



Australian Services
Roundtable

**Open Innovation for success
in the Global Market**

Submission to the O’Kane Review of
Cooperative Research Centres

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AUSTRALIAN SERVICES ROUNDTABLE MEMBERS

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The Australian Services Roundtable welcomes the review of the Cooperative Research Centres (CRCs) by Professor Mary O’Kane, and strongly supports the proposals for the CRC program to provide benefit to a wider range of industries, particularly services industries, and to recognise a wider range of research inputs including from the arts, humanities and social sciences. In line with the sector’s contribution to GDP and productivity growth, services need to represent a much larger share of overall CRC activity, with priority given to issues affecting sustainability and competitiveness.

The Review excels in documenting the concerns about the CRC program that have arisen among industry, universities and public research institutions, critically analysing these and setting forth a new path for the future development of the CRC program. In doing so, many of the key points we made in our submission to the Review of the National Innovation System have been addressed.

In particular, the Australian Services Roundtable (ASR) welcomes and supports the measures proposed in the CRC Review to increase the focus on end-users, to improve flexibility and willingness to take research risks, and to reduce administrative burdens.

ASR also welcomes and supports the recommendation for a new program, complementary to or a sub-component of the CRC program, to assist industry and other end-user groups undertake strategic analyses or innovation mapping projects and establish collaborative ventures between end-users and researchers.

Articulate a New Mission for the CRCs: “Open Innovation”

ASR believes that the CRC program would benefit from the public articulation of a broad new mission that would help situate the CRC program within a national innovation system that encompasses a range of collaborative initiatives, and that encapsulates the sense of renewal this Review has demonstrated is required.

With the benefit of the forceful analysis provided in Professor O’Kane’s report and consistent with its thrust, ASR proposes the mission should be based on “Open Innovation” that enables the emergence of new global industries in Australia and/or tackles major opportunities for quantum leaps in productivity or societal benefits.

“Open Innovation” recognises that the narrow individual development of intellectual property rights, in isolation from issues relating to the overall development of an industry, or from broader socio-economic benefits, can lead to sub-optimal outcomes, both for business and society.

Many leading services companies are strong advocates of Open Innovation, as can be seen in submissions to the Cutler Review of the National Innovation System.

And with their traditions as centres for the development and exchange of ideas, Universities, TAFEs and public research institutions have proved natural partners for industry in support of Open Innovation systems.

In ASR's view, Government has an explicit role in supporting Open Innovation that encourages business as well as education, research and training institutions to share intellectual property in the interests of more rapidly delivering socio-economic benefits.

Incorporating Open Innovation in the CRC mission would strengthen the rationale for public support of the CRC program, and address a common complaint about CRCs, namely that the intellectual property developed with public funding becomes locked up for private business or institutional benefit.

It would also help address the need, identified in Professor O'Kane's Review, for increased use by industry of intellectual property developed within the CRCs.

Focus on Outcomes to Attract Business Support

A key objective of the reforms proposed in Professor O'Kane's Review is to place a greater emphasis on business end-user needs, and equally to encourage end-users to make a stronger contribution to the program.

In support of these dual objectives, ASR considers that more needs to be done to ensure that business end-users see CRCs as genuinely available to business direction. Industry stakeholders need to see, reflected in the program guidelines, evidence that business interests are core to CRC interests and that the CRCs are explicitly open for business to take a lead role in their direction.

Removing the requirement that a University must necessarily be involved in all CRCs would help to highlight the Government's interest in ensuring a major improvement in CRC inclusiveness as a result of this Review process.

ASR's expectation is that Universities would naturally continue to be involved, but in our view the right starting point to attract more business engagement is a focus on outcomes to be achieved, not on University inputs.

Greater business engagement could also be attracted by placing a stronger emphasis in the program metrics on innovation outcomes rather than research quality inputs.

Such a development would be consistent with the twenty year history of the CRC program which as the Review itself shows, demonstrates that best examples of value creation have come through researchers responding to user needs.

It would also be helpful to de-emphasise in the program's guidelines and metrics the "transfer of university research results to industry", as this can be alienating

for businesses that prefer a more specific focus on solving industry problems than on University sales.

Finally, we do not fully share the concerns that lie behind the Review's recommendation to discourage in-kind contributions to CRCs. We are concerned that this could work to weaken industry interest and engagement in the program.

Take a More Flexible Approach to the Role of the Universities

ASR acknowledges that the role of the Universities was examined in the Review.

We agree with the perspective expressed in the Review that education, including research training, is critical to developing Australia's research capabilities, and that the CRC program can make a useful contribution in this area.

ASR questions the view, however, that PhD training and supervision must necessarily be an essential intrinsic role for CRCs. ASR does not, therefore, share the Review's finding that Universities must be involved in CRCs on a mandatory basis.

The long-term institutional commitment needed for effective PhD education seems to ASR to sit at odds in any case with the reforms proposed, and supported by business, to make the CRCs more flexible and outcomes-oriented.

We note that the student experience of PhD education in the CRCs has been poor, according to research reported in the Review. While this issue clearly needs to be addressed, ASR does not consider the solution lies in burdening CRCs on a mandatory basis with PhD supervisory responsibilities.