Service Innovation and Innovation Policy

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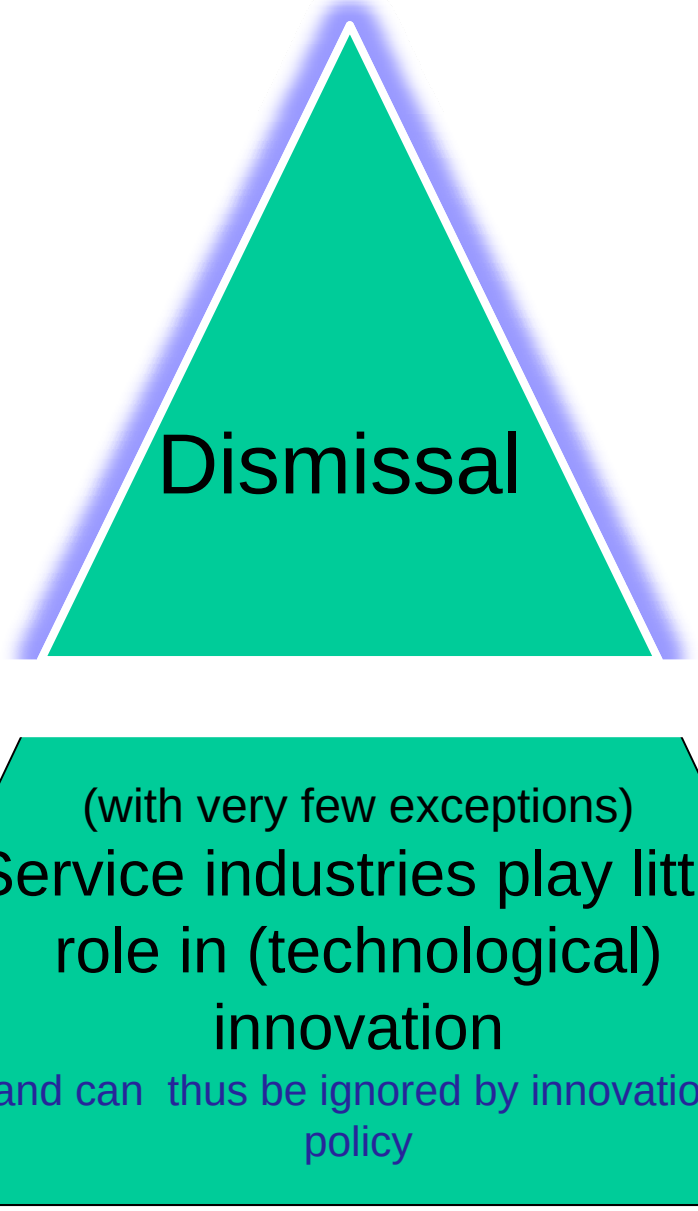
Outline

- Perspectives on Services and Service Innovation
- Arguments for service innovation policy
- Service innovation policy in the twenty-first century

Traditional view of service innovation

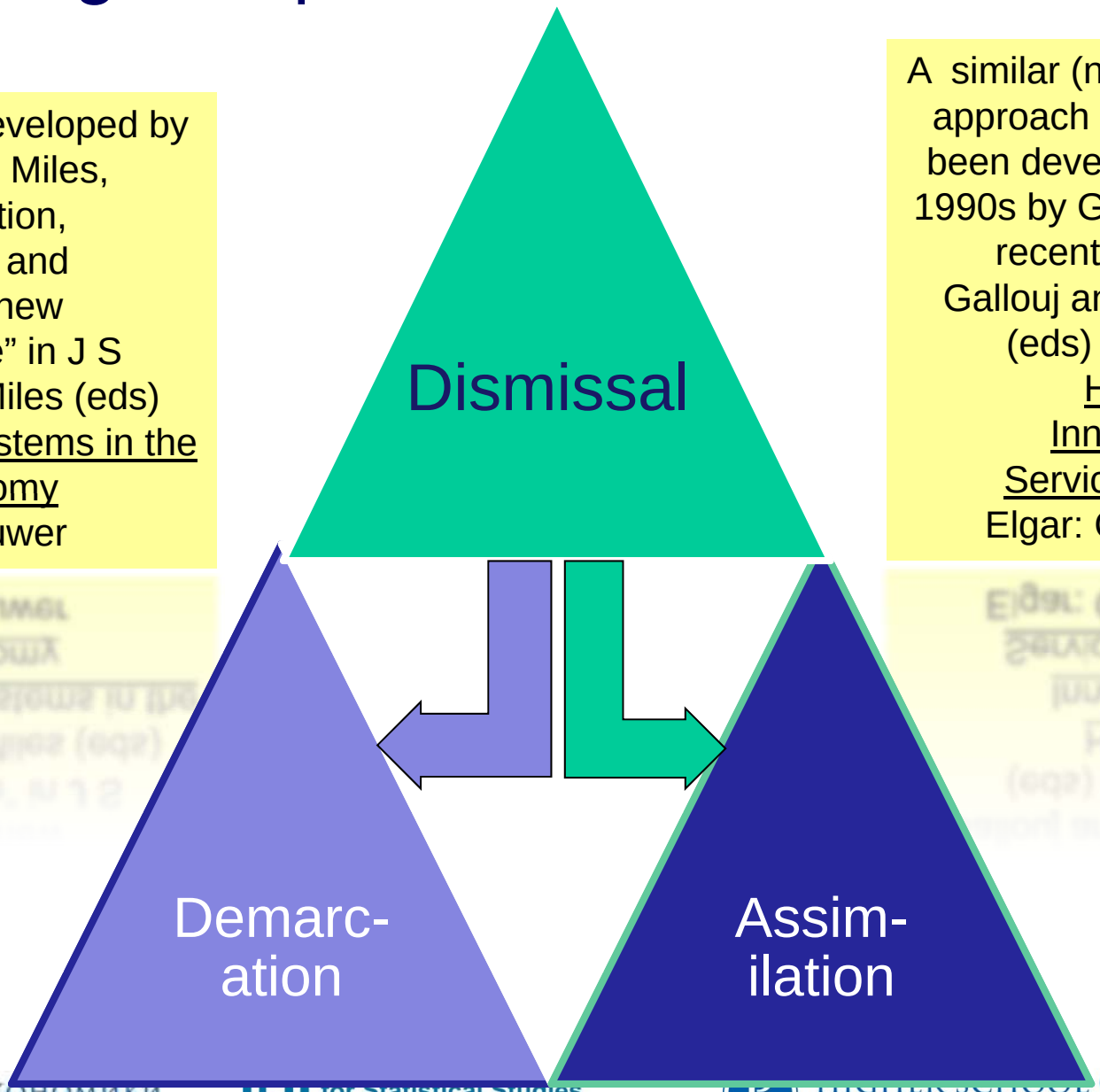


Increasingly hard to sustain this view as technology-based services become important to innovation in all sectors

and as many more traditional service sectors displayed considerable technology adoption and innovation

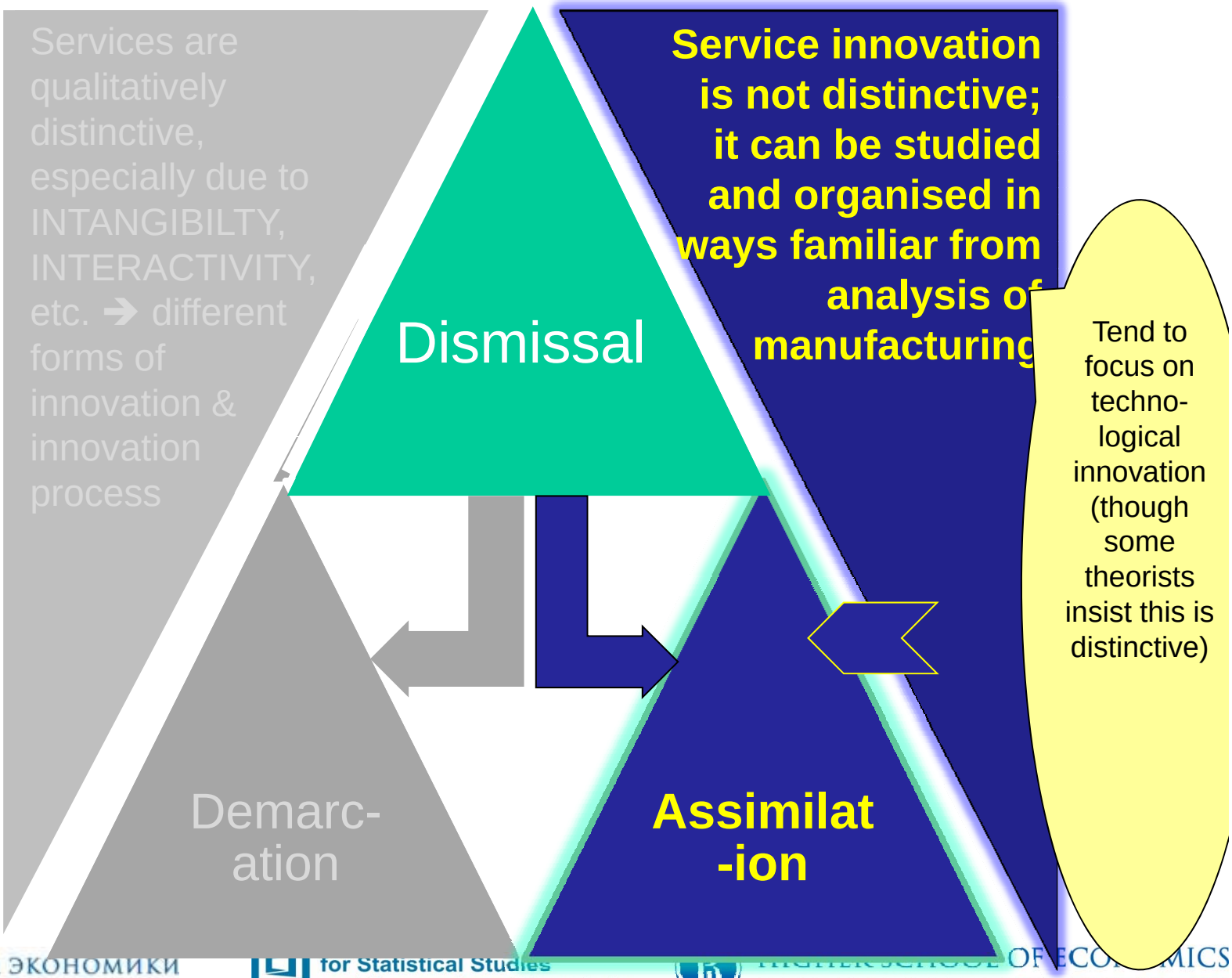
Evolving Perspectives on service innovation

Framework developed by R Coombs & I Miles, 2000, “Innovation, Measurement and Services: the new problematique” in J S Metcalfe & I Miles (eds) Innovation Systems in the Service Economy Dordrecht: Kluwer

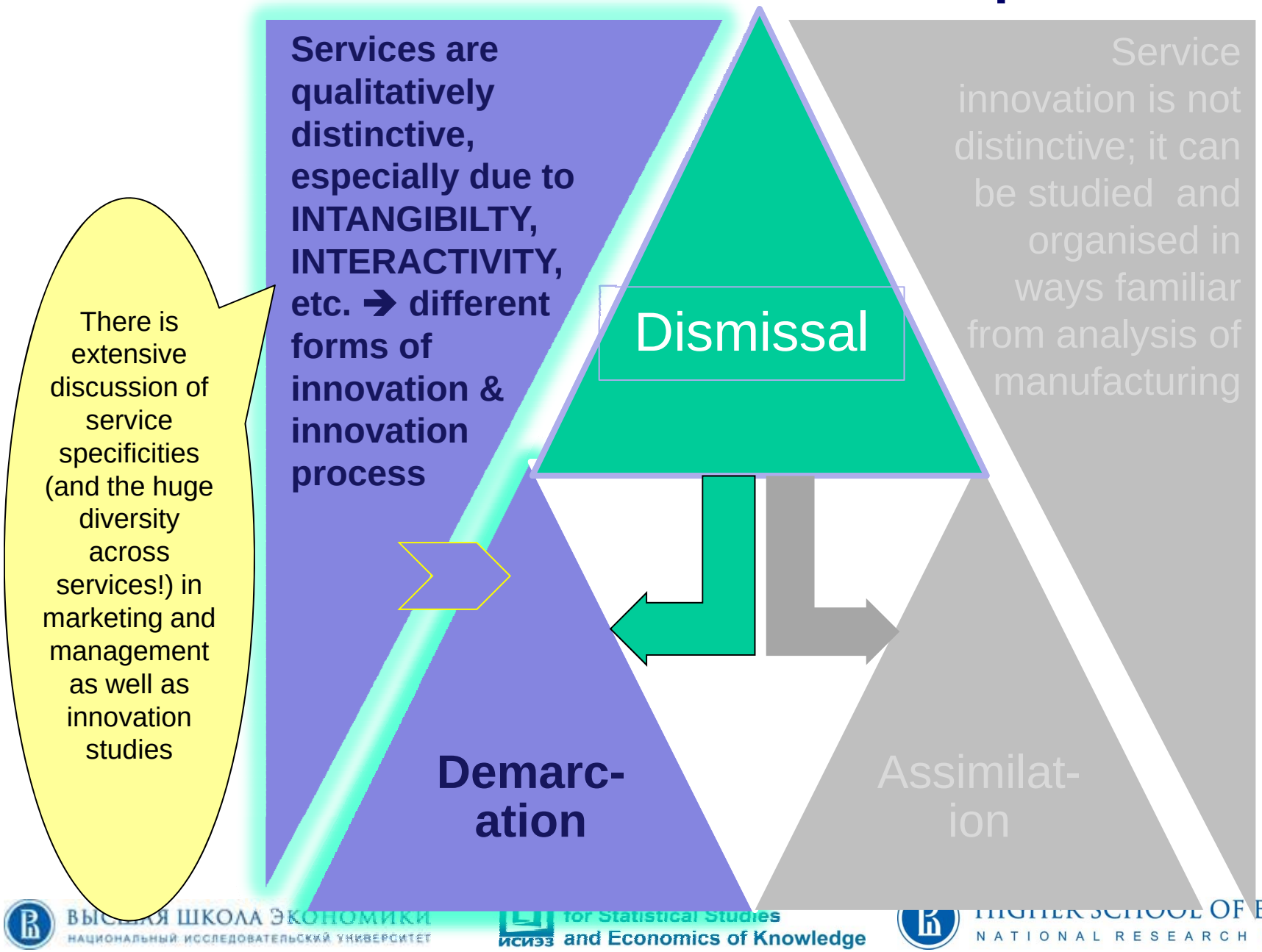


A similar (not identical) approach had already been developed in the 1990s by Gallouj – see recent work like F. Gallouj and F. Djellal (eds) (2010). The Handbook of Innovation and Services, Edward Elgar: Cheltenham

Assimilation Perspective



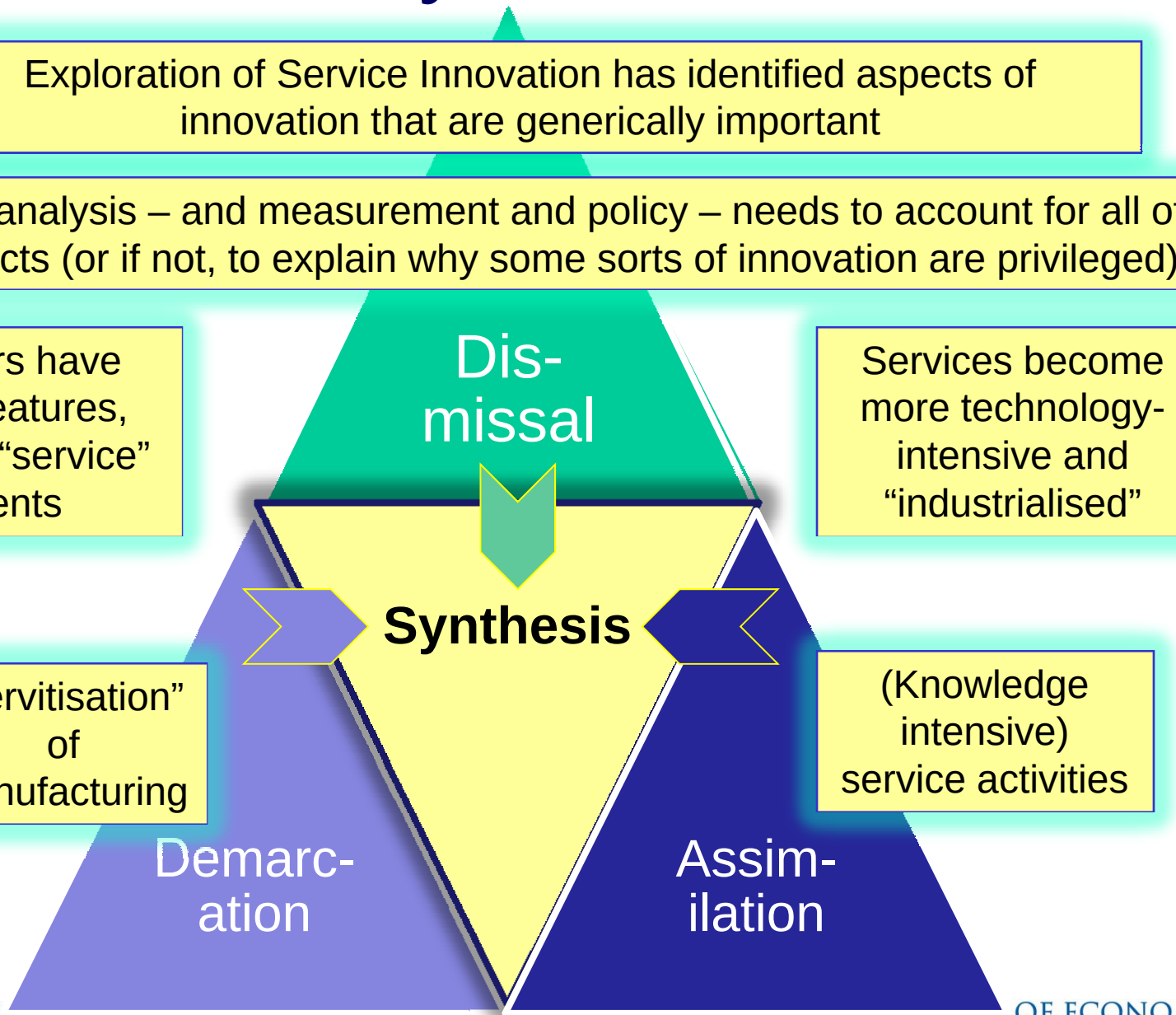
Demarcation Perspective



A Synthesis?

Exploration of Service Innovation has identified aspects of innovation that are generically important

Innovation analysis – and measurement and policy – needs to account for all of these aspects (or if not, to explain why some sorts of innovation are privileged)



All sectors have diverse features, and many "service" elements

Services become more technology-intensive and "industrialised"

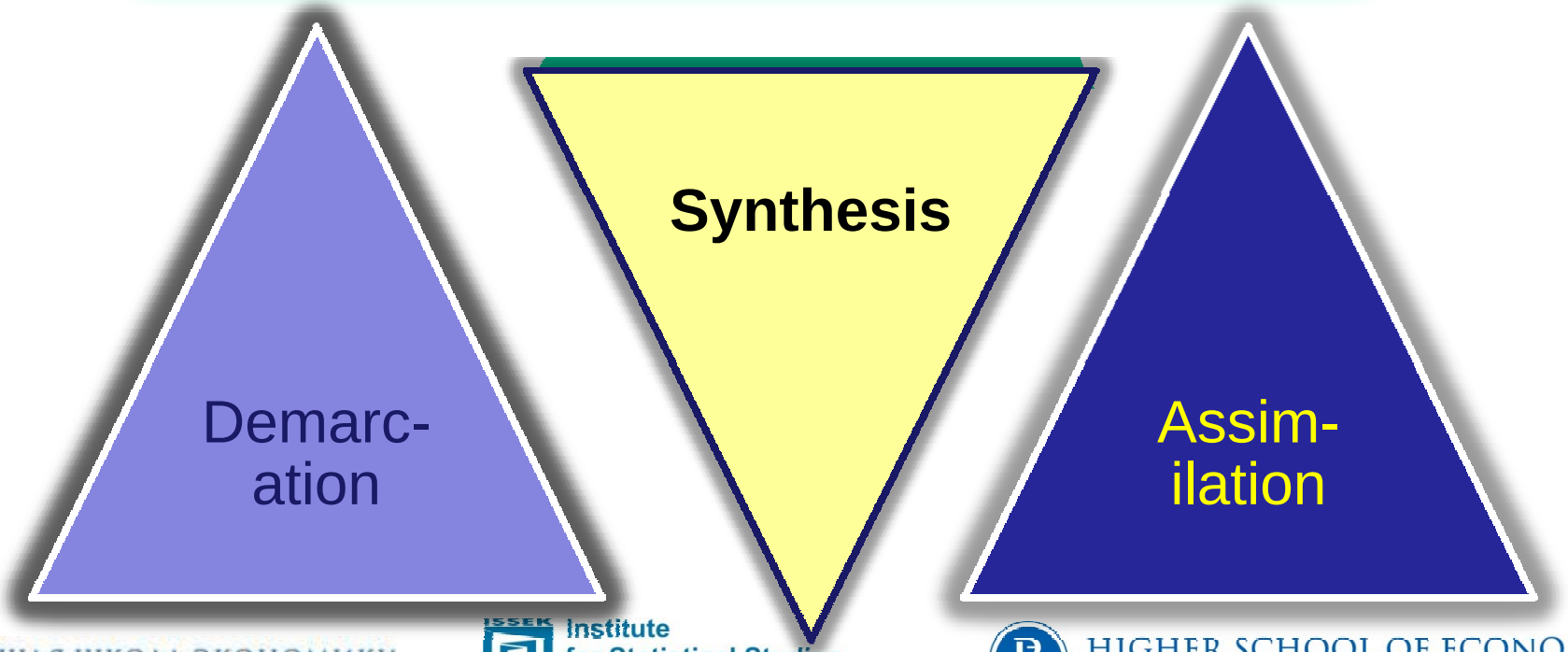
"Servitisation" of manufacturing

(Knowledge intensive) service activities

Perspectives on service innovation policies

Inspired by P den Hertog et al (2006)
Research and Development Needs of Business Related Service Firms *(RENESER Project)*
Delft: Dialogic innovatie & interactie

Contrasted the three perspectives in terms of R&D, wider innovation, and non-innovation policies

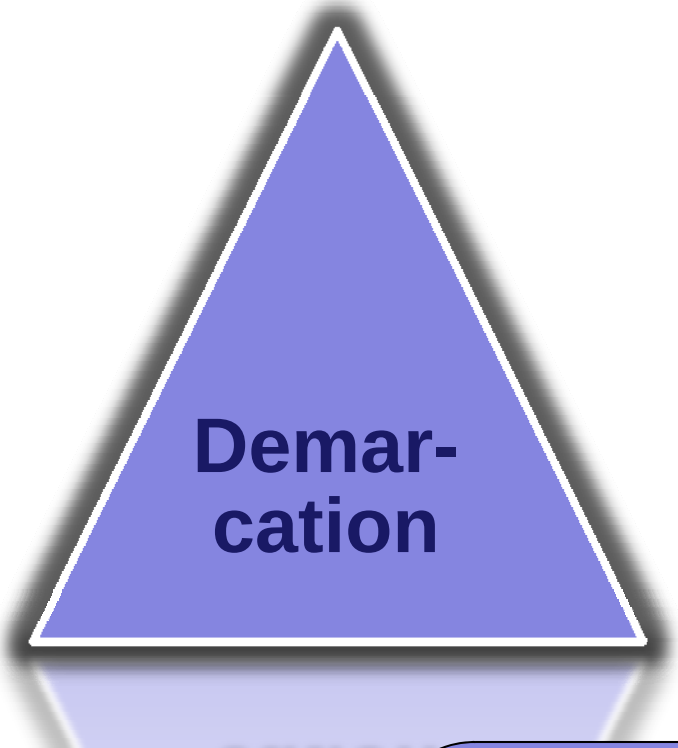


Service innovation policies - **Assimilation**

Service innovation is essentially like manufacturing innovation – but has been neglected in policies and innovation infrastructure. Thus there may well be elements of system failure to address, before "sector-neutral policies" are genuinely so. **Access** is the issue.

- Include service firms in R&D and innovation surveys and support programmes – may require some new formulation and networking
- Develop infrastructure and innovation systems to support service industries
- Support services (esp SMEs)in innovation management and entrepreneurship, develop relevant training, etc.

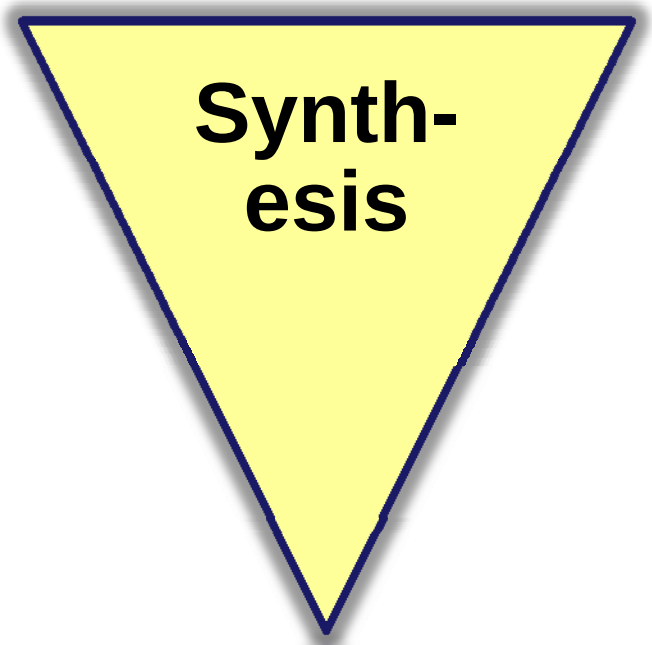
Service innovation policies - Demarcation



Service innovation also has forms and methods very different from manufacturing innovation – overlooked in standard innovation indicators, instruments and tools. Need to address specific features of innovation (intangible, customer-interface and interaction, and experience/content issues) and its management.

- Specific R&D and engineering programmes for service firms & public sector. Awareness raising
- Adapt R&D definitions as applied in practice.
- Service innovation programmes and centres, with more emphasis on user-driven innovation, etc.
- New tools, techniques, communities of practice to be supported, beyond R&D. Best practice and role models.
- IP and Knowledge Management training and strategising.

Service innovation policies - **Synthesis**

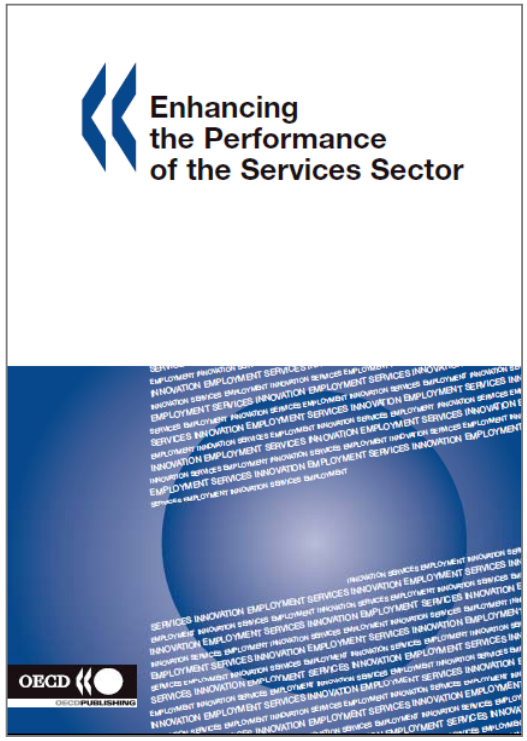


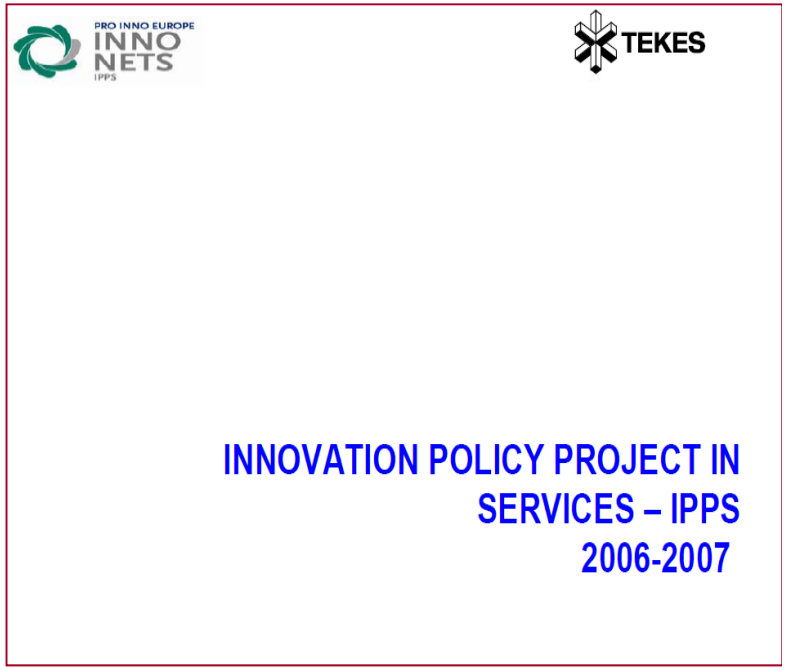
All sectors liable to display multiple forms of innovation, combining technological, organisational, and business model innovation. Service activities as elements in and beneficiaries of innovation systems. Services as part of service systems, including those constructed to confront grand challenges

- Integrate nontechnological and organisational issues into R&D programmes.
- Support innovation in service activities
- Support KIBS in innovation systems and clusters
- User-driven, open and interprofessional innovation (inc “living labs” and demonstrators)
- Regulations, standards, procurement, legal and financial support (including accounting for intangibles).

Overviews of policy rationale, approaches...

- SIID, and more recently IPPS





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Most countries when active do not conform to ideal types

- Several countries (UK, Eire, Netherlands) launch studies; sometimes specific sectors are addressed (creative industries, health, etc,)
- R&D policy for services and related initiatives, including “service engineering”

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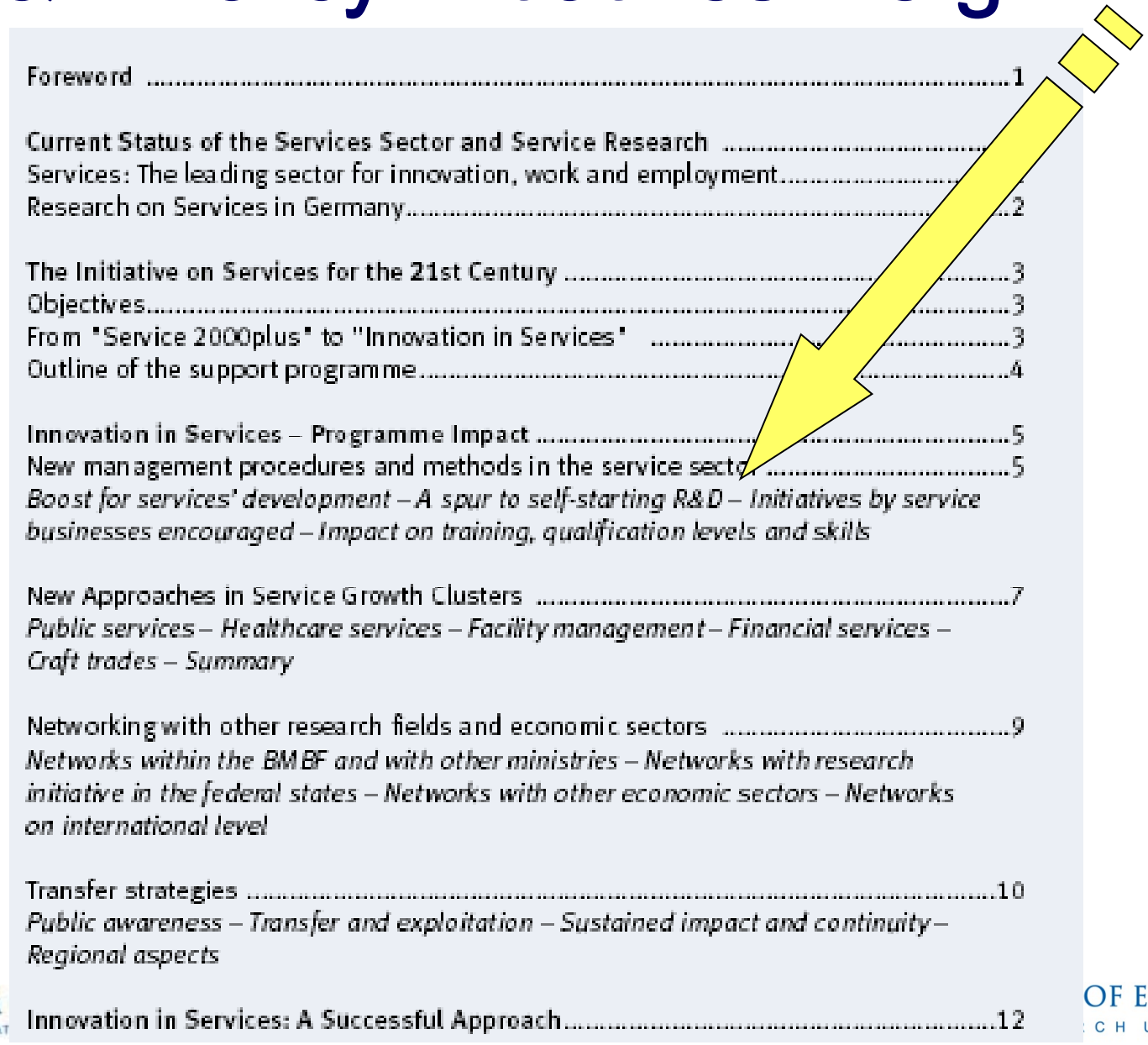
R&D Policy Initiatives – e.g. BMBF



Finland - TEKES

Launched 2006; euro100m over 5y;' TEKES pays 50%

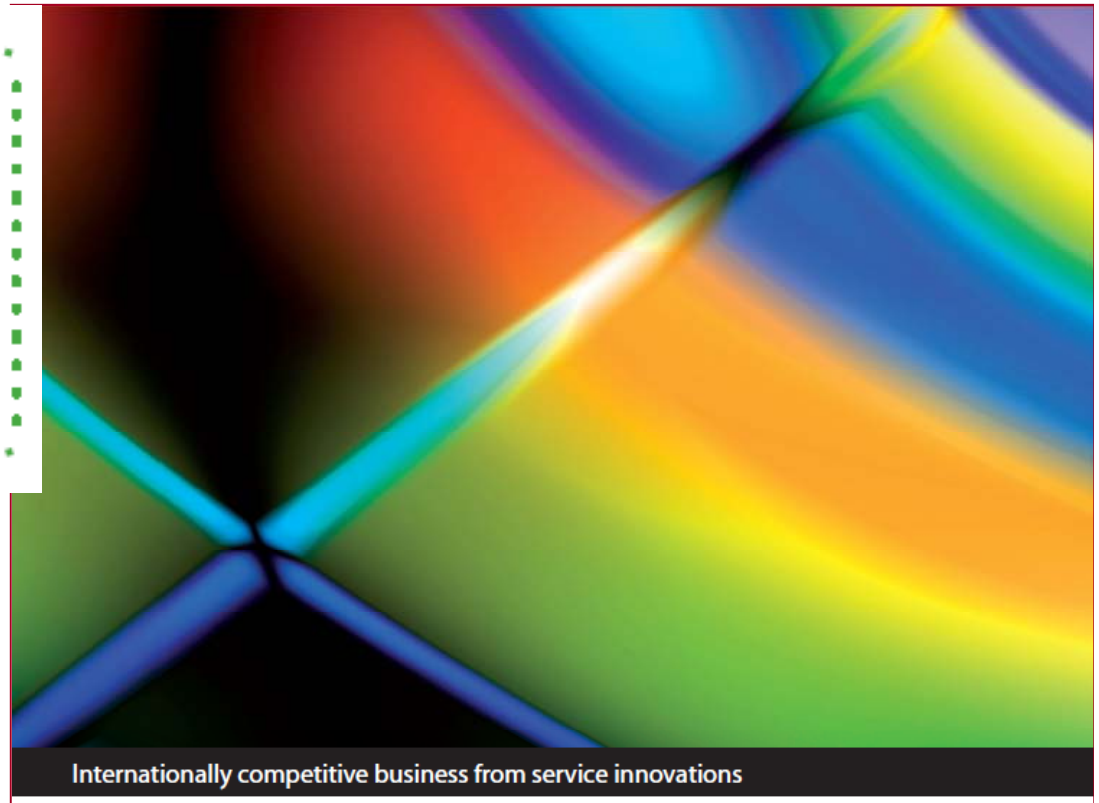
Serve's strategic focus areas are

- Scalable and internationally competitive service concepts
- Competitive service business models and management of service business
- Growth and internationalisation of service companies
- Customer's role in service business
- Competitive service market and innovative service culture.

The company participants develop novel service concepts in the following industry areas

- *Knowledge intensive business services (KIBS)*
- *Industrial services*
- *Financial and insurance services*
- *Trade*
- *Real estate services*
- *Logistical services.*

Mainly B2B



IPPS funded from this to explore policies

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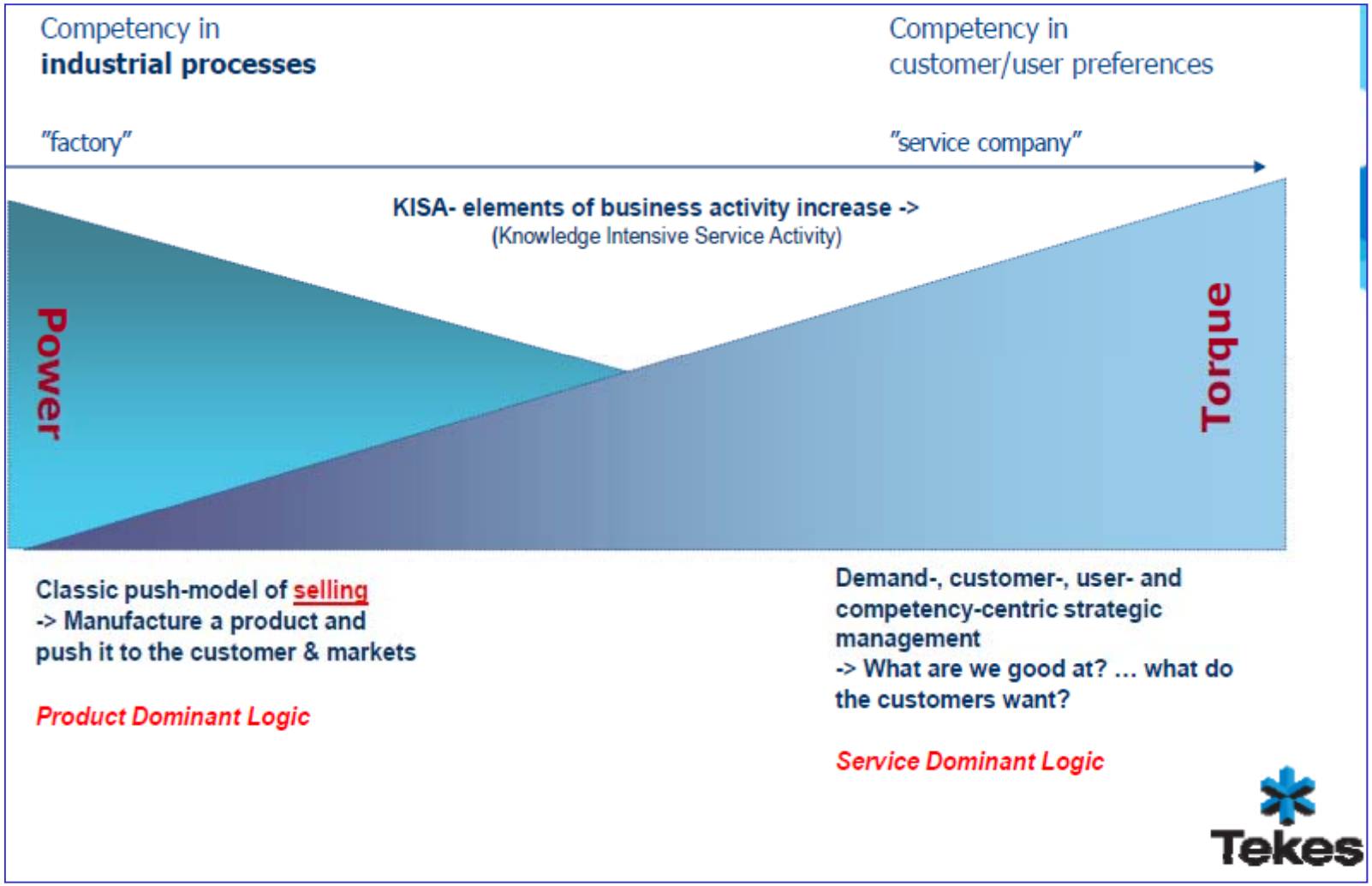
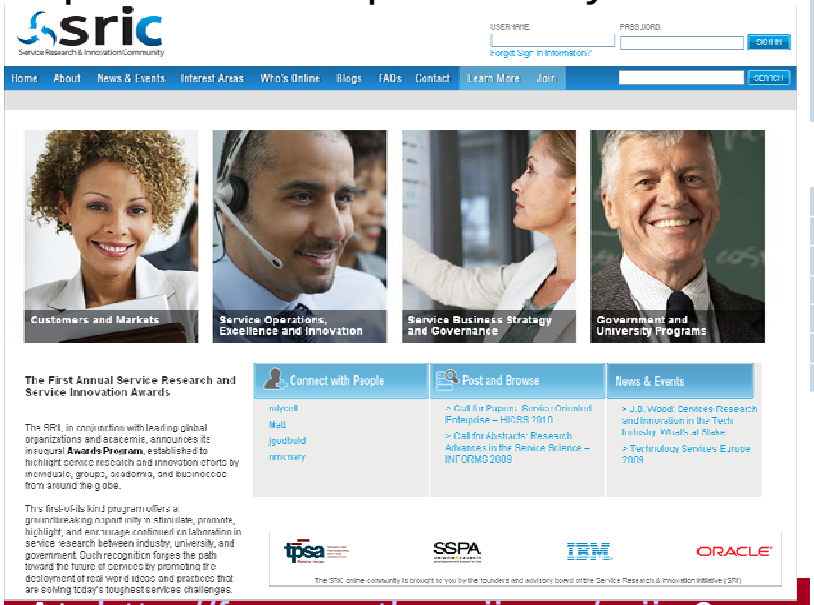
Shifting focus?

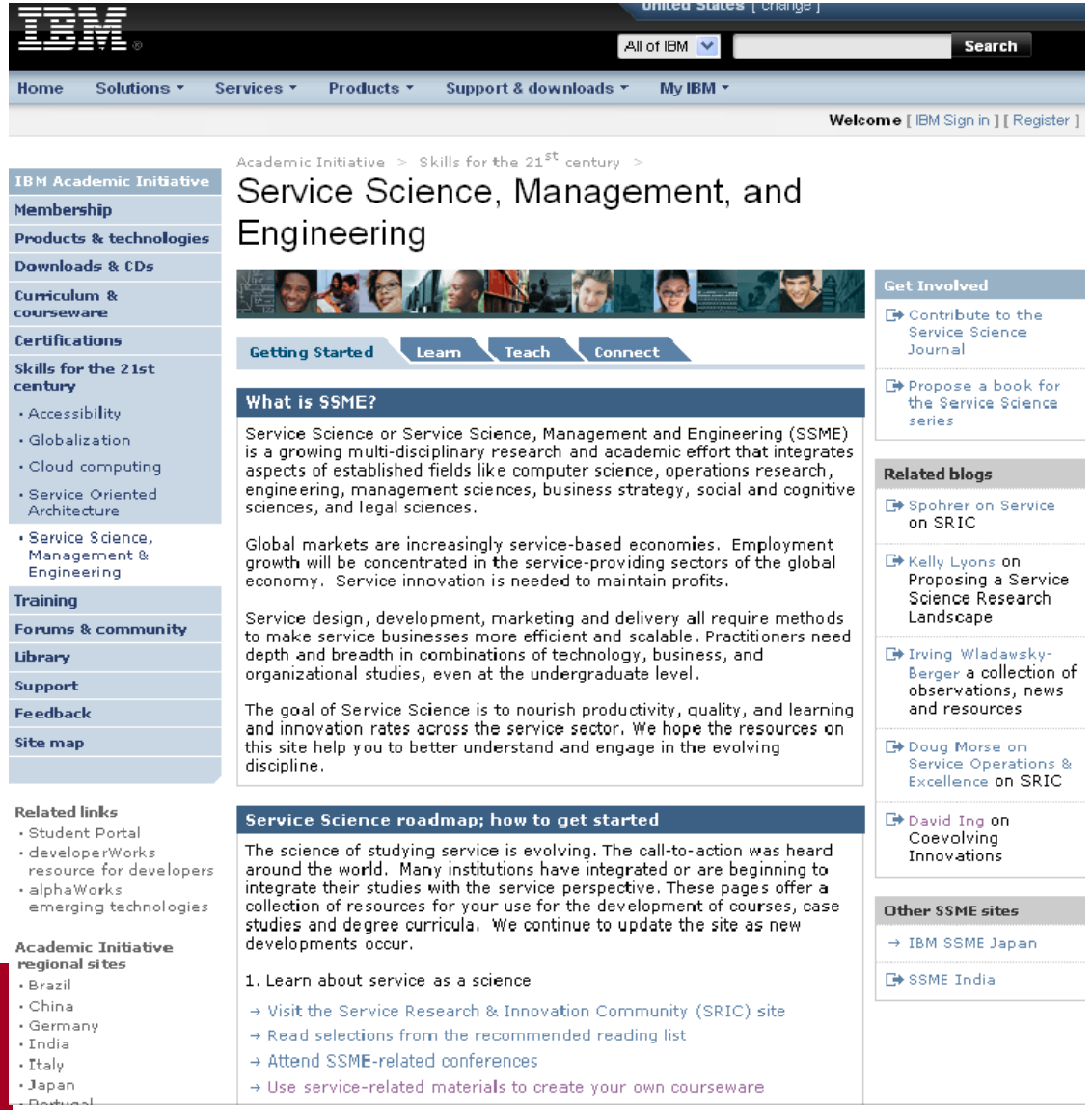


“Servitised” IT firms seek to set agenda

Influencing policymakers, educators and research funders:

1) Need for better skills & analysis to meet challenges of service economy and innovation;
2) Offering “solutions” to problems of service competitiveness & public service productivity issues.





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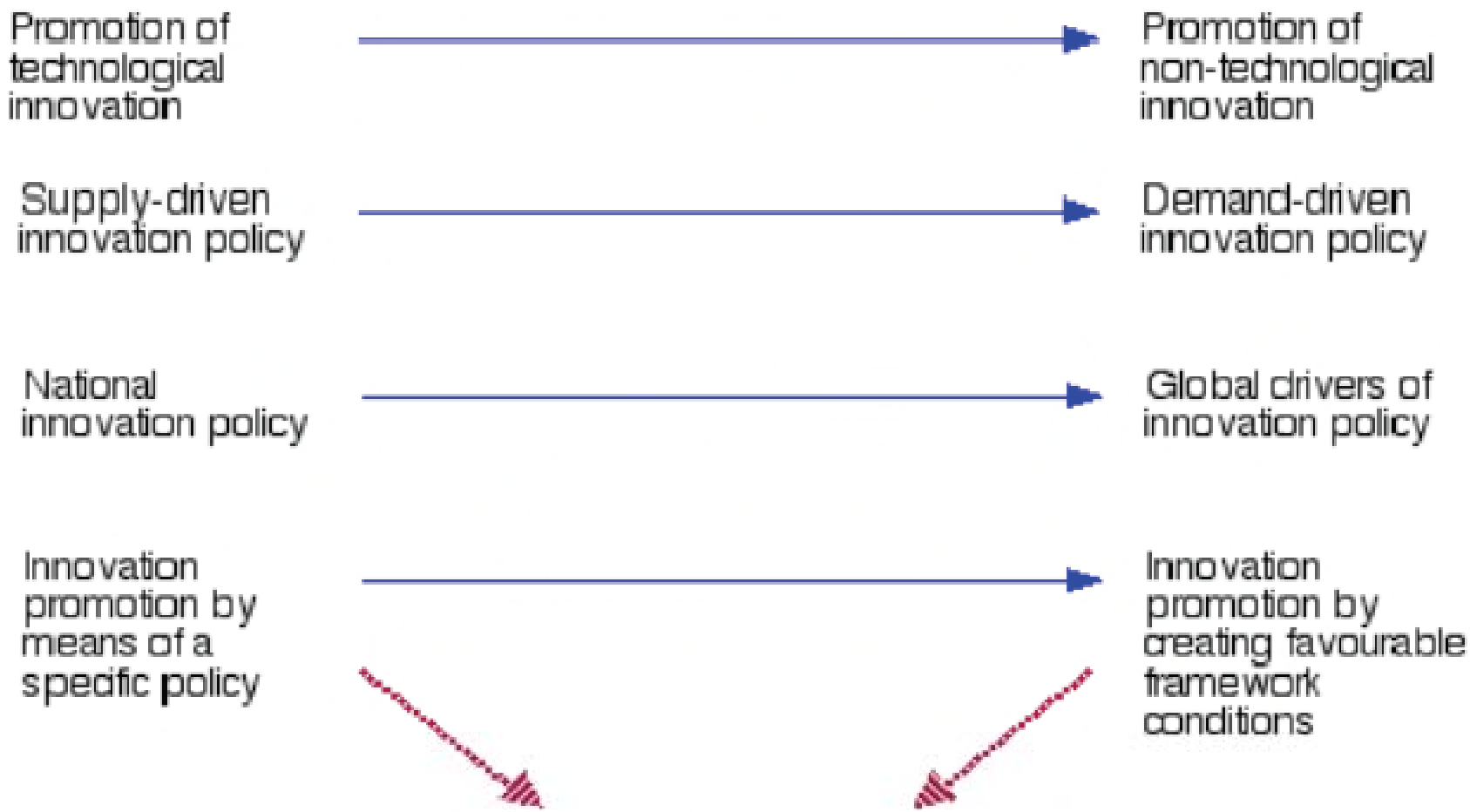
Changing Innovation Policy?



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End of Presentation