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# 2026 R&D Trends Forecast

Stewart Mehlman and the Innovation Research Interchange

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FEATURE ARTICLE

# 2026 R&D Trends Forecast

## Results from the Innovation Research Interchange's Annual Survey

*Data from this year's survey show optimism for 2026 and a positive view for future years, with substantial increases forecasted for digitization and new business initiatives.*

**Stewart Mehlman and the Innovation Research Interchange**

Since 1984, the Innovation Research Interchange (IRI) has surveyed R&D and innovation leaders about their actual activity and R&D budgets for the past year and their expectations and projections for R&D investment levels, activities, budgets, and other important factors for the year ahead. The survey also asks about the geographical dispersion of R&D facilities, innovation leaders' top concerns and views about macro trends, and the factors contributing to variance between actual and projected spending levels for both the preceding and upcoming year. The result is an analysis that highlights what matters most to innovation professionals. The primary goal of the survey is to map expectations regarding spending levels for the coming year. Recent historical data give context to this annualized snapshot and the forces driving those expectations.

The 2026 IRI survey shows cautious optimism in R&D investment despite economic and geopolitical uncertainties. Nearly half of respondents anticipate increased budgets for 2026, with strong focus on artificial intelligence (AI), data management, and new business development. However, respondents were pessimistic about the overall economy, with over half expecting a recession and many expressing concerns about political uncertainty and tariffs.

### About the Survey

The 2026 survey comprised 26 questions: 2 open-ended questions and 24 questions with defined response sets, including the majority of the previous survey's historical questions. To streamline the survey, we removed this question:

> Briefly describe any regulatory or legislative actions taken by any local, national, or international governing body in 2024 that you believe are likely to affect your R&D organization significantly in 2025.

We replaced the open-ended question on *process and/or strategic changes being made to your innovation activities to adapt to sustainability targets and regulations* with an open-ended question previously used (most recently for 2023) regarding the biggest surprise of 2025 and how it will impact plans for 2026.

Seven of the 26 total survey questions asked for basic demographic information about the respondent's company.

Our analysis of this year's survey is based on responses from 43 organizations (36 of them IRI members). This represents an increased level of response from last year, when only 29 organizations responded. Similar to the last few years, there was a dramatic decrease in nonmembers due to lower survey circulation. The IRI member response number was in line with the seven-year running average of 37. Respondents were well engaged this year; the average number of responses to the closed-end questions was 41 (96 percent), close to last year's historically high percentage (99 percent) and higher than the previous year (92 percent). Respondents were even more engaged with the open-ended questions, with a 71 percent average response, compared to 61 percent in the last two years and above the 50 percent rate in the 2023 survey. As in recent years, some questions sought to gain additional insights into expenditure on overall innovation activities, as opposed to focusing solely on traditional research, and some questions asked respondents to differentiate top priorities or challenges rather than merely indicating all subjects of importance.

IRI's changing membership and the voluntary nature of the survey mean that the mix of companies represented in the survey fluctuates each year. The mix of responding firms was similar to last year, which confirms our belief that last year's survey did offer a reliable snapshot of trends.

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The Innovation Research Interchange (IRI) brings together companies and laboratories from around the world to seek, share, learn, and create best practices and policies in R&D and innovation. IRI is the only cross-industry association of innovation experts in the United States and has been publishing this trends survey since 1984, one of the longest running and most reliable forecasts of its type. For more information about IRI, visit www.iriweb.org.

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## Respondent Profile

The companies participating in this year's survey come from a range of industry segments. The largest proportion is from the materials/chemical/gases industry (the historically leading industry), which was second last year after the construction/building materials industry, which was second this year (Figure 1). Other fields with multiple respondents include consumer packaged goods/personal care, food/beverage, and medical/diagnostics/healthcare. Similar to last year, most respondents are from medium-sized to large corporations, defined in terms of revenue, with 67 percent reporting revenue greater than $1 billion (Table 1). A significant number of respondents, 19 percent, were between $100 million and $1 billion in sales, which is similar to the 2020–2023 results, though greater than the last two years. Most are headquartered in the United States (93 percent), with only 5 percent headquartered in European countries, representing a substantial drop from last year (21 percent). Approximately 49 percent reported annual R&D investments between $6 million and $100 million, and another 28 percent reported spending in excess of $100 million (Table 2). We also asked, "What is your organization's anticipated total technological innovation of R&D spend as a percentage of revenue in 2025?" As in prior years, the most common answer was 1–3 percent of revenue, given by 53 percent of the respondents (Figure 2). More than 86 percent reported spending 6 percent of revenue or less, and approximately 7 percent indicated spending more than 10 percent of revenue. These amounts indicate there were fewer large spenders (as a percentage of revenue) among the respondents than in previous years.

Many companies that provided data are global, directing a significant amount of their R&D spending outside the United States. While some 40 percent reported that 10

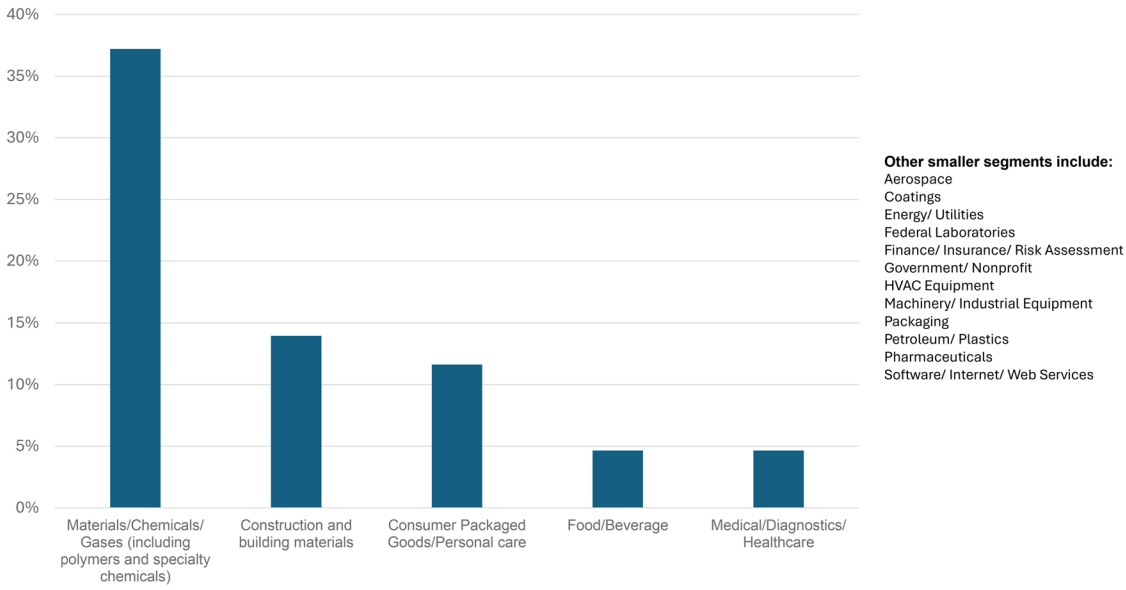


**FIGURE 1.** Respondents by industry sector

**TABLE 1. Respondents by revenue**

| Revenue | Percent | Responses (number) |
|---|---|---|
| Less than $1 million | 0% | 0 |
| $1 million to $10 million | 2% | 1 |
| $11 million to $100 million | 7% | 3 |
| $101 million to $1 billion | 19% | 8 |
| $1 billion to $5 billion | 40% | 17 |
| $6 billion to $10 billion | 9% | 4 |
| $11 billion to $50 billion | 16% | 7 |
| $51 billion to $100 billion | 0% | 0 |
| More than $100 billion | 2% | 1 |
| I don't know/not applicable | 5% | 2 |
| Total | 100% | 43 |

**TABLE 2. Respondents by R&D spending**

| R&D spending | Percent | Responses (number) |
|---|---|---|
| Less than $1 million | 5% | 2 |
| $1 million to $5 million | 12% | 5 |
| $6 million to $10 million | 14% | 6 |
| $11 million to $50 million | 19% | 8 |
| $51 million to $100 million | 16% | 7 |
| $101 million to $500 million | 21% | 9 |
| $501 million to $1 billion | 5% | 2 |
| More than $1 billion | 2% | 1 |
| I don't know | 7% | 3 |
| Total | 101%* | 43 |

*Total greater than 100 percent due to rounding.

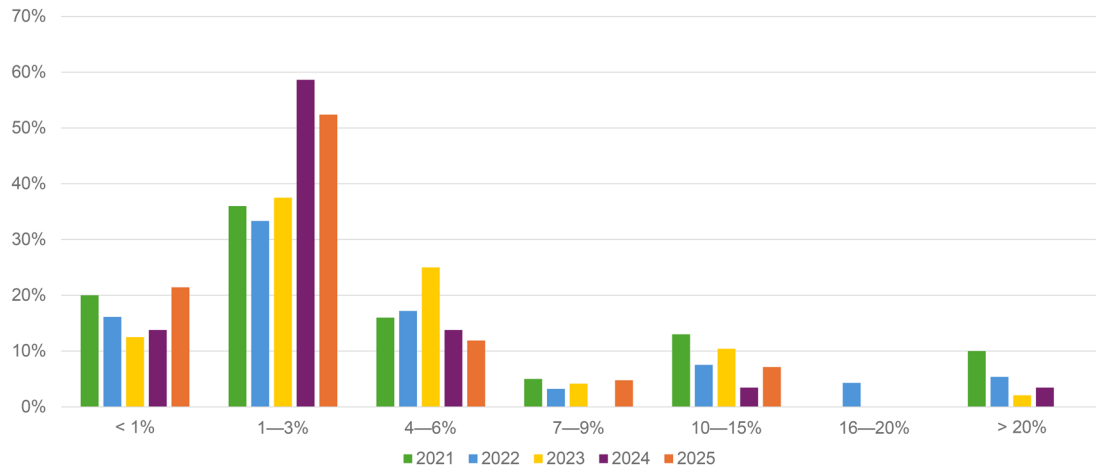


**FIGURE 2.** Anticipated total technological innovation or R&D spend as a percentage of revenue in 2021–2025

**TABLE 3.** Respondents by portion of R&D outside United States

| R&D spending outside the United States, % | Percent | Responses (number) |
|---|---|---|
| 0–10% | 40% | 17 |
| 11–25% | 16% | 7 |
| 26–50% | 23% | 10 |
| 51–75% | 9% | 4 |
| 76–100% | 5% | 2 |
| I don't know | 7% | 3 |
| **Total** | 100% | 43 |

**TABLE 4.** Location of respondents' R&D labs

| Region | Percent | Responses (number) |
|---|---|---|
| United States | 95% | 41 |
| Europe | 51% | 22 |
| China | 37% | 16 |
| Asia—other | 26% | 11 |
| India | 23% | 10 |
| United Kingdom | 16% | 7 |
| South/Latin America or Caribbean | 14% | 6 |
| Canada | 12% | 5 |
| Australia/New Zealand | 9% | 4 |
| Mexico | 5% | 2 |
| Africa | 0% | 0 |

percent or less of their R&D budgets are directed outside the United States, 37 percent reported spending at least 26 percent of their R&D expenditures overseas (Table 3). These expenditures are distributed all over the world. Almost all respondents (95 percent) operate innovation centers in the United States. Other locations include Europe (51 percent), China (37 percent), the rest of Asia (26 percent), India (23 percent), and the United Kingdom (16 percent) (Table 4). Respondents reported operating R&D centers in 9 European countries, with only Germany (6) and France (2) receiving multiple mentions. Similarly, respondents reported operating R&D centers in eight countries in Asia (outside China and India), with only South Korea being mentioned twice.

## 2025 Spending

The survey asked respondents about the difference between their projected and actual R&D budgets for the previous year. These questions enabled us to better contextualize the annual forecast. This year, the results were more diverse: only 29 percent indicated little or no change, while 33 percent of firms reported an increase and 38 percent reported a decrease. The responses were more similar to 2023 than last year, when most firms either indicated little or no change (59 percent) or an increase in spending (23 percent) in the actual budget versus the projected 2025 budget when created in 2024 (Mehlman and Innovation Research Interchange 2025). Indeed, in 2025, 30 percent reported no change and essentially equal numbers reported an increase (34 percent) or decrease (36 percent) (Mehlman and Innovation Research Interchange 2024). To explain variances between projected and actual spending, we asked respondents to choose the top three factors influencing budget changes from a list of options. We kept this question consistent with previous surveys. The top factor affecting the difference between actual and projected 2025 budgets was changing business and market conditions, just as it was in recent years. While changing market and business conditions as a factor has historically been the major reason cited for budget deviations, the proportion of respondents selecting it this year was 33 percent, lower than the previous two years (41 and 48 percent) (Mehlman and Innovation Research Interchange 2025; Mehlman and Innovation Research Interchange 2024). The second and third factors this year, economic volatility and tariff uncertainty, moved the previous factors, changing emphasis on growth and strategy change, further down (Figure 3).

In an open-response item, we invited respondents to provide additional factors that created or contributed to deviation from forecasts. One respondent cited changes in federal contracts and funding.

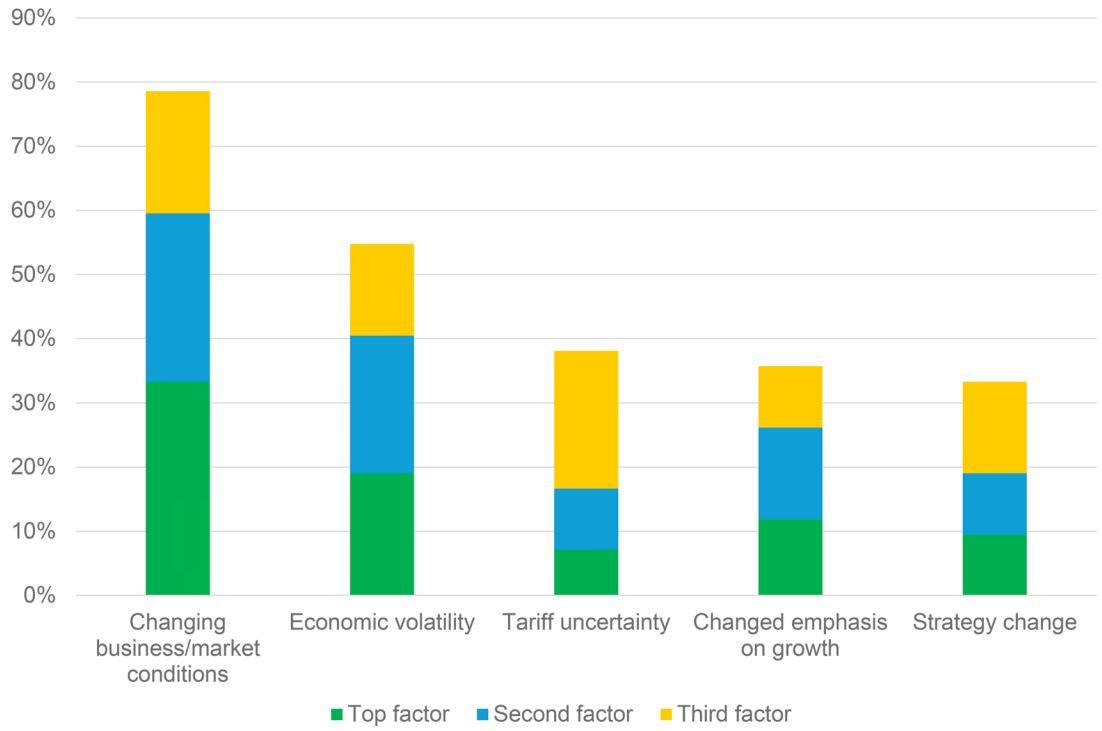


**FIGURE 3.** Reasons for deviation from projected R&D spending for 2025

## Innovation Investment Outlook

The survey asked two separate questions related to projected innovation spending for 2026. One question asked respondents to bracket the level of increase or decrease in innovation spending they expect; the second question asked for spending expectations by category using a simple increase/decrease/constant scale. Respondents were similarly optimistic for 2026 as they were for 2025. Forty-eight percent of respondents anticipate an increase of some level, and only 19 percent anticipate a decrease. Last year, while 48 percent of respondents were forecasting spending increases, only 7 percent were anticipating a decrease. This year, one respondent expects a 20 percent increase, and no respondent anticipates a significant decrease of 5 percent or more. A third of respondents (33 percent) expected little to no change in their 2026 R&D budgets (Table 5).

**TABLE 5. Expected changes in R&D spending relative to 2025**

| Expected change | Percent | Responses (number) |
|---|---|---|
| Increase more than 10% | 2% | 1 |
| Increase 5% to 10% | 12% | 5 |
| Increase 3% to 5% | 17% | 7 |
| Increase 1% to 3% | 17% | 7 |
| Little to no change | 33% | 14 |
| Decrease 1% to 3% | 10% | 4 |
| Decrease 3% to 5% | 2% | 1 |
| Decrease more than 5% | 7% | 3 |
| **Total** | 100% | 42 |

As in previous years, we asked respondents to indicate spending by type of activity. This year, respondents were not as optimistic as in recent years. More organizations are forecasting a decrease in spending, especially in capital spending (29 percent of respondents) and US R&D spending (26 percent of respondents). Investments in machine learning, artificial intelligence (AI), data management, and Internet of Things (IoT) technologies remain high, with 69 percent of respondents projecting an increase. Spending on new business projects remains high, with forecasted increases by 55 percent of respondents. This finding continues a trend observed over the last several years of high interest in new business projects and digitization efforts (Table 6). This year, we saw slightly more forecasted increased spending on innovation than on R&D activities, though R&D increases were still quite robust. For the third time, we asked for a relative level of spending in any of the digital technology areas. Nearly two-thirds of respondents (63 percent) reported that 0–10 percent of their total innovation spend is allocated to digitization efforts; an additional 24 percent reported an 11–25 percent allocation. These results were similar to last year. While some of the increases may come from a relatively small base, one respondent (23 percent) indicated spending more than 26 percent of their innovation budget on digitalization (Figure 4).

We also asked respondents to identify the factors most likely to influence their R&D success and, by implication, their budgets in 2026. We asked this question in a rank-order format; respondents identified their first, second, and third priority areas. As in previous years, the top response to this question was balancing long- and short-term R&D objectives. The next four options were tightly bunched, with attracting, developing, and retaining talent second, followed by integrating technology

**TABLE 6.** Expected changes in 2026 innovation and R&D spending by type

| | Increase | | Decrease | | No change | | No activity | | I don't know | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Percent | Count | Percent | Count | Percent | Count | Percent | Count | Percent | Count | |
| Total innovation spending | 52 | 22 | 17 | 7 | 31 | 13 | 0 | 0 | 0 | 0 | 42 |
| Total R&D spending | 45 | 19 | 19 | 8 | 36 | 15 | 0 | 0 | 0 | 0 | 42 |
| US R&D spending | 40 | 17 | 26 | 11 | 31 | 13 | 2 | 1 | 0 | 0 | 42 |
| Overseas R&D spending | 31 | 13 | 19 | 8 | 33 | 14 | 12 | 5 | 5 | 2 | 42 |
| Capital spending for R&D | 17 | 7 | 29 | 12 | 52 | 22 | 0 | 0 | 2 | 1 | 42 |
| Targeted R&D/sales ratio | 21 | 9 | 12 | 5 | 62 | 26 | 2 | 1 | 2 | 1 | 42 |
| Directed basic research investments | 14 | 6 | 14 | 6 | 67 | 28 | 5 | 2 | 0 | 0 | 42 |
| Support for new business projects | 55 | 23 | 14 | 6 | 26 | 11 | 0 | 0 | 5 | 2 | 42 |
| Support for existing businesses | 19 | 8 | 12 | 5 | 67 | 28 | 0 | 0 | 2 | 1 | 42 |
| Technical service/customer support | 19 | 8 | 10 | 4 | 60 | 25 | 7 | 3 | 5 | 2 | 42 |
| Training/development of R&D staff | 33 | 14 | 19 | 8 | 45 | 19 | 0 | 0 | 2 | 1 | 42 |
| Investments in machine learning, AI, data management, and IoT* | 69 | 29 | 7 | 3 | 19 | 8 | 2 | 1 | 2 | 1 | 42 |
| Support for corporate social responsibility and sustainability efforts** | 24 | 10 | 14 | 6 | 57 | 24 | 2 | 1 | 2 | 1 | 42 |

*Combination of two categories that were added in the 2020 survey. ** New category added last year.

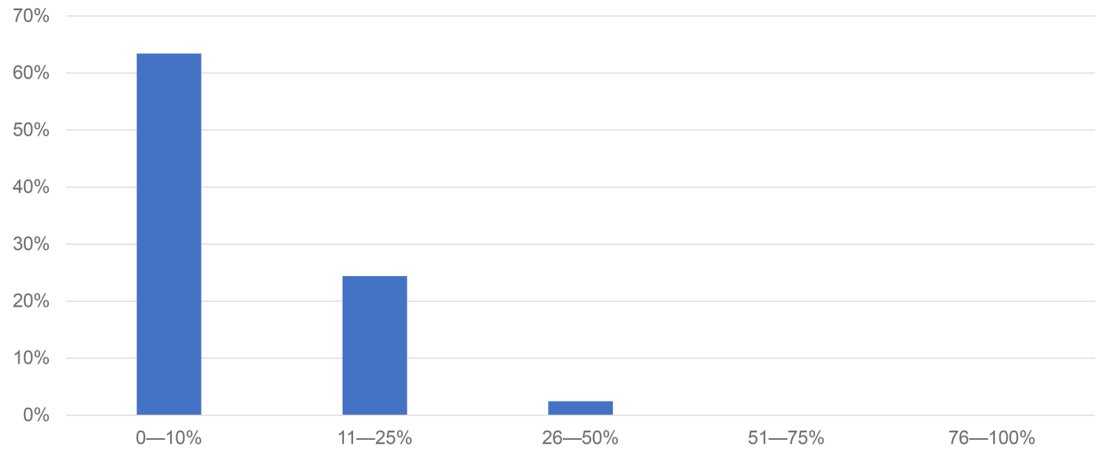


**FIGURE 4.** Percentage spend on digitization efforts

planning and business strategies, building/maintaining an innovation culture, and digitalization efforts (including the development of AI tools). Given the closeness of the results, there may not be much significance in the ranking. It should be noted that integrating technology planning and business strategies was more prominent this year than last year. Developing leadership consistently remained a low priority despite being important to talent management. The aforementioned integrating technology planning and business strategies moved up to a "top tier" concern (Figure 5a). Complying with regulatory changes, as well as knowledge management and transfer, dropped to the "lower tier" (Figure 5b).

Another indicator of expectations in the R&D field is the outlook on staffing. When asked about expectations regarding net staffing changes in 2026, respondents this year exhibited modest optimism on staffing similar to last year, with only two firms (5 percent) expecting a significant increase, nearly 44 percent expecting slight increases, 22 percent expecting no change, and 29 percent forecasting decreases. The significant change this year was a greater number of firms expecting decreases, as only 10 percent forecasted decreases last year. We asked separate questions about global hiring plans and hiring plans for US facilities, with results similar to those of the last two years. We saw a slightly less robust expectation for US staffing, with 49 percent of respondents expecting some increases globally, versus 39 percent expecting an increase in US staffing. In addition, 29 percent of respondents expect a decrease globally, whereas 32 percent expect a decrease in US staffing.

The open positions are being filled from the ranks of both new graduates and experienced professionals, with a continued trend of hiring significant numbers of experienced professionals: 27 percent of respondents expect increased hiring of new graduates, versus more than 37 percent forecasting

increased hiring of experienced R&D professionals. This level of forecasted hiring is very similar to the previous two years. Only 5 percent of respondents expect an increase in overall staff resignations, versus 14 percent last year (Table 7).

We asked participants about the outlook for their organization's R&D spending over the next five years. The answers indicate continued optimism in line with last year, with 12 percent forecasting significant increases in spending and 48 percent forecasting slight increases in spending, versus 14 and 48 percent, respectively, last year. We saw only 12 percent expecting a decrease in R&D spending, versus 7 percent expecting decreases last year (Innovation Research Interchange 2023) (Table 8).

### Trends Over Time

To understand how this year's results compared to previous years, we looked at trends in the data over the last five years (see "Analysis of Data Trends over Time" on page 18). We are no longer showing the pre-pandemic results for context. To accomplish this, we created a "sentiment index" by dividing the responses indicating a positive (increasing) change in a given category by the total responses of organizations

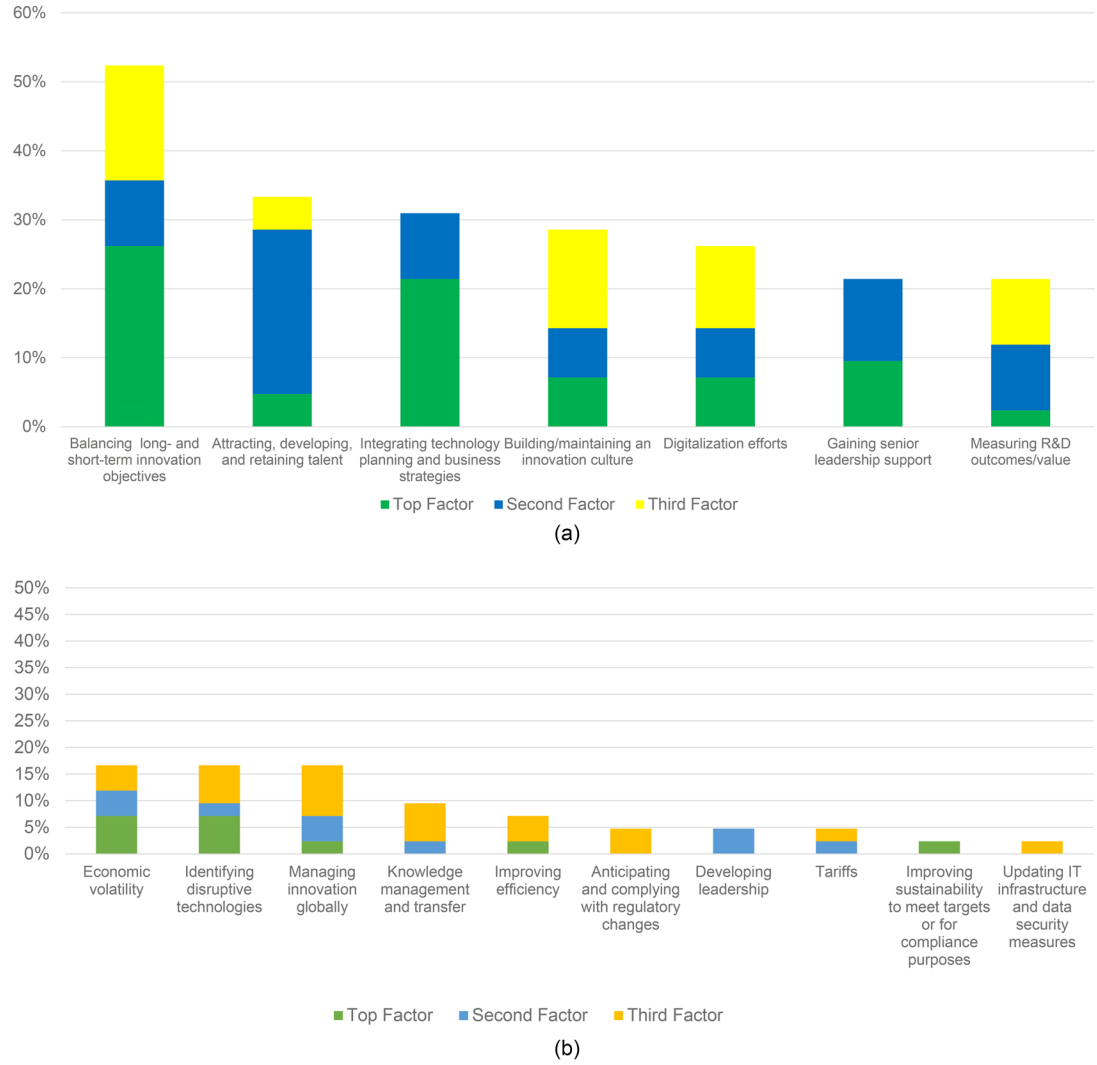


**FIGURE 5.** **(a)** Top seven factors likely to affect 2026 innovation success. **(b)** Second 10 factors likely to affect 2026 innovation success.

**TABLE 7. Respondents' hiring plans by type of hire**

| | Increase | | Decrease | | No change | | Not applicable | | I don't know | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Percent | Count | Percent | Count | Percent | Count | Percent | Count | Percent | Count | |
| New graduates | 27% | 11 | 7% | 3 | 61% | 25 | 2% | 1 | 2% | 1 | 41 |
| Professional R&D staff | 37% | 15 | 15% | 6 | 46% | 19 | 0% | 0 | 2% | 1 | 41 |
| Retirement of senior staff | 44% | 18 | 2% | 1 | 49% | 20 | 2% | 1 | 2% | 1 | 41 |
| Temporary or contract staff | 12% | 5 | 10% | 4 | 76% | 31 | 0% | 0 | 2% | 1 | 41 |
| Overall staff resignations | 5% | 2 | 2% | 1 | 83% | 34 | 0% | 0 | 10% | 4 | 41 |

expecting increasing, decreasing, or constant spending for each year. Graphing these differences over time provides a general sense of the changes in sentiment over time. This year's analysis shows a reasonably robust outlook in total spend but fewer firms reported an increase in R&D spend/sales ratio. This year, we are publishing the trends for both total innovation and total R&D spending, which are nearly identical. Fewer respondents continue to report a planned increase in capital spending after a jump post-pandemic (Figure 6). Data from Innovation Research Interchange (2022, 2023) are included in this and other figures in this article.

To probe these perceptions in more depth, we examined trends in spending forecasts for key categories of spending (Figure 7). The figure is simplified to only show certain categories as technical service/customer support continues to mirror support for existing business. Two categories with the most interest continue to be funding for support of new businesses and the digital category.

We continue to ask specifically about expenditure on training and development of staff. Interest in this area is high, as it has been since we added the question, and similar to last year, one-third of respondents (33 percent) indicated they expect an increase in this area. However, this year, 8 firms (19 percent) indicated a decrease, compared to only 5 percent last year.

We present the five-year trend in R&D staffing. While 49 percent indicated some level of increase, 29 percent indicated some level of decrease. Over the five-year period, a far greater percentage of respondents are reporting a decrease this year (Figure 8).

**TABLE 8.** Five-year forecast for R&D spending

| Forecast | Percent | Responses |
|---|---|---|
| Significant increase | 12 | 5 |
| Slight increase | 48 | 20 |
| Stable | 29 | 12 |
| Slight decrease | 10 | 4 |
| Significant decrease | 2 | 1 |
| Total | 101%* | 42 |

*Greater than 100 percent due to rounding.

## The Outlook for External Collaboration

In addition to questions about budgets and expenditures, the survey asked about activity in various categories of external collaboration specific to innovation. These data enable us to gain deeper insight into how companies approach collaboration.

This year's responses show continued commitment to external collaboration. This finding is reflected in the continued growth in almost every category with only a few instances of decreases in any category. Indeed, the only category in which over 10 percent of respondents reported a decrease was contracts with government labs. A new category was added this year, collaborations/partnerships with academia, to differentiate between in-depth collaborations (e.g., joint research) and simple contracts (e.g.,

### Analysis of Data Trends Over Time

For many years, IRI analyzed trends over time using the Sea Change Index and in recent years a Sentiment Index, a custom metric that attempted to show changes in perceptions around R&D spending by quantifying the differences between positive and negative responses within a given year and then comparing those differences to previous years. However, changes in the survey questions, yearly variation in the respondent pool, and differences in how the Sea Change was calculated in different years have made it difficult to construct a meaningful comparison using that calculation. We used the Sentiment Index calculation that we introduced in 2023 for both the spending and collaboration trends. We believe this calculation provides a more logical and consistent evaluation of the trend. To ensure the analysis is reliable, we have restricted our analysis to the last eight years. Readers who wish to compare data over a longer time frame using R&D Trends reports prior to 2018 should note the criteria used for the Sea Change Index in any given year and be cautious in comparing data over extended periods.

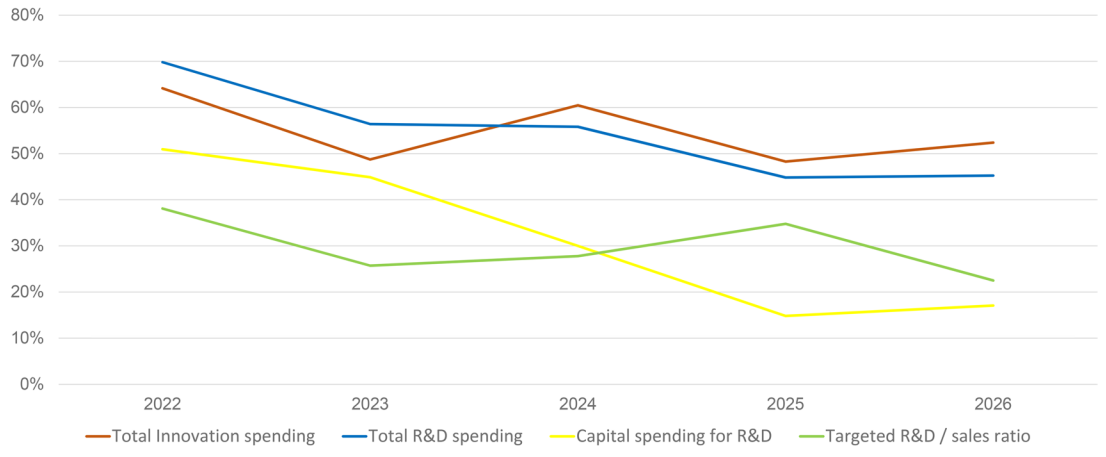


**FIGURE 6.** Multiyear trend in R&D spending forecasts, 2022–2026

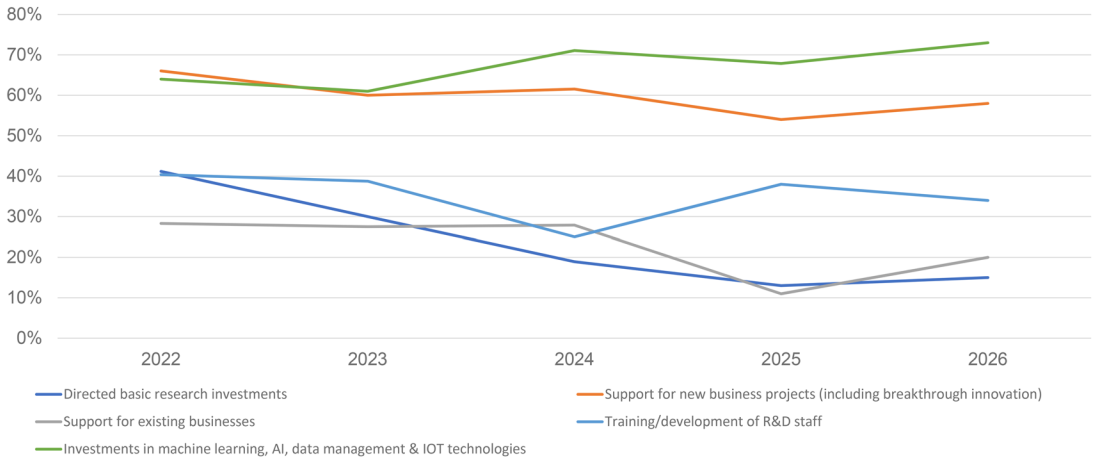


**FIGURE 7.** Multiyear trend in R&D spending by category, 2022–2026

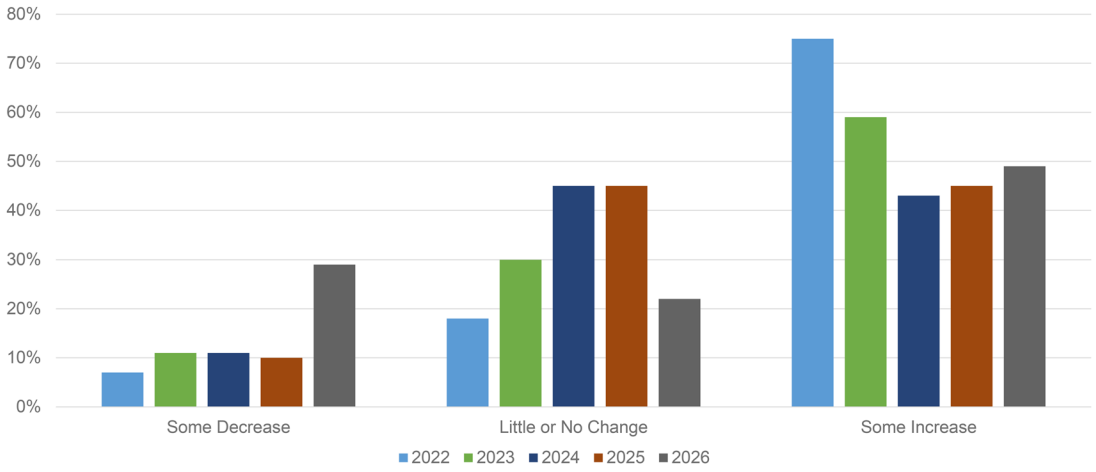


**FIGURE 8.** Expected change in R&D staffing, 2022–2026

paying for scanning electron microscope time). Nearly every respondent reported collaborations with academia. There is continued interest in external alliances and consortia. This year, over half the firms reported no activity in the acquisition of intellectual property (IP) through direct purchase of patents, corporate venture capital, crowd sourcing/open innovation competitions, and creation of spin-offs based on developed technology (Table 9). Last year, only the last of these, creation of spin-offs, had no activity by over half the respondents. The eight-year trends for collaboration activities indicate continued commitment to various collaboration activities, with some yearly variation in specific collaboration types, presumably due to both variation in survey respondents and tactical adjustments by innovation leaders (Figure 9). As in recent years, we calculated the collaboration trend data using the same sentiment index formula as used for the spending trends discussed in "Analysis of Data Trends over Time" on page 18.

The continued commitment to collaborative R&D in this year's survey indicates that collaborations are an essential element of innovation strategy.

## Ensuring R&D Success

Creating new technologies and services that meet customer needs is the lifeblood of innovation, and finding new and innovative ways to accomplish this mission is vital. When asked which tactics their organizations will employ to develop new technologies over the next three years, respondents indicated that high priorities are in-house development, industrial collaborations, and academic collaborations. Compared to the last two years, in-house development and industrial collaborations have grown more important, whereas academic collaborations, outsourcing, and working with startups, while remaining important, have decreased (Figure 10).

## Identifying New Technologies

As in the previous five years, the survey asked several questions aimed at identifying what organizations are doing with regard to creating and sustaining innovation (Figure 11). In the last five years' surveys, we asked respondents to first identify the three most important technologies for the next three years and then to indicate all technologies they believe will be of importance. This year's results are consistent with those

**TABLE 9.** Expected changes in collaboration by type

| Type of collaboration | Increase | | Decrease | | No change | | No activity | | I don't know | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Percent | Count | Percent | Count | Percent | Count | Percent | Count | Percent | Count | |
| Acquisition of IP through direct purchase of patents | 7% | 3 | 2% | 1 | 32% | 13 | 54% | 22 | 5% | 2 | 41 |
| Acquisition of IP through mergers and acquisitions | 24% | 10 | 5% | 2 | 29% | 12 | 32% | 13 | 10% | 4 | 41 |
| Collaborations/partnerships with academia* | 49% | 20 | 5% | 2 | 44% | 18 | 2% | 1 | 0% | 0 | 41 |
| Contracts/grants with academia | 20% | 8 | 5% | 2 | 54% | 22 | 20% | 8 | 2% | 1 | 41 |
| Contracts with government labs | 7% | 3 | 12% | 5 | 46% | 19 | 32% | 13 | 2% | 1 | 41 |
| Contracts with startups | 12% | 5 | 7% | 3 | 46% | 19 | 27% | 11 | 7% | 3 | 41 |
| Corporate venture capital | 5% | 2 | 7% | 3 | 27% | 11 | 51% | 21 | 10% | 4 | 41 |
| Creation of spin-offs based on developed technology | 0% | 0 | 0% | 0 | 32% | 13 | 59% | 24 | 10% | 4 | 41 |
| Crowd sourcing/open innovation competitions | 7% | 3 | 0% | 0 | 32% | 13 | 54% | 22 | 7% | 3 | 41 |
| Inbound IP licensing | 7% | 3 | 0% | 0 | 41% | 17 | 46% | 19 | 5% | 2 | 41 |
| Outbound IP licensing | 24% | 10 | 0% | 0 | 37% | 15 | 37% | 15 | 2% | 1 | 41 |
| Participation in R&D alliances | 29% | 12 | 0% | 0 | 49% | 20 | 17% | 7 | 5% | 2 | 41 |
| Participation in R&D consortia | 27% | 11 | 0% | 0 | 49% | 20 | 15% | 6 | 9`0% | 4 | 41 |

* New category this year.

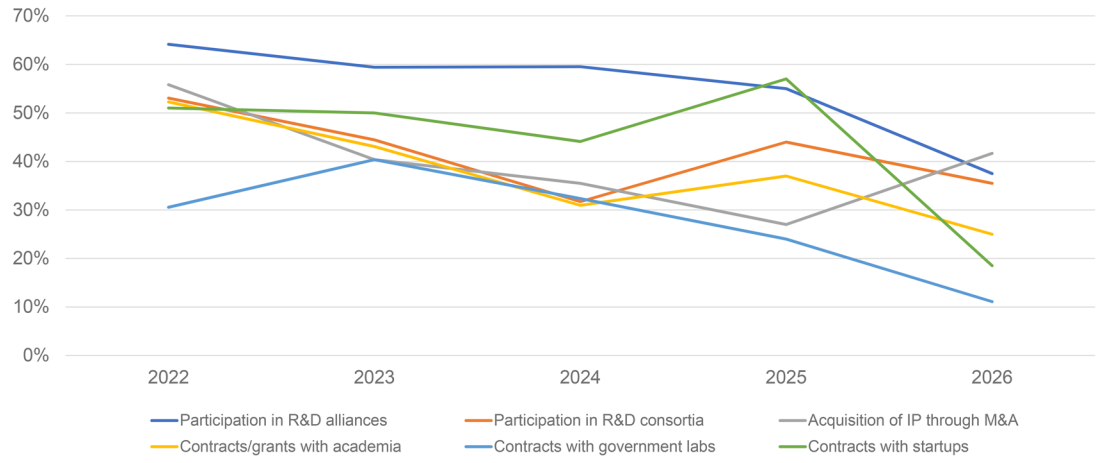


**FIGURE 9.** Collaboration trends, 2022–2026

of recent years: Respondents identified digitization as a significant priority for innovation leaders, and five of the six areas of the most important technologies identified were digital in nature. Renewable energy and materials remains as one of the most important technologies. Perhaps the most interesting results were at the far right of the figure, as blockchain slipped even further in importance and quantum computing was mentioned by slightly more than half of the respondents as being moderately important—an uptick from last year.

We asked participants to identify the top three challenges they anticipate facing in 2026. Adapting to changes in markets, supply chains, or regulatory environments was the top choice for 51 percent of respondents. Business models, organizational structures, and building a culture for innovation, and identifying, developing, and launching market-based solutions followed, with 41 percent identifying these two as major challenges. Surprisingly, recruiting and retaining top technical talent dropped to 10 percent after being the greatest challenge as recently as 2023 (when it was cited by 48 percent of respondents). Other often-cited areas were understanding and implementing AI tools (33 percent), driving efficiency/speed to market (26 percent), and technology roadmapping/forecasting technology trends, disruptive technologies, and new and emerging technologies (26 percent). Balancing high-risk and failure potential/high-reward projects within the R&D portfolio and data management and

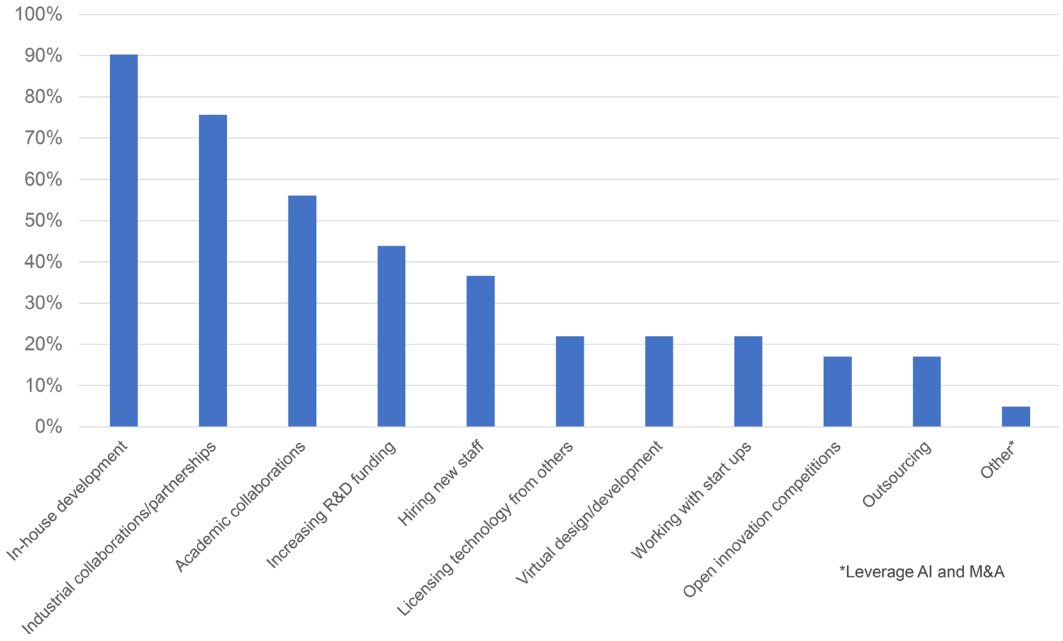


**FIGURE 10.** Preferred technology and product development tactics

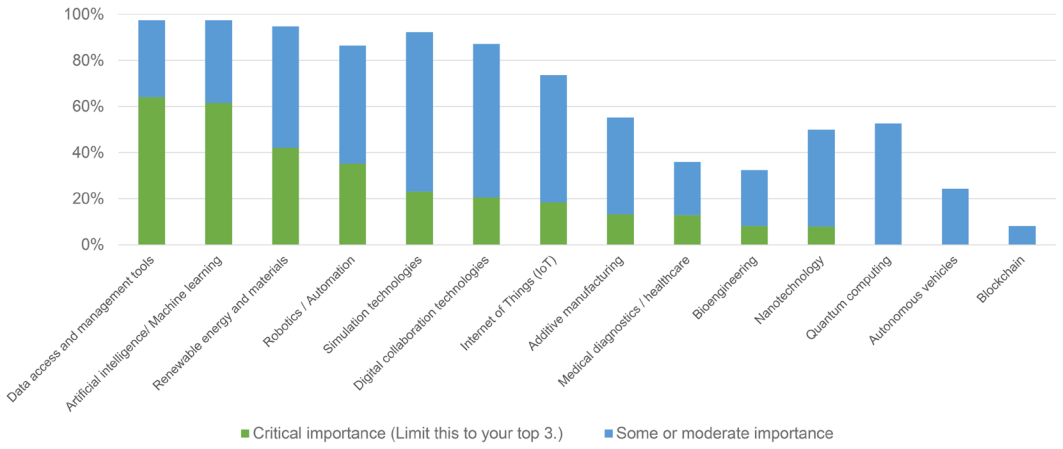


**FIGURE 11.** Important technologies for the next three years

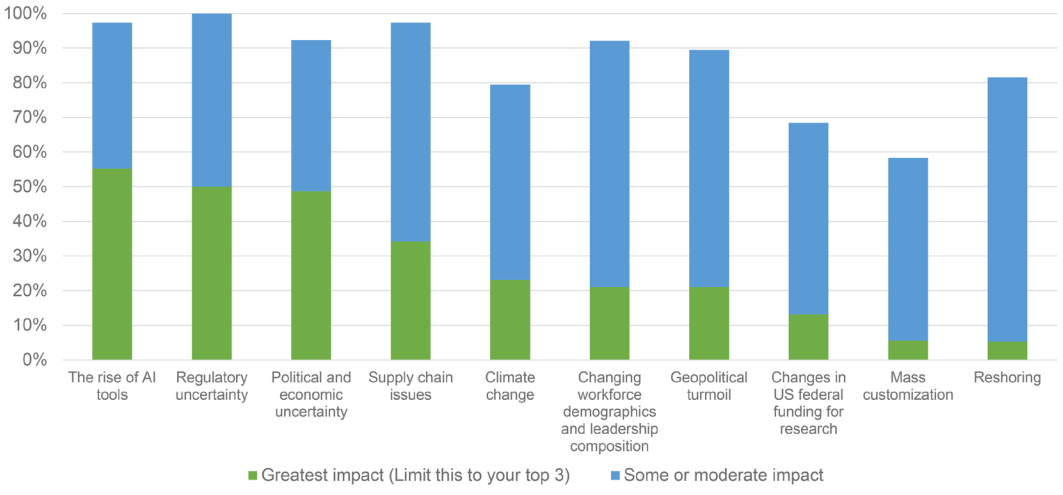


**FIGURE 12.** Most significant macrotrends for innovation

**TABLE 10. Metrics of R&D success**

| Metrics | Percent | Count |
|---|---|---|
| Company growth: revenue | 88% | 36 |
| Number of new products created | 80% | 33 |
| Return on investment (ROI) for new products/services | 61% | 25 |
| Number of patents issued | 59% | 24 |
| Yields/efficiencies of production processes | 34% | 14 |
| Product market share within our industry | 32% | 13 |
| Number of collaborations/partnerships | 29% | 12 |
| Operating costs | 27% | 11 |
| Number of technical papers published | 20% | 8 |
| Company stock price | 15% | 6 |
| Grant funding awarded or received | 15% | 6 |
| Other (please specify) | 15% | 6 |
| Company growth: personnel | 12% | 5 |
| Number/performance of mergers and acquisitions (M&A) | 12% | 5 |
| Number/value of technology licenses | 12% | 5 |
| Company growth: facilities | 10% | 4 |
| | Answered | 41 |
| | Skipped | 2 |

**TABLE 11. Respondents' view on economy and economic recovery**

| Selected view | Percent | Count |
|---|---|---|
| Anticipate recovery to "business as usual" in the next 6–12 months | 31% | 11 |
| Anticipate extended recession with recovery uncertain | 53% | 19 |
| Expect a recovery followed by a second decline ("W-shaped recovery") | 17% | 6 |
| | Answered | 36 |
| | Skipped | 7 |

governance were the other two areas cited by more than 20 percent of respondents.

We included an open-ended question asking respondents to briefly describe the greatest technological challenge they believe their industries will face over the next three years. The open-ended answers were generally similar to the responses regarding important technologies, but respondents also offered different insights. The top three categories were issues related to AI (31 percent), regulation (21 percent), and sustainability (18 percent). Approximately 15 percent of respondents cited price pressures either from overseas supplies or commoditization. One respondent cited hiring and maintaining manufacturing-floor talent and expressed concern about the availability of workers. Other than one mention of supply-chain issues, materials concerns were not mentioned this year.

This year, we again asked survey respondents to identify the most important macro trends that will impact their organization's innovation strategy. As with the question regarding top technologies, we asked respondents to indicate the top three trends, in terms of priority, and then to select all other trends that are important. The rise of AI tools and regulatory uncertainty remain the top two categories, followed by these four categories just like last year: political and economic uncertainty, supply-chain issues, climate change, and changing workforce demographics. This year, we added geopolitical turmoil and changes in US federal funding for research, which closely followed the top six categories. Reshoring was cited by more respondents this year (Figure 12). These responses provide additional insight into factors impacting R&D spending.

### Measurement of R&D Success

As in previous years, we asked survey participants how they measure R&D success. Consistent with previous years, the top four categories remained the same with some reshuffling. The largest number of respondents (88 percent) reported that they measure success by company revenue growth. Last year's top response, measuring success by the number of products created, was second with 80 percent. The other top categories were ROI for new products and services (61 percent), and the number of patents issued (59 percent) (Table 10). The other responses were included in the original categories to create the table, as the responses were essentially paraphrases or quite similar to the offered choices (e.g., number of patent applications vs. number of patents), rather than a newly created unique metric. These commonly used metrics are consistent with another recent study by IRI on innovation dashboard metrics (Watson, Brown, and Witzeman 2018).

### Other Impacts on Innovation Management

We also asked respondents about their views on the economy. Respondents were quite pessimistic this year, with more than half (53 percent) anticipating an extended recession, compared to 22 percent last year (Table 11).

In another open-ended question, we asked respondents to state the biggest surprise of 2025 and how it would impact 2026 plans. Nearly half of the respondents (46 percent) cited tariffs as the biggest surprise. Approximately one-fifth of the respondents cited political uncertainty (21 percent) and AI (18 percent). Concerns about the economy were also cited by 14 percent of respondents. Comments indicated that most

respondents viewed the main surprises, other than perhaps AI, as negatives, which may have contributed to the pessimistic view on the economy. The most common comment about AI was the difficulty of keeping up with the speed of rollout and incorporating it effectively into the innovation workspace.

For an early look at trends mentioned by respondents, the reader is encouraged to view the quarterly trends surveys published by IRI (Innovation Research Interchange 2025), which highlighted the impact of tariffs and changes in governmental research funding, and questioned whether R&D could keep up with the fast pace of AI development. In addition, those surveys raised the issue of reduced federal funding's potential impact on PhD students, potentially leading to a shortage of technical talent.

## Conclusion

This year's survey results indicated that a little less than a third of respondents (29 percent) experienced little to no change in their 2025 budgets, while 33 percent reported increases and 38 percent reported decreases.

Looking ahead to 2026, respondents expressed optimism regarding innovation spending, with 48 percent anticipating increases and only 19 percent expecting decreases. Conversely, 53 percent of respondents anticipate an extended recession. In assessing factors that may affect R&D success in 2026, respondents prioritized digitization and new business development.

Overall, the five-year outlook for R&D spending remains positive, with 60 percent of respondents anticipating some increase and only 29 percent anticipating a decrease. Respondents expressed concern about macroeconomic and geopolitical uncertainty, tariffs, and the ability to adapt to rapid advances in AI.

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## Disclosure Statement

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