

Evonik draws up well-researched visions of the future: strategic science fiction for specialty chemicals

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- World's largest study of its kind delivers five scenarios for the future of specialty chemicals
- The findings will expand the scope for action for strategic innovations
- Growing innovative strength: more than €250 million sales from innovation growth fields in 2018

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Essen, Germany. Evonik is injecting the future into the present. The company's scientists used scenario planning to develop visions of the future of specialty chemicals. Evonik aims to use the results of this study on the future of specialty chemicals—the largest study of its kind anywhere in the world—to initiate innovations early and in a targeted way. The scenarios can also be used for gauging and updating long-term strategies.

The beginning of the scenario project on the “Future(s) of the Specialty Chemicals Industry” revolved around one key question: what major forces could have a long-term impact on specialty chemicals companies? The answers provided by the five resulting scenarios are based on a comprehensive collection of data and analysis. The scenarios describe possible international developments between now and 2040 that are plausible, but in some cases contradictory. Digital Champions, Chinese Dream, Deceptive Calm, Turbulent Times, Sustainability Paradigm: the titles alone indicate the trends they describe.

According to Harald Schwager, the deputy chairman of Evonik Industries and the board member responsible for innovation, “We now have a wealth of information available to us that can do an even better job of helping us understand and analyze relevant trends in the world. Our scenarios could become reality, but they don't have to—they are, however, very well-researched science fiction.” For Schwager, the connection between innovative prowess and customer proximity is a key success factor and an engine for profitable growth. “The results of the scenario project now put a fascinating, strategic tool at our disposal. One that will help us

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model today's ideas for innovations on the potential developments of tomorrow." In addition to working with an eye to product developments, he is also thinking in terms of new business models and efficiency strategies.

Evonik's Corporate Foresight team spent twelve months developing a solid foundation for their scenarios: over 100 interviews with internal and external experts in the fields of chemistry, politics, and economics, as well as other sources such as international futurology studies and over 15 workshops. The experts went through a painstaking process of identifying and analyzing the key factors and influences arising from that information, extrapolating potential developments, and combining these into plausible, consistent scenarios.

What emerged were five future scenarios that could be relevant for the company over both the medium and long terms. In the Digital Champions scenario, major internet companies, with their knowledge and unique mindset, benefit increasingly from the value chain of traditional industries. Sustainability Paradigm describes a case in which sustainability becomes the guiding economic principle. In Chinese Dream, China becomes a technological, economic, and political world power. Nationalism, "fake news," and populist forces lead to a lengthy deglobalization process in the Turbulent Times scenario. Deceptive Calm looks at the future from a different perspective: in a system dedicated to maintaining the status quo, problems build up—to the point where the system could collapse.

Chief Innovation Officer Ulrich Küsthardt sees a major opportunity in the varied, multifaceted nature of the future scenarios: "We're now beginning to use the results of the scenario project for our innovation processes and strategies." Plans call for workshops in which participants analyze the impact of the scenarios on issues such as the innovative environment, business models, and customer expectations, as well as working conditions and material flows. In addition to this, business areas and even entire regional organizations at Evonik will use the scenarios to test the robustness of existing strategies, develop them further if needed, and plan new strategies. Küsthardt explains the background:

“We’re opening up extra courses of action for even more innovations.”

“Our innovation strategy is already firmly anchored in our corporate strategy, and is consistently geared toward growth markets of relevance to us, such as health, nutrition, and resource efficiency,” says the CIO. Evonik is placing an emphasis on six innovation growth fields: Sustainable Nutrition, Healthcare Solutions, Advanced Food Ingredients, Membranes, Cosmetic Solutions, and Additive Manufacturing; the company plans for innovations in these areas to generate an additional €1 billion in sales by 2025.

Initial efforts have already shown success: in 2018, Evonik achieved sales of more than €250 million within these growth fields. Total expenditures for research and development (R&D) were at previous-year levels totaling €459 million that year. As Schwager makes plain, “We’re headed the right direction, but we want to become more focused and more efficient. Our ideas have to reach our customers quickly and in the form of perfectly tailored products. At the same time, we can’t lose sight of our long-term future.”

Company information

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-oriented innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik’s corporate strategy. They are the lever for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions. Evonik is active in over 100 countries around the world. In fiscal 2018, the enterprise with more than 32,000 employees generated sales of €13.3 billion and an operating profit (adjusted EBITDA) of €2.15 billion from continuing operations.

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