

Unlocking Innovation: What It Takes to Thrive in Today's Capital Markets

Project Brief

Updated March 2026

For companies, a focus on innovation is among the factors most associated with higher long-term value creation;¹ however, do public markets support or constrain it? On one hand, market pressures can discourage the capital allocation required to fund breakthrough R&D; on the other, public markets offer the necessary scale and liquidity that companies cannot get elsewhere.

This project will examine whether going public truly hinders or advances innovation, and what companies and investors can do to ensure innovation continues to thrive at publicly traded companies.

Objectives

- **Assess** how the innovation landscape across public and private markets has evolved since the publication of Funding the Future: Investing in Long-Horizon Innovation.
- **Analyze** whether companies with higher R&D intensity outperform and outlast their peers in the long run.
- **Identify** key frictions and barriers in the public markets, and under what conditions innovation can thrive.

Facts & Figures

- Average corporate investment horizons have declined by 13% since 2020²
- Marginal returns on additional R&D spend have fallen by more than 10% over the past 15 years
- R&D spending among MSCI ACWI companies has increased by more than 40% since 2020³
- Over the past 15 years, companies in the top quintile of R&D intensity in the MSCI ACWI:
 - Were **13% more likely to survive** than their bottom-quintile peers
 - **Outperformed** their bottom quintile peers **by 5% per year on average**⁴

Key Questions

FCLTGlobal hosted a research forum in November 2025 to discuss the following questions which will inform our ongoing research and eventual publication:

- Do the public markets reward companies for innovation? If so, how and over what time horizon(s)?
- To what extent do short-term expectations and investor pressures constrain breakthrough R&D?
- Does private ownership create an edge for innovation or just fewer external checks?
- What structural buffers can help public companies protect long-term R&D investment?

In Development:

- **Innovation Fact Pack:** Proving or debunking some commonly held beliefs around companies' ability to innovate after going public.
- **"Hierarchy of Innovation Needs":** A guide for organizations to assess what conditions need to be satisfied in order to support long-term innovation in public markets.
- **Optimizing R&D for Long-term Success:** An update to the toolkit from our 2020 report, [*Funding the Future: Investing in Long-horizon Innovation*](#), to help companies critically assess their R&D portfolios, and to help investors engage more effectively with portfolio companies regarding their R&D strategy.

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1. Bhakti Mirchandani et al., "Predicting Long-Term Success for Corporations and Investors Worldwide," September 29, 2019, <https://www.fcltglobal.org/wp-content/uploads/predicting-long-term-success-for-corporations-and-investors-worldwide.pdf>.
 2. Allen He et al., "FCLT Compass 2025: Near-Term Flexibility For Long-Term Value," December 29, 2025, https://www.fcltglobal.org/ui/compass-2025/FCLTCompass_2025_Report.pdf.
 3. FCLTGlobal analysis of MSCI ACWI data from Factset.
 4. FCLTGlobal analysis of MSCI ACWI data from Factset.
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