
Key Factors in Attracting the Private Sector to Northern Thailand; success factors in centres of innovation and creativity

Northern Thailand's Creative Economy

– Opportunities & Challenges in the IT Sector



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Synopsis

- **What does creative economy mean? What is innovation?**
- **At a human level, what is attractive; does place matter?**
- **Northern Thailand is attractive for creative people, but:**
- **What are the critical success factors for centres of innovation and creativity?**
- **What trade, investment and other policies and practices are appropriate and needed? How can northern Thailand be a more attractive location and achieve status as a successful centre for innovation and creativity.**

Agenda

Innovation and creativity – business dimensions; human dimensions

The next era of location attractiveness, what will make a location an innovation centre

Policies and practices to make northern Thailand a centre of innovation and creativity; many are national; economic fundamentals.

JFCCT – umbrella organisation 30 foreign chambers / business associations

Some 9,000 end member companies

Work with BOI, Board of Trade, SIPA, many other organisations

Committed to economic growth and development of Thailand

Promote trade and foreign investment, encourage skills development and transfer with the overall aim of contributing to the economy

Partners in the economy – aim for positive and constructive contributions and oppose what we see to be threats.

Specialisations in several areas, including ICT; draw on global and regional experience

Creative Economy – what is it?

Is it :

That part of the economy which is about creative industries?

Or:

About a way of contributing to economic activity generally?

Both

“....creative industries are at the crossroads of the arts, culture, business and technology.

....they comprise the cycle of creation, production and distribution of goods and services that use intellectual capital as their primary input”

Not raw artistry alone → ultimately some economic dimension

Source: UNDP, UNCTAD Creative Economy report 2008

Innovation – what is it?

Creating, and bringing into use,
profitable, new:

- products,
- services,
- processes,
- ways of doing business.

Source: presenter's own; based on Pinchot – Intrapreneurship

Purpose of Innovation (IT focus)

Purpose of IT innovation:

both radical & incremental business innovation:

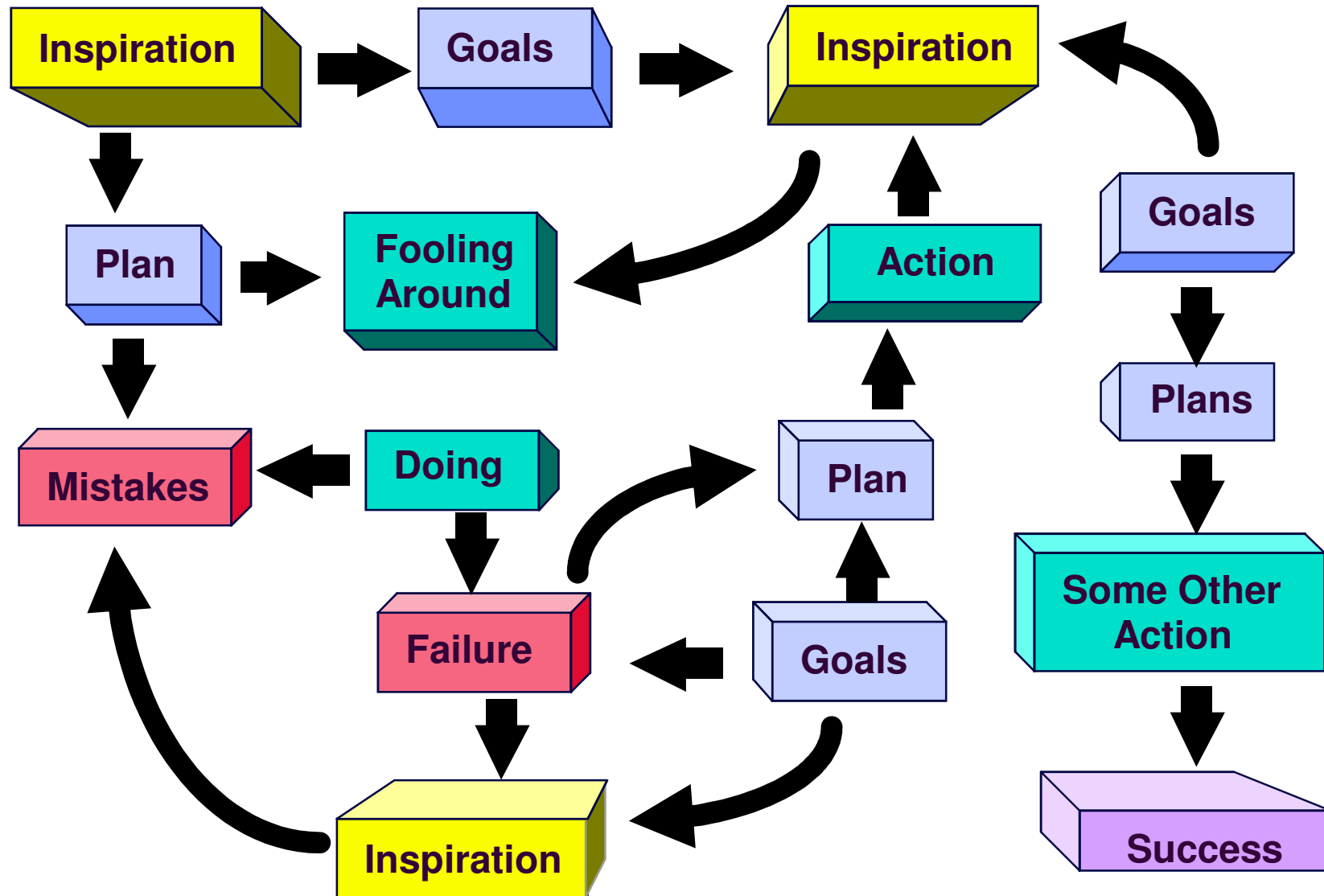
- at the workgroup level
- a line of business level
- the enterprise level

**and most crucially (for the 21st century) at the
inter – enterprise level**

**and to accelerate building talent & capability at all
levels**

Source: John Seely Brown

How Innovation Actually Happens



Graphics source: Pinchot 2002

Innovation – measured how?

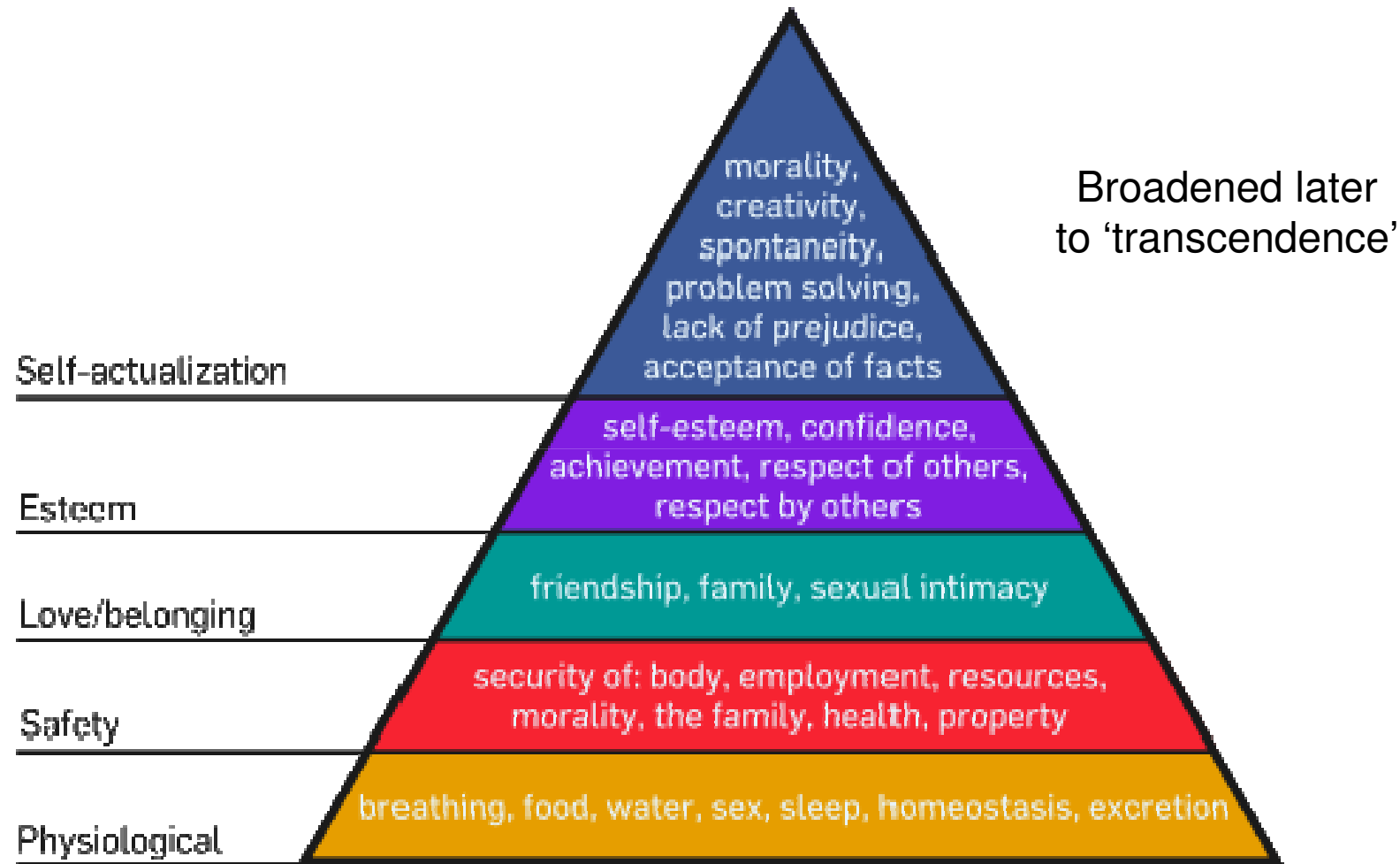
**Number of patents registered –
(eg Global Innovation Index, others)**

Value of Patents realised

**Qualitative, anecdotal and ‘brand’ factors –
eg recognition of ground breaking innovations.**

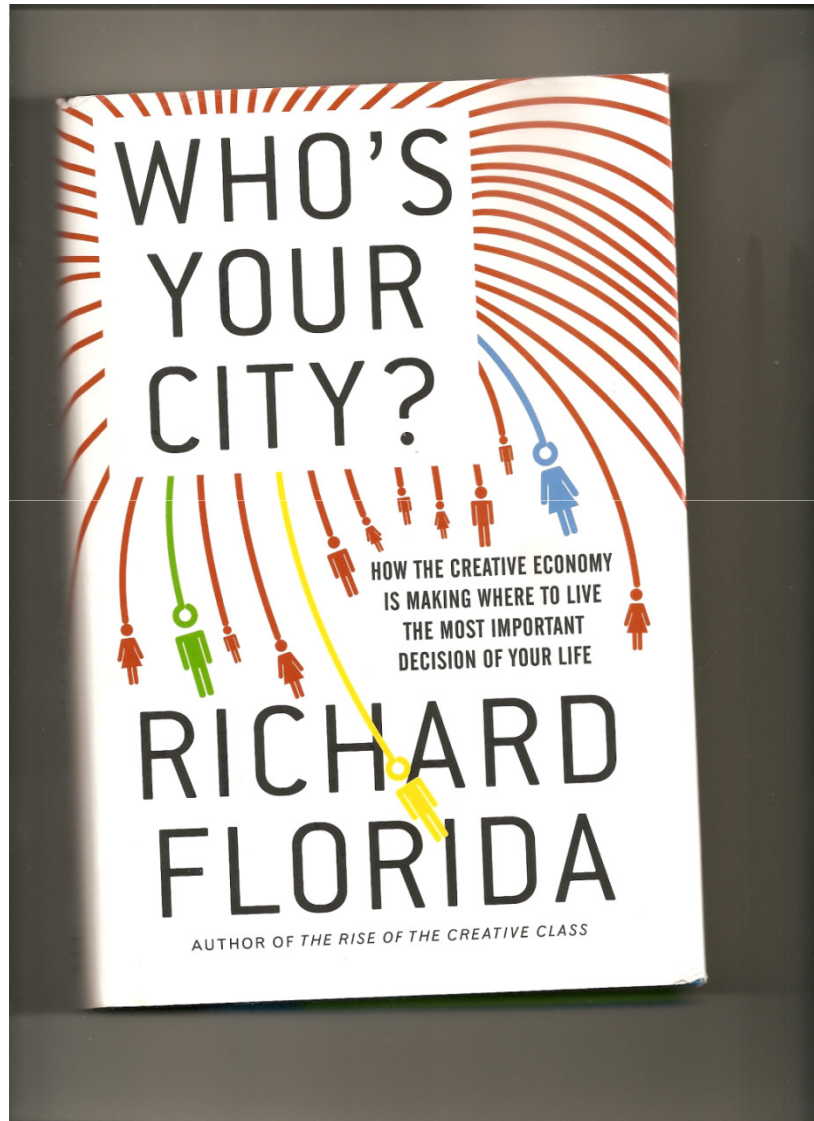
**Creative industries’ output is not all reflected
in recognised forms of IP, but much will be**

Maslow -- Creativity is important



Florida: self actualisation does not require fulfilling of all lower level needs, we want it all

Location does matter



The world is flat (Friedman) if:

- you want to live in one place and work in another; or
- if you want to locate a Park in an economical and somewhat attractive place.

But location matters for unlocking the creative soul for playing in a large scale global game where massive collaboration matters.

- ✓Aesthetics & Lifestyle
- ✓Basic Services
- ✓Openness
- ✓Economic & Personal Security
- ✓Leadership

Centres of Innovation - hubs

Good soft and hard infrastructure

- ports, airports, communications, real estate, local transport
- Sound legal and financial systems, IP protection, sound regulation and procedures, fair playing fields promoting free and fair competition

Pro-business polity; Favorable government policies, economic stability

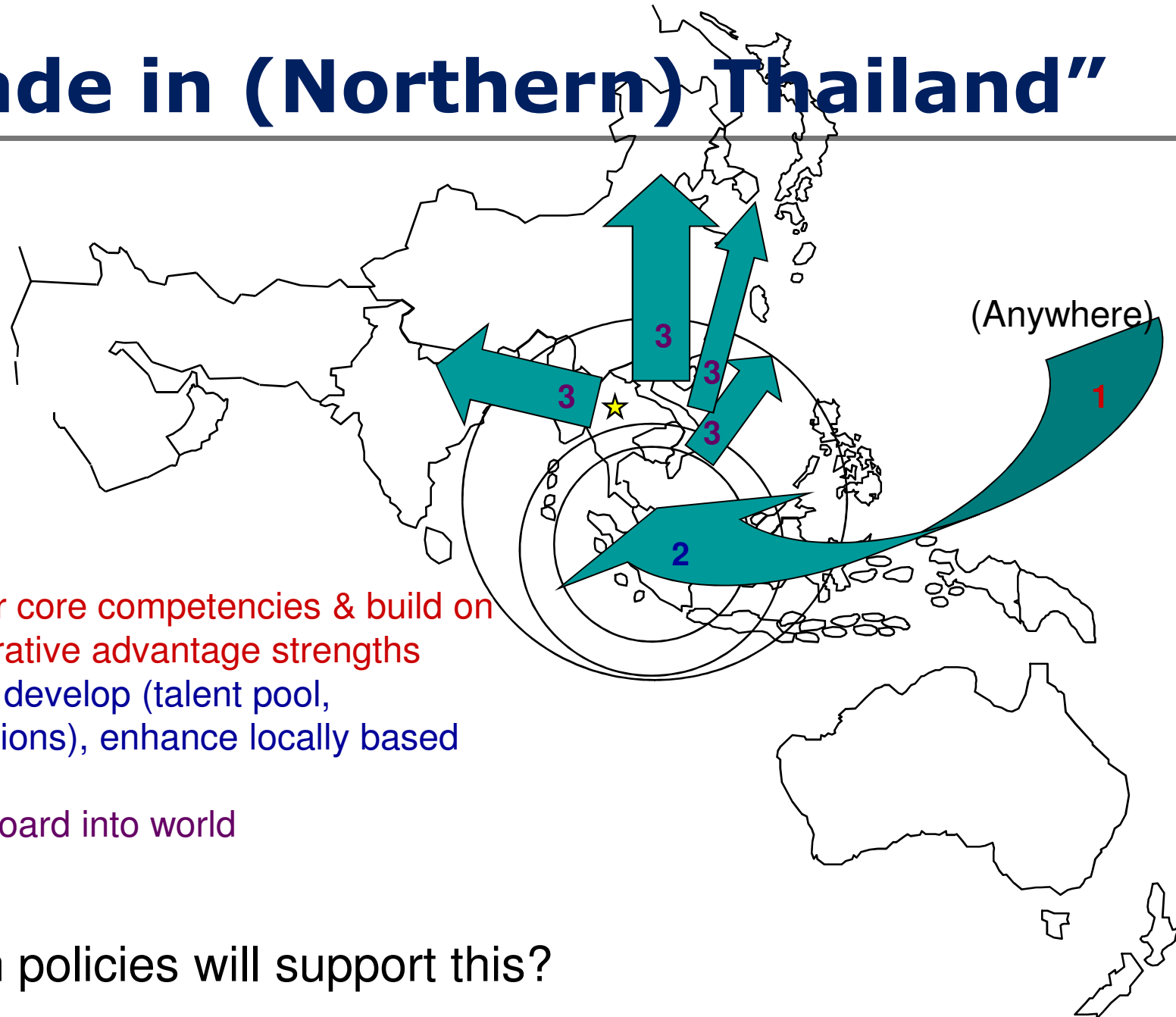
Skilled, educated workforce

Global linkages with low cost, efficient logistics

- Specialized business service infrastructure: VCs, lawyers, dispute resolution, accountants, etc.
- High quality of life (safety, education, personal development) and creature comforts for families; stimulating cultural offerings

Trade / commerce or financial hub

“Made in (Northern) Thailand”



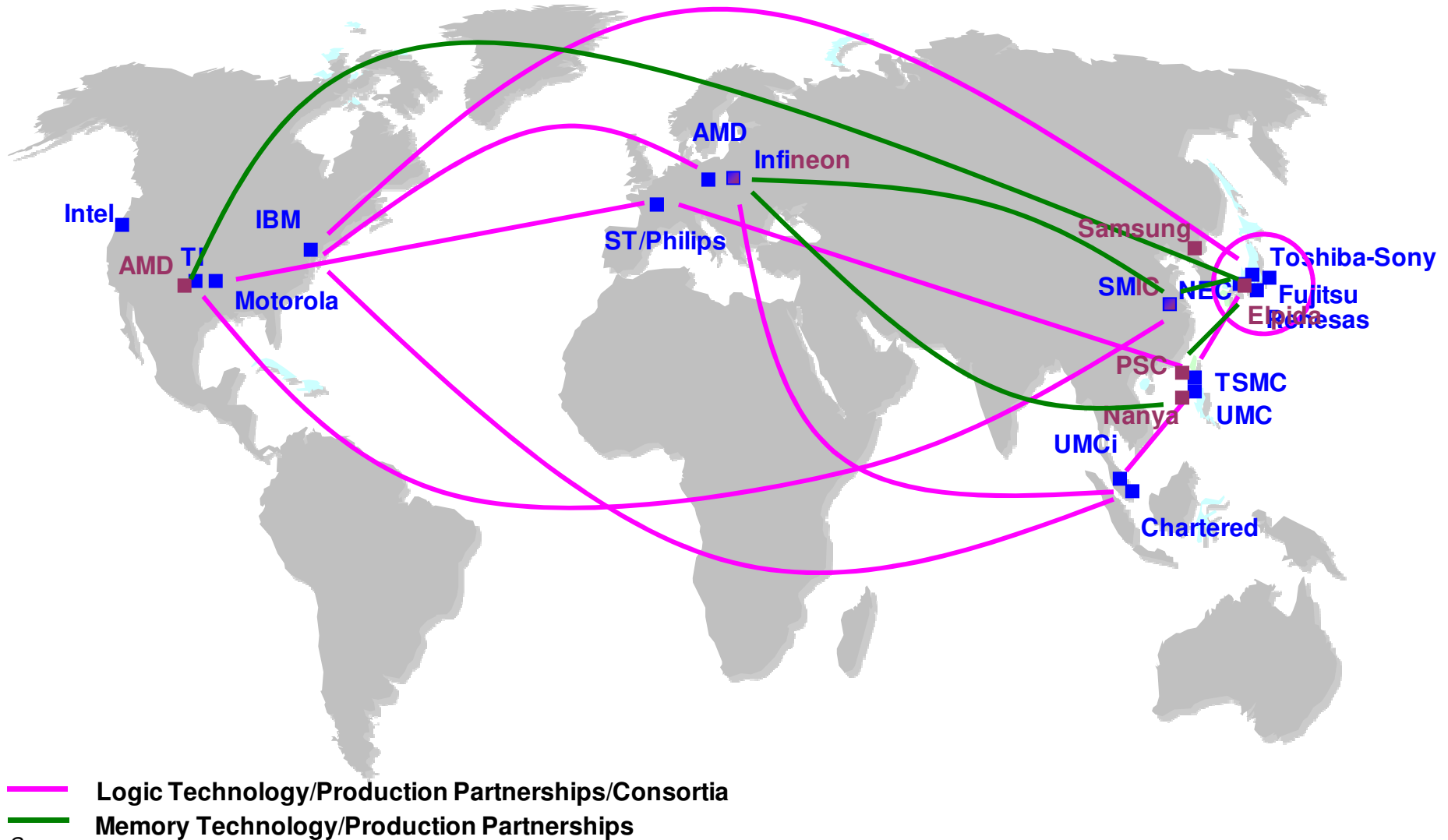
1 Transfer core competencies & build on comparative advantage strengths

2 Deploy, develop (talent pool, collaborations), enhance locally based talent

3 Springboard into world

Which policies will support this?

Multi-region production partnerships (example of the need to collaborate)



Source:

William F Miller - Herbert Hoover Professor of Public & Private Management Emeritus, Stanford University
 President and CEO Emeritus, Stanford Research Institute (SRI) International in 'New Regions of Talent & Innovation'

AFAS – Expected foreign equity levels

	Air Transport. e ASEAN. Healthcare. Tourism.	Logistics	All remaining Service sectors
2008	51%	49%	49%
2010	70%	51%	51%
2013		70%	51%
2015			70%

-----Priority sectors-----

Competition for skills and capital – will we be ready?

ASEAN Framework Agreement on Services

Some essential ingredients

Location

Human capital –

IT skills, other skills for the creative economy, knowing how to create & innovate

Availability of skills

Open approach to knowledge transfer, collaboration.

Infrastructure – especially broadband (and the ‘soft’ infrastructure to make it work)

Funding for start ups and projects – eg VC

IP protection

Policies & challenges

Some policies in place to stimulate investment – eg via BOI and other measures; but challenges:

Visa / work permit regime – not conducive to what creative economy means

Skills, education – totality of availability and local development

Hard and soft infrastructure – eg Broadband and the ecosystem around it

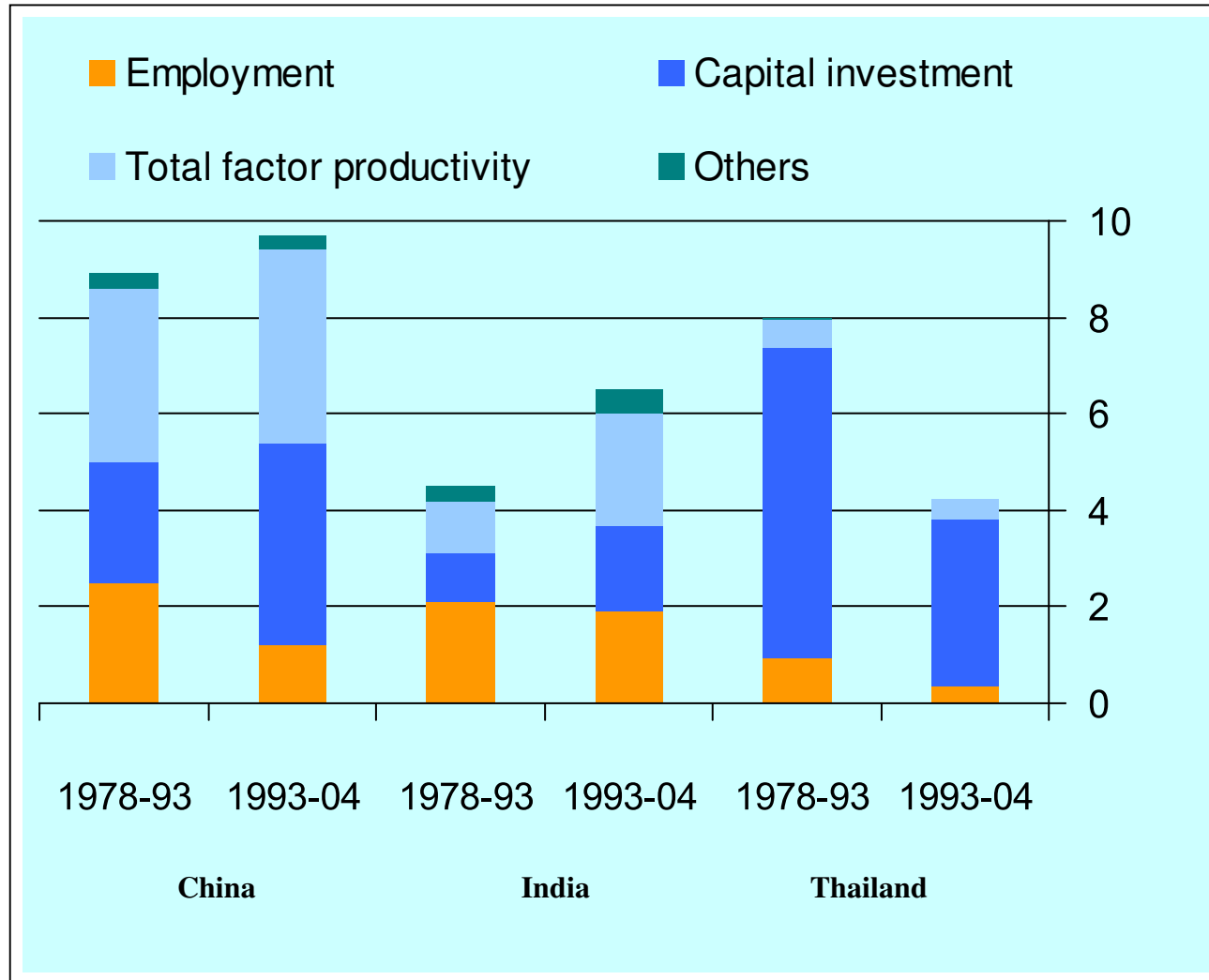
Thailand does not fare well in international ICT-related indices

Unco-ordinated agencies approach to tackling ICT strategic issues, many of the same issues will apply to creative economy stimulation – a co-ordinated strategic approach is needed.

Sources:

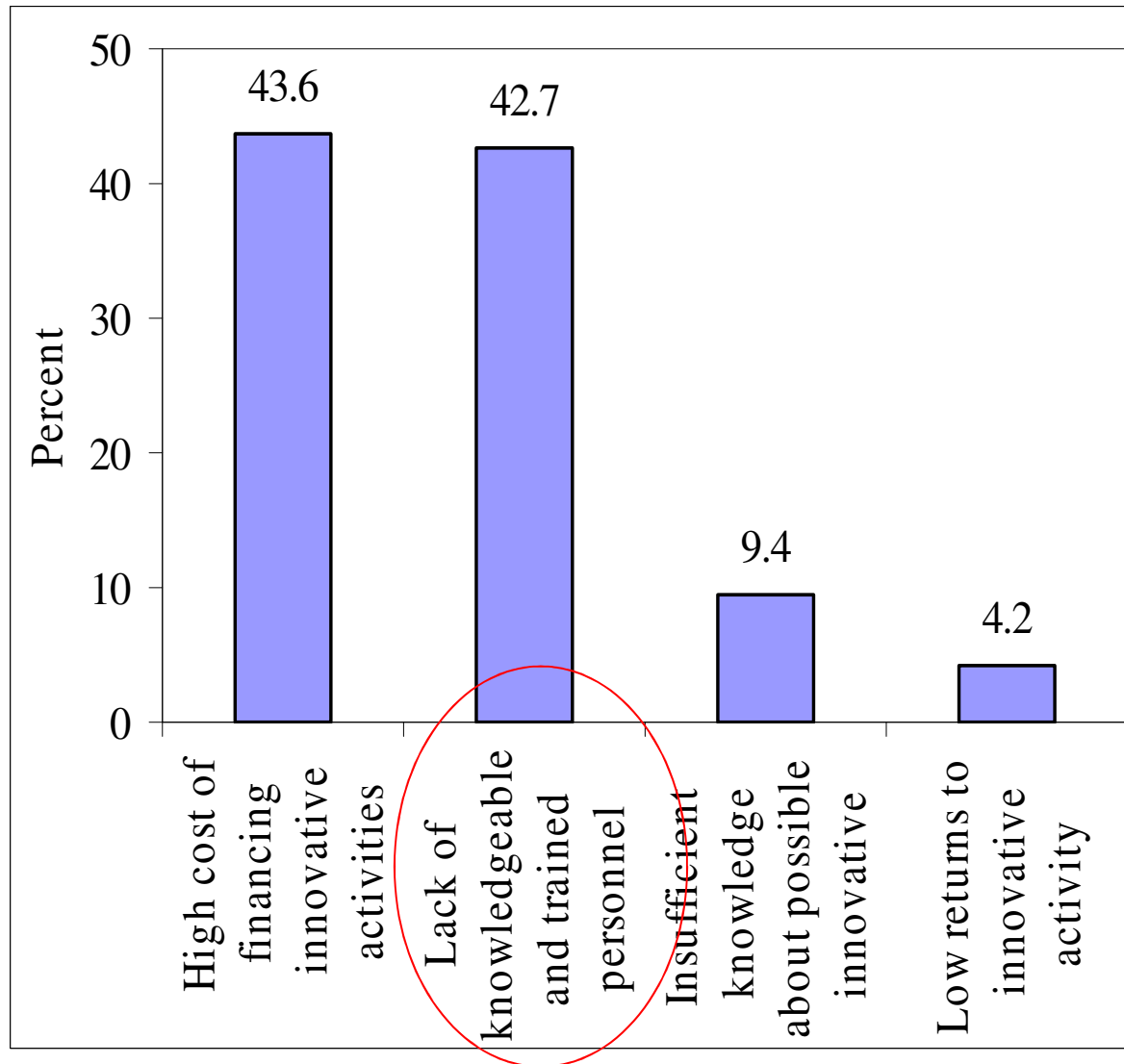
- BOI Guide to Investments Dec 2009 ed'n, eg para 5.8 (software including digital animation) , 5.9 (e commerce), 7.6 (motion pictures), 7.8.4 – (software parks)
- NECTEC, Perm Sec MICT – 2nd Five Year ICT Masterplan 2009-2013 (pub Nov 09)
- World Bank – Knowledge Based Economy report on Thailand (Feb 08)
- World Bank – Higher Education report Thailand Jan 2010

Capacity in Economy – source of GDP growth



Source: World Bank Thailand – investments seminar July 2008

Why innovation measures not taken



Source: World Bank Thailand – investments seminar July 2008. Thailand study - % of firms

So, what is recommended

Aim – world leading creativity & innovation, Magnets for the best and brightest

1. Location attractiveness policies
2. Politically and socially tolerant – being innovative, creative, taking risks is OK
3. Low cost reliable broadband; , good services through sector liberalisation & resolution of industry structural issues. Now we are moving in the wrong direction.
4. IT as an industry and IT as a tool
5. Funding – especially private equity and VC; limit risks of financiers
6. Role of state enterprise – not to compete or crowd out but to facilitate and (where needed) kick start /complement –
7. Free movement of skills – labour & immigration roadblocks; liberalise some service sectors
8. Education - Teach IT soft and hard skills, national or regional IT competency framework. English as the language of IT at secondary level, not as the rich kid's language.

What is recommended

Aim – world leading creativity & innovation, Magnets for the best and brightest

9. Cultural preservation through investment in a living Thai language – literature which resonates, language as a communication tool for soft IT skills (problem solving, project management). The aim is not homogenisation.
10. Collaboration : university – industry – (teaching and research dimensions); peer-to-peer collaboration; regional collaboration; massive large scale global collaborations on large projects; smaller local collaborations
11. IP protection
12. A sense of urgency – waiting for ASEAN economic integration – reactive only, will not work. Proactive about AFAS.

Source: Presenter

Speed of realisation – too many fingers in the pie? Too many vested interests for a co-ordinated strategy?

The Red Queen effect – the Red Queen has to run faster and faster just to stand still



Source: John Sealy Brown & Lewis Carroll

Thank you

Thank you

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