



**Faculty  
of Regional  
Development  
and International  
Studies**

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# **The Journey of the South Moravian Region to an Innovative Region**

Faculty of Regional Development and  
International Studies

Mendel University in Brno, Czech republic



# South Moravian Region –Basic Introduction

- Brno –second largest city in the Czech Republic
- Self governing region without explicit powers over research

Inhabitans



Students



Researchers



3,4 % of regional GDP  
is invested into R&D  
(50 % private)



400+ companies  
with own R&D

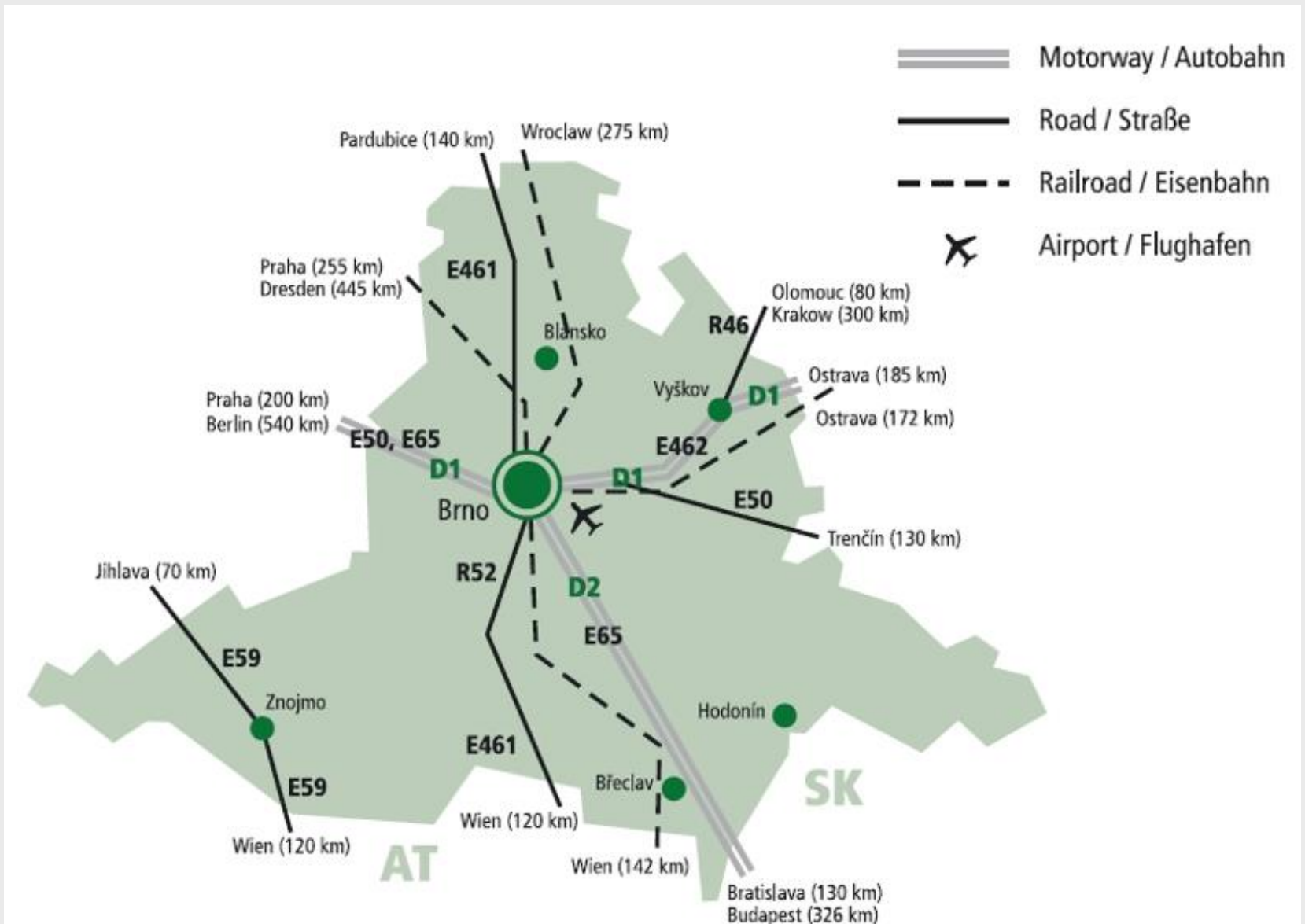


28 % of global production  
of electron microscopes



40 % of global market  
share of antivirus  
producers in the region





## **Origins of innovation policy in South Moravia – Key factors behind RIS formulation (2000-2002)**

1. High unemployment rate in the region (12%)
2. Establishment of Regional Authorities
3. FDI policy perceived as „failure“ – end of Flextronics plant leaving 2,500 unemployed people behind
4. Debate about the new Lisbon strategy – role of R&D&I in regional economic development
5. InterpRISe project realisation (EcosOuverture)

# Main Points for Innovation Policy of JMK - 2000-2002



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## Origins of innovation policy in South Moravia – Leadership engagement : 2002

1. Organizational Measure – Establishment of South Moravian Innovation Centre (JIC) and the System of Management and Monitoring of RISSM
2. Definition of Priority Branches for Innovation Support in South Moravia and Setting-up of Clusters + Creation of Continuous Monitoring of Economy in South Moravia
3. Elimination of Administrative Impediments Related to Innovation Support
4. Creating Networks Between Local Companies and Local R&D Capacities with Foreign Investors
5. Information About Research & Development Financing, Interconnection of Research & Development Capacities with the Commercial Sector
6. Financing of Start-Ups of Technology Companies
7. Establishment of Technological Incubators
8. Establishment of Industrial Clusters



## 2003: Establishment of South Moravian Innovation Centre (JIC)

- Today—Leading agency in Central and Eastern Europe
- •Key success factors:
  - –non-political CEO (at his position till today –14 years)
  - –generous public funding from the very beginning
  - –business organization culture –perceived by firm clients as a main advantage
- •First institucionalization step





## 2004: RIS (2) actualisation and formal approval

- Actualization of RIS
- Entering to the EU and Structural funds availability
- Decision on setting up of two Technological Incubators(3,000 + 3,000 m<sup>2</sup>)

## 2005: CEITEC project preparation – First steps

- R&D infrastrucutre project
- Life sciences & Advaced materials
- 220 mil. €
- Ability to reapeat consensus



CEITEC

central european institute of technology

BRNO | CZECH REPUBLIC

## Key steps in 2006

- Start-up microloan fund established (JIC)
- Programmes for talented students established (JCMM)
- CEITEC project under intensive preparation
- Biotech cluster initiative established—later failed
- OP RDI –drafting started—very high pressure from the South Moravian actors (€2.2 billion for R&D infra)

## 2007: New generation of RIS drafted

- Robust governance structures established—academic representatives officially involved into the process
- RIS management team part of Constructed Regional Advantage project
- Field research among companies (185 companies—physically visited by RIS management)  
—first time when „civil servants“ went out to the field on such a large scale...
- **New Mayor was able to understand and increased investments into RIS measures**

## Key steps in 2008

- RIS no. 3 2009–2013 was approved both by the South Moravian region and City of Brno
- OP RDI was approved(€2.2 billion for R&D infra)
- Two incubators opened (financed from Structural funds 2004–2006)
- Innovation voucher scheme established—first intervention for mature companies

## Key steps in 2009

- OP RDI „pushing“ research organizations to open up (performance indicators for contract research and international grants)
- Very rigorous selection process for newly established R&D centers (international evaluators etc.—completely new approach in CZ)
- New political power sponsor –Václav Božek—regional counsellor (social democrat, former academic, understanding of research etc.)

# Key steps in 2010 and 2011

- R&D internationalisation:
  - –SoMoPro programme opened (attracting foreign researchers to the region)
  - –Reg Pot (FP7) projects realised (three in the region)
  - –Structural Funds to fund opening of R&D centers
- StarCube – first start up accelerator in Czech Rep.
- Monitoring and evaluation system of RIS established
- Attempt to set up Regional Technology transfer office establishment – failed

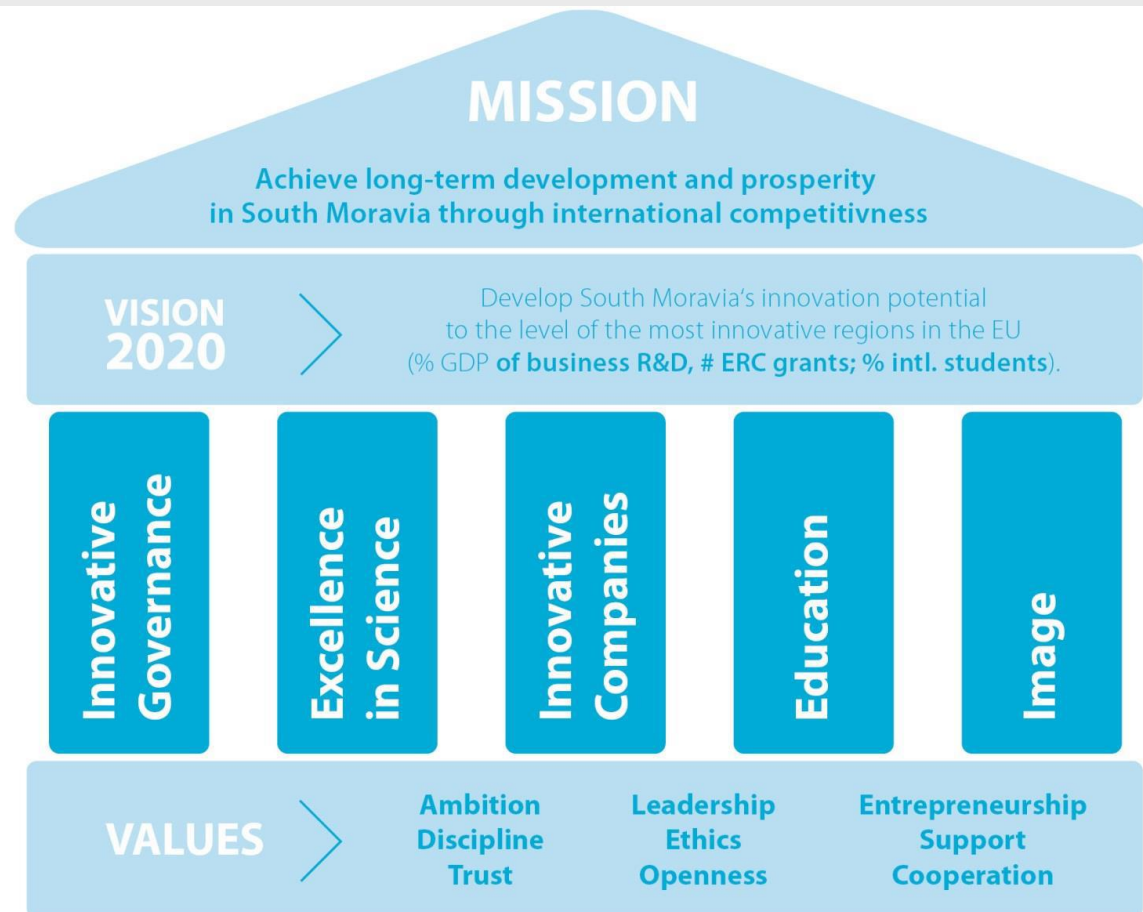


## 2012: Fourth actualisation of RIS started

- Involvement of businesses
- International visibility of advanced RIS system



## 2013: Strategic framework of RIS SM 2014–2020 (= S3)



# Key milestones of the innovation policy

## National level



## Regional level



JIC VENTURES



2001–2004



2005–2008



2009–2013

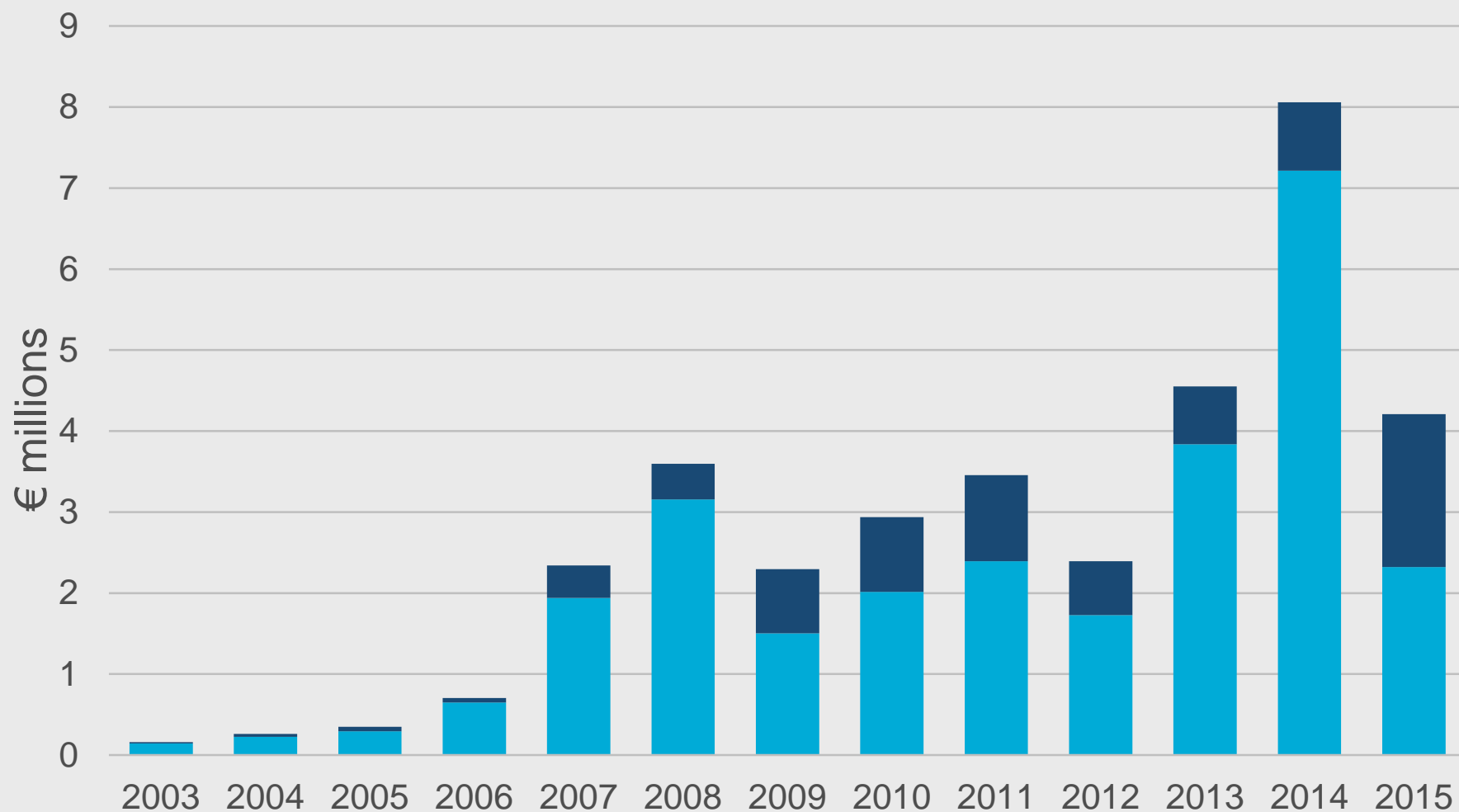


2014–2020

# Aim of JIC as of 2015:



## Investment of South Moravian region and City of Brno into RIS projects from 2003-2015





In the last five years  
were established over  
30 start up companies  
with **total**  
**investment over**  
**9 mil. €**

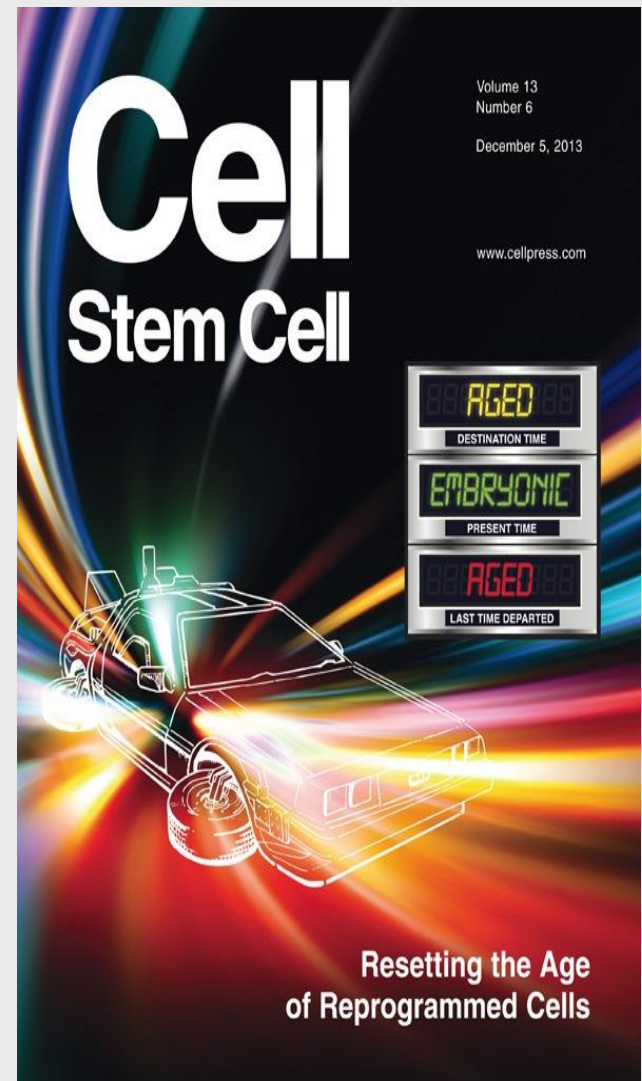


Over 1500 highly  
qualified jobs in more  
than 220 technological  
companies

(Kiwi.com, Y Soft Corporation,  
Flowmon Networks, Safetica  
Technologies, GINA Software,  
Phonexia, Sewio Networks)

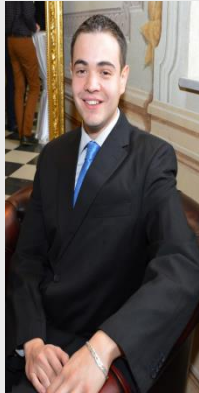


Arrival of 62 top  
scientists to Brno  
supported by 10 mil. €,  
third of them came from  
top 20 world universities



# Support of 319 collaborations between universities and companies





Support of 87  
talented students  
/doctorands towards  
scientific carrier, some of  
them already develop  
their own successful  
technological companies







Establishing of  
conditions for influx of  
investment of  
investment from EU  
structural funds –  
**more than 650  
mil. €**



Creation of ecosystem  
for collaboration of big  
companies with small  
and technological  
companies and with  
academia

**Number of researchers in companies, share of regions of total of Czech. Rep. (CZSO, 2015)**

	2008		2013		change 2008-13	
	HC	FTE	HC	FTE	researchers HC	%
<b>Company sector Czech Rep.</b>	15 471	13 253	19 882	16 766	4412	100,0
<b>Praha</b>	5 187	4 321	5 619	4 357	432	9,8
<b>Středočeský</b>	2 605	2 385	2 554	2 443	-51	-1,2
<b>Jihočeský</b>	230	194	283	247	53	1,2
<b>Plzeňský</b>	482	435	874	806	393	8,9
<b>Karlovarský</b>	106	104	76	71	-30	-0,7
<b>Ústecký</b>	274	235	321	240	47	1,1
<b>Liberecký</b>	446	422	808	685	362	8,2
<b>Královéhradecký</b>	515	445	659	570	144	3,3
<b>Pardubický</b>	997	926	1 102	953	105	2,4
<b>Vysočina</b>	428	374	499	443	71	1,6
<b>Jihomoravský (South Moravia)</b>	<b>2 020</b>	<b>1 615</b>	<b>4 008</b>	<b>3 403</b>	<b>1988</b>	<b>45,1</b>
<b>Olomoucký</b>	645	500	872	737	226	5,1
<b>Zlínský</b>	780	673	1 009	804	229	5,2
<b>Moravskoslezský</b>	755	626	1 197	1 006	442	10,0
<b>Share of JMK in Czech Rep.</b>	<b>13,1</b>	<b>12,2</b>	<b>20,2</b>	<b>20,3</b>	<b>x</b>	<b>x</b>



## Number of small companies (0-49 employees) with 5 and more researchers (CZSO, 2015)

	2005		2014	
	Nr. companies	Share on CR	Nr. companies	Share on CR
<b>Praha</b>	45	38,5	60	24,2
<b>Středočeský</b>	11	9,4	21	8,5
<b>Jihočeský</b>	4	3,4	4	1,6
<b>Plzeňský</b>	6	5,1	8	3,2
<b>Karlovarský</b>	0	0,0	2	0,8
<b>Ústecký</b>	0	0,0	5	2,0
<b>Liberecký</b>	1	0,9	12	4,8
<b>Královéhradecký</b>	2	1,7	13	5,2
<b>Pardubický</b>	4	3,4	9	3,6
<b>Vysočina</b>	1	0,9	5	2,0
<b>Jihomoravský (South Moravia)</b>	<b>23</b>	<b>19,7</b>	<b>64</b>	<b>25,8</b>
<b>Olomoucký</b>	11	9,4	14	5,6
<b>Zlínský</b>	1	0,9	10	4,0
<b>Moravskoslezský</b>	8	6,8	21	8,5
<b>Czech Rep. – total</b>	117	100,0	248	100,0

# Selected indirect impacts of RIS JMK on regional economy – Brno as a centre of global technological development centres

Vývojová centra globálních koncernů

26

development  
centres of  
global MNCs

ABB



FEI

Honeywell

KOLLMORGEN



ON Semiconductor



Synthon

ALPS



flex

iFE  
Innovationen  
Für  
Einstiegssysteme



KONICA MINOLTA

MORAVIA



SIEMENS



ALSTOM



JULI

Koyo

NETSUITE

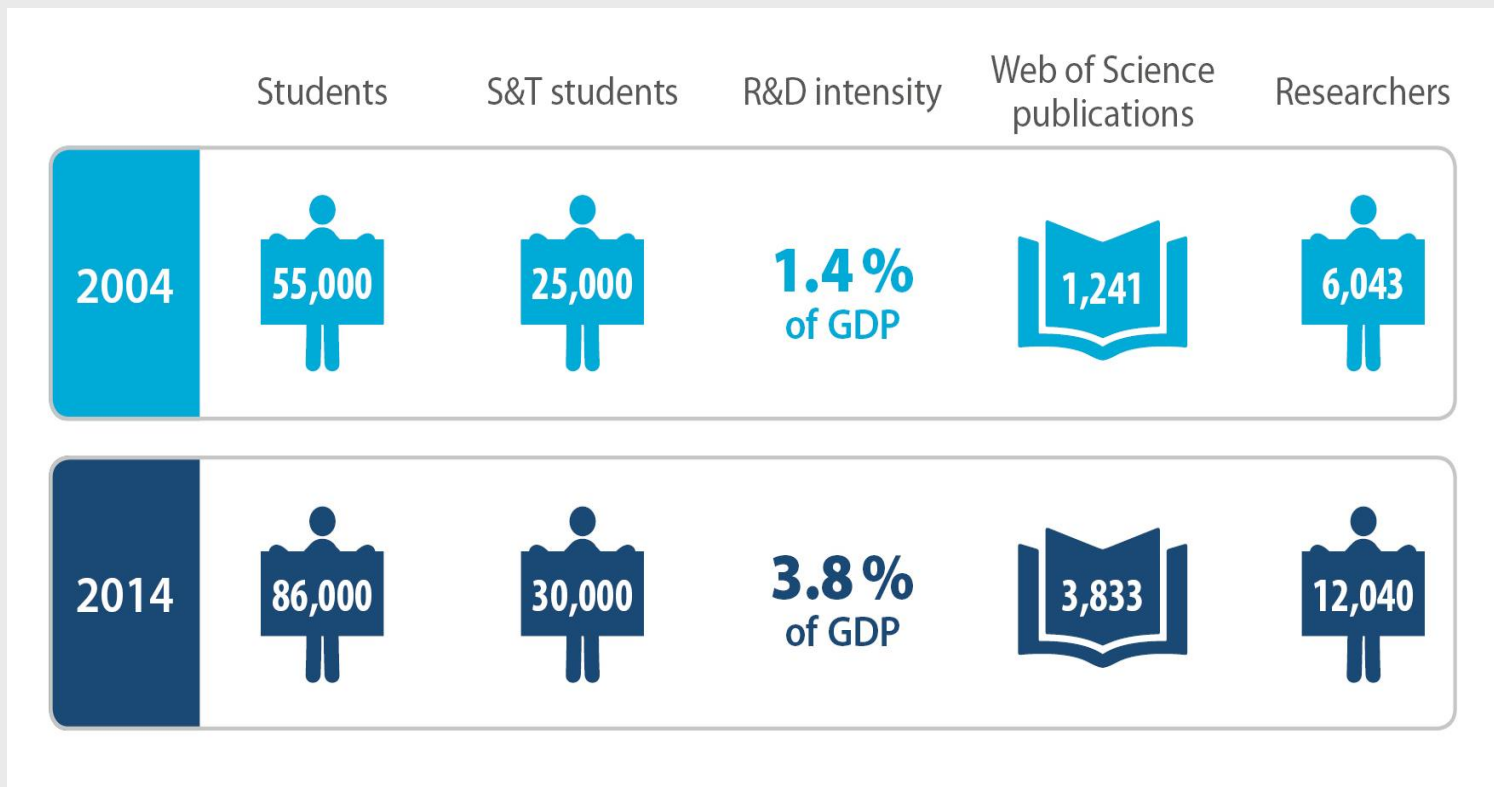


solarwinds

tyco  
Integrated  
Fire & Security

## South Moravian Region: GDP as a % of average GDP EU

Year	2000	2003	2011	2015
%	61,6	68,3	78,4	85,8



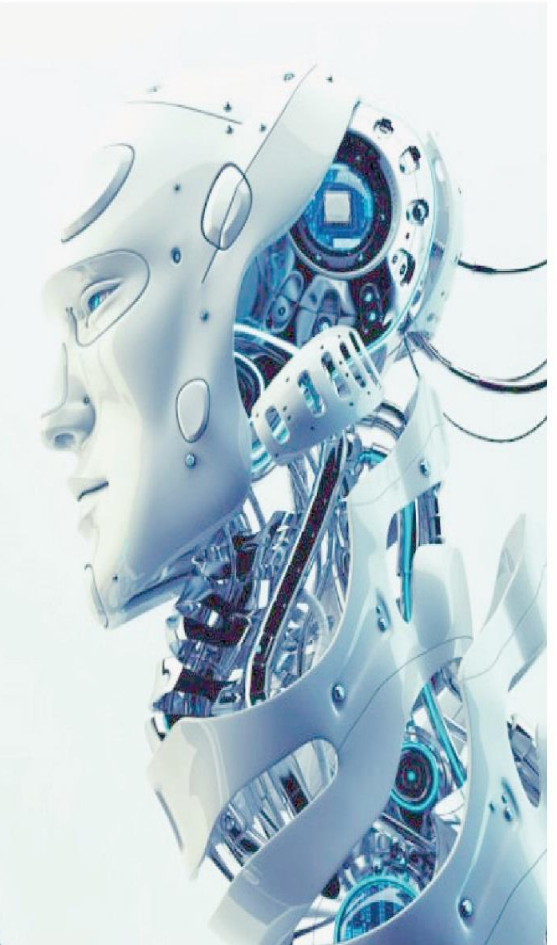
# Expected results/possible risks:

- Enhanced competition for (not only) R & D employees, even internationally - the inability of companies to get the needed people and thus not to use attractive development opportunities
- Digital Technology in Traditional Production / Industry 4.0 - Losing the Benefits of Cheap Labor Force
- Linking creative industries to traditional ones - not only can they produce high-quality and inexpensive

# How to react to these challenges?

- Promoting image of the region, marketing region - "Velvet Innovation", attracting talent to the region, supporting internationalization / arrival and integration of foreigners, Brno ExPat Center
- Utilization of a knowledge / research base in favor of traditional industries (engineering, electronics ...) - DIGIMAT, Intemac
- Support for creative industries (digital media, digital marketing, design ...) - creative vouchers, Creative Center Brno





**Thank you for your attention!**

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