

INNO-Grips Workshop on Disruptive Innovation
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Policy implications and strategic responses

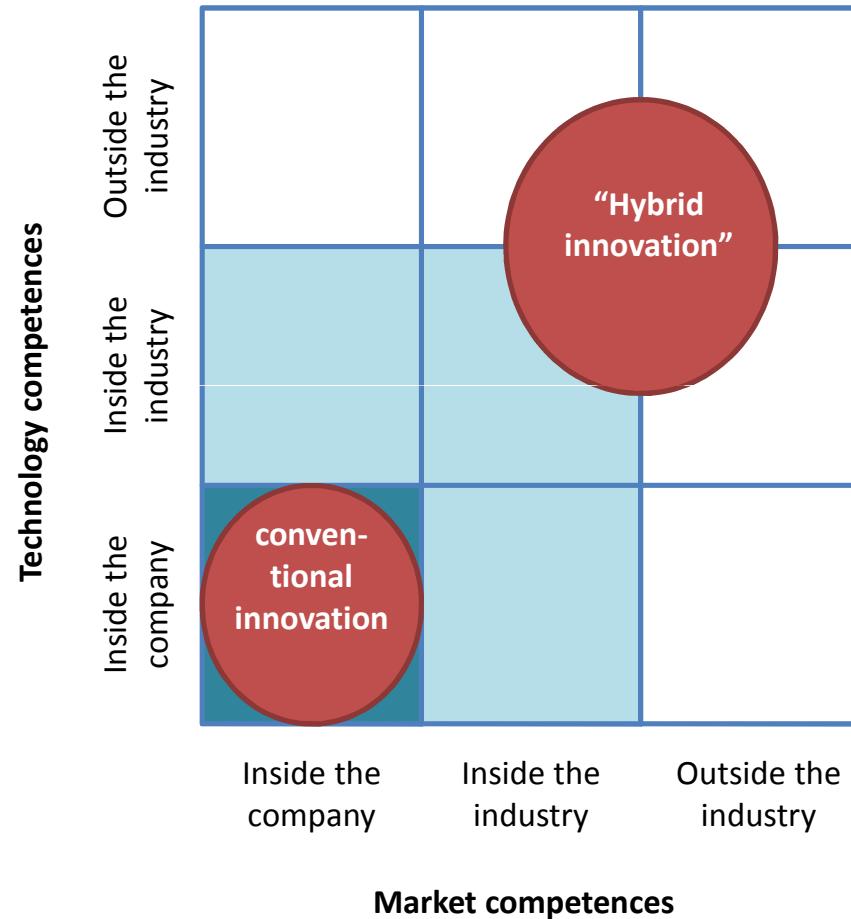
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Overarching policy objectives

- Sustain / create **favourable framework conditions** for (disruptive) innovation to take place in Europe
 - strengthen the **competitiveness** of the European industry through innovation
 - innovation seen as key to sustain and create jobs and wealth
- **Exploit ‘externalities’** of disruptive technology to the benefit of society (e.g. in renewable energy)
 - by accelerating their development and uptake
 - by steering innovation activities in the desired direction

1. Addressing the cross-sectoral nature of innovation (i)

- Disruptive innovation is often cross-sectoral
- Innovative concepts of industrial innovation policy should seek to build on this distinctive feature
- Measures to strengthen joint, cooperative developments



1. Addressing the cross-sectoral nature of innovation (ii)

- **Strategic responses**
 - Explore innovative mechanisms to support innovation processes which require technological and market know-how from different industries.
 - Initiate public-private-partnerships for the establishment of cross-boundary technology platforms.
 - Consider options how to encourage cross-sector R&D activities in key technology domains in future FP (e.g. Horizon 2020).
 - Promote open innovation concepts and set up topical innovation networks.
 - Establish High-Level Groups composed of members from different sectors

2. Dealing with ‘business case’ conflicts

- Desired and expected externalities from accelerating disruptive innovation deployment (the societal business case) may not coincide with the industry’s business case
 - loss of capital in case of premature write-off
 - high investments for new technology
- How to share the cost between the stakeholders?
- **Strategic responses**
 - Launch stakeholder consultations to discuss opportunities and implications for advancing disruptive technology
 - Seek international agreements
 - Conduct impact assessments of specific regulations (or other policy interventions) to advance disruptive technologies

3. Anticipating unwanted side-effects of demand-side interventions

- Subsidies, grants and public procurement measures can be used to create demand for new technology
- But: beware of negative effects on other sectors
 - Example of incentives in agriculture which can *“seriously jeopardise attractive established uses of bio-based raw materials in the chemicals industry by favouring other applications”* (HLG)
- **Strategic responses**
 - Conduct ex-ante impact assessments when launching subsidies or other demand-side measures to promote the uptake specific technologies.
 - Consult with industry representatives not only from the sector directly targeted by the respective policy, but also from sectors indirectly effected.

4. Understanding disruptive innovation in services

- Disruptive innovation in service sectors is quite different from manufacturing industries (tourism case)
 - focus on new business models
 - often based on innovative use of ICT solutions
 - less R&D activity within the sector itself
- **Strategic responses**
 - Identify the key trends and their disruptive potential for different industries.
 - Analyse framework conditions for the industry in Europe and the resulting opportunities and threats (arising from the identified disruptive trends)
 - Use existing innovation policy schemes to strengthen innovation capability of companies (using the opportunities to their advantage, mitigating risks)