



## **InnoFun**

### **Stakeholders Meeting Event Report**

The Stakeholders Meeting Event was conducted under the 7th International Conference for Entrepreneurship, Innovation and Regional Development (ICEIRD 2014) and took place in Hilton Hotel in Nicosia, Cyprus on the 5<sup>th</sup> of June 2014. The aim was to discuss issues and best practices regarding Innovation Funding, e.g. how to reduce the (communication) gap between innovation and finance/market/people and how to bring innovators closer to the funding schemes. In the event many relevant stakeholders, decision makers, policy makers, innovation experts and practitioners from Cyprus participated to generate discussion and exchange on the above.

#### Theme

*“Improving regional policies concerning Innovation Funding with the aim to reduce the communication gap between innovation and finance/market/people, as well as how to bring innovators closer to the funding schemes”*

#### Participants:

**Ketikidis H. Panayiotis**, The International Faculty of the University of Sheffield, CITY College, Greece

**Baresel-Bofinger Andreas**, South East European Research Centre (SEERC), Thessaloniki - Greece

**Michalis Papadopoulos**, Innovation and Service Development Manager, Cyta

**Michalis Zanos**, Director of Larnaca District Development Agency, ANETEL

**Stavriana A. Kofteros**, Former CEO of the Diogenes Business Incubator of the University of Cyprus, Special Entrepreneurship & RDI Adviser, Deputy Press Spokesperson Democratic Rally (DISY)

**Panikkos Poutziouris**, Professor in Entrepreneurship & Family Business, Head of Business Management School, Chair of Centre for Entrepreneurial Development-Alliance- Research, UCLan

**Elias Hadjielias**, Lecturer in Business and Management, Director of Centre for Entrepreneurial Development - Alliance - Research, UCLan

**Antonis M. Hadjiantonis**, Senior Research Engineer, G.M EuroCy Innovations Ltd

**Marilena Paraskeua**, Research Promotion Foundation Cyprus

**Menelaos Menelaou**, Director of Diogenes Business Incubator University of Cyprus Ltd

**Panayiotis Philimis**, Cyprus Association of Research and Innovation Enterprises

**George Georgiou**, Cyprus Association of Research and Innovation Enterprises

**Nikos Ioannou**, Ministry of Energy, Commerce, Industry and Tourism

**Anastasia Georgouli**, Electrical Engineer Consultant JYA Engineering, IEEE Cyprus EN Chair

**Demetris Hadjisofocli**, Managing Director of Helix Business Incubator, the Executive Director of Entrepreneurship Frontier Network, Director of the Liaison Office of the University of Nicosia, Director at the Center For Entrepreneurship and Economic Growth (KEA) of the University of Nicosia and UniConnect

**Ntinos Kathijotis, Kyprianos Nicolaides, Nicos Philippou, Maria Nicolaou Christou**, the Cyprus Productivity Centre  
**Charalambos Panayiotou**, Manager of Atlantis Consulting  
**Alexander Zelitchenko**, Web Institute of Higher Psychology/Founder  
**Aron Jinaru**, Center for Complexity Studies & Academy of Economic Studies, Bucharest, Romania  
**Theo Andersson**, Officer, Dept. of International & Public Relations, Cyprus Chamber of Commerce & Industry  
**George Konnis**, CEO of S&G iGENIUS, Adjunct tutor at OUC, Business consultant of CYTA

### **Presenters**

**Opening:** Professor George Angelos Papadopoulos, University of Cyprus: Prof Papadopoulos informed the participants about the InnoFun project and the aim of the Stakeholders Meeting event in particular. More specific, the participants were informed about the Action Plans and RIPS that InnoFun partners should design, report and implement in their regions, as well as the specific Action Plan and RIP of Cyprus and how this event would contribute in these activities.

Mr Michalis Papadopoulos described the financial situation in Cyprus and was optimistic that Cyprus can use innovation to recover from the crisis through the cooperation of all the stakeholders. Regarding his organization CYTA, he stated that they invest in innovative services that go beyond telecommunication, as well as investing on startups. He also mentioned as an important problem that Cyprus is in an infancy level concerning startups and that we need collaboration in order to enhance the local startup community.

Mr. Michalis Zanos presented his organization, Larnaca District Development Agency (ANETEL) as well as the InnoFun project and pointed out that, as Europe's 2020 strategy is to promote innovation as a key factor of success, Cyprus should as well enhance and practice innovation as a means to recover from the economic crisis.

Professor Ketikidis talked about funding mechanisms for SMEs. Access to finance often remains one of the key factors and concerns in setting up and developing SMEs. The talk reflected on the market - SME finance players, typical investments and SMEs pathways to funding sources. Financing bodies look for business plan robustness, accepting or rejecting new shareholders, availability of personal guarantees, product/service market penetration potential and the expected amount of financial sourcing. He also mentioned technology induced issues: entrepreneurs have no track record, investors have not necessarily the skill to assess the technology, time to market might be very long, enterprises have difficulties to valorise their intangible assets, i.e. their intellectual property rights, in order to obtain bank loans and that innovation is a risky business. The talk closed by discussing entrepreneur mentoring, loans and venture capital - business Angels.

Mr. Baresel-Bofinger discussed Effective Innovation, Innovation in Europe and Innovation levels (Start-ups/Innovative SMEs, Innovation within established companies, Universities/Research institutions: Increasing Value, Reducing Waste). He also talked about Global Entrepreneurship and Boosting entrepreneurship. The presentation closed by presenting the VIBE (Venture Initiative in the Balkan Europe) EU co-funded project, an SEE Transnational Cooperation Programme of 12 SEE countries aiming to support facilitation of innovation and entrepreneurship in the region of South-East Europe and foster the creation and growth of innovative SMEs and start-up companies through a large array of actions. He presented the identified problems as follows: lack of available (pre-) seed funds, concentration of money in capital cities, business plans instead of business models and inflexibility of start-ups. As solutions, the following were identified: no copy paste one-size-fits-all solution, address regulatory environment costs, create tax incentives for start-ups, modernize bankruptcy laws, enable business angel network creation, engage Diaspora, encourage crowd-funding, create cross-border investment flow, negotiate bilateral agreements, use of available funds such as WBIF, create an EIF-backed fund focusing clearly on cross-border and shift from competition to cooperation.

Mrs Stavriana A. Kofteros talked about entrepreneurial innovation which is according to her vital for the economic recovery of Cyprus today. She talked about problems Startup companies face, especially those situated in places quite far from central Europe such as Cyprus. These startups must find a way to be competitive not only in the EU, but also in the US. Therefore, such Startups must really achieve some worthwhile results in order to be known abroad – maybe at a world changing level. Mrs Stavriana especially addressed some important economic issues in Cyprus that have to do also with entrepreneurship and innovation, as well as the local culture. Among other, she stated that policy makers need to find a way to communicate with innovators and entrepreneurs and to achieve this the policy makers may need appropriate training. Finally, Mrs Stavriana pointed out that, since Cyprus is late in doing things and is not the leader in innovation and entrepreneurship (such as e.g. the US), has in fact the advantage of studying and learning from the potential mistakes of the others (leaders) in order to act in a more stable manner.

Dr. Panayiotis Philimis talked about the Innovation Strategy in Cyprus and about the participation of Cypriot SMEs in FP7. He described the structure of Cyprus Research and Innovation as well as the activities during the past few years and talked about the proposal for National Strategy on Research, Innovation and Entrepreneurship, announced on March 2014. Finally, the talk presented the Cyprus Association of Research and Innovation Enterprises (CARIE), its Research and Innovation Sectors, its structure, targets, as well as the activities of CARIE to promote the interests of its Members. He talked about the collaboration of CARIE with the Technology Sector in the Ministry of Energy, Commerce, Industry and Tourism (MCIT), but perhaps the most interesting part of the talk was the discussion about what shall be done to boost research and innovation activities in Cyprus: new vision and plan shall be established

for promoting and assisting the Enterprises in participating in Research and Innovation Programs in Horizon 2020, allocation of much higher amounts for funding Innovation Activities from the Budget of Structural/Cohesion funds for 2014-2020, key to success is the development of Local Business & Innovation Centers to support Innovative Enterprises, change R&D Expenditure Target to at least 2% of GDP for 2020. He added that Enterprise Member Associations (CARIE, OEB, KEBE) should participate in all Policy and Scientific Committees that are related to Research, Innovation and Entrepreneurship, as well as the immediate implementation of the proposal for National Strategy on Research, Innovation and Entrepreneurship announced by the government linked with funding from Structural Funds.

Professor Panikkos Poutziouris talked about the factors that shape the financing needs of SMEs (size of the firm, sector, business life cycle, ownership regime, growth intensity and growth appetite), the funding structure of private SMEs, the SME Financing Policy and Equity geared Schemes.

Dr. Hadjiantonis's talk was about Innovation Funding. He categorized the Innovators as follows (Triple Helix : university-industry-government): Industry: Large Enterprises, SMEs, Individuals, Government: Ministries, Departments, Individuals and Universities: Schools, Faculties, Individuals. He stated that the communications gap between innovation and finance/market/people exists because they don't talk (enough) to each other: Talk= engage, listen, understand. He emphasized that Innovation funding in Cyprus is currently absent (Smart Specialisation: *pending*, Research & Innovation System reform: *pending*) and that no regional funding programmes are currently open. According to Dr. Hadjiantonis this is because the sense of urgency to create and innovate is not understood at the Policymaker level. Finally, the talk was closed by stating a very important fact: the Young Innovators' Dilemma to stay local or go abroad. The truth is that innovators will innovate but maybe not in their home country, therefore Innovators should be given some credit.

Mrs Anastasia Georgouli talked about Innovation as a means of exiting local and global financial crisis. As chair of the IEEE Cyprus Entrepreneur's Network, Anastasia analysed what they can do on a local and regional basis and through collaboration with other local and regional stakeholders regarding Entrepreneurship.

Aron Jinaru stated that innovation funding is the most important issue under discussion and whether by generating a market of venture capital would solve the issue of funding innovation. Mr Jinaru said that probably it would but the issue is how we should proceed to generate the market.

A discussion followed in which many participants were engaged, also from the local state such as Mr. Nikos Ioannou from the Ministry of Energy, Commerce, Industry and Tourism. Mr Ioannou admitted that due to government related bureaucratic difficulties the ministry still does not have a plan, a subsidy scheme or a funding scheme to help

the innovators. However, the Ministry has already announced that there will be a funding scheme soon.