



What's the Big Idea?

Why most innovations fail to scale and what
to do about it





“What happens when the project succeeds, and the new product or service is launched? If a new idea is to have impact – commercially or socially – then it needs to move to scale. People have to adopt it in large numbers, the ideas need to spread, and the concepts diffuse. And it’s here, on the journey to scale, that we find a number of roadblocks, potholes, and other obstacles to long-term innovation success.”

Dr. John Bessant

Professor and chair in innovation and entrepreneurship at the University of Exeter¹

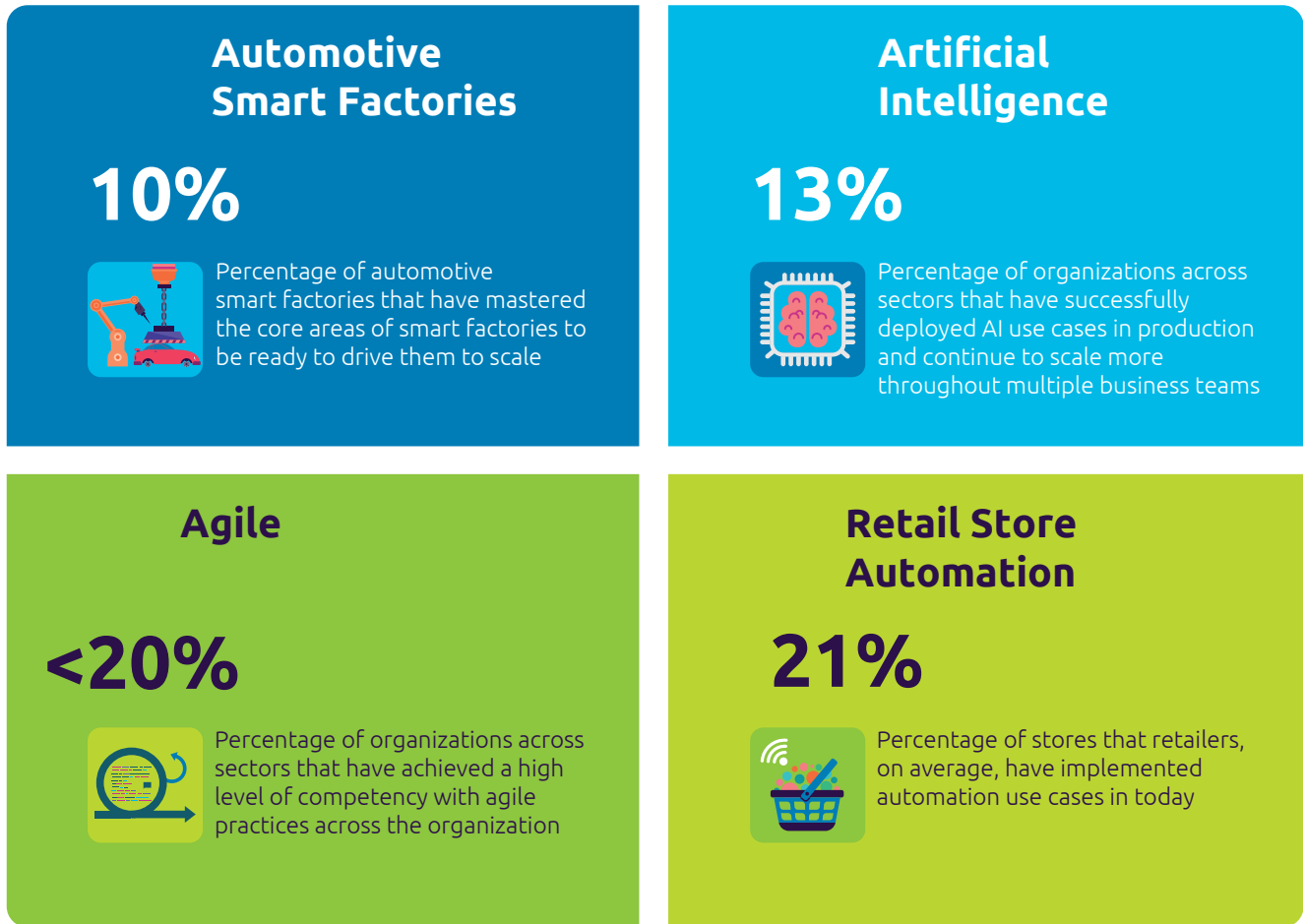
Introduction

In a disrupted, fast-changing world, organizations are betting big on innovation:

- With startups powering many innovations – including technology innovations – around \$295 billion was invested in nearly 32,800 venture capital deals worldwide in 2019. This is more than any prior year and a significant increase from 2010’s \$48 billion.²
- Innovators around the globe filed 3.3 million patent applications in 2018, up 5% from the previous year, and a continuation of nine straight years of increases.³
- The pandemic has also reinforced the need for innovation and renewal. In our recent research into the post-COVID new normal, 68% of executives say that they have already accelerated or will accelerate existing transformation initiatives.⁴

Organizations clearly understand the criticality of innovation to meeting new customer needs, driving new levels of operational performance, and building long-term value and growth. However, these ambitions tend to run into a major obstacle: the difficulty of achieving scale with innovations in processes, products, or services. In many of our research surveys, achieving scale⁵ is often cited as the number one barrier to realizing commercial goals. And, this challenge is not specific to one sector or one technology. As Figure 1 shows, the organizations that have achieved scale in areas such as smart factories, artificial intelligence, agile, or automation tend to be a small minority.

Figure 1. Organizations are challenged with low rates of scaled implementation across technologies and sectors



Source: Capgemini Research Institute, “How automotive organizations can maximize the smart factory potential,” February 2020; “Smart stores: Rebooting the retail store through in-store automation,” January 2020; “Agile at scale: Four ways to gain enterprise-wide agility,” November 2019; “The AI-powered enterprise: Unlocking the potential of AI at scale,” June 2020.

Organizations invest millions in in-house R&D, set up dedicated customer-centric innovation centers, and forge partnerships with external organizations to ideate and bring to life proofs of concept and prototypes. However, as we discuss in this report, not many organizations today make achieving scale a part of their strategic plan. They are adept at generating new innovations and incubating them, but many struggle to actually transition them to projects at scale. That is largely because scaling is just hard to do and is not taught, as John Bessant – professor and chair in innovation and entrepreneurship at Exeter University – believes. “It’s

quite hard to scale innovation,” he says. “Scaling is all about other people – trying to put yourself in their shoes, understanding how they might perceive the innovation, how they might perceive the innovator. These areas are much harder to shift and they are not amenable to a simple sales push – instead, they require subtle marketing. Also, we don’t teach scaling enough. Within business schools, what we teach about innovation is very front-end loaded. There is not even much academic literature written about scaling innovation compared to generating innovation.”

This means many organizations are not winning big from their big innovation bets. The impact and value of innovation

is only fully realized through scaling and adoption not from ideation or experimentation. Companies that scale and adopt innovation with speed create the desired business impact, achieve accelerated business performance, and gain sustained competitive advantage. For example, Colgate-Palmolive has implemented scaled AI-based innovation to leverage its database of over 80,000 oral care formulas, combined with the recent market trends, to drastically reduce the time to develop and market a new formulation. Using predictive analytics, the company reduced the number of experimental recipes from 896 to 23 and cut time to market a new toothpaste from several years to six months. This has helped Colgate-Palmolive achieve major cost savings and gain competitive advantage in a crowded market.⁶

To understand what works when scaling innovation, we conducted in-depth interviews with over 40 executives from multinational organizations around the world that have achieved scale. We also spoke to eminent academics across the world who focus on innovation in their research and teaching. Executives we spoke to came from various sectors, including automotive, banking, insurance, consumer

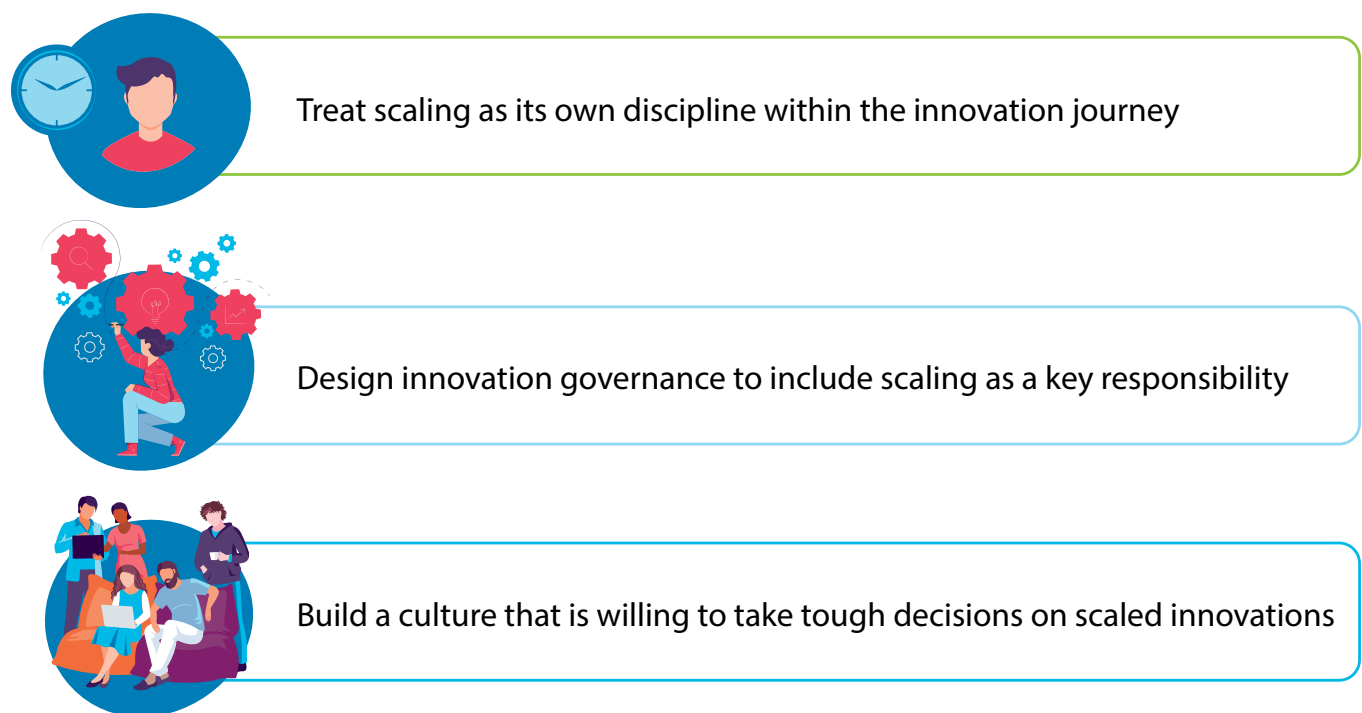
products, insurance, manufacturing, life sciences, retail, technology, telecom, and utilities. Together, they represent combined revenues of over \$1.7 trillion. Most executives we interviewed work within the innovation function, either within innovation centers or labs or within innovation-focused roles within business units. A small share of executives sit within the organization's venture or internal startup business.

In this report, we draw on the insights shared by the interviewed executives and academics, research on innovation best practices, and our own experience working with a range of clients in scaling innovation.

We offer three recommendations for successfully scaling innovation (see Figure 2):

1. Treat scaling as its own discipline within the innovation journey.
2. Design innovation governance to include scaling as a key responsibility.
3. Build a culture that is willing to take tough decisions on scaled innovations.

Figure 2. Three actions points for how organizations can successfully scale innovation



Source: Capgemini Research Institute and Capgemini Technology, Innovation and Ventures analysis.

Treat scaling as its own discipline within the innovation journey

Innovating – and successfully scaling innovation – are two different ballgames. They often require a different set of skills and practices. However, very few companies explicitly differentiate between the front end of *generating* innovation and the back end of *scaling* innovation. They do not think of scaling in its own right – a discipline that is quite distinct in its purpose, requirements, and challenges. Although scaling occurs downstream in the innovation journey, its consideration – and assessment and planning – need to begin much earlier in the process. If ideas and experiments are not informed and challenged by adoption and scaling requirements, they run the risk of misplaced time and investment.

Scaling should be treated as its own discipline within the innovation journey because it is different from innovation generation:

- *It has its own set of challenges.* Because scaling sits within the business or product teams that deliver, versus the labs or innovation centers where ideas are generated and tested, it is more susceptible to changing market conditions or shifts in consumer demand. For example, teams responsible for scaling globally must also consider how to adapt the innovation to meet local or regional needs.
- *It requires a different mindset, knowledge base, and set of skills.* The mindset and priority skills required for ideation and incubation are different from those required for scaling. For example, emotional intelligence, empathy, and being motivated by thinking abstractly are more important for ideation, while facilitation, collaboration, and being motivated by taking action are critical for scaling.
- *It requires a different pace and timing.* For example, many innovations, particularly transformative, require a longer-time horizon for generation and a quicker speed to implement to react to changing market conditions and consumer demand.

A common scaling challenge is that organizations lack teams within the business that can operate and run an innovation beyond proof of concept. To address this challenge – and the unique needs of generating and scaling innovation – one retailer split its innovation lab into two distinct teams. On the one hand, it has a team that focuses on high-impact, “blue sky” concepts and projects and reports directly to the CEO. On the other, it has an in-store team that focuses on scaling and running in-store innovations and which reports to the head of retail stores.⁷

To recognize these distinct requirements and treat scaling as its own discipline within the innovation journey, organizations can draw on the following recommendations (see Figure 3):

- **Set up specialized roles dedicated to scaling within the business to ease and accelerate wider business adoption.** Traditionally, most innovation teams comprise employees that are laser-focused on generating innovation. By working closely with startups, academics, and the wider innovation community, most of them have developed strong capabilities in the generation part of the innovation journey, which includes both ideation and

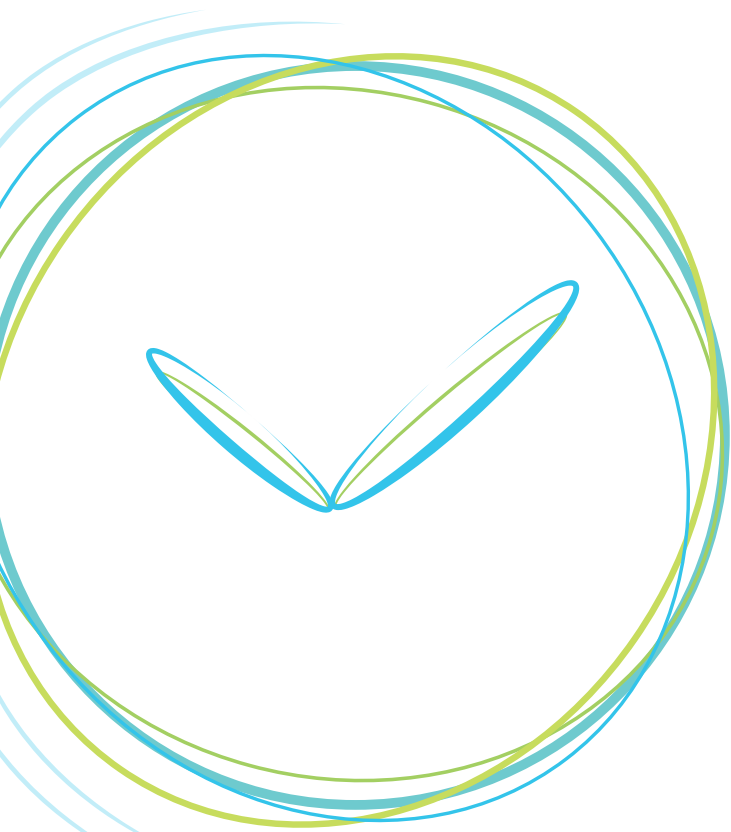


Figure 3. Four recommendations for organizations to treat scaling as its own discipline within the innovation journey



Source: Capgemini Research Institute and Capgemini Technology, Innovation and Ventures analysis.

incubation. However, when it comes to scaling those bright ideas, an intermediate scaling function – one that sits separately from the idea generation unit and is housed within the business function – is a huge help. To maintain a focus on scaling, specialized resources should be allocated to own scaling responsibilities within the business function. Although specialized in scaling, this scaling team works collaboratively with innovation-generators and the business to prepare the ground for scaling selected innovations. When an innovation is adequately incubated, they scale it to a certain point before transferring it to the operations team within the business function. Some companies have already started experimenting with this approach, even if they do not explicitly differentiate these functions. An innovation executive at a global provider of financial market data and infrastructure told us: *“We have innovation-generating teams in various locations that are self-contained and cross-functional. They sometimes look to engage with clients directly or with other parts of the business to develop iterative functional prototypes, and sometimes collaborate with the business or product teams who take these ideas to scale. Since scaling involves many stakeholders across the business – including strategy and sales in the commercial domain, legal, marketing, data operations, technology, and other support teams – you sometimes have to completely separate scaling from generating and business functions in order to reduce complexity.”*

It is important that companies clearly distinguish the objectives of the generating function the specialized scaling teams, and the business function. The generating function ideates and incubates innovation, while the scaling team scales it rapidly within new or existing markets, and the business function operationalizes the innovation and drives longer-term growth. A clear definition of objectives and responsibilities – and even separate resources with their own budget – allows

innovations to be handed over from one function to the other when the time is right. Any challenge due to overlapping responsibilities will be alleviated and each function will have a clear understanding of its specific role in the innovation journey. This will ease and accelerate wider business adoption as well as place teams in the right places and ensure accountability for each stage of the journey.

- **Cross-train teams across scaling and generating functions.** An aptitude for innovation requires distinct cognitive and behavioral skills, and there are skills that are required of both generating and scaling functions. The soft skills and attributes that are equally important to both groups include openness, persistence, persuasiveness, conflict resolution, teamwork, curiosity, and communication, among others.⁸

Although the important innovation skills such as communication, strategic thinking, leadership, and creative problem-solving are fairly similar through the innovation journey, there are differences in the technical and operational skills required across functions.⁹ Scaling and growing innovation require leaders and employees who are more “implementers” than “conceptualizers,” who are entrepreneurial and business builders, and who anchor their approach on market demand and customer needs. The head of an innovation lab at an American healthcare company believes there are certain skills that are specific to different parts of the innovation process and acknowledges there is a need to cross-train teams across ideation, incubating, and scaling, so that effective collaboration is fostered and each function understands the thought process behind the actions of the other. This will ensure each function helps one another achieve their goals, including scaling and adoption. She believes the

skills and behaviors that are critical for each innovation team member to have include:

- For generating: a high level of emotional intelligence, empathy, an understanding of behavioral science, and having a business case mindset that understands how the innovation will appeal to both the customer and the market
- For scaling: having an operator mindset, being effective at working cross functionally and with partners, and also understanding technical requirements.¹⁰

- **Place innovation generators into the scaling function to build awareness of future challenges.** By temporarily assigning employees tasked with innovation generation to the scaling function, organizations can ensure that they understand the challenges of scaling. Both scaling and generating teams should also be involved in designing each team's key milestones and understand the activities required to achieve those milestones. Given scaling is often not a linear process, placing innovation generators into the scaling function allows both teams to "test-and-learn" in which proofs of concept and prototypes are seamlessly moved back and forth in order to iterate, pivot, or introduce tweaks and changes that will enhance scalability. Exeter University's John Bessant emphasizes the need to acknowledge the different skill sets and to also move people around temporarily. *"Companies need to find ways to bridge the innate resistance stemming from the gap between the teams doing exciting stuff in the lab and the 'rest of us,"* he explains. *"One of the best ways is to move people around. For example, second people into the front-end innovation team, or plant innovators inside the product or business lines to explore the scaling question when a pilot or prototype is ready."*

For Philip Clayson, a chief information officer who led the transformation of the IT function at SSE Energy Services – a unit that was divested to fellow British energy company Ovo Energy last year¹¹ – exposing employees to both idea generation and scaling is critical. *"We work on innovation with dedicated teams and these teams rotate across ideation*

and scaling roles," he says. *"We focus recruitment on talent who are going to push the envelope when it comes to ideating and scaling innovation and are also passionate and technically capable. The same sets of employees rotate through our innovation process."*

- **Make viability and feasibility analyses integral aspects of the innovation journey.** Innovation generation tends to focus on what is desirable, beginning with trying to solve an unmet or unstated customer need. It rarely focuses on the two aspects that are more relevant for a large-scale business – viability and feasibility. Feasibility gauges if an innovation is technologically and functionally possible for a business to execute, while viability assesses whether or not a sustainable business can be built out of the innovation.¹² As echoed by our interviewees, the vision of scaling needs to be introduced at the beginning of the innovation journey, through close collaboration between the generating and scaling functions. By treating scaling innovation as a separate discipline, organizations can ensure that they bring in teams or individuals that are more focused on the viability and feasibility of innovation right from the start of the ideation phase. Choosing appropriate scaling metrics – such as revenue generation, cost savings, efficiency improvement, net promoter score, among others – to measure success of scaling is key towards understanding feasibility and viability. Hence, by ensuring each innovation is tied to a scaling vision right from the start, organizations can ensure that their innovations do not fall in the desirability versus viability-feasibility chasm.¹³ Importantly, the generating and scaling functions should find the right balance of the three aspects so that an early focus on feasibility and viability does not stifle innovation generation.

Design thinking – an iterative approach to solving problems that puts the user at the heart of product or service design¹⁴ – can bring desirability, viability, and feasibility into alignment.¹⁵ Lululemon – the active-wear company – combines design thinking and science (including a "sensory immersion lab") to measure a customer's unique pattern of movement when developing gym and other active wear. Its Whitespace innovation lab in Vancouver then uses advanced technology to develop feasible, innovative products while ensuring the idea is underpinned by a viable business model.¹⁶





Innovation in Action at Nokia Bell Labs: An interview with Domhnaill HERNON, vice president of innovation and creativity

The Capgemini Research Institute spoke with Domhnaill HERNON, vice president of innovation and creativity at Nokia Bell Labs, the industrial research arm of Nokia, the Finnish telecommunications company, to explore how the team at Bell Labs helps drive innovations to scale.

Q: How do you ensure Nokia Bell Labs is helping to drive success at scale?

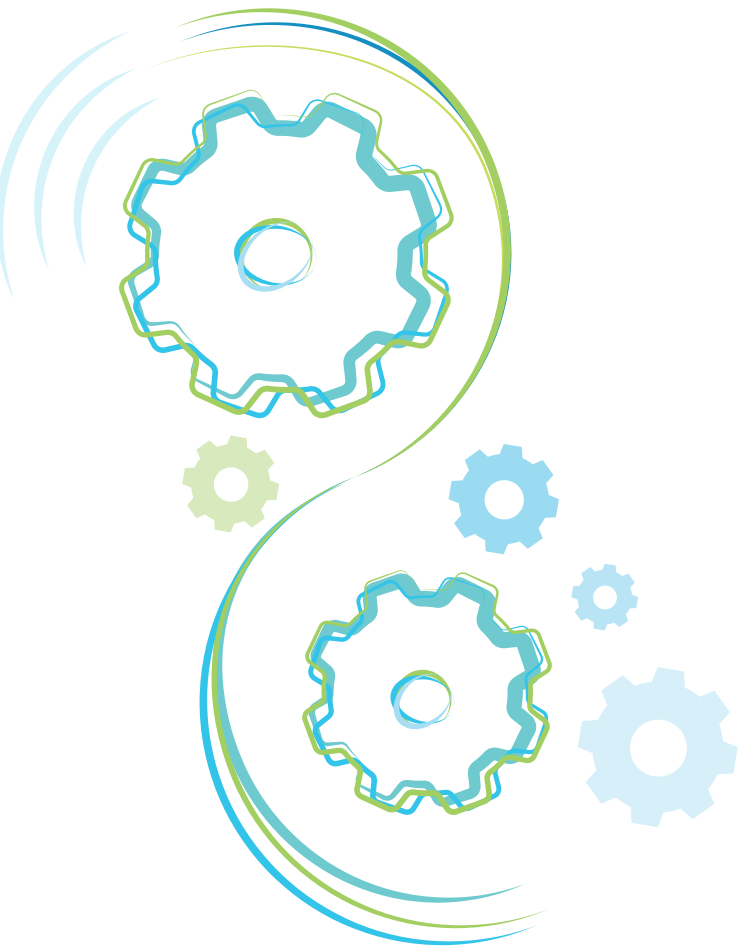
"As the research arm of Nokia, we're not responsible for revenue generation. Instead, it's about creating successful proofs of concept and prototypes and trialing them with customers in the field in a real-life scenario. Revenue generation falls under the responsibility of the product lines – we are responsible for giving them the assets and technology and then they can use their sales, marketing, and customer expertise to bring them to market. Some parts of Nokia Bell Labs have been working hand in hand with the business lines for 20+ years and have delivered differentiated or disruptive technology that have scaled and created billions in value. We have close relationships with our business lines, involve them from the beginning, and have a very purposeful knowledge transfer process."

Q: How do you de-risk innovation to ensure it scales successfully? ?

"Taking a portfolio approach to projects over different time horizons is critically important in innovation. Think about personal investments in stocks and bonds and real estate – good financial planners advise a portfolio approach to their investments. This is because they know that some investments might give quicker returns and some might take a longer time period. But this sensible investment strategy has, for some reason, never fully carried over into investment in innovation initiatives at large companies. So, unfortunately, many expect returns way too soon. They don't invest enough. They don't have a portfolio of risk and a portfolio of investments across different time horizons. They often put all their eggs in one or two baskets.

To do innovation, we know it takes serious investment and lots of time. And even then, for various reasons, you might still not be successful. Over the last 10 years at Nokia Bell Labs, we probably had five technologies that have really transformed our business and/or generated billions of revenue, but in those 10 years, we might have worked on 1,000 different projects."

Source: Capgemini Research Institute interview with Nokia Bell Labs, July 2020.



“In today’s digital age, organizations – including HP – are becoming flatter and more collaborative. An inclusive leadership style and governance are increasingly important for innovation to thrive and scale. Leaders need to adopt this new management style and philosophy to scale innovation.”

Mei Jiang

Head of digital innovation and business transformation and chief of strategy and operations at Hewlett-Packard

Design innovation governance to include scaling as a key responsibility

Innovation governance and executive sponsorship are major contributors to successfully achieving scale in innovation. To get scaling right, innovation governance also requires a very clear definition of objectives and desired results for the innovation. According to Jean-Phillippe Deschamps, professor emeritus of technology and innovation management at IMD Business School, *“Innovation governance can be thought of as a system of mechanisms to align goals, allocate resources, and assign decision-making authority for innovation, across the company and with external parties.”*¹⁷ Scale must be a key part of innovation governance, but it is important for organizations to not overlook the other parts of the governance structure critical for generating

innovation. Else they might run the risk of hampering difficult ideas and becoming too risk averse.

An innovation governance model that includes a senior leader as sponsor – one who champions innovation – is vital to achieving scale. At Lululemon, the chief science officer and head of Lululemon’s R&D-led innovation lab, reports directly to the CEO. The CEO, in turn, sets the tone for the company and encourages business lines to support the generating and own the scaling elements of the innovation journey.¹⁸ This sort of governance model is key if organizations want to be flexible and agile in how they make decisions when scaling innovation. To focus on scale through innovation governance, companies can draw from the following recommendations (see Figure 4):

Figure 4. Three recommendations for organizations to design innovation governance to include scaling as a key responsibility



Source: Capgemini Research Institute and Capgemini Technology, Innovation and Ventures analysis.

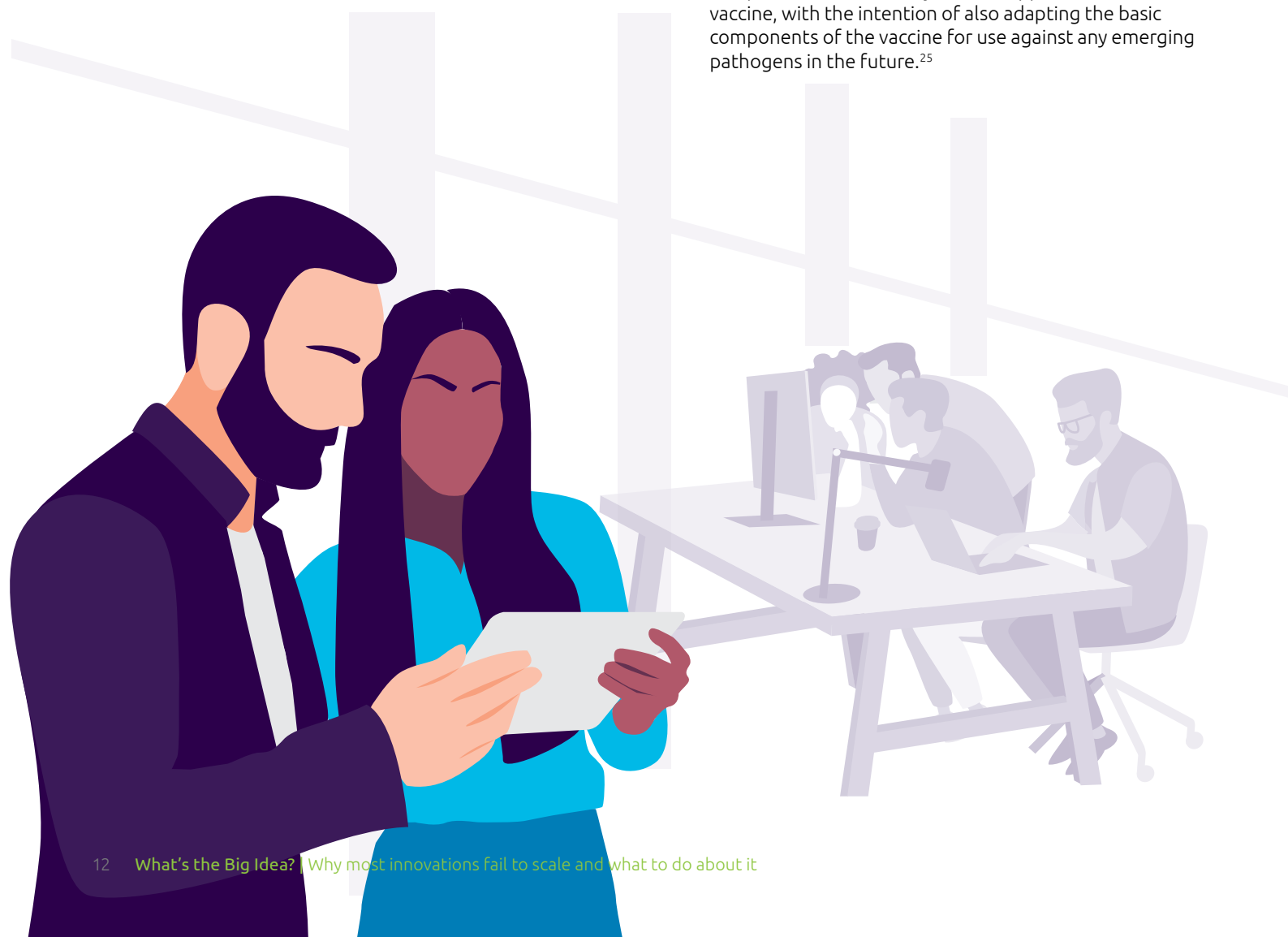
- **Give more ownership to business lines for scaling innovation.** For some companies, the innovation governance structure will be weighted towards centralization. Decision-making lies with executive sponsors of the project or is restricted to a limited few at the top of the corporate hierarchy. However, Courtney Bott, director of innovation at Medline Industries, an American manufacturer and distributor of medical supplies, believes that achieving scale means giving more autonomy and ownership to business units. This means they decide what innovations to scale and it also helps sustain a decentralized culture of innovation throughout the company. *“We have an incredibly entrepreneurial, flat culture and each of our business units has a tremendous amount of autonomy,”* she explains. *“Often, they are the decision makers on what innovations they want to move forward. They are in the best position to assess projects across diverse areas like manufacturability, clinical, sales, and market access. It is really important for us to have an internal champion and entrepreneur who says, ‘we are going to scale this and make it a business’ and who takes it from an idea to scaled execution.”* Achieving scale needs the involvement of pre-sales, sales, and business development personnel, among others, and more ownership and control should be given to them in the pursuit of the scaling KPIs.
- **Consider implementing a corporate venture builder model.** Rather than focusing only on innovation centers to seed new ideas and business units to implement and scale them, organizations can consider implementing an in-house venture builder approach. A venture builder model is close to that of a venture capital firm – it funds ventures, builds a portfolio, and looks for successful exits; however it is much more involved in the operations of its ventures than a traditional venture capital firm.¹⁹ This approach focuses on building entirely new innovative businesses either using an organization’s networks and internal resources and funding, or hiring a new founding team that aligns well with the venture’s success metrics. Since the founding team is incentivized to create a new business rather than proofs of concept for the business units, the innovation will have a better chance of success at scale. One prominent venture builder is Obvious Corp., which spun off Twitter and Medium, the online publishing platform.²⁰ JCS Venture Lab is a corporate venture builder of JCS Group, a deep tech company based in Singapore, which incubates and scales deep tech ventures and exits once they are scaled up and transferred to the Group.²¹

- Learn from accelerated scaling approaches driven by the COVID-19 pandemic.** The COVID-19 pandemic has accelerated innovation in a range of sectors. It has forced companies to improvise and take a fresh look at how they approach innovating at scale. Lululemon's Tom Waller, senior vice president of advanced innovation and chief science officer, says: *"The future is happening now. The pandemic has been a massive catalyst to our ability to innovate, and I have been really proud of the company because we haven't just pressed pause. Instead we have been quite bold; we are taking some pretty big bets and accelerating some innovations while remaining agile to play with our portfolio. We are focused on innovations to make sure that our guests can still have a relationship with Lululemon even when our physical stores are closed. For example, we acquired Mirror, a home-fitness start-up to help us accomplish this goal."* According to an innovation executive at a chemical and consumer goods firm, COVID-19 has changed the scaling dynamics already. Developing a more robust approach for digital targeting of customers was always on its agenda, but COVID-19 accelerated efforts by nearly two years and allowed the company to learn more about their customers. They used these insights to drive speed in scaling

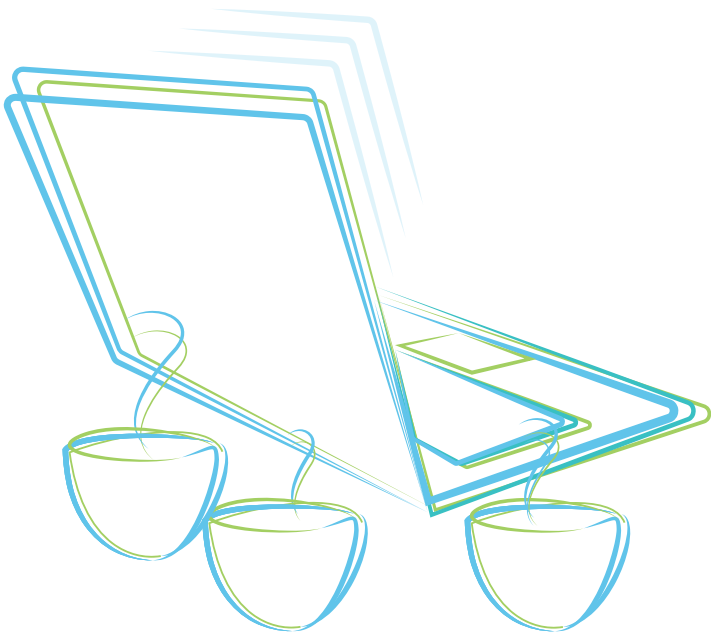
consumer-focused innovations.²²

Companies should build on this momentum to understand how they can overcome some of the traditional governance challenges that stand in the way of scale, such as bringing your best talent to focus on the issue or overcoming bureaucratic hurdles or organizational silos. While organizations and employees work differently in times of crisis, efforts can be made post-COVID-19 to continue to tackle bureaucracy, streamline processes, restructure workforce, increase strategic risk tolerance, break down silos, and empower front-line leaders. For example:

- Pharmaceutical companies have been able to launch vaccine trials in a matter of weeks or months rather than years by advocating that regulatory bodies reduce red tape and expedite the approval and validation processes for trials, suggesting accelerated drug development cycles is a possibility post-COVID-19.²³
- Various life sciences companies have deployed collaborative research platforms that accelerate the scaling journey.²⁴ The Norwegian Coalition for Epidemic Preparedness Innovations (CEPI) has funded multiple innovations from biotech firms, pharmaceutical companies, and university labs to support a COVID-19 vaccine, with the intention of also adapting the basic components of the vaccine for use against any emerging pathogens in the future.²⁵



Build a culture that is willing to take tough decisions on scaled innovations



Culture matters way more than strategy. If you give me the choice between radically improving a company's innovation strategy, versus radically improving a company's innovation culture, I will take the latter four out of five times. Organizations that have strategies for scaling innovation may end up blowing themselves up, if they don't have the cultural readiness for it."

Michael Schrage

Research fellow with MIT Sloan School's Initiative on the Digital Economy

An organization-wide culture of innovation is important not only for ideating and testing new ideas but also for successfully scaling them within existing or new markets. The significance of cultural barriers in achieving scale was reinforced in our recent research on the use of agile approaches in organizations. In the high-achieving agile organizations we found in our research, 82% said that culture and mindset are the biggest obstacles to scaling agile.²⁶ Some of the key components of an innovation culture that supports scale include a culture of learning, the willingness to kill or ramp back scaled initiatives, and an unrelenting market focus (see Figure 5):

- **Promote a “learning” culture while scaling.** Innovative experiments do not always succeed, and a key component of an innovation culture is the ability to take risks, accept failure and learn from it. Jaya Pillai, vice president of logistics at Schneider Electric, a European multinational energy company, says: *“An entrepreneurial spirit – and the ability to embrace failure and foster curiosity in employees – are part of the set of innovation behaviors that you need to instill in your culture if you want to fully embrace innovation and scale.”* The idea of “failing fast” is often discussed and encouraged when generating innovation but it is just as important in scaling. Companies cannot take every idea

Figure 5. Three recommendations for organizations to build a culture that is willing to take tough decisions on scaled innovations



Source: Capgemini Research Institute and Capgemini Technology, Innovation and Ventures analysis.

to scale and it is critical therefore that they understand when to accept failure at different stages of the innovation journey. Companies even celebrate innovation efforts that initially fail to scale, with the aim of emphasizing how experimentation and learning are core to their culture and to overcome the innate fear that successful people in the corporate sphere have of “failing.” Ali Akbar, Coca Cola’s director of sparkling beverages for the Middle East and North Africa, received the “celebrate failure” award for efforts to introduce Sprite3G, an energy drink, in Pakistan. The team took what they learned from that effort to eventually launch a successful product.²⁷

- **Kill or scale back successful innovation when necessary.** Depending on changing business priorities, market forces, or consumer demands, companies should actively consider killing or scaling back innovative projects that have been scaled up successfully. It is also critical to be able to cull poor-performing innovations and projects on downward performance trajectories, even if they initially enjoyed success at scale for a few years. This is important to create scope for companies to invest in generating and scaling newer innovation. Organizations also need to ensure that they have a clear innovation strategy in place that will help assess which innovations to prioritize and which to shelve. Companies may also assign scaling metrics – which will act as filtering and evaluating measures to determine if the innovation should further be pursued and scaled. With today’s rapid shifts in technology, and the shortening of product and service life-cycles, companies need the flexibility to let go of existing projects, pivot quickly, and divert investment to scaling newer innovation.

An innovation executive in the retail sector told us: *“Maybe the reality is that nothing actually sticks forever? At some point, consumer sentiment shifts, or technology evolves. You have to be able to know what to kill and when. I think a lot of innovators aren’t good at that. If something doesn’t stick in the ideation or trial phase, it’s a little easier to kill it. But if something’s successful for a year or two at scale and eventually starts waning, that’s much harder. You should be able to kill that as well, so that you have room to scale other innovations.”*



“Maybe the reality is that nothing actually sticks forever?... You have to be able to know what to kill and when.”

Retail innovation executive

- **Introduce flexibility when scaling innovation to respond to changing market conditions.** Organizations need to build agility into their culture and ways of working to be able to quickly reassess their priorities, and focus budgets and resources to activities that require immediate attention while also planning for the longer term. This flexibility is particularly important in a time of crisis. An innovation executive from a chemical and consumer goods company, talks about how it is important for innovation leaders to be aware of shifting market conditions.

"Innovation or an innovative culture is about understanding the environment, the trends, and having the ability to extrapolate what is happening now into what is going to happen tomorrow," he says. "The second part is transforming this understanding of the user, the environment, and the trends into a value proposition, and doing so as quickly as the

changing market conditions demand. Now, we simply have to be quicker and more agile during these times and shift funding to the current priorities."

For example, Netflix not only withstood the dot-com bubble but has pivoted twice based on changing market demands through scaling. First, it innovated and shifted from mail-in DVDs to streaming services in 2007, and second, scaled streaming services by introducing original content in 2013. These actions coincided with increased global internet penetration and an increased subscriber base for over-the-top media platforms such as Netflix.²⁸





Innovation in Action at Anheuser-Busch InBev: An interview with Luiz Gondim, global vice president, innovation

The Caggemini Research Institute spoke with Luiz Gondim, global vice president, innovation at Anheuser-Busch InBev (AB InBev), a Belgian-Brazilian multinational drink and brewing company, to explore how the company takes innovation to scale.

Q: How do you ensure your KPIs for driving scale connect with AB InBev's focus on customer centricity?

"The KPIs around achieving scale are set at the beginning of the innovation process. And a majority of the scaling KPIs are based on the key pain points of our B2B retail customers, such as restaurants, pubs, hotels. The pain points pertain to customer cash flow, customer inventory, and customer assortment, among others. Our scaling KPIs are directly related to our business KPIs. For example, if the business KPI is increase in net revenue, the corresponding scaling KPIs would include increase in purchase and increase in cash flow of our B2B customers. It is always a win-win for everyone if solving the customer pain point leads to a company achieving its scaling and business KPIs, and that is exactly what AB InBev targets. It is also very important for the company to begin measuring its KPIs from the beginning of the innovation journey and well into the scaling phase. This is how AB InBev introduces customer-centric scaling in the process."

Q: What are the organizational success factors that have enabled AB InBev to scale innovation?

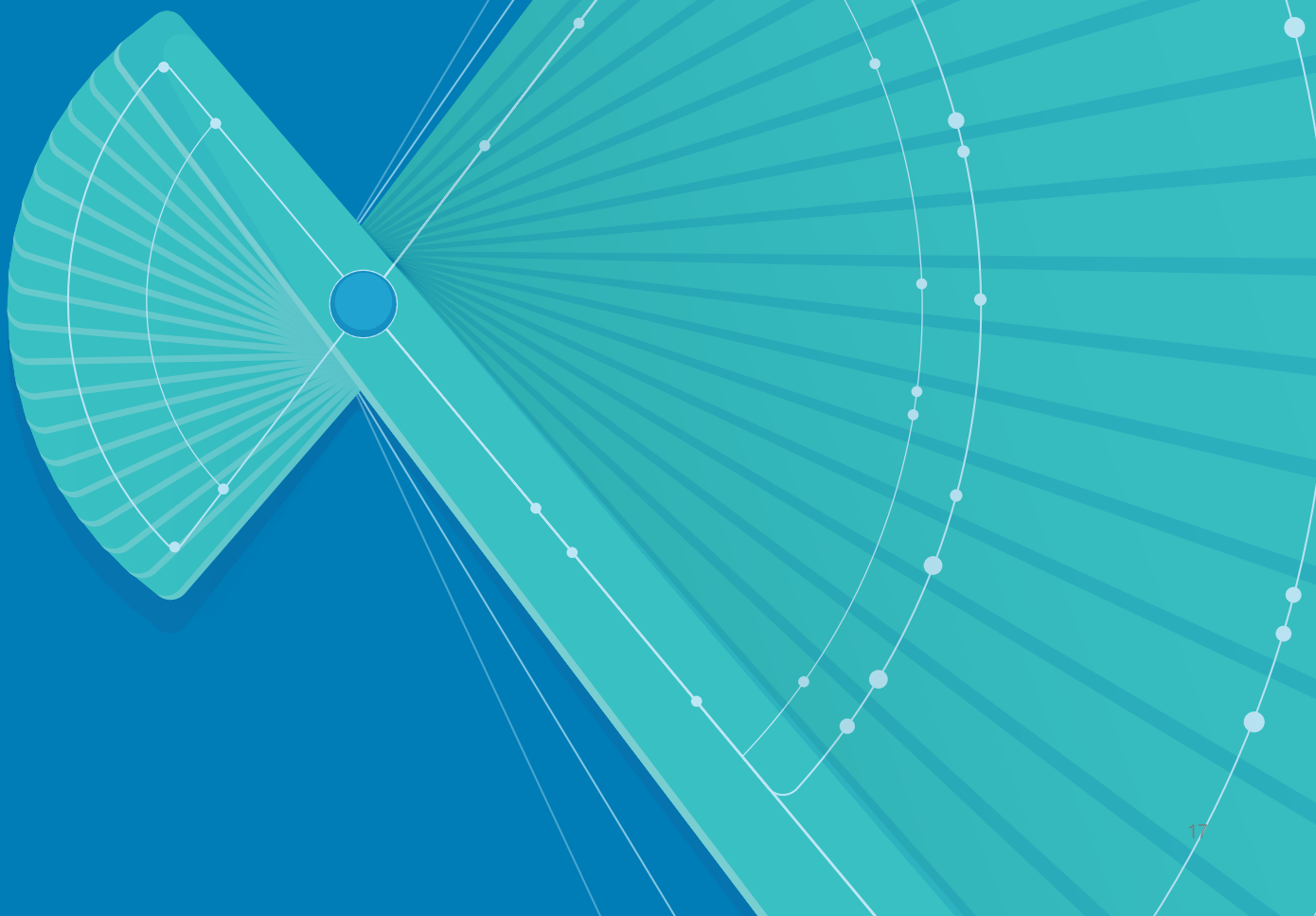
"The sheer global presence of AB InBev definitely helps it scale its innovative products to multiple markets and geographies. We leverage the knowledge gathered from our presence in one market to learn and adapt in the others. For example, when COVID-19 first hit China, we quickly learned through our operations there how it could affect our other markets and prepared ourselves accordingly. An agile test-and learn-approach is what we follow in cases like that and it helps bring repeatability in scaling, especially in time of crisis. Also, customer centricity plays a major role in the speed with which we are able to scale our products.

As most companies are in today's world, we are also now essentially a technology company. But instead of leading with technology – such as projecting emerging technology like blockchain as a panacea – we focus on the customer or market problems at hand. We then let technology be an enabler in the solution development and scaling of those solutions."

Source: Caggemini Research Institute interview with AB InBev, June 2020.

Conclusion

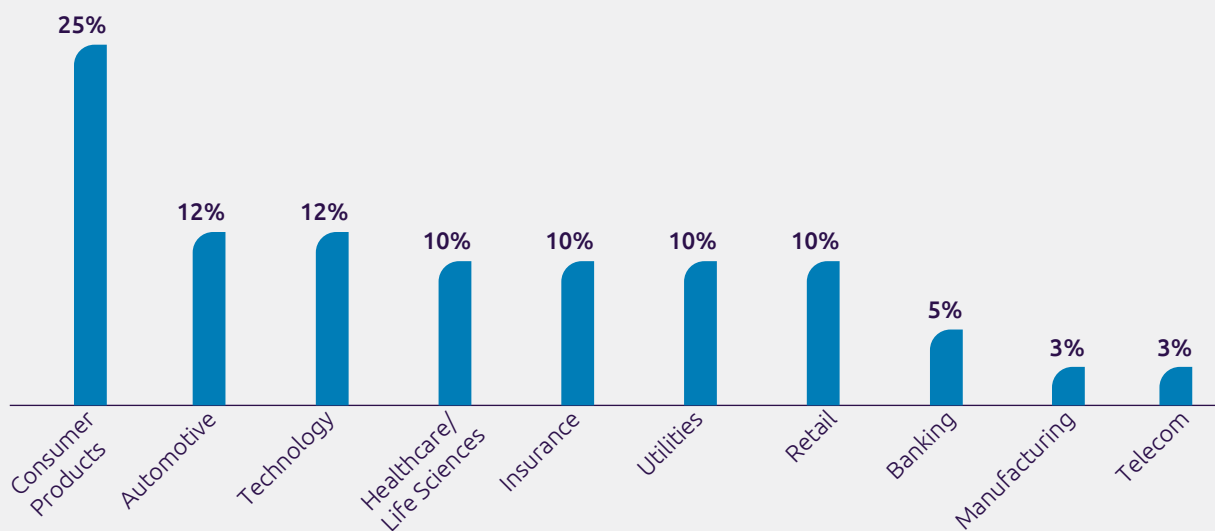
Many companies have successfully developed an innovation engine to generate and incubate new ideas, from innovation centers to open ecosystems. However, successfully scaling the resulting innovations still remains a challenge with efforts undermined by a host of issues, ranging from an over-reliance on technology to a lack of focus on what customers actually want. By treating the achievement of scale as a specific and unique discipline, putting in place the right governance, and building a culture that encourages scale, companies can achieve scale with a speed and certainty that other competitors will struggle to match. In turn, enterprise proficiency in scaling innovation can be the source and driver of sustained competitive advantage in its own right.



Research methodology

Between May and July 2020, we conducted in-depth interviews with 40 executives from organizations that have been successful in scaling innovation, drawn from across a range of sectors and countries. Fifty-eight percent of them reported revenue of more than \$20 billion in FY 2019; combined revenue for the 40 companies is over \$1.7 trillion. We also spoke to four academics who focus on innovation in their research and teaching.

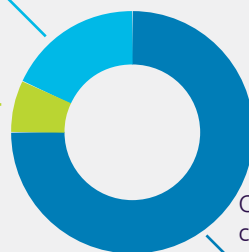
Interviewed executives by industry



Interviewed executives by innovation role within the organization

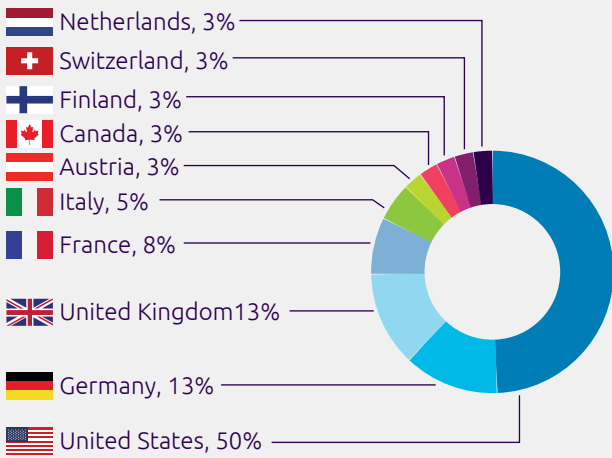
Innovation-focused role in a business function, 18%

Venture or internal start-up business, 7%

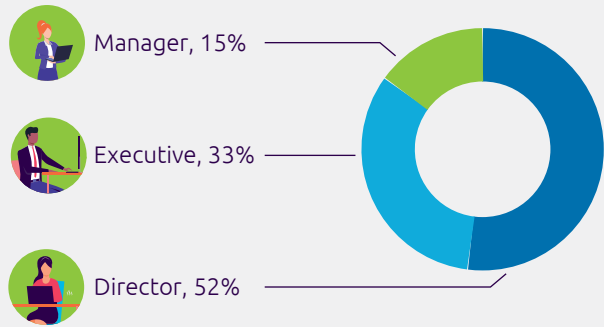


Global/corporate innovation center/lab or chief innovation office, 75%

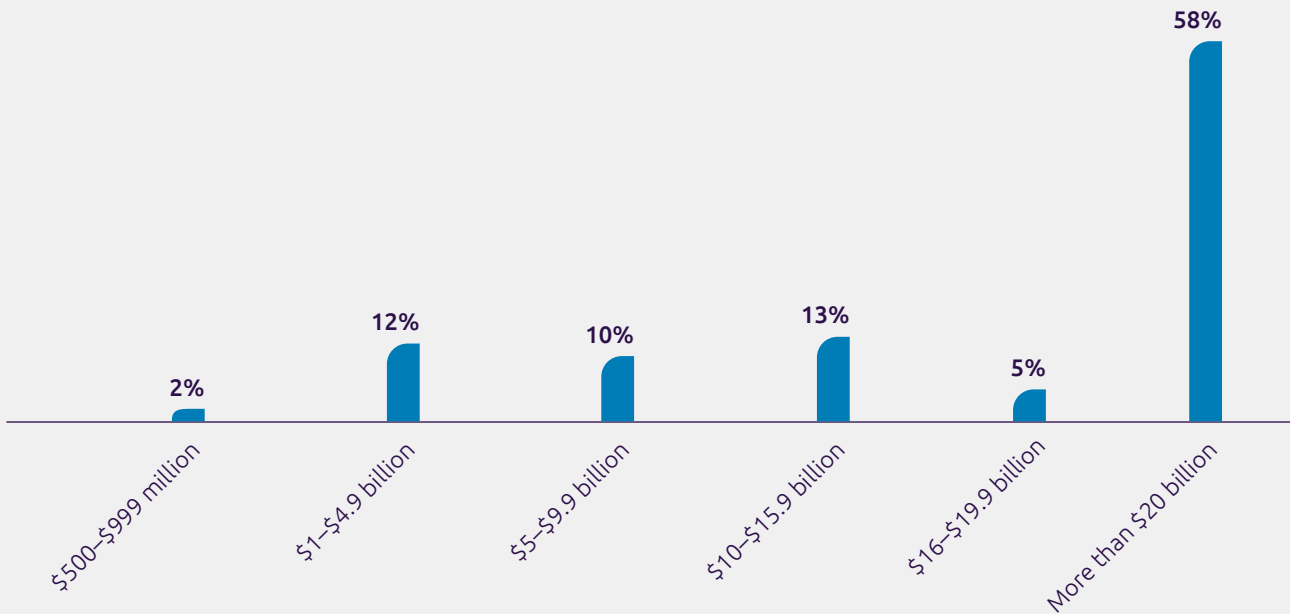
Interviewed organizations by location of headquarters



Interviewed executives by level



Interviewed organizations by revenue



Source: Capgemini Research Institute, Scaling innovation in-depth interviews, May–July 2020, N=40 innovation executives.

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Priscilla leads a diverse team across discipline, industry and experience who are passionate about making a positive impact. Together, they make what they dream of real, through the ability to apply emerging technologies with a human perspective. Priscilla has built innovative solutions across industries in Telecommunications, Transport, Public Sector and Media including a founder of an AI start-up funded by Silicon Valley.



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The Capgemini Research Institute is Capgemini's in-house think tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom, and the United States. It was recently ranked number one in the world for the quality of its research by independent analysts.

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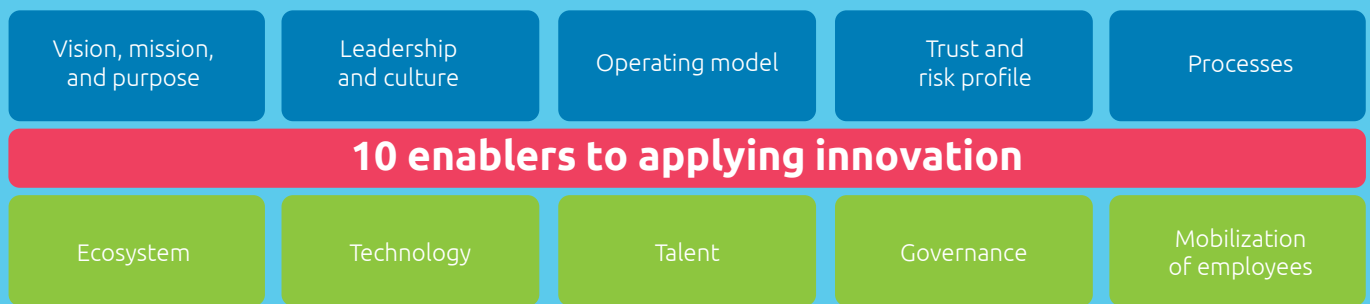
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For over five years, Capgemini has been addressing the scaling challenge with a direct focus on sustaining innovation. With Applied Innovation from Capgemini, we can help unlock the enablers that will build the innovation competency that you will need for the long term.



Source: Capgemini Technology, Innovation and Ventures.

For more information on how we address the enterprise competencies, the means, the behaviors, the barriers, and the enablers to apply innovation visit

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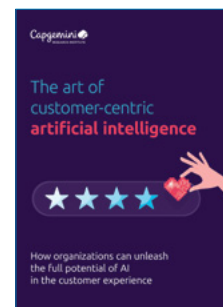
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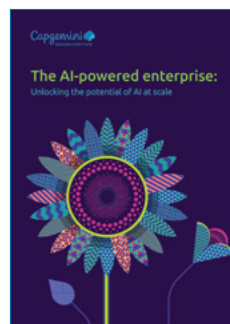
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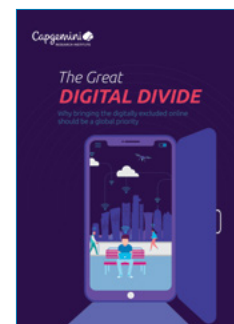
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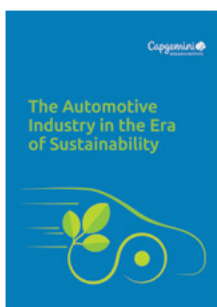
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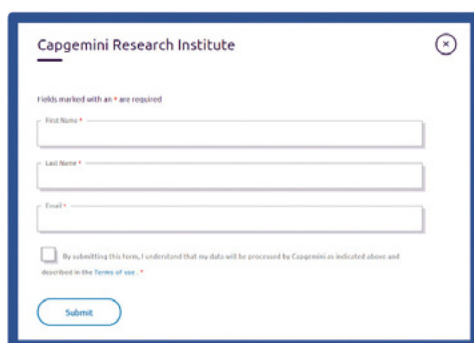
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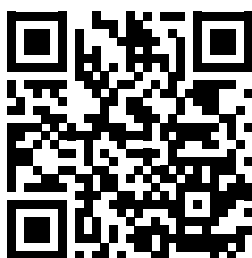
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