Regional Innovation Forum

BRIDGING THE DIGITAL INNOVATION DIVIDE

Fostering Digital Entrepreneurship and Startup Ecosystems

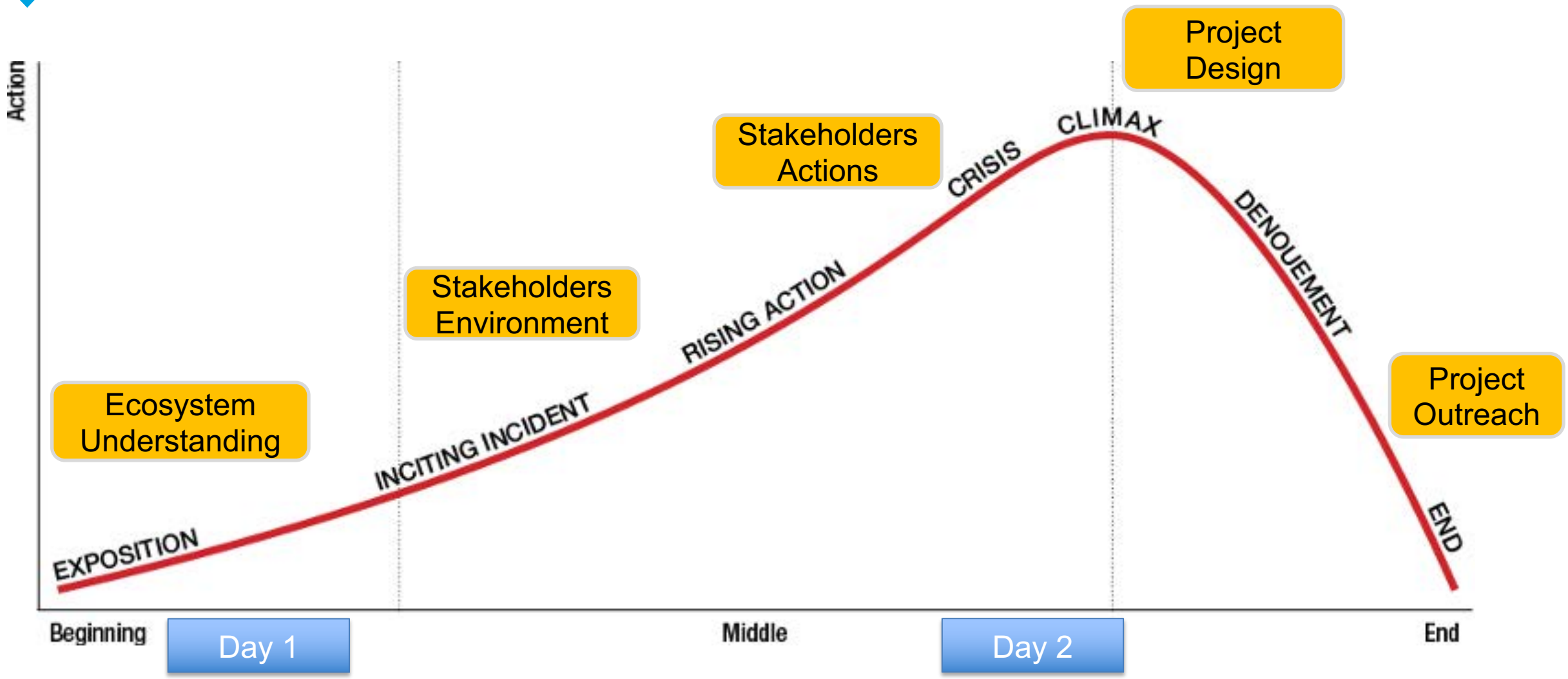
1 – 2 October 2019
Smart Village, Cairo, Egypt

Thoughts and reflections

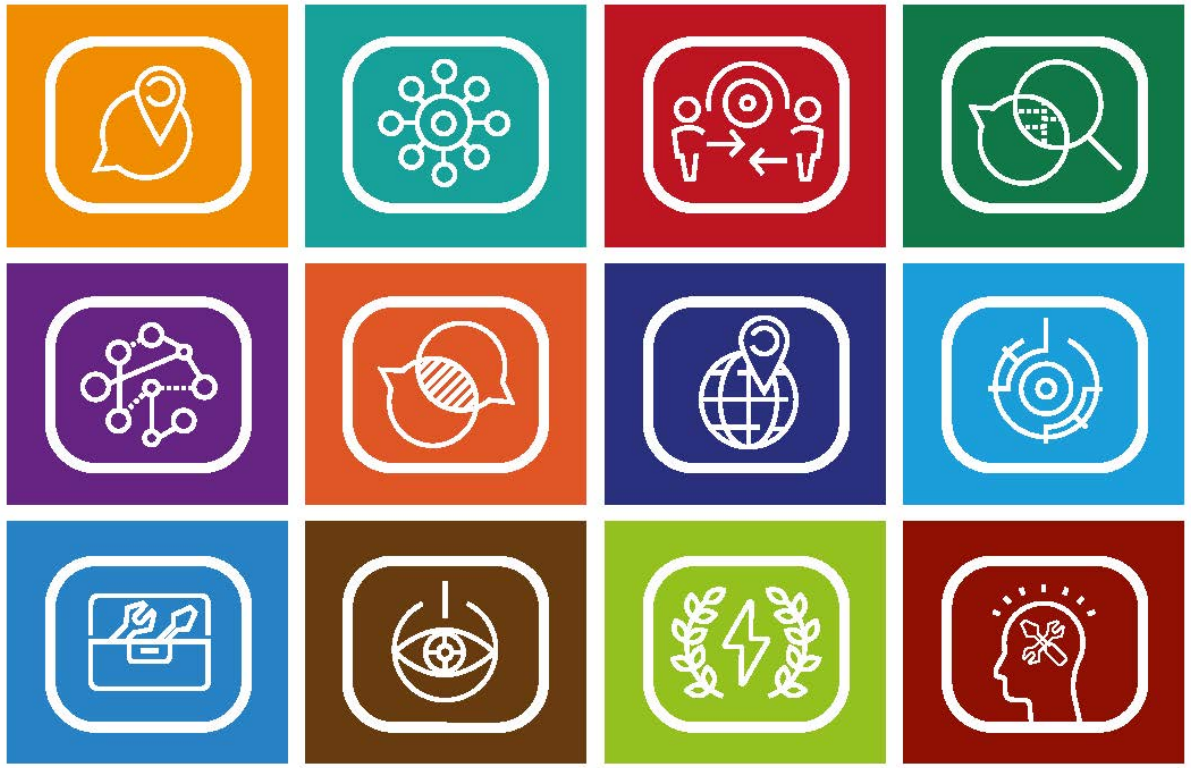
What is the relationship between entrepreneurship, innovation, trading and creativity?

“Entrepreneurship without Innovation is trading, and Innovation without entrepreneurship is creativity”

Agenda


Action
EXPOSITION
INCITING INCIDENT
RISING ACTION
CRISIS
CLIMAX
DENOUEMENT
END
Beginning
Middle
End
Ecosystem Understanding
Stakeholders Environment
Stakeholders Actions
Project Design
Project Outreach
Day 1
Day 2

ITU Innovation



Accelerate Digital Transformation

Mission

To "bridge the digital innovation divide (gap) through strengthened ICT ecosystems that are vibrant, innovation driven and supportive of job creation, development of innovative businesses, and the growth of small and medium enterprises, as well as inclusive of all economic sectors and aligned to national development."

Vision

To achieve a sustainable digital transformation of society and inclusive economic growth.

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REGIONAL REPORT | EUROPE
Accelerating Digital Transformation:
Good practices for developing, driving and accelerating ICT centric innovation ecosystems in Europe

POLICY TOOLKIT – IN SIX LANGUAGES
Bridging the digital innovation divide:
A toolkit for strengthening ICT centric ecosystems

DIGITAL INNOVATION PROFILE
SERBIA
ICT centric innovation ecosystem Snapshot

COUNTRY REVIEW
ICT centric Innovation Ecosystem Country Review
MOLDOVA

Initiatives

Launch of the African Digital Transformation centre initiative in Durban, South Africa -September 2018

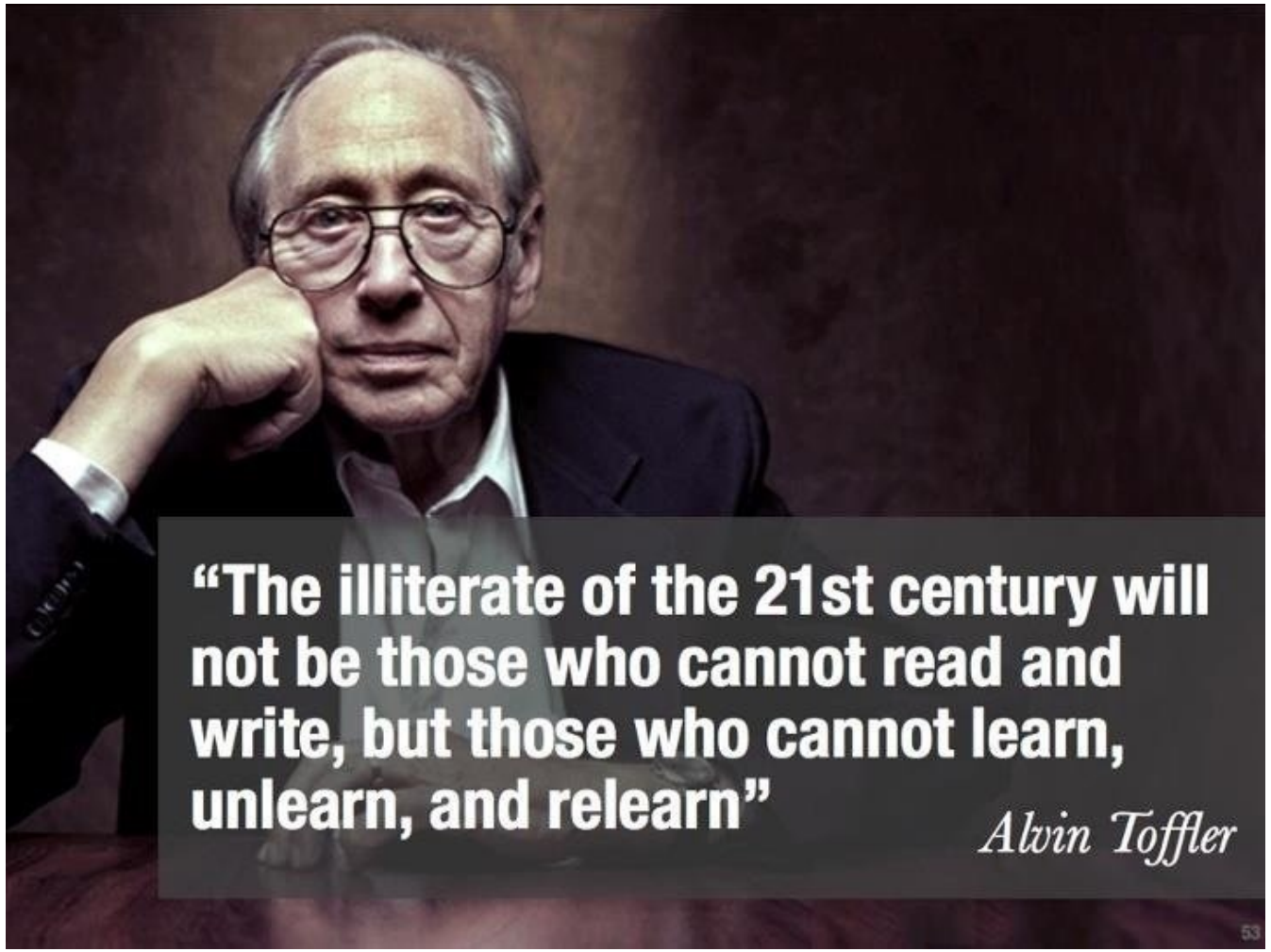
Knowledge sharing

Champions and Good Practices

CASE PRESENTATIONS

Session 1:

Understanding the Digital Innovation Divide



Competitiveness of communities

Impact of a globally connected world

Can current innovation undermine future incentives to

For example: Scale without Mass

WhatsApp: 300 M users, 50B message/day, 55 employees

Netflix: USD8.8B revenue, 3500 employees

Dropbox: 500M users, 1.2B files stored/day, 1200 employees

Challenges policies that target firms by measure of mass (e.g. employees) as well as competition policy, may contribute to productivity divergence across firms

Credits: Andrew Wyckoff and Dirk Pilat Directorate for Science, Technology and Innovation, presentation at European Political Strategy Centre, 5 May 2017, Brussels

Innovation@ITU-D

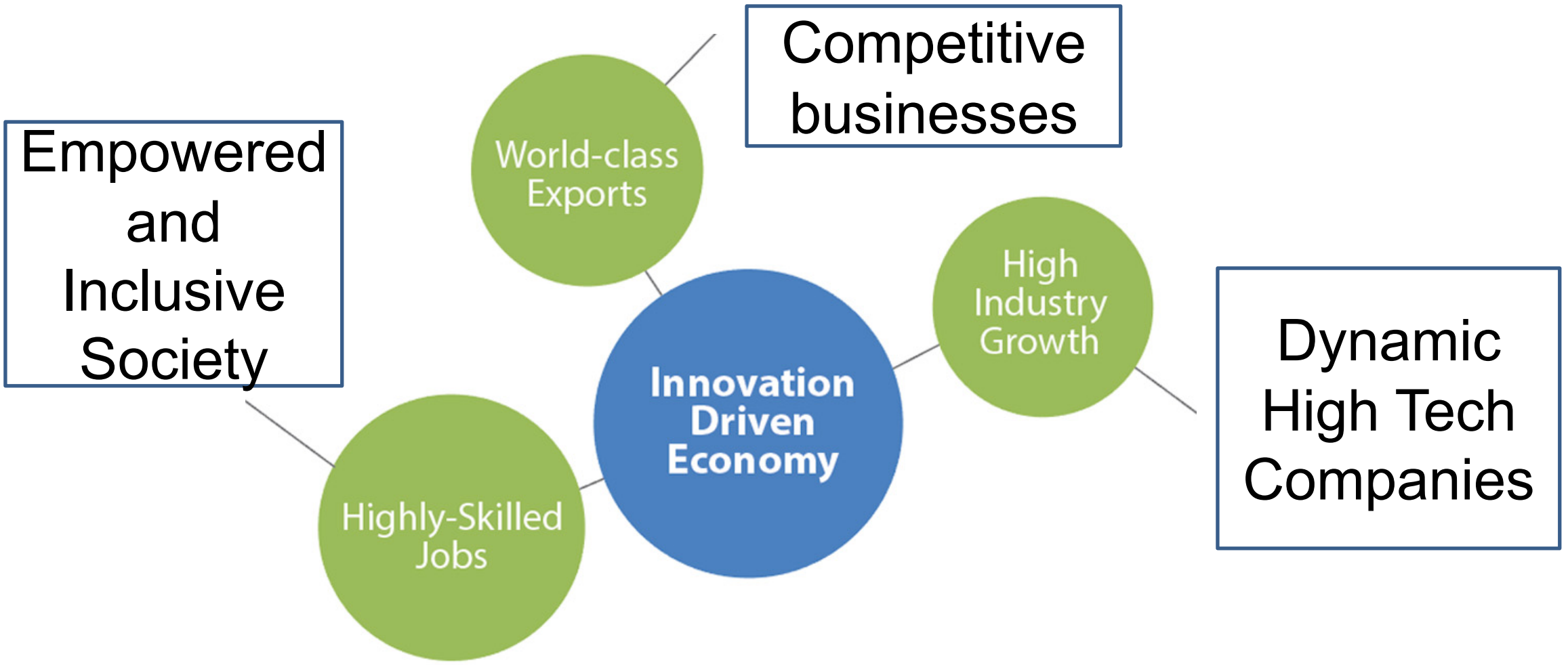
ICT vs Manufacturing

- **Alphabet:**
  Operating revenues: 90,272,000 Th. USD
  Employees: 72,053
  Ratio: 1253 Th. USD per employee
- **Facebook:**
  Operating revenues: 27,638,000 Th. USD
  Employees: 17,048
  Ratio: 1621 Th. USD per employee
- **Volkswagen:**
  Operating revenues: 237,564,000 Th. USD
  Employees: 626,715
  Ratio: 379 Th. USD per employee
- **Johnson & Johnson**
  Operating revenues: 71,890,000 Th. USD
  Employees: 126,400
  Ratio: 568 Th. USD per employee

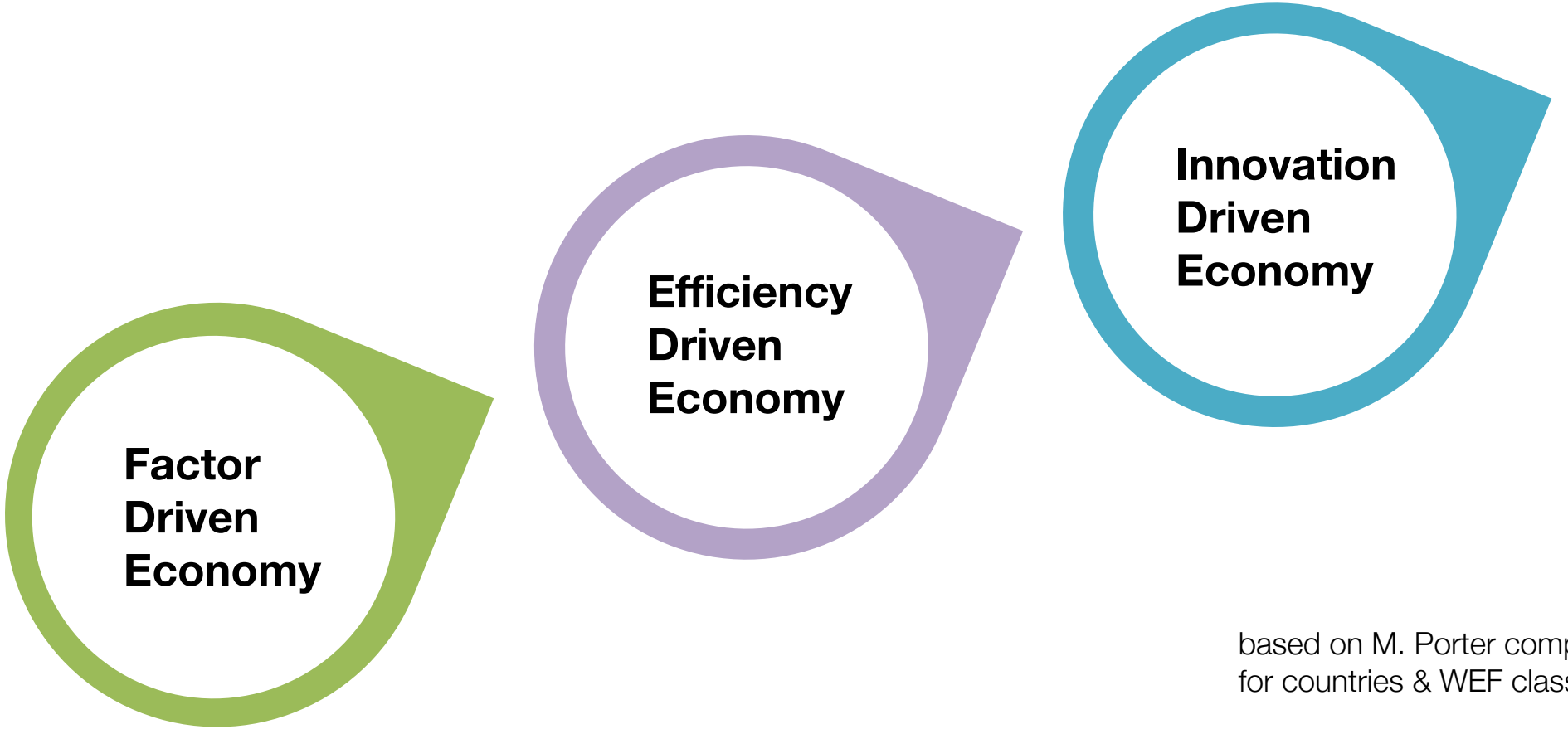
Source: ORBIS, Bureau Van Dijk. Data refers to 2016

Champions of productivity or simply Scale without Mass?

The desire for competitive jobs and inclusive growth



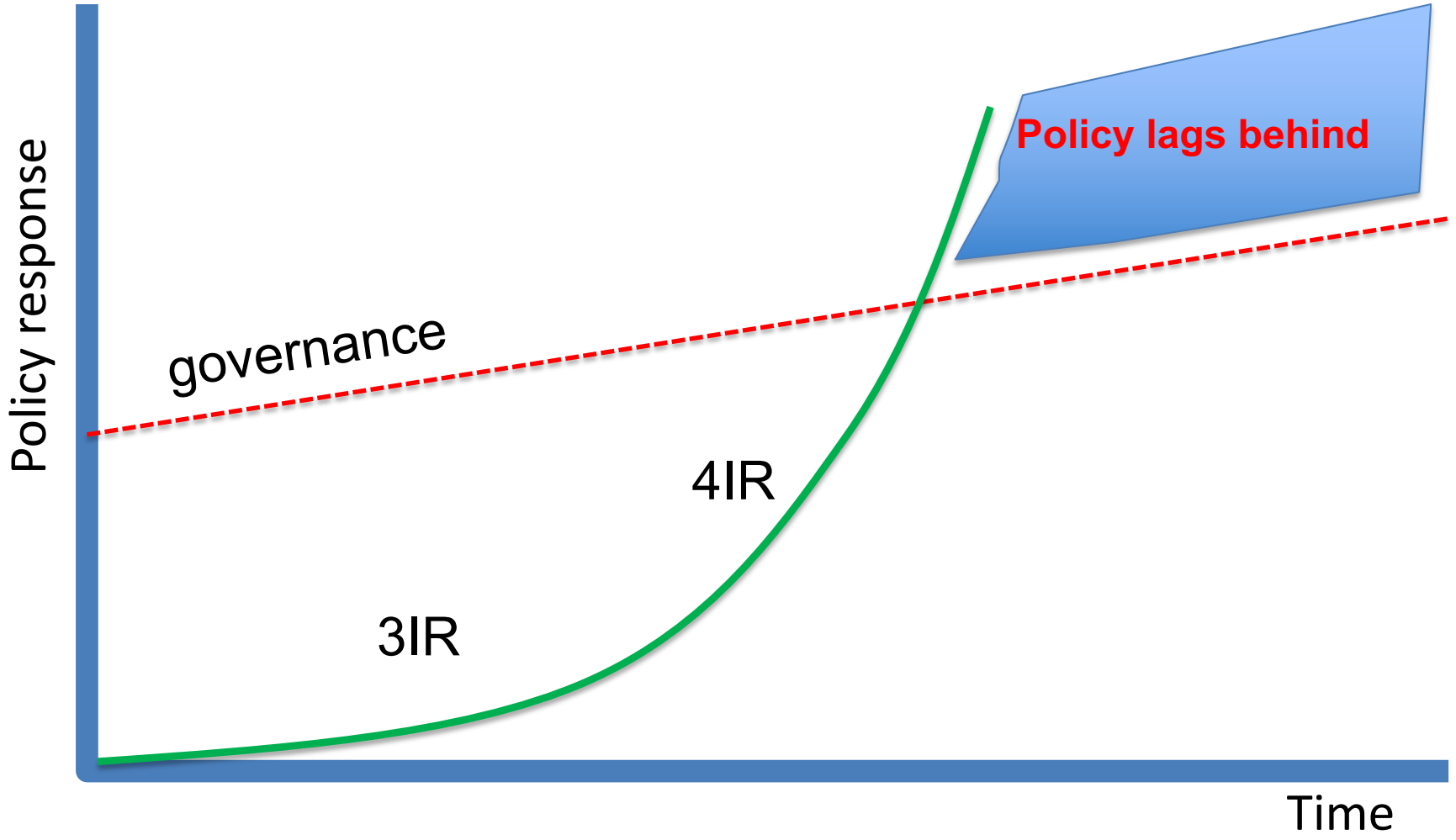
There Is Always A Risk To Be Left Behind



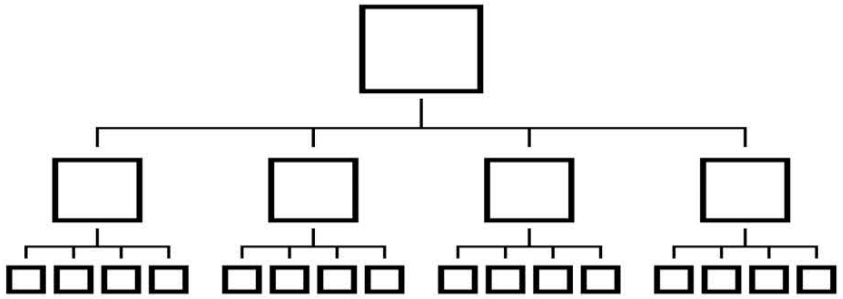
based on M. Porter competitive strategy for countries & WEF classification

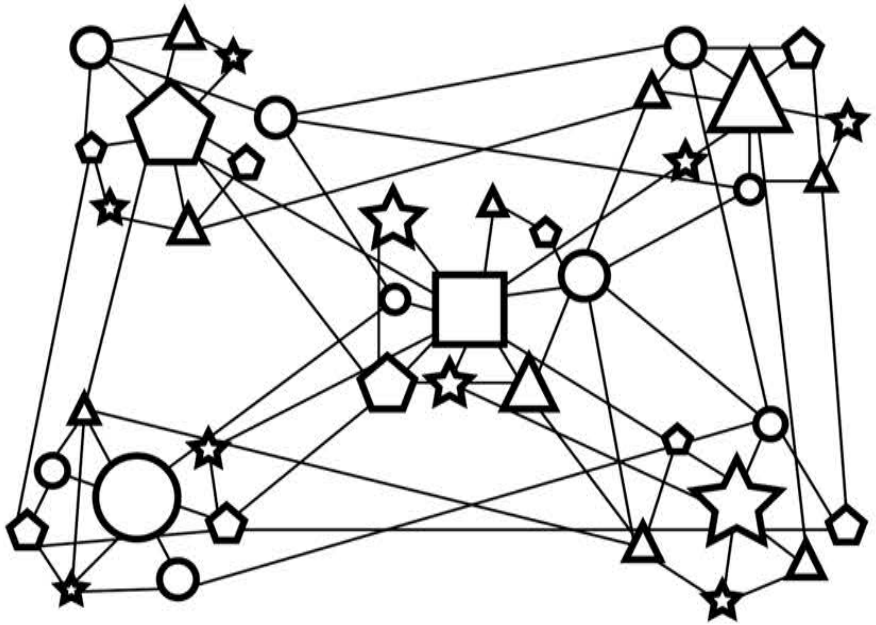
Source: ITU

Increasing complex technology vs. policy response



Our organizations have the DNA of 3rd Revolution structures





Can we handle it?

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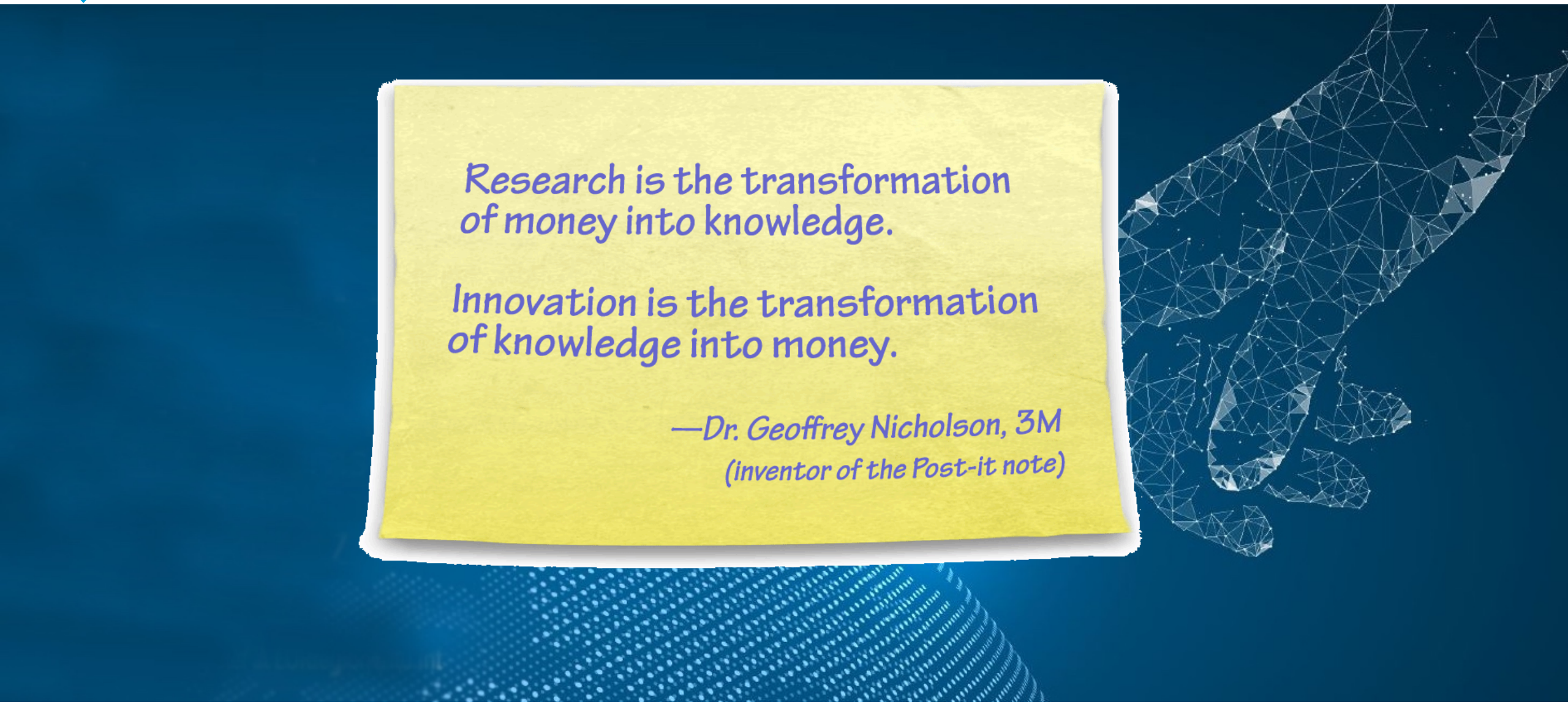
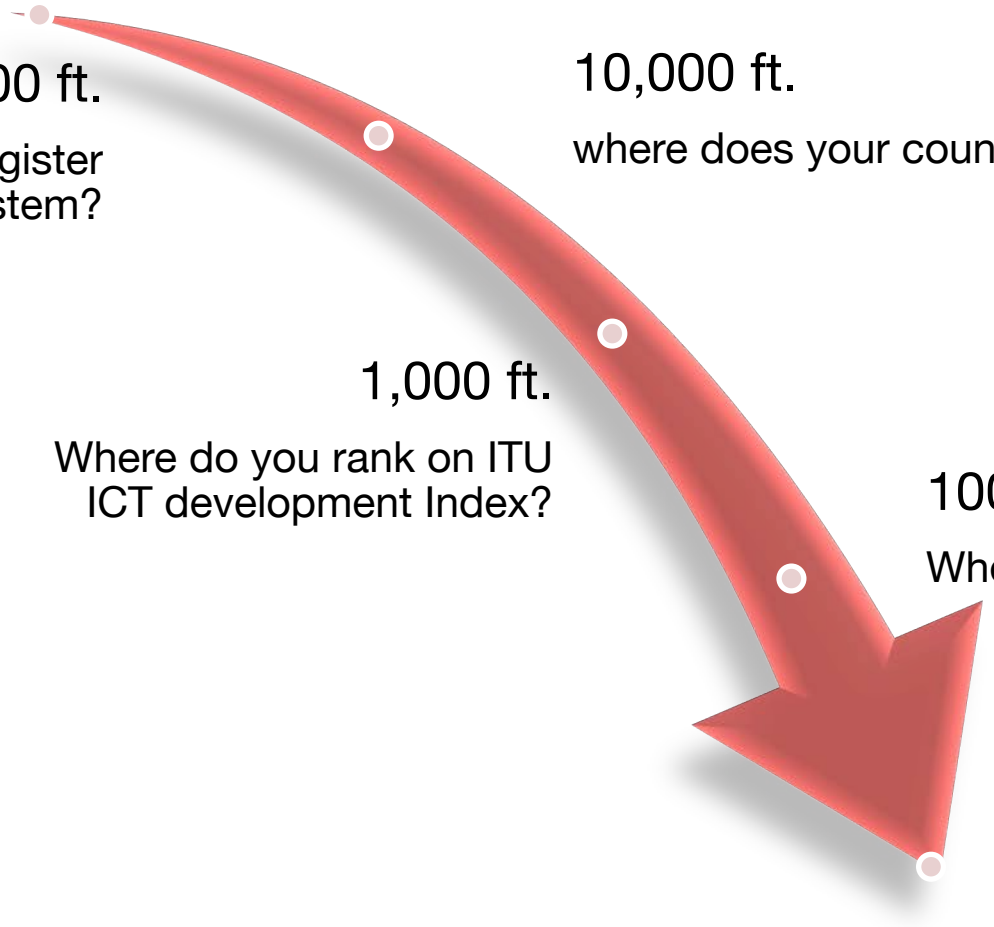
You need a proper diagnosis of your capabilities



What is the Nation's performance?



36,000 ft.

Does your country register a hot tech ecosystem?

10,000 ft.

where does your country rank on WIPO GII?

1,000 ft.

Where do you rank on ITU ICT development Index?

100 ft.

Where do you rank on the GEDI?

10 ft.

What are you doing about it?

Global Innovation Index

Output rank	Input rank	Income	Region	Efficiency ratio	Population (mn)	GDP, PPP$	GDP per capita, PPP$	GII 2017 rank
68	82	Lower-middle	SEAO	62	104.9	874.5	8,314.6	73

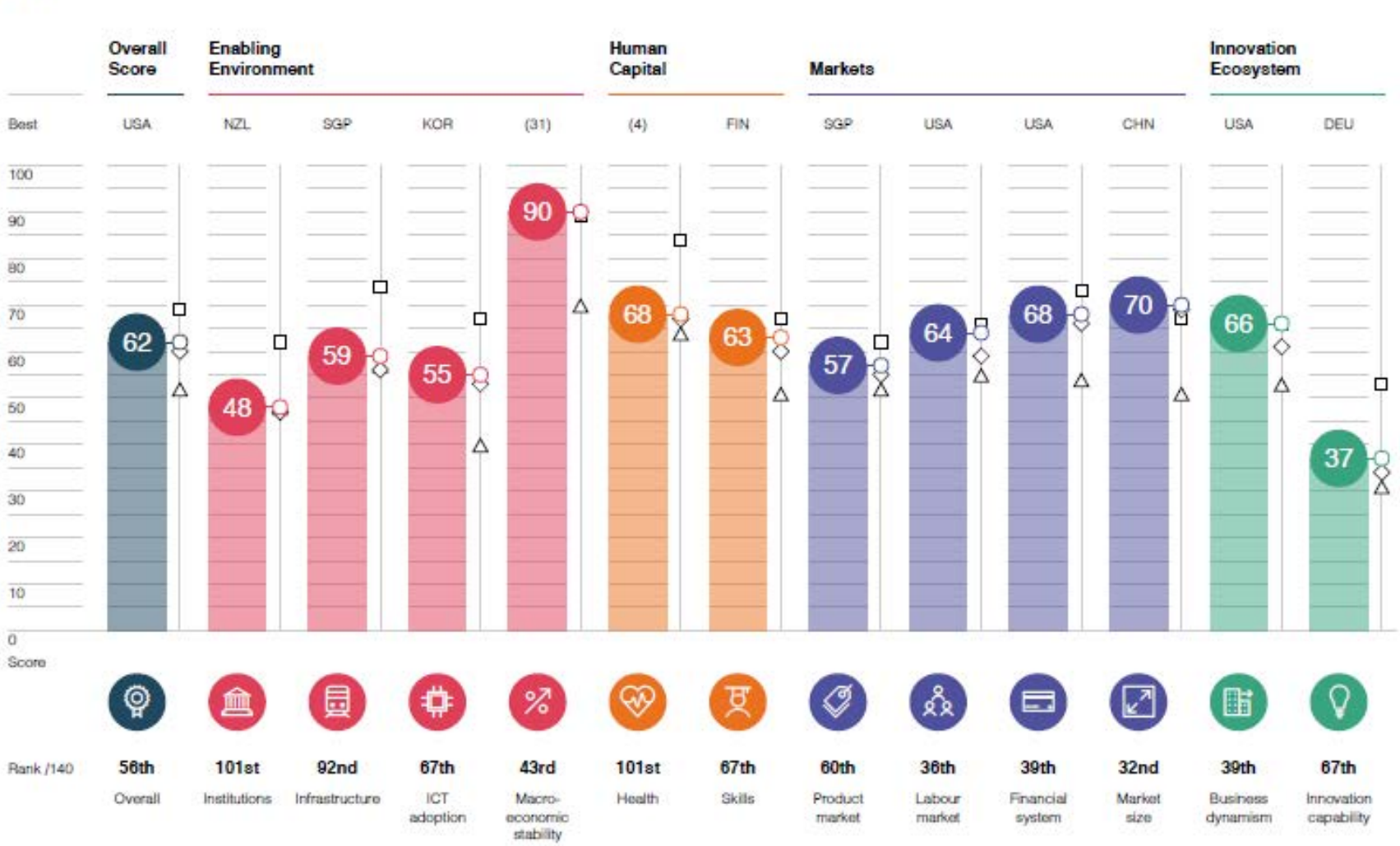
	Score/Value	Rank
Institutions	52.6	93
Human capital & research	24.6	86
Infrastructure	43.6	67 ◆
Market sophistication	39.5	100

	Score/Value	Rank
Business sophistication	35.3	44 ◆
Knowledge & technology outputs	26.9	49 ◆
Creative outputs	21.0	92

Efficiency 0.62

Source WIPO 2018

Global Competitiveness Index



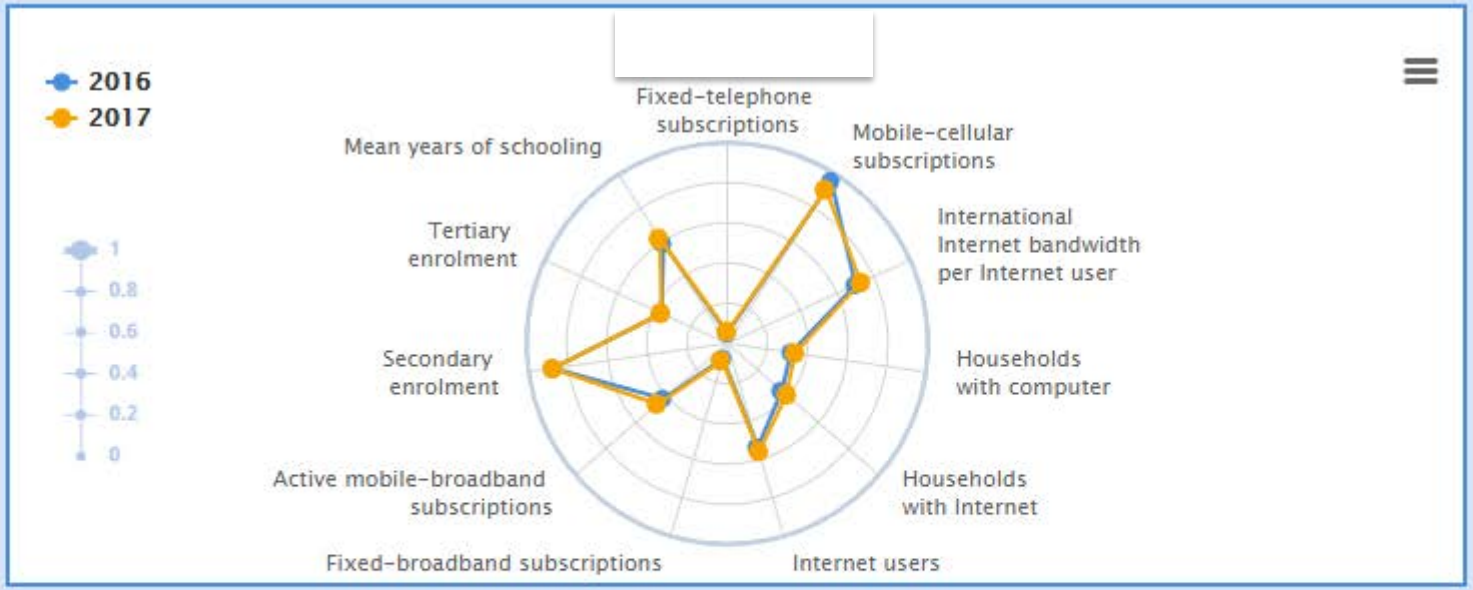
Source WEF 2018

ICT Development Index

IDI 2017 Rank	IDI 2016 Rank
101	100

IDI 2017 Value	IDI 2016 Value
4.67	4.52

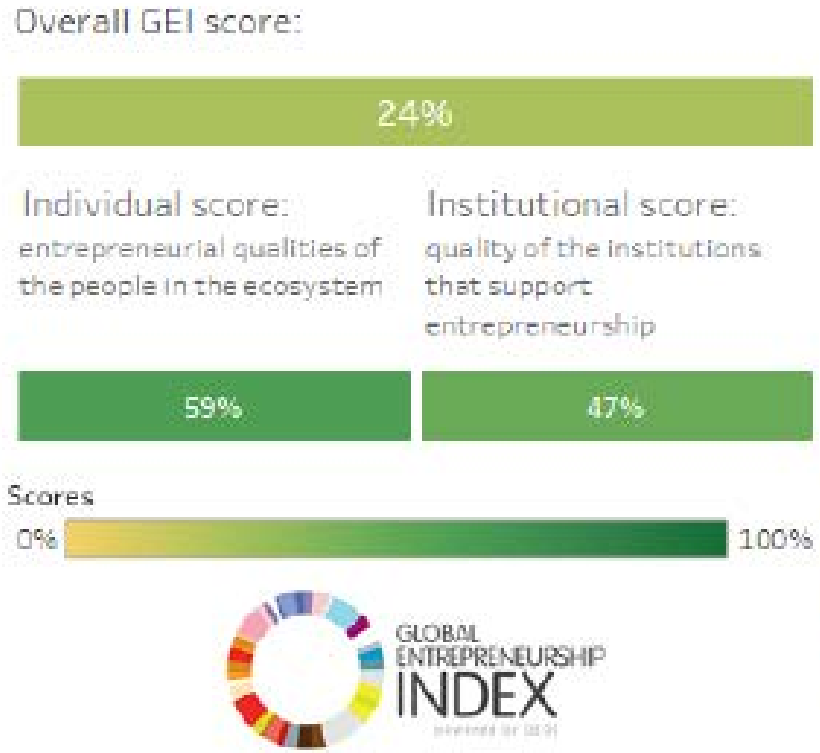
Regional IDI 2016 Rank: 15

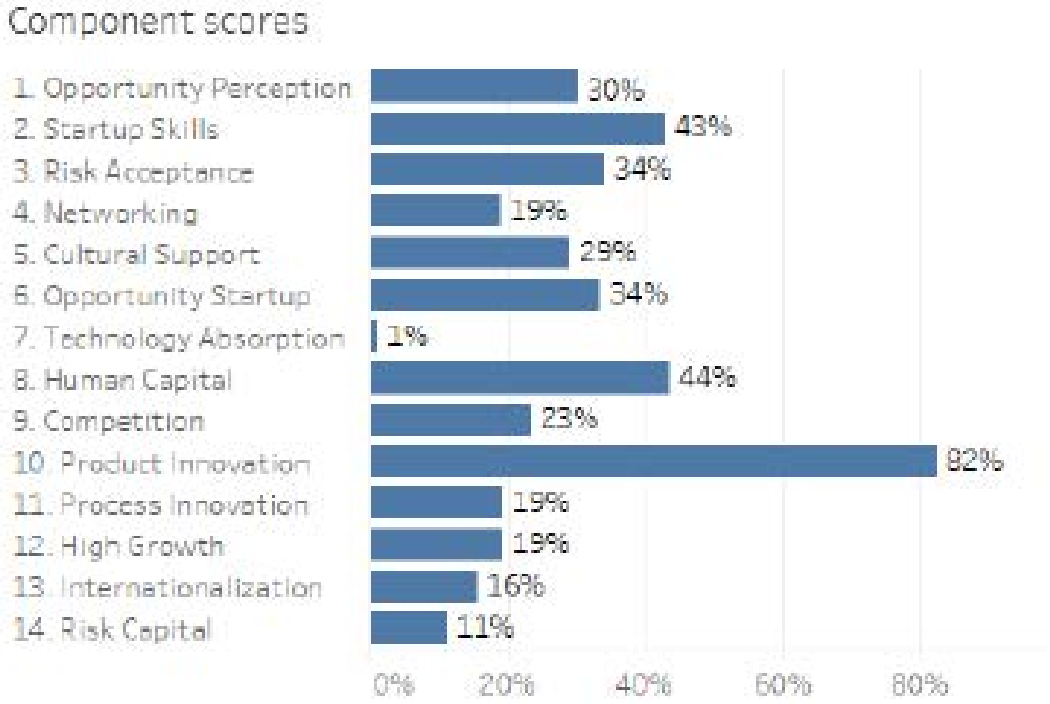


IDI ACCESS SUB-INDEX	IDI USE SUB-INDEX	IDI SKILLS SUB-INDEX
4.87	3.70	6.20

Source ITU 2017

Global Entrepreneurship Development Index

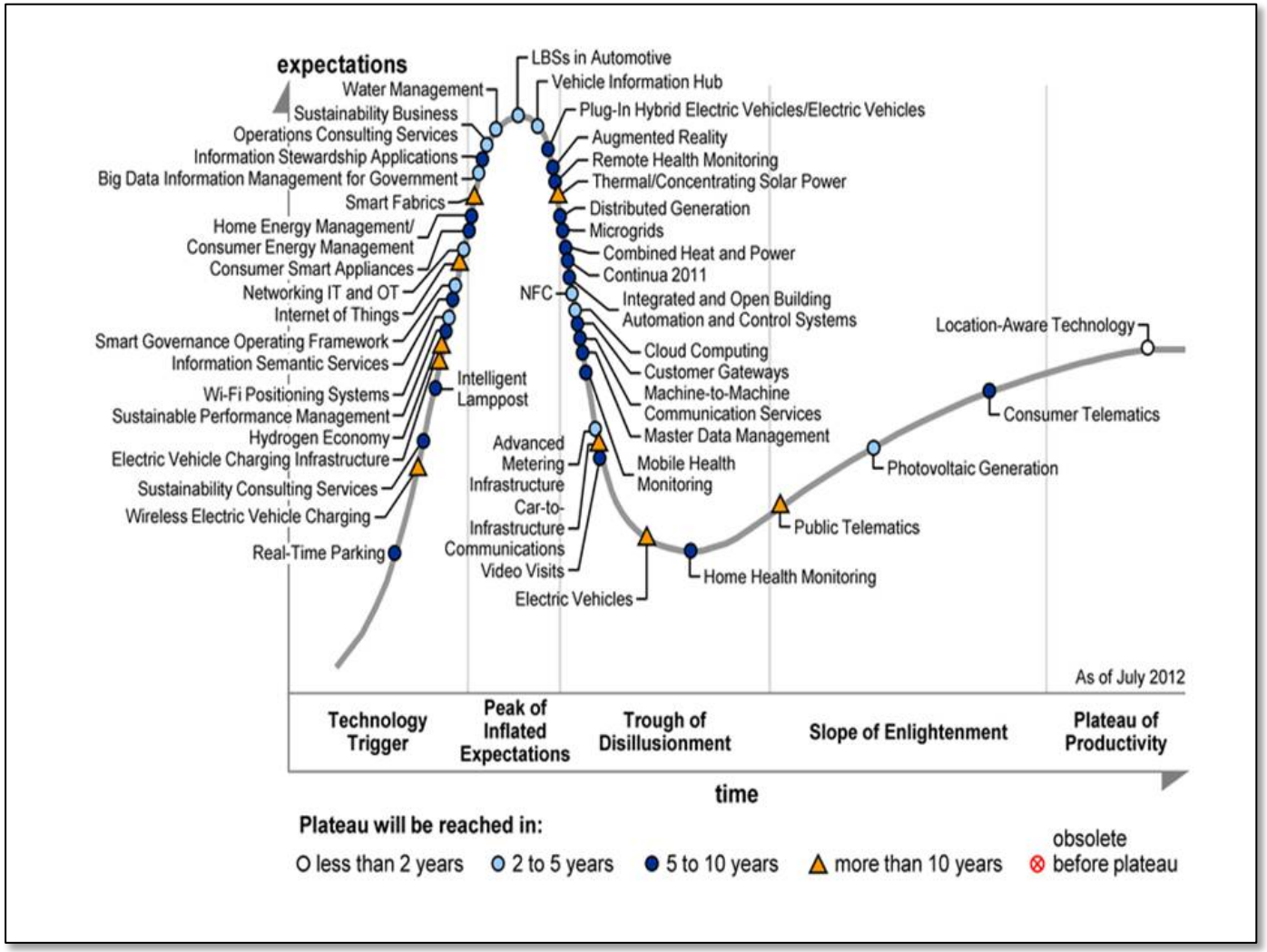




Source: Global Entrepreneurship Network 2017-2018

Technology is always changing

To navigate it, an ecosystem of stakeholders need to absorb it and solve the problem of the country



Source Gartner Hype Cycle

Three growth engines must come together to address issues

Innovation system

Entrepreneurial Ecosystem

ICT/ Technology Ecosystem

Stakeholders

Entrepreneurs

Support Networks

Financiers

Governments

Corporates

Academics

Symptoms of misaligned engine of growth

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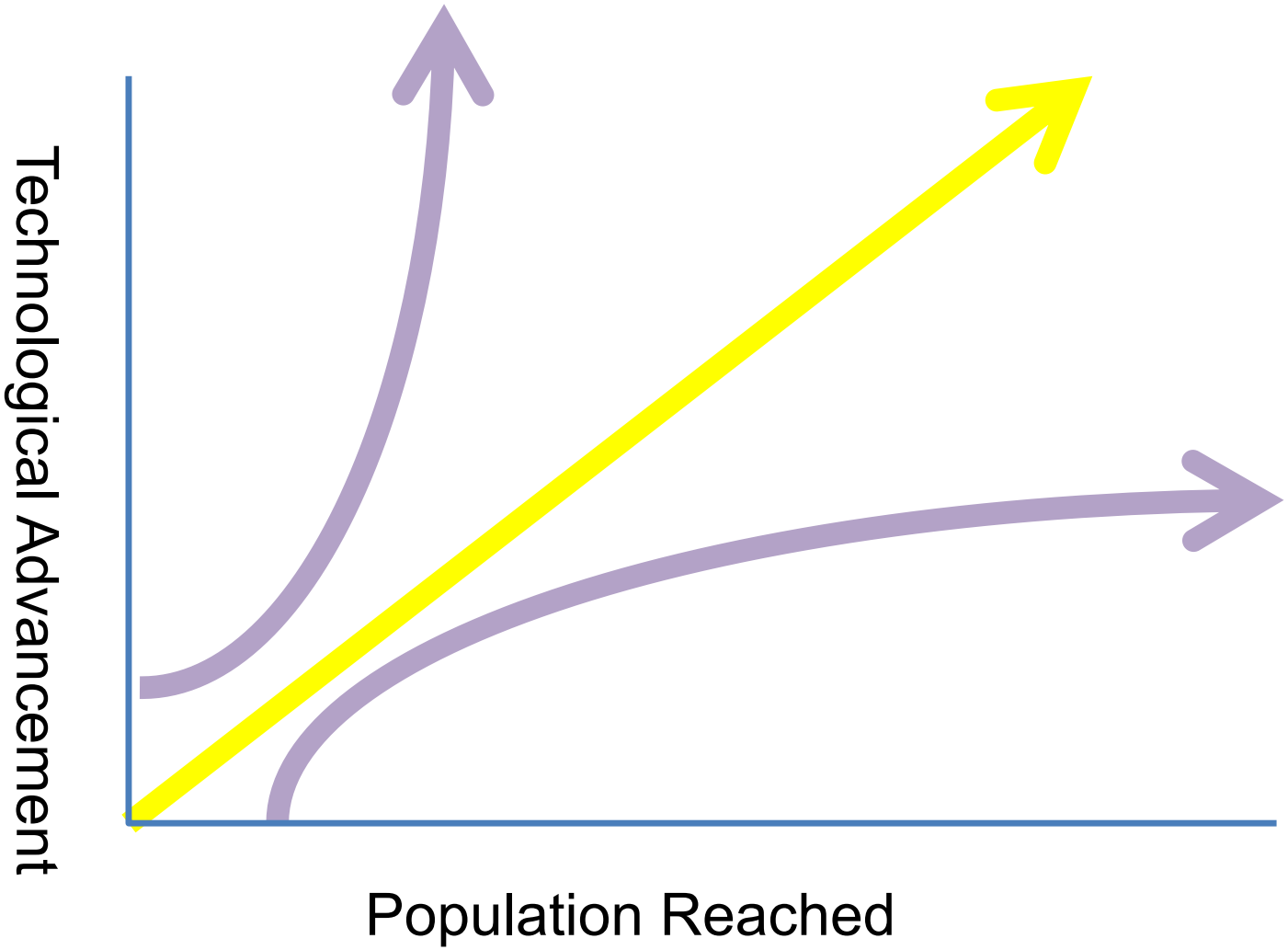
Technology absorption capacity is key



Source: ITU

Stakeholders in the ecosystem are struggling

Private Sector

"Our culture is receptive to change and is catching up on the latest trends. However, if we don't begin to invest enough in ICT research or produce a good pool of Next Gen with ICT knowledge, we will lag in competition."

Public Sector

"Here, people would rather buy foreign than create their own solutions."

Academia

"We need to stop teaching what children can find on Google."
"It might be a good idea if university professors can work with the private sector for three years to exchange knowledge"

Entrepreneurs

"We are not taught to be the owner of something at the education level. This is the reason most of us end up work for others."

Finance

"There are a lot of government funds available for entrepreneurs but no right mechanism to filter through the start-ups to fund the deserving ones."

Entrepreneurial Support Network

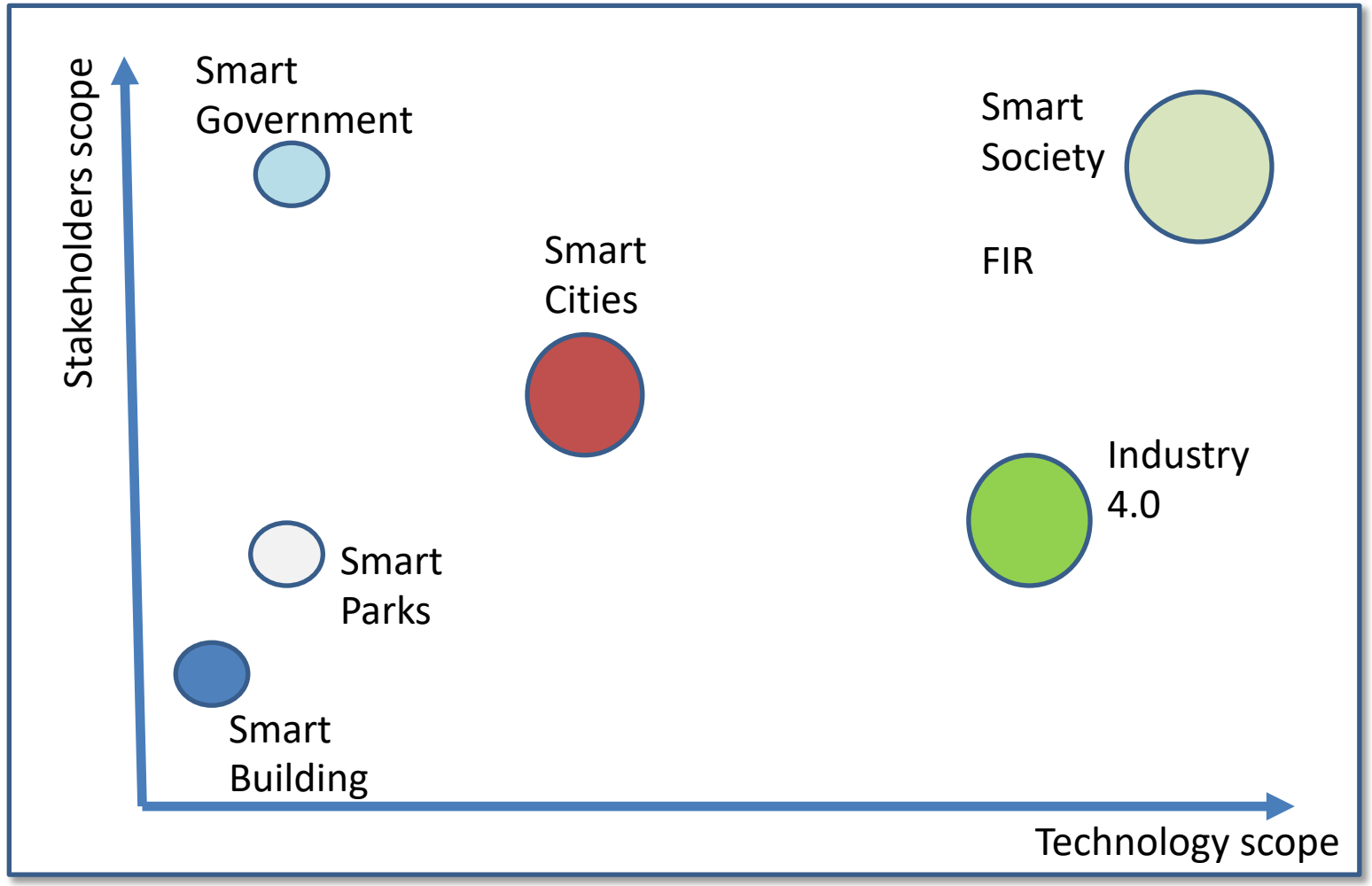
"The local companies don't invest in R&D. They also don't train people. So starting engineers can be liabilities!"

"If we compare ourselves to our neighbours, there are leading in fostering networking. Their governments are more supportive than ours."

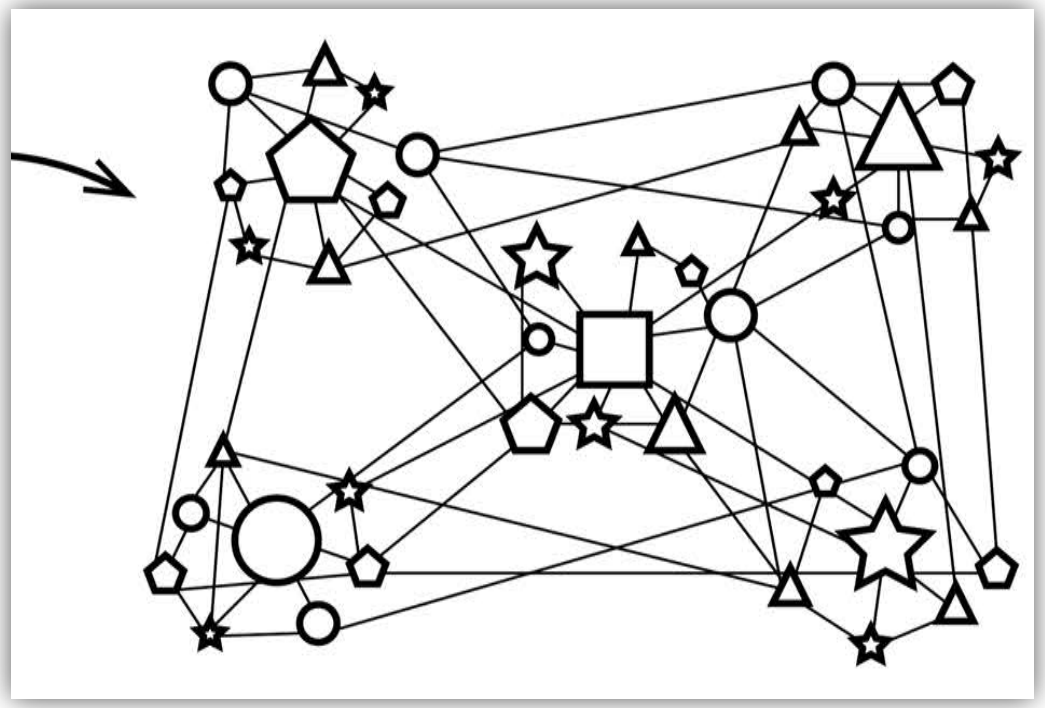
Source: ITU country review

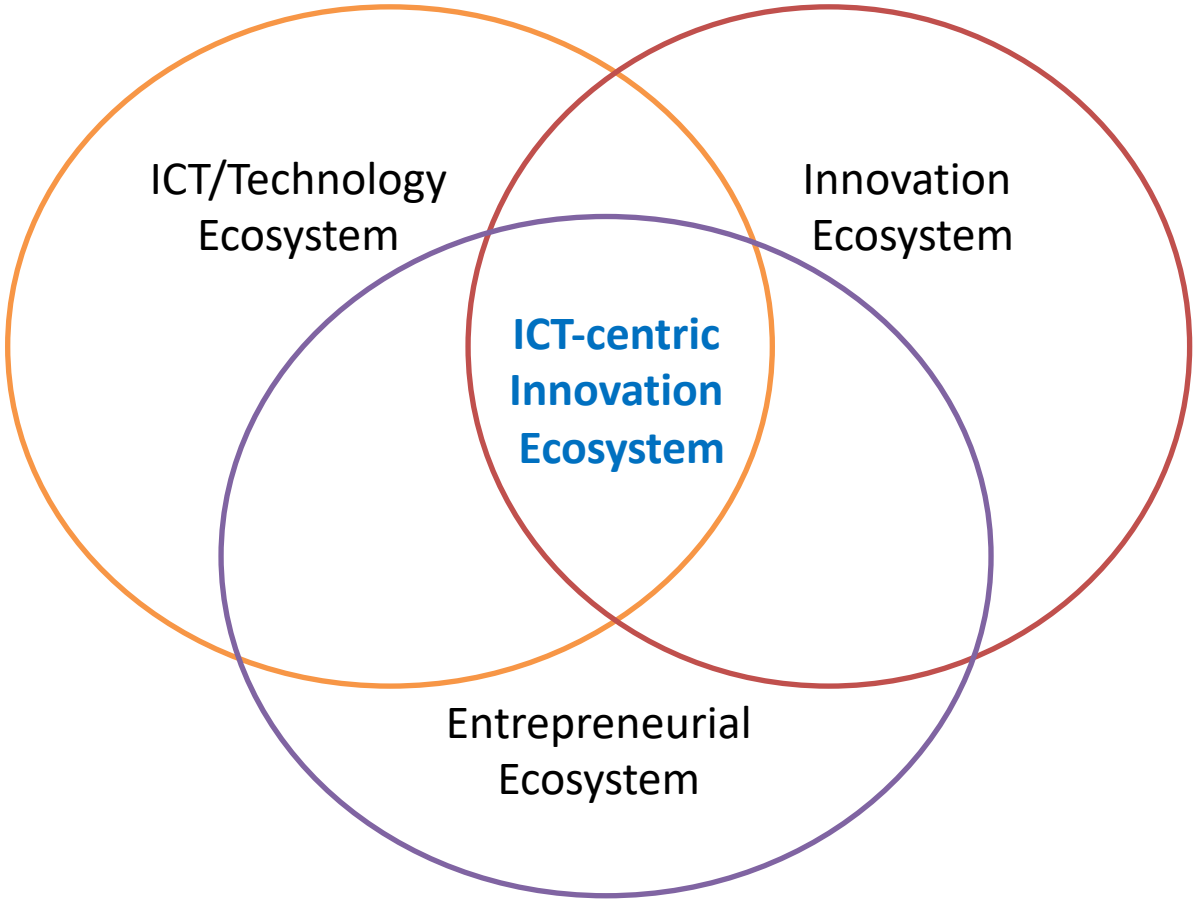
They may have different visions but the mission is same

Mission:
Sustainable
Digital
Transformation
of Society



They need new paradigms





A Platform for partnership in the digital ecosystem

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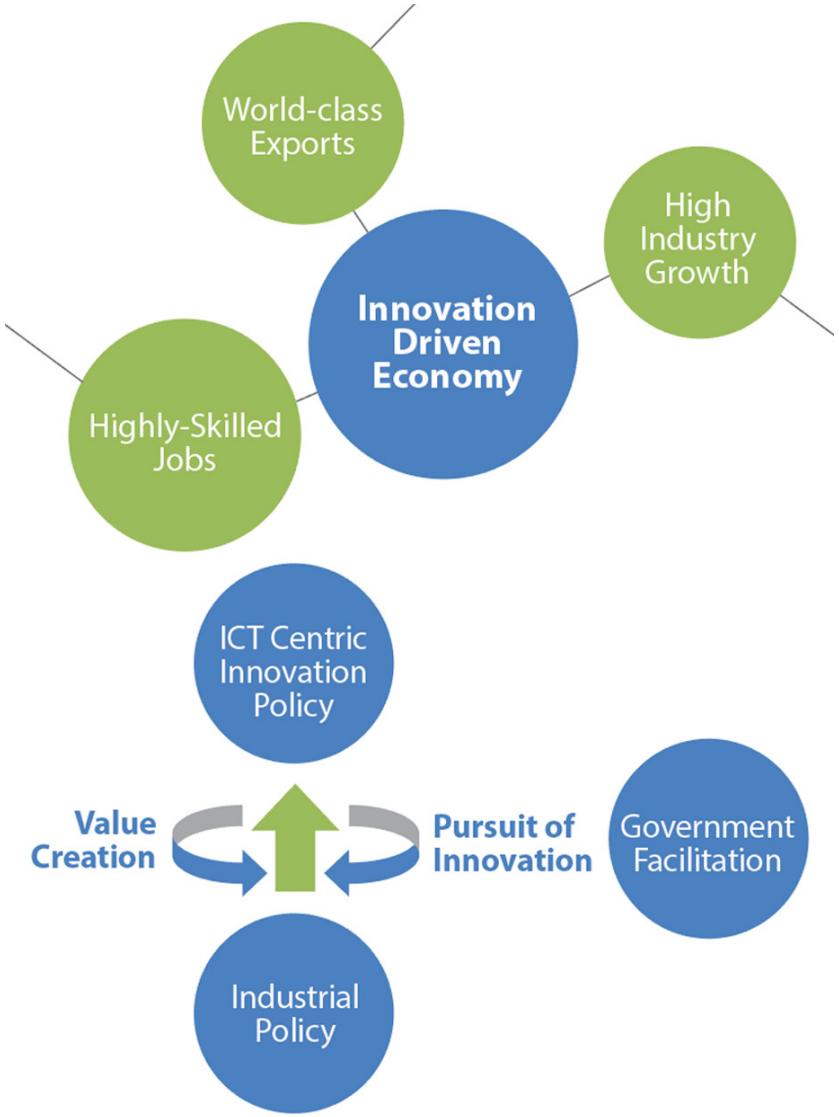
The key is the ecosystem



A Common Language

"An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations."

Source: OCED, Oslo manual

"Digital transformation is what happens when innovation is applied to solve problems through the use of ICT/telecommunication technology.

The benefits to a country and its people are immense: significantly increased productivity, economic growth and greater employment opportunities."

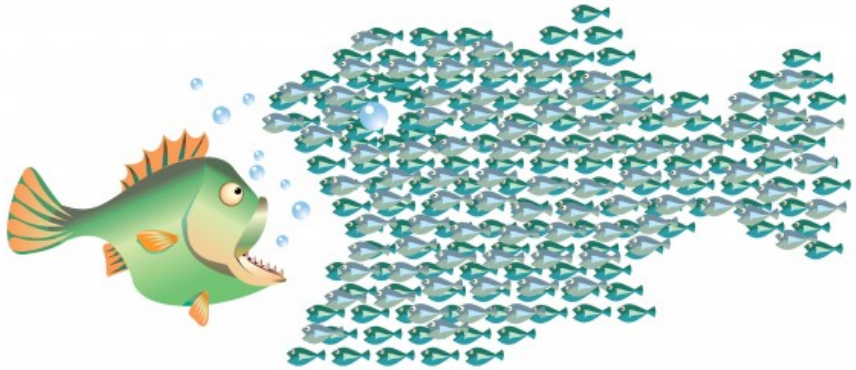
Source ITU

"An ecosystem is a system or network of interconnecting and interacting organizations and stakeholders, from multiple sectors, who come together and address the problems people are facing within their communities."

Source ITU

Change is inevitable

Your Ecosystem



A stronger Connected Ecosystem

Thoughts and reflections

- What is threatening the dreams in your environment?

SESSION 1 – KEY TAKEAWAY

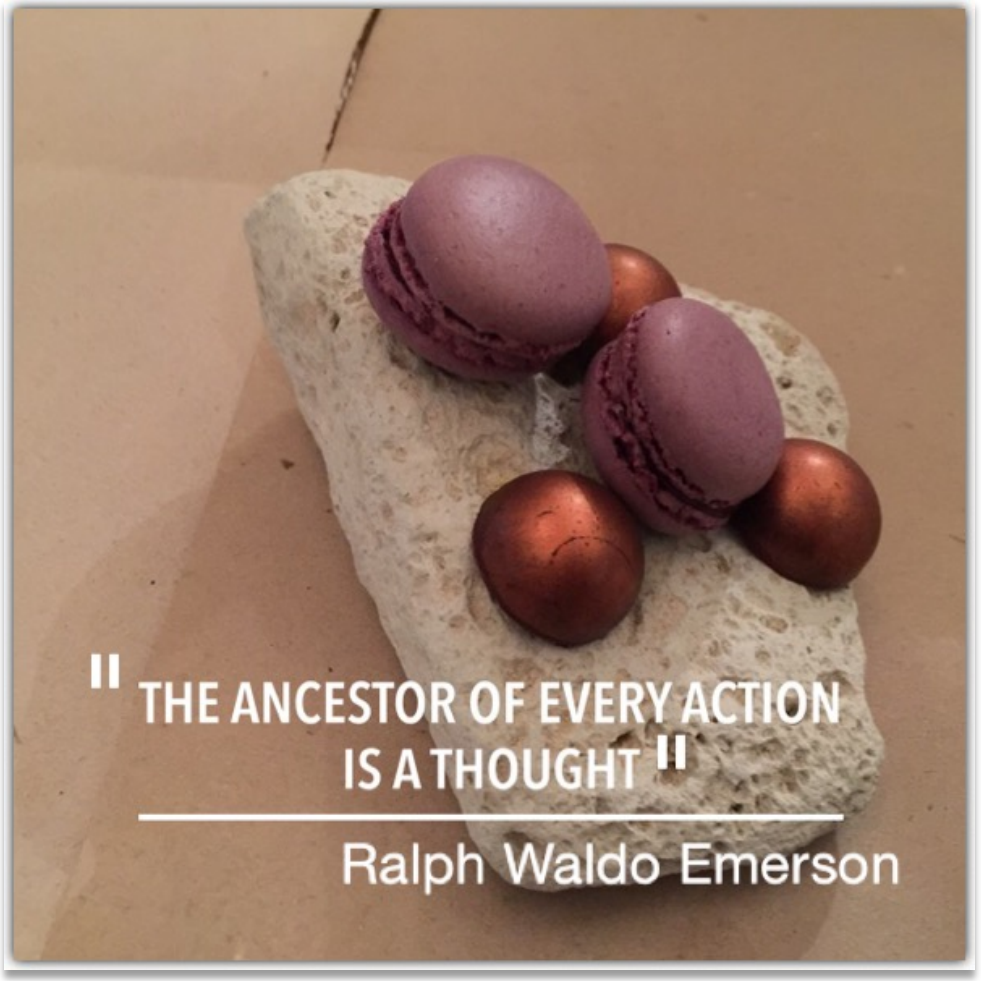
KEY TAKEAWAYS

Understanding the innovation divide & its challenges

- Pros and Cons of each case studies
- Basic understanding of the innovation divide
- Basic understanding of the ecosystem

Session 2:

How to make Digital Innovation Work

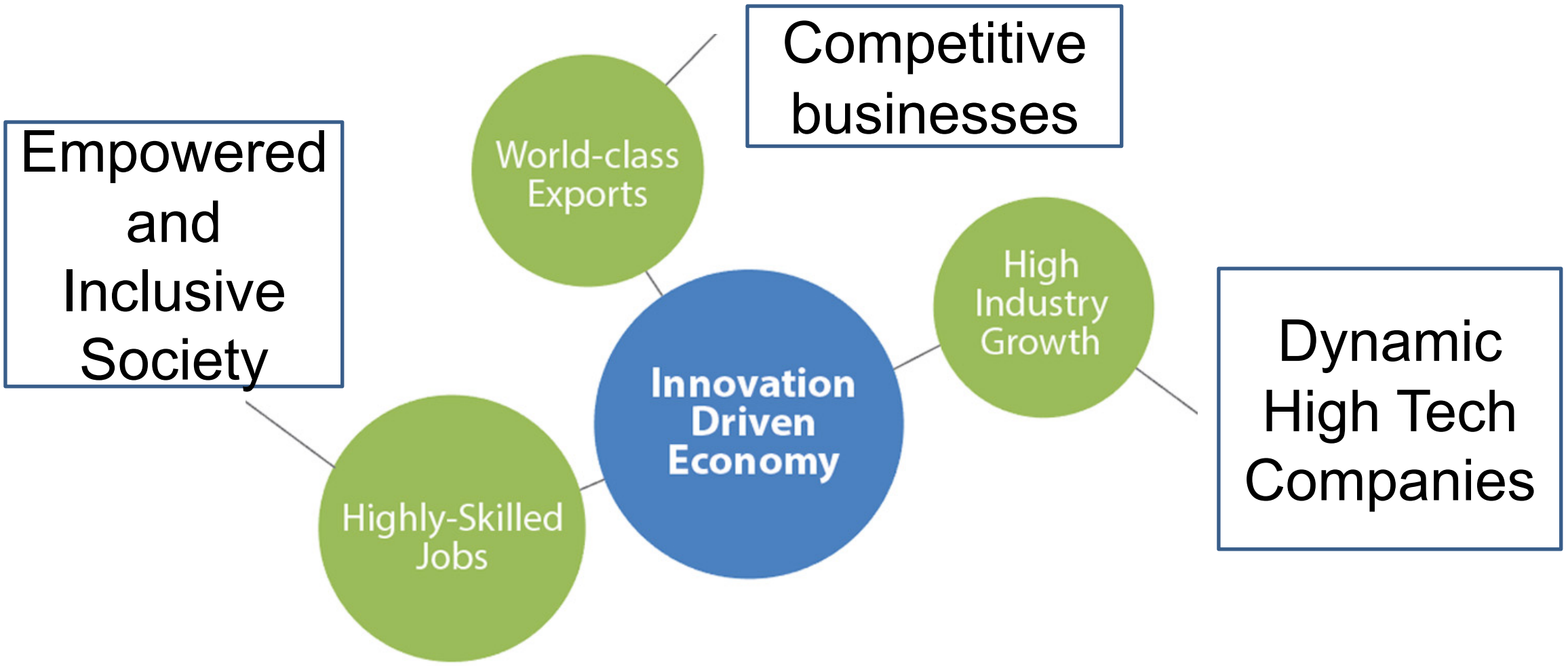


Enablers For Digital Transformation

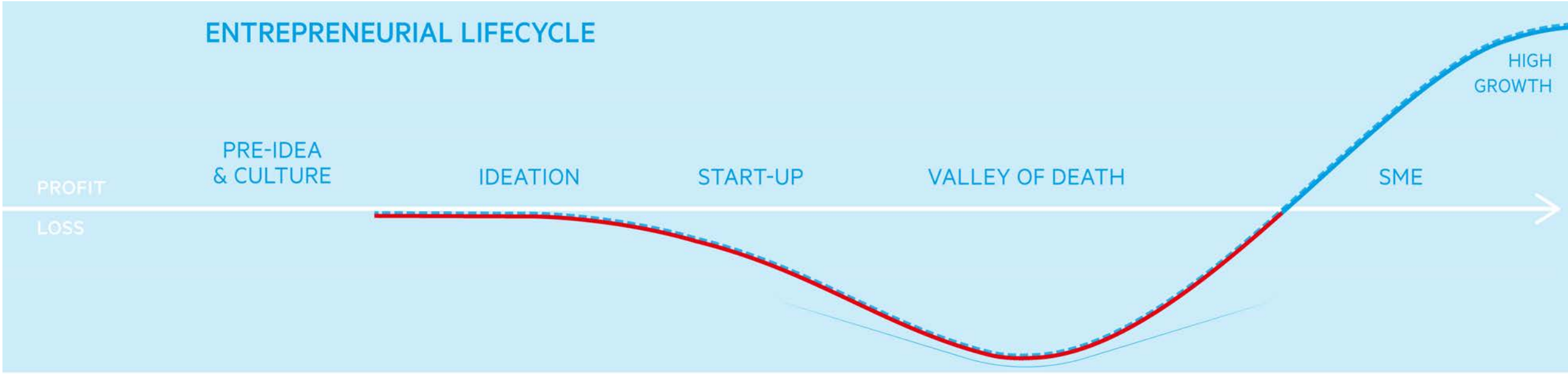
PILLARS	Vision & Strategy	Capital	Market	Infrastructure	Talent	Culture	Policy
ISSUES	Scope and objectives	Appropriate Demand side resources	Integration of economic sectors	Inclusive digital infrastructure	Talent appropri-ateness	Sustainable culture of en-trepreneurship and innovation	Comprehensive and grassroots innovation poli-cies & programs
	Aligned Digital strategies	Continuum of Supply side resources	Market access domestic and international	Resilient & se-cure broadband Infrastructure	Champions	Communities	Legal frameworks
				Soft infrastruc-ture			

All stakeholders in the ecosystem need to understand their potential for making a difference, as well as their very real capabilities – as they engage in digital transformation.

Why Is It Important to you?

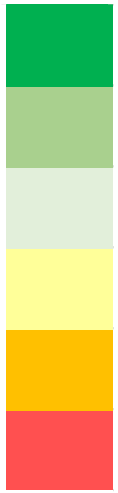


The Job To Be Done



The Opportunities Are Endless

High digitization



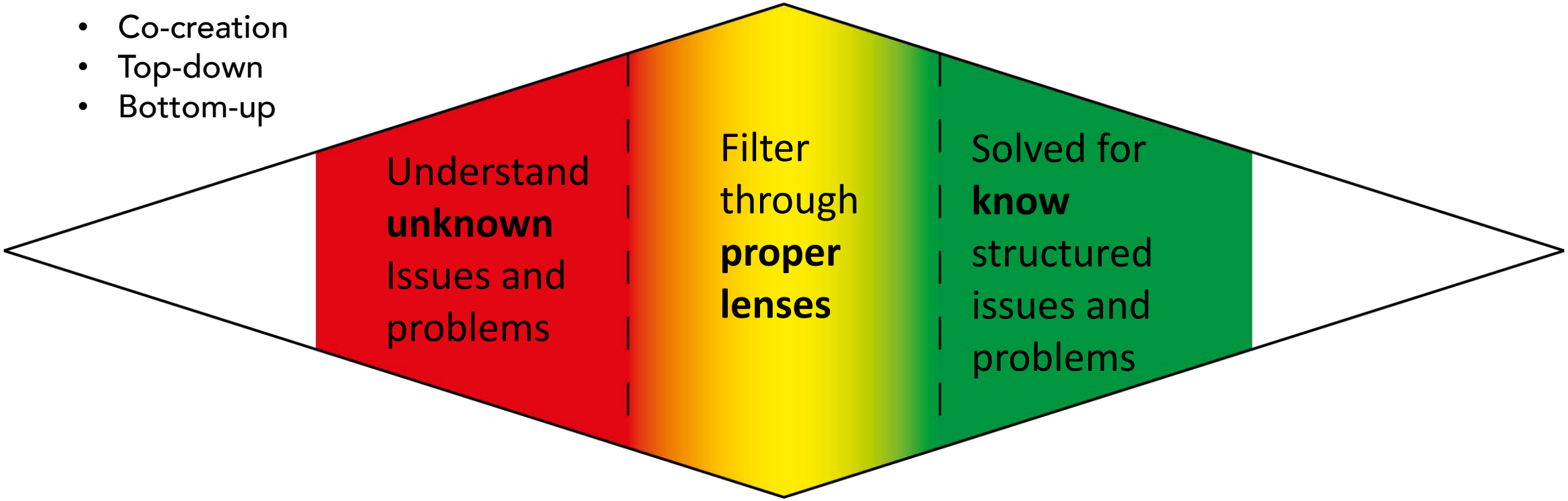
Low digitization

SECTOR	DIGITIZATION
ICT	
Media	
Professional Services	
Finance and Insurance	
Wholesale Trade	
Advanced Manufacturing	
Oil and Gas	
Utilities	
Chemicals and pharmaceuticals	
Basic goods manufacturing	
Mining	
Real Estate	
Transportation and warehousing	
Education	
Retail trade	
Entertainment and recreation	
Personal and local services	
Government	
Health care	
Hospitality	
Construction	
Agriculture and hunting	

Source adapted from Mckinsey Global Institute report : Digital America

Solving Complex Problems is Hard

- Quantitative
- Qualitative
- Co-creation
- Top-down
- Bottom-up



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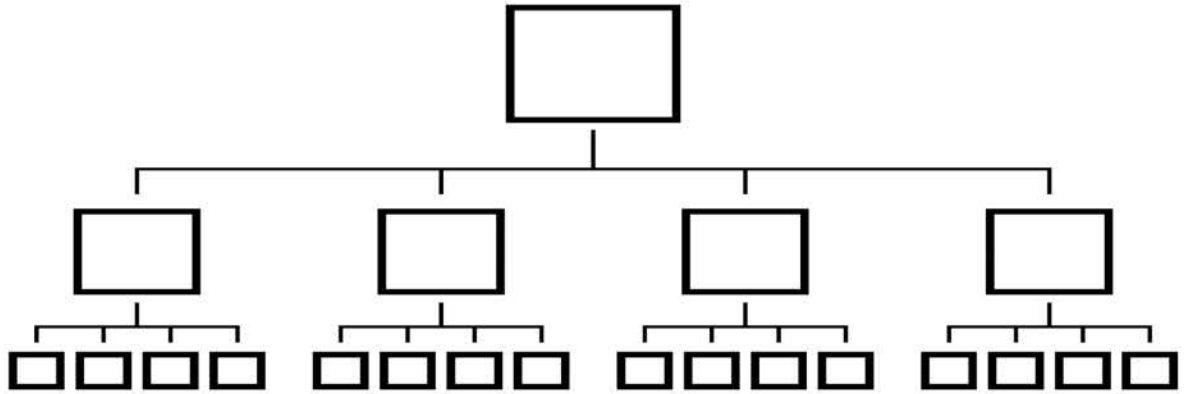
The 4 Inhibitors of An Innovation Culture

Inability to manage **hierarchies** to align priorities and rewards

Wrong **communication** approach to persuade

Strong **tensions** between stakeholders

Lack of efficient informal and formal **networks** to drive change



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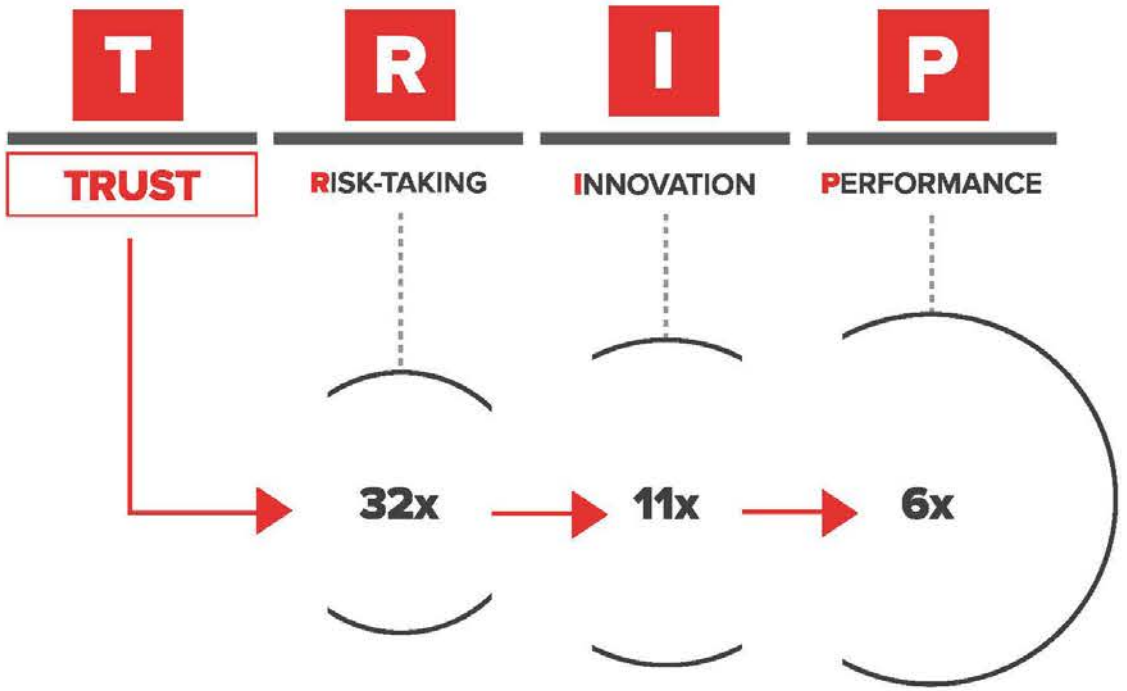
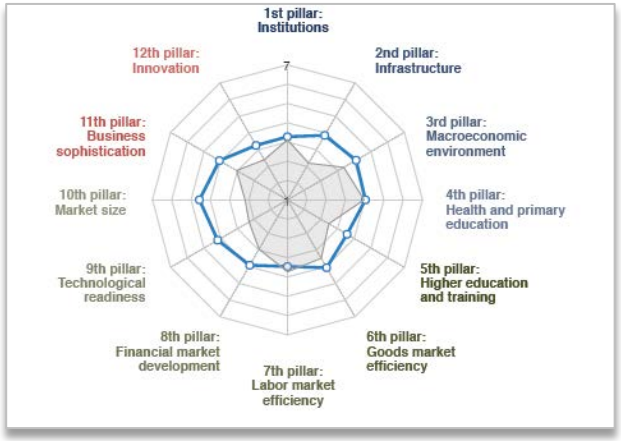
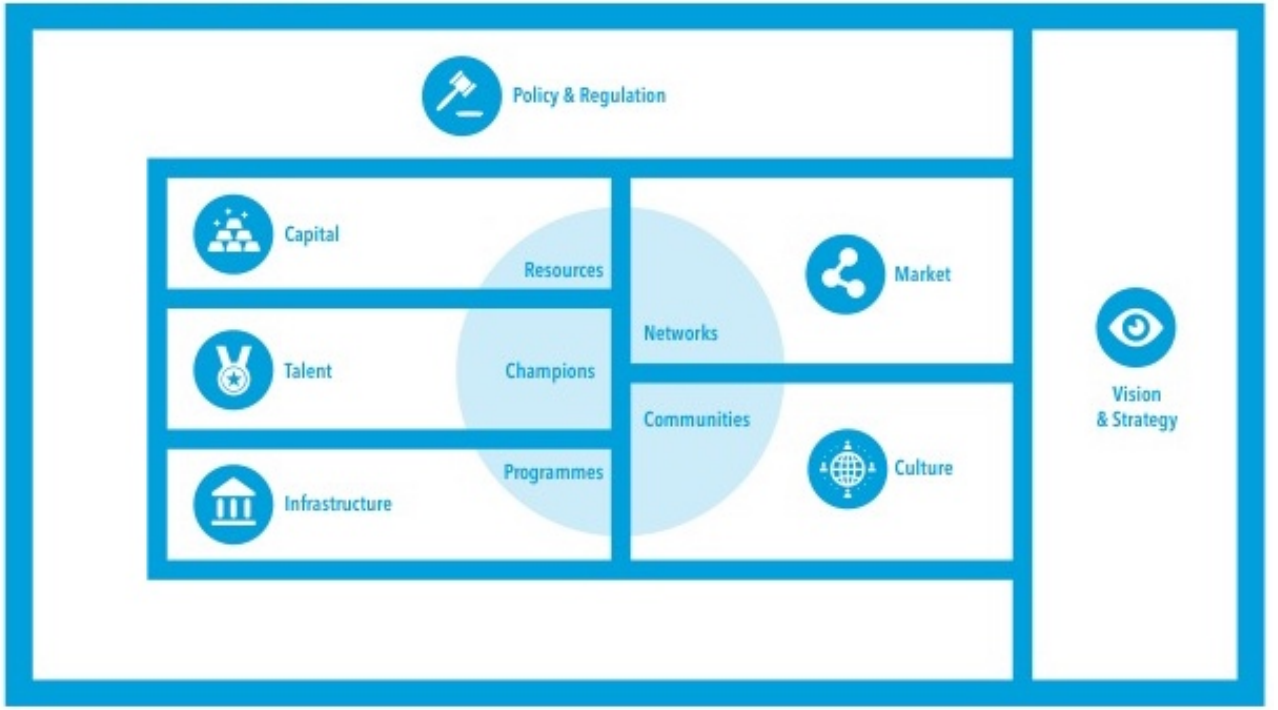
Agile Based Organization Are Self-Organizing And Better Performers



Self organizing, source How Report, LRN 2016

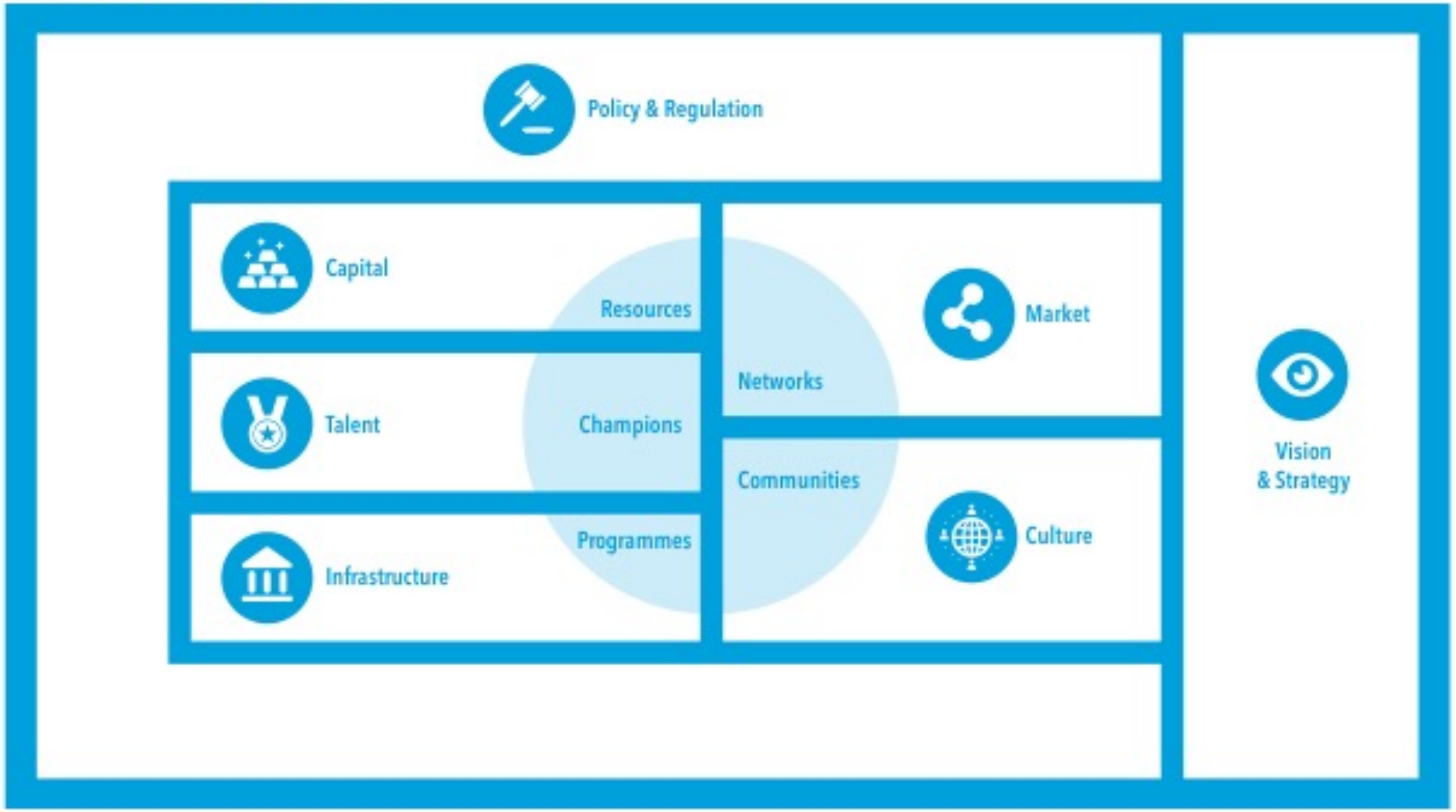
Assessing An Environment For Digital Transformation Readiness





Leading or lagging indicators ?

Understanding Their Environment



Source: ITU

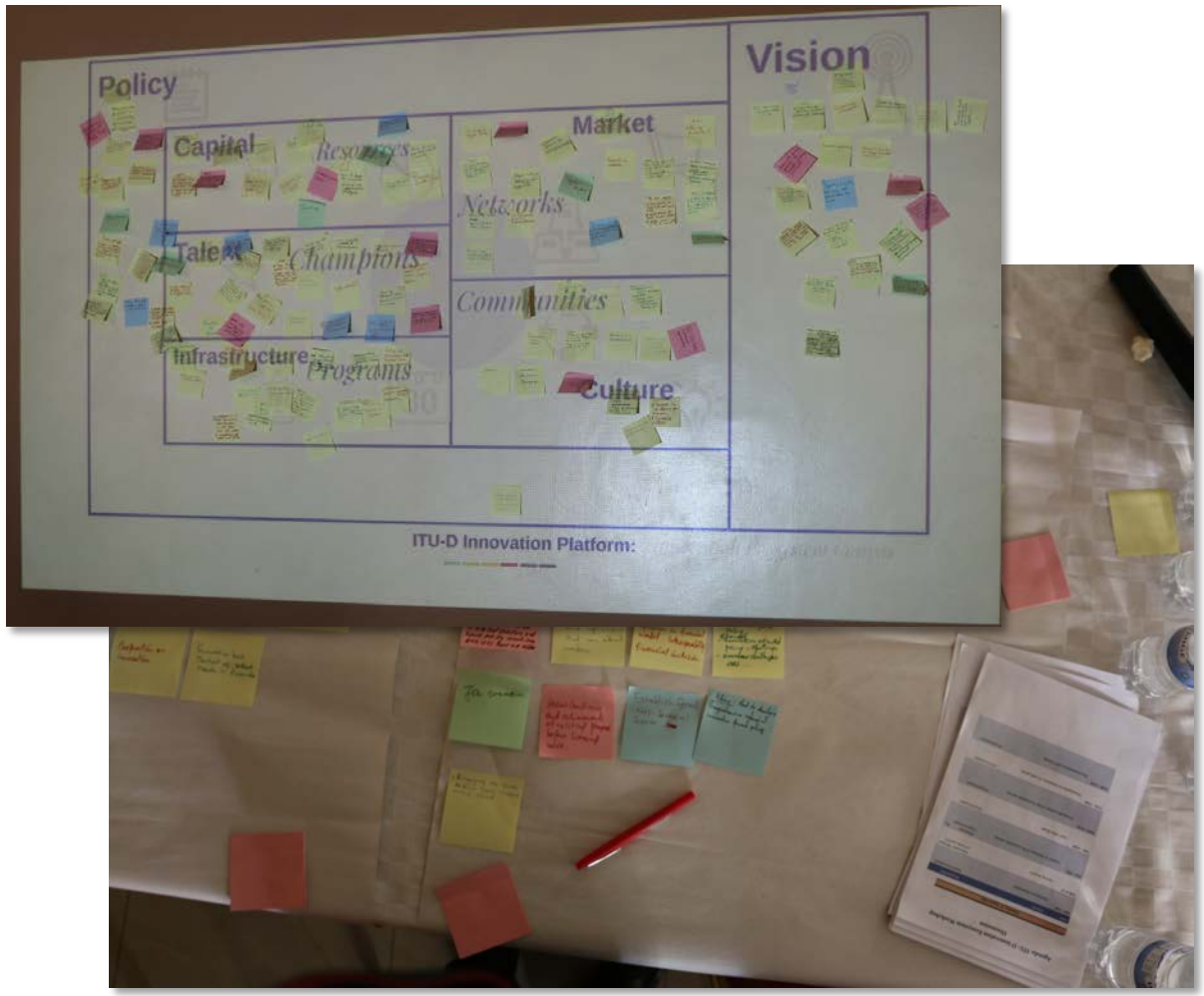
Understanding Stakeholders Actions

"People run in different directions, there is no common strategy to my knowledge"

Source: ITU country review-Ecosystem Maturity Map

Entrepreneurship Phase	Pre-Idea	Ideation	Startup	The "Valley of Death"	SME
Entrepreneurs	Entrepreneurial Interest	Engage with problems	Develop Business Models	Build Collaboration	Expand
Finance	Research Funding	Seed Funding	Angel Investment	Venture Capital	Business Finance & Loans
Entrepreneurial Support	Entrepreneurial Events	Hackathons & Competitions	Co-working & Support	Incubators & Accelerators	Business Association
Private Sector	Success Stories	Research Programs	Lab programs	B2B & Support Services	Skill Training Programs
Academia	Entrepreneur Community	Basic Research	Spin Offs	Soft skill trainings	Human capital
Public Sector	Vision & Strategy	IP & R&D Support	Tax Support	Public Procurement	Trade Policy

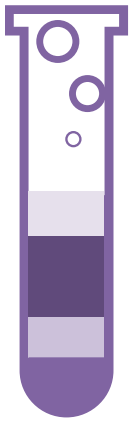
New Principles Are Needed To Navigate Change



- ❑ User centric approach
- ❑ Private sector led Innovation
- ❑ Efficient resources utilization (e.g. find and invest in working good practices)
- ❑ Replicable every year with fast changing ICT context
- ❑ Common language between all stakeholders (e.g. common understanding)
- ❑ Everyone should have skin in the game (e.g. engaged)
- ❑ Sustainable and predictable (e.g. Stability),

New Policy Paradigm Needed

Emergent Policy



- Policy Agility
- Experimentation Sandbox
- Leadership and roadmap

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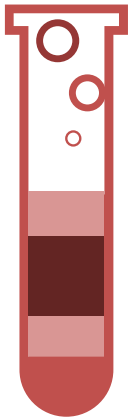
Working with Good Practices



- Know how, not tech transfer
- System's Approach
- Inclusive and Open innovation

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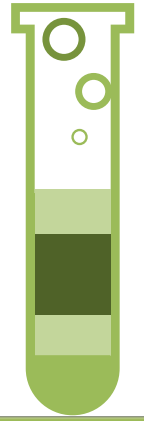
All stakeholders are important



- Engaging all key owners
- Common Language
- Skin-in-the-game

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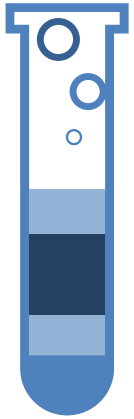
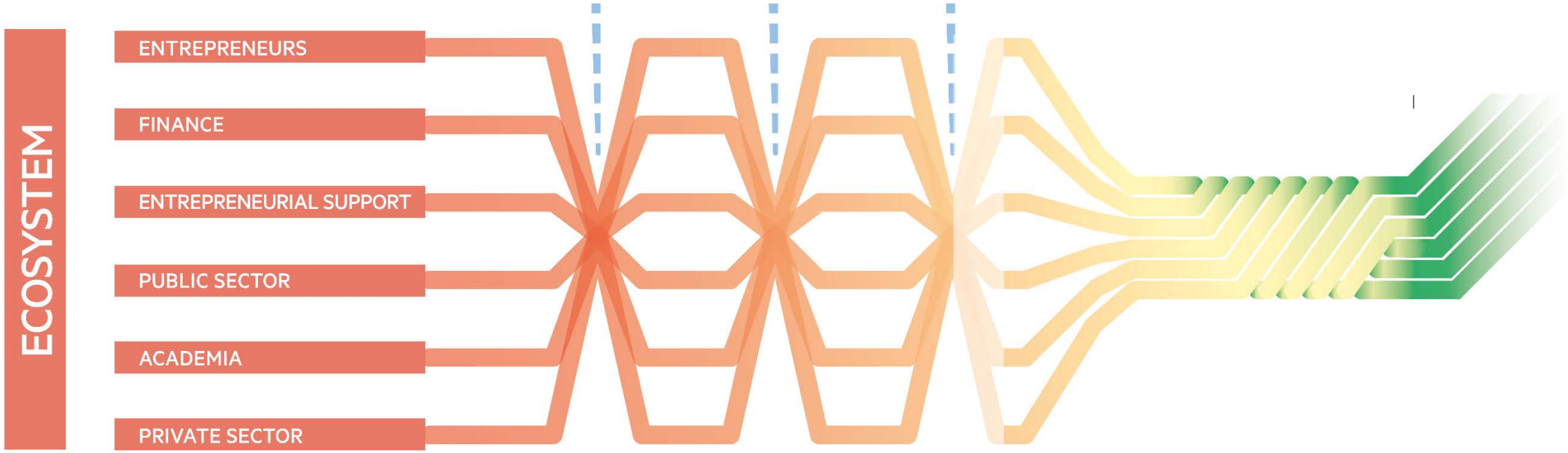
Digital Transformation Capacity

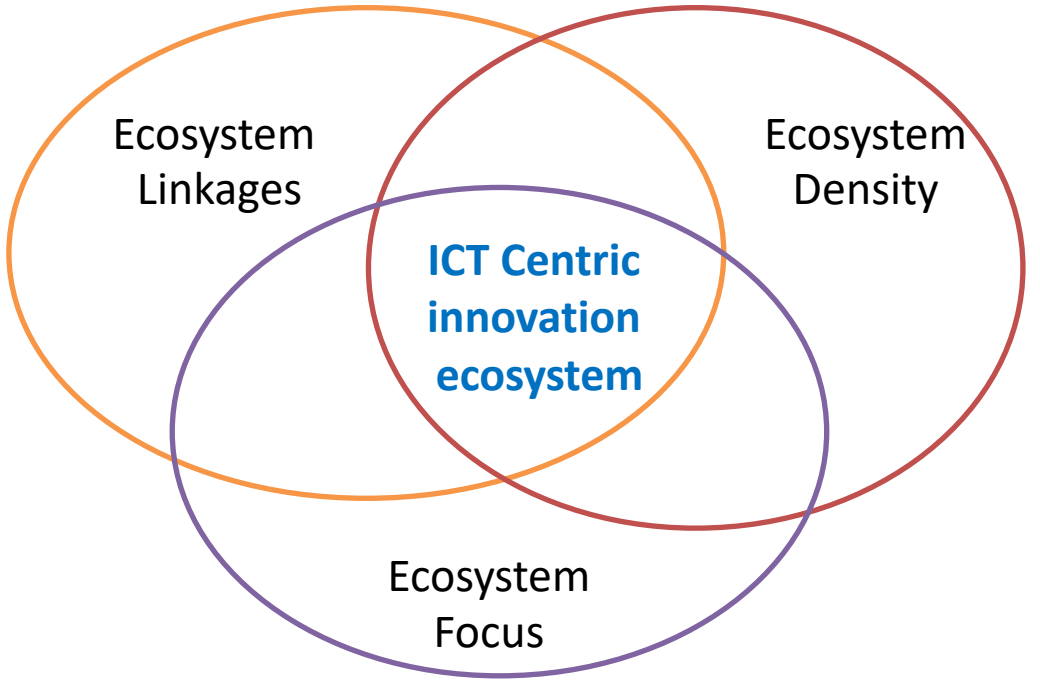


- ICT Centric Innovation Policy

The Next Frontier Is All About Nurturing Ecosystems



KEY TO A WIN-WIN

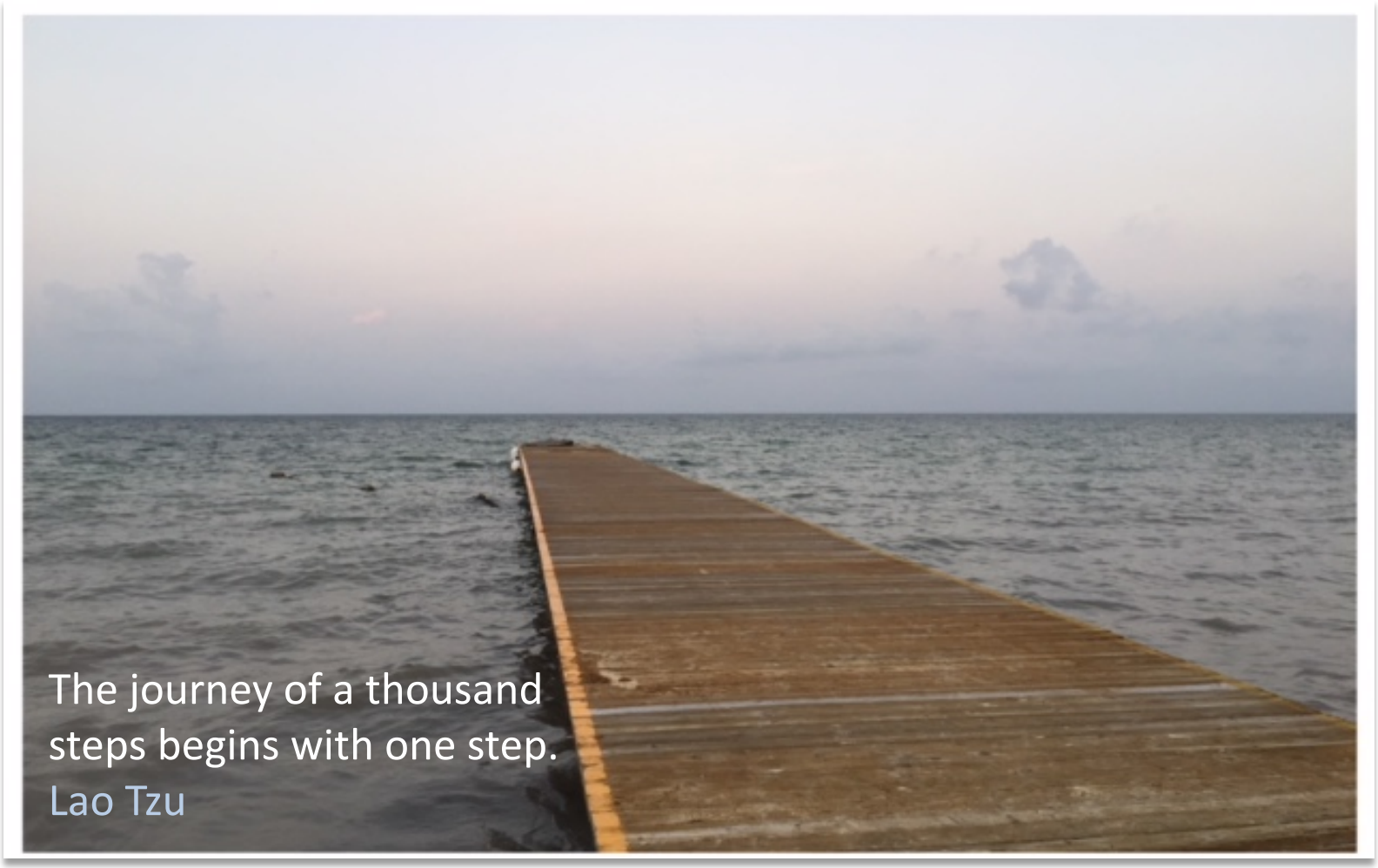


SESSION 2 – KEY TAKEAWAY

KEY TAKEAWAYS

UNDERSTANDING ACTORS & INTERACTIONS

- Common Language on Innovation
- Systems of Innovation
- Innovation Capacity
- Innovation Inefficiencies
- Innovation Principles
- Ecosystem
- Stakeholders
- Avoiding Bad Practices



For more information

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