

To: DITR – National Innovation Review Committee

Fr: Scott Gillespie

cc: ExpatriateConnect Team  
ExpatriateConnect Partners

Da: 4/08vD

Re: ExpatriateConnect (EC) Submission to the Review of the National Innovation System

Greetings –

Please find ExpatriateConnect' submission to the Commonwealth National Innovation System Review.

Based on the ExpatriateConnect (EC) experience in assisting export motivated companies through training, mentoring and coaching we have observed that innovation is more than physical invention but is integral to business growth and evolution.

### **The Innovation System – a Perspective**

Observations and insights into, **The Australian innovation environment, which...**

- 🌐 is different than most countries, as it is a long way from major markets, so until recently, solutions took a long time to arrive in Australia – so if you couldn't find (or make) a solution you just had to make do;
- 🌐 is driven by a population of 21 million local consumers, which limits the threat of new competitors entering the market as the market size is small in aggregate and most of the mature Australian industries are dominated by a few suppliers (duopolies like Woolworths and Coles);
- 🌐 has a long track record of inventing as it was an imperative (fix it or suffer) – be it drip irrigation, the Victa mower, the combine harvester,... many of which are tied to local challenges that needed to be solved;
- 🌐 has been recognised for years in GEM' studies as a leader in innovation entrepreneurship (where a business is set up based on IP not just employment like a milk bar);
- 🌐 has missed developing the trading heritage of neighbours like Singapore, Hong Kong and our distant parent the UK which understood about trading ties and the importance of global logistics, Australia has instead fostered what some have labelled a 'cargo cult' mentality based on grow it or dig it and they will come to buy it;
- 🌐 demonstrated by lack of support at the recent CEBIT event in Hanover, that Australia as a net consumer of ICT solutions (~\$26b of imports vs. \$6b of exports/year) had only 5 Aussie companies showcased (NZ had twice as many);

- can be stereotyped as a nation that exports rocks, crops and jocks where we grow or harvest locally but find our systems challenged to value-add (hence a history of dirty wool, live animal trade, wood chips or scrap metal to Japan);
- is threatened by regional participation as we have backed away from APEC and regional trade, currency or collaboration, while the EU with all its cultural and national differences has found more power through collaboration;
- has debated about the value of nearly 1 million off-shore Aussies by labelling them 'a brain drain' and disenfranchising them through the electoral, tax and DFAT processes that treat them like unappreciated escapees rather than the global ambassadors/assets they could be;
- looks to the Australian universities to lead higher education agendas and train our future leaders but provides preferences to full fee paying foreign students (\$3-5b/year) and then wonders why the global competition is well prepared;
- prefers a vendor/customer business relationship over collaboration or partnering which maybe part of convict mentality, KPIs or incentive systems;
- produces per capita more elite athletes than other countries, as the national psyche encourages sports where groups like the AIS research and coach to be the best;
- produces engineers, scientists and business talent that are globally recognised as holistic (systems) thinkers & problem solvers, as they been trained to do almost everything in Australia, just to get their jobs done;
- has been quietly fuelled by angel investors (recent studies suggest that the angel investments are greater than the VC funds invested in Australian companies) who back inventors and early stage entrepreneurs to convert ideas into products, with businesses to market them;
- provides fragmented support through associations, states, commonwealth, university and programs that tend to keep more opportunities/organisations alive than propelling the champions onto the global stage;
- has been encouraged in the last decade by the VC industry when the technology is well protected and the business is large enough to be globally interesting;
- is constrained by limited entrepreneurial talent (and the associated training and support) to run and support emerging technology businesses;
- is cognisant of the distance to new markets but challenged to address same;
- is held back by government that wants innovation as long as someone else pays for it rather than investing directly through government purchasing to showcase local innovations <consider the impact of committing ~2% of the CW' budget to domestic SME solutions, proof statements and pilots (like Japan did for years with computers, air conditioners and cameras before exporting and dominating

global markets) – a showcase customer is far better than small grants & the government is buying every year;

- 🌐 is timid to show-off its success (that would be ‘boasting’), innovation or inventions as almost NO university has market facing showrooms demonstrating what research has generated and what implications might be beyond the publication machine of peer reviewed journals (academic rather than market facing) as compared to Akihabara in Tokyo where the innovations are right on the street or SRI which is but one of Stanford’s showcases;

While these observations are tilted to the challenges rather than Australia’s many successes, it is aimed at identifying opportunities for improvement in an environment like sports, where if you don’t prepare and train to be the best the competitors will not hesitate to demolish you in the global arena.

### **Opportunities to consider in the quest to Accelerate Innovations2Market**

Recognising the challenges of the current Australian innovation system isn’t worthwhile unless one is willing to contribute constructive suggestions to improve, enhance and contribute to the system, so here are a few candidate opportunities to accelerate innovations to global markets.

- 🌐 **Recognise Australia is an ideal test bed**
  - ⚡ As a country, Australia provides an ideal test bed for both innovators and new market testing,
  - ⚡ this could be a powerful differentiator from other countries and could make Australia the consumer testing lab of choice
  - ⚡ Real markets/real choices/real insights
- 🌐 **Encourage and support entrepreneurs**
  - ⚡ Recognition of innovators is growing with magazines, competitions and events like the export awards but needs to be like sports based on the scoreboard rather than popularity – if they meet the marks (growth, patents, impact) recognise them (Export and Innovation awards are a start but require a culture/system like sports to make them newsworthy)
  - ⚡ Entrepreneurs are a scarce Australian resource and essential in the transformation of innovations into market ready products & businesses – so cultivating and nurturing them through training, associations, events and capturing lessons learned where government facilitates or contributes to addressing this gap
  - ⚡ Entrepreneurial training is often an after hours or on demand process where entrepreneurs need to learn when they need to know about IP, accounting, planning, exporting, structure,... rather than through matriculated programs (uni or certificates) – hence tools, incentives, mentors, after hours support are all resources where interventions can be considered to fill the real needs
- 🌐 **Encourage exporting**
  - ⚡ If Australia wants to be an innovator and the vast majority of the market is NOT in Australia than innovation requires an export ready orientation

- ✦ While exporting has traditionally been viewed as a speciality area, like IP protection, it is now an area where businesses need to have understanding, trading partners and support to succeed – a top to bottom change in approach is required to shift from ~5% of Australian companies exporting to double digits in 10-15 years
- ✦ Once global awareness has begun a fundamental shift from dig/harvest/box will evolve to value-adding BEFORE exporting

#### **Encourage collaboration vs. 'my way'**

- ✦ Australian enjoy vendor/customer relationships and control to achieve outcomes hence we have LOTS of SMEs, many supplier relationships and limited examples of collaboration where multiple parties are focused on a common challenge (Associations, unions and chambers are typically membership based as opposed to challenge based)
- ✦ If innovation is REALLY a Commonwealth/national agenda than a collaborative approach could include addressing how the bounty of inventions and innovations could be used to address government and industries current purchasing needs by targeting a % of expenditures to innovators that are not proven (this may require an incentive or just a collective recognition that if we prove at home what we want to export – as we did with wine, sports and uni education, than it is very beneficial to the economy overall)

#### **Recognise the window for Australia to be recognised as a gateway to Asia**

- ✦ Australia has a unique geographic position with Asia that can assist companies looking to go either way prepare for new markets – the richness of universities multi cultural teaching and students plus the ever increasing connections with Asia makes Australia an ideal gateway
- ✦ While APEC may have waned the importance of trading blocks is becoming ever more necessary and Australia has both the natural resources and the opportunities to shape the future of an Asian trading block and the gateway

#### **National agendas with aligned strategies, mechanisms and incentives**

- ✦ Focusing on challenges or competitive goals is an Australian psychic driver so setting 5, 10, 15 year goals for the country and rewarding those that align on the teams to achieve the goals could harness innovation and market requirements, candidates include:
  - ✓ Solar and sustainable energy – where we were a leader and have the chance to re energise and be the global lab/POC
  - ✓ Water management – Australia has been a proven leader with drip irrigation, sewer repair, sensory linked water mgmt systems – how about being the global source of choice for water solutions?
  - ✓ Distance learning and new media – with a heritage of exploring the global natural resources for science and media we now have one of the largest libraries of its kind that could be converted into education for all levels of students
- ✦ In looking forward 5-15 years, Australia needs to look beyond mining which is something we can only sell once to building industries where leverage on our innovative heritage can be what we are recognised for globally.

- ✦ Areas like tertiary (Uni/TAFE) education have been big income generators for the country but soon brands and products will be portable from other providers/countries and Australia will need to be ready to go global through partnering and evolving the product as the monopoly of Australian unis will be gone when students (and their parents) can shop the world for the best university education

## EC a Contributor to Australian Innovation

ExpatriateConnect (EC) is an Australian innovation that supports export motivated companies to accelerate their global market outcomes, through training, coaching and mentoring initiatives. Catalysed by the Australian Institute of Commercialisation (AIC) and the Southern Cross Group (SCG) in 2004, the program has identified that global Aussies were an under appreciated Australian asset that were both interested and able to mentor Australians looking to go global.

Some of the contribution EC has made to the Australian innovation ecosystem, include:

- 🌐 Supporting over 500 export motivated Australian companies with mentors, training, coaching and export resources;
- 🌐 Delivering export marketing programs as part of university programs;
- 🌐 Identifying over 2500 candidate mentors with in-market experience that are interested to assist Australian companies;
- 🌐 Developing and delivering export/trade courses;
- 🌐 Running events, programs and courses to showcase, train and inform companies and individuals interested in exporting;
- 🌐 Partnering with domestic and international groups (15+) to deliver outcomes (from Austrade to Global CONNECT in California);
- 🌐 Growing a team of EC ambassadors who help organise mentors, materials and programs with experience in USA, Nepal, Canada, EU, Japan, China, ..
- 🌐 Developing programs to deliver in partnership with CW, SA, Qld, NSW, ...
- 🌐 Co developing materials with groups like xDoc that have now become the standard for AIEEX and delivered to over 4000 students;
- 🌐 To assist Australian companies enter new markets (like Mediatec & IPScape), forge new alliances (like CTG and MAUS), to gain overseas customers (like Surety and UTS), to identifying potential talent for organisations (like Mediatec and ICMS).

A PPT presentation delivered at one of EC partners national conference in late 2007 helps share what EC can do to accelerate exports and innovation in Australia (attached).

## Personal Interest and declaration of interests

As part of disclosure, the lead author of this article is the Managing Partner of ALBA National and Champion of EC, an initiative catalysed by the AIC and Southern Cross Group in 2004. Through EC, Scott and the EC team (John, Libby, Rose, Simon, Caoimhin, Corinne, Utkrista, Ning, Ed & David) are currently assisting, training, and



mentoring export motivated Australian companies to accelerate global marketing outcomes. Scott is a dual citizen of Australia and the USA, having lived on 3 continents and worked for multi national technology organisations and developed and supported new ventures for ~30 years.

Regards,

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National Champion

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