

Executive Summary

Today, the use of state-of-the-art technology in business is vital for competitiveness within most markets worldwide. The transit of a business towards sustainability with of Eco-innovation is closely connected to the use of adequate innovation. It helps to unlock social, environmental and economic benefits. To generate those, the choice of method to develop, transfer, adapt and disseminate technology according to the present business specifics is essential.

Identifying the right technology for eco-innovation development method is crucial for the success of the business model. This report discusses whether to **develop the technology in-house**, use **open innovation** or decide to outsource to a **strategic partner** to develop the technology for you. These are essential decisions that need to be made early on when implementing a new business model. Developing a technology in-house is a time consuming and costly decision, requiring intense research, additional capacity building for employees, and often a larger investment. However, the returns of a customized technology solution can have tremendous benefits to the core competences of the company. It can create a competitive advantage, which increases the overall competitiveness of the company in the market. In case internal capacities are not fit to develop the technology independently, but sufficient to cooperate with strategic partners on a technology solution together, **open innovation** might be the suitable approach. However, in cases in which the selected technology is not adding value to the core competence of the company and internal know-how as well as financial capabilities do not seem feasible, it might be more economic to outsource the activity to a **strategic partner**.

There are numerous kinds of technology suitable for eco-innovation. The term is not necessarily bound to mechanic innovation within the upstream process of a good or service. It can also refer to innovation in the field of communication, transport and business operations. It can be a system to mobilise money, a technology for recycling or simply a more resource efficient procedure. As a result, innovation often yields savings in time, money, resources, which can positively affect the surrounding society.

Next to the internal factors a number of external factors exist that enable technology for Eco-innovation. The **specific institutional capacity** determined by the strength of the relationship among institutions and stakeholders, including businesses, universities and research institutes, as well as government is crucial for an enabling environment supporting the creation of eco-innovation. Technologies for eco-innovation can only have an impact, if they are **adopted by the market**. Creating demand therefore requires identifying a suitable market with sufficient policy support to foster their initial uptake. The **ability to absorb new technologies** determines the extent to which companies or individuals can create, adapt, or use technologies for eco-innovation. **Intellectual property rights** meaning the ownership of intellectual assets limits the extent to which competitors can free ride on the research and development efforts of others, enabling the owners of the technologies to profit from their innovation and investment. **Access to funding** is a key challenge to the development, adoption, or transfer of technologies for eco-innovation.

These factor highly depend on the existing political framework that can either work as enabler or break in technological transition. Local business intermediaries can function as an important bridge between policy makers and the actual involved SMEs. By doing so they become instrumental in developing and supporting enabling conditions for technologies for eco-innovation.