Global Perspectives on Innovation Policy

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The Information Technology and Innovation Foundation (ITIF) is a Washington, D.C.-based think tank at the cutting edge of designing innovation policies and exploring how innovation will boost economic growth and improve quality of life. ITIF focuses on:

- Innovation “verticals”: energy, Internet and IT transformation, life sciences, manufacturing, and telecommunications

- Innovation “horizontals”: trade, tax, talent, and technology policy

- “Innovation economics” as alternative to mainstream economics.
Today’s Presentation

1. What is Innovation?
2. Why is Innovation Important to Countries?
3. How is the Process of Innovation Changing?
4. Principles for Effective Innovation Policy
5. Global Innovation Policy Best Practices
What is Innovation?

To innovate is... to challenge and change the status quo to enhance the customer’s experience and bring new value to them.
Innovation is... 

the development of advanced cutting-edge new technologies.
but it is also …

embedding traditional products with advanced technologies,
And…

putting in place new production processes
And…

developing new business models.
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Innovation Drives Growth
- It is a Key Driver of Productivity Growth
It Provides Comparative Advantage, Especially Over Low-Wage Nations
And Columbia is **Not** the Low-Wage Producer

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1) The new innovation system is more collaborative

Figure 5: Innovation Awards to Interorganizational Collaborations

2) IT is Enabling Business Model Disruption by enabling new business models.
3) Service-Based Innovation is Becoming More Important
4) Data is the New Innovation Platform
5) The Next Wave Will Likely be Nano-IT-Bio
6) More Competition from Countries Seeking to Win Through “Good” Innovation Policies
7) But Also Competition from “Bad” or “Ugly” Innovation Strategies
# Today’s Presentation

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How to Succeed in Innovation?: It’s Hard, but Not Complicated.

- Need firms that have incentives to innovate, take risks and invest for the long term.
- Firms need to be able to obtain adequate rewards from it.
- Are not restricted by the state.
- Are supported by the state with high skilled workers, investment in S&T, and infrastructure (physical, digital and infratechnology).
- Have access to global markets.
Principles for Effective Innovation Policies

- Focus on innovation, not just sci-tech.
Innovation is more than Sci-Tech Product Development

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<th>Type of Innovation</th>
<th>Phase of Development</th>
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<tr>
<td></td>
<td>Conception</td>
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<td>Products</td>
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<td>Organizational models</td>
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- Focus on innovation, not just sci-tech.
- Specialize in areas of unique competitive strength.
Principles for Effective Innovation Policies

• Focus on innovation, not just sci-tech.

• Specialize in areas of unique competitive strength.

• Don’t forget innovation in all sectors and diffusion as well as development.
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Tax Policies to Drive Innovation

- Patent boxes (Belgium, France, Netherlands, UK)
- Refundable R&D tax credits (France, Norway, Australia)
- Collaborative R&D tax credits (Korea, FR, JP, Spain, UK)
- R&D tax credits to services industries; (Australia, Denmark, Finland, Netherlands, Norway)
- Generous R&D tax credits (e.g., France, India)
- Knowledge tax credits
University Policies

- Innovation vouchers (Austria, Canada, Germany, Netherlands)
- Accountability for results (Finland and Sweden)
- Industry-University Centers (Germany, Taiwan, U.S.)
- Industry-Aligned R&D (U.C. San Diego)
- Specialized Colleges (Olin College)
- Cluster-based Higher Ed (Montreal’s Pharma Tech program)
- Entrepreneurial Education (U.S.)
- Professional Masters’ Degrees (U.S.)
- Industrial Ph.D. program (Denmark, Brandenburg, Alberta)
General Innovation Policies

- Design assistance (UK, Ontario).
- “On the spot” web registration for new firms (Portugal, Chile).
- Apprenticeships (Germany, Switzerland)
- Equity in new start ups in incubators (Taiwan)
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THE RACE FOR GLOBAL ADVANTAGE

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