12TH WIEF

WORLD ISLAMIC ECONOMIC FORUM

JAKARTA, INDONESIA | 2-4 AUGUST 2016

Creating Synergies with Startups and Corporates

Jordan Duffy

Co-founder, Buckham and Duffy Consultants

Innovation and Emerging Tech Expert, Lecturer, TED Speaker

Government Board Member, Innovation and Economic Development

BUCKHAM&DUFFY

MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

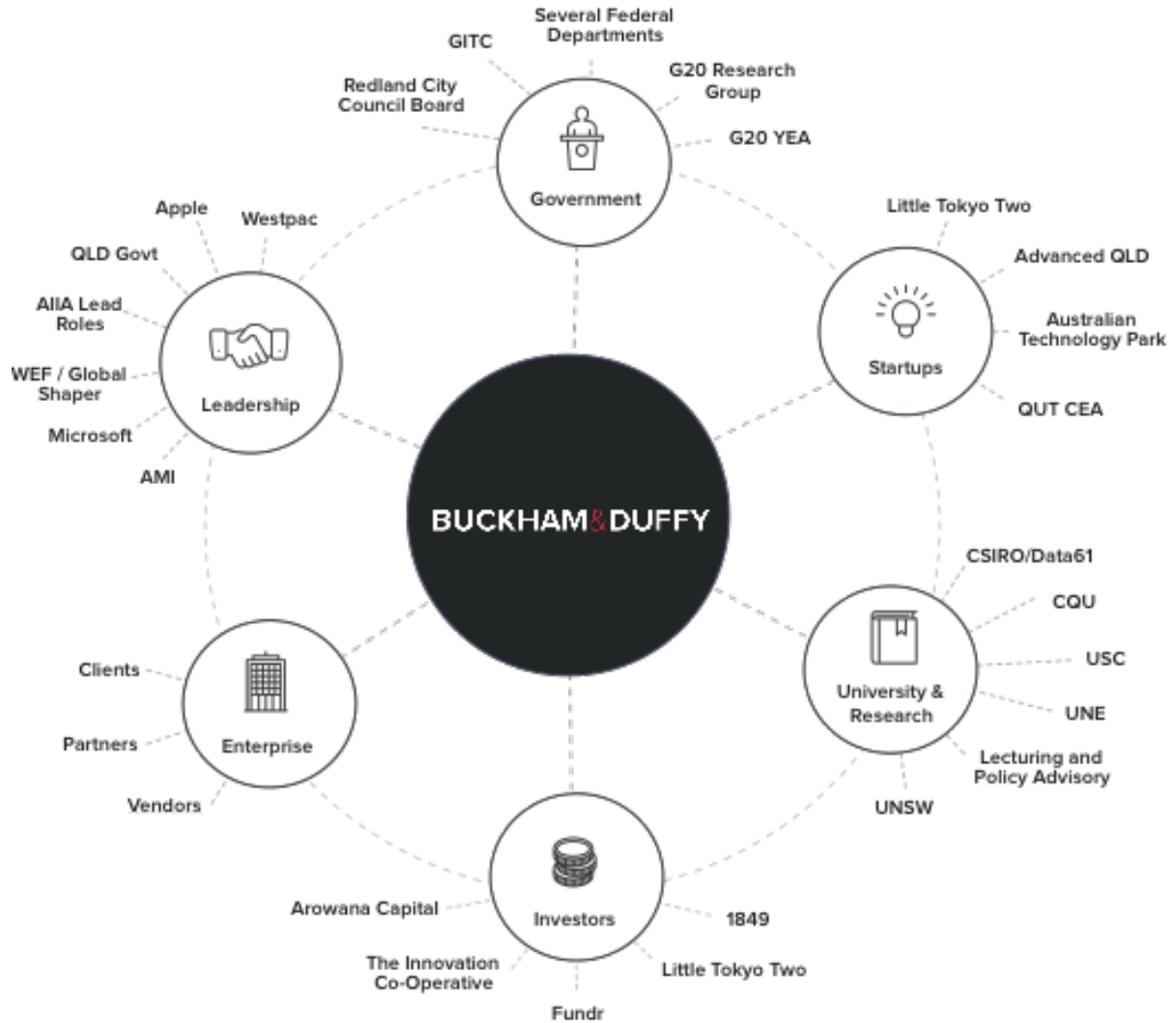
WIEF
WORLD ISLAMIC ECONOMIC FORUM
FOUNDATION

B&D Beginnings

About Me and B&D

BUCKHAM&DUFFY

How an Innovation Source Program Works



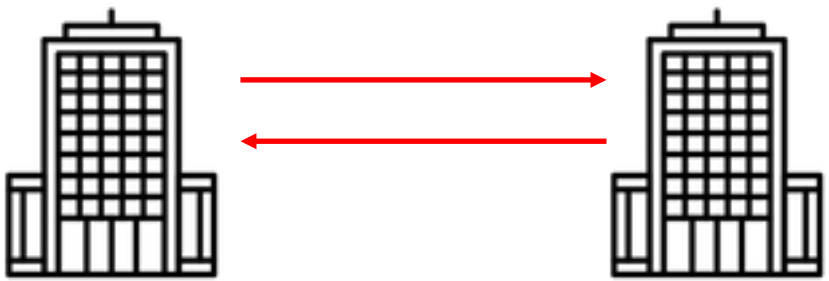
BUCKHAM&DUFFY

About Me and B&D

BUCKHAM&DUFFY

Bridging the Gap

SME Collaboration

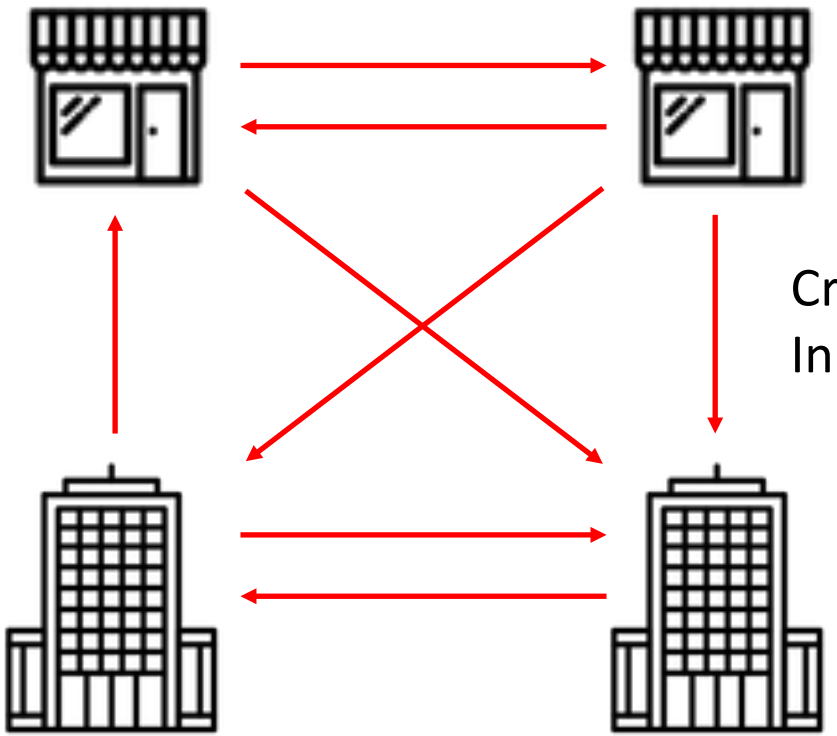


Enterprise Collaboration

BUCKHAM&DUFFY

Bridging the Gap

Researchers, Startups, SME's



Cross Industry/Segment Innovation

Enterprise, Government

Flow of Products

Research Facilities → Startups & SME's → Enterprise → Government

Startups vs Big Business

THE B&D MODEL

STARTUPS		BIG 4	
CONS	PROS	PROS	CONS
No brand	Rapid Agile Execution	Big brand	Slow development
No staff support	Rapid tech testing / adoption	Support staff	Slow tech adoption
No infrastructure	Low cost	Vast infrastructure	Expensive
Lack of funding	Embraces managed risk	Confidentiality	Risk averse
Poor scalability	Collaborative learning / build-	Enterprise structured	Anti-collaborative
Poor management	Sells through value	Political understanding	Corporate and government

BUCKHAM&DUFFY

Why We Need to Work Collaboratively

WHY ACTIVE INNOVATION IS CRITICAL

Australia spends 0.6% in comparison to the USA's investment on new technology innovations. The approach to building strategy and understanding the risk around emerging technologies has had a huge negative impact on SME/enterprise collaboration and has slowed the movement of technology between the sectors.

The OECD Indicates the proportion of firms innovating in Australia is below the OECD average and well below comparable countries such as Canada, United Kingdom and New Zealand.

CEDA expects 40% of current jobs to be at risk of automation by 2030 equating to approximately 5 million positions.

The rapidly changing and accessible technology environment is creating a flatter playing field for smaller business to take more risks and use technology as a competitive advantage over enterprise.

By 2020, there will be an estimated 50 billion devices worldwide, as opposed to the current 15 billion (est.).

BUCKHAM&DUFFY

Changing Processes

Past

- Slow development process
- Long procurement process favouring only large providers
- Risk-averse, relying on case studies for validation before investigating for specific application
- Dominated by large vendors
- Generic products and services
- Research and industry disconnected

Current

- Fast-paced agile development
- Procurement reforms across government and private sectors to include smaller vendors and increase speed
- Smaller companies taking risk of tech testing, being bought by enterprise
- Still huge costs for large and long projects that are outdated by time of deployment
- Business and research moving closer together

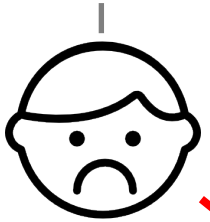
Future

- Rapid development, prototyping and testing
- Rapid procurement across small and large businesses for cost vs risk optimisation
- Enterprise adopting emerging technology through rapid systems like B&D
- Industry and research working in tandom to match the speed of the digital economy
- Rapid, low cost engagement with established testing bodies backed by large partner networks for scalable capability

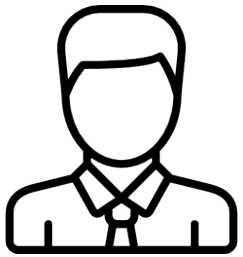
BUCKHAM&DUFFY

Changing Procurement Processes

No context of available innovative tech



Purchases



Procurement Units

Poor knowledge + poor criteria systems mean innovative opportunities from market lost

Needs

Narrow Focus

Tender Code of Silence

Enterprise

Conforming bid
Usually generic
Can spend $$ on bid
Slow moving

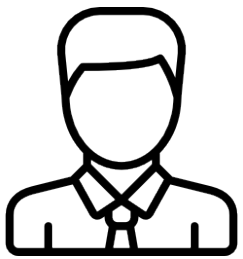
Startup

Non-conforming bid
Challenges status quo
No $$ to spend on bid
Rapid, Adopts new Tech

BUCKHAM&DUFFY

Deal Breakers: Management Mismatch

A different way of communicating at enterprise and startup levels



Deal Breakers: Expectation v Delivery

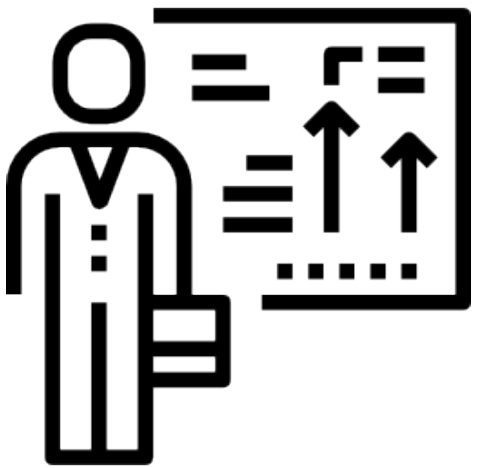
Startups don't always have experience with enterprise expectations of delivery. Unless communicated, scope and expectation can be missed.

Startup Scope

Enterprise Expectation

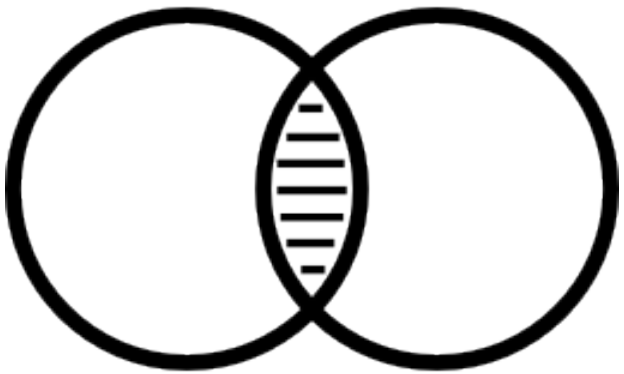
Deal Breakers: Scalability

Can the startup's model or technology scale to the requirements of the corporate or government organisation?



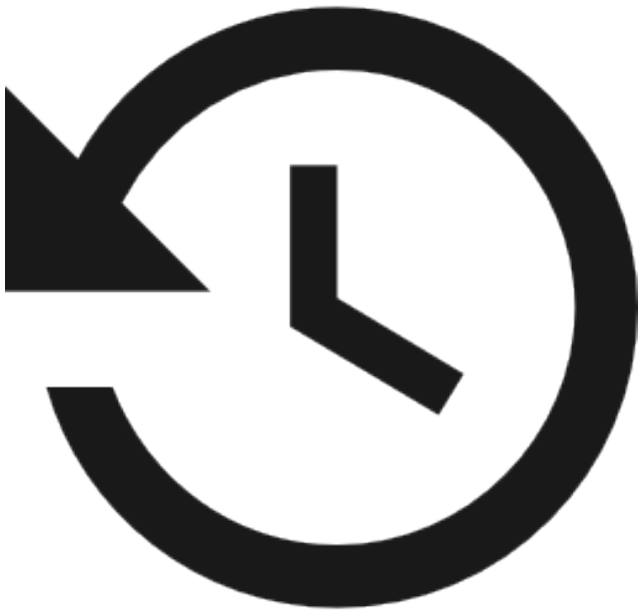
Deal Breakers: Integration Cost

The process of integration at enterprise level can be lengthy and expensive. Startups have to evaluate the risk of winning/lossing a deal – and they don't have money to waste time.



Deal Breakers: Longevity

Enterprise always ask “But will this startup be around in 12 months?”

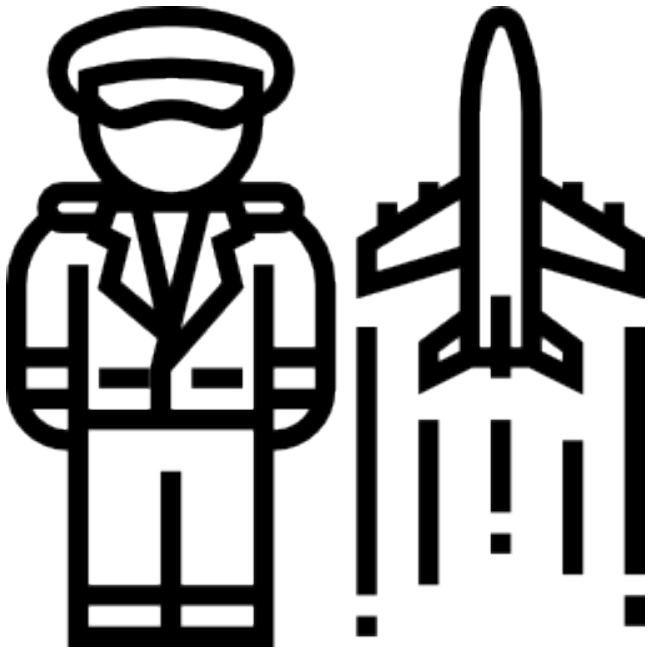


Taking Positive Steps: Costs

Understand the cost, time and risk of engagement or collaboration

Taking Positive Steps: Pilot First

Reduce the risk for the corporate and the startup – pilot first.



Taking Positive Steps: Change Procurement

Red tape, poor procurement evaluation and innovation-limiting processes need to change.

Taking Positive Steps: Communication

Translators can help facilitate the process, reduce risk and accelerate the timeline for engagement

Taking Positive Steps: Clear Value

Ensure the startup knows and focuses on their core value proposition and the problem value to the enterprise.

Case Study: Little Tokyo Two

LT2 secures local government, state government and enterprise partnerships within 18 months of operating.