

How Ontario can overcome the ‘innovation valley of death’

Toronto, April 19, 2018 – New research from the [Institute for Competitiveness & Prosperity](#) suggests that Ontario could improve its poor record of commercializing its own research by creating a network of technology and innovation centres (TICs) to bridge gaps in the innovation process. In [The final leg: How Ontario can win the innovation race](#), the Institute examines the German Fraunhofer Society model, which has successfully bridged the gap between early research and large-scale production known as the ‘innovation valley of death’(Exhibit 1).

Founded in 1949, the Fraunhofer Society of applied research institutes is widely regarded as one of the most successful networks of TICs in the world. The Fraunhofer Society is a network of 69 applied research institutions across Germany that perform technical and commercialization research on contract to public and private sector clients and develop university and self-generated research into marketable products and processes. They have been involved in several notable inventions including MP3 audio files, light-emitting diodes (LEDs), and cochlea implants.

“Ontario has long excelled at basic research and has greatly improved at invention. Far too often though, we watch our research commercialized by others far from home, or not at all,” says Jamison Steeve, Executive Director of the Institute for Competitiveness and Prosperity. *“The Ontario government should support and incentivize early stage commercialization by creating a new network of technology and innovation centres based on the successful Fraunhofer model from Germany. Such a network would provide clients with the expertise and specialized facilities for developing innovative ideas into commercially successful products.”*

In this Working Paper, the Institute recommends that this new network of TICs include five key elements:

- A focus on research commercialization technical support services for businesses;
- A range of intermediary organizations under one brand;
- Publicly-subsidized, stable funding that also encourages TICs to generate revenue through public and private sector contracts;
- Managed competition and collaboration between TICs; and
- A federalized governance system.

The Institute makes several complementary recommendations including continued support of basic research alongside the new network of TICs, improved management of intellectual property from Ontario universities, deployment of more demand-pull innovation policies, and creation of a standing council of federal-provincial ministers on innovation policy.

To download this Working Paper, please visit: <https://www.competeprosper.ca/work/working-papers/the-final-leg-how-ontario-can-win-the-innovation-race>

About the Institute: The Institute for Competitiveness & Prosperity is an independent, not-for-profit organization that deepens public understanding of macro and microeconomic factors behind Ontario’s economic progress. The Institute is supported by the Ontario Ministry of Economic Development and Growth.

For more information contact: Jamison Steeve, Executive Director
j.steeve@competeprosper.ca
416.946.7585