

**INNOVATION
INSIGHTS
JUNE 2018**



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From research to commercialisation

While research is an important component in successful innovation, it is only one factor. Companies need to manage expectations about research outcomes, then think strategically about the best pathway for unlocking commercial value from new discoveries.

It's well recognised that businesses who actively participate in innovation outperform their peers across a range of metrics, including productivity, export success, and profit growth. Whether by collaborating with other businesses, working with a research institute, or implementing their own R&D programs, companies who invest in knowledge capital can increase their chances of commercial success. In some markets, they need to be on the lookout for disruption, while in others, where the pace of technological change is accelerating, it is essential for companies to continually develop knowledge.

Yet, while research is an important component in successful innovation, it is only one factor. To realise the full commercial value of their research, companies need to think carefully about the right model for integrating new knowledge into their



business and translating it into customer value. In short, research is only part of the journey.

Research is risky

No guaranteed outcomes doesn't mean it isn't worth undertaking. Discovering that a product or service innovation isn't viable may be disheartening, but it provides valuable information for companies looking to focus

their resources in the most fertile areas.

However, the more common experience is that a research project offers some promising results, yet, more work is required to achieve commercially valuable outcomes. That can be challenging for companies with budget constraints and deadlines. The answer is to enter into a research program with a framework of objectives

and realistic expectations, with communication and interaction along the way. There may be an acknowledgement at the start that continued investment may be required, as a result of increasing information. In fact, together with other businesses or research organisations, it may be possible to spread the risk and access a wider pool of resources and skills.

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Using intellectual property strategically

When it is successful, research is likely to generate valuable intellectual property (IP). So, companies need to think strategically about the best way to unlock and capture that value. Possible options include:

- Keeping IP private and exploiting it to create better products and services.
- Publishing it, typically with patents and other protections in place.
- Licensing it to other organisations.
- Leveraging it by collaboration with another organisation.

While publishing hard-won knowledge can seem counter-intuitive, it can be a very successful strategy, especially if you can put effective protections in place. One Australian example

could be the Tasmanian company Botanical Resources Australia, which has established a reputation as a world-leading expert in the natural insecticide pyrethrum by investing in the IP protection and publishing their research broadly and regularly. Theirs is a very different approach to companies that capture a trade secret, like the recipe for Coca-Cola or Irn Bru. Yet there are many strategies to consider.

Firms should invest time in an IP strategy. It is important to understand that establishing and defending patents and other IP protections can be expensive and time-consuming. A smaller company, particularly one working in collaboration with a research organisation, may need to consider carefully if ownership of the IP is the best option for them. Instead, they may be better off financially if they opt instead to have access and rights to the information.

In some cases, companies have an over-inflated expectation that their IP is a winning lottery ticket. Realistically, all it does is give a company the right to use knowledge resulting from the research. While that's important, a great deal of business effort is usually required to make that information economically valuable.

Learning from the experiences of others

Perhaps the most important step companies can take towards commercialising their research insights is to learn from the experiences of other businesses who have trodden the same path. By sharing insights with your peers, you can gain a valuable perspective on the benefits and pitfalls, as well as accessing a broader network of experts with the skills to tackle specific business problems. This critical feedback is invaluable.

To help facilitate this process, the AIRG holds regular round tables and quarterly forums for members, with a focus on collaboration and innovation. Featuring speakers and participants from some of Australia's innovation leaders, they are a great way to share and test ideas with your peers in other industries. You can find out more about our member engagement activities online.

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