



Leading the Pack: Trends for the Top 200 Engineering Research and Development (ER&D) Enterprises 2024

August 2024: Complimentary Abstract / Table of Contents

Market Report
Engineering Research and Development, Software Product Engineering Services



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- ▶ Payer and Provider Business Process
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- ▶ Price Genius – AMS Solution and Pricing Tool
- ▶ Pricing Analytics as a Service
- ▶ Process Intelligence
- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
- ▶ Recruitment
- ▶ Retail and CPG
- ▶ Retirement Technologies
- ▶ Revenue Cycle Management
- ▶ Rewards and Recognition
- ▶ SAP Services
- ▶ Service Optimization Technologies
- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
- ▶ Sustainability Technology and Services
- ▶ Talent Genius™
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For more information on this and other research published by Everest Group, please contact us:

Nishant Udupa, Practice Director

Kritika Chawla, Senior Analyst

Susmitha Devisetty, Senior Analyst

Prakhar Saxena, Assistant Manager

Aditya Amrut Pawar, Research Associate

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Background and scope of the research

In 2023, the ER&D market faced challenges due to economic uncertainties, inflationary pressures, and supply chain disruptions, prompting companies to adopt more cautious and selective investment strategies. Despite the headwinds, enterprises spent on themes such as AI integration, generative AI exploration, next-generation technologies, and green initiatives. Companies prioritized these areas to address the rising consumer demand for intelligent and environmentally responsible products, while maintaining competitiveness through technological innovation.

This research was conducted for the top 200 ER&D enterprises, most of which (99%) fell into ten key verticals as highlighted on the right side. These enterprises were analyzed by factoring in their ER&D spend growth trends and key investment areas for 2023.

This report captures the key investment areas of enterprises in 2023 across each of these ten verticals. The report also provides insights into ER&D spend intensity (ER&D spend as a percentage of revenue) for enterprises across these verticals.

The focus of this research is only on business-financed ER&D spend. It excludes non-ER&D spend (e.g., clinical ER&D expenditure in pharmaceuticals and biotechnology and molecular development ER&D expenditure in chemicals) as well as government-sponsored ER&D spend.

Enterprises that do not specifically report ER&D expenditure in their annual reports have been excluded from this analysis. Enterprises cutting across more than one industry have been featured under the industry where the proportion of ER&D spend is the highest.

Scope of this report

Geography: global

Industry: market trends across ten industries: ISV and internet, automotive, consumer electronics, semiconductors, industrial products, Telecom Equipment Providers (TEPs), aerospace and defense, medical devices, Telecom Service Providers (TSPs), and compute and storage

Services: engineering services

Overview and abbreviated summary of key messages

In this research, we present a fact-based view of the global ER&D market, with a focus on the top 200 enterprises with the highest ER&D spend across 10 industry verticals. We also capture enterprises' ER&D spend growth, spend intensity (ER&D spend as a percentage of revenue), and prominent themes driving growth in the ER&D space.

Some of the findings in this report, among others, are:

Enterprise spend

- The overall business ER&D spend in 2023 stood at US\$1.5 trillion, an increase of 7.14% from the previous year
- Enterprises in the ER&D top 200 list across the ten verticals spent US\$757.4 billion on ER&D in 2023, an increase of 7.6% from 2022. The top 200 enterprises accounted for 51% of the total business ER&D spend
- Enterprises belonging to ISV and internet vertical spent the highest on ER&D activities in 2023 (US\$289.9 billion), followed by enterprises from the automotive industry (US\$160.7 billion)
- The automotive vertical had the highest number of enterprises featuring in the ER&D top 200 list, followed by ISV and internet

Growth rate and spend intensity

- In 2023, the ISV and internet vertical recorded the highest ER&D spend with a year-on-year growth rate of 10.1%.
- The top 200 ER&D companies allocated an average of 9.99% of their revenues to R&D. Specifically, businesses in the ISV and internet, TEPs, semiconductor, and compute and storage sectors showed an R&D spending intensity exceeding 10%, while those in the TSP, automotive, industrial products, and aerospace and defense sectors had a spending intensity of less than 6%

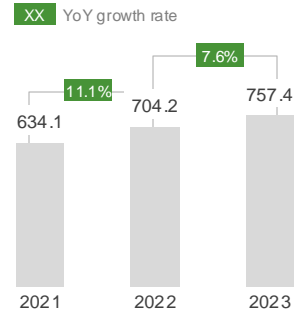
Investment themes

Enterprises across the ten verticals increased their investments in digital technologies, such as generative AI, edge computing, IoT, cloud, cybersecurity and digital twins, to develop next-generation products and improve customer experience.

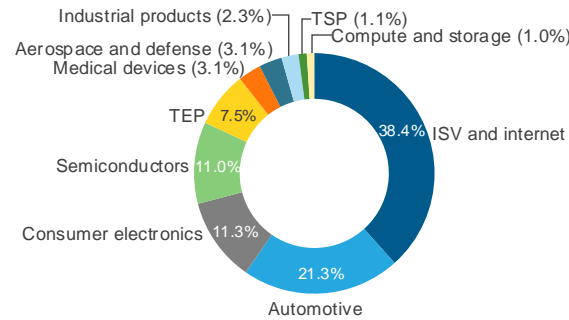
This report includes ER&D spend analysis along with insights on key investment priorities for enterprises across 10 key industries

ER&D Top 200 Overview

Global ER&D spend by enterprises featuring in the top 200 list
2021-23; US\$ billion

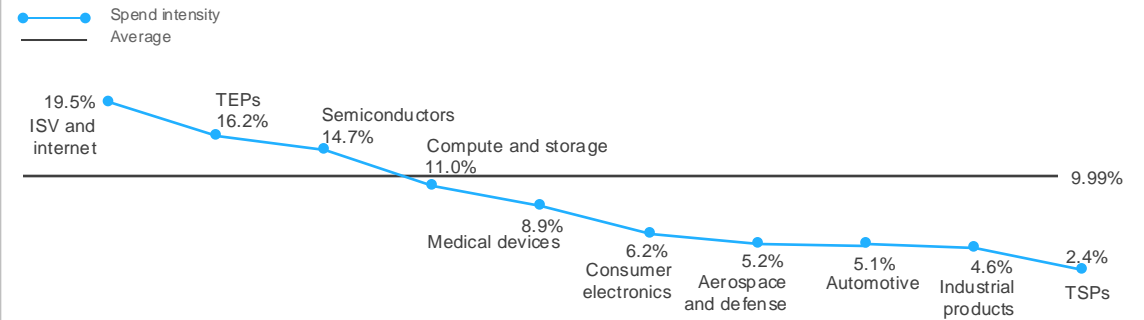


ER&D spend of enterprises featuring in the top 200 across industry verticals
2023; 100% = US\$757.4 billion

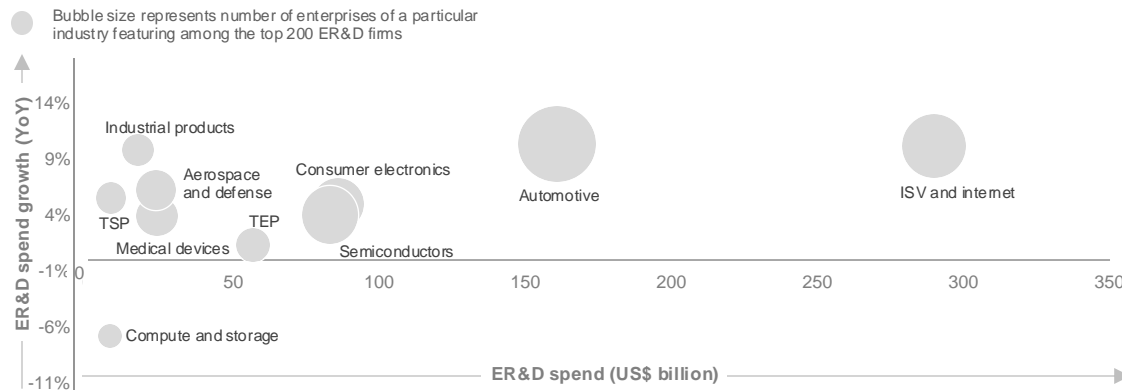


Spend intensity across verticals

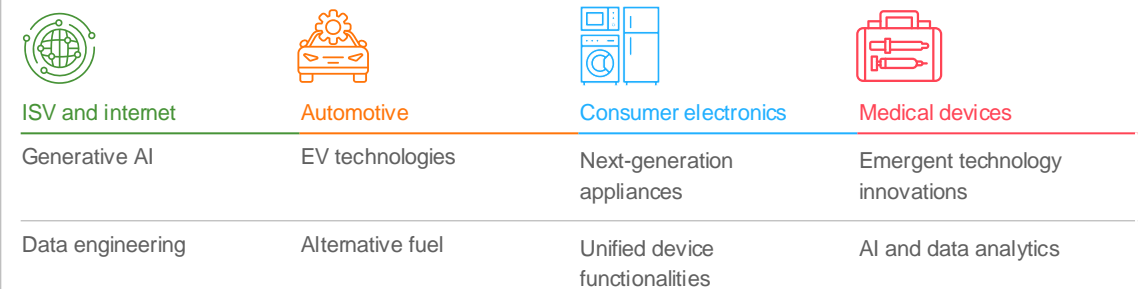
Global ER&D spend intensity (as a percentage of revenue) of enterprises featuring in the top 200 list¹
2023; US\$ billion



ER&D YoY growth and spend snapshot by industry



Key ER&D investment priorities across industry verticals



Research calendar

Engineering Research and Development

	Published	Current release	Planned
Reports title	Release date		
Navigating the Enterprise Adoption of Generative AI			September 2023
Engineering Services Top 50 2023			September 2023
ACES Mobility Engineering Services – Provider Compendium 2023			October 2023
Trends in the Top 200 Engineering Research & Development (ER&D) Enterprises 2023			December 2023
Engineering Research and Development (ER&D) Outlook for 2024: Key Macroeconomic and Technological Trends Shaping the ER&D Industry			January 2024
Engineering Services CXO Insights: Key Issues Report 2024			January 2024
Interlude to Triumph : 5G Engineering Services State of the Market Report 2024			February 2024
ACES Automotive Engineering Services State of the Market 2023			February 2024
Making Brownfield Factories Smarter and Greener			April 2024
Connected Product Engineering Services PEAK Matrix® Assessment 2024			May 2024
Leading the Pack: Trends for the Top 200 Engineering Research and Development (ER&D) Enterprises 2024			August 2024
ER&D Services Enterprise Pulse			Q3 2024
Connected Product Engineering Services State of the Market 2024			Q3 2024
Engineering Services Top 50 2024			Q3 2024
Industry 4.0 Services PEAK Matrix® Assessment 2024			Q4 2024

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Research calendar

Software Product Engineering Services

Published **Current release** Planned

Reports title	Release date
Navigating the Enterprise Adoption of Generative AI	September 2023
Engineering Services Top 50 2023	September 2023
Trends in the Top 200 Engineering Research & Development (ER&D) Enterprises 2023	December 2023
Engineering Research and Development (ER&D) Outlook for 2024: Key Macroeconomic and Technological Trends Shaping the ER&D Industry	January 2024
Engineering Services CXO Insights: Key Issues Report 2024	January 2024
Navigating the Platform Odyssey: Software Product Engineering Services PEAK Matrix® Assessment 2024	March 2024
Enterprise Immersive Experience Services PEAK Matrix® Assessment 2024	April 2024
Software Product Engineering Services – Provider Compendium 2024	May 2024
Enterprise Immersive Experience Services – Provider Compendium 2024	July 2024
Leading the Pack: Trends for the Top 200 Engineering Research and Development (ER&D) Enterprises 2024	August 2024
Software Product Engineering Services PEAK Matrix® Assessment 2024 – Focused on Multiple Segments	Q3 2024
Software Product Engineering Services Enterprise Pulse Report 2024	Q3 2024
Software Product Engineering Services – State of the Market 2024	Q3 2024
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Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-214-451-3000

Website
everestgrp.com

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