The S3-Innovation Model

A Cluster Action Plan for Regional Development

Policy Memo

June 2018
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For further information about the S3-4AlpClusters project, you will find a short description at the end of the document. To learn more and to download additional resources please refer to the project website http://www.alpine-space.eu/projects/s3-4alpclusters/en/home.

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The S3-Innovation Model

Transformative Activities for Regional Development

In the context of regional economic development there is an increasing interest to identify industrial transformation processes that lead to the emergence of new value chains and related industries. Such transformative activities can provide competitive advantage for regions if they are timely identified and properly supported. This demand is further fuelled by the concept of Smart Specialisation (S3) that puts transformative activities in the focus of its approach. What looks easy in theory, causes significant challenge for practical implementation. Recent studies have revealed that current implementation of S3 is often limited to the definition of broad priority areas and confined within strict regional borders. The systematic identification of real transformative activities is a complex exercise requiring new tools to support the entrepreneurial discovery and action development process. The development of those activities is in many cases hampered by the lack of critical mass in terms of industry and public investments. Cross-regional cooperation based on complementary needs is critically missing from the given framework conditions. Finally, there is a lack of experience among regions on how to use clusters in the process of developing and implementing S3.

The S3-Innovation Model, developed within the S3-4AlpCluster project, aims at enhancing smart industrial transition by making use of the interplay between clusters and S3 and facilitating interregional cooperation for the implementation of S3. More specifically, it introduces a systematic process, which relies on the involvement of clusters for the identification and development of transformative activities. The S3-Innovation Model has three core objectives, which in combination are characteristic for the novelty of the approach:

- Focus on the identification and development of transformative activities
- Facilitation of need-based cross-regional cooperation
- Involvement of clusters along the entire process

Cluster Action Plan

The S3-Innovation Model is at the core of a Cluster Action Plan, published on the project website and describing the process and tools necessary to put the Model into practice. It follows the core phases of S3 development and implementation and encourages the regions of the Alpine Space to continue their way towards cluster-based regional economic development by focusing the approach on transformative activities. Dedicated attention is given to the idea of synchronizing funds, which facilitates cross-regional cooperation through the mutual alignment of existing regional funding schemes. This is considered an effective approach to gain critical mass, especially for smaller regions. With the “Alpine Cluster Innovation Express (ACIE)”, the Cluster Action Plan includes a proposition for such a synchronized approach. The S3-Innovation Model and the tools outlined in the Cluster Action Plan are currently implemented across the Alpine Space with 25 pilot clusters and have already contributed to the identification of a significant number of new transformative activities and their joint development in the participating regions.

Further Info:  
**S3-INNOVATION MODEL**

**TRANSFORMATIVE ACTIVITIES FOR REGIONAL DEVELOPMENT**

The S3-4AlpClusters project aims at enhancing smart industrial transition in the regions of the Alpine Space by facilitating innovation through cluster initiatives and initiating interregional cooperation. Recent experiences show that the identification and development of transformative activities - i.e. the innovation capacities and actions that have the potential to lead to structural change - remain a significant challenge in the practical implementation of Smart Specialization Strategies (S3). The S3-Innovation Model introduces a systematic process for the identification and development of transformative activities. It offers a set of tools for cluster initiatives and regions to explore capacities and opportunities for transformation and to develop actions to create critical mass in innovative new fields. The involvement of clusters in the process is beneficial, since they embrace relevant actors of the innovation process and provide important information about needs, opportunities and ongoing transformations.

Transformative Activities can be understood as an accumulation of innovation capacities and actions of a group of actors targeting related (technical, market or industrial) areas and having the potential to significantly transform existing industries. They provide huge potential for regions to develop and ultimately to create jobs in innovative new fields with high growth potential.

**PROCESS AND TOOLS**

**BASE OF EVIDENCE**
Generating a base of evidence based on qualitative and quantitative analytics is needed to guide the entrepreneurial discovery process. At this stage, the S3-Innovation Model promotes two main tools: a StressTest to systematically analyse the role of clusters in the implementation of regional strategies, and S3 Synergy Diamonds, an innovative methodology representing existing capacities in a way that facilitates the identification of transformative activities and captures opportunities for need-based interregional cooperation.

**IDENTIFICATION OF TRANSFORMATIVE ACTIVITIES**
Transformative activities are identified in Entrepreneurial Discovery Workshops (EDW) based on a reflection about existing capacities on the one hand and opportunities represented by new technologies and challenges that can support and drive the process of structural transformation on the other. This includes an assessment of existing critical mass and detecting and specifying needs for cross-regional cooperation. EDWs and cEDWs therefore propose a methodology allowing to identify complementary competences and needs from several regions and to identify transformative activities that can be developed cross-regionally.

**DEVELOPMENT OF TRANSFORMATIVE ACTIVITIES**
Action Development Workshops (ADW) allow working out concrete actions - such as R&D projects, networking, cooperation schemes or development of critical skills - in order to gain critical mass for the identified transformative activities, both regionally and cross-regionally (cADW). The S3-Innovation Model specifically supports cross-regional action development through the Alpine Cluster Innovation Express (ACIE). This interregional cooperation scheme aims at synchronizing existing funds from several regions who intend to support the development of the same transformative activities.

**IMPLEMENTATION OF TRANSFORMATIVE ACTIVITIES**
The S3-Innovation Model supports implementation of the developed actions through cluster initiatives with a Transformative Activity Cluster Toolbox (TACT). Since both the identified transformative activities and the concrete developed actions are unknown ex ante, TACT consists of a broad set of best practices of cluster services covering transversal fields such as education, technology, growth, research or collaboration. Clusters typically reflect strong partnerships, vibrant communities and relevant connections between related businesses, suppliers and associated institutions.

**MONITORING**
The S3-Innovation model also includes a Transformati- ve Activity Evaluation Toolbox (TAET), which proposes a methodology for monitoring the process, measures, cluster services and policy interventions connected with the S3-Innovation Model.

**HOW TO READ THE SCHEME ABOVE**
Every stage of the S3-Innovation Model (in the middle) includes one or more steps in the relative Process and Tools path. The steps marked by an asterisk are specifically intended for the cross-regional identification and development of transformative activities.

- **TA** Transformative Activities
- **EDW** Entrepreneurial Discovery Workshops
- **cEDW** cross-regional Entrepreneurial Discovery Workshops
- **ADW** Action Development Workshops
- **cADW** cross-regional Action Development Workshops
- **ACIE** Alpine Cluster Innovation Express
- **TACT** Transformative Activities Cluster Toolbox
- **TAET** Transformative Activities Evaluation Toolbox

Go to www.alpine-space.eu/projects/s3-4alpclusters to learn more about the S3-Innovation Model and the developed tools.

S3-4AlpClusters is coordinated by:
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S3-4AlpClusters in a nutshell

Smart Specialisation with Smart Clusters

Smart Specialisation Strategies (S3) are a lever of EU Cohesion Policy. One of the biggest challenges is to make use of the interplay between S3 and clusters. How can S3 be used to foster innovation processes and spark entrepreneurship within clusters? How can S3 be implemented through clusters to gain sustainable and inclusive growth? There is a lack of experience among regions on how to use clusters in the implementation of S3 and how to develop implementation tools to fully benefit SMEs. In addition, alignment between and knowledge about other regions’ strategies are very limited.

This is exactly the focus of the S3-4AlpClusters project, which believes that the interplay between S3 and clusters is an innovative approach that could spread innovation in the whole Alpine Space. S3-4AlpClusters will launch cross-regional coordinated actions between the different sectors/regions involved and enhance transnational cluster cooperation. The final aim is to generate critical mass for SMEs and to improve the framework conditions for innovation in the Alpine Space.

S3-4AlpClusters will develop:

- A joint transnational cluster action plan to improve transnational, cluster-based cooperation
- An S3-based innovation model for cluster development
- A fully synchronized call scheme
- New services validated by pilot clusters

The S3-4AlpClusters community includes cluster managers, entrepreneurs, academics and policymakers, and is supported by public authorities and S3 experts.

The NUMBERS of S3-4ALPCLUSTERS

15 Partners
10 Observers
830 SME
35 decision makers
11 Alpine Regions
25 pilot clusters to be involved

FOLLOW S3-4AlpClusters

www.alpine-space.eu/projects/s3-4alpclusters/en/home

S3-4AlpClusters is cofinanced by the European Regional Development Fund through the Interreg Alpine Space programme
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