

Regional Dialogue on
**Promoting Services Development and Trade
in Latin America and the Caribbean**

12–13 November 2013
Room Raul Prebisch, ECLAC, Santiago

**Innovation in Services in Brazil:
Some insights on public policies**

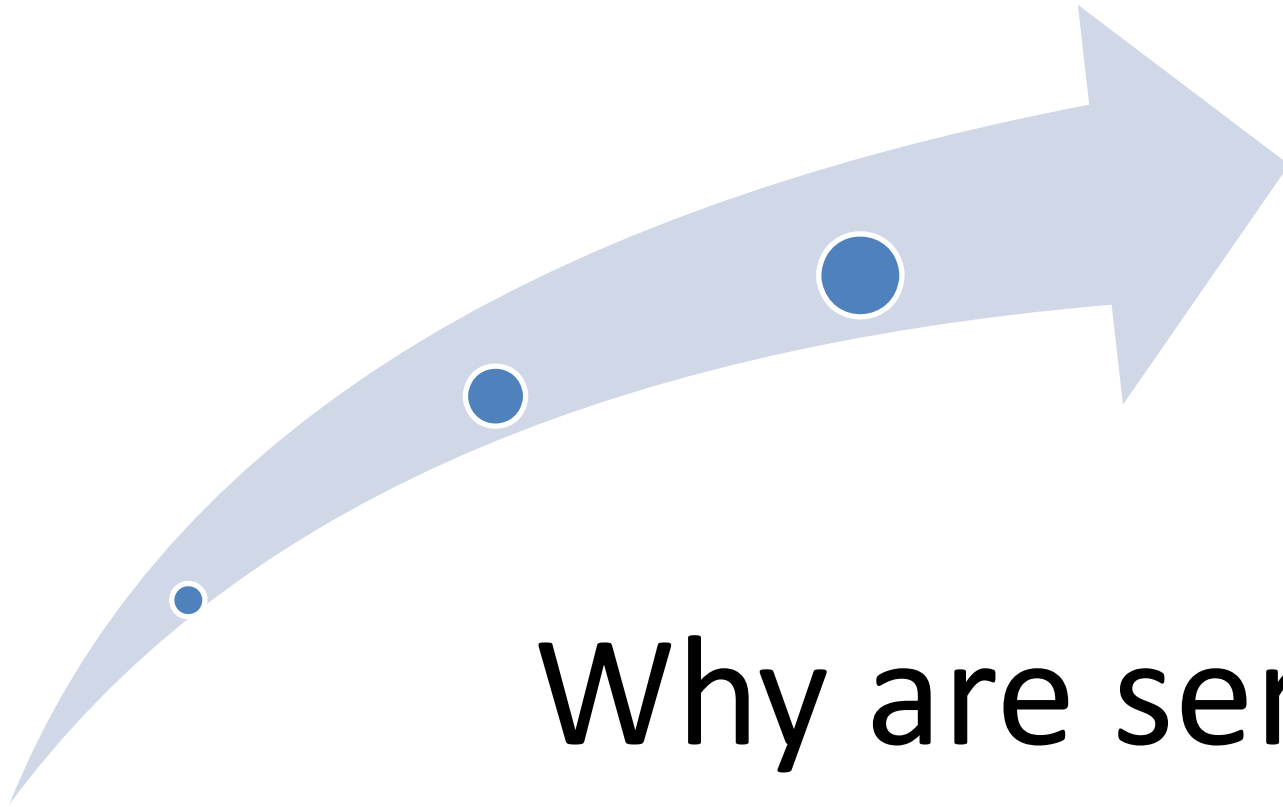
Mr. Eduardo Raupp
Professor, University of Brasilia

This presentation is reproduced by the UNCTAD secretariat in the form and language in which it has been received.
The views expressed are those of the author and do not necessarily reflect the view of the United Nations.

Innovation in Services in Brazil

Some insights to public policies

Prof. Eduardo Raupp de Vargas – UnB and COPPEAD/UFRJ



**Why are services
growing up?**

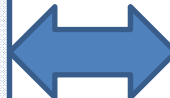
Some Tentative Answers...

A Market Pull View

- Final Demand
 - Increased consumption of services by families = Engel's Law
- B2B Consumption
 - Increased consumption of services by companies
 - Outsourcing
 - Services-based strategies

Solow's Paradox

Labour productivity in industry and agriculture grows more than in services



...coming from some old *myths* ...

(Gallouj, 2001;2002)

Old Myths

Low
Productivity

Low Capital
Intensity

Low Skill
Levels

...and a new myth!!!
(Gallouj, 2001;2002)

Lacking in
Innovative Capacity

... important limitations of these answers

Services are heterogeneous!

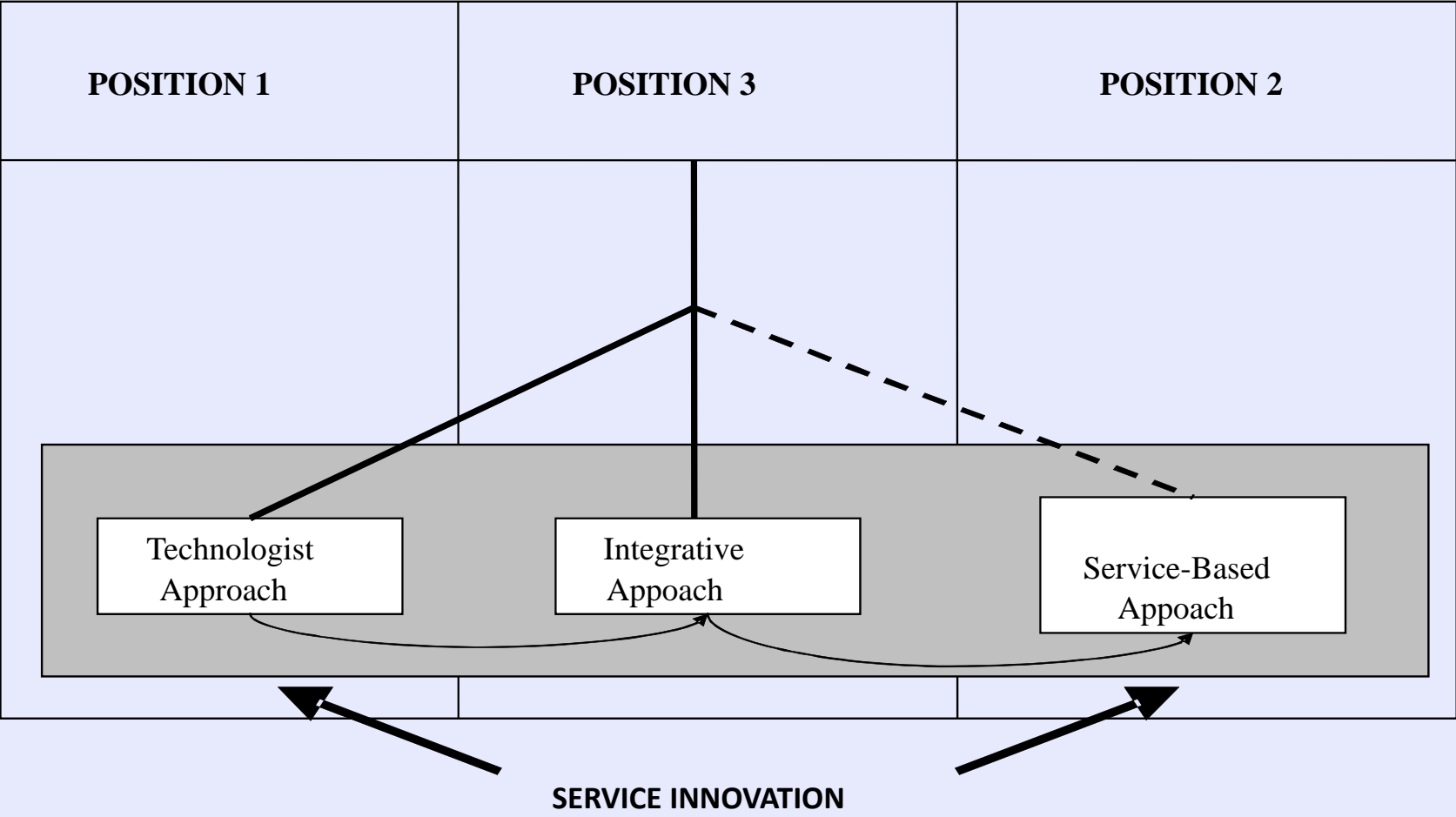
Even in the same service branch we found different operational rationales!

Services and Innovation

- Do services innovate?
- If services are innovative, these innovations are endogenous or come from manufacturing?
- Do services innovate differently? To what extent that we know about innovation in manufacturing can be applied to services?
- Innovations in services can generate new markets or are limited to incremental changes?

APPROACHES ON INNOVATION IN SERVICES

(From Gallouj, 1994)

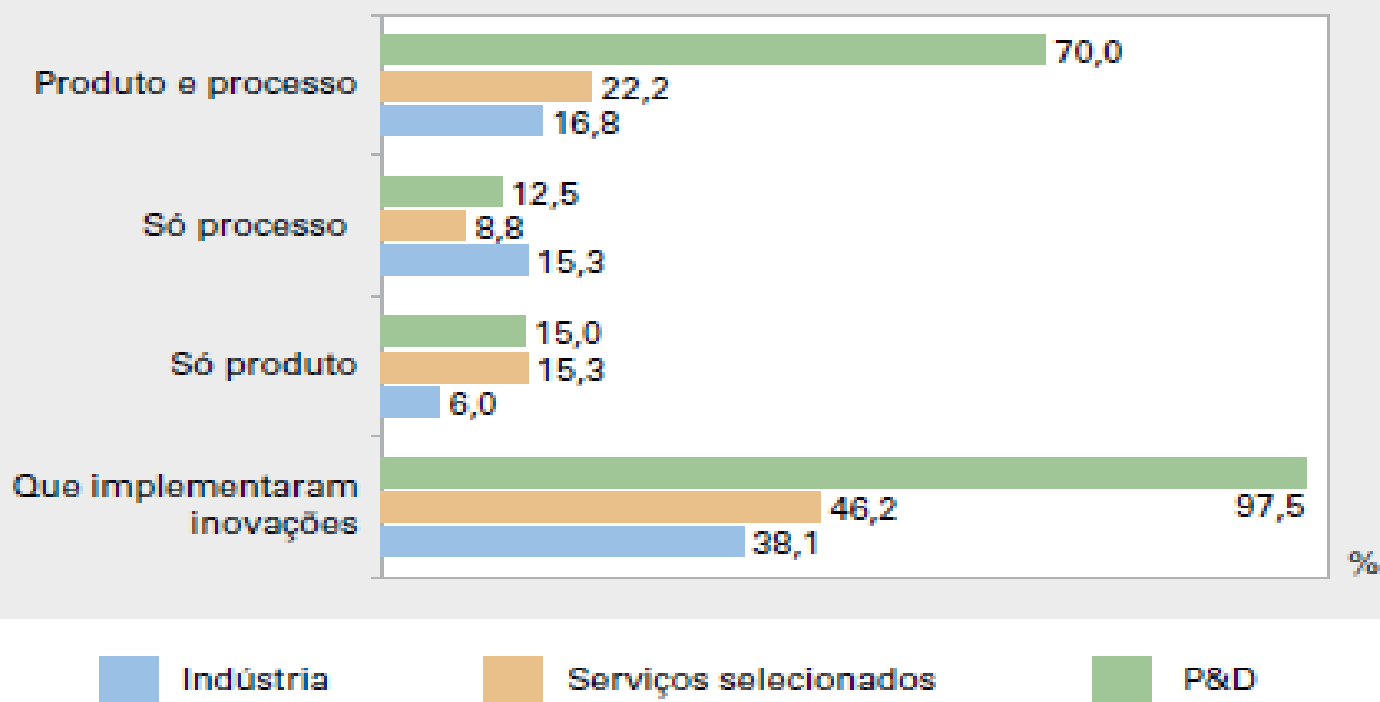


Service Innovation in Brazil

Data from Pintec 2008

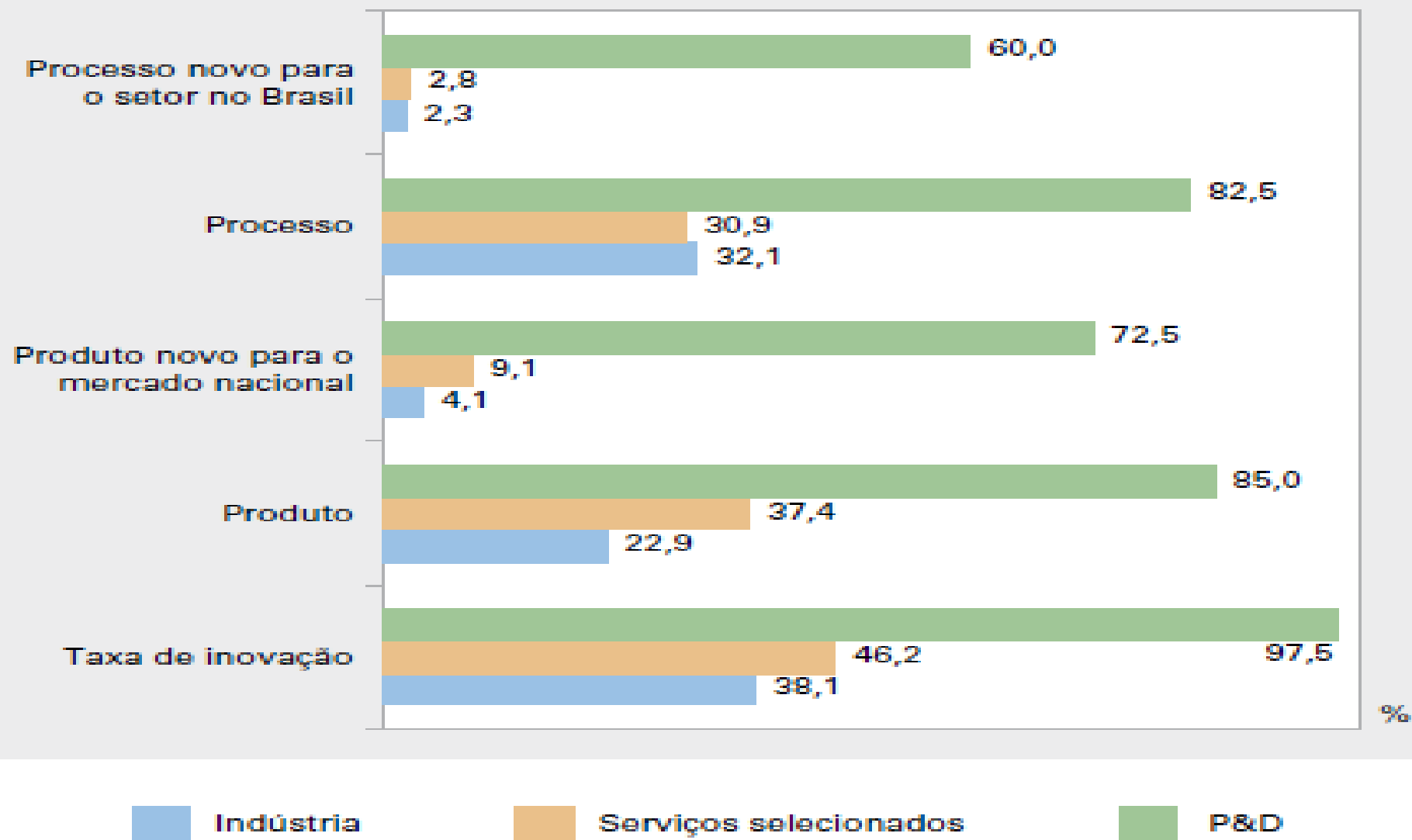
Sectors and Type of Innovation

Gráfico 1 - Participação percentual do número de empresas que implementaram inovações, por atividades da indústria, dos serviços selecionados e de P&D, segundo o tipo de inovação Brasil - período 2006-2008



Fonte: IBGE, Diretoria de Pesquisas, Coordenação de Indústria, Pesquisa de Inovação

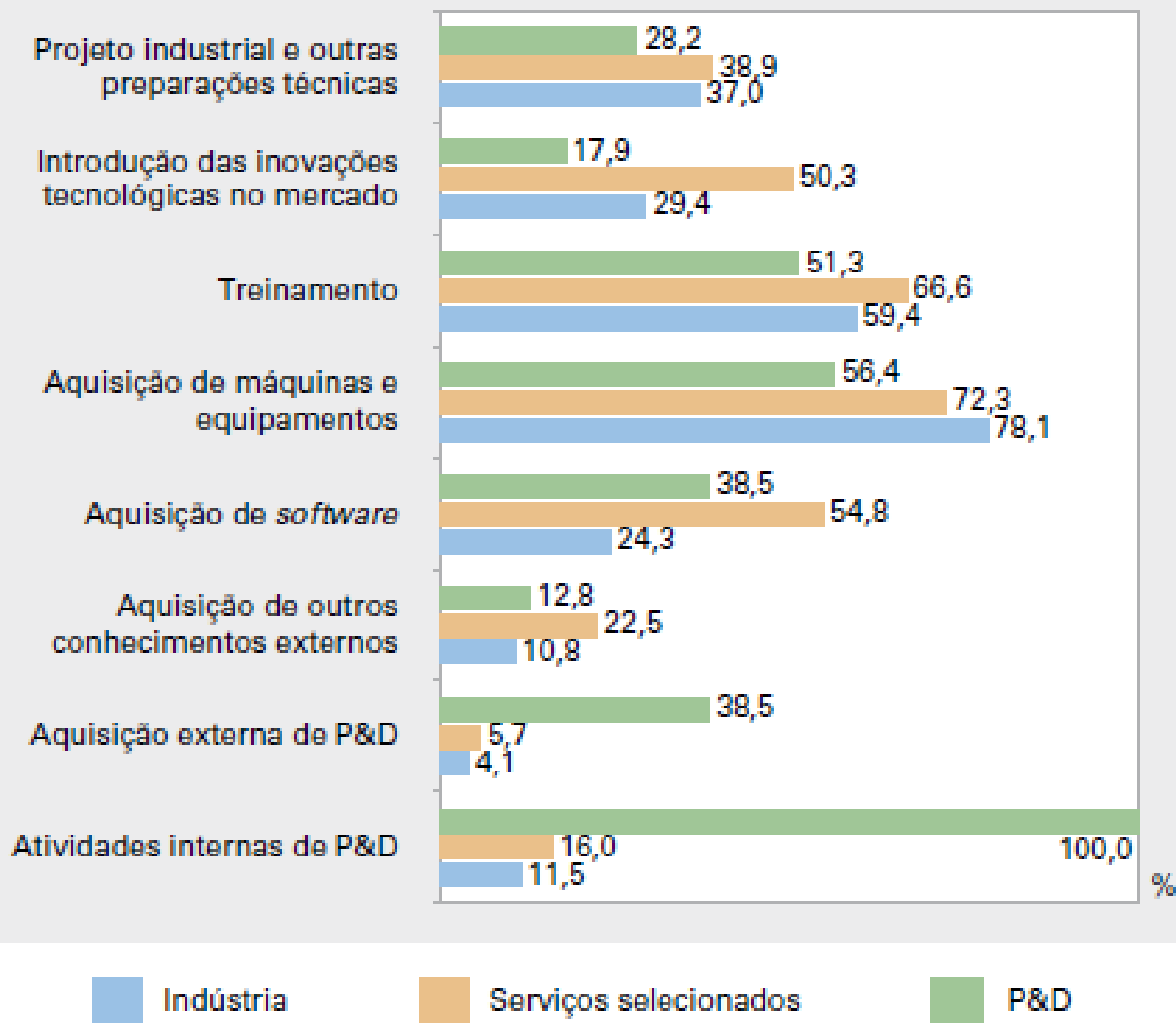
Gráfico 2 - Taxa de inovação de produto e processo, por atividades da indústria, dos serviços selecionados e de P&D, segundo o referencial da inovação Brasil - período 2006-2008



Fonte: IBGE, Diretoria de Pesquisas, Coordenação de Indústria, Pesquisa de Inovação Tecnológica 2008.

Importance of Innovative Activities

**Gráfico 3 - Importância das atividades inovativas realizadas, por atividades da indústria, dos serviços selecionados e de P&D
Brasil - 2006-2008**



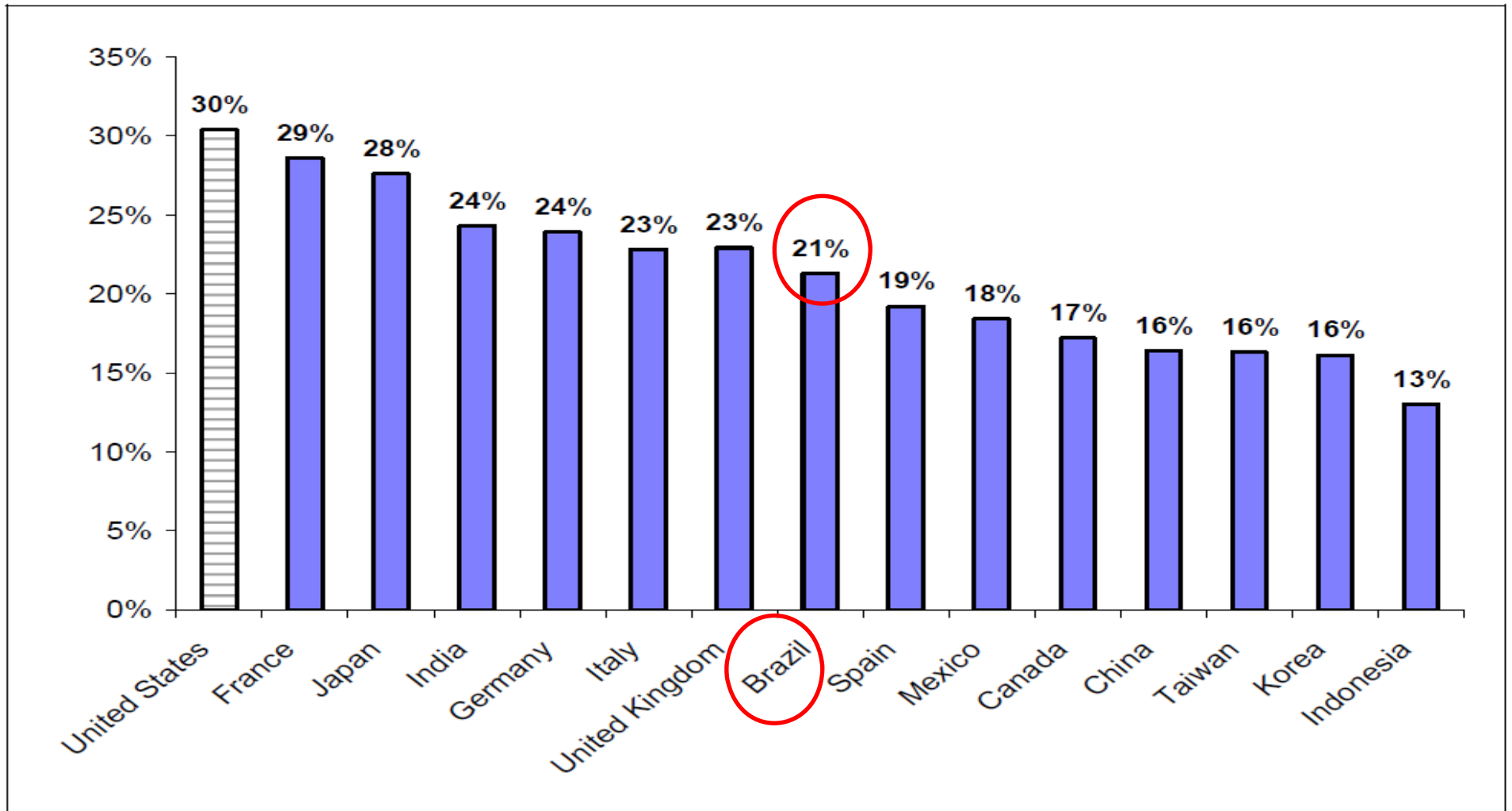
Fonte: IBGE, Diretoria de Pesquisas, Coordenação de Indústria, Pesquisa de Inovação Tecnológica 2008.

The Service Sector in Manufacturing

Worldwide Highlights

Service Sector Inputs into Manufacturing – 2005

(Levinson, 2013)



Source: Organisation for Economic Co-operation and Development (OECD). STAN

Revenue impact of service parts and parts business by global industry – select findings (Koudal, 2006)

Global industry	Share of service and parts business in overall sales	
	Average (percent)	Top 90 th Percentile (percent)
Aerospace and defense	47%	More than 50%
Automotive and commercial vehicles	37%	More than 50%
Diversified manufacturing and industrial products	20%	More than 50%
High technology and telecommunications equipment	19%	More than 50%
Life sciences/medical devices	21%	More than 50%
All companies	26%	More than 50%

Source: Deloitte Research, based on the Global Service and Parts Management Benchmark Survey.

Examples of Service Innovators in Manufacturing



SIEMENS

medical



MAN



Case studies in Brazil:

important lessons for public policy of innovation

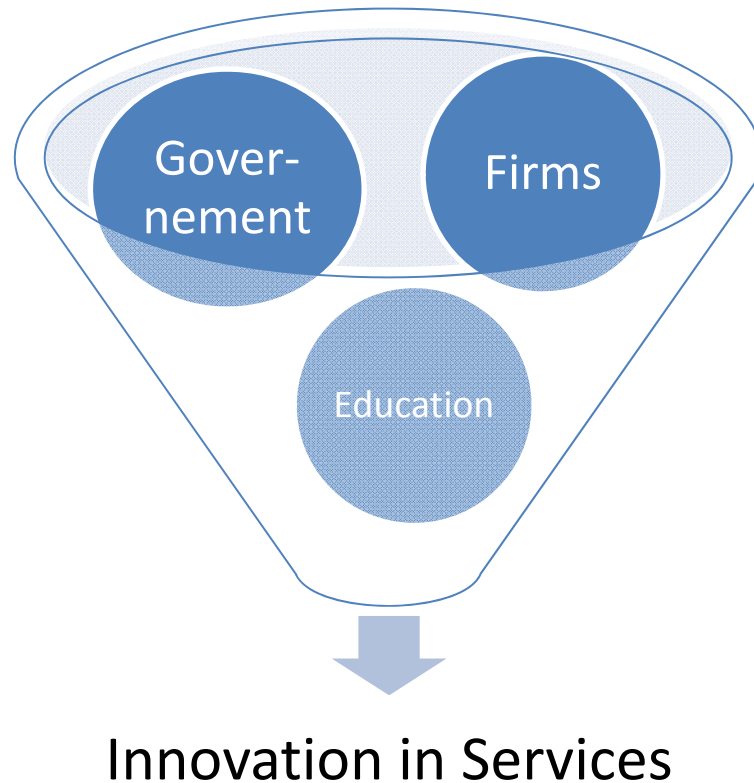
- Public procurement and innovation in software companies
 - the role of government to foster innovation in services (ex: open source)
- Innovation and R&D in hospital services:
 - a network view beyond the industrialist approach
 - How to promote R&D in social sciences articulated with medicine and other sciences (soft and hard sides of innovation)

Case studies in Brazil:

important lessons for public policy of innovation

- Servitization:
 - service renewing manufacturing
 - And manufacturing creating new ways to delivery services
- Innovation in public services
 - Take the risk in the public sector
 - Overcoming the (bad) bureacratics barriers

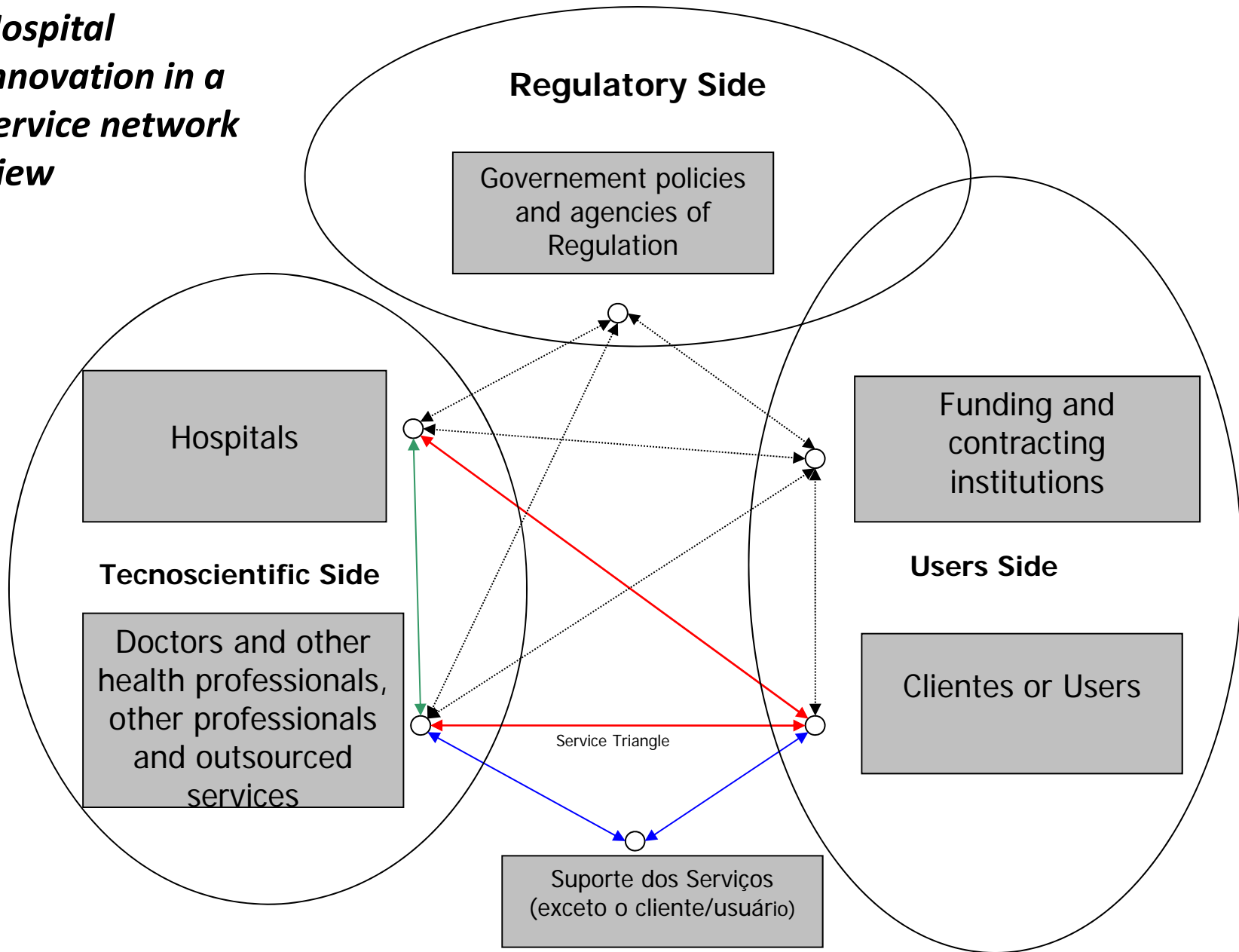
Actors involved in Service Innovation



-The traditional actors considered, but in a broadening view (soft e hard side innovations)

-And articulated in a service network perspective about how value is created!

**Hospital
innovation in a
service network
view**



Summarizing insights from case studies about the challenges to public policy makers to foster innovation in services

Conceptualizing

- Services
- Innovation
- R&D in Services

Measuring

- To avoid the “innovation gap”
- To avoid the misunderstandings about innovation in services
- To better identify the connection between innovation and internationalization in service

Funding

- In a network view (soft side and hard side)
- Support leading services (choosing service branches with social impact or that leverage competitiveness)

Prof. Eduardo Raupp de Vargas – raupp.vargas@gmail.com

MUCHAS GRACIAS!