



OPINION PIECE

Tellumat

November, 2009

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Competitive, sustainable innovation is a balancing act

By Llewellyn Jones, previous CEO, Tellumat

What is innovation?

Innovation has as many definitions as there are people and companies that see themselves as innovative.

What one person thinks original, another may not. A 1995 marketer may well enthuse about e-mail as a marketing channel, but a technologist would argue that e-mail itself, and not every new use of it, was the real invention. And while a merchandising specialist might regard new packaging as a breakthrough, a product design engineer would almost certainly not.

Most generally, innovation is the creation of a new device, method or process, for purposes of performing a task more effectively or efficiently – or for a new use altogether. No matter how earth-shattering or seemingly trivial, the point of innovation is to be better off, more competitive.

Money – the medium of innovation

Not surprisingly then, money is at the heart of much of today's drive for innovation. To quote a colleague in telecommunications: "If research and development is the process by which money is turned into knowledge, then innovation is the process by which knowledge is turned into money."

This is particularly applicable in the commercial world – you have to spend money to make something new, from which to gain an advantage in the market.

Admittedly, governments and non-governmental organisations are more involved in some 'grand-problem' or social research and development (R&D) than the commercial sector. But through a combination of legislation, commercial potential of some social research and the drive to develop skills, companies do enter into R&D partnerships on projects that don't always have direct or immediate market benefits.

Whatever the nature of the research or development in question, it is our view that innovation can be taught, and it can be bought. Companies that position themselves as innovative spend money on acquiring product development skills and on keeping those skills busy with R&D. Or they fund institutional R&D. Either way, the commercial sector is an important modern driver of innovation – for its own benefit and that of its markets, and ultimately, to promote social development and societal competitiveness.

It doesn't come cheap

However, innovation is not cheap. A company like Tellumat, that has developed nine product families in the 12 years of our existence, pours considerable amounts into it. In our case, it is a globally-competitive 10% of our turnover!

And that is just the beginning. Active at every stage of the product development and supply life cycle, Tellumat is not just exposed to the costs of producing working prototypes, but also to getting it ready for mass production and marketing it. At every stage the cost increases ten-fold, according to a previous CEO of Plessey (until 1998 Tellumat's parent company).

Selling innovation



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To again return to the money theme – the cost of innovation is thus defrayed most easily by having commercial support for whatever is being developed, whether in funding or marketing.

It is easy to fall into the trap of being a proud engineering company that derides packaging and marketing, but we know those to be just as important as the product itself, and integral to successful, sustainable innovation.

The trick is to strike a balance between technology and marketing; to know when to stop developing a product that has reached the end of the road, and when to start 'productising' or 'systematising' a product that has just made it off the assembly line.

Many good reasons to be first

In the final analysis, there are many good reasons to be first, but prestige alone is not among them. Just as governments and research institutions collaborate with the right commercial sector partners, so companies must know how best to sell their invention, when, and for how much.

Only then can they make a meaningful contribution to a market in need of their ingenuity, and a society in need of their support, to be globally competitive.

Ends.

About Tellumat

Tellumat is an innovative, black empowered, South African technology company that has achieved a BBBEE Status Level 4 rating, defined as "Superior Contributor to BEE" in terms of the DTI's Codes of Good Practice. It consists of three major trading divisions; Communications, Defence and Contract Manufacturing, and three partly owned companies; SIA Solutions (Pty) Ltd, Encee Engineering (Pty) Ltd and SIMpill (Pty) Ltd. Tellumat services three primary market areas, namely wireless voice and data communications, defence communication systems and high precision electronic and mechanical manufacturing. Tellumat is a world-class business focused on innovation, offering our customers dynamic and competitive technology products and services. We focus on understanding our customers' needs and forming long-term strategic alliances with likeminded enterprises worldwide.

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