

# RELOS3

## Thematic Event 3

### Tartu, 21<sup>st</sup> and 22<sup>nd</sup> November 2017

## THEMATIC EVENT REPORT

The third Thematic Event of the RELOS3 project took place in Tartu during the days 21<sup>st</sup> and 22<sup>nd</sup> November 2017. This is the third thematic event of the project, which, as explained in previous documents, aims to foster the implementation of regional smart specialization strategies at local level. The overall objective is to improve the delivery of regional smart specialisation strategies by 15% by 2021, by actively involving local authorities and subregional actors. This will be done by improving the partner's policy instruments on the basis of good practices transferred.

The topics of the four thematic events are specified in the project website and the previous TE Reports. The Tartu Thematic Event focused in the **Participation of the private Sector in territorial innovation operations to pave the way of RIS3 deployment**

The event gathered more than 20 participants in the two days of development. All project partners were present, together with stakeholders representing the private sector and the public administration involved in innovation and local development policies. The event also counted with several invited speakers from international background as well as from Estonia. The complete list of participants is provided at the end of this report (*Annex 1. List of participants*)

The event aimed to answer the following specific issues:

- How to implement public-private innovation operations that tackle the diversity of companies and research institutions and the diversity of public administrations?
- What does each type of partner expect from this collaboration?
- What are the new approaches regarding public-private collaboration oriented to innovation in the RIS3?

These questions oriented much of the discussion that took place during the event, together with other relevant topics that rose during the presentations and workshops.

An annex with the Tartu TE agenda is available at the end of this report. (*Annex 2. Agenda RELOS3 Thematic Event Tartu*).

The next pages present the development of the TE and the main conclusions obtained, focussing in the findings of the different interventions. When indicated, each section is completed with an annex at the end of this document.

### **DAY 1 -21<sup>st</sup> November 2017**

The TE was opened by Siim Espenberg Chief Specialist in Business Development of the Tartu City government, host of the event. The lead partner, Sabadell, introduced the agenda and the topics to be discussed.

The day was organized as follows: in the morning participants learnt about the deployment of the RIS3 strategy in Estonia and heard the presentations of the invited speakers to the Masterclass, who discussed about the links between RIS3 and the industry (business sector). Three speakers presented different perspectives on this topic. After the lunch, three current initiatives taking place in Tartu were presented, related with the promotion of entrepreneurship and business support in innovation. The presentations were followed by a Working group session where partners had to present a good practice regarding public-private cooperation in their local context, and explain its relevance for the RELOS3 topics. The day ended with an update of the Baseline Study presented by the team from *Scuola Superiore Sant'Anna*. In the evening there was a very interesting visit to the Widget Factory (Aparaaditehas), an old factory complex in Tartu that now hosts creative entrepreneurs, artist and designer studios, commerce and entertainment.

## **Presentation of RIS3 plans and implementation in Estonia**

### **Smart Specialization Strategy in Estonia and relevant policy measures**

*Laura Arengu. Expert of Economic Development Department of Estonian Ministry of Economic Affairs and Communication*

Ms Arengu presented the process of design and implementation of the RIS3 strategy in Estonia. This strategy is the common thread through two national strategies promoting innovation in Estonia: the *Estonian Entrepreneurship Growth Strategy 2014-2020* and the *Estonian Research and Development and Innovation Strategy 2014-2020 "Knowledge-based Estonia"*. As a matter of fact, these two ministries have had a strong role in the design of the RIS3 strategy, as they were members of the Smart Specialization Steering Committee, which led the process.

The selection of growth areas to be the object of the RIS3 strategy took place on a two level method: first, about 18 areas were selected through a quantitative analysis, after which a qualitative process was followed that allowed narrowing the selection to three growth areas:

1. ICT horizontally through other sectors: Industry 4.0, Cyber Security, e-Government and Data
2. Healthcare technology and services: E-Health, Biotechnology
3. Resources enhancement: Knowledge-based construction, Materials tech., Oil shale in the chemical industry, Biomass (timber, food).

The first one is considered a transversal sector that promotes innovation in the other two, which are based on the country's specialization domains, and were chosen taking into account its impact in terms of enterprises, research and according to the opinion of relevant agents, obtained through interviews. The choice of the ICT makes sense as in Estonia this sector has the highest investment in R&D of all.

The speaker presented the support measures implemented in the Strategy to promote growth areas; they were designed to target different groups and were implemented both by the Ministries of education and economy. The measures are listed below:

- Start-up Estonia: Supports foundation and growth of innovative companies in growth areas
- Qualified labour: Scholarships to Bachelor and Master degree students in growth areas
- Support for Applied Research: Grants for applied research and product development carried out at public R&D institutions
- Technology Development Centres: Development of technologies, products and services in cooperation between TDCs, companies and R&D institutions
- Competitiveness in Export Markets. Clusters: Twelve clusters were financed to Companies, education and R&D institutions and others cooperating to advance in international competitiveness.
- Public Sector Innovation: Co-financing for procurement projects creating innovative solutions

The total budget of the measure was of 128 M€, being the Technology Development Centres the ones concentrating the highest budget. Most of the measures combined several instruments, as funding, training or the creation of the adequate regulatory environment (for instance for start-ups) in the smart specialization domains.

The intervention of Ms. Arengu raised several questions by the participants. The first one was related to the specific functioning of the public procurement measure. Ms Arengu explained that this is a long process as you need first to be sure that the solutions being presented are not in the market yet, and there is a lot of paperwork needed to prepare the procurement documents, which makes it time consuming and complicated for the public administration. Until now 6 projects have been funded, of very different nature. The second question asked for the specific

role of local governments in the RIS3 definition and implementation process in Estonia. The answer stated that there is no clear goal defined for the local governments at the national definition process, even if in the last instrument (Public Sector Innovation), regional governments can be clients of the innovative solutions proposed. The last question related to the specific functioning of the Steering Committee. The speaker explained that it had a strong role during the definition of the growth sectors, while currently it has a role in monitoring the evolution of the programs.

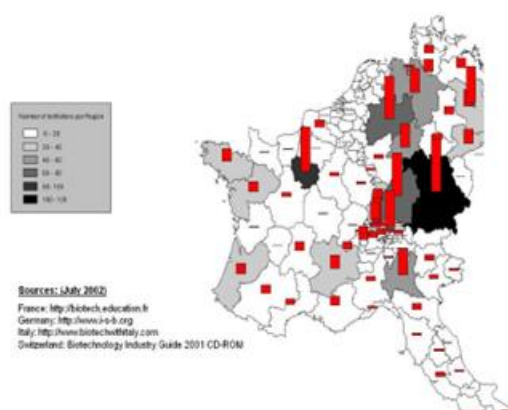
### Masterclass: Links between RIS3 and industry

The masterclass reflected about the links between the RIS3 and the industry, that is, the ways, the barriers and the issues that arise when trying to involve companies to participate in the smart specialization strategies. There were four complementary interventions that highlighted different dimensions of this topic.

#### **Intervention 1. Challenges of Smart Specialization – excellence vs cohesion** *Urmaz Varblane. Professor of International Business in the University of Tartu*

In the first presentation professor Urmaz Varblane focussed on the challenges of smart specialization regarding the tension between excellence and cohesion. He reminded that the smart specialization process started in relation to a main concern in Europe, that is, the need to reduce the productivity gap between US and Europe, investing in technology as a way to address it. After highlighting some of the issues that might be hampering Europe's productivity and innovation (f.i. low public support to the highest levels of technological readiness or the excessive duplication of research projects undertaken by European countries), he expanded on the main problem that RIS3 is encountering to develop: how to deal with the existing asymmetric growth between core, highly innovative regions where R&D happens, and those that have weak knowledge base. In his opinion, EU should assume this as a reality and work towards an integrated research area, with a strong agglomeration of R&D together with delocalised specialization.

Spatial Distribution of Biotechnology Institutions in Continental Europe



He stated that innovation tends to happen more in certain type of regions:

- Big cities and densely populated regions
- Where is diverse sectorial structure;
- Where there are no big dominating firms but there is a concentration of international and well networked firms;

Figure 1: Map showed by Prof. Varblane showing the High concentration of Biotech institutions in central continental Europe

Therefore, there is an inherent problem with RIS3 strategy: it was created to help all type of regions to become more specialized and innovative, but its underlying logic seems to support better core regions, where previous entrepreneurial experiences and knowledge base are important. The critical issue is then what approach needs to be followed in order to assist the less developed regions. According to the speaker, Smart Specialization Strategies might be more effective and have a higher impact in intermediate regions, that are moderate innovators, while for EU periphery regions is more an opportunity to start transforming the economy and the innovation system. In this sense, he pointed out the key role of government, and the need to development the right skills for public workers.

In any case, the dichotomy core-periphery needs to be tackled in the Smart Specialization policies. On one hand, it needs to encourage core regions to participate, while on the other it has to ensure that less developed ones are able to take full profit of the opportunity to transform. To achieve this he indicated the need to have an integral and complementary vision of the RIS3 regional strategies at EU level, promoting integration between core and peripheral regions. One example of an initiative in this area the Regional Competence Centres that EU has promoted outside core regions. These centres are physical infrastructures that provide support the regional business development, offering qualified specialists, research and training opportunities. This is a relevant initiative even if in many cases these centres have problems of economic sustainability, as they heavily rely on public money. The solution for Professor Varblane is to invest in the cooperation among core regions and peripheral ones, and specifically the cooperation among universities and research centres through a shared mission.

He put the example of the Lathi region, a peripheral area of Finland, which has implemented a cooperation program with the core region of Helsinki. The successful elements of this case are:

- 1) Implementing university policy through network-like operating models, focusing specifically on research transfer. (Collaboration between the City of Lahti and four universities - University of Helsinki, Aalto University, Tampere University of Technology and Lappeenranta University of Technology. This ensures tailored university expertise that focuses specifically on the needs of the region. It can be tailored precisely to the needs of current business life without requiring the entire university sector to change.

- 2) Instead of innovation stemming from research, attention was directed to an innovation model fed by the interaction between companies and users. The practice-based innovation model is

characterised by market-led thinking, company-driven challenges as triggers of innovation and practice-based innovation tools.

3) The third revolutionary idea was a need for specialisation. Without a clear profile and focus, there is a risk that activities will become scattered and therefore ineffective. Example of the Lahti region

For the professor the key issue is the widening of knowledge base, which entrepreneurs and companies can learn about different and new perspectives. For instance, governments can give support to start-ups to widen their knowledge base and promote entrepreneurship, for which it is key to support the orientation of universities towards an entrepreneurial ecosystem.

### **Intervention 2. Launching a public sector's start-up: lessons learned from the Centre of Competence TSENTER**

*Kalev Kaarna. Manager of Centre of Competence for Wood Processing and Furniture Manufacturing – TSENTER*  
*<https://tsenter.ee/en/>*

The presentation of Mrs. Kaarna provided answers to some of the issues raised in the previous presentation. He introduced the case of the TSENTER Center of Competence. According to the words of Mr. Kaarna, this is an example of a “lean public sector start-up, created to solve a wicked problem fast and have a large scale effect”. This problem was to increase the innovation capabilities of Estonian wood and furniture companies. TSENTER offers applied services to support regional development and specifically through applied research bring new knowledge to furniture and timber processing sector. They help companies to choose which finishing technologies fit better they needs; they offer product development and manufacturing of prototypes, which companies can sell without the cost of producing them themselves in this early stage. Their last group of services are related with production management, from trying new software to consultancy services. A mission settled by themselves: to double the revenues of Estonia wood processing and furniture manufacturing through new technologies and knowledge. They offer public applied research and services for a fee (81.000€ generated for services in 2017).

The presentation of Mr. Kaarna discussed 7 lessons they have learnt during their first years of operation, regarding the difficulties to connect with the business sector and the issues of self-sustainability. For instance, the first lessons stated the importance of setting a single goal when working with private companies. In their case, they started with many different goals and have been facing difficulties in many of them: for instance, they wanted to be world level scientific quality, but were confronted with the fact that design of furniture is not science; they wanted to have an impact in the region but also in the industry, while becoming self sustainable.

Other relevant lessons related to the difficulty of reaching companies and make them use their services. In this sense, is crucial to be able to make the right questions, as putting examples, or

telling a story and painting a vision. This might help companies to see what do they need, but in any case it is important to be aware that the process to reach companies is long (it took 6 to 12 months from the first visit to the final order of services), and frequently companies do not understand or see no point in smart specialization. Information and the public money alone are not enough to convince companies to collaborate, so technology centres such as TESNTER have to be good at making the right questions. The last lesson stated the importance of reaching a large audience and how technology helps in this sense. For instance, they broadcast training events online, so they reach the local audience but also other viewers at national and international scale.

This intervention was very positively valued by participants, as it gave an honest vision of the difficulties that public initiative for innovation face when trying to connect with the private sector, giving some very specific recommendations to address this issue.

### **Intervention 3. Smart specialisation and its enemies**

***Francesco Grillo. Academic Visitor in St Antony's College of the University of Oxford***

This presentation was a good complement of the one given by Prof. Varblane. In his presentation Mr. Grillo talked about the enemies of Smart specialization, giving examples on “how to win the innovation battle”. His thesis is that innovation might develop better in two type of settings: On one hand in small countries which can reach big impact with legal and regulatory changes; on the other, in big economies with long innovation tradition. He stated how research suggests that cohesion policy has not been enough to reduce regional disparities even if it seems to have a positive effect on generating further investments. In this sense, for Mr. Grillo the best indicator to explain success of innovation policies is R&D investment of private companies, putting the emphasis on the importance to mobilise companies in this sense.

The speaker considered that even the above stated evidence, innovation and particularly the RIS3 has important merits, as several authors have highlighted:

- Competitive advantage through innovation as only way to sustainable growth (endogenous growth theory, Romer and Lucas)
- Specialization as only way to avoid a war amongst poor
- Smart because not only a choice of industries but a strategy to distinctiveness (Foray, 2009; Morgan, 2015; Bellini, 2015).

However, there are still critical issues that need to be addressed, such as:

- The EU problem with the disruptive part of innovation (Schumpeter 1908)
- The public administration/ policy maker problem with innovation (Oughton, C., Landabaso, M. & Morgan, K., 2002): administration and public workers are often not ready to implement the strategies.
- The university/ business problem with innovation: lack of entrepreneurship and links among these two agents.



He ended his presentation showing a table that pointed out to some key success / failure factors in design strategies, as well as signalling, based on a forthcoming research, how really specializing are specializations chosen in different regions.

WHAT KIND OF SPECIALIZATIONS	WHAT TO DO WITHIN SPECIALIZATIONS
<p>Out of 105 specializations analysed:</p> <ol style="list-style-type: none"> <li>1. In 5 of the 17 regions the weight of the specializations combined is higher than 100% of the GDP</li> <li>2. 51 are global industries (aerospace; tourism)</li> <li>3. 17 are sum of global industries (life science)</li> <li>4. 5 are not even specializations</li> <li>5. 32 are related to niches or technology or problem or region's specific characteristics based</li> </ol>	<p>WHICH POTENTIAL COMPETITIVE ADVANTAGE (ALONG THE VALUE CHAIN), HIDDEN VALUE</p> <p>CONSTRAINTS / MARKET FAILURES</p> <p>?</p> <p>ACTIONS (POLICY MIX), TARGETS, AND ROAD MAP</p> <p>?</p>

Source: Grillo and Bellini, forthcoming 2017

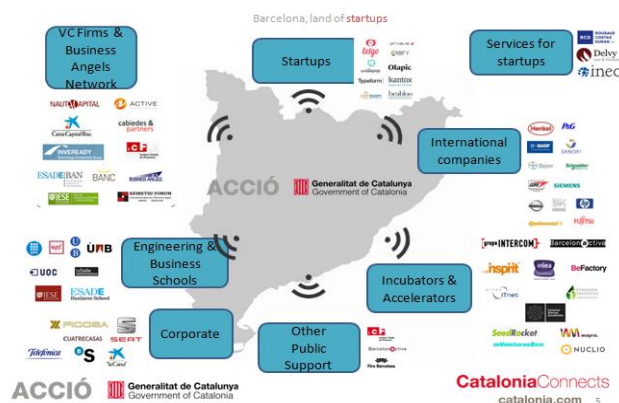
Figure 2. Table presented by the speaker showing results of a research about smart specialization strategies in different regions

#### Intervention 4. New public-private innovation policies and the role of the local government

*Mònica Mateu Adzerias. Innovation Ecosystem and Development Manager at InnoEnergy*

The presentation of Ms. Mateu offered some specific examples on how the local government and the private sector cooperate in innovation related initiatives. She focused in the case of Catalonia, focussing in different programs developed by the local governments, the private sector and knowledge institutions.

The first example referred to the need for policies that nourish innovation ecosystems; in this sense, Catalonia is a region where these ecosystems exist and are promoted by several agents. The role of Catalan government, through its promotion agency ACCIÓ, is a key one, together with other actors as the Barcelona city council or knowledge institutions as the universities and business schools. The image bellow was shown by the speaker to illustrate the different elements of the Catalan innovation ecosystem.



ACCIÓ has several programs to support innovation, from startups acceleration programs to spaces to generate networking in the digital business sector. The presence of several engineering and business schools is another key asset of



Figure 3. The Catalan innovation ecosystem

The Barcelona city council is another key actor in the innovation system of Catalonia, as it represents a big share of the total Catalan population and economy. The city council created an Innovation Strategy based on four “innovation pillars”: business innovation, urban innovation, city council innovation and social innovation. The goal is to develop an integrated and holistic vision of innovation that can identify opportunities in different social and economic fields.

The presence of all these different agents might be a necessary but not sufficient condition to ensure that innovation becomes a pervasive element of the economic structure of a region. Ms. Mateu pointed out to the importance of putting people in the centre of innovation, knowing how to make the right questions in order to identify their needs. In this sense, a good initiative is the innovation challenges and awards to solutions, as implemented by the Barcelona city council. They created an International call, with CityMart, the *Barcelona Open Challenge*<sup>1</sup>, to invite local and international companies to submit their innovative solutions to 6 published challenges for the city of Barcelona. The winning solutions were offered 1M€ to buy and implement the solutions. The program aims to promote entrepreneurship and business growth and innovation, facilitating access to public procurement for companies (especially SME'S & Innovative Public Procurement). It also intended to attract investment to the city and to position Barcelona as an innovation brand, transforming and improving public services and quality of life. In the last call six challenges were presented and 119 solutions were offered.

Other examples presented focussed in other smaller but highly innovative municipalities as Sant Cugat, and innovation initiatives by one of the most prestigious business schools in Catalonia, Esade. The city council of Sant Cugat has developed the strategy “Sant Cugat, innovative city”, moving to a model of innovation where the goal is to improve the quality of life of citizens in different areas. The Esade business school has developed its own innovation hub, EsadeCreápolis<sup>2</sup>, based on a combination of physical infrastructures, business networks and research.

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<sup>1</sup> <https://bcnopenchallenge.wordpress.com/>

<sup>2</sup> <http://www.esadecreapolis.com/>

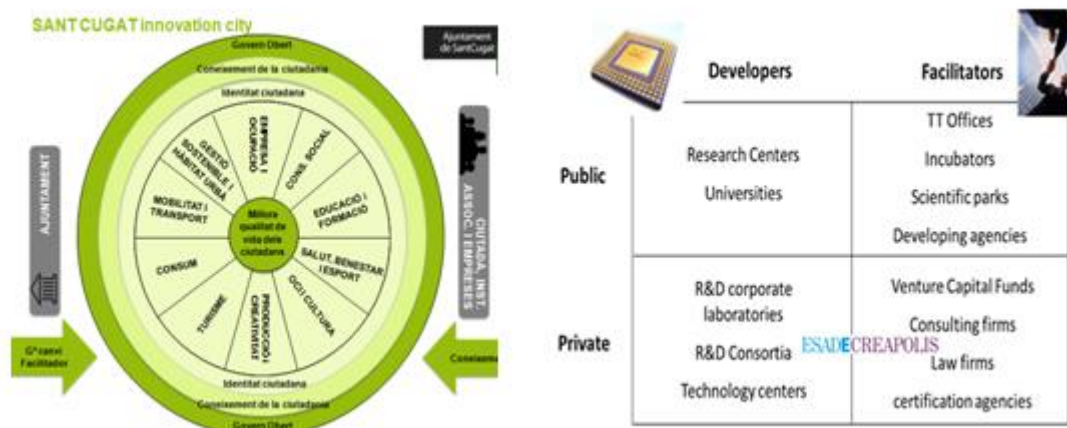


Figure 4. Images of the Sant Cugat innovation strategy and EsadeCreapolis initiative

The last example presented was InnoEnergy<sup>3</sup>, where Ms. Mateu is Development Manager. This is Knowledge and Innovation Communities (KICs) established by the EIT, partly funded also by 27 stakeholders across Europe. It offers innovation services, business creation and education in sustainable energy. This can be considered a network of networks that promotes innovation in the specific field of energy, bringing together agents from the three elements of the Knowledge Triangle: higher education, research and industry.

It has a successful experience in the acceleration of start-ups, using the diverse network of partners, from which the start-ups can benefit. They realise that entrepreneurs are a key source of innovation, but the difficulty lies on how to link them to big companies. In this sense, initiatives as the ones developed at Innoenergy work in this direction. The fact that they count with 6 co-location centres and activities in 17 European countries is an element of success for their services.

The presentation of Ms. Mateu highlighted the need for a combination of public and private initiatives to ensure that the promotion of innovation reaches all type of companies and their different development stages. It also provided examples on how local governments are moving towards an open concept of innovation, oriented to the solution of societal challenges.

**Examples of ICT-related activities in Tartu**

<sup>3</sup> <http://www.innoenergy.com/>

In this section we present the three examples of ICT-related activities that are being developed in Tartu. These examples illustrate key aspects of the implementation of innovation programs and the needed collaboration among public and private actors.

### **Cases 1. Tartu Centre for Creative Industries**

*Reigo Kuivjõgi*

*Manager of Tartu Centre for Creative Industries*

The first intervention illustrated two specific problems related with entrepreneurship: on one hand, the problem of talent retention in small and medium cities, and on the other, the barriers that public initiatives for the promotion of entrepreneurship encounter when oriented to collectives that are not familiarised with the business world.

The Tartu Centre for Creative Industries<sup>4</sup> was created 10 years ago with the specific goal to tackle the “brain-drain” of young creative that were leaving the city. The centre developed a chart of services oriented to promote entrepreneurship among these young people as a way to generate new economic opportunities for them in the city. The Tartu Centre for Creative Industries offers incubation services, office space and other infrastructure, and services as consulting, mentoring, networking and training.

The main challenge they encountered when developing their services was to transform these young creative in entrepreneurs, as they are rarely entrepreneur-oriented and have trouble in transforming their ideas into business and that frequently those that manage to create a business do not find incentives to make it grow. In order to tackle these issues, they had to find staff that could talk to people that can design but not sell, and promoting networking among “people with ideas and people with business skills”. Another important lesson was that as an advisor you need to know who the target public is for each entrepreneur, which requires a good knowledge of the local and national reality.

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<sup>4</sup> <http://loovtartu.ee/en/>

1. Any good idea is nothing without an execution.
2. What? Why? To whom? How?
3. Even in creative industries planning is the key.
4. Team helps you.
5. Be bold and work hard.
6. Consistency brings success.
7. There are always a possibilities.

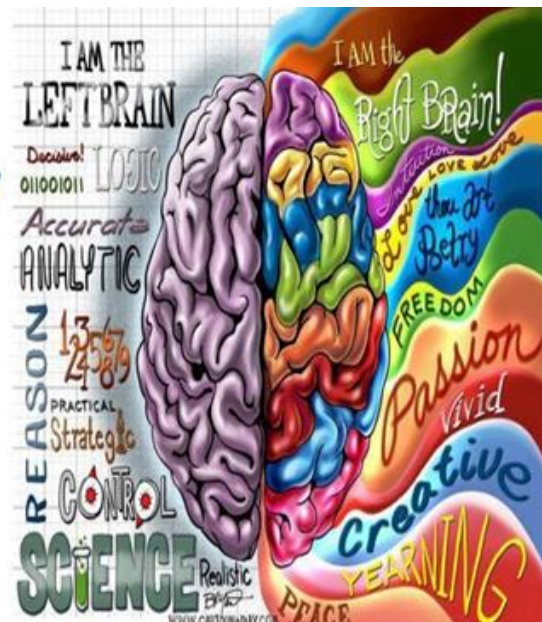


Figure 5. Biggest challenges for creative entrepreneurs as stated during the presentation

### Case 2. Creating value with machine learning

Kristjan Eljand

*CEO of Software Technology and Applications Competence Centre*

This was an interesting example of a young group of entrepreneurs that have created a company that offers business data analysis. He discussed the products they offer and how they manage to use information generated by big data to offer solutions to different type of issues. The speaker specifically focussed in a recent project to improve the waiting time of public transportation in Tartu.

### Case 3. Organizing Community Driven Events - How do the Private and the Public Sector Meet

Priit Salumaa

*Co-Founder of Mooncascade, MobileMonday Estonia and Garage48*

This presentation dealt with relevant examples on how the private initiative is a key element to ensure the success of the innovation programs of the public sector. Specifically, the presentation showed how it can help to identify the right and most motivated actors in a community when developing public-driven initiatives.

The speaker is the founder of a software company, but also an organiser of events related with the promotion of entrepreneurship and innovation. He first discussed the initiative Mobile Monday, which is currently a well established event in Estonia to promote networking in the ICT and mobile business sector. For the speaker this is a good example of an initiative that started with volunteers and has become today a well established event in different cities of the world.

The Mobile Monday<sup>5</sup> in Estonia was founded by private entrepreneurs and the support of Tartu city council. It is currently managed by this public-private partnership. Mobile Monday takes place every two months and is an opportunity to provide international exposure and business opportunity for local companies involved in the mobile industry. As stated in their web page, the events

Smile, it's Monday!



is  
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help

to exchange personal experiences gained in the sector, forging a common vision for the future of the mobile industry in Estonia. The lesson from this example is the need to focus on an specific economic activity and promote networking among actors in the sector. It was also stated that communication is a key tool of this initiative and is promoted all over the year, before, during and after the event takes place. This communication is done through all type of channels, from traditional media (newspapers) to the social media and networking. The event gathers about 3.00 people every year.

The second initiative he presented was the Garage 48<sup>6</sup>. This is a series of hackatons, started in 2010, that aim to promote entrepreneurship and start-up culture through creating encounters among people from different backgrounds. Groups are created to turn an idea into a working service or prototype within just 48 hours. They count with a group of mentors that organise and supervise the events.



Currently they are organising events in Estonia, Northern Europe and Africa. The speaker, founder of the initiative highlighted that they started organising hackatons in very general thematic, but

have progressively focussed them in specific topics; he put the example of a recent solution developed in one of the events, a farm management system, that has now been bought by Monsanto. Progressively they have realised that there is a space for initiatives not only linked to the technology sector but also in traditional sectors as wood, or oriented only to specific groups as women or students. The cost of one of this events ranges from 20.000 to 50.000 Euros, depending on the people participating, but it is also very costly in organization terms, as it takes from two to six 6 months of preparation.

The initiative was born from the private sector, but it soon received the attention of the public sector that started sponsoring the events. In this way, they currently give awards to the best

<sup>5</sup> <http://www.momoestonia.com/>

<sup>6</sup> <http://garage48.org/>

solutions designed during the hackatons, which have in this way the opportunity to be commercialized.

A key lesson from this case is that the public sector has to be able to identify interesting initiatives in the community and communicate with them, as a way to reach potential entrepreneurs and people interested in innovation, which otherwise might be difficult. It is about being able to identify the key networkers that will connect you to other potential agents of innovation and growth. It was also stated, as in the case of Mobile Monday, that a key factor of success of such initiatives is the dissemination, which needs to count with the involvement of public and private partners.

### **Workshop: Developing policy mix for RIS3 implementation in public-private operations**

This workshop had the goal to lead an in-depth discussion of best practices regarding private sector role in implementing innovation operations (in the RIS3 domains). Before the TE, all partners had to identify a good practice regarding this topic in their context, and prepare a poster summarizing its most relevant elements.

During the workshop each partner presented their case and there was a specific discussion about each of them. Afterwards, partners had to select one of the selected cases and explain in which ways it could be a good instrument to adapt it to their own context. The final goal is that the different instruments identified could be used in the Local Actions Plans partners need to develop in this project.

Before the partner's presentations, the PRYSMA consultants offered an overview of the framework of analysis of these initiatives, regarding how to identify which are the policy instruments that each local context needs to define when implementing innovation policies with the private sector. To put this issue in the context of the RELOS3 project, Mr. Jordi Garcia-Brustenga presented the evolution of the topics discussed in the previous TE, and how they relate to the issue of public-private collaboration and the design of adequate innovation policies. As can be seen in figure 8, the TE of Malta and Bologna served to agree on the importance that the local government has in the deployment of RIS3 strategies and the need to orient them to the solution of societal challenges. In this event, the emphasis was put in specific examples of innovation policies, regarding the cooperation with the private sector.



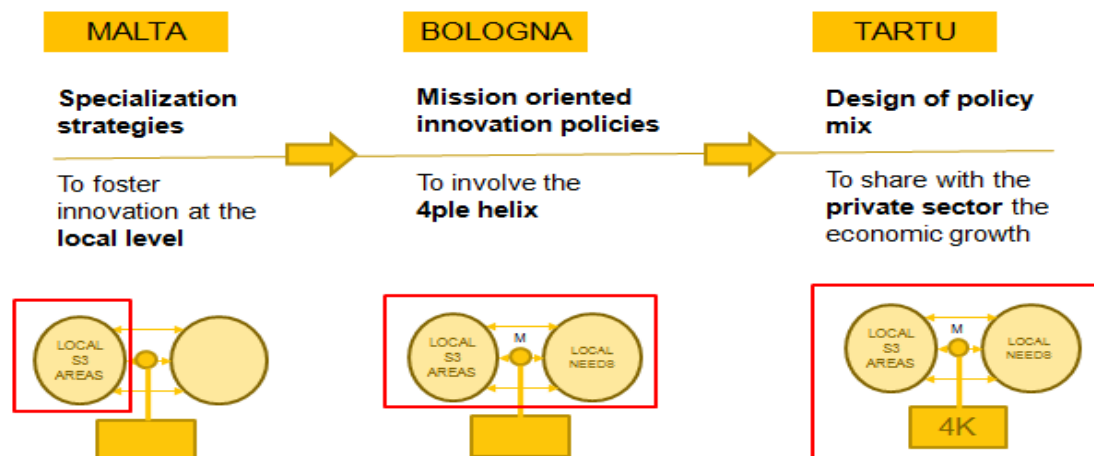
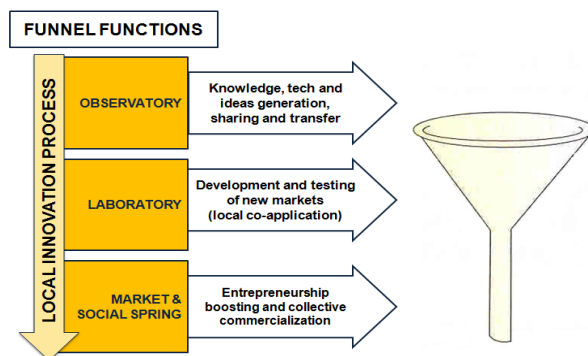


Figure 6. Evolution of topics in the RELOS3 Thematic Events

The design of the right policy mix is therefore a critical issue when thinking on the actions local governments need to implement in order to promote innovation. In this sense, there are two concepts that help to organise the policy process of innovation promotion and that serve as inspiration for the development of the specific policy instruments the local context needs to develop. The first one is the "Innovation funnel"; the second is the "Territorial Capitals".



The "Innovation Funnel" is an adaptation of the traditional funnel applied to business development, to the development of territorial innovation policies. The territory should be a collective innovation funnel that promotes the creation of knowledge, technology and ideas sharing and transfer, Figure 7. The territorial innovation funnel

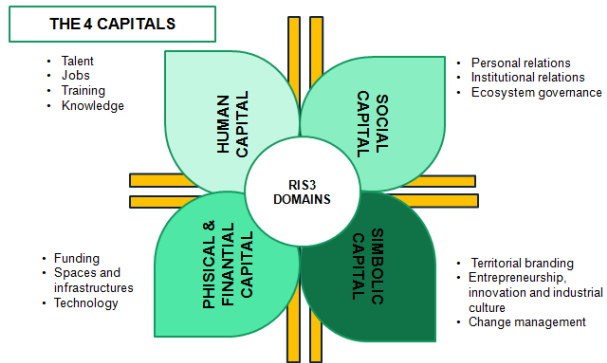
(Observatory); but also a place where it is possible to develop and test new markets (Laboratory) and an environment that promotes entrepreneurship boosting and collective commercialization of these new products and services. Therefore, policies should be designed in such a way that generate opportunities in this three stages.

The second concept, "territorial capital" was developed by the urban economist Roberto Camagni<sup>7</sup>. It states that there are a series of assets that explain differences in regional growth. These assets are the four capitals, namely the physical, the human, the social and the symbolic capital. The presence or, on the contrary, the not adequate development of each of

<sup>7</sup> Camagni, R. and Capello, R. (2013) "Regional Competitiveness and Territorial Capital: A Conceptual Approach and Empirical Evidence from the European Union", *Journal of Regional Studies*, Volume 47, 2013 - Issue 9



these assets influences growth, therefore policies should be oriented to address the shortcomings of local context in each of them.



This figure shows the specific policy instruments that should be developed in order to promote each of these four capitals, ranging from the provision of spaces to territorial branding or the promotion of an ecosystem of governance.

Figure 8. The elements of the territorial capital

These two concepts were used during the workshop to help partners classify the good practices of public-private collaboration, and reflect on the policy areas that were less developed in their own cases, thinking in the implementation of policies oriented to the promotion of innovation in their selected specialization domains. This process was illustrated with the case of the Lleida city smart specialization strategy and the instruments that were developed for its implementation. These instruments were classified in the "4 capitals" model, and the stage of the innovation funnel they address, and were used as example for the later discussion.

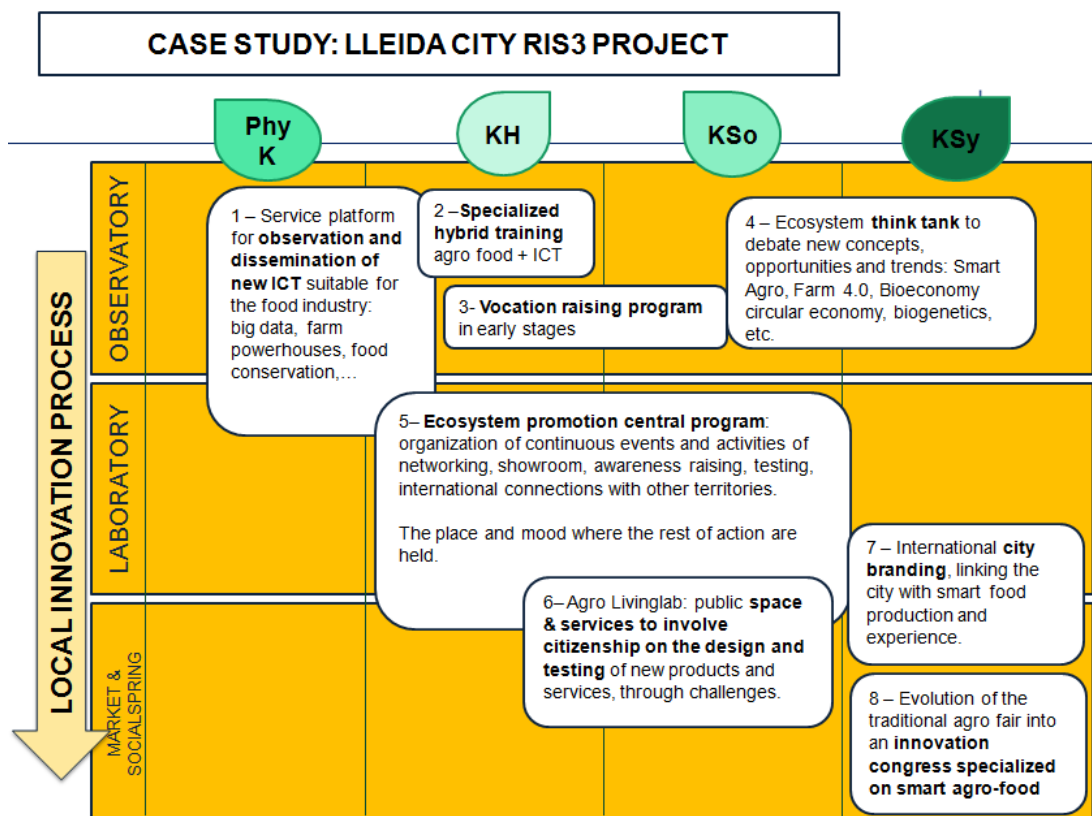


Figure 9. Classification of the policy instruments of the Lleida RIS3 according to the 4 Capitals and the innovation funnel model

### **Presentation of the good practices and discussion about their classification in the model of innovation policies**

During the second part of the workshop, each partner presented the good practice they had identified in their local context regarding the public-private collaboration in the promotion of innovation. After the presentation, they were asked to classify their example in the chart of the "territorial innovation" model, according to its belonging to one of the "4 Capitals" promotion and the stage of the innovation funnel it addressed. Once all the partners had presented their cases, they were asked to select one of the other good practices and explain why it could be useful to their own context.

We present below a table with a brief description of each case presented. The posters developed by each partner are available as annex to this report. There is more detailed information on the cases that can be found. After the description table, we present the result of the classification of the cases in the conceptual model.

<b>Partner</b>	<b>Name of the good practice</b>	<b>Brief description</b>	<b>Relevance to the RIS3 deployment in the local context</b>
<b>Sabadell City Council</b>	<b>Technological Transfer Program to micro &amp; SMEs</b>	It is about paving the way for micro & SMEs to access innovation by supporting them to contact tech transfer and research centres with the aim to foster innovation led projects. Local public administration, having a closer and day to day knowledge of companies in the territory, plays a facilitator role.	This program acts as a preliminary stage or a pilot of our local RIS3 deployment actions included in our RIS3 territorial instrument ‘Territorial and Competitiveness Strategy Program (PECT)’. This GP has contributed to consolidate relationships among stakeholders, which has been crucial for PECT’s design and will be a key element for the success of our RIS3 local deployment
<b>Tartu City Council</b>	<b>Spark Demo</b>	SPARK Demo is a showroom dedicated to companies based in southern Estonia. Successful and ambitious companies from various business sectors (especially from the smart specialisation areas) can showcase their strengths and uniqueness. The information provided help international and local visitors to get to know more about the work and achievements of companies located in the city of Tartu and in the region	The aim of SPARK Demo is to showcase the capabilities and strengths of companies located in Tartu and in the region and the specific focus is on the companies active in the fields of smart specialisation (wood, metal, food, IT, biotechnology).
<b>Città Metropolitana di Bologna</b>	<b>Fondazione Gollinelli</b>	The Golinelli Foundation was born in Bologna in 1988 through to the vision of the entrepreneur and philanthropist Marino Golinelli. The Foundation promotes activities focusing on six different design areas, covering different themes and involving different type of public: children, teenagers, teachers and general public.	The activities carried out by the Foundation are closely related to the regional RIS3 specialisations. It supports new businesses and start-ups, also pursuing the strategic goal to provide young people, citizens and entrepreneurs with tools that enable the emergence of ethical behaviours for a more cohesive society. The Foundation believes in the hands-on approach, knowledge gained through direct experimentation. It collaborates with both public bodies and research centres, by promoting debates with scientists, researchers, communicators of science according to a public engagement logic.

Partner	Name of the good practice	Brief description	Relevance to the RIS3 deployment in the local context
<b>Wilekopolska Region</b>	<b>The Wielkopolska Broadband Network</b>	In the language of comparison, the WBN – like other regional networks – is a telecommunication highway, while telecommunication local roads (called “the last mile”) are built by local operators. As a result of the “Construction of the Wielkopolska Broadband Network” project, a broadband network based on NGA (Next Generation Access) technology was built. As a result, a backbone and distribution network of approx. 4500 km was created. 31 backbone network nodes are located in all capital cities of „powiat”* (similar like the counties) of the region.	Broadband Internet will not only hit the individuals users. WBN infrastructure can also help to deploy 1st strategic programme of RIS3 „called Innovative Public Administration” in the section on improving the quality of public services like e-services (including e-government, e-education, e-health)
<b>Emmen City Council</b>	<b>ChemPort Europe</b>	Green Chemistry.: Collaboration between the chemistry clusters of Emmen , Delfzijl , the universities. of Groningen and Emmen , provinces of Groningen and Drenthe and the municipalities of Emmen and Delfzijl .	Bio Economie is part of the northern Netherlands Ris3 strategy. The support of the green chemistry cluster leads to a stronger Bio Economie. The collaboration creates new innovative products like 100% Biopet, Bio Composite Bridge, 3D printing.
<b>Malta</b>	<b>Life sciences science park</b>	It is an initiative from public administration to promote knowledge transfer. It provides facilities, collaboration with hospitals and companies. It is aligned with growth areas and offers a wide arrange of services for the knowledge transfer.	The initiative is in line with two of the RIS3 areas of the country: tourism product development and health. Biopharmaceutical, genome sequencing, medical devices and imaging are some of the target areas and competences of the tenant companies

As mentioned above, each partner had to classify their initiative in the model of the territorial innovation funnel and the 4 capitals. The goal was to help them visualize the different dimension of the design and implementation of an innovation policy at local level and be aware of how to achieve a more integrated approach to these policies, taking into account the current situation of the policies and what future actions could be defined at their local level. It was also a first step towards the definition of their Local Action Plans.

Starting by the initiative presented by Emmen, the ChemPort Europe, it was considered an example of an instrument used to promote social capital in the laboratory phase of the funnel. The initiative promotes personal and institutional relations among actors of the triple helix involved in the Chemical cluster in the northern Netherlands, and as a result they expect to increase the opportunities of generating new products in the field.

The case of Fondazine Gollinelli, presented by the Metropolitan City of Bologna, is, instead, an example of an instrument related to the human and symbolic capital, as it is oriented to the generation of an innovation culture in the population but also in specific target groups that will become the future workers of the region (young people, students). It promotes a change in the approach to innovation in society.

The Wielkopolska Broadband Network initiative, on the other hand, is a classical example of a the need to address key physical investments as a essential tool to allow the growth of innovation in a society and the economy. The provision of broadband connectivity to all capital municipalities is therefore a transversal tool both at the capitals dimension and the funnel stages: it is a previous condition for the development of other initiatives in the rest of dimensions considered.

The Sabadell Technological Transfer Program to micro & SME is an example of an instrument oriented to the development of the social and human capital in the territory, focussing specifically in the laboratory stage of the funnel, that it, in ensuring that this capital has access to tools for technological transfer, a key step in the innovation process. However, it was considered that it could also be classified as an instrument for the market stage, as depending on the type of micro and SMES participating they could use the program also to introduce to the market the solutions previously tested.

On the other hand, the Tartu Spark Demo initiative is a physical structure (a showroom space for companies with innovative products), but it was considered that it also addressed social and human capital issues. The different services they have (as organization of events or training courses) are good examples of instruments that promote the creation of new capabilities in companies and the fact that they are a reference centre for the innovation in Tartu makes it a landmark for the symbolic development of new references in the Estonian innovation system. It is, therefore, an horizontal instrument that covers different capital needs in the market stage of the funnel.

The Malta's Life Science Park is another example of a transversal instrument, that addresses the promotion of knowledge transfer. Even if it is a physical facility (contributing therefore to the development of the adequate physical capital in the territory), as it is already an entity with well developed services and activities it can be considered too an instrument for the development of the human capital in Malta, in the specific RIS3 domains in which it is specialized. As it is both addressed to companies and research institutions and universities, it can be classified as an instrument for the laboratory and market stages of the innovation funnel.

The figure below shows the classification in the territorial innovation model that was decided during the discussion among all participants.

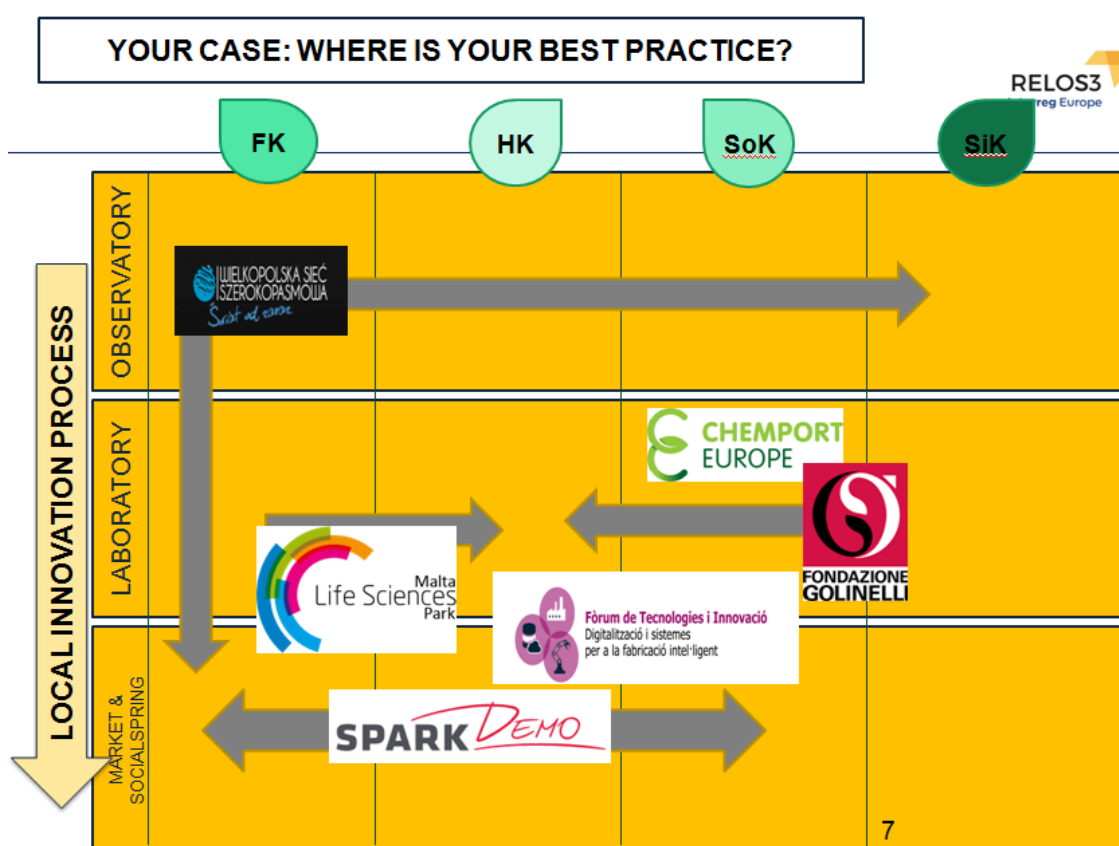


Figure 10. Classification of good practices presented in the territorial innovation model

The workshop was concluded with a last discussion in which each partner had to choose another good practice and discuss whether it could be useful to address some of the "gaps" that their innovation policies currently have.

Malta team chose the good practice of Tartu, as they considered it could be a good example of how to move the LifeSciences Park to a next step, providing this showroom space for the new products created there.

The Tartu team, instead, chose the Gollinelli Foundation initiative as they found it a good instrument to involve the general public in innovation processes in a permanent framework of public-private collaboration. The Sabadell team also found this initiative highly relevant to involve private foundations in providing innovations. However, they also considered that the Wielkopolska Broadband network initiative could be a good case to adapt it to Catalonia, where still some peripheral municipalities have problems of broadband connection.

Emmen considered the Malta LifeSciences Park a good practice that they could implement for the ChemPort cluster. It is a good example of how to develop a physical infrastructure that they need in order to offer companies in the cluster a meeting and networking space and also provide opportunities to entrepreneurs.

Wielkopolska chose the Emmem ChemPort cluster as a good example of cooperation among different clusters. In their region they have developed several initiatives for cluster development (financed by the previous period of ERDF), but many of them have not survived. IN this sense, the Emmem case offered new ideas on how to support these clusters, liking specially the idea to link the clusters with the social challenges of the region and develop solutions. Emmen noted, however, that the cluster is still not self-sustainable, as it depends on provincial funding for its operations.

Bologna found the Sabadell program for technological transfer to micro and SMEs particularly relevant to their context, especially the role of the public sector as facilitator of the initiative and the interaction among the technological world and these type of companies. IN the case of Bologna, they noted that these type of services exist, but are not integrated, that is why they found that the role of a single public authority could be a trigger for this integration.

### **Update on the Base-line study**

The Sant'Anna School of Advanced Studies team, represented by Giulia Lazzeri, presented the first results and current situation of the baseline study. This study has the goal to provide a comparative framework of the configurations in each local context of the different topics discussed in the RELOS3 project. In this sense, a survey was prepared and sent to stakeholders of each partner, to collect their vision on this topics and in general about the relevance of RIS3 at the local level. The survey has been sent to 36 stakeholders, obtaining (up to Novembre 2017) 27 answers. The survey will be closed during the month of January 2018, but some preliminary results were presented regarding specifically the topic of the s3 strategy relevance at the local level.

About half of the respondents are quite positive about this strategy, even if for almost 20% of them the strategy is only partially relevant. As a reason they mention that it is just a prerequisite for any fund/project application, and the local support measures seem generic. In any case, for the almost 50% that find it relevant or extremely relevant, they mention factors as the fact that



it empowers a proactive role of the local governments and ecosystems in the promotion of bottom up and demand-side innovation.

Almost 90% of the respondents agreed that the process of reframing the S3 at the local level can have significant impacts on their territory with regard to the competitiveness issues. In this sense, some mention that it can be a way to accelerate the adoption of new enabling technologies by the local SME. Other positive answers regarded the public-private collaboration, but it is mentioned that it needs to be formalised to ensure continuity. Less agreement appears, according to the results presented, on the answers regarding the involvement of civil society in making economic decisions, as it is considered that what is needed is a strategy for implementation.

These first results will be completed as all information is collected and the baseline study is finalised.

## **DAY 2 -22<sup>nd</sup> November 2017**

The second day of the event started with the presentations of several initiatives related to cooperation between public and private actors in connection with RIS3 implementation in Tartu. The presentations took place in SPARK Demo Tartu, the new business support structure for entrepreneurship in South Estonia. After these presentations, the group visited METEC<sup>8</sup>, a metal work company established in 1993. The company is an example of an innovative business that counts with highly qualified workforce and collaborates in vocational training programs with the Tartu city council.

The conclusions of the Thematic Event were offered by PRYSMA consultants and the next steps for the Wielkopolska TE were agreed. The main ideas and conclusions of the workshop

### **Presentations of local initiatives to promote public private cooperation in RIS3 implementation**

#### **Intervention 1. Co-creation of Smart Tartu**

*Raimond Tamm*

*Deputy Mayor of Tartu City Government*

The Deputy Mayor of Tartu introduced the process of creation of Smart Tartu and the different tools that Tartu has in the implementation of innovation policies.

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<sup>8</sup> [https://www.metec.ee/EN/About\\_us/Metec\\_group/](https://www.metec.ee/EN/About_us/Metec_group/)

## **Intervention 2. How can Estonia and its start-ups benefit from European Space Agency Business Incubation Centre?**

Andrus Kurvits

*Manager of ESA BIC Estonia, Head of Business Development in Tartu Science Park*

In this case the presentation regarded the case of the Incubation Centre that has been created in the framework of the Tartu Science Park to promote the Aerospace activities in Estonia. The Aerospace innovation centre is an initiative (consortium) that commits the two major cities and business sector in Estonia, being a good example of an initiative that has been able to promote cooperation among actors from very different sectors.

## **Intervention 3. How to build a tech HUB in Tartu?**

Kadri Kõivik

*Manager of SPARK HUB<sup>9</sup>*

This speaker presented the Spark Hub (Spark Demo) initiative. This is a private led incubator centre that currently has partnership agreements with the city of Tartu. This initiative was created by the owner of the company PlayTech. He bought a house and created the startup-hub, with the goal of promoting entrepreneurship in technology in Tartu. Since the beginning the goal has been to promote networking as a way to create new opportunities for companies and people. The HUB offers office spaces and organises different events, also the Start-up Days (see next presentation). Currently they count with two spaces (SparkDemo and Spark Hub) as well as other initiatives as the Entrepreneurship Village, a techhub with 26 companies.

There was a lot of work of promotion to convince companies to come but the space is consolidated. They believe that creating the right environment for companies is important, so they promote networking opportunities and other tools as mentoring, hackatons or other. It is also a contact point for start-ups and traditional companies: hackatons where traditional companies bring their challenges and the young entrepreneurs built projects around them.

On one hand the goal of this incubation centre is to bring the technologies to the smart specialization fields, but they also promote this strategy by offering grants to initiatives related to these specialization domains or supporting existing regional initiatives. The speaker explained that it took time for them to become a reference for companies interested in innovation, and for young entrepreneurs but now the same companies that are located here organized themselves networking events to connect among them and generate synergies. The role of the local government in this initiative is on one hand to promote its alignment with the RIS3, to offer financial support to events and to facilitate the alignment of the bureaucratic procedures.

## **Intervention 4. sTARTUp Day as the Flagship of the Entrepreneurship Ecosystem in Tartu**

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<sup>9</sup> <https://www.contriber.com/hubs/>

Andres Kuusik

*Founder of sTARTUp Day, Associate Professor of Marketing in the University of Tartu*

The StartUp Day is an event that promotes cooperation in the Entrepreneurship Ecosystem in Tartu. They have settled the ambitious goal of having 5.000 technological start-ups (now they have about 500), and the Start-up Day is an initiative in this direction. The next edition (to be celebrated in December 2017) will have more than 3.000 participants, coming from Estonia and other Baltic countries.

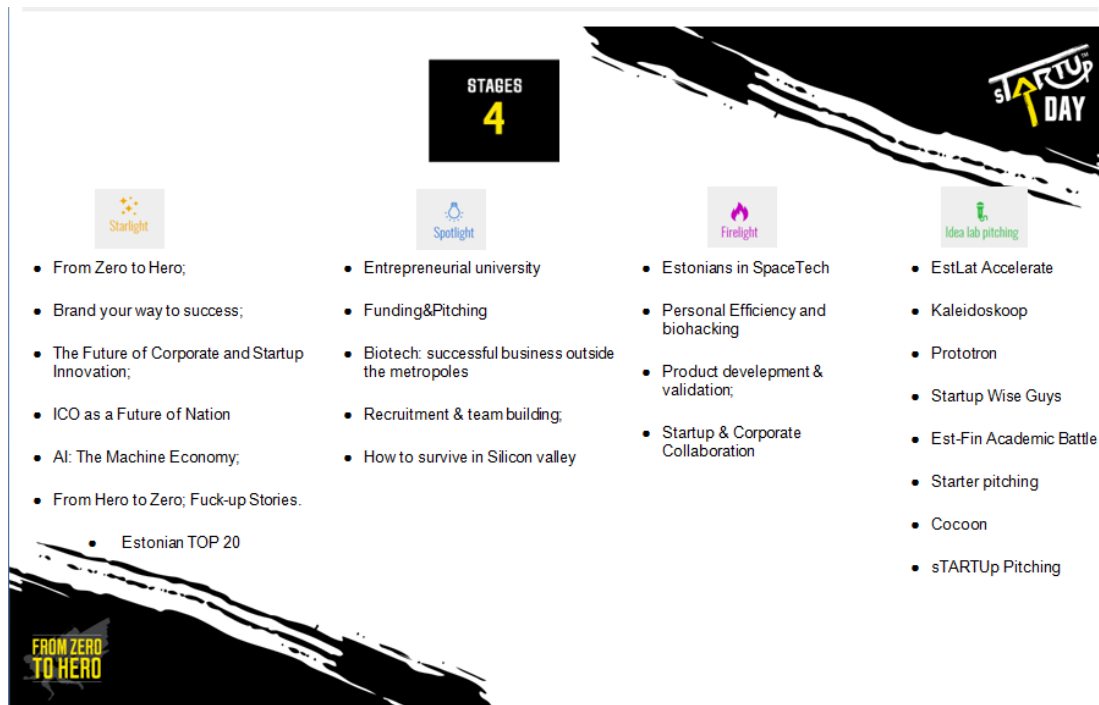
The speaker presented the Tartu innovation and entrepreneurship ecosystem (see figure below) and explained how the StartUp Day is an initiative that is intended to promote the cooperation in this ecosystem.



Specifically, in the field of the StartUp Day he presented the different instruments they have to reach their goal:

- Joint educational international trip (1 x year)
- Round tables in Tartu (3 x year)
- Entrepreneurship Sauna (10 x year)
- sTARTUp Day meetings (40 x year)
- Seminars & networking Coffees

Beyond this, specifically the StartUp Day is oriented to different entrepreneurial stages, so that everyone finds interesting cases and discussions to follow and learn from. He specifically mentioned four stages, illustrated in the figure below:



## Conclusions of the Fourth Thematic Event

The conclusions were organised by answering the questions that the Thematic Event had stated at the beginning of the two days sessions. Here we reproduce the questions and the answer provided.

### How to reach and involve different type of companies and research institutions?

- Research institutions /Universities:
  - Not all have the same R&D intensity. Cooperation of more “peripheral” universities and core ones is a mechanism to boost the competitiveness of the first.
  - But you need incentives to motivate the core ones
  - For peripheral areas the Regional Competence centres are a way to promote growth, but problems of public money dependence
- Start-up: support them to widen their knowledge base

- Be aware of the time they need to grow and succeed
- Identify the most central node in the activity you want to work with
- Established traditional companies (f.i. wood and furniture sector):
  - Not just offer the chart of services /policies available, but be flexible, make the right questions to help them identify their needs regarding innovation
  - Telling stories and sharing a vision!

### **What do different partners expect of the public-private collaboration?**

- Big companies might want to work with start-ups and cooperate with but it needs to be in a stable framework
- Start-ups and entrepreneurs: how to transform a person with an idea to an entrepreneur? Training, planning, identify the target customer for each new product/service (from Tartu Creative Centre)
- Public sector expects to reach a wide community of potential entrepreneurs:
  - To do so, connect with existing initiative and give it an stable framework for operating

### **What new approaches have been identified in the topic?**

The workshop offered a framework for the development of the right policy mix for the promotion of innovation, by introducing the concepts of the four capitals and the innovation funnel. In this sense, it was considered a good tool to identify in each specific local context which should be the right policy mix, and those instruments that are missing or need to be adapted to the specialization strategy.

The conclusions were closed with a review of the next steps for the project. As partners have to produce a Local Action Plan regarding the deployment of the RIS3 at their local level, it was considered necessary to start thinking of a first general structure of this Plan. In this sense, it was agreed that before the next Thematic Event, all partners would develop this first draft of their Action Plan, following a model that will be provided by the Lead Partner and the consultant team. The model will be based on the territorial innovation one presented during this TE, and partners were encouraged to use the cases discussed during the workshop, as inspiration for their own context.

### **Annex 1. List of Participants**

### **Annex 2. Good practices posters presented by partners of Public -Private collaboration in innovation policies**