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When the Start-Up Nation Matures

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Prof. Arie Zaban, Chemistry Department, Bar-Ilan University

Mr. Roni Zehavi, Serial Entrepreneur, Israel Innovation Institute

Abstract

The Vision: Positioning Israel as a Leading Global Center of Innovation

The knowledge revolution, as it builds and gains strength, has begun to penetrate into all economic sectors is bringing dramatic changes in fields such as health, agriculture, education, and transportation. These developments portend great promise for economic and social advancement, but this trend also poses a double challenge for Israel:

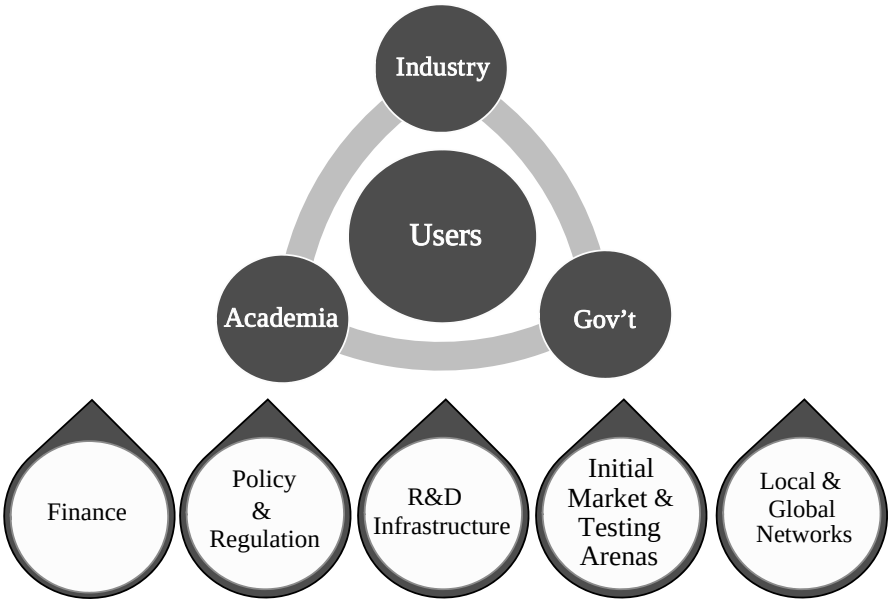
- Maintaining the state's competitiveness in the developing knowledge economy.
- Expanding the pervasiveness of innovation throughout the economy and ensuring inclusive growth and sustainable development.

To address these challenges, Israel must leverage its unique attributes, such as its being a small economy, Israeli cultural affinity to innovation, and the current status of the national system of innovation. Combined, these offer a solid foundation to position Israel as a leading center of global innovation. When global players (countries, companies, researchers, investors, and NGOs) seek a location to develop and test innovative solutions, Israel should be a competitive choice. The innovation supportive environment Israel can create will have both national and global significance. It will at once serve to ensure economic growth and sustainable development, contribute to Israel's global competitiveness, and hence, its geopolitical impact.

An Innovation Supportive Environment as the Foundation of Economic Growth and Improved Quality of Life

An innovation environment does not simply develop spontaneously or independently. Breakthroughs in fields such as health, education, transportation, energy, environment, and agriculture rely on the development of a proactive environment that encourages innovation. The elements involved in this ecosystem include policies and regulations, availability of infrastructure and R&D funding, trial markets, and the effective integration of consumers, researchers, developers and government officials; with continuous assessment, updating, and adjustment.

Figure 1 **Essential Components for an Effective Innovation Environment**



Formulate Objectives and Define the Innovation Process: Operational Recommendations

To be competitive in the global market, Israel must act on three primary levels:

1. **Adopt a unified vision for a national system of innovation**. Advancing this vision will enable Israel to position itself as a leading global innovation center based on core capacity as part of the global value chain in fields such as health, education, transportation, and the environment. This positioning will serve to ensure comprehensive and sustainable progress, contributing to global competitiveness and promoting Israel in the geopolitical arena.
2. **Revise the perception of policy and development of innovation support systems**. An innovation environment does not emerge on its own. The capacity for breakthroughs requires the development of a proactive network to support innovation that includes policy and regulation, availability of infrastructure and R&D funding, initial trial market, and effective integration between users, researchers, developers, government officials and NGOs. Historically, Israel has extended R&D support to academia, industry, and defense. There is no source for the promotion of an innovation environment for all sectors with enhanced infrastructure. For Israel to introduce the next generation to the field of international cooperation and realize this process, an action committee is needed to recommend mechanisms and institutions to support development of innovation networks. This might include the appointment of a senior management-level team close to innovation networks that will oversee development activities, the establishment of a

training program for managers, goal setting, promotion of an office of innovation, and organizational innovation. The process must be based on the integration of international research in support of the learning process from several test cases (see Recommendation 3).

3. **Promotion of test cases**. In the short term, there is leverage in existing processes and in developing innovation networks in areas of national need while undergoing a paradigm shift on the global level. These fields include health, education, agriculture, and innovation in the urban space. However, due to the lack of a systematic government strategy and process, it is not the intention of this document to recommend specific areas of development. The purpose of test cases mentioned here is to support the expanding concept of policy and to advance the vision of Israel as a leading center for global innovation.