

## Wake up now or get left behind

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Australian executives are becoming more aware of the blistering pace of innovation in the United States, and how this is in marked contrast to the pace of developments at home. This is not a comfortable feeling. On the one hand, the world is entering a period of disruptive climate and energy driven change, which means new technologies and business models are needed, and new commercial opportunities are opening up. At the same time, however, the world is getting flatter and more globalised, and deep down everybody knows Aussie companies need to be thinking and moving a lot faster if they want a slice of the action.

Fast forward to the election, and that bleating you can hear is the sound of industry lobby groups continuing to bang on about how government purchasing should positively discriminate in favour of Aussie companies, and how they should pour buckets of money into industry development funds and IT skills programs.

But policies like that remind me of those Venezuelan waterfalls where noisy torrents cascade over a cliff, only to dissipate into fine mist before reaching the ground a kilometre below. They leave no economic legacy whatsoever. They do nothing to foster a more innovative economy.

Whichever party wins power, my message is this: spend no more time on micromanagement and “industry development” programs. Zero. Instead, save the public money and channel the energy into fixing a few of the big structural things affecting innovation in the Australian economy, and here are three to get started with:

First and foremost, get serious about environmental sustainability targets, because these are necessary to stimulate home-grown technologies, and, over the coming decade, sustainability innovation will drive more new wealth than anything else on the planet. Period.

Second, mash universities together with industry like never before. They are choc full of brilliant, brilliant researchers but the level of engagement between universities and business is—someone has to say this—still a joke in Australia. There are many possible strategies—change grant processes, rethink the way academics are measured and rewarded, inject business people into faculty management, reward companies that engage postgraduate students in R & D...but whatever we do we need to think big and tackle this from the ground up.

Third, confront the Telstra mess head on. Forget the short-term patches and carve off the wholesale division the way it should have been done in the first place. Innovation is driven by learning, collaboration and the exchange of ideas. It demands first class communications. Having the guts to fix this now—rather than waiting for public pressure to force the issue—will avoid many more years of second class citizenship.

Get these things right, and we help free up innovation in healthcare, services, finance, manufacturing, mining and everywhere else. And, as a happy consequence, they will spawn scores of high-tech companies that don't need to be propped up with handouts, skills drives and skewed purchasing practices.

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