

torinowireless

ICT and Innovation in Piemonte

**ENHANCING THE ROLE OF SMEs
IN GLOBAL VALUE CHAINS**

OECD Global Conference

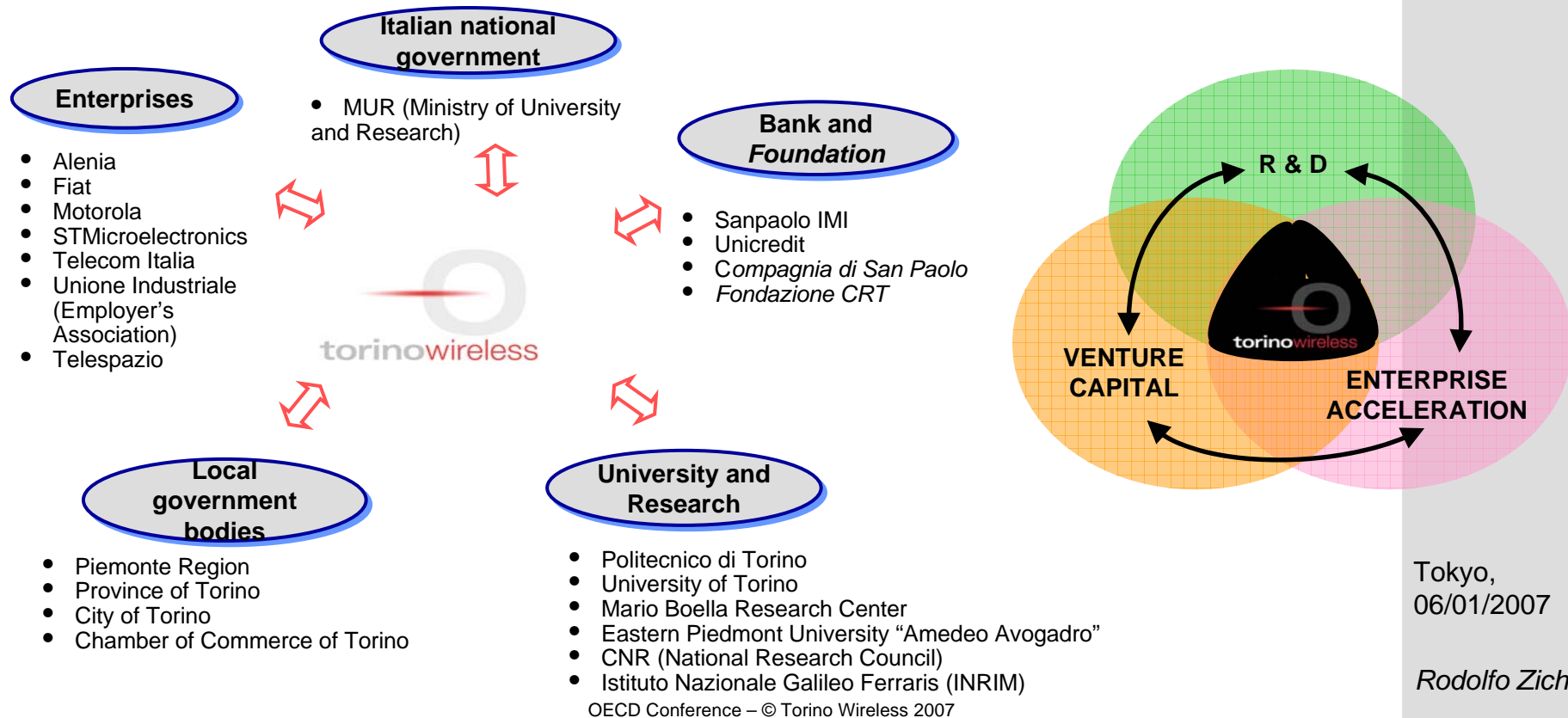
Rodolfo Zich

**Building successful cooperations between SMEs:
an integrated approach**

Tokyo, June 1st 2007

Torino Wireless: an innovative district concept

MISSION - “To create and develop the technology cluster of Piedmont, by increasing the ICT contribution to the regional economy and positioning Piedmont as the most innovative cluster at the international level”



Tokyo,
06/01/2007

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Torino Wireless organization: dedicated players

torinowireless Foundation

Coordination of ICT District

R&D

- R&D trends forecast in the ICT sector
- High quality R&D labs on ICT
- Joint R&D projects aggregating the efforts of public and private partners
- Technical support to SMEs operating on ICT



Enterprise Coaching

- Technology due diligence
- Strategic industry analysis
- Market analysis
- Business planning
- Intellectual Property Rights Management
- Specific project for SMEs
- Networking & clustering

Incubation



Venture Capital

- Development of entrepreneurship in Piedmont
- Promotion of a financial environment (VC funds, angel investors)
- Partnership with Venture Capital funds in the UE and in the US



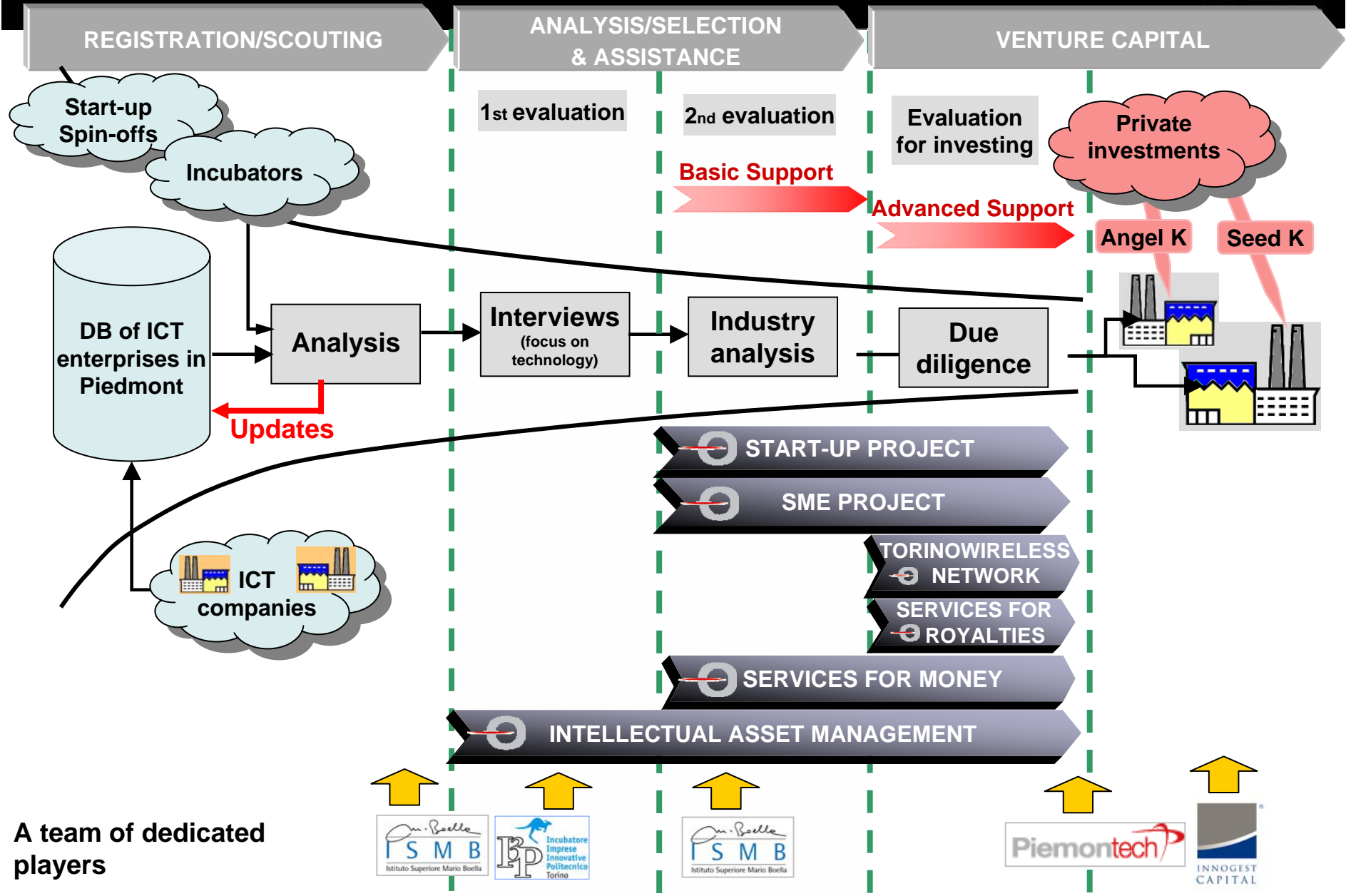
Innogest
Capital



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Torino Wireless working method



The Foundation's main achievement

- Development of the District's financial system: **Piemontech, Innogest, the Venture Capital Hub**
- Development of a **system approach for SME acceleration**: 532 supporting projects and 8.3 million euro invested
- **Clustering actions**, companies aggregation for collaborative projects development and related products: **Infomobility Cluster** launched in Nov 2005; future clusters on e-security and food logistics (RFID)
- **Networking** small and large enterprises: Pacte PME, call for projects,
- Set up of **High Impact R&D projects** involving small and large enterprises
- R&D support in the field of European GNSS Galileo: **"Galileo Call for proposals"**, **Precision Timing Facility**
- Value exploitation of **Intellectual Property**: 59 patents
- Setting-up a **worldwide network of contacts** among peer bodies, aimed at supporting internationalization of companies

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- **Specialized technical support:** consultancy, feasibility studies, assistance for field trials and usability tests ,
- Support in **technology transfer** inward and outward
- **Industry analysis:** deep evaluation of the business potential (competitive analysis, attractiveness and market dynamics)
- **Networking** and **business internationalization**
- Technical and professional **training** through customized programs
- **Intellectual property** management
- Counseling in **communication strategy and PR**
- Access to **angel investing and seed capital**
- Opportunities for **clustering and alliances**

Most effective actions supporting innovation in SMEs:

- “Tailor-made” actions addressing the needs of a specific company
- Systemic actions aiming at growing an “environmental infrastructure” of “complementary” resources (intellectual property, applied research, technology scouting, high-level education, venture capital,)
- Systemic actions aiming at “structuring the sector” (networking, complex projects dealing with emerging technologies and/or sectors,

It is mandatory to identify areas where innovation-supporting activities are to be concentrated, avoiding any excessive diversification/dispersion of efforts

Specific support to SMEs: some figures

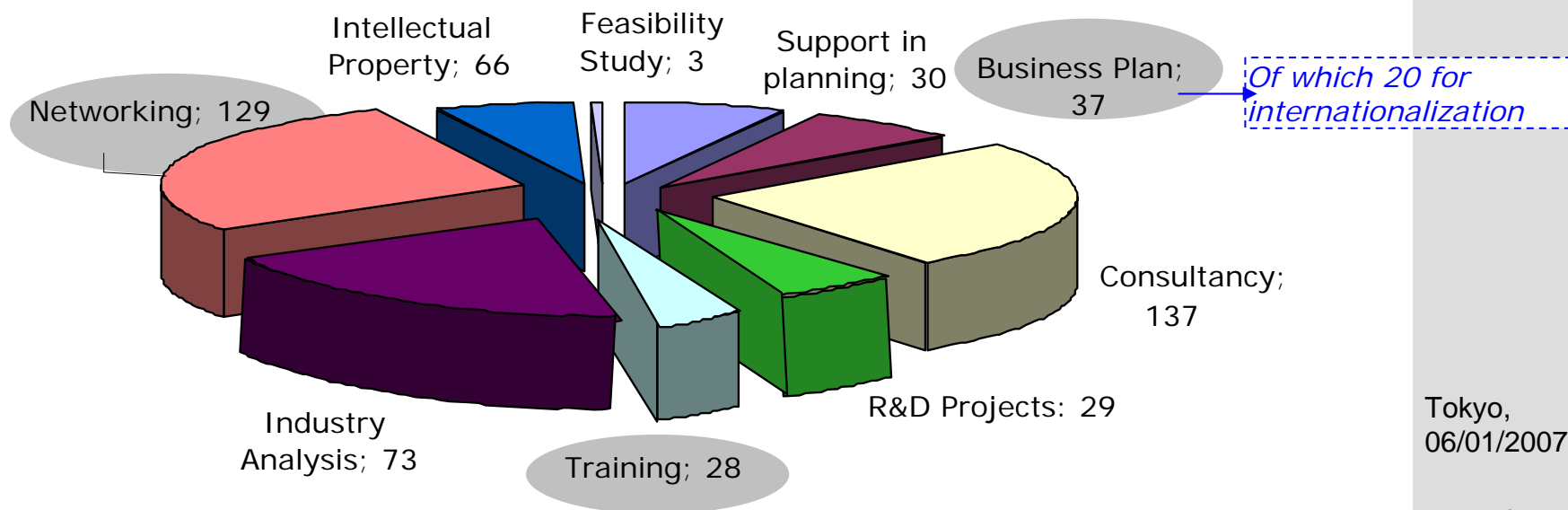
- Supporting Projects: 532
- Companies involved: 182

Average market value (each):

€ 16 K

Investments on the region :

€ 8,3 M



In the framework of intangible goods, the IPR management requires a **professional approach**.

The IAM project is a cooperation between Torino Wireless Foundation, public and private research institutions and local SMEs

Actions:

- Intellectual property protection
- Support and guide to the whole value chain, from the early stage of R&D planning to licensing activities
- IPR valorization to reach new markets, new partners, new R&D opportunities

• Results:

- **59 patents filed** since the start of the project (September 2003)
- MoU with the Polytechnic of Milan to evaluate common actions for IPR support
- Creation of an open consortium among universities for IPR valorization

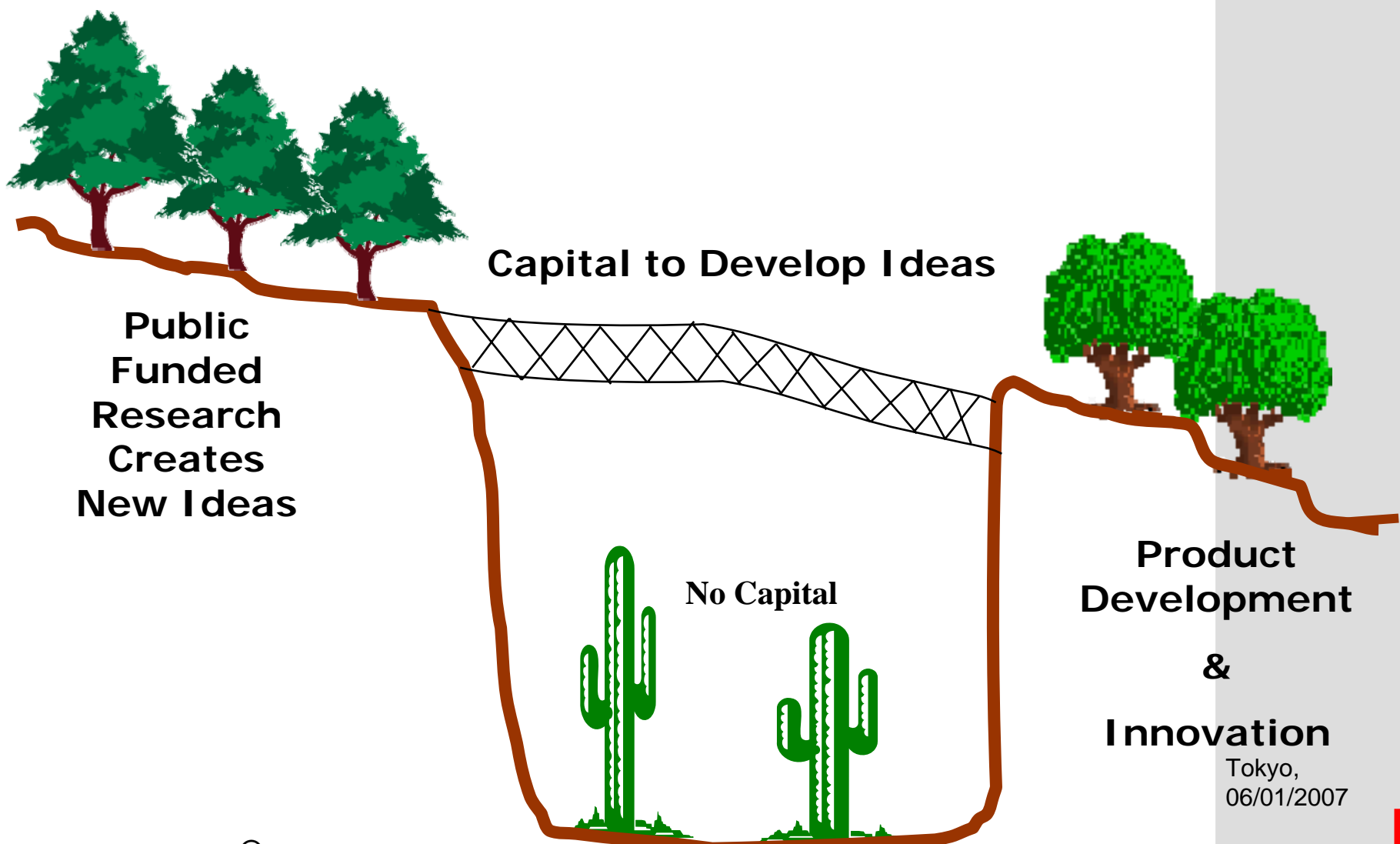
Clustering between SMEs

- An initiative aimed at promoting systemic and cooperative approach among the companies operating at different stages of the same value chain.
- The best matching between market potential and companies competences was identified in **mobility management**.
- Further opportunities can be found in **multimedia, E-security, E-health**
- Companies aggregation on collaborative projects and related product development has been stimulated and a number of selected intervention has been launched:
 - Working groups involving 32 companies
 - Definition of 4 vertical commercial projects, involving 8 to 15 companies
 - Definition of 2 structural actions aiming at strengthening the cluster structure (Showcase and Governance Body)
 - Raising awareness in the Public Administration on innovative systems for mobility management for goods and people

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The Valley of Death: Early-Stage Funding Gap



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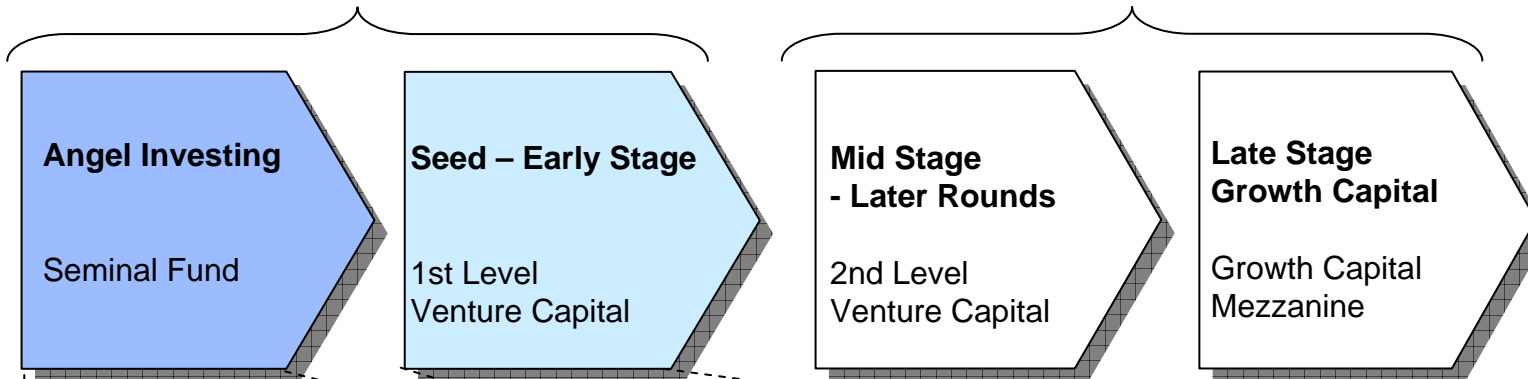
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Focus on early stages

Local action through local players
high priority

Networking and partnership with national and
international players in short-medium term



Angel Investing: over €5M fund



- To invest in 40-50 companies / business plans
- Leverages the competences and the services from Torino Wireless, I3P
- Founded in July 2004.
- To date, 13 investments

1° level VC: €80 Mln



- To invest in about 30 innovative companies
- Financial return as the main goal
- Active investment style
- IRR target in line with market
- Operative since may 2006
- Several deals in closure

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The Venture Capital Hub

Objective

- a **physical place** that is visible and reachable by entrepreneurs in search of early stage capital
- a physical place where early stage investors can **confront and share deal flow**
- an environment where some of the more advanced mechanisms of venture capital can be implemented because there is a **critical mass of deal flow and competences**: e.g. an “entrepreneur in residence” program
- a laboratory to foster **academic and venture capital worlds interaction**

Members



Club degli Investitori

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Leverage effect on resources of the High Tech District



	2003 - 2007	Leverage ratio 2007	2003 - 2012	Leverage ratio 2012
Public resources on Torino Wireless	€ 26,5 M	1	€ 53 M	1
Public resources- additional attracted	€ 32,0 M	1,2	€ 80 M	1,5
Private resources – additional attracted	€ 85,0 M	3,2	€ 200 M	3,7
Total attracted	€ 117,0 M	4,4	€ 280 M	5,2
Total	€ 143,5 M	5,4	€ 333 M	6,2
ratio Private / Public	1,4		1,5	

National and international networks

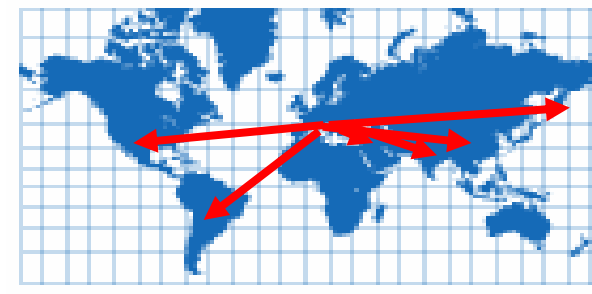


National collaborations:

- **ADiTe - Italian Technological Districts Association:** Torino Wireless, Imast Napoli, Veneto Nanotech, CBM Trieste: cooperation and exchange of best practices
- **Politecnico Milano:** Agreement on Intellectual Property and Venture Capital

International collaborations:

- Network of excellence in Wireless Communication **NEWCOM:** 62 universities, 800 researchers (PQ VI Network)
- MoU with **Sophia Antipolis** hi-tech Cluster (France)
- MoU with **Queensland State** and **NICTA** (Australia)
- MoU with **Fundaciòn Chile** on Galileo (Chile)
- MoU with **Sapporo District** and **Softopia**, funded by **JETRO** (Japan)
- MoU with **British Columbia Wireless Cluster** and with the **Federal Research Center on telecommunications** – CRC (Canada)
- Joint Projects with **UCLA** on Sensor Networks



Internationalization Programs:

- **UCLA Global Access Program** (USA) – 31 companies participating in 4 editions of GAP (from 2003 to 2006)
- **Excellence Match Program** (China) – 8 companies involved in 2006
- **China Access Bridge** (China) - 8 companies involved in 2006
- **Asia Invest II: Riding the waves of innovation** (India) – 10 companies involved in 2007
- **Pacte PME** (France) – 5 companies involved in 2006

Seven key findings from our experience

- Innovation is a **non linear complex process**: many overlaps and unexpected outcomes
- **Public - private partnerships** is instrumental to obtain the necessary support and create the needed incentives.
- All local **key stakeholders** should be involved.
- Achieving **critical mass** and **sustainable processes** (selectivity in spite of politically comfortable blind acceptance)
- No a-priori menu: identify **the right focus** and **blend of instruments** leveraging on territorial characteristics and strengths.
- Avoiding one-shot isolated actions and introducing strong **synergy and interaction** between the different program lines.
- Balancing **long term goals** with **visible short term achievements**.

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