Knowledge to Market

Policy insights for the MARIS

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Malta

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A Company of META Group Holding

DISCLAIMER

"I have worked tremendously hard,

just to prepare my next mistake"

B. Brecht

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Key issues for Malta

- Move towards a more Knowledge intensive economy (suffering competition from other NMS on labour cost)
- Support and improve Touristic offer
- Support service sectors
- Accompany the shifting of the economy, from manufacturing to services
- Diffuse innovation culture

What we have done

Interviews have been made to key representatives of the following Maltese organisations:

- Malta Council for Science and Technology
- Malta Enterprise
- Malta Financial Services Authority
- Malta Tourism Authority
- Malta Industrial Parks
- University of Malta
- Kordin Incubator

MCST – positioning and focus

MCST is the consulting body to the Government for the policy design in S&T matters

Activities basically focus on:

1. Environment and Energy
2. ICT
3. Biotech/Health
4. High Tech Manufacturing

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MCST - Current status of activities

The ICT sector is the most active in submitting innovation and research project proposals, in terms of quality and quantity.

No dedicated sets of services especially devoted to each of these domains have been developed

Main MCST task is to grant financial resources to selected research projects.

The total yearly budget coming from the Government is 3 MEur. This is intended to be **Maltese money to Maltese research** *(in the next future the MCST financial provision will come from the ESF).*

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Main findings

1. The main selection criterion considered is the quality of the research project in itself

2. Limited involvement of companies in research projects

3. No specific support to academic spin-offs (or knowledge based start-ups) is foreseen

4. More in general, a strong difficulty in cooperating with the other bodies of the regional supporting system

Main findings (vision about cooperation)

- Maltese supply system is not acting as a system
- A coherent strategy for innovation is still missing
- Some overlapping in the service providing has been indicated as a consequence of this poor coordination in the supporting field.
- A political champion, in charge for the innovation support domain is deemed necessary to allow for a better and more rationalised distribution of the tasks among the different players on the field (demand for a more top-down approach)

Resuming about MCST

+	-
Institutional relationships	Lack of cooperation
Experience	Lack of specialisation
International horizon and networking	Still weak interest in widening the range of activities

Malta Enterprise – perceived positioning

Malta Enterprise is playing the major role in the field

ME is targeting about 1000 clients, particularly in:

i) Biotech

ii) Pharmaceuticals

iii) ICT

iv) Aviation & Maritime

Malta Enterprise – perceived positioning

A wide set of services is offered

- strategic consultancy (also via the appointment of external experts)
- the concession of tax credits and other fiscal, financial and property incentives (link with MIP)
- financing schemes (guarantees, grants, etc.)
- educational training
- access to further services offered to companies by the most relevant international and EU networks, for which ME is NPR

In addition, it has also to be considered the **Kordin** incubator

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Malta Enterprise – (strategic vision)

ME run activities along two main paths:

i) giving support to existing those companies which are most capable to make the best use of the services offered (ready to innovate) and

ii) Setting the most favourable conditions to attract high value added FDIs.

PROS: strong and immediate impact on companies; acquisition of innovation "ready-to-go"

CONS: no particular focus is put on a) fostering the entrepreneurial culture (particularly among the students and young researchers) and b) the endogenous creation of KBCs

ME (SS) – Main findings

The extremely wide set of services offered allows to ME to be tremendously effective in tackling the target

A shortage of capacity is limiting the possibility to provide SMEs for support in the preparation of EU project proposals (outsourcing of this service is under discussion)

A more established cooperation with MCST is seen as a key point to catch the opportunities offered by CIP and 7th FP EU funding

ME (FDI) – Main findings

The target is foreign companies, which have their own know-how and have developed their own product.

They are not directly into the promotion of domestic entrepreneurship.

No established type of collaboration and cooperation is ongoing with the other players of the regional supporting system.

The strategy will not change in the next future, since it relies upon the promotion of a favourable environment (Malta allowed to keep fiscal incentives in the next ten years)

Resuming about for ME

+	-
Institutional relationships	Lack of cooperation
Services (wide set and high quality)	Young people are not the target
Experience	
International horizon and networking	

Malta Financial Sector Authority

MFSA is the regulatory body for the Maltese Financial Sector. Two main levels of control:

i) the stricter one is that applying to financial institutions collecting resources from the public. Need for a license.

ii) the lighter one is for the other financial institutions not gathering deposits. Within this framework, no license is actually required to provide specialised financial tools for innovation.

The environment is the **most favourable to the development of new services to be offered on the market**.

MFSA – Main findings

In Malta, at the moment, there 80 active investment funds. 20 of them are retail, while 60 are professional funds. For the latter, no restriction to their operational activity is imposed

No fund is engaged in early-stage financing. There is a general concern about the potential of a seed fund solely focussed on the Maltese market, lacking the proper deal flow of viable investment proposals

Beside the control activity, the only "service" provided to financial institution are training course about the opportunities opened up by the Maltese law

KORDIN Incubator

The incubator can host up to 22 companies (75% ca. full)

Activities started in 2001.

Their target are experienced people (30-35 yo). In the past, they have been running a marketing action towards university students, but the results didn't match expectations. Students in Malta are paid for studying. This implies that, at the end of their educational path, they are interested in getting a salary more than facing the challenge of setting-up their own company.

KORDIN BIC staff consists of 5 people (3 + 2), but they can have access to other staff from ME (100% shareholder).

After 6 years, KORDIN is still **not self-sustaining**.

KORDIN – Current status of activities

The services which are offered are basically three:

1) Space – The industrial zones and the industrial buildings are owned by the State and given in concession to the entrepreneur (this may take a lot of time). The possibility to become operational in half a day is a service of great value added. Prices are more or less 50% of market prices
2) Strategic consultancy in the very early stage
3) Small finance: grants (5000€) and guarantees on financial loans

KORDIN is now hosting also foreign start-ups, and in particular from Austria, Italy, Germany and Ukraine.

KORDIN – Future activities

Even if they seem to be happy with their dimension, KORDIN is planning to further expand the offer, by opening two others larger spaces

The objective is to target **more companies from abroad**

They are **not** planning to come back **targeting young people**

KORDIN – Main findings

The possibility to cooperate with the other players is not seen as a present issue (for example, hosting at special fees academic spin-offs and/or tourism companies)

For the time being, the main concerns are:

i) Being successful (having the spaces occupied, irrespectively to the typology of companies hosted)

ii) Becoming self-supporting within a short period

Resuming about KORDIN

+	-
Institutional relationships	Lack of cooperation
High potential as a driver of entrepreneurship in Malta	Inward looking

Malta Tourism Authority

Ministry for Tourism and Culture activity are basically devoted to:

1) Develop new marketing strategies for Malta

2) Foster the integration with the other regional stakeholders to better valorise Malta and the Islands

3) Implement training actions to cover educational gaps registered.

4) Improve offer quality standards

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Malta Tourism Authority - Marketing

The main stream of action is to develop integrated pagkages (natural beauties + leisure + sports + history + language summer schools + business and academic tourism + …)

The general trend (contained in the Regional plan for tourism until 2013) is to

1. improve the quality of the offer rather than compete for mass tourism. For this objective, it is recognized a need for a better integration of MTA with the other regional players
2. Enlarge the touristic season (the whole year)

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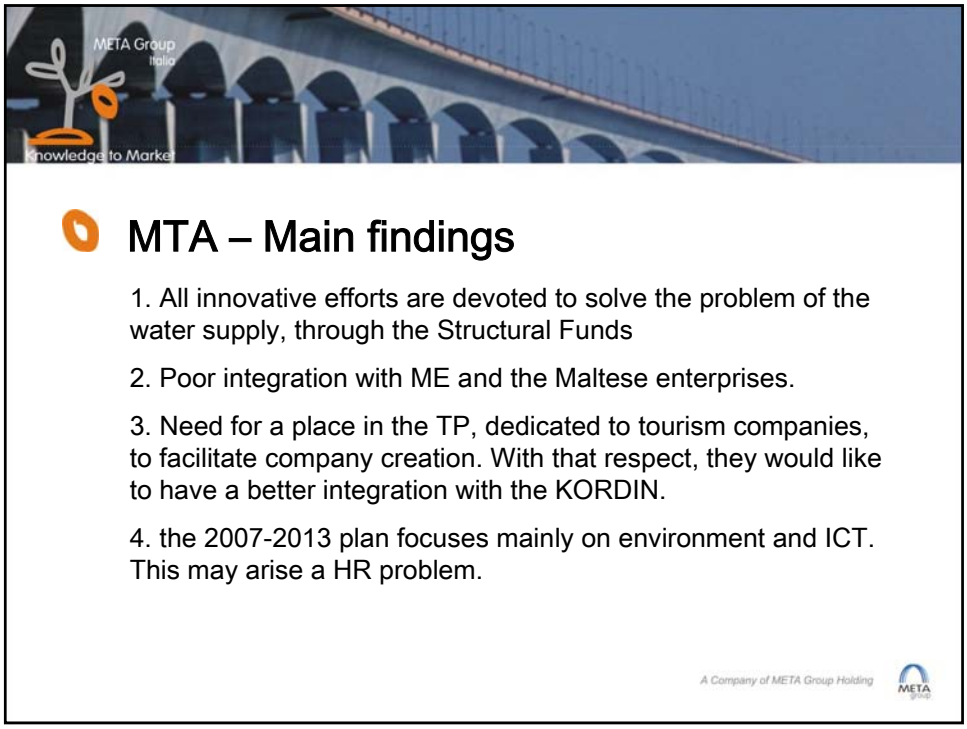
MTA – Main findings
1. All innovative efforts are devoted to solve the problem of the water supply, through the Structural Funds
2. Poor integration with ME and the Maltese enterprises.
3. Need for a place in the TP, dedicated to tourism companies, to facilitate company creation. With that respect, they would like to have a better integration with the KORDIN.
4. the 2007-2013 plan focuses mainly on environment and ICT. This may arise a HR problem.
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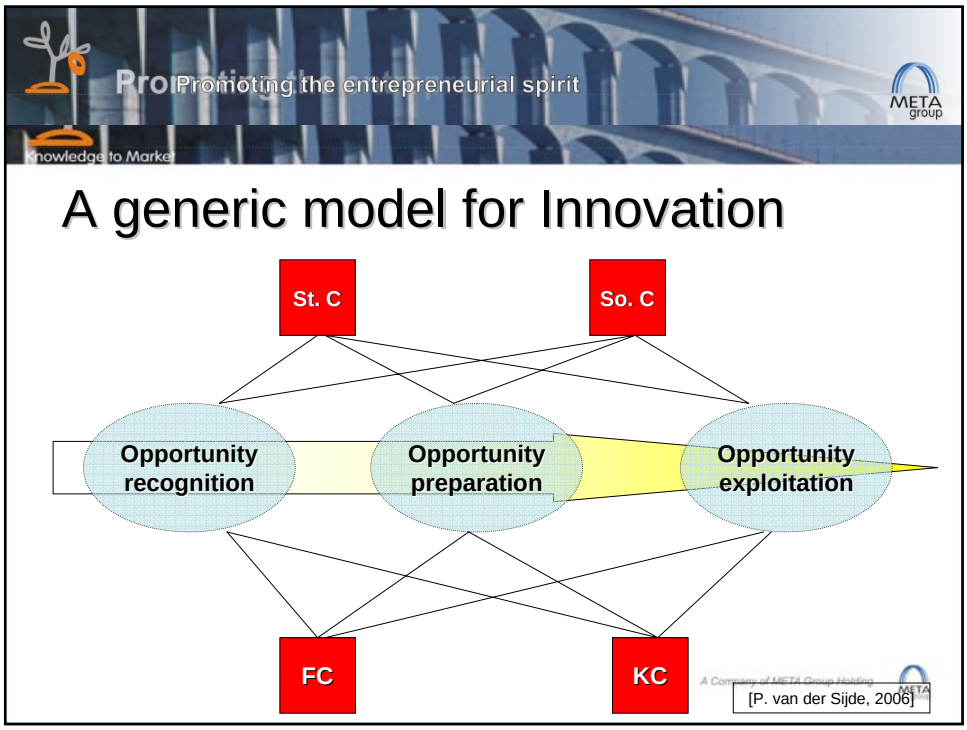
Promoting the entrepreneurial spirit
A generic model for Innovation
St. C
So. C
Opportunity recognition
Opportunity preparation
Opportunity exploitation
FC
KC
[P. van der Sijde, 2006]

Promoting the entrepreneurial spirit

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Who does what

Actors \ Phases	Opportunity Recognition					Opportunity Preparation					Opportunity Exploitation				
	Str. C.	Soc. C.	KC	I	FC	Str. C.	Soc. C.	KC	I	FC	Str. C.	Soc. C.	KC	I	FC
University of Malta							X	X				X	X		
KORDIN									X	X				X	
Financial Intermediaries															
Banks															X
VCs															(X)
Seed Funds															
ME						X	X		X	X	X	X		X	X
MTA															
MCST															

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Challenges

- Have the proper human capital
- Build a suitable/comfortable model of collaboration between the regional support system players
- Render permanent/resident the “knowledge capacity” attracted
- Avoid brain drain
- Enlarging access to finance, also via a set of dedicated financial tools for innovation

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Thank you

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