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**Milan Chamber of Commerce delocalization model of innovation
support tools**

Roundtable 1

Cooperation among Innovation Support Structures

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Milan Chamber of Commerce delocalization model of innovation support tools

Executive summary

The Milan Chambers of Commerce is developing new tools to support SMEs growth which could serve as example for STPs. Services are offered both directly through the several departments of the Chamber and in cooperation with other local innovation stakeholders. The idea is to reply to the needs of the entrepreneurial system by offering services spread throughout the city instead of concentrated in a single place. This approach responds to the need of change connected with a knowledge-based society. The city shows a mixture of different sectors which leads to the adoption of new business models, as “networks” and “collaborative innovation”. The development of networking and communication technologies have reduced the importance of physical places. Large manufacturing companies are giving way to professionals and small players less rooted on the territory. In this context the Chamber of Commerce plays an important role collecting companies’ needs and promoting opportunities, through cooperation with public and private actors.

During the last years, the Milan Chamber of Commerce is allocating more and more resources to support the innovation processes of the local entrepreneurial system. In this framework the **Chamber** can be seen as an **STP related service provider** characterized by the direct offer of high added value services, the assigning of funds and the cooperation with other innovation stakeholders.

The Milan Chamber of Commerce offers **innovation services** through its Special Agency Innovhub - Stazioni Sperimentali per l'industria which has recently undergone a major change in its organization. It was born as Euro Info Centre during the '80s, mainly devoted to offer information services on EU policies and financing opportunities for the business development at European, national and local level. In the last years Innovhub has become a wide consultancy service provider with special interest on innovation, technology transfer, grants & loans.

In October 2011 the Agency has been merged with four "Stazioni Sperimentali" (Experimental Institutes), well-established research bodies formerly operating within the framework of the Italian Ministry of Industry in the Lombardy area:

- Stazione sperimentale per la Carta (Experimental Station for paper)
- Stazione sperimentale per i Combustibili (Experimental Station for combustibles)
- Stazione sperimentale per gli Oli e i Grassi (Experimental Station for oils and greases)
- Stazione sperimentale per la Seta (Experimental Station for silk)

These organisations are active mainly in the sectors of paper-working, fuels and combustible materials, chemicals, textile and technical textiles, biotechnologies, new materials, biodiesel, biorefineries, etc. Moreover, in December 2011 the Agency has acquired the Milan lab for the analysis of gems and jewels: Cisgem.

Each pre-existing body has maintained its own premises, therefore the new Agency has now seven offices and this contributes to further develop the network of the Chamber of Commerce on the Milan area and surroundings. In terms of organization, Cisgem has become part of the "Innovation" division. The experimental stations have become four separate divisions specialized in the different sectors.



Fig. 1 - The Milan Chamber of Commerce Special Agency: Innovhub - Stazioni Sperimentali per l'Industria

Stazioni Sperimentali and Cisgem have been providing for many years strategic services both to the public administration and to the industrial sectors they represent at a national level, services which are not easily on offer on the market and which require highly specialized competences and cutting-edge technologies, e.g. test and analysis, R&D activities, standardization and certification.

A deep connection with the stakeholders is assured through the participation of the staff in important committees and working groups, and through the presence of representatives of the industrial sector and the public bodies in the advisory boards.

Moreover the Experimental Stations active on the national territory are eight, operating in different sectors. Despite the fact that only the ones located in Lombardy were assigned to the Milan Chamber, it is important to consider that the remaining ones became part of other Italian Chambers of Commerce and therefore are active part of the national network, with the chance to cooperate on wide strategic R&D projects, and offer services to the whole Italian Chambers system.

The merge of the new Special Agency represents a great opportunity to take in terms of new skills and abilities in the field of innovation, research and development that can be offered to the client sectors and can be used to develop new important and challenging projects.

On the other hand, Innovhub will have to face an important change during 2012. The aim is to lay the basis of a new organization, which is not the mere unification of the single divisions, but

represents a new integrated body able to add value to the entrepreneurial system in terms of services and opportunities.

The major actions foreseen regard the development of the internal cooperation among divisions, mainly focused on the competences and human resources valorization; the efficient integration of the staff and offices; the widening of the targets in terms of industrial sectors tackled; identification and exploitation of the new skills for the development of the activities and the services offered by the Chamber of Commerce to the local companies; strengthening of the activities and the services on the national territory, also through a well-defined promotional strategy and in connection with the entire Chamber of Commerce system; strengthening of the relationships with the European Commission, entrepreneurial associations in Bruxelles and foreign partners.

The final target is to create a national centre for innovation, research, and technology transfer, able to respond to the requirements of the sectors of paper-working, recycling materials, textile and technical textiles, combustion materials and fuels, chemicals, and to anticipate their needs, and technological trends accordingly to European programs: Horizon 2020, technological platforms, etc.

The merge also led to the need of setting up a functional organization and defining a coordinated set of services to be offered by the new structure.

On this point, an in depth analysis has been undertaken in cooperation with Politecnico di Milano¹ to serve as the basis to harmonize the services offered by the different company divisions: test and analysis, R&D activities, training, standardization and certification, new product and service development, technology foresight, IP protection, innovation scouting, support to financing opportunities at European, national, regional and local level.

The analysis was conducted through 2 main phases: a desk analysis and an operative application phase.

The first one had the aim to investigate the background, to define the fundamental drivers influencing the choice among two types of services: direct-services and outsourcing services (fig.2), which imply the identification of working procedures. This part was based on existing literature and on the analysis of existing cases regarding STPs and innovation centres, and it led to the identification of the main classes of services and the most relevant drivers leading to the outsourcing option.

The second phase “operative application” considered all the services offered by the new merged organization Innovhub - StazioniSperimentali per l’Industria and identified the opportunity to integrate some services in order to reduce costs and develop a more specialized offer. Besides the identification of services, the second phase had the purpose to investigate potential synergies among the organisations active in the area, having a similar mission and offering related services. This part was implemented through the use of the drivers already identified and led to important considerations in view of a cost-effective integration and development process.

¹ Research “*Centro servizi per l’innovazione del Parco Scientifico Tecnologico Nuova Bovisa*”, Politecnico di Milano, Department of Management, Economics and Industrial Engineering.

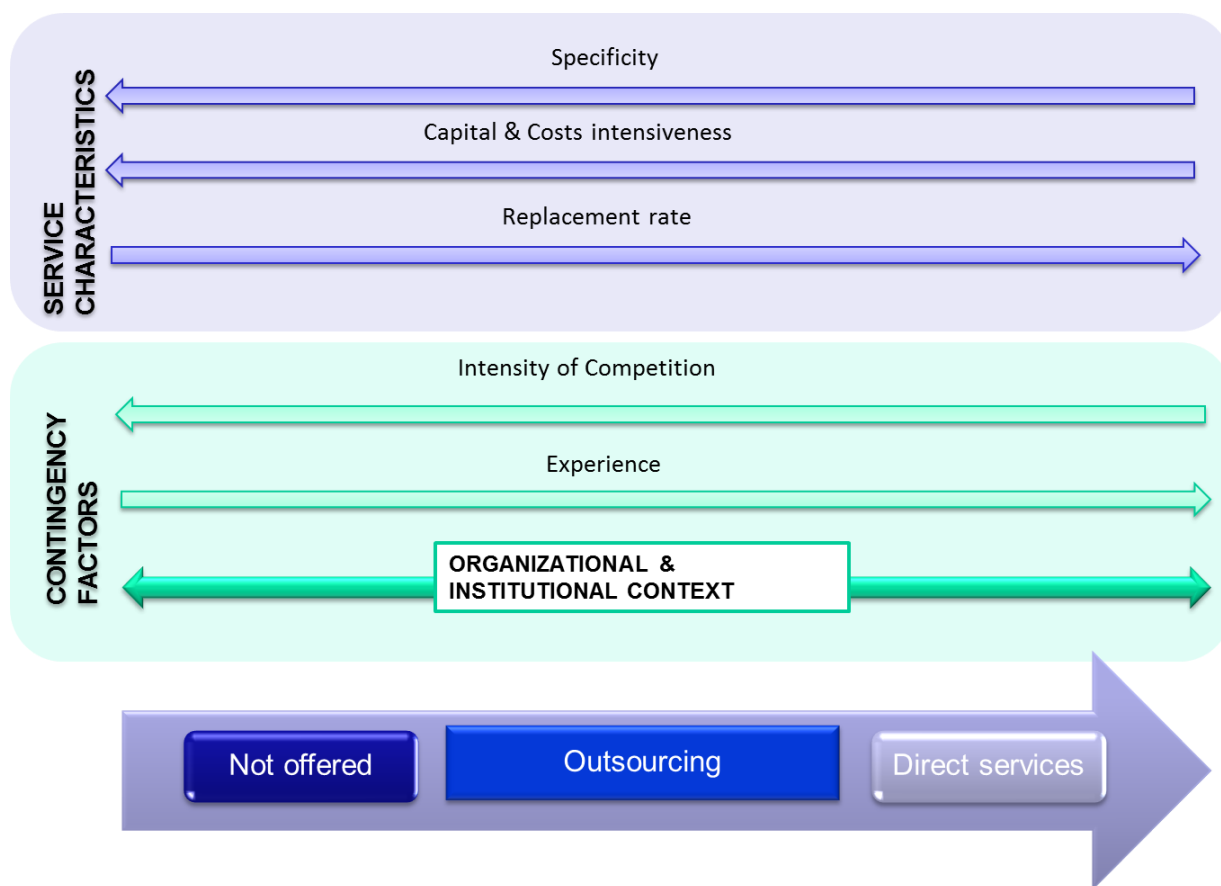


Fig. 2 - Drivers influencing the choice among internalization and outsourcing of services

Services were classified into 5 categories:

- services to be maintained and developed
- services exploiting the opportunities offered by the integration of different organisations
- services exploiting internal competences
- services exploiting the role of Innovhub - StazioniSperimentali within the Milanese territory
- services not to be offered anymore.

Regarding the services to be offered in cooperation with the Milanese territory, the analysis identified a set of possible ways for outsourcing and intermediation, considering advantages for each (fig. 3).

| Intermediation models | | | |
|--|--|---|--|
| Weak | | Strong | |
| <p>SIGNPOSTING CONTRACT</p> <p>(information for customers and visibility for offerer)</p> | <p>FRAMEWORK CONTRACT</p> <p>(facilitations for customers - autonomy for offerer)</p> | <p>SUPPLY CONTRACT</p> <p>(direct relation with the customers)</p> | <p>PARTNERSHIP</p> <p>(sharing of costs and resources with the offerer)</p> |

Fig. 3 Intermediation models

Moreover the analysis proposed a timeline for the development of the new set of services on offer.

The next step to be taken on the basis of the above analysis is the **strategic plan** of Innovhub - Stazioni Sperimentali per l'Industria for the next years. For this purpose a dedicated team has been created, composed by the divisions' directors, staff managers and a pool of external experts from Politecnico di Milano giving support. The task will include an analysis of the organization through investigation of activities, processes, strengths and weaknesses of the pre-existing bodies; a market and competitor analysis.

The results will be used to contribute to the development of

- a more focused company mission;
- the strategic lines of action, with indication of the targets and the means to reach them;
- the most appropriate organizational architecture;
- potential partnerships with other organisations, including Chamber of Commerce network members.

This project will last one year and will contribute to the further development and the strategic positioning of the new Special Agency in the socio-economic system of the area and on the national and European level.

Besides the activities and services offered by Innovhub - Stazioni Sperimentali per l'Industria, the Chamber of Commerce will also implement new specialised services targeted to aspiring or new entrepreneurs.

Following a cooperation approach, the Chamber of Commerce together with Università Bocconi and the Milan Municipality is projecting **Start MI Up, a business incubator** with the aim to promote the creation of new companies and support a better integration among enterprises and professionals.

The incubator will be addressed to new companies and new professionals selected through a public call and will be open also to foreign companies who intend to realise an operative office on the Milan territory.

The incubation period will be defined on the basis of the needs but not longer than two years (a first evaluation for the admission to the second year is foreseen). The promoters will cover the bureaucratic costs for the company foundation, and will finance the first investments.

The incubator will offer funding and tailor-made services, as collective and individual tutoring services, professional services related to internationalisation, training, innovation and scientific research, networking and partnering services. Professional services will be offered also through the Chamber of Commerce Special Agencies:

- Innovhub - Stazioni Sperimentali will support the new companies with regard to innovation, R&D, technology transfer;
- Promos will offer the internationalisation service thanks to the organisation of missions abroad to enter foreign markets, vouchers for the participation to international exhibitions, support in finding foreign commercial partners;
- SGR Futurimpresa will provide services for equity and financing;
- Formaper will be responsible of the training activities.

The services offered during the first year will focus mainly on the early stage starting phase, and during the second year on the development of the business in view of the exit from the incubator. Moreover, during the second year, start-ups will be evaluated for the admission to a seed fund.

Start MI Up will be both a physical place, through spaces to meet and work and venue for events, and virtual, through a cooperative social network platform. The platform will allow the start-ups to interact, share documents, and create teams of work.

The project, that will be launched in 2012, aims at stimulating the creative and innovative tissue of the city, creating new jobs, strengthening the entrepreneurial aptitude of the city and accelerating the development cycle of new innovative companies.

Furthermore, being aware of the fundamental role of **Creative Industries**, the Milan Chamber of Commerce is now developing services and initiatives targeted to this sector: first of all the setting up of an **incubator for creative and cultural start-ups** operating in the Monza Brianza Area, in partnership with the local Province and Chamber of Commerce. The Special Agency Innovhub is actively participating in the project by developing the feasibility study, taking into consideration also the analysis of the state of the art on an international level, and the analysis of the background and the local environment where the incubator will be operating. The Monza Brianza Area is very active in the field of creativity and culture, the growing rate of the companies is higher than in the Milan area and the public administration decided to develop a proper "**Cultural District**" able to exploit the local pillars -tradition, innovation and training - and to enhance further the economic growth.

The aim of the District is to integrate the existing cultural systems and promote their development on a new innovative basis. The connection between public and private and among the economic and cultural sectors will allow the setup of joint projects able to generate economic growth, develop the entrepreneurial attitude and create new places of work. The Incubator will take place within the Cultural District and will serve as a multifunctional case aiming at enhancing the interaction among innovation and creativity, and supporting young talented in experimenting, set relations and attract investors who believe in them. The model foreseen is the Networked Incubator, able to promote partnerships among start-ups and successful companies, in order to facilitate the knowledge sharing from well-established to young entrepreneurs operating in the same area. The network will be in the position both to benefit of economies of scale and to offer joint services at a lower price. Moreover, the opportunity given by this model is the privileged access to an important network of companies. Thanks to the support by the local institutions, the incubator will take advantage from the services offered by them in terms of accommodation spaces, creation and development of the start-up, partner searching etc. A private support will be also fundamental in order to negotiate favourable commercial agreements with private companies offering the services needed by the network, even before its start-up (e.g. technical equipment and furniture offered by sponsors at a lower price).

Besides the physical space for the start-ups equipped with work-stations, internet connection, technical equipment, the incubator will provide several services that will be implemented on the basis of the needs:

- Support for the Business Basics
- Networking services
- Support in the marketing activities
- Support for the financial and administrative management
- Direct contacts with schools and universities
- Direct link to strategic partners
- Preferred channels to business angels and venture capitals
- Training programs
- Mentoring
- Support in the IP strategy definition

The network web portal will play a major role offering on line services to the start-ups selected to be part of the incubator (mentoring, training, information, crowd financing etc.) but also as window addressed to citizen and local companies showing all the services offered by the incubators and the start-ups, useful information about financing opportunities and activities promoted by the local institutions. Every start-up will have visibility on the portal and a connection with Business Angels will be provided. This will allow also a virtual incubation of company in case of lack of spaces or in case the company decides to go for a lighter partnership.

The Milan Chamber of Commerce through Innovhub will be also involved in the implementation phase of the project.

On the creative topic, in cooperation with the Province of Milan, the Chamber of Commerce is managing an important initiative supporting the international specialization of students and researchers in the creative enterprises are through the grant of fellowships for a 3-months stage abroad. The project “**ProfessioneCreatività**” aims to:

- benchmark best practices found at international level supporting creative enterprises development
- train specialised professionals who will support the institutions in charge of outlining politics and tools for creative enterprises.

On the basis of a public call for proposals, the evaluation committee selected ten researchers who received the fellowship for the stay abroad. The stages took place between July 2011 and January 2012 at important Universities and associations in the field of creativity around the world:

- Arts University, Bournemouth, United Kingdom - Sector of the research: ANIMATION
- Cumulus Association, Helsinki, Finland - Sector of the research: CREATIVE INDUSTRIES
- ImprovEverywhere, New York, USA - Sector of the research: EVENTS
- Theatre Academy, Shanghai, China - Sector of the research: GAME DESIGN
- Ryerson University, Toronto, Canada - Sector of the research: MULTIMEDIA
- Roger Centre, Toronto, Canada - Sector of the research: MULTIMEDIA
- Jiangnan University, Wuxi, China - Sector of the research: TEXTILE
- Polytechnic University, Hongkong, China - Sector of the research: FASHION

- The Hub Network, Londra, United Kingdom - Sector of the research: TEMPORARY HOSPITALITY
- Universidad Mayor, Santiago, Chile - Sector of the research: CREATIVE INDUSTRIES

The researchers are now preparing a final report describing the experience made and the case studies learned in terms of business models, financial tools in support of the creation and development of creative companies, training and organisational needs for creative industry future, politics, tools and services for creative industry. From the first reports received it is already possible to outline some major common practices and guidelines. First of all the importance of continuous education for the creative sector, that requires high level competences, an always stronger knowledge of new technologies and therefore a constant updating. The importance of apprenticeship and “learning on the job” approaches require the establishment of stable partnerships among the education and the industrial sectors. The sharing of knowledge and experience from expert entrepreneurs to the younger colleagues take often place through mentoring activities, offered by incubators, entrepreneurial associations or even ad-hoc organisations. As the whole economic sector, creative industries are facing every day more complex issues. Design and creativity are deeply connected to innovation and therefore creative professionals must be able to understand needs and anticipate trends on different topics, talk to people with different background and sometimes different cultures. In this contest there’s a need for a multidisciplinary approach, starting from the education system that should equip the students with abilities and competences (technical and managerial) to compete with the new emerging economies. All the researchers visited and studied different supporting initiatives, above all incubators: independent, public supported, physical or virtual, hosted by universities, each one reflecting the economic situation of the area. The common word is “networking”: among public and private, education and industry, older and younger, manufacturer and service provider, what is important is to create partnerships, share knowledge, experiences and resources to reach new significant goals.

Another way of serving the economic local system is the use of **calls for proposal**, which represent an important instrument for the Chamber of Commerce in order to **address the investments** of the local SMEs towards new and more effective instruments to foster innovation, creativity and competitiveness. In 2011 through the call “**Digitale Imprese**” the Chamber decided to support companies operating in the field of digital technologies to realise new products and services addressed to the development of Milan as Smart City. The attention focused on energy efficiency, housing, green building, smart mobility in order to improve the quality of life of citizens. The best rated projects regard Mobile ticketing, web TV focused on innovation, Smart mobility, Eco-tourism. The first project foresees the realization of a mobile ticketing system including several services as regional railways, parking, local transport services, theatres, cinema, vending machine systems, subscription to associations etc. Moreover, through tags the system will allow the citizens to get touristic information and will provide assistance and orientation services for disabled. The second best rated project starts from the idea that Italy needs a community among those who innovate, from young entrepreneurs to important companies. The idea proposes itself as a web TV offering services and information regarding the innovators community: audio and video interviews, textual studies and analysis, links to specialised websites and on line documents, information about best practices and success cases. The web TV represents a space where people involved in innovation processes can meet, talk, present, also thanks to the use of dedicated social networking services.

The third company presented a proposal for the touristic sector: a web or mobile application able to identify the best transportation solution to reach a place, on the basis of shortness, speed, cost, ecology. The system will be developed in cooperation with a University.

Another project proposes a new instrument for the territorial valorization using a web portal for promoting touristic paths through video-stories, brief reports on Lombardy touristic excellences linked to useful practical information.

Besides the above mentioned services offered directly and the assignments of grants, the Chamber of Commerce **cooperates with existing Incubators** in the Milan area, such as Fondazione Filarete and Milano Metropoli - Bic La Fucina.

Fondazione Filarete manages a 6000 m² Business Accelerator Infrastructure strategically located in the southern part of Milan for the development of biotechnology research. In particular, it hosts a mix of state-of-the-art technological platforms and companies and offers scientific, financial and management support services. The Foundation has been established in 2009 by the University of

Milan, Cariplo Foundation and IntesaSanpaolo and the Chamber of Commerce of Milan has joined as Co-founding Member.

The Milan Chamber of Commerce is also member of the BIC Italia net, the Association of Italian BICs and other development agencies created in 2002. BICs represents an interface between the needs of SMEs and the specialist services on offer.

Together with the Province of Milan and other local public bodies, the Chamber of Commerce created in 2005 Milano Metropoli, the Agency for the Promotion and Sustainable Development of the Metropolitan Area of Milan. Working in partnership with local town councils, development agencies, universities and research centres, trade unions, the business community, banks, foundations and no-profit organizations, Milano Metropoli aims at promoting sustainable development throughout the Milanese area by means of actions, projects and services. The Agency provide services through a number of initiatives: the Business Innovation Center, the Business Incubator, the Technology Training Centre, the Territorial Animation Center (with Business Creation Service Centre, Social Economy Resource Centre and Environment and Energy Space), the resource Centre for Social Business.

Through the above mentioned tools, the Milan Chamber of Commerce proposes itself as an STP related service provider, thus aiming also at diffusing innovation services throughout the territory and the peripheral areas for the development of a knowledge-based smart city. This approach aims also at increasing awareness among actors in the regional innovation systems on the offer and demand for innovation services from the other actors in the system and therefore on the potential for cooperation.

Partnerships among public and private stakeholders becomes fundamental in order to design and realize joint services and activities able to better respond to the specific needs of the entrepreneurial system.

In Milan the main institutions operating in the field of innovation came together to the decision to cooperate in the realization of actions and programs addressed to the local system and to avoid overlapping, also in view of the progressive reduction of funds from State and local public bodies. The Milan Chamber of Commerce has become an important player with regards to direct contributions within the framework agreement with the Province of Milan and the Lombardy Region, and with regards to structural interventions, as the incubators. The logic behind is to operate where the market is absent on the basis of the principle of subsidiarity.