



DIH-WORLD

WIDENING DIGITAL INNOVATION HUBS

WORKING GROUP EVENT REPORT:
POLICYMAKERS AND DIHS AS PROMOTERS OF LOCAL INNOVATION

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Working Group Event Report
Policymaker and DIHs as promoters of Innovation

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1. INTRODUCTION

Context

DIH-World - Accelerating deployment & maturity of DIHs for the Digitisation of European SMEs - is a research and innovation project funded by the European Commission through the Horizon 2020 programme under the call for proposals H2020-DT-2019-2, DT-ICT-03-2020.

It has been proposed by a consortium of 41 organisations, including big corporations, small-medium enterprises (SMEs) and 27 Digital Innovation Hubs (DIHs) from 26 different European countries, and will last 36 months starting from July 2020. The consortium will be widened along the project - through the launch of two open calls - to include other DIHs and SMEs.

The key objective of DIH-World is to accelerate the uptake of advanced digital technologies by European manufacturing SMEs in all sectors and to support them in building sustainable competitive advantages and reaching global markets, leveraging the presence of regional DIHs.

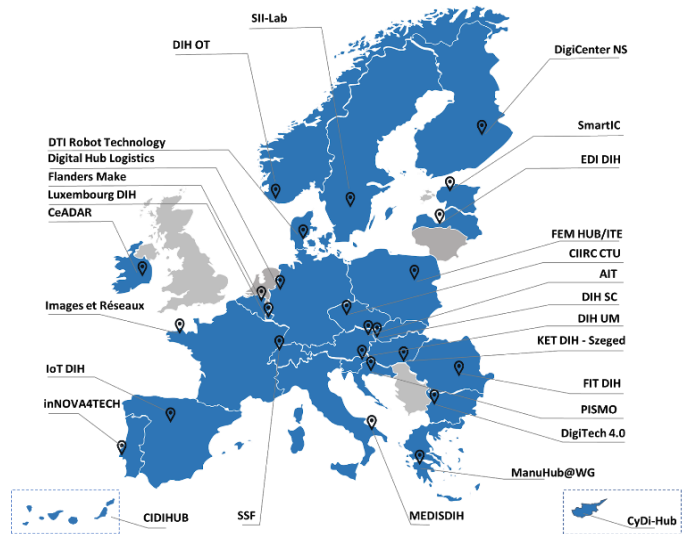


Figure 1. The Network of 27 DIHs

In order to reach this objective and support the creation of a community of DIHs that collaborate in concrete projects, learn from each other and share knowledge and experiences, DIH-World has designed innovative tools to train DIHs and bring them to the next level, such as, for instance, the DIH-World platform providing a full coverage of the services needed by DIHs and SMEs or the DIH-Academy, providing direct training to DIHs.

In addition to this, in the context of Work Package 4 “**DIH-World Connecting**”, the project aims at designing and implementing concrete activities and tools designed to facilitate networking and negotiation among DIHs and relevant stakeholders, including the creation of this Working Group made up of DIHs and local policymakers.

Specifically, **Task 4.6 “DIH-World engaging national initiatives”**, has been created to strengthen and consolidate the **linkup to regional initiatives and facilitate the interactions between DIHs and policy makers**. The event is the first meeting of the DIH-World Working Group dedicated to local policymakers and DIHs, aiming to put together in a more structured way DIHs with their local policymaker counterparts. This will actively contribute to the wider objectives of the Work Package and of the project as a whole, complemented by other foreseen activities.

Objectives of the document

This document reports the results of the first DIH-World Working Group event, aiming to put together the most interesting elements shared and provide a follow-up to this kick-started community.

More specifically, the document explores the following topics:

- The **DIH-World Working Group event** (Chapter 2);
- **Concrete examples of collaboration models between DIHs and policymakers**, presenting three success stories of cooperation between DIHs and policymakers at local level (Chapter 3);
- **Challenges and potential solutions of collaboration** between policymakers and DIHs in order to partner more effectively to promote local innovation (Chapter 4);
- Some **final remarks with key takeaways and next steps** in terms of operational activities to be carried out in the context of Task 4.6 (Chapter 5).

2. THE DIH-WORLD WORKING GROUP EVENT

The goal of the Working Group event was to establish the first Working Group of DIHs and local policymakers from all over Europe. Due to the current Covid-19 restrictions, the event took place online on the 14th of June, from 11:00 am till 12:30 pm.

The Working Group was composed of local and regional representatives deeply rooted in the implementation of Industry 4.0 national initiatives, and other relevant initiatives such as regional Smart specialisation. Overall, 34 representatives of DIHs and policymakers from 14 different countries attended the event.

It was structured in two main sessions. The first session addressed the experiences of three DIHs with their local policy maker “counterparts” who were invited to share their collaboration experiences. While the second session was aimed at interactively discussing and exploring the challenges and potential solutions to collaboration between policymakers and DIHs.

The event was introduced by David Brunelleschi, Senior Manager at PwC Italy and core member of the DIH-World Consortium, who also outlined the general Agenda and introduced the speakers.

Below the official Agenda of the event.

Table 1. The Agenda

<i>Time</i>	<i>Session</i>
11:00 – 11:10	Welcome greetings and introduction by Giovanna Galasso, PwC
11:10 – 11:50	Panel session: collaboration models between DIHs and policymakers + Q&As moderated by David Brunelleschi, PwC
11:50 – 12:20	Interactive session: how DIHs and policymakers can partner to foster local innovation moderated by Serena Vivarelli and Costanza Bersani, PwC
12:20 – 12:30	The way forward: next steps

Following the brief introduction, PwC Director Giovanna Galasso presented a general overview of the DIH-World Project together with the goals and objectives of the event. During her presentation, Ms. Galasso outlined the objectives and scope of the Working Group, stressing the importance of actively engaging policymakers and DIHs for accomplishing the project’s goals and the European strategy on digitalisation.

More specifically, the key objectives of the event involving DIHs and policymakers were to:

- Get inspired by sharing best practices and working together to solve common challenges related to local innovation models;
- Connect different levels of policy making in the domains related to DIHs, from local to European level;
- Network and get to know relevant stakeholders from different countries all over Europe;
- Shape the European discussion on the development of local innovation ecosystems.

DIHs and Smart Specialisation Strategies

Ms. Galasso then outlined the strategic importance of DIHs for the smart specialisation of regions. DIHs play a key role in their connection to the regional innovation ecosystem and smart specialisation strategy (S3). Indeed, with regards to the S3, DIHs can play an important role by providing support to the digitalisation of multiple sectors and by mobilising relevant stakeholders at local level towards digital innovation, helping regions to strategically set digital priorities.

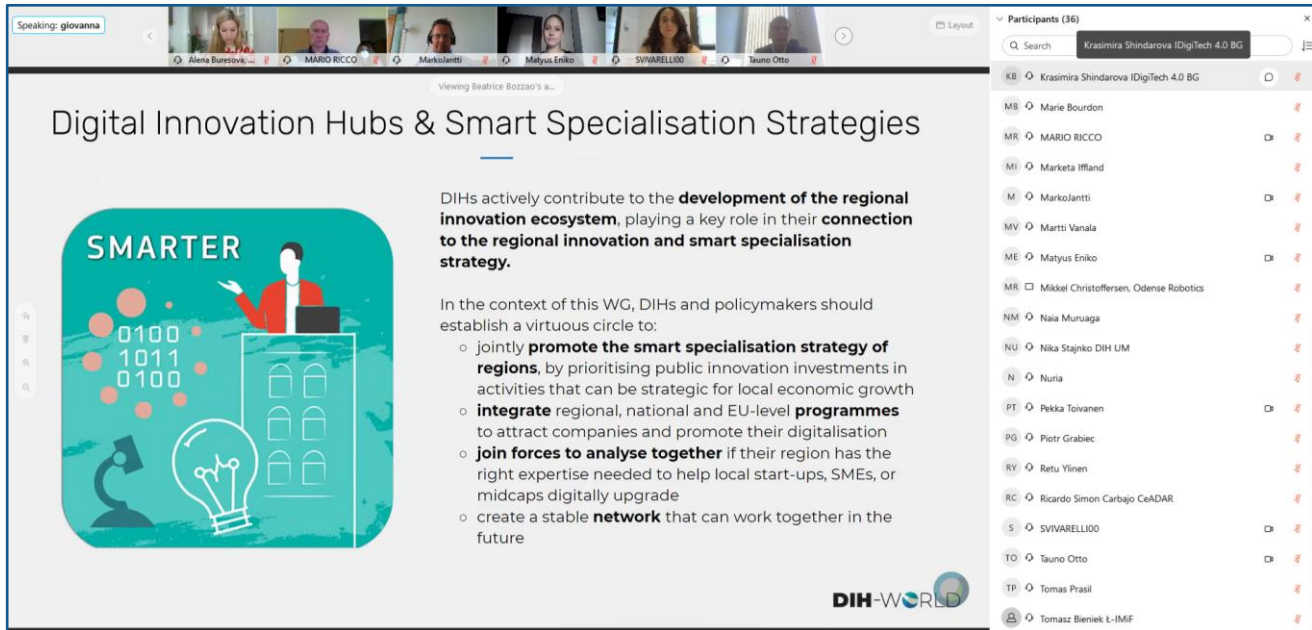


Figure 2. Introduction to the event by G. Galasso (screenshot)

In the context of this Working Group, DIHs and policymakers should establish a virtuous circle to:

- jointly promote the smart specialisation strategy of regions, by prioritising public innovation investments in activities that can be strategic for local economic growth;
- integrate regional, national and EU-level programmes to attract companies and promote their digitalisation;
- join forces to analyse together if their region has the right expertise needed to help local start-ups, SMEs, or midcaps digitally upgrade;
- create a stable network that can work together in the future.

The idea is to set up a forum where DIHs can work well with local and regional policymakers to strengthen the local innovation ecosystem. This or similar formats could then be suggested to the European Commission in order to carry out this kind of activities in a more structured way in the future with more policymakers and DIHs.

The Working Group was initially planned to meet once a year in the context of an online interactive event. Since participants deemed it a particularly useful opportunity for discussion, it has been decided that the event will take place more than once a year throughout the project’s duration.

3. CONCRETE EXAMPLES OF COLLABORATION MODELS BETWEEN DIHS AND POLICYMAKERS

During this session, three examples of collaboration experience between DIHs and local policy maker counterparts have been presented.

3.1 MEDISDIH & Apulia region

The two speakers of this session were Dr. Mario Ricco and Ing. Alessandro Antonio Zizzari. Dr. Ricco is currently General Manager of MEDISDIH, the Apulian Mechatronic Technological Cluster and Digital Innovation Hub, while Ing. Zizzari works at Apulia Region (Italy) in the area of Digital Transformation since 2017.

MEDISDIH, the Apulian Mechatronics Technological Cluster and Digital Innovation Hub is a single structure integrating two ways of being protagonists of the industrial development of the territory. In February 2018, it also adopted the mission of Regional Digital Innovation Hub.

Under this double role, the Hub has been able to quickly understand the best growth opportunities for the digital innovation and transformation of regional industries, giving feedback to governments and fostering connections within the local ecosystem. At the same time, it has used its expertise to help small companies grow and access regional opportunities.

Dr. Ricco explained how MEDISDIH, as a technological Cluster, can support Apulian Policy Makers (Apulia Region) in actuating their Industrial Regional strategies. The orchestrator role of the DIH between industrial needs and available competences gives MEDISDIH an important role in supporting the region's Industrial Strategies. Moving onto the discussion, Dr. Zizzari outlined how the interaction of Apulia Region with MEDISDIH, having such a double role, is targeting the possibility for local Policy Makers to require a reliable and fast check of their Industrial strategies. This "on demand" interaction with MEDISDIH, in fact, allows the Apulia Region to rapidly activate another point of view on its strategies, especially with regards to the requirements of regional entrepreneurs working in different sectors.

3.2 DigiCenter North Savo (UEF) & City of Kuopio

The speakers of this session were Prof. Pekka Tovainen from DigiCenter North Savo (University of Eastern Finland), together with representatives of the City of Kuopio in Finland, Martti Vanala and Retu Ylinen.

The DigiCenter North Savo is a DIH dealing with digitalisation in a broad perspective and Artificial Intelligence. The hub has strong connections with the local stakeholders of the City of Kuopio and Northern Savo region. For example, they started a Data Refinery project with the City of Kuopio to apply AI and implement 5G networks for the benefit of local inhabitants. They have been collaborating to enhance the use of open data and promote data economy, e.g. collecting open data related stakeholder needs from companies and other actors. Besides this, they have also organised a series of seminars for companies and other organisations, with an active participation especially in their AI and Cyber Security seminars. Moreover, they started digital courses for schools.

Retu Ylinen highlighted that, from the Kuopio city point of view, they had an intense and fruitful cooperation with the DIH. This functioned extremely well, for example, in the construction of the new district in the city of Kuopio, which is located in the same area of the DigiCenter and of the University campus. In this way, they were able to exchange ideas and meet researchers and experts more rapidly and efficiently. The construction of a new infrastructure related to the smart city allowed them to build a Data Refinery project. Martti Vanala then illustrated that this project has been lasting for two and a half years. Specifically, they are creating a Smart city platform for the city of Kuopio in order to make better use of data from different sources and promote local solutions based on the circular economy. They are delivering the data to end-users like businesses, universities, hospitals and so on. This data refinery is similar to a Data Hub.

This experiment represents another kind of collaboration, focused on the exchange of specific support services and initiatives, e.g. the Data Hub. In this context, the DIH and local policy makers are able to expand to everything else that comes along with collaboration between the Hub and local authorities, i.e. generating awareness in both directions.

3.3 CIIRC CTU & Czech Industrial Association representatives

The speaker of this session was Alena Buresova from Czech Institute of Informatics, Robotics, and Cybernetics (CIIRC CTU) based in Prague (Czech Republic) together with key representatives of the Czech Industrial reality, Pavel Vokáč, Vice President of the Association of Small and Medium-sized Enterprises and Crafts of the Czech Republic and Tomáš Prášil, Director of Project Management at the MOTOR JIKOV Group.

CIIRC CTU is the newest institute of the Czech Technical University (CTU) in Prague, established in 2013. CIIRC CTU's research focuses on four basic pillars: industry, energy, smart cities, and healthy society, all implemented in basic and applied research. It plays an important role in connecting Universities, innovation centres, and companies and aims to become a leading European centre for Artificial Intelligence. Moreover, their ultimate goal is to bring digital innovation to Czech companies, especially SMEs. Their vision is to implement the Industry 4.0 concept by providing the research potential and know-how transfer to the Czech industry (mainly to SMEs) in the field of manufacturing.

In liaising with external stakeholders, CIIRC CTU boosted up effective discussion about industry digitalisation by organising the *National Summit of Industry 2020*, the top-level meeting of Czech government officials, representatives of sciences and industry (with 500 manufacturing industrial companies). Members and leaders of these organisations are also regularly invited as speakers and also as guests to the DIH conferences and other events organised by the Hub. Indeed, the Czech economy is hugely dependent upon industry; there is a constant need to innovate in order to remain competitive. The members of CIIRC CTU are closely connected to the main associations of the Czech industry, e.g. Business Chamber, Association of the industry and transformation, Association of SMEs and others. For instance, the Association of Small and Medium-sized Enterprises and Crafts of the Czech Republic is a key partner of CIIRC CTU, representing SMEs in Czech Republic on a government level- policy decision-makers, representative of 260.000 entrepreneurial subjects in Czech Republic.

The hub acts as a national platform for innovation where all key players can meet, discuss and foster collaboration opportunities for innovation within the local ecosystem and policy-making environments.

4. HOW TO PARTNER TO FOSTER LOCAL INNOVATION: CHALLENGES AND POTENTIAL SOLUTIONS

The goal of this final session was to understand why collaboration scenarios between policymakers and DIHs can be hard to realise and to identify the best ways for them to partner together with the aim of fostering innovation at local level.

To this end, participants were asked to answer the following question: *what are the **main challenges and difficulties** preventing collaboration between local policymakers and Digital Innovation Hubs?*

The first obstacle identified as an important challenge to effective collaboration is the legacy and strong **dependence of DIHs and SMEs on government financial support**, having a significant effect on the risk aversion and lack of entrepreneurial mindset of local enterprises. Changing the mindset of companies that have been used to receiving lump sum money to develop products is an important challenge, stifling innovation. Consequently, financial support should be more balanced and take into account the risk perspective of local entrepreneurs. On the other hand, DIHs also outlined that certain government bodies have recently increased the requirements for funding innovation, e.g. requesting higher turnover levels for companies compared to the past. In other countries, funding has become harder to obtain. Moreover, with national/regional co-funding, the interests of "local" public authorities must also be taken into consideration, when addressing EU-wide collaboration, i.e. the EC, the DTA and consortium of the future EDIHs must continuously find balance between all these interests.

For some organisations, like Universities, it is important to consider that **co-funding schemes** can often be perceived as obstacles to submit applications due to complex mechanisms. One of the issues faced by Universities is that the academic world is often reluctant to take on responsibility without a clear value for money. A potential solution could be to produce more scientific papers demonstrating the worthiness of co-funded projects.

Another relevant obstacle to collaboration relates to the **time and effort needed for information sharing**. Putting different stakeholders together and channelling opinions towards the government is not always easy. Moreover, problems often emerge in the communication flow between the public and private sector for digital and innovative policy. Government officials often lag behind and struggle to make the changes that companies would like to see implemented, also due to a low level of awareness.

Following these initial conversations, some **potential solutions** have been discussed more in depth. First, some DIHs have argued that technical reviews could focus more on value for money and balancing industrial risks in order to create the right incentives for companies to innovate. A solution to funding can be to **create independent centres for financing projects**, i.e. business centres with their own funding mechanisms in order to transform technologies into products (also through the establishment of spin-off companies) and allow basic research to reach the market through regular interactions with the DIHs.

According to some hubs, changes are required also with regards to the **timeframe of the political appointment of local policymakers** in order to create the right context for funding and promoting local innovation. Some countries, for example, have established regional centres to promote competitiveness and contribute to the funding of development projects for companies.

According to some policymakers, countries need to **develop triple helix co-operation ecosystems**, with DIHs at the centre. For example, to develop innovative policy instruments, hackathons can be used as development platforms, also in order to involve private sector representatives, and shorten the time needed for the development of innovative policy. The typical time frame for writing policies is often long due to the lack of knowledge for the public sector representatives, i.e. few people in the public sector understand solutions in the areas of AI, cybersecurity or HPC therefore, private sector experts need to be involved as much as possible also in their own interest.

In doing so, DIHs must be connectors between policymakers and the local ecosystem, becoming their "eyes and ears" in order to help policymakers develop policies in line with the evolution of the market.

5. KEY TAKEAWAYS AND NEXT STEPS

The three examples brought forward by DIHs and policymakers demonstrated that collaboration between them can fruitfully occur in different modalities. In fact, it was shown how collaboration can happen through “on demand” interaction between DIHs and regional policymakers as in the Apulia region case, but also by exchanging specific support services and initiatives, as in the case of the Data Hub created for the city of Kuopio in Finland. Moreover, collaboration may come to life when DIHs act as national (or regional) platforms and fora for key stakeholders, allowing them to meet, discuss and network, as CIIRC CTU does.

Several insightful points also emerged during the interactive discussion on how to foster local innovation in the most effective ways, which allowed us to better understand the specific obstacles and challenges that might lower collaboration between DIHs and local policymakers.

For instance, difficulties related to financial support and co-funding schemes, which are often designed in ways that do not create the correct incentives to innovate, may reduce collaboration opportunities. Moreover, both policymakers and DIHs have underlined how the lack of timely communication and exchange of information between the private and public sectors often results in missed opportunities to promote policies to foster innovation. Following this discussion, participants identified potential solutions to address them, e.g. creating business centres to independently finance projects, or finding new occasions to allow the public and private realm to meet and share ideas on innovation, allowing DIHs to be the mediators and connectors between these two realities.

Overall, this event was a first attempt to allow these two ends to virtually meet and exchange ideas. This community of local policymakers and Digital Innovation Hubs will be progressively expanded to foster a virtuous cycle in which DIHs and policymakers can collaborate both at national and regional level also on concrete projects, e.g. by jointly contributing to the Smart Specialisation Strategy of regions.

In the future, the Working Group will meet regularly online and onsite (at least once a year) to ensure the flow of information and best practices between regional, national and European initiatives. One suggestion could be to create an online dedicated space (e.g. a forum or community through the DIH-World portal) for DIHs and policymakers to keep in touch and discuss.

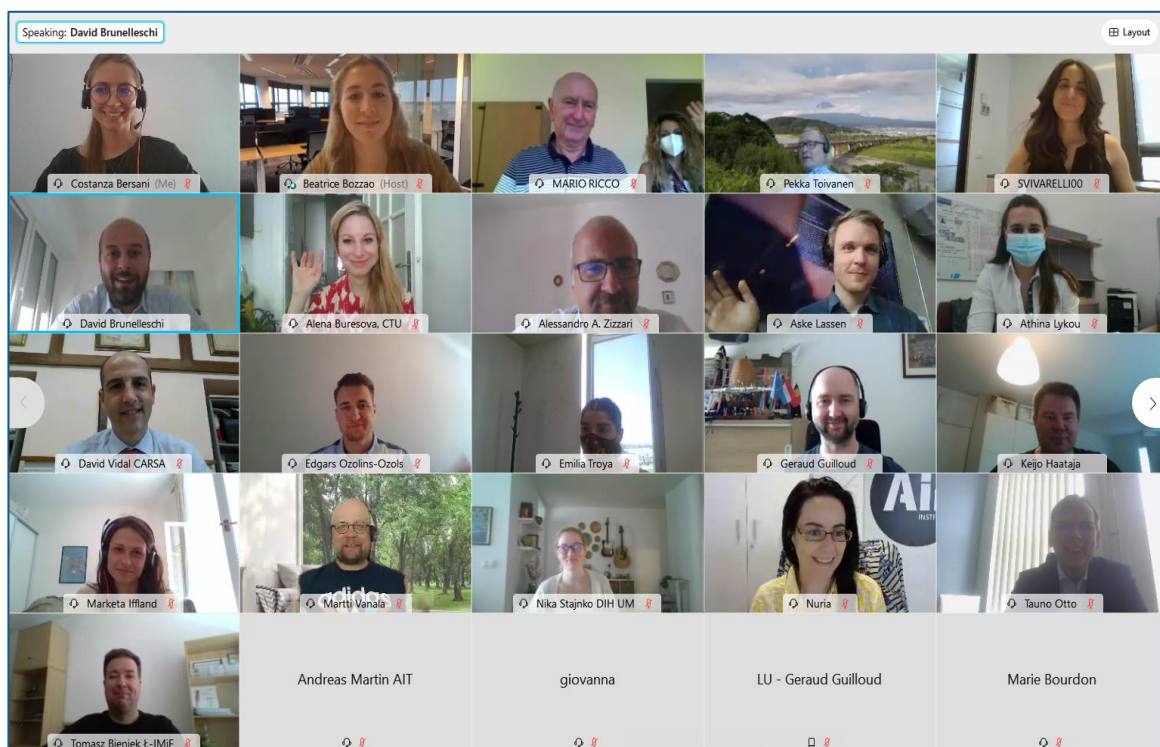


Figure 3. Final virtual group picture