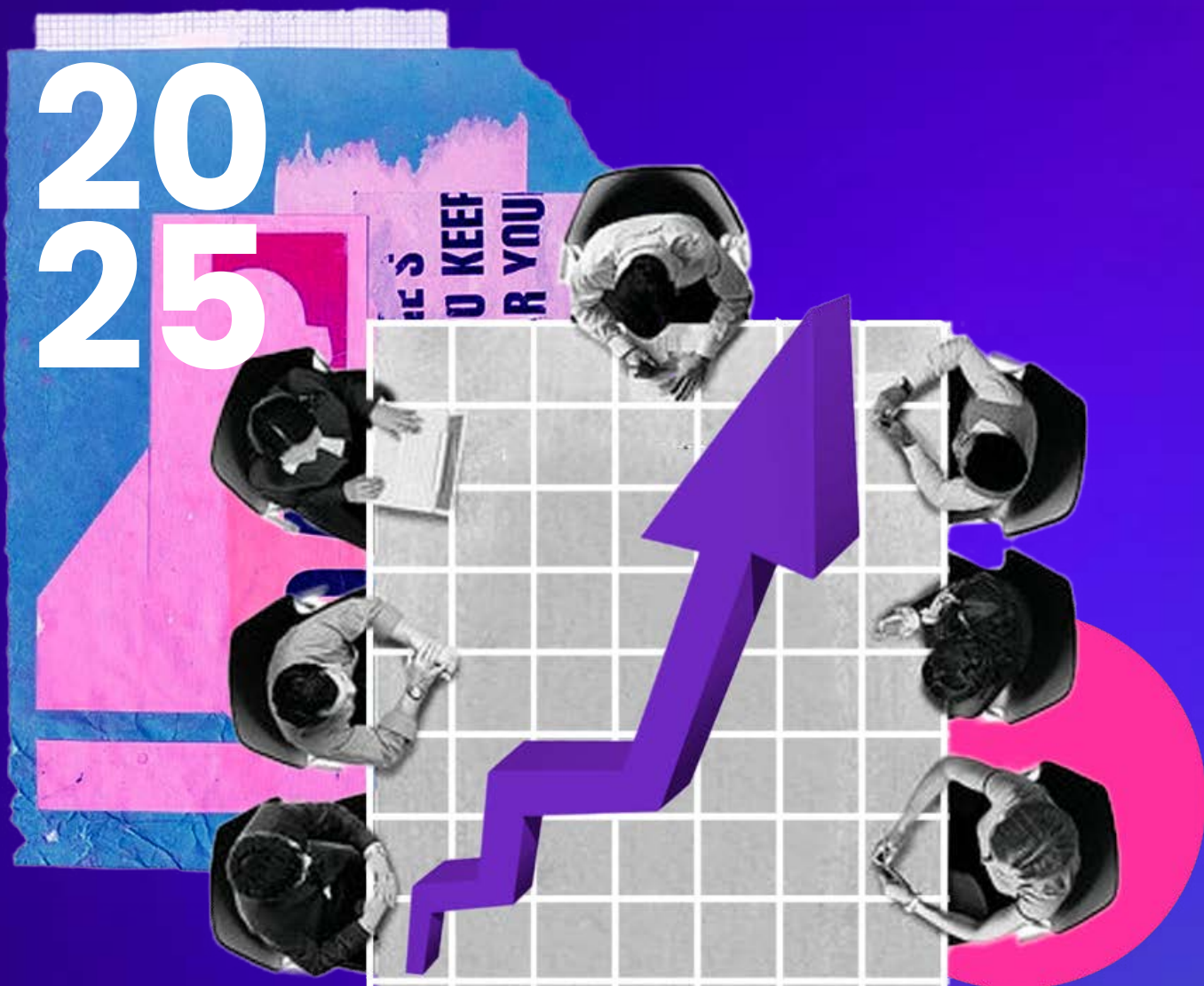


2025



The 2025 Top Trends In Corporate Innovation

Key Learnings From 1,000+ Conversations

Introduction

Throughout the year, we at ITONICS have collected countless insights from thousands of innovation leaders and teams about their current challenges and goals.

As many of you are experiencing similar challenges and starting a new phase of your innovation journey in 2025 – in especially challenging times – I wanted to share with you what I've learned from all these conversations.

You will also find relevant articles from various sources supporting and illustrating what we directly heard from Innovation Departments across the globe.

I sincerely hope that these insights will help you position yourself compared to peers and understand how Corporate Innovation is going to evolve in the next 5 years.

2025 Corporate Innovation Trends

Innovation teams have identified 6 key challenges they are going to face in 2025

- Proving the impact of innovation on the business
- Innovation playbooks to scale across the organization
- Only results will lead to a meaningful innovation culture
- Playing it safe isn't safe anymore
- Mapping and coordinating AI initiatives across the organization
- Leveraging AI in innovation processes



1. Proving the impact of innovation on the business

The first challenge revolves around the ability of innovation departments to measure the impact of innovation on the business and gain trust from Management.

From our benchmark:

91% of Innovation Departments that we interviewed confirmed that the phase where they were launching actions with the primary objective to make them visible is over or about to be.

All innovation teams experienced this phase during which the main goal was to launch as many visible actions as they could without worrying much about performance. At that time, the mandate from Top Management was indeed to show to everyone – both internally and externally – that the company was innovating. Or at least trying to. This theatre period lasted somewhere between 3 to 7 years for most of them since the innovation department's inception. This phase is now over for most companies.

In 2025, Top Management is looking for clear innovation results. There are no excuses.

2025 is expected by many to be tough. Innovation teams – like any other function really – must prove their worth to the company, now more than ever.

To last, trust needs to be earned every day, it won't be given freely. Showing that you can generate impact in a predictable way is the only way to truly earn that trust from Management and the whole organization.

1.1 Measuring the impact

Many of you were given a clear agenda:

- To defend your market share vs. fast growing competitors
- To drive growth by finding new opportunities
- To make sure your company is well positioned to harvest them
- To choose the right operating model to execute these innovative projects
- To measure top-line revenues generated by these new streams

In addition, the economic context puts pressure on innovation budgets in many cases and definitely increased the demand to justify every dollar spent. Innovation teams need to be able to justify their investments, track progress and measure some returns.

The general pattern shows that innovation teams have limited resources - in terms of budget, FTEs and time - to achieve ambitious goals. Some are even asked to do more with less. They need to find new ways to accelerate and scale their investments while unlocking resources gradually.

1.2 Centralizing activities while staying agile

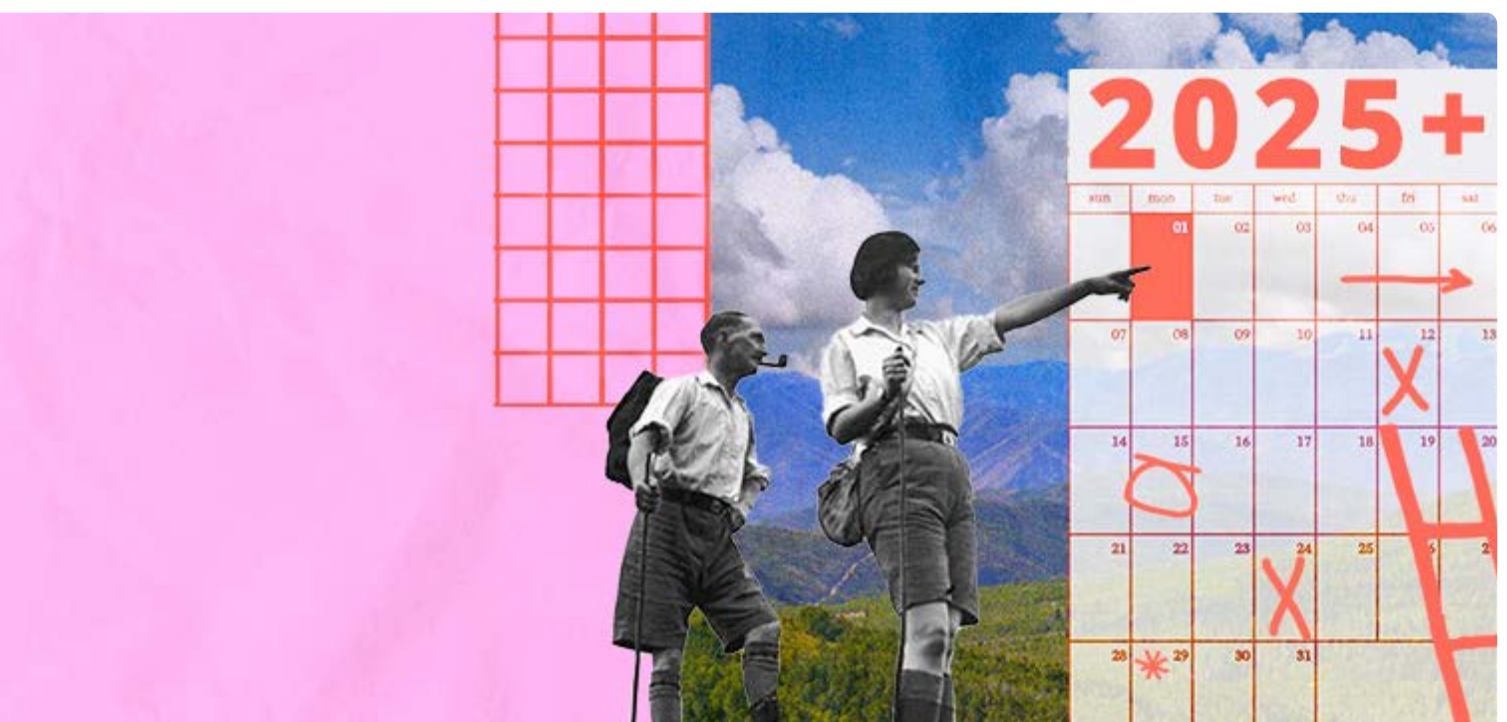
To demonstrate the ROI – Return On Innovation ultimately turning into financial Return On Investment – Innovation Departments need first to centralize all innovative initiatives across the organization. In other words, they need a full overview of their portfolio in real-time to make informed decisions.

That's the only way to compare investments, make decisions and arbitrate the portfolio, even though the projects are different in terms of nature, maturity, ambition, resources, operating model etc. Think of it like the portfolio of a diversified VC firm.

This may prove challenging. First, because it requires a clear definition to what innovation is and what it is not. Second, because you want entities and teams to operate in an agile mode and launch new ventures quickly. This decentralized execution must be combined to a centralized management of a consolidated portfolio.

From our benchmark:

78% of Innovation Departments that we interviewed make this challenge of centralizing and managing their innovation portfolio their #1 priority for 2025.



1.3 Aligning the portfolio with the strategy

Your innovation portfolio should clearly reflect your innovation strategy at all times.

Like a VC firm investing in companies according to their investment thesis to maximize return for their investors, Innovation Departments must create and balance their innovation portfolio according to their innovation strategy. The objective is to contribute to the company's future growth and profitability by focusing on a set of opportunities which balance their portfolio in terms of risks, horizons, markets, etc. The innovation strategy must therefore be embedded in the much broader corporate strategy.

As stated by Rob Chapman, chief executive and cofounder of Founders Intelligence, "the problem is rarely how to find good opportunities. The nut that few crack is how to scale them in a corporate environment. The issue is often seeded in the early days of an innovation team if they've not linked innovation activities with their corporate strategy."

McKinsey & Company explains how the banking industry has heavily invested in innovation due to new customer expectations and competitive pressure while failing to deliver impact "at scale".

To deliver significant growth through innovation, you need to perfectly connect your innovation investments to a clear strategy with defined goals.

To do so, McKinsey suggests taking a 3-step approach:

1. Make a cross-department inventory of innovation initiatives and set up ROI expectations from innovation
2. Manage these initiatives as an integrated innovation portfolio and prioritize them according to the strategy
3. Implement an operating model including funding, governance, metrics, etc.

1.4 Defining the right KPIs

Once you have managed to centralize all your innovation initiatives to form an exhaustive and consistent innovation portfolio reflecting your innovation strategy you still need to define the right KPIs for your innovative projects. These KPIs will vary depending on several variables such as the nature of the project, its ambition, time horizon, operating model, stage etc. Moreover, KPIs keep evolving over time to adapt to the internal and external context.

Without KPIs you won't be able to show any progress or impact. Without the right ones, you will make bad decisions based on wrong reasons. In other words, you won't optimize your portfolio and the impact of innovation on the business.

Defining KPIs is key to defend the voice of innovation in a corporate environment. Rik Vera points out two pitfalls one can encounter when framing performance indicators for innovation:

- First, evaluating yourself vs your previous self. “It’s like driving in a car at 80 km per hour and being very smug about the fact that you keep accelerating since you started. But the thing is that the other cars are moving at 150 km per hour and speeding up a lot faster. Basically, everything is great until you look outside.” This bias has 2 fatal consequences: losing contact with the market and with your customer.
- Second, clinging to rigid KPIs: “When everything keeps changing, you really do not want your KPIs to remain the same. If they do, you are probably measuring things that are no longer relevant.”

We designed a workshop at ITONICS with 30+ companies about innovation KPIs and together we wrote the Ultimate KPI Guide. Just ping me at chris@itonics-innovation.com and I’ll send it to you.

The image shows a presentation slide from ITONICS. The title is "What are **relevant KPIs** to use to efficiently manage your Innovation Projects and Portfolios?". Below the title is a screenshot of a dashboard with various charts and tables. At the bottom left, there are logos for Gartner (★★★★★), Peer Insights (★★★★★), and Capterra (★★★★★).

Actionable Tip:

Focus on a decentralized execution combined with a centralized management of the portfolio.

2. Innovation playbooks to scale across the organization

Another challenge arises when you deal with portfolio mapping: processing innovative projects consistently.

Within a portfolio, there are many different operating models to execute innovative projects (e.g. execution by the innovation team, execution in BUs, Intrapreneurship, Open Innovation, Excubation, CVC, etc). Even within a given model, teams/entities/countries usually like to use their own methodologies to execute innovation. Hence it is difficult to structure innovation across the Group.

Therefore, you need to identify common denominators to projects to increase speed and likelihood of success with a proven methodology playbook and shared knowledge across the organization.

The idea is to find common methodologies, a “playbook,” that different teams can leverage to improve their success rate. By fostering a common language and methodology, organizations can not only avoid duplicated efforts but also make the best use of past experiences to improve the current project pipeline.

Still, when you manage a portfolio what you want is:

- To find ways to compare investments (a.k.a. projects)
- To implement winning methodologies when relevant for the same type of projects
- To leverage similar past experience to make the current project more efficient

From our benchmark:

63% of Innovation Departments that we interviewed plan to structure their innovation projects more precisely.



Actionable Tip: Simplify and standardize to make real progress. Create a unified “innovation playbook” to streamline processes across teams and accelerate time-to-market for innovation projects.

3. Only results will lead to a meaningful innovation culture

Let's be clear: If your innovations don't deliver impact that customers will love and pay for, there's no foundation to build a culture on. A strong culture thrives on real success, not just ideas.

3.1 More transparency

This challenge comprises all difficulties related to collaboration around innovation projects.

Innovation often requires, even more than other activities, that we break silos and involve diverse parties (business units, support functions, startups, agencies, consultants as well). You need to ensure you're keeping everybody informed in order to collaborate effectively or at least in order not to block or stop a project at a given stage for the wrong reasons.

From our benchmark:

57% of Innovation Departments that we interviewed identified stakeholder misalignment as one of the top 3 reasons why innovative projects fail.

All need to know from the start the innovation process and their respective roles and responsibilities in it. Validation gates must be set in advance with defined milestones so that projects can move forward and transition smoothly from one step / one team to another until delivery.

Circulating information can make or break a project. What needs to be communicated about? "Goals, responsibility, performance, expectations and feedback." But good "communication is not only about [circulating information, about] speaking to and hearing from people, it's about understanding the complete message."

3.2 Acculturation

Acculturating is probably the most common challenge encountered by innovation professionals: how can I make my organization more innovation-friendly?

From our benchmark:

32% of Innovation Departments that we interviewed plan to invest in acculturation actions in 2025.



No other department, except for Compliance and Sustainability, needs to convert the entire organization to its cause as much as Innovation does.

An innovative culture implies:

- A horizontal mindset
- A focus on empowerment
- A high level of transparency
- A well-spread knowledge of innovation methodology and tools
- Cross-organization awareness of the innovation strategy
- And a high degree of employee engagement

Charles O'Reilly promotes an ambidextrous approach to innovation. For this management professor at Stanford University, an effective innovation culture appears when companies combine a top-down and bottom-up approach to innovation. On the one side you have "senior leaders design an organisation to be receptive to innovation" (for instance by creating the conditions for idea sharing, by accepting calculated failures), on the other side you have employees acting as "intrapreneurs" and empowered to drive change.

Acculturation also applies to the Top Management. Innovation Departments need the buy-in from senior sponsors to identify, invest in, and move strategic projects forward.

To do so, they need to convince the right people, at the right stages, with the right KPIs, and in the right form. Communicating progress, results, and vision is a difficult exercise. Even so in the corporate world where politics come into play.

Fredrik Silfver, cofounder and chief technology officer of a Swedish innovation consultancy emphasizes the importance of influencing in favour of innovation: "Getting buy-in and traction in corporations is mostly about politics and less about genuinely great ideas. Politics ends up being about influence and, therefore, enterprise influencers are significant but informal stakeholders."

Actionable Tip: Deliver real business impact through innovation, and your culture will thrive.

4. Playing it safe isn't safe anymore

4.1 Evaluating ideas

Collecting ideas is not what innovation teams are struggling with anymore. Usually, they even say they have too many ideas, not too few.

What's challenging is to manage the funnel, i.e. creating the necessary gates where the right groups of people assess these business ideas with the right set of criteria all along the innovation life cycle. Many times, these internal experts do not have the bandwidth to carefully review dozens of ideas. And the process to get these ideas evaluated is often very manual, with a lot chasing and many meetings, and as such is quite painful for the funnel owners.

4.2 Prioritizing bold bets

A trend we have seen recently is that more and more of your peers are focusing on fewer, bigger bets. This mainly comes from the fact that new entrants, technological changes and market shifts are shaking incumbents faster than ever. One of our customers in the beauty industry with billions in revenues said there's new competitors entering one of their markets every single day.



Therefore, you can't just defend your current market shares, inch by inch. You need to take more risks and invest on opportunities that could make a huge difference in the coming years. In this scenario, where you are making 10 big bets vs. 100 smaller ones for instance, your risk is diversification and success rate.

You can't afford to be wrong. You need to make sure you're investing on the right areas and then come with a solid solution.

To that end, you need to understand your market: identify all the external forces that may impact your business in the next decade, match them with your internal capabilities and iterate on the best solution to harvest these opportunities.

4.3 Justifying investments

Recently, innovation teams have shifted their focus from solely reporting on the outcome of their innovation funnel, i.e. project's value creation, to a more balanced approach where they are first presenting their investment decisions. Indeed, similarly to VC firms, innovation teams first need to build their portfolio, i.e. selecting projects they are going to fund, then quantify the investment for each and every project at inception and at different stages of the innovation process.

To maximize 'ROI', you can start minimizing the 'I' part, the denominator. Writing the right check at the right time is key for a Venture Capitalist's success.

The same goes for innovation teams. And knowing when to stop funding a project that's not going anywhere anymore is key to minimize losses as well.

Actionable Tip:

Implement continuous foresight to reduce the risk of being wrong about bold bets.

- Monitor trends continuously to stay ahead of disruptions
- Use scenario planning to explore multiple future outcomes
- Leverage AI to predict and identify early signals of change



5. Mapping and coordinating AI initiatives across the organization

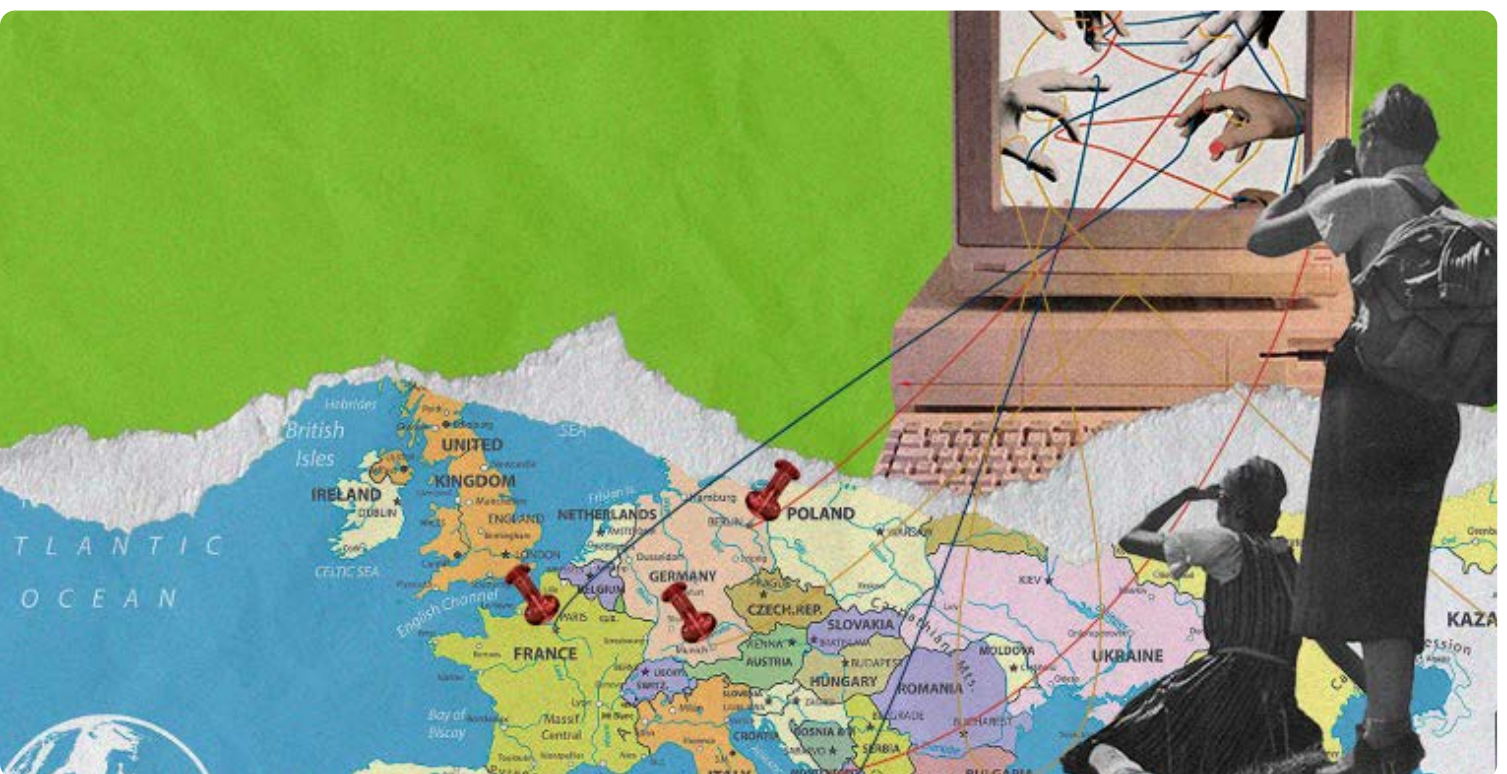
Everybody is talking about AI. In every function of every company. Everybody is testing how AI solutions can solve their use cases. And everybody is trying to capture some additional AI budget.

This AI tsunami is quite challenging for innovation teams. Indeed, AI and GenAI in particular being a disruptive technology, it seems only natural that it should fall under innovation leaders' responsibilities. But here's the catch: the company's AI budget hardly ever sits in the innovation group.

Furthermore, innovation teams are struggling to identify, map, and coordinate every AI initiative launched across the organization. Hence there's a massive waste of knowledge, money, and time. Going forward, innovation and IT teams should work together to manage their AI portfolio in a structured way, and in line with their overall business and innovation strategy.

Actionable Tip:

Build and orchestrate a joint AI-innovation portfolio to align those projects across the organization, establish clear ownership, KPIs, and ensure they contribute effectively to the company's innovation goals.



6. Leveraging AI in innovation processes

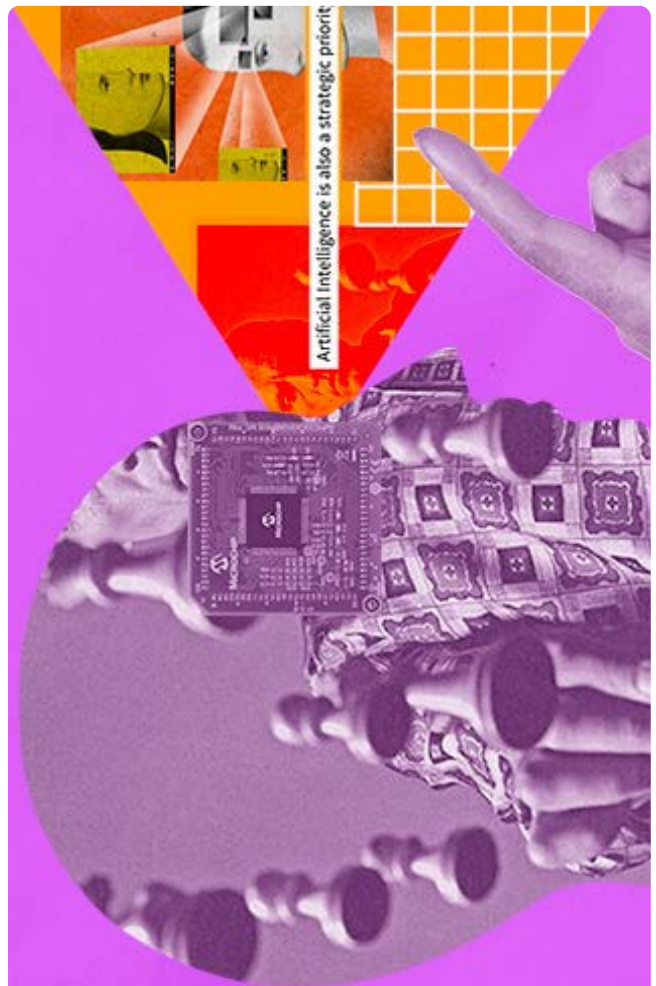
AI is not only a tool for operational efficiency but is also becoming a critical asset in the innovation process itself. We have seen a growing number of experiments comparing human versus AI in idea generation. And yes, it's already happening: AI has begun to slightly outperform human creativity, both in generating novel ideas and assessing their business applicability (if you're interested, let me know, we have the data).

AI is also increasingly used for trend and technology scouting. Soon, tailored AI models will also evaluate the potential impact of emerging trends and technologies on organizations, aligning insights with corporate strategy.

The benefits are immense, but as AI becomes a driver of innovation, organizations must be mindful of the unintended consequences and work towards ensuring that AI remains aligned with ethical and strategic principles. It is similar to the "paperclip maximizer" thought experiment by Nick Bostrom: Without proper safeguards, AI systems optimized for innovation outcomes could end up misaligned with broader corporate or societal goals.

Actionable Tip:

Set clear guidelines - including ethical considerations - for the use of AI in innovation processes to avoid unintended, misaligned objectives and outcomes.



Now it's your turn

2025 is set to be a defining year for corporate innovation. The focus is on accountability, impact, and alignment. Innovation Departments must prove their value by driving tangible business results while also bringing structure to how innovation is managed across the organization.

To succeed, innovation leaders need to build a system that generates predictable and scalable outcomes, invest in acculturating both senior leadership and broader teams, and take calculated risks on big opportunities. Now is the time for meaningful, measurable impact.

Ready to see how your innovation capabilities stack up?

Scan the QR code to [get a free, comprehensive benchmark report](#) on your innovation performance, including actionable recommendations for improvement.



Dr. Christian Mühlroth

Chief Executive Officer

Wallstr. 15a

10179 Berlin

+49 (0)30 577 02 200

chris@itronics-innovation.com

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