

GOOD PRACTICE

ICT Meta Cluster

ORGANISATION: Fiber Optic Valley

TOPIC: Penetration of territories

DETAILED DESCRIPTION OF THE GOOD PRACTICE

Small and medium sized enterprises have always difficulties to start selling their products. SMEs have little or no recognised brand name, limited resources for promotion and difficulties attracting capital. Those are the major factors restricting sales start as well as further expansion, specifically applying to the ICT sector where the global market competition is fierce. SMEs within the Central Baltic countries are in an even more challenging situation due to a very small size of domestic markets making it necessary to go into new markets. The ICT Meta Cluster project addresses these export efforts in a focused, innovative and very cost efficient way.

Partners of the project are all strong ICT clusters and linked organisations:

- Fiber Optic Valley (www.fiberopticvalley.com)
- Acreo Swedish ICT (www.acreo.se)
- Latvian IT Cluster (www.itbaltic.com)
- Estonian ICT Cluster (www.itl.ee)

The ICT Meta Cluster unifies in total 400 innovative ICT-oriented companies in Estonia, Latvia and Sweden. The cluster exploits a new organisational approach when business and technological units are supported by a common toolbox for achieving sales on new markets.

The partners complement each other's experiences, competences and networks. Through the joining up of resources on a country level it is possible to: (1) elevate branding, (2) join and jointly use available resources for market studies and promotion, (3) establish constellations eligible for further expansion at new markets.

The overall objective of the project is to create and validate a complete value chain which will give the 400 ICT-oriented companies of the ICT Meta Cluster the required resources to (1) generate first sales of their products and services at new markets outside the EU and EFTA (starting with Brazil, Canada and Azerbaijan), (2) expand those within the respective countries and regions, (3) prepare for further development over the globe.

The goal is to generate sustainable sales for ICT products and services from participating meta-cluster SMEs to new markets outside of EU and EFTA.

The unique idea of the project is to provide a one-stop-shop toolbox approach for involving and supporting SMEs, including

- (1) SME scouting
- (2) Export market analysis
- (3) SME matchmaking
- (4) Feasibility studies

- (5) Necessary adaptation of products and services
- (6) SME coaching
- (7) Export services
- (8) Living Lab for testing products and services
- (9) Business development

All of this is in an organised way, on the same conditions for all participating SMEs. The meta cluster jointly targets more than 400 SMEs with an ICT-component in their offering currently listed by the project partners (150 in Estonia, 150 in Sweden and 100 in Latvia). The described set of tools will help all participating SMEs to increase their competitiveness on the new markets.

The project approach is to give SME's a single point of contact during sales to new markets designated to deliver support through the whole business/development process chain. This setup is unique and gives SME companies possibilities to focus on their core business and at the same time do a successful entry on new markets. The clusters also exchanges experiences of SME export in a structured way through workshops and a shared information forum. The initial plan has been to focus on Brazil, Canada and Azerbaijan for the establishment phase and their respective regions for expansion. In these countries the participating project partners have already established relations and identified potential for market growth.

The project is based on a generic toolbox containing a complete set of methods for generating business at new markets. The initial toolbox is based on the previous experiences and will be further refined based on the hands-on experience throughout the project.

The project relies on intensive collaboration with relevant European and national SME supporting organization (Business Sweden, NetWorld2020 SME Working Group, Enterprise Europe Network, TCI Network and others) and the clusters at target markets. This extensive network will be used to ease the studies of and penetration to the targeted markets as well as it will serve as a channel for communication of project results, success stories and learned experiences.

The project is financed via the Central Baltic programme, total budget: 2 230 878 € (including ERDF co-financing - Sweden 75%, Estonia and Latvia 85% and private contribution 121 196 €).

ROLE OF ACTORS

- Local public authorities are involved in the scouting of SMEs and support from the tool box.
- Regional public authorities have SME development as target and gain from project, they also have good knowledge of SMEs in region and support with input and feedback.
- National public authorities (i.e. Swedish Vinnova (national agency for innovation) will gain from developed tool box and from experiences made through project.
- Higher education and research organisations are initiating new business and startups. The organisations gain from the tool box and can also give input to the further development and definition of the tools.
- Other Clusters and incubators within the participating regions are involved in project, both as contributors regarding scouting and analysis, as well as receiving organisations - of information outputs and tool box.
- Business support organisations: Business Sweden, NetWorld2020 SME Working Group, Enterprise Europe Network, TCI Network and others support the project with their respective competencies and networks.

BENEFICIARIES

SMEs and business support organisations

CULTURAL ASPECTS: POSSIBLE KEY LEVERAGES FOR INTERNATIONALISATION PROCESSES

Many SMEs have great technical competence and offer unique ICT products or services, but have no idea on how to enter new markets. Fully occupied focusing on the local market, they have no resources to analyse and consequently no insight to understand the possibilities and conditions of new markets. In each Central Baltic country, the respective clusters are making stand-alone efforts to overcome these obstacles for their SME members.

The ICT Meta Cluster is formed by joining the respective ICT clusters from Sweden, Estonia and Latvia. The main reason for forming this Central Baltic ICT Meta Cluster is that the project partners can share resources and knowledge for achieving the goal of the project, generating a sustainable sales for the Meta Cluster companies in new markets. Each national cluster of the Meta Cluster has its own technical focus areas and possesses partial competence to carry out the required export activities. Together the clusters master complete development and business chains and can represent a stronger brand, distribute and use the available resources more efficiently and, plan for broader expansion at new markets.

This unique cooperation, gives partner SMEs a possibility to have a strong presence in each new market. As an example, we see the possibility to utilize Sweden's strong market position in Brazil. Sao Paulo, often called Swedens largest industry city, have over 200 Swedish companies in the area. Another example would be the e-Signing solution from Estonia sold in Azerbaijan, generating sales of test activities in Latvia. The Meta Cluster partners will complete each other's strong sides (contacts, skills, experience and technical competence) for supporting common Meta Cluster marketing and sales.

INNOVATION OF THE GOOD PRACTICE, POTENTIAL FOR IMPROVEMENT AND REPLICABILITY

Especially innovative with the project:

- No or short process - it consists of scouting (using existing networks), feasibility analysis (market, capacity, endurance for export, belief in company. Once the company has been approved to participate, there is no specific process to follow, instead individual support based on the needs of the company, using the Tool box - 10 tools (defined by project, using existing eco-system).
- Coaching in pairs, combining technical support and business support. This gives much faster results and a more efficient support, as well as credit (confidence) from the companies.
- A lot of support to companies with potential, rather than a little support to many (as many other initiatives/projects).

There is good potential for replicability, both to other cities/regions/countries and other sectors.

EVIDENCE OF SUCCESS AND THE ASSESSMENT OF THE IMPACT AND RESULTS OF GOOD PRACTICE

Project is ongoing, results so far compared to goal ():

50 companies have been coached and evaluated (120)

30 companies involved and supported in the process (30)

3 companies with on-going sales outside EU after the end of the project (9)

(Several others on their way.)

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