



**UpGradeSME**  
Interreg Europe



UpGradeSME aims at improving the export performance of SMEs by exchanging on internationalisation policy instruments and tools increasing SME ability to export, gain new know-how and improve competitiveness.

## **Regional Action Plan**

**Steinbeis-Europa-Zentrum**

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## 1. Introduction

SMEs play a particularly important role in Baden-Württemberg's economic structure. In the manufacturing industry, almost 60 percent of all employees work in companies with less than 500 employees. Numerous medium-sized "hidden champions" have their headquarters in Baden-Württemberg. They are successful in their segments on the global markets and contribute significantly to the internationalization of industry in Baden-Württemberg, which is characterized by a high degree of export orientation. In addition to the well-known large companies in the state (e.g. BOSCH and Daimler), they shape the corporate landscape and innovation culture of Baden-Württemberg.

However, the future viability of the industrial location depends to a large extent on how global and national challenges are met. The reorientation of value chains, technological transformations and current developments in the development of transport and digital infrastructure show the relevance of a strong positioning in the global innovation competition.

Since 1990, the position of the Commissioner for Europe of the Minister of Economic Affairs Baden-Württemberg has been addressing these challenges and is actively committed to reinforcing the innovative strength of Baden-Württemberg's economy, combining the forces of applied research with practice and using European research and innovation capacities and initiatives.

The position and services of the European Commissioner represent the policy instrument within the framework of the INTERREG Europe UpGradeSME project and have been subject to a comprehensive structural and content analysis since the beginning of 2016.

Since January 2018, Dr. Petra Püchner has been European Commissioner of the Baden-Württemberg Minister of Economic Affairs, Labour and Housing and head of the Steinbeis-Europa-Zentrum (SEZ).

Founded in 1990 on the initiative of the Commissioner in 1990, SEZ supports SMEs receiving EU research funding, and has taken over the operational management in the case of the UpGradeSME project.

This action plan is based on the results of the numerous exchange formats carried out within the framework of the UpGradeSME project. Stakeholder meetings, staff exchanges, site visits and exchange of experience workshops offered the project partner SEZ a forum for a European exchange. The fields of action presented here are based on suggestions and ideas of the 8 participating project regions (Region Norte - Portugal, Basque Country - Spain, Hungary, Friesland - the Netherlands, Romania and Baden-Württemberg - Germany).

The action plan is not static but can be adapted to new developments and needs within the framework of the 2nd project phase.

## 2. Background

The policy instrument of Baden-Württemberg, which has been analysed within UpGradeSME is the Position and Services of the Commissioner for Europe to the Minister of Economic Affairs, Labour and Housing Baden-Württemberg. The position was created by the Minister of Finance and Economics Baden-Württemberg in 1990 in order to support SMEs in creating European Partnerships for Research and Innovation and thus enhancing their internationalization and innovation capabilities. Over the past 30 years, numerous regional SMEs received trainings, workshops or tailored advice, for example during the development of EU R&D project proposals. To implement the work of the Commissioner, Steinbeis-Europa-Zentrum (SEZ) was founded as the operational unit of the Commissioner for Europe. SEZ consists of more than 75 employees deriving from different academic backgrounds and is located in Stuttgart and Karlsruhe. Since its foundation, one of the major concerns of both SEZ and the Commissioner was to enhance innovation capacities of SMEs through European partnerships in research and development, thus encouraging and fostering their internationalisation within the Single Market and beyond. As part of the UpGradeSME project, both the policy instrument and the operational unit underwent an intensive analysis process.

During

- interregional site visits;
- numerous staff exchanges (3 incoming, 1 outgoing);
- 6 regional stakeholder meetings,
- 6 interregional seminars and workshops and;
- Monitoring the internationalisation survey executed by an external expert.

within the UpGradeSME project its features were evaluated and improvable characteristics determined.

With the help of these interregional exchange activities, our policy instrument has experienced an impact on multidimensional levels contributing to individual, organisational and stakeholder learning. Thanks to the policy analysis within UpGradeSME (focused on “METHODODOLOGY”, “IMPACT”, “COMMUNICATION” and “INTEGRATION”) several challenges were identified:

- Governance**: In the frame of a first self-evaluation process and later during 360 degree evaluation by the project partners during the UpGradeSME exchange of experience workshop in Portugal, project partner and stakeholder mentioned that Commissioner's activities on policy level with either regional and European stakeholders are sometimes limited in terms of guaranteeing a proper policy integration. One reason identified was the institutional / financial set-up and legal interlinkages with the Ministry. When UpGradeSME started, the Ministry financed the Commissioner together with a secretary to perform his tasks for all Baden-Wuerttemberg industries and SMEs, but it was institutionalised as SEZ within the Steinbeis Foundation of Economic Promotion. While the annual financing framework for the position of the Commissioner did not change over the years, the operational unit SEZ experienced a continuous growth process triggered by the implementation of numerous advisory services (such as market access and internationalization, innovation management and/or innovation financing) and participation in EU funded projects among all thematic fields. With SEZ fully engaged to deliver these services and projects it was time to re-think the structure in order to enhance the activity range of the Commissioner;
- Project and service orientation**: During two staff exchanges with Fomento San Sebastian (one outgoing and one incoming) we learned that our policy instrument can be optimized through a higher participation rate of regional SMEs in other EU support programmes such as *SME instrument* and in the future *EIC Accelerator pilot* (Horizon Europe Framework Programme). During the Innovation Week in San Sebastián (October 2018) and the staff exchange (February 2018) the importance of this instrument was emphasized during expert panels and discussions with beneficiaries. With a total of 10 Mio€ in funds and 14 participating companies, San Sebastián is among the most successful regions in terms of application approvals. Supporting highly innovative small and medium sized enterprises is further one of the core objectives of the German policy instrument which is why the thematic exchange between potential cooperation partners should be improved in order to increase the scope for action, capitalize results and thus facilitate the way for your successful participation of as many innovative SMEs as possible.
- Geographical Scope**: Through the strategic link with the Ministry, the Commissioner for Europe is also closely involved in **regional and macro-regional strategies** and their implementation. One of these is the EUSDR (EU Strategy for the Danube Region), which was created on the initiative of several state governments and other local and regional authorities. With the aim of strengthening cross-border cooperation between actors in the Danube region, the Commissioner is interested both strategically and operationally in establishing new innovation partnerships and strengthening the transfer of knowledge within the region. Although a broad network of regional partners already exists, the partner constellation (4 partners from the Danube region) of UpGradeSME enabled us to extend this network and use it for further actions to strengthen the competitiveness of SMEs.

- **Strategic focus:** The state of Baden-Württemberg seeks to strengthen the innovative capacity of SMEs, also with regard to large companies with their own research departments. The key to this is the creation of a differentiated set of technology transfer instruments in order to integrate SMEs well and permanently into the innovation process. During the study tour and exchange of experience workshop in Leeuwarden (April 2018), SEZ had the opportunity to become familiar with the WaterCampus. This infrastructure represents a successful example of how to stimulate innovation among (inter)national businesses, knowledge institutes, in order to create synergy for world class innovation, education and entrepreneurship. The internationalization of this infrastructure is guaranteed by providing researchers from all over the world access to the facilities, a large network and demo sites. Keeping the "WaterCampus" example in mind, the Commissioner for Europe considers this one amongst many potential ways of promoting global and EU cooperation between research infrastructures. The strategic establishment of research infrastructures is therefore one of many elements for research and development activities but also play a catalytic role for SMEs who can receive support for research and innovation projects - particularly in the disruptive area - and promote key technologies through efficient access models.

Based on suggestions for improvement, SEZ has planned specific actions, which in the end will support the creation, development and growth of regional small and medium-sized enterprises. It is envisaged that the policy instrument will more actively support entrepreneurship development and capacity building as well as to support regional SMEs to respond adequately to key obstacles such as access to finance knowledge and to international markets by changing the management of the policy instrument thus contribute to an improved institutional governance. The actions deriving from the UpGradeSME project shall contribute to an all-in-all more business-friendly environment.

### **3. Action Fields**

The key mission of the Commissioner is to identify key areas of the Baden-Wuerttemberg Economy and Policy to promote and make them known to European Institutions and other EU and international regions, to create allies and partners for joining forces towards higher competitiveness and innovation levels in Europe. At the same time, it is essential to identify relevant economic and policy developments on the European level and other EU regions that either potentially affect the Baden-Württemberg economy or constitute business opportunities, incl. better and more collaboration on the EU level. Strengthening the innovation ecosystem in Baden-Wuerttemberg cannot be separated from the European eco-systems. Hence, direct involvement in European policy related to innovation and competitiveness, such as the new MFF and Horizon Europe proposed for 2021 onwards, are an essential part of the Commissioner's tasks and responsibilities.

This includes strengthening the innovative strength of the Baden-Württemberg's economy (especially SMEs) by using European research and innovation capacities and initiatives to enhance growth, competitiveness on international and regional level.

Considering the learnings described above, the following set up and actions are piloted until end of 2019.

#### **3.1 Improved Management of the Policy Instrument**

**Shift for-profit activities** to a profit-making unit: Steinbeis 2i GmbH, while the Commissioner stays in the non-profit SEZ. This structural transformation is a first step and led to a process to re-think the institutional set up of the Commissioner for Europe to the Minister of Economics in Baden-Wuerttemberg. In all of those processes, the Ministry of Economy (Managing Authority) was well informed and taken on board: The Position of the Commissioner itself was never in question, the services and impact achieved were highly appreciated. This structural transformation will support the implementation of Baden-Württemberg innovation and competitiveness policy in regard to European and international partnerships and the further internationalization of industry.

Since 2017 the process for re-thinking the tasks and services as well as the institutional set-up started, in line with the ongoing of the UpGradeSME and identified challenges within the "METHODOLOGY" topic developed further. The Institute of the Commissioner for Europe is now created within the non-profit Steinbeis Innovation gGmbH and consists of the Commissioner, her assistant and an advisor supporting the overall objective to better connect EU policy and funding support with policy-making and business in Baden-Württemberg especially when it comes to research and innovation by SMEs. The new Institute is fully financed by the Ministry of Economic Affairs, Labour and Housing Baden-Wuerttemberg thus receives institutional funding and does not rely on project grants. Funds raised within this entity will be used exclusively for the requested purposes of this institutionally funded (sub)

institution. Main objective is to enhance the activity range of the Commissioner's role in advice and support to policy complying with the findings within the UpGradeSMEs project. The following measures support this action:

1. **Monthly exchange with European stakeholders** in Brussels. Based on our regional stakeholder dialogue, but also in exchange with external stakeholders of the UpGradeSME partners (e.g. during the Midterm Conference), it was repeatedly mentioned that the interests and concerns of regional SMEs must also be represented at the European level in order to maintain a certain "closeness to the people". For example, thematic restrictions on calls or excessive bureaucracy can lead to the non-participation of potential candidates. The Commissioner would like to counteract a possible disenchantment of regional SMEs at European level and acts as a spokesperson for regional SME in Brussels on a monthly base. Strengthening the innovation ecosystem in Baden-Wuerttemberg cannot be separated from the European eco-systems. Hence, direct involvement in European policy related to innovation and competitiveness, such as the new MFF and Horizon Europe proposed for 2021 onwards, are an essential part of the Commissioner's tasks and responsibilities.
2. **Monthly jour fixe with the Managing Authority in Baden-Württemberg as well as a variety of informal and bilateral meetings with other Ministries, such as the Ministry of Science, Research and the Arts, but also regional agencies and other regional stakeholders, such as chambers and business associations.** The position of the Commissioner for Europe and her two employees is institutionally supported by the Ministry, operationally belonging to the Steinbeis Innovation gGmbH. The exchange with the related Departments in the Ministry is build on close proximity and regular exchange with the Department for Industry, Innovation, Business-related Research and Digitization as well as the one for European Policy Issues. This exchange will play an important role during the second phase of the UpGradeSME project, as regular feedback discussions will take place here, but new strategic orientations can also be defined. Similar to the Dutch example Baden-Württemberg applies an exchange format based on trust and multi-stakeholder dialogue to really serve as connection point between business, regional policy making and EU policy support. In the context of the UpGradeSME analysis field "INTEGRATION" it was clearly shown that the region represents a holistic approach and is characterized by a high level of cooperation between all actors, implemented through either official or informal meetings. Internationalization is also a cross-cutting issue for Baden-Württemberg; many institutions/ subsystems (ministries, state agencies, chambers of commerce, state banks) are involved. Now it is important to continue to efficiently shape and expand the networking of regional actors.

3. **Strengthening Outreach Capacities:** During the presentation of the Portuguese Good Practice "Alma de Luce" during the UpGradeSME Exchange of Experience Workshop, it was emphasized that it is particularly important for suppliers of niche products to offer measures that support the international visibility of these companies (e.g. by identifying cooperation partners or assuming costs at international trade fairs). The Commissioner for Europe wants to support companies in their search for cooperation partners and will organise the following events for this purpose:

- Trip to Brussels with Matchmaking for selected companies (1 per year)
- Women4Energy Conference (1 per year)
- Delegation trips, exhibitions, trade fair appearances and cooperation exchanges within the framework of the EEN Network (4 per year)

### ***3.2 Implementation of new strategic projects***

1. As mentioned above, the participation in the UpGradeSME led SEZ to find **new cooperation partners** and boost the implementation of macro-regional strategies. Thanks to the new contacts within in UpGradeSME, the Romanian project partner SMRDA and the SEZ submitted an INTERREG Danube project (Danube S3 Cluster), which was approved in 2018. With a grant of 1.790.445,70 € the project will improve competences in innovation management and promote transnational cluster cooperation in the agro-food sector. Improved framework conditions for "smart" clusters will strengthen SMEs for international competition in the long term.
2. In the UpGradeSME project, the involved Commissioners for Europe have always underlined a **strong link between the innovative capacity of companies and internationalisation**. In Baden-Württemberg, these aspects have been going hand in hand for a long time. Other UpGradeSME project partners are of the same opinion and submitted a full proposal in 2018 as part of the Horizon INNOSUP-6 call – coordinated by SEZ. Main objective of the proposal is to create and test Innovation support schemes – Innovation Audit tool, promote and facilitate a stronger engagement of Innovation Agencies in designing, delivering and testing innovation support schemes. Involved in the proposal are UpGradeSME partners from Spain, the Netherlands and Romania. In the context of the application, the partners undertook to make use of their excellent integration into regional networks and Clusters in order to guarantee the long-term success of the project and directly target SMEs. In addition to its innovative capacity, the tool also examines internal capacities with regard to a possible international orientation. The SEZ will carry out 10-15 of these audits directly with SMEs as part of the project. The same applies to the other partners involved. The evaluation results of the proposal are expected to be published in April 2019.



*Note: The H2020 DepoSIt project has been approved by the Commission and is expected to start in September 2019. 4 of the 6 consortium partners were also involved in the UpGradeSME project. The project supports regional SMEs in improving their innovation capacities, considering the regional Smart Specialisation approach. Policy instruments with a thematic focus (e.g. Business Development Friesland) are directly supported by the project.*

3. Based on a comparative analysis of existing methods at UpGradeSME partner organizations, **new services** were developed that are specifically aimed at SMEs and are intended to support them in internationalization and marketing as well as in building strategic partnerships and implementing open innovation processes. The trainings are similar to the EKIN+ programme of project partner San Sebastián since both services accompany a group of people for a given period in the validation, start-up, financing and maturation of innovative, accelerable and investable projects and encourage the creation of innovative projects and agitators in the current market. With the following services the SEZ would like to support companies in the future with the internationalization and search for cooperation partners:

➤ *Market Access and Internationalization*

SEZ is integrated into a number of European networks and partnerships that benefit SMEs and is partner of the Enterprise Europe Network with about 600 partners in more than 50 countries. Within this training, SEZ will support SMEs on their way to international markets through:

- a. the identification of suitable markets
- b. necessary market information
- c. the mediation of license or marketing partners
- d. international cooperation exchanges, business trips and trade fairs

➤ *Innovation Management*

The competitiveness of companies, especially SMEs, depends to a large extent on generating, developing and successfully implementing innovations on the market. SEZ will support the planning and controlling of SME innovation processes from innovative ideas to product development and successful market launch covering the areas of:

- a. Strategy and concept development
- b. Knowledge management
- c. Protecting and exploiting innovation
- d. Open Innovation
- e. Project management
- f. Gender & Diversity as an innovation factor

Baden-Württemberg invests a lot in so-called cross-sectional technologies: whether industry 4.0 or lightweight construction, nanotechnology or photonics - research and development in Baden-Württemberg as a science and business location concentrates on important future fields that have great growth potential in the state.

In addition, small and medium-sized companies form the backbone of Baden-Württemberg's economy and industry. In line with the objectives of the UpGradeSME project, the services of the Steinbeis-Europa-Zentrum specifically target SMEs. In particular, the Steinbeis-Europa-Zentrum encourages regional SMEs to participate in the Horizon2020 SME Instrument programme. After the staff exchange with Fomento San Sebastián, the high success rate of local SMEs was discussed in internal team meetings. As part of its innovation management service, the Steinbeis-Europa-Zentrum therefore now advises innovative SMEs with growth potential specifically on these funding programmes. It checks the eligibility of ideas and projects for funding, finds suitable measures, supports the application process and conception and also helps to find suitable cooperation partners. These services overlap extensively with the PROGRAMA INSTRUMENTO PYME (SME Instrument) carried out and presented by the Basque project partner. Also, in the future and with a view to the EIC Accelerator, SMEs are to be supported in this way by the Steinbeis-Europa-Zentrum. Corresponding collaborations (e.g. SME coachings) between the Steinbeis-Europa-Zentrum and Fomento San Sebastián are currently under discussion.

From the Dutch Groen Werkt! (Green Works!) Programmatic Network approach we learned how innovation, economic growth and sustainability with respect to the RIS3 specialisation fields (in the case of Friesland: water technology and dairy) can be successfully stimulated.

Companies active in the dairy and water sector benefit particularly from the efficient interaction of all internationalisation and innovation players in the Dutch Region. This has resulted among other things in the foundation of approx. 20 water companies, 10 start-ups and 2 EU-funded projects. The Steinbeis-Europa-Zentrum already provides very successfully targeted support to regional SMEs that act as drivers for key technologies.

Motivated by the success of the Dutch policy instrument our innovation management and market access services increasingly target companies and start-ups active in the fields of digitisation, robotics or Industry 4.0. A first success in this area was already achieved. The commitment in this area was confirmed last year by the nomination of Steinbeis 2i GmbH as Start-Up Europe Ambassador in the frame of Scale-EUp2 project and supported by an accelerator program. Our task here is to support the European Commission in strengthening the digital internal market. As ambassadors, we increase the visibility of the Start-Up Europe initiative; act as a central information point for Baden-Württemberg and network relevant players in the local start-up environment with each other. In November 2018, Steinbeis 2i GmbH supported 23 young companies within the scope of the ScaleUp2 project to achieve a higher visibility on the market and to become the leader on the Internet-of-Things market (IoT). At the DeepTech4Good#Stuttgart event, the start-ups pitched their ideas around the topics Industry 4.0, Smart Health & Well-being, Smart Cities and Smart Mobility in Stuttgart.

Digital Innovation Hubs (DIH) are another example, which serve as regional contact points for small and medium-sized enterprises in all sectors for digitisation issues. In Baden-Württemberg, the ten regional DIHs will be complemented by three topic-specific digital hubs that will act as thematic beacons in the fields of "Future Industries" (Stuttgart), "Artificial

Intelligence" (Karlsruhe) and "Digital Chemistry and Health" (Mannheim/Ludwigshafen). Since 2019, Steinbeis 2i gmbH has supported the targeted exchange of experience between DIHs and SMEs with the aim of creating effective cooperation on a regional, national and European level through a variety of event formats.

Costs for this action:

We assume that the adaptation of our services will lead to additional funds for our SMEs in the range of 200.000 Euro

### ***3.3 Change in strategic focus of the policy instrument***

The new organizational structure of the Commissioner enables a targeted representation of the interests of regional SMEs at European level. Amongst many other activities, this also led to an intensive exchange with the UpGradeSME partners Fomento San Sebastián during staff exchanges and workshops. Also under the future EIC Accelerator pilot (Horizon2020), the Commissioner continues to focus on innovative and research-orientated SMEs that are eligible for funding. In this way, the Commissioner will contribute in supporting more radical, market-creating innovations that improve productivity and international competitiveness. Concretely, the carried-out activities in this regard are in line with other initiatives, such as intensive announcements of the "Horizon 2020" funding programmes, which provides for participation opportunities for SMEs with special consideration of the cross-thematic EIC / Accelerator and foresee:

- *8 Online Webinars for SMEs until 2020*
- *8 Presentations at third-party events and own SME information workshops until 2020*
- *30 short / initial consultations for interested companies (H2020, Pathfinder/Phase1, Accelerator/ Phase 2)*
- *Information brochure (1000 pcs)*
- *2 explanatory videos for EIC measures*

The SEZ would further like to become a partner of the INTERREG Europe pilot action and benefit from the FSS's wealth of experience in applying for the H2020 SME instrument in order to increase regional success rates and be prepared for the next funding period. SEZ aims at the successful submission of 2 SME Instrument applications as well as 2 EIC applications.

#### ***4. Parties involved in the implementation of the Action Plan***

The new position of the Commissioner is legitimised and financed by the Ministry of Economic Affairs, Labour and Housing Baden-Württemberg.

Institution-wise the entity of the Commissioner is embedded within the Steinbeis Innovation gGmbH (SIG). SIG is a company that pursues exclusively directly applicable not-for-profit objectives. Primary objective of SIG is the promotion of applied research.

The new entity, founded in 2018 is officially called the Institute of the Commissioner for Europe of the Minister of Economic Affairs, Labour and Housing.

Close interaction is taking place between the Commissioner and the Directorate 3 Innovation and Technology as well as Directorate 6 European Economy Policies of the Ministry of Economic Affairs, Labour and Housing. Important Stakeholders are the Baden-Württemberg Agency for Internationalisation (bw-i), the Agencies for lightweight materials, e-mobility, BioEconomy and Environmental Technologies as well as for Media & Film and all regional agencies and associations of industry, chambers of commerce and craft as well as the financial sector.

Due to the fact that the Commissioner and her team will be regularly (approximately once a month) on-site in Brussels, an exchange with local organizations and (European) institutions and stakeholders is essential. Among them:

- Directorates-General DG Research and Innovation, DG Grow, DG Regio, DG Energy, DG Connect;
- European Parliament, incl. the various Committees, most importantly ITRE and REGI
- Regional representations that can be won as a sparring partner for Baden-Württemberg topics; and
- Trade associations to find their hearing and other sparring partners or to identify topics that are also important for Baden-Württemberg.

#### ***5. Time Frame***

The planned actions presented here are to be carried out by the end of 2020.

## Endorsement

Approval of the action plan for PP5 Steinbeis Innovation gGmbH – Steinbeis-Europa-Zentrum

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Stamp of the organisation (if available): \_\_\_\_\_