



Dear Sir / Madam,

## Submission on 'Boosting the commercial returns from research'

The NSW Business Chamber together with the Sydney Business Chamber (the 'Chambers') welcomes the opportunity to provide a joint submission on **BOOSTING THE COMMERCIAL RETURNS FROM RESEARCH** (the 'Discussion Paper').

As you may be aware, the NSW Business Chamber is one of Australia's largest business support groups, with a direct membership of more than 17,000 businesses, providing services to over 30,000 businesses each year.

Tracing its heritage back to the Sydney Chamber of Commerce established in 1825, and the Chamber of Manufactures of NSW established in 1885, the NSW Business Chamber works with thousands of businesses ranging in size from owner operators to large corporations, and spanning all industry sectors from product-based manufacturers to service provider enterprises.

The NSW Business Chamber is NSW's leading business solutions provider and advocacy group with strengths in workplace management, workplace health and safety, industrial relations, human resources, international trade and business performance consulting. Operating throughout a network of offices in metropolitan and regional NSW, the Chamber represents the needs of business at a local, regional, State and Federal level, advocating on behalf of their members to create a better environment for industry.

In our July 2014 **THINKING BUSINESS** report *Industry-Research Collaboration* (the 'Report'), the Chambers identified practical solutions to improve the effectiveness and frequency of industry-led collaborative innovation that boosts the conversion of Australia's research expertise into commercial success. A copy of *the Industry Research Collaboration Report* can be found at: <http://www.nswbusinesschamber.com.au/Lobbying/Thinking-Business>

These outcomes can be achieved by addressing the primary barriers that restrict researchers and industry from undertaking effective collaboration. The Chambers recommend:

1. the establishment of good practice forums on corporate engagement and commercialisation;
2. the drafting of general guidelines for engaging with companies and researchers;
3. the development and execution of SME capability development workshops;

NSW Business Chamber incorporates

- Sydney Business Chamber
- Australian Business Lawyers & Advisors
- Australian Business Recruitment Solutions
- Australian Business Consulting & Solutions
- Australian Business Apprenticeships Centre
- Australian Business Training Solutions
- Australian Business Defence Industry Unit
- Australian Business Industrial

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4. the building of work integrated learning forums;
5. the creation of a marketplace for research expertise; and
6. an innovation system government reform agenda.

In developing the Report, the Chambers consulted and received feedback from over 100 stakeholders from over 60 organisations spanning industry, the research sector and government.

Our initial diagnosis of the barriers and potential solutions was developed at a roundtable of research directors from universities and research institutions and senior business executives from the medical technology and defence industry sectors in February 2014, at which the Chief Scientist for Australia Professor Ian Chubb AC spoke. Participants at this event also included senior representatives from the Department of Industry. The themes from the roundtable and a set of recommendation were further developed and tested by PwC in the July 2014 Report.

The implementation of these solutions requires commitment and action from stakeholders across all three sectors and we are committed to working with these stakeholders to ensure the recommendations become reality.

### **Overall response to ‘Boosting the commercial returns from research’**

While much of the Government’s discussion paper and the Chambers’ report cover similar ground in describing the relative lack of collaboration between industry and the research sector in Australia, the former misses an important point that the Chambers are making. This is that industry-determined, market-led or demand-pull research does not happen often enough in Australia. The initial reason for the Chamber commencing the continuing Industry-Research Collaboration project was commentary from members that *‘working with researchers in Australia is much more difficult than it is offshore’*.

Our roundtable and the subsequent Report’s recommendations focused on solutions to collaboration barriers existing in industry as well as those relating to the research sector. In short, we need to improve both the demand for and the supply of research derived problem solving that leads to commercial outcomes.

The Chambers’ Report focusses on encouraging a greater level of research-industry collaboration through: providing better access to research through the creation of a marketplace and stronger IP guidelines; increasing industry relevant research training; and reforming government funding arrangements.

## The creation of a 'marketplace' for research expertise

Feedback from industry stakeholders suggests that there are high costs involved in searching for and identifying suitable researchers with whom to collaborate. This is particularly the case for businesses with discrete research projects with a limited timeframe for project completion. These factors greatly increase risk and discourage undertaking research opportunities.

The development of a marketplace to help bring willing buyers and sellers of research closer together will help reduce search costs for both industry and the research sector and ensure that research skills are effectively marketed to industry giving it the opportunity to shop around for suitable research skills.

While there are a number of platforms currently available to assist in introducing business to researchers, the Chambers have received feedback from key stakeholders that there is a need for a combination of an online engagement platform and an intermediary service to ensure requests for expertise are appropriately contextualised.

To this end, the Chambers are actively engaging online platform providers (such as Coalfacor) to understand better how such platforms work in identifying industry issues and where improvements can be made from both a system and educational perspective to support greater industry participation.

Additionally, the Chambers are collaborating with the NSW Department of Trade & Investment, industry and research sector stakeholders in conducting a pilot problem-solving or 'speed dating' forum to help identify and facilitate specific collaboration opportunities. The focus will be on the medical technology and defence industry sectors in Western Sydney and will involve seven to eight firms.

In the lead up to the forum, the Chambers will work with the research sector to identify areas of expertise and with industry in identifying real business problems. Once these problems are identified they will be shared with multiple research participants (from different institutions) who will have the chance to undertake preliminary inquiries and then at the forum proper present initial findings and potential solutions to the business. If a potential solution emerges, the business and researcher can then move forward in collaborating further on it. The Chambers will be looking to host the forum in early – mid 2015.

The Chambers would welcome the support and engagement of the Federal Government as we roll out this initiative.

## **Engagement guidelines and SME capability development**

The business engagement practices of universities and the capabilities of business, especially SMEs, in identifying suitable issues amenable to research input and in applying that input have been identified as key barriers in progressing collaborative research. Feedback from stakeholders who have previously attempted collaborative research has been that often it seems researchers and business people aren't speaking the same language.

Identifying best practice engagement processes and sharing this across the research sector would greatly assist in moving forward with approaches that work and leaving behind those that don't.

The suggestions around revenue sharing arrangements made within the discussion paper may also play a role in incentivising more commercially focussed research. The Chambers would encourage further investigation into the effectiveness of these arrangements where they currently exist.

From the SME perspective targeted assistance such as capability development workshops and guidelines, including a standardised IP agreement for short-term partnerships, delivered in conjunction with key industry stakeholders such as the Chambers, would help take some of the uncertainty and cost burden from business and researchers aiming to achieve healthy, productive collaborations. SME-focussed workshops would help to realise the potential of this key sector of our economy by allowing them greater opportunity and capacity to harness research expertise to solve their business specific problems. Despite the potential advantages of research collaboration, SMEs collaborate less due to concerns around costs, timeframes and challenges in effectively articulating research problems.

SMEs represent a significant portion of the business community - increasing their innovation capacity would have significant positive impacts on Australia's productivity growth.

## **Increasing work integrated learning (WIL) opportunities**

It has been consistently identified in Australia that there is a crucial disconnect between industry and the research sector in developing '*work/industry ready*' graduates and researchers. This disconnect has led to a cohort of graduates and researchers who have limited understanding of business and business problems, which in turn limits avenues for the translation of research expertise into commercial success.

A solution to this problem is increased industry engagement in higher education through WIL opportunities. The promotion of WIL will help build the work readiness

of graduates, increase researchers' commercial acumen, and foster stronger links between industry and the research sector.

Involving industry in developing curriculums and WIL opportunities would greatly assist in addressing this important issue. The Chambers would welcome opportunities to work with the Government in developing such a program of engagement further.

### **Government reforms of research funding frameworks**

The Report highlights the need for the reform of the research funding framework in Australia. The current funding models do not adequately incentivise researchers to focus on social and economic outcomes, and is instead focused on the academic quality of the research. An outcomes/impact assessment approach to research funding would increase the research sector's incentive to translate research for practical and commercial application.

### **Industry Growth Centres**

The Chambers support the establishment of the Industry Growth Centres, noting however that there may be opportunities being missed due to a lack of focus on specific areas such as Fintech (financial services technology). Sydney's established strengths in financial services means that a specific focus on this opportunity should be examined more closely. The NSW Government has put its support behind the establishment of a fintech hub within Sydney. However, the strong international competition for this industry requires cross-government support to address regulatory constraints to fulfil the domestic potential. The Chamber supports examining such opportunities further and applying funding towards sectors where strong growth potential exists.

The Chamber wishes to thank the Department for the opportunity to provide a submission on this important matter.