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consulting

Regional Innovation District Study

Key insights from the stakeholder survey

Why we need digital innovation more than ever

1 **The pace of technological progress is accelerating**

Algorithmic capabilities, computing capacity and data will enable 'beyond-human' competencies and drive profound changes impacting industries and business models as well as life, society and the environment.

2 **Focus on economic complexity and innovation**

Economic complexity is a measure of the productive capabilities of large economic systems. It correlates with innovative output; the more complex the economy, the greater potential benefit from innovation. There is a growing imperative for countries such as Australia to increase economic complexity by diversifying the products and services that are produced domestically.

3 **Skills deficits in critical industries**

The Loddon Campaspe region currently enjoys low levels of unemployment. This is against a backdrop of global skills shortages in critical areas such as:

Computer / Data Science	Management / Administration
Sales / Business Development	**User Interface / User Experience Design**

4 **Net Zero: creating risk and opportunity**

The transition to Net Zero in Australia could generate $2.1 trillion in new economic activity by 2050 and create 672,000 new jobs across the economy.[2] A large share of these benefits will come the development and application of new technologies. The Australian Government's Net Zero plan shows current technologies will deliver only 85% of reductions needed to achieve Net Zero by 2050. Breakthrough technologies are needed to deliver the 15% balance.

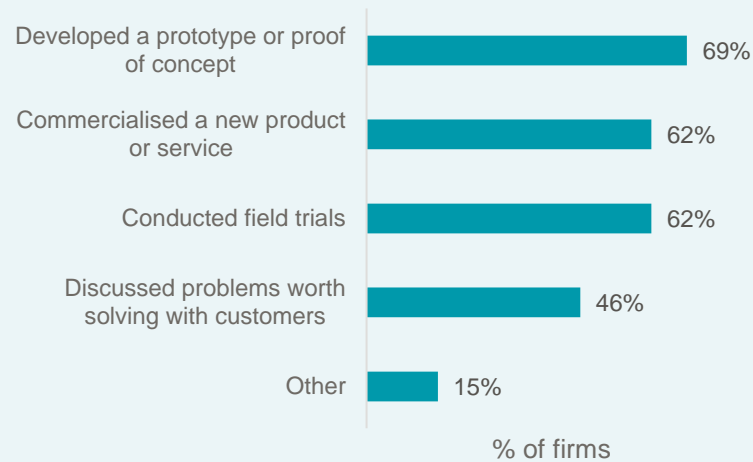1. Oxford Economics. 'The A.I. Paradox: How Robots Will Make Work More Human.' December 2017.
2. Accenture. 2021. "Mission Zero: Australia will achieve $2.1 trillion future with 672,000 jobs." Daily Telegraph. https://www.news.com.au/national/australias21-trillion-future-with-672000-jobs-and-net-zero-emissions/news-story/ c1c943fc13ce526be2533d896f6ff9e8
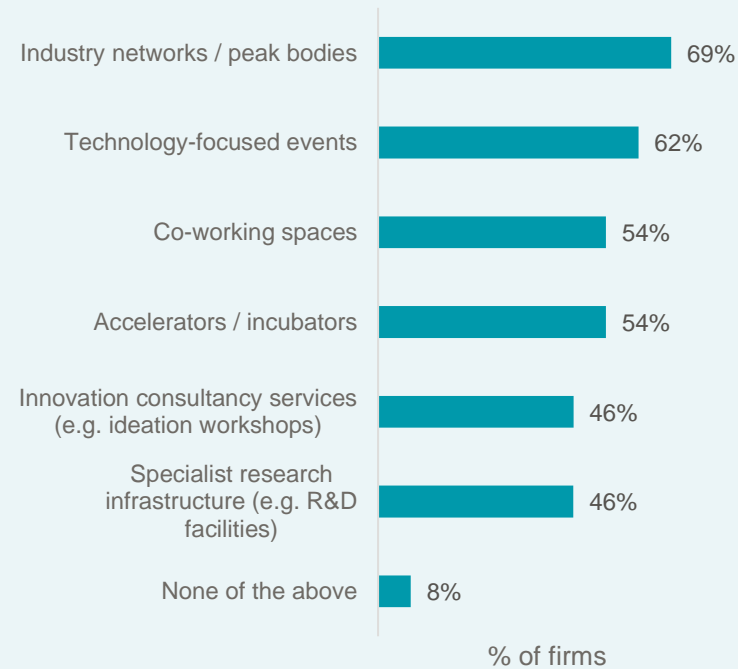
Firms are already innovating

There is already momentum around digital innovation
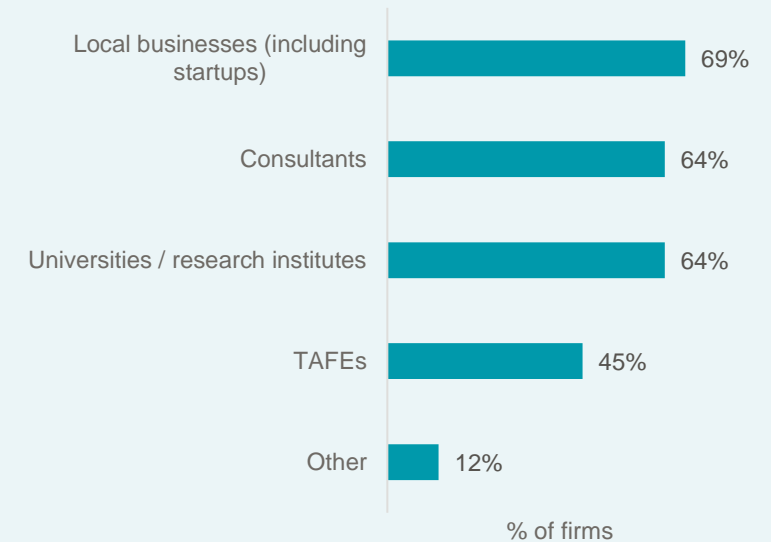
And firms want to collaborate

1 Undertaken innovation activities in past 2 years?

Activity	%
Developed a prototype or proof of concept	69%
Commercialised a new product or service	62%
Conducted field trials	62%
Discussed problems worth solving with customers	46%
Other	15%

% of firms

2 Accessed innovation services, networks and events?

Service	%
Industry networks / peak bodies	69%
Technology-focused events	62%
Co-working spaces	54%
Accelerators / incubators	54%
Innovation consultancy services (e.g. ideation workshops)	46%
Specialist research infrastructure (e.g. R&D facilities)	46%
None of the above	8%

% of firms

3 Plan to innovate with others in the innovation ecosystem?

Partner	%
Local businesses (including startups)	69%
Consultants	64%
Universities / research institutes	64%
TAFEs	45%
Other	12%

% of firms

Innovation will be critical to firms' ability to grow

Firms are bullish about future growth…

Two years from now, 46% of firms are expecting to employ 51 or more staff (compared to 36% currently)

Number of employees

Current:
- 251+: 14%
- 51 - 250: 22%
- 2 - 50: 52%
- 1: 12%

Two years from now:
- 251+: 18%
- 51 - 250: 28%
- 2 - 50: 48%
- 1: 6%

Legend: 1 | 2 - 50 | 51 - 250 | 251+

...And believe innovation is critical

Types of innovation activity that offer the greatest growth potential by firm size

% of firms

	Product Innovation	Process Innovation	Business Model Innovation
Firms with 30 or more employees	54%	88%	46%
Firms with less than 30 employees	57%	70%	65%

Legend: Firms with 30 or more employees | Firms with less than 30 employees

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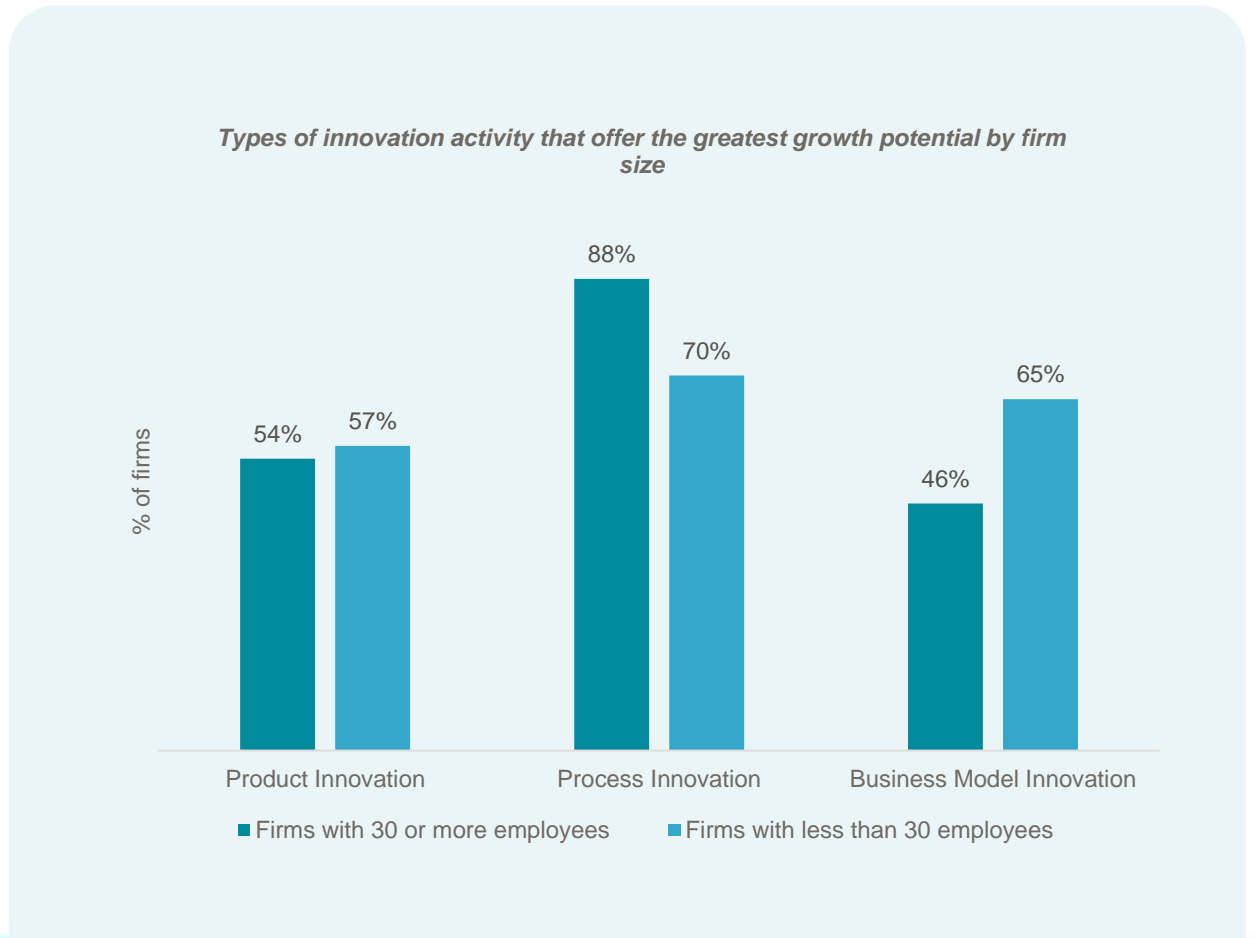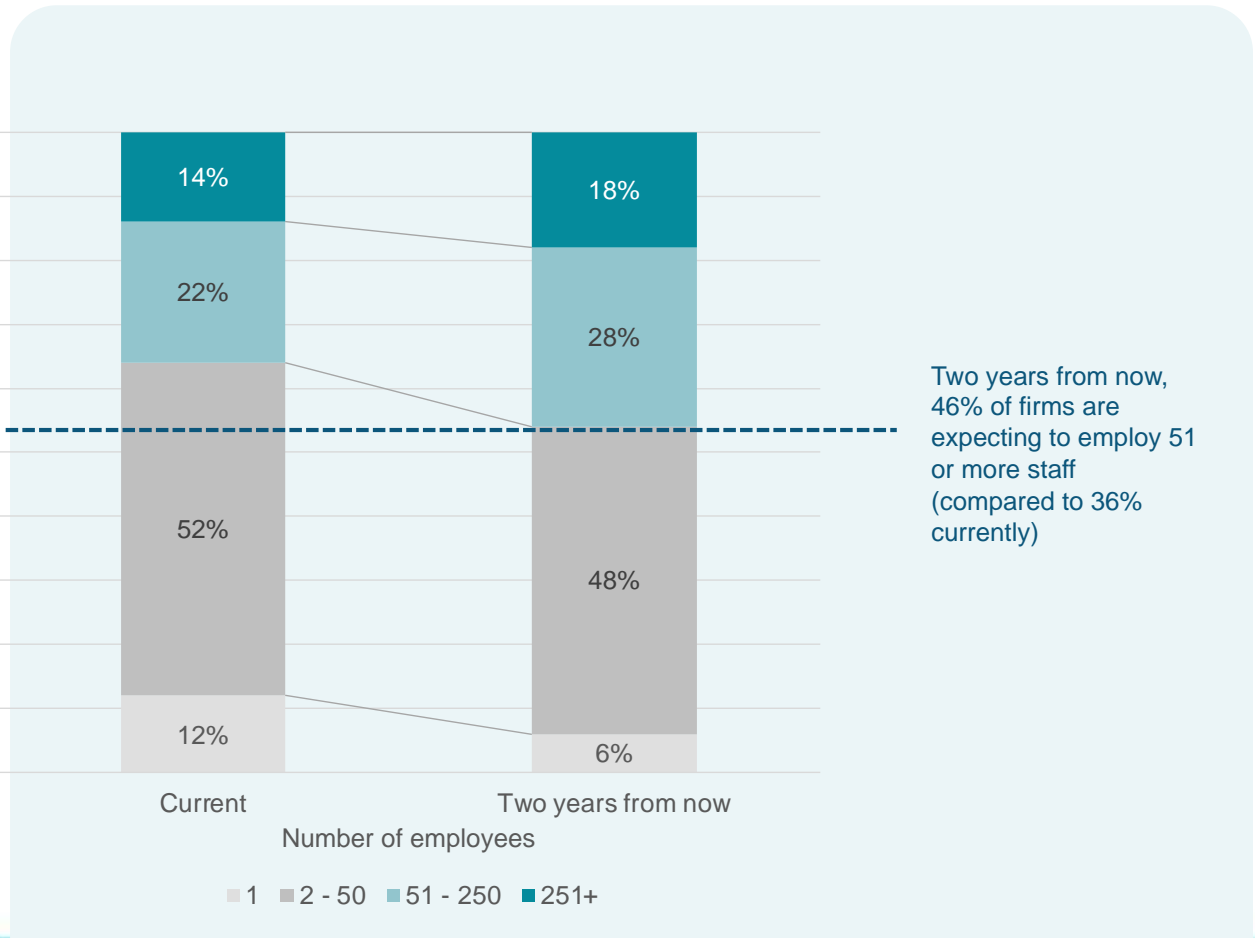
The stagnation zone

There is a gap between what technologies firms are currently using, and the ones they believe they need to be using to grow in the future. Helping firms adopt technologies earlier is a major opportunity.

Future Potential

Current Use

Stagnation Zone

% of firms

70%
60%
50%
40%
30%
20%
10%
0%

Blockchain | Augmented / Virtual Reality | Advanced Robotics | Artificial Intelligence | Big Data Analytics | Internet of Things
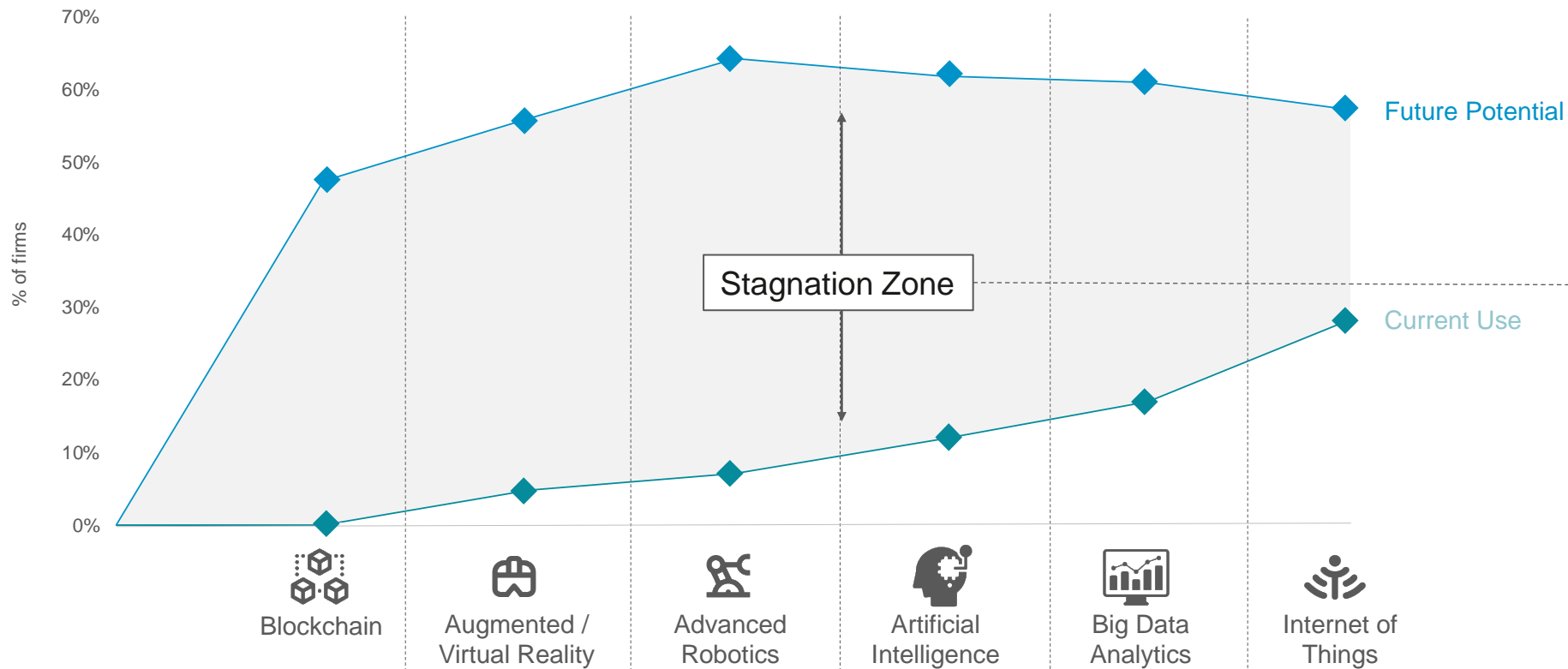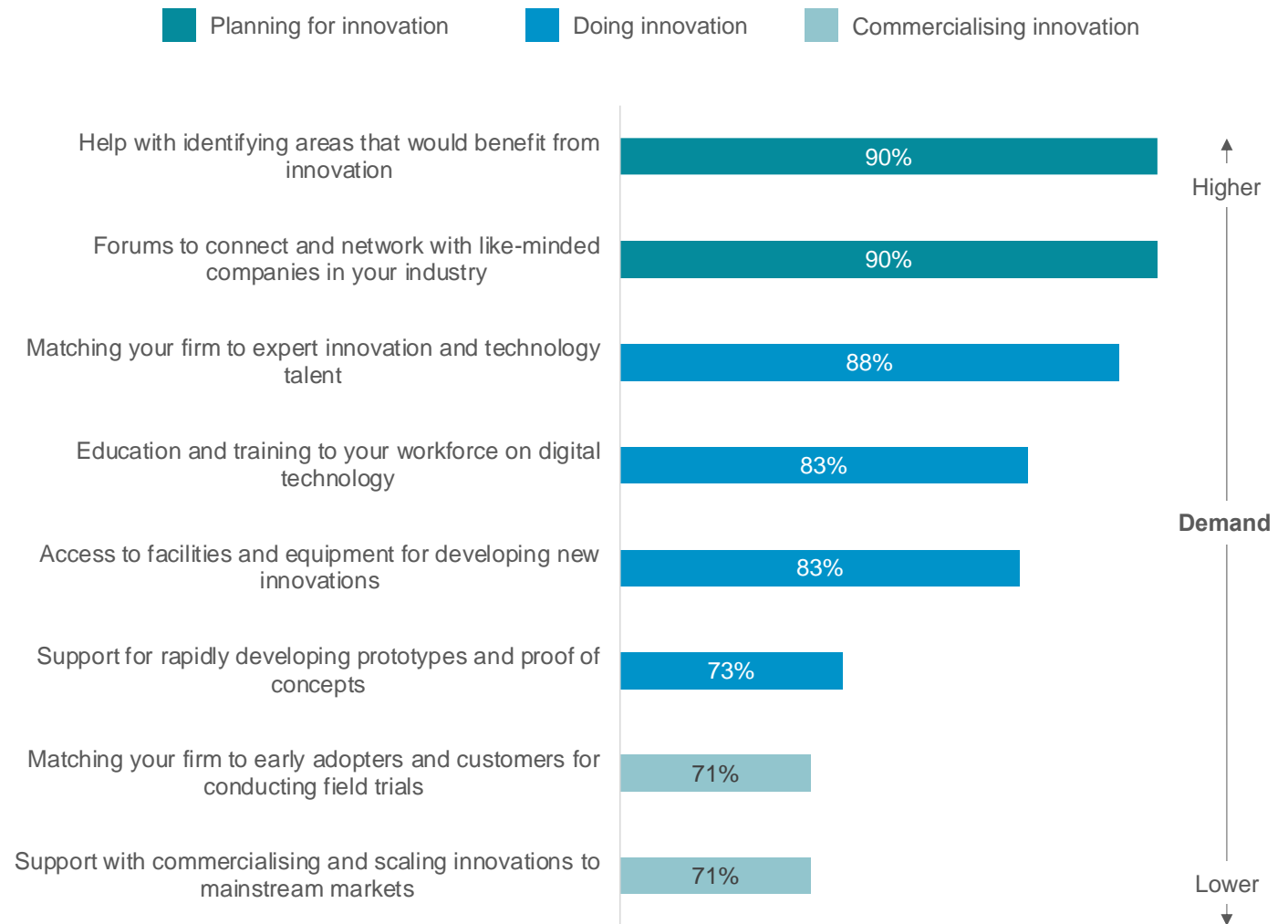
The gap between current usage and future potential is a 'stagnation zone' for firms. Their inability to build specific technology capability and skills will stall growth and impact on their local and global competitiveness.

There is demand for digital innovation services

Firms' needs are often basic, particularly in the `planning for innovation' stage'. This includes advice on how digital can benefit their business and access to networks.

Others have more specific requirements including assistance with prototyping and commercialisation.

Planning for innovation ■ **Doing innovation** ■ **Commercialising innovation**

Service	Demand
Help with identifying areas that would benefit from innovation	90%
Forums to connect and network with like-minded companies in your industry	90%
Matching your firm to expert innovation and technology talent	88%
Education and training to your workforce on digital technology	83%
Access to facilities and equipment for developing new innovations	83%
Support for rapidly developing prototypes and proof of concepts	73%
Matching your firm to early adopters and customers for conducting field trials	71%
Support with commercialising and scaling innovations to mainstream markets	71%

Higher

Demand

Lower

Where we can look for inspiration

Denmark

Flagship initiative:
- Danish Outdoor Lighting Lab

Why it works:
- Industry driven, but triple helix partnership
- Using the city as a Living Lab – not research behind closed doors
- Primary focus is on capability not buildings

Results: 550+ companies collaborating

United Kingdom

Flagship initiative:
- Tech Nation

Why it works:
- Delivers dedicated startup growth programs
- Connects enterprises, policymakers and research institutions
- Nurtures the most promising technology talent

Results: 1000+ startups supported

Canada

Flagship initiative:
- MaRS Discovery District

Why it works:
- Coalesces companies across the innovation ecosystem
- Assists companies to adopt emerging technologies
- Connects skilled talent with high-growth companies

Results: 200+ technology partners

Western Australia

Flagship initiative:
- Innovation Central Perth

Why it works:
- Anchored by MNCs but targeting SMEs
- Brokerage service for students to work with industry
- Deep tech expertise offered to industry so they can build things not write reports

Results: 250+ industry projects