



Filas



Finanziaria laziale
di sviluppo

the Filas international newsletter

to innovation

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Hello

Filas, the Financial Investment Agency of Lazio, is promoted and controlled by the Lazio Region to support development and innovation in regional enterprise. Filas manages tools related to innovation, new technologies and the net economy in order to strengthen the competitiveness of SMEs operating in our region. SMEs play an essential role in the European economy: two-thirds of all employees work in SMEs and nearly 99% of all companies are SMEs. In fact, SMEs are the main source of new employment opportunities. The forthcoming expansion of the European Union will provide new opportunities and challenges for SMEs. As was recently pointed out by Constance Hanniffy, EU Committee of the Regions Rapporteur, regional authorities will play an increasingly significant role as new candidate countries join the Union, which, in turn, will boost the circulation of best practices through inter-regional cooperation. In keeping with this spirit of renewed regional commitment to entrepreneurial development and the creation of innovative business practices,

An Eye to Innovation, the Filas International Newsletter, wishes to keep you updated regarding Filas' Regional, European and International initiatives. Filas assists SMEs, mainly the most innovative ones, in their development with various tools which include grants, participation in risk capital and the promotion of innovative models. This first issue of *An Eye to Innovation* addresses the mobility of research and the specific tool devised by Filas to tackle this issue: the Business Lab Project. Future issues will address related matters and describe the tools and initiatives deployed by Filas, for the Lazio Region, to aid SMEs with an eye to increasing both European and international cooperation.

Stefano Turi
Filas General Manager

The Lazio Region is currently moving along the course indicated by the Competitiveness Council of the European Union to implement adequate regional policies. Filas, the Financial Investment Agency in charge of financing innovation in Lazio, is one of the fundamental actors in implementing the objectives of the Regional authorities. Today, European Regions are called upon to play a strong role in the implementation of economic system policy. It is crucial that regions adopt the necessary tools for the analysis and sustenance of this task. Lazio represents a benchmark for the experimentation of advanced institutional policy to support the increased competitiveness of local enterprise. In fact, Lazio is the Italian region with the highest gross product growth rate. This is substantiated by the *Regional Lazio Innovation Scoreboard* (RLIS), the monitoring tool devised by Filas along the lines of the *European Innovation Scoreboard*. According to the RLIS, Lazio has invested more than any other Italian region in IT, Research & Development agencies, and employment in the high technology services sector. Moreover, Lazio has the highest concentration of research institutes in Italy and the greatest number of advanced service and aerospace industries. Therefore, we can proudly assert that, over the past few years, Lazio has become one of the foremost regions in both Italy and Europe for the creation and production of innovation and competitiveness. In fact, the Lazio Region, through the tools managed by Filas, has significantly contributed to the competitiveness and efficiency of regional SMEs and is fully aware that small enterprise forms the backbone of the European and, even more so, of the Italian economy. Filas manages tools mainly aimed at helping the most innovative SMEs through grants, participation in their risk capital and the generation of innovative interaction models - such as the Business Lab Project (see feature article in this newsletter) -

between innovative enterprises, universities and research centres, and the world of finance in order to advance research and enterprise spin-off.

Filas has also created - and administers - the Atena Centre, the ICT, Multimedia and Aerospace Excellence Centre of the Lazio Region.

In addition, Filas is working on the Regional System for Distance Learning in cooperation with other agencies.

Some of the innovative models, currently being implemented in our region, can also be applied at the European level as a part of the Sixth Framework Programme. In fact, these models can be "exported" outside of the European Union in the larger context of international cooperation. This is what Filas is working on at present. Filas, which is increasing its drive for European Research & Development, has submitted various proposals and initiatives within the FP6 to coordinate a new model of international cooperation capable of promoting high-level strategic partnerships in various sectors between university and industry. All of these projects share the common objective of creating a high-level partnership between university and industry in order to promote innovation and European competitiveness globally. Filas' primary commitment to internationalisation is witnessed by the fact that new accession and developing countries are involved, together with EU member states, in all our planned activities.

We must make the economy of the European Union more modern, flexible and integrated, more open to research and new technologies and capable of providing European citizens with new and better employment opportunities.

The Regional Budget, Planning and Community Resources Department of the Lazio Region endorses the international initiatives developed by Filas and is pleased to witness the inauguration of this newsletter, which we are sure readers will find very informative.

The Lazio Region Launches the First Seven **Business Lab workgroups**

Regional Budget, Planning and Community Resources Councillor Andrea Augello has launched the first seven Business Lab projects. On Monday, December 1st, 2003, Councillor Andrea Augello awarded contracts to the first 20 scholarship winners, thus setting off a process that will end with the creation of seven new high-tech start-ups. Subsequently, the individual workgroup scientific tutors illustrated the seven projects in detail. The Business Lab, projected by Filas, the Financial Investment Agency of the Lazio Region, is an incubator created to collect new industrial ideas and give rise to new enterprise. In general, the project is designed to catalyse - through public participation - the growth of solid working relations between the public and private sectors (enterprises, universities and research centres) in terms of collaboration, synergies, transfer of knowledge and researchers. A Business Lab is a workgroup formed around an innovative business idea, originating from either an enterprise or the world of research. Proposals can be submitted to Filas via the application available on its web portal (www.filas.it). The workgroup - or Business Lab - incorporates young scholarship winners who have experience either in the area in which the enterprise wishes to develop its business idea or as managers and entrepreneurs who, under the supervision of Filas, wish to give rise to an innovative enterprise. The deadline for the first round of scholarships was September 15, 2003, but enterprises are encouraged to submit business ideas at any time.

The First Regional Framework for **Evaluating Innovation** (Scoreboard Lazio Region 2002)

Lazio is the leading Italian region in terms of Research & Development expenditure in public agencies and employment in the high-technology services sector. This information is contained in the "First Regional Lazio Innovation Scoreboard" compiled by Filas and presented on October 24, 2003 by Lazio Region President Francesco Storace, Regional Budget Councillor Andrea Augello, Fabrizio Sacerdoti and Stefano Turi, respectively Sole Administrator and General Manager of Filas spa. In particular, Lazio ranked first in both Italy and Europe in terms of employment in the high-technology services sector (communication, information technology and software development), in public research & development expenditure (university training, public agencies and non-profit sectors) and in total IT expenditure (office automation, data elaboration systems, software and telephony services). "In three years," President Storace pointed out, "Lazio has become one of the foremost regions in Italy and Europe in terms of the creation and production of innovation and competitiveness." "In fact," Filas General Manager Stefano Turi emphasised, "the Lazio Region has allotted 14 million euro to Law 23, which helps enterprises in Lazio innovate their productive processes."

The Lazio Region Sets its Stakes on Aerospace

"Space technology in Lazio is represented by leading national enterprises as well as SMEs, which the Lazio Region intends to help develop further," Regional Councillor for Industry Francesco Saponaro declared at a conference on aerospace engineering held at the University of Rome "La Sapienza" Department of Engineering.

Besides the financial support channelled to innovative technology in Lazio, the regional authority is also working on improving contact between high-technology research organisms (universities, research centres, CNR and ASI), enterprises and the financial system. "On the internationalisation front," the councillor declared, "we have reached an initial agreement with the Region of Moscow for the exchange of scientific and technological know-how in the field of aerospace and we are organising special research seminars with Russian and Lazio region Universities."

"Together with the Ministry of Research, we are evaluating the opportunity of creating a special aeronautical and aerospace research district in the area of Rome," Saponaro concluded.

The Lazio Film Commission

The Lazio Film Commission has been created to promote marketing, communication and services for the TV and movie industry in Lazio. The memorandum of understanding was signed by the Lazio Region and Cinecittà Holding. The initially experimental collaboration intends to promote Lazio as a location for shooting movies and TV-films by supporting cinematographic and television productions that decide to invest in Lazio with a series of services ranging from hotel offers and catering services to car rentals and all the other services that a production unit may require. The Film Commission will also provide consultancy services to production companies in search of possible filming locations, help obtain the required permits and licenses, and increase the existing range of cultural and economic services dedicated to cinematographic and audiovisual productions. The Film Commission will also arrange special agreements and sponsorships with suppliers and services that intend to set up preferential collaborations with the trade unions. The Film Commission represents an important opportunity to increase investment in the audiovisual sector in our region - a sector in which the Lazio Region has always demonstrated great interest. This is confirmed by the recent inauguration of the Euro-Mediterranean Centre for Cinematographic and Audiovisual Training in Morocco, which was also set up in collaboration with Cinecittà and the Istituto Luce. The promotion of cinematographic productions in Lazio will certainly also increase tourism. Eighty percent of all Italian movies are produced in Rome and Lazio and recently many foreign, and especially American productions, have returned to invest in the facilities available in our region.

The Business Lab

In today's global market, a region or state's ability to innovate depends on the decisions made by its economic operators along with coherent strategic policies supporting experimentation, research and the free circulation of knowledge. Relations between actors who possess complementary know-how, knowledge and expertise often represent the first step towards the creation of a truly innovative concept. Clearly, the creation of an efficient model capable of bringing research and industry together with the world of business and finance is a fundamental goal.

The Sixth Framework Programme for Research and Development (FP6, 2002-2006) is the European Commission's principal financial tool for promoting innovation in Europe.

In terms of innovation, a significant portion of the work carried out under FP6 is meant to create a trans-regional, cross-sectorial and interdisciplinary network between public agencies, economic operators and social partners.

Filas' Business Lab Project has been devised to bring the worlds of research, industry and finance together and create new enterprise and employment opportunities. The Business Lab promotes technology transfer, spin-offs and catalyses the work of universities, research centres, businesses and venture capitalists by operating as an efficient incubator of innovative ideas in structures that are capable of maximizing their industrial value.

In short, the Business Lab:

- Stimulates and sustains innovation in order to increase SMEs competitiveness;
- Promotes the creation of *start-ups* in the new technologies sector by providing
 - Financial and legal assistance;
 - Transfer of technology;
 - Business training for researchers.
- Addresses the need for SMEs internationalisation.



How the Business Lab Works

Filas' innovative Business Lab model is based on increasing direct communication and interaction between universities, research centres, enterprises and venture capitalists. This improves research potential and capitalizes on the new ideas put forth by all of the parties involved. The Business Lab Project allows business and research ideas to be evaluated and streamlined more efficiently, which, in turn, increases applied research, improves the management of time and money by research centres and universities, and speeds up the time-to-market for enterprise innovation. In the first phase, the key technological needs of SMEs and the principle technological areas of research addressed by universities and research centres are identified. A project call, based on this investigation, is then issued and projects submissions are accepted from universities and research centres. Submitted projects are evaluated by a group of experts co-ordinated by FILAS, who select the most interesting projects to give rise to enterprise ventures.

During the second phase, the individual work groups are created. At least 10 work groups are organized every year.

The work groups include three "high-potential" university graduates, a university or research centre scientific tutor, an enterprise coach and a Filas co-ordinator.

In the third phase, Filas helps the newly created start-ups find adequate funding by directing them towards relevant structural and regional Funds as well as private venture capital.

For the results of the first project call please see the *Regional News* section.

New Tech Strategies • A Spin-Off

On October 15, 2003, the Business Lab project submitted by Advanced Computer Systems SpA (ACS) was approved.

The project entails the creation of a spin-off company to provide services to high-tech enterprises. Services include the analysis of technology (new production opportunities and applications) and markets (new national and international markets and increasing existing market quotas) as well as commercial and marketing strategy support services. The fundamental objective is to attract investments by enterprises that have decided to exploit innovation and technology transfer as a competitive advantage.

The new enterprise, NTS (New Tech Strategies), was conceived by a group including the University of Rome "Tor Vergata," Filas and ACS.

NTS' first client will be its mother company ACS. Thanks to its foreign market orientation (70% of its turnover is generated by international orders), ACS can help establish NTS both nationally and internationally.

The ACS-NTS Business Lab project was approved on October 15, 2003 and will be launched at the beginning of 2004.

The success of this initiative will be sanctioned by the creation of NTS, New Tech Strategies SpA, whose shareholders include ACS, Filas and private investors.

The Business Lab project is an ideal project for Filas as it demonstrates the use of an officially established regional programme to pursue strategic objectives, which reach far beyond regional boundaries by helping local centres of excellence to expand to a global level.

Advanced Computer Systems ACS Spa is a leading Italian company in the design and development of software and advanced technological solutions in various sectors, including:

- Satellite terrain sensing (Earth Observation)
- Large Digital Archives (Media Asset Management)
- Virtual Reality

ACS works with top-level agencies, institutes and companies in Italy and Europe as well as internationally. Some of its main foreign clients are:

- European Space Agency, ESA (ESRIN, ESTEC);
- EADS MATRA Systems and Information - France;
- CONAE - Argentina;
- Satellite Application Centre (SAC)/CSIR - South Africa;
- Thomson CSF - France;
- Israel Aircraft Industries - Israel;
- National Research Centre of Thailand (NRCT) - Thailand;
- Institut National de l'Audiovisuel, INA - France;
- BBC, England;
- Sony - USA;
- Tech Museum - California, USA;
- Gulf Coast Exploration Mobile Science Centre - Alabama, USA;

The company is legally and operatively based in Rome, Italy and has a Research & Development centre in Matera (Southern Italy).

Why is the mobility of researchers so important?

According to an article published by the *University-industry interface* (see Vol. 6/02, 1 November 2002, Innovation & Technology Transfer), barriers between researchers and producers must be removed at once in order to allow knowledge to pass from the research to the production stage more quickly and fluidly and build a stronger economic future for Europe.

European universities and industry must become more interconnected. At present, the gap between the worlds of research and enterprise represents a true hindrance to innovation. Bridging this gap is a major challenge for EU innovation policy.

Working closely together with industry achieves results, according to Anders Flodström, Rector of Stockholm's Royal Institute of Technology (KTH). KTH has set up several joint research centres with Swedish industry thanks to Swedish policy, which channels a percentage of public university funding to help the Swedish industry. "Once we started working together, we rapidly developed a strong understanding of each other's working conditions." Much of the focus so far has been on moving researchers from universities to industry, but partnerships need to benefit both sides. "We need to support knowledge-sharing, not one-way transfer," said Flodström. The European Commission has recently adopted a communication on *Researchers in the European Research Area: One Profession, Multiple Careers*. Its conclusions were also fully endorsed by a conference on the same issue held in Florence on July 17-18, 2003. The communication and conference were organized to address how research careers are structured and the fact that the present system does not allow European research to reach its true potential. The fundamental issues include the need to increase the number of researchers and increase their mobility both between

countries and between universities and industry. Barriers to mobility limit the career options available to researchers and make the profession less attractive. Alexandre Quintanilha, Chair of the Commission's external advisory group for Marie Curie actions, declared that mobility, both geographic and interdisciplinary, is crucial to the concept of a knowledge-based society that must be implemented. Conference participants agreed on the need to increase mobility based on the requirements of individual countries. Mobility of researchers is one of the key factors in the creation of innovation. However, notwithstanding the fact that mobility is an effective and recognized way of training researchers and spreading knowledge, there still is a lot to accomplish. The Innobarometer 2001, implemented by DG Enterprise (EURO17048), is a targeted survey to evaluate the opinions of enterprise directors on the importance of EU integration in facilitating access to advanced technologies, the mobilisation of human resources and funding for innovation. A survey conducted on more than 3000 general managers of companies employing more than 20 workers indicates that:

1. Although innovation is very widespread, its expansion rate is very low. Between 1999 and 2000, nearly two out of every three companies introduced new products and services, but in 50% of these innovative companies, the new products and services did not amount to more than 10% of the total turnover.
2. Human resources are critical and play a crucial role in innovation.
3. Human resources remain a key factor in the implementation of innovative processes. This is especially true if the know-how and acquired skills are continuously shared.

4. Hiring highly qualified staff and encouraging existent staff to innovate are successful strategies for reaching the required technological levels.

5. Exchange of knowledge between top managers and researchers, as well as mobility of researchers, are also important tools for fostering innovative processes. Overall, researchers are more than twice as mobile as most other professionals. Nonetheless, researchers are still not as mobile as they could be in relation to present-day requirements.

There is a high degree of consensus between EU Member States on the contribution that the mobility of human resources, especially researchers and knowledge management, provides on the innovation front. According to the Innobarometer 2002, staff skills, mobility, sharing of knowledge and co-operation between industry and academia are considered key factors in innovation performance. In 2002, managers attributed their company strength in innovation primarily to the qualifications and professionalism of their staff.

"Above all, Europe's most valuable economic resource is its people and the skills they possess. According to the Innobarometer 2002, staff skills and knowledge, as well as the potential provided by the European dimension of innovative markets, are key factors in innovation performance," Enterprise and Information Society Commissioner Erkki Liikanen recently declared.

Filas is putting forward proposals and initiatives to extend its Business Lab model and foster the mobility of researchers not only between university and industry, but also between distant countries and different cultures.

The Lazio Region

The Lazio region is located in central-western Italy and includes five provinces: Rome, Latina, Frosinone, Rieti and Viterbo.

With well over five million inhabitants living on 17,197 sq. km, Lazio is one of Italy's largest and wealthiest regions.

The capital, Rome, is located in the centre of the region. The Province of Rome features an exceptionally large service sector (both private and public).

Other important sectors include telecommunications, pharmaceuticals, software, building, and R&D.

Agricultural and industrial activities (electronics, food and chemicals) predominate in Latina.

Frosinone has industries in the fields of electronics, transport, and clothing and paper production. Rieti is a mixed agricultural-industrial area with productive activities in the food processing, mechanical engineering and textile sectors. The province of Viterbo mainly concentrates on agriculture, but also produces consumer electronics and ceramics.

Employment Statistics:

data from: "Annuario Statistico Italiano 2003, ISTAT"

Total employed workforce:	2.025.000
Unemployment rate:	8.6 %
Agriculture workforce:	67.000
Industry workforce:	404.000
Services workforce:	1.554.000

Enterprises by sector:

Movimprese 2001

Sector	Active Enterprises	%
Agriculture and Fishing:	56.488	16,6
Industry:	78.122	23,1
Including Construction:	42.289	12,5
Services:	200.107	59,1
Including Commerce:	112.403	33,2
Other:	4.119	1,2
Totale	338.836	100

Composition of the GDP (2001):

Agricultural sector:	2 %
Industrial sector:	17 %
Service sector:	81 %

Research and Development (GDP %):

Total R&D expenditure in the region:	1.3 %
Government:	0.3 %
Higher education:	0.2 %
Private sector:	0.7 %

Filas launched its international activities by sending a high-level, three-person delegation to the IST Event held in Copenhagen in November 2002. Filas presence at the event set off a flurry of public and private meetings. In December 2002, a FILAS delegation met high-level officers of DG-INFSOC, DG-RESEARCH, DG-EDUCATION and EUROP-AID and, again, many bi- and multilateral meetings followed. In 2003, Filas representatives in Brussels attended various info-days, including the e-Government Info-day on February 7, the Embedded System Info day on June 26, the Mobile Worker Info-day on June 25, and the Risk Management Info-day on July 3. Similarly, Filas officers were present at many of the workshops directly or indirectly organised by R&D projects and partners in Brussels and elsewhere in the EU. Filas also participated as a member in all the meetings of the eris@ network. Following its appointment by the Lazio Region as regional reference agency for the FP6 programme, Filas organised a workshop on "Finance, Research and Enterprise: an Innovation Model for FP6," which was successfully held in Brussels on February 12th, 2003. The President of the Lazio Region opened the workshop and presentations by policy-makers, experts and executives from all over Europe followed. Nearly one hundred people attended the workshop. Filas was invited to hold a special session on internationalisation at the CENNET workshop scheduled to be held in Shenzhen, China, from April 9-12, 2003. The workshop programme was finalised and distributed to participants but, unfortunately, the event was cancelled at the end of March due to the SARS emergency. In the framework of the Italian EU Presidency, Filas participated in two relevant Inter-ministerial workshops: the Competitiveness Council held in July and the E3 Seminar held in September. Filas sponsored both events and delivered speeches in various sessions.

Recently, Filas has given special priority to New Accession Countries. It has participated in the RIS-NAC Info day held in Prague on November 10, 2003 and sent a delegation on a one-week mission to Poland. The delegation toured several Polish cities and established Italo-Polish collaboration for the forthcoming accession. The visit ended with the participation in the CEI Forum in Warsaw.

Dear Reader,

I hope you have found this first issue of our newsletter informative and interesting.

An Eye to Innovation looks forward to receiving and publishing comments, correspondence and criticism from its readers. If you would like to weigh in on a particular issue, raise a debate or contribute material, please feel free to contact us at newsletter@filas.it. For further information regarding Filas and its activities you may also refer to our website at www.filas.it.

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