THE CHANGING NATURE OF INNOVATION - OECD INNOVATION STRATEGY

(Presentation by Jorgen Rosted, Director FORA)

Meeting held at the OECD Headquarters in Paris on 30-31 October 2008

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Contact : Structural Policy Division, Mr. Marcos Bonturi, tel: +33 1 45 24 19 59; fax: +33 1 44 30 62 57; e-mail: marcos.bonturi@oecd.org
The Changing Nature of Innovation
- OECD Innovation Strategy

Jørgen Rosted, Director FORA
CIIE Meeting in Paris, 30 – 31 October 2008

Content

- History
- The Changing Nature of Innovation – 8 principles
- The next step…
CIIE's first discussion of the innovation strategy.

- In October 2007 CIIE discussed the idea of an OECD innovation strategy for the first time, based on an introductory presentation from the secretariat.

- CIIE strongly supported the idea of an OECD innovation strategy, and emphasized the importance of:
  - The newest trends in industry innovation (open innovation, user involvement etc.)
  - The dynamics between innovation and entrepreneurship.

Contributions from the member countries

- The secretariat asked for assistance in working with new aspects of innovation.

- As a starting point, it was decided to arrange 3 workshops in different areas of specific interest.

- There would be representatives from companies, academia and government at each workshop.
The Copenhagen workshop

- Two themes were discussed: the new nature of innovation and the dynamics between innovation and entrepreneurship.

- The following report is on the new nature of innovation.

- The dynamics between innovation and entrepreneurship will be reported separately.

The Copenhagen workshop

- Companies present cases that illustrate aspects of new trends in innovation.


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Conclusion from the Copenhagen workshop

- The newest developments in innovation can be described by principles that characterize the transformation of innovation in the industrial era to innovation in the global knowledge economy.

- Each principle should be illustrated by cases showing signs of next practice.

New Innovation Principles

- The principles plot the course of future innovation strategies
- The principles are suggestions of what is new and essential for business in the future.
- The principles illustrate a mix of emerging new elements and declining old elements
- The transformation takes place gradually and elements from the past can be persistent
New Principles

1) Knowledge is sourced globally

2) Value Creation is the result of companies’ and customers’ joint efforts to find solutions for complex needs

3) New knowledge on user behaviour will be critical to the creation of solutions

4) Companies participate in partnership innovation and create close business networks and operate seldom on their own
New Principles

5) New technology is an input to the innovation process more than an innovation in itself

6) Innovations by businesses, government and the third sector come in response to the requirement for greater environmental sustainability

New Principles

7) Unsolved needs in Developing Countries and Emerging Markets are important sources of innovation, driving and shaping demand

8) Public services harness more radical forms of social innovation drawing on wider sources including the private sector and third sector to respond to major social challenges.
Applying the principles

- Where do we need more knowledge to really understand the innovation challenges?
- What are the policy implications of each of the principles?

Policy implications

- Examination and evaluation of innovation policy in selected best practice countries.
- A discussion about the policy implications of the principles with high level policy makers.
- Round table on the principles and innovation policy with high level policy makers, business leaders and academics.
The next step

- Document on The New Nature of Innovation will be presented at the CIIE spring meeting 09 including temporary policy considerations.
- Final document prepared before summer 09.

Who is responsible for the principle project?

- Contributions from the Finnish and the Danish government and The National Endowment for Science, Technology and the Arts (NESTA), UK.
- Project-team from NESTA and FORA in collaboration with professor C.K. Prahalad, Stephen M. Ross School of Business University of Michigan and professor Joe Santos, INSEAD, Paris.
Delegates are invited to consider the following points:

• Do the principles outlined in this paper capture the most important new trends in innovation?

• The novelty of the trends.

• The way they manifest themselves in different countries (examples).

• The policy considerations that can be derived from these principles.