

June 5, 2012

*Services Innovation Policy in the
United States*

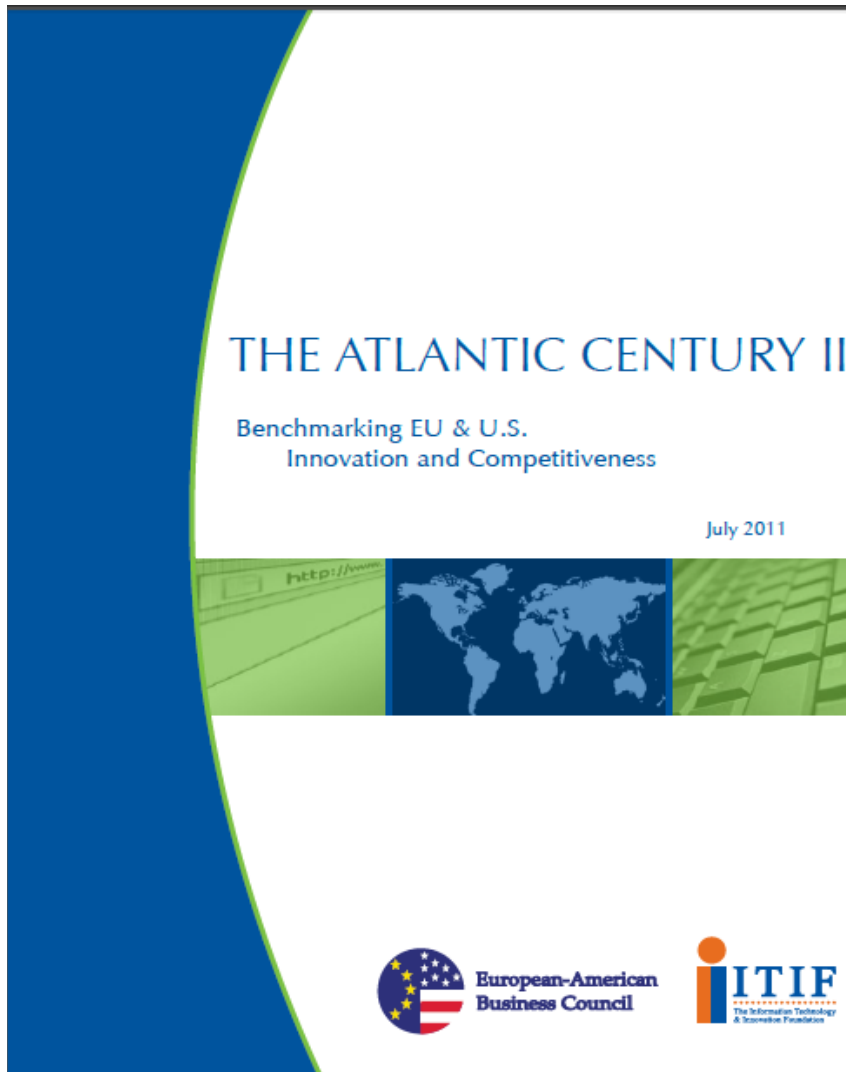
EPISIS Conference

Stephen Ezell, Senior Analyst

*Information Technology
and Innovation Foundation*



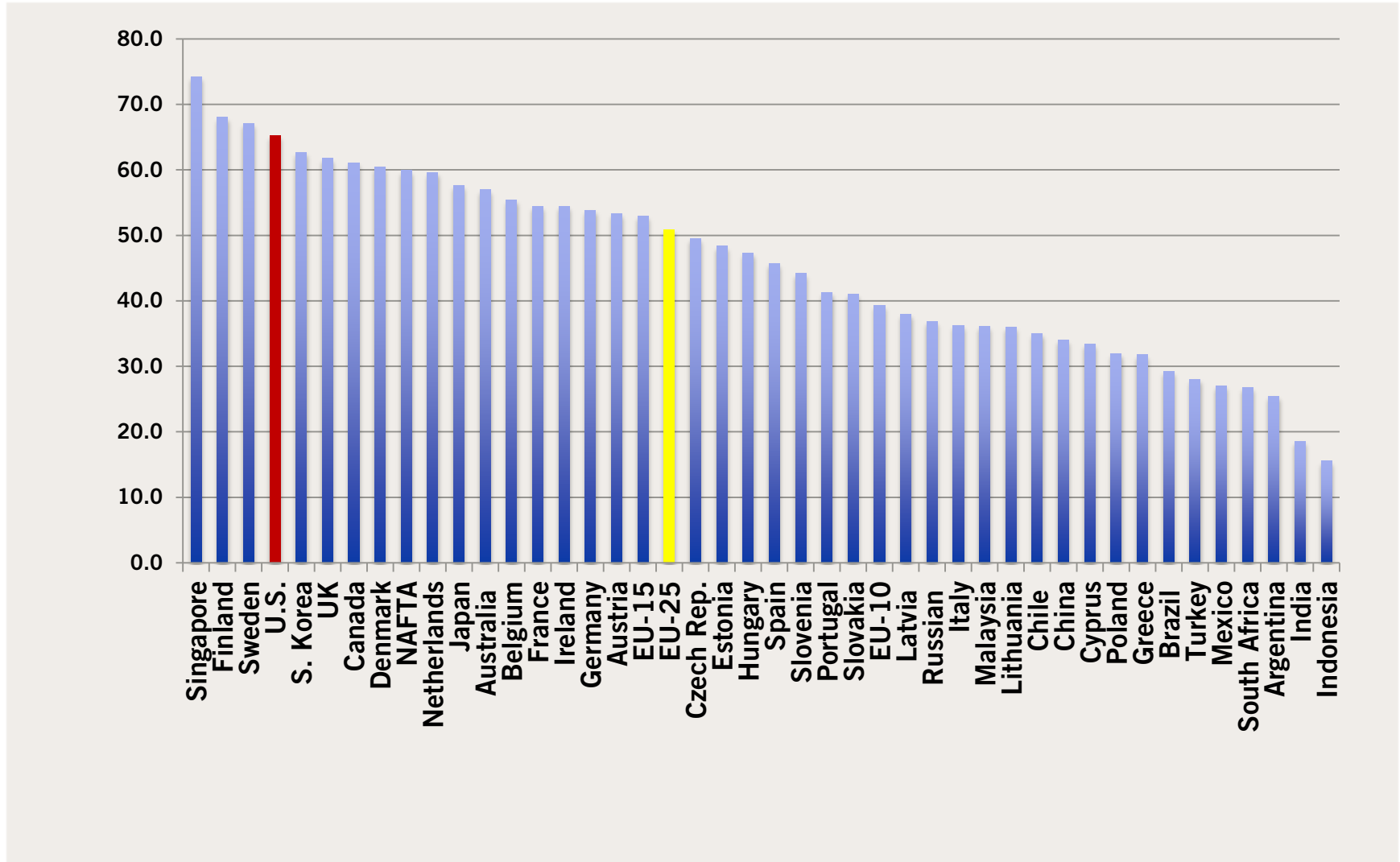
The Atlantic Century II



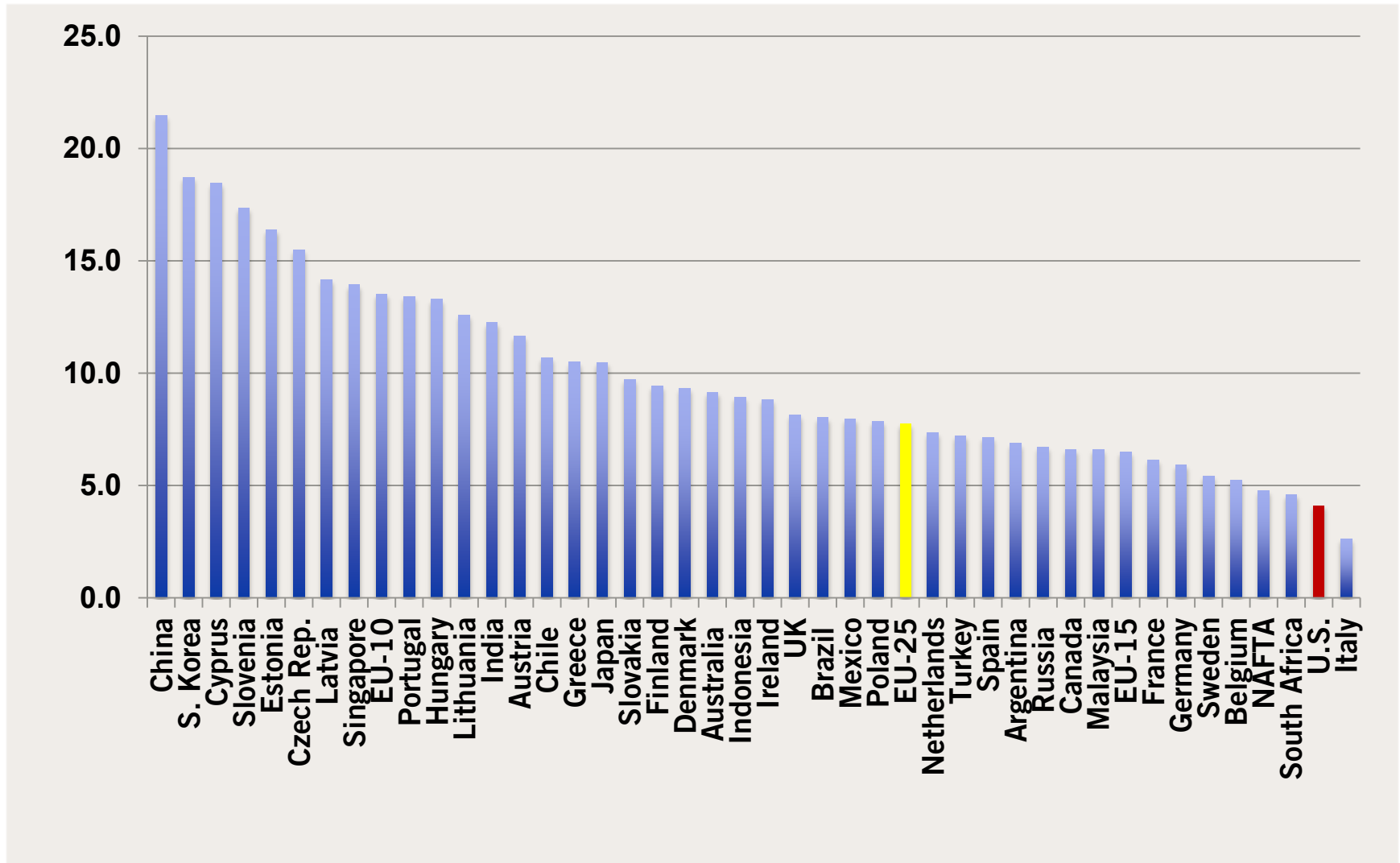
- **The Study:** compares the innovation-based competitiveness of 44 Asian, European, and American nations and regions.
- **16 indicators:** including corporate and government R&D, scientists and engineers, new firms, corp. tax, productivity growth and others.

<http://www.itif.org/files/2011-atlantic-century.pdf>

Overall Score for Global Competitiveness and Innovation



Overall Change Score (1999-2011)



Summary – What the United States Doesn't Have

- U.S. lacks a national service innovation policy.
- No institutional/policy focus on supporting private sector services innovation (as opposed to ag./mfg.).



**MEP • MANUFACTURING
EXTENSION PARTNERSHIP**

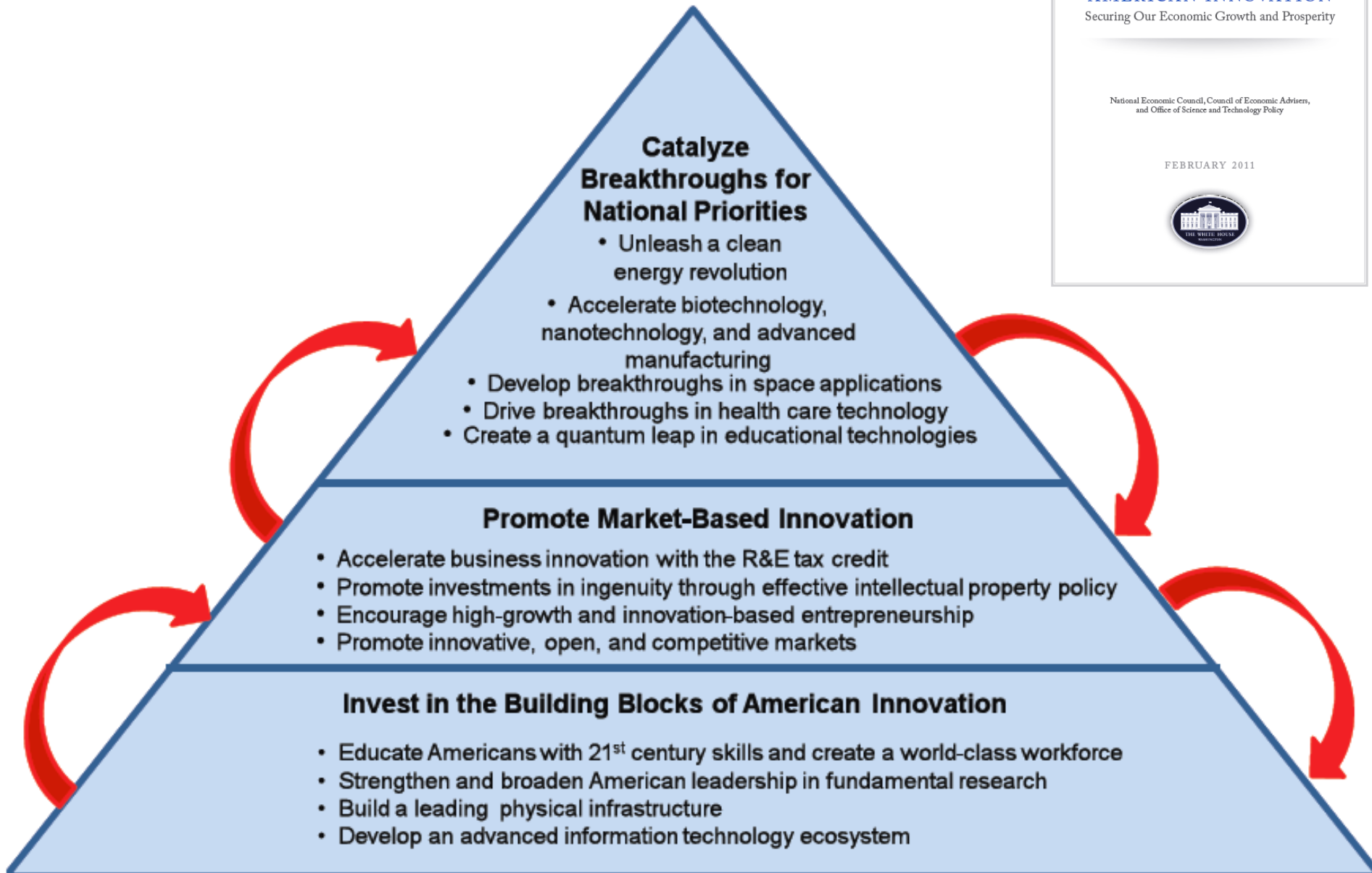


United States Department of Agriculture
National Institute of Food and Agriculture

Summary – What the United States Does Have

- A new National Innovation Strategy...
- Which does have indirect policies to support innovation in some key services sectors:
 - Government
 - Education
 - Health care
 - Wireless/ICT
- SSME and SRII.

A Strategy for American Innovation



A STRATEGY FOR
AMERICAN INNOVATION
Securing Our Economic Growth and Prosperity

National Economic Council, Council of Economic Advisers,
and Office of Science and Technology Policy

FEBRUARY 2011



Spurring Innovation in Certain Key Services Sectors

1. Health Care

- NSF's Service Enterprise Systems (SES) research
- Community Health Data Initiative (CHDI)
- Promotion of Electronic Health Records (EHRs)

2. Education

- ARPA-Ed
- National Education Technology Plan (NTEP)

3. Information/Communications Technology (ICT)

- National Broadband Policy (2009)
- National Wireless Initiative (2012)

Spurring Innovation in Government

4. Government

- Interagency innovation task force



- Crowdsourcing/Prizes



Challenge.gov
Government Challenges, Your Solutions

- Open Data/Big Data



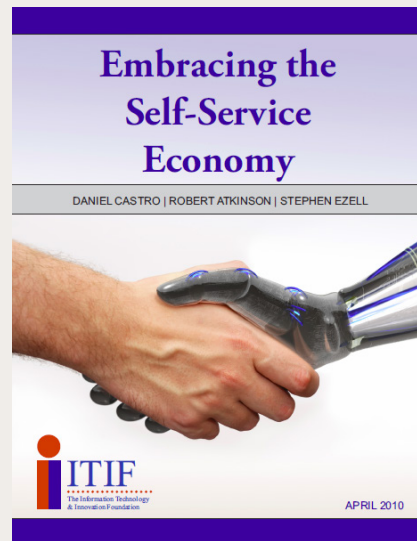
**OBAMA ADMINISTRATION UNVEILS "BIG DATA" INITIATIVE:
ANNOUNCES \$200 MILLION IN NEW R&D INVESTMENTS**

- Tying funding to performance and innovation



3 Steps to Improve U.S. Service Innovation Policy

1. Institutionalize services science research through NSF and collaborative-industry university partnerships.
2. Embrace the self-service economy, including addressing inhibiting regulations.



3. Develop a U.S. services sector competitiveness strategy.

■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions (“4 Ts”)



■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions

2. Sector Studies/Policies/Regulations

- Hotels
- Construction
- Logistics
- Health care
- Government
- Education
- Wholesale/Retail Trade

■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions
2. Sector Studies/Policies/Regulations
3. **Functions (e.g., processing information; processing money; moving people; etc.)**

■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions
2. Sector Studies/Policies/Regulations
3. Functions
4. **Tool Development (e.g., self-service systems, cloud, automation, voice recognition, expert systems [e.g., IBM's Watson], flexible displays, analytics, etc.)**

■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions
2. Sector Studies/Policies/Regulations
3. Functions
4. Tool Development
5. **Platform Enablement (e.g., smart grid; health IT; broadband; 4G wireless; mobile payments; electronic IDs; GPS; ITS)**



■ A U.S. Services Sector Competitiveness Strategy

1. Factor Inputs/Framework Conditions
2. Sector Studies/Policies/Regulations
3. Functions
4. Tool Development
5. Platform Development
6. **Firms'/Organizations' Adoption (e.g., incentives/penalties for adoption, tax incentives for R&D and capital equipment, etc.)**

Thank you!

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