



CLUNET

CLUNET conference – Europe meets America

20th September 2007

Metropolitan community of Montreal

DRAFT PROCEEDINGS

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I. Context and participants

1. Context of the workshop

- **General objectives**
 - Encourage detailed policy exchanges
 - Build up trust and relationships between partners
 - Improve communications and create maximum value added from the limited time policy makers have for meetings

- **Specific objective**
 - Bring together CLUNET policy making partners to discuss cluster development policies including the sub-themes (SME internationalisation, incubation)

- **Themes to be covered**
 - Cluster governance and partnership
 - Cluster finance
 - Incubation via clusters
 - SME development via clusters
 - Cluster evaluation and monitoring
 - Cluster growth and global competitiveness strategy

2. Agenda – Presentation session

Thursday, 20th September 2007

8h00 Meeting place : Hotel Lobby

8h30 Breakfast - Arrival & Registration

9h00 Welcome

- Massimo Iezzoni, Director General, MMC

9h15 CLUNET Objectives and Update on EU cluster policy

- Lynne Taylor, NWDA
- Fabien Martel, NWDA

10h00 Montreal and other North American Regions –
Benchmarking Cluster Policies

- Yves Charette, MMC

10h30 Comfort Break

10h45 Canadian and US Experience – Policy Lessons

- Policies for Cluster Creation :
Lessons from the ISRN
Research Initiative
 - David Wolfe, Professor,
University of Toronto – 25
minutes
- 2 US/Canadian Regions – 25
minutes each
 - Michael Darch, Executive
Director, Global Marketing,
OCRI (Ottawa)

2. Agenda – Presentation session

Thursday, 20th September 2007

12h00 General Findings of CLUNET Work Package 2 – 30 minutes

- Laura Righi, Direzione Generale dello Sviluppo Economico, Etruria Innovazione (Toscana)
- Marc Pattinson, Director inno-TSD

12h30 Lunch and Networking

14h30 Montreal's Competitive Clusters – 20 minutes each

- Carl Viel, Montreal In Vivo
- Lyne bouchard, TechnoMontreal
- Suzanne Benoit, Aero Montreal

15h30 Discussion

- Moderator, Maxime Trottier, MMC

16h30 Adjournment and Return to Hotel

17h50 Departure from Hotel - Reception for CLUNET Partners and Guest Speakers

“Discovering Montreal from the Saint-Lawrence River”

+ Press release

3. Participants

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|------------------------|--------------------------------------|
| 1. Vanja Rangus | Municipality of Ljubljana |
| 2. Natasa Mrsol | Municipality of Ljubljana |
| 3. Dajana Pefestorff | ZAB ZukunftsAgentur Brandenburg GmbH |
| 4. Miguel Angel Garcia | Instituto Technologico de Aragon |
| 5. Françoise Restif | Bretagne Innovation |
| 6. Philippe Perez | Mediterranee Techonologies |
| 7. Gabriella Fiori | Mediterranee Techonologies |
| 8. Lynne Taylor | NWDA |
| 9. Fabien Martel | NWDA |
| 10. Marc Pattinson | inno-group |

3. Participants

- | | |
|-------------------------|---|
| 12. Laura Santarelli | Finanziaria Laziale di Sviluppo |
| 13. Lauri Righi | Etrutia Innovazione (Toscana) |
| 14. Astrid Harder-Nowka | Hamburg - Ministry of Economic and Labour Affairs |
| 15. Walter Birkhan | Hamburg - Ministry of Economic and Labour Affairs |
| 16. Robert Kopasz | South Great Plain Regional Development Agency |
| 17. Annukka Havas | Lahden Alueen Kehittämisyhtiö Oy- Lakes |
| 18. Eduardo Diaz | Fundacion para el Conocimiento |

3. Speakers

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| 12. David Wolfe | ISRN |
| 13. Michael B. Darch | OCRI - Ottawa |
| 14. Marc Pattinson | Cluster policies |
| 15. Carl Veil | Invivo Montreal |
| 16. Lyne Bouchard | TechnoMontreal |
| 17. Suzanne Benoît | Aero Montreal |



III. Highlights of the 5 considered working topics

1. Cluster - Incubation & infrastructures

Issues discussed:

The meeting of Montréal confirms the consensus on the importance to have closed links between the clusters and the relevant infrastructures and incubation systems, But, how does incubation intervene? How many, when, where....What's the role of incubation and infrastructures? Links, initiatives....

Quotations:

“ Cluster strategy needs to have an incubation strategy incorporated, in each cluster” Y.Charette

“ 4 phases in Cluster Life Cycle: infrastructures are in Latent Phase (phase I) and incubator appears in Developing Phase (phase II)” D. Wolfe

“Public sector institution plays a key supporting role. Importance between element of system, especially linkages between research infrastructure and cluster firms” D. Wolfe

“ Initiatives must come from firms. The metropolitan cluster must show it can organize itself and adopt a development plan. The MMC concentrates on planning and coordinating. The MMC does not replace local actors and decision makers.” Y. Charette

1. Cluster - Incubation & infrastructures

Assessment:

Infrastructure and all specialized real estate such as science parks are one key element of the cluster development success. Companies, laboratories, and other stakeholders need to be able to locate their activities in a relevant area which will facilitate cooperation. Infrastructures such as innovation hub and/or technology platforms are therefore one of the key drivers to ensure a sustainable growth of the cluster activities.

Incubation systems are also a key element to support the innovation development of the companies and to ensure the creation of new businesses. The incubation systems must be able to provide facilities to accompany the development phase of the clusters. It should be able to welcome the successful spin-offs from the champions companies but also the scientists willing to establish new companies. As discussed, there is a tendency to develop specific incubators committed to one single cluster and technology field.

2. Cluster Financing

Issues:

Cluster funding policy is traditionally shared between public and private sector. But what is the share of each sector? Within public sector, what is the share of financing of each level of government? And what is the involvement of Banks? More generally, how much spending in R&D? And what is the Tax Policy?

Quotations:

“ Quadripartite funding formula to sustain the cluster policy: 3 governments levels (federal, Provincial, Local) and the private sectors represents 25% each of funding” Y. Charette

“ The origin of financing depends to the phases of development: Latent Phase is financed by Government R&D funding, Developing Phase by Angel and VC investment, Established Phase by private R&D investment, and transformational phase by government again” D. Wolfe

“ The Clunet Policy mapping show that financing is generally mix: 70% is public, 30% is private” M. Pattinson

“In Montréal InVivo, all member contribute : industrial member (200M\$), institutional member (50M\$), and government (600M\$). Don't need bank involvement” C. Viel

2. Cluster Financing

Quotations:

“Canada has also a huge problem with R&D which represents 1.8% spends of GDP” D. wolfe

“Canada has a good Tax System encourages new company formation” C. Viel

“Aero Montréal financing: 75% by public share between MMC, Quebec government and Canada Government; and 25% by private” S. Benoît

Assessment:

The cluster policy funding needs to ensure a mix between public and private funding. Most of the partners applies between 25 to 30 % of private funding to support the management of the cluster, either through memberships or through individual project support . The rate of private funding usually varies according to the stage of development of the cluster life cycle. The tax incentives system is also an important mean to increase the investment in R&D and innovation by the various companies. It is a relevant system to leverage private funding and it has been used by many different governments (France, Canada, etc.)

3. Skills and competences

Issues discussed:

The labor market, with skills and talents, is a critical resource. how to attract and retain these skills ?
Many research tracks have been explored and a number of drivers have been identified. International environment, high level university and education and life style are amongst one of them.

Quotations:

“ MMC has a strategy of become an attractive region thanks to quality services and efficient infrastructure. MMC continue to focusing on the core competences to enhance the quality of life and attractiveness of the metropolitan region. And MMC want to Montréal become a learning region : the objective is linking business needs and training” Y. Charette

“The access to labor market is a critical local and non local challenge. The key challenge is the management skills: there are to do training seminars, monitoring schemes between managers... There must be 3 levels of learning: within firm, within cluster and at level of broader community. “ D. Wolfe

“ To have skills it is necessary: educate potential employees, introduce training programs, and establish career path. The talent is critical, OTTAWA needs succession planning for retirement of existing talent.”
M. Darch

“The labor market is critical. But we underestimate education and overate research. And there is in Canada a Liberal Immigration Policy: 50% in greater Toronto area were not born in Canada” C. Viel

3. Skills and competences

Assessment:

Skills development was also one of the topics discussed during the working group. Cluster organizations are more and more focus on trying to ensure that the workforce is in line with the companies' needs. Different routes are taken to employed a qualified and competitive human capital, and involve high manager. Either by fostering the development of relevant cursus within the educational institution (3500 graduates pa), or by developing a relevant immigration policy able to supply the companies with a qualified workforce . In order to attract these competences from abroad , it is very important to ensure that the high standard of the quality of life.

However, partners have also discussed the possibility to adjust the constraint of the labor market between cluster from the same sector (e.g aerospace). It could possible for a set of cluster at the international level in the aerospace , such as Toulouse, Montréal and hamburg, to develop a scheme able to provide skilled technicians from one country to another in order to face a lack of qualified staff. This project could be come one of the future CLUNET pilot project

4. Indicators of monitoring and evaluation of performances

Issues discussed :

A multitude set of indicators exists in order to map the clusters and define their boundaries as well as to monitor efficiently the public intervention. What kind of indicators should be used to monitor public intervention ? When a policy makers could evaluate the performance of policy What geographical area?

Quotations:

“ A cluster maturation process last 9 years: 3 years for activation, 3 years for results and 3 years for impact. Macroeconomics impacts (Job creation, foreign invest...) tend to appear at the end of this 9 years.” Y. Charette

“4 kind of clusters: competitive clusters, visibility clusters, emerging technology cluster, and manufacturing cluster” Y. Charette

“ There are 5 keys characteristic of clusters: age, maturity of underlying technology, supply chain linkage, production model and links to local labor market. But keys suppliers and customers are often non local.”D. Wolfe

“In Montréal InVivo, there is an evaluation of every project with key metrics” C. Viel

4. Indicators of monitoring and evaluation of performances

Assessment:

The issues of evaluating the performance and efficiency of the cluster policy is of great importance. It should provide information in order to pilot the policy and direct the funding according to the needs of the stakeholders. Concerning the definition of a cluster, the Montreal policy defines different types of clusters according to their level of maturity, size of the labor force, technology maturity and therefore implements the relevant policies adapted to the needs of the stakeholders.

The following indicators are generally used by the different regions:

- The industrial performance is usually defined by the supply chain, the production process and the productivity.
- The expansion is measured by: Jobs created/ safeguarded, Businesses assisted, Businesses Created
- The incubation is measured by: New companies, New incubation companies, Pre-incubation phase companies, Incubation-phase companies, Number of start-ups driven through the incubation process
- Branding and communication strategy tends to be the strategic aspects that north-American clusters look at. But, the evaluation of such activity is rather difficult to evaluate qualitatively since it could contribute to increase the inward investment and to attract new talent. But it is one element amongst several.

The evaluation of the policies' impact in terms of job, company development and other macro indicators needs to be analysed in a more long-term perspective since it is rather difficult to

5. Internationalisation and cooperation

Issues discussed:

internationalisation raises a vast number of questions. internationalization is it directly linked with the communication and the ability to show case the regions and competences ? What will increase the establishment of foreign companies and competences ? What is also linked to the capacity to access new markets abroad and foster the co-operation with other companies established ?

•Quotations:

- “ MMC draft an international strategy: market position, branding, attracting foreign invest” Y. Charette
- “Internationalization starts in the 3rd phase of Cluster life cycle” D. Wolfe
- “ Clunet is a framework for transnational cross border cooperation, with 50 clusters” M. Pattinson
- “ NWDA spends 2.04 M euro during 3 years for the internationalization “ M. Pattinson
- “Montréal InVivo is very aware: the collaboration is critical to maintaining competitive advantage. It's develop partnership agreement with other cluster to ensure best practice are applied” C. Viel
- “ Techno Montréal leads international cluster projects: aero and life sciences. The objective is to increase its international positioning.” L. Bouchard
- “ The Aero Montréal cluster promote its image on the national and international science” S. Benoît

5. Internationalisation and cooperation

Assessment:

Internationalization has become a key element of the cluster organization strategy since each of them compete at a global level. It has become necessary for them to develop links with other regions in order to maintain the quality of their supply chain, to keep their competitive advantage by developing innovation projects, and to ensure a good level of branding to attract new businesses and a qualified work force.

Within Europe, it is intended to support this process with the creation of the European cluster Alliance which CLUNET is part of. If Europe is to successfully tap the full potential of its clusters, they must also be supported to achieve critical mass and strategic orientation through more and better trans-national European cooperation, across national borders (ref. European Innovation – Promoting Cooperation between Stakeholders Nov. 2006). Beyond the regional perspective, therefore, the active promulgation of trans-national cooperation between cluster programmes is a crucial forward step change in policy. The goal is to achieve a common cluster agenda for Europe that will lead to the creation of world-class clusters delivering global competitive advantage in lead markets.

5. Conclusion and future actions

This day has enabled a tangible exchange of knowledge between Europe and America. Policies and issues to be solved are very similar, in terms of definition of cluster , governance, funding and monitoring . The debate has shown the concrete opportunities of collaboration which could emerge from such meeting and participants have identified the five issues which could be in the future a fertile ground for transatlantic collaboration :

1. Incubation and infrastructure linked to cluster
2. Cluster funding and involvement of private stakeholders
3. Skill and competences
4. Indicators and cluster policy evaluation
5. Internationalisation

A number of side discussion have enabled CLUNET partners to propose collaboration. A first one will take place between the aerospace cluster in Hamburg, Berlin and Montréal. Another one around the skills and the exchange of human resources is also under discussion. To conclude, the CLUNET consortium would like to thank the team in the Montreal Metropolitan Community who has provided all the necessary ingredients for a fruitful Europe-North-America collaboration.