

Collaborative innovation in the entrepreneurial ecosystem

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Speakers:

- **Nicholas Davis**, senior director, Center for the Global Agenda, World Economic Forum
- **Kamil Kiljański**, Chief Economist, European Commission, DG GROW
- **Valerie Mocker**, principal researcher for startups and entrepreneurship, NESTA
- **Gary Stewart**, director, Wayra UK (a Telefonica initiative)
- Chair: **Karen Wilson**, senior fellow, Bruegel

In the context of ongoing research at Bruegel focused on the drivers and dynamics of entrepreneurial ecosystems, this event looked at the current challenges the EU is facing in fostering entrepreneurship, innovation and collaboration between young and large firms. The event gathered researchers working on these topics, practitioners and policy makers, bringing together complementary views.

The EU has a considerable innovation gap versus the US. In addition, emerging economies such as China are catching-up extremely fast. There is a lot of heterogeneity among EU member-states, but even top performers present a long-standing challenge in the growth and scaling of young innovative firms. Some of the main barriers mentioned included access to growth capital and the right pool of skills.

Large firms can play a key role, exploring mutually beneficial relations with young firms. However, several hurdles need to be overcome. First, there is a lack of strategic orientation by large firms, in terms of not clearly establishing what to expect from a relationship with young firms. Consequently there are no specified goals or ways of measuring the success of these relationships.

Furthermore, there is a lack of “organisational empathy” - the capacity from both types of firms to fully understand each other's needs and objectives, and to adjust accordingly. This empathy is especially important when taking into account the fact that start-ups often do not understand large firms' real intentions in pursuing collaborations, suspecting that their real purposes might be, for example, to steal key resources such as intellectual property.

Additionally, there are several options in how to structure a collaboration (joint ventures, M&A, contracts, etc...). Each of these options has pros and cons, making them more or less suitable depending on the objectives to be achieved. This further strengthens the view that a strategic approach needs to be followed, establishing clear goals and choosing the best options available to accomplish them. Thus, intrapreneurs, capable of fully understanding entrepreneurship, are needed within corporates (and also within policy circles).

Policy makers are increasingly interested in supporting these interactions. Policies need to adapt to this reality by removing barriers and creating incentives for start-ups to grow. Creating a block exemption in competition policy to allow large firms to collaborate with small companies was an important step. Still, more needs to be done to strengthen IP protection and adapt IP law to the reality facing innovative start-ups. Finally, a pan-EU start-up regime would be a milestone in the deepening of the EU single market. Policymakers should have it as a top priority. To develop a well-designed regime they need to work closely with entrepreneurs to better understand their challenges.

Notes by Diogo Machado