



**KOOTENAY ROCKIES INNOVATION COUNCIL**  
**DIGITAL ECONOMY**

*AUGUST 2010*

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**KRIC DIGITAL ECONOMY**

... describes the network of suppliers and users of digital content and technologies...

... digital content and technologies are ubiquitous and critical to almost every activity in our economy and society.

... these applications enable businesses to be innovative and productive; help governments to provide services; and allow citizens to interact, to transmit and to share information and knowledge.

Improving Canada's Digital Advantage:  
Strategies for Sustainable Prosperity  
April 2010



In April 2010, the Canadian Government published its digital media strategy, and within that document is the definition the digital economy. Excerpted here because of the redundant language.

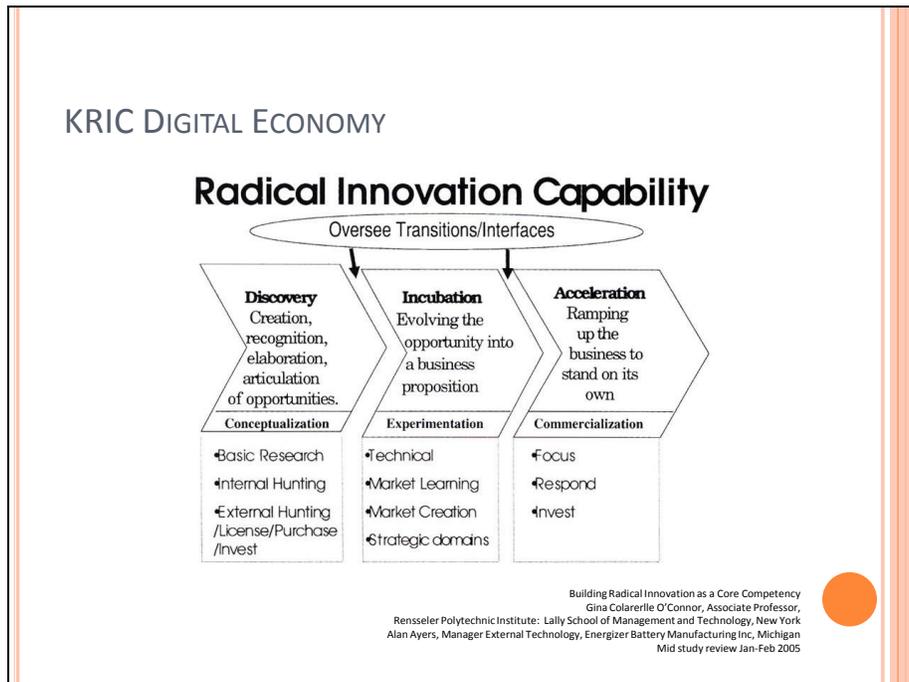
As the first two excerpts are no surprise and a given, let's jump to excerpt 3: I find the underlined, italicized portion misleading. I feel it positions the digital platform as a panacea to all productivity hurdles and challenges. My experience points to the digital platform to facilitate delivery – but delivery of what? Consider that it is the “current” delivery mechanism and it will change. As Canada doesn't rank high on for productivity measures; but we do rank high on innovative thinking, perhaps we look at what germinates productivity.

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Productivity is determined by what a company does with its innovation and execution practices, how effectively that company develops marketable processes, systems, products and services, and how efficiently that company gets those items to the market place. Innovation helps companies to perform better and contributes to wider social objectives such as growth, jobs and sustainability.

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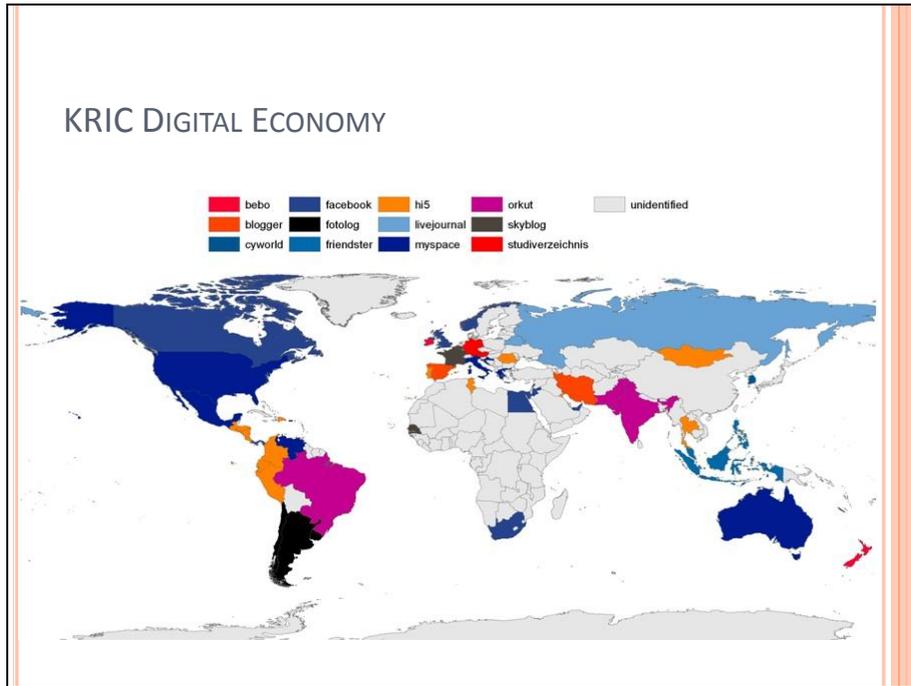


Digital platforms – the digital economy, has the potential to accelerate not just the innovation process, but the radical innovation process; cycling faster, stepping up the opportunity to create new products, services, systems and process that impacts the market place, our productivity and our lives.

Further, the digital realm has exposed the creative class – highly valued for their creative and critical thinking skills, real time problem solving abilities and their knack for adopting and exploiting technology early in the cycle and improving it.

Integrating the creative class into mainstream business has been difficult due to the differences in thought processes and approach, however for those companies (cite GE under Jack Welch) the rewards are profitable and holistic.) The rewards are profitable and holistic.

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What makes this moment so unique is that Digital – is also a game changer. It has improved the speed, amount of information we choose to connect with – it provides the opportunity to control our exposure – worldwide, or regional; and it allows choice with whom we connect with, worldwide or regional.



Where's your opportunity? Everywhere in the market place –there is also have the ability to influence policy, regulatory and by-law creators at the federal, provincial and municipal levels, and perhaps help government achieve their own goals.



## KRIC DIGITAL ECONOMY

Federal and Provincial:

- Fresh approach to industrial policy with an emphasis on human skills, innovation, and sustainability (economic, social and environmental.)
- Lead by example with current business and technology processes, systems, to deliver services
- Better integration of agencies focused on economic development, stimulus, and regulations.

My view of government is unambiguous – government’s role is to capture policy and regulations that promote social, environmental and economic health. We’re responsible for everything else, and we have a choice in how we participate.

Government can not dictate industry direction, BUT it can dictate policy and regulations that keep pace with the speed of business. It’s up to business people to keep that conversation alive – and all businesses not just large industry. Small businesses are responsible for hiring the most people – in whatever economic climate. You are the job creators. (cite China post 1990 transformation, Alberta 2009 – creation of the most first time independent businesses)

Government should be leading by example of how to do business; by being up to date with their technology and business practices. (Specific to antiquated technology, small business pre-pay HST on government contracts)

Strengthen communication within government to have cohesive messages and consistent responses to regulatory and policy development

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**KRIC DIGITAL ECONOMY**

Regional and Municipal:

- Attention to zoning bylaws to provide for the “work from anywhere” and “live/work” work force.
- SME property/business tax considerations.
- Wireless access via stable, free “hot spots.”

•Live work zoning for those individuals working with former “industrial class” components - the engineer “widget” builder in the basement, the conceptual artist working with steel in the loft. Zoning has an impact on how entrepreneurs start their business,

•Business and property tax considerations this is both a quagmire and an opportunity. The new business model is changing, multi cultural, multi age, and business talent comes together for projects, they may work together or independently and check in with face to face meetings in cafes, rather than the big corner office. How do you capitalize on this “working from no specific address,” without hindering growth?

•Saskatoon is a hot spot city and attracts mobile entrepreneurs working from anywhere not just home.

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## KRIC DIGITAL ECONOMY

Academia and Industry:

- Academia to balance research and applied research projects
- Commitment to collaborative projects and joint ventures
- Industry participation with policy, tax and immigration discussions

•Think of Universities as the hub to develop radical innovation influenced by industry. We know that the larger the business the more difficulties there are in maintaining radical innovation cycles. Google is has this challenge now, as does Microsoft. How to justify focusing on something that isn't attached to the main business revenue is difficult. Building relationships with institutions as a test bed, getting students involved in developing and designing radical innovation projects applied to business is a great start.

•These projects require expertise of senior industry leaders – your knowledge transfer, building a trust alliances between business and the institution. Trust that each will perform to a specific set of standards to build a stronger business and contribute to the innovation process.

•It is the responsibility of industry to remain connected and involved to grow your business.

•Waterloo has begun a trend in this country for creating industrial parks and innovation centre, specific to wireless and technology in general; and BC is now following suit with the development of BCTIA's Centre for Growth, Wavefront Wireless Commercialization incubator, and UBC's GRAND – graphic and animation centre of excellence.

•We've seen the results of USC Berkley regular collaboration with Pixar, Disney, Sony and Digital Domain to develop animation software; taking 1 to 2% of sales from IP (not "profit," but sales.)

•Stanford wrote the book on how to accelerate entrepreneurship through Silicon Valley (Google, Ideo, etc)

•Media City UK in Salford Quays, Greater Manchester and the recently announced "Drama City" in Cardiff Wales are co projects between BBC (Gov), Universities and Industry to create a digital media hub.

**OECD FINLAND**  
EPANET (Conclusions)

- External knowledge and competences are usually behind the radical innovations in rural SMEs, with the need for new practical ‘social innovations’ how to combine internal and external knowledge in rural development.
- There are several examples of extremely innovative rural SMEs with ‘world class’ networks.
- Internal competences are in critical role when developing innovation activities in rural SMEs.
- Rural location is a challenge but not a total hinder for innovation activities in SMEs; But proximity matters because it creates informality and trust.



EPANET in Finland, Epanet is a co-operation network of Finnish universities in South Ostrobothnia; specifically addressed connecting rural regions to knowledge flows. The project began mid 1990s; the following slides are excerpted from a presentation to the OECD (Define: Organization for Economic Co-Operation and Development)

Presented in the fall of 2006, under OECD; Investment priorities for rural development. If you have an interest in the presentation KRIC will email the coordinates. It’s worth a read because of the similarities in challenges and opportunities.

EPANET is organized under Finland’s National innovation policy with a focus on Geography and sociology of innovation processes and Researchers career development aspects.

Points of collaboration include Technology transfer organizations and a Strategies of universities,

And the project rests on a bed of Dynamic of R&D funding and EU level development programs.

In other words, they have access to a large bank of financial resources.

Citation: <http://www.oecd.org/cfe/leed/42751285.pdf>

## OECD FINLAND

### EPANET (Recommendations)

- Development of new practical models how to combine internal and external knowledge in rural SMEs (e.g. advisory boards, KIBS, business angels, investors, new interaction models for SMEs+universities+development organisation etc).
- Support the development of internal competence level in rural SMEs

There are many policy tools available to achieve this, ranging from establishing supportive framework conditions (e.g. human resources, an internal market, intellectual property) to facilitating access to finance, policy benchmarking and enabling collaboration or stimulating demand, for instance, through regulation, standards and public procurement.

You will notice that the recommendations are similar to those under taken by BC. While we may feel our situation is unique, it's not. Every country grapples with how to maximize the rural economy – because that's where the space is, and that space means that there is the most opportunity for growth. So where is your opportunity?



## FINAL THOUGHTS

- Broaden the concept of innovation
- Speed and synchronization
- Infrastructure investment
- Financing models
- Encourage collaborations
- Immigration/Migration

- Final thoughts are a mix of government, academia and industry directions.

- As small business, you have a lead role to play in broadening the concept of innovation. Is your business ready to engage in new types of partnerships – not only business alliances, but those with governments and institutions to help guide them with input and business solutions to synchronize development of standards, public procurement and regulations.

- Use your ability and skills with the new infrastructure - Universal access to ultrafast broadband and smart grids to engage in cross-border (global) investment strategies; and combine infrastructure projects with support for innovative services and open access. (Haiti new build)

- Development of the Renaissance Investment Fund to create a pan-BC-Western Canada-Canada Innovation Fund; co-develop a global market for trading and sharing Intellectual Property; and broker bolder investment readiness initiatives.

- create and network innovation labs; similar to the Media City UK - cross collaboration between the UK government (BBC) educational institutions, industry and the in Greater Manchester. Reinforce the role of brokers and intermediaries; stimulate universities and public research centres to be more open and international.

- Immigration/Migration: free circulation of people, knowledge and technology; regionally domestically and internationally

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Resources

Author	Web	Hard Copy
Daniel Pink	danpink.com	Drive; A Whole New Mind; Free Agent Nation
Leader to Leader Institute (Peter F. Drucker Foundation)	leadertoleader.org	5 Most important questions to ask about your organization
Scott Branson	scottbranson.com	Making Things Happen
Tom Kelley	tenfacesofinnovation.com	Ten Faces of Innovation
Alan M. Webber	rulesofthumbbook.blogspot.ca	52 Rules of Thumb
Gary Hamel	garyhamel.com	Alliance Advantage
Alan Weiss	contrarianconsulting.com	Value Based Pricing
Seth Godin	sethgodin.com	The Dip: When to quit and when to stick
Canadian Int’l Council	onlinecic.org	International engagement
OECD	oecd.org	Presentation PPTs
Media City UK	mediacityuk.co.uk	DM communities