

S3 Community of Practice

Kick-off meeting Working Group on Innovation Diffusion

(virtual)

12 June 2023





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1.Agenda

Kick off meeting agenda WG on Innovation Diffusion 12 June 2023 (9:00 – 12:15 CET)

Time (CET)	Agenda item	Lead
9:00- 9:30	Welcome & round table of participants	Susana Elena-Pérez (WG Leader)
9:30 – 9:45	Objective, methodology, timeline of activities, role of participants	Susana Elena-Pérez (WG Leader)
9:45-10:00	Q&A	All - Chaired by Susana Elena-Pérez (WG Leader)
10:00-10:30	What is innovation diffusion? Main implementation challenges (presentation of the concept note)	Susana Elena-Pérez (WG leader)
10:30-10:45	Coffee break	
10:45 -11:30	Discussion on implementation challenges	All – Chaired by Santiago Donat (WG Chair)
11:30 -11:45	Interactive part: priotarisation of the implementation challenges	All - Chaired by Susana Elena-Pérez (WG Leader)
11:45-12:00	Selection of 2 implementation challenges	All - Chaired by Santiago Donat (WG Chair)
12:00-12:15	Conclusions & next steps	Susana Elena-Pérez (WG Leader)





2. Meeting participants

Role	Name	Surname	Country	Organisation
WG Leader	Susana	Elena-Perez		S3CoP
Chair	Santiago	Donat	Spain	Ayming
Rapporteur	Alison	Hunter	Belgium	Economic and Public
WG Members	Cosmina	Moscalu*	Romania	North-East Regional
	Carolina	Turcato	Portugal	EurA AG
	Jennifer	Grisorio	Italy	ARTI-Agenzia Regionale per la Tecnologia e l'Innovazione
	David	Uhlíř	Czechia	JIC
	Vincenzina	Cristofaro	Italy	Regional government Lombardy Region
	Giorgos	Giorgakis	Cyprus	EUROSUCCESS
	Nathalie	Boulanger	France	DEV'UP Centre-Val de
	Barbara	Tan	Belgium	TTO of University of
	Stjepan	Marković	Croatia	Ministry of Regional Development and EU Funds
	Myriam	Martin	Spain	TICBIOMED (regional cluster)
	Luc	Hulsman	Netherlands	Northern Netherlands Alliance
Leader WG on industrial transition	Yari	Borbon		S3CoP
Leader WG on interregional collaboration	Vincent	Duchêne		S3CoP
Expert	Kristiina	Jokelainen		S3CoP Expert Group
Project Officer	Gergana	Stancheva		DG Regio
	Elena	Kostadinova		

*Cosmina Moscalu attended the KoM on behalf of Lucian Sandu

Two WG members were excused:

- Katja Laitinen, Regional Council of Satakunta (Finland).
- Sofia Karveli, Region of Western (Greece).





3. Discussion on presentations

Following a round table of introduction, the WG's objective, methodology, timeline of activities, role of participants and the concept note were presented by the WG leader. Then, the WG Leader presented the concept note "What is innovation diffusion? Main implementation challenges", circulated in anticipation of the meeting.

The core of the meeting consisted in a discussion of the implementation challenges and priorities for innovation diffusion by all participants (see Figure 1).

Adoption of new technologies, innovations, business practices and digital tools across SMEs	The role of universities and RTOs (to meet the needs of companies in their ecosystem)	The role of innovation agencies and other public bodies in facilitating knowledge flows	Knowledge spillovers and innovation diffusion channels between large firms and local smaller enterprises
 Weak articulation of the demand for innovation and for innovation support-services Digital skills shortages in SMEs & deficiencies in the digital infrastructure in SMEs Lack of business development services for SMEs (training, mentoring, advisory and consultancy services, etc.) & Difficulties to access finance for investments in digitalisation 	 Mismatch between demand and supply of innovation support services (low understandings of the demand side from universities, different incentives, needs and capacities of companies and universities/research centres) Poor technology and innovations transfer from universities and RTOs to companies 	• Multi-level governance (coordination problems, etc.) • Lack of a systemic approach (work in silos)	 • Low absorptive capacity of local companies • Low connection between S3 in the regions with policies to attract and retain FDI

Figure 1 Implementation challenges identified in the concept note

Source: presentation kick off meeting of the WG

Some of the key concerns raised include:

- There is not enough focus on demand (intermediate demand, as these are not beneficiaries): who 'buys' the products and services (e.g. in public sector)? There is a need to understand the processes of establishing demand.
- Regulatory issues are important and depend on the industry and the country/region.
- Some participants mentioned that, despite the broad range of existing business support available today, it is difficult to find services that actually work. We would need to co-design processes with SMEs. It is important to take into account that the design and implementation phases of innovation support services don't seem to be well-targeted to needs.





- The lack of simplicity among key players was also mentioned. Communication needs to be easier to understand. This is a language and concept issue: how it gets translated from EU level to local levels.
- In relation to digital skills, there is a need to unpack these for SMEs: different types of skills, for different needs and different types of companies.
- When talking about universities and their role in innovation diffusion, we should take into consideration that universities' incentives to work with businesses are linked to their financing conditions. This is an important issue and affects incentives for academics and business interests for collaboration. It was pointed to instances where the 'same patterns' of collaborations happen by default because of the small core of actors where demand and supply match. Their collaboration is likely to catalyse further collaboration, widening the gap between them and those actors who haven't accessed support. On the contrary, there are some regions where excellent research taking place but is not well connected to local SME needs. Therefore, commercialisation potential is reduced or does not serve to benefit the region.
- The WG could try to find examples from members where they have 'anchor institutions' who have a (semi) academic remit and work as intermediary body to diagnose and service the needs of their business base.
- SMEs often lack ambition to be innovative (e.g. lifestyle businesses; micro enterprises that don't want to / need to grow).
- The importance of economic structure in understanding business innovation needs (e.g. sector / domain; geography; size; maturity of company; culture in region and in the company) was also highlighted.
- The role / impact of AI across pillars and challenges identified was mentioned. This could be is interesting, but we would need to explore further the specific relevance for innovation diffusion.
- In some regions there is significant heterogeneity across the business base. Therefore, it is difficult to reach all of these companies and service their needs.
- We would need to identify needs to generate innovative solutions. Scale-up the demand side, not the supply-side.
- Regions adopting an ecosystem/network approach can help to bring actors together and facilitate collective demand of innovation; break down silos and connect the dots. Intermediary entities closer to SMES can help to build up lasting ecosystems (e.g. chamber of commerce, clusters, etc.) There is a clear absence of a systemic approach at all governance levels (not just on the demand-side).
- Often, the momentum gained in the design of the strategy is lost hallway in the design and implementation of programmes and instruments. It is key to find out the reasons.





4. Prioritisation of implementation challenges

During the meeting, participants were invited to interact and vote on implementation challenges they believed were most relevant using *mentimeter*.¹

The first question made to the participants was: "What other implementation challenges do you face in your region? (see Figure 2).



lack of ambitious founders impact of ai on dem-suppl relevance of ai effectiveness support involve smes integrality network scale-up needs identification logic of intervention collaboration rtos - smes innovation culture supporting instruments lacking incentives of uni stakeholders' engagement

Source: Meeting participants voting on Mentimeter

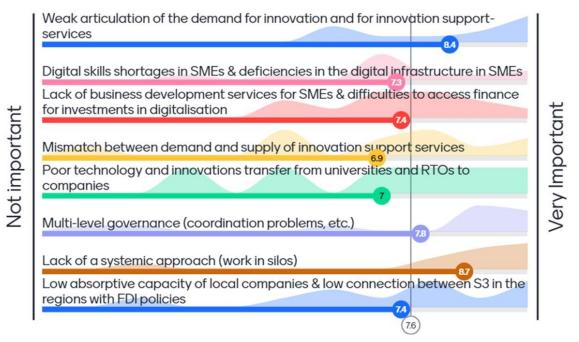
Then, participants were asked to rank the importance of the challenges discussed on a scale of 1-10 in their own regions (see Figure 3). All challenges are seen as important, being the lowest "mismatch between demand and supply of innovation support services" (6.9) and the highest "lack of a systemic approach" (8.7)

¹ Each participant could select two implementation challenges; hence the total number of points equals the double of the number of voting participants. Only WG members were allowed to vote.





Figure 3. Results on the importance of the implementation challenges in the regions of the participants



Source: Meeting participants voting on Mentimeter

Finally, participants voted for the two implementation challenges that they would like the WG to focus on. The results of the voting are shown below (Figures 4) and indicate that the challenge of **lack of systemic approach** and **weak articulation of the demand for innovation and for innovation support-services stands** out as the most popular ones.

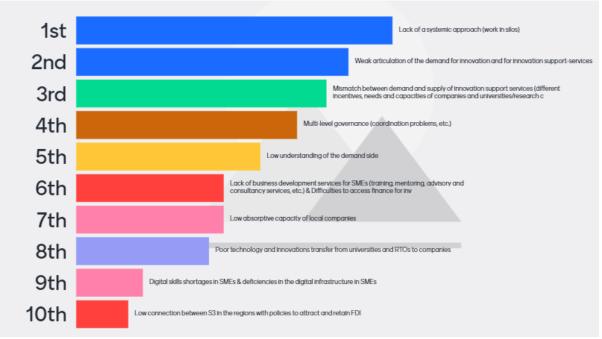


Figure 4. Prioritisation of implementation challenges by WG members during the kick-off meeting

Source: Meeting participants voting on Mentimeter





5. Conclusion and next steps

The two implementation challenges selected will be the focus of the next WG meetings:

- Lack of a systemic approach
- Weak articulation of demand for innovation by SMES

As for the 2023 WG meetings:

- The next WG meeting will be online and will focus on the challenge "lack of systemic approach". It was agreed that it will take place in MS Teams during the 2nd half of September. The WG Leader will send a doodle poll to check availability of the WG members.
- The 2nd WG Meeting will on 29 November, most likely in Barcelona as a side event of the S3Forum that will take place on 28 November, Location and dates will be confirmed and the WG will send update information in due time.

In order to maintain the WG activity, create a knowledge repository and work on shared document, the WG Leader will create a MS Teams channel.

During the meeting it was also noted that the challenge `lack of a systemic approach' is too broadly defined at this stage. To avoid working on abstract concepts and to make our joint effort operational (and to generate tangible outputs), it is therefore important to first 'unpack' the challenge into the concrete sub-dimensions.

Therefore, the WG leader will send the participants a questionnaire to gather ideas, experiences and practices from the different regions represented in this WG. This information will feed into the input note that will be prepared and shared with the WG members before next WG meeting.