The Vitality Edge: How Large-Cap CEOs Keep Reinventing Growth

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Introduction

Some of the largest companies on the planet seem to defy gravity. They keep innovating—and keep growing—long after many of their peers lose momentum. Perhaps even more remarkably, they continue to do this despite operating in one of the most challenging business environments in decades.

Often, what sets these companies apart isn't a string of blockbuster acquisitions or a portfolio of moonshots. It's their ability to harness innovation and continually reinvent their core business to drive the next generation of growth.

We call this *vitality*—our proprietary measure of a company's future growth potential. This year's BCG Vitality Index assessed more than 3,500 companies over five years to understand how large-cap vitality leaders, such as L'Oréal and MercadoLibre, translate innovation in their existing businesses into sustained growth. (See the sidebar, "Methodology.")

Methodology

The concept of vitality as a model for predicting future growth was originally conceived by the BCG Institute, BCG's think tank, and has been refined over many years.

The 2026 edition of our vitality report includes the latest developments and is the product of rigorous testing, with more than 30 variables assessed for statistical significance in a five-year historical model.

The vitality index integrates some 10 million data points drawn from high-quality sources. For example, to understand what the organizations look like, we turned to Revelio Labs; and to understand organizations' tech quality, we relied on HG Insights.

The composite vitality score represents a holistic capability built from 15 individual, weighted metrics associated with long-term revenue growth.

Our sample is global and spans industries, business models, and geographies. It encompasses both public firms (with a market exceeding $5 billion, based on S&P Capital IQ screening) and private firms (with more than $1 billion in funding, based on Pitchbook screening). Data is current as of January 1, 2026. We use a standardized methodology to track companies, enabling robust comparisons across industries, geographies, and years.

We made use of AI tools for some parts of the report, using natural language processing to score some data, and in a few cases using GenAI to surface missing data.

Reinventing the core is becoming increasingly important as higher capital costs and intensified investor scrutiny of ROI prompt companies to rethink and resize noncore initiatives.

From 2024 to 2026, the share of innovation budgets allocated to core initiatives increased by 12 percentage points while investment in adjacent and transformational bets declined, according to BCG research.[1]

As companies place bigger bets on the core, the challenge for CEOs is to know whether those investments will deliver future growth. Until now, CEOs have had to rely on traditional performance metrics that are predominantly backward-looking. BCG's vitality metric, by contrast, is a forward-looking indicator that can help them better assess whether their core innovation investments today are positioning their business to outperform in the years ahead.

No CEO needs to settle for low vitality. Because companies can measure it at a granular level, they can actively manage and strengthen it. In this year's study, one in three companies increased their vitality score by at least 10 percentage points relative to industry peers.

The rewards of improving vitality are substantial. Companies with above-median scores in our study achieved annual revenue growth that was 5.2 percentage points higher over the ensuing five years than that of their less vital peers. Companies that started with low vitality but improved it over the same period earned an additional 6.8 percentage points in annual total shareholder return (TSR) compared to the rest of the companies in the study. The upshot: vital companies are both great businesses and great stocks.

In this report, we examine 25 vitality leaders and what they have in common. (See Exhibit 1.) We also distill five actions CEOs can take to build and improve vitality within their own organization.

EXHIBIT 1

25 Highly Vital Companies

We are spotlighting 25 highly vital large companies with a market cap of at least $25 billion. Each company ranks in the top 25% most vital of its peers.

Axon Enterprise Aerospace and defense	**Tesla** Automotive	**Robinhood** Banking	**Sherwin-Williams** Chemicals and materials	**Larsen & Toubro** Construction and engineering
Hermès Consumer durables and apparel	**Viking Holdings** Consumer services	**Verisk Analytics** Enterprise services	**Affirm** Financial services	**Nongfu Spring** Food and beverage
IDEXX Health care equipment	**L'Oréal** Household and personal care	**Cathay Financial** Insurance	**LG Energy Solution** Machinery and equipment	**Roblox** Media and entertainment
Wheaton Metals and mining	**Targa Resources** Oil and gas	**Natera** Pharmaceuticals and biotech	**MercadoLibre** Retail	**Astera Labs** Semiconductors
Snowflake Software and services	**Apple** Technology	**SoftBank** Telecommunications	**Ryanair** Transportation	**Vistra** Utilities

1. BCG Innovation to Impact (i2i) Database, 2026.

What Vital Companies Do Differently

CEOs and their teams spend enormous energy deciding where to play—which markets to enter, which technologies to back, and which acquisitions to pursue. But those choices don't answer an equally important question: How will you win?

The most vital companies don't succeed because they have bigger innovation budgets or more ambitious venture portfolios. They win by fostering strategic, human, and cultural traits that enable them to drive sustained growth.

To unpack what sets these companies apart, we identified 15 variables—biomarkers of vitality—that consistently cluster into three reinforcing traits (see Exhibit 2):

- **High Growth Ambition.** Leadership sets a bold growth target and backs it with the capital allocation and incentives necessary to turn it into sustained growth.
- **High Talent Density.** Growth teams have the requisite skills, mobility, and experience to repeatedly transform innovation into scalable businesses.
- **Growth-Centric Culture.** The company minimizes organizational friction and embraces lean operating practices and technological advances, such as AI, to continuously reinvent the core.

EXHIBIT 2

Biomarkers of Vitality

High Growth Ambition

- **R&D Momentum.** The share of active patents granted in the past five years
- **Growth Ambition.** A clarity score for the growth ambition voiced in analyst calls
- **Growth Incentives.** An LLM-based score that assesses long-term incentives in executive pay
- **Capital Expenditure.** The share of revenue spent on capital expenditures
- **Capital Advantage.** The price-to-book ratio

High Talent Density

- **Innovators.** The share of full-time employees in R&D, innovation, development, and similar product-related roles
- **Innovator Tenure.** The average tenure of innovators, in years (lower is better)
- **Talent Mobility.** The share of innovators in the firm whose job changed in the past 12 months
- **Digital and AI Skills.** The share of full-time engineers with leading-edge digital and AI skills
- **Growth Experience.** The growth rate of the prior employers of employees hired within the past 12 months

Growth-Centric Culture

- **Minimum Viable Bureaucracy.** The percentage of Glassdoor reviews mentioning relevant keywords such as "red tape" or "complexity" (lower is better)
- **AI Adoption.** The share of employees with AI skills in their job description
- **Workforce Stability.** The share of employees who have left within the past 12 months (lower is better)
- **Lean Management.** The share of employees in middle or upper middle management (lower is better)
- **Tech Stack Quality.** Weighted scores for vendor quality across the software stack

Source: BCG analysis.

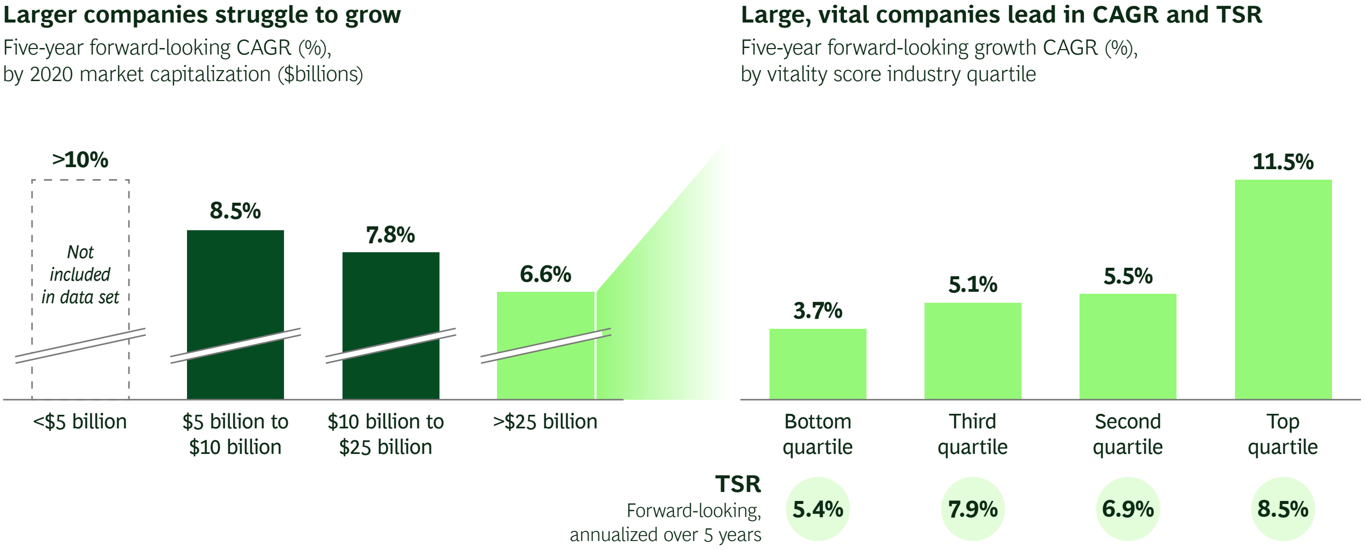
No company becomes highly vital by excelling in just one of these areas. The companies that consistently outperform their peers build strength across all three, creating a flywheel that grows more robust over time. An exciting ambition attracts strong performers, which builds higher talent density and pushes the organization to reinvent itself. These teams challenge prevailing cultural notions of what is possible and accelerate innovation, and this in turn gives leaders greater confidence to level up their own ambitions for growth.

The growth flywheel is especially valuable for large enterprises. Among companies in our study whose market caps exceed $25 billion, those in the highest vitality quartile achieved 11.5% annual revenue growth over five years, compared with an average of 6.6% for large companies overall. (See Exhibit 3.) They also generated annual TSR at a rate that was 3.1 percentage points higher than that of large companies in the lowest vitality quartile.

Building this kind of advantage isn't accidental. It requires having leaders who know where their vitality is strongest, where it's weakest, and which actions they should take to deliver the greatest growth impact.

EXHIBIT 3

Vitality Is Especially Valuable for Large Firms



Sources: BCG analysis; BCG Institute analysis.
Note: Data shown includes public companies with market capitalization of at least $5 billion as of December 31, 2019; N ≈ 2,100. Model includes size and industry fixed effects.

Five Actions That CEOs Can Take to Increase Vitality

Vitality is not static. It is something that organizations can actively measure and deliberately strengthen, refine, and renew.

The 25 vitality leaders featured in this year's report show what that looks like in practice. These companies span industries, geographies, and business models—from high-growth disruptors to established companies in traditionally slower-growing sectors. What they have in common are five actions that consistently strengthen their capacity for future growth.

Move from the Edge to the Core

For much of the past decade, many companies pursued innovation at the edges of the organization, through incubators, venture funds, digital labs, and corporate venture capital. Those investments produced important ideas, but in many cases they were disconnected from the businesses that generated the lion's share of the company's growth.

The vitality leaders in our research take a different approach. They treat the core business—not the edge—as their primary engine of innovation. They expect every business unit to identify, build, and scale new sources of growth. Rather than delegating innovation to a separate team, they embed it in how the company competes.

Eaton, a century-old power management giant, shows what's possible, improving its score by an impressive 50 percentage points over five years. This remarkable boost in vitality reflects the company's efforts to reshape its portfolio, divest noncore businesses (lighting, hydraulics, and, soon, mobility), and reinvest in higher-growth opportunities. During the same period, Eaton delivered 23.9% annual TSR, compared with the industry median of 13.4%.

Measure Vitality Like Any Other Critical KPI

Leaders in vitality treat it with the same discipline that they apply to revenue, margins, and cash flow. Instead of waiting for financial results to reveal whether today's decisions are working, they monitor all 15 variables across the three vitality traits and adjust course before small gaps become large ones.

Create Clear Ownership and Accountability

Vitality doesn't belong to an innovation team, an R&D function, or a strategy department. It cuts across the entire enterprise, which means that responsibility for improvement can easily become fragmented. That's why it calls for an executive owner with a clear mandate and a common fact base that can help the senior leadership team to align on where the company's growth ambition, talent density, and growth-centric culture are strongest, where they are falling behind, and where leadership intervention will have the greatest impact.

In some organizations, that owner will be the CEO. In others, the role naturally sits with the chief financial officer or the chief strategy officer. Either way, vitality extends the strategy agenda beyond planning, budgeting, and discrete transformation initiatives. It gives leadership a practical way to challenge priorities, align investment decisions, and hold the organization accountable for building the capabilities needed to drive future growth.

Identify and Close the Most Important Vitality Gaps

The most vital companies don't try to improve every biomarker simultaneously. They identify the few that matter most in their competitive context—the ones most likely to constrain future growth—and focus leadership attention and investment there.

L'Oréal provides a strong example of this discipline. Over the past five years, by pulling a few key levers, the company climbed 26 percentile points to emerge as vitality leader among large firms in the beauty space. Top-quartile scores in R&D momentum and innovator density reflect the fruits of over €1.3 billion in annual R&D spending, which L'Oréal describes as the largest research effort in the cosmetics industry. The company combined this strength with targeted investments in digital innovation (such as its CreAItech content lab and its Cell BioPrint "lab-on-a-chip" diagnostic device) to spur continued regenerative growth. As a result, L'Oréal has one or two core strengths across each of the three dimensions, positioning it to drive regenerative growth without spreading itself thin trying to fix all 15 biomarkers at once.

Embed Vitality in Enterprise Transformation

Vitality leaders don't treat the task of embedding vitality as just another transformation initiative. They use vitality as an organizing framework for transformation itself, by ensuring that the three bedrock capabilities—growth ambition, talent density, and a growth-centric culture—reinforce one another rather than competing for attention.

Leaders don't overinvest in one dimension at the expense of others, which is why top vitality performers are nearly ten times as likely as low performers to rank in the top quartile on at least one variable across all three core vitality capabilities.

MercadoLibre demonstrates the power of this approach. Over the past five years, the company has maintained its high level of vitality (98th percentile within its industry in 2026) despite growing in size. It has also supported its core business through targeted bolt-ons in fintech, logistics, advertising, and AI-powered services. Rather than investing only in new products, MercadoLibre has simultaneously built the teams, technology, operating capabilities, and culture it needed to scale those businesses together, helping it remain one of the highest-vitality companies in its industry.

The companies featured in this report—and all 25 featured vitality leaders—demonstrate the same principle: sustained growth comes from strengthening all three vitality traits as a whole, rather than optimizing individual parts. They also illustrate that CEOs can deliberately build and strengthen vitality over time. In a world where impressive growth is harder to achieve, the companies that pull ahead will be those that consistently reinvent their core business and turn that renewal into the next generation of growth.

Appendix: Vitality Leader Company Pages

Axon Enterprise

AEROSPACE AND DEFENSE

Axon, a public-safety technology company, is our spotlight in the aerospace and defense industry.

Firms in this industry benefit from a geopolitics-driven spending supercycle and from the current drone-and-autonomy revolution. Meanwhile, commerce aerospace firms are ramping up production, with supply chain resilience emerging as a key strength.

Aerospace and defense shows greater cross-industry mobility in vitality than any other industry. Individual companies can climb from low bases to the top quintile within five years even as the industry has a below-average vitality index score overall. Innovator tenure, workforce stability, and growth experience are the key ways to build vitality, so the right human capital driving momentum matters more than the financial capital deployed. Leading CEOs close R&D gaps through both internal and open innovation and refresh their innovation teams with new talent while retaining critical engineering expertise.

SPOTLIGHT

Axon Enterprise

VITALITY RANK

3/65

5-YEAR REVENUE CAGR

+32.5%

5-YEAR TSR

+27.4%

TOP STRENGTHS

- Tech stack quality
- Digital and AI skills
- AI adoption
- Growth incentives

Tesla

AUTOMOTIVE

Tesla, an electric vehicle company, is our spotlight in the automotive industry.

Automotive value is shifting toward software, electronics, and connected services. Chinese automakers are applying competitive pressure. Software-defined vehicles, tariffs, localization, EV policy changes, advanced driver assistance systems, and autonomy are reshaping product strategy, manufacturing footprints, and supplier relationships.

Vitality builders are out-innovating peers in the EV transition. Internal R&D momentum is the dominant lever, followed by workforce stability and a healthy focus on reducing bureaucracy. Declines in vitality are uniformly organizational: as innovator tenure, growth ambition, and lean management erode, struggling automakers slow internally before slipping externally. Leading CEOs treat R&D and product innovation capability as a strategic asset to invest in, explore innovation partnerships, and attack decision speed (specifically, model upgrade cycles and prototype-to-production time).

SPOTLIGHT

Tesla

VITALITY RANK

1/79

5-YEAR REVENUE CAGR

+24.6%

5-YEAR TSR

+11.7%

TOP STRENGTHS

- AI adoption
- Talent mobility
- Capital advantage
- Digital and AI skills

Robinhood

BANKING

Robinhood, a retail brokerage, is our spotlight in the banking industry.

Banks face core modernization, legacy transformation, deposit competition, and pressure to optimize with AI. For many incumbents, direct digital banking is changing the funding base, while executives apply AI across operations, fraud detection, risk monitoring, and customer service.

Vitality leaders benefit from capital advantage and minimum viable bureaucracy, while vitality builders climb on R&D momentum, workforce stability, innovator tenure, and digital edge in parallel, none with outsize impact. Firms with declining vitality lose capital advantage, capex, and talent mobility. Leading CEOs accept that there is no single transformative lever and run four or five workstreams at once, treat technology talent as strategic rather than back office, and invest in upskilling their workforce firmwide to drive AI adoption.

SPOTLIGHT

Robinhood

VITALITY RANK

1/263

5-YEAR REVENUE CAGR

+36.2%

4-YEAR TSR (SINCE IPO)

+92.7%

TOP STRENGTHS

- Digital and AI skills
- Capital advantage
- Tech stack quality
- Innovators

Sherwin-Williams

CHEMICALS AND MATERIALS

Sherwin-Williams, a paints and coatings company, is our spotlight in the chemicals and materials industry.

Players in this industry face margin pressure, trade uncertainty, and uneven demand across end markets. Green chemistry is constrained by limited willingness to pay, while growth is concentrated in advanced materials and specialty applications.

Vitality shows clear levers for movement even from a difficult starting position. Leaders typically have R&D momentum and capital advantage, and top builders gain on a balanced quartet of R&D momentum, minimum viable bureaucracy, AI adoption, and modern tech stacks, investing in innovation and removing internal friction at once. Builders gain on structural gaps in capex, lean management, and innovator density. Regionally, Asian firms are systematically more vital than European ones. Leading CEOs apply AI to R&D itself (molecular discovery, formulation) rather than just IT, reverse capex underinvestment, and treat the gap with global peers as a strategic issue to resolve.

SPOTLIGHT

Sherwin-Williams

VITALITY RANK

6/130

5-YEAR REVENUE CAGR

+5.1%

5-YEAR TSR

+6.0%

TOP STRENGTHS

- Talent mobility
- Capital advantage
- Lean management
- Digital and AI skills

Larsen & Toubro

CONSTRUCTION AND ENGINEERING

Larsen & Toubro, an engineering and construction conglomerate, is our spotlight in the construction and engineering industry.

Demand for data centers and power infrastructure is reshaping the industry, with labor, permitting, and grid constraints limiting delivery. EPC (engineering, procurement, and construction) integration, prefabrication, community relations, and stronger digital project execution are emerging sources of differentiation.

Growth experience is the largest lever for improvement, exceeding any other industry's top lever. Vitality builders systematically hire leaders from high-growth companies, and that prior-employer experience transfers measurably, with R&D momentum, capital advantage, and talent mobility following. The structural caution is the sector's digital capability gap—exactly where builders are closing ground. For CEOs, hiring for growth experience is the strongest single lever available, and the digital skills gap is a sector-defining opportunity.

SPOTLIGHT

Larsen & Toubro

VITALITY RANK

4/84

5-YEAR REVENUE CAGR

+15.9%

5-YEAR TSR

+17.9%

TOP STRENGTHS

- Innovators
- R&D momentum
- Digital and AI skills
- Innovator tenure

Hermès

CONSUMER DURABLES AND APPAREL

Hermès, a luxury goods company, is our spotlight within the consumer durables and apparel industry.

Consumer durables and apparel firms are being pressured by tariffs, supply chain shifts, and more selective consumers. Value seeking and faster trend cycles are weakening mid-tier brand loyalty, luxury is further surging, and performance increasingly depends on direct-to-consumer reach, omnichannel execution, and personalization.

Capital advantage is the top leader signal and the largest lever for improvement on the vitality index. Among CEO-actionable levers, tech stack quality, workforce stability, and R&D momentum form a tight cluster. Early warnings include flailing growth ambition, increasing average innovator tenure, and internal bureaucratic friction. Leading CEOs prioritize R&D and product innovation, protect design and merchandising talent whose knowledge compounds, and consistently refine their growth equity story.

SPOTLIGHT

Hermès

VITALITY RANK

7/72

5-YEAR REVENUE CAGR

+20.2%

5-YEAR TSR

+6.4%

TOP STRENGTHS

- Capital advantage
- Growth ambition
- Talent mobility
- Tech stack quality

Viking Holdings

CONSUMER SERVICES

Viking, a cruise company, is our spotlight in the consumer services industry.

Value-seeking consumers, higher credit reliance, and intense digital and loyalty competition pressure the industry. Franchise models face cost pressure, while companies invest in first-party data, personalization, and direct customer relationships.

Consumer services holds strong vitality at the top of the distribution on capital advantage and digital capability, but the distinctive lever for building vitality is R&D momentum—unusual for a services industry, and a sign that the firms moving up are reframing themselves as technology businesses with consumer-facing surfaces. Europe, the Middle East, and Africa trails the group by 17 percentile points, a sharper regional split than other industries exhibit. Leading CEOs emphasize reinvention rather than optimization and watch decision speed and team renewal. Firms with declining vitality slow internally (with more bureaucracy and stale teams) before the market notices.

SPOTLIGHT

Viking Holdings

VITALITY RANK

4/83

4-YEAR REVENUE CAGR

+79.6%

2-YEAR TSR (SINCE IPO)

+73.4%

TOP STRENGTHS

- Capital advantage
- Capex
- Growth experience
- Growth incentives

Verisk Analytics

ENTERPRISE SERVICES

Verisk, a risk analytics company, is our spotlight in the enterprise services industry.

Enterprise services is being reshaped by AI-enabled automation and a shift from selling hours to selling outcomes. Providers are moving toward more product-like offerings, driving AI adoption, changing the services mix, and expanding global capability centers.

Vitality builders in this sector are pursuing deeper R&D momentum and product innovation capabilities, focusing on service delivery via repeatable IP rather than bespoke projects. Talent mobility and growth experience are the next levers, highlighting organizational fluidity as the differentiator. Leading CEOs push to productize offerings, increasing the share of software-leveraged and IP-based revenue. They diversify career paths and augment senior client-facing expertise with software-enabled delivery teams.

SPOTLIGHT

Verisk Analytics

VITALITY RANK

2/67

5-YEAR REVENUE CAGR

+6.2%

5-YEAR TSR

+1.9%

TOP STRENGTHS

- Capital advantage
- Innovators
- Digital and AI skills
- R&D momentum

Affirm

FINANCIAL SERVICES

Affirm, a point-of-sale lender, is our spotlight in the financial services industry.

Financial services is shifting toward private markets and wealth-led distribution. Private credit is taking on features of retail, as access to affluent investors becomes a key channel. Liquidity, incentives, and credit quality are major drivers of performance.

Vitality relies heavily on digital skills in this industry, almost as much as in the software and media industries, reflecting strengths in capital advantage, digital edge, and AI adoption. Companies building vitality bring in fresh perspectives and growth experience while reducing bureaucracy. Leading CEOs aggressively hire entrepreneurial growth talent, distinguish necessary regulatory controls from self-imposed internal process friction, and benchmark themselves against their strongest regional peers, rather than the global average.

SPOTLIGHT

Affirm

VITALITY RANK

2/240

5-YEAR REVENUE CAGR

+40.9%

5-YEAR TSR

+4.2%

TOP STRENGTHS

- Innovators
- Digital and AI skills
- R&D momentum
- Tech stack quality

Nongfu Spring

FOOD AND BEVERAGE

Nongfu Spring, a bottled-water and beverage company, is our spotlight in the food and beverage industry.

Companies in this sector face pressure from GLP-1 adoption, health-focused consumers, and value-seeking shoppers. Easy, price-led growth is fading, pushing companies toward volume recovery, protein-based products, reformulation, selective private-label competition, digital commerce, and faster innovation.

Vitality leaders are defined as much by operating discipline as by capital strength, with minimum viable bureaucracy, R&D momentum, and capex clustering tightly. Companies building vitality are deliberate rather than dramatic: adoption of modern technology stacks and bureaucracy reduction lead in a sector where vitality compounds rather than jumps. Companies whose vitality is declining slip on R&D momentum, growth ambition, and lean management discipline. Leading CEOs benchmark against top-quartile sector peers, treat erosion of R&D momentum as the leading signal, and push the operational levers of AI adoption and process simplification to drive speed to market.

SPOTLIGHT

Nongfu Spring

VITALITY RANK

5/117

5-YEAR REVENUE CAGR

+18.1%

5-YEAR TSR

+2.6%

TOP STRENGTHS

- Capital advantage
- Workforce stability
- Growth incentives
- R&D momentum

IDEXX

HEALTH CARE EQUIPMENT AND SERVICES

IDEXX, a veterinary diagnostics company, is our spotlight in the health care equipment and services industry.

The industry is shifting toward home, outpatient, and lower-acuity settings. Reimbursement pressure is increasing under value-based models, labor shortages remain a core constraint, and scalable growth depends on stronger data, automation, and AI-enabled workflows.

Vitality leaders bring in fresh perspectives while maintaining workforce stability. Companies building vitality systematically refresh leadership and innovation teams while keeping the broader operational workforce intact. One key consideration is the mirror image—an innovation cliff where R&D momentum and innovator tenure fall together. Leading companies refresh their core product and innovation teams without churning the operational base or losing R&D momentum.

SPOTLIGHT

IDEXX

VITALITY RANK

6/123

5-YEAR REVENUE CAGR	5-YEAR TSR
+9.7%	**–3.0%**

TOP STRENGTHS

- Capital advantage
- R&D momentum
- Talent mobility
- Workforce stability

L’Oréal

HOUSEHOLD AND PERSONAL CARE

L’Oréal, a cosmetics company, is our spotlight in the household and personal care industry.

For companies in this industry, cost reduction and process simplification remain core priorities, while growth is concentrated in premium products and in innovation focused on skin care, social commerce, and new consumer groups.

Our vitality findings, based on a small cohort (21 companies) that makes findings directional, shows leaders concentrating on capital advantage and modern technology stacks that enable widespread AI adoption. Companies building vitality start with capex, followed by workforce stability, growth experience, and investment in operational infrastructure. Leading CEOs prioritize process simplification, AI adoption, and team continuity. Vitality builders hire entrepreneurial talent in core R&D, science, and product functions to drive consumer-led, technology-enabled growth.

SPOTLIGHT

L'Oréal

VITALITY RANK

5/21

5-YEAR REVENUE CAGR	5-YEAR TSR
+9.5%	**+1.8%**

TOP STRENGTHS

- Growth incentives
- Talent mobility
- Digital and AI skills
- R&D momentum

Cathay Financial

INSURANCE

Cathay Financial Holding, a financial services group, is our spotlight in the insurance industry.

AI-enabled underwriting and claims, embedded distribution, and rising loss-cost pressure are reshaping insurance. Catastrophe risk, climate exposure, and higher litigation costs are changing pricing and risk selection, while insurers modernize core platforms.

Vitality in this industry reflects the exceptionally high importance of internal R&D and product innovation momentum, as innovative underwriting, claims, and risk-modeling approaches differentiate insurers. Among companies building vitality, innovator tenure, R&D momentum, AI adoption, and tech stack quality matter. Vitality builders run multifront transformations rather than betting on one lever, while declining firms lose entrepreneurial talent, capital advantage, and talent mobility together.

SPOTLIGHT

Cathay Financial

VITALITY RANK

11/124

5-YEAR REVENUE CAGR	5-YEAR TSR
+6.9%	+14.9%

TOP STRENGTHS

- AI adoption
- Tech stack quality
- Innovator tenure
- Innovators

LG Energy Solution

MACHINERY AND EQUIPMENT

LG Energy Solution, a leading manufacturer of electric vehicle and energy-storage batteries, is our spotlight in the machinery and equipment industry.

Demand in this industry is uneven, with structural growth from electrification, reshoring, regionalization, and tariff-driven investment. Automation is moving toward more adaptive or humanoid robotics, while equipment-as-a-service, an aging installed base, and labor shortages are reshaping customer needs.

Vitality builders gain primarily on workforce stability, a dominant lever in an industry where applied engineering knowledge is built over careers rather than quarters, with capital advantage, tech stack quality, and growth experience following. Industry-wide gaps on capital advantage and modern, scalable tech stacks flag an opportunity for companies building vitality to tap through digital and operational modernization. For CEOs, retention is essential, and scalable tech stacks are meaningful differentiators. Shrinking R&D, product, and innovator head counts are leading indicators of weakening future product pipelines.

SPOTLIGHT

LG Energy Solution

VITALITY RANK

15/270

5-YEAR REVENUE CAGR	5-YEAR TSR
+6.2%	–2.4%

TOP STRENGTHS

- Capex
- AI adoption
- Digital skills
- Innovator tenure

Roblox

MEDIA AND ENTERTAINMENT

Roblox, an online gaming platform, is our spotlight in the media and entertainment industry.

Media and entertainment companies are shifting from subscriber growth to streaming profitability. Live sports, premium IP, and ad-supported models are now key growth drivers, while hybrid live and on-demand viewing are changing ad spending, and AI is beginning to reshape content production.

Media vitality leaders have a concentrated AI and digital skills profile. Vitality builders systematically hire from companies that have scaled fast, and that prior-employer growth experience transfers measurably. Slipping vitality in this sector signals eroding simplicity, ambition, and lean management. Leading CEOs build talent-dense teams, prioritize decision speed, and consistently find new ways to drive product innovation and launch velocity.

SPOTLIGHT

Roblox

VITALITY RANK

1/94

5-YEAR REVENUE CAGR	5-YEAR TSR
+39.6%	**–8.5%**

TOP STRENGTHS

- Innovators
- Capital advantage
- Growth incentives
- AI adoption

Wheaton Precious Metals

METALS AND MINING

Wheaton, a precious-metals streaming company, is our spotlight in the metals and mining industry.

The metals and mining sector is influenced by demand for critical minerals and efforts to reduce dependence on geopolitically exposed supply chains. Resource nationalism, financing constraints, infrastructure gaps, and permitting delays limit new supply, and companies are applying AI in exploration, planning, and operations.

Metals and mining has the most capex-centric leader profile of any sector, as befits its capital intensity, yet companies building vitality emphasize R&D momentum, the largest single-driver gain. These firms treat mining as a materials-and-process innovation industry rather than pure commodity extraction, investing in patented process innovation well above peers. The structural caution is a digital-capability lag, which is where builders are gaining. Leading CEOs treat internal development and open innovation as underappreciated levers, close the digital skills gap with explicit upskilling for innovation and operational workforces, and read fading growth ambition as an early signal of decline.

SPOTLIGHT

Wheaton

VITALITY RANK

5/131

5-YEAR REVENUE CAGR	5-YEAR TSR
+16.1%	**+22.3%**

TOP STRENGTHS

- Talent mobility
- Growth experience
- Capex
- Capital advantage

Targa Resources

OIL AND GAS

Targa, a midstream natural gas company, is our spotlight in the oil and gas industry.

Oil and gas companies are maintaining capital discipline as regulatory uncertainty and energy security concerns temper the pace of transition spending. Consolidation, M&A, cost reduction, operational efficiency, decommissioning, and stronger commercial and trading optimization drive growth.

The vitality leader signal is still capex, but vitality builders gain more on growth experience and workforce stability than on capex itself, bringing in adjacent-industry talent while maintaining operational expertise through the transition. Organizational rigidity is a danger for companies in this industry; companies with declining vitality suffer from too much bureaucracy discipline and too little innovator tenure. CEOs aspiring to drive vitality hire growth experience from companies that have built durable new businesses, treat workforce stability as a hedge against transition uncertainty, and protect decision speed and quality to ensure effective capital allocation.

SPOTLIGHT

Targa Resources

VITALITY RANK

10/129

5-YEAR REVENUE CAGR

+15.6%

5-YEAR TSR

+45.0%

TOP STRENGTHS

- Capital advantage
- Innovator tenure
- Minimum viable bureaucracy
- Capex

Natera

PHARMACEUTICALS AND BIOTECH

Natera, a genetic testing company, is our spotlight in the pharmaceuticals and biotech industry.

Pharma is heavily affected by the growth of GLP-1 medications, tighter financing, and rising pricing pressure. These forces are changing R&D priorities, as AI selectively enters drug discovery, clinical trials expand in China and India, and life sciences tool makers face softer biotech spending and more selective demand.

Pharma's striking feature is the distance between top and median performers: leaders reach exceptional scores, while the typical company sits near zero, indicating that the playbook is well defined but not widely adopted. Among companies building vitality, innovator tenure and workforce stability are the strongest CEO-actionable levers, pointing to healthy talent mobility that refreshes innovation teams without disrupting the operational base. R&D momentum, capex, and modern tech stacks increase together among these builders. Leading CEOs design for healthy churn, rather than aggressive churn, and benchmark against the top quartile, not the average.

SPOTLIGHT

Natera

VITALITY RANK

3/173

5-YEAR REVENUE CAGR

+42.6%

5-YEAR TSR

+19.0%

TOP STRENGTHS

- Digital and AI skills
- AI adoption
- Capital advantage
- Innovators

MercadoLibre

RETAIL

MercadoLibre, an e-commerce and fintech company, is our spotlight in the retail industry.

In retail, AI-enabled product discovery, personalization, and new commerce interfaces are reshaping the industry. As consumers seek value, they put pressure on loyalty, subscription, and omnichannel models. Meanwhile, retailers also face tougher competition for ad dollars and direct customer relationships.

Retail's most vital companies define what is achievable in the category, and they do it with one dominant lever: workforce stability, which is both the largest source of gain among companies with improving vitality and the principal cause of declining vitality. In a frontline-heavy industry where institutional knowledge sits at the store level, the people being invested in matter more than the amount being spent. For CEOs, reducing voluntary attrition is a key growth lever.

SPOTLIGHT

MercadoLibre

VITALITY RANK

3/143

5-YEAR REVENUE CAGR

+48.7%

5-YEAR TSR

+2.6%

TOP STRENGTHS

- Innovator tenure
- Capital advantage
- Innovators
- AI adoption

Astera Labs

SEMICONDUCTORS

Astera Labs, a semiconductor and AI solutions company, is our spotlight in the semiconductors industry.

Semiconductors are in an AI-driven upcycle concentrated in a small set of leading companies. Data-center demand is the main growth driver, high-bandwidth memory is a key value pool, and geopolitics and cyclicality remain potential headwinds.

The semiconductor industry has the largest gap between top performers and the rest. Leaders boast a high capital advantage, deep AI fluency, and dense and dynamic innovator workforces. Among companies building vitality, innovator tenure and workforce stability drive the climb; the firms moving up refresh their innovation teams with new talent while holding onto their best engineers through downcycles, rather than leaning on the biggest capex budgets. Leading CEOs renew innovation teams with fresh talent, retain critical engineers through downcycles, and manage geopolitical risk exposure.

SPOTLIGHT

Astera Labs

VITALITY RANK

1/122

3-YEAR REVENUE CAGR

+120.2%

2-YEAR TSR (SINCE IPO)

+159.2%

TOP STRENGTHS

- Innovators
- Tech stack quality
- Innovator tenure
- AI adoption

Snowflake

SOFTWARE AND SERVICES

Snowflake, a cloud data platform company, is our spotlight in the software and services industry.

Software and services is being resculpted by AI agents and the shift from seat-based pricing to usage and outcomes. Value capture remains uncertain as agent governance, orchestration, data integration, and workflow ownership grow more important, and large incumbents strengthen their position amid consolidation.

Software is the only industry where even bottom-quartile companies post positive vitality, and leaders are defined less by what they spend than by who they hire: innovator tenure, AI fluency, and digital edge weigh nearly as heavily as capital advantage. Improvement intervals among vitality builders are smaller because the whole sector sits so high. Strength is geographically concentrated, with North America 9 points above the larger group. More than ever, leading CEOs build talent-dense innovation teams and reorient toward hard-to-replace value propositions and use cases.

SPOTLIGHT

Snowflake

VITALITY RANK

6/247

5-YEAR REVENUE CAGR

+51.2%

5-YEAR TSR

+1.9%

TOP STRENGTHS

- Growth incentives
- Digital and AI skills
- Capital advantage
- AI adoption

Apple

TECHNOLOGY

Apple, a consumer electronics company, is our spotlight in the technology industry.

Tariffs and AI infrastructure demand are reshaping technology hardware. AI servers and semiconductors remain key growth areas, with leading OEMs expanding into software and services to improve margins.

The most vital players in this industry pull ahead by credibly articulating their growth strategies to capital markets. Firms building vitality focus on bringing fresh perspectives to their innovation teams (reflected in innovator tenure). Advancing firms constantly bring new talent into key growth and innovation teams. R&D momentum is critical: it erodes steadily among declining firms, but vitality builders protect it through every cycle. Leading CEOs recognize that rebuilding momentum takes years so they treat hiring as a growth strategy and maintain R&D momentum through downturns.

SPOTLIGHT

Apple

VITALITY RANK

2/145

5-YEAR REVENUE CAGR

+8.2%

5-YEAR TSR

+17.7%

TOP STRENGTHS

- Capital advantage
- AI adoption
- Digital and AI skills
- Growth ambition

SoftBank

TELECOMMUNICATIONS

SoftBank, a technology investment holding company, is our spotlight in the telecom industry.

Telecommunications companies are competing vigorously for household broadband and bundled connectivity. Fiber buildouts, fixed wireless access, and mobile-broadband convergence are shifting market share, while 5G monetization remains limited and price competition continues to pressure returns. Vitality reveals an unusually innovation-heavy profile for a capital-intensive industry, anchored on innovator tenure and R&D momentum.

For companies building vitality, bureaucracy reduction, R&D, capital advantage, and workforce stability all move in roughly equal measure, so these companies pursue several changes in parallel. North America trails the group, a rare finding suggesting that the most vital operators sit outside the saturated US market. CEOs seeking to build vitality pick the lever where the gap to peers is widest, benchmark against the global top quartile rather than North American peers, and consider building talent density in core product innovation teams a key priority.

SPOTLIGHT

SoftBank

VITALITY RANK

6/88

5-YEAR REVENUE CAGR

+3.6%

5-YEAR TSR

+17.7%

TOP STRENGTHS

- Innovators
- Digital and AI skills
- AI adoption
- Talent mobility

Ryanair

TRANSPORTATION

Ryanair, a low-cost airline, is our spotlight in the transportation industry.

Passenger carriers are competing on network strength, premium experience, and service reliability, while freight providers and third-party logistics providers emphasize reliability, integration, cost control, and the ability to adapt to shifting trade flows.

In this industry, vitality shows the largest within-industry mobility in our dataset, with top vitality builders gaining about 46 percentile points relative to peers on a combination of growth experience, innovator tenure, workforce stability, and AI adoption, with no single dominant playbook. Strategic discontinuities (fleet electrification, logistics automation, AI-driven routing) are reshuffling positions. Leading CEOs recognize that big within-sector upswings are achievable. To get there, they build AI literacy across the whole workforce, rather than just in the tech team, and they continue to streamline core processes and operating models to drive simplicity and superior customer outcomes.

SPOTLIGHT

Ryanair

VITALITY RANK

17/126

5-YEAR REVENUE CAGR

+41.3%

5-YEAR TSR

+11.2%

TOP STRENGTHS

- Lean management
- Minimum viable bureaucracy
- Growth ambition
- AI adoption

Vistra

UTILITIES

Vistra, a power generation and retail electricity company, is our spotlight in the utilities industry.

Energy utilities are entering a new demand-growth cycle led by data centers, AI infrastructure, and electrification. This is driving major grid investment, interconnection bottlenecks, behind-the-meter power solutions, generation-mix changes, and rising affordability and regulatory pressure.

Vitality shows utilities builders hiring leaders from sectors that have lived through real growth, with growth experience their largest lever, followed by R&D momentum and modern tech stacks. The typical vitality shortcoming within this industry involves pulling back on AI adoption and digital edge skills. The regional split is the sharpest in the entire vitality data set, with North America well above Asia, Latin America, and Europe. CEOs intending to build vitality hire for growth experience from outside the sector, continue to invest in AI adoption and digital capability, and consistently rethink their operating models to drive simplicity, speed, and cost advantage.

SPOTLIGHT

Vistra

VITALITY RANK

11/171

5-YEAR REVENUE CAGR

+9.2%

5-YEAR TSR

+54.1%

TOP STRENGTHS

- Capital advantage
- Workforce stability
- Minimum viable bureaucracy
- Growth incentives

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