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LEARNING PLATFORM

Good practice Identification – Advice for transferability Innovation in Services Departure

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CHAPTER I: Good practice identification

1 General description of the good practice

Creative industries represent one of the core areas of economic focus for Vienna. A recent study commissioned by the City of Vienna on the economic potential of this sector underscored Vienna's well established urban and artistic cultural milieu, its dense network of educational institutions and its highly developed research community. The 18,000 creative industries businesses in Vienna account for 24 percent of all companies registered in the Austrian capital. Half of these businesses were started in the last 10 years. Approximately 100,000 workers are employed in creative industries in the City, representing 14 percent of its total labor force, and 40 percent of all Austrians active in the field. The six percent growth in employment in the sector from 1998 to 2002 far outpaced the 2 percent overall increase in employment in Vienna. In order to support the further development of the creative industries thus implementing the economic growth of this sector, in 2004 the city of Vienna has funded a new service and assistance agency, departure - wirtschaft, kunst und kultur gmbh with the aim to bridge the gap between arts and business.

Departure wirtschaft, kunst und kultur gmbh, a company of the Vienna Business Agency, was established in September 2003 and started operation in May 2004. Financed by the City of Vienna, Departure offers support to companies of the creative industries in the commercial utilization and exploitation of their creative work, mainly from the sectors of fashion, multimedia, music and product and industrial design. departure does not award art and culture subsidies but offers its services and grants to people who work creatively who use and want to establish their ideas and developments within the framework of classic economic activity with the aim of successfully bringing products and services based on creative ideas and innovation into the market.

Departure's main objectives are manifold: the development of an economically sustainable basis for Vienna's creative professionals, which is aimed to promote economic growth, the increase of the employment rate and the establishment of new companies. This requires the strengthening of entrepreneurial know-how and the cooperation between creative professionals and the economy. Departure furthermore supports individual creative and entrepreneurial top performances as well as the establishment of creative services such as design as a completely "natural" service for classic companies.

2 Please describe the selected good practice¹ in terms of:

2.1 Uniqueness:

Measure Name:	Departure		
General description/rationale:			
Established in 2003 by the city of Vienna as an independent and economic development and service agency, departure offers support to companies of the creative industry in the commercial utilization and exploitation of their innovative work.			
Innovative characteristics as regards:			
Methodology	Organization	Function	Results
The funding organization departure wirtschaft, kunst und kultur gmbh supports	Departure offers four funding programs (departure classic ;	14 percent of all Vienna's employees, around 100,000 people, work in	Since May 2004, 13 programs took place. 94 projects

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>entrepreneurs and company founders involved in the creative industries. Departure considers as its task to improve cooperation within the creative industries and thus to improve the sector's efficiency, to raise the level of understanding for the creative activity within the economy and to support business enterprises in cooperating with those working creatively.</p> <p>It is important to emphasize that departure is not an art funding institution, but supports the integration of cultural/creative output into the economic life of Vienna and Austria. The quality of a project's content is of particular importance, it has to reflect international trends and developments, and it has to be internationally competitive. It is furthermore indispensable that the project topic is dealt with professionally. What is not eligible for funding are investment costs, serial mass production, operating costs, costs arising in the scope of a project carried out by third parties as well as consulting in the scope of the submission of a project for funding.</p>	<p>departure_focus; departure_experts and departure_pioneer). The programs are tailor-made to the different requirements of the applicants both as regards contents and from an economic point of view. Basically, a company may receive funding in the scope of several departure programs; the maximum funding amount per company must, however, not exceed 200,000 € over a period of three years.</p> <p>Outstanding ideas and visionary projects with high demands as regards to contents and economic focus are the core elements of departure funding. "Departure" supports the companies by the development and awarding of industry-specific grants (innovation and marketing grant); by improving the national and international competitiveness of the companies; and by finding and opening up new business opportunities.</p>	<p>the sector of the so-called creative industries that is in industries at the interface between art, culture and business. The generally high significance of art and culture in the life of the city, its prosperity, its social freedoms and the high level of innovative strength within its companies caused an above-average growth in this sector in the past. Departure's function is to act as a bridge between arts and business. Departure supports creative industries companies in realizing the commercial value of their creative product and offers a broad-ranging program of financial assistance.</p> <p>"Departure" is offering four development programmes, which have different targets. "departure_classic" and "departure_focus" are classic project funding programs addressing established entrepreneurs or founders of enterprises. The target group of "departure_pioneer" are young talents with a creative idea as a basis for their enterprise. "departure_experts" has been established for existing companies requiring expert know-how for the implementation of a specific project.</p>	<p>out of a total of 440 submitted projects, mainly in the fields of fashion, design, music and multimedia, received funding in the amount of 7,9 million € triggering private investments of 31 million €</p>
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2.2 Relevance:

Problem	Solution that was provided
The companies have problems financing their business activity	From August 2004 departure is awarding financial grants for the development of creative product and services. In this context, 94 projects out of 440 received funding through departure
The export potential of Vienna's creative industry companies is not nearly fully utilized. The problems identified are -the small size of the companies -the very low levels of human resources	Departure funding is helping the companies to develop new ideas and to improve the quality of their products. As a result, the Viennese creative companies are growing in size and more than 555 new jobs were secured and created.

2.3 Effectiveness:

14 percent of all Vienna's employees, around 100.000 people, work in the sector of the so-called creative industries, at the interface between art, culture and business. Because of its long tradition as a city of modernity and its vast creative and artistic potential, Vienna is the ideal place to develop a center of the creative industries.

In order to specifically use and further develop these factors, "departure wirtschaft, kunst und kultur gmbh", a funding organization and point of contact for those active in the field of the creative industries, was established in 2003. Departure supports innovative and creative industries in the commercial utilization and exploitation of their creative work. Departure's contribution is also aimed to improve the sector's efficiency, to raise the level of understanding towards the creative activities and to improve national and international competitiveness of the companies. In order to accomplish the above mentioned objectives, departure has funded 94 projects in the fields of music, multimedia, fashion and design. 3 million € were financed in 2007 while the total budget since the program was launched by the Vienna Municipal Council in May 2004 amount to 7.9 million €

2.4 User satisfaction:

User group	Primary target group (yes/no)	Feedback provided	Explanation for feedback
Departure wirtschaft, kunst und kultur gmbh	No	<p>Although no official evaluation has been provided by the target users (the beneficiaries of the 4 funding programs), the initiative started in 2003 has proven successful.</p> <p>For its activities departure had 7 million € available for 2004-2005. The annual budget for 2007 is 3 million € provided by the city of Vienna.</p>	<p>Although a direct feedback from the awarded companies is not available, however a full list and description of the funded projects (94 since 2004) with contact details can be found online at the following web site- http://www.departure.at/jart/prj3/departure_website/main.jart?rel=en&content-id=1161950409045&reserve-mode=active.</p> <p>There are no interviews from users, but it is reasonable to believe that, given the level of excellence of this program, the number of projects funded and the new jobs created; users are satisfied and enthusiastic about departure.</p>

The future of the business location in Austria lies in growth and in the sustainable development of its companies. To support these with targeted funding has so far been the task of departure initiative. The activities organized within the departure program have been successful and therefore the judgment extremely positive. As a result of three years of funding activity and intensive dealing with the creative industries and their target group, departure has created 555 new jobs and funded 94 projects.

2.5 Recognition:

The **departure** program has been nationally recognized. The basis for this program is a funding guideline approved on 1 July 2004 by Vienna's municipal council with votes from all parties. Based on this, departure provides a continuous development program starting with the F.0401 program, to which submissions can be made throughout the year and within the framework of which a jury will make funding recommendations four times a year for project submitted.

2.6 Context dependency:

The modalities of implementation of the proposed action are the following:

Programs

Departure offers four funding programs that are tailor-made to the different requirements of the applicants both as regards contents and from an economic point of view.

- **departure_classic** and **departure_focus** are classic project funding programs addressing established entrepreneurs or founders of enterprises.
- **departure_experts** is tailor-made for existing companies requiring profound expert know-how for the implementation of a specific project. The project, however, has to focus on economic growth.
- **departure_pioneer** addresses young entrepreneurs and all those who have established a company not longer than six months prior to the date of submission.

Funding

A company may receive funding in the scope of several departure programs; the maximum funding amount per company must, however, not exceed 200,000 € over a period of three years. Departure is not an art funding institution, but supports the integration of cultural/creative output into the economic life of Vienna and Austria. The quality of a project's content has to reflect international trends and developments, and it has to be internationally competitive. Investment costs, serial mass production, operating costs, costs arising in the scope of a project carried out by third parties as well as consulting in the scope of the submission of a project for funding are not eligible for funding.

Applications

The calls are announced two months prior to the end of the application period. The following information is provided:

- objective and conditions
- application period
- partner participating in the call
- earmarked budget

Project evaluation and awards assignment

All applications are subjected to a preliminary examination by departure. In the event of a positive formal examination the applicants are assigned a score from a minimum of 50 to a maximum of 100 points. Applications rated with a score less than 50 are not funded.

A jury appointed by departure and comprising at least three experts is in charge of assessing the submitted applications. After conclusion of the funding program a final report has to be presented.

With the **departure** program, the city of Vienna supports the further development of the creative industries thus creating an additional economic focus in Vienna and concentrating on the economically oriented, entrepreneurial activities in the field of the creative industries. **Departure** has contributed to the development of new creative and innovative products, processes and services.

In addition to the funds created to support established and young talents, departure has established several initiatives. One example is departure expertpool, a new service in which a pool of experienced and successful personalities from the fields of fashion, music, audio-vision, multimedia, design, publishing, art market and architecture act as mentors by offering their expertise and experience. Entrepreneurs from the fields of management consulting, legal consulting, marketing, public relations, advertising, tax consulting etc. are included in the expert pool.

Departure has also initiated a workshop for young entrepreneurs and prospective entrepreneurs in the field of the creative industries. The workshop held on three weekends aimed at encouraging creative talents to become entrepreneurs and offered the opportunity of discussing some basic questions in connection with the establishment of a company with national and international experts.

The workshop started with a round table discussion on the topic “From idea to business concept”. Hermann Fankhauser from Wendy&Jim, Nada Nasrallah from Soda Designers, Stephan Dorfmeister, business manager of G-Stone Recordings, and Paul Beyer from 3united offered insight into the success stories of their companies. The first module then provided basic business know-how, and dealt with possible forms of cooperation and their synergetic utilization. The second workshop weekend offered business talks and practical lectures. Small groups of a maximum of 20 participants (divided into special fields) allowed the intensive exchange of experience with successful entrepreneurs and experts of the creative industries. The third weekend focused on legal questions in connection with company set-ups as well as on guidelines for dealing with bureaucracy and the authorities. An indispensable precondition for becoming an entrepreneur particularly in the creative field is the knowledge of copyright, patent and trademark protection as well as the knowledge of social and employment law.

Due to the long-term and targeted support of innovation with a special emphasis on the creative industries Vienna now occupies a leading position in Europe. The reasons for the success of this initiative are multiple. First of all, Vienna has an established track-record of accomplishments in the field of the creative industries due to the long term investment the city has made in potentiating the sector. The already developed artistic and creative environment works as an incubator for new talents.

Secondly, the city of Vienna has invested a significant amount of money in order to give young talents a chance to express their creativity. The total amount of money the city had invested in the past three years amount to 7.9 million €. The monetary effort has resulted in a growth in the number of jobs created and secured (555 from march 2004) This **workforce** is not only fast growing but also **highly qualified**, with one in four workers possessing a post-secondary degree and 44 percent having completed a Matura, a degree from an academic secondary school.

2.7 Replication:

Specific characteristic /circumstance at hand	Solution that has been offered from within the action/tool	Explanation of the effectiveness of the provided solution
"departure" aims at supporting companies and people offering products and services based on creative ideas and innovations. The programme supports the companies by the development and awarding of industry-specific grants (innovation and marketing grant); by improving the national and international competitiveness of the companies and by finding and opening up new business opportunities.	"departure" is offering 4 development programs. "departure_classic" and "departure_focus" are classic project funding programs addressing established entrepreneurs or founders of enterprises. "departure_pioneer" targets young talents and "departure_experts" are funding existing companies	Since August 2004. "departure" has so far given grants to 94 projects, supporting the growth and the development of the Viennese creative industry sector. The annual budget for 2007 is 3 million €

94 projects mainly in the fields of fashion, design, music and multimedia received funding after in-depth examination by an expert jury. Particular emphasis is put on the quality of the content which is required to reflect international trends and has to be internationally competitive. The stringent criteria imposed by the program will lead to an improvement in the quality of the creative work produced, allowing Vienna to compete at an international level in several sectors of the creative industries. Another result that it is expected to emerge in the next years is the improvement in the quality of the training the young talents receive. In fact departure_pioneer- the program addressed to young talents- establishes that at least 30 percent of the funding has to be used for adequate expert/coaching know-how in connection with the business set-up. This will also lead to an increased number of sustainable company set-ups in the field of the creative industries in Vienna.

This programme can most definitely be replicated and adapted in other regions where creative industry plays a significant role in the economy.

The vision of the program aims to "stimulate and improve the cooperation between the creative industries and the commercial utilisation and exploitation of the creative work". The uniqueness of the program is represented by the fact that the funding aims to help both established professionals in the field of creative industry as well as young talents. The funding targets are mainly the fields of fashion, design, music and multimedia, creative areas that can not easily translate their artistic and cultural value in commercial value.

In countries like Italy or France, where the fashion industry represents an important part of the economy, many young talents find extremely difficult to establish in such a competitive environment, partly because of the lack of programs that give them the opportunity to have visibility and because of the lack of financial help.

3 Additional information sources

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CHAPTER II: Advice for transferability

4 Introduction to the proposed action

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

Service firms are generally weaker innovators because their innovations are ‘less visible’. The few existing policies targeting service innovation aim primarily at ICT development and use. Clearly, greater attention is needed to raising awareness of public policies and programmes among service-sector firms, but it will also be important to design programmes to be more relevant and useful to the service sector.

European innovation policy strategies must:

- take into account the strong needs to strengthen the companies and public agencies’ capabilities for service innovation;
- enable various knowledge providers to become more active partners for the dynamic service innovation companies;
- assist public authorities and development agencies to develop a more proactive and well coordinated commitment to support service innovation processes, and;
- build up a knowledge base to support policy learning in service innovation development.

The most relevant actions to be promoted are:

- 1) Set-up of a think-tank;
- 2) Set-up of a dialogue platform;
- 3) European repository of knowledge and good practices on innovations in services;
- 4) Produce a set of reports on the needs and requirements of service innovation in both service and manufacturing firms.

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

In general:

- Lack of sufficient political attention to service innovations;
- Too ‘narrow’ innovation policies;
- Too ‘superficial’ existing policies;
- Poor access to knowledge basis;
- Monitoring tools of European innovation policy results.

Departure:

- The companies have problems financing their business activity;
- The export potential of Vienna’s creative industry companies is not nearly utilized; The problems identified are:
 - The small size of the companies;
 - The very low levels of human resources;

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

Services are still largely neglected by innovation policies and it is necessary to address the issue of policy relevance and accessibility at both EU and national level. There is a weak basis of knowledge and understanding of service innovation and service innovation processes and the attention is

increasingly drawn towards a greater need of developing initiatives and instruments that also encompass characteristics of service functions, along with those of more “traditional” sectors.

To date, innovation policy measures in most EU countries have not been attuned to the service sector. Only a few countries have integrated services-related elements into their innovation policies and participation of service-sector firms in sector-neutral programmes remains low. The few policies targeting service innovation aim primarily at ICT development and use.

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

Very little attention has been paid to innovation in services or to its policy implications in Europe. Innovation in services has been largely ignored. Only a few countries have integrated services-related elements into their innovation policies and participation of service-sector firms in sector-neutral programmes remains low. The few policies targeting service innovation aim primarily at ICT development and use.

4.5 What is the expected outcome of the proposed actions?

The following outcomes are expected from the proposed action:

- 1) Share, collect and disseminate under a repository format, knowledge, information and best practices in the field of service innovation, both within the Member States and also beyond Europe, having in view to accelerate the learning process in the identified field, create a common awareness and understanding and provoke a mind-set change that is required in order to prepare the public sector for the adoption of a new and improved innovation policies that take into account the importance of services as a powerful economic force in the contemporary and future European Union.
- 2) Propose concrete policy measures to better support Innovation in Services in the EU and help reform-minded policymakers implement their programs more effectively.

5 The innovation policy measure and its context

5.1 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.

Departure has funded 89 projects in the fields of music, multimedia, fashion and design. 3 million € were financed in 2007 while the total budget since the program was launched by the Vienna Municipal Council in May 2004 amount to 7.2 million €. The **departure** initiative started in 2003 and financed by the city of Vienna.

The modalities of implementation:

Programs

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Funding

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Applications

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- objective and conditions;
- application period;
- partner participating in the call;
- earmarked budget;

Project evaluation and awards assignment

All applications are subjected to a preliminary examination by departure. In the event of a positive formal examination the applicants are assigned a score from a minimum of 50 to a maximum of 100 points. Applications rated with a score less than 50 are not funded.

A jury appointed by departure and comprising at least three experts is in charge of assessing the submitted applications. After conclusion of the funding program a final report has to be presented.

5.2 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.

Alongside life sciences, information and communications technologies and automotive, creative industries represents one of the core areas of economic focus for Vienna, accounting of biannual investments of 7 million €. 14 percent of all Vienna's employees, around 100.000 people, work in the sector of the so-called creative industries, at the interface between art, culture and business. Because of its long tradition as a city of modernity and its vast creative and artistic potential, Vienna is the ideal place to develop a center of the creative industries.

The reasons for the success of this initiative are multiple. First of all, Vienna has an established track-record of accomplishments in the field of the creative industries due to the long term investment the city has made in stimulating the sector. The already developed artistic and creative environment works as an incubator for new talents.

Secondly, the city of Vienna has invested a significant amount of money in order to give young talents a chance to express their creativity.

This programme can most definitely be replicated and adapted in other regions where creative industry plays a significant role in the economy. In countries like Italy or France, where the fashion industry represents an important part of the economy, many young talents find extremely difficult to establish in such a competitive environment, partly because of the lack of programs that give them the opportunity to have visibility and because of the lack of financial help.

5.3 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?

Departure wirtschaft, kunst und kultur gmbh, a company of the Vienna Business Agency, was established in September 2003 and started operation in May 2004. Financed by the City of Vienna, departure offers support to companies of the creative industries in the commercial utilization and exploitation of their creative work, mainly from the sectors of fashion, multimedia, music and product and industrial design. departure does not award art and culture subsidies but offers its services and grants to people who work creatively who use and want to establish their ideas and developments within the framework of classic economic activity with the aim of successfully bringing products and services based on creative ideas and innovation into the market. Departure's main objectives are manifold: the development of an economically sustainable basis for Vienna's creative professionals, which is aimed to promote economic growth, the increase of the employment rate and the establishment of new companies. This requires the strengthening of entrepreneurial know-how and the cooperation between creative professionals and the economy. **Departure** furthermore supports individual creative and entrepreneurial top performances as well as the establishment of creative services such as design as a completely "natural" service for classic companies.

Since May 2004, 13 programs took place. 89 projects out of a total of 416 submitted projects, mainly in the fields of fashion, design, music and multimedia, received funding in the amount of 7,2 million € triggering private investments of 28 million €

6 The adaptability and transferability of the proposal

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

The action can help ministries and national innovation and development agencies in formulating such broader and deeper innovation policies by assessing good practice, analysing particular needs and requirements of service innovation and giving advice concerning content – practical policy content advice.

The departure initiative has proven extremely successful in improving the cooperation between creative industries and in creating new jobs and opportunities for young talents as well as for established entrepreneurs. Since May 2004, 89 projects submitted projects, mainly in the fields of fashion, design, music and multimedia, received funding in the amount of 7,2 million € triggering private investments of 28 million €

With the **departure** program, the city of Vienna supports the further development of the creative industries thus creating an additional economic focus in Vienna and concentrating on the economically oriented, entrepreneurial activities in the field of the creative industries. **Departure** has contributed to the development of new creative and innovative products, processes and services. In addition to the funds created to support established and young talents, departure has established several initiatives. One example is departure expert pool, a new service in which a pool of experienced and successful personalities from the fields of fashion, music, audio-vision, multimedia, design, publishing, art market and architecture act as mentors by offering their expertise and experience. Entrepreneurs from the fields of management consulting, legal consulting, marketing, public relations, advertising, tax consulting etc. are included in the expert pool. **Departure** has also initiated a workshop for young entrepreneurs and prospective entrepreneurs in the field of the creative industries.

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

Both established professionals in the field of creative industry as well as young talents have to be the target group of the initiative. Creative industries represent one of the core areas of economic focus for Vienna. A recent study commissioned by the City of Vienna on the economic potential of this sector underscored Vienna's well established urban and artistic cultural milieu, its dense network of educational institutions and its highly developed research community. The 18,000 creative industries businesses in Vienna account for 24 percent of all companies registered in the Austrian capital. Half of these businesses were started in the last 10 years. Approximately 100,000 workers are employed in creative industries in the City, representing 14 percent of its total labor force and 40 percent of all Austrians active in the field. The six percent growth in employment in the sector from 1998 to 2002 far outpaced the 2 percent overall increase in employment in Vienna.

In order to support the further development of the creative industries thus implementing the economic growth of this sector, in 2004 the city of Vienna has funded a new service and assistance agency, *departure - wirtschaft, kunst und kultur gmbh* with the aim to bridge the gap between arts and business.

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

The initiative improves cooperation between creative industries and creates new jobs and opportunities for young talents as well as for established entrepreneurs.

94 projects mainly in the fields of fashion, design, music and multimedia received funding after in-depth examination by an expert jury. Particular emphasis is put on the quality of the content which is required to reflect international trends and has to be internationally competitive. The stringent criteria imposed by the program will lead to an improvement in the quality of the creative work produced, allowing Vienna to compete at an international level in several sectors of the creative industries. Another result that it is expected to emerge in the next years is the improvement in the quality of the training the young talents receive. In fact *departure_pioneer*- the program addressed to young talents- establishes that at least 30 percent of the funding has to be used for adequate expert/coaching know-how in connection with the business set-up. This will also lead to an increased number of sustainable company set-ups in the field of the creative industries in Vienna.

6.4 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?

The future of the business location in Austria lies in growth and in the sustainable development of its companies. To support these with targeted funding has so far been the task of **departure** initiative. The activities organized within the **departure** program have been successful and therefore the judgment extremely positive. As a result of two years of funding activity and intensive dealing with the creative industries and their target group, *departure* has created 555 new jobs and funded 94 projects.

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

Though grants as such are not such an innovative way of stimulating innovation it seems to have worked in the region of Vienna. Two positive points are:

1. There is a leverage of X3 as regards the funds invested: the total sum of grants of 7,2 million of public investment triggered private investments of 28 million.
2. Commercial utilization and exploitation of creative work often is the final step in the development chain that is not executed. The real value added lies in commercialisation of creativity.

The programme created new job opportunities and made it possible for the region of Vienna to compete at an international level.