European Business and Innovation Centre Network

# BIC Observatory 2009

## The BIC Network in 2008, Facts and Figures

*Innovation with Vision,*
*Incubation in Action,*
*Networking by Passion!*

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## Foreword

In 2008 the network experienced an increase in the number of BICs demonstrating that this business and innovation support model is highly relevant and efficient and always more embedded in the strategies of local economic development of the territories it addresses. The core focus on innovation, all types of innovation, is still there, and well there, as it has always been, although the changes in the surrounding realities, and BICs have demonstrated a high capability of adapting their models and their activities to them. This is the ultimate message that comes out of the analysis of the data 2008, and, to be more specific, the elements suggesting this conclusions rely on the sector analysis, which shows an increasing involvement of the BIC community in those segments which appear day after day being crucial to sustainable development (ICT, Advanced Services, Agro-Food, Health and Life Sciences, Aeronautics and Aerospace, Energy, Environment and Engineering), and in the analysis of innovative projects, which in the last 3 years have more and more shifted towards high-tech sectors.

It is nevertheless impossible to analyze the 2008 data without taking into account the difficulties the world economies, and of course the European one, have been experiencing in the last 12 months, a global crisis which has also affected the BIC community in terms of their final performances, especially those related to new entrepreneurs. Though, there has been an increase in the number of existing SMEs that spotted BICs as the proper interlocutor as their problem solvers, and it has been observed that the level of complexity of the incubated projects has increased, together with the intensity and the sophistication of the incubation and mentoring support provided by the BICs.

The 2009 observatory has been produced analyzing data from EBN's quality system, specifically information on the 2008 data, conveyed through the quality questionnaire by more than 80% of the 147 accredited BICs. Data has been processed, in order to provide both, a picture of the changing BIC profile and the state of the art of the results achieved during the year, related to those achieved in the past years and to the current economic contingencies.

This year's report will be completed with a description of some of the tools developed and implemented by the BICs for better achieving their results and to better carry on the needed activities. We hope that this will foster and enhance exchanges among the EBN members and will provide the opportunity for a further overall increase of the performance and efficiency levels of the BICs and of the Network.

Strong of the past experiences, we believe this year's report will help you promote your BIC and the network, so again…

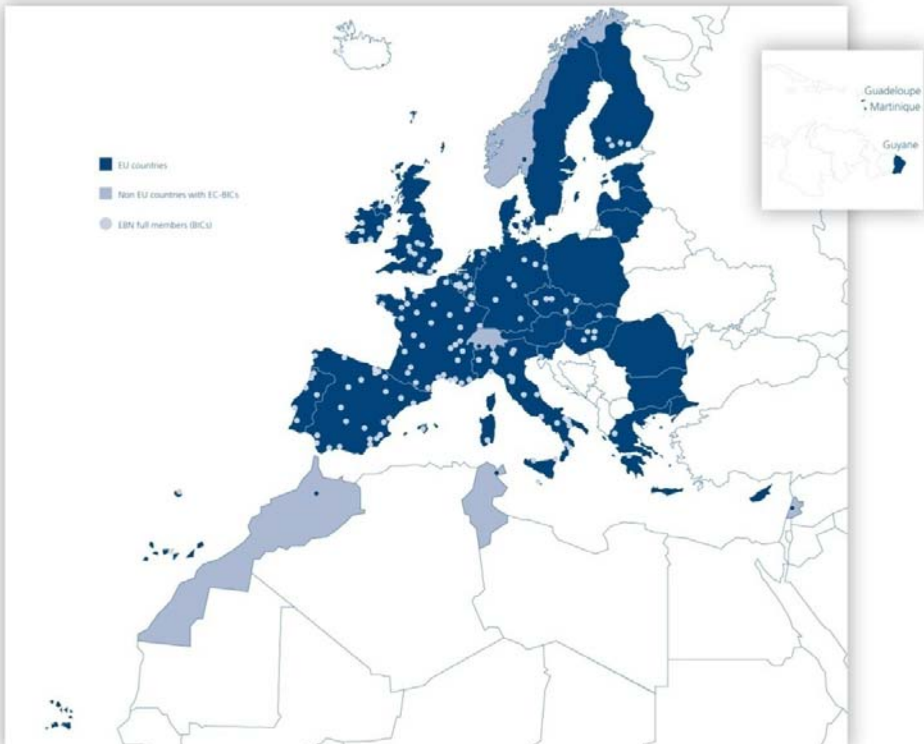
…We hope you will spread the message!

Luigi Campitelli
*EBN President*

Philippe Vanrie
*EBN CEO*

*This report has been prepared by the EBN Quality team, led by Mr. Giordano Dichter and assisted by Mr. Gonçalo Reis. Thanks to Mr. Rui Ribeiro and Ms. Caitlin Fox for their contributions.*

## Distribution of BICs




In 2008 EBN welcomed 10 BICs in its community, from England, France, Germany, Hungary, Portugal, Spain, and Tunisia. EBN has at present 147 accredited BICs and more are under the process of accreditation. EBN is implementing a strategy of increasing the number of BICs in Europe, looking also beyond its boundaries, mainly to Eastern Europe and to the southern shore of the mediterranean sea.

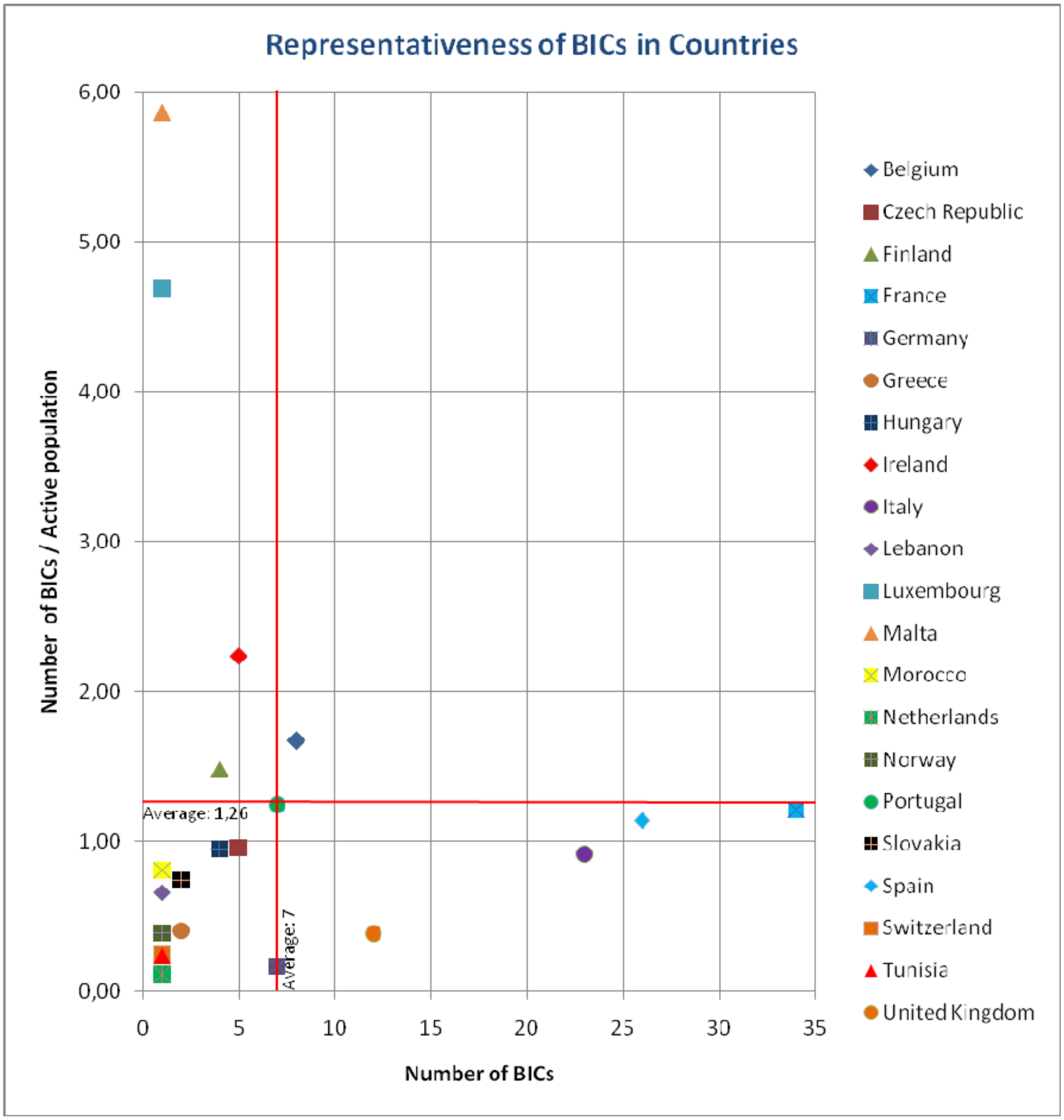



**Chart 1: Representativeness of BICs in EBN Network**

Chart 1 relates the number of BICs to the active population in each country. There is no expressed benchmark to compare the number of BICs to the active population, but nevertheless, through this tool, it is possible to provide an idea of the representativeness of the BIC tool, compared to the situation in other countries. The average number of BICs per country is 7, while the average ratio N. of BICs / 1 MLN Active population is 1,26. Countries falling below this average provide an indication that the BIC model can be further spread, providing a strategy for network expansion within the countries which can already count on the presence of BICs.

## The BICs in 2008 – a profile

### The legal status

The legal status of the BICs is represented in the following table. As can be seen, over fifty percent of the BICs are public bodies or public equivalent bodies. Furthermore it is possible to state that the public sector is to some extent involved in 86% of the BICs network confirming the fundamental role of BICs as local development instruments within their regions, recognized by the local and national policy makers and confirming the BIC's "public interest" mission. Among those 14% of BICs who report being a private body, 78 % are not for profit, meaning that they re-invest profits in the activities of the BIC, for the benefit of their end-users and local actors.

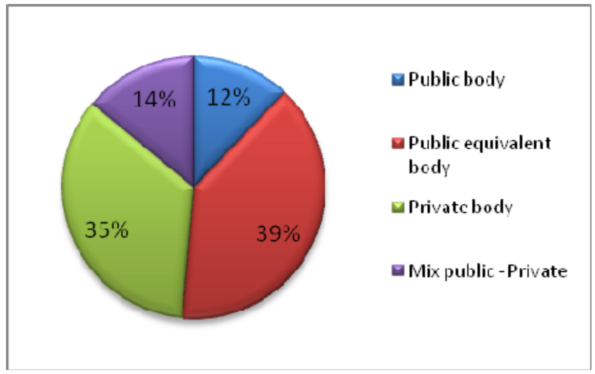



Chart 2: Legal status

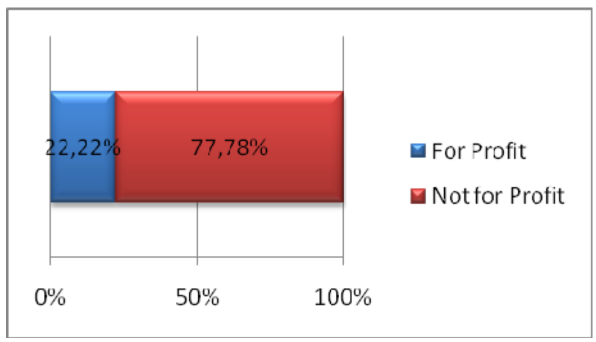



Chart 3: Nature of private BICs

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### Size

According to the 2008 survey, 25% of the BICs have between 10 and 14 staff, (in 2007 the highest value was within the range 7 – 9, that in 2008 fell from 24% to 21%), including non-core staff who anyway make a contribution to the overall management of the BICs, and therefore contribute to the achievement of the general objectives. Overall use of external consultants hasn't demonstrated considerable changes, although it is noticeable a decrease of BICs operating using less than 50 man/days per year (from 52,5% to 45,87%, anyway representing the majority of cases) and an increase of the BICs operating within 50 and 99 (from 16% to 22%) and within 100 – 199 (from 14% to 18,3 %).

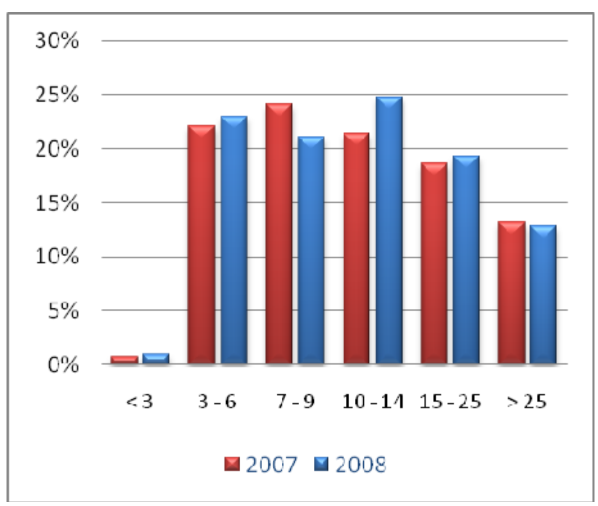


Chart 4: Size of BICs (number of employees)

From the analysis of the expenditures (see chart 9) it can be seen that there has been a general decrease in payrolls (from 43% to 37%) and a general increase in the costs for external experts (from 16% to 17%). This shows that BICs are very agile and flexibly adapt their human resource models to any cyclic variation.


**Chart 5: External experts (days/year)**

## Key qualifications

| Key qualifications - Area of expertise | BICs (%) |
|---|---|
| R&D / University spin-off / High-tech SME creation & support | 62,16% |
| International co-operation / SME internationalization | 58,56% |
| Legal advice to enterprise creation / commercial contracts / Intellectual Property Rights (IPR) | 53,15% |
| SME financing / Seed capital and venture capital / Growth financing | 41,44% |
| Advanced use of ICT for SMEs development, e-learning, e-commerce, etc. | 11,71% |
| Policy making advice (at EU, national, regional level) & experience in drafting large scale cooperation programs | 4,50% |
| Human resources development (including labor market development, rural development) | 3,60% |
| Commercially organized promotion of either SMEs or regions | 2,70% |
| Other | 4,50% |

**Table 1: Key qualifications – area of expertise**

As can be observed from the data reported in table 1, core areas of expertise within the BICs are those represented in the first four rows, assuming therefore that external consultants and/or signposting activities are mainly related to the last four areas of expertise, which appear not have been internalized.

### Strategic Alliances

During the past 3 years the BIC community has slightly increased its level of co-operation within the regions where it operates. Indeed it is worthy to notice that in 2008 only 5% of the BICs reported not having established cooperation agreements. If compared with the figure in 2006 it brings to a variation of – 45%.

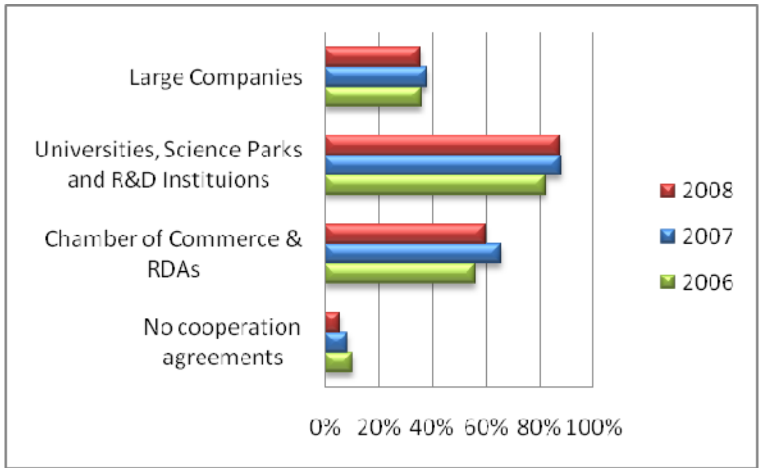


Chart 6: BICs' strategic alliances

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### Key sectors

Table 2 highlights the sectors where at least 30% of the BICs have reported direct involvement:

| Key Sector | Variation 2007 - 2008 |
|---|---|
| Advanced materials | 8% |
| Aeronautics and aerospace | 4% |
| Agriculture technologies | 3% |
| Automotive | 9% |
| Business services | 13% |
| Commercial services | 10% |
| Energy technologies | -2% |
| Engineering | 4% |
| Environmental technologies | -4% |
| Health and personal care products | -4% |
| Information and communication technology | -16% |

Table 2: key sectors

Although a significant drop in the ICT sector, overall the BICs and the companies supported are more and more focused on high-technology oriented sectors (to be noticed the 8% increase in the advanced materials sector), which noticeably bring along a higher need of investments on the part of the BICs in terms of time and expenditures while implementing support services for entrepreneurs, start-ups and existing SMEs. This trend is confirmed also by the increased percentage of technological innovation – oriented projects supported by the BICs (see page 16 of present report).

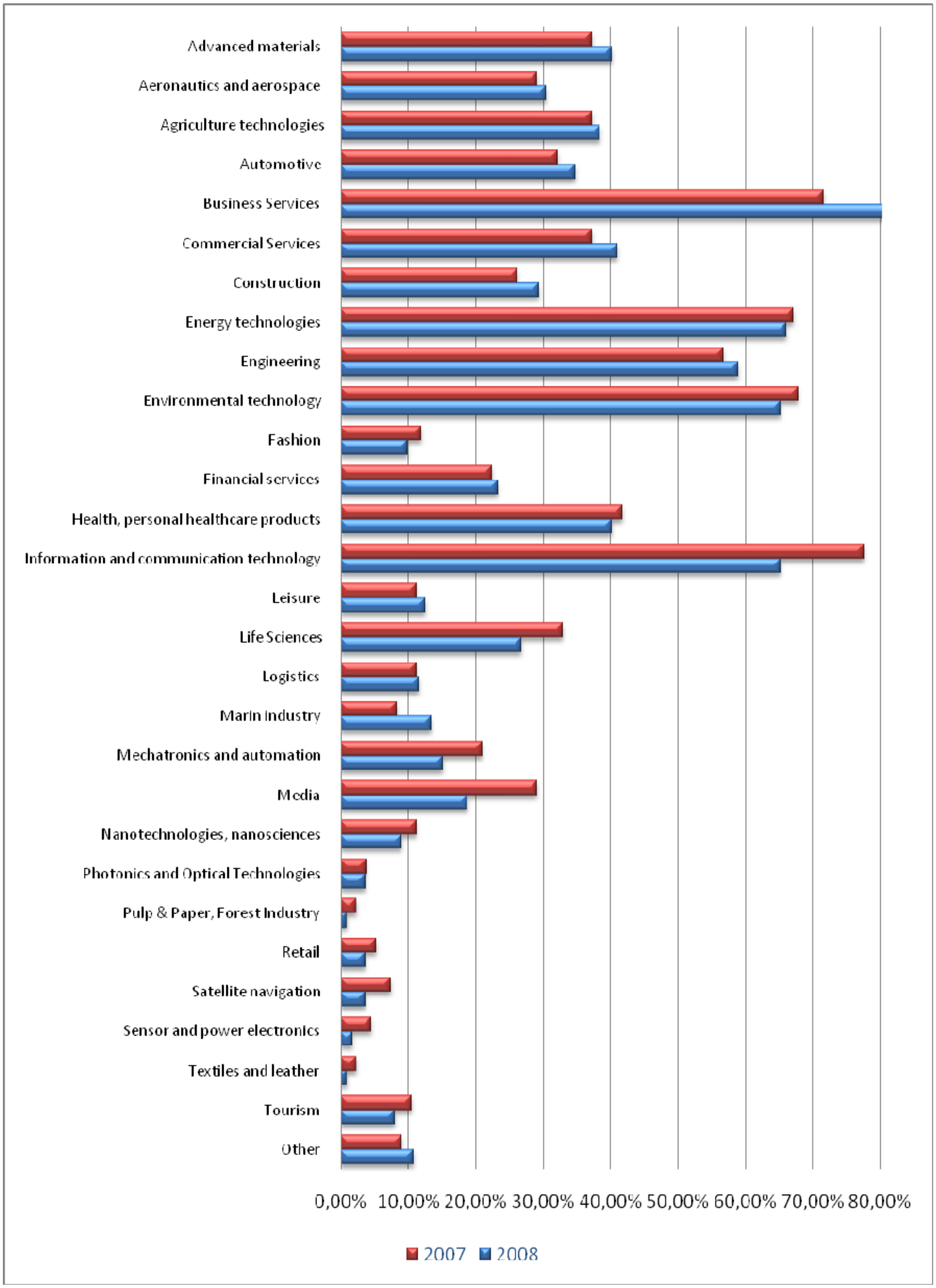


**Chart 7: Key sectors in which BICs and client companies are involved**

### Financial assessment

The income of the BICs in 2008 was composed predominantly by public (57%) and by private sources (39%), while only 4% of income has been generated by the participation to EU Programmes, marking a decrease from the value reported in 2007 (-8%). This variation is probably due to the delay experienced in the kick-off of the 2007 – 2013 programming period within the EU (if this thesis is correct an increased value should be registered when calculating data for 2009). Indeed in 2008 only 5% of the BICs reported generating more than 30% of their income from EU Programs (-9% since 2006), while 37% reported generating more than 50% from private sources (+2% since 2006), and 54% reported generating more than 50% of their income from public sources (+4%). Another possible reason to this variation is the increased support to BICs by the public sector which may have assumed a higher weight. This may be confirmed in the graph which provides a breakdown of the income sources, where in 2008 national, regional and local bodies have contributed 27% (up 3% from 2007).

Another interesting figure is the income deriving from housing and incubator services which contributes for 23% (up 3% since year 2007), although this figure (which contributes to the overall increase of the private sector income percentages) is partially balanced by the decrease in the income from client – SMEs – entrepreneurs (-1%).

On the expenditure front, the network has registered a decrease in the payroll (from 43% in 2007 to 37%), but an increase in the expenses for external consultants (up 1%) as well as in the overheads (up 3%), while the costs for incubator buildings remain constant to 10%.

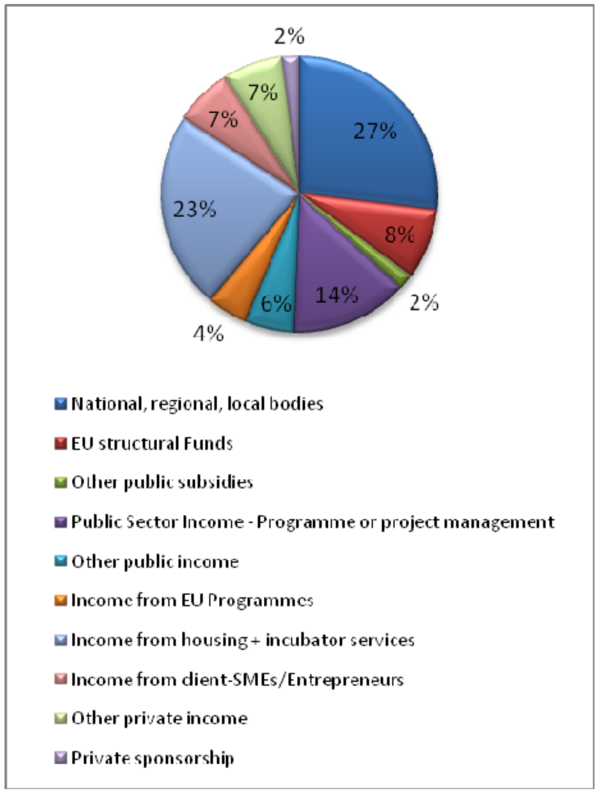


Chart 8: Breakdown of network sources of income

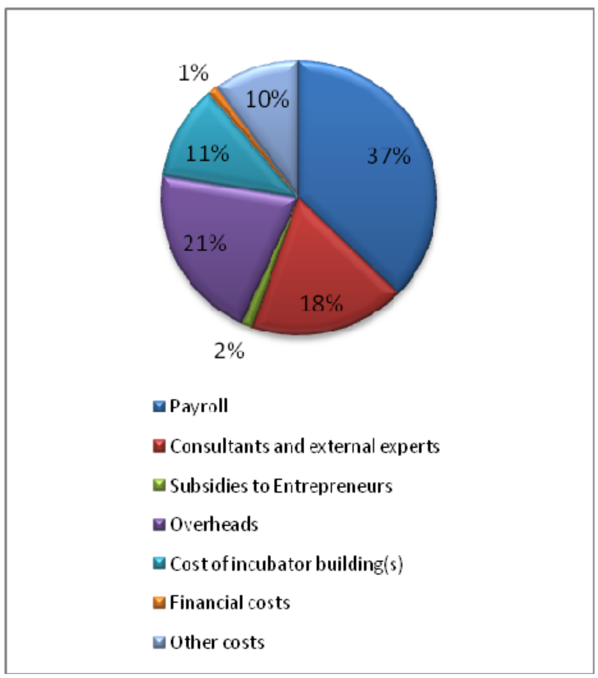


Chart 9: Breakdown of network expenditures

## Services for entrepreneurs and start-ups

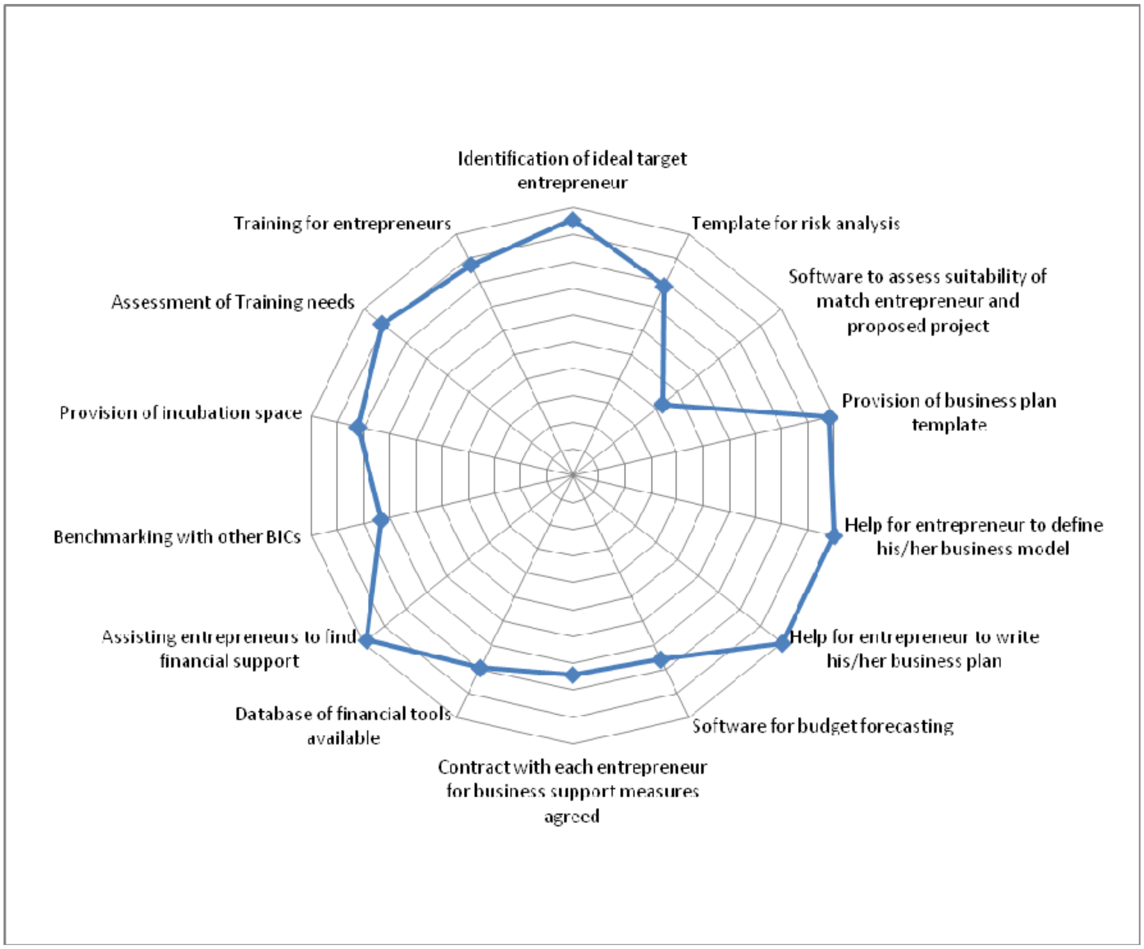


Chart 10: Services to new entrepreneurs

The BIC community is demonstrating, once again, to strongly provide a wide range of services to support new entrepreneurs in the realization of their business ideas. The 2008 data confirm the 2007 data, meaning by this that:

A. Over 90% of the BICs:
   a. have identified their ideal target entrepreneur and systematically proceed with selective assessment of projects (96%);
   b. help entrepreneurs to define their business model (100%);
   c. have business plans templates and adequate methodologies (98%)
   d. provide support in the elaboration of the business plan (100%)
   e. assist entrepreneurs to find financial support (98%)
   f. assess training needs and guide entrepreneurs through mentoring schemes
B. over 70% of the BICs:
   a. have a template for risk analysis (79%)
   b. use software for budget forecasting (76%)
   c. enters in contracts with entrepreneurs for the agreed business support measures (74%)
   d. have a database of financial tools available (79%)
   e. provide incubation space (82%)
   f. undergo training activities towards entrepreneurs (87%)

It is to be highlighted that 43 almost half of the BICs use the support of software to assess the suitability of match between the entrepreneur and the proposed project.

**Focusing on financial services** supplied, among the 98% of BICs which report providing this type of assistance, over 93% use contacts with informal investors and/or business angels, and promote participation to public financing through programs and/or projects. Around 80% of the BICs provide entry to seed capital providers, to venture capital after the seed phase and provide entry to normal bank loans. One fourth of the BICs supply financing from own resources.

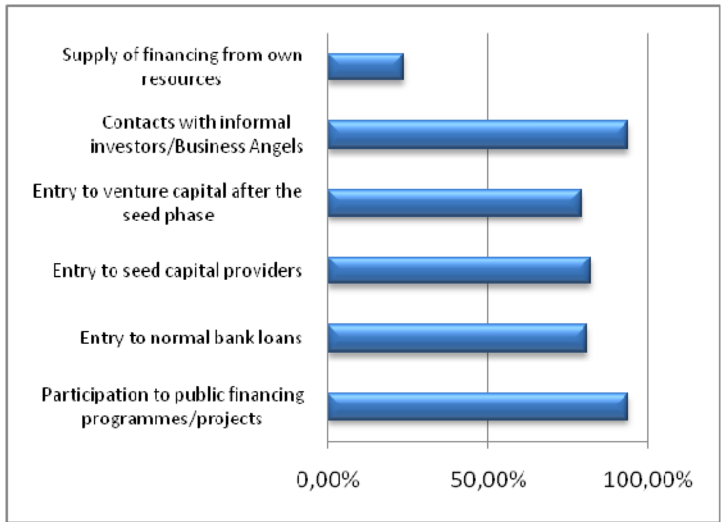


Chart 11: Breakdown of financial services offered

**Focusing on physical incubation activities**, among the 82% of BICs which supply the service, 45% own the incubator buildings. The table below illustrates how the square meters of available incubated space among owned incubators has risen, while the network experienced a decrease in the occupancy rate (down 6%). The average incubation time remains unaltered.

| Incubation activities | 2007 | 2008 |
|---|---|---|
| Average square meters available for incubation activities of owned incubators (square meters) | 2.945,00 | 3.159,02 |
| Average incubator space occupancy rate (%) | 83,00 | 77,67 |
| Average incubation time (years) | 3 | 3 |

Table 3: Incubation activities

Chart 12 illustrates the number of sector-related incubators which are managed by the BICs in Europe. The chart highlights a situation where incubation activities are being directed mainly towards technology-oriented companies, which require high-level, and more costly services and infrastructures on the part of BICs.

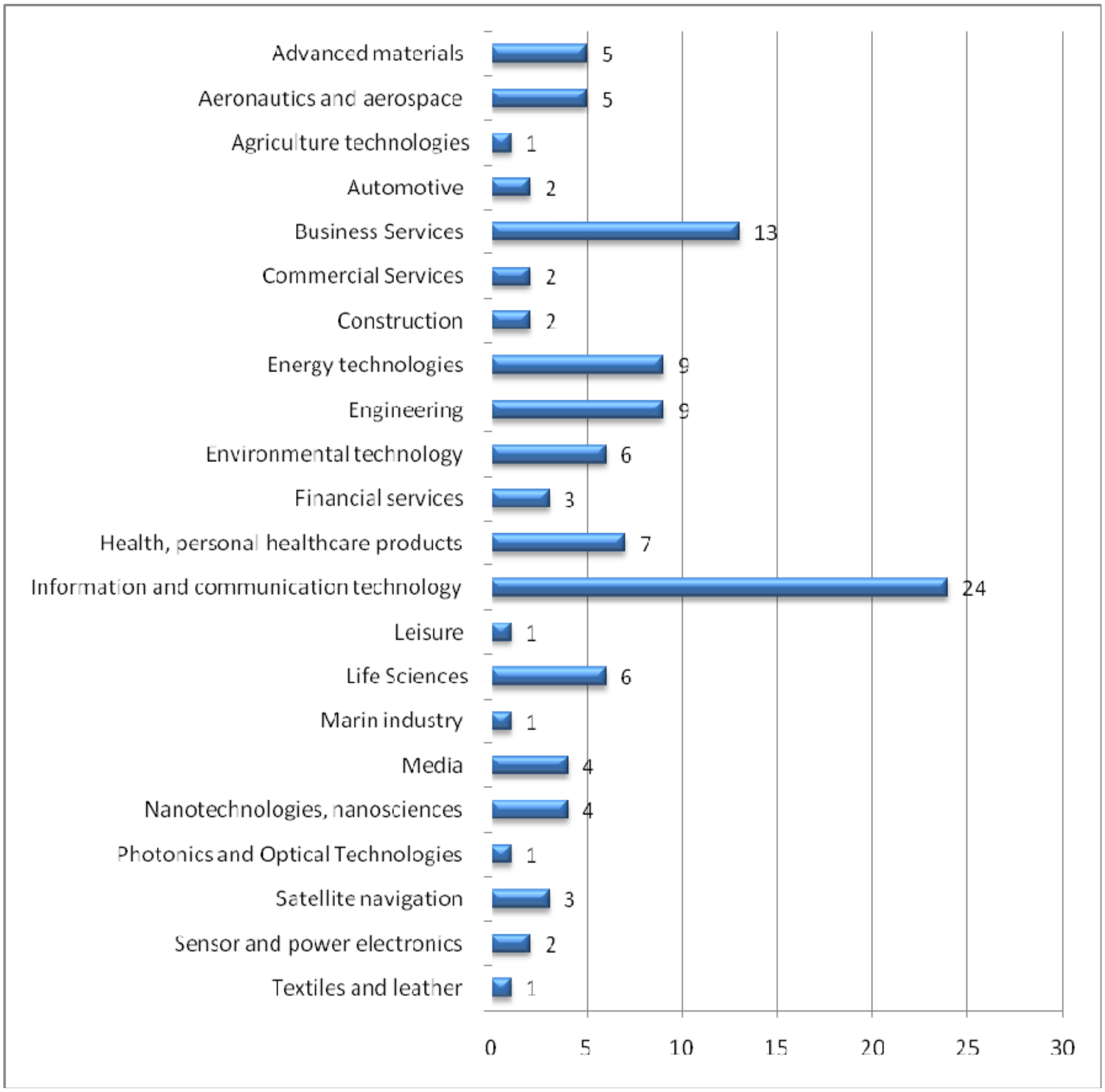


Chart 12: Sector - related incubators

## Services to existing SMEs

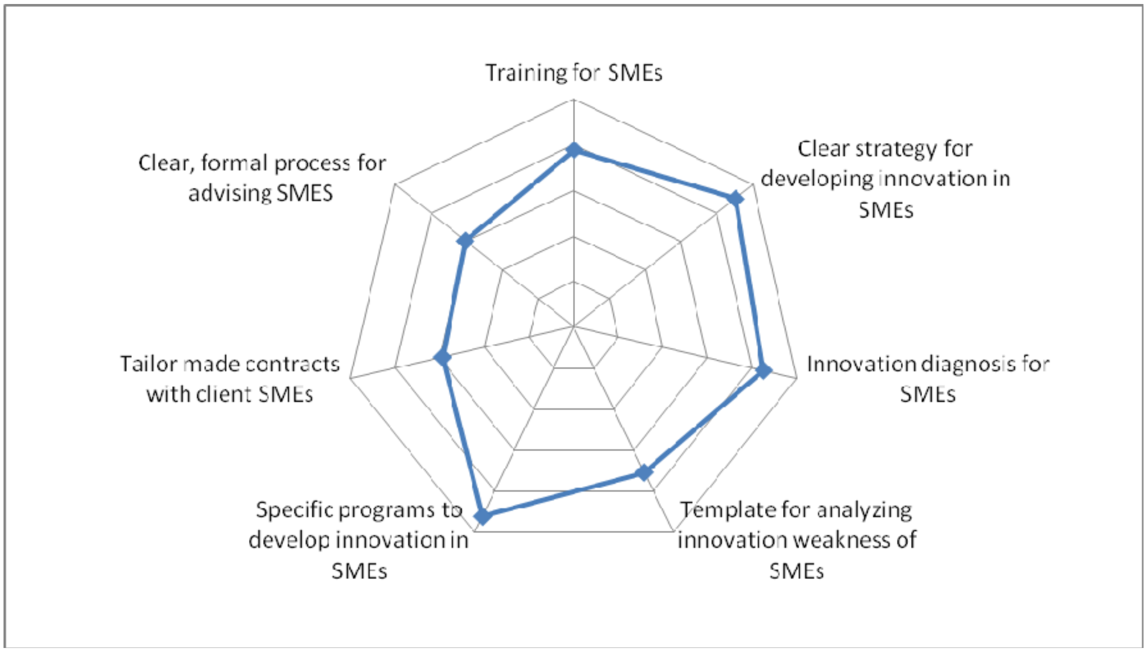


**Chart 13: Services to existing SMEs**

The analysis of services to existing SMEs in 2008 shows that BICs have improved the processes and tools used in supporting the introduction of innovation in existing companies. Specifically, if compared with the 2007 data there has been an increase in defining clearer and more formal process for SME advisory services as well as in the use of tailor-made contracts with SMEs.

Generally speaking it appears that the BIC community has a better positioning while dealing with entrepreneurs and start-ups, and that there are more margins of services' improvement while dealing with existing SMEs.

**Focusing on specific programs to develop innovation**, more than 90% of the BICs report managing their implementation. The main areas of interest are detailed in chart 14.

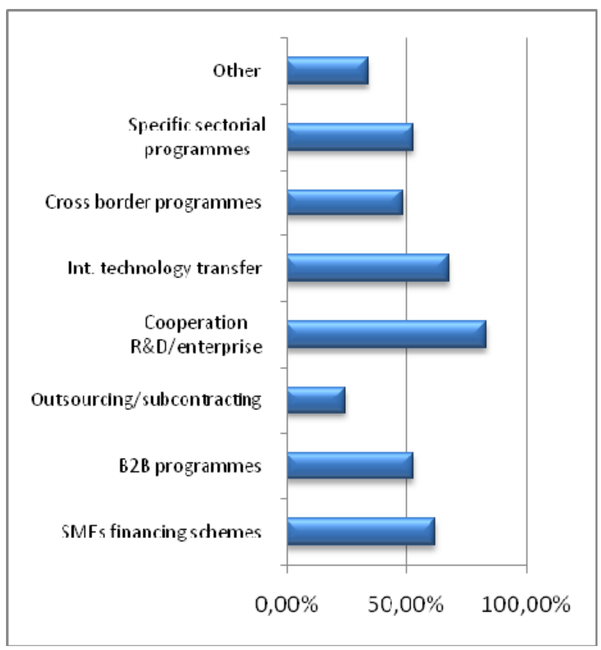


**Chart 14: Focus on Implemented programs**

### Focus on Innovation

When analyzing the breakdown of business projects during the last three years (2006 – 2008), the BIC community registers a shift towards technological innovation – oriented projects, which is in line with the previous sector analysis, and with the significant numbers of incubators devoted to hi-tech sectors. Namely technological innovation-oriented projects went up 3% in the last 2 years, while non-technological innovation oriented projects decreased 3%. The percentage of the other innovative projects remains more or less constant during the years.

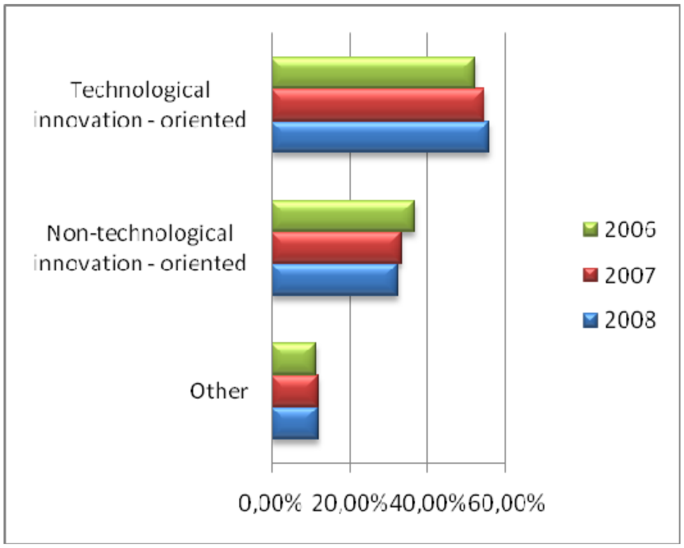


Chart 15: Innovative projects

**Focusing on the technology innovation – oriented projects**, the data report a very high amount of projects related to the ICT sector, followed by energy and environmental technologies (increasing over the years), and by life science, genomics and biotech for health.

Correlating the key sectors with the technological innovation - oriented projects, it is possible to state that there is a higher specialization of the network in Nanotechnologies, Mechatronics and in life sciences. Indeed an increase in the number of projects in these sectors has been reported in spite of the decreased number of BICs involved

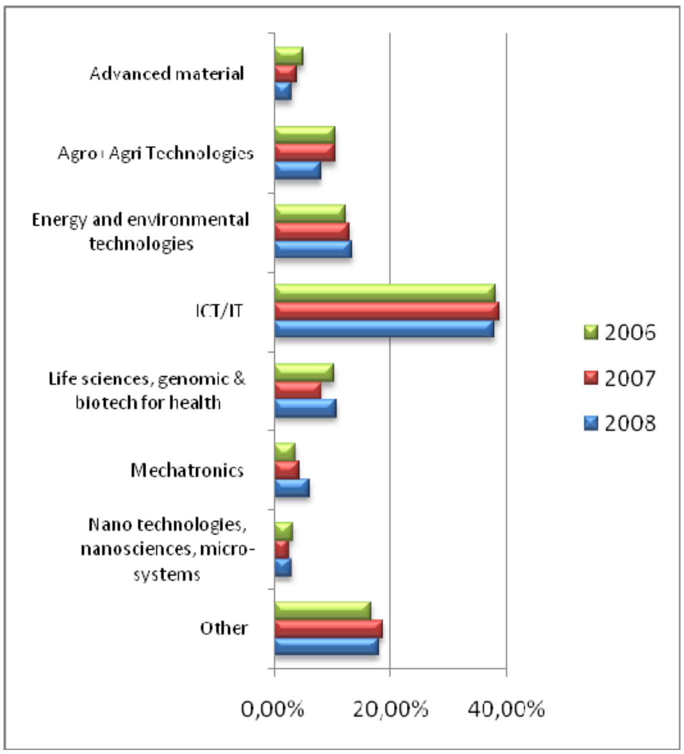


Chart 16: Focus Technological innovation - oriented projects

### internationalization

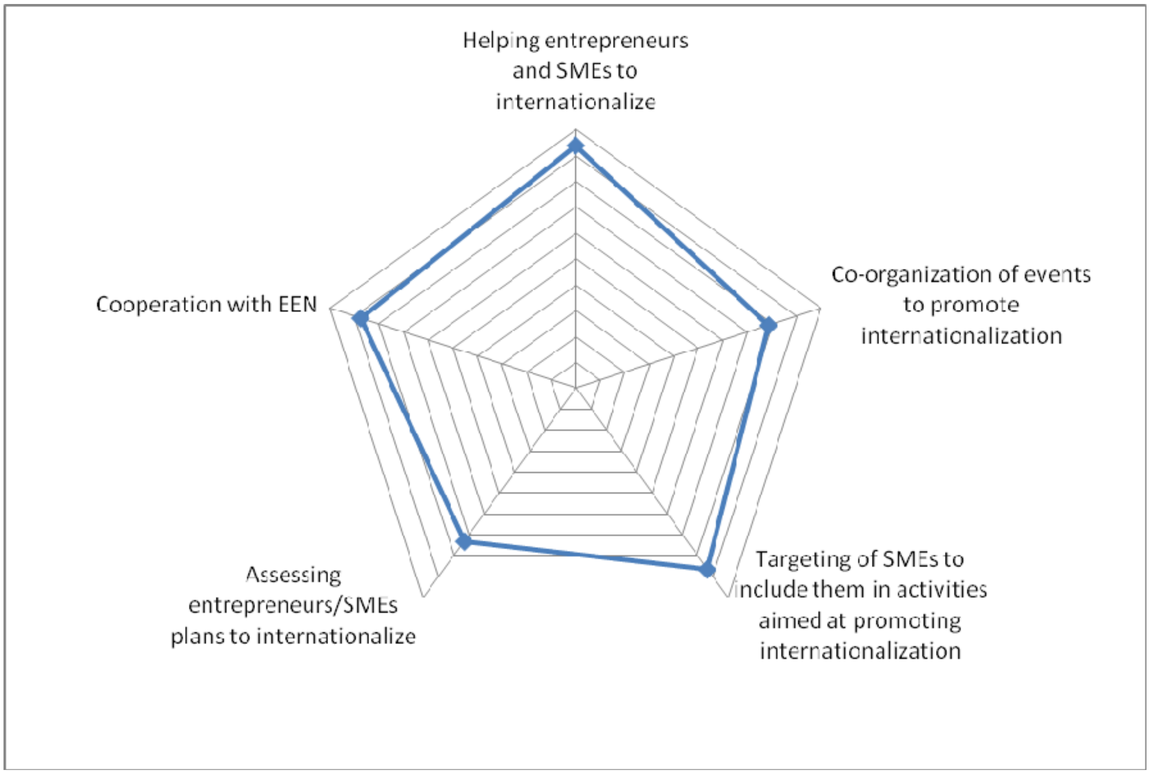


**Chart 17: Internationalization**

The analysis related to internationalization confirms the strong performances of the precedent years, underlying the specific importance given to internationalization processes by BICs.

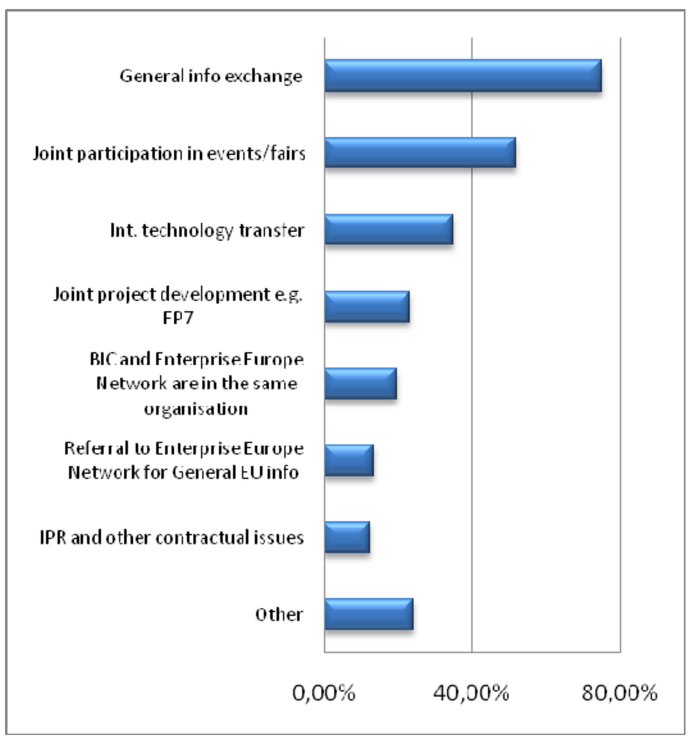


**Chart 18: Cooperation with Enterprise Europe Network**

This is confirmed by the fact that 87,5% of the BICs report having established specific forms of cooperation with the Enterprise Europe Network (EEN), mainly for general exchange of information (75%), joint participation in events/fairs (52%) and for matters related to technology transfer (35%).

EBN has joined the EEN network as an Associate Member in the beginning of the year 2009, with the objective to both optimize cooperation between EEN consortia and BICs, but also to encourage adequate positioning of both Networks on respective core-competences and distinctive and complementary core-services

## Cooperation

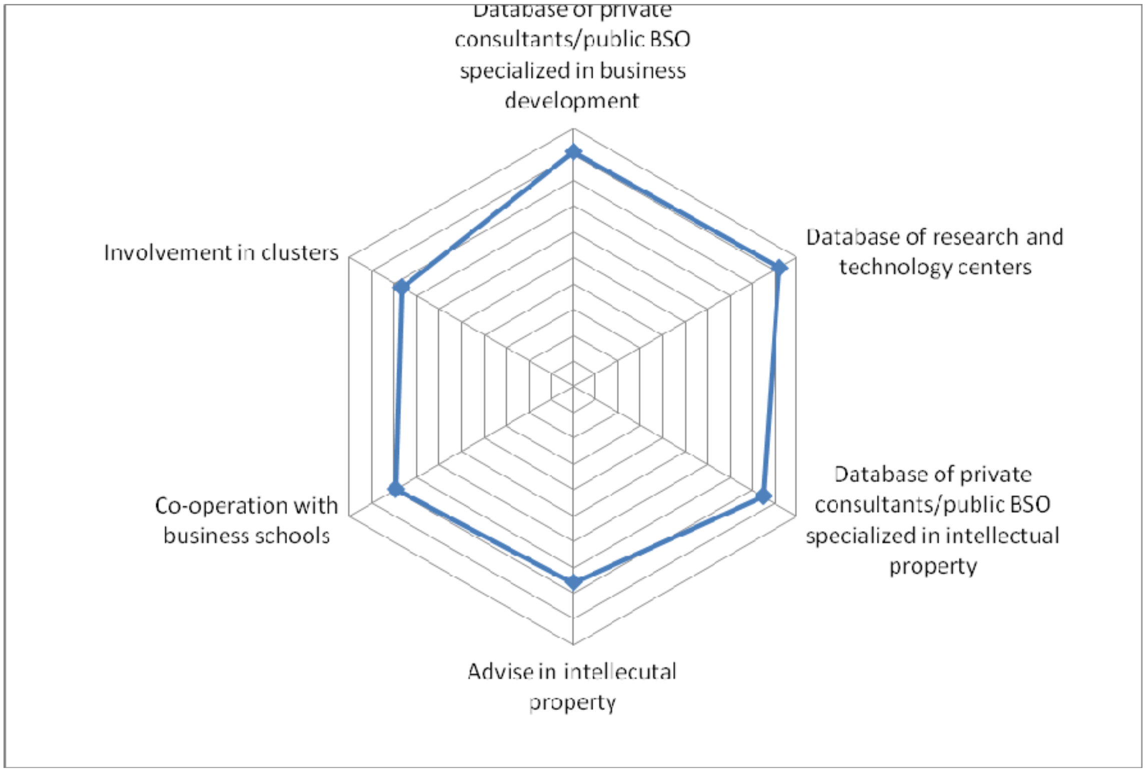


Chart 19: Cooperation

The 2008 data confirm the high quantity of cooperation agreements (with BSOs, private consultants and business schools), and of tools to implement it, that BICs are involved in. Specifically almost all the BICs have databases of private consultants and/or public BSOs related to themes such as business development and intellectual property. Over 80% of BICs are involved in cluster projects mainly related to sectoral and regional development and/or inspired by research and development. The involvement of BICs in clusters animation is very significant in countries such as France ("Poles of Competitiveness"), UK, Spain and Finland for example, where clusters policies have been at the top of Agendas.

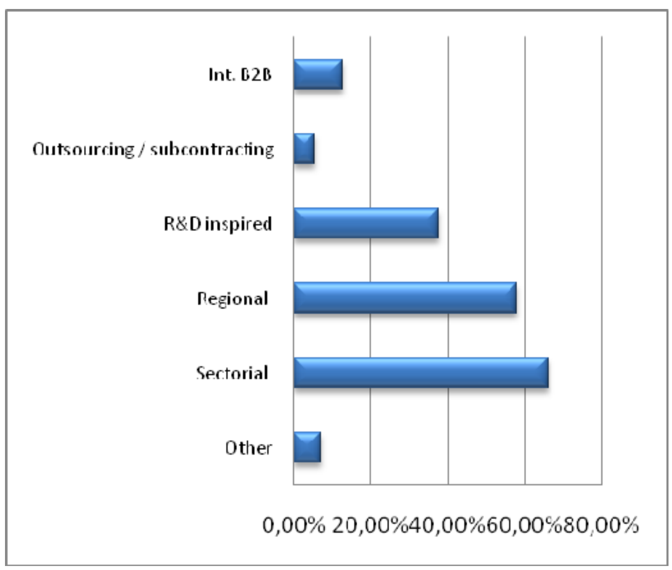


Chart 20: Focus in cluster projects

## Quality

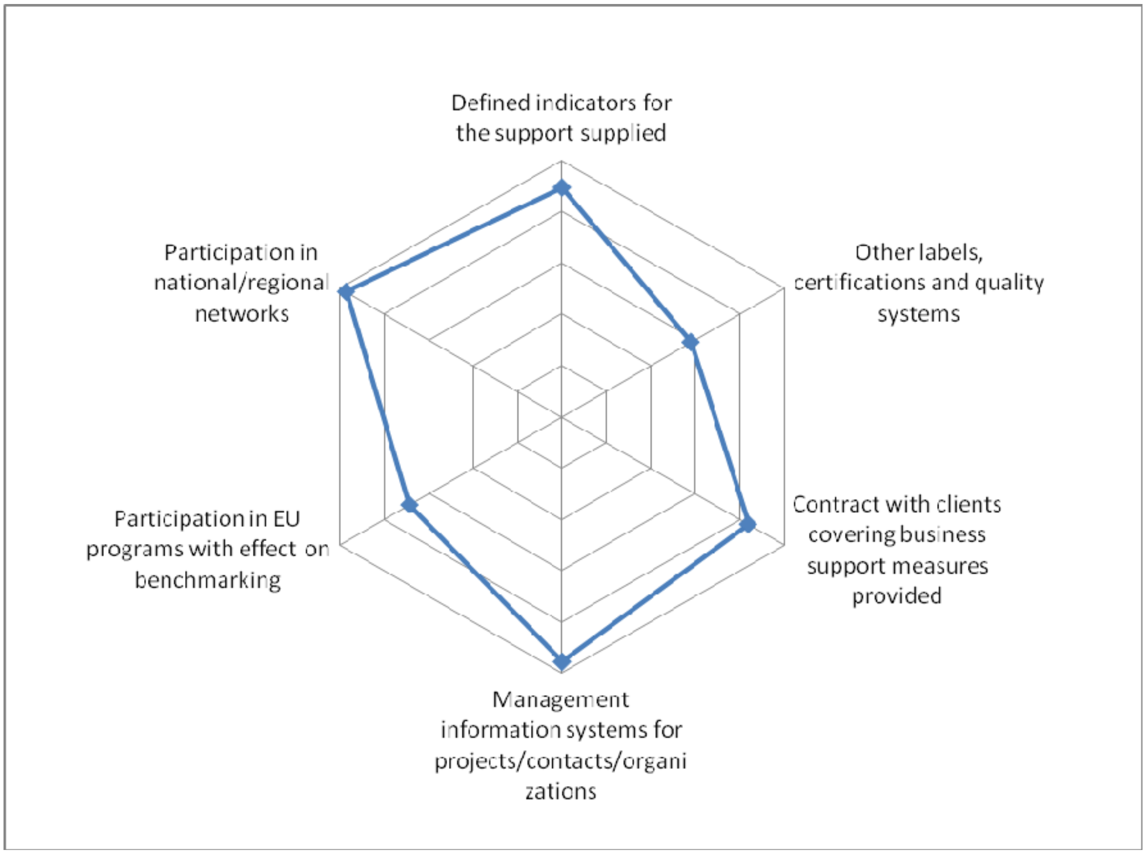


Chart 21: Quality

With regard to the quality of services provided, almost all BICs defined indicators for the support offered to clients, used a management information system for project/contact management and belonged to a national/regional network. There has been an increase in the amount of BICs which had certification other than the “EC-BIC Label” (+5%), and in the participation in EU programs related to benchmarking (+5%).

### Transferable practices and tools

Evidently, within the BIC community, there is a sound know-how and expertise which is available for transfer. Indeed 75% of the BICs report the implementation and execution of actions and programs which could be transferred elsewhere, in other territories, for other BICs. Furthermore, web-based applications have been developed by 36% of the BICs and database and software application by 40%. Although there is space for an overall improvement of the network performances in this area, the same network can count on a large already-tested variety of practices and tool.

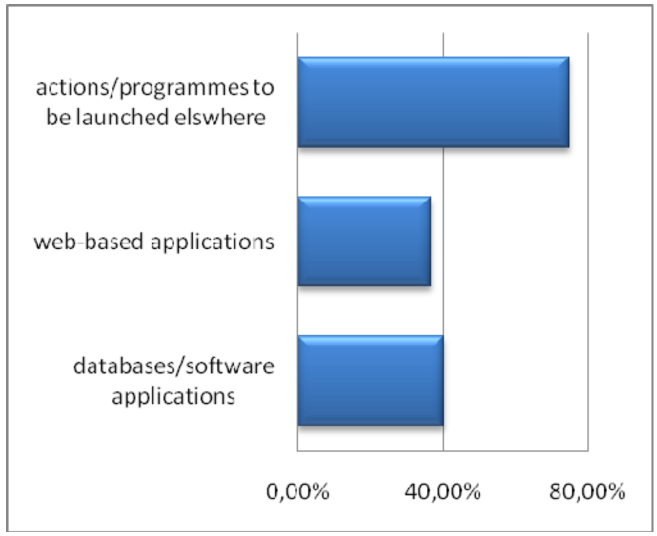


Chart 22: Development of transferable practices and tools

**Focusing on the transferable actions, programs and practices**, these relate mainly to general SME development (76%), technological innovation (61%), clusters (47%), financing (35%) and employment (21%).

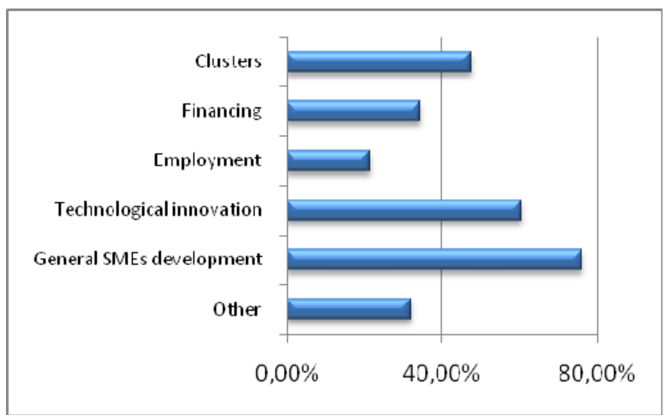


Chart 23: Focus on actions/programs/practices to be launched elsewhere

## Value for Money

| Value for Money | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| Cost per job created with support of a BIC | 5.218,00 | 7.692,00 | 8.789,00 | 10.839,59 |
| Public financial contribution per job created | 3.143,00 | 4.924,00 | 5.410,00 | 6.150,08 |
| Average number of start-ups per 100K€ of BIC income | 1,70 | 1,84 | 2,15 | 2,02 |
| Average number of jobs created per 100K€ of BIC income | 19,00 | 12,90 | 11,10 | 9,63 |
| Average number of business plans created per 100K€ of BIC income | 8,50 | 9,86 | 5,80 | 3,70 |
| Average number of companies assisted per 100K€ of BIC income | 7,00 | 9,35 | 8,00 | 10,28 |
| Average number of start-ups per FTE[1] member of BIC staff | 2,00 | 1,71 | 2,12 | 1,71 |
| Average number of jobs created per FTE member of BIC staff | 22,00 | 12,00 | 11,00 | 8,16 |
| Average number of business plans created per FTE member of BIC staff | 10,00 | 9,17 | 5,75 | 3,14 |
| Average number of companies assisted per FTE member of BIC staff | 8,30 | 8,69 | 8,00 | 8,72 |

**Table 4: Value for Money**

The 2008 data tends to confirm the analysis of the previous year which indicates an increase in the amount of resources needed by a BIC to endeavor in its mission of SME support and development. Although it must be taken into account that, as stated in the previous chapters, the BICs are more and more devoting energies to high-tech sectors (Energy and environment, advanced materials, aeronautics and aerospace, nanotechnologies etc.) which do require an increased amount of resources per project.

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[1] Full Time Equivalent

## Process indicators

### events organized to promote entrepreneurship

The average number of events held per BIC to promote entrepreneurship in 2008 was 25, bringing a variation of -30,48% from the previous year. The median figure of 13,5 shows a variation of +12,5%. This figure is more realistic since it provides less importance to outliers which tend to not be representatives of the entire sample.

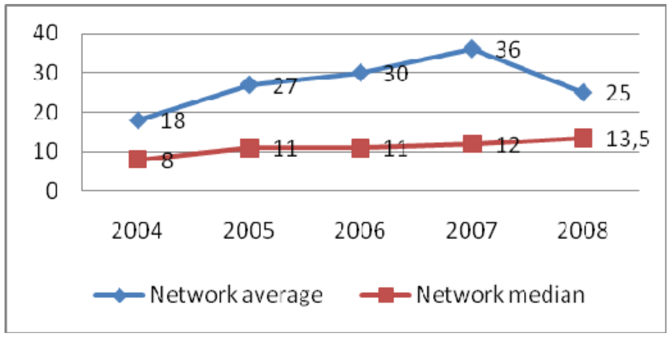


Chart 24: Number of events organised to promote entrepreneurship

The same trends are highlighted when analyzing the number of people that tended the events to promote entrepreneurship. The BIC community experiences a decrease in the average value of -7% but an increase in the median figure of 11,5%. Overall these figures tend to confirm the importance given by BICs in activities devoted to promote entrepreneurship and their success within the territories they serve.

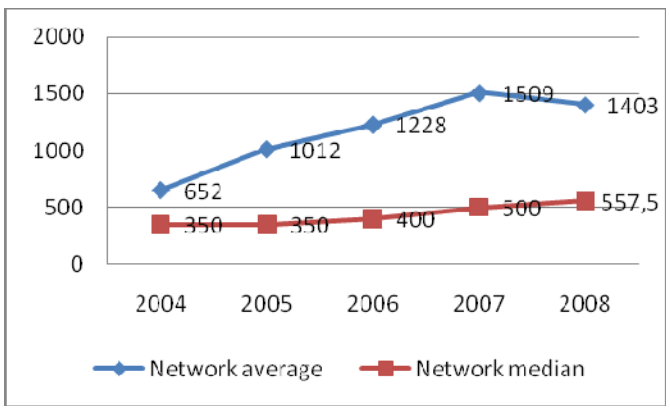


Chart 25: Number of people that attended events to promote entrepreneurship

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### Training

The average number of training events in 2008 was 39 (-3,48%), and the median of 10 shows the same figure as last year. Overall the training activities of the BICs have been maintaining the same quantitative levels.

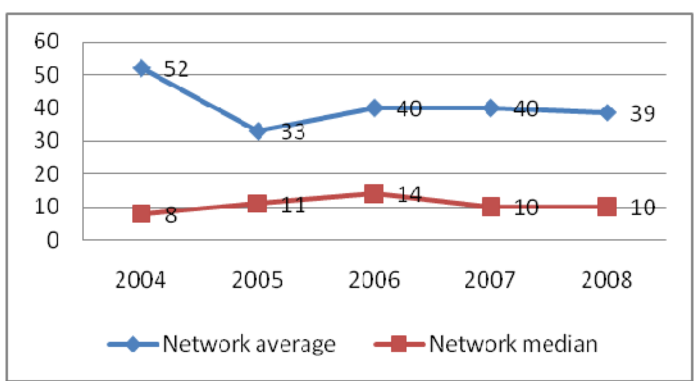


Chart 26: Number of training events in 2008 for either new entrepreneurs or existing SMEs

The average number of people attending training events in 2008 was 566, representing a variation of +10% from the precedent year. To be noticed is that this figure is approximately the same of the one reported in 2004. On the other hand the median value of 130 denotes a decrease (-13%), confirming the trend that was reported in the last year of delivering training courses to smaller groups in order to provide higher levels of individual support during the training sessions.

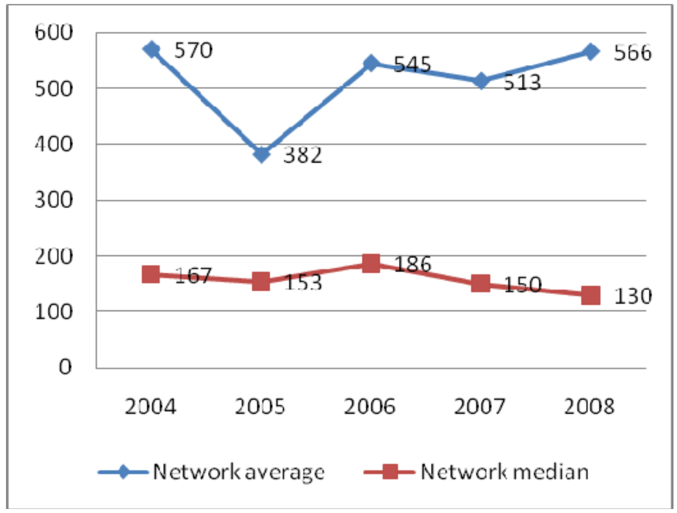


**Chart 27: Number of people who attended training events**

## Performance indicators

### Tenants in incubators

The average number of tenant companies in the incubators operated by BICs in the year 2008 has been 30 (-2,4%), while the median value remains constant to 23. The average employment within incubatees has dropped down to 155 (-9,%) confirming an yearly negative trend. In 2008 a decrease in the median value has to be noticed as well, down to 92 (-5%). The negative trends can be explained if considering the ratio between total employment by tenants and number of tenant companies in the incubator, which shows how in 2008 BICs concentrated their efforts on smaller scale enterprises, notwithstanding the difficulties related to the shrinking demand related to the global crisis which is affecting BIC client companies and entrepreneurs.

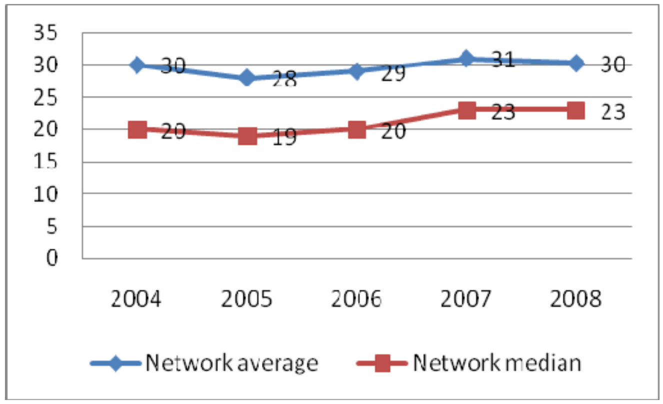


Chart 28: Number of tenant company

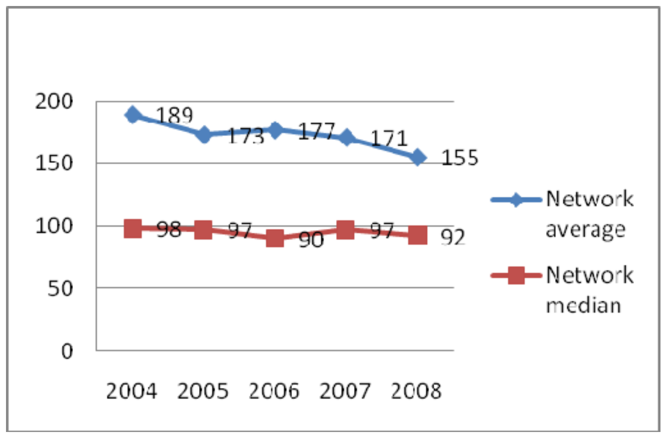


Chart 29: Total employment by tenants

### Enterprise creation

In 2008 there has been a variation in the average number of business plans produced of -49% and of the average number of enterprise creation project of -52%. The fact that the median values are more or less constant during the 5-year trend in both indicators indicates anyway a steady and constant presence of tradition and experience in the production of business plans and enterprise creation projects.

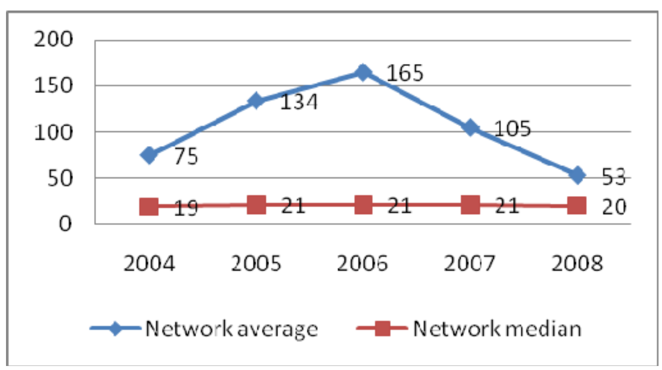


Chart 30: Number of business plans produced

The average number of start-ups for the network in 2008 was 29, representing a decrease of 25% from the year before. Also the median value has decreased from 13 to 11 (-15%). Anyway a positive trend is to be looked upon if considering the last 5 years. The enterprise survival rate, the rate of enterprises created with the support of BICs that survive for more than 3 years, remains constant to 90%. This figure, as stated in last year's report is highly significant when benchmarked against the 85% survival rate indicated by DG Enterprise of the European Commission in its 2002 study "Benchmarking of business incubators" and other more recent surveys. This figure, demonstrates, that although the increasing figures related to the "value for Money" table in terms of cost per Job created and of public financial contribution per job created, the Jobs created by the enterprises supported by BICs, tend to be permanent Jobs, linked to the endogenous resources of which a single territory is endowed.

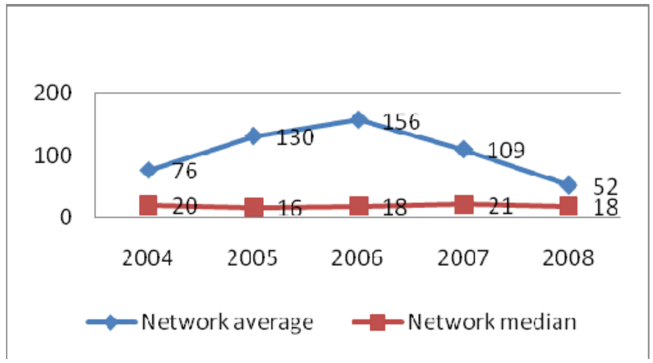


**Chart 32: Number of enterprise creation projects**

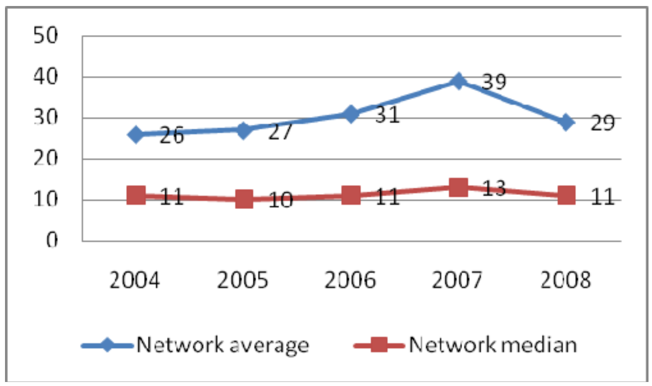


**Chart 31: Number of start-ups**

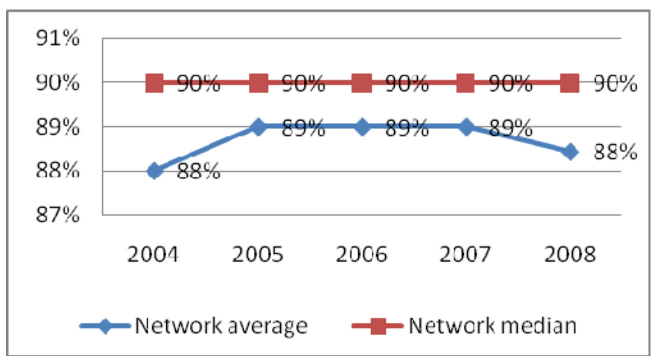


**Chart 33: Enterprise survival rate**

### SME support

The average number of SMEs supported in 2008 is 95 (+4%). This increase is confirmed also when analyzing the median values (49 for 2008, +3%). This is a clear indicator of how the BICs are being perceived more and more by the local business communities as quality service providers.

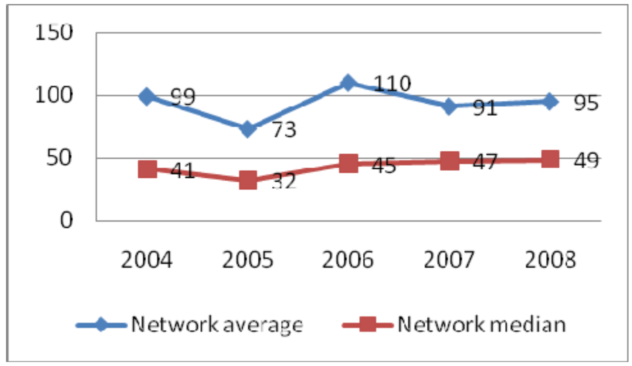


Chart 34: SMEs supported

Regarding the number of jobs created the networks registers a variation of -18% (from 62 to 50) in the average values and a decrease of -31% in the median values (from 29 to 20). While the rough estimation of job maintained is decreased in its average value from 256 to 244 (-4,81%) but increased in its median values from 63 to 80 (+27%), although this indicator may not be fully indicative of the reality it wants to represents. The difficulties which the SMEs are facing during these years of global crisis can surely explain the increased level of demand of SME support services, as well as the fall of the employment rates.

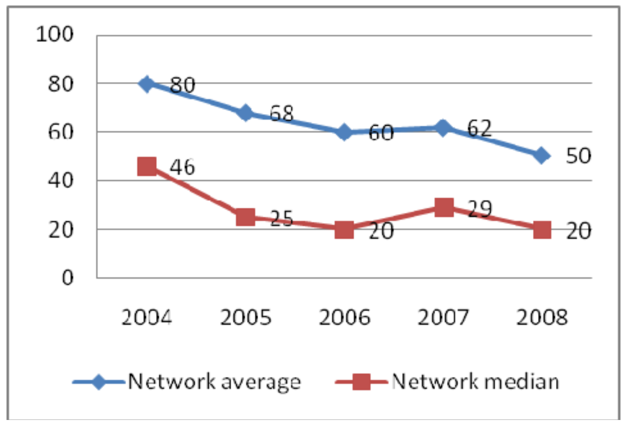


Chart 35: Number of jobs created in SMEs (client companies of BICs)

## Conclusion

“Localization”, “customization” and “specialization” are the responses of BICs to the global crisis. This is the main conclusion to be drawn from the analysis of the 2008 data. As governments around the world are trying to enact measures to contrast the negative effects of an economic downturn that has started more than 12 months ago, and that has no short-term foreseeable resolution, BICs, and their stakeholders are concentrating more and more on the use of their territorial competitive advantages in terms of endogenous resources and, simultaneously, are tackling highly innovative, added-value services, and technological sectors which our bound to generate high added value patterns of sustainable development. Furthermore “cooperation” is the key methodology adopted. The BIC mission, which remains and needs to remain the creation of innovative enterprises and the introduction of innovation within the existing SMEs, can better be reached if appropriate and effective agreements are carried out with other local stakeholders and with other specific and specialized service-oriented organizations which can increase the delivery of a more holistic, collaborative and efficient, support to the end-users, the innovation-based entrepreneurs of tomorrow’s Europe.

The 2008 data well corroborates the aforementioned statements. Indeed BICs, strategically designed to operate at the regional level (NUTS 2), are increasingly operating at local levels (NUTS 3 and 4) within the framework of a real place-based approach, and indeed, the sector analysis shows an increase in the involvement within innovative sectors, accompanied by the declination of support schemes and measures towards innovative projects, often high-tech oriented. The tendency to cooperate is genetically embedded in BICs chromosomes, and this can be stated when assessing the strategic alliances of the BICs, when assessing the level of cooperation, for example, with the newly created Enterprise Europe Network, and other non-governmental networks, and last but not least, when considering the need for networking constantly expressed to EBN by its members, which evidence can be perceived by the level of participation to the thematic networks operated within the network (Maritime BICs, Cleantech BICs, “Space and Sat” incubation, Food-BICs, and more to come!).

Therefore, with its 25-years experience, the BIC model is increasingly adequate and flexible enough to adapt itself to the changing surroundings and is capable of remaining up-front on the spear of innovation. It is not by mere coincidence if large companies are showing more and more interest for the BIC model and are getting in touch with the network as a viable source of innovation detection.

EBN’s quality system, which was created 5 years ago to manage the EC-BIC logo for the European Commission has assured a high level of quality that, for sure not alone, contributes to the achievement of the results of the network in terms of promotion and networking. EBN’ objective is to keep those levels high.

Finally, we would like to express our gratitude to all the BICs who have actively participated in the annual survey and collection of data through the on-line questionnaire. We sincerely hope that you will make full use of this publication, both for benchmarking and promotional purposes.