

# Innovation for business in India



## Business Portal of India

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### Importance or benefits

In the ever-changing world, innovation is the only key which can sustain long-run growth of the country. More and more firms are realizing the importance of innovation to gain competitive advantage. Accordingly, they are engaging themselves in various innovative activities, ranging from manufacturing processes, product improvement, brand building initiatives to customer satisfaction. Today, business environment has become very dynamic with more demanding customers and intense market competition. To meet this, firms are creating new products, solutions and services that provide a radically better experience for the consumers.

Innovation is not only about technology, but is also about understanding and exploring untapped user needs that require to be addressed in an efficient manner. It must occur at every stage of a product or solution development and release cycle. Thus, managing innovation is fast becoming priority in a global business environment.

Firms which innovate tends to survive and grow to a greater extent. The most successful individuals, managers and team leaders in latest business world are the ones who are not only innovative in their own work, but who encourage and assist others to be innovative in every aspect of their work.

Some of the key innovation areas are: product development and improvement; manufacturing processes; creating entirely new set of products; etc. In area of supply chain management, innovations help in making the supply chain more responsive, flexible and efficient. Supply chain innovation can be used to reduce costs, offer better assortment of customer centric products, decreasing time to market and driving growth.

Innovation is the main idea in shaping corporate life and helping companies to adopt various strategic options. It helps to reduce total cost of production; increase income avenues; maintain efficient operating systems; etc. It enables to see potential acquisitions not only on cost basis, but also as a means of accelerating profitable top-line revenue growth and enhancing capabilities. It also expands R&D base of the country and brings latest technologies into the country. It also provides an edge in being able to enter new markets faster and deeper.

Thus, the term 'innovation' is rightly referred to as changes to products, services, processes or business models. To continue their growth and to attain newer heights, Indian firms need to

recognise the importance of 'innovation' for maintaining their competitive edge and fuelling further growth. Innovation may be linked to performance and growth through improvements in efficiency, productivity, quality, competitive positioning, market share, etc.

### Problems and challenges

Innovators face problems and challenges mainly in the areas of financial assistance and marketing of their innovation. In other words, it involves:

- Securing the right kind of finance is key to delivering innovation. Prevailing asymmetry between inventors and investors is required to be bridged. Financing systems for backing up early-stage innovations with risk capital are required. Also, provisions for exiting from non-profitable innovations also need to be made.
- Innovations created at the expense of considerable investment of resources, demand a matching Intellectual Property Rights (IPR) regime.
- The legal framework for protecting IPR is in place but the infrastructure for capturing and protecting IPR is still evolving in India.
- New approaches, programmes and policies are essential for unleashing India's innovation potential.
- Competitiveness innovation cluster has emerged as a successful global concept, in which academia, research and industry partner under viable and equitable pattern, are the way forward.

Innovations that fail are often potentially good ideas but have been rejected or postponed due to budgetary constraints, lack of skills or poor fit with current goals. Failures should be identified and screened out as early in the process as possible. Early screening avoids unsuitable ideas devouring scarce resources that are needed to progress more beneficial ones. While learning is important, high failure rates throughout the innovation process are wasteful.

The causes of failure have been widely researched and can vary considerably. Some causes will be external and others will be internal. Internal causes of failure relate to those associated with the innovation process itself. Common causes of failure within the innovation process in most organisations can be divided into five types:

- Poor goal definition
- Poor alignment of actions to goals
- Poor participation in teams
- Poor monitoring of results
- Poor communication and access to information

Gaining full benefits of innovation requires an effective and efficient framework across a wide range of policy areas, calling for an integrated approach and cooperation between business, governments and society.

### Government support

There is need to make continuous efforts, on the part of both Central and State Governments, so as to develop and promote various innovations and technologies in India as well as to spread these to the worldwide markets. The Central authority responsible for this in India is the 'Ministry of Science and Technology'. The Department of Science and Technology (DST) and Department of Scientific and Industrial Research (DSIR) are its two nodal agencies which are responsible for promoting science and technology (S&T) activities in the country as well as for supporting inventors/entrepreneurs in their pursuits. National Innovation Foundation (NIF) has also been established to encourage Indian innovators by providing them adequate institutional support.

These central agencies, along with efforts of States/ Union Territories, have been undertaking many policy initiatives and measures as well as announcing many schemes and programmes with a view to promote innovation and S&T in the country. Some of the prominent ones are:- Technology Promotion, Development and Utilization (TDPU) Programme; Technology Development and Innovation Programme (TDIP); Science and Technology (S&T) Policy; National Innovation Act, 2008; etc. All such incentives aim to accelerate economic growth of Indian economy and improve the standard of living of the people.

### Suggestions and future prospects

There is a vast untapped potential in India for wealth creation by increasing the levels of innovation content in the entire economic development activities of the country. It is a tall call but an essential one, if the current levels of growth of GDP were to be maintained over the next two decades. Innovation will also be a key for sustainability-the ability to meet developmental objectives while ensuring sustainable use of natural resources.

Often missing within discussions of innovation is the role of innovation for directly improving the livelihood or quality of life of the poor. The general assumption is that the market mechanism will take care of this. However, innovation may also be important for the delivery of, and access to, services that are essential for a quality of life; whether it is clean water, modern energy or affordable health care.

Faster growth in a globally competitive market environment demands a national innovation infrastructure that connects

knowledge systems to wealth creation efficiently and effectively. In the Indian social context, there is a need to ensure that innovative growth linked processes do not bypass the poor and leave them out of developmental choices emanating from the benefits of globally competitive innovations. The innovation infrastructure of India should aim to bridge the internal asymmetries and serve the dual purpose associated with global competitiveness and inclusive growth.

Both pro-poor and global competitiveness objectives should be embedded in the search for innovations. The number of grass-root innovators in the informal sector in India is large. However, grass-root innovations are not able to reap sufficient economic benefits for want of backing with adequate resources. The innovation infrastructure in the formal sector is thin. It requires deepening by referencing to global best practices and market demands. Such an innovation infrastructure would depend strongly upon a vibrant and gainful public private partnership in research and development as well as commercialization of innovations.

The design and development of a sustainable innovation infrastructure should take into account global best practices, attraction, attachment, retention and renovation of talent within the research and development streams, public private partnerships, venture and angel financing and capacity building. The realization of Indian Vision 2025 to emerge as a major economic power in the global knowledge economy would call for a sustainable innovation infrastructure.

In order to unleash our full innovative potential, we need to put in place a National Innovation policy, which encourages competition among enterprises, greater diffusion of knowledge and increased support to early stage technology development initiatives and grassroot level innovators. There is a need to foster increased collaboration among R&D institutes, universities and private sector enterprises and leverage upon their cumulative strengths in designing and implementing various innovation programmes. There is also a need for an appropriate legislative framework for incentivising the innovators and commercialization of public funded R&D, where the government, the recipient(s) of funds, the inventor, as well as the public benefit from the protection and commercialization of intellectual property.

At the root of innovation is invention, which is an essential creative step that cannot really be directed or forced. However, there is much that can be done to facilitate this initial step and the many subsequent steps that will ultimately yield the value to society from the invention. These steps are not isolated or distinct from one another; therefore it is more appropriate to think of a comprehensive innovation policy, rather than a policy that is aimed at only one of the steps in the process or elements of the innovation system. Innovation policy needs to be placed within the broader social and economic context, informed by goals and aspirations of development and should reflect a fair and effective balance between public and private interests, social and economic goals and inclusiveness versus rapidity.

# Technology and innovation promotion in Malaysia



## SME Corporation Malaysia

<http://www.smecorp.gov.my>

### 1-InnoCERT certification programme

1-InnoCERT certification programme is initiated by SME Corp. Malaysia to promote and develop innovative companies in Malaysia as endorsed by the Jawatankuasa Tindakan Penyelarasan Inovasi Negara and the National Innovation Council, chaired by the Prime Minister on 29th October 2009. It is aimed at fostering innovative enterprise through harnessing and intensifying home-grown innovations and R&D.

The main objective of the certification is to encourage entrepreneurs to venture into high technology and innovation-driven industries. With more SMEs participating in such activities, it will eventually lead to them being more competitive and would help in Malaysia achieving its objective in becoming a high income nation by the year 2020.

The certification awarded under the Programme identifies and verifies innovative companies through an internationally-recognised innovation standard (OECD Oslo Manual V3) and the certification process is developed from similar process practised in Korea's Innobiz (Innovation SME) Certification Programme. Certified companies under the programme will be given a fast-track access when applying for incentives to fund and market their products and services as offered by the government.

### 1-InnoCERT certification process

The 1-InnoCERT certification process involves a two-stage assessment. Potential innovative companies are required to conduct an On-line Self-Assessment ([www.1-innocert.my](http://www.1-innocert.my)) to gauge on their readiness to be certified as a 1-InnoCERT company. Upon completing the self-assessment, the on-line system will generate a Technology Innovation System Evaluation Index, ranging a score from 0 to 1,000. A scoring of higher than 700 is an indication that the company's internal innovation system and processes is ready to comply with the requirement.

Companies with difficulties in scoring higher than 700 can attend regular sessions of pre-certification training to understand the 1-InnoCERT criteria, and on how to become more innovative. Upon reaching a score of more than 700, the company can apply for an on-site innovation audit to be conducted at their premise. On-site innovation audit is compulsory to ensure that companies applying for the 1-InnoCERT certifications are indeed innovative and complies with the requirement of the 1-InnoCERT criteria.

Upon a successful passing of the on-site audit, the company can then officially apply to be certified as a 1-InnoCERT certified company. However, the approval is subject to acceptance by the 1-InnoCERT Approval Committee, which oversees the overall certification Program. Please take note that minimal fees are chargeable for the 1-InnoCERT certification (RM5,000.00 for first time certification and RM3,000.00 for renewal of certification).

1-Innocert's Innovation Assessment adapts the Korean Innobiz innovation evaluation system which is based on an internationally-recognised innovation assessment standard i.e. the Oslo Manual by OECD and the European Commission (Eurostat), 2005. The Oslo Manual provides guidelines for collecting and interpreting innovation data in an internationally comparable manner.

### Enabling ePayment for SMEs and micro enterprises

Enabling ePayment for SMEs and Microenterprises is a Project under the Digital Malaysia initiative aimed to increase the adoption of ePayment among SMEs. Due to the cost constraint and intricate process of ePayment, SMEs and Micro Enterprises are facing difficulties in acquiring ePayment capability. With this initiative, SMEs and Microenterprises are being enabled to accept ePayment via means of simplifying the acquisition process and lowering its cost. It will also accelerate the adoption of ePayment with the distribution of affordable Point-of-Sale (POS) terminals.

By 2020, the Project is expected to generate 1,125,000 million ePayment merchant outlets points enabled by Electronic Funds Transfer Point-of-Sale (EFTPOS) terminal, whilst, the project's target for 2012 is 25,000.

The ePayment merchant outlets points targeted are the operators of 'pasar tani', small restaurant, night market, flea market and cottage industries, amongst others.

SMEs and Microenterprises must fulfill the following criteria to participate in this programme:

- Registered under Business Act 1956 or Company Act 1965;
- Fulfilled the definition of SMEs and Microenterprises;
- At least 60% Malaysian equity;
- Valid business license from Local Authority; and
- Subscribe to only 1 of approved Third Party Acquirer (TPA)