



SOCIAL INNOVATION **ROUNDTABLE**

22 MARCH 2017



HITACHI
Inspire the Next

CONTEXT

There is a growing interest in the design and development of new ways to bring together the different resources and expertise, across government, business, the community sector and entrepreneurs and start-up innovators, that are involved in tackling some of society's most complex and urgent challenges.

As the importance and potential of collaboration as the core "operating model" of robust social innovation at scale becomes inescapable, governments and cities are thinking about the best way to design, deliver and sustain the platforms - virtual and digital as well as physical and organisation - on which that kind of deep collaboration can take place.

The purpose of this Hitachi sponsored Industry Roundtable was to bring together a broad group of business, government and social sector leaders and thinkers to talk about the Australian experience and aspiration to meet this rising priority. We set out to learn more about the broader policy context driving the need for new, at-scale platforms for social change as well as some global examples of good or emerging practice. We also set out to think about some of the priorities and practical steps that we should be setting to progress the agenda across Australia. As a way to introduce ourselves we looked at 3 questions

1. What brought you here today?
2. When did you realise the need for Australia to embrace 'Social Innovation'?
3. Examples of social innovation

[*Refer to appendix](#)





WELCOME

Anand Singh, Deputy MD for Hitachi in Australia

The foundation of Hitachi is based within the context of 'Social Wellbeing' – an idea aimed at improving the quality of life for everyone. The emphasis was for its contribution to be of benefit to society and also to be mutually sustainable.

It is within this context we re-aligned our strategies around social innovation business within the emerging economies and realized the potential it has in not only enhancing quality of life but also pursue our own goal to reach 50% of our total revenue to be generated from our global business. As we continue to pursue this, we also started to expand the activity to the developed economies with specific focus on sectors such as transportation, healthcare, agriculture and others that attribute to social well-being.

Last December, Hitachi held a social innovation forum in Sydney. Hosting that forum led us to the idea, to host this "Roundtable" to gain a deeper understanding on how the various stakeholders in this region view Social Innovation.

WE STARTED AT A NATIONAL LEVEL

Rufus Black, in his role as a Board Member for Innovation & Science Australia (ISA) helped frame the conversation...

FORUMS LIKE THIS ARE A GOOD IDEA AS THEY FOSTER AND BUILD THE MUSCLE REQUIRED TO BUILD OUT THIS 'COLLABORATIVE AGENDA'.

Australia is good at coming up with ideas but poor at executing on them and more importantly, realising the value they have.

Australia is slipping down the global ranking at being a 'translator of innovation'. Why? Because collaboration across sectors is poor, esp. between public and private research institutions.

To address systemic failures like these we must use work together to incentivise and support each other and enable us all to build the right capabilities. Government can only do so much... it can support an ecology to foster an outcome, but with this we must achieve a shift in mindset and values for the broader community.

To help with this, Innovation & Science Australia recently published a strategic plan issues paper, part of which included a diagnostic to measure 'where we are now' and what we should prioritise to make progress toward a 2030 Vision where Australia is "*counted within the top tier of innovation nations*", known and respected for its excellence in science, research and communication.



INNOVATION COULD START
TODAY BY REDESIGNING
THE KEY PROCESS BY
WHICH THE PUBLIC AND
PRIVATE SECTORS WORK
TOGETHER

DEVELOPING A SENSE OF
"SMART FAILURE" IS A
COMMUNITY OBLIGATION,
NOT SOMETHING THAT
GOVERNMENT CAN DRIVE
ALONE.

GOVERNMENT IS A KEY ENABLER

The conversation moved to **"the government lens"**

Government wants to feel like they are supporting innovation, but firstly they prioritise a need to feel like they aren't being ripped off. So if you come up with a good idea the response becomes: "That's great, but we will have to run a tender". So whilst Government wants to pursue innovation and 'value', they don't realise 'the value'. The tender process must prove value, but we can't always 'prove' it.

We are encouraging clients to move to unsolicited proposals and in doing so work up the economic and societal value the idea will create. We help Government to look beyond the 15 jobs the idea will create to the broader, intangible benefits this idea will create.

We can influence the procurement process with ideas like this. It can bend and flex a little, but we need to find a way to do it that influences innovation before ideas go to market.

"The government system does favour the big players over the little players. Government will need to develop a higher level of appetite for risk and innovation, but this will require a shift in community attitude so the finger is not pointed back at government when 'having a go' doesn't work.

CULTURE SHIFT WILL BE A PROBLEM

The cultural lens:

In Australia – for corporates and for government – we need a process if we are to innovate. When we work with a corporate we might have to work for months and months just to do a trial. Meanwhile a founder can meet an investor, secure funding through an MoU drafted over a weekend and have brought sales in by the following week.

This reflected research done on the 3 types of culture in the world:

- **USA:** “Try it”
- **Israeli:** “Because our national security is so important we will innovate with the defence industry leading the way”
- **Korean and Japanese:** Companies and corporates build a strong connection to do well together
- **In Australia** we seem to go round and round in a circle of government having a role and not having a role.

Culture works because the group involved have shared norms and behaviours, which is why need to create processes:

- Here’s how we do it... this meeting, this trial, this trial, this MoU. And it works.
- L&D is a huge part of it... it becomes the sustaining element to it.
- Being comfortable with risk comes in time as confidence grows



The Academic lens

Collaboration at a societal level requires a common language. We are all in the same space so we understand each other.

But even within a business school it can be confused: Impact investing to the MBAs is tree hugging, but to the conservationist it is capitalist evil.

On the upside, Social Stock Exchanges can create a platform for education, language and interaction. It creates the rules of the game, including the expectations.

Innovation exchange between the private and public sector can be difficult. Federal Government Departments have been in front of Senate estimates [defending their purchases of bean bags for creative spaces.](#)

IN AUSTRALIA WE SEEM TO GO
ROUND AND ROUND IN A CIRCLE
OF GOVERNMENT HAVING A
ROLE AND NOT HAVING A ROLE.

SHARING DATA WILL BE A KEY ENABLER

The data lens:

The private ownership of what are effectively public data sets must be challenged.

We must force the Private Sector Data sets open. It would accelerate social innovation but it is enormously resisted and in the process, only serves to crush innovation.

This conservatism has a small number of monopolists dominating the conversation. We must be prepared to push them and this agenda further.

Pushing the agenda further would mean the incumbents be disrupted. This is a role government could play – making it harder to own the data as opposed to ‘protecting it’.

Our intelligence with, and the way we use the data, must also be improved. This capability is growing rapidly as evidenced by enrolments in data-related courses at university as people realise what a goldmine the data is.

Encouragingly today’s students are already exercising a shared value mindset. In the long-term this provides the opportunity for partnerships and the use of the data sensibly. We don’t want to irresponsibly share it, but we do want to leverage and find its value.

The Telcos provide an interesting ‘lesson in history’. Telstra used to have monopolistic value through the copper network, but this will be broken up by the NBN. Data must go the same way and soon.

A GOOD DESIGN PRINCIPLE FOR US TO CONSIDER –

THERE ARE LEVELS OF DATA:
NATURAL MONOPOLY
INFORMATION AND
CONTESTABLE INFORMATION.
INFORMATION ASSEMBLED
THROUGH THE PUBLIC
INFORMATION SHOULD BE
TREATED AS CONTESTABLE

THE INTANGIBLE ASSETS AS INVESTMENTS

The Investment lens:

Analysis of the acceleration of the capitalisation of businesses through the intangibles. There are emerging models, and some investments, that have delivered, but they are few and far between for now.

The less risky 'tangible' investments are infrastructure bonds. The issue becomes measuring the impact of a service delivery. How do I know the return? How do we measure investment outcomes when the investment outcome relies on a change in human behaviour?

There is global practice we can tap into. The current New Zealand PM, Bill English, is an advocate for different policy making approaches, an example being Indigenous incarceration.

[My tree drops its fruit in your garden](#) is an article written that seeks to address this problem by taking a collaborative approach to solving the problem.

Another good example is the 'Domestic and Family Violence Innovation Fund'. It sought to provide financial investment for initiatives in prevention, early intervention and crisis response. The Innovation Fund was an Australian first and signified the NSW Government's commitment to breaking the intergenerational cycle of domestic and family violence.

To really leverage the power of these approaches requires a change in mindset from the bureaucrats. They are struggling to know what to do, and without a change they will end up reinforcing the grants mechanism over an innovation driven approach.

A lever government can pull is incentivisation. This lever can impact the design of ideas, grants, sponsorship, tenders, getting rid of monopolies. A lot of this lever can be primarily achieved through making data available. For example, what if the regulator made 'Opal Card data' open? How many innovations would be created if more people knew how the public travelled through our cities?



IDEA SWARM

How do we build collaborative platforms for investment and execution of social innovation?
Our initial thoughts...

How do we collaborate between sectors?

- Partnership government/corporate
- Trust
- Vision commitment to social well being
- Leadership
- Integrated system
- Collaborative effort
- Policy making
- Top down and bottom up
- LT policy trustees
- Cultural change through needs of COY's
- Impact measurement is inherently difficult – be ok with that
- Tri-sector collaboration to develop 'the' ecosystem
- Greater clarity around decisions we need to make
- Outcome based procurement systems

- Public sector focus on people outcomes not process solutions
- Apply competition policy to public sector data
- Public forums to bring together – start-ups, business, government and tertiary
- Framework for action (fixed guiding principles, contestability of ideas)
- Collaboration (declare vested interests, capability of ideas)
- Declare vested interests
- Capability development
- Government to set challenges for industry
- Articulate the problems
- Communicate our successes
- Community/institution co-funding
- Open sourcing/systemising reports from funded projects
- Entrepreneurship embedded in high school curriculum
- Empathy embedded in primary school curriculum
- Non government balance sheet security backing
- Speed up actioning innovative ideas prior to proof (government perspective)
- Segment social via need
- Measure impact early, often and re-calibrate
- Middle-out innovation – hierarchy is not your friend
- Long-term trust, deep capability for partnerships and collaboration to drive to delivery
- Solve very hard specific problems with market outcomes – unique ability and sustainable
- Define objectives and success criteria
- Collaboration: setting a common goal, objectives and approach
- Which incumbents are disrupted – how do we bring them to us to destroy?
- Get involved in existing processes and programs and support them
- Lead by example
- Allocate a budget
- Make this an ongoing conversation at the UTS Centre for Business and Social Innovation
- Leadership capability to support
- Create light-weight processes for people and iterate them
- Speak with people who understand/live the problem – takes more than a hackathon
- Allocate a budget
- Co-creation, sharing data and ideas
- Define objectives and success criteria



REFLECTING ON OUR IDEAS

"Data has a big role to play"

How do we open it up from unobvious places and make it good for everyone? And, how do we ensure we are asking the right questions before we go to the data.

Developing our conversational ability free from worrying about the source of the data. If we feel like we have to 'own the data', then we risk wasting time.

"It is our responsibility to collaborate"

UTS is opening the Centre for Business and Social Innovation

The market won't solve everything. We need to spend time understanding the problem – become experts at collaboration.

"A national framework for activity"

As a country we should have an agreed set of principles by which we can guide our innovation and how we solve our problems, for example, how we treat data or affordable electricity.

"An enhanced Leadership Capability"

Leadership capability is a thread running through our conversation. How will we help our leaders innovate. How do we create an environment for peak bodies to innovate, for example, the AICD or AAPCM (Australian Association for Procurement & Contract Management) or COAG.

"Measuring success and failure"

Understanding objectives and the culture in which we are trying to innovate. Bashing "The Minimum Success Criteria" together with financial metrics. Or flipping it on its head: "Failure Criteria". When do we stop investing in this?

"Diversity is crucial"

We need a broad spectrum of people... We need to represent more than one view of the problem. This helps us to 'define the problem' from the user perspective. For example, 'Housing Affordability' is an abstract problem. A person wanting to buy a home is a big problem for them. So how can we solve that?

"A Board of Directors for Australia"

In saying this we are admitting that 'government' isn't working. A diverse group to define the problem and bring the right people to help solve them. Or another example, can the Government 'take us into Asia' or should this be another group?

"Start with the user"

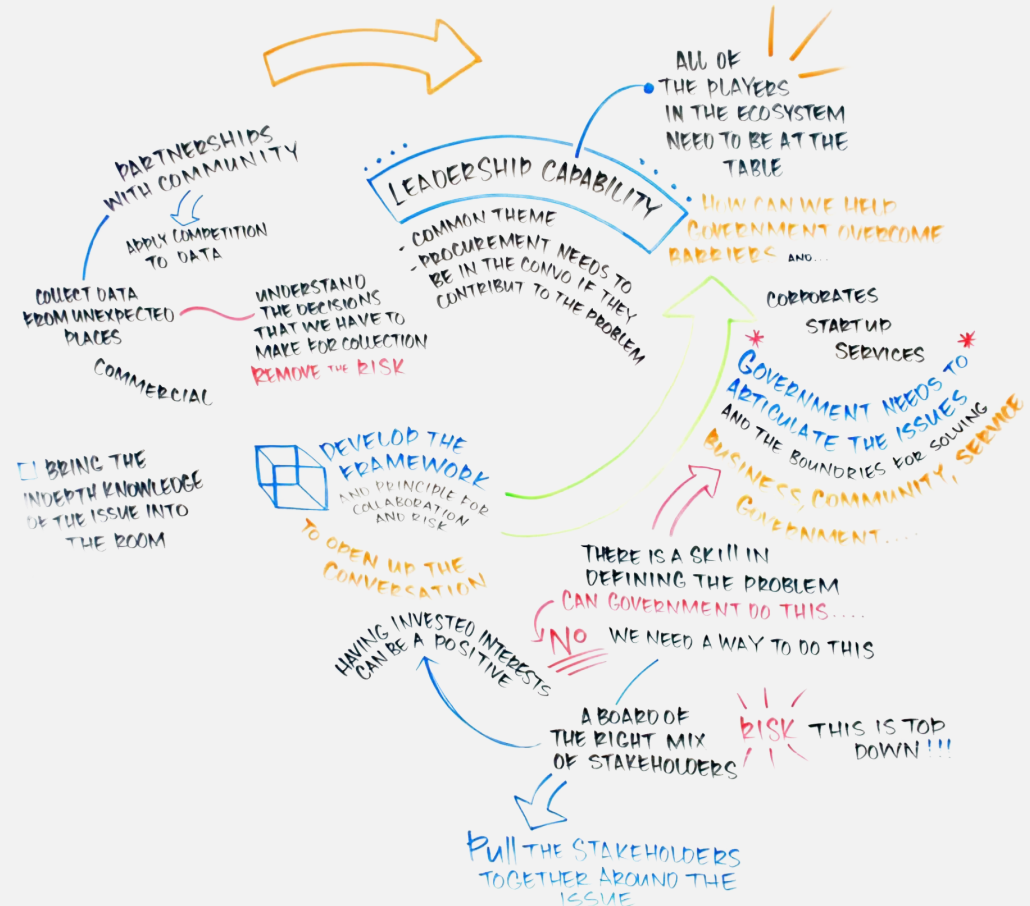
The idea of "growth" or "churn" is an abstraction of a problem that the user is having (it's the kind of language organisations love to use). Understand the user first, solve their problems and your churn will fix itself.

RECOMMENDATIONS

1. We need to keep the conversation going... this very diverse group of people found common ground and a desire to talk again; perhaps at the UTS Centre for Business and Social Innovation.
2. Take the outcome of this conversation to the Board of Innovation and Science Australia.
3. We need to find ways that empower our communities and people to innovate for themselves, we should not take a mindset of innovating for them.

In doing so we need to remember that 'we' cannot do 'it' for 'them'.
The language 'for them' is wrong:

"WE NEED TO BE CAREFUL WITH OUR THINKING SO WE ENABLE 'THEM' TO INNOVATE FOR THEMSELVES..."

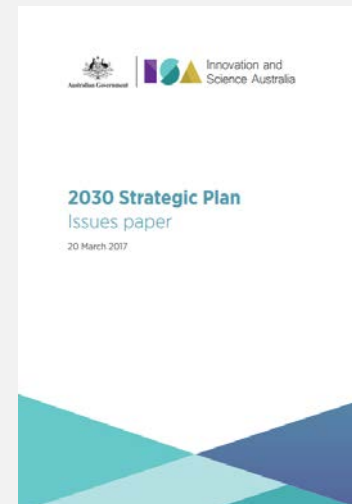


RECOMMENDATIONS

The ISA strategic issues paper nominates six challenges the ISA sees as central to shaping a strategy to achieve its vision, stated as: "Our vision for Australia in 2030 is clear: we want an Australia counted within the top tier of innovation nations, known and respected for its excellence in science, research and commercialisation."

1. Moving more firms closer to the innovation frontier;
2. Moving, and keeping, government closer to the innovation frontier;
3. Delivering high-quality and relevant education and skills development;
4. Maximising the engagement of the country's research system with end users;
5. Maximising advantage from international knowledge, talent and capital; and
6. Creating bold, high-impact initiatives.

"THIS GROUP, WITH OTHERS, COULD WORK ON A POSITION PAPER/S ON THE TOP 2 RECOMMENDATIONS. SUBMISSIONS TO THE ISA ARE DUE BY MAY 31, 2017."



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APPENDIX

WHAT BROUGHT PEOPLE TO THE ROOM

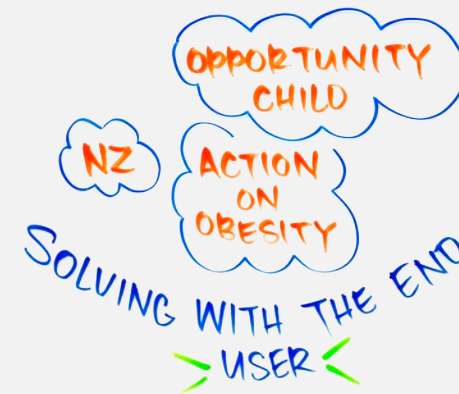
"If we don't do things differently cities like Sydney might become scary places to live, especially for the disenfranchised and disadvantaged. My question – what does it mean to use technology to improve quality of life in a way that technology is affordable for all?"

"For me the interesting word in 'social innovation' is the word 'social'. What does that word mean, let alone the word Innovation?"

"Since the 2000's the need for social innovation in Government has become clearer as they will not be able to keep on supplying the services we need them to. My challenge, how can we transfer the skills we have in our 'private equity' capability and transfer them into the 'greater work' of social enterprise, profitably."

"The decline in 'trust' in institutions post the GFC has set the platform for a new type of firm and interaction with the market. 'Shared Value' and 'Impact Investing' are good examples of attempting to solve these intractable problems by getting different people in the room."

"Since the 1990's I've seen a need for a 'societal' movement based on real people, not an abstract notion of 'government'. We need a collective benefit. And by this I mean the average person who lives west of Leichhardt. How do 'we' facilitate the societal members of 'normal' suburbs to change the world?"





WHEN DID YOU REALISE THE NEED FOR AUSTRALIA TO EMBRACE SOCIAL INNOVATION?

The common theme in the group was a personal experience, generally a number of years ago (i.e.: social innovation is not recent phenomena):

- In University in 1998
- Late 80's working with at risk youth on the upper North Shore
- 1990 working in a community legal service
- Pressure on government funding and budget
- "Owning the disease" post GFC
- Living in Singapore in 1994
- Moving to Australia from Europe in 2013 and realising the issues Australia is facing with its transportation system and infrastructure
- Affordable housing act 2003
- National competition policy 1993
- Teaching at AU and Singapore: realised we can't homogenise society 1990's
- Greater Sydney will explode to 6million people in the next 20 years and 8 million people in the next 40 years – how will we cope?

EXAMPLES OF SOCIAL INNOVATION WE KNOW OF...

- Smart cards for welfare payments
- Micro finance, OI, Money rivers, GARMEN BANK
- Medical research, innovation in targeting of research
- Teach for Australia, bringing top talent to tackle education disadvantage
- Social Purpose spending
- Cross data sharing to get welfare consumers controlling support decisions
- Social Impact Investment initiatives
- Social Impact bonds
- Partnership government/corporate
- Turning data into usable products to make lives easier
- Growth of shared value as a concept
- GE's Economy
- Bringing services to the person (e.g.. No second night out – UK)
- Social stock exchanges (Toronto, London, Singapore)
- Nestle pod program
- MPESA – Mobile banking for developing countries
- Ashoka's work
- E-Sewa Kendra (India) - digitised centres for public services

