



PRO INNO EUROPE

**INNO
LEARNING PLATFORM**

**Good practice Identification –
Advice for transferability
Clusters
Madri+d Innovation Circles**

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CHAPTER I: Good practice identification

1 General description of the good practice

Innovation Circles (IC) are sectoral collaborative “frameworks” between research institutions and enterprises. Innovation Circles provide regional intelligence services directed towards firms’associations/groups in order to increase the economic intelligence view, promote innovation management techniques developing TW practices in Madrid SMEs and enhance cooperation among institutions running each of the four existing Innovation Circles (Biotechnology, ICT, Materials+Aerospace+Nano and Energy+ Environment).

IC were created in 1999 with the **objective** of:

- Promoting direct access of firms to the knowledge capital of the region
- Improving researchers’ understanding of the technology needs of industry
- Developing cooperation between research and industry
- Developing a service & cooperation culture in the public research sector
- Increasing regional competitiveness,

Based on an analysis of Madrid regional strengths and weaknesses:

Strengths: High concentration of R&D Institutions; Scientific Areas of Excellence; Large amount of Small and Medium Enterprises; Innovation agents & policies at work.

Weaknesses: Low TT rate and Entrepreneurship Culture; Low creation rate of Spin off Enterprises; Low R&D / innovation culture and activity; Scarce co-operation between firms and R&D institutions; Low level of firms participating in R&D Programmes.

2 Please describe the selected good practice¹ in terms of:

2.1 Uniqueness:

Measure Name:		Innovation Circles	
General description / rationale:			
Innovation Circles (IC) are sectoral collaborative “frameworks” between research institutions and enterprises. IC provide regional intelligence services directed towards firms’associations/groups in order to increase the economic intelligence view, promote innovation management techniques developing TW practices in Madrid SMEs and enhance cooperation among institutions running each of the four existing Innovation Circles (Biotechnology, ICT, Materials+ Aerospace+ Nano, Energy+ Environment).			
Innovative characteristics as regards:			
Methodology	Organization	Function	Results
Madrid service providers are asked to “choose” among a “menu” of services which could be co-funded by the Regional Government. IC are one of these possible services	Coordination from one single institution (Fundacion madri+d). Financing is based on	Co-funding of services based on yearly objectives and results.	Improvement of scientific and technological demand from SMEs
Modalities of the implementation of the			Involvement of

¹A technique or methodology that has proven to reliably lead to the result that has been aimed for; An activity or procedure that has produced outstanding results in another situation and could be adapted to improve effectiveness, efficiency, ecology, and/or innovativeness in another situation.

<p>proposed action:</p> <ul style="list-style-type: none"> - With any administrative tool allowing a closer relationship between the agents of the innovation system - contracts, cooperation agreements, a specific agency, a foundation - The approach can be sectoral or based on technologies, on the basis of research groups interests or on business needs. - Creating a specific structure for these tasks, or developing the tasks from a regional development agency 	<p>individual agreements between the Regional Government and each service provider.</p>		<p>academic staff in studying entrepreneurial needs</p>
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2.2 Relevance:

Problem	Solution that was provided
Scarce co-operation between firms and R&D institutions	To create teams of experts addressing SMEs needs within R&D institutions (suppliers of the services)
Low R&D / innovation culture and activity	To address Technology Watch and Competitive Intelligence Services tailored to specific needs of groups of SMEs

2.3 Effectiveness:

Qualitative Objectives

- Creation of sectoral collaborative frameworks between research and enterprises, supporting clustering processes in the region
- Establishment of regional intelligence services:
 - Towards firms associations or groups
 - Increasing the economic intelligence view
- Promotion of innovation management techniques developing TW practices in Madrid SMEs.
- Enhancement of relations between researchers and companies

Results (based on quantitative yearly objectives)

- 250 Technology Watch Reports for SMEs and sectoral associations.
- Around 300 companies directly involved.
- Agreements with more than 50 Foundations, sectoral associations, etc.
- Collaboration with 4 national technology platforms.
- Participation in 2 national Knowledge Platforms
- An agreement with each company involved.
- Creation and maintenance of a virtual environment for the exchange of information on different technologies: news, papers, information sources, consultancy, etc.

Factors for success

- High-quality and value-added services
- Services adapted to client's needs be they R&D Organisations, SMEs or large companies.
- Very good knowledge of the sector
- Professional results
- IC are decision support tools
- IC allow transmission of research results

Added value for investing in Innovation Circles Madri+D

- Major added value is in the relational capital achieved at the end of the process.
- They can also be an expert sectoral body to assess Public Administrations to take decisions on R&D and innovation policies.

2.4 User satisfaction:

User group	Primary target group (yes/no)	Feedback provided	Explanation for feedback
Companies (New Technology-Based Firms)	Yes	Very satisfied	The services provided to companies are key to their business development.
Firms Associations	Yes	Very satisfied	The information provided by IC is useful to improve innovation in the target sectors and to launch inter-company projects. Firms associations disseminate the information generated by IC through publications and leaflets helping both to innovate in the sector and to transmit an innovative image of the association.
R&D Institutions	Yes	Satisfied	R&D Institutions involved in IC make a strategic use of IC activities for their research agenda, i.e. to present their research results to possible users and to disseminate their results.
Regional authorities	Yes	Satisfied	Madri+d results (including IC) help to take decisions on R&D policies.
Stakeholders			It is especially interesting for them to contact with other agents in the system. It is especially useful for them to receive recommendations from an independent body. They stress the good adaptation of results to their previous needs.

2.5 Recognition:

- IC have been coordinators of the CETISME European project (European methodology for Economic Intelligence, 2001-2002)

www.madrimasd.org/Queesmadrimasd/Socios_Europeos/descripcionproyectos/proyectos/cetisme.asp

- The Madri+d system (as a whole, including IC) has received the 1st IRE European Award (2007).

2.6 Context dependency:

Specific characteristic/ circumstance at hand	Solution that has been offered from within the action/tool	Explanation of the effectiveness of the provided solution
A strong communication and coordination effort is required to make IC visible to the companies	The madri+d System is a Network of public and private institutions (universities, R&D institutions, firms associations, business schools) at work since 1997. IC is one of the programmes established between the Regional Government and madri+d members since 1999.	<ol style="list-style-type: none"> 1. IC would not have survived without public funding. The management of individual agreements with the Regional Government was possible in the framework of a wider framework (Madri+d) 2. Communication and access to companies was much more effective in a wider framework (IC are, offered to companies by other madri+d programmes).
Need for confidentiality. Each company demands a different service, but it was necessary to maximize global regional impact,	Analysis of sectoral problems and information through Firms´ Associations, instead of a company-per company approach (only start-ups are addressed individually)	This approach was changed in 2006, and seems to work well
Difficulty to transfer R&D results to companies.	Selection of companies with high interest in innovation (New Technology-Based Firms).	It is crucial to work for companies that understand the importance of the innovation in their business.
Different technologies interact among them.	Collaboration among technology experts from different IC.	

Budget / Financing authorities: The IC are funded by the Regional Plan for Scientific Research and Technological Innovation in the framework of yearly agreements between the Regional Government, business associations and research institutions.

Yearly amount: 900,000 Euros / year.

Contribution: 75% Comunidad de Madrid (=Regional Government) + 25% business associations and research institutions.

2.7 Replication:

- High possibility of being adapted and reproduced to other regions. The key is to have powerful R&D, exportable technology and expert people in knowing technologies, markets and research results from the region.
- This initiative has a higher possibility of success in regions with high R&D potential and with high number of companies. The more unconnected these two “potentials” are (R&D and companies), the more effective the initiative will be. It is important to have these two potentials next to one each other - at least in a network.
- Major outcomes are to (i) become recognized by the society as a “contact point” between enterprise sectors and regional R&D; (ii) to be “the expert sectoral body” in bio, ICT, environment etc. and to be generally recognised by the agents in the innovation system.

CHAPTER II: Advice for transferability

3 Introduction to the proposed action

3.1 What are the main actions to be promoted to meet the objective?

The objective is to promote trans-national cluster programme cooperation in Europe and the transformation of regional clusters into world-class hubs. Three key actions have been identified and differentiated: Horizontal (Strand 1) and Vertical (Strand 2) Actions; and a Parallel Action (Europe Innova).

- Strand 1: European Cluster Alliance “Plus” (ECA+)
- Strand 2: Trans-national Cluster Cooperation (Thematic InnoNet type projects)
- Europe Innova: Delivery of the European Cluster Observatory

These three initiatives will ensure current investments and networks are developed and value is added where it is most effective and that expansion and growth takes place in priority policy areas (lead markets etc) where it will create value and synergies with other EU activities.

3.2 What is the problem for which the cited measure is trying to provide an answer?

In general:

- Low levels of cluster cooperation, due in part to differing cultural backgrounds;
- Cluster policies are being developed in a number of policy and programme areas creating potential confusion, fragmentation and lack of critical mass;
- The importance of cluster policy in national or regional economic planning is not given equal weight by member states;
- Clusters are perceived as fashionable and as a panacea for economic problems;
- Ensuring businesses and the relevant industry associations participate in the cluster process.

Innovation Circles Madri+D

- Scarce co-operation between firms and R&D institutions;
- Low R&D / innovation culture and activity;

3.3 What is the general status of the recognition in the market of the necessity to invest in the proposed policy theme?

The key messages that have emerged from the European Cluster Memorandum preparation and consultation process have highlighted the urgency for Europe to create world leading clusters supporting European lead markets through improved cooperation and the need to reduce policy fragmentation and duplication of actions, networks etc at a National and Regional level.

3.4 How is the main policy theme communicated in the market/which guidance material is already available?

There are already existing initiatives such as the four cluster focussed INNONETS. They can play a part in resolving issues affecting the growth and performance of emerging and established clusters. The INNO-Nets work together through the **European Cluster Alliance, (ECA)** an umbrella initiative that links 59 regional partners from 22 member states, and pursues a coordinated agenda that includes studies of cluster policy, objectives resources and impact. The results of cooperation activities will

create benchmarks for policy development, implementation and performance that would provide a platform for regions that have yet to formulate a structured policy for promoting and strengthening cluster performance and transnational contacts.

3.5 What is the expected outcome of the proposed actions?

Strand 1 European Cluster Alliance: ECA+

The substantial level support proposed for the European Cluster Alliance “ECA+” approach would deliver a clear message to regional cluster organisations and other cluster actors concerning the strategic importance attached to the Pro Inno cluster initiative. Clusters and cluster activity across the EU would be linked by a coherent policy that would focus the collective strategic energy on the marshalling and deployment of the best assets and competencies to deliver the aims and aspirations of the European

Cluster Memorandum. Expected outcome:

- Support for EU Cluster agenda implementation 2008 +.
- Think tank.
- Facilitation of new Inno-Nets.
- Enhance cluster policy learning and dissemination of cluster policy good practice.
- Concrete Inno-Net projects.
- World class clusters: Improving support for cluster frameworks, sustainability and cooperation.
- International linkages.

Strand 2 INNO Nets Cluster Policy Cooperation (e.g.: Environment and Energy focus)

Cluster policy cooperation to ensure cluster excellence and enhanced competitiveness. For example the alignment of the trans-national cooperation priority areas with the four strategic priorities of the European Action Plan for the environment (which embraces energy) is an advantageous approach to transforming the policy of the programme into action. Expected outcome:

- 40+ trans-national cluster policy cooperation's;
- Internationalisation of clusters.
- Elimination of policy fragmentation.
- Concrete, value added solutions to identified issues.
- Strengthening links with other DG programmes.
- Benchmarking good practice and the enhancement of the knowledge base.

4 The innovation policy measure and its context

4.1 National and regional governance: please provide a description of the modalities of implementation of the proposed actions. Examples of elements to be taken into account are the role of the institute, the nature and characteristics of that institute that are important for a successful implementation of the good practice.

Strand 1 ECA+: The existing work in this area will ensure that there is a very short launch phase. The high level of activity in the field of cluster policy will also ensure that the implementation of the platform is both supported and secures a high level of usage by cluster actors. Support via the Cluster Observatory and key political support through the Cluster Memorandum will furthermore enhance the impact and promotion of the ECA+

Modalities of implementation:

- With any administrative tool of the Administration allowing a closer relationship between the agents of the innovation system - contracts, cooperation agreements, a specific agency, a foundation... –
- The approach can be sectoral or based on technologies, on the basis of research groups interests or on business needs.
- Creating a specific structure for these tasks, or developing the tasks from a regional development agency.

4.2 National and regional economic structure of the region where the practice has been developed. We are looking for the main factors for success for implementing the suggested measure.

Madrid's regional strengths and weaknesses:

Strengths: High concentration of R&D Institutions; Scientific Areas of Excellence; Large amount of Small and Medium Enterprises; Innovation agents & policies at work.

Weaknesses: Low TT rate and Entrepreneurship Culture; Low creation rate of Spin off; Enterprises; Low R&D / innovation culture and activity; Scarce co-operation between firms and R&D institutions; Low level of firms participating in R&D Programmes.

Factors of success:

- High-quality and value-added services;
- Services adapted to client's needs be they R&D Organisations, SMEs or large companies;
- Very good knowledge of the sector;
- Professional results;
- IC are decision support tools;
- IC allow transmission of research results;

4.3 The policy measure itself: what was it all about? Who were the actors involved, what actions have been undertaken and which result and impact has been achieved?

Innovation Circles (IC) are sectoral collaborative “framework” between research institutions and enterprises. IC provide regional intelligence services directed towards firms associations/groups in order to increase the economic intelligence view, promote innovation management techniques developing TW practices in Madrid SMEs and enhance cooperation among institutions running each of the four existing Innovation Circles (Biotechnology; ICT; Materials + Aerospace + Nano; Energy+ Environment).

Main outcome is to become recognized by the society as a “contact point” between enterprise sectors and regional R&D.

IC were created in 1999 with the **objective** of:

- Promoting direct access of firms to the knowledge capital of the region;
- Improving researchers' understanding of the technology needs of industry;
- Developing cooperation between research and industry;
- Developing a service & cooperation culture in the public research sector;
- Increasing regional competitiveness;

Results (based on quantitative yearly objectives)

- 250 Technology Watch Reports for SMEs and Sectorial Associations.
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5 The adaptability and transferability of the proposal

5.1 Why is it worthwhile to invest in the proposed action/tool? Did the feasibility study and good practice identification demonstrate substantial added value?

Because of a cluster programme there will be:

- A coherent strategy to optimise use of best assets and competencies in all EU regions,
- A coherent strategy for value added engagement between companies and RTD institutes,
- A coherent strategy for joint R&D projects, joint ventures, partnerships, etc.
- Ensure focus and development of EU innovation societal issues.

Added value:

- The relational capital achieved at the end of the process.
- Innovation circles can also act as an expert sectoral body to assess Public Administrations to take decisions on R&D and innovation policies.

5.2 If there is to be decided to invest in the proposed action/tool, what are the main factors to pay specific attention to?

There must be a network of public and private institutions:

- Public funding is necessary;
- Communication and access to companies is much effective in a wider framework.

Innovation Circles has a high possibility of being adapted and reproduced to other regions. The key is to have powerful R&D, exportable technology and expert people in knowing technologies, markets and research results from the region.

This initiative has a higher possibility of success in regions with high R&D potential and with high number of companies. The more unconnected these two “potentials” are (R&D and companies), the more effective the initiative will be. It is important to have these two potentials next to each other - at least in a network.

5.3 What is the expected impact of implementing the proposed action/tool?

- To be recognised as key interface elements between research groups and businesses;
- To be “the expert sectoral body” in bio, tic, environment.... and to be generally recognised by the agents in the innovation system.

Innovation Circles improves the scientific and technological demand from SMEs and involves academic staff in studying entrepreneurial needs.

5.4 Based on the insights gained in the feasibility studies and good practice identification, what is the judgement/advice on the support that already has been created by stakeholders?

- It is especially interesting for them to contact with other agents in the system.
- It is especially useful for them to receive recommendations from an independent body.
- They stress the good adaptation of results to their previous needs.

5.5 What is the advice on how to disseminate the action/tool?

Madri+D Innovation Circles is a interesting initiative. To be innovative and economically stronger it is definitely necessary to have a good cooperation between research institutes and enterprises. At this time, some companies don't know who or how to contact institutes that can help them. It is also a good initiative to know exactly what the needs of SMEs are and to involve academic staff in studying these needs. It is not that clear however in which manner the gap is bridged between SMEs and research institutions. The number of SMEs involved, the number of agreements etc. does demonstrate that the initiative is quite successful. As such there must be a method in which the match between different partners is made.

Innovation Circles would not have survived without public funding. The management of individual agreements with the Regional Government was possible in the framework of a wider framework (madri+d). Communication and access to companies was much more effective in a wider framework (IC are, offered to companies by other madri+d programmes. When replicating this initiative, it is very important to keep this in mind.