

INNOVATION AGENCIES AS CATALYSTS OF CHANGE:

UNDERSTANDING THE
VALUE OF NON-FINANCIAL SUPPORT
FOR EUROPEAN INNOVATORS

TAFITIE Taskforce on the 'soft power'
of innovation agencies

Final report

June 2019

About this report

This report shares the findings and conclusions of the 'Soft Power' Taskforce. As its final output, it summarises all the actions that were carried out and the conclusions taken from them. All TAFTIE member agencies were part of the discussion events and/or the survey conducted in the scope of this Taskforce.

About the 'Soft Power' Taskforce

The Taskforce carried out a roadmap of activities for developing research and extensive dialogue across Europe between September 2017 and April 2019. The purpose has been to develop a clear picture of the non-financial support services provided by innovation agencies, and to better understand the competencies and skills required to deliver and improve them.

The 'Soft Power' Taskforce gathered 17 innovation agencies within TAFTIE :

ANI (Portugal);	Innovate UK;
Bpifrance;	Innovation Norway;
Business Finland;	Luxinnovation (Luxembourg);
CDTI (Spain);	NKFIH (Hungary);
ENEA (Italy);	RVO (Netherlands);
Enterprise Ireland;	PtJ Juelich (Germany);
FFG (Austria);	SPIRIT Slovenia;
VLAIO (Belgium);	TACR (Czech Republic).
Hamag-Bicro (Croatia);	

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About the authors



alex.glennie@nesta.org.uk

Alex Glennie is a Principal Researcher at **Nesta**, a UK-based innovation foundation. She leads international research projects examining new trends and practices in innovation, with a particular focus on inclusive innovation policies. She is a lead author of Nesta's comparative international study of innovation agencies around the world, and a core member of the team delivering the Global Innovation Policy Accelerator, a collaborative development programme for innovation policy leaders.



ana.ponte@ani.pt

Ana Ponte coordinates the International Promotion Unit at **ANI**, the National Innovation Agency in Portugal, where she is responsible for designing and implementing the Agency's strategy for international cooperation. She has a long experience in decision support on science and innovation policies, both at national and European levels, as well as in stakeholders' engagement around international collaborative initiatives in these domains.



nadine.teles@ani.pt

Nadine Teles works for the International Promotion Unit at **ANI**, the National Innovation Agency in Portugal. She supports and represents ANI in European and international forums, particularly within TAFTIE, the European Association of Innovation Agencies, and manages European R&D projects for collaborative exchange of best practices and improvement of innovation policies.

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All errors remain the authors' own.

INTRODUCTION

1.1. Background and rationale for the Taskforce

In past and current European models of innovation support, there has been a strong focus on the funding component of framework programmes. Innovation agencies have developed their own activities around similar and complementary objectives, providing different types of financial support to a range of innovators. Alongside this, they have nominated National Contact Points (NCPs) and Enterprise Europe Network (EEN) national officers, and integrated several Coordination and Support Actions (CSAs), to provide additional non-financial support services as a complement to the funding schemes available.

The establishment of NCPs and EEN officers came as a recognition at the European level of the importance of advisory and support services, and the need to strengthen these activities. The resulting support has had the added benefit of increasing knowledge on innovators and their specific needs. However, although NCPs and EEN officers are already providing a comprehensive set of non-financial support to innovators in most innovation agencies across Europe, dialogue with innovation policymakers that fed into the development of this Taskforce suggested this support appeared to be mostly top-down and generalist in nature, with pre-established procedures and routines with limited adaptations or flexibility allowed, and not following a long-term strategy with clearly identified goals or measurable indicators.

Available data and anecdotal evidence indicate that innovation agencies can be hugely important for innovators when it comes to developing their capabilities, brokering partnerships and providing access to additional sources of finance. It is therefore critical for them to develop their understanding and practices around the delivery of impactful non-financial services that can increase the effectiveness of public spending on research and innovation (R&I).

When helping innovators at all stages of development to access non-financial support opportunities, innovation agencies are responsible for identifying their needs and for diversifying and tailoring services to meet their requirements. The European Commission sees this complementary expertise and set of services as an asset for the new Horizon Europe framework programme and the European Innovation Council (EIC) that will take part in it. Innovation agencies will be much better placed than European institutions to understand national, regional and local contexts and provide more tailored

advisory and support services to their innovators. As such, a more accurate appraisal of the value of these services will also help innovation agencies to prepare themselves for the new roles they may be expected to play in the future landscape of innovation support in Europe.

At present, the support provided is always dependent on the investment each innovation agency decides to make in order to offer non-financial services to their beneficiaries. However, Horizon Europe and the EIC may require a more formalised, comprehensive and continuous set of non-financial support instruments, as well as a different internal organisation of innovation agencies, in order for them to deliver a more diversified and personalised set of services that can effectively help innovators access national, European and international sources of funding.

This scenario makes it very challenging to promote excellence and have impact across Europe while simultaneously contributing to its convergence. It suggests a fragmented coverage of the needs of innovators in Europe as the support they receive from their national or regional innovation agencies very much depends on the inner characteristics and development stage of these organisations. Agencies across Europe must then reflect on this and understand what their role should be as supporters of their innovation ecosystems. In order to support their innovators, agencies have been often seen as funding bodies ("hard power"), supporting innovation, entrepreneurship and growth primarily through the provision of grants or other types of financial support. Yet, little is known about the different non-financial forms of support that they also offer ("soft power").

The 'Soft Power' Taskforce thus aimed to provide TAFTIE members with a clear understanding of the different ways these agencies support innovators, by capturing the current status of their portfolios, competences and skills with respect to the provision of advisory and support services, and making suggestions for their development and incorporation in the scope of the future R&I promotion landscape and the new roles agencies want to assume within it.

Also, a particular element to be considered is the next European R&I framework programme, to be launched in 2021, and the strengthened role it is expected to assign to innovation agencies, as well as to their networking and collaboration practices. An enhanced focus on the innovator's needs as part of Horizon

Europe and the EIC requires innovation agencies to reflect on how to deliver more impactful advisory and support services, closer and tailored to the innovators needs, and in connection with other relevant stakeholders of the ecosystem (including funding agents, consultants, clusters, etc.), thus taking a new position and assuming new roles for effectively support their innovators to access opportunities and compete in an international landscape of multiple agents, sources and instruments.

In face of a challenging reality for pursuing breakthrough innovations with a view to competitive international markets, a heterogeneous landscape of Innovation agencies is thus willing to better (re)define their own profiles and set of tools in order to effectively position themselves in the regional, national and international R&I systems.

The Taskforce offers several clear incentives and benefits for innovation agencies, the TAFTIE network, the European Commission and other stakeholders of the European innovation ecosystem:

- It provides an up-to-date comparative picture of the current profiles of TAFTIE member agencies, and where they sit within their respective innovation ecosystems;
- It enables individual agencies to think about the advisory and support services they currently provide, take inspiration from the approach of their counterparts in other countries and regions, and help them start planning for the services of this kind that they should prioritise or develop further;
- It supports innovation agencies when thinking about the capabilities and skills they currently have and may need to recruit for in the future to be able to provide impactful support for their beneficiaries;
- It is a useful input for the current discussions and planning relating to the EIC and the innovation ecosystems elements of Horizon Europe, namely, to provide evidence on the preparedness of innovation agencies for the challenges arising from the novelties brought by the new framework programme to be launched in 2021.

1.2. Objectives and research questions

As there is no one 'ideal' way for an innovation agency to be structured, the 'Soft Power' Taskforce did not intend to develop a single model for agencies to use in the organisation and delivery of their advisory and support services. The aim was instead to analyse the wide range of advisory and support services provided, as well as the correspondent competencies and skills needed, acknowledging that they may be organised and structured in several different ways.

The Taskforce had the following objectives:

- Understand the role of advisory and support services in the strategy and performance of innovation agencies in Europe and what competences were needed to deliver that support;
- Anticipate how these services might evolve in the future, taking into consideration the current needs (of innovators, the agencies' own staff and other stakeholders) and the perception that agencies have of their importance;
- Explore how much should be invested in these types of services, who should perform them, and the degree of collaboration and alignment between them and with other stakeholders needed to provide them in the most impactful way.

Thus, this Taskforce tried to answer three main research questions:

1. What other responsibilities may be important for innovation agencies across Europe (including in view of Horizon Europe and the EIC), beyond their role as a funding agent?
2. What advisory and support services are innovation agencies currently offering? How are they offered and by using what resources? How impactfully? How should they evolve in the future?
3. What competencies and skills should innovation agencies incorporate?

METHODOLOGY

To address the research questions, the taskforce was carried out at two parallel levels: internal discussions among taskforce agencies, namely through a survey designed to gather comparable data on the advisory and support services of TAFTIE agencies and identify the knowledge gaps where further research needed to be conducted on that topic, and the organisation of three events for pursuing a dialogue with different stakeholders of the European R&I landscape (e.g., European Commission, innovators, funding agents, advisory services providers) on the future roles of innovation agencies. While the survey acted as an important instrument for internal reflection of agencies, the events provided an external view of how agencies are perceived by those they support and collaborate with.

The survey started with a written questionnaire, gathering the responses of 24 TAFTIE agencies on their organisation profile, the range of advisory and support services they provided and the experience and skills of their staff. Qualitative data was

needed after a first analysis of the survey, including requests for case studies illustrating different approaches and practices to non-financial services. Interactive sessions, joining together several international and European stakeholders, and a focus group discussion with a selected number of TAFTIE agencies were also organised in order to deepen the conclusions of the survey.

Feedback from the TAFTIE Board and agencies was sought at different points in the process, including taskforce meetings. The taskforce also closely followed the dialogue between an informal group of 11 innovation agencies with offices in Brussels and the European Commission, on new developments regarding Horizon Europe and the EIC. The taskforce Final Dissemination Event acted as a final moment for collecting feedback on key findings and conclusions of the taskforce as well as promote the discussion between TAFTIE agencies on how to implement or further develop those findings.

The following table shows the taskforce activities and timeline:

Activities	Timeline
Survey	<p>April-September 2018: written questionnaire</p> <p>June 2018: interactive session</p> <p>November 2018: interactive session/focus group</p> <p>November 2018-March 2019: qualitative data/case studies requests</p>
Taskforce events	<p>January 2018: 1st event</p> <p>May 2018: 2nd event</p> <p>November 2018: 3rd event</p>
Taskforce meetings	<p>September 2017: kick-off meeting</p> <p>January 2018: 2nd meeting</p> <p>May 2018: 3rd meeting</p> <p>November 2018: final meeting</p>
Meetings of the Brussels' informal group	<p>June 2017 - November 2018</p>
Final Dissemination Event	<p>April 2019</p>

FINDINGS AND CONCLUSIONS

3.1. What do innovators and other stakeholders request from innovation agencies?

The increasingly dynamic and complex environment for boosting innovation in Europe led national and regional innovation agencies to reflect on the model, roles and responsibilities they ought to assume for providing the most adequate support to their innovation communities. Inputs from a number of innovators and other stakeholders were valuable for this reflection in the scope of TAFTIE's 'Soft Power' Taskforce.

Innovators across Europe face different realities and, therefore, have different challenges and needs. How innovators see the efforts of innovation agencies and what kind of support they feel the need for may thus, vary in a number of ways. Different regulatory frameworks across countries and regions pose a concrete challenge for promoting excellence and impact in Europe.

However, some key roles and responsibilities appear to be common, with innovators across Europe acknowledging that agencies should become smarter, more inclusive and more fit for the future:

- They should become smarter by accelerating the learning process on innovation support policies and instruments based on experimentation and on a higher ability to process data and mapping tools on the information they collect every day about the innovation ecosystem and innovators themselves. New indicators are needed to increase agencies' real time monitoring capacities;
- They should be more inclusive both by offering and adapting their services to a wider set of entities, based on an enlarged perspective of innovation and its dynamics, and by working together with other players of their innovation ecosystems so as to act as connectors and complement interventions in support of innovators and the ecosystem as a whole; and
- They should become more fit for the future by leading policy change towards removing constraints to innovative activities, including by bringing innovators closer to

decision making bodies and identifying regulatory solutions, as well as by providing more non-financial advisory and support services for absorbing the risk from innovators (e.g., business intelligence advice, matchmaking, training, accreditation, ensuring visibility/credibility to the best innovations).

Support service providers such as NCPs and EEN officers also advocate strengthening advisory and support services by recognising their importance and value vis-à-vis financial instruments for an adequate provision of resources (both material and at human resources levels) across agencies in Europe. The upcoming Horizon Europe framework programme and the EIC in its scope will require a more articulated, sophisticated and "innovator-centric" kind of support, tailored around the innovator's needs. This will require support service providers (both public and private) to adapt to these changes by coordinating complementary support across Europe. Thus, a higher collaboration between innovation agencies and other stakeholders (e.g., incubators, technology parks, private consultants, investors), between agencies themselves across Europe and with the European Commission will be needed for a continuous and complementary support.

The promotion of more synergies between innovation agencies and other funding agents should be a building block in this cooperative landscape. Different type of funders with their own rationales intervene in the process of supporting innovators, thus resulting in a need to strengthen the alignment between investors and public bodies.

Funding agents call for a more diverse mix of instruments, namely providing the opportunity for blended financial instruments to cover the gap from new knowledge generation to market success (e.g., funding chain between early stage funds such as the support to Proof-of-Concept and later-stage funds from investment raising from private sources). A better preparation of projects for subsequent investments should also be ensured by innovation agencies, by tailoring the support to the innovator and sharing risks at the innovators level instead of at the project level - this could be done by, e.g., improving connecting services with investors for spin-off and

other companies, providing certificates of excellence for early stage developments, and of technology readiness level for later stages and help with regulatory burden.

The upcoming Horizon Europe framework programme should provide an opportunity for this complementary model for innovation support to flourish. The European Commission is willing to increase and strengthen operational cooperation with innovation agencies, as well as with other stakeholders (incl. funding agents, incubators, accelerators, etc.), for launching collaborative actions in view of a decentralised support to innovation ecosystems across Europe. This may focus on aspects that national and regional agencies consider relevant for cooperative work, which shall be under progressive discussion through dedicate structures at operational level, such as the future EIC Forum.

Sequential support (from national/regional to European level) to innovators, scaling-up support measures, blended-finance schemes, decentralised and closer advisory and support services and other aspects are opportunities for future collaborative actions through Co-fund schemes, and the Commission is willing to revise regulatory aspects for a higher harmonization among its own rules with a view to the use of Structural Funds by innovation agencies for integrating such schemes.

For further details on the messages that the various stakeholders conveyed at the discussion events held by the 'Soft Power' Taskforce, please see the individual reports of each of those events, available as deliverables of the Taskforce in TAFTIE's website.

3.2. How are innovation agencies meeting these requests?

The measures that innovation agencies across Europe are taking to meet the requests of other stakeholders for an impactful support to innovation were determined through the survey launched by this Taskforce and the discussions promoted around it.

It should be noted however, that advisory and support services are a rather informal area of innovation agencies' activities, with very little consistent definition of concepts or procedures, which vary from agency to agency. Thus, the findings and conclusions hereby have the accuracy level that was possible

at the time available for developing the survey and its analysis - roughly one year. During this time, much progress has been made towards developing common definition of concepts for comparable figures and realities between agencies and their activities, with the most important achievement of creating, within TAFTIE members, a body of notions and considerations regarding approaches and capacities to innovation support that had not yet been seized.

Nevertheless, even though the collected data and information allowed for reaching some conclusive trends as presented below, these conclusions are still subject to a certain degree of divergence in interpretations, particularly on the aspect that the characterised approaches to services may encompass different realities and procedures in different agencies. Further research would have to be conducted to produce a more accurate and in-depth picture of innovation agencies' actions and operations.

It should be noted also that this Taskforce did not intend to evaluate the performance of innovation agencies in delivering advisory and support services. Therefore, the conclusions below are not on how well innovation agencies are actually meeting stakeholders' requests, nor on comparing the effectiveness of any one model of organisation or support delivery compared to another. This would be difficult to achieve given the limited practice on impact measurement that agencies currently have.

The research report *Enhancing the soft power of innovation agencies in Europe: the role of services, competencies and skills*, made available by the 'Soft Power' Taskforce through TAFTIE's website, gathers all the detailed findings carried out through the mentioned survey, from which the main conclusions to be drawn are the following:

- **Moving to an innovator-centric approach:**

Like their beneficiaries and the other stakeholders consulted by this Taskforce, innovation agencies also consider advisory and support services an increasingly significant and impactful part of their offer. However challenging it is to gather evidence of this, some innovation agencies across Europe are starting to restructure their activities around this kind of non-financial support, shifting from a focus in projects towards a focus on the innovator's needs.

At present, the support provided by each agency across Europe differs as it is very much dependent on the missions that

agencies are assigned with and on their decision structures. The financial resources available within agencies highly determines the investments each one decides to make in terms of tailored and non-financial support.

Namely, the reality of the agencies across Europe that were surveyed through this Taskforce shows two different scenarios - a group of agencies for which European Structural Funds (ESIF) are a central source of their budget, and a group of agencies that have other important sources of budget. The impact of this distinction in innovation agencies approach is that the first group is not prepared for the ongoing shift towards a tailored offer of support to innovators, as the regulatory framework of ESIF is of a project-centric nature. This way, agencies in this group have less control over the design and delivery of services and limited ability to embed them effectively and in a tailored and holistic way within financial instruments.

Therefore, there might be a diverging trend between innovation agencies across Europe if those regulatory conditions are not revised, which could hamper the desired closer proximity and adaptation to the beneficiary that is pursued in the spirit of Horizon Europe and European innovation support policies as a whole.

For the agencies that are already shifting towards an "innovator-centric" approach to support, this tendency implies an imbalance in the allocation of resources and the selection of fewer beneficiaries for more resource investment. It may thus, lead agencies to segment their beneficiary communities and work along stages of different support intensity and investment, allowing to focus the majority of agencies' resources in supporting fewer entities with high potential growth, while also remaining open and providing more general services in an efficient (and increasingly digital) way.

According to these agencies, companies mostly benefit from support which increases their intellectual innovation capacity within their unique innovation processes; and even financial support mechanisms lacking the support to increase this capacity do not deliver the expected results, while services and programmes teaching them how to lead their innovation processes create most value and long term impact. Hence, the increasingly recognised importance of strengthened advisory and support services embedded in financial instruments, as to ensure the highest impact of all the provided support.

- **Better defining the perimeter of action:**

Intensifying advisory and support services towards a tailored approach requires innovation agencies to face the need to better define their position within the innovation ecosystem and their relations with other stakeholders. This means defining their 'perimeter of action'. Agencies are rethinking which services they are best placed to deliver themselves, given their available resources and capabilities, and which ones should be delivered by other partners with whom they should increase cooperation.

At present, it is unclear how far this perimeter should extend, especially given the absence of good evaluation data on the impact of different services and delivery models.

- **Developing new skills and capabilities:**

The appraisal of qualifications, professional backgrounds and competences of innovation agencies' staff reveals a need for the shift towards a more innovator-centric approach to be accompanied by a diversification of skills, qualifications and backgrounds. While a competent management of programmes may have been ensured by a more homogeneous profile of qualifications within agencies' staff, the adaptation to innovators' needs and specific situations calls for know-hows and experiences of other natures, namely in specific fields or more in-depth on innovation management, for instance, hence the need for replacing "generalist" profiles for "specialist" ones.

Certain expertise - such as data analysis capabilities - are matching stakeholders "requirements" pointed out during the "Soft Power" events. However, the "requirement" for a better risk appraisal is not currently one of those cases, as it is not a highly mentioned skill in agencies' job descriptions.

Also, the way to work at innovation agencies may need to be different in the case of an innovator-centric approach. Teamwork, communication abilities or networking skills are already becoming important in innovation agencies job offers, with a potential impact on restructuring the way services are delivered. While innovation agencies recognise the need to upgrade and diversify their internal skills and competences, the upgrading of competences will not ensure per se an impactful delivery of support without a proper organisational structuring. This reinforces the need for further formalisation of advisory and support services and a clarification of an appropriate action perimeter for innovation agencies' activities.

RECOMMENDATIONS

The discussions and findings of the 'Soft Power' Taskforce provide both a number of recommendations concerning advisory and support services in innovation agencies and a number of avenues for future work. The following recommendations are an attempt to capture the ideas and suggestions that TAFTIE member agencies made throughout the discussions promoted by the Taskforce, including during its final workshop, held in April 2019 in Luxembourg.

4.1. Recommendations for European and national policy-makers

More freedom should be ensured to innovation agencies for increasing their capacity to experiment with, and adapt their approach to providing advisory and support services, whether this is funded by their own budgets, ESIF or other sources. How innovation agencies resource these services should be rethought, including whether there is a case to be made for dedicating more internal budget to them, free from regulatory constraints to an innovator-centric approach for delivering services in a tailored and holistic way.

4.2. Recommendations and food for thought to individual agencies

Innovation agencies should invest in strengthening collaboration with other stakeholders, as well as with their peers, as a means of sharing experiences and best practices and of ensuring purposeful dialogues with a view to better define their perimeter of action by establishing complementarity with other stakeholders' activities. This is also a way to find creative means to fund and ensure advisory and support services.

On what concerns the perimeter of action of agencies' services, a balance should be struck between focusing on innovators' needs, in a bottom-up approach, and influencing the innovators behaviour following policy guidelines, in a top-down approach. This should also lead to more inclusive innovation, by better engaging policy makers and innovators in sustainable dialogues.

The definition of an agency's intervention budget for advisory and support services is a working ground for the future, where adequate KPIs and monitoring tools for measuring impact are needed and could be explored jointly by agencies with their peers. But this calls for a clearer rationale on how

innovation agencies could demonstrate success in performing services, based on what should concretely be pursued - i.e. solve the trade-off between supporting innovators with high growth potential and those at risk to not succeed, as well as adjusting the focus to growth and jobs KPIs or to companies' sustainability in the longer run (e.g. facing the question whether raising unicorns is the solution). The selection of "clients" for segmenting delivery approaches must be determined in the basis of such a rationale, with agencies always having to gain experience in measuring innovators' own willingness and capacity to grow, which may benefit from cooperation with private investors.

An agency's mandate should thus, be adapted to this kind of demands that a shift towards an "innovator-centric" approach encompasses, so that its business models can be designed around services.

EEN can be a very useful way source of acquiring skills on service delivery and for mapping needs and challenge of the innovators community, but an approach based on that needs further investment.

The 'Soft Power' Taskforce was jointly carried out by the following TAFTIE member agencies:



In partnership with:

