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## **TASK FORCE #6 ON “USING EXCELLENT CLUSTERS TO ADDRESS EMERGING INDUSTRIES (AND SERVICES)”**

### **WORKSHOP #1**

12-13 May 2011, Warsaw

## **CONCLUSIONS**

### **I. MAIN CONCLUSIONS**

- 1) Emerging industries should be broadly understood to include both new industrial sectors and existing sectors that are evolving and upgrading or merging into new industries.
- 2) Policy action to support areas of growth needs to have a clear rationale and should be justified by market, system or policy failure. The public sector should not intervene unless it's catalysing a trend that is already underway, or creating opportunities for existing clusters/R&I actors to develop ideas together. The role of the policymaker is not to predict emerging industries, but rather to be aware of initial signs of emergence and shorten the time to market.
- 3) Clusters in emerging industries should be considered as a broader concept that may not be easily identified through traditional statistical methods – but rather require the use of combinations of methods to help identify growth areas and start cluster programmes. In addition to observation of business growth and profitability that is higher than industry averages, identification criteria related to strategy, cross-industry scope, end-user markets or business concepts are important.
- 4) Cluster programmes could be initiated in sectors where niches have been identified with a strong focus on cross-sectoral collaboration or in areas where regional economic performance is stronger than the national average.
- 5) Involving alternative expert groups like for instance students or designers, can contribute different perspectives/expertise and provide valuable insight into emerging industries (both to identification of new growth areas, and to evaluation of applications).
- 6) To successfully foster emergence of new industries and services, cluster development programmes should be multidimensional – pursuing a matrix of technology, markets and business sectors of strength.
- 7) It is necessary to exploit the potential of inter-clustering and cross-fertilization platforms to stimulate growth areas.
- 8) Cluster value chains seem to represent a great potential with regard to emerging industries that often means shifting from offering products and services to providing solutions.
- 9) Emerging industries and clusters could be supported through public procurement with a strong focus on pre-commercial procurement.
- 10) Emerging industries and services need more flexible financing approaches – e.g. phased financing with smaller amounts to a broader group of beneficiaries for shorter periods of time, and later with

higher levels of financing for longer periods of time (conditional on achieving specific milestones).

- 11) TACTICS TF6 is expected to follow-up on ECPG recommendations, while also trying to capitalize on other EU actions/policy areas (e.g. providing contributions to the new ECO extension and the forthcoming communication on clusters). ECA will form a good validation platform for proposed policy actions and measures.

## II. DISCUSSION AND RECOMMENDATIONS

- 1) Two different policy approaches were discussed in relation to supporting new areas of growth: focus solely on improving framework conditions versus more proactive role of policy makers in identifying and stimulating emerging areas.
- 2) For the policymaker, there is a danger of acting on old information and being behind the market.
- 3) Presentation and discussion of cases (from regional/national levels) provided examples of a number of policy actions for catalyzing emerging industries that seem to work well (see list of possible policy actions in Appendix I).
- 4) Internationalisation can be important for emerging areas of growth but this depends on the sector.
- 5) Working with emerging growth areas is a medium-term process (and investment).
- 6) Use public procurement to boost emerging industries. Public procurement needs to be better oriented towards using clusters which can be also involved to help define the procurement outline. Better links with clusters are needed to understand what they can provide while educating/training SMEs would help them understand how they can work together and respond to calls).
- 7) Matching economic and scientific fields of strength and working on cross-sectoral networks (e.g. human resources, logistics, design and media, etc.) can help clusters/regions to identify area of specialization/niche.
- 8) There is a role for COs to get policymakers to important issues like for instance standards and legislation, identifying needs for tax incentives, supporting pre-commercialization, phase funding, gap funding, etc.
- 9) Smart specialization platform that will be launched soon by DG REGIO is very welcome and seems to be a good support mechanism for regions and clusters.

## III. ACTIONS

Related to the list of possible policy actions (see Appendix), the group proposed a number areas for further investigation or testing of possible policy actions. These are listed below.

- 1) Continue contact with LEAD ERA-NET project to see what projects are being taken forward (and if these can be used as additional cases of working with emerging industries and services).



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- 2) Raise awareness on importance of (and provide financial incentives for) using new methodologies for preparing R&I projects like for instance consulting alternative expert groups (e.g. students), organizing 'open innovation events', etc.
- 3) Investigate existing projects/initiatives to see how they address emerging industries/services:
  - Further explore the VINNVÄXT "early stages" cluster programme by inviting one of the cluster initiatives to present to the Reflection Group at the September meeting.
  - Look deeper into other projects and initiatives in relation to cross-sectoral, transnational collaboration (BSR Stars/StarDust, STRENGTH, RoK, KICs, etc.).
  - Explore existing PPP initiatives within FP7 and JTI (how do they work with clusters).
- 4) Investigate what role existing physical research infrastructure in the regions (e.g. incubators, test facilities) plays in facilitating emergence of industries/services.
- 5) Discuss the role of clusters in the projects targeting grand challenge fields (EU-funded large scale demonstration projects in key enabling technologies topic, new Innovation Partnerships).
- 6) Continue to use Innovation Express as a mechanism and brand to work with inter-clustering, with a focus on emerging industries/services that could be a subject of a future call. Elaborate on Innovation Express to see how international trans-clustering can stimulate emerging industries/services.
- 7) Develop a methodology for cluster organisations to conduct open innovation events to involve societal actors (awareness-raising and 'action' events).
- 8) Investigate the opportunity offered by the Paris Region Innovation Tour in December to start working with a concrete inter-clustering action with possible linkages with ECCP, etc.
- 9) Propose a new structure for an 'EU cluster programme' promoting inter-clustering.

#### **IV. NEXT STEPS**

- 1) Investigate what has been done in Germany (Spitzencluster programme) and UK (TSB) regarding emerging industries and services (selecting emerging areas/themes, planning work with cluster policy and with pre-commercial public procurement, linkages to clusters and KTNs that bring together private sector and universities to work with emerging technologies, etc.).
- 2) Develop a questionnaire for ECA members based on TACTICS TF#6 call for cases and conclusions (before summer break) and have results validated by RG experts.
- 3) Provide analysis and recommendations and develop activities to be shared with ECO extension project that will be working on a cluster scoreboard tested on 3 emerging industries and analysing framework conditions related to emerging industries.
- 4) Organize in September a joint meeting with the winner of ECO extension call to discuss key points and how to work together for the remaining period.
- 5) Organize 2nd TF#6 WS as a part of broader event including TF#5 and probably ECA.

DF, PARP and EW/CJ, VINNOVA  
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## Appendix

# LIST OF POSSIBLE POLICY ACTIONS RELATED TO EMERGING INDUSTRIES/SERVICES

1. Activities related to smart observation and better understanding 'emerging growth areas':
  - a. Always use combinations of methods for helping to identify growth areas (data, intelligence + consultation with experts and others)
    - use intelligence and bottom-up consultations (interviews at companies, universities, chambers of commerce, expert panels, etc.) along with data to identify emerging areas and try to find new creative ways to identify growth areas
    - new types of expert panels (e.g. students, designers) can contribute different perspectives/expertise and help identify interesting growth areas
  - b. Foresight and other analyses on future market opportunities are important inputs
    - financing of external studies on market potential/opportunities for cross-clustering
  - c. New methods (and training sessions for cluster organizations and cluster actors) for identifying and stimulating growth areas (with inspiration from service innovation methods) could be considered
    - informational or training sessions (for cluster actors) to “spread intelligence” and highlight renewal/transformation opportunities
2. Support to inter-clustering and cross-fertilisation platforms (cross-sectoral, cross-disciplinary, INTERNATIONAL) can help stimulate growth areas:
  - a. Special programmes aimed at linking different (existing) clusters that can complement each other
    - develop network opportunities in order to create culture for working together through platforms for collaboration and cross-fertilization
  - b. Phased financing approaches to filter through ideas over time
  - c. Apply phased financing approaches to filter through ideas over time
    - initial financing can target short-term activities (like for instance feasibility studies or pre-commercialization phase)
    - later stages of financing can come from multiple sources and target longer-term activities (with financing distributed based on performance milestone)
  - d. Thematic platforms (some focused on 'grand challenges') that bring research and innovation actors/environments together
3. Other policy actions/support activities:
  - a. Funding to feasibility studies (IWT example) provides continuous opportunities to explore innovation ideas among groups of companies
  - b. Funding incubators, demonstrators, etc.
  - c. Pro-active analysis and “matching” of scientific and economic strengths (done by the public agency) (TMG example)
  - d. Time/money invested (by public agency) to ongoing coaching/facilitation of clusters/innovation networks in emerging areas on topics such as organizational structure, mobilization of actors, communication/branding, etc.
  - e. Financing of external strategic advisory support