

Table 1.2 summarizes some of the key changes in the context within which the current innovation game is being played out.

<b>TABLE 1.2 Changing context for innovation</b>	
<b>Context change</b>	<b>Indicative examples</b>
Acceleration of knowledge production	OECD estimates that close to \$1 trillion is spent each year (public and private sector) in creating new knowledge – and hence extending the frontier along which ‘break-through’ technological developments may happen
Global distribution of knowledge production	Knowledge production is increasingly involving new players especially in emerging market fields like the BRIC (Brazil, Russia, India, China) nations – so the need to search for innovation opportunities across a much wider space. One consequence of this is that ‘knowledge workers’ are now much more widely distributed and concentrated in new locations, e.g., Microsoft’s third-largest R&D Center employing thousands of scientists and engineers is now in Shanghai
Market fragmentation	Globalization has massively increased the range of markets and segments so that these are now widely dispersed and locally varied – putting pressure on innovation search activity to cover much more territory, often far from ‘traditional’ experiences, such as the ‘bottom of the pyramid’ conditions in many emerging markets <sup>3</sup>
Market virtualization	Increasing use of the Internet as marketing channel means different approaches need to be developed. At the same time emergence of large-scale social networks in cyberspace pose challenges in market research approaches, e.g., MySpace currently has over 100 million subscribers. Further challenges arise in the emergence of parallel world communities as a research opportunity, e.g., Second Life now has over 6 million ‘residents’
Rise of active users	Although users have long been recognized as a source of innovation there has been an acceleration in the ways in which this is now taking place, e.g., the growth of LINUX has been a user-led open community development. <sup>27</sup> In sectors like media the line between consumers and creators is increasingly blurred - for example, You Tube has around 100 million videos viewed each day but also has over 70 000 new videos uploaded every day from its user base.

(continued)

TABLE 1.2 (Continued)

Context change	Indicative examples
Development of technological and social infrastructure	Increasing linkages enabled by information and communications technologies around the internet and broadband have enabled and reinforced alternative social networking possibilities. At the same time the increasing availability of simulation and prototyping tools have reduced the separation between users and producers <sup>28, 29</sup>