



Encounter Innovation

The Pacific Northwest Innovation Ecosystem

*Presentation for:
Washington State Regional Legislative Hearing*

**Pacific Northwest Economic Region
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Summary



New global and national economic realities challenge Washington and the Pacific Northwest to start, nurture and transform industries driven by innovation.



Innovation has been a focus of high-tech industries. The focus needs to be broadened to all people, industries and geographies to expand our overall ability to provide high value jobs.



Washington and the Pacific Northwest possesses substantial assets and initiatives related to innovation, but the region is far from reaching its potential.



Linking innovation clusters across the Pacific Northwest can transform the region into the most dynamic and resilient economy in the world

Pacific Northwest Economy is a powerhouse



PNWER Region (GDP/Pop.)

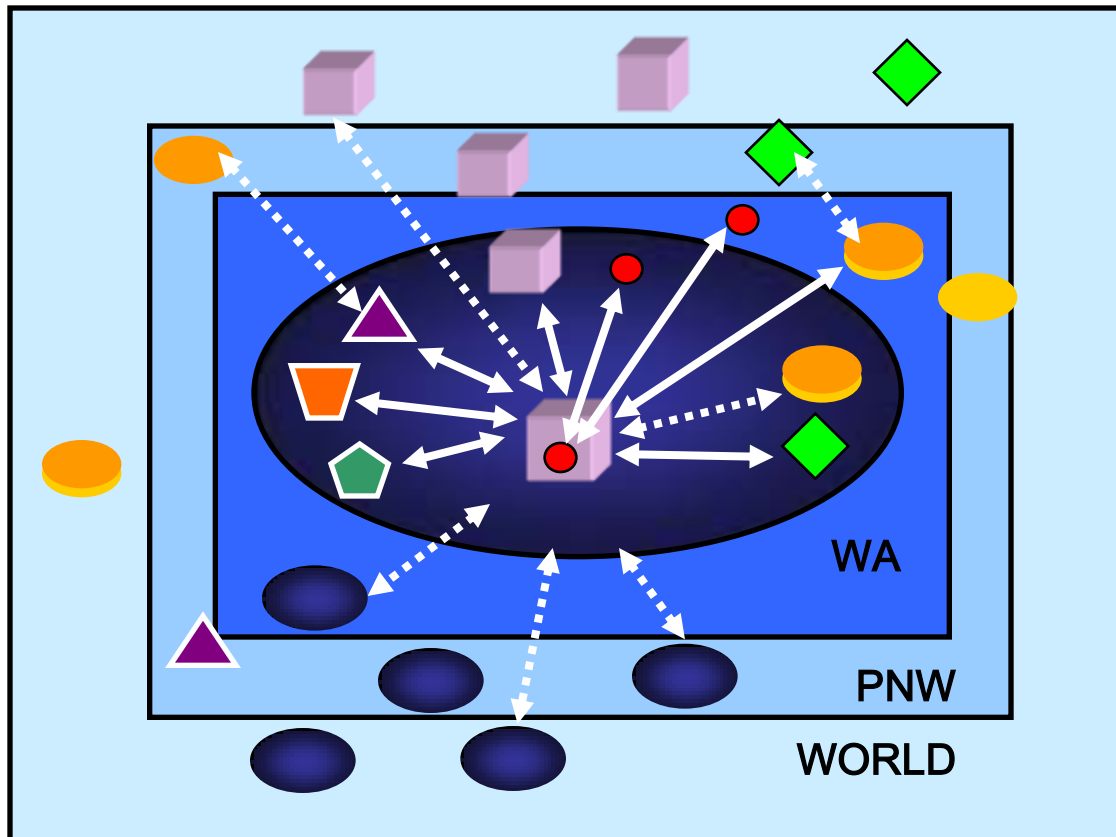
<u>State/Prov.</u>	<u>GDP*</u>	<u>Population</u>
Wash.	322,778	6,549,224
Alberta	291,300	3,735,086
B.C.	191,006	4,551,853
Oregon	161,573	3,782,991
Idaho	52,747	1,545,801
Alaska	47,912	686,293
Sask.	41,296	1,049,701
Montana	29,885	974,989
NW Terr.	4,124	41,464
Yukon	2,026	34,157
Total	1,144,647	22,901,559

*2009 population & GDP in \$US Million

Data provided by PNWER – Pacific Northwest Economic Region

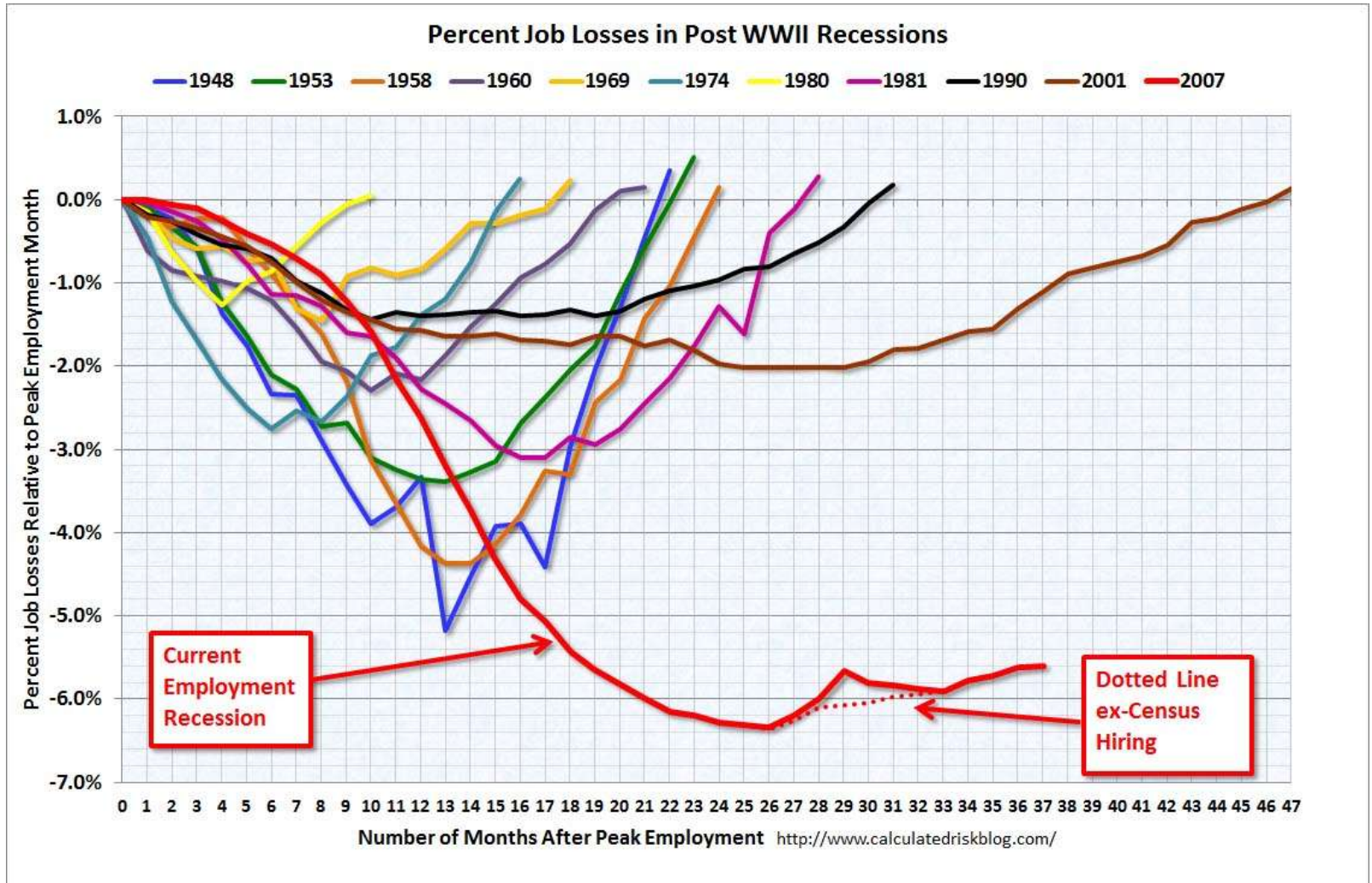
No Point in Innovating Alone

Collaborative Innovation



- innovative entrepreneur
- firm
- university
- ◆ research institution
- ▲ finance & venture capital
- ▼ legal & consulting
- ⬠ supply chain
- Innovation Cluster
- ↔ strong network
- ⋯ weak network

We Need to Solve this Problem



Another Sputnik Moment

1957



“one small ball in the air”



1985

Americans were the first and only people ever to walk on the moon. That is because the very visible challenge of Sputnik spurred us to action.

Today, a less obvious threat calls for our concerted response. Our ability to compete internationally faces unprecedented challenge from abroad. Our world leadership is at stake, and so is our ability to provide for our people the stan-

discourage investment in this vital core of our economy.

What Is at Stake?

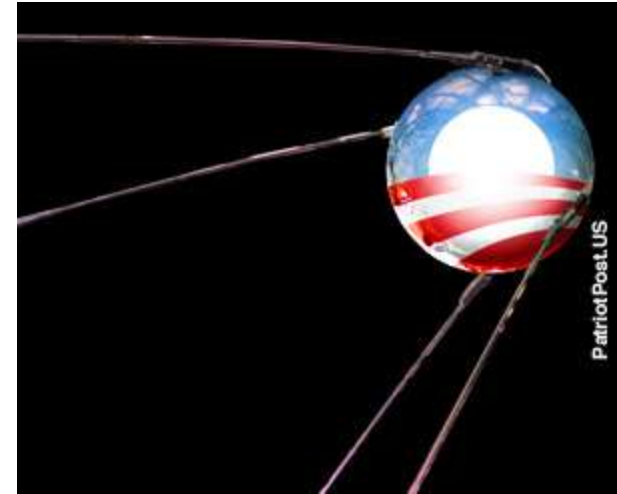
Many important national goals can be attained only if we are competitive in world markets. The U.S. position as

President's Commission on Industrial Competitiveness



WA Economic Development Commission

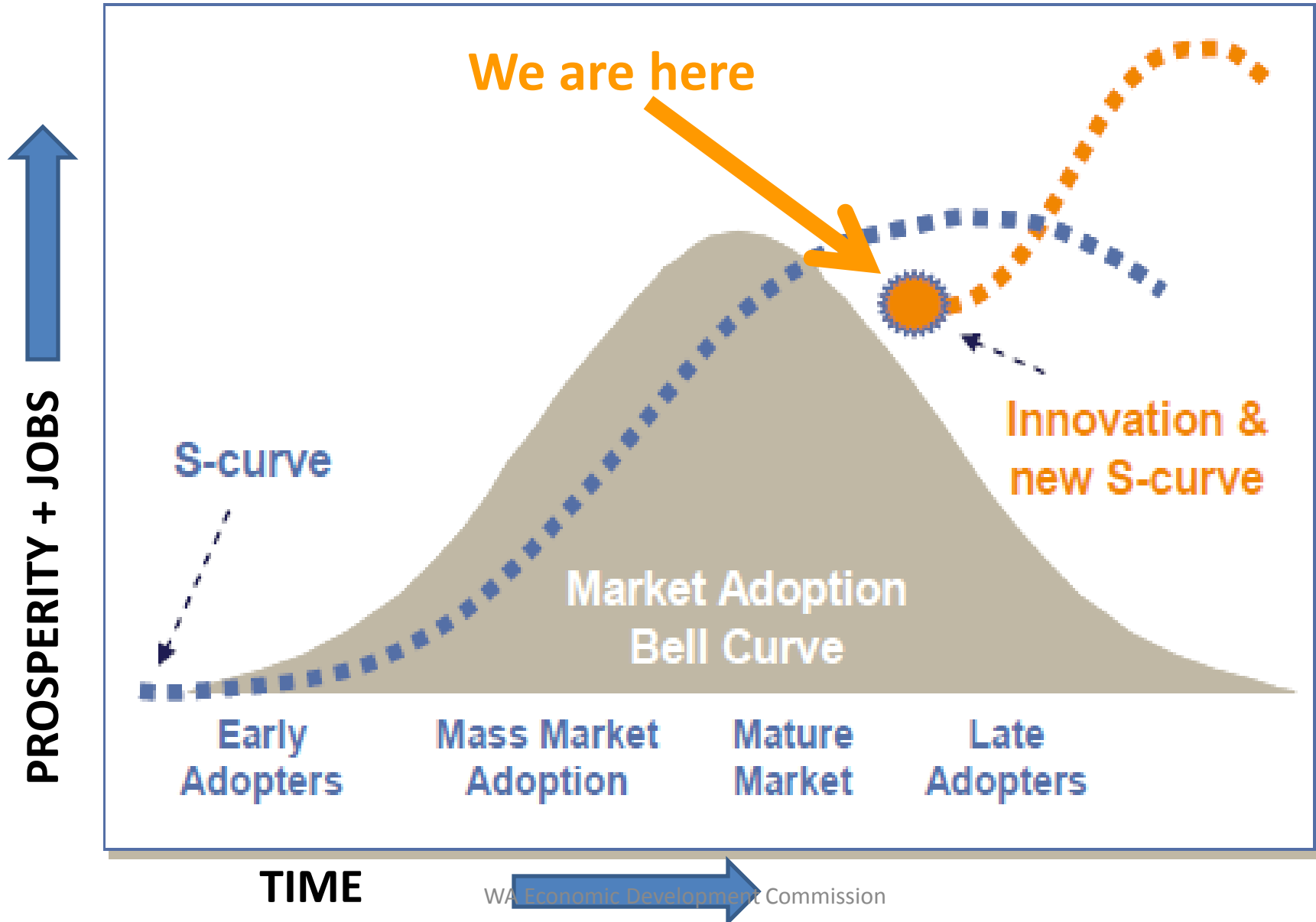
2011



“this is our generations’ Sputnik moment”



Driving the Next Phase of Growth



The Great Policy Reset

FROM

- Public Sector Jobs
- Shovel Ready
- Expand Safety Net
- Consumption
- Debt



TO

- Private Sector Jobs
- Innovation
- Upgrading Skills
- Investment
- Exports

Why such intense interest in innovation?

- The central theme in *advanced* and *emerging* economies.
- 2/3 of GDP per capita growth comes from innovation
- Social return is 2 to 4 times private return (spill-over effect)
- Technology industries pay 70% more than other jobs
- Determines country, regional and state rankings.
- Source of competitive advantage against low-wage nations
- Addresses needs in energy, health, transportation, water, education, etc.

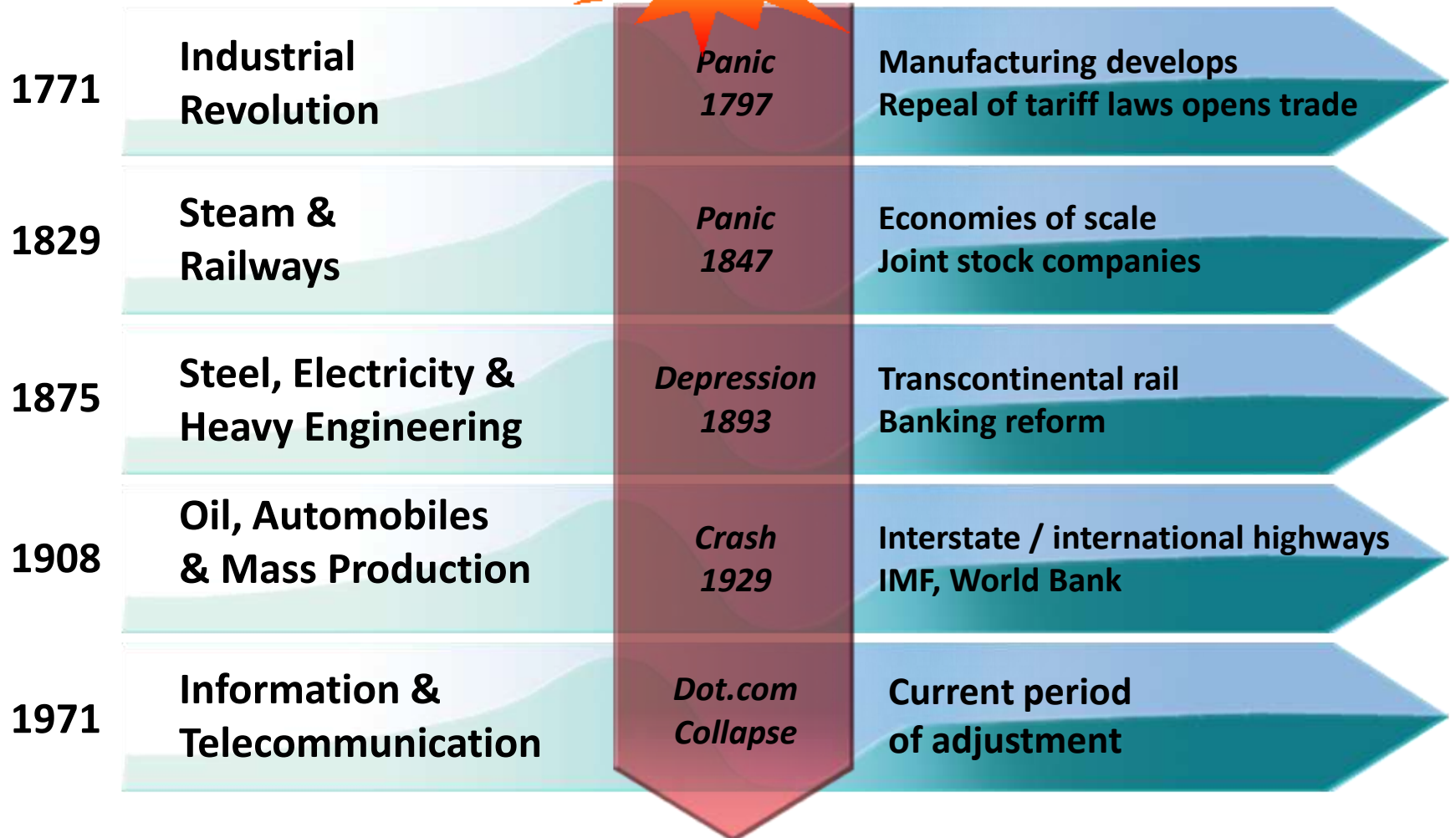


Five Historic Innovation Cycles

Phase One: Installation

CRASH

Phase Two: Deployment



A Ten Year Vision

We should not fear to lead

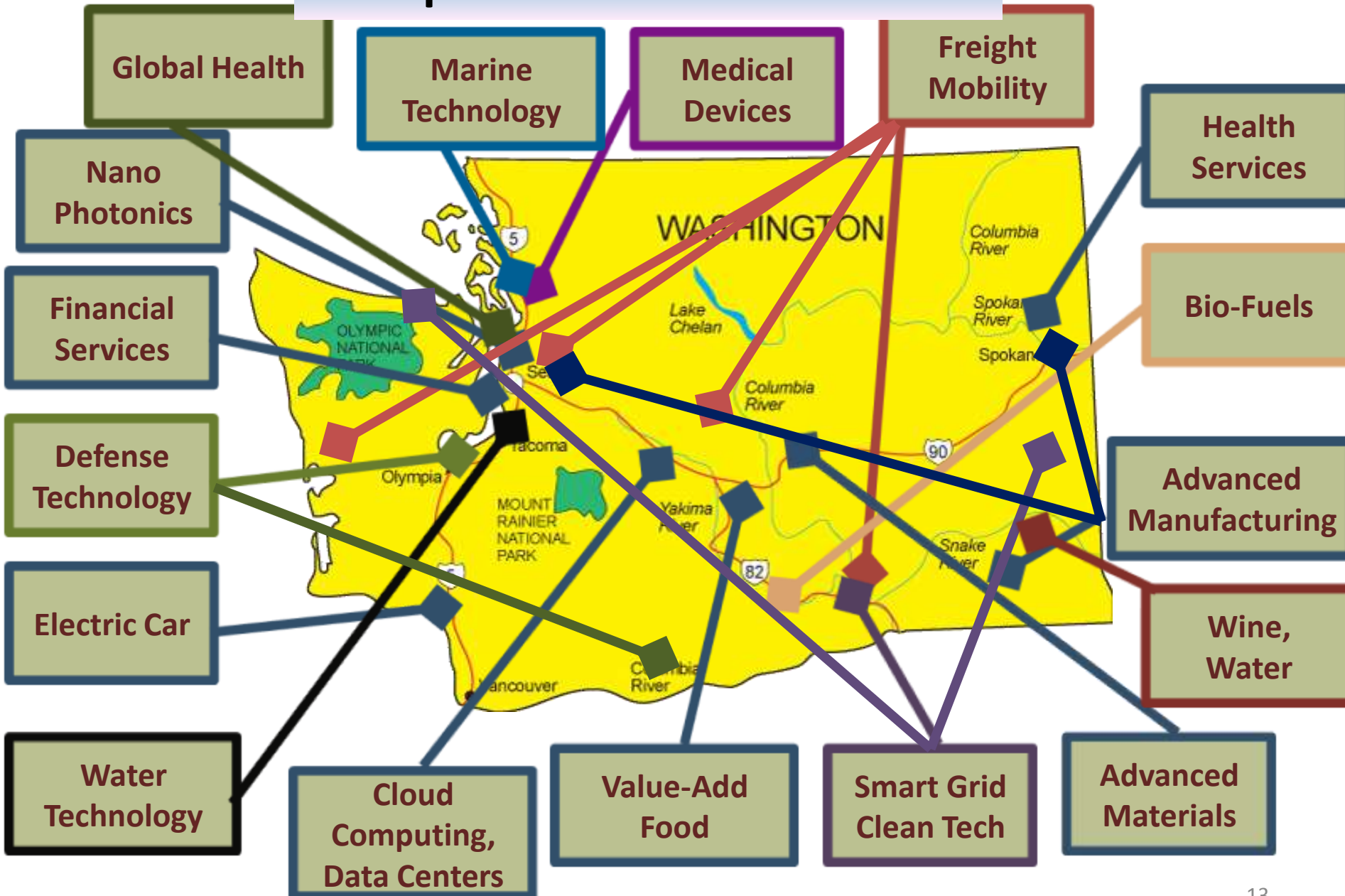
**Make Washington State
the most attractive,
creative and fertile
investment environment
for innovation in the
world.**



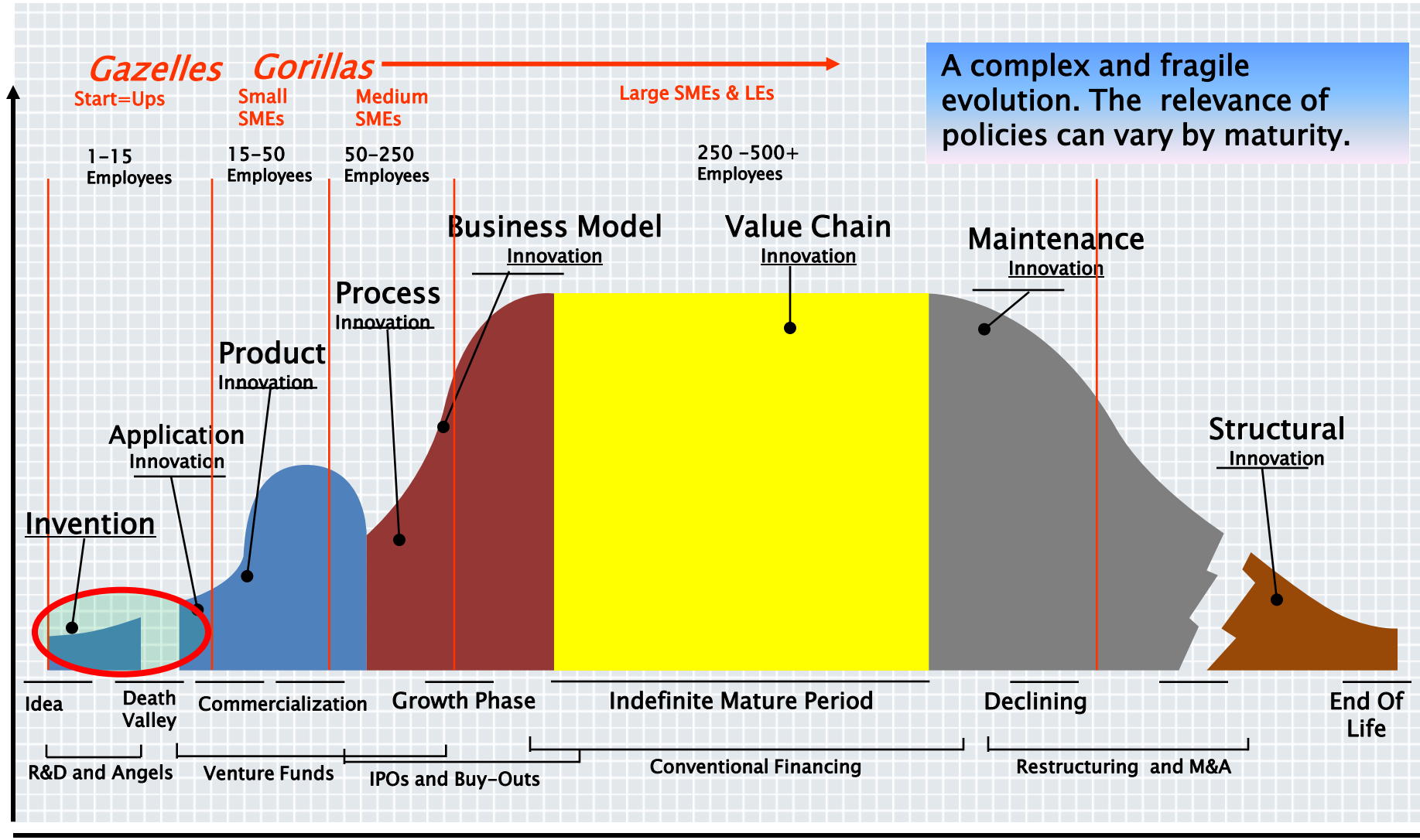
New Economic Development Model

Traditional Model	Innovation Driven Model
Attracting and retaining companies	Investing in talent, ideas and infrastructure
Jobs	Quality of jobs, per capita incomes
Lowest cost of business inputs	Higher value inputs, productivity
Narrow occupational skills	Learning and career flexibility
Top down economic development	Bottom-up and organic growth
Competing regions: zero sum game	Collaborating regions: value creation
Closed linear innovation system	Open and collaborative innovation
Geographic bounded clusters	Globally networked clusters

Disruptive Innovation Clusters



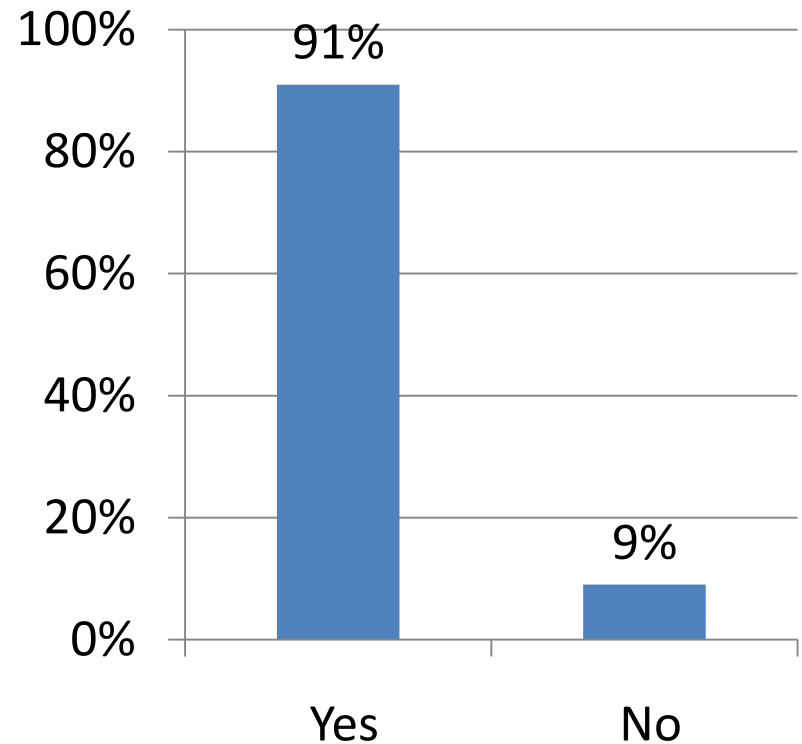
Innovation Phases



Will innovation be more important in the next three decades than in the last three?

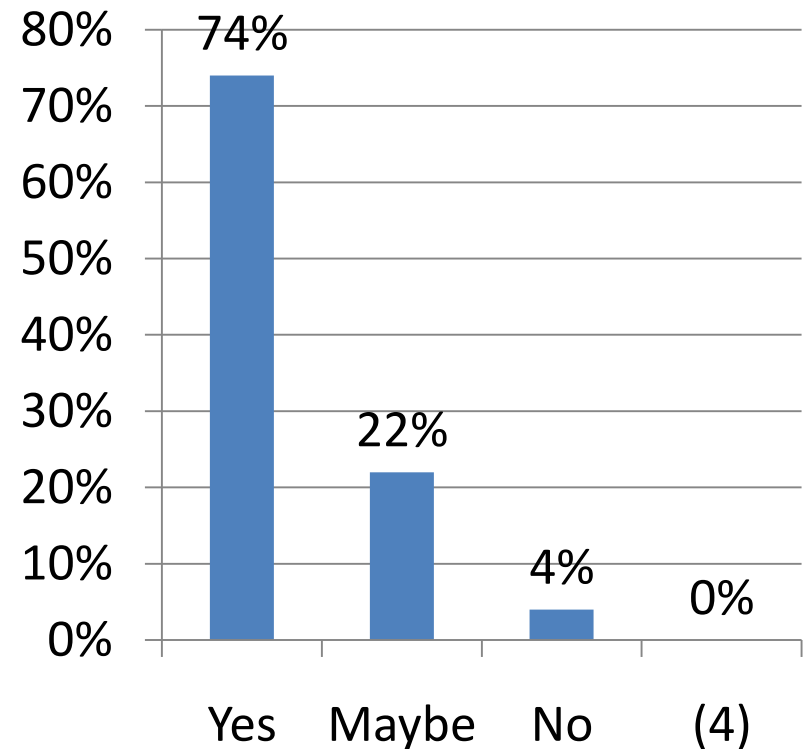
A. Yes

B. No



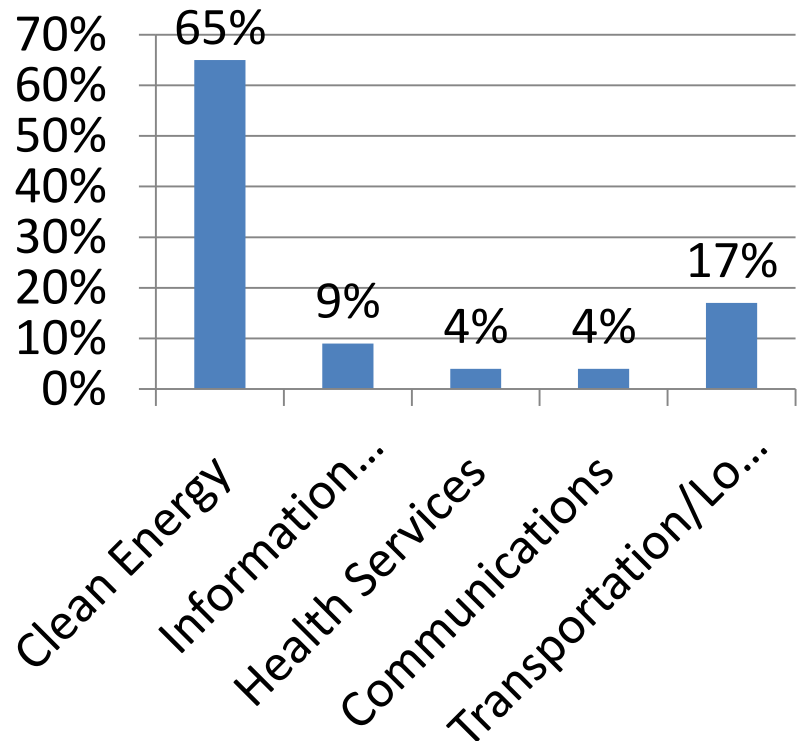
Are there significant opportunities in cross border innovation and collaboration?

1. Yes
2. Maybe
3. No



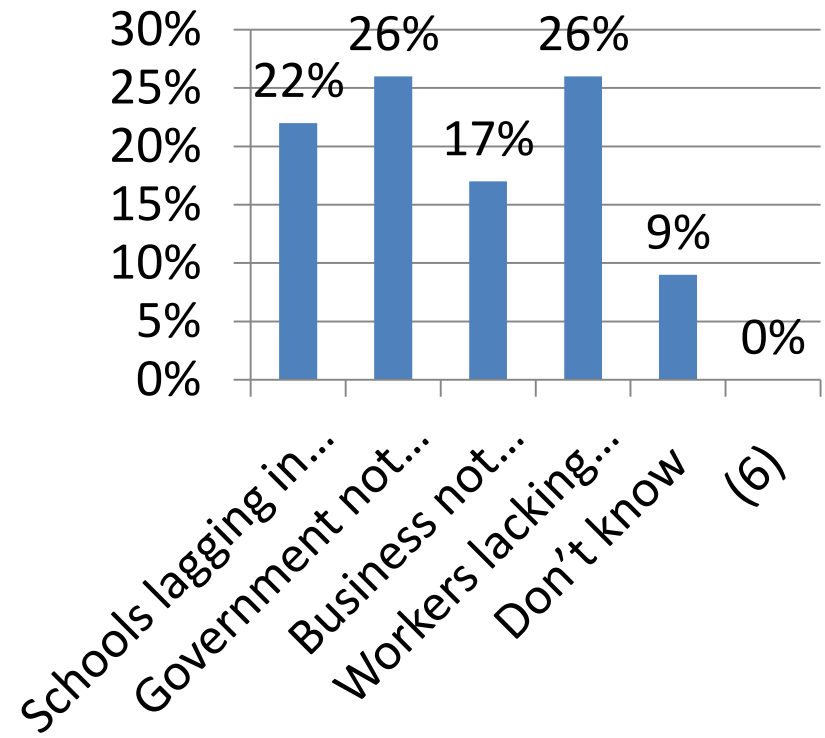
Which areas offer the biggest opportunity for innovation collaboration?

1. **Clean Energy**
2. **Information Technology**
3. **Health Services**
4. **Communications**
5. **Transportation/Logistics**



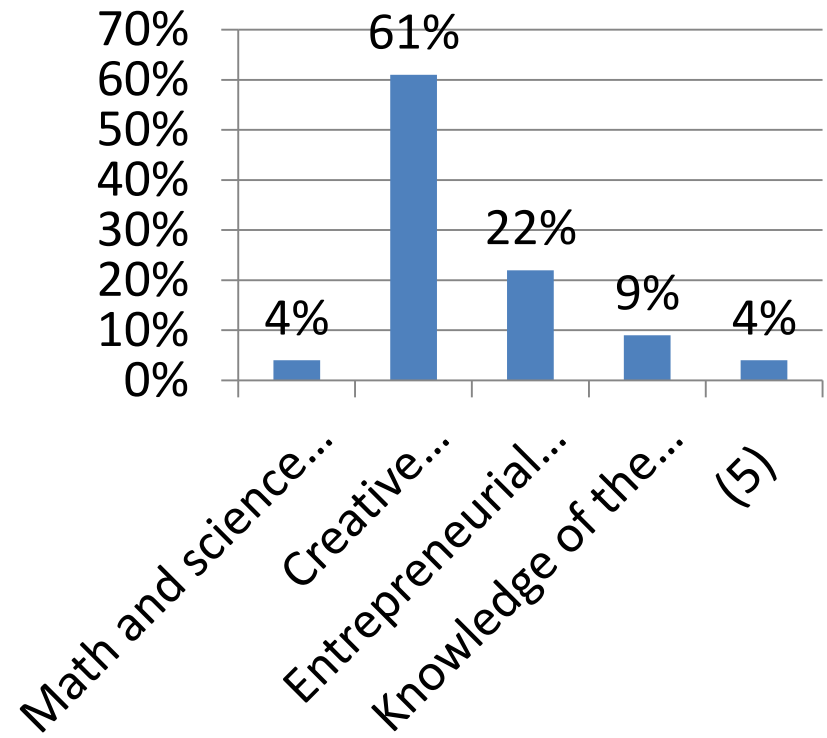
What is the major factor limiting Pacific Northwest's innovation performance?

1. Schools lagging in science and math education
2. Government not doing enough to support technological innovation
3. Business not investing enough in technological innovation
4. Workers lacking skills to be technologically innovative
5. Don't know



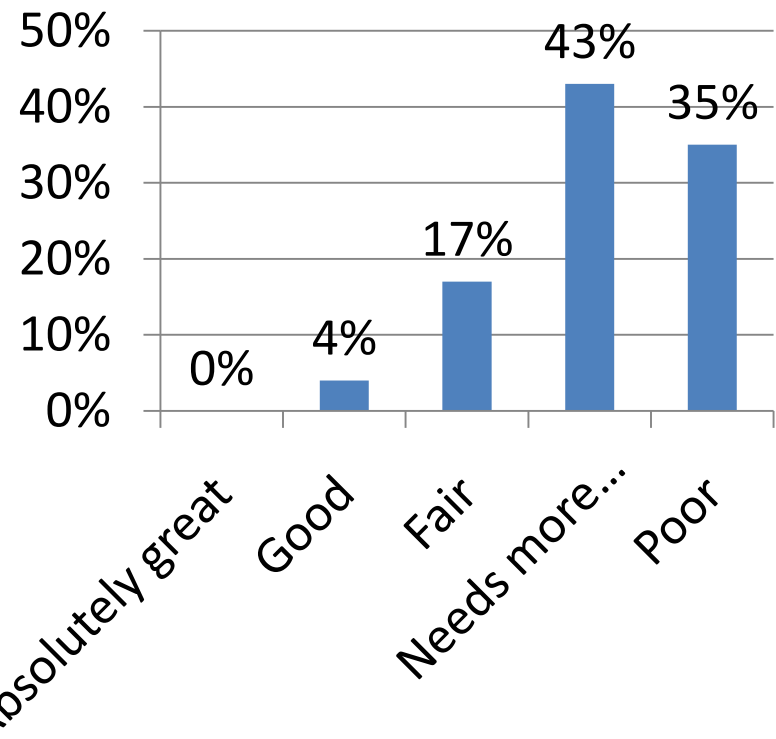
What primary skills will children need to drive innovation in the future?

1. Math and science skills
2. Creative approaches to problem-solving
3. Entrepreneurial and business skills
4. Knowledge of the world's culture



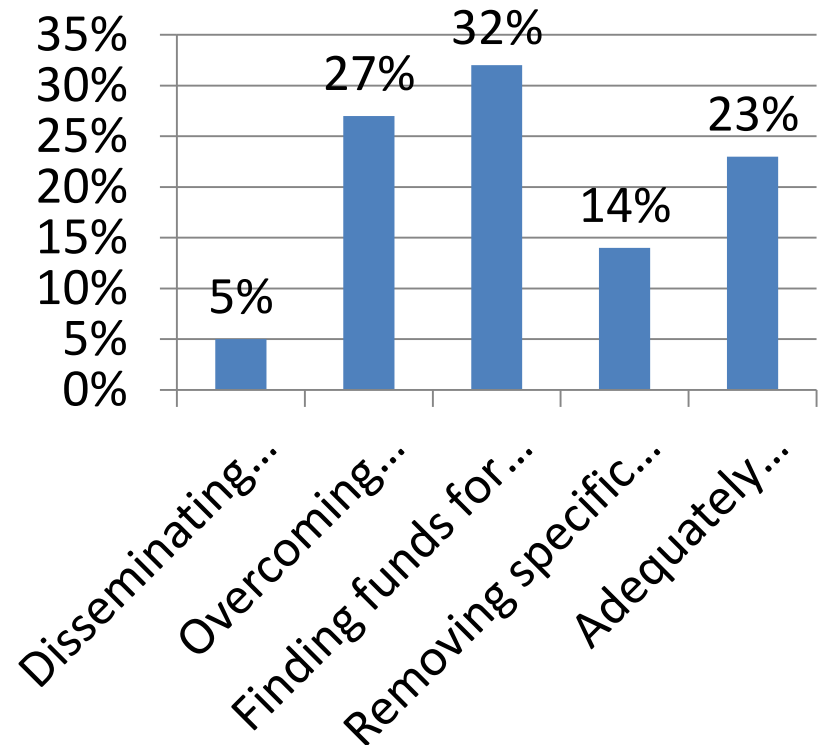
How effective are your innovation and R&D collaboration linkages with neighboring states/ provinces?

1. Absolutely great
2. Good
3. Fair
4. Needs more attention
5. Poor

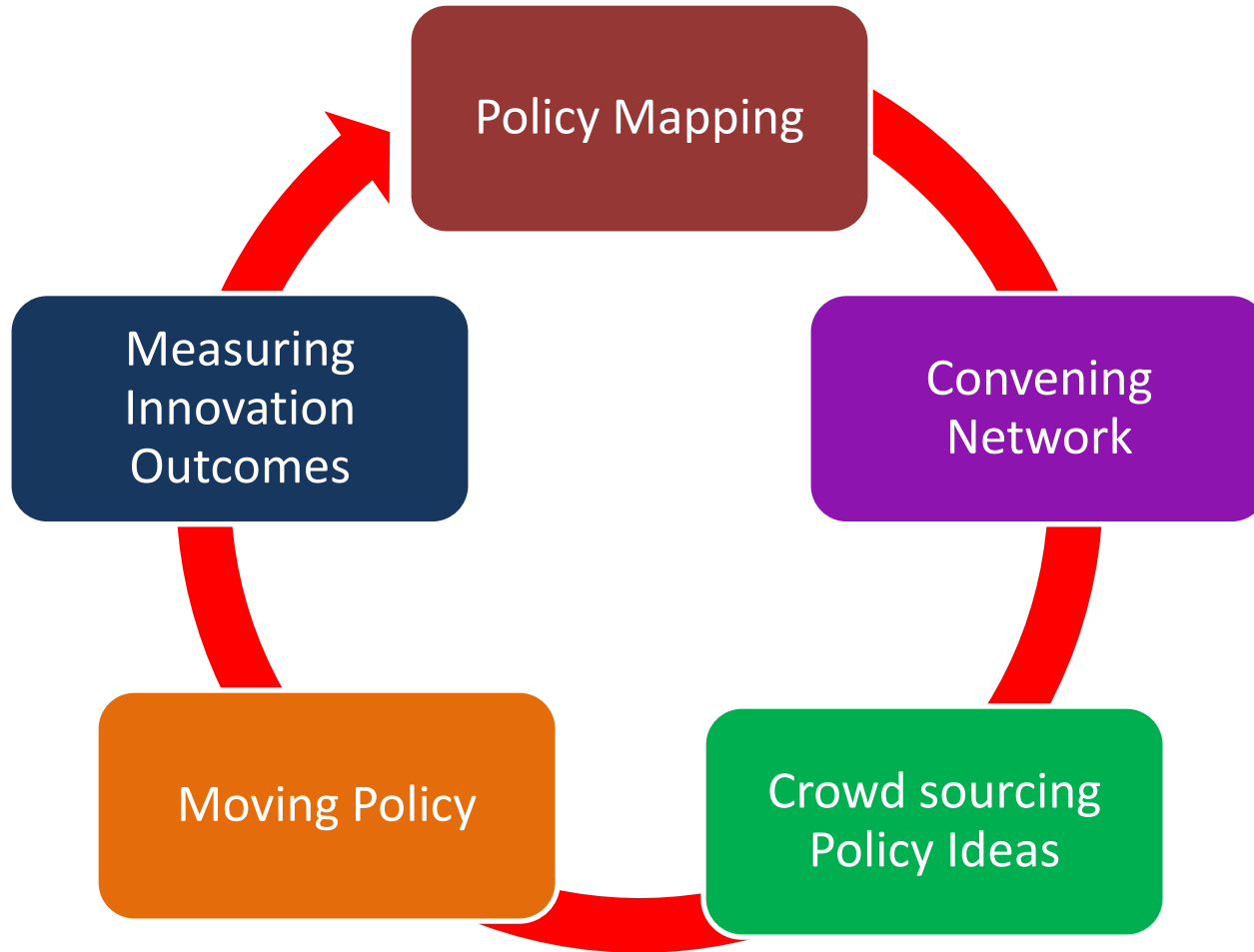


What is the biggest hurdle in forging productive collaborations in the PNW?

1. Disseminating awareness of opportunities
2. Overcoming cultural, political, institutional rivalry
3. Finding funds for collaborative projects and ventures
4. Removing specific policy and regulatory barriers
5. Adequately coordinating relevant stakeholders



Components of PNW Innovation Strategy





World's Fair Anniversary 2012

www.thenextfifty.org

- September 2012 focuses on Commerce and Innovation theme:
 - Careers of the Future
 - Entrepreneurship
 - Transforming Infrastructure
 - International Trade and Culture



The best way to predict the future is to invent it.

