



ARENGUFOND
ESTONIAN DEVELOPMENT FUND

Changing world – how can Estonia keep pace?

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Success favors the ones who look to future!



Competitive Countries Have an Eye on the Future



Source for competitive rankings: the World Economic Forum, 1998–2005.

Source: Javidan, 2007



Where is the world going?

Global trends in economy and business:
opportunities and challenges for
Estonian enterprises



Nevermind the sector – business processes matter!

Breakdown of \$299 retail price of a 30Gb Video iPod® in 2005

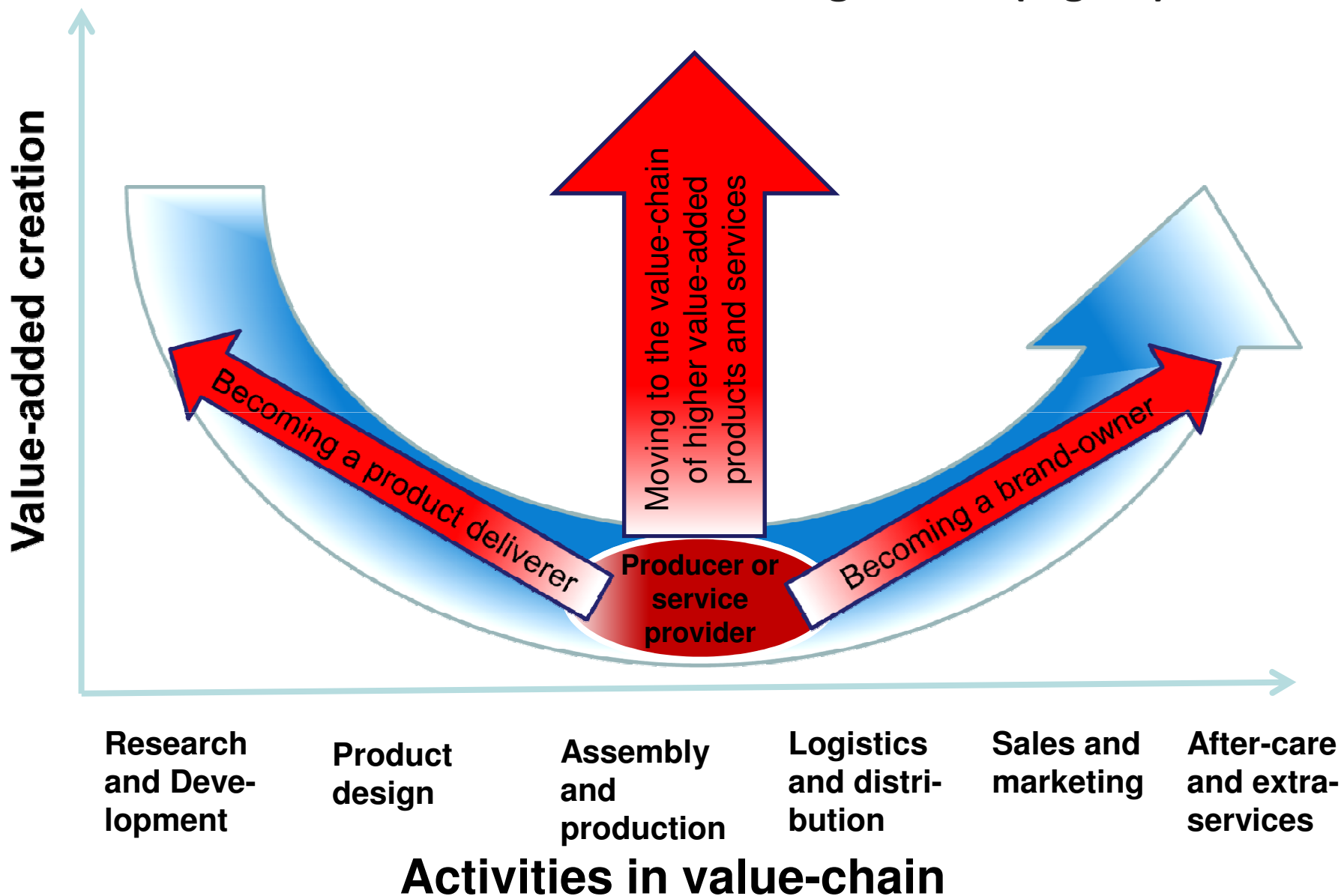


Data source: Dedrick, Kraemer, Linden, UC Irvine (PCIC), *mimeo*, Sep. 2007.





Challenge for Estonian entrepreneurs: covering a larger share of value-chains and moving to new (higher) ones



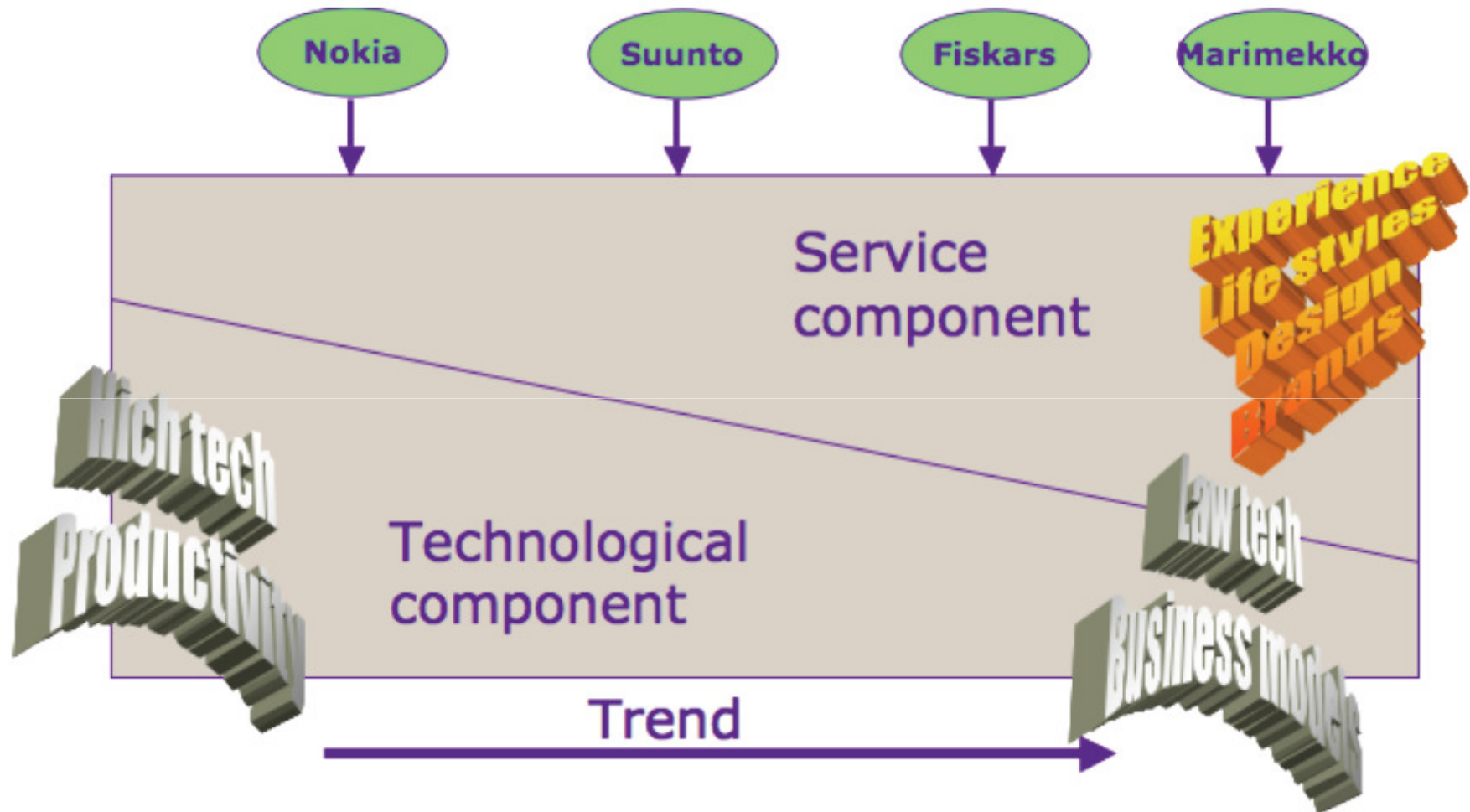
Source: Urmas Varblane, adapted by Eesti Arengufond



Changing competition is changing innovation processes

- Total competition (globality) era: everybody competes with everybody from everywhere across the world for everything
- Innovation important in the whole business model – not just in product/service
- Not mass production, but mass customization
- Innovation to be comprehensive – covering the whole value-chain and all levels of enterprise, also involving customers
- Growth of open innovation and (international) cooperation networks
- Growing complexity and multidisciplinary of products-services

Attention-worthy: merger of products and services!



- ✓ The share of services in manufacturing industry value-added is increasing, the borders between product and services are becoming hazy



Attention-worthy: ICT in everything!



Pilt: Wired Magazine, Artifacts from the future



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Opportunities and challenges for Estonian (vocational) education

How to support best the enterprises in
responding to the global trends?



What should the future (vocational) school graduate be able to do

- Scientists and engineers **need partners/co-workers on factory and service floor for innovation** processes to work and succeed!
- All participants of the innovation process need **both technical as well as business touch and understanding**
- **Deeper knowledge and handling of technologies and especially ICT** – ICT not only in production and service delivery, but increasingly in products-services



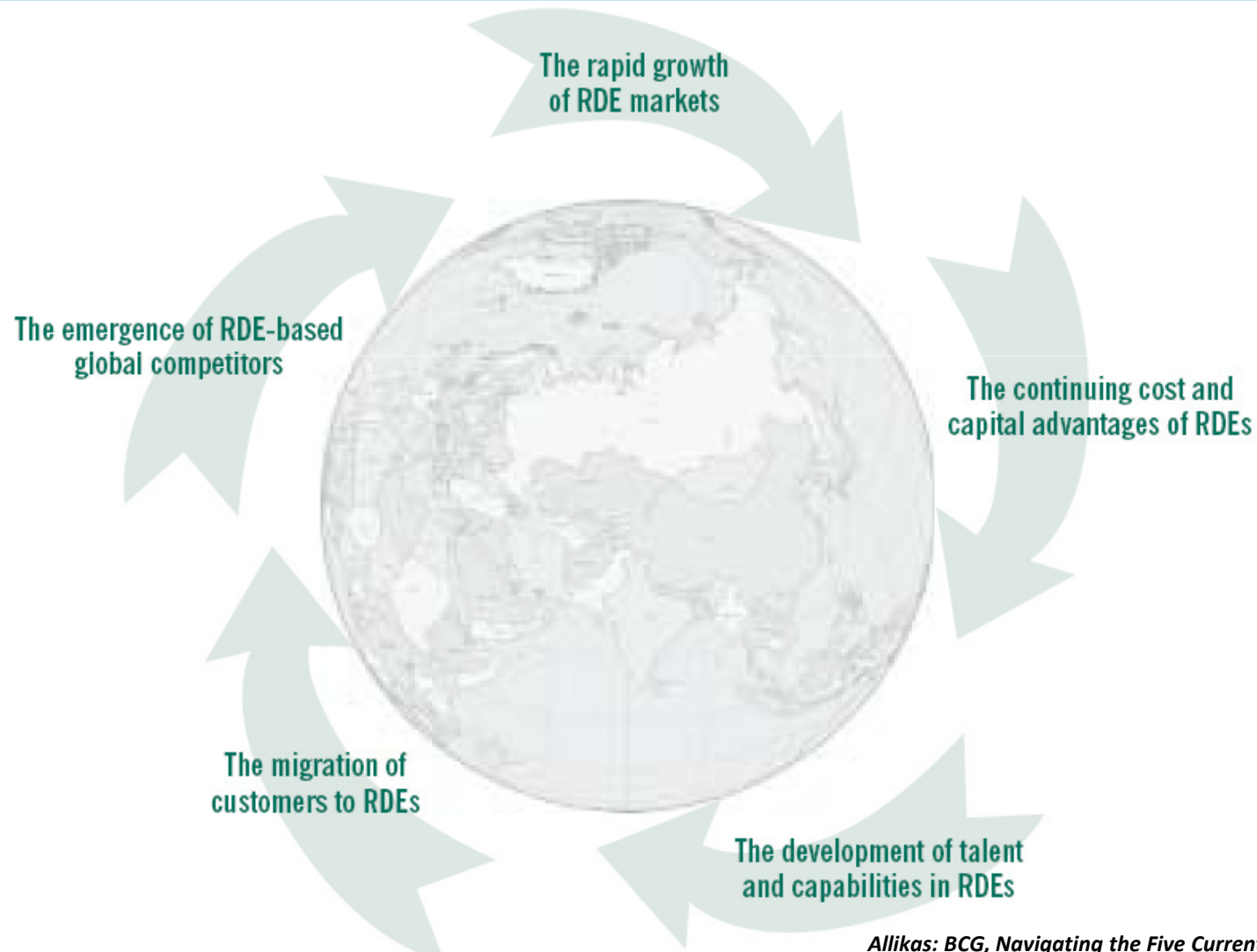
What should the future (vocational) school graduate be able to do

- Participation in **team-work**
- **Creativity and flexibility** – often not a question of skills, but attitude
- **Problem-solving skills** – innovation as problem-solving
- Preparedness and capability to **participate in international work/cooperation**



IN ADDITION: world economy's weight shifting towards East and South

FIVE CURRENTS OF ACTIVITY ARE PROPELLING GLOBALIZATION



Allikas: BCG, Navigating the Five Currents of Globalization



Big question for the big future 😊

Will our (vocational) school graduate be ready and capable of working together with a Chinese or Indian in the global value-chains?



Thanks a lot!

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