type of workforce, flexible, augmented, and adaptive - more liquid though use of permanent/temporary/inter-disciplinary teams

Inclusive
Inclusive approach to innovation and governance, involving a broad range of stakeholders including the use of open platforms and tools for enhanced customer interactions

See end-note for a fuller description of the Accenture Innovation Maturity Index.
A DIFFERENT OUTLOOK

Innovation Champions have a different outlook.

Their innovation mindset means that they both expect and are actively managing disruption; many Champions not only expect to be disrupted, but also have different expectations of where those disruptions are coming from. In addition to being concerned about disruption from technology, Innovation Champions were also concerned about disruption arising from competitors, macro-economic shifts and the impact of social/cultural changes. Innovation Champions were particularly focused on disruption from social and cultural changes, showing a difference of over 25% between themselves and competitors on this dimension (figure 3).

In 2020, nobody could have predicted that a business disruption from the COVID-19 virus. However, it has made our survey of innovation, and now companies to address disruption, more valid.

In fact, we believe it’s a predictor of future success, because the organisations which are ready to innovate in the face of the current disruption are likely to emerge stronger from the crisis as everyone is being forced to innovate at speed.

Figure 3 - To what extent do you expect your industry to be disrupted by the following in the next 3 years?
Indicated “Large extent” or “Very large extent”

<table>
<thead>
<tr>
<th>Disruption Type</th>
<th>Innovation Champions</th>
<th>Rest of the market</th>
</tr>
</thead>
<tbody>
<tr>
<td>New innovations brought by technology</td>
<td>62%</td>
<td>63%</td>
</tr>
<tr>
<td>New competitors</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Social and cultural shifts</td>
<td>38%</td>
<td></td>
</tr>
<tr>
<td>Maco-economic changes</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Environmental/ecological change</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>New regulations</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Demographic shifts</td>
<td>14%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: UK&I Innovation Maturity Index 2020
The COVID-19 crisis has also demonstrated the importance of being more regionally networked in the UK as much of the population moved to work from home. Many organisations were able to rapidly stand up a remote workforce and use virtual collaboration tools to continue operating effectively throughout the crisis. These more ‘elastic workforces’ may become a more permanent fixture, diminishing the focus and reliance on London as a central innovation hub. In fact, UK&I Innovation Champions were already showing that they were well networked, making them relatively city agnostic. Rather than placing all their bets on London as a location for innovation, they tend to rate several UK cities equally in terms of how they support innovation and were not making a sole bet on London (figure 4).

While UK&I companies generally associate innovation with London, champions recognise numerous cities across the UK and Ireland. Which of these UK cities as follows would you rate as a UK city which supports innovation? (Top 7 shown only)

Here are Accenture’s suggestions for how you can accelerate your innovation processes.
As UK&I businesses navigate through the current crisis, making a wise pivot should now be a matter of urgency as COVID-19 has intensified the need to innovate. Only a small proportion of UK&I respondents are using innovation to unlock value in new business. Of the 200 companies we surveyed, only around 20% of respondents are using innovation to unlock value in new business, while most of them (50%) are using innovation to unlock value in their legacy and new businesses simultaneously. In fact, just 25% of companies surveyed said that they were agile enough to prioritise and reprioritise their projects to be able to transform their business.

Q: Which of the following statements best describes your company’s approach to making investments?

- ~20% LEGACY: We typically prioritise investments required to protect our legacy business.
- ~07% NEW: We typically prioritise investments required to scale new business at speed.
- ~50% NEW + LEGACY: We typically invest in the legacy and new businesses, in a balanced manner.
- ~25% PRIORITIES: We have the ability to prioritise projects well, and reprioritise as necessary.

Following the innovation pivot model, companies can position themselves for the digital age in a steady, safe and balanced way, by transforming the core (and generating funding for new investment), growing the core, and scaling the new (Figure 6).
The digital age calls for a new approach to organisational change that enables companies to make a Wise Pivot to their new businesses.

1. **TRANSFORM THE CORE BUSINESS**... to drive up investment capacity.

2. **GROW THE CORE BUSINESS**... to sustain the fuel for growth.

3. **SCALE NEW BUSINESS**... to identify and scale new growth areas at pace.

A Wise Pivot also requires the right **Investment Strategy** to ensure that the timing, scale, and direction of investments are calibrated adequately.

**Transform the core to generate investment capacity.** This involves investing in processes and functions to increase efficiency and create value in the form of higher profits. This additional cash flow can help fund innovation and growth initiatives. As noted, in the Middle East, most companies have only begun their digital transformations, and many are unprepared for this task.

**Grow the core to sustain the fuel for growth.** The pursuit of accelerated growth should not overlook growth opportunities in the core business. This may involve finding new customers or markets for existing offerings or innovations that improve customer experience.

**Scale the new to identify and scale new growth areas at pace.** Innovations—whether new products or new business models—will not deliver the growth and impact the company expects if they are not commercialised and brought to a mass market.
Knowing how to innovate and doing it routinely is how companies will pivot to the new and manage disruption. This requires another kind of transformation—building formal innovation systems (Innovate by Design) and adopting the Innovation Practices of Innovation Champions. These actions, amplified through an innovation mindset, are driving higher returns from innovation.
UK&I Champions are most differentiated in innovation culture

Innovate by design

Too often, companies still view innovation as an ad-hoc “creative” process. But real innovation requires persistent effort, well-defined processes, and true commitment, and governing innovation extensively over time can also bring stronger revenue growth. Innovating by design is a framework for building the mechanisms for reliable innovation. It involves defining an innovation strategy, instilling a culture of innovation, and creating an innovation architecture.

Figure 7 – Innovate by Design UK&I Scores

<table>
<thead>
<tr>
<th>Innovation Strategy</th>
<th>Innovation Culture</th>
<th>Innovation Architecture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 point</td>
<td>4 points</td>
<td>0 points</td>
</tr>
</tbody>
</table>

Source: UK&I Innovation Maturity Index 2020

Sample: All UK&I respondents (n=200)
Culture

Innovation Champions are particularly good at building an Innovation Culture—this area showed the largest difference in the Innovate by Design scores between Champions and others.

It seems that UK&I Innovation Champions not only recognise the importance of the social and cultural aspects of innovation but are also creating a culture of innovation in their own companies where:

- Creativity is encouraged and rewarded.
- Ideation is applauded by managers.
- New thinking is fostered within the organisation.

Innovation Champions scored higher in this dimension than other companies in the UK&I sample score and are doing better at building a culture of innovation by focusing in these areas.

- Up to 24% of Innovation Champions stated that they recognise that they have pockets of successful innovation, but that innovation is not pervasive throughout the organisation and they are taking measures to address this – only around 8% of other companies recognised this.

- Innovation Champions are also looking for a more robust pipeline of big ideas to keep innovation flowing—up to 63% stated that they can execute well on the few good ideas but need a more robust pipeline of big ideas compared to only 37% of others.
**Strategy**

Successful innovators share a similar approach to **Innovation Strategy**. They aim for disruptive advances, rather than incremental improvements.

They build concentrated innovation functions, rather than dispersed teams which are highly connected. They also balance innovation between old and new and make sure innovation is quantifiable.

UK&I Champions display these characteristics of concentration and connection. It is also perhaps reflected in their keen awareness of how cities in the UK and Ireland support innovation.

Most UK&I companies are rating **London (up to 87%) as the most important city** in which to be based for innovation support—with Manchester, Edinburgh, Glasgow and Liverpool making up the top five.

However, UK&I Innovation Champions are fairly **city agnostic**. Rather than placing all their bets on London as a location for innovation, they tend to rate **several UK cities equally** in terms of their support for innovation (figure 8).

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**Figure 8 – UK&I Champions are rating a more diverse number of UK and Ireland cities for Innovation**

Many champions are diversifying their innovation locations in the UK&I

While UK&I companies generally associate innovation with London, champions recognise numerous cities across the UK and Ireland.
Innovation Champions reported five years of innovation-driven growth.

Architecture
The Innovation Architecture comprises the processes companies use to find ideas and bring them all the way to full-scale innovations. A well-designed innovation architecture specifies clear processes for moving innovation from ideation through R&D to mass-market commercialisation, employing a combination of internal and external innovation capabilities.

All the companies in the UK&I were at the same level. However, there were some areas where Champions did differentiate, even if the overall score between Champions and others was the same—notably on their approach to Venture Capital (VC) funding, which they see as a high priority and the ability to crowdsource ideas via platforms.

- Over 70% UK&I Innovation Champions rated having access to VC funding for innovation as a top or high priority compared to only 32% for others.
- Around 60% of UK&I Innovation Champions also rated being able to crowdsource ideas / innovation challenges (via both internal and external platforms) as very important (other companies’ ratings were lower, particularly on crowdsourcing using external platforms).
Innovation Champions build innovation into the fabric of their businesses by adopting practices that make them:

- **Asset-smart.** Innovation Champions adopt intelligent asset—and operations—management approaches to run businesses as efficiently as possible and free-up capacity for innovation. They use advanced tools to optimise asset utilisation and intelligent process automation, combining basic process redesign with artificial intelligence (AI) and robotic process automation. To accelerate innovation, they use corporate venture capital funds and in-house incubators.

- **Inclusive.** Innovation champions take an inclusive approach to innovation and governance, involving a broad range of stakeholders. This might involve, for example, working with ecosystem partners to develop a responsible supply chain or adopting blockchain to increase transparency. Inclusion could also include open platforms that allow third parties to make money (an app store, for example) or developing services that address customer needs for social interaction.

- **Hyper-relevant.** Innovation Champions strive to always be relevant by sensing and addressing customers’ changing needs. One way in which they stay hyper-relevant is by collaborating with customers during innovation to identify the highest potential ideas. These companies also use design thinking to create products and services that offer great customer experiences and employ data analytics to personalise customer interactions.
• **Talent-rich.** Innovation Champions create a new type of workforce—flexible, augmented, and adaptive—to gain a competitive advantage in fast-changing markets. And at no time has that been more important than during the response to the COVID-19 pandemic. Many champions combine permanent and temporary resources and use tools such as AI to offload routine tasks and give employees superhuman capabilities. Innovation Champions also invest in developing leadership capabilities to manage innovation and disruption, mix employees and contractors in a “liquid” workforce, and deploy talent in agile interdisciplinary teams to tackle problems and innovate.

• **Network-powered.** To bring the best innovations to their customers, champions strive to harness the power of a carefully managed ecosystem of partners. This might include investments in processes that facilitate the flow of ideas from outside the company or using digital technology to offer products “as a service.”

• **Technology-propelled.** Many Innovation Champions master leading-edge technologies that enable business innovation. Companies that are good at innovation are serious about the tools they use. This starts with ensuring that top leaders are advocates for adoption of new technologies. Top companies also make bigger investments in technology than peers and they build technology platforms for collaboration.

• **Data-driven.** Many Innovation Champions generate, share, and deploy data to support innovation. They use advanced analytics to discover insights and make recommendations—identifying places to cut costs, for example—and to anticipate future demand. They also use data to guide customer interactions and customise offerings.
Innovation Champions stand out

Innovation Champions differentiate themselves in all the seven innovation practices. They stand out most in their ability to continuously be more asset smart, inclusive and hyper relevant than other UK&I companies.

By adopting these practices, the average UK&I company can start to release trapped value and accelerate growth.

Highlighted here are the areas within each Innovation Practice where the Champions have outscored the rest and this is where the average company has the most work to do.

- There was a 10-point difference in nearly all the Innovation Practices except for the Data-Driven practice.
- The practice where the Champions are the most differentiated from the rest of the companies is in Asset Smart (20-point difference).
- They also stand out in the ability to be Inclusive and Hyper-Relevant (14 and 13-point difference respectively).

By adopting these practices, the average UK&I company can start to release trapped value and accelerate growth.
01. Asset Smart.

UK&I Innovation Champions have a laser-like focus on their assets and they have been proactively divesting under-performing assets over the past five years (up to 76%) and plan to keep doing so over the next five years (up to 86%).

They are also prioritising asset optimisation and over 70% plan to optimise asset positions (not being heavier than necessary classes of assets)—over the next five years.

02. Inclusive.

Over 60% of UK&I Innovation Champions also rated their ability to create platforms, which encourage consumers and suppliers to generate revenue from their product over the next five years as fundamental to their business.

UK&I Innovation Champions have focused on developing new services that better address customers' higher needs (for example autonomy, happiness, social connections, self-actualisation, inspiration, purpose) both over the last five years (up to 52%) and in the future (up to 57%).

03. Hyper-Relevant.

UK&I Innovation Champions prioritise their focus on the customer. Around 86% said that they would be collaborating with customers during the innovation process to identify the high potential commercial opportunities over the next five years.

Over 75% of UK&I Innovation Champions also stated that developing minimum viable products (products with just enough features to satisfy early customers, and to provide feedback for future development) was extremely important for their business.

Innovation Champions aim to grow the capabilities of senior leadership to oversee innovation-led change over the next five years—up to 90% of them stated this was important vs. 41% of others.

Champions would also harness small cross-disciplinary teams to work on innovation projects (up to 67% of Champions stated this was important over the next five years vs. 29% of others).

05. Network Powered.

Over 50% of Champions plan to leverage regional hubs of innovation over the next five years with complementary resources near to them vs. 16% of others.

A similar number plan to actively manage their external network using key processes and technologies vs. 18% of others.

06. Technology Propelled.

Over 80% of Champions plan to use Industry 4.0 technologies to improve performance (including advanced robotics, the Internet of Things, analytics) vs. 44% of others.

Champions will prioritise using the latest technologies with the objective of disrupting their existing industry (for example, disrupting cost-structures or their industry value chain) up to 85% stated they plan to prioritise this vs. 58% of others.

07. Data Driven.

Champions are using data-driven behavioural insights to influence customers. Up to 24% stated they had done this over the past five years (compared to 10% of others) while up to 71% stated they plan to do so over the next five years (vs. 53% of others).

Predicting customer demand using data analysis is also a high priority. 43% of Champions aim to predict their customers’ future demands by analysing multiple data sources vs. 26% of others.
CONCLUSION

While this research was carried out before the COVID-19 pandemic, the lessons learned to date from the disruption and volatility will have served to reinforce our findings. Innovation Champions’ capacity to address fast-changing environments is positioning them to deal effectively with the immediate impacts of the pandemic now. And it would also enable them to be better prepared for what comes next.

One of the key characteristics UK&I Champions display is an innovation mindset which is focused on driving value (to be an Innovation Champion, companies should earn higher revenues and profits from innovation). UK&I Champions are achieving this through Innovation by Design to build the capacity to innovate.

They are never complacent in the face of rapid technical and social change and are investing more to address volatility. By continuing to exhibit the qualities and behaviour that position them as leaders, UK and Ireland Champions are likely to have weathered the COVID-19 crisis better and emerge stronger from it.

They embed Innovation Practices into their everyday business and are responding faster by making their core business more efficient and divesting assets to release capital and capacity to build new businesses and services which drive revenues.

As they pivot their business to manage the disruption journey enabled by innovation, Champions are also maintaining a sharp focus on customer needs, which they address through early interactions with customer products and services. The COVID-19 crisis for example, is causing companies to change how they interact with and serve their customers based on rapidly changing customer practices. Accenture Research shows that the crisis is causing consumers to more seriously consider the health and environmental impacts of their shopping choices.

Finally, Innovation Champions have learnt to scale innovation fast. They use platforms, hubs and new ecosystems to make sure the investments they have made are grown into products and processes which drive new business value.

Are you sitting too comfortably?

Increasing disruption is threatening the status quo.
Up to 31% of Champions expect to be disrupted, compared to 23% of other companies. Many champions look to innovation to build resilience against market and industry disruptions and tend to be increasingly satisfied that innovation can help them overcome disruption. That, in turn, enables more confident decision-making. Many champions look beyond technology disruption to also address disruption arising from competitors and social/cultural change.

Innovation Champions plan to invest more in innovation over the next 12 months (33% compared to 21% of other companies). This better equips them to handle the evolving forces of disruption and helps them to stay ahead of the innovation maturity curve. They focus more on technologies such as blockchain, autonomous vehicles, machine learning and 3D printing than others.

They have a sharp focus on financials associated with innovation; they prioritise funding as the first step towards becoming a Champion, followed by other success strategies (up to 88% would prefer UK government support to come in the form of grants funding for technology adoption, compared to 70% of peers). Innovation Champions are less concerned about collaboration around regulation or support for skills development from the government. Also, Champions make corporate venture capital funding a priority to drive innovation.

Their innovation mindset means that have an all-embracing approach to innovation and see the potential of several UK cities for innovation – they are well networked and fairly “city agnostic”. Just 57% of Champions rate London as a UK city which supports innovation, for example, versus 87% of others. In this way, they are actively focused on building wider innovation ecosystems.
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 woman 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 business-as-usual 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 potential—or your 'moon shots'—into businesses at a faster pace).
Methodology

- Survey questions were created by the Accenture Research teams supported by Accenture UK Client Innovation Services Team.
- The survey was run through a panel provider, targeting C-Suite respondents screened in to answer questions regarding innovation.
- The survey was completed by 200 UK & Ireland respondents.
- Confidence level for the survey is 95%.

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<th>Level</th>
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<td>Chief Executive Officer</td>
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<tr>
<td>Chief Financial Officer</td>
<td>11%</td>
</tr>
<tr>
<td>Chief Innovation Officer</td>
<td>13%</td>
</tr>
<tr>
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<td>11%</td>
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<td>Chief Strategy Officer</td>
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<td>EVP (or direct report)</td>
<td>15%</td>
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<td>SP (or direct report)</td>
<td>17%</td>
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<tr>
<td>VP (or direct report)</td>
<td>19%</td>
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<table>
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<th>%</th>
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<td>$100 m $499 m (0.2995)</td>
<td>4%</td>
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<td>$500 m $999 m (0.7475)</td>
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<td>$1 bn or more (1)</td>
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<td>20%</td>
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<td>Resources</td>
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</tr>
</tbody>
</table>

TOTAL 100%

Source: UK&I Innovation Maturity Index 2020

About the Research

Winning in the Age of Disruption – Accenture UK and Ireland (UK&I) Innovation Maturity Index Report 2020
## Demographics

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>20%</td>
</tr>
<tr>
<td>Products</td>
<td>20%</td>
</tr>
<tr>
<td>Resources</td>
<td>20%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>20%</td>
</tr>
<tr>
<td>Public Service</td>
<td>15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>7%</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>11%</td>
</tr>
<tr>
<td>Chief Innovation Officer</td>
<td>13%</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>11%</td>
</tr>
<tr>
<td>Chief Strategy Officer</td>
<td>9%</td>
</tr>
<tr>
<td>EVP (or direct report)</td>
<td>15%</td>
</tr>
<tr>
<td>SP (or direct report)</td>
<td>17%</td>
</tr>
<tr>
<td>VP (or direct report)</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $100M (0.1)</td>
<td>4%</td>
</tr>
<tr>
<td>$100M - $499M (0.2995)</td>
<td>4%</td>
</tr>
<tr>
<td>$500M - $999M (0.7475)</td>
<td>48%</td>
</tr>
<tr>
<td>$1BN or more (1)</td>
<td>48%</td>
</tr>
</tbody>
</table>

Survey questions created by **Accenture Research Teams**
Supported by **Accenture UK Client Innovation Services Team**

Source: UK&I Innovation Maturity Index 2020
INDEX.
• The index is created by scoring important identified questions on a 0-5 scale.
• This is then calculated as a total and converted to a 0-100-point scale as a measure of innovation.
• The closer the score is to 100, the higher a company scores on innovation maturity.

INNOVATIONS CHAMPIONS SCORE.
• Champions are created using the innovation index score:
  – A company scoring 1 Standard Deviation (SD) above the mean is identified.
  – The company also needs to meet financial criteria to be classified as a Champion (revenue and profit realised from innovation in the past, and in the future).
• Champions are determined when a company is both 1 SD above the mean AND meets all four financial criteria.
1 Accenture: A survey of 200 C-suite executives from 11 industry across the UK and Ireland between June and August 2019. The survey objective was to learn how large companies are prepared to respond to disruptive change, both in terms of improving their innovation capabilities to unlock trapped value and their efforts to use digital technology to transform legacy business and build new businesses. Respondents included Chief Executive Officers, Chief Financial Officers, Chief Innovation Officers, Chief Operating Officers, Chief Strategy Officers and other leaders in equivalent roles, or direct reports to these positions. The sample is balanced between large, medium, and small companies. Accenture Research has developed a unique methodology to use the survey to measure which companies rate higher on innovation measures than others.

2 Accenture: Disruptability Index 2.0. Accenture – UK companies only (Ireland was not included in this analysis) Percentages denote proportion of companies in given year that are in an industry that falls into the quadrant based on the given year’s weighted averages for Susceptibility and Current Level of Disruption


8 “The British are coming — for the rocket-launching industry”, CNBC, April 21st, 2018, ©2019 CNBC LLC, via Factiva


10 Copernicus is the new name for the Global Monitoring for Environment and Security programme, previously known as GMES. This initiative is headed by the European Commission (EC) in partnership with the European Space Agency (ESA). ESA coordinates the delivery of data from upwards of 30 satellites. UK-based businesses, academics and researchers will not be able to bid for future Copernicus contracts tendered through the EU, or through any other process using EU procurement rules, such as EUMETSAT but they will still able to bid for contracts though their ESA membership


ABOUT THE AUTHORS

Arabel Bailey
Arabel joined Accenture in 1991 after graduating from Manchester University. Since being promoted to managing director, Arabel has held a number of leadership positions in Accenture Technology and Accenture’s mobility business and more recently as the lead for Accenture Digital in the UK and Ireland.

Named as one of the top 50 “Power Part Timers” by Timewise, Arabel champions inclusion and diversity in the workplace and flexible working. She has also been recognised by Green Park as one of the top 25 women redefining the workplace and twice short-listed for “Digital Leader of the Year” at the Women in IT Awards.

Julie Adams
Julie Adams leads Accenture’s Energy Research team globally and is based in London in the UK. She has had a long career in Research, Industry and Consulting, working to help Accenture and its clients understand rapidly changing business environments and the impact of key trends in areas such as technology, digital and innovation on their business.

Prior to joining Accenture, Julie worked as a commercial negotiator for the major oil company ENI. She also has extensive strategy consulting experience, gained as an energy consultant with Arthur D. Little Ltd where she worked on a variety of consulting projects all over the world.

Sheena Sudra
Within Accenture’s Client Innovation Services Team, Sheena supports clients across industries to generate break-through ideas and leverage design thinking, rapid prototyping and co-creation to drive business growth.

Her aim is to work with client executive teams to imbed innovation into the DNA of their respective organisations, unlocking potential for new business models, products, services, markets and skills that will transform their businesses for future success.
About Accenture

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched experience and specialized capabilities across more than 40 industries — powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. With 506,000 people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises.

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About Accenture Research

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 300 researchers and analysts spans 20 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 Harvard—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients.

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