BEST INCUBATION PRACTICES AIMED AT SUPPORTING CREATIVE & DIGITAL BUSINESSES – a report by Cluster 2020

Connecting with Efficient Practices Across Europe
WP2 – Efficient & Sustainable Businesses within an Efficient Cluster
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## LIST OF ACRONYMS

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<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>BICs</td>
<td>European Commission Business and Innovation Centres</td>
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<tr>
<td>CEEI</td>
<td>Centro Europeo de Empresas e Innovación</td>
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<tr>
<td>CDI</td>
<td>Creative and Digital Industries</td>
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<tr>
<td>CI</td>
<td>Creative Industries</td>
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<tr>
<td>EAI</td>
<td>European Alliance for Innovation</td>
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<td>EBN</td>
<td>European Business &amp; Innovation Centre Network</td>
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<tr>
<td>ECIA</td>
<td>European Creative Industries Alliance</td>
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<tr>
<td>HEI</td>
<td>Higher Education Institutions</td>
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<tr>
<td>ICT</td>
<td>Information &amp; Communication Technology</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>LSE</td>
<td>Large-Scale Enterprises</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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Executive Summary

Cluster 2020 is part of the European Creative Industries Alliance (ECIA), a €100m private/public partnership focused on developing next-generation business support to help creative businesses grow.

ECIA is an integrated policy initiative that combines policy learning with concrete actions - on innovation vouchers, better access to finance and cluster excellence & cooperation. It has the goal of developing a creative industries policy blueprint. This will strengthen enterprise and innovation activities in regions by making the best use of the power of creative and digital businesses as a horizontal enabler to drive competitiveness, job creation and structural change.

In recent years the recognition of the need of cluster excellence aimed at supporting the business sector has been increasing. In this context, clustering practices have evolved, becoming more professional and well targeted to the needs of their business members. To this end Cluster 2020 is helping business support organisations ‘Know More, work smarter & collaborate better’, enabling them to deliver optimized, innovative and good-value services to their members.

Activities within the Cluster 2020 pilot project are organised across seven work packages (WP). This report on Connecting with Efficient Practices across Europe falls under WP2 – Efficient & Sustainable Businesses within an Efficient Cluster. The report’s main goal is to explore best incubation practices aimed at supporting the Creative and Digital Industries, in particularly those developed by the European Commission Business and Innovation Centres (EC-BICs, or simply BICs), trying to understand how and to what extent incubators address creative and digital businesses differently.

The report has been provided through a combination of desk research and qualitative interviews to incubators representatives. A set of 8 selected BICs, members of EBN (European Business & Innovation Centre Network) network and considered to be key examples of best practices in CDI sector support, participated in this study: (i) Technoport, (ii) iMinds, (iii) Berytech, (iv) Norbic, (v) Creative Centre Brno, (vi) CEEI Asturias, (vii) BIC Lazio Creative Incubator; (viii) Dublin Business Innovation Centre.

The report highlights a series of relevant challenges and considerations regarding cluster and incubators activity in the Cultural and Digital Industries.
These have been structured considering different dimensions, and include the following:

- **In terms of facilities and equipment**, incubators, as intermediate actors, should ease the access to *Fab lab*, broadband and other Information Technology (IT) facilities, as well as promote specialist skills training activities.

- **Regarding financing opportunities**, the role of incubators should focus on key aspects such as exploring international financing opportunities, raising awareness before traditional lenders, negotiating with bank and financing institutions and providing assistance on the development of a strategic approach to effective value chains.

- **In relation to partnerships and networking**, sector SMEs would benefit from collaborative sessions between research centres, industry and entrepreneurs, and from the participation in different events aimed at fostering strong links and exploring new partnerships or product/services development.

- **Concerning business knowledge**, incubators are encouraged to support the sector SMEs in the development of effective business modeling, and to dynamize specific programmes aimed at helping sector SMEs reach an international scale.

- **Finally, in regard to incubator’s internal management**, incubator managers would benefit from the participation in international projects and networks related to Cultural and Digital Industries to gain a deeper understanding of the sector, and from fostering close relationships with sector entrepreneurs in order to contribute to the provision of a personalized approach.
1 INTRODUCTION

1.1 Context

Cluster 2020 is a 3-year pilot project co-financed by the European Commission’s Directorate-General for Enterprise and Industry as part of the European Creative Industries Alliance (ECIA) initiative.

ECIA is an integrated policy initiative that combines policy learning with concrete actions - on innovation vouchers, better access to finance and cluster excellence and cooperation. It has the goal of shaping a community in Europe that actively supports creative industries as a driver for competitiveness, job creation and structural change by developing and testing better policies and tools for creative industries.

Cluster 2020 contributes to this goal by working towards creative cluster excellence. The project is developing and testing a blueprint, so that as many cluster organisations as possible can provide better creative business support across Europe and empower creative businesses to overcome barriers and seize opportunities for growth. The aim is to provide tailored, meaningful and effective cluster support in order to make individual businesses better informed, more efficient and more expert in what they are doing.

Activities within Cluster 2020 pilot project are organised across seven work packages (WP), as follows:

- WP1 – Developing the Informed Cluster
- WP2 – Efficient & Sustainable Businesses within an Efficient Cluster
- WP3 – Expert Methodologies & Efficient Tools
- WP4 – Cluster 2020’s ‘Active’ Pilot Phase
- WP5 – User Groups, Feedback & Testing
- WP6 – Dissemination, Promotion & Advocacy
- WP7 – Project Management

1.2 Report objectives

This report on Connecting with Efficient Practices across Europe falls under WP2 – Efficient & Sustainable Businesses within an Efficient Cluster. The report’s main goal is to explore best incubation practices aimed at supporting the Creative and Digital Industries (CDI), in particularly those developed by the European Commission Business and Innovation Centres (EC-BICs, or simply BICs), trying to understand how and to what extent incubators address creative and digital businesses differently.
1.3 Methodology

To address the objectives referred above, a set of data collection techniques were used, including desk research and interviews, essential for the development and presentation of specific case studies.

Within the EBN (European Business & Innovation Centre Network) network, 8 BICs were selected and contacted. Both the identification and analysis of the case studies were performed within the framework of defined criteria focusing on:

i. Ensuring diverse geographical distribution;
ii. The BIC’s relevant work and focus on CDI sector;
iii. Including varied types of incubators (e.g. university/ regional incubators).

The case studies are designed to highlight the role of tailor-made support initiatives aimed at helping the growth and development of CDI SMEs.

A set of interviews to the incubator managers were performed in order to gather original empirical data on incubator managers’ understanding of the relevance of CDI SMEs’ and specific actions and tools that illustrate incubators’ different approaches to the CDI sector.

Table 1 shows the BICs and interviews included in the study.

<table>
<thead>
<tr>
<th>BIC Name</th>
<th>Location</th>
<th>Interviewee</th>
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<tbody>
<tr>
<td>Technoport</td>
<td>Luxembourg</td>
<td>Catherine Delevoye</td>
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<tr>
<td>iMinds</td>
<td>Belgium</td>
<td>Jan Coppens</td>
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<tr>
<td>Berytech</td>
<td>Lebanon</td>
<td>Nicolas Rouhana</td>
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<td>Noribic</td>
<td>United Kingdom</td>
<td>Clare McGee e Barney Toal</td>
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<tr>
<td>Creative Centre Brno</td>
<td>Czech Republic</td>
<td>Zdenka Kujova</td>
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<tr>
<td>CEEI Asturias</td>
<td>Spain</td>
<td>Cristina Fanjul</td>
</tr>
<tr>
<td>BIC Lazio Creative Incubator</td>
<td>Italy</td>
<td>Andrea Belloni</td>
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<tr>
<td>Dublin Business Innovation Centre</td>
<td>Ireland</td>
<td>Tara Beshoff</td>
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</tbody>
</table>

The main topics included in the semi-structured interview guide used for each of the BICs were as follows (full interview guide included in the Annex):

- Distinctive features of CDI SME in relation to other SMEs;
- Distinctive features of “CDI entrepreneur” in relation to other entrepreneurs in general;
- Main actions or tools developed to address CDI SMEs specific needs;
- Main differences between the support provide to CDI SMEs and other SMEs.
The case studies are presented using the following standardized structure:

<table>
<thead>
<tr>
<th>Presentation of the incubator</th>
<th>Characterization of the incubator</th>
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<td>The importance of a personalized approach to CDI SMEs</td>
<td>Distinctive actions to support the CDI SMEs sector</td>
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<tr>
<td>Challenges faced by incubators when dealing to CDI SMEs</td>
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</table>

Note that in order to overcome the variety in definitions used in the sector under study, the report uses “creative and digital industries (CDI)” as a standardised terminology.

1.4 Report structure

After this section, the report is divided into 3 further sections:

- Section 2 presents a brief portrait on CDI sector, in order to provide a global overview of the main features of CDI SMEs and simultaneously the challenges faced by business incubators aimed at supporting this sector.

- Section 3 presents the case studies of 8 selected incubators. These are considered key examples of best practices in CDI sector support. The section aims to present and discuss the main opinions of the interviewees towards CDI SMEs’ relevance and specificities in their incubator, and highlight distinctive and efficient practices aimed at supporting CDI businesses.

- Section 4 draws a series of conclusions from this analysis and presents a synopsis of best practice’ from the case studies presented.
2 BRIEF PORTRAIT ON CDI SMEs: MAIN FEATURES AND CHALLENGES

The Creative and Digital Industries (CDI) sector includes a variety of business types and has become increasingly important in modern economies. In recent years, the relevance of CDI has attracted much attention in the debate on fostering the European "creative economy". This diversity includes many types of enterprises, from large-scale enterprises (LSE) and multi-national corporations, to areas of activity in which SMEs are predominant.

SMEs do however still make up the majority of the CDI sector. According to a recent study on the Entrepreneurial Dimension of the Cultural and Creative Industries (CCI)\(^1\), 80% of enterprises in the sector are SMEs with many being sole traders or micro-SMEs. Furthermore, SMEs in the CDI sector often have specific characteristics that differentiate them from SMEs in other sectors. The study underlines the fact that CDI enterprises “frequently operate in specific market conditions, produce goods that are ‘cultural’ by nature, work with people who are often more content-driven than commercial oriented and usually create very small enterprises”. A deep understanding of these main features is essential for businesses incubators to address their main needs and aspirations.

A recent discussion paper developed within the scope of Cluster 2020 publications maps these main characteristics, as shown in Figure 1.\(^2\)

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\(^{1}\) European Commission (DG Education and Culture) (2010), *The Entrepreneurial Dimension of the Cultural and Creative Industries*, Utrecht.

It is possible to describe the specificities of SMEs in CDI sector using 8 main dimensions: (i) business structures; (ii) work form; (iii) innovation; (iv) CDI entrepreneurs profile; (v) partnerships; (vi) business knowledge; (vii) access to finance; (viii) framework conditions.

In terms of **business structures**, SMEs in this sector include a considerable number of freelancers and micro businesses. They often thus require support from other entities to help complete projects.

In relation to **work form**, CDI SMEs work is often project-based, which can lead to a lack of a long-term certainty over contracts and funding, and increased financial instability.

Regarding **innovation**, which is a core feature of creative businesses, the impact is relatively reduced due to few resources to develop ideas into viable opportunities (often linked to being cash poor) and to lack of links with Higher Education Institutions (HEIs) and research institutes.

Concerning **CDI entrepreneurs profile**, they are often referred as being intrinsically creative and highly motivated. They can be less focused on profits than other business groups (content-driven *versus* commercial-oriented) and, in general, often have a non-linear employment history.

In relation to **partnerships**, CDI SMEs can experience difficulties regarding building partnerships due to having a lack of trust in networks and potential partnerships, and needing “an honest broker” to help them connect and move forward.

In terms of **business knowledge**, it is well documented that CDI entrepreneurs can lack business skills, such as financial, management and market knowledge.

CDI SMEs often experience difficulties in obtaining **external financing**. Some of the reasons this are the lack of business skills, as mentioned above, weak balance sheets and financiers’ difficulties to understand the projects (which can easily be branded as “risky projects”).

Finally, in relation to **framework conditions** in general, CDI entrepreneurs tend to find difficulties in accessing support and in knowing who to trust. On the other hand, CDI’s entrepreneurs cope well with rapid technological change and are strongly influenced by Information & Communication Technology (ICT).

Another recent study on *Developing Successful Creative & Cultural Clusters* identifies a range of CDI specific features, underlining the fact that CDI is not one unified industry and that individuals in the sector tend to work in flexible team-oriented structures. Interactions often occur on a more individual and informal basis (*versus* formalized cooperation between organisations with a permanent workforce.

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and immobile working space). It is also highlighted that, although these industries are very creative and innovation-oriented, the essence of their products and services can raise difficulties in terms of being able to measure innovation and productivity.

**The role of the incubators in the CDI sector**

Incubators are able to provide CDI entrepreneurs with resources and knowledge that foster their initial attempts to establish and succeed in their business. They can bring creativity, resources, entrepreneurship and the workforce together. Incubators are thus identified as key actors in promoting the growth of CDI sector.

One of the major roles attributed to CDI incubators is to raise awareness on the potential and on the contributions of CDI to other sectors and enterprises. Underlining this *win-win context* helps creative and digital businesses to expand their areas of business and to diversify the range of clients.

Furthermore, recent studies highlight the fact that creative industries have gained policy-makers’ attention, which is visible when considering the programmes that provide them with special support. These programmes attempt to address a set of key needs, such as building and enhancing CDI’s export capacity, supporting infrastructure and cooperation and developing training or coaching.\(^4\) Incubators can play a major role in these areas, functioning as triggering actors in CDI SMEs’ access to these programmes.

In spite of the efforts and recognition of the need of this kind of tailor made support, there are still issues in specific and targeted incubation practices. Traditional cluster structures can sometimes build rigid and standardized programmes and services that do not match well with the CDI SMEs’ market conditions. Incubators can also fail to recognize the content-driven nature of people working and linked to this sector, and may not consider the specific environment in which the CDI SMEs operate.

On the other hand, a set of relevant CDI-oriented incubation experiences is beginning to emerge across Europe. This report focuses on incubation activities and models of incubation that are primarily aimed at supporting creative and digital businesses development and growth, illustrated through the European Commission Business and Innovation Centres (BICs).

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\(^4\) European Commission (DG Education & Culture) (2010), Report on Open Method of Coordination-Expert Working Group (OMC-EWG) on Cultural and Creative Industries (CCIs).
3 BEST INCUBATION PRACTICES FOR ADDRESSING THE CDI SECTOR: EVIDENCE FROM BICS

This section provides a set of 8 case studies resulting from desk research and interviews carried out with incubators’ managers.

After a brief presentation of the incubator and its main services and mission, the case studies include a focus on the relevance given to a personalized approach to CDI SMEs. Main actions and practices aimed at CDI SMEs support are also presented, along with the main challenges incubators may face when dealing with this sector.
3.1 Technoport

Presentation of the incubator

Technoport® ltd. was set up in June 2012 as the result of a merger between the former Technoport®, a technology-oriented business incubator launched by the Public Research Center Henri Tudor back in 1998, and Ecostart I and II, business support infrastructures developed since 2004 by the Ministry of the Economy and Foreign Trade. It is located within the Technoport in Belval (business incubator and coworking place).

Characterization of the incubator

The mission of Technoport is to share knowledge with an emphasis on fostering a multidisciplinary and intergenerational dynamic between start-ups, artists, designers, architects, engineers, hobbyists, researchers and students.

The incubator is part of a global network of fab labs that attract individuals, enterprises and academic institutions, to stimulate people’s creativity.

It provides a wide range of tools, including 3D printers, milling machines, laser and vinyl cutters, as well as technical and logistical assistance, in order to facilitate invention and multidisciplinary networking.

The importance of a personalized approach to CDI SMEs

The incubator highlights the fact that CDI SMEs have specific aspects that differentiate them from other SMEs.

- CDI SMEs are diverse and encompass a wide range of different client sectors.
- CDI SMEs are highly mobile and flexible, being based on personal developments and a human centric approach. Furthermore, their added value is difficult to assess and measure.
- With regard to the main differences between the support needed by a “CDI entrepreneur” and a “regular” entrepreneur, the incubator highlights the specific needs of CDI SMEs, such as some shortcomings in terms of being able to communicate with multiple stakeholders.
- Value chains can be particularly complex with CDI SMEs since the business models must consider multiple-sided markets, as well as a strong need to focus on serving very specific client segments.
The incubator provides support that is individual, focused on business modelling and on setting strategic indicators, and requiring more continuous and interactive business support activities.

Technoport Fab Lab provides CDI SMEs with support schemes which are regarded as more open than those offered to the other entrepreneurs. It also focuses on involving many external stakeholders to provide insight and feedback to the entrepreneur.

Examples of actions aimed at supporting CDI SMEs include:

- Industry-oriented collaborative sessions: promotion of events with potential stakeholders, user groups to foster strong links and networking. These kinds of events intend to address the problem caused by fragmentation of the demand and to involve technology-oriented research centres or businesses and creative industries.

- Co-incubation: offering co-incubation in collaboration with open spaces and other creative entities.

- Fab lab facilities: enabling access to showcasing, display, and demo spaces, where people can see, interact and play with the technologies, so that the products and services are highly tangible to the people and awareness is created. Living labs and fab lab facilities are considered key assets.

- Support on business models: improvement in the way that the added-value of a SME is communicated, e.g. through pitching sessions, prizes and awards for CDI entrepreneurs. Specific evaluations are provided that consider the added-value and contribution to the ecosystem, rather than the value of the specific technology per se.

Challenges faced by incubators when dealing to CDI SMEs

The incubator emphasizes the following:

- The path to market and pricing models are typically complex;
- The creation of a distinctive brand is usually more difficult for CDI entrepreneurs;
- The identification of specific segments of clients is not as obvious as in other industry sectors;
- The added value is often subjective and difficult to measure, which raises a problem for investors and for defining a pricing strategy.
3.2 CEEI (BIC Asturias)

**Location:** Spain  
**Website:** http://www.ceei.es  
**Address:** CEEI Asturias - Parque Tecnológico de Asturias, 33428 Llanera - Asturias

**Presentation of the incubator**

BIC Asturias is a non-profit association, founded in 1994 by the Regional Development Agency (IDEPA) and a set of regional public and private entities. The main goal of this incubator is to support entrepreneurs willing to set up an innovative company to enrich Asturias industrial environment. CEEI Asturias (Centro Europeo de Empresas e Innovación del Principado de Asturias) main objectives are promoting business culture and innovation, offering support to start ups (especially those based on innovation, scientific or technical knowledge) and SMEs in the process of innovation and diversification.

**Characterization of the incubator**

CEEI Asturias provides a wide range of services aimed at supporting the creation of new companies and to generate new activities in existing SMEs, based on innovative elements that have the potential to be developed. These services include: coaching and training programmes, business plans’ definition support, networking sessions, among others.

Over the past 25 years CEEI Asturias has granted several awards aimed at recognizing best projects within the fields of innovation and knowledge transfer, namely: (i) Best University Business Project; (ii) Best Technology Based Business Innovation Project; (iii) Asturias Patents and Utility Models Competition.

CEEI Asturias’ work in this field has received the DIGIBIC International Award, for recognition of its impact on the growth and development of individual companies in Creative Industries.

**The importance of a personalized approach to CDI SMEs**

The incubator underlines that, even though CDI SMEs face many of the same problems as SMEs from other sectors, they entail specific aspects that can differentiate them.

- CDI SMEs often have reduced management abilities;
- The CDI SMEs’ sector is characterized by a predominance of micro and small enterprises. One of the main problems is helping to push enterprises up the growth scale. This is a common challenge shared by “little entrepreneurship”, as it was referred.
In regards to the main differences between the support needed by a “CDI entrepreneur” and a “regular” entrepreneur, CDI entrepreneurs’ needs in terms of the following were highlighted:

- Access to financing opportunities;
- Learning and speaking the “business language”.

The incubator emphasizes that the support given by incubators has to address these main CDI SMEs’ features.

Examples of main actions developed aimed at supporting CDI SMEs include:

- Hybridization of profiles (bio+engineer = BIONEROS) or games (creative + tech + business workshops) which consists of mixing different types of professionals, skills and backgrounds in order to foster the interaction between different fields of activities. This includes the promotion of events with potential stakeholders, and user groups to foster strong links and networking. These events intend to address the fragmentation of the demand and to involve technology-oriented research centres or businesses and creative industries;

- Let's Game Asturias acceleration programme for game sector entrepreneurs: during 3 months, the incubator offers an intensive programme that includes horizontal modules of business plans; common and individual sessions with experts for specific topics (sector specific activities, marketing, communication, etc); venture academy (for investment readiness and present projects to business angels, venture capital or even crowd funding); networking actions (to put CDI entrepreneurs in contact with other entrepreneurs and companies, in order to foster links);

- Collaboration in international projects and networks related to creative sector: as inspiration for the incubator itself, CEEI participates in international projects and networks related to creative sector support in order to develop good practices.

The incubator notes that the main specific challenges when dealing with CDI SMEs include the need to overcome CDI entrepreneur reluctance to work and think in a business and commercial way.
3.3 Noribic

**Location:** United Kingdom

**Website:** http://www.noribic.com/

**Address:** Northland Building, NWRC, Strand Rd, Derry, BT48 7AL

**Presentation of the incubator**

Noribic is a non-profit EU BIC established in 1986. It is an innovation support agency in Northern Ireland and has assisted in the creation of many companies, sometimes using European and Government funded projects.

It encompasses a set of six main vectors: business support, business training, coaching and mentoring, business innovation, product innovation and creative industry support.

**Characterization of the incubator**

The incubator provides mentoring and business coaching to SMEs, micro-businesses and start-ups, as well as innovation consulting for new products and business models. Noribic manages a business incubator facility and provides support for incumbent micro-businesses.

It has achieved the DG Enterprise Quality Award for EU BICs each year since its inception in 1992.

With regard to CDI, since 2004 Noribic has developed a niche in the provision of support to creative entrepreneurs in Northern Ireland, enabling them to set up and grow their own business, boosting their portfolio and developing the capabilities to widen their services.

**The importance of a personalized approach to CDI SMEs**

The incubator emphasizes that CDI SMEs have a range of specific features.

- As many CDI SMEs are operating at the cutting edge of technology, sometimes there are special skills’ requirements in terms of software that is often not taught in colleges;
- It is necessary to have an excellent broadband infrastructure for proper commercial growth, as well as access to business development support and to finance.
Concerning CDI entrepreneurs, the incubator highlights the following:

- Traditional finance providers have difficulties in understanding CDI SMEs, which usually means difficulties in the access to finance, since the investment may entail be perceived to include a high degree of risk;
- CDI entrepreneurs need to have access to relevant industry expertise;
- The incubator needs to provide more support in business development and project management skills.

Examples of main actions aimed at promoting CDI SMEs by NORIBIC include:

- Provision of access to broadband and IT equipment (services not provided to SMEs from other sectors);
- Provision of custom-built business mentoring and technical support;
- Dealing with banks and presenting the CDI entrepreneurs a clean and simplified language;
- Partnerships with higher education entities for fostering skills training;
- Encouraging companies to work together in order to exchange their complementary skills;
- “Digital Derry”: to bring a set of digital organisations together to work in the support of creative and digital sectors, which culminated in several projects, such as a major annual cultural technical event, the Culture Tech. Digital Derry has become an important hub of CDI in Northern Ireland.

The incubator emphasizes the following challenges in the specific field of CDI SMEs:

- CDI entrepreneurs’ lack of technical skills related to business and project management;
- Longer development and incubation time before the product or service reaches the market;
- Increased difficulties in access to funding and investment;
- Higher costs in provision of support facilities and equipment.
3.4 Berytech

**Location:** Lebanon  
**Address:** P.O. Box 11-7503 Riad el Solh Beirut 1107 2240

**Presentation of the incubator**

Berytech was created in 2000 at Saint-Joseph University, in order to be the first technological cluster in Lebanon and to provide an environment for the creation and development of start-ups in the region. Berytech grew from one technology centre in Mar Roukos in 2001 to another on Damascus Road in 2007 and finally to the creation of the first initial fund for technology startups in 2008. Recently, Berytech has launched a cluster dedicated to CDI SMEs, called Beirut Creative Cluster (BCC), focused on Digital Media.

**Characterization of the incubator**

Berytech promotes incubation, business support, counselling, funding, networking and company hosting. Its aim is linked to job creation and retaining of graduates and people with high-level skills in Lebanon.

The incubator has developed several pioneering activities: Incubation Awards, entrepreneurship contests, summer schools and regional academies for entrepreneurs, "from idea to start-up" courses to engineers, micro-enterprise acceleration programmes, university road shows, local and international exhibitions, workshops, entrepreneurs’ forums, startup-weekends, mentoring programs, networking events, and lunch-debates.

**The importance of a personalized approach to CDI SMEs**

The incubator underlines that the main distinctive feature of CDI SMEs is their basis on creativity.

CDI SMEs tend to be smaller in dimension and require special support for generating business ideas. The general trend is to find micro and independent entrepreneurs in this sector.

CDI SMEs are often a reflection of the owner (more than in traditional industries), since the products and services of these SMEs are the creative output of the owner.

The incubator states that CDI SMEs usually lack relevant networking activities and require specific training on technical skills, in order to optimise the professionals' capacities and be successful.
The incubator identifies the main distinctive actions developed to support CDI SMEs as follows:

- To bring CDI entrepreneurs together in the same location, since that proximity is likely to foster creativity and to generate new ideas, important to the development of the business;
- To provide specific training on technical skills in fields like business and management knowledge;
- To find financing opportunities, since this is one of the obstacles to the development of CDI SMEs;

The creation of a cluster, BCC (Beirut Creative cluster) has enabled other outreach programmes to be promoted, not only for Berytech but also for other entities. BCC attempts to identify specific aspects of this industry and to identify projects to take part in exhibitions targeting the sector.

Concerning the CDIs’ specificities, the incubator notes the main challenges faced when dealing with this sector as follows:

- Lack of interaction and networking among key-players of this sector;
- Additional difficulties in accessing funding opportunities and negotiating with venture capitals.
3.5 iMinds Incubation & Entrepreneurship

**Location:** Belgium

**Website:** [www.iMinds.be](http://www.iMinds.be)

**Address:** Zuiderpoort Office Park, Gaston Crommenlaan 8 (box 102) B-9050 Ghent-Ledeberg

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**Presentation of the incubator**

iMinds is an independent research institute founded in 2004 by the Flemish government with a focus on information and communication technology (ICT) in general, and applications of broadband technology in particular. iMinds has a multi-disciplinary team that offers companies and organizations active support in research and development and has an extended and varied network partners, companies, authorities, non-profit organizations, representatives from both the private and public sector.

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**Characterization of the incubator**

The main mission of iMinds is the creation of highly competent human capital in different aspects of ICT through multi-disciplinary demand-driven research, with focus on six market segments: Media, Energy, Health, ICT, Manufacturing and Smart Cities. iMinds carries out this multi-disciplinary research for the Flemish business community and the Flemish government. This includes all technological, legal and social dimensions of the development and exploitation of broadband services.

With regard to entrepreneurship and SMEs, iMinds offers a wide range of services, such as: training and coaching programs, incubation and networking services that are supported by an active ecosystem of entrepreneurs, financial assistance, industrial partners and research departments aimed at promoting the growth and internationalization of SMEs.

Since May 2011, iMinds has been a member of the European Alliance for Innovation (EAI), a grassroots organization aimed at bridging the gaps between the market, research and regulation.

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**The importance of a personalized approach to CDI SMEs**

The incubator believes that there is no special need to have a different support approach to CDI SMEs sector.

The core useful distinction in developing support is the growth stage of enterprises (newly-born, young, and established) and not necessarily the economic sector. However, the incubator does refer that CDI SMEs have specific aspects that differentiate them from other SMEs and which are important to bear in mind when addressing support to this sector:
Firstly, the sector is characterized by SMEs that do not require significant initial investment to start a business, develop a specific product and identify clients. Comparing to other sectors, the CDI sector is thus easier to access.

The CDI sector is regarded as a very networked sector, due to the nature of digital, technology and the internet. In many cases, solutions already exist in the global market. New SMEs thus must have sufficient market knowledge to know what potential products are really new to the global market.

A third specific aspect is the global scale of the competition, which creates additional challenges to CDI SMEs in terms of the need of being global from the start of their activities.

With regard to the main differences between the support needed by a “CDI entrepreneur” and a “regular” entrepreneur, the incubator highlights the specific needs of the former to have good market knowledge in the first stage of the enterprise, and the need for assistance to grow on an international scale.

The incubator emphasizes the fact that while other sectors can be successful on a local scale, the CDI sector cannot. Finally, special support and coaching in access to financing opportunities and negotiation with venture capitalists are also required.

Bearing in mind the specificities referred above, iMinds provides a set of services and programmes that aim to support CDI SMEs.

Examples of these main actions include:

- Incubation programme “iStart”: promotion of an incubation programme aimed at supporting commercial development of an ICT related business idea, financially as well as through content development. The iStart programme focuses on start-up projects. This initiative provides, for a period of 6 up to 18 months, financial means (max. 50,000 Euros as convertible loans) and coaching and training, depending on the specific needs (specialized coaches, training focusing on certain themes and entrepreneur-in-residence);

- Acceleration and internationalization programme “Go Global”: promotion of a programme aimed at helping innovation driven enterprises and businesses, in early stages, that need to generate international sales. The main goal is to build and strengthen these enterprises’ global network of coaches and business development partners. The selected companies benefit from: up to 32 hours of hands-on business development and coaching by a local consultant; partial reimbursement of any housing and travel expenses through
partnerships; access to office space; a market survey or business opportunity assessment for the selected region, collaboration on the market entry strategy, participation in events, engagement and follow-up on sales leads, and introductions with strategic partners. Finally, with the support of iMinds’ local staff, in New York (in partnership with Belgian-American Chamber of Commerce) and in Singapore (iMinds’ office) and partners, companies have access to an international market knowledge;

- Active support in research and development: as a research institute, iMinds has knowledge of technology and promotes collaboration between specialized researchers and start-ups.

The incubator emphasizes the following specific challenges:

- The difficulty in accessing finance;
- The requirement to help CDI SMEs to quickly grow;
- The creation of a product is usually more feasible for the CDI sector than some others. The major challenge is to enter large international markets (versus smaller domestic markets), as dimension is regarded as being essential for CDI business survival;
- The identification of sufficiently skilled people to work in the CDI SMEs is often more difficult than in other sectors.
3.6 BIC Lazio

**Location:** Italy

**Website:** [http://www.biclazio.it/](http://www.biclazio.it/)

**Address:** Via Casilina 3/T 00182, Roma

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**Presentation of the incubator**

BIC Lazio was founded in 1990 by the Lazio Region (Rome) and is the regional network agency responsible for encouraging local development through the promotion of an entrepreneurial culture and through supporting the creation and development of business initiatives. In recent years, BIC Lazio has targeted the CDI sector.

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**Characterization of the incubator**

BIC Lazio is part of a network of regional development offices whose main aim is to promote and encourage new enterprises, update and modernise existing projects, introduce an enterprise culture throughout the region and to offer managerial and technical knowledge to local public offices.

Its mission consists of, among others elements, spreading corporate culture as a tool for social and economic growth of the region, of channelling, through entrepreneurship, human and professional resources, encouraging innovative business initiatives, and promoting entrepreneurial initiatives related to local development processes, enhancing the artistic and cultural heritage.

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**The importance of a personalized approach to CDI SMEs**

The incubator identifies that CDI SMEs are different from other SMEs industries in Lazio region, as they tend to be younger and need more support.

Secondly, creative industries in Lazio are contextualised within the framework of what the incubator calls the "Mediterranean situation", i.e. they tend not to use digital technologies, because such technologies tend to use a foreign language, and having less general knowledge on technology use. In other words, the geographical context represents an important variable, since, for example, the use of technology in this area is not as common as in Northern Europe countries, nor are creative industries so numerous in Lazio as they are in other regions of Italy, such as in Milan.

Moreover, individuals related to creative and digital industries face more difficulties when trying to elaborate business plans and to establish business networking, which makes it harder for them to identify business opportunities.
Bearing in mind these specificities, a selection of the BIC Lazio’s main incubation practices are:

- Helping with the elaboration of viable and adequate business plans;
- Organising business cooperation meetings to establish networks and improving business skills;
- Promoting training activities (in the field of business);
- Fostering commercial opportunities and agreements between universities’ spin-offs and the services the incubator provides their cultural enterprises;
- Teaching how to use international financial opportunities to develop local business;
- Offering CDI SMEs opportunities to contact European and international funding opportunities;
- Collaborating with the University of Viterbo to organize a course on Cultural Entrepreneurship;
- Giving support to young artists, organizing a master of art management aimed at improving their own economical sustainability;
- Planning and implementing the development of a dedicated Cultural Enterprises Incubator in Viterbo, in partnership with the Carivit Foundation, in order to promote creative Industries.

The incubator emphasizes the following specific challenges:

- In general, finding business opportunities for CDI SMEs can be difficult;
- Due to global economic recession, it is harder for CDI SMEs to find buyers, mainly in the local market. This happens also because the other industries provide products considered to be more necessary, especially in the current economic context – an example is agro-food industries’ products vs “creative products”;
- Misalignments between regional policies and EU structural funds. The incubator identifies the example of how EU’s structural funds had been used in the North of Italy to create and promote cultural incubators, which, in turn, helped integrating and aligning regional policies in those places with EU’s practices. However, this did not happen in other regions, whose policies remained less prepared and adequate for this sector.
3.7 Dublin Business Innovation Centre

**Location:** Ireland

**Website:** [www.dublinbic.ie](http://www.dublinbic.ie)

**Address:** The Tower, Trinity Technology & Enterprise Centre, Pearse Street, Dublin 2

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**Presentation of the incubator**

*Dublin Business Innovation Centre* (Dublin BIC) is an established public-private business support organisation, founded in 1988 with the aim of assisting entrepreneurs and start-up enterprises by combining the best of private and public sector experience. This incubator works with a wide range of partners, from state agencies and private sector investors, aimed at supporting entrepreneurs.

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**Characterization of the incubator**

The main mission of Dublin BIC is to provide services with the objective of helping to develop investor ready companies and providing access to funding. It advises companies on business planning and development; provides market incubation space; and creates platforms for entrepreneurs to develop their skills and networks.

Dublin BIC combines EU and Government funding via Enterprise Ireland and private funding and support through private and angel investors.

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**The importance of a personalized approach to CDI SMEs**

According to the incubator’s representative, CDI SMEs reveal specific aspects that differentiate them from other SMEs.

Firstly, CDI SMEs lack expertise on the creation and development of a suitable business model.

Secondly, they tend not to have specific knowledge on the commercialisation of their main products and services.

Another main difference referred was the fact that creative companies usually do not have management teams in place to the same extent as in other sectors of economic activity.

Regarding the main differences between the support needed by a “CDI entrepreneur” and a “regular” entrepreneur, the specific needs of the former are highlighted in terms of business model support. Furthermore, it digital entrepreneurs are understood to require a lean start-up approach and early prototype support.
The incubator refers the following main examples of actions developed aimed at supporting CDI SMEs include:

- Facebook Hackathon initiative: promotion of an event aimed at offering computer programmers the chance to collaborate on projects alongside Facebook engineers. Another goal of this initiative was to share experiences and inspire creativity among these target public and SMEs. This intends to be a regular event, in order to enhance new products' development;

- VFX Games Seminar: Dublin BIC in partnership with The Animation Skillnet, an industry led training network for the animation, games and post production sectors in Ireland, organized a targeted seminar for digital industries. This initiative falls under a network that was established in July 2013 to address the current and future vital skills needs of these industries by running high-end training courses delivered by industry specialists and organizing professional networking events and conferences;

- The Bridge from education to the Animation and Games Industry programme: the concretization of a specific programme for the animation industry. This scheme takes animation and games graduates and engages them directly with large gaming and animation companies. This intends to give the participants the opportunity to understand the expectations and requirements of the industry.

The incubator emphasizes the higher difficulty in converting the initial business CDI concept or ideas into concrete and successful start-ups, comparing to other sectors of economic activity.
3.8 Creative Centre Brno

Location: Czech Republic
Website: http://www.creativebrno.cz/
Address: U Vodárny 2, Brno, Czech Republic

Presentation of the incubator

The Creative Centre Brno supports creative activity in the city of Brno. The project is part of Regional Innovation Strategy 4 in South Moravia and the economic development of the City of Brno.

The driver of the project was the City of Brno, who aimed to benefit from the existence of a considerable number of productive and creative people. At the same time, the city understood that international experience and research shows that creative industries can play an important role in the development of cities.

Characterization of the incubator

The aim of the Creative Centre Brno is to support people working in creative professions and empower them, in order to bring benefits not only for them but also to develop the city and the region itself.

In this context, the Centre seeks to monitor the current state of the creative sector in the city and in South Moravia, and propose further steps in the creative sector. There are also plans to use a former prison for the purpose of a creative centre.

The importance of a personalized approach to CDI SMEs

The incubator underlines that CDI SMEs are different from other general industries, and that they also differ among themselves. For example, video games and film makers have different perspectives of growth when compared to designers. There are also different amounts of capital required by different CDI SME types.

CDI SMEs are, in general, more focused on quality and on personal interest and provide a specific creative or original input. They are usually less concerned about profit and exporting their products. The normal trend is to focus on the quality of the product rather than on economic growth or international markets. This leads to another important difference in terms of “creative entrepreneurs” – in that the often search for project managers with whom they already have a personal and close relationship. The incubator emphasizes that CDI entrepreneurs often do not want to be involved in the management process or have to learn about business strategies, since they want to focus on the creation process.

Moreover, the CDI sector is thought to be composed mainly by freelancers and very small companies. The incubator underlines that accessing the global market is believed not to be necessarily good for all companies.
Distinctive actions to support the CDI SMEs sector

The principle of supporting CDI SMEs is different from supporting other SMEs, since a closer approach with the entrepreneur is needed. In this sense, Creative Centre Brno develops a set of actions directed towards CDI SMEs, including the following:

- Promoting networking between CDI and non-CDI enterprises in order to raise awareness of the importance of the contribution of creative and digital industries to other fields;
- “Creative Credits”: in an interchange between different types of industries, this initiative seeks to emphasize the expertise and innovative potential of the creative industries to SME growth;
- “Regional Film Office”: an initiative to support film productions abroad and to promote film shooting in the region with the objective of fostering job creation among film makers in Brno;
- “120 seconds”: a special networking event that helps to stimulate new co-operations between innovative companies in which each company presents its products, activities and fields of potential co-operation within 2 minutes, followed by moments of informal networking;
- Other smaller actions: e.g. enabling access to facilities and to access capital via alternative ways such as crowd-funding.

Challenges faced by incubators when dealing to CDI SMEs

The most considerable challenge identified by the incubator consists of consolidating trust between project managers and creative entrepreneurs.

CDI entrepreneurs value a very close relationship with the business people. However, according to the incubator, it is difficult to gain the entrepreneur’s confidence, as they tend to believe that management people are more concerned with the business dimension, undervaluing the creative dimension.
4 FINAL CONSIDERATIONS

Based on the exploration of 8 best incubation practices aimed at supporting CDI SMEs, the selected cases are a structured method help to provide a set of considerations/challenges on the way that incubators perform their activities successfully when working closely with CDI SMEs and entrepreneurs.

The analysis of these practices provides the possibility to identify relevant/distinctive features within the selected cases that can potentially be further explored by, for example, other incubators or other relevant organizations.

As such, considering the preliminary analysis of the CDI sector (section 2), particularly in regard to the main dimensions/challenges identified for the CDI sector, it is possible to provide considerations structured according to specific realities/challenges of incubators in this sector. Some of these considerations can be widely accepted as being also applicable to other sectors, while some are more particular to the CDI sector. Nevertheless they all reflect practices that are effective for achieving results.

These considerations/challenges are structured as follows: (i) facilities and equipment; (ii) financing opportunities; (iii) partnerships and networking; (iv) business knowledge; and (v) incubator’s internal management.

### RELEVANT CONSIDERATIONS/CHALLENGES

#### Facilities and equipment
- **Fab lab facilities**: there seems to be a possible interesting opportunity for CDI entrepreneurs in receiving direct access to the development and testing of new prototypes through technologies such as 3D printers, that may otherwise be not accessible;
- **Broadband and other IT facilities**: direct access to these services can provide additional help for some CDI SMEs in the development of their products/services, in particular in cases in which their products and services are highly dependent on technology;
- **Specialist skills training**: CDI SMEs operate near the cutting edge of technology, although sometimes they also have a requirement for further skills beyond their current technical competences. Incubators may thus promote specific training activities in technical fields, according to identified needs.

#### Financing opportunities
- **International financing opportunities**: as for example providing coaching activities to access and use European and international funds to develop the CDI sector;
• **Increasing understanding of traditional lenders (bank and financing institutions):** incubators may act as intermediate actors in explaining the specificities of CDI SMEs products and services and in helping to foster engagement between CDI entrepreneurs and credit institutions and risk investment organizations (including venture capital, business angels, seed capital, etc.).

• **Negotiating with banks and credit institutions:** providing CDI entrepreneurs with help on financial agreements and requirements can be very beneficial, particularly given the lack of knowledge/skills that such entrepreneurs sometimes have when addressing these kinds of institutions (e.g. arising from entrepreneurs’ focus on being more content-driven than business-driven). Incubators can, therefore, act as a facilitator platform and as an information contact point, helping the agreement of funding (especially private) opportunities.

• **Providing assistance on the development of a strategic approach to effective value chains:** value chains can be particularly complex within CDI SMEs, as the business models often must be developed for multiple-sided markets, as well as a strong need to focus on serving specific client segments.

**Partnerships and networking**

• **Collaborative sessions between research centres, industry and entrepreneurs:** as a way to promote a culture on the importance of such links and how to identify potential opportunities, a clear weakness within many CDI entrepreneurs;

• **Promotion of different events:** such as workshops or seminars to the different disciplinary backgrounds and professional profiles of the incubator’s partners in order to foster strong links and to explore new partnerships or product/services development.

**Business knowledge**

• **Support on business modelling:** as a necessary tailored approach due to the specificities of the sector such as complex pricing models, hard to identify market segments and subjective added value;

• **Incubation programmes:** promotion of incubation programmes aimed at supporting commercial development of CDI related business ideas, financially as well as by project content. It can be particularly important to help CDI entrepreneurs understand business culture and language. Such programmes should also provide long-term support given the often required extra time to bring a product/service to market in this sector;

• **Internationalization programmes and strategies:** help dynamize specific programmes aimed at pushing-up the CDI SMEs to an international scale, including by finding new markets and clients and strengthen their global network.
Incubator’s internal management

- **Programmes for incubators managers**: participation in international projects and networks related to CDI sector support as a way to access relevant knowledge on market conditions and opportunities;

- **Collaboration with academic institutions**: participation in local academic networks on for example creative entrepreneurship helps to foster incubator managers’ knowledge on the sector and specificities;

- **Close relationships with CDI entrepreneurs**: these are a very important factor to connect CDI entrepreneurs with a wider business network, and increase their understanding of how to connect and maintain such relationships with the support if the incubator managers.

In accordance with the ethos of Cluster2020 project, these considerations/challenges provide a perspective on how incubators dealing specifically with the CDI sector can support these entrepreneurs in an effective way. These can potentially be further explored and piloted by other incubators or relevant organizations interested in increasing their knowledge of the sector.
5 ANNEX

INTERVIEW GUIDE

The Creative and Digital Industries (CDI) sector includes a variety of businesses that have become increasingly important in modern economies. In recent years, the relevance of CDI has attracted much attention in the debate on fostering the Europe “creative economy”.

This interview is a part of a report on incubators’ activities aimed at boosting this sector, with a particular focus on the European Commission Business and Innovation Centres (BICs).

1. What do you think are the most important specific aspects of CDI SMEs in relation to other SMEs?

2. Could you please identify 3 main differences between the support needs of a “CDI entrepreneur” and other entrepreneur?

a)

b)

c)
3. In which ways does the incubator that you manage address or consider the specificities of CDI SMEs?

4. Can you please identify 3 actions you provide at your incubator that are aimed at supporting CDI SMEs?
   
   a) 
   b) 
   c) 

5. In which way these actions differ from other activities that provide support to other SMEs?

6. Which main challenges do incubators face when supporting the CDI SMEs sector?