

Corporate digital innovation spend forecast to reach USD 1.02 trillion by 2025 as businesses across the world enter a “new normal” post-COVID-19

Quinlan & Associates sees doubling of digital innovation spend over the next 5 years as companies are forced to move beyond the marketing buzz and adapt their business models

Hong Kong, 13 May 2020 – Quinlan & Associates, a leading independent strategy consultancy specialising in the financial services industry, has released a report looking at the implications of COVID-19 on the future of digital innovation.

The report, titled *Beyond the Buzz: Delivering on Innovation in the Digital Age*, looks in detail at how technological advancements have fundamentally reshaped the nature of innovation in today’s society and how companies across the globe are responding to this change.

‘With the outbreak of COVID-19 leading to widespread lockdowns and work-from-home arrangements being rolled out by organisations across the globe, the need to “go digital” has, literally overnight, shifted from being a strategic advantage to an operational imperative for companies both large and small,’ said Benjamin Quinlan, CEO & Managing Partner and lead author of the report. ‘As we enter this “new normal”, the time for experimenting is over.’

‘In response to tectonic shifts in the global economic landscape, companies across the globe are doubling down on their digital transformation efforts. We estimate that corporates spent USD 514 billion on digital innovation initiatives in 2019 and forecast this number to reach USD 1.02 trillion by 2025. While we believe these investments are warranted, we estimate that nearly two-thirds of total spend (~ USD 670 billion by 2025) will end up as money down the drain; not because it isn’t needed, but because the investments – and organisational ecosystem that drives innovation – are missing the mark,’ said Mr. Quinlan.

‘It has become abundantly clear that most large organisations struggle to innovate. Given the substantial barriers to innovation, many companies simply resign themselves to a poorly defined strategy that is heavily reliant on marketing Innovation Labs and lavish Innovation Days, but short on genuine innovation. Although this is a logical tactic for maintaining brand reputation and espousing a company’s technological capabilities in the short-term, it is simply unsustainable as a long run innovation strategy,’ said Evan Schnidman, Subject Matter Expert and co-author of the report.

The report argues that COVID-19 will inexorably produce winners and losers. Companies that can best respond to the changes that lie ahead – be it with respect to consumer preferences, regulatory developments, or employee working habits – will likely flourish. It also highlights that digital innovation is about staying nimble, learning from mistakes, and responding to them faster than your competitors. The authors note that successful innovation will require a cultural shift for countless firms, possibly even entire industries.

The authors go on to state that for genuine innovation to occur, companies need to develop a robust innovation strategy, supported by sound processes for effective enablement and delivery. In the context of digital innovation, firms must also address specific internal and external considerations with respect to their resources, people, processes, and systems. ‘One of the most important barriers to cross, especially for large organisations, is culture – in particular, a deeply ingrained internal resistance to change and failure, both of which are crucial parts of the innovation process,’ said Mr. Quinlan.

About Quinlan & Associates

Quinlan & Associates is a leading independent strategy consulting firm specialising in the financial services industry. The Company is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting, communications, and employee training, Quinlan & Associates translates cutting-edge advice into commercially executable solutions. With a team of top-tier financial services and strategy consulting professionals, and a global network of alliance partners, Quinlan & Associates provides its clients with the most up-to-date industry insights from around the world, positioning the Company as a leader in its field.

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