As a core part of the research, Innovation Leaders tracks the link between innovation and share price growth. Year after year, the companies identified as being the most effective innovators outperform their peers and the market. Over the last 15 years average return of the Innovation Leaders portfolio has been 14.5% CAGR. In 2016, growth was 18.9% again significantly higher than the S&P500, NASDAQ and FTSE 100.

The 2016/17 Innovation Leaders results include a number of consistent performers from previous years such as Amazon, Apple, Inditex, LEGO and Reckitt Benckiser as well as more recent entrants including Accenture, Boston Scientific, Delta Air Lines and Nvidia.

The 2016/7 analysis reveals three notable trends:

**US Dominance**
After greater European and Asian presence over the past decade, this year 20 of the 25 leaders are US based organisations. This is the highest single country concentration since the research began in 2001 and reflects both the continued global dominance of the West Coast as a centre of innovation and its impact on other sectors across the country, some of which previously had a greater focus on M&A driven growth. The remaining leading innovators are based in Denmark, Korea, Germany, Spain and the UK. The drop in European presence on the list, down 50% within a couple of years, should be raising some hard questions about the future in London and Berlin especially.

**Partnerships at the Fore**
Although effective collaboration has been a key component of successful innovation for some sectors for some time, it is clear that, today, this is increasingly influential across the board. Organisations such as Accenture and Cisco and KT Corporation have positioned themselves specifically to help to drive customer innovation; companies like Adidas, Delta and LEGO are using partnerships to maximise brand impact; and firms including Boston Scientific, Dow Chemical and Lilly are all focused on collaboration across their respective ecosystems. Irrespective of sector, deeper partnership-driven innovation is very much at the fore. This does not suggest that the days of ‘going it alone’ are over, but highlights how, in an ever more interconnected world, delivering high impact change requires new alliances.

**Big Bets**
While some companies such as FedEx, Inditex, PepsiCo and Reckitt Benckiser, continue to focus on delivering consistent incremental innovation, more radical breakthrough approaches are core to several organisations’ growth strategies. This is clear from both new product launches and underlying patent activity. Alongside Alphabet’s significant ‘Other Bets’ activities, Amazon’s strong moves into AI and Apple’s major R&D investments, others are also raising the stakes. Whether this is Bank of America’s proactive positioning on block-chain, Humana’s investments in digital, LEGO’s movie partnerships or Nvidia’s expansion from gaming into automotive, more established companies seem willing to explore and support a number of major intelligent future growth investments: Tesla’s bold moves continue to capture many headlines but others are not holding back.
The 2016/17 Leaders

Based on the detailed ongoing analysis of innovation performance, R&D investment, new product and business launches and patent activity, these are the organisations that are the most effective innovators across 25 major sectors. Each company is categorised within the sector where it generates the majority of its revenues.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>SECTOR</th>
<th>HQ LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture</td>
<td>IT Services</td>
<td>US</td>
</tr>
<tr>
<td>Adidas</td>
<td>Sportswear</td>
<td>Germany</td>
</tr>
<tr>
<td>Adobe</td>
<td>Software</td>
<td>US</td>
</tr>
<tr>
<td>Alphabet</td>
<td>Media and Entertainment</td>
<td>US</td>
</tr>
<tr>
<td>Amazon</td>
<td>Retail</td>
<td>US</td>
</tr>
<tr>
<td>Apple</td>
<td>Consumer Electronics</td>
<td>US</td>
</tr>
<tr>
<td>Bank of America</td>
<td>Banking</td>
<td>US</td>
</tr>
<tr>
<td>Boeing</td>
<td>Aerospace</td>
<td>US</td>
</tr>
<tr>
<td>Boston Scientific</td>
<td>Medical Devices</td>
<td>US</td>
</tr>
<tr>
<td>Cisco</td>
<td>Telecom Hardware</td>
<td>US</td>
</tr>
<tr>
<td>Delta Air Lines</td>
<td>Airlines</td>
<td>US</td>
</tr>
<tr>
<td>Dow Chemical</td>
<td>Chemicals</td>
<td>US</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>Pharmaceuticals</td>
<td>US</td>
</tr>
<tr>
<td>FedEx</td>
<td>Logistics</td>
<td>US</td>
</tr>
<tr>
<td>First Solar</td>
<td>Energy</td>
<td>US</td>
</tr>
<tr>
<td>Humana</td>
<td>Healthcare</td>
<td>US</td>
</tr>
<tr>
<td>Inditex</td>
<td>Fashion Retail</td>
<td>Spain</td>
</tr>
<tr>
<td>KT Corporation</td>
<td>Telecom Operator</td>
<td>South Korea</td>
</tr>
<tr>
<td>LEGO</td>
<td>Toys and Games</td>
<td>Denmark</td>
</tr>
<tr>
<td>Marriott</td>
<td>Hotels and Leisure</td>
<td>US</td>
</tr>
<tr>
<td>Nvidia</td>
<td>IT Hardware</td>
<td>US</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>Food and Drink</td>
<td>US</td>
</tr>
<tr>
<td>Reckitt Benckiser</td>
<td>FMCG</td>
<td>UK</td>
</tr>
<tr>
<td>Tesla</td>
<td>Automotive</td>
<td>US</td>
</tr>
<tr>
<td>Xerox</td>
<td>Office Products</td>
<td>US</td>
</tr>
</tbody>
</table>

For more details, please see www.innovationleaders.org
Key Insights

Across the identified companies, we can see varied approaches all having impact:

**Accenture**
Linking digital and management consulting to drive client innovation

**Adidas**
Partnership, brand-led innovation across the whole product portfolio

**Adobe**
Leading the digital evolution across graphics and desktop publishing

**Alphabet**
Using significant, rising Google income to place many big, bold bets

**Amazon**
Successful expansion from retail to cloud services extending into AI and autonomy

**Apple**
World's most valuable company is refilling its pipeline across a widening portfolio

**Bank of America**
Proactive positioning on fin-tech and block-chain inspiring sector disruption

**Boeing**
Matching commercial aviation performance with advances in defence and space

**Boston Scientific**
Growing influence across medical devices via partnerships and niche market focus

**Cisco**
Driving growing cloud and IoT based transformation across the connected economy

**Delta Air Lines**
Matching new seat innovation with more process and in-air experience partnerships

**Dow Chemical**
Pervasive front-runner and driving force developing a more sustainable industry

**Eli Lilly**
Strong pivot to cancer and Alzheimer's bearing fruit alongside the traditional core

**FedEx**
World's largest fleet adopting greener fuels and competing on autonomous delivery

**First Solar**
Pushing integrated system adoption in a fast-growing but highly competitive sector

**Humana**
Advancing digital healthcare to increase engagement, efficiency and reduce costs

**Inditex**
Sustained incremental innovation optimising global multi-brand, fast fashion

**KT Corporation**
Deep collaboration driving adoption of next generation technology platforms

**LEGO**
World's most valuable brand exploring and delivering the future of play

**Marriott**
Major hotel firm embracing innovation as source of guest experience differentiation

**Nvidia**
High-impact expansion from processors for gaming into automotive and AI

**PepsiCo**
Sustaining "performance with purpose" to improve resource use and product health

**Reckitt Benckiser**
Non-stop incremental innovator growing globally as a consumer health powerhouse

**Tesla**
The catalyst for change across the automotive industry leading from the front

**Xerox**
Industry pioneer, regaining leadership through focus on analytics and automation
Innovators to Watch 2017
Alongside the core Innovation Leaders analysis of large organisations performance, we also identify upcoming companies that are seen as potential catalysts for change. Across the fields of energy, data, AI, health, finance, water and space, these are the 15 firms that are the 2017 Innovators to Watch.

A24M
@24M_Tech
Re-inventing lithium-ion batteries
http://24-m.com

Aquion Energy
@Aquion_Energy
Safe and sustainable saltwater batteries
http://aquionenergy.com

Carbon Clean Solutions
@carbonsolu
Leader in carbon dioxide separation technology
http://www.carboncleansolutions.com

Lattice Data
@LatticeData
Unlocking the value of dark unstructured data
https://lattice.io

Lemonade
@Lemonade_Inc
Transparent, technology-driven peer-to-peer insurance
https://www.lemonade.com

Moderna Therapeutics
@moderna_tx
Pioneering a new class of medicines made of messenger RNA
https://www.modernatx.com

NGM Bio
@NGMBio
A biology-driven approach to drug discovery excellence
http://www.ngmbio.com

Oxford Nanopore
@nanopore
DNA/RNA sequencing in real-time with no capital cost
https://nanoporetech.com

Soul Machines
@MachinesSoul
Interactive, animated, virtual psychobiological simulation
http://soulmachines.com

Stack
@stacklighting
Maximizing comfort and efficiency in a simple, seamless way
https://stacklighting.com

Stripe
@stripe
A new standard in online payments
https://stripe.com/gb

Takadu
@TaKaDu
Powering efficiency in smart water grids
http://www.takadu.com

Trōv
@mytrov
On-demand insurance from your phone
https://www.trov.com

World View
@WorldViewSpace
Radically rethinking access to space
http://www.worldview.space
About the Innovation Leaders Analysis

In order to gain an insightful and validated perspective on the true innovation leaders on a sector-by-sector basis, the annual Innovation Leaders analysis assesses the performance of 1,500 of the world's top companies against a number of specific key parameters. The individual innovation and growth performance of the top companies within each sector are compared against each other and additional research around the differences between the leading organisations is undertaken to ensure that the perspectives gained are fully up to date. This provides what we believe to be the most accurate picture of the companies that are the most effective innovators in each sector, and allows us to highlight the respective key competitive strengths.

The eight areas that we research and input into the assessments across different sectors are:

1. Organisational culture and supporting structure;
2. Strategic focus on innovation driving corporate growth;
3. New product launches and relative success ratios;
4. Growth in revenues, profits and market capitalisation;
5. Average revenue and margin per product or customer;
6. Investment in activities such as R&D and marketing;
7. Brand value and human capital growth; and
8. Peer review from within the sector.

In addition, where appropriate, we look at recent intellectual property performance focused on US patents since these are the best independent objective guide in this area and act as a good proxy for innovation output. Together these are all used in sector-specific algorithms that calculate a ratio of innovation effectiveness – essentially identifying which companies gain the most innovation impact in relationship to the investments they make.

Over the past 15 years, a portfolio of stocks based on the Innovation Leaders analysis has repeatedly outperformed all major indexes. Average return has been 14.5% CAGR and in 2016, growth was 18.9% - significantly higher than S&P500, NASDAQ and FTSE 100. Year after year, this analysis has proven that those firms identified as being the most effective innovators consistently outperform their peers and the market.

The Innovation Leaders analysis is an annual global research programme undertaken by members of the Growth Agenda team. Its aim is to inform organisations on the most effective approaches for success. It is regularly used by governments and companies around the world to inform policy, guide investment and refine growth strategies.

For more information on this research please contact research@innovationleaders.org