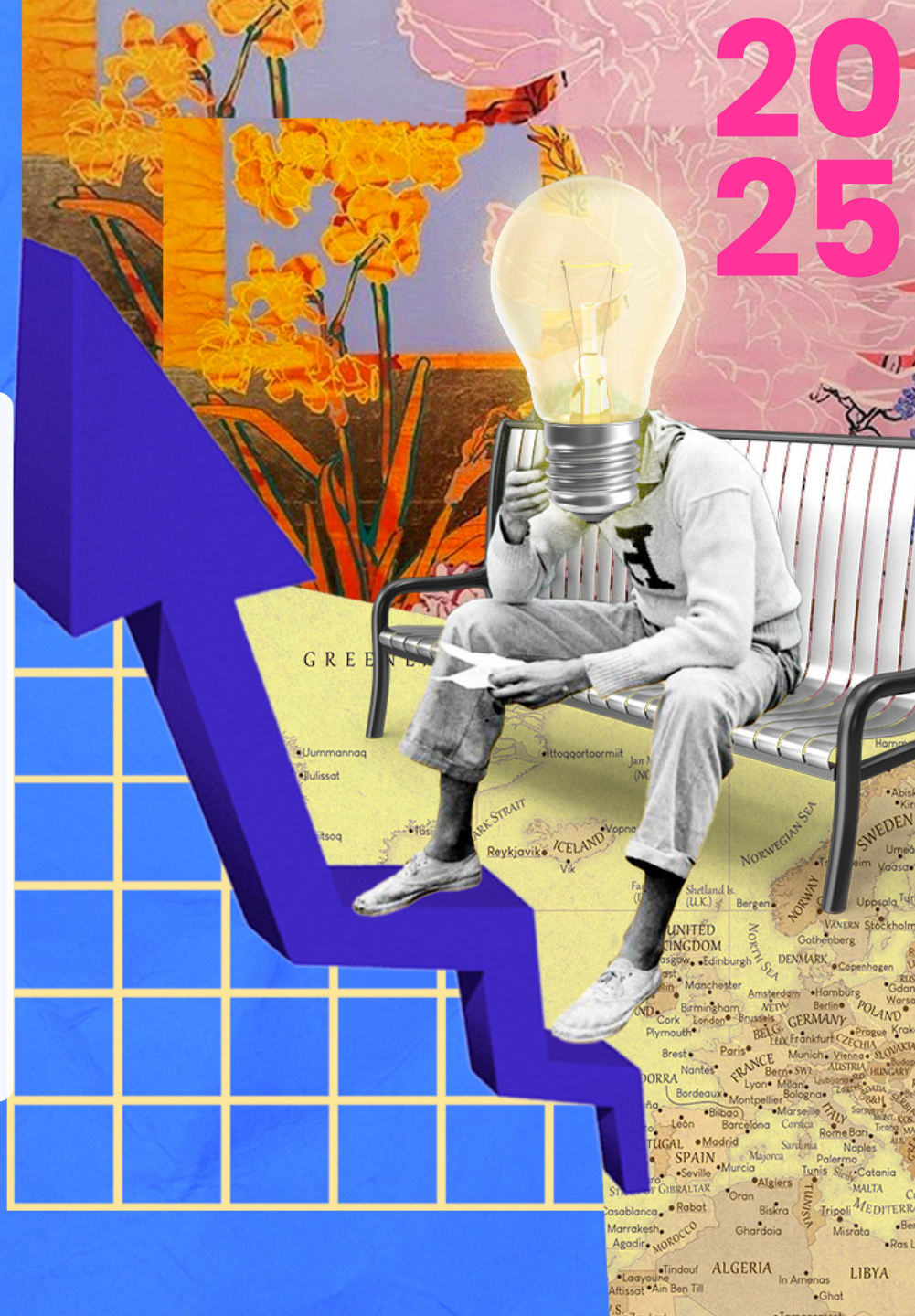
ITONICS

2025 Innovation Performance Benchmark

Since 2020, ITONICS has assessed how well organizations are set up to support innovation. While focus on value appropriation has grown, managing innovation portfolios remains a challenge.



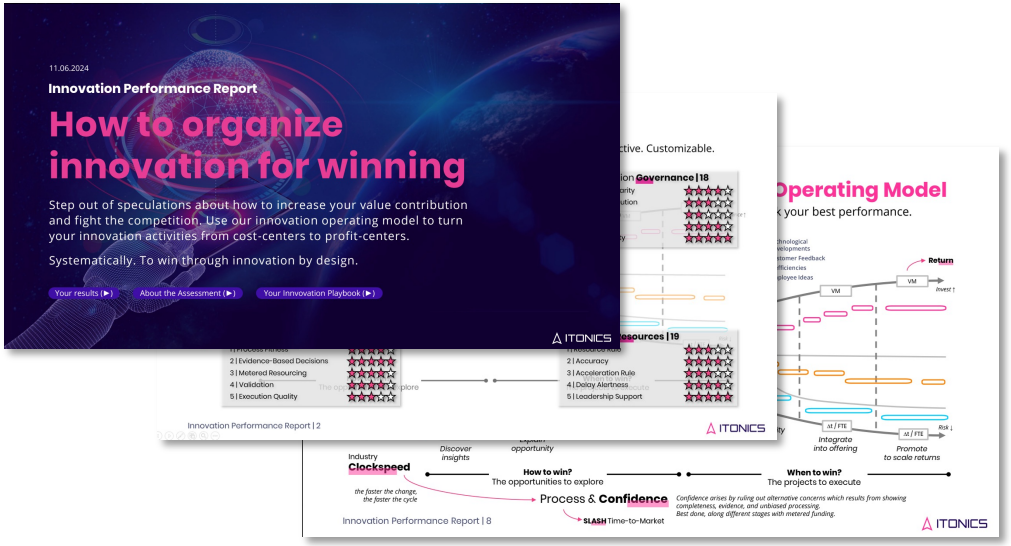
How the BIP 2025 report helps you

Our 2025 survey is our largest ever. It captured views from 231 submitters, representing all industries and functions: innovation (42 %), strategy (22%), business development (10%), R&D (19%), and IT (6%).

The assessment follows the **ITONICS Innovation Operating Model**. It consists of 25 questions organized along the five innovation performance blocks: strategy, governance, process, resources, and portfolio.

The **ITONICS innovation performance assessment** is designed for organizations of all sizes and industries that want to assess, compare, and improve their capabilities to support innovation success.

The **Benchmark of Innovation Performance 2025 Report** (BIP 2025), presents the strengths, weaknesses, and drivers from the views of participants in 2024 to help you benchmark your company with others.



Innovation Leaders

- Gain a clear view of where your innovation capabilities excel or need improvement.
- See how your organization compares to competitors and best-in-class innovators.

Board & Executives

- Evaluate if your environment is set up to profit from innovation in changing markets.
- See how your innovation investments will contribute to financial performance, growth, and competitive advantage.
- Ensure your innovation goals align with your organization's capabilities for effective execution.

Innovation Supporters

- Understand where your contributions fit into the organization’s innovation landscape.
- Get clear, practical recommendations to enhance processes and execution.

The Five-by-Fives: Key Findings

Our BIP 2025 survey reveals the top five most common strengths, weaknesses, and performance drivers, as well as the top five industries and departments with the best overall innovation performance. Across the board, organizations score highest in the dimensions of resources and process design. Yet, many lack sufficient strategy and portfolio management capabilities, which are also the strongest performance drivers.

	Common **strengths**	Common **weaknesses**	Performance **drivers**	Top **industries**	Top **departments**
1	Idea confidence increases at every stage of the innovation process	The actual returns we realize match the returns we expected	We converted expectations into how much we invest along H1, H2, & H3	The average score of the **Industrial Goods** industry is **63%**	The average score of the **R&D function** is **68%**
2	Leadership clearly expressed their (financial) expectations	The expected return of opportunities and projects exceeds our aspiration	Idea confidence increases at every stage of the innovation process	The average score of the **IT & High-Tech** industry is **60%**	The average score of the **strategy** function is **58%**
3	To validate ideas, multiple sources are consulted	We know the conversion rates along the complete innovation funnel	We converted expectations into how much we need to return	The average score of the **Consumer Goods** industry is **58%**	The average score of the **business development** function is **56%**
4	For acceleration, more resources are provided as needed	We use benchmarks for how fast each project needs to be executed	The expected return of our opportunities and projects exceeds our aspiration	The average score of the **Defense industry** is **58%**	The average score of the **innovation function** is **53%**
5	Changes in project plans are communicated as delays appear	We have a clear mandate that is aligned with the corporate ambition	We have an easy-to-access, up-to-date opportunity and project board	The average score of the **Energy industry** is **57%**	The average score of the **IT function** is **51%**

Statement belongs to: Strategy | Governance | Process | Resources | Portfolio

1. Strategy – Where Laggards and Leaders Fall Apart The Most

The good news: Most companies understand their leadership's financial expectations.

The bad news: Underperforming companies struggle to translate these expectations into clear investment and return goals for their innovation portfolio.

71%
have clarity on financial expectations

29%
know how much to invest in H1, H2, & H3

Key Observations

- For **R&D respondents**, the strategy dimension scores the highest, while for **innovation**, **business development**, and **strategy respondents**, it ranks second lowest.
- Clarity on **leadership expectations** (i.e., innovation gap) is the second strongest overall capability (71%), while clarity on **mandates** and **innovation field investments** rank among the weakest capabilities.
- Respondents reporting **strong innovation performance** also score high on **innovation field investments** and **strategic return clarity.**
- **Industries** struggling the most with the strategy dimension are: **life science**, **energy**, and **IT & high-tech.**

> When you know what financial **returns to expect** and how much to **invest** in Horizons 1, 2, and 3, you maximize your chances of achieving superior innovation performance.

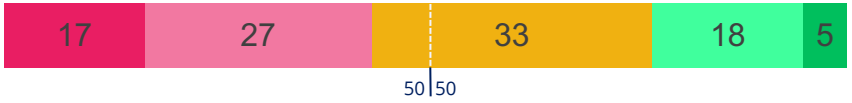
Innovation Gap: Our leadership has clearly expressed their (financial) expectations with regard to the contribution needed from innovation.

Strategic Return: We have clearly translated leadership expectation into how much we need to return from Horizon 1 (improving the core), Horizon 2 (expanding the core), and Horizon 3 (new business models).

Innovation Fields: We have clarity of the innovation fields focused (=growth areas) along Horizon 1 (improving the core), Horizon 2 (expanding the core), and Horizon 3 (new business models).

Innovation Field Investments: We have clearly translated leadership expectation into how much we invest into Innovation Horizon 1 (improving the core), Horizon 2 (expanding the core), and Horizon 3 (new business models).

Mandate: We have a clear codified team mandate (i.e. innovation scope) that is aligned with the corporate ambition.

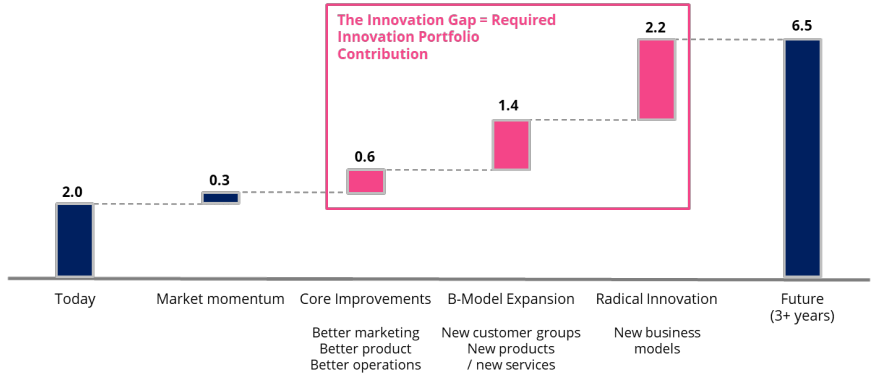


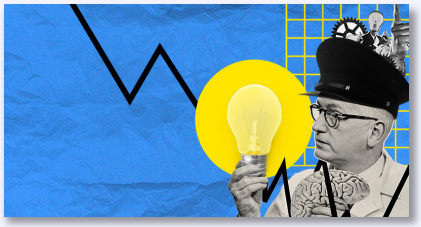
** Numbers represent the percentage of respondents answering the question on a scale from 1 (fully disagree) – 5 (=fully agree).*

How to Tackle

- Identifying your innovation strategy comes from recognizing the gap between today's reality and your **future ambition**.
- Collect the **revenue outlook** and match it with your outlook on what growth will be achieved from core improvements (Horizon 1) and what else is needed to meet the ambition.
- Determine **the best investment split** for your organization given the three innovation horizons and your appetite for risk.
- Codify and document expectations before you start the process of building a high-impact **opportunity portfolio**.

Illustration of growth ambition in € billion



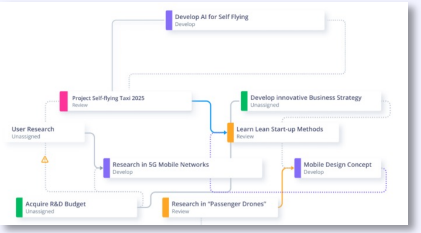


The Optimal Innovation Strategy ►

Learn how a firm's ambition, biography, and industry clock speed define the formulation of an optimal innovation strategy.

Securing Board Buy-In: Crafting a Mandate ►

Learn how to craft your innovation team's mandate by answering four key questions and secure leadership trust.



Corporate Strategy with the ITONICS Innovation OS ►

Align your ambition with concrete projects and tasks. Use shareable roadmaps and adjust as needed.

2025

2. Governance – Only Looks Smooth At First Glance

Despite ranking as the second strongest capability, governance scores are the most average and indicate the weakest impact on performance.

Most respondents describe their governance structure as having no clear strengths or weaknesses—potentially signaling inefficiencies. Many firms fail to unlock their full potential due to unclear accountability, poor coordination, and misalignment.

> Having **clear objectives** and a **collaboration platform** are key factors influencing innovation performance.

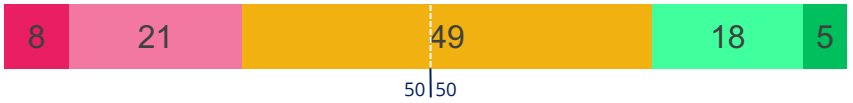
Objectives: Each innovation engine/Our team has a clear objective that directly contributes to the company's KPIs.

Profit Contribution: (Each of) our innovation engines/team has a positive profit contribution on average (over three years).

Coordination: There is a platform that allows transparent exchange, coordination, and communication between the teams.

Cohesion: We have (access to) resources to complete the entire innovation process (from discovery to scaling).

Accountability: The team's objective is split into mutually-exclusive, collectively-exhaustive responsibilities.



** Numbers represent the percentage of respondents answering the question on a scale from 1 (fully disagree) – 5 (=fully agree).*

Key Observations

- The governance dimension is the **second strongest capability dimension**, yet the one **contributing the least** to innovation performance as answers mostly landed **in the mid values**
- Having **clear objectives** and a **collaboration platform** are the only factors that show some correlation to innovation performance.
- Respondents from **business development** and **innovation** report governance as their strongest overall dimension**.** For all other functions, it is neither the strongest nor the weakest dimension.
- **Industries** scoring the best on governance: **defense** (65%) and **IT & high-tech** (64%); the worst: **chemicals** (40%) and **life science** (38%).

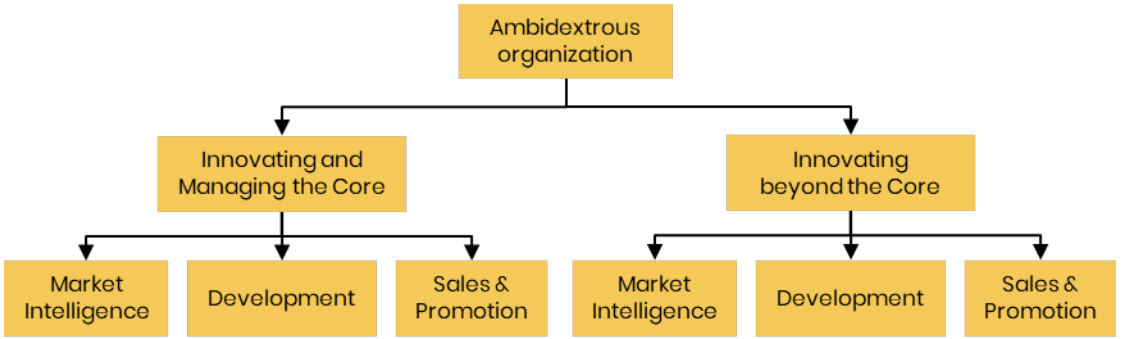
78%
report gaps and overlaps in accountability

27%
claim a positive profit contribution

How to Tackle

The critical components to build the most effective innovation organization are:

- **Integrate opportunity exploration and execution:** Teams must have the resources to implement projects they explore. This requires a dedicated budget. At a minimum, teams should secure sponsors within the core business to test radically new ideas.
- **Assign clear ownership and accountability:** To drive execution, every task must have a designated owner responsible for its completion. Without clear accountability, responsibilities will be passed around, leading to inefficiency.
- **Align innovation engines with ambition and track impact:** Regularly assess whether each innovation engine contributes positively to revenue over a three-year period. Ensure your innovation efforts align with long-term strategic goals.



How Innovation Governance Elevates Performance ►

Learn key strategies and steps for driving innovation systematically throughout your organization.

Ambidexterity and Innovation at Bosch ►

Listen to Manuel Krauß explain the different types of innovation at Bosch and the organizational structure required to manage ambidexterity.

3. Process – Strength and Risk in One

The process dimension stands out, ranking twice among the top five strengths but also as a top weakness. Organizations excel in using multiple validation sources, strengthening confidence at every stage of the process.

Yet, only 20% of respondents know the expected timeframe for completing the process. Despite strong processes, uncertainty around timelines poses a risk—potentially undermining innovation advantages.

Key Observations

- **Process** is the only dimension that ranks twice among the top five strengths while also appearing in the top five weaknesses: **process fitness** (#1 overall), **validation** (#3), and **execution speed** (#21).
- **Execution speed** ranks fourth last overall. Only 20% of organizations have **benchmarks** for when **projects** need to be **completed**, reflecting a lack of planning accuracy.
- Strategy respondents see process as the most mature innovation capability, while IT respondents rank it among the weakest—citing execution speed as a key challenge.
- Only **32%** of respondents report they make **evidence-based decisions**, while the rest rely on subjective judgement.

Process Fitness: At every stage of the innovation process, we increase the confidence level of our opportunities.

Evidence-based Decisions: Decisions are made on the evidence collected. If not enough/new evidence is collected, we kill opportunities or projects.

Execution Speed: We have benchmarks for how fast each project needs to be executed.

Validation: We derive confidence in our opportunities from multiple concrete data, complete coverage, and unbiased collection.

Execution Quality: We always finish tasks in scope/quality and at the cost level expected.

** Numbers represent the percentage of respondents answering the question on a scale from 1 (fully disagree) – 5 (=fully agree).*

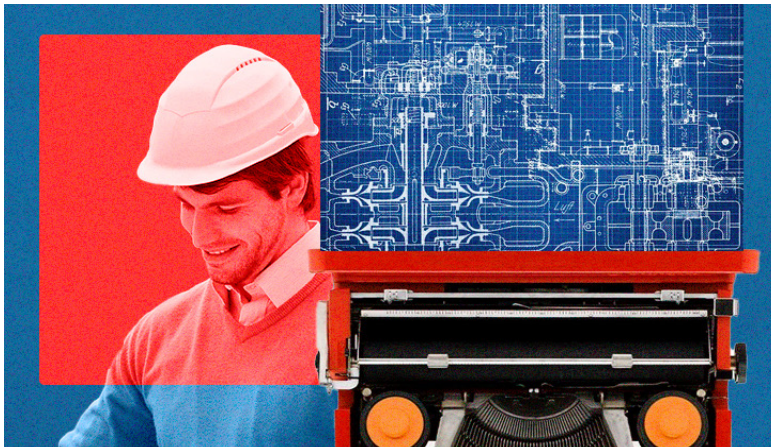
> Innovation performance is highest when you have clear **execution timelines** and **build confidence** at every stage of the process.

82%

fail to complete projects within the expected scope & budget

25%

do not have a fitting innovation process

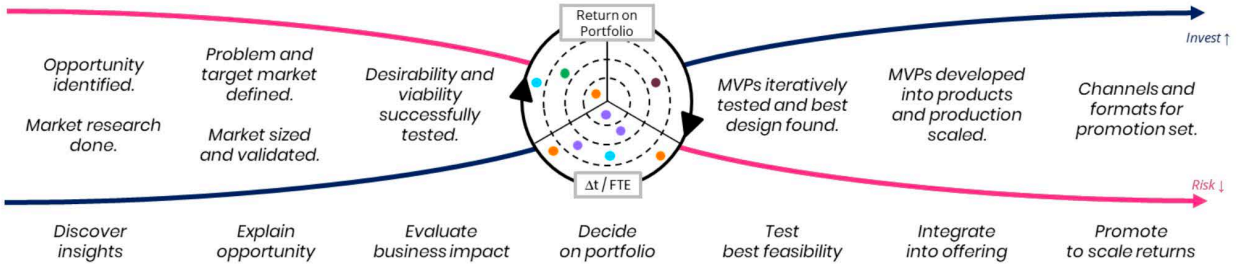


Startups Wanted: A Cost-Effective Route to Business Model Innovation ▶

Learn the best route to successfully test and innovate entirely new business models by leveraging startup partnerships.

ITONICS Academy: Ideation Essentials ▶

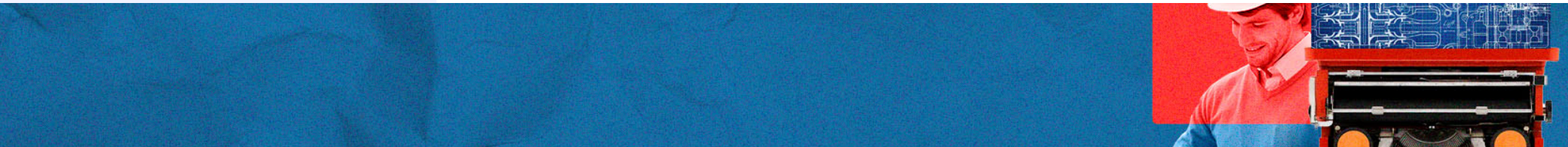
Discover why structured ideation incorporating diverse idea sources triumphs over ad-hoc brainstorming.



How to Tackle

Risk is inherent in innovation, but a well-structured process reduces uncertainty and enables informed investment decisions. To prevent over- or underinvestment, the innovation process is typically divided into phases, each designed to build confidence. Confidence increases when:

- All **viable alternatives** are identified → ensuring that no better option is overlooked.
- Alternatives are **rigorously evaluated** → confirming that the selected option is the best fit.
- Impact is **validated with reliable data** → ensuring that the right metrics are measured.
- Impact **assessments are unbiased** → reinforcing trust in the accuracy of the methodology.



4. Resources – Surprise, They Are Not The Problem

Innovation failure is often blamed on a lack of resources. Our survey reveals a different truth. The resource dimension scores the highest overall, featuring twice among the top five strengths and absent from the top five weaknesses.

Surprisingly, having more resources does not necessarily improve innovation performance. Instead, better results come from following the acceleration rule—ensuring that speeding up does not compromise critical aspects of a project's scope.

2025

Key Observations

- The **resource** dimension scores the **highest** overall, covering two top five strengths: ability to **accelerate** (#4) and communicating **delays** (#5). Yet, only acceleration has some impact on innovation performance.
- **Metered funding** shows one of the **biggest variances.** While 34% of organizations rely on it, another 37% do not use it. Yet, there is no noted impact on innovation performance.
- The resource dimension is the **strongest** for **R&D** respondents and the **industrial goods industry.**
- The timeous communication of **delays** has the least impact on innovation performance. **Metered funding** and **leadership support** also show **no impact**.

> Resources alone do not significantly impact innovation performance, but the ability to accelerate without sacrificing critical aspects of scope does.

79%
fail to complete projects within expected scope & budget

29%
communicate project changes as they appear

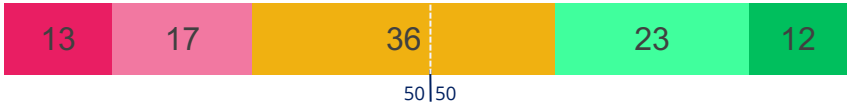
Metered Funding: We provide resources (and additional funding) for a new development phase based on the confidence gained in the prior stage (metered funding).

Accuracy: We always finish project tasks on time and at the cost level expected.

Acceleration: If we need to accelerate, it is not compensated by reducing the scope in important aspects.

Delay: Changes in project plans are communicated as delays appear.

Support: Leadership supports failing early and provides other support as needed.



** Numbers represent the percentage of respondents answering the question on a scale from 1 (fully disagree) – 5 (=fully agree).*

How to Tackle

Companies can apply a set of SLASH tactics to accelerate their innovation speed. SLASH stands for **S**ettle and focus, **L**acerate & split, **A**utomate & parallelize, **S**tore & recycle, and **H**armonize & standardize.

SLASH Time-to-Market (TTM) Template

Go through the list of the most common time eaters along all stages of the innovation management process.
Identify the dimension where you lack behind the most and find direct help in the linked reference material. Slash Time-to-Market.

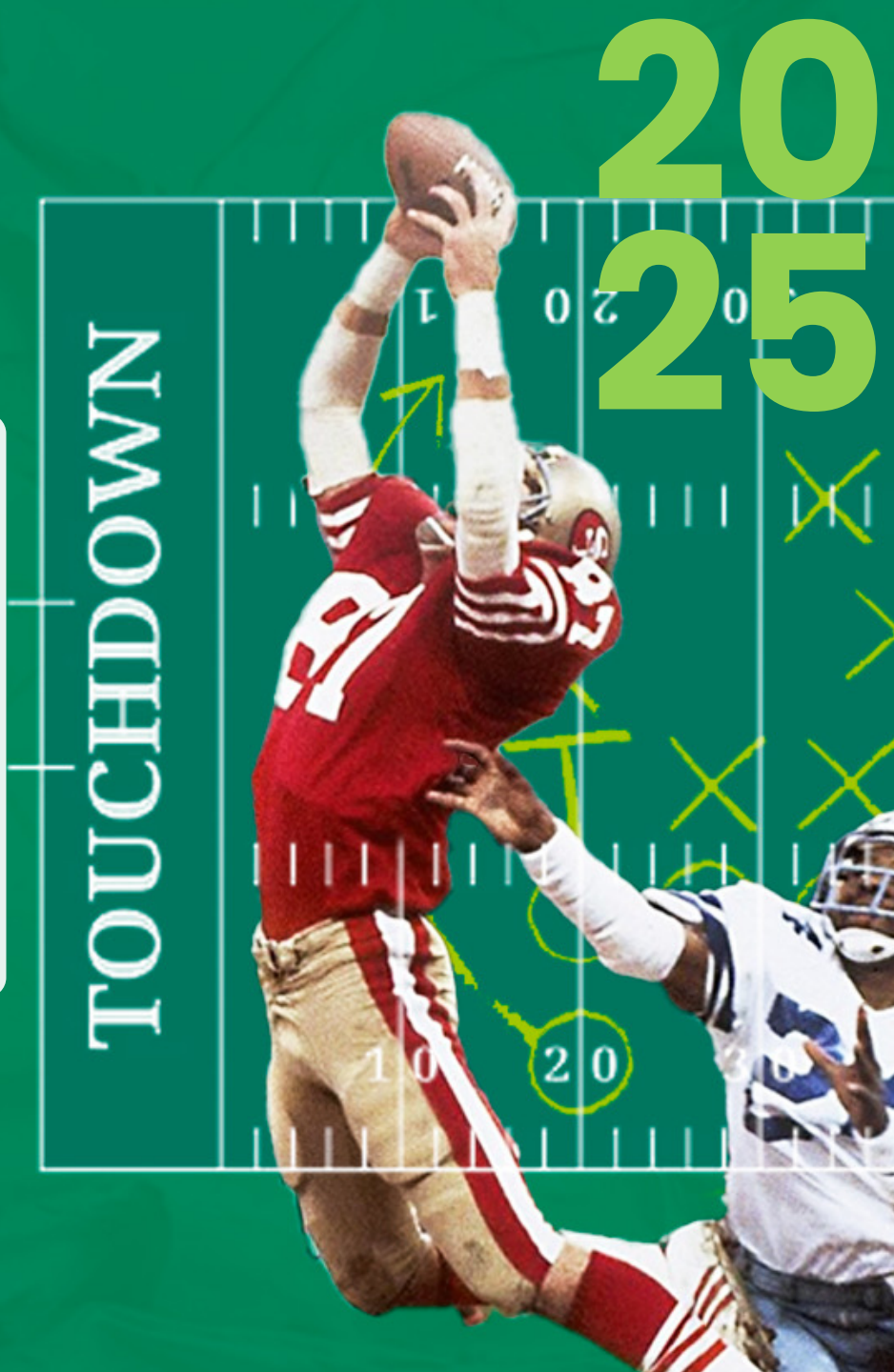
Read more (►)

SLASH TMT Tactics \ Innovation Stages	Understand the Problem/ Opportunity	Idea Generation	Research & Concept	Development & Prototyping	Testing	Regulatory Approvals	Launch & Go-to-Market	Internal Approvals	Slack
Settle & Focus	▪ providing a clear direction on what to scout for ▪ providing dedicated scouting resources ► Find more help	▪ providing a clear direction/challenge and requirements ► Find more help	▪ Crafting hypotheses to be tested later ▪ Using minimum viable products and designs first ► Find more help	▪ Planning resources and milestones carefully (+ Buffer) ▪ Use Scrum to time-box and iterate ► Find more help	▪ Following lean experimentation and MVPs ► Find more help	▪ Following clear IP selection rules ▪ Ensure thorough continuous documentation ► Find more help	▪ Focus GTM on key feature and benefit promotion for key persona ► Find more help	▪ Establish and communicate clear objectives and criteria for each approval stage ► Find more help	▪ Minimize number of meetings ▪ Focus on clear instructions and responsibilities ► Find more help
Lacerate & Split	▪ Prioritizing a handful of themes and sources to consider ▪ splitting the work across different accountable persons ► Find more help	▪ cutting the number of asked idea submitters ► Find more help	▪ Cutting nice-to-haves and focusing on must-haves first ▪ Providing clear instructions and specifications ► Find more help	▪ Using rapid prototyping for early iterations ▪ Using modules as much as possible ► Find more help	▪ Using rapid prototyping for early test cases ▪ Prioritizing test scenarios ► Find more help	▪ Conduct IP assessments early ▪ Involve IP and regulatory experts early ► Find more help	▪ Test interest early with landing pages and focus on key features ► Find more help	▪ Reduce approval layers & empower lower-level managers to decide ► Find more help	▪ Removing low-impact activities ▪ Split larger tasks into smaller ones ► Find more help
Automate & Parallelize	▪ Automating the detection of key insights ▪ Automating the clustering of emergent themes ► Find more help	▪ Automate the idea evaluation ▪ Automate the check for external solutions ► Find more help	▪ Involving product and marketing early ▪ Automating customer and look-alike research ► Find more help	▪ Integrating and using automated simulation, workflow and design tools ► Find more help	▪ Using simulation algorithms and testing tools ▪ Run multiple tests in parallel ► Find more help	▪ Submit in parallel at jurisdictions ▪ Use IP watch services to monitor the IP landscape ► Find more help	▪ Use automation tools for campaigns ▪ Create buzz while still developing ► Find more help	▪ Parallelize approve ▪ Implement tools to route requests to the appropriate personnel ► Find more help	▪ Implement digital collaboration tools ▪ Document in parallel not at the end ► Find more help
Store & Recycle	▪ Storing centrally key insights for easier recall ▪ Relating the key insights to priorities and projects ► Find more help	▪ Storing earlier ideas for easier recycling when the time is right ► Find more help	▪ Using collaborative tools for content editing ▪ Recycle and involve stored customer insights ► Find more help	▪ Creating and storing test protocols and open questions ► Find more help	▪ Leveraging crowdsourcing for testing purposes ► Find more help	▪ Runnig an IP and patent filing and monitoring software ► Find more help	▪ Reuse proven formats/ channels ▪ Maintaining market data and persona ► Find more help	▪ Implement a centralized information repository and audit trail ► Find more help	▪ Build a digital repository and collective innovation home ► Find more help
Harmonize & Standardize	▪ Establishing one standard collection and contextualizing process ▪ pProviding one central home ► Find more help	▪ Standardizing the intake and process ▪ providing one central home ► Find more help	▪ Using a standard specification template ▪ Four eyes review on specifications ► Find more help	▪ Collecting customer feedback early and in a structured way ► Find more help	▪ Clarify the criteria to judge the validation of hypotheses ▪ Iterative testing ► Find more help	▪ Training employees on IP protection ► Find more help	▪ Involve marketing early ▪ Align channel x format x audience ► Find more help	▪ Consistent criteria across departments ▪ Name substitutes to avoid blockers ► Find more help	▪ Implementing standard communication formats ► Find more help

5. Portfolio – Everyone Needs To Fix This

For nearly all functions and industries, the portfolio dimension ranks as the weakest capability. On average, it lags 10% behind the second weakest capability, strategy.

This gap explains why companies often miss their expected returns. Their opportunity pipelines lack depth, and they struggle to effectively oversee their full opportunity and project portfolio.



80%
miss opportunity portfolios higher the return wish

14%
realize the returns they expected

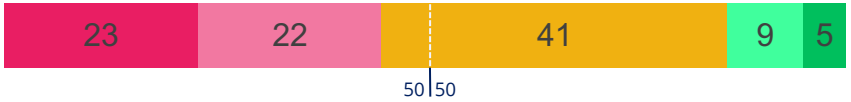
Return on Portfolio: The volume/expected return of our potential opportunities and committed projects exceeds our aspired volume/return (=leadership expectation).

Steering Board: We have a steering board that meets regularly and makes portfolio adjustments based on the evidence collected.

Conversion: We know the conversion rates along the complete innovation funnel to not let opportunities/projects slip.

Transparency: We have an easy-to-access, up-to-date innovation opportunity and project board, consisting of all relevant information.

Return Realization: The actual returns we realize match the returns we expected.



** Numbers represent the percentage of respondents answering the question on a scale from 1 (fully disagree) – 5 (=fully agree).*

Key Observations

- For all functions (except IT), the **portfolio dimension** is the **weakest** capability, trailing the second weakest capability, strategy, by 10%, on average.
- Across industries, it is the **weakest** for **automotive**, **industrial goods**, **chemicals**, **logistics**, **defense**, and **finance**.
- **Return on portfolio**, **return realization**, and **conversion** are the top three weakest capabilities. Notably, conversion is the only capability where over half of respondents place it in the lowest two performance categories.
- **Transparency**—having accessible and accurate innovation information—is the capability with the **least respondents** who fully agree (3%).

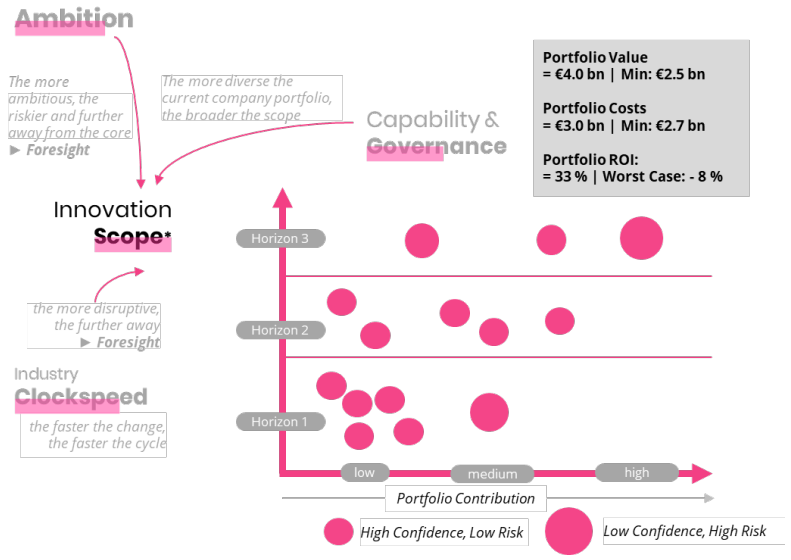
> A rich opportunity portfolio and a transparent, easily accessible board for managing your portfolio significantly boost innovation performance.

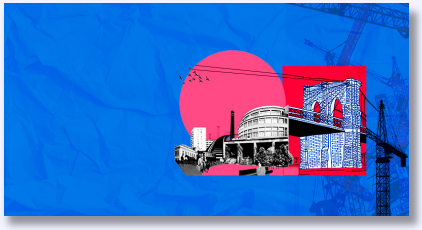
How to Tackle

A well-structured innovation portfolio provides visibility into the value and costs of all innovation opportunities and projects across the three innovation horizons. It continuously tracks expected ROI, confidence levels, and timelines.

To enable effective portfolio management, organizations should:

- Establish a centralized **dashboard** with up-to-date information on all opportunities and projects.
- Ensure **regular updates** to keep the portfolio view current and relevant.
- Hold structured **steering board** meetings at a defined cadence to evaluate new opportunities and make portfolio-related decisions.
- Use steering meetings to assess portfolio **value**, **costs**, and **timelines**, ensuring alignment with **strategic ambitions**.
- Address stalled opportunities or projects by identifying delays or gaps in evidence and taking **corrective action**.





[9 Program Management Best Practices to Optimize Innovation Portfolios ►]

Learn the nine best practices to effectively manage your innovation portfolio.

[ITONICS Academy: Portfolio Management Essentials ►]

Learn how to fight zombie projects, balance quick wins and moonshots, and minimize risk to drive sustainable growth for your company.

ITONICS

ITONICS is the #1 Innovation Operating System that drives innovation from strategy to execution and generates predictable results at scale.

ITONICS is trusted by 500+ companies worldwide and is the only Innovation Management Software in the world recognized by Gartner in 4 different innovation categories in their 2024 Hype Cycle for Innovation Practices.

Visit us at https://www.itonics-innovation.com