

Does the Government put too much emphasis on R&D investment as a basis for UK economic growth?

By Martin Wooler

The UK Government's focus on R&D investment as a means for increasing UK prosperity puts too much emphasis on companies' internal 'technology push'. At Sagentia we believe that better linkage of market and technology initiatives, through techniques such as open innovation and technology scouting, would restore the balance through identification of new business opportunities.

Ian Pearson, the UK Government's newly appointed Minister of State for Science and Innovation, states in his foreword to the 2007 R&D Scoreboard that he regards innovation as a 'key driver of UK prosperity in the decades ahead'.

It does, however, rather seem left to chance as to how companies are supposed to translate and apply new technology arising from the R&D investment. Our view, reinforced by many of our clients and industry contacts, is that innovation is all about harnessing science and technology for commercial benefit.

While we recognise the importance of 'blue sky' research, this should primarily be the domain of academia (and maybe government research laboratories), as it is difficult for all but the largest companies to justify. Fortunately, the technology

needed for most businesses already exists and is probably available from other sectors. The key issue for most companies is the timely combination of market insight and readily-available technology.

Henry Chesbrough's seminal work on open innovation shows how companies, through collaboration with others, can license, in-source technologies and even identify new markets through being more commercially creative in how they manage their R&D pipelines.

Technology scouting meanwhile drives the development of business plans, based on combinations of market and technology from a range of internal and external sources.

This may mean that little time is actually spent in the laboratory or office. Rather, we would advocate the technology scout spend most of the week meeting with in-house product managers, R&D staff and marketers, and with suppliers and customers, in order to get external ideas.

This is not the life of the typical 'R+D' scientist and the creation of this kind of role requires confidence on the part of the employer. However, we would contend that without it, new business opportunities based on a combination of internal and

external market insights and enabling technologies will often never see the light of day. Read more about how to use technology scouting effectively on pages 4-5.

There are some encouraging signs, both from Sagentia's increasing level of work with clients in technology scouting, and with BT and Unilever embracing open innovation. US giants General Electric and P&G are other exponents, and GE UK held an Open Innovation day attended by 35 UK SMEs last year.

Perhaps the time has come for government to look more widely than simply recording R&D investment numbers? A number of local and national government grants encourage industry collaboration with academia and with SMEs, but perhaps we need to see a shift to incentivising broader exploitation of R&D rather than just driving more of it?

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