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Soft landing programmes

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Micro-multinationals: born to be global

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Soft Landing Programs

Technology development in the long run is a major factor in increasing productivity, economic growth and welfare of the citizens' life. That is why many countries are supporting innovative and technology companies. One of such important support tools are Science and Technology Parks (STPs) – specialized clusters of innovative companies maintaining supportive environment for business and technology development. Quite often parks are established by local authorities as a tool for regional economic development, jobs creation and an interface for cooperation of business and academic community (Mettler and Williams, 2011). For a long time the main purpose of STPs was to create convenient conditions for small and medium-sized enterprises to achieve the sustainable growth.

However, technologies are becoming increasingly global in nature. Advanced research is getting too expensive for one country's economy. As a result, we can see the development of large-scale international research projects (e.g. CERN). To achieve the breakthrough results active international cooperation is required. Thus, innovative companies are interested in tools and support for global development and cooperation (Palomo and Romero, 2012; Bertolin, 2015). Development of information technologies has led to the fact that companies with a unique value proposition are able to run business globally without a large bureaucratic superstructure (Mettler and Williams, 2011). In addition, popularization of new approaches to business development in early stages, including lean start-up has contributed to the effect. As a result, a special micro multinationals term has even been introduced to define companies operating on different continents, but still remaining small business in terms of number of employees (ibid).

All of these set a new mission for STPs' functioning: nowadays it is not enough to create a comfortable internal environment. Innovative companies are in demand of services that would allow them to establish new contacts, enter international markets and attract investors. Hence the most promising technology companies would leave STPs to the most developed technology clusters (Silicon Valley in the first instance).

To stay competitive in the struggle for human resources (technology entrepreneurs) with global innovation centres, STPs have to offer companies new tools for development not only on the local and national markets, but also abroad. Since development in the foreign markets is a process of building up trustworthiness with potential customers and partners, science and technology parks can play an important role in this process (Salvador et al., 2014). Firstly, technoparks are merging into associations with longstanding strong trust-based links and joint projects. Secondly, STPs are capable of providing specialised services to foreign companies (so-called soft landing programs) which significantly reduce transaction costs associated with access to foreign markets.

Technopark is a natural environment for provision of soft landing services to companies entering foreign markets. The key services that are in demand by companies at the early stages of development are basic office equipment, administration services (secretary), business support and access to trusted partners (lawyers, investors) (Vanderstraeten and Matthyssens, 2012). Similar results have been arrived at review of technopark operation in the Netherlands (Eijjing, 2012). The most common services are access to contact networks, business services, and physical infrastructure.

A good example of a soft landing program is Andalusia technopark (PTA), which has placed partnership agreements with technology parks in Brazil, Portugal, Morocco and Russia. PTA residents can go to industrial park of the partner country to stay there and not pay any rent for several months. Similarly, Andalusia technopark accommodates companies from these countries on free of charge basis for a respective period.

We distinguish two types of entrepreneurs for micro-international companies. The first ones are the experienced entrepreneurs who originally build up their business aiming at overseas clients. The second are those who test innovative products and business models locally and if successful seek to scale them abroad. These groups have different needs and accordingly the measures provided by STPs should vary.

The first group normally includes businessmen (40-50 year old) with overseas experience. The services that are on demand by the first group are as follows:

- Low-cost infrastructure of executive level (co-working, meeting rooms);
- High-speed and reliable Internet access;
- Meeting rooms equipped with telepresence systems;
- Highly qualified legal advisers in the country of presence;
- Professional services, e.g. certification for products or services;
- Translators for local web-sites versions and marketing materials.

The second group consists of young businessmen for whom it is the second or the third project in their career. They are interested in attracting venture capital for fast scaling of their success. The services that are on demand by the second group are as follows:

- Low-cost infrastructure for staff (co-working, offices);
- Access to international partners and product distributors;
- International trainings and road-shows for immersing into local environment and search of partners.

For the technoparks, there is two main ways of helping their residents to land in another country. First is to make arrangements with foreign techno- or science parks and to exchange companies, helping them to settle (it can be free office space, consulting services etc.) Such soft landing programmes is gaining more and more popularity. In its most general form, they represent integrated service packages to enhance export potential of international companies and entrepreneurs through arranging in STP territories for comfortable conditions for further growth and provision of a variety of services to ensure a more efficient promotion to local markets. An important element of these soft landing programmes is enhancement of partnership contacts between the involved international companies and STP local resident companies.

The four key elements of the soft landing are:

- Provide access to office and storage rooms and areas, IT- and other infrastructure facilities;
- Facilitate access to various sources of external funding by private investors and government agencies and development institutions;
- Specialised support from professional experts (legal, administrative, financial, etc.);

- Provide access to training programmes and business mentoring services.

Soft landing is an important element in the strategy of a lot of STP: currently these soft landing programmes can be found in the arsenal or future plans of dozens of different innovation centres around the world. The most interesting form from the perspective of STP international cooperation seems to be "mutual soft landing" programmes implemented within the framework of bilateral partnership agreements by STP of various countries.

For example, the Russian Technopark "Skolkovo" has been interacting with a variety of innovation international partners over the last few years with an endeavour to draw in prospective international entrepreneurs (mainly technology start-ups), and facilitate access to international markets to its resident companies.

At the end of 2014 the "Skolkovo" executive team officially announced the imminent launch of a new soft landing program. Within the programme framework the most comfortable conditions will be provided to the participants: free accommodation in co-working, PR-support, marketing and information support, logistics, legal advice, accounting and translation services, relocation services, visa support, Intellectual Property Centre Services and Consulting Centre. In addition, "Skolkovo" Technopark will grant tax privileges to "Soft landing" programme participants. The only tax that is imposed on a startup – is a 14% of payroll social tax. Along with this, Technopark "Skolkovo" provides grant support of up to eight million dollars, depending on project development stage (Skolkovo, 2014).

Besides, in various news reports and "Skolkovo" top-managers' interviews certain references have been made towards various joint projects of Skolkovo Technopark with international partners. In particular, according to Nikolai Grachev, Skolkovo Fund vice-president, interaction through mutual soft landing has already been established with the Berlin Adlershof Park, there is also "a joint programme with the Houston Technology Centre, there are partners in China" (Grachev, 2015).

The joint programme of resident companies' mutual soft landing is also being actively developed with the Spanish Technology Park of Andalusia (Malaga) and Korean Technological Park of Songdo (Seoul) (Palomo and Romero, 2012).

Another example of technology parks involving themselves into globalization processes is Land2landproject. It is the universal business internationalisation support platform for innovative companies (both Brazilian and international), seeking to become residents of various innovation and technology centres outside the country of their original stay. To participate in the Land2land programme national companies – applicants have to meet the following criteria: hold a strong position in the domestic market (have products or service sales experience for at least 6 months), provide references from their regular customers (preferably, large companies), have an extensive distribution network in various states of Brazil, as well as have a business plan for further promotion of their products or services in international markets (Land2Land, 2016).

According to official information posted on Land2land platform website, today the number of its registered international partners are 32 STP from 12 countries – Brazil, the United States, Canada and Mexico (North America), Portugal, the UK, Germany, Italy and Spain in Europe, as well as South Korea, India and China in Asia. All these innovation centres pre-certified by the

Land2land experts are ready to provide support in business internationalisation to STP resident companies, which have become the official Land2land members according to the above selection scheme.

To underline the importance of soft-landing, we will provide another example of similar cooperation. Currently, the most authoritative organisation issuing international certificates of soft landing readiness, confirming that they really help companies applying this tool to expand into new international markets is the International Business Innovation Association (InBIA). It is an international association with headquarters in Orlando, Florida. Its members are mainly business incubators.

Basic requirements stipulated by InBIA to obtain this international certificate are:

- applications are accepted only from business-incubators that are members of InBIA;
- main directions of their activities shall be active bringing in international resident companies;
- applicants have to present case studies of business development support programmes by international companies on their sites that have been successfully implemented within 18 months or more before applying for a certificate;
- applicants have to demonstrate various support tools for international companies;
- applicants must have programmes or additional support tools for international companies – graduates of "business incubators" (InBIA, 2016).

As of May 2016, according to official InBIA website, this "Certificate of Conformity" has been issued to 18 innovation centres and incubators in the United States and to 11 other international organizations.

There is also another way of soft-landing, which is more difficult, but definitely can develop many successful cases of internationalization. Technology park can open its representative offices abroad and pilot business units in the territory of other technopark. One of the pioneers of this initiative was the TUSPark in Beijing. Thus, in 2014 it opened its representative office in Skolkovo Technopark, and in the next 2015 launched its TUSPark HK Innovation Hub office in the Hong Kong Science Park, and later on the business incubator (HKSP, 2016). The TusPark example in the same 2015 was followed by its Russian partner – Skolkovo. In December last year, it was officially announced of the forthcoming opening in 2016 of the Russian Technopark representative office in another leading Chinese STP – Zhongguancun Science Park in Beijing (ChinaDaily, 2015).