



Benchmarking IT industry competitiveness 2011: Innovation

The Economist Intelligence Unit

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Agenda

- ✓ R&D: The importance of continued investment
- ✓ Regulatory regime
- ✓ IT Industry policy
- ✓ Cloud
- ✓ Broader environment: What matters to innovation

R&D: The importance of continued investment

- ✓ Ireland: Private sector R&D spending up in the early part of downturn. Science enrolment up, patent generation increasing.
- ✓ Similar story for Israel; India improvements across all R&D environment indicators
- ✓ US: Recent economic and fiscal problems have not dented its clear IT industry strengths

Regulatory regime

- ✓ Need for robust IP laws and enforcement
- ✓ Need to streamline legal processes related to IP
- ✓ Reduce barriers around legal processes: E.g. in China, certain types of legal work can only be done by Chinese companies, and not international firms

IT Industry policy

- ✓ China: The dangers of being too insular and protectionist
- ✓ Close collaboration between government, private sector, academia is crucial, but can also lead to protectionism: South Korea
- ✓ Flexible labour markets

The Cloud: Dimension Data Case Study

- ✓ Arguably the most important innovation the IT industry has seen for many years
- ✓ Benefits: cost savings from the reduction of fixed infrastructure costs and greater flexibility to scale IT resources up or down as circumstances dictate
- ✓ Obstacles: International legal framework; Security; legacy systems in developed markets; basic infrastructure in emerging markets;
- ✓ What else can be done: “Governments must transform their own ICT platforms to drive widespread cloud adoption.” – Dimension Data

Broader environment: What matters to innovation

- ✓ Being close to the market: If domestic market is small, does your country provide easy access to Asia?
- ✓ Culture of encouraging experimentation
- ✓ Growing an IT fraternity: Silicon Valley's "incestuous" relationships
- ✓ World-class educational institutions; a developed venture capital community and a business-friendly political system
- ✓ Liveability