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# Technology, Innovation & Entrepreneurship

*The Value Equation Of Innovation  $V = \Sigma (T + I)^E$*

**Future Summit 2005  
Investing In Our Future  
Melbourne, Australia  
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By  
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*"Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it's the only thing that ever has."*

Margaret Mead (1901 - 1978)

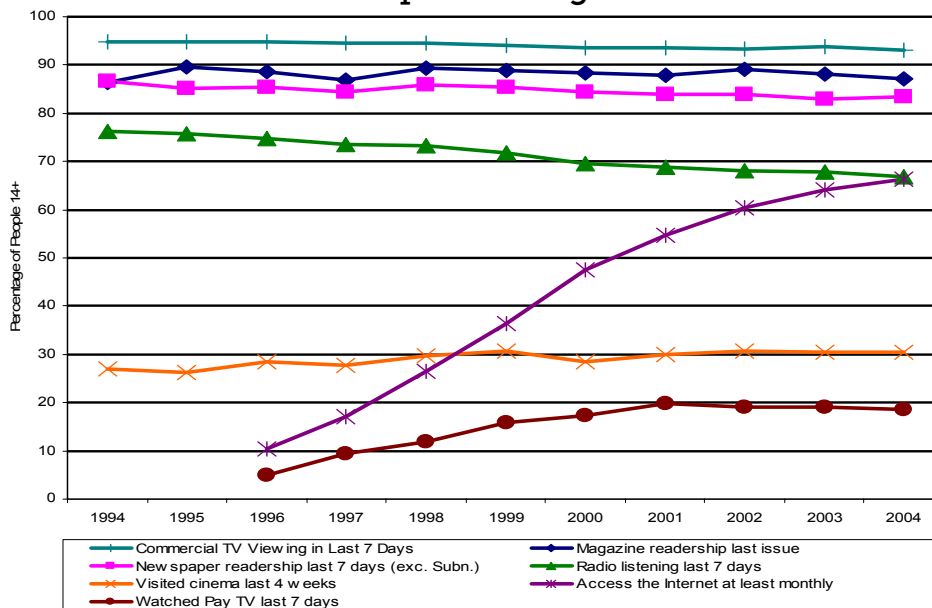
Many have articulated their protocols etc etc for good innovation and good innovative practices relating to education, taxation, philanthropy, innovation communities, innovation policy, intellectual property, etc.

However, the real debate is more dynamic and thus, more fundamental, rooted in society's needs, wants and expectations. It goes beyond Technology and Innovation and embraces Entrepreneurship (capturing the opportunities, getting the price and the prizes).

No presentation from Roy Morgan Research is complete without some data. So let's look briefly at some trends.

The last 10 years have seen dramatic change in media – predominantly focused on internet take-up.

**Media consumption changes 1994 - 2004**



Source: Roy Morgan Single Source Australia 1994 - 2004

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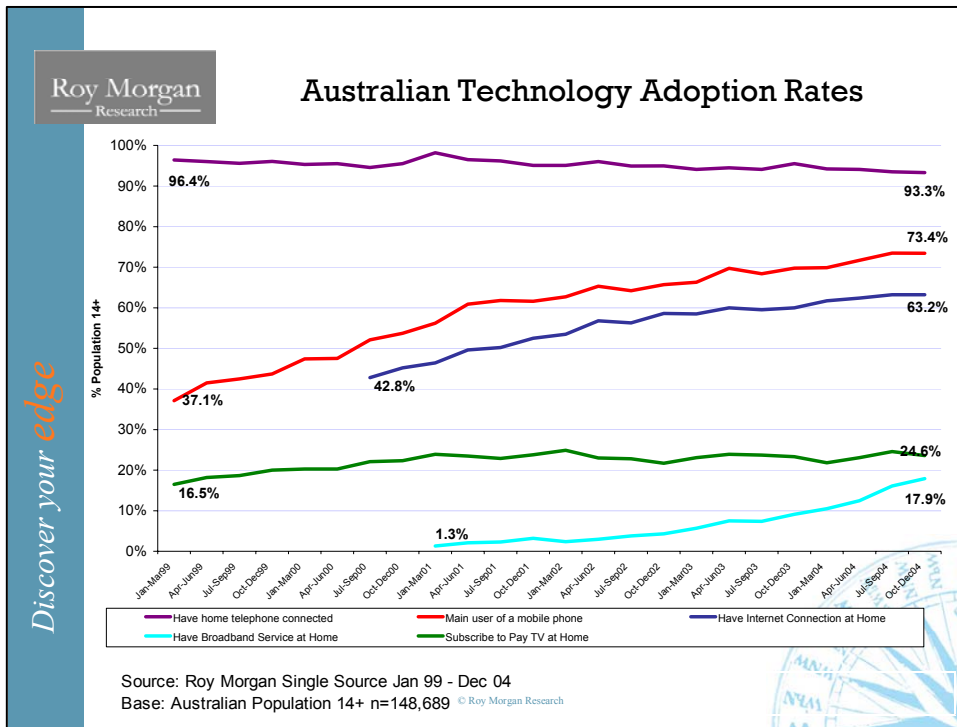
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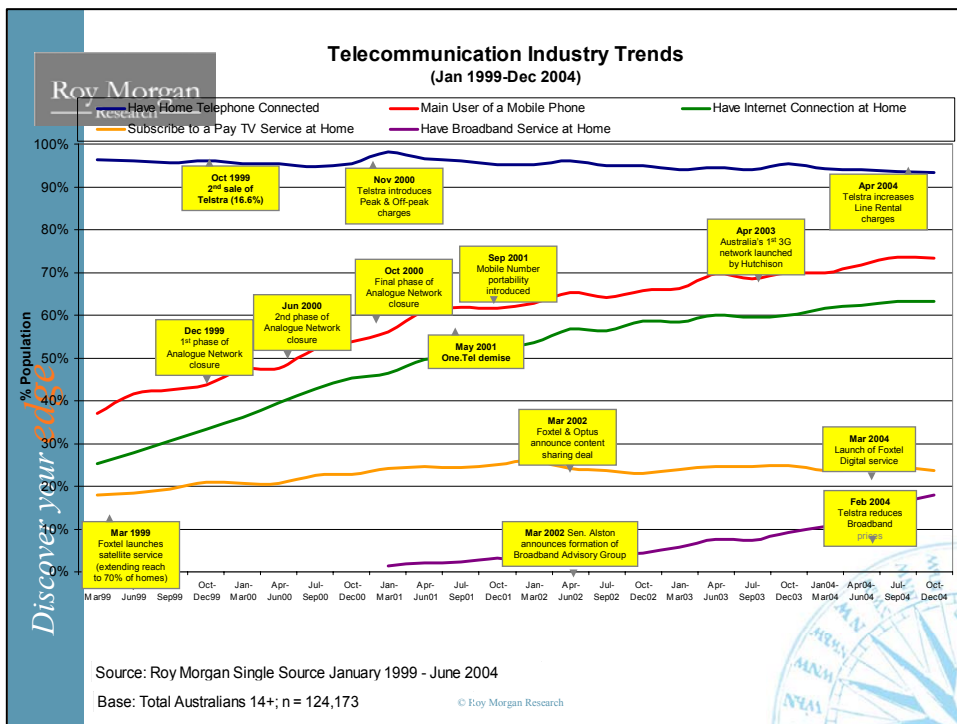
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In technology broadly we see the impact of mobile phones, internet and broadband, and an indication of fall-off of fixed line telephony.



Plotting policy actions against these trends, we see some impact – eg, Telstra’s introduction of peak and off-peak charges appeared to hold up fixed line telephony – but it was short-lived. The trend continued down.

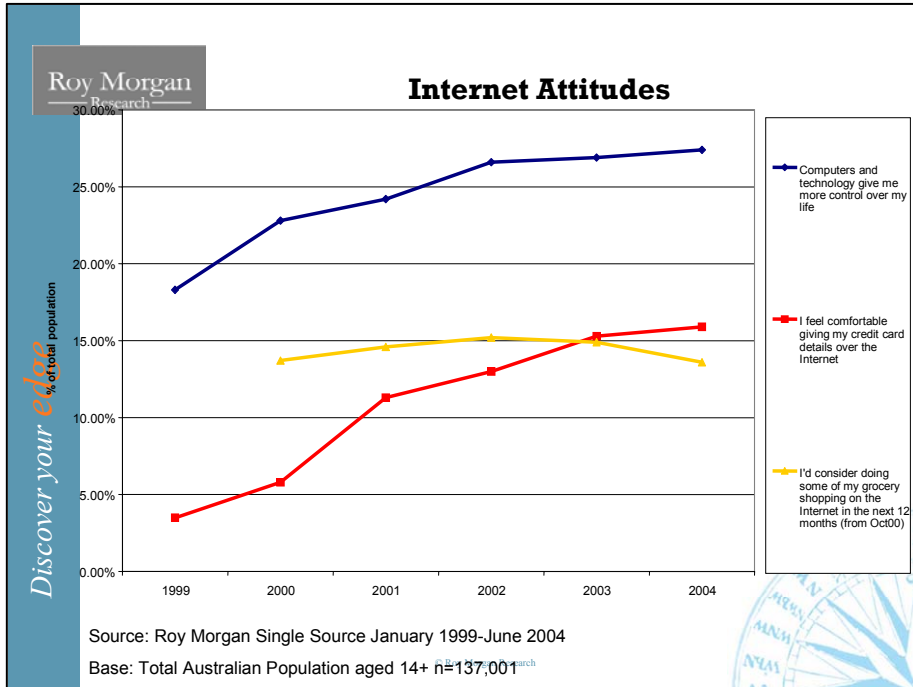
Broadband price reductions in mid-2004 appeared to increase broadband penetration. But it was on its way anyway.



Increased comfort with the technology is obvious – with substantially more Australians now agreeing:

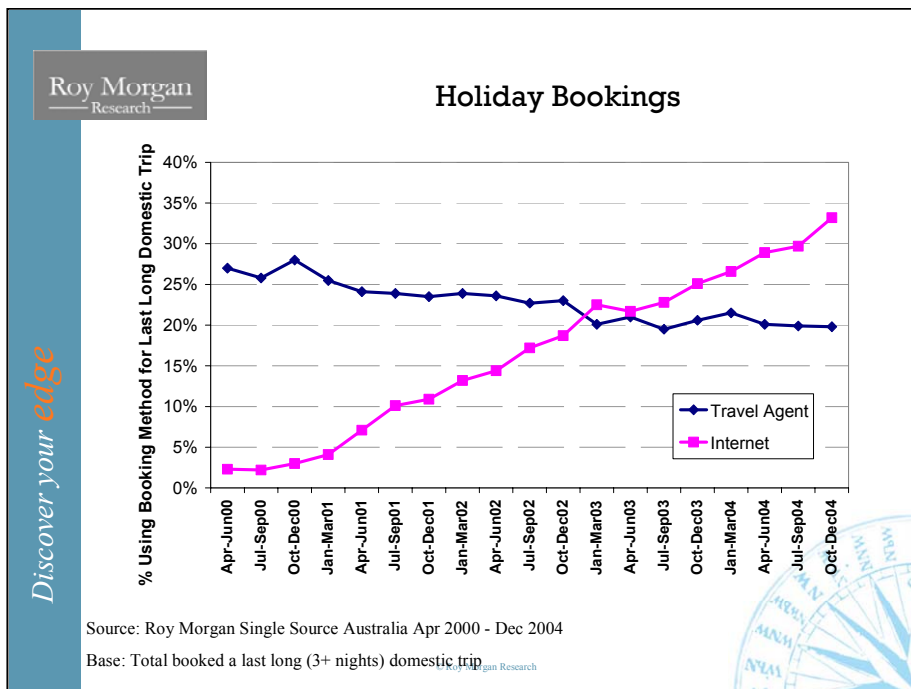
*“Computers and technology give me more control over my life.”*

*“I feel comfortable giving my credit card details over the Internet.”*

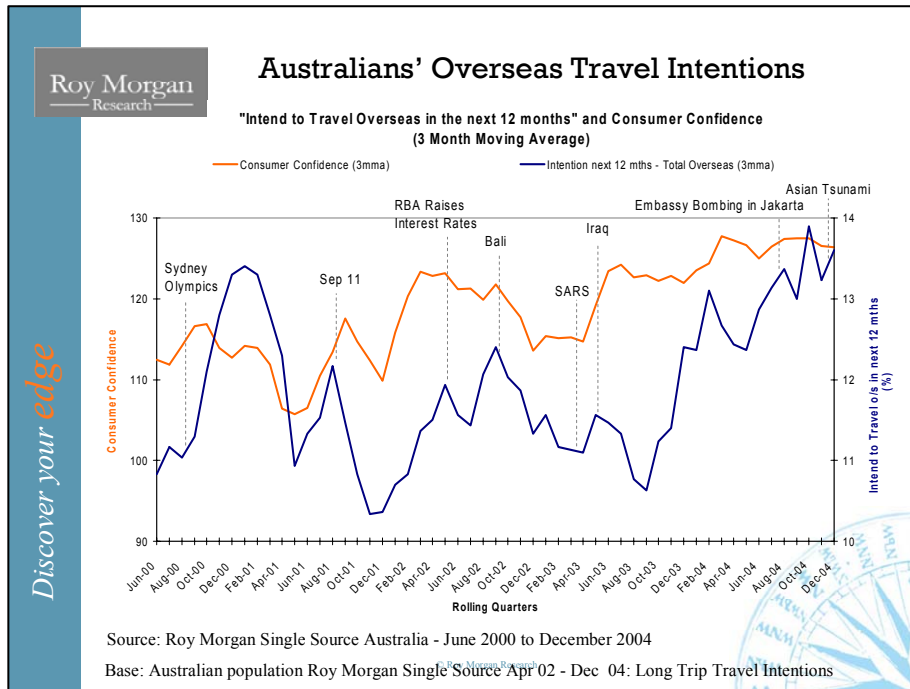


But those innovations that haven't 'hit the spot' seem to be waning, such as 'on-line grocery shopping'. After an initial peaking of interest in 2002, interest is now easing off.

In travel – holiday bookings online now outstrip travel agent bookings. This is a major shift and has enormous implications for the industry.

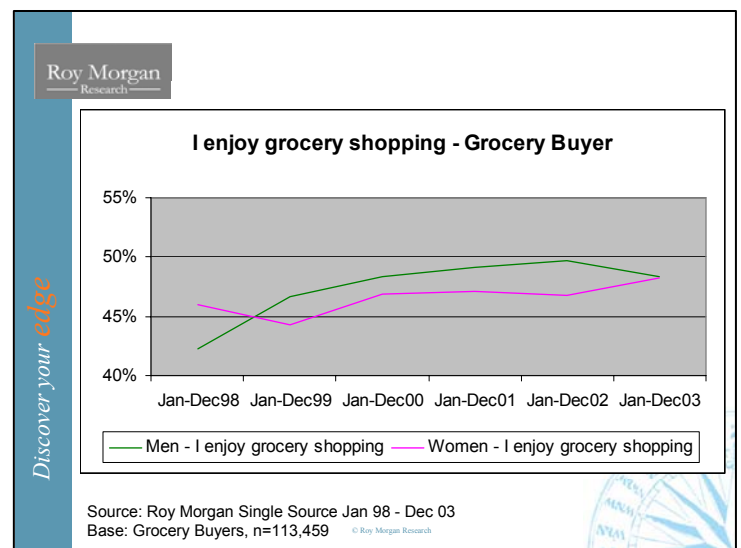
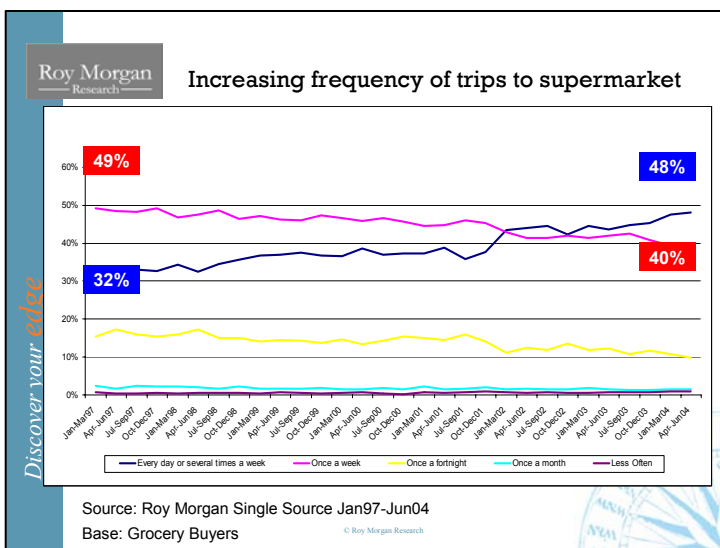


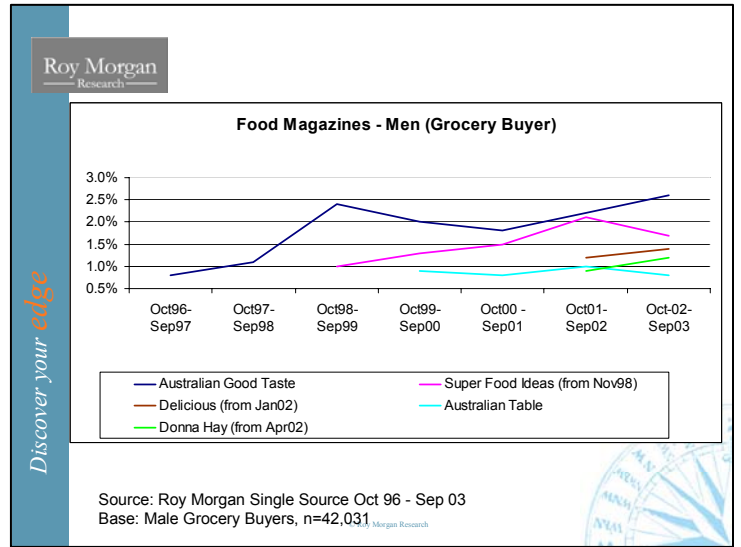
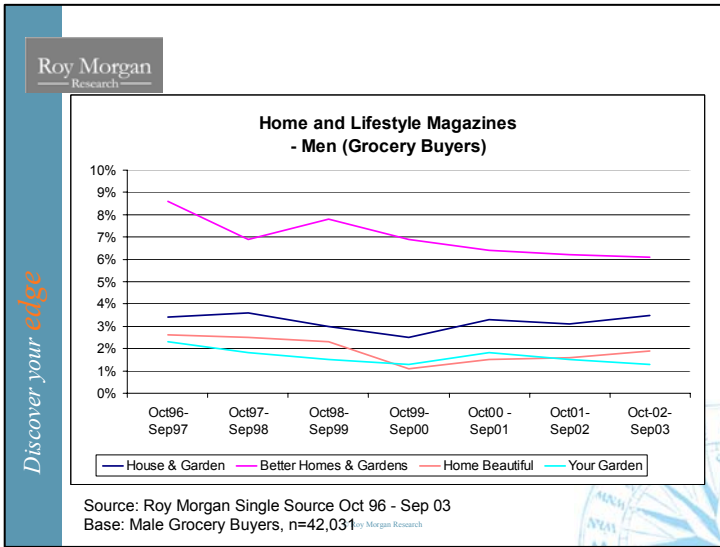
When it comes to Australians' overseas travel intention, broadly over the last few years – even including the dramatic impacts of September 11, the Bali bombing, SARS, the Iraq War, and the Embassy bombing in Jakarta – overseas travel desire is on the increase.



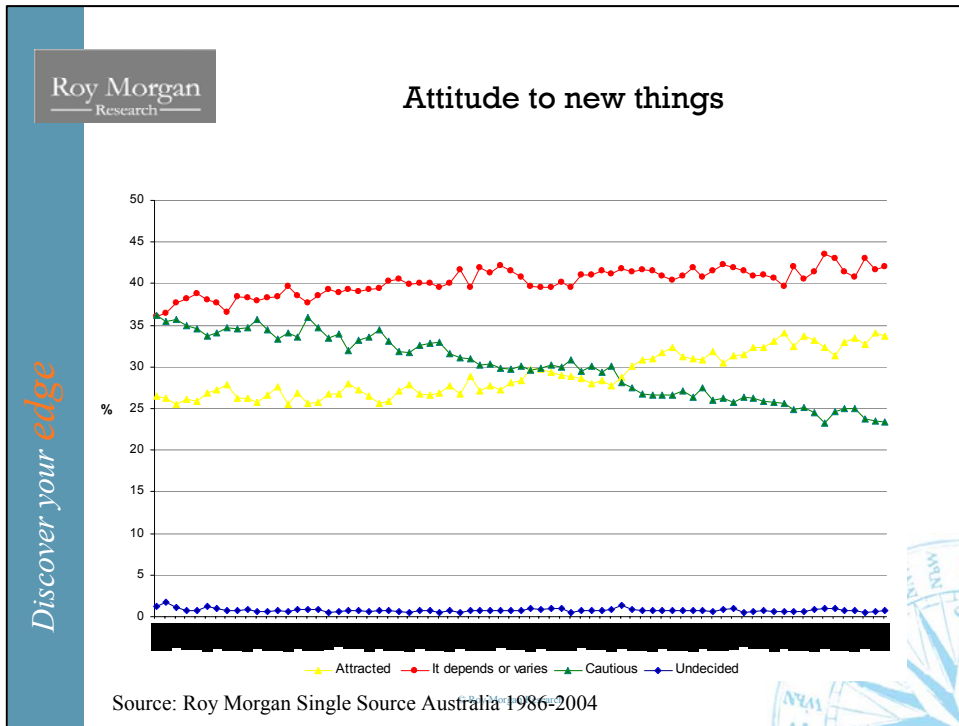
On the domestic front – we are shopping more. Since 1997 Australians now make 100 million additional trips to buy groceries annually.

The weekly shop is on the decline and more people are shopping every day, and men are enjoying grocery shopping (at least the increasing number of grocery-buying men). So are women. It is not that men are becoming 'home' conscious or nesting (their magazine habits tell us that), it is that they are more interested in food.

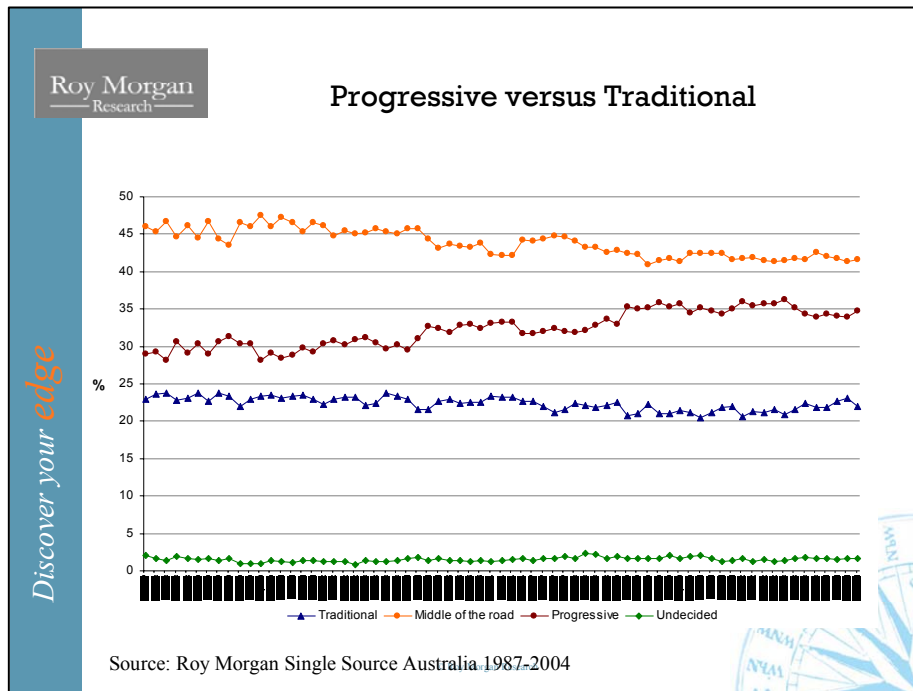




Some very slow but fundamental shifts are emerging in the Australian psyche. Australians are becoming more open to new things. There are now more Australians attracted to new things than cautious.

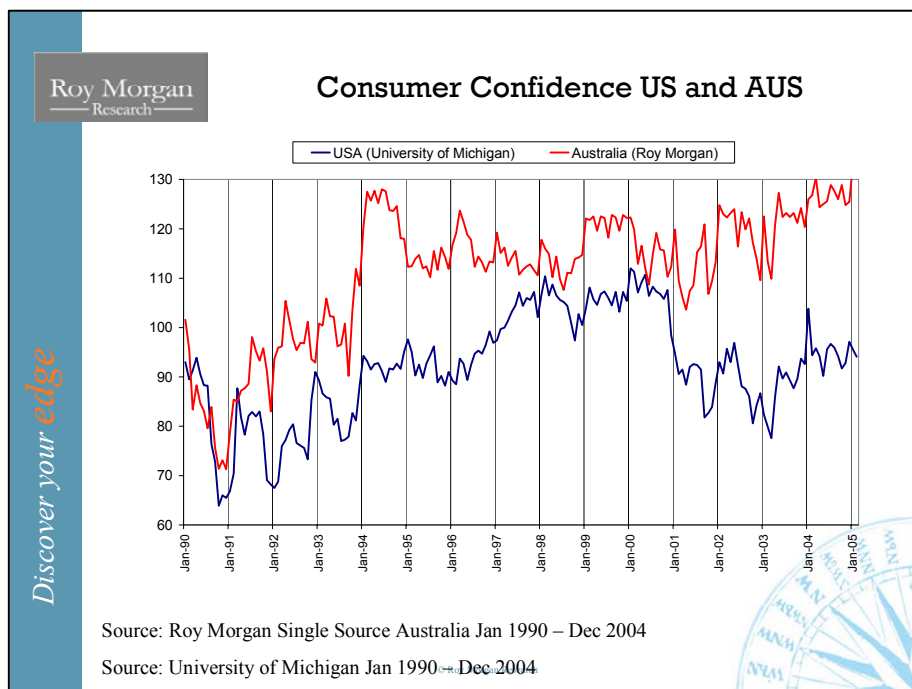


And as Australians, we are seeing ourselves more “socially progressive”, “less traditional”. These are big solid shifts. We are dealing with many hundreds of thousands of interviews (50,000+ each year). The trends are real.



Overall, these trends demonstrate that Australia is emerging as a strong adopter of technology – and increasingly willing to embrace what is new.

Finally, consumer confidence in Australia is high – and remains remarkably high. We were tracking with the US – but have so far emerged with our confidence intact as the US confidence falls away.



This is important because we often hear about Australia’s lack of confidence. Today, with consumer confidence high, Australia is well placed to take up the challenge.

**Roy Morgan Research, an Australian company of over 60 years' standing, is a real example.**

**Roy Morgan Research is in the information business.** In our business, globalization means that efficient supply is increasingly taking precedence over geographic proximity; global alignments are increasingly impacting on us and our clients, partners and suppliers.

Technology has increased the speed and precision with which we do almost everything - from the technology for collecting, analyzing, reporting and disseminating information to the speed with which new technology itself can be created. Technology has also increased both the complexity of information and the speed with which it can be transferred and processed.

We began in the 1940s asking questions, counting, sorting and analyzing the results and then reporting the findings. Today, the business is very different (we still capture data, but surveys are just one input – the data can come from customer records, sales records, security system logs, financial transactions, etc, etc) but the fundamental values are the same. We believe three things are crucial for any successful creative process:

- Information – the real facts
- Ability to make sense of these facts (analysis, synthesis, and interpretation); and
- New ways of thinking

This belief drives our business- and has given us the courage to enter the lucrative but over-serviced US market, and the important Asian market. **So we are also in the Global Information business.**

**We are small in the global arena.** We have some 400 employees, while one of our major competitors employs more than 57,000. In the information market in which we operate, we are a minnow. When we were in joint-venture with AC Nielsen in Australia some 15 years ago – they likened Australia to a “rounding error on their global budget”.

**We grapple with Human Capital issues.** The cost of people represents over 60% of our revenue. But the real issues are about how we balance ‘*Engineering excellence*’ with ‘*Financial imperatives*’ and ‘*New market optimism*’.

**We are in the business of creating solutions** (to our own problems, to deal with our clients problems, and to create solutions to problems that are not yet presenting as problems).

**So Roy Morgan Research is a microcosm of the issues raised in the topic of today.**

This Future Summit Forum gives me the impetus to stand back and think about what it is we are doing as a company - a meta-view - to read about innovation, and think about it, not just be immersed in it.

In reading about innovation creativity, technology, entrepreneurship by a range of thought leaders so many of the themes resonate.

Dr Brendan Nelson, Minister for Education, Science and Training talks about the need for “...a culture that promotes discovery, creativity and entrepreneurship...” the increasingly **multidisciplinary** nature of research, the need to be skilled at capturing the benefits and knowledge, and at transferring the knowledge from researchers to users.

Philip Bullock, CEO IBM Australia/New Zealand, points out that invention alone is not enough, that it is the application of invention that is important. He talks about *the "fusion of new developments and new approaches to solving problems"*, of the need for *"fusion of developments across multiple industries and fields"*. He claims *"Now, more than ever, innovation is occurring within an ecosystem, with multiple points of intersection among business, government and academia."*

Professor Keith Smith, of the European Commission Joint Research Centre, warns us to beware of the *"scientised model of innovation that stresses scientific discovery rather than learnings as the basis of innovation,"* and stresses the importance of *"non-R&D inputs to innovation"*.

He talks about modern innovation theory, and points out that in modern innovation analysis the emphasis is on the external environment. *"Given that innovations are economic implementations of new ideas then the **use of market information** to shape the creation of new products is central to innovation."*

*"This is a more complex view of innovation; one in which ideas concerning markets are a framework for new product concepts. So that while R&D is important, it is seen as a problem solving activity in the context of innovation processes, rather than an initiating act of discovery."*

In 1998 at The Melbourne Convention – Federation: Into The Future, Professor Les Holmes<sup>1</sup> challenged Australia to have vision. He asked:

*"Why can't we be at the forefront of change rather than lagging behind or just keeping up with the real leaders in so many major areas? Haven't we more innovations to offer the world than compulsory seat-belts and booze buses?"*

The answer, of course, is we can, and we must.

Many fear Australia has been left behind, lost the opportunity. Some fear Australia is simply not large enough to have the muscle, the \$s or the people to have a viable leadership position in the global innovation game.

This must not be so, and the clue lies in an understanding of what might be called the 'value equation of innovation'  $V = \Sigma (T + I)^E$ . It takes Technology and Innovation and Entrepreneurship. And the real value equation recognises that entrepreneurship has an exponential effect. So that Value is the sum of technologies and innovations powered by the degree of entrepreneurship:

- Identifying, understanding and capturing the value associated with technology innovation, now and into the future;
- Recognizing the dynamic nature of this value context, ie it is evolving and changing, and it is therefore critical to have a clear focus on the 'markets' and the external environment to know where and when to capture the value;
- Being part of the **process** of innovation and capturing some of the value along the way.

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<sup>1</sup> Professor Leslie Holmes, University of Melbourne, paper "Australia, Globalisation and The Third Way", presented at The Melbourne Convention – Federation: into the Future, March 3, 1998



Ever-improving technology and communication is increasing Australia's efficiency in most industries. For instance, in mining and exploration new methods of surveying including satellite aerial photography, more sophisticated computer modelling of ore bodies, larger more cost-effective plants, new methods of extracting gold, eg bugs, etc. In primary production we have genetic engineering, sophisticated land management and farming techniques, and we are arguably world leaders in wine making technology, to the bewilderment of France and Germany.

This kind of change, continuous improvement, has itself become almost a constant. Australia is a leader in many of these areas. So as well as being early and good adopters of technology and innovation, we are creative and practical in our applications. The big question is one of Entrepreneurship.

Australia has three things going for us:

- Australia is a test market (many new products, services and concepts are tested in Australia, creating the opportunity for us to learn from this experience).
- Australia is a training ground. (Some major US firms recognize the value for their future leaders to gain a 'holistic' approach to their business rather than the silo, segmented experience they would get in the US.)
- Everyone wants to come here. Australia is the preferred holiday destination for people from the US, and is high on the list of many countries.

We also have a unique advantage in Australia; having never been as ideologically focused as the USA or Europe, our minds are less conditioned to think within certain channels.

Today, with change in abundance – especially in the area of supply, demand, distribution and services - more than ever before **Australia must create and develop its own market**. We can no longer rely on overseas customers, or intermediaries to create and drive demand for our products, services and innovations. They have their own priorities and problems. And we would argue they are no better placed than we are to deal with uncertain, changing, and tough times – AND Australia is inherently good at clever solutions.

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