

Forfás launches consultation document on services innovation in Ireland

Forfás today (Thursday, September 28th) launched a consultation document, *Services Innovation in Ireland - Options for Innovation Policy*, which identifies the need for Ireland to develop specific policies in relation to services innovation. The report includes case studies of leading Irish services companies, and reviews and examines the nature and extent of innovation in services in Ireland. It identifies the main drivers of innovation in services and the barriers faced by companies in developing and implementing innovation strategies. It also suggests an approach to developing and implementing policies, focusing on supporting non-technological innovation in services companies.

As a developed economy, Ireland is experiencing a shift from its tradition in manufacturing to an increased concentration in services, with employment in services growing by 58% in the decade to 2004. Martin Cronin, Chief Executive of Forfás said "We need now to adapt our policies and programmes to take advantage of the significant opportunities presented by the global growth in services. Because of the intangible nature of services it is challenging to fully grasp the nature of innovation in services."

The report suggests that a policy specific to innovation in services is required, which would deliver a strong message to business, education and government that services innovation is as important as technological innovation. This would also place Ireland at the forefront of thinking throughout OECD countries in terms of services innovation.

"This report is intended to stimulate debate" continued Martin Cronin, "and Forfás welcomes feedback on the commentary and conclusions of the report from companies themselves, the education sector and industry bodies. As we move toward a knowledge-based economy, with increasing emphasis on services, we need to evolve our business environment so that it is conducive to these fundamental changes in our economic structure."

Key Findings of the Report:

The report calls for:

- A statement on Services Innovation Policy that demonstrates that the sector is valued and that innovation in services is encouraged;
- The development of a supportive and flexible regulatory environment for service providers;

- The development of a services innovation culture, that recognises the need for increased risk and flexibility in the provision of industry supports;
- The development of a business support framework for services innovation;
- Continued focus on accelerating the development of ICT and broadband infrastructures, which is a pre-requisite for a highly innovative services economy;
- The development of concentrations of activity through networks, clusters and centres of excellence; and
- The cultivation of creativity at an early stage in the education cycle through to vocational college and university teaching and lifelong learning.

Case Study - AXA Insurance

AXA Insurance is one of 27 companies featured in the report. It launched its first innovation programme in 2000, which was designed to bring staff together to develop new ideas, break barriers, and promote new ways of thinking and learning, with the objective of developing new innovative customer-focused services and products. Through AXA's in-house innovation initiative, the company has produced service innovations across the company. These innovations have been driven by individuals within the company, in areas such as claims services, IT, finance and insurance. AXA estimate that these innovation activities have produced some €10 million benefit to the company since 2002. "Since we started our in-house innovation programme, we have tapped into the knowledge, creativity and commitment of our employees and their customer knowledge" says Catherine Whelan, Innovation Manager with AXA Insurance. "Innovation in services has now become a critical element of developing our future business".