



# **ENHANCEMENT OF THE BUSINESS ENVIRONMENT IN THE SOUTHERN MEDITERRANEAN**





# **Promoting Cooperation on Innovation**

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# Introduction



- What do we mean by Innovation Networks
- Why they are important and the benefits they bring
- How they fit into the innovation ecosystem
- How they are promoted
- Good Practice Examples
- Discussion



# Innovation Networks



- Increasing belief/evidence that the source of a firm's competitive advantage lies outside the firm itself and innovation depends on a diversity of competencies outside the capability of a single firm;
- Open Innovation Theory, firms use internal and external information and expertise in advancing their competitiveness, individuals/experts, organisations, suppliers, customers, rivals, academic institutions and IP;
- Wide range resources, capabilities and channels in an ad hoc or systemic way, formal & informal networks.





# Defined



## They are

- Formal & informal groupings, exchanges and organisations that share/exchange/coordinate information, knowledge and resources to stimulate and facilitate innovation;

## Can be

- Peer-to-peer enterprise or academic based, supply chain based, public private partnerships, firm & non firm organisations, “coopetition”;

## Definition

- Intellectual assets that collaborate and coordinate to solve problems, generate ideas and exploit solutions as competitive advantage (innovation) & growth in the market place;



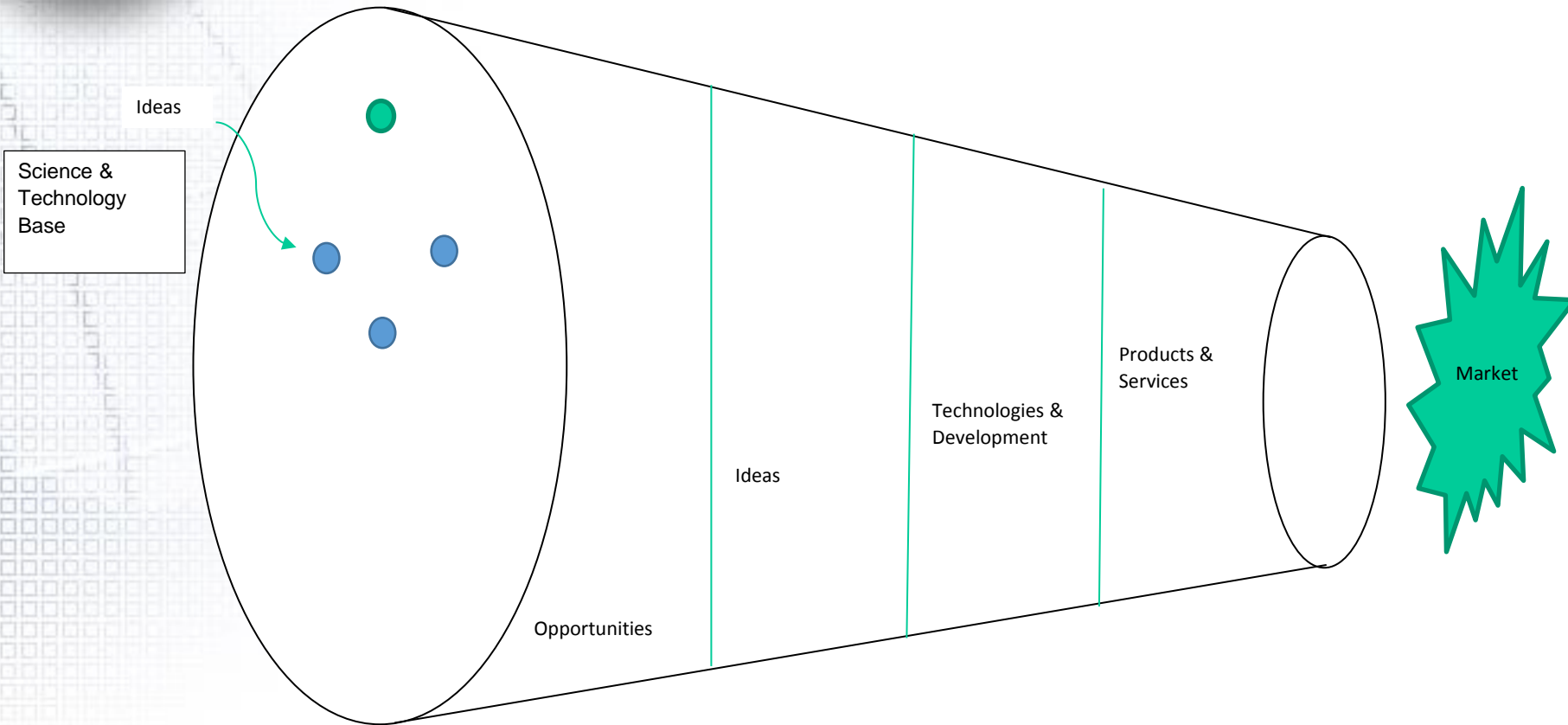
# My View



- Traditionally firms sought advantage (innovation) internally within the Value Chain of the firm. Now the realisation is that advantage (innovation) is within the Value System of the Industry;
- Traditionally control of the Value Chain for advantage (absolute) then outsourcing for advantage (comparative)

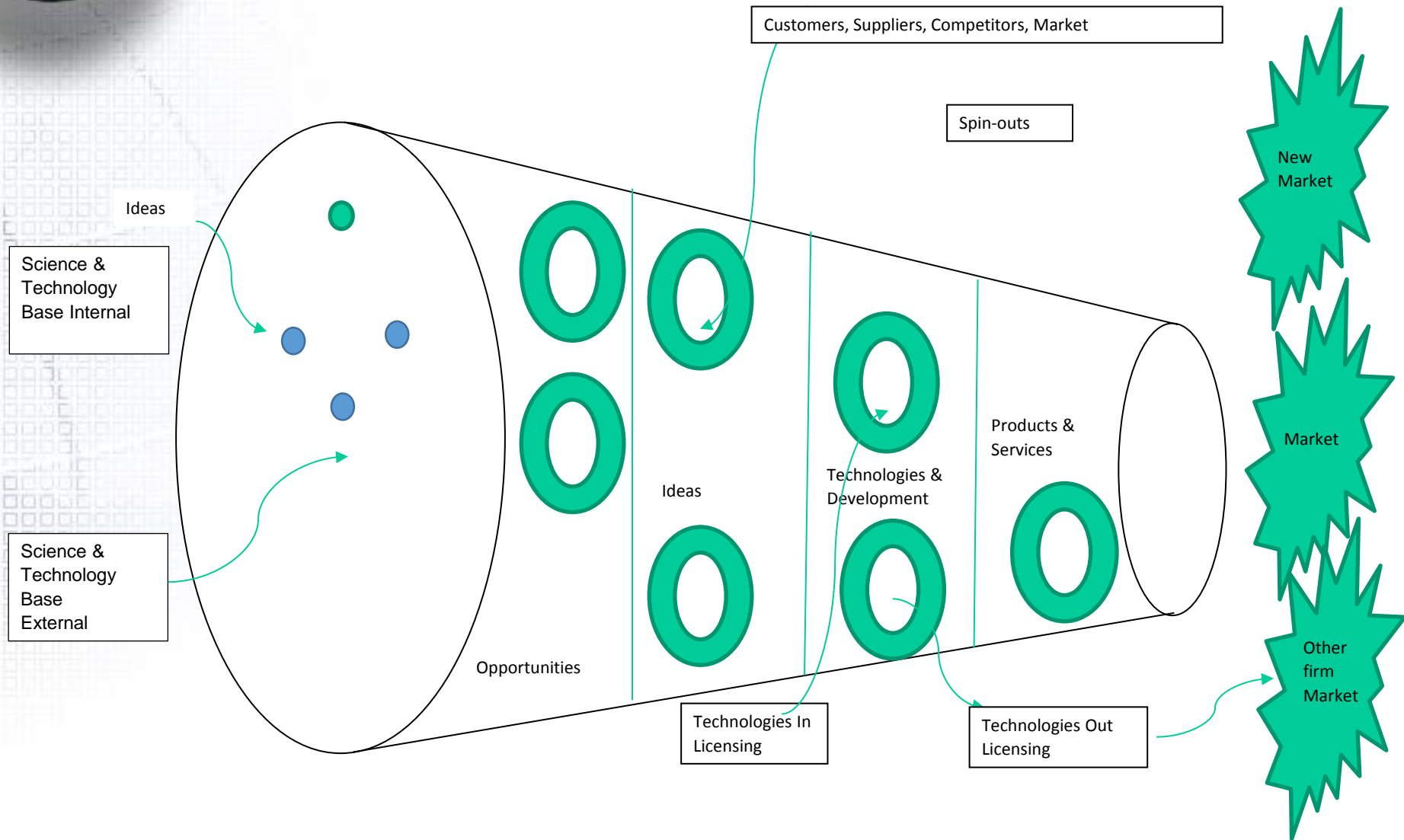


# Closed System Innovation





# Open Innovation







# Innovation Networks



- Local
  - Innovation Centres
  - Centres of Excellence
  - Poles of Competitiveness
  - Poles of Excellence
- International
  - EEN (Innovation Relay)
  - EBN
- Global
  - GIN e.g. NSF



# Evolution



- Networks have been a part of commercial life for eons – Families, Guilds, Societies, Leagues, Associations etc, the value of networks understood;
- Policies emerge, Italy 1970's Emilia Romagna aimed at stimulating companies working in collaborative network (15 years, 17<sup>th</sup> to 2<sup>nd</sup> & 7<sup>th</sup> EU)
- Danish Network Programme 1989 brokers 3,500 firms within 18 months becoming a blue print for others including role of Government.



# Types



- Industry to Industry
- Industry to Academic
- Academic to Academic
- Innovation Centres
- Clusters
  - Poles of Competitiveness
  - Poles of Excellence
- Distributed Networks
- Social Networks



# Advantages & Benefits



- Increased Scale & Scope
- Shared Risks & Costs
- Increased Competencies for Complexities
- Learning Synergies & Enhancement
- Multiplier Effects (Quality & Funding)
- Benefits Materially, Developmental, Psychological
- Flexibility
- Effectiveness
- Efficiency
- Lifecycle/ Speed Gains



# Barriers



- Lack of Awareness
- IP Fears
- Resource Commitments
- Time Commitments
- Resource Constraints
- Sharing
- Competition
- Value





# Rationale for Intervention



- Enhancing Spontaneity
- Promoting Awareness
- Objective Intermediary
- Macro View and Information/Data
- Additionality & Funding
- Deal with Environment/Regulatory Issues



# Poles of Competitiveness



- Generally an industry-driven combination / network of manufacturing and service companies, research centres, educational institutions, business incubators and other relevant entities, whether or not located in technology parks;
- Are established and working as a partnership but allowing for cooperation and competition between entities, supported by a common infrastructure and with shared goals for raising the economic competitiveness of the area / region;
- Are creating a dynamic environment that stimulates innovation by encouraging cooperation and competition within the Pole;



# Poles of Competitiveness (Industry Clusters)



- Are generating synergies in the execution of innovative projects in the interest of one or more given markets;
- Provide the critical mass
  - to secure outward international visibility in targeted markets and technological fields;
  - to attract inward investment in new and related industrial activity or research;
  - to pursue transregional / transnational economic activity with complementary or relevant poles and clusters; and
  - to pursue opportunities for transregional / transnational cooperation with individual or networks of poles and clusters



# Poles of Excellence



- A Pôle of Excellence is essentially a technology cluster dedicated to a mainstream field of research that
- is linked to local and/or regional socio-economic strategies; or
- targets a specific issue or market failure within a field or priority area, the science of which has major implications for society as a whole beyond regional and even national boundaries; and
- functions within well defined spatial / geographic limits



# Determine the Need & the Route



- Different types of SMEs have different needs and the appropriate networking strategy will vary accordingly. However, all must be connected to the most prolific sources of new knowledge and expertise, either directly or through multi-layered innovation networks that link the most research-intensive and/or innovative firms to others at regional, national and global levels.





# Actions SMEs



- Major gap in current innovation policy is lack of support to innovation in SMEs
- Need a front line advisory or brokerage service that helps companies diagnose needs and connects them to specialists able to help
- Must be closer to universities than current



# Italy



- 1970's Italy reorganised into 20 administrative regions;
- MESO level decision making but with collaboration at national level;
- Emilia Romagna in 15 years to 1985 went from 17<sup>th</sup> to 2<sup>nd</sup> in Italy and 7<sup>th</sup> in EEC;
- Result of collaboration incentives for SMEs;
- FMN flexible manufacturing networks government organised cooperatives access to cheap capital & marketing services;



# Innovation Networks Denmark



- 1989 Economy in Crisis large numbers of very small enterprises, too diversified, too dependent to participate in global markets;
- Learned from Italian model to try build critical mass through collaboration but huge initial resistance;
- 1989 “Strategy 92” €21.7mk for 3 year plan 3 phases
  - Companies develop networking ideas (feasibility Studies) with any 3 applying for €8,696 micro grant (€3m)
  - Detailed Planning again grant aided (€4.3m)
  - Implementation (€12.2m)n 50% first year 30% second year setting up network (trained brokers)
- 3,500 firms within 18 months
  - Success CD Line 14 companies textiles 45% exported
  - Revival of Danish furniture industry
- Now Innovations Network Denmark, 22 networks & 3 strategic platforms <http://www.netmatch.nu/english.html>



# Jordan EDAMA



- Jordanian Business Association that seeks innovative solutions for energy and water independence and productivity;
- EDAMA Association is the first of its kind in Jordan, as it provides a platform for a large number of public, private and NGO sector representatives to discuss the future development of the EWE sector in Jordan with particular emphasis on renewable energy;
- Developed partnership with Barefoot college to help women in rural communities become self-sufficient . Signed a number of MOUs with similar NGOs to improve collaboration. Prompted the creation of Jordan Energy Chapter, (JEC) to develop local capacities in the field of energy Advocacy to speed up the process of passing the renewable energy law and regulations



## Integrated Programmes for Cooperation

- Technology Centres
- 15 Industry established & led centres of excellence jointly funded;
- Based in Universities with other research partners and colleges linked;
- <http://www.enterprise-ireland.com/en/Research-Innovation/Companies/Collaborate-with-companies-research-institutes/Technology-Centres.html>





- Established 1999 to support and fund enterprises to engage in training and upskilling;
- Managed and led by enterprises to design and deliver specific training it also encourages cooperation between enterprises and other stakeholders;
- Over 70,000 enterprises in 400+ networks
- Starts with training and stimulates all types of networking and collaboration



- Acts as a 'One-Stop-Shop' bringing together business support for SME interests in 50 countries;
- Technology Transfer, Access to Finance, IP & Law, Internationalisation, R&D Funding and collaboration opportunities
- 23,000 + technologies profiled;



- Is a network organisation for over 150 BICs;
- Has developed Networks as a service;
- From its beginnings as a representative body it has built an ecosystem;



# EBN Ecosystem





# Examples



- **Technology Dissemination Network** The RDT is the product of collaboration between industry and scientific research, which are working to bring universities and industry closer together. The Moroccan Commercial and Industrial Property Office (Office Marocain de la Propriété Industrielle et Commerciale), the National Centre for Scientific and Technical Research (Centre National pour la Recherche Scientifique et Technique — CNRST) and the R&D Association Morocco (l'Association R&D Maroc) have also provided support.





# Discussion



- Creativity breeds innovation how do we promote the cooperation and networks which will allow creativity and innovation to emerge in Palestine;
- What networks exist in Palestine that we could build into national and international networks;
- What can we do through cooperation to stimulate innovation.



# Links



- [http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=practice.detail&gp\\_pk=2110&](http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=practice.detail&gp_pk=2110&)
- [http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=practice.detail&gp\\_pk=1890&](http://ec.europa.eu/enterprise/policies/sme/best-practices/database/SBA/index.cfm?fuseaction=practice.detail&gp_pk=1890&)



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