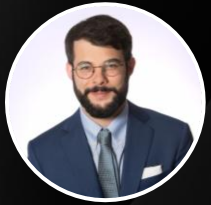
HOW TO LEVERAGE INNOVATION CLUSTERS

Turning Ideas into Impact



Anthony Schiavo
Senior Director

Chris Robinson
Senior Director

AGENDA

1 | **Innovating under pressure**

2 | Understanding innovation clusters

3 | Making the case for long-term innovation

A NEW ERA OF INNOVATION

- Reduced budgets
- Profitability pressures
- Headcount cuts
- Shorter timelines
- Changing government incentives
- Dried up VC

Image source: Pixabay

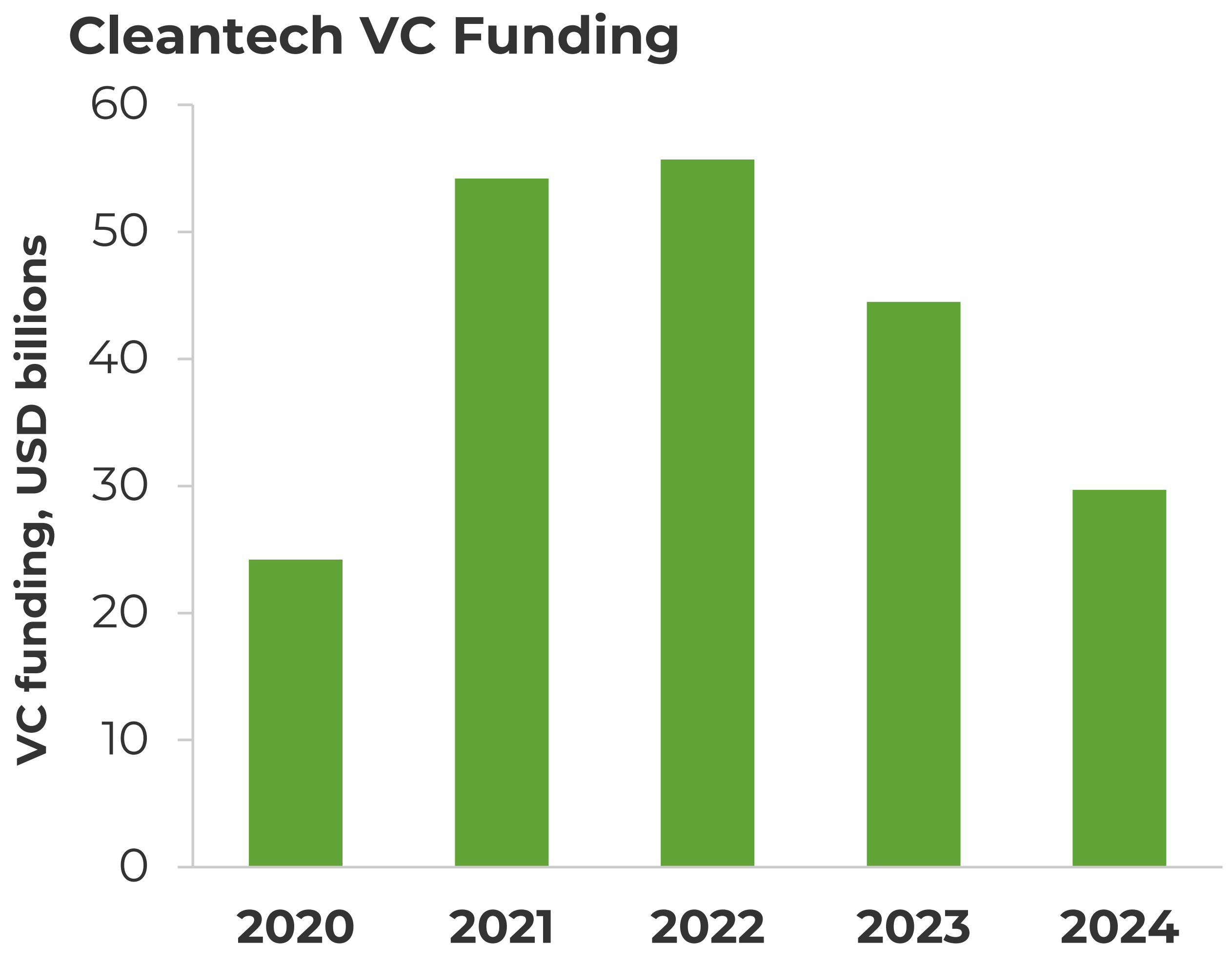
INNOVATION TEAMS UNDER PRESSURE

31 OCT, 2024

Layoffs surge in US white collar jobs as rates, AI alter office work

ARTIFICIAL INTELLIGENCE • CLEAN TECH AND ENERGY • VENTURE

Cleantech Funding Weakened In 2024



Data source: Crunchbase

TRUMP HAS FROZEN INNOVATION FUNDS

Trump hits NIH with 'devastating' freezes on meetings, travel, communications, and hiring

Researchers facing "a lot of uncertainty, fear, and panic"

Trump administration makes deep cuts to science funding

FEBRUARY 10, 2025 · 5:00 PM ET

Trump funding freeze leaves IIJA, IRA projects in limbo

CEOS SHIFT TO GROWTH, AWAY FROM TRANSFORMATION

2024 CEO Priorities Survey:

Business Growth	Business Transformation	Advanced Technology	Climate and Sustainability
+26%	–8%	–8%	–10%

Data source: Deloitte

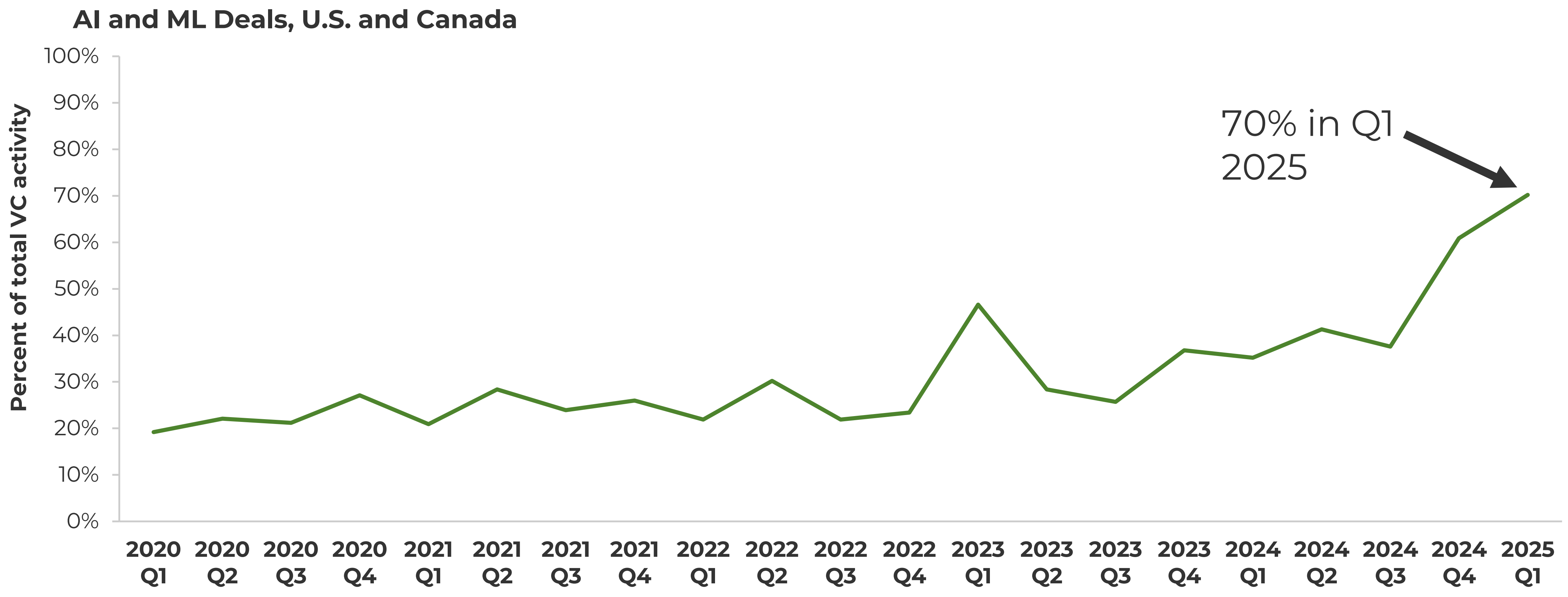
“ ”

I founded my startup three years ago — in today’s environment, there’s no way I’d found a company.

Startup founder, NYC

Image source Pexels

AI IS TAKING UP ALL THE VC DOLLARS



INNOVATORS MUST MAXIMIZE THEIR RESOURCES

Innovators must find ways to do more with fewer resources.

Innovators must find ways to manage risk in a rapidly changing environment.

Innovators must maintain a place for long-term innovation despite pressure for short-term results.

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WHAT IS AN INNOVATION CLUSTER?

Innovation clusters are organizations that support startups and researchers *without* directly taking a stake in the startup or owning the technology.

Innovation clusters seek to stimulate innovation activity by creating localized communities of independent organizations that are all focused on developing new technologies relevant to a particular sector or global issue.

WE CLASSIFY INNOVATION CLUSTERS INTO 4 GROUPS

Networkers

Run lean business models focused on facilitating connections for relatively later-stage startups.

Builders

Support more mature startups with an extensive suite of services for multiple years.

Nurturers

Focused on local innovation in regions that lack significant innovation infrastructure.

Futurists

Focused on investing significant time and resources into a fewer number of early stage ideas.

WORKING WITH CLUSTERS ISN'T ALWAYS EASY

"

We joined an incubator to increase our tech scouting capability, but the companies weren't ones we wanted to invest in…

Chemicals company R&D leader

"

We were working with an accelerator to hasten innovation, but I just ended up being pulled into startup mentorship without a tangible result…

CPG company innovation leader

"

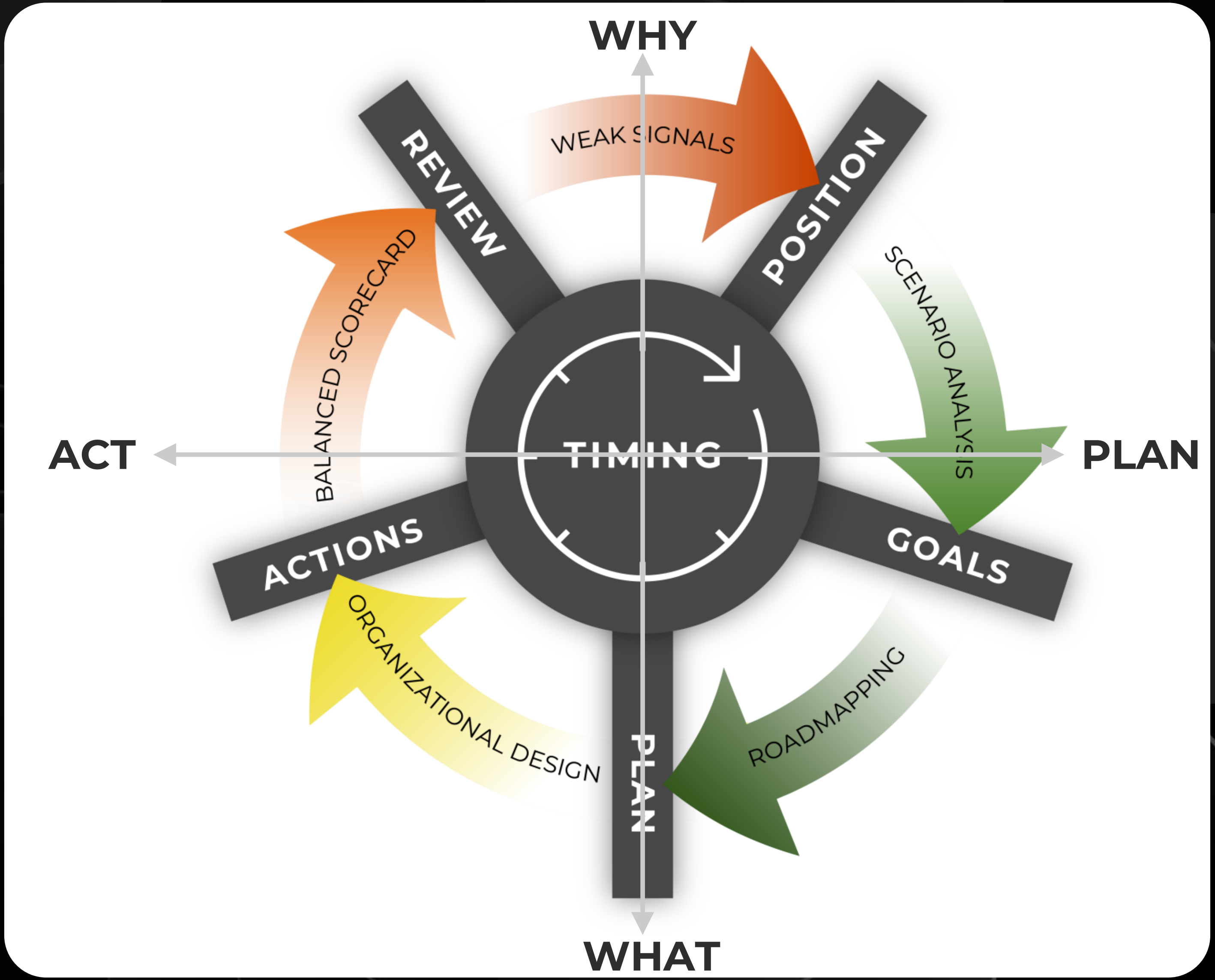
We launched a corporate challenge for our issue, but we didn't get any traction…

Chemicals innovation leader

BEING METHODICAL

Innovation strategy requires a continuous process with a timing of 3–5 years.

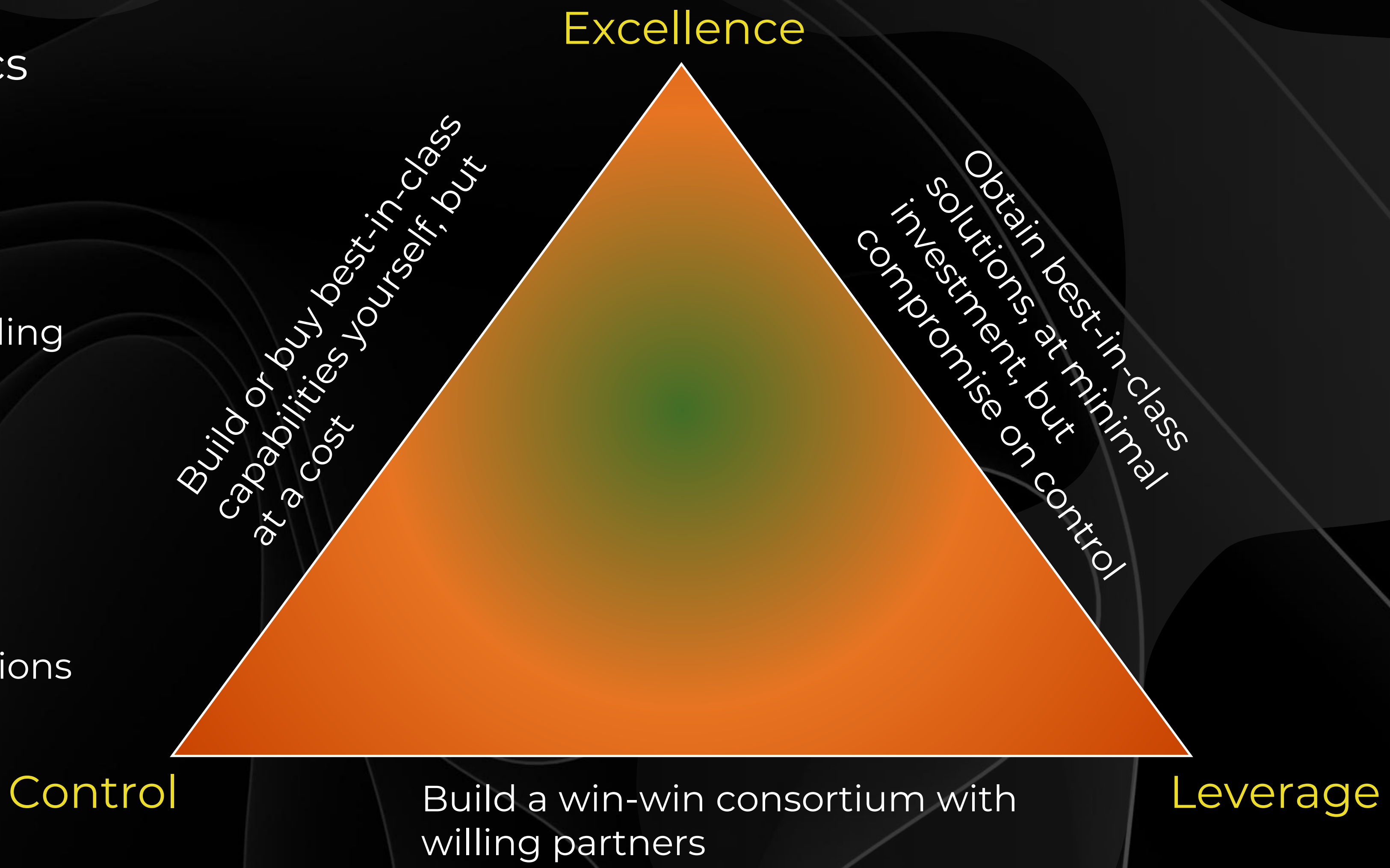
A well-designed process separates planning, acting, the "what," and the "why."



ORGANIZE FOR YOUR KIND OF SUCCESS

Devising your execution tactics requires balancing three key priorities:

- **Leverage**
  Derisk by securing additional funding
- **Control**
  Retain IP rights and full decision-making authority
- **Excellence**
  Ensure access to world-class solutions and expertise



MAPPING INNOVATION CLUSTERS

FUTURIST: CYCLOTRON ROAD

Government-funded incubator for scientists and founders

- Cyclotron Road is a U.S. DoE lab-embedded entrepreneurship program conducted in partnership with Activate.
- Participants receive an annual USD 100,000 stipend, access to Lawrence Berkley's labs and USD 150,000 of research funding, and peer and professional support in a 2-year program.
- The program is limited to first-time entrepreneurs who have raised less than USD 2 million and don't have a commercial product.

LUX TAKE

In 2015, Cyclotron Road was already nurturing the critical technologies of 2025 — yet corporations had few avenues to engage with or influence their development.

Example Alumni

twelve

mosaic

FERVO ENERGY

BRIMSTONE

FUTURISTS

NURTURER: MASS CHALLENGE

Nonprofit accelerator working across multiple sectors

- Founded in Boston in 2009, Mass Challenge operates multiple thematic accelerator programs, corporate-sponsored challenges, and geography-specific programs.
- Programs run for four months and offer mentorship, in-person meetings and roadshows, founder education, and access to a network.
- With few limitations on applications, it has more than 3,000 alumni.

LUX TAKE

Mass Challenge gives corporate partners the opportunity to access startups, or even develop their own challenge, but provides limited technological support to innovators.

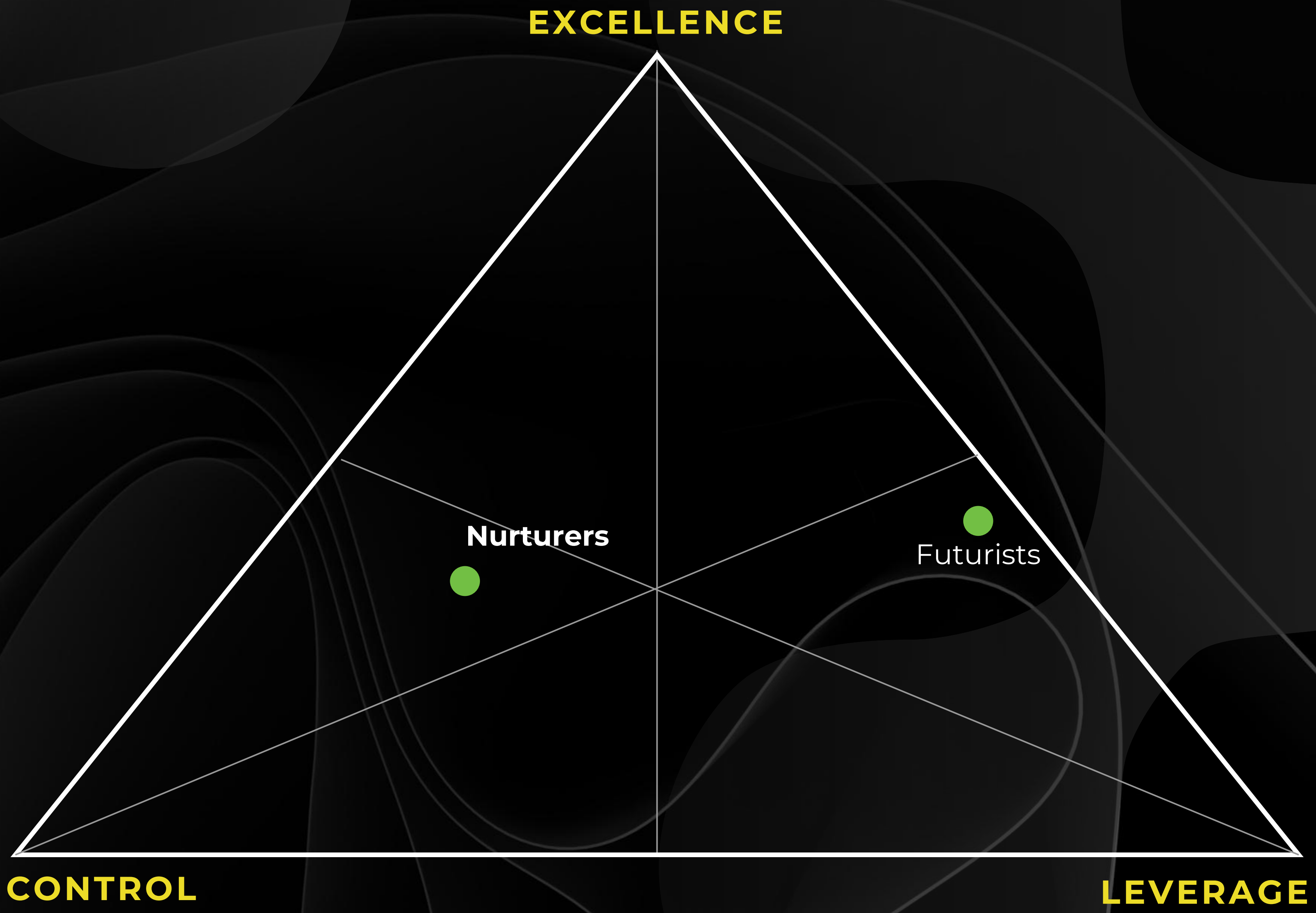
Example Alumni

Bitso

ginger

HYLIION

NURTURERS



NETWORKER: PLUG AND PLAY

Hybrid venture, corporate innovator, and startup services

- Founded in 2006 as an office space for startups and a seed investment vehicle in Silicon Valley, it slowly expanded into incubation and corporate services.
- Startups can access accelerator services, including networking, pitch meetings, co-working spaces, and events.
- Plug and Play also provides corporate services, including scouting and custom innovation challenges.

LUX TAKE

Plug and Play offers unmatched scale and flexibility, with a network of over 100,000 startups — reach that few others can rival.

Example Alumni

Dropbox

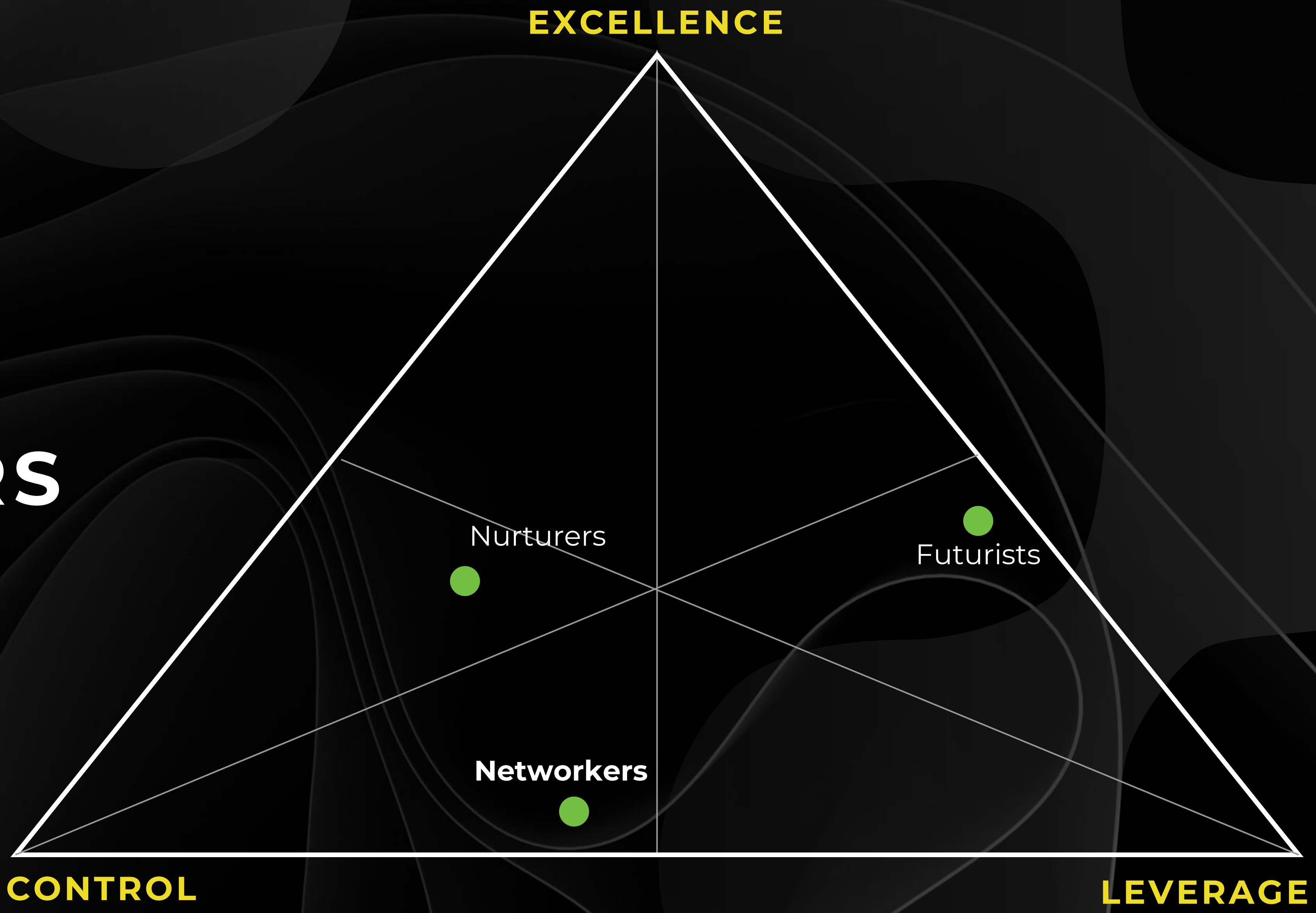
PayPal

einride

FLEXIV

MANSCAPED

NETWORKERS


EXCELLENCE
Nurturers
Futurists
Networkers
CONTROL
LEVERAGE

BUILDER: GREENTOWN LABS

Co-working, lab space, networking, and shared resources

- Greentown Labs focuses on early stage startups (though companies often stay as they mature) in climate tech and cleantech and primarily provides access to shared technical and laboratory facilities.
- Corporate partners get access to the startups through events, investment opportunities, and projects.
- Greentown Go programs target specific technologies and opportunities.

LUX TAKE

Greentown enables deep engagement with startups while taking the burden off corporates to provide technical support or facilities.

Example Alumni

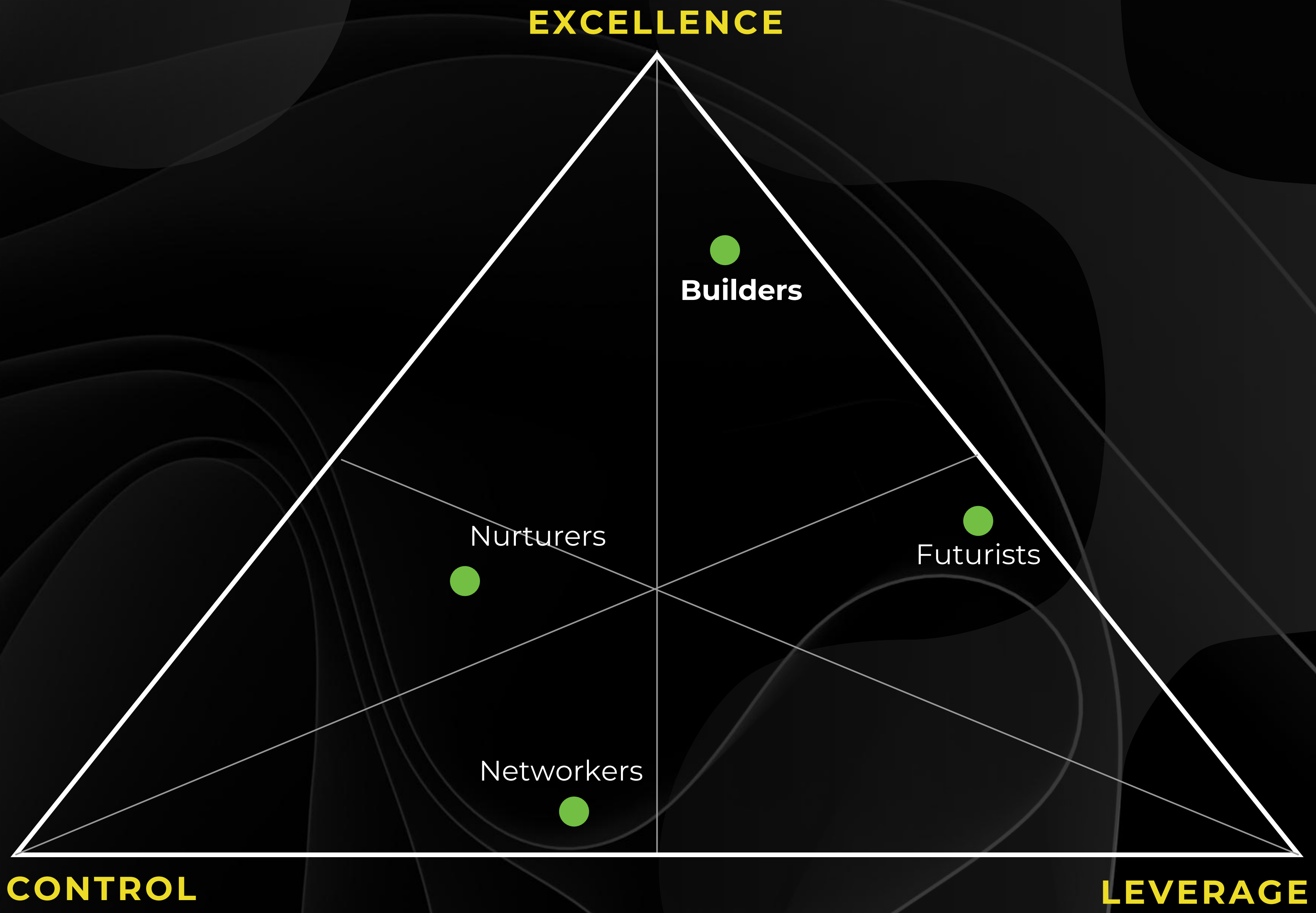
ABTC
AMERICAN BATTERY
TECHNOLOGY COMPANY

Form energy

Sublime Systems

nexus CIRCULAR

BUILDERS


EXCELLENCE
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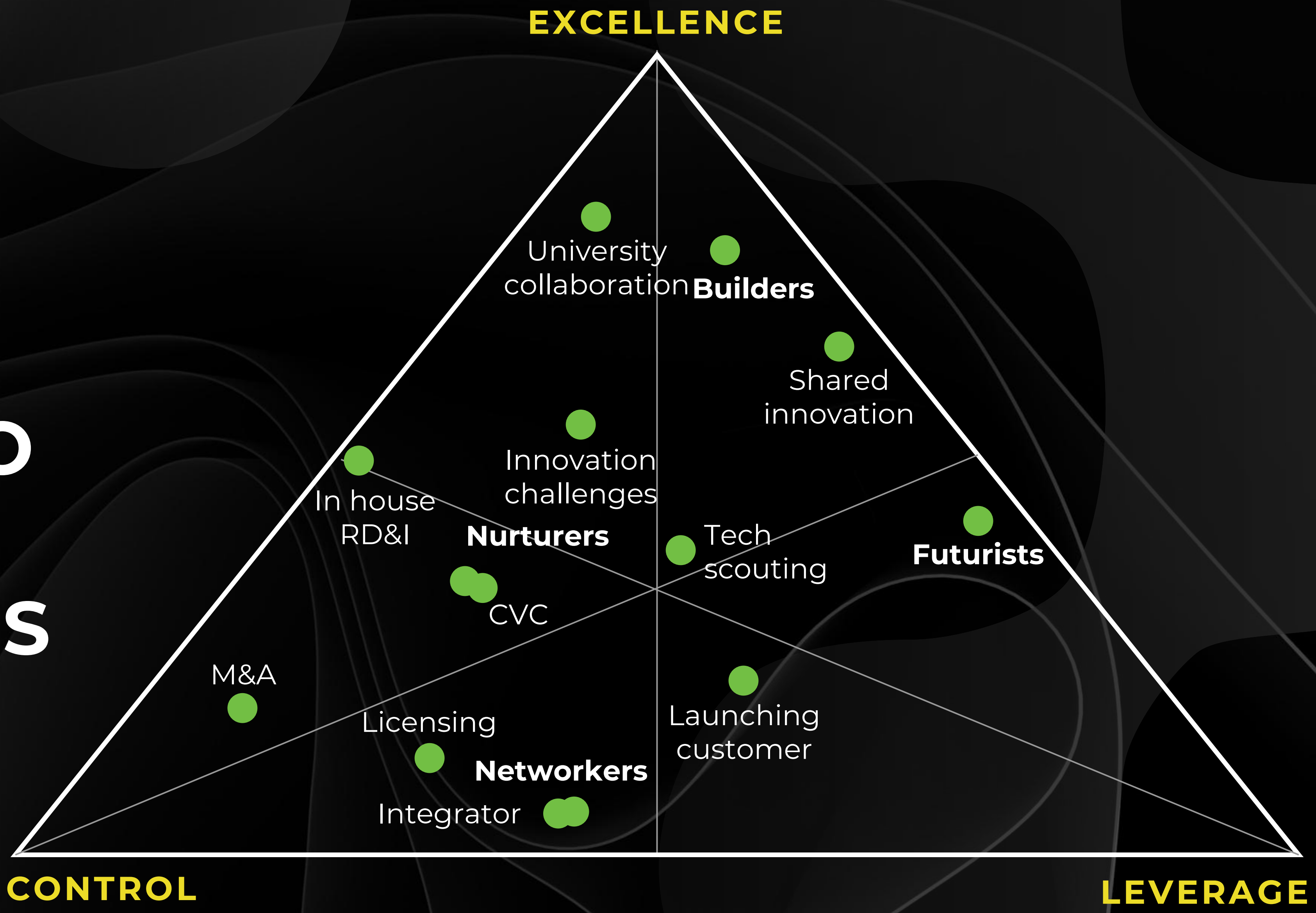
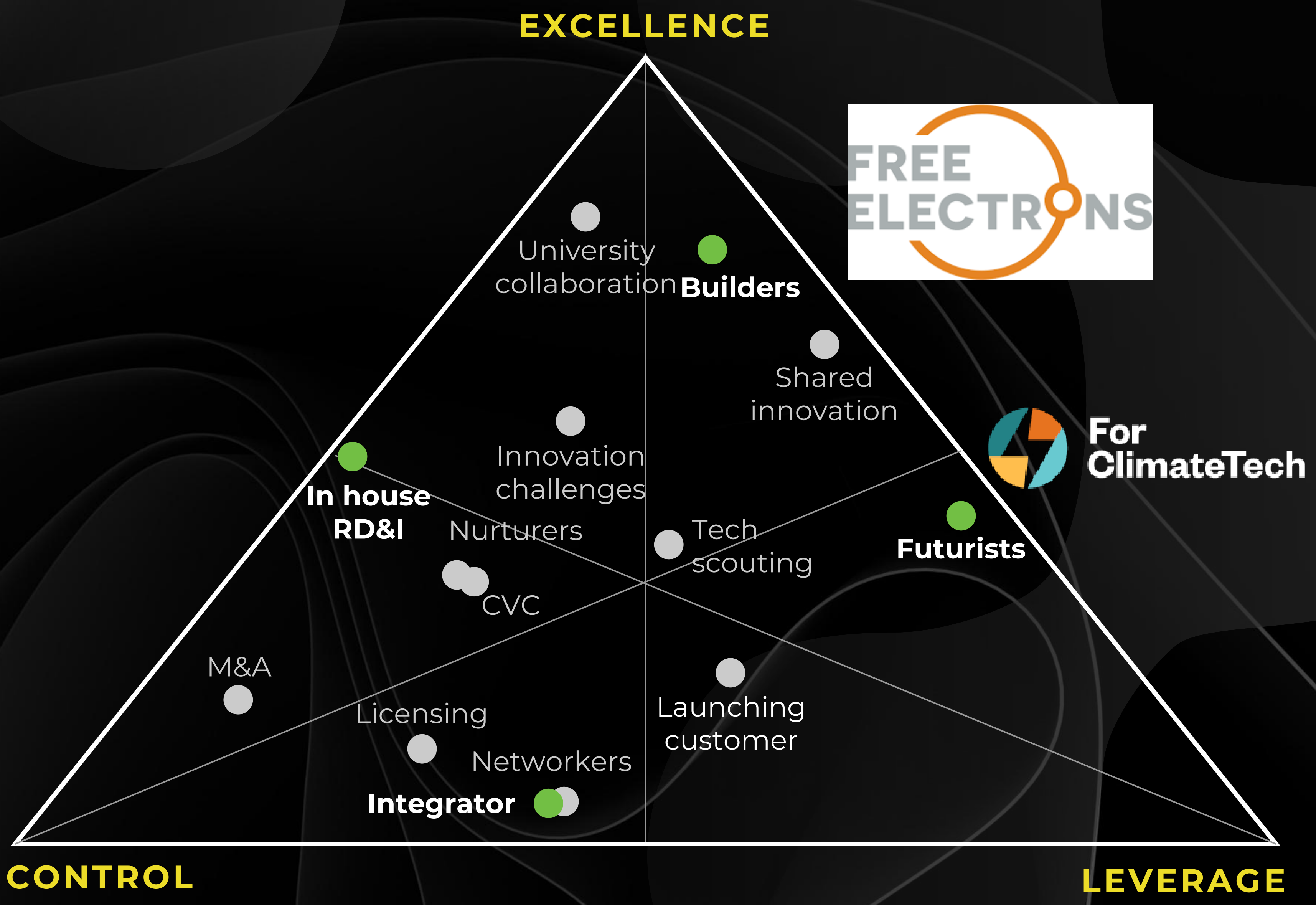
BRINGING CLUSTERS TO THE INNOVATOR'S TOOLKIT



UTILITY INDUSTRY



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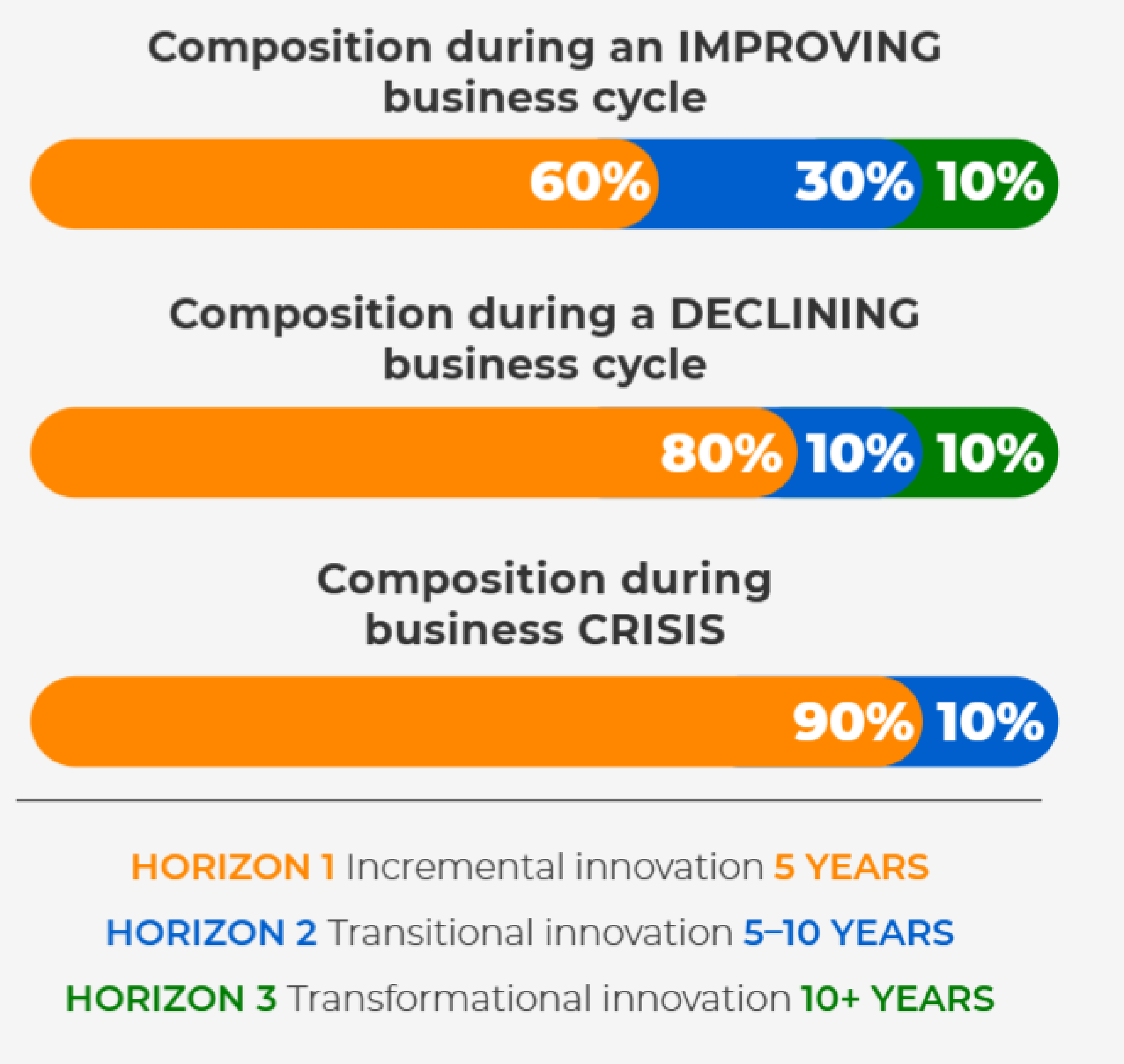
3 | **Innovation clusters and long-term innovation**

THE CHANGING INNOVATION PORTFOLIO

When times get tough, CTOs shift their focus to incremental and near-term innovation.

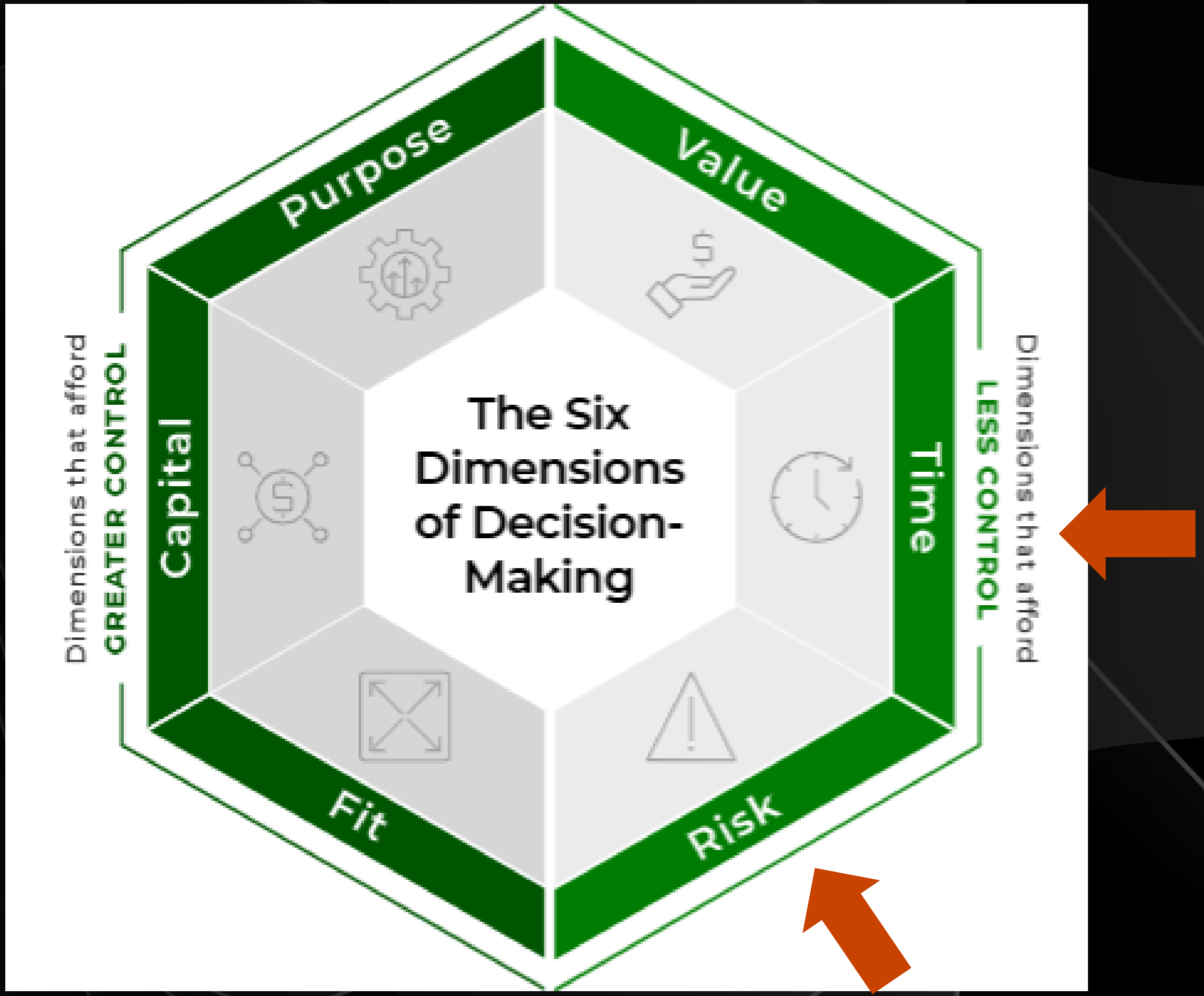
Tough business cycles are the best time for expansive innovation!



THE CHANGING INNOVATION PORTFOLIO

A crisis is the worst time to try to drive value through incremental innovation.

Instead, it's better to make the case for long-term innovation — at a lower cost.



Innovation clusters are a way to make long-term innovation lean

HOW CAN YOU BE SUCCESSFUL WITH INNOVATION CLUSTERS?

1. Align with your other innovation activities.

2. Recognize that it takes time.

3. Treat it like an asset.

KEY TAKEAWAYS

1

Innovation clusters are not all the same — they offer very different resources to startups and corporates.

Leverage clusters to compliment, not duplicate, your existing innovation resources.

2

Innovation clusters need to be part of a larger innovation strategy.

If you don't have a handle on your innovation priorities, you won't be able to select the right innovation cluster to work with.

3

Innovation clusters are a way to prep for the next big upswing in innovation interest.

Working with clusters is a way to stay lean while preparing for long-term technology trends, but it takes time and effort.

THANK YOU

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ABOUT LUX

Lux Research fuels innovators to not only imagine what's possible in the future but also operationalize innovation success in the near term. We deliver research and advisory services to inspire, illuminate, and ignite innovative thinking that reshapes and grows businesses. Using quality data derived from primary research, fact-based analysis, and opinions that challenge traditional thinking, our experts focus on finding truly disruptive innovations that are also realistic and make good business sense.

The "Lux Take" is trusted by innovation leaders around the world, many of whom seek our advice directly before placing a bet on a startup or partner — our clients rely on Lux insights to make decisions that generate fantastic business outcomes. We pride ourselves on taking a rigorous, scientific approach to avoid the hype and generate unique perspectives and insights that innovation leaders can't live without.

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