

## Challenge Scenario 1: Promoting Open Innovation to Unlock User Choice in Digital Economy

Innovatia, a rapidly industrialising nation, has positioned itself as a global hub for technology innovation. Innovatia also boasts a vibrant market-led digital economy, with thousands of developers creating solutions for diverse user needs. However, this growth has led to market fragmentation, with limited interoperability between devices. Users increasingly express frustration with transferring data between devices, pairing different devices, and a lack of secure end-to-end messaging on default messaging apps.

A critical challenge is the absence of interoperability that encourages innovation while addressing these inefficiencies. Many companies face related difficulties which often slows product development and discourages collaboration. Critics argue that Innovatia must establish foundational principles to address these gaps and create an enabling environment for its burgeoning startup ecosystem. At the same time, Innovatia needs to ensure that devices and platforms remain safe and secure, and platform owners can continue to innovate.

In 2025, several startups in Innovatia independently began exploring ways to improve device communication and interoperability. ConnectMe, a promising startup developing a universal platform for seamless device connectivity, attempted to integrate with existing smart home ecosystems. However, they faced resistance from popular platform providers who were unwilling to share APIs and data, fearing it would diminish their competitive advantage and potentially compromise user security. This lack of cooperation hindered ConnectMe's progress and prevented them from delivering their innovative solution to the market.

Meanwhile, consumer frustration reached a peak as users voiced concerns over the lack of seamless connectivity across devices. Inspired by technologies like Bluetooth and Wifi, stakeholders began calling for regulatory frameworks that could enable startups to build on common standards while ensuring security and privacy and for platforms/OEMs to continue to innovate/differentiate from one another.

## Stakeholder Positions:

- Government: Committed to fostering innovation but struggling to establish clear principles that support startups and protect platform integrity/innovation while safeguarding public interests.
- Startups: Seeking consistent and transparent guidelines to enable rapid product development and integration.
- Consumers: Frustrated with a lack of interoperability, while hoping for accessible and seamless technologies that do not compromise privacy.

## Problem Statement

The Ministry of Digital Transformation has convened a task force to identify regulatory first principles that can unlock the startup economy. You are tasked with developing policy recommendations that:

1. Propose foundational principles for responsive regulation/policymaking to foster innovation while ensuring data security and public trust.
2. Identify tangible strategies to promote open innovation.
3. Explore mechanisms to balance the interests of startups, established companies, and civil society.