

Further to the above please find below the key points that we would like to make:

1. Innovation is not exclusively about science, research and technology. In many cases incremental innovation and ingenuity has a much more dynamic and far reaching impact on economies, the environment and society. For example innovation levels amongst Welsh SMEs is evidentially low as defined by Government statistics and proxies such as R&D tax credit claims. However, there is often a mistaken belief that innovation has to be centred on technology and it has to be rich in Intellectual Property (IP). In our experience the most effective and transformative innovation can often be around business process innovation and investing in productivity transforming capital expenditure and skills development. Its less about the “great leap forward” and more about wide spread, incremental improvement.
2. University based research has an important role to play in innovation but its wider economic, social and environmental impact is often limited. That innovation often does not disseminate to Welsh SMEs or the public sector in Wales and the commercial exploitation could easily take place in other countries, especially where the Intellectual Property is licensed by the University.
3. Wales has the potential to turn its comparatively large public sector into a competitive economic advantage by opening up its Public sectors, in a risk managed way, as innovation test beds. There are examples of good practice here with SBRI and KTP but it’s not at a sufficient scale at present. SMEs and public sector innovators should be empowered and encouraged to undertake proof of concept innovations in trial environments that have the potential to

make significant impacts on productivity, safety, wellbeing, environmental and consumer experience gains.

4. Much innovation funding has historically been focussed on IP rich, research and science based innovation, especially in Universities. It should be more focussed on productivity, wellbeing and the environment across SMEs, the public and third sectors.
5. Wales is currently measuring the wrong things in assessing innovation impact. Instead of focussing on research, IP and job creation, metrics need to be focussed on productivity, wellbeing and the environment.
6. Welsh SMEs are undercapitalised. This means their ability to invest in productivity boosting innovation, transformation, capital expenditure and skills is restricted. Funding for broad spectrum innovation is vital. That can be grant based or commercial. SMART Cymru is a positive initiative and Innovate UK have a good example of more commercial financial instruments through their Innovation Loans.
7. Wales can become a landing pad for global innovators. If the environment is right with attractive funding, public sector test beds and proactive business support, there is no reason why Wales cannot attract innovators from all over the World and a coordinated strategy to do so should be deployed. Other cities and regions do this very successfully including Singapore, California, The Netherlands and London.
8. Innovation is a loaded word. It is the right word but it has become synonymous with science, research and technology. Impactful innovation, in our experience, is far more about embracing change and transformation, challenging the status quo, ingenuity, being empowered to be inquisitive and engaged in experimentation.