

European Service
Innovation Centre

ESIC newsletter

The goal of ESIC

INTERVIEW WITH REINHARD BÜSCHER

An interview with Reinhard Büscher launches this first edition of the ESIC Newsletter. Reinhard is the former Head of the 'Clusters and Support for SMEs' Unit at DG Enterprise and Industry and also the member of staff of this DG behind the roll-out of the Model Demonstrator Approach.

The European Service Innovation Centre (ESIC) is a two-year initiative contracted by the European Commission's DG Enterprise and Industry to raise and spread awareness about the role of service innovation in economic development. What was the rationale behind the establishing of ESIC?

In recent years, the importance of service innovation to competitiveness and economic development has become more and more apparent. However, we should not only look at service innovation as such, but at its transformative power. Service innovation is not only creating new business opportunities for start-ups but is sometimes changing entire value chains and industries, for good or for bad. ESIC should help to promote a better understanding of these structural changes. Not only enterprises, but also policy-makers must be prepared for such disruptions and not be over-reliant on current strengths and competitive advantages that could disappear overnight.

Your DG has considerable experience of supporting service innovation-related initiatives. What gains do you anticipate from the model demonstrator approach?

The idea behind ESIC is not to support service innovation as such, or the companies driving such innovations. The challenge is much broader: how does service innovation affect industrial structures of a regional economy, both in manufacturing and in services, and how well are regions, for example through their smart specialisation strategies prepared to capitalise on service innovation or to survive disruptive effects

resulting from service innovation? Too many policies are still too focused on defensive strategies to protect existing industrial structures or to support individual enterprises. The model demonstrator regions should illustrate how modern industrial policy facilitates structural change and capitalises on all forms of innovation. This requires, in my understanding, a more systemic approach that both facilitates structural change and promotes cross-sectoral cooperation.

European regions face several grand challenges and there is a growing need to act 'differently'. What will regions need the most to achieve the systemic change that the Commission would like to see?

Most importantly, regions should accept structural change and not follow a narrowly defined sectoral approach. The boundaries between sectors are increasingly becoming blurred, often because of service innovation. New markets are most often created at the borders of different sectors and generally in a rather unpredictable manner. Intelligent or 'smart' industrial policies create space for such innovations that result from interactions between different sectors, technologies or people. In times of global competition, regions must seek to create as much value as possible in their economies. This is best achieved by combining the different strengths and assets that are available in a region more intelligently.

How can regions and the work of ESIC best put flesh on the bones of the innovation components of the EU 2020 Strategy?

ESIC can open people's eyes to the need to combine different policies and instruments intelligently in promoting structural change within regions. Firstly, by showing what really drives service innovation and how regions are positioned in this respect. Secondly, by assessing the capability of regional policies and strategies to capitalise on service innovation and drive structural change. At this stage, ESIC will not tell regions exactly what to do, but will help them to take a critical look at the design of their policies and strategies: their openness to embrace structural change, the way they support all forms of innovation and take advantage of all the talents and creativity, the incentives they provide for cross-sectoral innovation and the way they promote entrepreneurial spirit. ■

In brief

The overall objective of the European Service Innovation Centre (ESIC) is to improve awareness amongst policy-makers at European, national and regional levels, of the contribution of service innovation and service firms to economic development.

The goals of ESIC are to:

- Capture and demonstrate the dynamics and large-scale impact of service innovation;
- Provide customised advice to selected model demonstrator regions; and
- Promote, and raise awareness of, the role and impact of service innovation.

Please find further information at:
ec.europa.eu/enterprise/initiatives/esic



The European Service Innovation Scoreboard

SERVICE INNOVATION can accelerate productivity growth and transform industries. As a result, service innovation is seen as a driver of structural change. The European Service Innovation Scoreboard (ESIS) will provide the European Service Innovation Centre's measurement framework that relates service innovation to structural change at the regional level. ESIS will use a wide range of indicators to analyse the empirical relationship between service innovation and this structural change.

The ESIS indicators will focus on different aspects including measuring **service innovation inputs** such as innovation expenditures and educational attainment, **throughputs** like the share of firms that have introduced different types of innovation into products and organisational structures, **outputs** including the share of 'service innovation intensive industries' and **outcomes**. The latter captures structural change, as measured by changes in the employment shares in particular industries, such as knowledge-intensive business services.

ESIS will draw on different statistical data sources, including the Community Innovation



Survey. As regional data is not available for many indicators, this data will be estimated by 'regionalising' national level data.

ESIS will provide a statistical profile of each of the model demonstrator regions and all the other regions in the EU27. In the case of each indicator, the performance of the demonstrator regions will be compared to the performance of all the other regions in the EU27. These profiles will demonstrate the relative strengths and

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weaknesses of the regions and highlight potential areas for the introduction of new policies aimed at improving the impact of service innovation. The first version of ESIS is expected to be published in September 2013. ■

Kick-starting regional transformation

ESIC IS DRIVEN BY the idea that changes in current industrial structures and business models in a region do not happen by sticking to a narrow sectoral perspective, but rather by taking a system-wide, cross-sectoral approach that places service innovation at the core of regional development strategies.

A major part of the European Service Innovation Centre's initial work with the regions is being concentrated on solving the following puzzle: how do we define a systemic approach

to, and an ideal policy framework for, capitalising on service innovation at regional level?

To find the elusive answer ESIC is developing a Self-Assessment Tool (SAT), that will offer a method of evaluating five basic dimensions of a yet to be proven 'ideal mix' of policies, namely:

- Entrepreneurial activities;
- Knowledge creation and transfer;
- Innovation and business model generation;
- Financing innovation and growth;
- Collaborating and networking.

The SAT questionnaire will guide the regions through a process of reflection on the design and effectiveness of their regional innovation policies, based on a scoring system. This will enable the regions and the ESIC team to rate the extent to which the regional efforts match the ideal holistic approach to re-structuring current, and creating new, value chains in the region, and to identifying needs for further policy development.

The pilot regions will also contribute to refining the SAT methodology and evaluating the tool. This will lead to a better understanding of the systemic approach and its use in testing the regional policy frameworks. Once the regional responses are collected and incorporated, the SAT will become the instrument that will be applied to the in-depth assessment of the regional service innovation policy framework in the next phases of ESIC's work. ■

Service innovation at the core
of regional development strategies.



How to capitalise on the transformative power of service innovation for structural change?

Introducing the Large Scale Demonstrator Approach, Belfast 4–6 February 2013

A WORKSHOP ON ‘How to capitalise on the transformative power of service innovation for structural change’ brought together 82 people from 17 different EU regions, from various consultancy companies and from DG Enterprise and Industry. It provided the setting for the European Commission to explain the Large Scale Demonstrator (LSD) Approach and how the regions would be supported in their common search for new solutions to specific problems or to societal challenges.

“We don’t want to tell regions what they should do. This is not the right way to engage local stakeholders in policy learning and policy implementation,” said Reinhard Büscher who is the former Head of the ‘Clusters and Support for SMEs’ Unit at DG Enterprise and Industry. He added that “we are happy to work with any region that is ready to involve other regions’ partners, clusters and policy-makers in a process of stimulating radical innovation across sectors, regions and countries. Because this is what we need most in Europe today.”

As the workshop progressed, other presenters helped to outline the vision of this new LSD regional approach that will initially involve the Canary Islands, Emilia-Romagna, Luxembourg, Northern Ireland and Upper Austria.

It became apparent that if systems were going to change, and if people’s behaviour was going to change, then systemic change was needed. These LSDs will be issue-focused and enable the regions to test what works and what doesn’t under real-life conditions. They will also promote the confidence which is necessary to test new methods and approaches. Rather than giving people “what is good for them,” the regions that have been selected will now have the chance to engage their companies and citizens in a joint exploration of solutions to particular problems and issues. Also, linking the LSDs together will mean that they will learn from each other - from their failures as well as their successes.

The LSDs need to be open to change, to unanticipated developments and to following the way in which the real world works and this will require a considerable political commitment. LSDs should enable local people and companies to play their part in finding realistic solutions to the real problems with which they are confronted. LSDs need to have a clear vision, be ambitious and be willing to learn from others. Such activities and attitudes are expected to help these regions to function more effectively in the global economy. ■

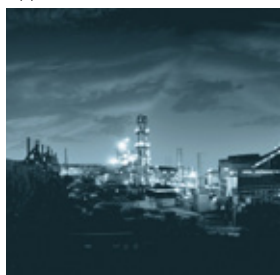


“We don’t want to tell regions what they should do. This is not the right way to engage local stakeholders in policy learning and policy implementation.”

Mr. Reinhard Büscher, the former Head of the ‘Clusters and Support for SMEs’ Unit at DG Enterprise and Industry

- ⌘ The implementation of Large Scale Demonstrators promoted some animated discussion
- ⌘ The Workshop Moderator, Margaret E. Ward, reconciled some conflicting view points
- ⌘ Mr. Reinhard Büscher, the former Head of the ‘Clusters and Support for SMEs’ Unit at DG Enterprise and Industry

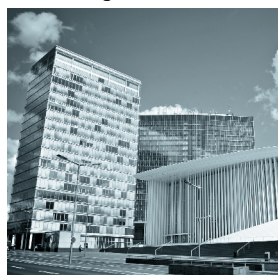
Upper Austria



Canary Islands



Luxembourg



Emilia-Romagna



Belfast





WHAT'S NEW

CONTACT

ESIC SERVICES

The European Service Innovation Centre (ESIC) initiative is run by a Consortium led by Rambøll Management Consulting. Other partners in the Consortium are the Maastricht Economic Research Institute on Innovation and Technology (MERIT), Strasbourg Conseil, the Technopolis Group Belgium and Valdari Vicari Associati (VVA).

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UPCOMING EVENTS

Designing the future - Innovation through strategic partnerships, 3-6 September 2013 Kolding, Denmark

The 16th TCI Annual Global Conference will address the critical question: How can clusters innovate through various types of strategic partnerships? tci2013.com

Baltic Dynamics 2013: Competence building for smart growth: Challenges and opportunities, 11-13 September 2013, Riga, Latvia

The conference will provide insights e.g. to knowledge creation, technology transfer, experience sharing, national and international cooperation, partnerships - key factors for the successful business development. www.balticdynamics.com

Innovation in Mind, 18-20 September 2013, Lund, Sweden

The event will focus on how the international map of innovation is being redrawn in ways that affect all of us. The event will gain insights into new ways of thinking and kinds of organization, and how the challenges to innovation can be met under widely different conditions. innovationinmind.se

Reser Conference, 19-21 September 2013, Aix en Provence, France

The conference will be a forum for the analysis and discussion of innovative studies to demonstrate the role and impact of services in economic growth, while highlighting services' specificities in the interactional aspects of customer relationships. reser.net/conference/upcoming-conference

The Idea of Creative City, 17-18 October 2013, Cracow, Poland

The event will provide answers e.g. to the following questions: What does creativity mean in the city context? How can cities be more creative? What are the successful examples of creative cities around the world? creativecities.uek.krakow.pl

Frontiers of Interaction, 24-25 October 2013, Milan, Italy

The unusual format creates an immersive experience featuring music, interactive and artistic installations, demo sites and keynotes, and makes it an ideal venue for thinkers and doers, innovators and academics. 2013.frontiersofinteraction.com

INTERESTED IN WORKING WITH THE ESIC?

Regions which would like to receive advisory support from the European Service Innovation Centre are welcome to send an initial expression of interest to ESIC@ecesis.com

PLEASE FIND FURTHER INFORMATION, OR FOLLOW ESIC, AT
ec.europa.eu/enterprise/initiatives/esic

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