



An evaluation of how ideas in the region are taken care of

“Utvärdering av tillvaratagande av idéer i regionen”

Table of contents

Table of contents	2
1 Abstract	3
2 Introduction.....	3
3 Objective	4
4 Methods.....	5
4.1 The Partners	6
5 Results	8
5.1 The Process	8
The process/method of taking care of new innovative ideas	8
Requirements on an idea for a continued processing/preparation.....	10
Tools for processing the ideas	12
5.2 Competence and support.....	13
When and how support is provided.....	13
The most demanding cases	14
How to increase the inflow of ideas.....	14
Opinions on the ideas of Kaj Mickos	15
5.3 Network	16
Access to relevant networks – missing organisations in the network.....	16
5.4 Funding.....	17
Would increased economic contributions lead to more innovations?.....	17
5.5 Gender.....	17
Gender distribution – measures to encourage women	17
5.6 Follow-up	18
How follow-up is carried out.....	18
Follow-up of successful projects	19
Follow-up of rejected ideas	19
5.7 Improvements.....	20
6 Kaj Mickos – The Innovation Machine	22
6.1 Inventor with help from the machine	22
6.2 Give all ideas a chance.....	22
6.3 The Innovation machine.....	22
6.3 Competence and profile of an advisor according to Innovation Stockholm.....	23
6.4 The procedure at Innovation Stockholm.....	24
6.5 The Credo of an Innovation Advisor according to Innovation Stockholm.....	25
6.6 Regional cooperation and interaction for the visualisation of innovation.....	25
6.7 The golden prospect	26
7 Conclusions and discussion.....	26
8 Acknowledgements	27
9 References	27

1 Abstract

This study is a survey of how new ideas in the region of Västerbotten, Sweden are taken care of. How this process could be more effective is also analysed. The study is based on interviews with four partners all active in one or several phases of the regional innovation system. Another "innovation process" has been used as a comparison.

The study was carried out in Sept—Oct 2006. A template with a battery of 29 questions were used at the interviews. The partners answered on basis of the instruments, processes and policies of their own organisations.

The survey shows that:

- funding and competence have to be improved to fulfill the needs from the future coming sector (service) but also the needs from the technical and biotechnological sector/area
- all of the regional partners agreed upon that changes and improvements is highly needed in their own organisations (processes, models).
- one problem for the organisations to improve their processes was lack of money and short periods/budgets (yearly).

2 Introduction

This study is a result of the project "VBN InnoReg" (www.baltic.org/vbn).

VBN InnoReg involves 10 partner regions in the Via Baltica Nordica (VBN) zone. The key element of the project is analysing the knowledge potential, good practices, joint interests and development needs in innovation promotion in VBN partner regions to develop "a joint approach to innovation promotion" for the VBN macro-region. The project promotes regional collaboration and international networking between regional authorities, universities, technology centres and enterprises to foster competitiveness and economic performance of the Baltic Sea region, focusing on VBN macro-region.

VBN InnoReg as a knowledge and research-based trans-national cooperation offers high potential gains for regional authorities to be utilized in their respective development policies and innovation activities, as well as brings together inventions and good ideas with practical demand for knowledge transfer and with new effective tools for commercialising the new ideas.

Knowledge and know-how have become ever more essential in promoting business growth and economical development. There is a need for effective tools in the process of finding and developing good ideas, know how, and knowledge transfer to promote inventions and commercialisation. Universities, polytechnics, vocational schools, technology centres and regional development institutions can gain a win-win situation by working together, benchmarking and learning from each other.

Key questions are:

- How can we use the outcomes from this cooperation in a more productive way?
- How can each partner benefit from this cooperation?
- How can we make inventions and ideas flourish?
- How can we in an effective way commercialize new knowledge?
- How can we meet the demand for know-how and innovations in regional development – particularly for the needs of SME?

This study is a survey of how new ideas in the region of Västerbotten, Sweden are taken care of. How this process could be more effective is also analysed. The processes in Västerbotten are compared to an alternative method of promoting innovation. The method is called “Make the winner”. This “innovation process” has proved effective in increasing the number of innovations and it is a model designed by Prof Kaj Mickos at Mälardalen University College.

3 Objective

The key long-term objective of the VBN InnoReg project is to enhance innovation, competitiveness and entrepreneurship in the partner regions through interregional and trans-national cooperation. Furthermore, a long-term objective is to contribute to the development of regional innovation systems by promoting cooperation between regional authorities and developing agencies, universities, other research and educational institutions and technology centres, and by creating new forms of public-private partnership between actors of regional innovation systems.

The overall aim of the VBN InnoReg project is to promote and support development of the partner regions by:

- analyzing innovativeness, knowledge creation capacity, and capability to use it for the benefit of the business, especially technology oriented SMEs,
- analyzing business start-ups and development services by the partner regions and make appraisals of development needs,
- analyzing (innovative) business environment needs and making development appraisals, focusing on innovative and business creation actions,
- creating basis for further collaboration between the partner regions and their respective actors.
- analyzing and making proposals to improve the services of the existing support structures,
- analyzing what attributes innovative environment needs,

The overall goal of this study is to evaluate the preconditions for coordinating and exploiting existing knowledge of innovation processes and to take care of other ways of thinking and processing.

The objectives of this study are;

- to survey how existing partners in the regional innovation process in Västerbotten work with preparation, support, refining, follow-up and access to networks and follow-up for promoting of new innovative ideas
- to evaluate and compare the output of the survey with an established process in an other region.

4 Methods

The study is based on interviews with four partners in the regional innovation system in Västerbotten; ALMI Företagspartner AB, Innovation Västerbotten Service AB, Uminova Innovation AB and Innovationsbron. These are all active in one or several phases of the innovative process. The “Kaj Mickos process”, as applied by Innovation Stockholm, has been used as a comparison to the processes of the regional partners.

The study was carried out in Sept—Oct 2006. Eight persons have been involved in the study; one each from the four regional partners, one from Innovation Stockholm and four persons that have been active in the process of designing, executing and evaluating the survey.

A template with a battery of 29 questions were used at the interviews. The partners answered on basis of the instruments, processes and policies of their own organisations.

The following topics have been the guideline for the interviews and survey:

- Process
- Competence
- Support
- Network
- Funding
- Gender
- What can be changed/what can be done better?

Originally 29 questions were asked. The answers have been shortened and in some cases merged or reduced to shorter sentences or points.

The interviews were held in Swedish and all notes were also in Swedish. All questions and answers and also the description of the Kaj Mickos model have therefore been translated into English. They have also been compiled into 7 groups, somewhat different from the ones mentioned above.

All persons haven't answered all questions. However, for some questions the answer can be concluded from answers to other questions.

4.1 The Partners

1 Innovation Västerbotten Service AB

Innovation Västerbotten has the objective to support innovators in initial stages in a way that promotes the development of ideas and innovative projects.

Innovation Västerbotten promotes innovation by surveying and developing ideas for new products, by offering support in the form of skill development, mentorship and guidance, and by offering an appraisal of the chances for an innovation or idea to reach commercialisation. They also assist in finding early financing of innovation development. All free of charge.

The responsible authorities and also financiers of Innovation Västerbotten are municipalities in Västerbotten, the County Council of Västerbotten, and the County Administrative Board of Västerbotten. It is also funded by the European structural funds.

2 Innovationsbron

Innovationsbron ("Innovation Bridge") is working together with companies, organizations and universities in the region with the vision of making Sweden internationally leading in commercialization of research and innovation. Innovationsbron is focusing on the pre-commercial phases where high risks decrease availability of venture capital. They help researchers, innovators and entrepreneurs to bridge this phase in the development of new ideas. Innovationsbron operates incubators and provides seed money (e.g. grants, development allowances, promissory notes, owner capital etc.)

Innovationsbron in Västerbotten runs an incubator within the national incubator programme, a regional incubator programme and the "virtual" incubator" CONNECT Norr. Innovationsbron consists of seven regional companies owned by federal authorities and by federal foundations.

3 ALMI Företagspartner AB

ALMI's objective is to create growth and innovation in Swedish business life by promoting the development of competitive small and medium-sized businesses as well as to stimulate new enterprise.

Activities are organised into three business areas based on the different client needs – Innovation, New Enterprises and Established Businesses. Within these areas, two principal services are offered – financing and business development. ALMI is offering both financing and business development.

ALMI Företagspartner AB is owned by the state and is the parent company of a group of 21 subsidiaries, which are 51 per cent owned by the parent company. Other owners are county councils, regional authorities and municipal cooperative bodies.

4 Uminova Innovation AB

Preparatory study - WP2
Evaluation of RIS - Best practice

2007-10-30
Umeå university, pp18

Uminova Innovation AB (Ltd) contributes to commercialising business ideas. They offer a structured process and personal support, networks and a creative setting. Focus is on business ideas from researchers, employees and students at the university and hospital in Umeå and on innovative ideas from companies in the region.

Services provided:

- free and confidential coaching
- incubator facilities
- access to well developed regional, national and international networks
- training and seminars

Uminova Innovation is owned by Umeå university, SLU (Swedish University of Agricultural Sciences), the Municipality of Umeå and the County Council of Västerbotten.

The partner above are all part of the innovation system in the county of Västerbotten. In this study they are compared to Innovation Stockholm and the process carried out by them. The same questions are put to all organisations and are answered by one person in each organisation in an interview.

5 Innovation Stockholm

Innovation Stockholm is specialized in taking care of ideas on an early stage. They support with advice, contacts and knowledge about how to commercialize an idea. The services provided are free of charge, confidential and professional.

Innovation Stockholm is cooperation between ALMI Företagspartner AB (Stockholm), Innovationsbron (Stockholm), Stockholm Business region and Stockholm County Council.

5 Results

5.1 The Process

The process/method of taking care of new innovative ideas

- *Method – steps in the process*
- *Thresholds in the process – how to handle*
- *Time to reach the market*

1 Innovation Västerbotten Service AB

Some important steps:

- personal meeting with the innovator
- written description of the idea to determine the way of processing the idea for a new product or service
- the inventors personal network is examined

Assessing the possibility of making business out of the idea is the most crucial step. You can invent almost anything but the important question is if it's a good business idea. Today we have to little resources in order to assess business value. You have to evaluate what "the market" is prepared to pay for the product/service. This you should do before you apply for a patent.

On an average the process from idea to product takes about six years but the variation is large. SMEs often have problems funding this process so the idea of an "Innovation cheque" is good.

2 Innovationsbron

Some important steps:

- first we advice the innovator to go to Uminova Innovation - after that the idea is "mature enough" for us.
- if the idea falls within the scope of "Innovationsbron" a development or advisory group is formed
- basic data for decision-making is compiled
- the advisory group decides on how to go on

The most crucial moment is when deciding if the idea falls within the scope of "Innovationsbron". Our policy will determine if a product idea will be "processed" or not.

The process from idea to product takes 1-15 years, it differs a lot. The time for reaching the market will hopefully decrease when we implement an eighteen step program.

3 ALMI Företagspartner AB

Important steps:

- Meeting with an innovation counsellor –
- the customer (innovator) provides a description of the idea
- an advisory group discuss the idea
- they decide how we will go on

”Innovation counselling” is rather weak. A critical mass of ideas and funding is required. It is important that we design a funding system that functions. Lack of venture capital is a problem.

It is difficult to evaluate whether an idea will become a successful product/service or not. So having experienced counsellors is important. The innovators personal qualities are crucial. It is important that they have a driving force that will take them through the process. Many innovators want contributions, grants. Sometimes, when it comes to discussions of loaning money, they “back of”.

The time for reaching the market is often very long. The innovation often develops during the process. It is important that we can build a structure that can give long-term support.

4 Uminova Innovation AB

- Important steps
- we visit some twenty departments at the university each year when we inform them about what we do and which services we provide for commercialising research.
- we arrange seminars that concern the innovation development process
- we have an enterprise programme
- we also have a VentureCup cooperation
- we have special student informants and student arrangements
- we participate in trade fairs, e.g. BioTech-fair
- we work with innovations regarding both product and services

The most crucial factor for success is the inventor him- or herself. After a while market and money becomes important. For the first step funding is usually available. The step from development to growth can be problematic since it is difficult to raise venture capital.

If you come to us in an early stage the process from idea to market may take 3-10 years. For products that require clinical examination it takes quite long time before they reach the market. For “service-products” on the other hand, the process may go quicker.

5 Innovation Stockholm

Important steps

- we want the customers to come as early as possible
- we provide with professional aid during the entire process
- we assess if it is a project that can go further
- before the innovator meets a counsellor he should go to a information meeting
- then a meeting with a counsellor where you focus on the problems and possibilities of the idea and you look for alternative solutions and you speculate on possibilities on a market

A crucial moment in the process is when the innovator has been meeting the counsellor for a while and is going to apply for a loan. Then he/she often gets discouraged and does not dare to take the next step. Another crucial moment is when the innovator wants to start a company and develop his product simultaneously. It is a pity if good ideas don't develop because a person can't manage to start a company. In these cases, the product can be licensed to a company instead.

For a consumer product it takes 1-2 years to reach market. If all types of products/services is considered the average time to reach market is approx. 2-3 years.

Requirements on an idea for a continued processing/preparation

1 Innovation Västerbotten Service AB

We ask if this person actually owns the idea. We want a written acknowledgment. We also assess the innovation height of the product.

An initial assessment is made by an advisory group together with the innovator. The group consists of consultants and entrepreneurs.

2 Innovationsbron

We have a program in eighteen steps. The first 3-4 steps should already have been done before they come to us. It must be a new business idea evolved from research and innovation and it must have an international growth potential.

We are working for increasing the flow and professionalising the process, i.e. e that the partners and consultants become more professional. Approximately 50 projects go through the preparation phase each year.

3 ALMI Företagspartner AB

You must be able to assess that the idea is unique and the credibility.

Preparatory study - WP2
Evaluation of RIS - Best practice

2007-10-30
Umeå university, pp18

The individual innovator is extremely important. We examine the potential of the product and the conditions for commercialisation. Usability is important.

4 Uminova Innovation AB

We carry out an early stage screening process in order to assess if the product/service has a market potential. What does the innovator want – to start a company? What does he want with his business concept?

After that the continued processing of the idea is discussed.

We divide the ideas into three groups:

1. Active
2. Resting (to be activated if the innovator needs our services again)
3. Finished

We have different competences within the group, e.g. medical technical competence, competence within biotechnology and international business development. We also have the entrepreneurship programme and a physical incubator.

The “Connect North” – activities are a way for marketing ourselves but also a possibility for potential companies or innovators to discuss and get opinions on their business concept. To Connect North a panel of legal advisers, consultants and entrepreneurs is associated, advising the innovator. We also work with the Biotech Incubator.

Before we make a decision a couple of questions need to be answered;

- is it possible to patent?
- which is the probable market?
- who are the persons behind this?
- do they want to start a company
- are they interested in licensing?

Evaluations are also carried out during project meetings.

It is easier to evaluate the idea when it is a bit more developed.

5 Innovation Stockholm

We don't disqualify any idea since it is impossible to anticipate which ones that will be successful. All ideas are tested, if there is no need for it, no market, the project will not survive.

A counsellor should not decide whether a project will go on or not. The innovator should be encouraged to come back with a new or developed idea if the project fails. The person is the most important factor, that they have the energy to push the project forward. The counsellor should be humble and give everyone a chance. He has to get to know and take part in the projects.

Tools for processing the ideas

1 Innovation Västerbotten Service AB

We give contributions/preliminary funding. It can be used for developing a prototype or for the purchasing of services.

2 Innovationsbron

We will help finding the right competence or partners for developing the idea.

We provide with or help the innovator finding different kinds of funding.

- Small conditional loans (against a guarantee)
- Convertible loans; like a loan but after 3–5 years you can convert them into shares
- Owner capital, we go in on a level where we are complementary to what is already available.

3 ALMI Företagspartner AB

The tools need to be developed. We need better model agreements so that the innovator may, e.g. over Internet, contact an innovation counsellor.

We provide news reviews, business plans, project plans and resource groups. We have development cheques and grants (15 000 SEK). We also have simple loans (maximum 75 000 SEK) and we also have the "Innovation loan". The ALMI loans can amount up to 5 mill. SEK.

4 Uminova Innovation AB

The Entrepreneurship programme, models, checklists (quality assurance), Venture cup. The network is important.

5 Innovation Stockholm

No answer

5.2 Competence and support

When and how support is provided.

- **Competence within the organisation.**
- **When external competence is engaged.**

1 Innovation Västerbotten Service AB

We give support when meeting the innovator.

We depend on both our own and external competence during all of the development process. Sometimes the innovator himself may be the expert.

When developing a product a technology review and a review of the market is carried out before we go on with the process. It is easier to develop a smaller product since it requires less support.

External competence is needed when it comes to finding venture capital. More funding is needed in all stages of the development process.

2 Innovationsbron

We work together with several partners, e.g. coaches. We work in accordance with the National Incubator Programme (NIP) that exists only in Umeå. It is important that our collaborative partners work according to the processes of Innovationsbron.

Our local partners give relevant support.

The biggest deficiency in Sweden is relevant competence within IPR.

3 ALMI Företagspartner AB

Our intention is to create an advisory group, to “rebuild the system”.

We have qualified and mixed competence in the advisory group: the people in the group are often hold high positions in business world.

Our counsellors give relevant support. In the future we wish that we can provide support in an earlier stage of the process. It is easier to develop a smaller product.

External support is engaged after that the idea has been evaluated and a business plan has been prepared.

4 Uminova Innovation AB

We engage external consultants who will carry out market analysis or legal expertise to help the innovator with agreements and patents etc. We can also arrange so the innovator can participate in a trade fair. Today we can offer subsidized premises to the innovator and access to faxes, internet connection etc.

When we at project meetings are deciding whether an idea will be further processed or not, both internal and external competence is engaged. Within our organisation we have excellent competence. External competence is engaged when we don't have relevant competence of our own.

5 Innovation Stockholm

When innovators use external advisors it may sometimes be rather time consuming and costly. Our counsellor makes decisions about preliminary funding while the Innovation council of ALMI decides if the customer (idea) will be processed further. The council relies on the counsellor's statement and in certain cases they use external experts to get unbiased statements.

We provide support through external consultants. These are constantly engaged when we ask for their statements.

The most demanding cases

1 Innovation Västerbotten Service AB

Products intended for the process industry are the most demanding in terms of support.

2 Innovationsbron

This is dependant of where you are in the development process development.

3 ALMI Företagspartner AB

This is very individual. We have offered special courses for women. We have also specially invited female innovators to trade fairs (technology).

4 Uminova Innovation AB

This is very individual. There is no special category that is in more need of support. Financial support is especially important when developing new products within technology.

5 Innovation Stockholm

No answer

How to increase the inflow of ideas

1 Innovation Västerbotten Service AB

Today stimulation is to low. We try by promoting successful products/services. We urge the customer/innovator to look for collaborative partners.

2 Innovationsbron

We would like to start a program aiming directly to the university. Today only 10% of all potential ideas at the university are taken care of.

3 ALMI Företagspartner AB

Very little is done! The responsibility for this is split on too many actors.

4 Uminova Innovation AB

We carry out activities aiming at increasing the number of innovations. For example we are systematically "scanning" our primary target groups for new ideas, we attend trade fairs and we arrange enterprise programmes.

5 Innovation Stockholm

Pleased customers are the most important. You can find people with good ideas everywhere and how you treat them is essential.

Opinions on the ideas of Kaj Mickos

1 Innovation Västerbotten Service AB

Kaj Mickos model is not an innovation system. It is about doing a thorough selection. He succeeds due to his network.

2 Innovationsbron.

No answer.

3 ALMI Företagspartner AB

Kaj Mickos model consists of Kaj Mickos. He is a performer. He does no documentation. There is no difference between his model and other ones.

4 Uminova Innovation AB

I have no opinion about Kaj Mickos. It's more about inventing than innovation.

5 Innovation Stockholm

What you can do is working more with individual meetings. Like when the customers meet the counsellor.

5.3 Network

Access to relevant networks – missing organisations in the network

1 Innovation Västerbotten Service AB

We are missing SIC, a non-bureaucratic organisation.

Comment

The foundation Innovation Centre (SIC) has been closed down. It contributed with funding and loans in order to support inventions considered to be of a commercial interest.

2 Innovationsbron.

Our collaborative partners have networks of their own that we can make available for the innovator.

The network is important to us. We have a pool of different coaches, not only regionally.

The IPR part is missing.

3 ALMI Företagspartner AB

Our vision is to become better, for instance by providing support via Internet. The networks we provide are the ones available through the members of the advisory groups and through our administrators. ALMI supports the inventor associations. In general we need to improve when it comes to support and networking.

There is a lack of funding.

4 Uminova Innovation AB

We can provide with our own networks and contacts and we can also give our customers access to the networks of other partners.

Other important networks are accessed, for instance via Rotary, bank officials etc. and different projects.

What the networks and contacts will result in depends on the need of the customer/innovator. – patent, financing, market etc.

We may lack network/contacts internationally, for example contacts in China (this is a bit peripheral).

5 Innovation Stockholm

We work continuously in networks.

In our network there are approximately 300 persons, to large extent earlier customers. These are very helpful but also need the network for their own purposes.

5.4 Funding

Would increased economic contributions lead to more innovations?

1 *Innovation Västerbotten Service AB*

Yes!

2 *Innovationsbron*

Yes!

Increased funding is needed to increase the inflow of ideas. More funding is needed in the beginning of the process of innovation and in the phase of professionalization.

3 *ALMI Företagspartner AB*

No. More contributions does not necessarily mean that the number of innovations increase.

4 *Uminova Innovation AB*

Yes, to bridge "The Valley of Death" more innovation funding is needed over a longer period than is available today.

5 *Innovation Stockholm*

More resources would allow hiring more consultants.

5.5 Gender

Gender distribution – measures to encourage women

1 *Innovation Västerbotten Service AB*

Among applicants the distribution is 20% women and 80% men but among the successful applicants the distribution is equal 50/50.

In the past special means for encouraging women were at hand but we could not see that they had any effect. Direct contact is what gives the best results.

2 *Innovationsbron*

Of the applicants 20% are women but only 5% of the grants go to women.

We have special mentor programmes and we have looked in to how the preparation phase can be adjusted to support women in a better way.

3 *ALMI Företagspartner AB*

Preparatory study - WP2
Evaluation of RIS - Best practice

2007-10-30
Umeå university, pp18

Among applicants the proportion of women is 19% and 16% of the grants goes to women. The proportion of grants that goes to women has increased.

We participate in special projects aiming for increasing the proportion of women among innovators.

4 Uminova Innovation AB

Among students there is a more even distribution: 60% men and 40% women. Ideas emanating from natural sciences and technology areas tend to be dominated by men.

Among successful applicants the distribution is equal 50/50.

We intend to work more with ideas emanating from social sciences and humanities. We organise a series of seminars for women aiming at becoming entrepreneurs.

5 Innovation Stockholm

The proportion of women among applicants has increased from 28 to 33%. In marketing a special focus is set on women.

5.6 Follow-up

How follow-up is carried out

1 Innovation Västerbotten Service AB

It is important to see the overall picture. The county administrative board is very valuable.

More funding for preliminary studies is required. A larger network of contacts in the stage where the product is entering the market would be valuable.

The number projects over a year is about 60. Out of these we examine about 30% more carefully. The result is 4-5 new products each year. This proportion should be higher.

2 Innovationsbron

3 ALMI Företagspartner AB

The number of ideas from "amateur innovators" is decreasing. More comes from "specialists".

4 Uminova Innovation AB

We are 8 counsellors and we process about 200 ideas per year. Out of these 15-20% reaches the market. At present ideas within health and healthcare, medicine, living environment etc. are most interesting. domiciled ETC. Energy is also an interesting area/market. Research within biotechnology is successful so we believe that this will be a strong area. We need to develop support for the service sector.

5 Innovation Stockholm

It is difficult to evaluate the outcome, it is dependant on where and what you chose to measure. The follow-ups that have been carried out shows very good results.

Follow-up of successful projects

1 Innovation Västerbotten Service AB

The follow-up is not sufficient.

Almost 50% of the successful customers recur.

2 Innovationsbron

Follow-up is carried out twice a year. The customers that have received grants earlier often come back again.

3 ALMI Företagspartner AB

ALMI has a procedure for this and does a follow-up each year.

We send out a questionnaire asking how far the idea has come in the process. After 3 years, a follow-up, called "ALMI effect" is carried out. This need to be refined in the future, it is too imprecise. It is not unusual that a customer that has received grants earlier comes back again.

4 Uminova Innovation AB

We do not give financial support. Follow-up is carried out twice a year with project meetings, meetings with the customer – is the project active?

Customers that have received grants earlier often come back.

5 Innovation Stockholm

Follow-up of rejected ideas

1 Innovation Västerbotten Service AB

We don't do follow-up of rejected ideas.

About 50% of the customers whose ideas were earlier rejected recur.

2 Innovationsbron

We keep them "on hold". A form is sent out where you describe the current status.

It would be valuable if the customer/innovator could do a screening (examine how the product/idea matches the regulations that is stated for getting funding) before to much effort is put in to an application.

3 ALMI Företagspartner AB

We do almost no follow-up of rejected ideas.

Customers with rejected ideas recur quite often with new or more developed ideas.

4 Uminova Innovation AB

Follow-ups of rejected ideas are not carried out.

If we have done a good job person comes back even if ideas were rejected earlier .

5 Innovation Stockholm

5.7 Improvements

1 Innovation Västerbotten Service AB

The structure of the process is not effective.

More funding for preliminary studies is needed, at least it should be doubled. Then the output would also be doubled. There is lack of venture capital.

More mentors would be valuable. Also competence in marketing and business.

A closer connection to current and new networks would improve support.

Less bureaucracy would be nice. An assessment of business possibilities is required. A non-bureaucratic organisation with TRUE venture capital would be very valuable. We need better data for decision-making.

2 Innovationsbron

The process needs to be even more structured. A larger network for promoting business development would be useful.

3 ALMI Företagspartner AB

The quality of the process needs to be improved. However, funding is not a problem. To be able to "process" more ideas into innovations you need to catch more ideas and to improve the process. We need to make better use of the funding available.

The need for support is different for different groups. It is also a matter of resources.

4 Uminova Innovation AB

Preparatory study - WP2
Evaluation of RIS - Best practice

2007-10-30
Umeå university, pp18

We think that we already work in an efficient way. But we work hard to improve the structure. We could be better in using available networks. We have a partnership for business development that is well functioning.

It would have been better if we could make the decisions about funding. Now we have to rely on others. e.g. when it comes to venture capital.

In some situations, instant decisions are required. For many "early stage companies" economy is troublesome. Good ideas may perish unless you get funding in short notices. Fast decisions necessary for ideas in early phases.

We take actions for increasing our network for the benefit of the innovator.

5 Innovation Stockholm

6 Kaj Mickos – The Innovation Machine

Kaj Mickos, who is a professional inventor, visiting professor in Innovation technology at the University College in Mälardalen and vice chairman of the board of the Federation of Private Enterprises, considers that it's not innovation systems that are needed but "production systems for innovations".

6.1 Inventor with help from the machine

Kaj Mickos has systematically and persistently converted his experiences into knowledge and this knowledge into a model, the so called "Innovation machine".

The "Innovation machine" is a method to take care of ideas and innovators and is today used by "Innovation Stockholm". Each year about a thousand persons get support and advice in order to "pass through" the "Innovation Machine" to place a product on the market. A scientific evaluation of the method is being carried out, but so far some 25-30 per cent of the ideas has become products on the market within a year from entering the "Innovation Machine". 8,5 million Swedish kronor (SEK) in federal funding has resulted in at least 50 new companies with a total turnover of 730 millions SEK and a sale forecast the following year of 1,5 billions SEK.

6.2 Give all ideas a chance

Kaj Mickos asserts that if there is a good idea, people who takes active interest in the project, professional support and available funding there will be a product on the market. Kaj Mickos means that it is people that renew Sweden, not technology or business ideas and it is through renewal that new jobs will be created. His opinion on financing is that it is not the billions from risk capitalists that are most important but rather the millions that are needed in early stages in order to identify the good ideas that will become profitable products that will result in new jobs and growth. Kaj Mickos argues that the fast growing companies are in other areas than nanotechnology, biotechnology, ICT, vehicles etc.

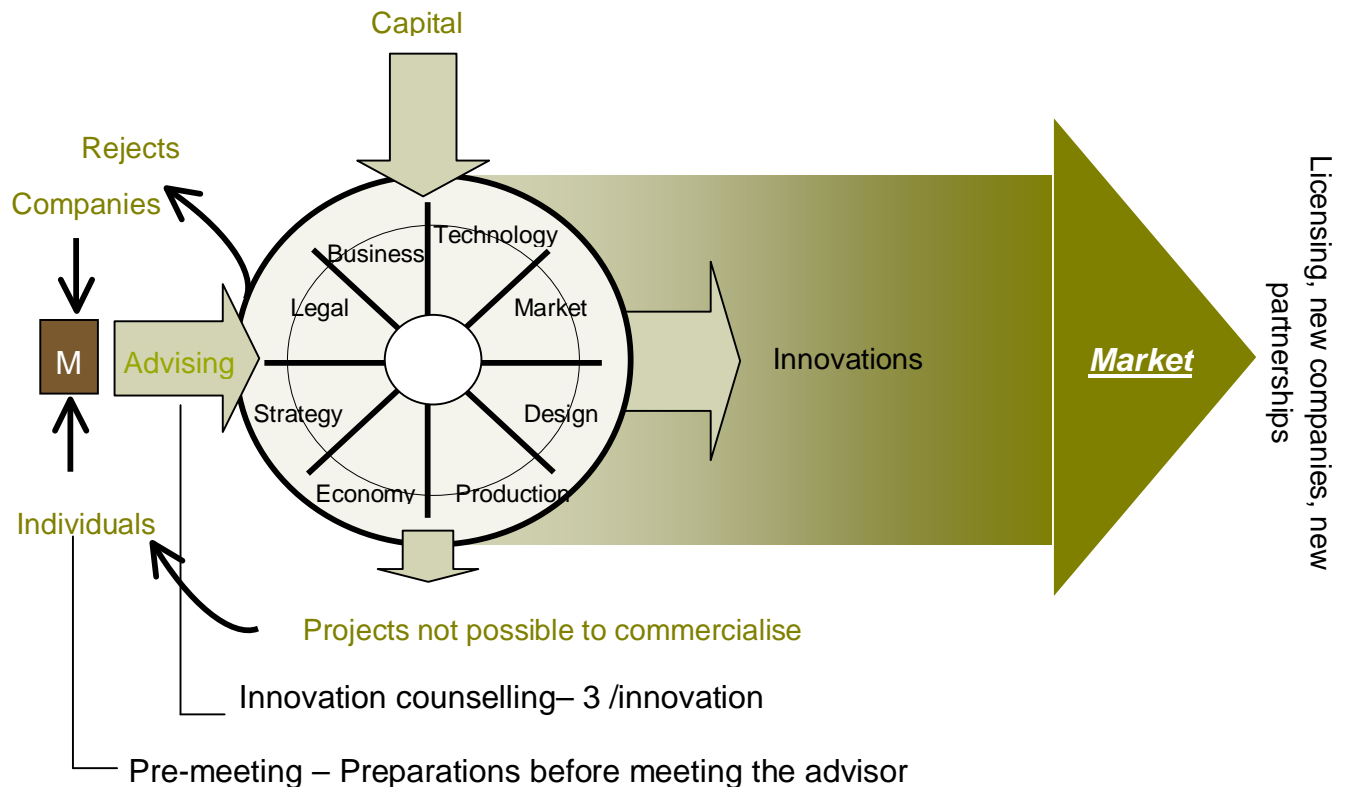
In Uppsala, the major centre of biotechnology in Sweden, the fastest growing company is providing poker on the Internet. In Gothenburg, dominated by heavy industry, companies producing hair care products and foodstuffs grow rapidly.

Kaj Mickos thinks that it is impossible to predict which ideas that will be successful. Hence, it is important to offer people who have good ideas and a driving force, favourable conditions. He also says that inventing is a team work. According to Kaj Mickos all ideas should be taken care of and given the chance to become successful.

6.3 The Innovation machine

The "Innovation machine" is a model based on the ideas of professor Kaj Mickos and his experience of innovation development. In the "Innovation Machine" the best innovations are selected and refined under supervision by specialist. Most essential for the "Innovation

Machine” is the persons, the innovators, who enter the machine at one end with an idea and exits at the other end with a product or a service solution. Inside the machine are the innovation advisors. Their commission is to support the innovators throughout the process. The process of course looks different depending on the innovator and what kind of product/service that will be developed. The main idea is that even if the idea itself is a failure the person behind the idea will not be a failure.



The content and processes of the machine – developing the innovation, making it ready for the market - Make the winner!

6.3 Competence and profile of an advisor according to Innovation Stockholm

Innovation Stockholm and Kaj Mickos considers that the competence and professionalism of the advisors are the most crucial factors for a successful innovation process.

The process at Innovation Stockholm verifies the idea's potential and the inventors driving force and packs the idea in a business concept, i.e. creates an innovation.

An advisor at Innovation Stockholm has the commission to put innovations on the market. The advisor should be unprejudiced, and provide equal conditions to everyone.

They must treat everyone with respect and know that one cannot assess the potential and possibilities of an early idea, or the person behind the idea.

They generously contribute to the development of the idea. They are innovators and entrepreneurs themselves, and can see possibilities and contribute to the development of the idea. They also have the ability to see the business potential in the projects. Moreover, they must be willing to cooperate and to establish new contacts.

6.4 The procedure at Innovation Stockholm

1. A person with an idea comes directly to Innovation Stockholm or via the Swedish Patent and Registration Office, Nutek - the Swedish Agency for Economic and Regional Growth, the Swedish inventor association or others.
2. A "pre-meeting" for information and inspiration is set up to which everyone concerned is invited. The advisors provide support concerning the Swedish Patent and Registration Office, IPR etc.
3. Up to three **overviews** (pre evaluations) is funded (5 000 SEK x 3) by Innovation Stockholm (as a contribution to the inventor/client). If the advisor thinks that this is an idea that requires additional support and is interesting the contributions can be increased to more than three.

In a consultation between the advisor and the inventor the measures or competences that are necessary for an optimal development of the idea are identified. According to Kaj Mickos at least three competences is identified. The inventor/client makes the choice of someone of these.

The following checklist is an example of that may be used in a consultation with an inventor/client:

1. Verifying of the problem. The problem is described by the inventor/customer
2. Technical overview - the Swedish Patent and Registration Office. Time consumption: approximately 2w
3. Design overview – Carried out by an industrial designer. Time consumption: approximately 2 w
4. Proof of concept (P 1) – Carried out by a constructor of prototypes. Time consumption: approximately 4 w
5. Application for Patent. Time consumption: approximately 3w
6. Proof of concept (P 2) - different variants/comparisons. Time consumption: approximately 4-6w

7. Promoting materials. Time consumption: approximately 6-8w
8. Introductory measures for the market, negotiation and agreements

The inventor/client is welcome to come back even though he/she has failed to pass earlier. You tend to be very successful even if you come back once or twice, says Kaj Mickos. The fundamental strategy is "**Make the Winner**".

6.5 The Credo of an Innovation Advisor according to Innovation Stockholm

They believe

- that continuous renewal of the business community is necessary in order to maintain its competitiveness
- that it is possible to influence the renewal process
- that the objective is new "products" on the market
- that they have a mandate from the business community and the society
- that most renewers are amateurs that need help
- that inventing/product renewal is more effective when carried out as team work rather than working individually
- in professionalism in the renewal process
- that there is a infinite number of ideas to develop
- in the importance of early support and advice
- that it is impossible to predict the future potential of an idea at an early stage
- that the project manager is essential for the success of a project
- that it is impossible to run projects without financing

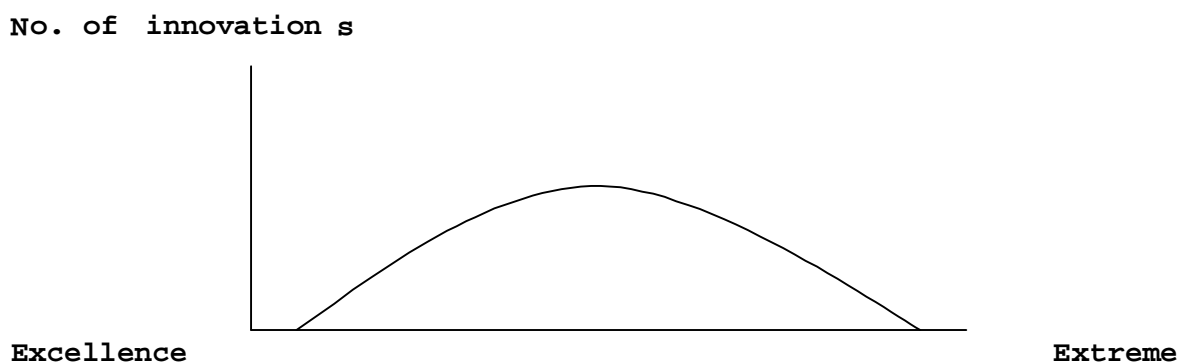
6.6 Regional cooperation and interaction for the visualisation of innovation

Innovation Stockholm emphasize the importance of selecting key individuals from partners in the region in order to enhance interaction between business community, public administration and academy (Triple Helix) aiming at increased regional development. These individuals will be involved in the process of increasing the society's interest in innovations..

In the region of Sörmland a "competition", "the 72h-race", will be set up where, among others, these individuals will be invited. The purpose of the "competition" is that the people involved will "learn" themselves to create innovations. They also need to understand that it is important to increase the number of innovations since this has a major impact on the growth potential of the region.

6.7 The golden prospect

Kaj Mickos believes that the pursuit for the best innovation, “the golden prospect” (often high risk) leads to that many potential innovations is not being evaluated. The largest proportion of innovations are in between excellence (“the golden prospect”) and extreme (“impossible”). The “golden prospects” are, means Mickos, possibly to for the risk capitalists.



7 Conclusions and discussion

The survey shows that:

- funding and competence have to be improved to fulfill the needs from the future coming sector (service) but also the needs from the technical and biotechnological sector/area
- all of the regional partners agreed upon that changes and improvements is highly needed in their own organisations (processes, models).
- one problem for the organisations to improve their processes was lack of money and short periods/budgets (yearly).

The competence involved in networks, and in the decisions concerning approval and non approval of ideas, innovations and new companies has to be improved. University/academic competence has to be more involved in the processes when it comes to specific problem solving and products that needs specific competence. Funding of short and long term needs to be implemented in the system.

One factor influencing the innovativeness of the Region is the nature of the industry and business activities in an area like the number of already existing companies and their branches of activity. Innovative companies or companies strongly dependent on new innovations are more likely to generate ideas, innovations and spin-off companies.

By developing the quality of business services and support for research-based and/or technology-oriented small and medium sized enterprises (SME) and start-up entrepreneurs the competitiveness of the region can be enhanced.

Successful outcome of innovation activities is crucial for wealth and economic growth in a region. Therefore, it is important that promotion of innovation is carried out in an effective way. Innovation includes a spectrum of complex activities, from the idea for solving a problem to the actual use of the economic and the social value of the idea.

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