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InnoTools



**INNOTOOLS: INNOPARTNER**

Deliverable 4.3. InnoPartner

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**TABLE OF CONTENTS**

INTRODUCTION .....	5
I BACKGROUND .....	6
II. GENERAL TERMS – DEFINITION AND SCOPE .....	8
III. INNOPARTNER .....	9
3.1. Description .....	9
3.2. Methodology .....	10
3.2.1 Types of Potential SMEs InnoPartners.....	11
3.2.2. Identification of Knowledge and Technology Sources .....	12
3.2.3.Collaboration Tools .....	13
3.3. Innopartner Application for SMEs.....	14
IV. CONCUSSION AND POTENTIAL CHALLENGES.....	15
REFERENCES AND BIBLIOGRAPHY .....	16
Appendix 1. Guideline for Application of Innopartner in SMEs.....	18
Appendix 2.Powerpoint Presentation for the Tool .....	18
Appendix 3. Memorandum for Cooperation Template.....	19

## INTRODUCTION

The development of this document is the result of the implementation of the contract BMP1/1.2/2370/2017, for the project “Innovations Platform and Tools for increasing the innovation capacity of SMEs in the Balkan – Innoplatform”, financed by the EU transnational cooperation programme “Balkan - Mediterranean” 2014-2020. The project "Innoplatform" is implemented under Priority Axis 1 - "Entrepreneurship and Innovation", SO2: Innovative territories and Investment priority 3d – supporting the capacity of SMEs to grow in regional, national, and international markets, and to engage in innovation processes.

### OVERALL OBJECTIVE OF THE PROJECT

Developed by 6 PPs covering all 5 countries of the Balkan MED area, the main project objective is to facilitate innovation and support the commercialisation of innovation in SMEs with a focus on growth and internationalization.

### MAIN ACTIVITIES TO ACHIEVE THE DEFINED MAIN OBJECTIVE:

1. assessing the current national and regional environment and its challenges when it comes to innovation, growth and internationalization of businesses;
2. advancing existing knowledge and developing common understanding on business model innovation with a focus on internationalization;
3. developing a set of specific tools to support the capacity of SMEs to introduce product and process innovations;
4. establishing a network of Centres of Excellence in Innovation as the knowledge and expertise holders providing advice and guidance to SMEs, consultants and public actors across the region; and
5. raising awareness and disseminating expertise through info days, trainings and conferences.

### EXPECTED RESULTS OF THE PROJECT:

1. National and regional assessments on the current environment for innovation, growth and internalization; and
2. Two specific web based services (1) InnoScorecard for assessing and ranking the nations/regions; and (2) InnoRegion, a collaborative and informative web based service focused on the dominant industry in the region of each partner.
3. Common knowledge and understanding on business model innovations for internationalization in a form of a Study and Guidelines developed through field research
4. Set of innovations tools based on web 2.0 (InnoTools) to strengthen SMEs capacity to systematically and successfully introduce product and process innovations
5. Establishment of 6 Centres of Excellence to provide outside expertise and support SMEs in introducing innovations and facilitating their cooperation with the research institutions.

## I BACKGROUND

The importance of innovation for economic development and growth is explicitly stressed in the European Union's economic policy and is confirmed in the assumptions of the most recent strategy for Europe. According to the Europe 2020 strategy the major driving forces, leveraging countries' development and competitiveness will be: research, innovations and education. "Innovation Union" flagship describes innovation in various aspects including new or upgraded products, processes, services, new business models, and new forms of organization and collaborations. Innovation is defined as an advantageous eco-system for new ideas' generation and implementation. The focus is placed on innovation in SMEs, identified as the backbone of the EU economy. According to Eurostat data, the number of SMEs in all EU countries exceeds 99% of total companies' number. They employ an increasing number of people which makes SMEs the prevailing part of the economy and its driving force. Therefore European Commission policy in relation to SMEs is mainly focused on the promotion of entrepreneurship and skills; fostering the innovation and growing potential; the improvement of their access to markets and strengthening dialogue and consultation with SME stakeholders. Most SMEs, especially micro- and small ones, are independent and do not belong to any enterprise group, but medium-sized enterprises are often part of a group. This is most widely spread in manufacturing and to a lesser degree in innovative and knowledge-intensive business services, where SMEs traditionally play an important role.

The growth and innovation generating potential of SMEs has been the subject of many studies during the last decades. SMEs are also important in terms of employment and gross value added, especially in smaller countries such as the Balkan-Mediterranean programme countries. In all countries SMEs are open to internal and international trade. According to SME's Performance Review (EC DG E&I), the Balkan MED region lags behind the EU average when it comes to innovations in SMEs. At the same time according to the Global Competitiveness Index, the region as a combination of efficiency driven (Macedonia, Albania, Bulgaria) and innovation led economies (Greece and Cyprus) lags behind the averages in both groups. Balkan MED is also regionally uneven and may benefit from a stronger transnational cooperation, especially in research and innovation.

There are a number of obstacles SMEs encounter when trying to apply innovations in their products, services and management:

- Deficiency of a strategic plan, particularly in innovation planning and development
- Inappropriate management, which does not tolerate risk taking, failure or anything "out of variance"
- Lack of resources or time for innovation planning, management and execution
- No processes, models or approaches available for moving ideas into execution
- Deficiency of education/training on creative problem solving, idea management and innovation management concepts

These weaknesses could be alleviated by business plans and innovation support management, whether done by independent experts, by special innovation centers or by online web-based tools. These innovations tools, services and guidelines will be useful in strengthening the capacity of SMEs to introduce process and product innovations. The advantages of this approach are the following:

- The web-based services will be available 24x7 regardless of location, while the established Centre of Excellence could assist SMEs from a limited area;
- The web-based services will grant the SMEs a number of scenarios they could follow or adjust to their specific needs;
- The web-based services could be applied as a complement to the local Centre of Excellence. The SME could try various scenarios in their business model creation and innovation support using the web-based tools and then they can contact the CoE experts to adjust the details, to obtain assistance in product prototyping or to discuss the process or product innovation.

The major purpose of each enterprise is to become a successful organization which achieves its goals efficiently. With purpose to do so, SMEs often establish a set of principles the management department follows. As it is known, the innovation development and management is not a single step, but a continuous process, which requires dedicated efforts for innovation culture, mindset and discipline within and across the company. Based on this assumption, SMEs could use the web-based services with purpose to examine new models, products or services and evaluate their plans against different scenarios.

## II. GENERAL TERMS – DEFINITION AND SCOPE

There are several general terms used in all InnoTools Guidelines. These are:

**SMEs (Small and Medium Enterprises)** are defined as "enterprises, or enterprises that employ a maximum of 250 employees with an annual turnover/annual balance sheet that does not exceed 50 million euro." (European Commission, 2005). In the process, we make clear distinction of:

- Micro enterprises - consist of 10 or fewer employees and have annual turnover/annual balance sheet that does not exceed 2 million euro;
- Small enterprises - have 50 or fewer employees and an annual turnover/annual balance sheet of maximum 10 million euro; and
- Medium enterprises - have 250 or fewer employees with annual turnover/annual balance sheet that is no more than 50 million euro.

In InnoPlatform, the focus is placed on the number of employees.

EU uses the definitions of **innovations** coming from the OECD Manual (OECD, 2005), which recognizes four distinctive types of innovations:

- “A **product innovation** is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics.” (p. 48).
- “A **process innovation** is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.” (p. 49)
- “A **marketing innovation** is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.” (p. 49)
- “An **organizational innovation** is the implementation of a new organizational method in the enterprise’s business practices, workplace organization or external relations.” (p. 51).

**Business Model Innovations** have not yet been sufficiently operationalized neither as a separate type of innovation, nor as a combination of other innovation types. InnoPlatform perceives BMIs as changes of all three components of the business models: 1) value creation, 2) business systems, and 3) revenue generation. In operational terms, innovation activities which result in all four types of innovations are recognised as business model innovations.



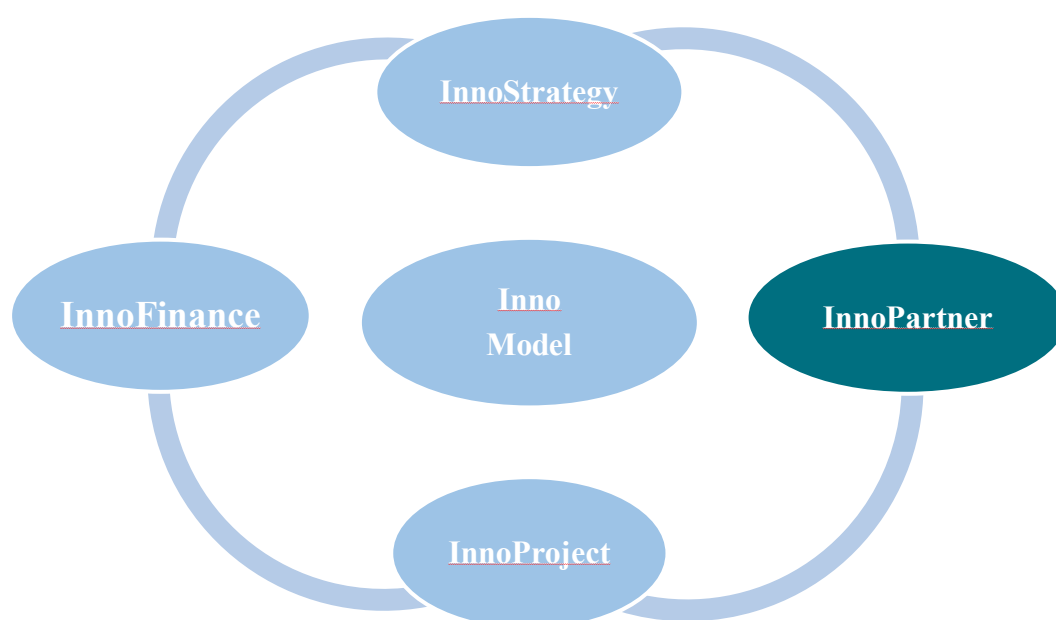
### III. INNOPARTNER

#### 3.1. Description

InnoPartner is one of the tools from the 5 InnoTools:

1. **InnoModel** is knowledge derived from the Business Canvas model. The main aim of the InnoModel is to provide a snapshot of the current business model of SMEs and start-ups as a reflection of their strategic approach, i.e. business strategy.
2. **InnoStrategy**, is a know-how on how to methodologically connect the critical elements of SMEs development strategy, the technological plan, and the plan for positioning of new product/service at markets. The main aim of InnoStrategy is to provide a systematic approach towards the development of innovations, creating a good base for every individual innovation project the SME plans to undertake in the near future.
3. **InnoPartner**, is a know-how on how to identify, approach and solicitate Partners for Innovation activities deriving from SME’s technological strategy and identified needs in the process of developing and launching new products and services. The main aim of the InnoPartner is to provide a systematic approach in the acquisition of new technology and knowledge required for the innovation projects of SMEs.
4. **InnoFinance**, is a know-how on how to approach the financial evaluation and assessment of the company given its business model, and to assess and evaluate its potential innovation projects. The main aim of InnoFinance is to provide a systematic approach in deciding which projects should be pursued given a company’s development goals.
5. **InnoProject**, is a know-how on how to successfully introduce new products/services at the market. The focus of InnoProject is on a single new product/service; therefore, the tool reflects the knowledge from the new product development processes adjusted to the context of SMEs.

*Figure 1. InnoTools*



*Source: Project InnoPlatform, (2018)*

The concept of Innovation, in general, refers to the successful application of an intellectual idea. This can take various forms with the most common being Product/Process Innovation, Marketing Innovation, Organizational Innovation and Management Innovation (Oslo Manual, 2005).

According to the InnoPlatform project, InnoPartner is a know-how for SMEs on how to identify, approach and solicitate Partners for their Innovation activities deriving from the SME's technological strategy and needs in the process of developing and launching new products and services. The main aim of the InnoPartner is to provide a systematic approach to the acquisition of new technology and knowledge required for the innovation projects of SMEs.

As such, InnoPartner derives from the Input elements of the Business Canvas Model, i.e. the available resources, accompanied by the technological strategy of the enterprise covering the required new technology and knowledge for its future development. The tool will be designed to cover the SMEs' need both for external knowledge on innovation and for technology know-how. Both of the aforementioned needs are covered by the InnoPartner tool methodological procedure, with the user having the option of defining his preference during operation. The user will operate the tool according to the stepped approach described in Section IV, based on the enterprise's input and choices, and by utilizing information collected during the previous stages of the projects (stakeholders recording, regional legal and political framework on innovation, public and private authorities etc.).

### **3.2. Methodology**

The common methodological approach behind InnoPartner is based on the Open Innovation model (Chesbrough, 2003), (Chesbrough and Bogers, 2014), (Dahlander and Gann, 2010). In this model, companies are opening up their innovations processes to allow knowledge exchange and collaboration with external actors (Braun, 2012), (Gassmann et al., 2010), (Sloane, 2011) both to gain from external expertise and to reduce costs of producing innovation on their own. This is crucial in the regional context of InnoPlatform, which is dominated by SMEs and especially by micro-sized enterprises with often limited capacity for R&D.

Open Innovation procedures follow a set of principles that are quite compatible with the InnoPlatform philosophy and are summarized as follows (I3E, 2012):

- Human capacity can be found both inside and outside each enterprise.
- Quality of the business model matters more than early market entry.
- Optimal utilization of ideas is preferable to the sheer volume of underdeveloped ones.
- IPs should not be viewed as permanent assets but as an element of the contemporary business plan.

Based on the Open Innovation concept, the situational analysis is possible, according to Guertler and Lindemann (2013). According to this, the respectively identified industry demands are the basis for all planning done at the enterprise level and thus influence heavily the decisions taken at the innovation seeking stage. The basic model includes five operational stages:

- SOI 1: Analysis of OI-situation and OI-objectives I
- SOI 2: Selection of OI-actors
- SOI 3: Selection and adaption of OI-methods
- SOI 4: Planning of OI-project management
- SOI 5: Detailed planning of OI-project

For the purposes of InnoPartner tool, the initial situation analysis and objectives (SO1), is considered a given, using input from the Innomodel tool and its Business Canvas Model. That said, the emphasis is placed on utilizing the InnoPartner tool not only for the identification of potential partners, but also to use it to accurately assess their potential contribution. Established approaches on this partner search include, according to Guertler (2015), the Lead User Approach, focusing on the specific needs, skills and expertise, and the Stakeholder Analysis, that focuses on identifying all interested parties to a project or theme. In order to maximize InnoPartner's effectiveness, efforts will be taken to combine the two during operationalization of the tool.

### ***3.2.1 Types of Potential SMEs InnoPartners***

The concept of Innovation cooperation has attracted a lot of attention as a research field over the years, even more so due to the rapid changes in the understanding of innovation in more recent times. As business ecosystems and their modus operandi develop constantly, it is becoming clear that an external refocusing of innovative activities is taking place and SMEs are the type of enterprise better suited to benefit from this trend. In any case, the literature on the subject generally agrees on the categorization of innovation sources into three streams, these being:

- internally generated sources, focusing on the firm's ability to develop new internal activities that will improve its capacity to innovate and absorb knowledge. The usual cases of internal innovation sources are R&D activity, staff training, acquisition of new equipment, and commercialization improvements, all of which facilitate innovation by the enterprises;
- external knowledge sources, that will be the focus of the current analysis;
- complementarity of internal and external knowledge sources, with the external elements supporting internal innovative procedure.

For the purposes of the current research, the emphasis is placed on external knowledge sources and the enterprises' need for external partnership. As newer concepts of Innovation are open focused regarding the enterprise's interaction with potential partners, InnoPartner can provide a valuable tool towards that direction.

External sources of innovation that can contribute to innovation activities are quite varied and include clients, suppliers, competitors, research and academic institutions, public sector and other open exchange fora. These are, according to literature, classified to general categories presented in the following table.

**Table 1. External Innovation Sources**

<b>Market Sources</b>	<b>Institutional sources</b>	<b>Other Open Sources</b>
<ul style="list-style-type: none"> <li>• Clients or consumers</li> <li>• Suppliers</li> <li>• Service firms</li> <li>• Competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Universities and Other Higher Education</li> <li>• Research Bodies</li> <li>• Government</li> <li>• Regional Authorities</li> <li>• Experts</li> </ul>	<ul style="list-style-type: none"> <li>• Business Associations</li> <li>• Professional conferences and trade fairs</li> </ul>

Clients and suppliers are primary sources of innovation for enterprises that focus on market and technology- directed management. Other Competitors can also contribute to innovation by offering complimentary resources at the level of R&D and technology (Miotti & Sachwald, 2003). Universities and/or public research bodies capture knowledge from transfer technologies related to research activities, that can distribute directly in a cooperative mode (a route that the InnoPartner is developed to support) or via publications and conferences. As external sources of innovation, public sector agencies usually tend to act as strategic partners and intermediates, to assist collaboration between other various partners. Finally, other open sources of innovation, such as websites, trade fairs, and business associations, can be used to identify problems or find common areas of interest in order to incite the sharing of ideas and information (Becheikh et al., 2006).

In overall, moving into collaborations allows individual firms to advance their scientific discoveries when there is a lack of specific resources or expertise. This is the usual case for SMEs and especially in business ecosystems dominated by micro and small-scale businesses. External sources facilitate the capacity for new knowledge or the acquisition of new technology by enterprises, but can also provide information for a re-evaluation of the enterprise's portfolio. This is the framework within which InnoTools are called to operate and provide services.

**3.2.2. Identification of Knowledge and Technology Sources**

The current mixture of multidisciplinary approaches, high levels of specialization and the limitation of available resources create a rather difficult environment for isolated innovation efforts (Pavitt 1998; Johnson, Loren, and Lundvall 2002). However, such types of self-sufficient innovation activities are possible in large firms, where information and knowledge are mainly transferred through the interaction of departments (usually R&D, production, marketing, and organization departments and others), contributing towards a strong internal innovation potential (Capello 1999). On the contrary, in SMEs the contemporary environment leads to increasing needs for external knowledge and technology sources via the formation of partnerships with public, semi-public, and private institutions. Further spatial division of external innovation includes the local, regional, national, and international sources, taking into account the location of origin. Accordingly, these external actors can be located in close

geographic proximity (locally-regionally), within in the country (nationally), or elsewhere (internationally).

Furthermore, as discussed in the previous sector, it is widely recognized that the innovative process often involves interaction between the manufacturer and end users on issues such as technical knowledge and market requirements. Similar interactions can originate from suppliers, providing feedback on the organization of production, logistics and other functions. Finally, inter-firm cooperation extends far beyond the relationships that develop between supply chain partners and even competitors.

### ***3.2.3. Collaboration Tools***

It is beyond any doubt that contemporary economy is more globalized than ever before, as product supply chains and service provision more often than not extend beyond national borders and specialized knowledge, and research institutions are scattered in numerous locations. As literature reviews show, the critical factors for the achievement of a successful innovation process are the commitment to research and development activities, the use of external knowledge, the partnership with major research institutes, the supply of skilled scientists, and the access to venture capital and government support. Although each aspect is individually significant, their combined utilization creates a complex system that can be hardly controlled without having planned strategies.

The decision of how to exploit different sources of information for creating innovation resources is not a static decision. In order to create or maintain their advantage and promote enterprise innovation, enterprises need to revise their plans often and review their innovation collaborations accordingly, to adapt to changing circumstances. That said, while collaborations on the common promotion of innovation are usually the most cost-effective way to operate on the issue of developing innovation, often an enterprise will seek already developed knowledge to apply or technology to acquire.

In the case of developed technology, this will most often than not mean that the enterprise will have to deal with IP protection issues and thus legally acquire patents or the right to use them. The procedure for this procedure can differ from country to country, but in general, it will require the consent of the party that has claimed the IP rights and/or created a patent for the product or intellectual product. Patents give their owner the sole right to manufacture or license a particular invention and can cover anything from new machinery and parts to a unique business process and are a business asset. It is thus required that enterprises are able to track registered suitable patents according to owner, strategy, product and/or technology, and prioritize those patents after technical analysis, legal evaluation and appraisal.

After entering procedures to acquire the said patents and successfully completing them, the buyer will have to register with the relevant national and international authority and thus become officially its legal owner. Alternatively, the patents can be licensed for use, in an agreement where the two (or more) parties agree in private. It is rather obvious that the second option (licensing) can be faster and more economical in terms of SMEs and will be preferable in most cases.

### **3.3. Innopartner Application for SMEs**

The identification process of potential partners through the InnoPartner tool can be described in a number of steps that are either common or purpose directed depending on the desired result (knowledge and technology know-how). The procedure and the various steps are described below.

The first (preparing) step of InnoPartner operation (Step 0) will include the analysis of the current and the intended state of the user and its project, its profile and the internal and external environment. (Result 0). In addition, the tool will provide an initial mapping of existing stakeholders based on the project's thematic area and/or NACE category. From that point on (Step 1), the users will have to provide parameters set before them in closed-ended question with predefined answers to refine potential partners.

More specifically these will be:

Question 1.1 - Definition of external need. Does the user need knowledge or technology know-how (Result 1.1)

Based on Result 1, the tool will use the appropriate databases or other meta search sources for the requested type of support. The search sources will vary depending on the need for knowledge or technology element. In the case of knowledge needs emphasis will be given to academic and research institutions, active in the appropriate disciplines, based on academic and research depositories and networks. In the case of technology support requirement, the research will focus on major WIPO and EU endorsed patent-holders databases as available during the design of the tool. Examples of the linked result sources will include IP Databases such as PATENTSCOPE, Global Brand Database, Madrid Monitor, Global Design Database, Hague Express, Article 6ter, eSearch plus, TMview.

Question 1.2 - Active search or passive post of the request (Result 1.2)

The users will determine if they want to conduct an active search that will bring them back results if they want to post their request in appropriate fora suggested by the tool.

In the next step (Step 2), initial results will be further refined according to set parameters provided by the users using quantifiable and closed-ended filters. This will take the following form.

Filter 2.1 - Definition of attributes (Result 2.1)

At this stage, the users will have to define on/off criteria for the potential partner together with others of a supplementary nature that will help to produce results closer to their need. Such criteria can include capacity, experience, location, skill set, size or others. It has to be noted that since these criteria will be met according to external information, in some cases a manual validation could be required.

Filter 2.2- Potential Partner Identification (Result 2.2)

The results of previous steps are further filtered at this point, after the omission of those potential partners that did not meet any on/off criteria set in Question 2.1 and are ranked according to any supplementary criteria set in the same step.

In the final step (step 3) the users will be provided with the results of their query with a number of potential partners and with the option to contact them where possible, to further investigate the cooperation potential, the type of collaboration and any other aspects that require specification.

In addition to the findings, the InnoPartner tool will provide a downloadable sample Memorandum for Cooperation document, based on accepted international standards to further assist the users in their next steps of collaboration efforts.

#### **IV. CONCUSSION AND POTENTIAL CHALLENGES**

Open Innovation and collaboration is a critical element for the mainstreaming of technology in enterprises, especially in those whose size is a limiting factor in the innovation process. Advantages brought by Open Innovation in the InnoTools, and InnoPartner in particular, include the potential of the introduction of new truly innovative ideas, the reduction of R&D costs via the intersectoral collaboration, the opening of new markets, the reputation enhancement and shorter market times. The real added value though lies in the holistic approach integrated into InnoPartner tool, that fosters innovation through the exploration of both internal and external innovation sources, the integration of exploration findings into firm capabilities and the exploitation through multiple channels.

InnoTools need to operate dually by enhancing the strengths of each potential user and by mitigating and improving users' weak points. In that sense, self-identification tools and reports are an essential part of their operation, and so is the enhancement of self-assessment of operation. Since the tools are bound to be general in nature, they can most effectively serve as a checklist to verify that all perspectives are considered in the formation of new strategies. As the small size of the average enterprise is a regional characteristic, tools that will assist the often neglected managerial and organizational aspects of innovation by systematically automating decision making or at the very least assist with decision time management, are a crucial contribution towards the scope on the project.

Potential challenges of the InnoPartner tool, that will require special attention in the development stage, including the possibly large amount of identified OI-actors, the limited access to information about actors, and the validity of stakeholders attributes (since this type of information will be most often than not third party provided). Overcoming these challenges will provide for a tool that will serve the purposes designed for and that will operate smoothly and effectively within the InnoTools framework.

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**Appendix 1. Guideline for Application of Innopartner in SMEs**

**Appendix 2. Powerpoint Presentation for the Tool**

## Appendix 3. Memorandum for Cooperation Template<sup>1</sup>

### Memorandum for Cooperation

#### PROPOSED COLLABORATION AGREEMENT FOR THE [...] PROJECT

**DATE:** 201[...]

This document sets out the principal terms and conditions on, and subject to, which the following parties (**the Parties**) are willing to enter into a Collaboration Agreement, provided the Parties agree and sign a detailed and legally binding Collaboration Agreement (**the Collaboration Agreement**).

**The contents of this document are not exhaustive and they are not, and are not intended to be, legally binding except where they are specifically stated below to be binding.**

#### 1. THE PARTIES

- (1) [INSERT NAME], whose administrative offices are at [insert address] (**the Institution**) and
- (2) [INSERT NAME] [Type of Company], [a company registered in [Country] under number [insert number], whose registered office is at [address of registered office] (**the Collaborator**)

#### 2. THE PROJECT

- 2.1 The proposed start date of the Project is [insert date].
- 2.2 The proposed end date of the Project is [insert date].
- 2.3 If work starts before the Collaboration Agreement is signed by both of the Parties, the Collaboration Agreement [is] **OR** [is not] to have retrospective effect.

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<sup>1</sup> Based on the UK Intellectual Property Office Lampert Toolkit for model heads of terms agreements, available at <https://www.gov.uk/government/publications/university-and-business-collaboration-agreements-model-heads-of-terms-agreements>.

- 2.4 The Institution will provide the following resources (human and other): [insert details of resources].
- 2.5 The Collaborator will provide the following resources (human and other): [insert details of resources].
- 2.6 If a Party is to provide any materials, the Parties will enter into a separate Materials Transfer Agreement in relation to those materials. The proposed terms of that Materials Transfer Agreement are attached to this Memorandum for Cooperation.
- 2.7 The Project is expected to make use of the following third party resources:
- [insert details of third party resources]. [if applicable]
- 2.8 The [Institution]**OR**[Collaborator] will be responsible for putting in place arrangements to allow those third-party resources to be used for the purposes of the Project. [if applicable]
- 2.9 The Institution's contribution [is]**OR**[is not] to be limited to what the funding provided by the Collaborator and any third party funding allows it to do.

### **3. FINANCIAL CONTRIBUTION [AND EXTERNAL FUNDING]**

- 3.1 The Collaborator's financial contribution will be: [insert details]. [if applicable]
- 3.2 The Collaborator's financial contribution will [be a fixed amount]**OR**[depend on the amount spent by Institution, staff costs etc.] [if applicable]
- 3.3 The Collaborator will reimburse the following expenditure to the Institution: [insert details]. [if applicable]
- 3.4 The Collaborator will pay the Institution [on a full economic costs basis]**OR**[on full economic costs plus profit element basis]. [if applicable]
- 3.5 The Institution will render invoices to the Collaborator every [insert details].

[3.6 The Project is expected to be supported by the following external funding: [insert details].

[3.7 Both Parties] will comply with those conditions.]

#### **4. BACKGROUND**

4.1 The Institution will provide the following Background: [insert details].

4.2 The Collaborator will provide the following Background: [insert details].

4.3 Other companies in the Collaborator's group will need to use the Institution's Background for the purposes of the Project.

4.4 The following items of the Institution's Background are confidential: [insert details].

4.5 The following items of the Collaborator's Background are confidential: [insert details].

#### **5. THE RESULTS**

5.1 The [Institution]**OR**[Collaborator] will own the results of the Project (**the Results**).

### **OR**

Ownership of the results of the Project (**the Results**) will be split between the Institution and the Collaborator as follows:

the Institution: [insert details]; and

the Collaborator: [insert details].

5.2 The Institution<sup>2</sup> will:

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<sup>2</sup> Use if the University is to own all of the or some of the Results.

- 5.2.1 allow the Collaborator and its group companies to use its Results on an [exclusive]**OR**[non-exclusive] basis:
- (a) in the following field(s): [insert details];
  - (b) in the following territory(ies): [insert details];
  - (c) for research purposes[; and
- 5.2.2 agree<sup>3</sup> to negotiate with the Collaborator to [grant an exclusive licence of the following Results [insert details] to the Collaborator] **OR** [assign the following Results [insert details] to the Collaborator].
- 5.3 The patenting strategy including responsibility for the costs of patenting the Results are attached to these Heads of Terms.
- 5.4 The Institution<sup>4</sup> will have the right to use the Results for academic and research purposes [including clinical patient care].

OR

The Institution may not use the Results for any purpose except the Project.<sup>5</sup>

## 6. CONFIDENTIALITY AND ACADEMIC PUBLICATION

- 6.1 Each Party will keep the other Party's confidential information confidential [indefinitely]**OR**[for [insert number] years after its receipt under the Collaborative Research Agreement].
- 6.2 Students and employees of the Institution will be able to publish the Results and the Collaborator's Background in journals or electronic repositories or present them at a conference or seminar, subject to the safeguards to be set out in the Collaboration Agreement.

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<sup>3</sup> Use if the University is granting the Collaborator non-exclusive rights in respect of the Results.

<sup>4</sup> Use if the Collaborator is to own or have exclusive rights to any of the Results.

<sup>5</sup> This alternative wording will be appropriate only if contract research is being carried out.

**7. LIABILITY**

7.1. Each Party will warrant that any Intellectual Property Rights which it contributes to the Project or creates in the course of the Project will not infringe third party rights.

OR

Neither Party will give any warranty that any Intellectual Property Rights which it contributes to the Project or creates in the course of the Project will not infringe third party rights.

7.2 The Collaborator [will] **OR** [will not] indemnify the Institution against any third-party claims arising from the use of the Results or the Institution's Background. [The Collaborator's liability under that indemnity will be capped at an aggregate of £[insert figure].]

7.3 Each Party will indemnify the other Party in respect of breaches of contract relating to bribery and corruption. [Each Party's liability under that indemnity will be capped at an aggregate of [insert figure].]

7.4 Each Party will indemnify the other in respect of breaches of contract relating to data protection. [Each Party's liability under that indemnity will be capped at an aggregate of [insert figure].]

7.5 [Each Party's liability for any breach of the conditions of any external funding will be capped at an aggregate of [insert figure].]

7.6 [Each Party's liability for knowingly infringing Intellectual Property or knowingly breaching any right of confidence will not be capped.]

7.7 [Each Party's liability for any deliberate breach of the Collaboration Agreement will not be capped.]

7.8 Except as set out above, each Party's liability will be capped at an aggregate of [insert details].

- 7.9 Each Party's liability for loss of profits, business, contracts etc. [will] **OR** [will not] be excluded.
- 7.10 If the Institution assigns any Intellectual Property to the Collaborator, the Institution [will]**OR**[will not] give a warranty of full title guarantee.

## **8. TERMINATION**

- 8.1 [In addition to the usual rights to terminate if the other Party is in breach of contract or insolvent, either Party may terminate the Collaboration Agreement if a member of the other Party's key personnel leaves or is unable to continue working on the Project and his or her replacement is not satisfactory.]
- 8.2 [If the [either Party] **OR** [the Collaborator] exercises its right to terminate under paragraph 8.1 above, the Collaborator will reimburse all costs and expenses which the Institution has incurred or agreed to incur and which the Institution is unable to cancel and will continue to pay reasonable employment costs].
- 8.3 Provided the Collaborator pays the Institution for work done before termination and reimburses all costs and expenses which the Institution has incurred or agreed to incur and which the Institution is unable to cancel, the Collaborator may terminate the Research Collaboration Agreement at any time by giving not less than [3] months' notice.
- 8.4 [Following termination, if the Financial Contribution is intended to cover the costs of employing any Institution staff involved in the Project, the Collaborator will continue to pay the direct employment costs of those staff who were appointed to work on the Project before the service of the notice.]

## **9. CONFIDENTIALITY**

- 9.1 This section 9 is legally binding.
- 9.2 The contents of this document are confidential to both of the Parties.
- 9.3 Neither Party will [at any time] **OR** [for a period of [insert figure] years after the date of these Heads of Terms, disclose to any person any confidential information concerning the business, affairs, customers, clients, suppliers, research projects, products, services or Intellectual Property of the other Party or of any member of the



group of companies to which the other Party belongs, except as permitted by paragraph 9.4 below.

9.4 Each Party may disclose the other Party's confidential information:

9.4.1 as permitted by the proposed Collaboration Agreement, if the Parties enter into that agreement;

9.4.2 in confidence and only to the extent necessary to secure external funding, to any person providing or contemplating providing any funding for the Project;

9.4.3 to its employees, officers, representatives or advisers who need to know that information for the purposes of negotiating the proposed Collaboration Agreement and the terms of any external funding (**the Negotiations**); and

9.4.4 so far as may be necessary to comply with the law, the order of any court of competent jurisdiction or any governmental or regulatory authority.

9.5 Neither Party will use the other Party's confidential information for any purpose except the Negotiations, except as permitted by the proposed Research Collaboration Agreement, if the Parties enter into that agreement.

## **10. GENERAL**

10.1 This section 10 is legally binding.

10.2 Each Party will pay its own costs incurred in connection with the negotiation, preparation, and the execution of this Memorandum, the proposed Collaboration Agreement (whether or not it is entered into) and any documents referred to in either of those documents.

10.3 Either Party may, at any time before the Collaboration Agreement has been entered into, withdraw from the Negotiations without having to give any reason for doing so and without incurring any liability to the other Party.

**11. GOVERNING LAW AND THIRD PARTY RIGHTS**

- 11.1 This section 11 is legally binding.
  
- 11.2 These Heads of Terms and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with them or their subject matter or formation are governed by and are to be construed in accordance with [insert country] law. The [insert country] Courts will have exclusive jurisdiction to deal with any dispute (including non-contractual claims and disputes) which has arisen or may arise out of, or in connection with, this Memorandum, except that a Party may bring proceedings to protect its Intellectual Property or Confidential Information in any jurisdiction.
  
- 11.4 The Collaboration Agreement (if it is entered into) and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation will be governed by, and that agreement will be construed in accordance with, [insert country] law. The [insert country] Courts will have exclusive jurisdiction to deal with any dispute (including non-contractual claims and disputes) which arises or may arise out of, or in connection with, the Collaboration Agreement, except that a Party may bring proceedings to protect its Intellectual Property or Confidential Information in any jurisdiction.
  
- 11.5 No one except a Party, its successors and permitted assignees, will have any right to enforce any of the terms set out in this Memorandum.

**SIGNED** on behalf of the Institution:

**SIGNED** on behalf of the Collaborator:

Name:

Name:

.....

.....

Position:

Position:

.....

.....

Signature:

Signature:

.....

.....



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InnoPlatform project is co-funded by the European Union  
and National Funds of the participating countries