Why Read This Report

It’s imperative for business to innovate and reinvent themselves over the long term. Business and technology leaders are increasingly looking for support to strengthen their own innovation capabilities. In our 17-criteria evaluation of innovation consulting services providers, we identified the eight most significant ones — Accenture, Boston Consulting Group (BCG), Capgemini, Deloitte, EY, KPMG, McKinsey, and PwC — and researched, analyzed, and scored them. This report shows how each provider measures up and helps CIOs make the right choice.

Key Takeaways

EY, Deloitte, And Accenture Lead The Pack
Forrester’s research uncovered a market in which EY, Deloitte, and Accenture are Leaders; BCG, KPMG, McKinsey, and PwC are Strong Performers; and Capgemini is a Contender.

Business And Tech Leaders Need Vendors That Support Them With Recurring Innovation
The market for innovation consulting services is growing, as more businesses are looking for support to make their innovation efforts more sustainable and repeatable.

A Dedicated Innovation Practice Is A Key Differentiator
A dedicated innovation practice provides the focused context that innovation customers need to restructure their approach to innovation. The leading innovation consulting service vendors all operate dedicated innovation practices.
The Forrester Wave™: Innovation Consulting Services Providers, Q4 2018
The Eight Providers That Matter Most And How They Stack Up

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Table Of Contents

2 Innovation Consulting Services Strengthen Sustainable Innovation

4 Innovation Consulting Services Evaluation Overview
   Evaluated Vendors And Inclusion Criteria

5 Vendor Profiles
   Leaders
   Strong Performers
   Contenders

12 Supplemental Material

Related Research Documents

Advanced Digital Businesses Are Winning With Tech-Driven Business Innovation

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Innovation Consulting Services Strengthen Sustainable Innovation

Innovation is a core lever of any growth strategy and, thus, a fundamental “must solve” for all business leaders. In the Forrester report, “Assess Your Innovation Capability Maturity,” we outline the five core competencies for innovation: innovation strategy, innovation ecosystems, innovation culture, innovation structure and governance, and dedicated innovation technologies (see Figure 1). This Forrester Wave™ evaluation helps CIOs and business and tech leaders select vendors that can help them strengthen these five central innovation competencies.

Businesses turn to innovation consulting services vendors to strengthen their own innovation capabilities. Yet, their main objective should not be just be support for the implementation of an innovation initiative. Instead, the goal must be to strengthen their own competencies to drive sustainable innovation over the longer term. Rather than relying on external support for single innovation initiatives, customers have to adjust their own innovation strategy, ecosystems, culture, and governance. Our main observations from completed questionnaires, briefings, and customer reference calls were that:

› **The best innovation consulting vendors empower agility and experimentation.** The common theme of all the reference customers’ projects was “sustainable innovation.” Innovation is not a one-off project but a repeatable process over a long-time horizon. Innovation is about rapidly adjusting to a constantly changing market. The reference customers had very different degrees of innovation maturity, from the very traditional, established business to the cutting-edge, digital native firm. However, all their innovation projects were long-term in nature. While emerging technologies supported these projects, they were not a precondition.

› **Digital transformation and innovation are two separate issues.** Dedicated innovation practices are delivering more convincing results for customers that require external support with innovation. Moreover, the vendor reference customers’ innovation initiatives were not focused on digital transformation. A dedicated innovation practice provides the focused context that innovation customers need to restructure their approach to innovation. Here, customers find the focused support for their innovation activities around innovation strategy, innovation ecosystems, innovation culture, innovation structure and governance, and dedicated innovation technologies. Innovation consulting services that are embedded in the digital transformation practice performed less convincingly.

› **The best innovation vendors work with multidisciplinary and multifunctional teams.** Most innovation consulting projects include team members from a wide spectrum of competency areas like product development, sales and marketing, digital, supply chain, IT, finance, and people and organizational change. For most vendors, their innovation practice is tightly integrated with the entirety of their consulting activities. This allows vendors to leverage their strategy, analytics, design, and delivery capabilities as well as their sales, marketing, finance, human resources, organizational change, and compliance expertise.
A digital architecture reduces dependency on and cost of maintaining legacy systems. Many organizations underinvested in their technology infrastructure in recent years. Embracing technologies like cloud services, data lakes, open APIs, robotics, and analytics reduces the share of IT spending on and exposure to legacy IT systems.¹ This digitally decoupled architecture supports IT agility as well as faster execution of the business and innovation strategy. Importantly, it frees up financial and human resources innovation. Only robust technology and technology strategy can provide the basis for an innovation initiative’s value proposition.

The market for innovation consulting services is still at an early stage. In this Forrester Wave, we only evaluate the providers of innovation consulting services that support businesses in their transformative innovation endeavors around new business models. We are not evaluating services around simple product innovation or marketing innovation. Granted, the innovation practices of several of the vendors we evaluated are over a decade old. Still, many of the vendors that we invited to participate in this Forrester Wave were not at a stage to demonstrate a clear and coherent innovation consulting offering. Among those that could, several struggled with a disjointed global approach to innovation consulting.²
Innovation Consulting Services Evaluation Overview

To assess the state of the innovation consulting services market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top innovation consulting services vendors. After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 17 criteria, which we grouped into 25 focus areas in three high-level buckets:

› **Current offering.** Each vendor’s position on the vertical axis of the Forrester Wave graphic indicates the strength of its current offering. Key criteria for these solutions include: innovation management tools provisioning, including ideation support, crowdsourcing, co-innovation platform, and idea selection support; in-depth analytical expertise for idea selection; and idea testing. We also evaluated innovation labs and infrastructure support, including dedicated and standalone innovation labs, and methodologies for testing business process transformation design and business model transformation design.

› **Strategy.** Placement on the horizontal axis indicates the strength of the vendors’ strategies. We evaluated innovation strategy and culture transformation support, including the pursuit of incremental and disruptive innovation initiatives; open innovation experiences; rapid prototyping; frugal innovation; expertise in innovation-specific advisory; management consulting; the consistent use of customer experience innovation methodologies like design thinking as well as ideation support; idea selection support; idea testing; and idea implementation. We also evaluated innovation partner ecosystem participation support, including support of developer initiatives for innovation and investments in innovation ecosystems with emerging tech companies, academic institutions, and venture capital firms.

› **Market presence.** Represented by the size of the markers on the graphic, our market presence scores reflect each vendor’s revenues from innovation consulting services in the last financial year, how many countries the vendors have a geographic presence in, how many innovation consulting customers the vendor supports, how many sectors are targeted with innovation consulting services, and how many dedicated, full-time staff work in the innovation practice.

**Evaluated Vendors And Inclusion Criteria**

Forrester reached out to a large number of vendors that offer innovation support. Many did not qualify and some chose not to participate. Forrester included eight vendors in the assessment: Accenture, BCG, Capgemini, Deloitte, EY, KPMG, McKinsey, and PwC — some of them as non-participating vendors. Each of these vendors has (see Figure 2):

› A dedicated and standalone innovation practice.

› A strong footprint across North America, Europe, and Asia Pacific.

› A dedicated and standalone innovation management tool.
The Eight Providers That Matter Most And How They Stack Up

› A dedicated and standalone innovation lab.
› Revenues at the group level of at least $1 billion annually.

FIGURE 2 Evaluated Vendors

<table>
<thead>
<tr>
<th>Vendor</th>
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<tbody>
<tr>
<td>Accenture</td>
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<tr>
<td>The Boston Consulting Group</td>
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<tr>
<td>Deloitte</td>
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<td>KPMG</td>
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<td>EY</td>
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<td>PwC</td>
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<td>McKinsey</td>
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</table>

Vendor Profiles

We intend this evaluation of the innovation consulting services market to be a starting point only and encourage clients to view detailed product evaluations and adapt criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool (see Figure 3 and see Figure 4). Click the link at the beginning of this report on Forrester.com to download the tool.
THE FORRESTER WAVE™
Innovation Consulting Services Providers
Q4 2018

FIGURE 3 The Forrester Wave™: Innovation Consulting Services Providers, Q4 2018

*A gray marker indicates incomplete vendor participation.
Leaders

› EY’s approach focuses on an end-to-end model from ideation to scale. One key element that differentiates EY’s innovation consulting offering is how it blends business, design, and advanced technology skills into collaborative teams. EY wants to create or anticipate disruption that comes from breaking down thought silos. EY’s innovation consulting services is a globally coherent offering. What stands out in terms of EY’s innovation consulting capabilities is this blend of diverse mindsets that is at the core of how breakthroughs are generated and accelerated through to scale. EY’s innovation practice is both discrete and embedded in other areas of its business. Innovation Realized forms the core of EY’s global innovation practice.
EY offers clients a business model simulator that allows executives to question, challenge, invent, and predictively design new business models. The tool offers innovation challenges, idea prototyping, and value propositioning. EY’s innovation ideation management platform, CogniStreamer, uses profiling analytics to build teams with the right skills for a specific innovation workflow assignment. CogniStreamer applies an algorithm to create a similarity score not only between ideas but also between persons or between persons and ideas. CogniStreamer also analyzes knowledge flows within an innovation community to reveal knowledge siloes or gaps or find “hotspots” in discussions and comments to reveal trending topics. From one of EY’s reference customers for innovation consulting services, we learned that they particularly appreciate EY’s ability to create a growth mindset for innovation separate from an incremental improvements and cost-out mindset.

Deloitte maintains a globally coherent innovation consulting offering. This global pitch is the main differentiating element of Deloitte’s innovation consulting offering. Moreover, what stands out in terms of Deloitte’s innovation consulting capabilities is the breadth of its innovation support services. Deloitte pursues a centralized approach for innovation through a global, dedicated design and innovation practice. Deloitte helps clients understand where to focus their efforts, from developing their innovation strategy to identifying and prioritizing opportunity spaces. Deloitte’s Ambition Matrix identifies an approach to innovation portfolio management that helps organizations understand where they can play in given markets and how to win over customers and businesses.

Furthermore, Deloitte uses human-centered innovation techniques to guide the development and validation of new business concepts and a road map for delivery. This involves building, testing, piloting, and launching functional minimum viable products as well as scaling and operationalizing the new business and creating repeatable build capabilities. Bridge connects enterprises that want to tap into the external startup innovation ecosystem to build their business. Deloitte’s innovation practice is tightly integrated with Deloitte’s consulting practice. This enables Deloitte to leverage its design and delivery capabilities as well as its strategy, analytics, and human capital practices. One of Deloitte’s reference customers for innovation consulting services told us that they valued Deloitte’s ability to bring together strategy consulting, technology support, and innovation advisory.

Accenture’s innovation consulting offering includes strong technical capabilities. A main differentiating element of Accenture’s innovation consulting offering is the technology vision. Accenture pursues a global strategy of helping clients balance the ever-increasing challenges of transforming to new business processes and business models. Its holistic, end-to-end innovation strategy is based on its Form approach. Accenture’s pivot to the New, which Accenture defines as digital, cloud, and security-related services, is at the heart of its innovation offering. Accenture Innovation Architecture represents end-to-end innovation capabilities across Accenture’s research, ventures, labs, studios, innovation centers, and delivery centers.
Accenture Transformation GPS, an advanced, analytics-based system, targets organizational change management capabilities at clients. It offers prescriptive capabilities to help leaders manage major transformation by using data from their people early and throughout to align culture, behaviors, and ways of working in support of their transformation. Accenture's Insights Platform leverages advanced analytics to reduce innovation complexity and accelerate innovation cycles. The innovation analytics platform presents views and governance to compare and promote trained models with both business and technical users. One of Accenture’s reference customers for innovation consulting services told us that Accenture was able to staff their team with local consultants, even in emerging markets, and that this helped produce a positive outcome of the innovation engagement.

**Strong Performers**

› **McKinsey’s innovation offering includes strong consulting and change management.**

McKinsey’s innovation offering is structured around four core elements: innovation strategy development, innovation portfolio management, innovation operating model design, and innovation delivery. McKinsey makes innovation an integral part of how an organization does business. McKinsey ties the client’s innovation strategy to the client’s innovation organization structure. McKinsey prototypes the specific innovation structure that will best fit the client organization. McKinsey’s innovation practice supports business model disruption initiatives. McKinsey offers a modular toolkit, including idea generation, innovation strategy setting, business model innovation frameworks and “teardowns,” new business concept launch support, and broader launch infrastructure. Koru is McKinsey’s innovation management tool.

The innovation practice also helps clients determine the best areas for potential disruption based on an analysis of the startup market, the industry power curve, a value chain analysis, and deep industry-specific expertise. It also helps build the skills to solidify the sustainability of the innovation structure by bringing together governance and operational innovation. McKinsey supports clients that start the journey from the innovation strategy and work through innovation execution. Alternatively, clients can get support with launching an innovation incubator and only then revisit the innovation strategy. McKinsey’s reference customers for innovation consulting services told us that in addition to classic consulting, McKinsey helped to find the right external talent for building up innovation capabilities.

› **PwC addresses product, technology, and business model innovation.**

PwC’s innovation consulting practice connects closely with its digital transformation practice, emerging technology labs, and corporate venturing services. PwC’s innovation offering stretches from supporting innovation strategy to product and service innovation and to innovation enablement. PwC also leverages its strategic consulting arm and its industry-specific expertise. A critical component of PwC’s innovation operating model approach is strategic portfolio management. This capability is specifically designed to define and manage a balanced mix of investments across short-term and longer-term innovation horizons. Strategic portfolio management empowers PwC to help its clients balance tactical derivative innovations and longer-term breakthrough and radical innovations.
PwC’s innovation management tool, Idea Lab, supports a consistent approach to ideation, co-innovation, and idea selection. PwC operates its self-assessment platform Strategy Profiler and its innovation benchmarking portal. PwC helps clients evaluate how well their innovation strategy is positioned for success and know where they measure up against their peers in key performance metrics such as operational and process excellence, product innovation, and workforce planning. PwC offers clients its Emerging Tech Radar to analyze and prioritize the emerging tech investments most relevant to their business. One of PwC’s reference customers for innovation consulting services told us that PwC was able to address both specific process-focused innovation and business model and go-to-market innovation.

› **KPMG’s innovation approach leverages data-generated insights.** What stands out in KPMG’s innovation consulting capabilities are its data analytics capabilities for innovation. KPMG offers innovation consulting services that cover all innovation transformation phases: from innovation strategy to idea design and delivery and commercial implementation. KPMG Innovation Factory is its innovation management tool. KPMG’s Data Observatory allows clients to analyze and visualize data insights with the goal to improve their products and services to remain competitive. KPMG also maintains ignition centers where clients discover disruptive business trends, harness data, and analytics insights. KPMG’s Lighthouse — Center of Excellence for Data And Analytics is an integrated data and analytics platform that leverages expertise in software and data engineering, data science, advanced visualization, artificial intelligence, and robotics. Insights centers, U-Collaborate, and e-Brainstorming help organizations make better, faster, and more confident decisions.

KPMG provides innovation clients with access to leading technology solutions and vendors through its global technology relationships. Moreover, KPMG pursues a business-led approach in combination with its domain expertise and leading-edge technology, analytics, and learning from its academic collaborations. As a result of its more federated go-to-market approach, there remains some inconsistency around the availability of KPMG’s innovation consulting service offerings across different regions and countries. KPMG declined to participate in our research. Scores are based on Forrester estimates.

› **BCG’s innovation consulting offering is rooted in its innovation strategy development.** A differentiating element of BCG’s innovation consulting offering is that its premise is built on the goal of building innovation capabilities for its clients that enable organizations to achieve a sustainable advantage. BCG helps set the broader innovation agenda, points to the critical innovation investment areas, which innovation domains should be targeted, and the investment mix between longer-term breakthrough ideas and smaller, more immediate innovation projects. BCG helps clients build its innovation ecosystems, involving internal development, partnerships, M&A, and crowdsourcing.

From a process angle, BCG supports its clients with the design, structure, and governance of the research and product development process. BCG’s Center of Excellence for Advanced Innovation Analytics has proprietary tools for analysis and data visualization, as well as access to both proprietary and public data sources. BCG monitors the connections in databases of global
patents, academic publications, and venture financings to help innovators shape and pursue their innovation strategies. BCG’s innovation and product development diagnostic tool offers clients the insights they need to understand their current strengths and weaknesses in these areas. The tool highlights areas for improvement and forecasts whether certain types of innovation and process improvements will pay off. BCG declined to participate in our research. Scores are based on Forrester estimates.

**Contenders**

- **Capgemini’s innovation offering is tightly aligned with its other key services offerings.** The centerpiece of Capgemini’s innovation offering is its global Applied Innovation Exchange. The Applied Innovation Exchange is built around the discipline of applied innovation, which is based on business outcome. The Applied Innovation Exchange is designed to enable enterprises to discover relevant innovations and contextualize and experiment with them within their specific industry. Capgemini works through a multidisciplinary open ecosystem of partners, including venture funds, academia, third-party R&D teams, startups, and its existing partnerships. Capgemini offers its clients a broad range of experimental-based facilities. One of the core components of the Applied Innovation Exchange is the cohesive network of global exchanges designed to provide organizations an environment for the exploration, discovery, testing, and application of innovation.

The cohesive network of exchanges provides organizations with an immersive and transformative environment for the exploration, discovery, testing, and application of innovation, as well as the rapid deployment at scale and sustainability of their target business impacts. The Applied Innovation Exchange includes TechnoVision Theatre, data-insights generators, business review platforms, business case and risk assessment tools, outcome-centric design facilities, innovation diagnostics tools, and an innovation governance framework. The depth of Capgemini’s innovation consulting services offering varies widely by country. For instance, while they have broad and deep innovation consulting services in France and Germany, countries in Asia are much less well covered. Capgemini declined to participate in our research. Scores are based on Forrester estimates.
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**Supplemental Material**

**Online Resource**
The online version of Figure 3 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings. Click the link at the beginning of this report on Forrester.com to download the tool.

**Data Sources Used In This Forrester Wave**
Forrester used a combination of data sources to assess the strengths and weaknesses of each solution. We evaluated the vendors participating in this Forrester Wave, in part, using materials that they provided to us by September 21, 2018.
The Eight Providers That Matter Most And How They Stack Up

› **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.

› **Product demos.** We asked vendors to conduct demonstrations of their products’ functionality. We used findings from these product demos to validate details of each vendor’s product capabilities.

› **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with a number of each vendor’s current customers.

**The Forrester Wave Methodology**

We conduct primary research to develop a list of vendors that meet our criteria for evaluation in this market. From that initial pool of vendors, we narrow our final list. We choose these vendors based on 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don’t fit the scope of our evaluation. Vendors marked as incomplete participants met our defined inclusion criteria but declined to participate or contributed only partially to the evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave evaluation — and then score the vendors based on a clearly defined scale. We intend these default weightings to serve only as a starting point and encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve. Vendors marked as incomplete participants met our defined inclusion criteria but declined to participate in or contributed only partially to the evaluation. For more information on the methodology that every Forrester Wave follows, please visit The Forrester Wave™ Methodology Guide on our website.

**Integrity Policy**

We conduct all our research, including Forrester Wave evaluations, in accordance with the Integrity Policy posted on our website.
Endnotes

1 See the Forrester report “Advanced Digital Businesses Are Winning With Tech-Driven Business Innovation.”

2 The market potential is difficult to estimate given the various definitions for innovation consulting services. Based on Forrester’s own strict and narrow estimates — innovation consulting revenues excluding traditional, pure-play strategy or digital projects — we assume the market for innovation consulting services to generate revenue of between $1.3 billion to $2.3 billion. The contribution of these innovation consulting services to broader digital transformation and other consulting services is very significant.

3 EY’s Wavespace centers are a global network of client-facing innovation labs designed to help clients rethink and reimagine business processes, business models, and new products and services. EY’s EYQ program monitors across industries, sectors, and agents of change for the emerging big innovation themes. EY’s innovation practice also leverages EY’s digital strategy and transformation solution.

4 McKinsey’s Innovation Transformation Partnership, often used in conjunction with the eight essentials diagnostic, forms the umbrella framework that enables organizations to identify gaps in their capabilities and define the right sequence of steps needed to get on the path of sustainable growth through innovation.

5 BCG’s Innovation Centers for Operations provide immersion, experimentation, and training on all topics related to Industry 4.0. BCG’s innovation enablement offering helps organizations sharpen their skills across the entire innovation value chain, from innovation strategy development through ideation, research, and product development.
We work with business and technology leaders to develop customer-obsessed strategies that drive growth.

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