



## **'Let's talk' crisis discussion groups – session 3 takeaways** **Impact of the COVID-19 pandemic on the STP/AOI industry**

As discussions are developing and connections are being made on an international scale, a picture is slowly forming. Science/technology parks and areas of innovation are standing relatively strong in these times of crisis and the situation is relatively good and stable, all things considered. However, although the impact seems to be better absorbed in these innovation ecosystems than elsewhere, inevitably the effects will be felt in various ways, and illustrated perhaps even visibly in terms of use of space and the shape of future infrastructures.

A reflection shared by many, and not just in relation to the STP/AOI industry, is that the full impact or consequences on the companies will not be felt yet. Time will tell and it will be next year when perhaps more data is available as to the crisis aftereffects. This is in part due to governmental measures in place in many countries which are supporting and protecting companies, either with grants, or with furlough schemes or legal procedures meaning that staff cannot be fired within this period. As and when businesses emerge from the pandemic towards the end of the year, so long as there are no further outbreaks, a truer picture will form.

STP/AOI managers have been very active, and proactive in the measures taken, using these dramatic and unprecedented circumstances to connect with companies. Teams have been formed internally, and companies have been contacted personally and tracked throughout in order to ensure their wellbeing and to identify needs. This enables the park/AOI managers to fully understand what their specific cases are and where individual problems emerge, these can be dealt with accordingly and promptly. Continuous updates are necessary in order for tenants to feel informed, and also calm in the context of how to proceed, **security measures** and knowing that there is support from the STP/AOI management team. As restrictions are gradually being relaxed in some places, it is important to have follow-up surveys and regular contact should be maintained.

In most cases, **rent deferral schemes** have been implemented, with approximately 30-40% requiring this, but to date there have been no significant losses or companies having to leave, although some job loss is inevitably on the cards. Some countries are at a different stage of the pandemic, and are yet to reach the peak and so are still observing and learning from other places with regards to processes and impact.

Another clear impact of the pandemic was the opportunity it has created for **digital entrepreneurs**. STP/AOI managers also play a key role in changing the mindset of entrepreneurs (especially those already in digital & health sectors) so as to optimise the situation and even grow and explore new avenues. Virtual incubation is becoming a trend, with service offerings now being done virtually. It has been found that many programmes can be carried out with online means, and even saving money in the process. Much more can be done in this aspect than previously realised but this is only possible with smooth connectivity and Wi-Fi. This means that some countries and regions are having to make a significant effort in rolling out Wi-Fi and support to allow services to be delivered and online activities carried out. In some cases, for countries who face a challenge in accessing virtual platforms (especially from international suppliers), this is a good opportunity for local or national companies to provide alternatives.



A question facing many is the use of **current workspace** – are these big spaces that many STPs/AOIs currently have really needed? In some cases, this is being evaluated in terms of reducing office space, increasing areas for co-working and meetings, as well as providing more space for prototyping and production instead. The investment previously being put into infrastructures can be reassigned to digital assets and tools. New laboratories and buildings being built or currently under progress will need to have a clear technological focus.

An additional issue that was addressed in the discussions was not just relating to the security measures and the STP/AOI infrastructures, but also the importance of the **public spaces**. With restrictions of public transport, changes of working timetables and general concern over safety, as workers begin to return to their offices new problems are being created – more cars are being used (increasing need for parking space) and common zones are being filled with more people as they use larger spaces or outside areas, and yet this must be within the stipulated 1.5m distance. All this adds complications, and in densely populated areas or more urban projects, it means that awareness-raising is key regarding behavioural patterns and logistical matters. Close collaboration with councils will be required as there will be overlapping mandates within some cities.

In terms of the **functioning of the STPs/AOIs**, overall companies have kept functioning but there is a significant need for research to continue and to return to as close to normal as possible. Although some activity has continued, it has inevitably been limited. The impact of this is still to be evaluated, and budgets for next year are still uncertain. Office workers have been able to continue from home, but labs and research have encountered more difficulties. The research element is crucial, as **R&D** is vital to all business to progress. Many universities closed, and as well as from an academic or research perspective, this also had an effect on those SMEs and startups counting on many students in their workforce, thus leaving them without staff.

Difficulties were also encountered by companies in certain sectors, but also for the service-based companies. Even if some elements have been able to be converted to digital, the main issue has been linked to the users of these services and many clients not able to pay.

There is some overall concern from **stakeholders**, especially as in some cases the large companies are starting to struggle. This is evidenced by them being less willing to engage in innovative endeavours and are focusing more on survival with a 'back to basics' strategy. The reinvention and innovative measures are being seen by smaller startups and SMEs as their only opportunity to move forward, so in their case more change and development is seen.

In general, STP/AOI managers do detect a retraction in the activity and 'eagerness' of investors as a result of the fear instilled by the pandemic. For the 'new normal' it is vital that STPs/AOIs reconnect with tenants and as well as maintaining the trust that was there previously, also gaining new trust as business moves forward. Many companies still require help and advice and so a **mentorship and support** role is more important than ever before. International connections are essential for this reconnection process and export opportunities between countries should be built upon. This is the beginning of a new cycle for STPs/AOIs and the creation of their innovation ecosystems, and possibly there may be new developments in other industries such as textiles.



Many **events and training courses** that were planned to be held in person have been provided online, allowing participation from people who would originally not have been able to fund travel or find space in their agendas, which has been an advantage to all involved. Although many programmes and processes were able to be converted to a more digital format, this has not been smooth in all cases. Bureaucracy also proved a challenge in some cases, with official documentation still requiring physical signatures on paper despite the availability of digital alternatives.

Inevitably, one of the main impacts from the coronavirus pandemic is the **real estate challenge** for STPs/AOIs. With the predicted reduction in demand for space this implies a necessary flexibility in the type of space being offered, possible adaptation of pricing, and new rental agreements. It is clear that the main income for STPs/AOIs cannot be rent alone, and the industry must be open to changes in tenants' behaviour and needs. The world is changing, and STPs/AOIs need to look ahead and keep adapting too.

There already has been a move from physical to virtual, and in many ways, this has increased the possibilities for STPs/AOIs to provide help and support to their communities. Many **services** will remain the same but will increase their virtual structure and components, and the digitalisation of companies is crucial here, as there may well be a return of Covid-19 (or equivalent) and the new environments need to be prepared for this. International networking and connections provide a great opportunity, there will be less travel than in the past, but networks and online communities will play a significant role.

Having a "**blended reality**" between the physical and virtual is no longer so far away, and this evolution in fact increases choice for users as well as potential business opportunities. A dual streaming of both online and offline should provide the best of both worlds, and despite the many open questions still out there, innovation ecosystems can, and should, view this crisis as a way to solve the challenge effectively and develop something new and better.

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