



How to set up an innovation pipeline at Bosch

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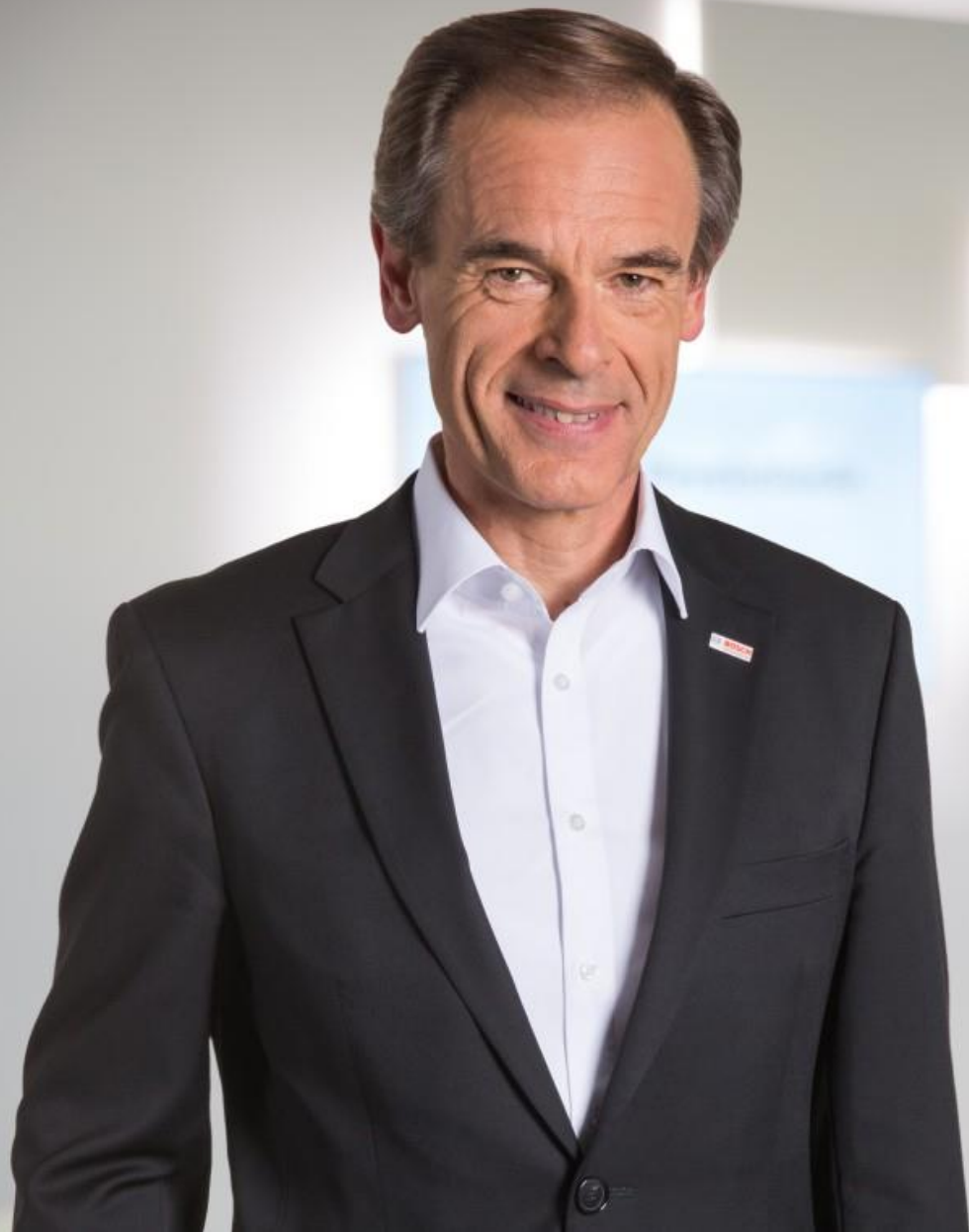
Transformation

hard



harder





"We will focus on more than just products. We want to encourage our associates to turn more of their attention to new types of business models.

Product innovations are important but alone won't be enough to ensure our company's continuing success."

- Volkmar Denner, CEO

**What does business
model innovation
really mean?**

Buzz words...

Artificial Intelligence
Virtual Factory
SmartHome
PlatformAsAService
DataMining
InternetOfThings
eMobility
MachineLearning
AutonomousDriving
SmartAgriculture
SmartCity
Industry4.0
ConnectedMobility
SoftwareAsAService
AssetSharing
BigData
SmartRail

...if no business model

**What is the #1
challenge in
innovation?**

Market Challenge

Fortune 1000 Firm Replacement Rate

35%

1973-1983

70%

2003-2013

(?)%

2013-2023

The #1 challenge in innovation:

No one can pick winners beyond the core business

- 90-95% of startups fail (Harvard)
- 80% of venture capital funds fail to outperform the market (UCB)
- 85% of new consumer packaged goods (CPG) products don't generate a profit (UCB)
- 97% of university patents are never licensed (UCB)
- 7% (37 of the 511) of the handpicked (only 5% acceptance rate) startups that entered YCombinator's program, the most successful accelerator in the world, have exited with a valuation > \$40m (YCombinator)
- < 1% become unicorns (> USD 1bn valuation) (UCB)

**What about
corporate?**

Established companies also fail to innovate

“The reason why it is so difficult for existing firms to capitalize on disruptive innovations is that their processes and their business model that make them good at the existing business actually make them bad at competing for the disruption.” – Clayton Christensen, Harvard Business School

Major reasons

Risk avoidance

BMI investment
ties up resources

High switching
costs

Unrealistic /
inappropriate ROI
expectations

Motivational
barriers

No explore
organization with
the capabilities to
test / validate
new businesses

Too much focus
on improving
core BM's
efficiency

Dominant
industry logic
trap

Routine rigidity

Technology push
vs market pull

¹ Harvard Business Review, [Why Good Companies Go Bad](#)

Innovation in the Core and Beyond

**TARGET MARKET/
CUSTOMER**

New market
for the world

Existing market
we don't serve

Existing market
we serve



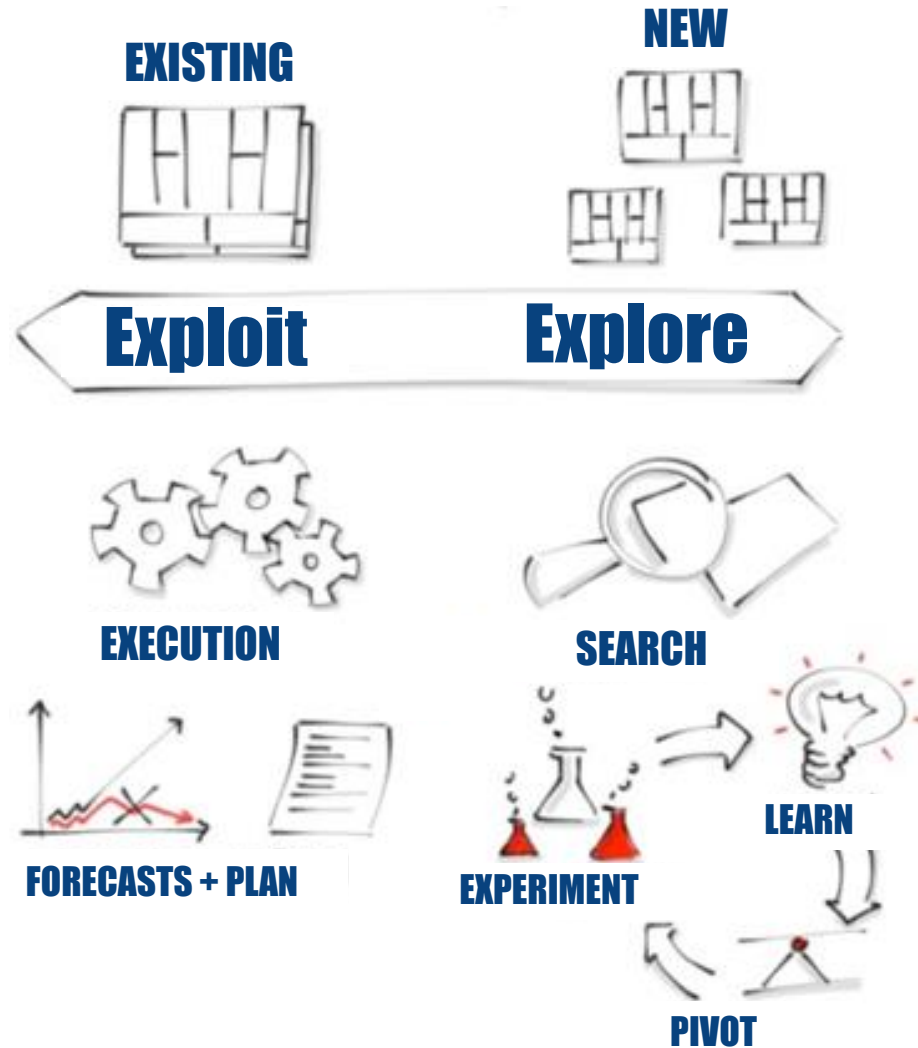
Existing capability
we have

Existing capability
we don't have

New
capability

**ORGANIZATIONAL
CAPABILITIES**

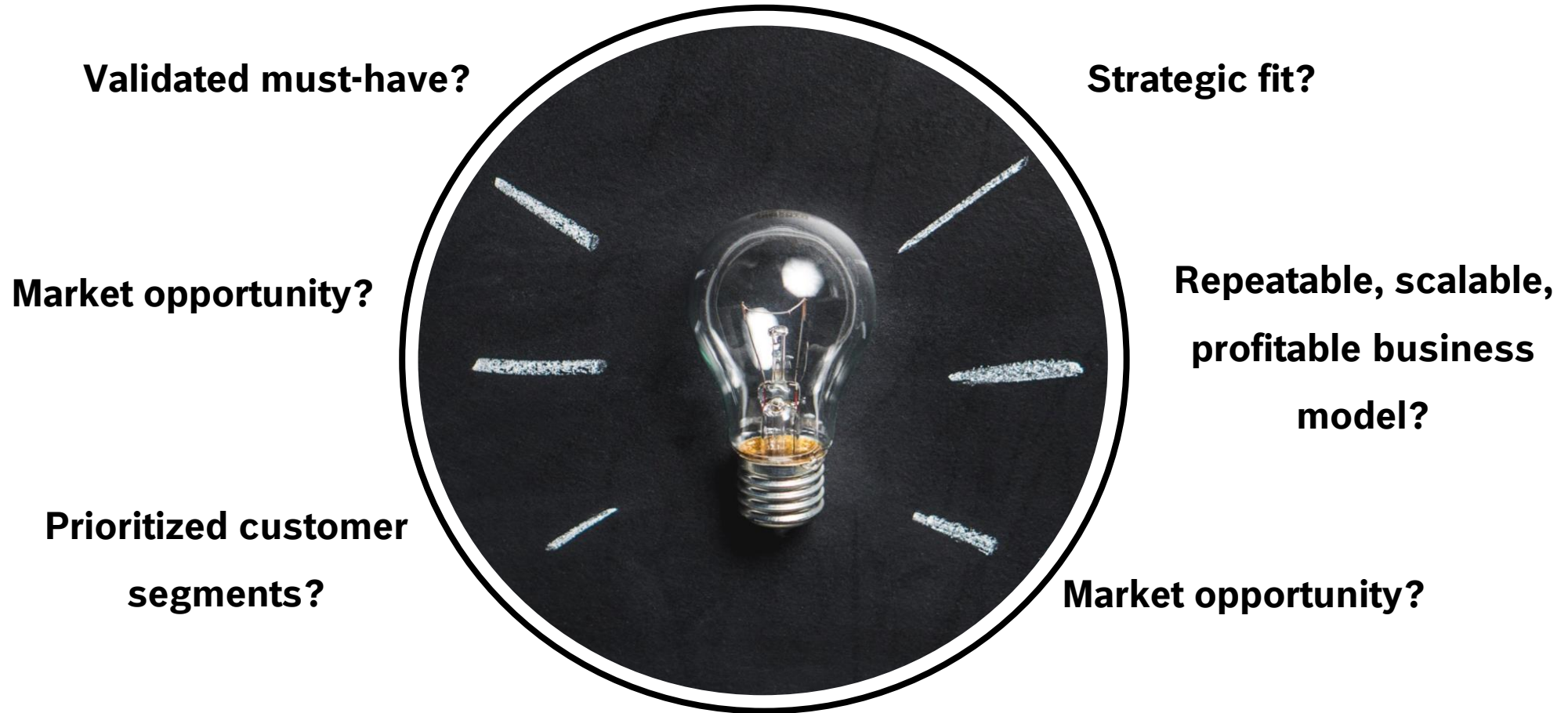
Context matters



**What is our
Bosch Accelerator
Program about?**

What Is the Accelerator Program All About?

Accelerator enables evidence-based investment decisions



How does the Accelerator Program work?

Phase 1



Phase 2



The Accelerator Program delivers speed and efficiency

11 teams are now scaling revenue and customer acquisition



Cuts development costs by a factor of 6.10x



20-40x more scale than a typical incubator



First revenue in under 7 months



ComIN

Hot Water through Microcredit
and Mobile Payments

Unsolved Problem: Hot Water in Kenya



Unsolved need

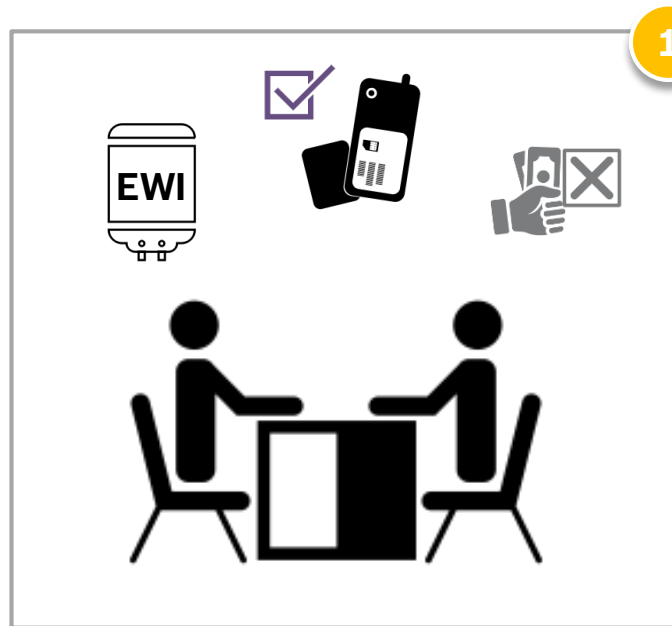


Low income level

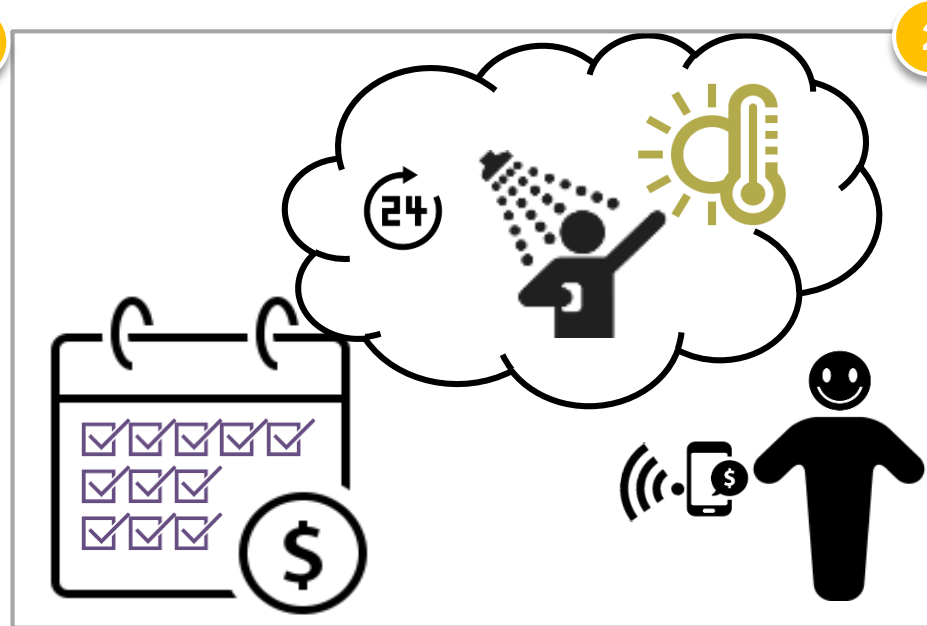


Problems with electrical
power

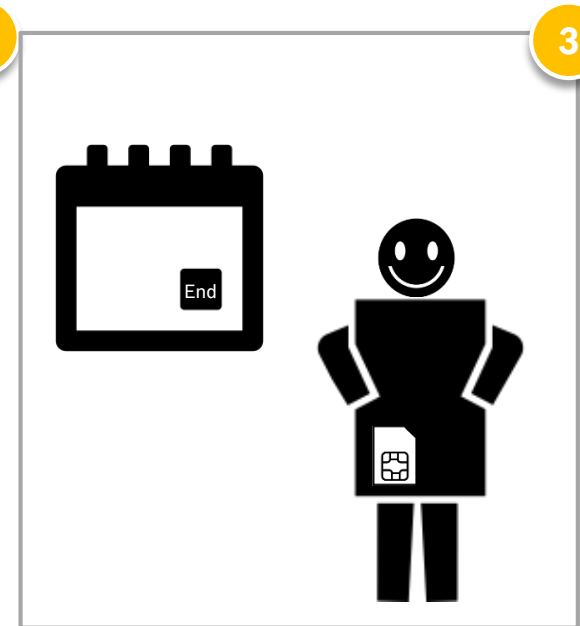
Our idea...



**MICROCREDIT
BUSINESS**



**PAYMENT
PROCESS**



**CLIENT OWNS
THE PRODUCT**



Status Quo:

27 installations in
four months

534 Customer LOIs

1727 Customers
contacted

Thank you

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