



XVII Round Table with the Italian Government

***Government priorities for the country's development and competitiveness***

**Policies for research, innovation, e-government and technology transfer  
as a growth strategy for the country**

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**1. Innovation**

One of Italy's weaknesses is its poor capacity for innovation.

Italian industry is made up largely of small and medium-sized businesses which, especially in this age of global competition, are having trouble keeping up in terms of technology and R&D.

Technological innovation costs money: it lives on generous investments and large-scale projects, and requires a production system that knows how to use these resources and achieve results. Major projects require extensive investments, and these can only be managed and put to work by large industry.

In addition, not all sectors contribute equally to technological advancement and industrial innovation. A 2005 study ("Technological innovation as a driver of growth and development", by Finmeccanica, ST Microelectronics and Studio

Ambrosetti) shows how a 1% increase in R&D expenditure leads, in the course of two years, to a 0.5% increase in labour productivity (output per worker).

But not all industries have the same influence on the rest of the manufacturing world: textiles, clothing and food, which together generate more than 11% of global GDP, make no contribution to other sectors. Conversely, microelectronics, space, defence and security, which are jointly responsible for just over 1.5% of global GDP, have a positive influence on more than 50% of global output thanks to their technological innovation content.

A plan for the development and overhaul of the Italian industrial system must take account of these differences. A comparative analysis is the only way to decide how and where to invest.

Italy needs to make firm choices and then allocate the necessary resources, even if this means trade-offs that might be quite unpopular at first. It has to stop aiming for half-hearted achievements of little value, in exchange for a clear, sweeping vision based on strategic and structural goals.

Once the vision is defined, there can be no more hesitation, because "progress should mean that we are always changing the world to fit the vision; instead we are always changing the vision" (G.K. Chesterton, 1908).

## **2. Large industry, SMEs and technology transfer**

In general, large companies are able to combine technological renewal with improvements in its manufacturing apparatus.

Their role is fundamental for two reasons: they take on high economic risks and mobilise considerable resources for research; and they activate extensive supply chain effects that involve parties of other sizes and functions (small and medium-sized businesses, public and private research institutes) and therefore propagate their impact throughout the system.

This not only strengthens the corporations themselves, but over the medium to long term can shift the entire industrial fabric towards high-tech production.

This is extremely important, because SMEs often do not have the chance to invest in R&D without cutting too far into profits.

As members of large projects, however, they can make a valuable contribution in specific sectors, in exchange for the opportunity to take part in technological innovation processes that boost their competitiveness.

For this virtuous cycle to begin, however, large industry must really invest in research and innovation. If it does not, the private and public sectors must generally share the blame: private companies often focus on short-term profits to the detriment of ongoing technological development, while the public sector fails to support businesses with innovation-friendly policies and regulations.

Moreover, to maximise technology transfer, SMEs need to be braver, and accept the challenge of turning from suppliers into risk-sharing partners—a role that is certainly more hazardous but also more rewarding in terms of the new expertise acquired.

### **3. The government and the importance of time**

One of the greatest problems industry encounters when dealing with the public administration is the tendency towards delays.

“Time is money”, they say, and this is especially true when it comes to industrial competition, where careful planning and keeping to schedule are as important as controlling costs, risks and quality.

The ability to plan well, to keep a project on schedule, and to have full control over a programme are key factors for the competitiveness of any business, especially national industrial groups that operate on a global scale—as part of international partnerships or as risk-sharing partners in challenging markets like the United States.

Uncertainty as to when loans will come through or delays in receiving payments from customers (and this is a problem particularly with customers in the public sector) can put not only individual programmes, but the credibility of the entire company, at serious risk.

A general improvement in government processes and how they are managed, with particular reference to public IT infrastructure and e-government tools, would be hugely beneficial to ordinary citizens and to industry alike for the greater efficiency and reduction of red tape.

A faster and less cumbersome process of approving bids and disbursing funds, especially for research and development programmes, would boost companies' competitiveness, encourage them to invest (thanks to definite start and end times for subsidised projects), and prevent the waste caused by the delayed implementation of programmes that in today's high-tech world become obsolete in a few short years.