

"Good innovation is like lifting up the horizon and looking through to see the future."

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EYIF Innovation Roundtable at the European Parliament

MEPs, Business and Financial Leaders Call for Coordinated, Multipronged Effort to Boost Innovation Ecosystems in Europe Brussels, 14 November 2012. On the opening day of Global Entrepreneurship Week, the European Young Innovators Forum (EYIF) convened its first Innovation Roundtable on the topic of "Enabling Innovation Ecosystems in Europe".

Hosted by Members of the European Parliament Maria da Graça CARVALHO (Portugal) and Pablo Zalba BIDEGAIN (Spain), the Innovation Roundtable also featured Jan MUEHLFEIT (Chairman Europe, Microsoft Corporation) and Matthias UMMENHOFER (Head of Venture Capital, European Investment Fund), representing the business and financial communities of Europe. All four panelists are members of the EYIF Advisory Board.

The event was chaired by Kumardev CHATTERJEE, founder and President of EYIF, who presented a sobering picture of the current state of innovation in Europe, showing how its competitive position in the world has continued to stagnate since 2010 when the European Commission declared it an "innovation emergency".

EYIF Vice President Nicholas ZYLBERGLAJT, moderator of the Roundtable, declared its objective as twofold: to identify key success factors for enabling innovation ecosystems, uniting "the proper conditions in a given place to boost innovation, such as business-friendly policies, investment in research and development, and education"; and to engage in an open discussion between the distinguished panelists and young innovators in the audience.

MEP Pablo Zalba BIDEGAIN cited three reasons why companies like Google are born in Silicon Valley and not in Europe: 1) Stanford (i.e. the concentration of talent and education), 2) failure acceptance, and 3) fundraising. These are essential ingredients to build the most competitive region in the world. Yet the number of entrepreneurs and the funding available to them are lower in Europe than elsewhere, whilst global competition has increased. Europe is developing a single digital market of over 500 million people, but how can we take advantage of the the opportunities that it offers us?

Addressing the question to the audience, Mr. BIDEGAIN concluded "We are here to listen to you. We have to work together, the public and private sectors, to put Europe on the edge of innovation."

Jan MUEHLFEIT, the only corporate member of the European Commission's High Level Group on the Modernisation of Higher Education, focused his opening remarks on the importance of technology for learning. "At home kids and students are online all the time, and school is still about chalk and blackboards". The model for the school today is still the same as it was 200 years ago, a factory where everything is unified. "But we are different learners. We need to have different educational systems to be more innovative and achieve higher entrepreneurship. The system should be based on the individual strengths and talents of the students and that's what technology can enable. And we need to put together again art and science that were unfortunately divided 200 years ago." Technology can also enable teamwork, sharing and collaboration in the workplace, which is important for the innovation process.

Mr. MUEHLFEIT recognized Germany's success in applying new technologies to its traditional strengths in manufacturing. "Technology will [produce] more risk takers, more innovative students and workers, and enable lifelong learning which is important for students, startups and the general population".

Matthias UMMENHOFER deplored the malaise in Europe which is "to focus on what we have not achieved, and never speak about what we actually have achieved." He countered with several examples of innovation successes in Europe: Skype, which is changing disruptively the way people communicate and the cost of communicating; Metronic, a global leader in medical devices of which 90% of the core innovation has its origin in Europe; Perfect Vision, a university spinoff just sold to Bausch + Lomb; and Vistaprint, a Paris startup in 2000 which is now market leader in Europe and the



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US. "Europe is a powerhouse of innovation today. The tragedy may be that most of the companies are sold to the US. But there is a real opportunity, because many elements of the puzzle are coming together. Our issue is less starting up the businesses, but it's speeding them up to get them smoothly into a growth path to the stage where they become not only acquisition targets but self-standing companies."

Fueling the ecosystem with money is very important, but Mr. UMMENHOFER warned that venture capital in Europe is so dependent on increasingly scarce public resources that it is unsustainable. Recognizing that the essential actors in the very early stage are business angels, the EIF launched in March 2012 the European Angels fund, co-investing with experienced business angels. It is also establishing the Corporate Innovation Platform in order to team up with corporate investors (which had been disregarded until now), bundling not only financial resources but also human resources. "If we want to move the needle in Europe, I am convinced the only way in the context of shrinking budgets is to do better with the capital we have, with the resources we have, concentrated in few key areas where we can move things ahead." He added, "we have to team up to get the story out, not only in Europe, but to the world, that Europe has a lot of things to offer." Already he sees huge interest from US investors and from Asia to source innovation in Europe.

MEP Maria da Graça CARVALHO, herself a professor of mechanical engineering and former Portuguese Minister of Science, Technology and Innovation, recognized that in certain European countries such as hers, investments in research and technology have not given rise to innovation, and it is important to understand why. She cited several benchmark indicators on which Europe trails the US and Japan. Especially in the private sector Europe invests less in R&D. Although Europe leads in the total number of scientific publications, the US achieves more impact in terms of citations, reflecting a higher level of excellence.

Ms. CARVALHO concluded that "innovation requires much more than a well-funded science and technology program. First, we need a general and a higher education system with good universities. The Stanford effect, a network around an excellent university makes all the difference in a region. You also need good education at all levels so that society can absorb what is developed in research to be translated into products. You need to have the macroeconomic conditions right: competition, internal market, business-friendly situation, little bureaucracy, property rights, availability of funding and a strong private sector in balance with the public sector. All the conditions must be right." Hence, all the necessary reforms to achieve those conditions must be implemented at the same time if we want to restore growth all over Europe.

During the second half of the Roundtable, the floor was opened to questions, generating lively interaction between the panelists and the audience. The following are highlights of the Q&A session.

Alex of ThinkYoung: "What short-term solution to the crisis and to youth unemployment? Pablo Zalba BIDEAIN: "Crisis is always an opportunity, for entrepreneurship an even bigger opportunity. Many young people have no expectation of getting a job in the short term, so the only alternative is to set up a company. I firmly believe if someone has a good idea, he will get the funds to set up the company."

Jan MUEHLFEIT: "If I would be in the Commission, I would take half of the FP [Framework Programme] money and put it in a seeding fund to support startups."

Maria CARVALHO: "What I mentioned on structural reforms can be done in 3 years, not immediate, but it needs to be done. In all the programs that we are preparing for the next 7 years we keep in mind that we need to increase employment in general, to increase youth employment, to have more support to entrepreneurship and SMEs. This does not solve the structural problems, but alleviates until the structural reforms are done and give results."

Daniel of EurActiv: "Would a Microsoft or Google be born in Europe these days with the current structure of innovation?"

Jan MUEHLFEIT: "Sure it's possible to have a Microsoft and Google in Europe, if we finalize the Single



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Digital Market. Take data sovereignty, it is not solved today. Matthias UMMENHOFER: "Whether it could happen here or not is linked to this complex question of interrelations. If you want to come to this scale, you have to show that you get traction easily. In Europe there is no single market. Don't fool ourselves."

Winrich (German entrepreneur): "What is your problem?"

Pablo Zalba BIDEGAIN: "I think the real challenge in Europe is the context, is the education. In Europe, 50 percent of young people never expect to create a company, in the US only 25 percent."

Jan MUEHLFEIT: "Europe has a problem with risk awareness. It has to do with education."

Matthias UMMENHOFER: "The issue in Europe is that there is less capital. The funds are much smaller than in the US. In the US when people say this has to become a success, they put real money on the table, to scale it up to bring it to a global importance. In Europe you have homeopathic doses of money and basically the startups remain startups for 7, 8, 9 years and then they disappear."

MEP Sean Kelly: "If we get a proper movement on the Single Market, on the European Patent, on data protection (one-stop shop), and on SMEs, what effect would it have on Europe being competitive and economically strong on the global stage? Pablo: "I fully agree with Sean. We need to promote growth but without increasing the budget deficits, it's a real challenge. One of the tools we have is the Single Market."

Anna of Generation Europe Foundation: "Aren't schools, even primary school the best place to stimulate innovation through education and to reach entrepreneurship faster and more often?"

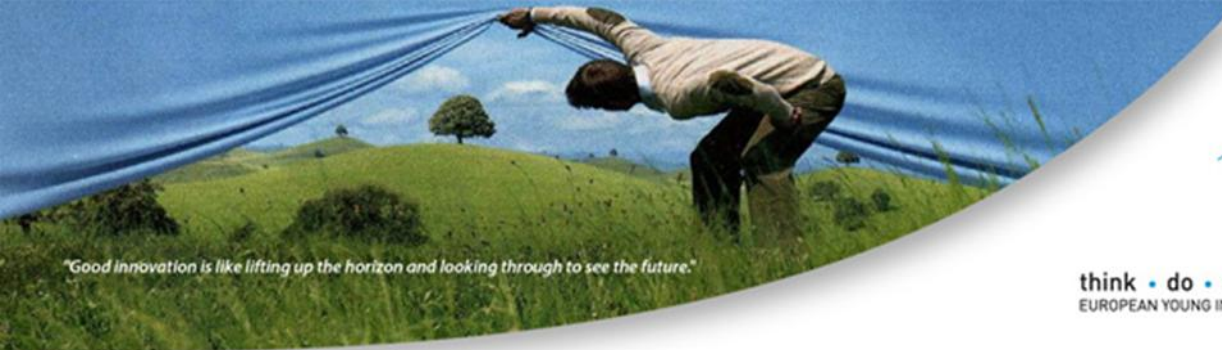
Jan MUEHLFEIT: "I'm involved for the basic and secondary school with Junior Achievement an organization that promotes entrepreneurship in the curriculum, working with the ministries of education, and for the universities I'm on the worldwide board of AIESEC, the biggest student-run organisation for internships."

CARVALHO: "I fully agree that it's very important from a very early age to introduce entrepreneurship in education. However, I also defend that science education is a very good basis for innovation. Having been a professor I see that the students better prepared in mathematics, physics, modeling are more entrepreneurial. It is important to invest more and to broaden science and engineering education."

Kumardev CHATTERJEE closed the Roundtable by presenting an overview of the European Young Innovators Forum's road map for 2013 and its concrete solutions to boost youth innovation in Europe. "EYIF's vision is that as young innovators we need to take more risks. But also as society, institutions, government, business, we need to support and reward risk taking. That combination of risk-taking and support is what will take Europe out of the crisis to growth and renewal." EYIF's four basic pillars are: improve access, increase facilities, enhance participation and reduce barriers. Its corresponding actions are:

- The Young Innovators Unconvention: a major annual event bringing together top entrepreneurs, experts and young innovators
- Youth Innovator Champions: a network of MEPs championing young innovators within their constituency
- Regional Innovation Hubs: a pan-European network of organizations promoting innovation at the local and regional level, officially designated by EYIF to support its outreach.
- European Youth Innovation Incubator: hosting and mentoring innovative early-stage startups in Brussels as a showcase of youth innovation in Europe

Mr. CHATTERJEE invited members of the audience to engage with EYIF, as the nonprofit organization welcomes the participation and support of volunteers, partners and sponsors. "Innovation is not about ideas, formulae, mechanisms, and paradigms. It's about people, emotions, and the ability to be yourself



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and to give to the world what you think..."

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