

InCompass Study Visit Malmö 28-30 November 2012

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1 Introduction to the project

An incubator is a type of business support infrastructure that assists new, usually young promising entrepreneurs for a limited period of time to grow from the birth of an idea for an innovative product to a starting business that can stand on its own feet. Most incubators of start-ups in creative industries are public and non-profit organizations. Therefore, it is often taken for granted that they are strongly supported financially by national, regional or local authorities. Besides, it is very common that these authorities provide physical infrastructure (buildings, land) for their establishment. In the past few years since the start of the global financial turmoil and economic slowdown, these business support institutions face growing difficulties for public funding due to austerity policies.

It cannot be taken for granted that public funding of creative incubators will be re-established in the way and to the extent as before the current austerity policies, irrespective of any recovery of public finance. Therefore, the EU-subsidized project InCompass (in full: Financially Sustainable Creative Incubator Units) aims to support the financial sustainability of creative incubator units by developing innovative methods to move away from a financial dependence on public funding. To that aim, it will undertake a program of transnational research and analysis of existing and emerging innovative financial practices by means of study visits to incubators in several partner cities in InCompass. The experiences and conclusions of each visit will be reported to Regional Implementation Groups in all cities and regions that are official partner in the project.

This third study visit report deals with the visit to Malmö, Lund and Copenhagen (the Øresund area). Incubators have been visited in Malmö and Lund in Sweden, and Copenhagen in Denmark. In the next chapter, the report presents some background information on the main themes of InCompass. These themes are subdivided into three Work Groups. Chapter 4 is dedicated to a short characterization of the Malmö-Lund-Copenhagen region as the urban and policy context in which the visited incubators are situated. The main part of the report is constituted by the Chapters 5 to 8, presenting respectively a characterization of these incubators and how these earn income by ways that fit in each of the three Work Groups. The report concludes with some final remarks, including a table that overviews the findings from the Chapters 5 to 7 and some indications of opportunities and threats in the near future on their way to more financial sustainability.

As few literature references are mentioned throughout Chapters 5 to 8 it should be mentioned that these are based on the presentations given during the study visit, as well as on notes and sound recordings made during the visit. We would like to express our thanks to Diane Milne for the extensive summary she provided in addition to the working group reports.

An important remark concerns the focus of the report. We decided to focus on the four incubators visited (Media Evolution City, MINC, Ideon Innovation and Company Care), which focus entirely or partly on start-ups or, in the case of Media Evolution City, SMEs. We left out the Danish Design Centre, because it is a research and exhibition centre, but does not provide facilities or support for entrepreneurs in the creative sector. Furthermore, it should be noted that compared to the Media Evolution City and MINC cases, the information gathered on Ideon Innovation and Company Care was rather scarce, which is reflected in the length of the respective sections.

2 What is an incubator?

So far the definition of an incubator used in the project has been rather open and flexible. In general an incubator is considered a breeding place for starting entrepreneurs, and is assumed to consist of three elements:

- a building, cheap work spaces;
- networks, a community of incubatees as well as external relations;
- support services, for instance courses, access to affordable loans, tax and administrative support.

Literature provides more strict definitions. Bergek and Norrman (2008:20) define an incubator in terms of its function as a concept that "... is often used as an overall denomination for organisations that constitute or create a supportive environment that is conducive to the 'hatching' and development of new firms".¹ Likewise, Qian et al. (2011:79) define incubation as "... a business support process that accelerates the successful development of start-up and fledging companies by providing entrepreneurs with an array of targeted resources and services".² These services include primary services such as shared facilities, administrative services and professional services, including entrepreneurial support as well as networking.³

The functional definition of Bergek and Norrman allows for a considerable variety of incubators, many of which are indeed observed during the study visits of InCompass. In the study visit report on Milan we therefore suggested to adopt this as the working definition for the InCompass project. Of the incubators observed in the Malmö region, MINC and Ideon Innovation are of the 'ideal type', providing work spaces, networking facilities and entrepreneurial support. Nonetheless, during the study visits to Milan and the Malmö region several venues have been visited that, within the context of the project, have been considered incubators, but that lack one of the above elements. This lacking element is not always the same; in general it may be each of these elements.

On the one hand, an incubator may not provide primary services, in particular office space. Qian et al. define this as a virtual incubator - or in terms of Bergek and Norrman, we might say an incubator that provides a virtual (i.e. non-physical) supportive environment. Company Care for a large part meets this description, although it also offers work spaces to a small number of its members. On the other hand, some incubators provide office space but no additional support other than e.g. a shared reception desk and share catering and ICT services. These are in fact shared or managed work spaces rather than incubators, although the distinction is not always clearly made (cf. Montgomery, 2007).⁴ This type of incubator was not observed in the Malmö region.

Furthermore, an important factor is whether an incubator focuses exclusively on start-ups, or on a combination of start-ups and existing firms. Several incubators, such as Media Evolution City and MINC in Malmö, focus on both groups. In the case an incubator does not focus (anymore) on start-ups, the question is justified whether we should actually speak of an incubator.

¹ Bergek, A. and C. Norrman (2008): Incubator best practice: a framework. *Technovation*, 28(1-2), pp. 20-28, <http://dx.doi.org/10.1016/j.technovation.2007.07.008>.

² Qian, H., K.E. Haynes and J.D. Riggle (2011): Incubation push or business pull? Investigating the geography of U.S. business incubators. *Economic Development Quarterly*, 25(1), pp. 79-90, <http://dx.doi.org/10.1177/0891242410383275>.

³ Wiggins and Gibson, in: Qian et al. (2011:79).

⁴ Montgomery, J. (2007): Creative industry business incubators and managed workspaces: a review of best practice. *Planning, Practice & Research*, 22(4), pp. 601-617, <http://dx.doi.org/10.1080/02697450701770126>.

3 Themes of the project

3.1 Introduction

Self-sustainable financial independence of creative incubators from government support depends on their continuous profitability. Taking into account their particular output – trained entrepreneurs in the creative industries and new companies that survived infancy – they invest primarily in programs to coach starting (young) entrepreneurs and to facilitate the growth of their businesses. Fees for obtained services and facilities and the rent of work spaces are the sources of income of creative incubators that first come in mind. However, these payments are in most cases a rather limited and insecure contribution to financing of the incubator. In addition, they also leave potential sources of earnings out of consideration. In order to diversify and extend their sources of income, incubators may also direct to a variety of opportunities to generate income from sources outside the incubator.

InCompass recognizes quite a broad spectrum of possible strategies to generate income that also involves external actors and partners. These strategies are grouped together as commercial contextualisation, social contextualization, and tiers of support, networks and partnerships. For each theme, a Work Group that is composed of partners in InCompass is responsible to collect data during the Study Visits and model the data as input for the Study Visit Report. Below, the three Work Groups (WGs) are specified into some detail, mainly by means of a few examples of possible ways of earning money that fit into their label. As some of these example show, the three types of income-generating strategies may to some extent overlap in practice.

3.2 Commercial contextualisation (WG1)

The aim of WG1 is to identify commercial ways for creative incubators to become more financial self-sustainability. These are first and foremost the above mentioned fees for services (e.g. workshops, master classes), facilities (from broadband internet to kitchen), and spaces (e.g. work spaces, rehearsal or meeting rooms) by start-ups that participate in the incubation programs. Economies of scale can be achieved by shared use of services, facilities and spaces by these incubatees.

In addition to these fees, there are other commercial ways to earn money. On the one hand, income may be generated from the building and the organisation of the incubator, for instance by

- making use of spaces for developing other activities (e.g. hotel, catering, conference tourism) on own account;
- renting out facilities and unused spaces in the incubator to commercial parties for activities that have little business with the incubation process but are attracted by the building;
- supplying specialised services (e.g. consultancy services) to external companies.
- charging fees to featured supplier companies

Regarding fees and rents, it is recommendable to keep them low for starting companies in an infant stage and increase these gradually with their survival and growth, i.e. with their increasing financial capacity. A well-considered selection of entries to the incubation program lays a favourable foundation for such successful entrepreneurs.

Income might also be generated from ‘alumni’, successful start-ups that have grown and left the incubator. This may be achieved by giving the incubator a share in the start-ups it supports. This model – maybe less known in Europe – stimulates the implementation of strict selection criteria for start-ups that apply for support, since the success of start-ups is directly linked to the future income of the incubator.

3.3 Social contextualization (WG2)

Social activity as labelled in the title of this WG includes mediation activities that connect incubatees both to each other and to partners and actors in the outside world. The main aims of these connections are stimulation of informal learning by exchanging new knowledge, information and best practices, and networking activities that may result in forms of co-creation. This entails stimulating networking between incubatees within the incubator, and between incubatees and potential partners or associates outside the incubator. The internal networks can be built up for example by

- organising social meetings in the incubator (e.g. 'Friday afternoon' and 'eat & meet' get-togethers);
- creating places in the incubator which encourage spontaneous encounters between incubates.

In addition, networking may also go beyond the incubator itself. This may include

- opening up the incubator, physically and socially, towards the surrounding urban area to discover and possibly advance resident creative talent and creative activities;
- testing creative concepts and products in the surrounding district as a learning stage in concept and product development (open lab). If fees are received for this, social and commercial contextualisation may overlap.

By and large, social contextualization contributes to successful progress of start-up companies in the incubator rather than to a sound financial position of the incubator as an enterprise in itself. Still, the more successful incubatees are, the higher their financial capacity to contribute to covering the expenses of the incubator to provide and maintain services, facilities and spaces.

3.4 Tiers of support, networks and partnerships (WG3)

The topics of interest for WG3 include all sorts of more or less planned and organized forms of support, networks and partnerships, in particular with partners from outside the incubators. These partners can represent a diversity of firms and institutions, including industrial companies, consultancy agencies, banks and insurance companies, and education and knowledge institutes. The contribution of tiers of support to a solid financial position of incubators can be both direct and indirect, i.e. through contributing to the successes of incubatees. These include for instance:

- subsidies and sponsoring, the latter for instance in exchange for exposure as privileged partner on the website or the wall of the incubator;
- contribution to incubation programs by means of tutoring, lecturing and coaching of incubatees in both management and entrepreneurial skills and product development.

Usually, tiers of support, networks and partnerships involve mutual benefits: public and semi-public institutions and private companies enter into such arrangements with incubators in exchange for some types of contributions to their own objectives.

4 Local context

The Øresund region consists of the agglomerations of Copenhagen in Denmark and Malmö in Sweden, together with surrounding smaller towns such as Lund. This area is increasingly presented as a single transnational region, particularly since the opening of the Øresund link, a tunnel-bridge combination connecting Denmark and Sweden, in 2000. The region has about 3.5 million inhabitants, of which two thirds live in the Danish part.⁵

⁵ Hospers, G.J. (2006): Borders, bridges and branding: the transformation of the Øresund region into an imagined space. *European Planning Studies*, 14(8), p. 1019.

Until the 1970s the Øresund region had a strong industrial economy, based on shipbuilding, construction, textile and food processing. Due to industrial decline, however, the region became to face huge unemployment. Especially shipbuilding was important and exported all around the world. This industry declined “when the Asians came along: they built bigger ships, much cheaper and the whole company went downhill”. Kockums AB shipyard alone employed 6,000 people in this area, today there are none in shipbuilding. Due to the huge importance of shipbuilding for the economy of Malmö, its decline caused a huge recession in the city in the late 1970s – early 1980s. Overall, the unemployment rate increased up to about 25%. Growth in service industries, ICT, medical technology and tourism compensated for this, but not until the late 1990s. Particularly in the Swedish part of the region employment in manufacturing industries and agriculture remains relatively high.⁶

As a result, Malmö in particular is undergoing a socio-economic and a spatial transformation. At the late 1990s and start of 2000s, the programme (vision) Malmö Creative brought new energy into the city. The foundation of the University of Malmö (1998), the opening of the Øresund Bridge to Denmark (2000) and an international housing exhibition (2001) were all part of that programme. That housing exhibition provoked much ‘bad media’, illustrating the negative image of the city after about two decades of economic decline, but that was a trigger for the city and its people to change their attitude. The western port area is being redeveloped, with emphasis put on environmental sustainability.⁷ The ‘Turning Torso’ building by Calatrava has become a landmark for this area and indeed for the entire city. Furthermore, the Øresund region has become known as the location of successful TV series such as ‘The Bridge’, ‘Wallander’ and ‘Borgen’.

5 The incubators

5.1 Media Evolution City

Stora Varvsgatan 6a, 211 19 Malmö, <http://www.mediaevolutioncity.se>

In the context of the economic redevelopment process of Malmö after the collapse of key sectors of Malmö’s economy in the past, in particular ship building, digital media is a high potential type of industry, not only for economic growth of the city but also of its region (Skåne) and indeed the whole south of Sweden. Aiming to strengthen growth and innovativeness of the media industry as the priority growth area, stakeholders in this part of the country joined forces to increase this industry’s international competitiveness. To cope with the complex challenges, and risks, of this industry due to its rapid technological developments and societal implementations in a sustainable way, they founded Media Evolution in 2008. Among the founders are the cities of Malmö and Helsingborg; the neighbouring regions of Skåne and Blekinge; the Universities of Malmö and Lund as well as Blekinge Institute of Technology; Netport Karlshamn, an organisation with the purpose is to increase cooperation between business, university and public sector; and the media company Scandvision. All together, they represent the triple helix.

Media Evolution is a non-profit member-based association. It now has a total of over 300 members from media industries, a few other industrial firms (such as IKEA), academia and the public sector. It is still partly financed by its founders, but is legally owned by its members. The membership fee amounts to 1,000 SEK (€119) for sole traders up to 8,500 SEK (€1,012) for large companies but a new

⁶ *Ibid.*, p. 1021.

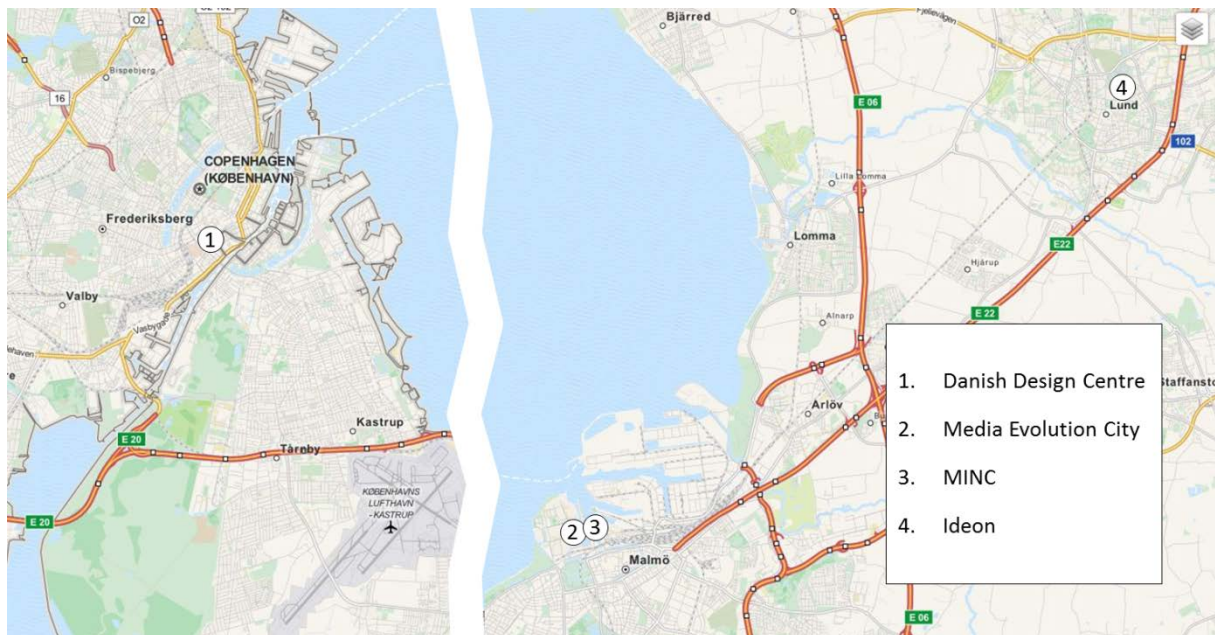
⁷ Kärholm, M. (2011): The scaling of sustainable urban form: a case of scale-related issues and sustainable planning in Malmö, Sweden. *European Planning Studies*, 19(1), p. 103.

pricing schedule that better reflects the size of companies and their ability to pay is now in the making. Until 2012 Media Evolution received several millions from EU structural funds, over a period of 4 years. In 2013 it successfully made the switch to operate without EU funding.

Media Evolution founded, and still owns, Media Evolution City PLC (Public Limited Company). It is a multi-tenant business environment that rents the ground floor of a new four storey building that opened its doors in April 2012 at the location of a former hall for ship building in the heart of the old industrial harbour area Västra Hamnen in Malmö. It is located next to the offices of Swedish Television, the Malmö Incubator (MINC) and the University of Malmö.

Media Evolution City is not an incubator in the traditional meaning. Instead, it can be labelled a post-incubator, or accelerator as it prefers to call itself. Most firms on the ground floor were not starters when admitted to rent work space, but came from nearby incubators and are “a bit more mature” than the average incubatee. Media Evolution City works quite closely together in this respect with Malmö Incubator (MINC). They are located only 500 metres apart from each other. Further, it assists WRAP-IT at Malmö University: a pre-incubator that provides a quick “wrapping up” of business ideas or concepts to support the initial phase of start-ups prior to moving to incubator spaces.

Figure 1: Location of the incubators and other locations visited (© OpenStreetMap contributors).



Media Evolution City runs three main business areas:

1. Competence development
2. Meeting place
3. Market creation

Media Evolution City manages projects to develop competences of member companies of Media Evolution, especially those in the building, its ‘founders’, and occasionally other external companies and institutions. Meeting place stimulates collaboration between the players in the incubator, and innovations along with that. It facilitates meetings between its members and other sectors through different types of events. The third focus area are services that are offered support the identification of new markets and making new contacts with businesses. Media Evolution work with an international perspective – media industries have global markets. Thereto, Media Evolution City

provides information about doing business in international networks, and its management recently took 45 companies to the United States to identify potential new business opportunities.

Media Evolution City works with business, academic and public participants in order to build the leading innovation platform for media industry in the south of Sweden. The mission statement is business development in the media industries, i.e. not only achieving growth of existing businesses but also creating new businesses. Media Evolution City supports all kinds of digital media branches: TV, movies, music, web design, games, publishers, mobile platforms, app-developers, learning via digital media, distributors and so on. This is based on the conviction of Media Evolution that it is in the interactions between these branches with their different resources, knowledge, business models and the like that the most breakthrough innovations can happen.

In close cooperation with these other triple helix stakeholders, it identifies new business opportunities and business models to cope with both current and future market conditions. Founded on knowledge of global consumer behaviours and of new cross-media technologies, it explores what happens in the world and recommends how to implement these trends in further development of the media sector at home. This is being done by means of publications, discussion meetings, seminars and joint venture projects.

Media Evolution organizes a successful yearly conference in which over 800 participants attend from regional triple helix partners, but the programme also attracts participants from around Sweden and Europe.

Figure 2: Media Evolution City building.



The concept of the building was designed by Media Evolution in close cooperation with architects and the property developer Wihlborgs Fastigheter AB - an unusual way of working by developers. Due to the contributions of Media Evolution, the concept facilitates “new ways of working” characterized by collaboration, synergy and knowledge sharing that add to achieve the objectives to create an environment for innovation and business development by Media Evolution City. The building is owned, however, by Wihlborgs Fastigheter AB.

Media Evolution City rents the entire ground floor of the building. It has divided this floor in spaces for small businesses that are subleased to Media Evolution member firms, most counting 1 to 5 workers. At the time of the study visit, about 100 of its member firms rented a work space. Together, these employ over 450 people, meaning that the ground floor with a maximum capacity of 500 workers was practically fully occupied. In addition, there is a range of meeting and conference spaces for rent, as well as a restaurant in the building. There was no need to advertise the availability of the work space by a media campaign, word of mouth does all the work.

The floors 2 to and including 4 of the building are rented out by the owning company to existing medium-sized companies in the media industries. Most of these companies range between 10 and 100 employees. During the construction of the building, Wihlborgs Fastigheter AB and Media Evolution together identified and admitted what they consider appropriate tenants for these upper floors. At the time of the opening, these three floors were already fully rented out and some of these tenants were already at work in the building. While many of these companies may have considered each other as competitor, now many of them are working together.

5.2 MINC

Anckargripsgatan 3, 211 19 Malmö, <http://www.minc.se>

MINC (Malmö Incubator) is based in the former industrial building in the hub of the accelerating local innovation environment with Malmö University as a neighbour in the Western Harbour. It is situated in the area of the former Kockums AB shipyard, in the former instruction building of Kockums. The building was bought by the city but had been left obsolete for about twenty years. In 2001 it was converted into 4,000 m² of space for start-up and small companies. The city of Malmö owns much land and is able to finance such transactions by selling land to private retail estate companies. MINC pays market rent to the city, which is the owner of the building.

MINC started in 2002 as a pilot approach to business support and to encourage the growth of new companies in the city. The City Council drove forward a future vision for the city at that time, seeking to redevelop much of the vacant land that had been home to port/industrial activities. The vision included the development of a new university, indeed founded in the late 1990s, new housing, business space etc. Initially the university only provided training for teachers but their role has expanded in the last 12 years and now they provide courses in science, technology and finance/business. Also, a huge residential development has taken place in the area where MINC is situated and there are now more people living and working than during the heydays of shipbuilding.

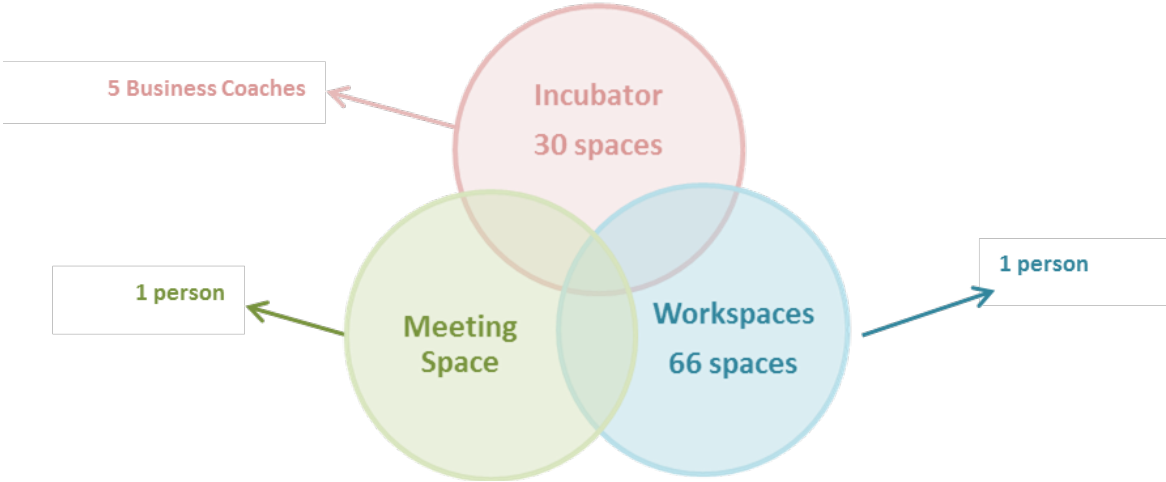
MINC is an unusual type of incubator in Sweden as it is owned by the Malmö City Council, whereas the majority of incubators in Sweden (there are 45) are owned by universities or science parks. The City of Malmö spent SEK 50 million (€5.9 million) on refurbishing the building and creating the incubator and work spaces for non-incubatee companies. MINC was established as a share holding company, with a board of directors of 8 members. There are no politicians on the board, which is very uncommon for publicly-owned incubators. Instead, it includes entrepreneurs, innovation experts and representatives of Lund University, Malmö University, Skåne region and banking - in a 50/50 public-private composition. The philosophy behind this is that since the incubator deals with entrepreneurs and venture capitalism, board members should be able to understand both.

The incubator employs a number of staff to manage the space, to support the businesses in the building and to run the incubation programme. MINC operates a 24-month programme of support to start new businesses. This includes a 3-month probation period followed by a 21-month support programme. Currently there are 24 incubatee companies in MINC, but the incubator can

accommodate up to 30. Each year 15 to 17 places become available in the programme and a large number of entrepreneurs apply for the incubator programme (last year there were over 200 applicants for the 17 places). All applicants to the incubator programme must be registered as legal entities in Sweden, which means they must found their company before entering the incubator (90% of them are shareholder companies). All incubation takes place in the building, since MINC does not believe in virtual incubation (i.e. incubation programmes that do not include the provision of a physical work space).

While MINC started as a business incubator today its operation has developed to include two additional parts: work space and meetings. This makes MINC a blend of incubation programme, meeting spot and work space for non-incubatee firms. The stable and demanding 2-year start-up programme (plus monitoring after the third month) evidently ensures successful company development. Companies could pass from one phase (trial period, incubation, renting of work spaces only) to another depending on their development phase. In that respect, MINC could accommodate a company throughout its lifecycle, which could bind the company development more integrally to the organisation, instigate strong relationships and regular income. The different services complement each other, and the incubatees and companies work together throughout the different accommodation stages.

Figure 3: Main activities of MINC and staff allocated to them.



There are approximately 220 workspaces in the MINC which, at the time of the visit, were distributed among 24 incubatee companies and 66 non-incubatee companies in the work space area. Key companies in MINC included those in the IT sector, digital media, design and e-commerce. It is useful to mix designers with engineers with IT specialists. Many of the incubatees started as sole traders but 90% has ended up as shareholding companies in the end. A relevant factor in this is that in Sweden intellectual property rights stay with the researcher rather than the university, so (former) academics who start a business own their ideas. This is similar to the US but is in contrast to the situation in many other European countries, where intellectual property rights stay with the university, which sometimes takes a share in start-up companies in the form of providing the patent.

MINC follows incubatees for three years after they leave the incubator. Part of them ‘fly out’ while other rent a working place at MINC. In total between 65 and 70 companies have left the incubator since the foundation in 2002, employing 870 people. Total turnover is 820 million SEK and total venture capital 150 million SEK (€97.2 million and €17.8 million respectively). There is a survival rate

of 90%, which means the incubator provides good value for money. If companies fail, this is caused in 80% of the cases by the team and its attitude.

In 2006, when the current manager took over at MINC the building was not working as effectively as it does now. There were 10 incubation companies and 30 other companies. Half the building was empty. In the last few years things have developed – the level of services offered to companies and the core competencies of the current business development staff have enabled MINC to attract more companies. Higher quality provision attracts people.

5.3 Ideon Innovation

Scheelevägen 15 223 70 Lund, <http://www.ideoninnovation.se>

Ideon Science Park was founded in 1983 by IKEA and is still 50% owned by this company. Initially it was founded as a tax break. Over 900 companies have been located in the Science Park in the last 30 years, including Sony-Ericsson, Axis Communications, TimeZynk and QlikTech. Currently, Ideon Science Park is home to approximately 300 companies with over 2,000 employees in 110,000 m² of space. Of these firms, 25% are in the ICT/telecoms sector, 21% in life sciences and 24% are service companies. Ideon Science Park is located near the University of Lund, one of the oldest and most respected universities in Sweden. The city of Lund is home to approximately 100,000 people and 45,000 students.

The subsidiary Ideon Centre runs and develops Ideon Science Park, covering everything from provision of a unique environment with effective networks to an infrastructure and services that meet high quality standards. It is the task of Ideon Centre to develop the park by attracting newly started as well as established growth-oriented research and development companies. The other unit of the Ideon Science Park is Ideon Business which provides a range of services that companies at Ideon may need. It offers networks and advice applicable for different phases of company's development. This involve matters of leadership, financing and business development as well as questions relating to patents, law or accounting.

Ideon Innovation, the park's incubator, was started in 1986. There are generally 30 to 40 companies in the incubator. The incubator can accommodate 100 people in 1,000 m² of work space. The incubator employs 8 staff members (5 full-time equivalents). The incubator provides a wide range of support services for tenants. Companies can pick and choose what support they need. This includes mentoring, sales & pitching, marketing and financial planning. The team works with companies in the incubator for a maximum of two years. A secondary task of Ideon Innovation is the screening of companies for Ideon Science Park.

Creative plot

In addition to the high-tech start-ups incubated in Ideon Innovation, there is Creative Plot: a new initiative to support the sustainable growth of creative industries. Creative Plot has started as a pilot for 20 months, but it has already been decided that the initiative will be continued after that period. It includes a pilot incubator for creative start-ups. Three staff members, or 1.6 FTE, work on Creative Plot. There are 5 places available and while about 3 applications were expected, the actual number of applications was 50. Creative plot is funded by the Swedish Economic Development Agency (Tillväxtverket), the city of Lund and the EU. Despite the rather different focus - high-tech versus creative start-ups - Creative Plot works in close cooperation with Ideon Innovation.

5.4 Company Care

Blokken 74, 3460 Birkerød, <http://www.company-care.com> (not on map)

The presentation on Company Care took place at the Danish Design Centre, H.C. Andersens Boulevard 27, DK 1553 Copenhagen V, <http://en.ddc.dk>

The concept of Company Care is a private initiative that has been developed to face the current economic crisis. The capital market in Denmark has been paralysed since 2009 due to the global economic crisis and this has had a huge impact on the development of new companies and efforts to stimulate incubation. In addition, Company Care also observes a 'paradigm shift of the economy from traditional capitalist values to other values'. In that context, it was set up not only to equip firms with strengths not only to survive but also to flourish in this 'new economy'. In addition, it aims to put Denmark back on track.

The aim of Company Care is to support creative and cultural industries, including encouragement of new start-ups, recognising that these entrepreneurs have special characteristics and needs (compared to more traditional businesses) and different business models. The growth potentials of these industries in the new economy are quite promising, not in the last place due to their opportunities to establish all kinds of linkages with more traditional industries. To the best of the knowledge of Kim Christofte, founder and CEO of Company Care, it is the only incubator of its kind in Copenhagen right now. Company care focuses on the freedom to be creative for these entrepreneurs but also on commercial sustainability of their businesses – hoping that these can generate jobs for the benefit of the economy as a whole. This is an important objective given the demographic growth of Copenhagen by approximately 1,000 individuals monthly.

Company Care runs a physical incubator for 65 start-ups, and a web portal for 1,500 members. It took an old building on the waterfront that was used by the ship-building industry and created an incubator for creative industries and arts on the first floor. Company Care has a screening process for interested new entrepreneurs 'to get into the house': to test how dedicated they are, but also to assess if and how Company Care can benefit their development to become sustainable. Company Care does not judge whether their idea is good or bad – too many mistakes have been made in the world by that in the past - but whether it sees opportunities to make them sustainable with its support.

Working with new companies, Company Care offers business space and creates a 24-month in-house programme of support and facilities. The programme includes 8 quarterly assessment/forward planning meetings. After the initial 24-months the companies have to leave the incubator and find alternative premises. However, these companies are not just kicked out after the 24 months; Company Care still takes care of them by trying to place them into good and affordable available spaces. Besides, former incubatees can remain member of the web portal which offers them both useful information and discount on products and services. In this way 'the wheel turns into the right direction': the leavers make place for new starters, hence contributing to the total of 18,000 new small companies in Denmark each year as a very worthy contribution to the national company. For now, Company Care has a success rate of 80% after the 24-months period.

Via the web portal Company Care offers free and discounted services and products of its members. Members can select what they need from the 'catalogue'. Services and products are provided by the partners of Company Care. After less than a year Company Care has 200 partners, and the aim is to have 500 partners providing services and products. The value of the support may amount to 25,000 DKK, while membership costs 1,000 DKK per year. Member don't have to be start-ups.

Company Care cooperates with governments in positive ways. But what governments can actually do is limited by rules and legislation. Company Care can go further to reach both its own objectives [‘mission’] and the goals of economic growth in general. An example concerns finance of the incubatees. Government funds are very limited to support initiatives like Company Care. What is more, banks nowadays do not lend out money to firms very easily at reasonable rates of interest, in particular not to the type of firms represented by the incubatees of Company Care, if these try themselves to apply for a loan. In this situation, Company Care’s partnerships with banks, and its expertise to explain incubatee business models to banks, bring credits – small as these often need to be (ca. 25,000 DKK or €3,354) within the reach of the new businesses in the making.

Table 1: Overview of incubators in the Øresund region.

	Media Evolution City	MINC	Ideon Innovation	Company Care
SERVICES				
office spaces and shared facilities	yes	yes	yes	yes
networking (e.g. meetings)	yes	yes (incl. study visits)	yes	yes
entrepreneurial support (e.g. training, courses)	yes	yes	yes	yes
FOCUS				
focus on start-ups or existing firms	yes, but not exclusively	start-ups	start-ups	start-ups
specialism	digital media	ICT, digital media, games	high-tech; recently creative industries	creative
KEY FIGURES				
surface (m ²)		4,000	1,000	
current no. of incubatees	Room for 400 – 500; not all incubatees	24 (max. 30) firms + 50 mature firms	30-40 high-tech + 5 creative	1,500 members web portal, 65 firms in-house
no. of incubatees since start		65-70		

6 Commercial contextualization (WG1)

6.1 Media Evolution City

The activities of Media Evolution are legally separated between the non-profit organization Media Evolution and for-profit organization Media Evolution City. The advantage of this practice is that Media Evolution as a non-profit organization is eligible for types of funding for which a for-profit organization is less eligible or not eligible at all (e.g. EU projects), while Media Evolution City is authorized and capable to operate on the market.

Media Evolution needs most of its funding for management and communications expenses. It receives funding from the ‘founding fathers’, including public money by academia and municipalities, and generates income from membership fees. The balance public-private is now about fifty-fifty, but Media Evolution is working on reducing the share of funding by public money. The annual turnover of

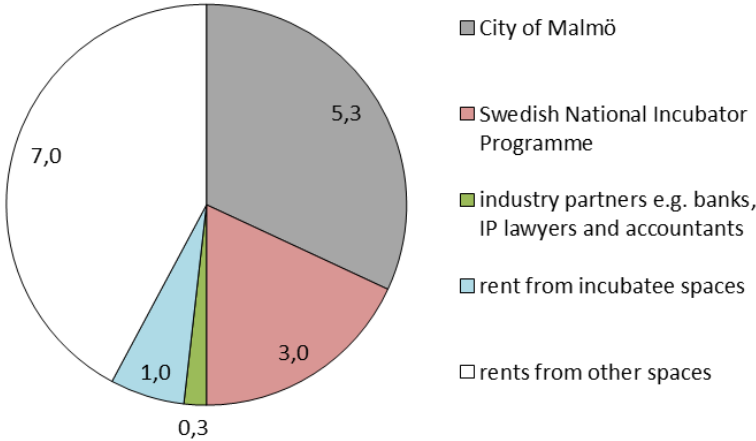
Media Evolution City amounts to approximately € 2,5 to 3 Million (21 million to 25 million SEK). This is mainly earned by rents in line with market rates for working, meeting and conference spaces, and by specific projects commissioned by external parties. This means that Media Evolution City has the opportunity to operate like a consulting company, making use of the specific expertise of member businesses ‘in the house’ to acquire and carry out commissions. The balance between the turnover from rent and from projects is about 3:1.

The companies in Media Evolution City can rent desk space and office space. Desks are situated in an open area with plenty of opportunities for informal contacts - known as the Media Forest - whereas offices are rooms for at most four working people with doors that can be closed. Tenants of desks can choose between a contract for fixed and for flexible use. A fixed-use contract gives the right to use the same desk each day and access to quiet rooms, meeting places, kitchen etc. It is a full-service contract with a minimum 3 month notice period against a rate of approximately € 400 (3,358 SEK) per month at the time of the visit, a rate nearly in line with the market and quite high for most start-ups. A flexi-desk contract is a voucher that authorizes to use a desk flexibly for 10 or 20 times over a 3 to 6 month period. The user only pays ‘for the time (s)he is here’. It is popular: currently there are 60 people with flexi-desk contracts against on average 12 desks in fixed use. Office space can be rented only for fixed-use for approximately €1,200 (10,073 SEK) per month. Meeting and conference rooms can be booked by anyone, also non-members that do not rent work space in the building, but member firms that rent space enjoy a considerable discount on booking.

6.2 MINC

The overall annual budget of MINC is over 16 million SEK (€1.9 million). This includes grants as well as income from rents (Figure 4).

Figure 4: Annual income of MINC according to source (x 1 million SEK).



MINC pays rent to Malmö City Council for the space. This is covered by the rents MINC received from its tenants. Companies engaged in the incubation programme pay subsidised rents; the other companies in MINC pay rents in line with market rates. Rents differ by the type of work space, and for incubatees by the time they have been in the incubator. Rents for work spaces are 2,500 SEK (€296) per month for a flexible work space, 2,850 SEK (€338) per month for a working place in a room, and 5,700 SEK (€675) for a room for two persons. Incubatees pay 1,500 SEK (€178) per month during the first year, then 2,000 SEK (€237) per month for six months, and 2,500 SEK (€296) per month for the last six months. It is agreed with the city that there is a fixed number of 85 workspaces. The city pays all the facility running costs including heating, furniture, office equipment, etc.

Venture capital

The presentation at MINC partly focused on venture capital constructions. Nevertheless, MINC itself does not take shares in the start-up companies they support. Being owned by the city of Malmö MINC is a public company, which under Swedish law means it is not allowed to take a share in other companies. The incubator supports incubatees in attracting venture capital (see Section 8.2).

6.3 Company Care

The Incubator has space for up to 65 new companies in separate rooms for 3 to 4 people each; a Green Media Room (new technology for image capture etc.); touch down facilities; meeting areas; video conferencing and the full package of business support and mentor support. The touch down space for starting entrepreneurs who basically work at home costs 750 DKK (€100) per month and allows access for 5 days a month, enabling more people to become part of the Incubator's network.

The only expenses of the incubatees is the membership fee of Company Care of 1,000 DKK (€134) per annum. However, membership does not stop at the end of the 24-month programme: firms can continue this after having left the incubator. Continuing the membership certainly has advantages, e.g. free access to the networks of incubatees and partners of Company Care and to the worldwide video conferencing system to get 'the right information at the right time wherever you are'. Company Care does not take shares in companies that have left, but expects that most members will continue contributing to revenues by fees years after leaving the incubator. This means that the only success factor of Company Care is success of its actual and former incubatees: "only if these are successful, Company Care is successful". Company Care however, avoids financial dependency of governments and partners to protect its integrity. It once refused an offer of a large grant by an interested partner.

7 Social contextualization (WG2)

7.1 Media Evolution City

Media Evolution City is based on the vision that the digital media sector is best and most broadly developed when both small and medium-sized firms from its different branches, supplemented with academia and the public sector, meet, cooperate and learn from each other. Media Evolution City offers community features that range between building up trust and formal meetings that are essential for entrepreneurs to share ideas and visions, to exchange knowledge and to collaborate in practice. Possibly resulting innovations raise the competitiveness of Media Evolution City's companies, positioning them better on the market. This is a self-sustaining process: successful collaboration in terms of innovations further strengthens the spirit of socialization and the practice of sharing ideas and know-how, rather than considering other firms in the incubator primarily as competitors.

A main activity of Media Evolution City is matchmaking, i.e. facilitating collaboration by organizing physical proximity and contacts in the building between businesses in the different branches of media industries – being small or big – as well as with its members from academia and public sector. In fact, the small and medium-sized companies consider each other's presence in the building (on different floors) and the opportunities for cooperation created by that co-presence as significant incentives to rent work space in the building. Ideas for innovations in products and services are

indeed often conceived by small firms, but these often lack the size and weight required to carry these through. Media Evolution City creates a platform to manage business development projects in which they are matched with medium larger players.

Unplanned informal networking is encouraged by the open physical structure of the ground floor. MEC is designed to be 'a city in a city'. There are 'streets' and public facilities at ground floor level, and staircases are designed to be meeting places. Interaction is further increased by using windows rather than separate spaces (Figure 5).

Figure 5: Work spaces, meeting rooms and kitchen/meeting point at Media Evolution City.



This programming adds to the visibility and accessibility of workers at their desks and at informal meetings points, including the restaurant. In Media Forest there are glassed-in desk spaces for small meetings, a kitchen area, large chairs to relax or think, and breakout areas. All designed to facilitate easy communication and interaction between workers in small firms on the ground floor, medium-sized firms on the three other floors, 'outsiders' who can also book spaces for meetings, and visitors of the restaurant. The restaurant indeed attracts people from all over the city who are especially interested in getting into contact with the media industry. The incentives due to opportunities to cooperate and network with others compensate for rents in line with market rates in Media Evolution City, quite high indeed.

In a more formal way, a wide range of events is organized to enable companies from different branches of the media industry and academic and public sector departments to come together to build up or strengthen networks, to learn from each other and to collaborate. These include round tables and seminars to effectively share intelligence on new business models and markets, expertise on new technologies, and how to put these into practice or develop further. University researchers and partners of Media Evolution City play a significant active role in these events. Further, lunches and breakfasts are hosted by different members of Media Evolution to discussed relevant themes with the dual objective of knowledge exchange and networking between members. The regular Friday evening social event in the building, primarily a platform for informal networking, is being attended by up to 600 people. One event, 'The Conference', deserves special mention. It is an annual 48-hour event in Malmö that is being hosted by Media Evolution (<http://mediaevolution.se/theconference/>). At the eight edition in 2012, there were 40 speakers and approximately 900 delegates. The range of themes that are highlighted and discussed at The Conference is definitely not limited to technological innovations in the media industry but also includes innovations in business models and new trends in consumer behavior. By putting Media Evolution City on the mental map of the entrepreneurial community in media industries in the city and the region, these events help to build a sense of place and to develop a culture of engagement and involvement with like-minded people in a wider area than just within the building. The Conference also attracts people from networks outside the region and even Europe.

Social contextualization is not limited to participants in the media industry as such, but also extends to external communities. Media Evolution City organized an event called Arabic Game Jam, targeted particularly at unemployed youth. This did not take place in the direct surrounding of the building, a former industrial port area with a very limited residential population, but in a further away declined neighbourhood. It was a success so the intention is to organise a second edition, but it is hoped that sponsors can be found, e.g. the city of Malmö.

7.2 MINC

MINC applies several informal ways to promote networking and to encourage personal and social interaction among incubatees.

MINC organizes monthly breakfast meetings at which the tenants get together to find out what is happening in the building, and to gain information on what other companies in the building do and what needs they may have. The aim of this is to establish contacts and to foster a collaborative approach. Usually about 55 people are attending these meetings. In addition to these business breakfasts MINC hosts a range of events such as Women into Tech, WeekendTech, Unconference Weekends etc.

Common spaces and facilities in MINC also play an important role in this respect (Figure 6). For instance, there is only one coffee machine in the building. This brings people together as they go for coffee and encourages chatting. Transparency is important as well. All offices have glass doors to allow people to see what other companies do, etc. The MINC building also includes a restaurant that provides not only a place for tenants to eat, but also the opportunity to network, to meet with clients over a coffee, etc.

Figure 6: Common breakfast facilities in MINC.



7.3 Ideon Innovation

Common areas in Ideon Innovation include catering facilities and open work spaces (Figure 7 and 8). A specific facility is the so-called backstage room, which provides incubatees with a very accessible opportunity to present and discuss business ideas, even in a preliminary stage.

Figure 7: Common areas, including work spaces and catering facilities at Ideon Innovation.



Figure 8: Work spaces at Ideon Innovation



8 Tiers of support, networks and partnerships (WG3)

8.1 Media Evolution City

Media Evolution City works with a broad community of active partners of different kinds - not just founders and members - from industry, academia governments, incubators and other multi-tenant clusters, and NGOs. Members or partners from outside the region are welcome – this adds to the flow of fresh ideas and spirit of cooperation.

One of the partnerships that deserve special mention is that with Almi Invest. Almi Invest is a venture capital company that provides investment loans to Swedish companies with exciting, scalable business models and motivated entrepreneurs. It consists of seven regionally based venture capital funds, all with local offices and experienced local investment managers and in co-ownership with regional investors (<http://www.almiinvest.se/en/About-Almi-Invest/>). The fund in the region of Malmö put the business plans of member firms in Media Evolution City in a process of crowd funding. But you may not need to pay back the loan if your company doesn't grow by a certain percentage.

Most other partnerships of Media Evolution City are dedicated to opportunities for its firms to learn and collaborate with selected partners in temporary projects. A crucial role in building these temporary partnerships and in recruiting new partners, is being played by Business Support Officers. Business Support officers are engaged with member companies on a regular basis to identify their skills, competences and needs, and attempt to match these with skills, competences and needs of other companies. These can be companies in the building, but preferably regional, national and even international companies or service institutions.

What is more, these are not necessarily companies or institutions in the digital media industry. Examples are collaborations with a food production cluster, tourism industry and a local hospital. The common aim of these collaborations is to implement digital technologies in the improvement of their products, services and operational processes. Further, Media Evolution see open innovation as an important tool to accelerate new business. Therefore, some big projects have started between member firms, including those in Media Evolution City, with the public sector about the use of open data: governments open up access to their large datasets to allow SMEs, often in collaboration, to use these to develop new products and services.

The initiative for matchmaking with external companies is not always with the Business Support Officer. Quite often, larger companies get into contact with Media Evolution City, searching for small companies that could provide specialized services, i.e. IKEA Communications wanted more partners for coding and Media Evolution provided them with the details of 20 member companies who could potentially deliver the services, these companies then pitched their services to IKEA Communications and some were able to close new contracts with IKEA.

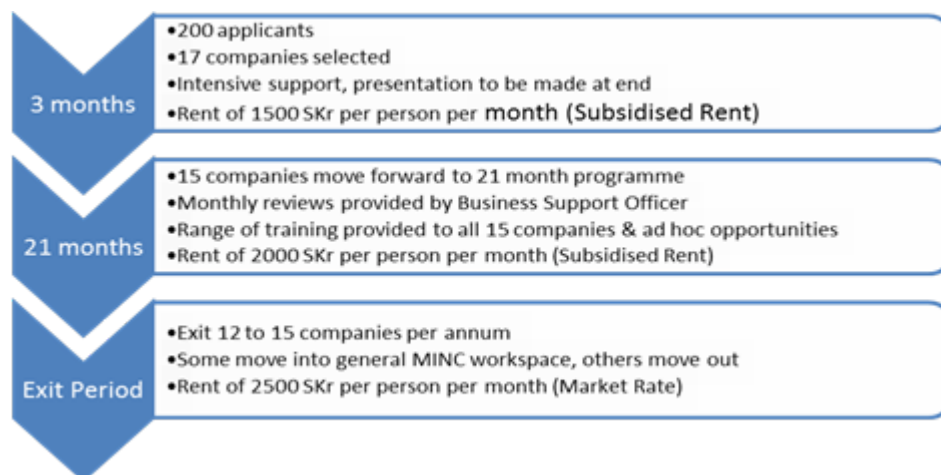
The above discussed matchmaking activities fit in market creation as one of the three business areas of Media Evolution City. Market creation is considered crucial for growth and development of digital media industries in Malmö because the markets for these industries are both global and highly dynamic. In these market conditions, its small firms cannot take the liberty to wait for opportunities; they should anticipate, i.e. create their market.

8.2 MINC

MINC can accommodate up to 30 incubatee companies - currently there are 24 - but it gets about 200 applications per year (Figure 9). Of these, 17 are selected for a 3-month in-house trial period. Their plans and ambitions are assessed by two business coaches. Fifteen of these pass the trial-period and continue the remaining 21 months of the programme. The primary selection criterion is entrepreneurial talent; it is considered more important than the actual business plan, which can be adjusted. The incubation programme itself is standard, but it can be adjusted for specific incubates if necessary.

MINC focuses on ICT, digital media and games, and has a distinct international perspective. Its vision is that Sweden is relatively small and is mainly considered a test market, and incubatees face international competition right from day one. This means that speed is important; incubates have to know 'where to go' as soon as possible. MINC puts a lot of efforts in maintaining close relations with the ICT cluster in Silicon Valley. MINC's business coaches are highly trained in methods that are common in the Valley. They all receive the same training at Stanford University. Many ties also exist to firms in Silicon Valley, for example to Apple, which has bought one of the incubatee firms from MINC. Incubatees make study visits to Silicon Valley, which are organized collectively to share costs, and which are paid by grants from the government.

Figure 9: The incubation programme at MINC.



About 90% of the incubatees in MINC are shareholder companies. MINC itself is not allowed to take a share in incubatee companies, but it supports them to attract other investors. However, since the beginning of the financial crisis the venture capital market is stagnating; only three venture capital funders are left in Sweden (including Almi Invest). MINC is now increasingly looking to Finland and Silicon Valley for funding, and is developing a crowd funding model. In Silicon Valley alone there are 300 venture capital firms, but only 10% are making money. In international venture capital it is recommended that the founders of a firm keep about 40% of the ownership, but the danger is imminent that too many parties want to take a share and the founders are left with virtually nothing. The following example was given:

- in the seed money phase a starting entrepreneur received 500,000 SEK. The entrepreneur has to give the investor(s) 40% of his company and is left with 60%;
- in the early stage of the company the entrepreneur has to attract additional funding from public funding, business angels or venture capital investors. The entrepreneur has to give the new investor(s) another 40% of his company and is left with 20%;

- in the stage of further growth the entrepreneur has to secure additional funding from venture capital investors. He has to give the new investor(s) another stake in his company, meaning that he himself is potentially left with no stake at all.

MINC makes starting entrepreneurs aware of these benefits and drawbacks.

MINC has four partners: Moll Wendén Advokatbyrå (legal advice), Deloitte (accountancy), Ström Gulliksson (intellectual property rights counselling) and Swedbank (bank). The partners provide incubatees with 1 or 2 hours per week of free banking advice, accounting etc., and organize educational seminars that are free of charge. Of these partners only the bank is represented in the board of MINC, but it has no exclusive rights; incubatees are free to choose another bank if they prefer. The number of organisations with which MINC cooperates is much larger than the four partners (Figure 10).

Figure 10: Cooperation network of MINC (<http://www.minc.se/network.aspx>).










The image shows a screenshot of the MINC website's cooperation network page. On the left is a sidebar with the MINC logo, contact information (Anckargripsgatan 3, 211 19 Malmö, YISA PÅ KARTA), phone number (0734 34 00 04), email (info@minc.se), and language options (English, Sök, Logga in). Below the sidebar is a social media section for #mincmalmo. The main content area is a grid of 28 partner logos and images, each with a name below it: ALMI Innovation, Connect Skåne, Deloitte, DISK, Drivhuset, Engström & Engström, Enterprise Europe Network, Expandera, Idélaboratoriet, Malmö Högskola, Medeon, N3P, Näringslivskontoret Malmö Stad, Nätverk för upplevelseindustrin, Region Skåne, Sparbankstiftelsen Skåne, Sustainable Business Hub, Swedbank, SVID, Teknopol, US Market Access Center, Venture Cup, and Vinnova. The Vinnova logo is a stylized orange 'V' with 'innova' below it.

8.3 Ideon Innovation

Ideon Innovation provides a support programme in a ‘menu style’: there is no fixed programme but each incubatee picks the elements most useful for his case. There is a number of business coaches with different specialisms (Figure 11).

The programme of Creative Plot is open, based on sharing and exchanging experiences. The focus is on projects rather than firms, but the choice of projects is rather ad-hoc, not guided by an leading principle. There is a business coach who is specialized in the creative and cultural industry sector.

Figure 8: Presentation of business coaches at the Ideon website (<http://www.ideoninnovation.se/sv/kontakt>).

			09/04 Kul och ful marknadsföring
<p>MATS DUNMAR AFFÄRSCOACH md@ideoninnovation.se +46 (0)735 12 04 22</p> <p>Ordning och reda - Mats is you man.</p>	<p>PHILIP DIAB AFFÄRSCOACH pd@ideoninnovation.se +46 (0)721 95 09 91</p> <p>Vill du höra ett sanningsord? Kontakta vår kick ass coach!</p>	<p>INGELA STENBERG AFFÄRSCOACH is@ideoninnovation.se +46 (0)727 29 23 12</p> <p>Det Ingela inte vet är inte värt att veta.</p>	19/04 Startup Live Lund - där idéer förverkligas
<i>Angående innovation: "Kör och reflektera sen. Inte analysera för mycket innan du provar."</i>	<i>Angående innovation: "From kiss ass to kick ass."</i>	<i>Angående innovation: "Passion is energy, feel the passion by focusing on what excites you"</i>	
			
<p>JIMMY WILHELMSSON PR jw@ideoninnovation.se +46 (0)708 26 33 82</p> <p>Vår ordtrollande Malmö fan - och det gäller ALLT med Malmö som bas.</p>	<p>JOACHIM HELLBERG AFFÄRSCOACH jh@ideoninnovation.se +46 (0)768-30 07 67</p> <p>Har en fot på inkubatorn och den andra på Universitetet.</p>	<p>MIKAEL DRENÉ SÄLICOACH mdr@ideoninnovation.se +46 (0)708-71 07 72</p> <p>Mannen som kan sälja ALLT!</p>	
<i>Angående innovation: "Om ingen säger emot dig gör du förmodligen något fel."</i>	<i>Angående innovation: "Innovation is anything, but business as usual."</i>	<i>Angående innovation: "Dare to be an innovator and not an imitator."</i>	
			

8.4 Company Care

Part of the ethos of Company Care is to engage in partnerships with companies that offer business support and services that its incubatees need, such as banks, accountants, advertising agencies, marketing specialists etc. Each creative industries company that joins Company Care) receives an in-kind package of support worth 25,000 DKK (approximately €3,300) for free. That package is a pick and choose menu of services and products provided by the partner companies to the incubatees for free or for highly reduced prices to meet their needs. These partners of Company Care hope that by offering free or cheap early stage support, they will create loyal customers who will return the next time they need to buy services.

9 Overview

Table 2 shows an overview of the main findings of the study visit according to incubators and working group theme. After two previous study visits many of the practices observed in the incubators visited in the Øresund region seem familiar. Nevertheless, the study visit also provided insight in a number of practices that were not yet seen in the Rotterdam and Milan visits. A few of these were particularly striking.

First, the idea of legally separating the profit and non-profit activities of Media Evolution City and Media Evolution respectively has several advantages. Media Evolution is eligible for types of funding that profit organisations are not or less eligible for, such as many forms of EU funding. On the other hand, Media Evolution City has the freedom to operate as a private company, providing for instance consultancy services to third parties at a commercial rate. This seems an interesting model to reflect on in further discussions.

Second, the purposiveness of the support programme at MINC is noteworthy. It strongly focuses on the international market, and in particular on the cluster that is most relevant for its incubatees: Silicon Valley. MINC maintains close ties to many companies in the areas, organises study visits and has its coaches trained at Stanford University.

Finally the concept of the 'web shop' of Company Care is interesting. It provides incubatees and former incubatees with a large number of free or discounted services which they could not have arranged if they had to make 'deals' themselves. Because the (as yet untested) idea is that former incubatees will remain member and pay a fee, it may potentially also be a stable source of income for the incubator.

Table 2: overview of main findings.

	commercial contextualisation	social contextualisation	tiers of support, partnerships
Media Evolution City	<ul style="list-style-type: none"> ▪ legal separation between profit and non-profit activities enables eligibility for public funding and operating as market party ▪ consultancy to third parties on basis of expertise in building ▪ renting out of meeting spaces to third parties ▪ renting out of various types of working also to non-incubatees 	<ul style="list-style-type: none"> ▪ open structure of building encourages unplanned networking; building as a ‘city in the city’ ▪ common areas, e.g. kitchen and breakout areas ▪ restaurant open to the general public ▪ regular networking events (‘Friday Evening’) ▪ large annual networking event (‘The Conference’) 	<ul style="list-style-type: none"> ▪ access to venture capital by partnership with Almi Invest ▪ opportunities to learn and collaborate in temporary partnerships ▪ coaching of incubatees by external firms (Business Support Officers) ▪ mediation between incubatees and potential clients
MINC	<ul style="list-style-type: none"> ▪ renting out of working also to non-incubatees 	<ul style="list-style-type: none"> ▪ common areas ▪ only one coffee machine ‘forces’ incubatees to come together ▪ restaurant for tenants, but also clients etc. ▪ monthly breakfast meetings to establish contacts and foster collaborative approach ▪ hosting of events from external organisations 	<ul style="list-style-type: none"> ▪ strong international focus on relevant clusters (Silicon Valley), incl. study visits to strengthen ties ▪ successful 2-year incubation programme ▪ highly qualified coaches trained in Silicon Valley ▪ partners provide incubatees with free business services (1-2 hrs./week) ▪ support and advice concerning venture capital (e.g. Almi Invest and internationally)
Ideon Innovation		<ul style="list-style-type: none"> ▪ common areas such as restaurant and open workspaces ▪ ‘backstage room’ to discuss e.g. preliminary business ideas 	<ul style="list-style-type: none"> ▪ no fixed programme but ‘support menu’ according to incubatees’ needs ▪ specialized business coaches (high-tech and creative sector)
Company Care	<ul style="list-style-type: none"> ▪ paid membership of web portal also for former incubatees 		<ul style="list-style-type: none"> ▪ engage in partnerships to provide free or discounted business support and services by means of ‘web shop’

10 Validators’ remarks

10.1 Introduction

The study visit report has been validated by three experts:

- Emma Estborn (Media Evolution)
- Leo van Loon (manager/owner of the Creative Factory, Rotterdam)
- Liesbeth Jansen (Linkeroever Gebouwen en Gebieden [Left Bank Buildings and Areas], Amsterdam)

As far as the validators' comments were corrections or annotations to the text that have been included in the previous chapters. This was the case with all comments by Emma Estborn and many of the comments of the other validators. The remaining comments are presented in this chapter. When necessary, comments have been edited and by Arie Romein and Jan Jacob Trip.

10.2 Leo van Loon (Creative Factory)

The national government of Sweden puts much weight in technological and also creative incubators. They are funded heavily and function in a strong network. As seen in the case of MINC the focus is very much on companies with a scalable product. Many creative companies have difficulty in passing the criteria for admission. This often creates undercapacity in the incubators: in other words the admission criteria are so high that spaces and coaching capacity remain unused.

The validator has delivered a presentation to the Swedish network of incubators in the fall of 2012 and in this meeting presented his Creative Factory concept and the European Creative Business Network. Several incubator directors expressed their disappointment in the fact that the admission criteria for companies are so high. They would prefer an approach as in Media Evolution and the Creative Factory in which fast growing companies or companies with fast growing ambitions are mixed with creative companies with lesser opportunities of fast growth, but with a level of expertise in their domain.

10.3 Liesbeth Jansen (Linkeroever)

The InCompass project aims to make European incubators less dependent on public funding. The first step in the project consists of visiting a number of incubators. The results of these visits are used in the next stage of the project:

- how can success and fail factors of incubators be measured? Which tool are most suitable?
- how can best practices be used as an inspiration for other European incubators?

Methodology

The study provides interesting insight in the incubators visited in Malmö. The reports has the form of a journalistic reportage. In this first stage information has been gained from presentations of incubators' representatives. Quality and quantity of the information differs between cases, and sometimes seems to be based directly on websites or brochures. By questioning entrepreneurs you gain insight in what they value most, of do not value, and whether they recognized themselves in the gained information.

No standard questionnaire has been applied. Therefore essential information such as the floor surface or number of renters may be missing. It would be preferable to complete this basis information.

General remarks

The input from the hosting partners in the report is quote limited. Could any essential factors have been overlooked? Did the hosting partner review the report after it was written?

To be able to assess the success of an incubator (and the tools best practices may provide) consistent quantitative information is needed on the exploitation and the results. For instance information on:

- how many incubatees succeed in commercializing their product and develop a sustainable company;
- by which indicators this is assessed;
- to which extent opportunities and results differ by country;
- whether evidence exists of the incubator's contribution to regional employment development;
- whether difference can be observed between thematic incubator (e.g. media, games) and incubators that host various disciplines;
- whether public funding is structural (e.g. heating, accommodation) or incidental;
- the starting philosophy of the incubator, and how it is monitored;
- the selection criteria of the incubator, and whether and how the selection is based on e.g. a business plan;
- whether the ownership of the patent makes a difference for the success of the incubatee.

The budget provides insight in the incubators incomes and expenses, public and private funding. Not everyone will be willing to provide these figures, but they are required to assess the exploitation of the incubator and the role of public means (financial and in kind) in this. The schedule of Figure 4 is quite useful if you could use it to compare incubators.

Terms such as 'pre-incubator', 'post-incubator' and 'accelerator' are being used. It seems a good idea to include these as elements in the research: to which extent does facilitation pre and post incubation trajectories the success of an incubator and the incubatees?

Best practices

I leave out of my consideration the things already included in the InCompass midterm report.

Media Evolution City

MEC seems a well thought-out textbook example:

- it focuses on a strong sector (digital media, with sufficient diversity to foster innovation);
- it collaborates with stakeholders;
- it connects to the region;
- markets are explored and made accessible on an international level;
- the clear mission statement recognized larger interest than that of individual companies;
- owner and renter [of the building] together decide on new renters [of working spaces];
- cooperation between small and medium-sized companies is stimulated actively, which is an important location motive for both;
- the connection with Almi, an investment fund, is quite interesting;
- Business Support Officers help to decide on the required level of support;
- there is collaboration with other clusters (e.g. tourism);
- the municipality provides open data;
- the organisation of a conference is a strong means to connect all involved;
- an incubator such as this is also attractive for large firms like Ikea (which has its own incubator!).

My questions are:

- how does MEC collaborate with Minc?
- is the building rented by Wihlborgs Fastheter AB under market conform conditions or does the owner has an own interest in it?
- how does the ownership construction by which Media Evolution owns the public limited company Media Evolution City translate in terms of Dutch law [or, for that matter, in the law of other countries]?
- the organisation of an event for the local community depends on public funding; why not ask hosted companies to contribute to a social aim?

MINC

Apart from issues mentioned above, best practices are:

- the incubation period of 24 months with a 3-month trial period;
- the fact that a company can use the incubator's facilities throughout its life cycle and grow.

Question:

- MINC is owned by the municipality but it is organized like a company with shareholders, which do not include the municipality?

The text states that 90% of the incubatees are shareholder companies, but elsewhere 'that many of the incubatees started as sole traders but 90% has ended up as shareholding companies by the end'. The latter seems more plausible.

Ideon

Best practices:

- every start-up can select the support it needs;
- the involvement of renters in the selection of new start-ups;
- the support in seeking financing by banks.

Questions:

- who owns the other 50% of Ideon?
- Creative plot: the sustainable growth of creative industries. What does sustainable mean in this context: structural or environmental?

Company Care

Best practices:

- creative industries and art;
- 100% private ownership (who is the owner, and what are his motives?);
- website including useful information and discounts for member, also after leaving the incubator.

The three most striking issues

1. The Ltd/foundation discussion [ME/MEC]. To which extent can incubators use public funds to finance private companies? Research would be needed on the types of organisations that can best combine and safeguard societal and commercial interest. A non-profit company may apply for public funding. When a foundation develops a product that is a commercial success, and markets it via a private company, public means are channelled into private revenues. In such a case it seems reasonable to return public fund, so a revolving fund may be initiated. This method is applied in Amsterdam.
2. Large international opportunities [MINC]. The observation that Sweden is a pilot area, with the aim to excel on the international level, reflects an interesting perspective on international business.
3. Website portal [Company Care]. This is a good way to involve post-incubatees, but it may be applied on other levels as well. One of the incubatees does not believe in it. This should be investigated: which role can a virtual network play in the various stage of entrepreneurship (and services should it provide)?

For most incubators a long waiting lists exists. At the moment those who apply are either 'in' or 'out'. An alternative would be to provide those who are not selected with some kind of support, in order to at least bring them in a next stage of development.

Brief reply to the validator's comments [AR/JJT]

The above remarks include many useful comments and suggestions, and a number of relevant questions. They are also quite critical on the approach and methodology of InCompass. With regard to this we would like to stress that the objective of InCompass is not so much to assess the overall performance of actually visited incubators on the bases of quantitative, financial and output data. As the validator says, such data in many cases is not available or is considered confidential. Particularly the lack of data on the number of successful incubatees leaving the incubator was striking to us as well. Nevertheless, the approach of InCompass is broader than this. The objective of the project is to identify good practices, i.e. practices that may work in other cities or regions. Their effects on the financial performance of the incubator is only one aspect of this, although a crucial one.

As for the lack of a standardized questionnaire, this was drafted and applied as much as possible in the Rotterdam and Milan visits. It proved less useful in later visits, due to the large diversity of cases, progressing insights in the project's focus and – admittedly – a not well suitable setting for such a questionnaire of most meetings in the incubators. Nevertheless we content that the information gathers in different cases is still to a large extent comparable.

The gathering of information, and the drafting of reports in InCompass is a group effort. The quality of the final report to a considerable extent depends on the reports from working group leaders, which in turn is partly based on the input from individual partners. This occasionally makes it hard to trace and assess individual sentences or pieces of information.

11 Thematic seminar

The Thematic seminar on the Malmö report took place in Beja in April 2013.

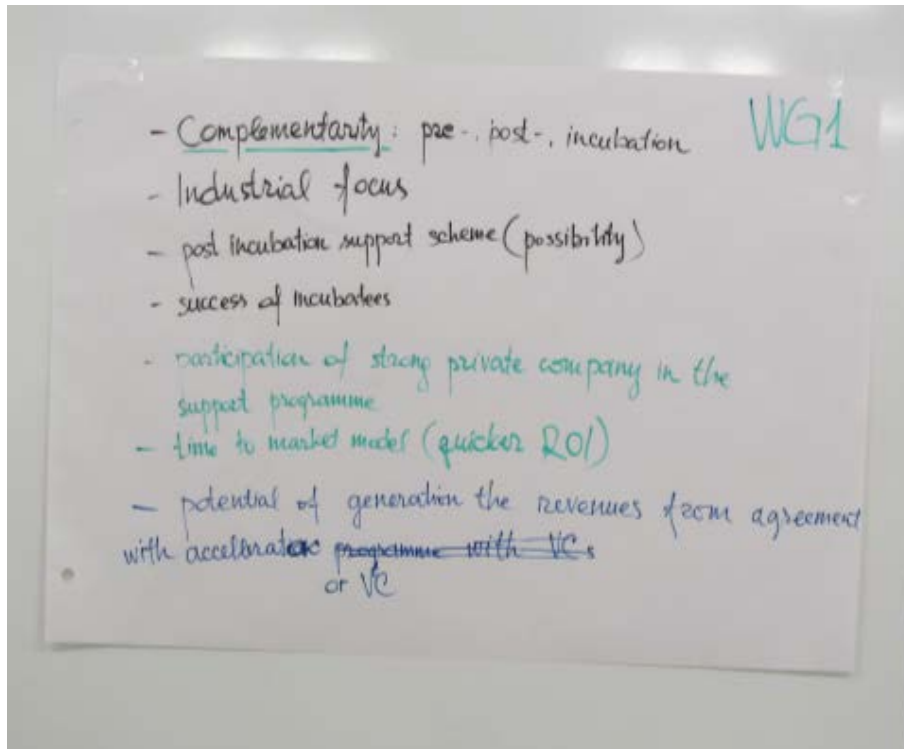
WG 1 concludes first and foremost that it is not easy to find good practices of commercialization in the Swedish context because of the strong support of incubators - and Science and Technology Parks - by both governments (city) and universities. The WG nevertheless acknowledges seven good practices of the Study Visit to the Øresund region.

1. Complementarity of pre-incubation, incubation and post-incubation programmes in Malmö. What is more, the complementary programmes of MINC and MEC, together with some other institutions that support starting businesses in creative industries are clustered close to one another.
2. Networking between these incubators and related institutions is strong because of an industrial focus on the specific creative sector of media and television.
3. Although no such practice was found, there is a clear potential for post-incubation support schemes.
4. Success of incubation: unclear
5. IKEA in IDEON is a success example of how a widely known and large multinational company can acts as shareholder of equity and an attractor of hi-tech business to the Park.
6. 'Short time to market' model of IDEON. The time it takes from creative idea to bringing products to the market is short, meaning both quick return on investments for the companies in the

incubator, more commercial interest by investing financiers, and short throughput time of incubatees for the incubator.

7. Although not observed during the Study Visit, the latter offers potential for agreements by incubators with venture capitalists. Compared to 'slow' incubators, business accelerators enjoy this same potential.

Figure 9: Flip-chart of Working Group 1

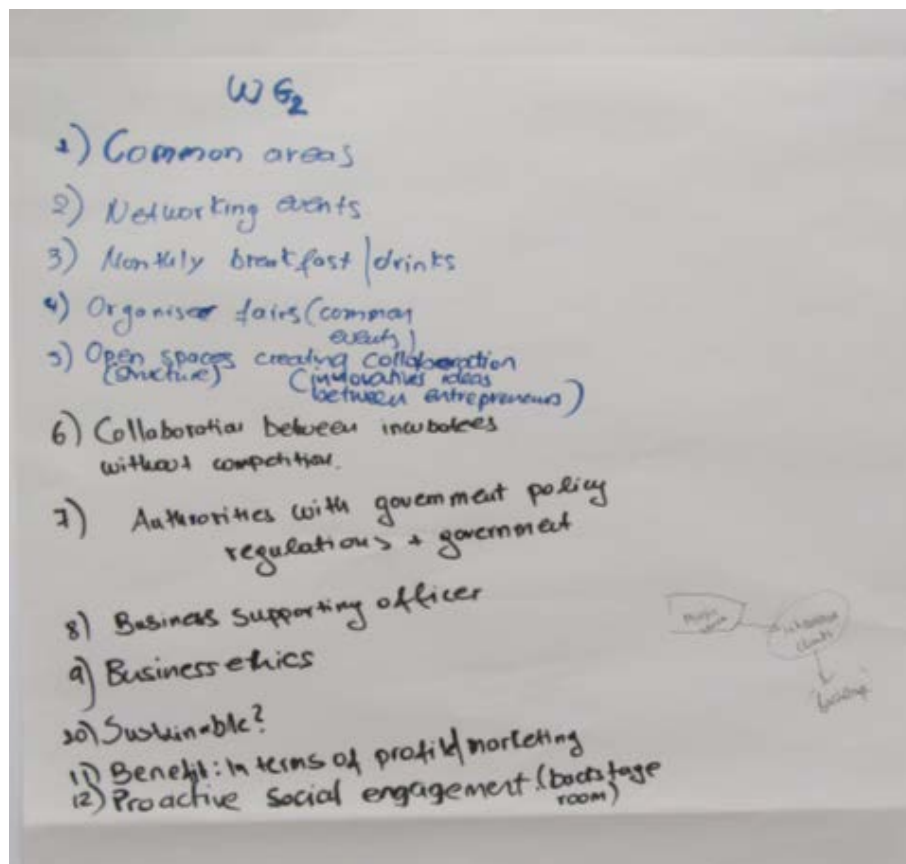


WG2 identifies no less than 12 good practices. Most of these are, however, neither new nor unique: we have seen local versions of these in quite a few of the incubators visited before in other cities. Such as common areas for unplanned spontaneous or planned informal meetings – for example the one single coffee machine and the open restaurant that may attract outsiders interested in the incubation process in the case of MINC –, and 'network events' for more formally organized meetings that enable starting entrepreneurs to learn to know one another. These latter are also visited by 'people who don't drink coffee'.

In general, these good practices are all about spaces for shared use and events to meet by chance for networking with the aims to interchange information and advices, or to decide for collaboration without a strong sense of competition. For, the power of social contextualization is not just about meeting one another, but also about obtaining information and knowledge that brings ideas and early versions of products a step further. Exercising restraint with regard of sharing knowledge or information for fear of competition is a bad counselor if creating more synergy.

In her oral summary of these good practices, the WG leader highlighted the Business Supporting Officer in Media Evolution City, leaving open that such a professional can provide a range of useful services, and the responsibility of market creation that MEC bears on its shoulders. But time and again, the question was raised during this Thematic Seminar how these forms of networking support the incubator rather than the individual incubates.

Figure 10: Flip-chart of Working Group 2



WG3 presented a general model of how external partners can support either the incubator and individual incubates. To that aim, the external partners are divided into three types: public, private and universities. Although universities are usually public, these are considered a separate type of partner due to their position as a different helix in the triple helix.

Public partners can provide premises, funding, political support at founding and growth of incubator, strategic advice, impact evaluation and creation of an ecosystem. The private partners can provide funding and investment, and experienced managers can become members of the board of the incubator, possibly catching the eye of investors, and carrying out shared projects. Universities finally can also provide financial funding, and further stimulate R&D and innovation, innovation vouchers (together with private firms) for access to research and practical knowledge and possibly to facilities and services, networks with other universities and knowledge institutions, and apprentices.

A good practice that is wide spread in Sweden but rather unintended – a very creative mindset to find private partners and funding passed on by managers of publicly owned incubators to their incubates - is the consequence of the stringent restrictions by national law for these incubators to use public money to take shares in start-up companies. MINC is a good example. It searches actively for venture capitalist funding both in Sweden and abroad (Finland). Indirectly, building up relationships with international partners, for instance by mean of organising study visits for MINC incubates to firms in Silicon Valley, makes it more easy to find interested venture capitalists. For, it is expected (or hoped-for) that the quality of the incubatee's innovations raise and their market opportunities increase in case of involvement of the 'brand Silicon Valley'. In turn, sectorial specialisation of an incubator, such as that by MINC in ICT, makes such networking more practical and easier to achieve than in case of a mixed sectorial profile.

A Board that exclusively exists of members with a mindset for business and lacks politicians is also considered a good practice by WG3.

Finally, Swedish law that keeps ownership the IP of ideas or innovations with the individual university staff member rather than with the university avoids problems and delay in case that individual likes to start a business of its own to further develop this idea or to market this innovation.

Figure 11: Flip-chart of Working Group 3

