

InCompass

Study Visit Beja and Lisbon

16-18 April 2013

version 20-3-2014



Contents

1	Introduction	3
2	What is an incubator?	3
3	Themes of the project	4
3.1	Introduction	4
3.2	Commercial contextualisation (WG1)	5
3.3	Social contextualization (WG2)	5
3.4	Tiers of support, networks and partnerships (WG3)	6
4	Local context	6
4.1	National background	6
4.2	Baixo Alentejo / CIMBAL / Beja	8
4.3	Lisbon, a creative and entrepreneurial city	9
5	The incubators	11
5.1	CEBAL	11
5.2	Tagus Park / Incubadora	13
5.3	LX Factory / CoWorkLisboa	19
6	Commercial contextualization (WG1)	24
6.1	CEBAL	24
6.2	Tagus Park / Incubadora	24
6.3	LX Factory / CoWorkLisboa	26
7	Social contextualization (WG2)	26
7.1	CEBAL	26
7.2	Tagus Park / Incubadora	27
7.3	LX Factory / CoWorkLisboa	27
8	Tiers of support, networks and partnerships (WG3)	28
8.1	CEBAL	28
8.2	Tagus Park / Incubadora	28
8.3	LX Factory / CoworkLisboa	29
9	Overview	29
10	Validators' remarks	31
10.1	Introduction	31
10.2	Leo van Loon (European Creative Business Network/PopVox)	31
10.3	Annet Jantien Smit (DENKBEELD)	32
11	Thematic seminar	34
11.1	Introduction	34
11.2	General remarks	34
11.3	Commercial contextualization (WG1)	35
11.4	Social contextualization (WG2)	37
11.5	Tiers of support, networks and partnerships (WG3)	38

1 Introduction

An incubator is a type of business support infrastructure that assists new, usually young promising entrepreneurs for a limited period of time to grow from the birth of an idea for an innovative product to a starting business that can stand on its own feet. Most incubators of start-ups in creative industries are public and non-profit organizations. Therefore, it is often taken for granted that they are strongly supported financially by national, regional or local authorities. Besides, it is very common that these authorities provide physical infrastructure (buildings, land) for their establishment. In the past few years since the start of the global financial turmoil and economic slowdown, these business support institutions face growing difficulties for public funding due to austerity policies.

It cannot be taken for granted that public funding of creative incubators will be re-established in the way and to the extent as before the current austerity policies, irrespective of any recovery of public finance. Therefore, the EU-subsidized project InCompass (in full: Financially Sustainable Creative Incubator Units) aims to support the financial sustainability of creative incubator units by developing innovative methods to move away from a financial dependence on public funding. To that aim, it will undertake a program of transnational research and analysis of existing and emerging innovative financial practices by means of study visits to incubators in several partner cities in InCompass. The experiences and conclusions of each visit will be reported to Regional Implementation Groups in all cities and regions that are official partner in the project.

In the next two chapters, this report presents some background information on the main themes of InCompass. These themes are subdivided into three Work Groups. The chapters 4 and 5 are dedicated to a short characterization of the study visit area consisting of the town of Beja, Baixo Alentejo, and the capital city Lisbon as the regional and policy contexts in which the visited cases are situated, as well as a characterization of these cases as such. In fact, none of the three visited - CEBAL in Beja and Incubadora and CoWorkLisboa in Lisbon - is a genuine creative incubator in the sense that it provides facilities or support for entrepreneurs in the creative sector. Nevertheless, they showed practices that can be seriously considered by creative incubators elsewhere as 'relevant' or 'good'.

The main part of the report is constituted by the Chapters 5, 6 and 7, each one presenting how the three cases involved earn income by ways that fit in each of the three Work Groups. The report concludes with some final remarks, including a table that overviews the findings from the Chapters 5 to 7 and some indications of opportunities and threats in the near future on their way to more financial sustainability.

2 What is an incubator?

So far the definition of an incubator used in the project has been rather open and flexible. In general an incubator is considered a breeding place for starting entrepreneurs, and is assumed to consist of three elements:

- a building, access to inexpensive work spaces;
- networks, a community of incubatees as well as external relations;
- support services, for instance mentoring, training, courses, access to affordable loans, accounting and administrative support.

Literature provides more strict definitions. Bergek and Norrman (2008:20) define an incubator in terms of its function as a concept that "... is often used as an overall denomination for organisations

that constitute or create a supportive environment that is conducive to the 'hatching' and development of new firms".¹ Likewise, Qian *et al.* (2011:79) define incubation as "... a business support process that accelerates the successful development of start-up and fledging companies by providing entrepreneurs with an array of targeted resources and services".² These services include primary services such as shared facilities, administrative services and professional services, including entrepreneurial support as well as networking.³

The functional definition of Bergek and Norrman allows for a considerable variety of incubators, many of which are indeed observed during the study visits of InCompass. In the study visit report on Milan we therefore suggested to adopt this as the working definition for the InCompass project. Many of the incubators observed are of the 'ideal type', providing work spaces, networking facilities and entrepreneurial support (e.g. Creative Factory, MINC, Incubadora/Tagus Park). Nonetheless, during the previous study visits several venues have been visited that, within the context of the project, have been considered incubators, but that lack one of the above elements (e.g. Hub Milano, Company Care). This lacking element is not always the same; in general it may be any of these elements.

On the one hand, an incubator may not provide primary services, in particular office space. Qian *et al.* define this as a virtual incubator - or in terms of Bergek and Norrman, we might say an incubator that provides a virtual (i.e. non-physical) supportive environment. Company Care for a large part meets this description, although it also offers work spaces to a small number of its members. On the other hand, some incubators provide office space but no additional support other than e.g. a shared reception desk and share catering and ICT services. These are in fact shared or managed work spaces rather than incubators, although the distinction is not always clearly made (cf. Montgomery, 2007).⁴ The LX Factory in Lisbon is an example of this. This type of incubator was not observed in the Patras region.

Furthermore, an important factor is whether an incubator focuses exclusively on start-ups, or on a combination of start-ups and more established firms. Several incubators, such as Media Evolution City and MINC in Malmö, or Corallia in Patras, focus on both groups. In the case an incubator does not focus (anymore) on start-ups, the question is justified whether we should actually speak of an incubator.

3 Themes of the project

3.1 Introduction

Self-sustainable financial independence of creative incubators from government support depends on their continuous profitability. Taking into account their particular output – trained entrepreneurs in the creative industries and new companies that survived infancy – they invest primarily in programs

¹ Bergek, A. and C. Norrman (2008): Incubator best practice: a framework. *Technovation*, 28(1-2), pp. 20-28, <http://dx.doi.org/10.1016/j.technovation.2007.07.008>.

² Qian, H., K.E. Haynes and J.D. Riggle (2011): Incubation push or business pull? Investigating the geography of U.S. business incubators. *Economic Development Quarterly*, 25(1), pp. 79-90, <http://dx.doi.org/10.1177/0891242410383275>.

³ Wiggins and Gibson, in: Qian *et al.* (2011:79).

⁴ Montgomery, J. (2007): Creative industry business incubators and managed workspaces: a review of best practice. *Planning, Practice & Research*, 22(4), pp. 601-617, <http://dx.doi.org/10.1080/02697450701770126>.

to coach starting (young) entrepreneurs and to facilitate the growth of their businesses. Fees for obtained services and facilities and the rent of working spaces are the sources of income of creative incubators that first come in mind. However, these payments are in most cases a rather limited and insecure contribution to financing of the incubator. In addition, they also leave potential sources of earnings out of consideration. In order to diversify and extend their sources of income, incubators may also direct to a variety of opportunities to generate income from sources outside the incubator.

InCompass recognizes quite a broad spectrum of possible strategies to generate income that also involves external actors and partners. These strategies are grouped together as commercial contextualisation, social contextualization, and tiers of support, networks and partnerships. For each theme, a Work Group that is composed of partners in InCompass is responsible to collect data during the Study Visits and model the data as input for the Study Visit Report. Below, the three Work Groups (WGs) are specified into some detail, mainly by means of a few examples of possible ways of earning money that fit into their label. As some of these example show, the three types of income-generating strategies may to some extent overlap in practice.

3.2 Commercial contextualisation (WG1)

The aim of WG1 is to identify commercial ways for creative incubators to become more financial self-sustainability. These are first and foremost the above mentioned fees for services (e.g. workshops, master classes), facilities (from broadband internet to kitchen), and spaces (e.g. working spaces, rehearsal or meeting rooms) by start-ups that participate in the incubation programs. Economies of scale can be achieved by shared use of services, facilities and spaces by these incubatees.

In addition to these fees, there are other commercial ways to earn money. On the one hand, income may be generated from the building and the organisation of the incubator, for instance by

- making use of spaces for developing other activities (e.g. hotel, catering, conference tourism) on own account;
- renting out facilities and unused spaces in the incubator to commercial parties for activities that have little business with the incubation process but are attracted by the building;
- supplying specialised services (e.g. consultancy services) to external companies.
- charging fees to featured supplier companies

Regarding fees and rents, it is recommendable to keep them low for starting companies in an infant stage and increase these gradually with their survival and growth, i.e. with their increasing financial capacity. A well-considered selection of entries to the incubation program lays a favourable foundation for such successful entrepreneurs.

Income might also be generated from 'alumni', successful start-ups that have grown and left the incubator. This may be achieved by giving the incubator a share in the start-ups it supports. This model – maybe less known in Europe – stimulates the implementation of strict selection criteria for start-ups that apply for support, since the success of start-ups is directly linked to the future income of the incubator.

3.3 Social contextualization (WG2)

Social activity as labelled in the title of this WG includes mediation activities that connect incubatees both to each other and to partners and actors in the outside world. The main aims of these connections are stimulation of informal learning by exchanging new knowledge, information and best practices, and networking activities that may result in forms of co-creation. This entails

stimulating networking between incubatees within the incubator, and between incubatees and potential partners or associates outside the incubator. The internal networks can be built up for example by

- organising social meetings in the incubator (e.g. 'Friday afternoon' and 'eat & meet' get-togethers);
- creating places in the incubator which encourage spontaneous encounters between incubates.

In addition, networking may also go beyond the incubator itself. This may include

- opening up the incubator, physically and socially, towards the surrounding urban area to discover and possibly advance resident creative talent and creative activities;
- testing creative concepts and products in the surrounding district as a learning stage in concept and product development (open lab). If fees are received for this, social and commercial contextualisation may overlap.

By and large, social contextualization contributes to successful progress of start-up companies in the incubator rather than to a sound financial position of the incubator as an enterprise in itself. Still, the more successful incubatees are, the higher their financial capacity to contribute to covering the expenses of the incubator to provide and maintain services, facilities and spaces.

3.4 Tiers of support, networks and partnerships (WG3)

The topics of interest for WG3 include all sorts of more or less planned and organized forms of support, networks and partnerships, in particular with partners from outside the incubators. These partners can represent a diversity of firms and institutions, including industrial companies, consultancy agencies, banks and insurance companies, and education and knowledge institutes. The contribution of tiers of support to a solid financial position of incubators can be both direct and indirect, i.e. through contributing to the successes of incubatees. These include for instance:

- subsidies and sponsoring, the latter for instance in exchange for exposure as privileged partner on the website or the wall of the incubator;
- contribution to incubation programs by means of tutoring, lecturing and coaching of incubatees in both management and entrepreneurial skills and product development.

Usually, tiers of support, networks and partnerships involve mutual benefits: public and semi-public institutions and private companies enter into such arrangements with incubators in exchange for some types of contributions to their own objectives.

4 Local context

4.1 National background

4.1.1 Cultural policy

In the recent history of Portugal, several key periods can be distinguished in the development of the country's cultural policy. Up until the Revolution of 25 April 1974, Portugal had an authoritarian regime that, in addition to restricting democratic rights and enforcing censorship, limited both cultural and artistic endeavours and contacts with cultural trends from other countries. In contrast, the Portuguese Republic that saw the light after the revolution enshrined the promotion and democratisation of culture. The current Constitution includes preservation, encouragement and

promotion of access to culture. Each citizen has the right to enjoy culture and creativity, and the duty to preserve, protect and extend cultural heritage.

It is the duty of the national State, in cooperation with all cultural agencies, to:

- encourage and ensure access for all citizens to the means and mechanisms of cultural activity, and to correct present imbalances in this respect;
- support initiatives to stimulate the broad variety and expression of individual and collective creativity, and a wider availability of cultural works and assets of quality;
- promote protection and respect for cultural heritage, making it a vital element of the common cultural identity;
- develop cultural relations between all people, particularly those that are Portuguese-speaking, and ensure the protection and promotion of Portuguese culture abroad;
- coordinate the policies for culture with other state policies. (Article 78)] (Full version available in culturalpolicies.net).

Yet, for many years since the Revolution, it was only a Department within the larger Ministry of Education that was dedicated to culture, with the consequent budgetary shortage and lack of an integrated policy for both traditional and more avant-gardist practices. Only two decades later, in 1995, the thirteenth constitutional government established a dedicated Ministry of Culture. This new Ministry has autonomous departments assigned to defining policies for the sector. There are five main aspects to this Ministry's strategy: books and reading; heritage; creative work in the arts; decentralisation, and internationalisation.

The decade that followed the establishment of the Ministry of Culture was characterised by a true 'boom' of cultural associations, cooperatives and foundations, encouraged by the new opportunities. In addition to these grassroots dynamics, Portugal was the host of a few major cultural events. Lisbon became European Capital of Culture in 1994. This was followed by the Expo 98-International Exhibition. Then Porto became, together with Rotterdam, European Capital of Culture in 2001. This increase in cultural activities generated funding, programming needs, international interchange and provided new working environments. These important events also gave the opportunity for new structures to evolve, including new cultural organisations.

4.1.2 Cultural and creative industries in Portugal

There is no formal definition of cultural and creative industries in Portugal. Nevertheless, the study on 'The Cultural and Creative Sector in Portugal' (2009) commissioned by the Ministry of Culture states the three-fold distinction between core cultural activities, cultural industries and creative activities sectors. Referring to 2006 data, it states that the cultural and creative sector in Portugal is equivalent to 2.8% of GNP added value and 2.6% of employment.

Although it was already acknowledged in Portugal that the cultural and creative sector plays an increasingly important role in creating jobs and wealth and in promoting quality of life, especially in cities, the 2009 study brought a new public awareness to this subject. Creative Industries are indeed growing in importance in the country, but still face many obstacles. Public finance of development and organisation training in the cultural and creative industries, in particular fashion and design, and plans to articulate policies to support and promote cultural and creative industries in the audio-visual sector, tourism and vocational training were not fully implemented.

4.1.3 *Support to artists and other creative workers*

In 2003 a new system of financial assistance for professional activities in the domains of performing arts and contemporary arts was established. However, the support for certain areas (namely theatre) faces growing demands and the need for a more precise definition of funding criteria. In 2007, the Ministry of Culture set up, through the Directorate-General of Arts and the Science Programme "Ciência Viva", a common research and work platform for artists and scientists, thus implementing the Residencies Network Programme: Art & Science Experimentation. This is a network of scientific host entities that has been set up for artists to carry out experimental artistic projects using resources and processes from scientific research laboratories. It involves artistic residencies at various scientific host institutions. The Programme is submitted in the areas of architecture, visual arts, dance, design, music, theatre and also includes cross-disciplinary activities. The objective is to enable artists and scientists to explore artistic and aesthetic fields using the tools from both domains. In the first edition of this programme (2007) 33 projects were submitted, of which 8 were selected. In 2009 a second edition of this programme was launched again.

The Inov-Art programme, organised by the Directorate-General of Arts, should also be mentioned. It aims at providing 200 training internships annually in established international institutions to those aged between 18 and 35 who have proven qualifications or skills in the cultural or artistic field. The programme was implemented for the first time in 2009.

4.2 **Baixo Alentejo / CIMBAL / Beja**

The town of Beja is the capital of the district of Beja, the region Alentejo and the sub-region Baixo Alentejo (NUTS 2). Further, it is the largest town and administrative seat of CIMBAL (Comunidade Intermunicipal do Baixo Alentejo), the association of the 13 municipalities of Baixo Alentejo that is in full operation since 1 April 2011. Together, these municipalities count, in round figures, 126.000 inhabitants (14.7 / sq km) of which 36.000 (2001) live in the municipality of Beja and 22.000 in the town proper.

The primary sector of mining, but more in particular agriculture, forestry, viticulture and cattle breeding, continues to occupy a significant portion of the working population and an important role in the economy of Baixo Alentejo, including the district of Beja. Noteworthy is the cork-industry: Portugal south of the river Tejo (Alentejo) is a major cork-producing area, both quantitatively (about half of total global production) and qualitatively. Besides, the sub-region is strongly marked by cultural and natural heritage. This is reflected in archaeological sites, castles, churches, old mines, museums, and small towns and villages with traditional buildings styles, as well as natural protection zones. Rural tourism and cultural history tours have spread all over the region.

The town of Beja is first and foremost a service centre for the wider area of the municipality and beyond. In the field of culture it provide services that cover the various areas of creation, training and dissemination of culture, including the municipal library, theatre, and historic and arts museums, and the Culture House, a multipurpose space where different artistic disciplines are practiced.

CIMBAL is concerned with developing multi-municipal public policies for economic, social and environmental development of Baixo Alentejo. It is a public body financed by regional and local authorities and subject to management supervision by these authorities. It has an administrative and managerial Board of which more than half of the members are appointed by local authorities.

The 'intervention axis' of CIMBAL, meaning the domains in which it intervenes, is defined by the recently approved Strategic Development Plan of Baixo Alentejo – 2014/2020 (PEDBA). This time

horizon consciously coincides with the period of implementation of the programming of the European Structural Funds (Europe 2020). According to PEDBA, CIMBAL is the regional coordinator of four broad policy fields: transport and mobility; culture, arts and creativity; urban commerce and quality of life; and territorial innovation. Notable priorities in these policy fields are expansion and improvement of ICT use by governments, companies and citizens, and promotion of the knowledge economy and innovation enabling factors. Currently, innovation in the important productive areas of agroforestry, food production and environment is supported by the private non-profit research institute CEBAL, located on the campus of the Polytechnic Institute in the town of Beja (IPBeja).

Baixo Alentejo seeks to create mechanisms to attract new companies to establish in the sub-region. Thereto, CIMBAL focuses on the development of creative industries that ensure infrastructure required for business location, provision of support services and attractive conditions. Incubators should foster the emergence of new businesses in the area, providing them technical and physical conditions for a sustained development and growth, with a view to creating jobs. CIMBAL is also involved in developing the BOGA network, a European non-profit association that brings together entities and local creative and cultural operators.

For now, however, the size and economic significance of creative industries is still very limited. One of the few initiatives, although not genuinely dedicated to creative industries, is the intention by IPBeja to found a business incubator for new firms in medium- and high-tech branches. The focus of the incubator would be on enhancement of entrepreneurship and creation of new business ideas and new companies that fit into the regional community in general and the academic community of IPBeja in particular.

4.3 Lisbon, a creative and entrepreneurial city

Due to the ambition to be a creative and competitive city in the international context, Lisbon positions itself in terms of its economic sustainability - attracting investment and creating employment, retaining talent, and upgrading its physical and technological infrastructures suitable for supporting a knowledge-based economy and the circulation of people and goods. The city promotes its business environment by the following key aspects:

- Lisbon is a city with several ports within its area of influence and has long been considered a trading platform between different continents.
- Lisbon region generates around 40% of Portugal's GDP and houses a large number of companies and technological research centres.
- Lisbon's geo-strategic position in the global economy has attracted investment from emerging economies.
- Lisbon has qualified, flexible, creative, multilingual and highly competitive human resources.
- Lisbon currently has a highly diversified, qualified and competitive range of office spaces and buildings.
- Lisbon is the safest capital in Europe according to 2010 Eurostat report.

Table 1 (next page) presents cases that are emblematic of the creative dynamics in Lisbon.

Table 1: Examples of creative and cultural industries in Lisbon

BRANCH	CASE
Fashion	MUDE - Design and fashion museum Moda Lisboa - Lisbon Fashion Week
Film	Lisbon & Estoril Film Festival.
Architecture	Trienal de Arquitetura - Architectural triennial; major architectural event of the Iberian Peninsula.
Design	Santos Design District - Near Lisbon's docklands area with 19 th century warehouses and old apartment blocks.
General	Foundation Calouste Gulbenkian - International charitable foundation with cultural, educational, social and scientific interests, based in Lisbon with offices in London and Paris. Factory of Braço de Prata - Abandoned former weapons factory transformed into a cultural space. Experimenta Design - Biennial event dedicated to design, architecture and 'contemporary creativity'.

Lisbon Municipality has developed a series of services and functions that enable a more pro-active outlook to economic agents such as investors and entrepreneurs, including those in creative industries. One of these is Iniciativa Lisboa desk that provides a one-stop shop for all kinds of services required for starting up and operating a new business. The objective of Iniciativa Lisboa is to streamline and simplify processes in order to save applicants' time. All requests are processed in a single place combined in a single process and handled by one manager. Online forms and specialised information sets are made available. In order to enable efficiency gains and smooth processes, simplification of administrative processes is also one of the aims of the decentralization of municipal powers to parishes that is currently in progress.

Furthermore, Lisbon Municipal Council and the Lisbon Commercial Association, with the support of AICEP-Portugal Global (Portugal Agency for External Investment and Trade) has created Invest Lisbon, an agency for the promotion and attraction of investments. The establishment and founding of new companies in Lisbon is one of its major goals.

Last but not least, the city of Lisbon has made commitments to entrepreneurship in innovation. StartUp Lisboa is a business incubator that supports the creation of new business projects in the city, orchestrating and stimulating a broad range of partnerships that enable value-added services to be offered to the incubated companies. It is geared towards hosting business projects in various sectors that are considered to be strategic to Lisbon's economic development, e.g. new technologies, environment, tourism, creative industries, higher education and research, and the maritime economy. Further, a new business incubator was opened recently in the Baixa neighbourhood.

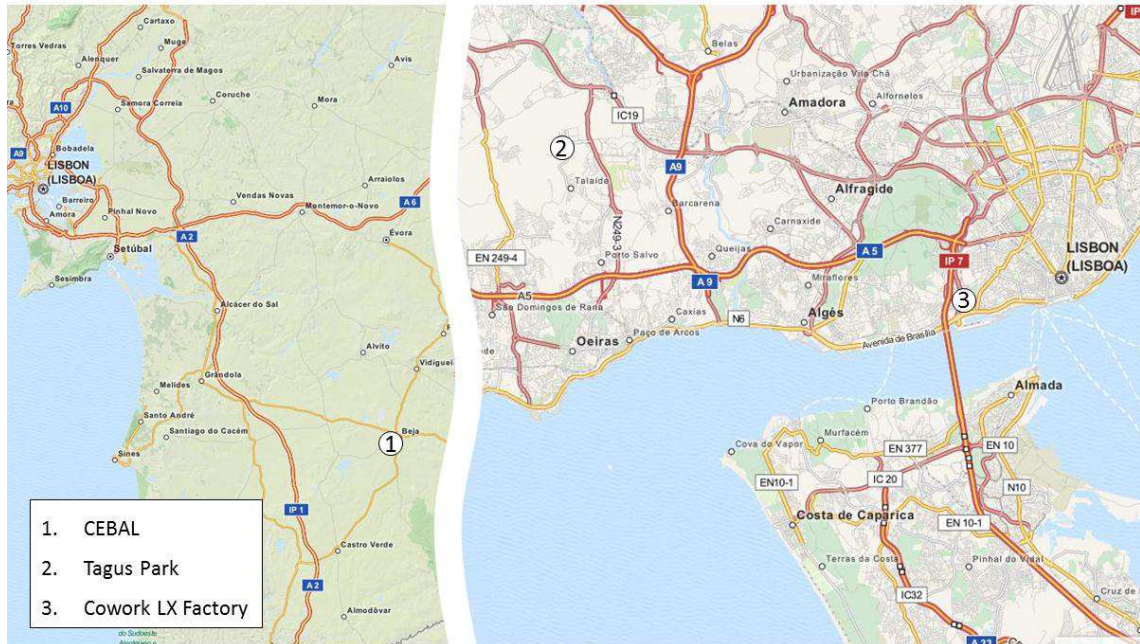
5 The incubators

5.1 CEBAL

Rua Pedro Soares, s.n. Apartado 6158 7801-908, Beja

<http://cebal.pt/>

Figure 1: Location of the incubators visited (© OpenStreetMap contributors)



CEBAL is a research institute in the town of Beja, housed in a building on the campus of IPBeja. Given the rather high-potential productive agricultural sector of Baixo Alentejo, the mission of CEBAL is to develop knowledge adequate to support innovative production and processing in the fields of agroforestry, food production and environment as a contribution to regional economic development. To that end, it is dedicated to high quality scientific research, technology transfer and implementation of innovations in the agricultural sector.

CEBAL is founded in 2008 as a private non-profit association. Its foundation was an initiative of a partnership of municipalities and some larger agro-industrial companies in the Beja region. To achieve its goal to support regional economic development, its research programmes are carried out in cooperation with quite a variety of stakeholders and associates, including local and regional authorities, other higher education and R&D institutions and last but not least agricultural and agro-industrial enterprises in the region. The close cooperation with the economic sector of agro-producers makes CEBAL a unique research institute in the region. In spite of its recent foundation, it has already achieved several remarkably good results, not in the last place due to this networking with different partners in the region. In fact, participating in and contribution to these regional networks is crucial for its performance.

Some fundamental research is being carried out in CEBAL, but applied research to support producers and companies in the region is its major business. It receives many requests by agricultural producers to (help them to) develop new, or to improve existing products or processes in order to create more

or new values. Over all, its research work is divided into four thematic units: agronomics & genomics; process engineering, bioactive compounds and agro-food valorization. In practice, its research programmes aim to develop chemical and biological processes for integrated approaches of agroforest, food and livestock production, associated with environmental conservation and the use of endogenous raw materials and waste for business opportunities.

Figure 2: CEBAL lab



A fundamental research programme of CEBAL is dedicated to further improvement the quality of cork and, therewith, of new types of uses, i.e. new markets, to compensate for the decline of the major traditional market of use for wine bottles. The region itself now exports wine to 45 countries and only uses cork for its bottles, but worldwide that use decreases. New markets are found in a variety other industries, for instance in aircraft construction. Overall, new market opportunities still justify this research programme to further improve the quality of cork.

CEBAL is not directly related to creative industries. Practically, no attempts to nurture creative industries by CEBAL were observed during the study visit. As indicated above, the development of creative industries, either next to or connected to the regional agro-based economy, with the aim of further economic diversification is more of an ambition than a reality right now in Beja and the smaller towns in Baixo Alentejo. But some elements of the model of operation of CEBAL, for instance its key position in regional networks of stakeholders, may nevertheless be a good practice for successful implementation in other types of institutions, including creative business incubators, both in Beja and elsewhere.

5.2 Tagus Park / Incubadora

Tagus Park, Parque de Ciência e Tecnologia, Edifício Inovação II, 411, 2740-122 Oeiras

www.Tagus Park.pt/incubadora

5.2.1 Tagus Park

The visited incubator, Incubadora, is located in Tagus Park, a science and technology Park at the junction of three municipalities - Oeiras, Cascais and Sintra - in Tagus Valley, Lisbon Metropolitan Area. Its postal address is in Oeiras, a town of about 160.000 inhabitants. Tagus Park was founded in 1992 as a private company, but by a government initiative. That initiative was a main element of an integrated urban redevelopment programme that comprised about 360 hectares. Almost half of this area, 150 hectares, is occupied by Tagus Park. The Park is managed, promoted and further developed by the private limited company Sociedade de Promoção e Desenvolvimento do Parque de Ciência e Tecnologia da Área de Lisboa SA. This includes the provision of all kinds of needed supporting services.

Figure 3: Tagus park



Key data in the development of Tagus Park since 1992 are:

- 1995: Creation of the Business Incubator
- 2001: Move of IST – School of Engineering of the Technical University of Lisbon, one of the oldest engineering schools in Portugal - from Lisbon to Tagus Park, meaning the start of academic activities in the Park
- 2011: Extension of academic activities in the Park with the settlement of the Open University (Universidade Aberta).
- 2013: Establishment of Novartis Portugal, a Swiss pharmaceutical company in the Park. The first stone of its building was laid in June 2012 as part of the construction of a new Central Square . At the time of the study visit it was expected to be opened in July 2013. It gives room to about 400 workers.

Tagus Park has three governing bodies: a Board of seven members, an Executive Board of three out of these seven, and a Scientific and Technological Board of nine independent members that decides on the application of companies in the Park. The governing boards are organised in councils, including those responsible for park management, planning and urban development. Regional authorities, knowledge institutions and industry are represented in all three Boards, revealing close Triple Helix type of relationships regarding the development of the Park.

The mission of Tagus Park includes four components:

- To promote a sustainable and dynamic urban environment to live, work and play.
- To promote interaction between universities, R & D institutions and technological firms.
- To develop new business activities by R & D, innovation and teaching: learn and work.
- To promote an international competitive environment suitable to innovation.

Table 2: Key data of Tagus Park

INDICATOR	TYPES AND NUMBER
Land use	<ul style="list-style-type: none"> • 150 ha, of which 60 occupied
Establishments	<ul style="list-style-type: none"> • 77 companies • 23 service companies • 5 R&D institutes • 2 universities • 1 incubator (Incubadora) • 1 Business and Innovation Centre • 1 Industrial Property Centre • 1 office for mentorship of entrepreneurs • 1 risk capital fund office • 1 seed and venture capital office
Workers	<ul style="list-style-type: none"> • About 6000
Shared facilities	<ul style="list-style-type: none"> • Conference centre; • Central area with spaces for meetings and social interaction, exhibitions, seminars, conferences and debates • Commercial areas with restaurants, banks and pharmacy • Student dorm of 90 beds (planned)
Business facilities	<ul style="list-style-type: none"> • Work spaces: equipped laboratories, offices

Sources:

1. Various websites
2. Durão, D.; M. Sarmento; V. Varela and L. Maltez (2005) – Virtual and real-estate science and technology parks: a case study of Taguspark. *Technovation* 25, pp. 237-244.
3. Curvelo Magdaniel, F. (2013) – *Technology campuses in cities. A study on a spatial perspective of knowledge-based development*. Delft, TU Delft, outline of PhD research, unpublished.

Higher education and academic research are important components of the innovative ecosystem in the Park. The main knowledge institute, IST, enrolls 1800 students, mainly in the disciplines of electronics; communication networks; information systems and computer engineering; and industrial engineering and management. The Open University is an institute of e-learning for B.A., M.A. and Ph.D. degrees that has been distinguished with several awards. Further, near Tagus Park two more universities are located: the Catholic University of Portugal and the Atlantic University.

R&D in the Park is being carried out first and foremost by IST. In addition to its main academic disciplines, it also focuses on R&D in bio-technology and bio-engineering labs. Further R&D activities are performed in the Park by Portugal Telecom (ICT and information systems), ISQ (quality systems for companies) and TagusLip (medical technology).

The total number of companies established in Tagus Park has tenfolded, from 13 to 125, between 1995 and 2011. At the time of the study visit, the number had dropped again, to about 100 “due to all the crisis and so on”, of which 23 are service companies (Table 2) that provide, in general terms, services to the other 77 tenant companies, like technical services, lawyers, private financial institutions etc.

Tagus Park was built on land made available by the municipality of Oeiras. With 19 percent of the total equity, that municipality is also the largest single shareholder of the Park. It is one of a total of 16 shareholders (Table 3). Once a year, a discussion meeting by a General Assembly of all the shareholders is organised. The total equity - amounting to € 21,750,000 at the time of the study visit – is shared as follows by these shareholders (Table 3).

Table 3: Shareholders of Tagus Park

TYPE AND NUMBER	SHAREHOLDERS	TOTAL SHARE OF EQUITY (%)
4 Financial Institutions	<ul style="list-style-type: none"> • Banco BPI • CGD - Caixa Geral de Depósitos • BCP – Portugese Commerical Bank • SIBS, SGPS and S.A. 	35
Municipality of Oeiras	<ul style="list-style-type: none"> • Oeiras • Cascais 	20
2 Knowledge institutions	<ul style="list-style-type: none"> • IST • UTL – Lisbon University of Technology 	17
3 Government agencies	<ul style="list-style-type: none"> • INESC – Institute of System Engineering and Computers • FCT – Science and Technology Foundation • IAPMEI – Institute of Support to Small and Medium-sized Firms and Investments 	15
2 Utility companies	<ul style="list-style-type: none"> • PT - Portugal Telecom • EDP – Portugal Electricity 	11
Others	<ul style="list-style-type: none"> • FLAD – Porugese-American Development Foundation • IBEROPARK – Innovation and Business Parks • ISQ – Institute of Welding and Quality 	2

By far the major source of revenue that covers the shareholders’ contribution to the investments equity is commercial (but competitive) rents charged to companies in the Park for office and working spaces. In addition to rents, a very limited proportion of its revenue is earned by selling services like water and electricity.

In addition to the equity providers, Tagus Park has signed partnership agreements with several other local, national and international organisations. At the municipal level of Oeiras, these are its Agency for Energy and Environment, and the Association for Internationalization, Technology Promotion and Business Development. At the national level, these are associations of bio-industries, of science and technology parks, and of international exchange of student trainees. Further, a partnership exists with IASP, the International Association of Science Parks.

Currently, a thorough regeneration programme is being accomplished in Tagus Park. The main project is the construction of a Central Plaza as a new centre of the Park. This fits in the objective to transform the Park into a “City of Knowledge, Innovation and Creativity”. It creates a ‘multifunctional centrality’ to work, play and learn. Further, the new Plaza should achieve a logic of continuity in the built-up space of the Park, enhancing the attractiveness of other projects - such as the new building of Novartis Portugal. The second main project of the regeneration programme is the building of a Student Dorm with approximately 90 beds, to be located next to the IST Campus in the Park. It allows students and young researchers from other parts of the country and abroad to stay in the Park, hence contributing to the livelihood of the Central Square.

5.2.2 Incubadora

The Business Incubator that was created in Tagus Park in 1995 had hosted about 50 companies, all in ICT, when it finished operation in 2009. It ceased to be an incubator but the building still exists and is now full of mature companies. Two years later, in 2011, a new incubator – Incubadora - was launched. Incubadora was initiated by the shareholders of the Park with the aims to create a new flagship both for ‘external publicity’ and to enable new innovative and commercial linkages for existing companies in the Park. The Park Management decided to turn a two-storey former call centre in the Park into a modern infrastructure, with about 2000 sq m of working space, exclusively for Incubadora.

Figure 4: Incubadora



Incubadora aims to support people with entrepreneurial profile in the initial stages of developing their innovative ideas into sustainable business models. To that aim, it provides facilities, infrastructure and other types of support necessary to found, start and manage their companies. The ultimate mission is to scale up their markets, from local to national to international.

Incubadora focuses on firms in three broad sectors: information technology, communication and electronics (together: ICT); biotechnology and life sciences (bio-tech); and renewable energy and energy efficiency (clean tech). Notwithstanding the entry of bio-tech and clean-tech start-ups, ICT is still the major specialisation of the incubator – “We feel most comfortable with ICT” - as it was the earlier incubator that ceased in 2009, and as it is now in the Park as a whole. This is not only due to lesser experience with both other sectors, but also because incubation of firms in these sectors take longer, need more money, and require to hire-in more people from outside in comparison with ICT.

At the time of the preparation of the presentation that was held at the study visit, Incubadora hosted 13 firms (at the time of the visit: 20, employing 25 people): eleven in ICT, one in bio-tech & life sciences, and one in energy efficiency. By phase; four were in pre-incubation, seven in incubation, and two in business development (see below: Incubation model). The incubator management allows graduates who are doing financially less well to stay in the Park against affordable rates, i.e. postpone part of the rent as interest to the future when the company does financially better.

Incubadora provides the following facilities and services to support the firms it hosts.

Equipped spaces:

- Common areas: reception area, two conference rooms, a pantry and other zones for socializing.
- Zone of open-space equipped with basic furniture (desks and chairs) and wireless internet.
- Shared zone equipped with some basic laboratory equipment.
- Individual offices equipped with basic furniture, access to internet and a direct telephone line.
- Individual laboratories equipped with basic furniture, internet, telephone and laboratory facilities for chemical processes by businesses in biotechnology and life sciences.
- Space for the installation of specialized equipment companies (e.g. clean rooms, cell culture preparation area).

Services:

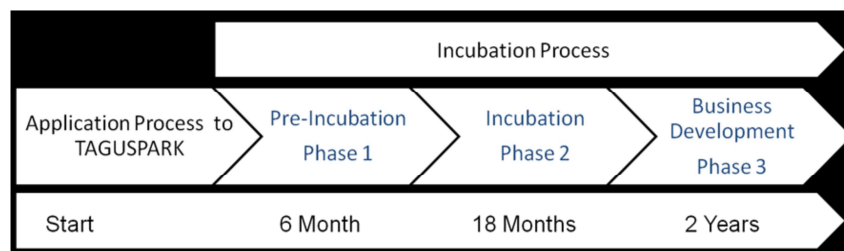
- General services, e.g. mailbox, cleaning and security.
- Support to make a business plan. This support is very welcome: most graduates that start a business know the basics of how to make such a plan, but that is usually not good enough to interest investors in their project.
- Legal advice, in particular about contracts, establishment of companies, and company law in general.
- Providing marketing and management tools. Mind that most incubatees are engineers, in particular IST graduates, i.e. they lack most of such tools.
- Support the preparation of applications to the Investment Incentive Systems.

Other:

- Organizing network events in the incubator.
- Contacts with programs to support entrepreneurship and investment.
- Contacts with firms elsewhere in the Park.
- Contact with capital providers, 'business angels' and investors.
- Implementation of initiatives to boost the community of the incubator.
- Internships programmes for businesses to help young people to come into contact with the market.

The incubation model of Incubadora consists of three phases, preceded by an application process that includes two main selection criteria.

Figure 5: The incubation process at Incubadora



The first criterion for entry is the sector in which the idea of the applicant fits: only applicants in ICT, bio-tech and clean-tech are accepted. Next, the second criterion is the quality of the application itself. This is externally evaluated by a committee of evaluators from the business world, the academic world, or, mostly, both worlds. The Application Form is a document that should not exceed 25 pages and includes a CV of the applicant(s) and a description of the project – general objective; identification and degree of innovativeness of planned products or services; identification of financial sources; and initial market analysis.

If accepted, it depends on the 'maturity' of the proposed project in which of the three complementary phases the applicant will be placed: the pre-incubation phase (1), the incubation phase (2), or even directly into the business development phase (3). The last is an opportunity, for instance, for firms coming from other incubators. In these latter cases, the Application Form should also include official documents and the business plan of that firm.

Phase 1 is the phase of maturation of the applicant's ideas towards the establishment of a firm and a first prototype. In practice, it involves 6 months of pre-incubation in a co-working area during which one is obliged to make a business plan; to found a company; to construct a viable prototype of his or her innovative product or service; and to identify the further phasing of their project. If one fails to meet one or more of these obligations, or the result is not good enough, he or she has to leave the incubator. Extenuating circumstances are only rarely accepted: "most projects die in these first 6 months". The go / no go decision is made by the two-person daily Management Team of Incubadora, based on their impressions after 6 months of frequent contact, an elaborated check list, and - in case of doubt – consultation of its network of experts.

Phase 2 is the phase of technological conception of the product and/or service. In this 18 month period, the start-up is supposed to further develop its prototype into a marketable product, to identify a market for this, and to effectively bring it on the market. Incubadora brings start-ups into contact with business angels and venture capitalists, and stimulates it to network with one another within the building and with others in the broader productive ecosystem it is gradually becoming part of.

Phase 3 is a 'comfort zone' of 24 months for business development in which Incubadora will guide and support the growth of the company, including volume of business, in order to enhance its commercial sustainability outside the incubator environment. In the last year of this phase, and in case the state of development of the company requires so, for instance due to necessity of bigger working space or specialized installations that the incubator does not provide, the company will be enabled to move to another space in Tagus Park, outside the incubator but continuing to benefit from the favourable conditions and supports it offers. Overall, the relatively long incubation period of 4 years is a maximum length that mainly suits bio-tech and clean-tech projects. The assessment of ICT companies as either a success or a failure usually does not require such a long period.

Every 6 months, the firms that take part in the incubation process are evaluated by the Management Team of Incubadora, regarding the evolution of the development of their marketed products or services, and their contribution to the community of the incubator, including participation in the events it organizes. In fact, more importance is attached to the quality of the accepted applicant and the decision whether a projects can pass on to a next phase or not than on the need for full occupancy of the available space. Some vacancy was indeed seen in the incubator at the study visit, although this was partly because part of the rooms had just been made ready for use. It was suggested during the visit that the readiness of the shareholders of Tagus Park to help Incubadora out of financial deficits (see 6.2) makes the need for full occupancy less pressing than it would be in case of a strictly private model.

When the incubator in Tagus Park finished its operation in 2009, the then existing relationships between shareholders of Tagus Park and incubatees also halted. As said, one of the ambitions of shareholders of the Park with the initiative to found Incubadora was to restore such relations, and to extend their number in the course of the coming years. Furthermore, it is the explicit job of the Management Team of Incubadora to interest companies established in the Park in the projects and products of the incubatees. Thereto, at the end of 2011 it invited companies to listen to '3 minute pictures' by the incubatees and to give them the floor to talk further in case they felt a click. Over all, new contacts have indeed been made by the Executive Board of Tagus Park and the Incubadora

management, but these are for now, however, still limited to a few shareholders who buy incubatees' products or help them to market their products. With regard to the few starting bio-tech companies in particular, this can be explained by their noteworthy strategy "to stay away from anyone's radar". "They don't want to work in cooperation with bigger companies until their idea has been worked out into a mature product. They don't want to show what they are doing until they are ready".

Since its foundation in 2011, Incubadora has signed partnership agreements with several local, national and international organisations. Mentioned was for instance EDP, the Portuguese electricity company. More notable however, are agreements with US partners: a formally signed one with the University of Texas in Austin with the aim to boost entrepreneurship in Portugal and an informal one with MIT-Portugal that foster Portuguese PhD s in the US. Further, "Silicon Valley came to Lisbon last year". It is also notable how Incubadora contacts Portuguese graduation and PhD students abroad, in particular in the US, and enables them to return to their home country to work out their concepts. "Many feel more comfortable here and it is much cheaper here". Incubadora has accommodated quite a few of these returnees, some of which had already started an enterprise, for example in Silicon Valley or as a spin-off of MIT. Over all, a network system is being developed between universities and business parks in the ITC and bio-tech sectors in Lisbon and several US cities that includes Tagus Park and Incubadora.

5.3 LX Factory / CoWorkLisboa

Rua Rodrigues Faria, 103, 1300 - 501 Lisboa
<http://coworklisboa.pt/workplace/lx-factory/>

5.3.1 LX Factory

The study visit was paid to CoWorkLisboa, a private venture company that is owned and run by a two-person Management Team (a couple). It is located on the fourth floor of the main building of the LX Factory (pronounce: Elshys Factory). LX Factory is a former manufacturing complex in the old Lisbon industrial borough of Alcântara, facing the river Tejo, that has laid obsolete for quite some time. The complex dates back to 1846 when it opened as a textile factory. With 23.000 sq m, it was one of the most important manufacturing complexes in Lisbon's history. It has been subsequently occupied by a variety of industrial companies.

The obsolete industrial complex has been transformed since 2008 into a creative and dynamic feeding ground for innovation and production for all types of creative branches. Its transformation is an urban regeneration project to return a space that had been abandoned and neglected for years to the city by bringing back people and liveliness to it. It is capitalised by the emerging sector of creative industries in Lisbon by combining different economic, sociocultural and technological realities that have attracted, amongst others, marketing and advertising agencies, architectural practices, photography and fashion studios.

Since the beginning of the regeneration process, the area has become better known and visited due to Sunday events when stools line the streets with trendy, second-hand and hand-made items like clothing, shoes and food, and due to the Open Days – twice a year - when all businesses open their doors, invite people in and create opportunities for networking in an atmosphere filled with street music, food and drinks. Nevertheless, there are still quite some areas for improvement, like for instance parking space.

Figure 6: LX Factory

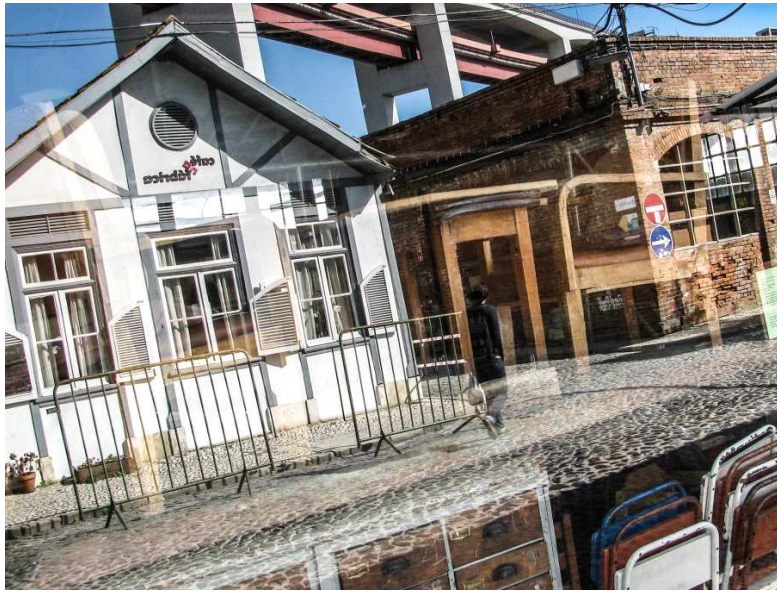


Figure 7: LX Factory at night



LX Factory is owned and managed by Mainside, a real estate investment firm. That firm bought the land and buildings directly from the industrial company that last owned it, meaning that these have never been in municipal hands. In fact, it was not very easy to get the necessary licenses from the municipal government to start the transformation of the obsolete buildings and open space, in spite of Lisbon's ambition to be a creative and entrepreneurial city. Mainside primarily earns returns on its investments by renting out spaces. This has been a reasonably successful business model in the sense that the numbers of established companies and commercial businesses have gradually increased.

At the time of the study visit, there were over 150 businesses established in the project: a number that had grown mainly due to mouth-to-mouth acknowledgement. Next to CoWork, these companies

and businesses are first and foremost workshops, shops, catering and the like. Noteworthy are the establishment of a library and a national institute responsible for training modules to unemployed people that is co-funded by the EU. LX Factory applies a system of variable pricing for the various types of renters and the size of their business. After its initial reluctance, the municipality is involved in the promotion of LX Factory now that it appears successful.

Figure 8: Bookstore in LX Factory



In addition to working spaces for businesses, there are also spaces in LX Factory buildings where events and meetings can take place. In order to promote meetings between professionals in the various settled creative disciplines and artistic expressions, the Association for the Promotion of Creative Action PLANOBAU created, in 2011, the Balneário (Portuguese for 'public bath') in one of the buildings. The Balneário is organized into multiple spaces with different dimensions and different characteristics that lever different uses, including a meeting room, a pantry and a ping pong room, an exhibition and performance area, and several individualized and common workspaces. As a multidisciplinary space, it combines an integrated working platform with creative and cultural activities open to the public.

5.3.2 CoWorkLisboa

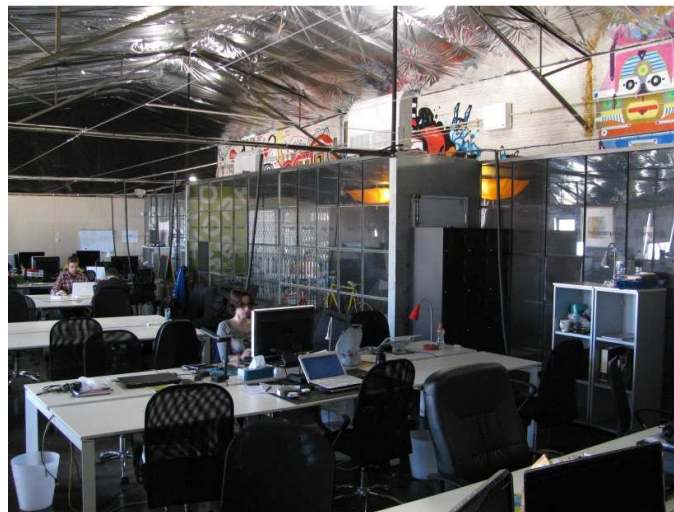
CoWorkLisboa (CoWork) opened on 1 Febr. 2010 and is the first and largest co-working space in Lisbon and Portugal. As a starting fee, CoWork had to pay three-months rent in advance to Mainside,

approximately € 10.000,- taxes included. The total amount of available investment capital to start was € 20,000. That money was obtained by private commercial funding: there was, and still is no financial contribution (no seed money, subsidy, sponsoring or whatever) by local government.

The philosophy of CoWork is based on the believe that work is better done among others: “It is all about collaboration and sharing”. The choice to bring this philosophy into practice in this particular building – two other locations in Lisbon were also available – was based on the outcome of an open questionnaire on Facebook. When this location was selected, people who had shown their interest to be co-worker in this particular place donated furniture, objects of decoration and sometimes computers as an in-kind contribution to the necessary start-up investments, in exchange for a certain period of time of unpaid or low-priced occupancy. In addition to lowering the costs for starting CoWork, this contribution also gave the benefactors a feeling of co-creation of its in-house environment. In order to save money from the available limited amount of capital to start CoWork, this indirect way of financing was an alternative for financial prepayment by interested co-workers that would have been very problematic for many of them.

Now CoWork (and LX Factory in general) appears relatively successful in an urban environment that is being hit ever more severely by unemployment and other impacts of the current economic crisis, the municipality becomes more interested in the concept. But the Management of CoWork points at the uniqueness of the concept in this particular environment and is of the opinion that it cannot be easily replicated elsewhere in the city, or elsewhere in the country. Moreover, it has no ambition to do that.

Figure 9: Working spaces at CoWork Lisboa



People working in CoWork have no formal contract for a certain term of lease. Instead, they have a card that can be charged and used (cf. a mobile phone card) whenever the holder needs it. In addition to shared work space, CoWork provides them services (facilitation) like free water and coffee, wifi or cable network (120 internet connections but a bit unstable yet), and use of a meeting room, lounge and kitchen.

CoWork positions itself as a very open-minded community for creative people with no long-term obligations in a co-working manner. What happens between these users of the spaces, how they collaborate, and what they share is all “spontaneous and informal”. There are no organised formal network events and meetings, nor does CoWork offer formal mentoring services. When co-workers

have a problem, e.g. with how a specific technology works, or how to run their business, they use Google or consult people with experience in that field they know (peer-to-peer learning) who are present at the work floor, or possibly in the Balneário. Further, since there is no explicit incubation programme, there is neither a procedure of selection of entries. If there is room, those who pay are welcome. Right now, most of the renters are working in ICT or web design. Some act as subcontractors of others, either in temporary projects or more structurally.

If external companies approach CoWork in search of specific expertise for their products, the management supports these by bringing them into contact with co-workers who match the demanded profile or possess the demanded expertise. CoWork is not a classic or 'genuine' incubator however, and neither does its management consider it to be one. Nevertheless, it includes some practices that are relevant from the perspective of the overall objective of InCompass.

Table 4: Overview of visited incubator-like venues

	CEBAL	Incubadora	CoWorkLisboa
SERVICES			
Office / working spaces and shared facilities	laboratory equipment	yes	yes
networking for incubatees (e.g. meetings)	n.a. (no incubatees)	yes	only informal
entrepreneurial support (e.g. training, courses)	n.a.	yes	individual
FOCUS			
focus on start-ups or existing firms	No	both	no explicit criterion
specialism	agriculture and forestry	ICT, bio-tech and clean-tech	ICT and web design (by coincidence)
KEY FIGURES			
surface (m ²)	-	2000 sq m	-
current no. of incubatees	n.a.	100	50 – 100 (seasonal effect)
no. of incubatees since start	n.a.	125	appr. 150

In total, there are 54 desks (flex and fixed) and 16 micro studios for up to 4 people for rent. Already since the first year of its existence the average use rate is about 80% (!) throughout the year. This rate is subject to seasonal fluctuations with a clear peak of full occupancy at the beginning of the year (Jan. – Feb.) but starts to drop in early summer resulting in a slack season (about 40% occupancy) during summer holidays when, for instance, working mothers of small children have to stay home. The management is thinking of starting a kindergarten-type of service in CoWork to enable mothers to bring children with them. A new, special package that is called Nomad allows people to move freely between all workplaces in CoWork except the desks that are reserved by card-holding renters. It is the ambition of CoWork that 4 or 5 people move on and are replaced by newcomers each month.

To support tenants who have grown to move up the ladder to larger working spaces – and in fact have become too big to stay in CoWork - its Management Team at occasions informs such companies about available space elsewhere (usually in LX Factory). An example is a company that started in CoWork in 2010 and is now employing 25 people on the first floor of the same building. By and large,

however, CoWork appears to have become a stable community. Its popularity that holds firms back from moving is indeed a competitive strength, but can also turn into a threat because it hinders the entry of 'new blood' into the community that might stimulate innovations.

6 Commercial contextualization (WG1)

6.1 CEBAL

CEBAL attracts quite some investments from the private sector to implement joint R&D projects and provide research-based services to agro-industrial companies in the region. Most of its research work is still being financed by European money however. According to a representative of CEBAL at the study visit, a gradual shift from publicly funded activities and projects to revenue generation from the private sector is the main task of the institution in order to become (more) self-sustainable and generate an appropriate amount of revenues. To bring CEBAL and regional companies closer together, a representative of one of the biggest companies in the region is in the board of CEBAL. This representative gives the private sector a voice in the longer term strategy and decisions on the institute's research programme, making it more willing to co-finance research. This strengthening of its regional focus offers opportunities to attract new customers and to cooperate with new partners in a regional productive network, hence improving the financial sustainability of CEBAL.

6.2 Tagus Park / Incubadora

Incubadora is funded merely by rents for working space and fees for services paid by the incubatees. It rents out two sizes of offices: 18 and 25 sq m. Costs for incubatees are lowest in the pre-incubation stage but increase gradually in the course of the next stages of incubation and business development (Table 5).

Table 5: Monthly tariffs in Incubadora

	Pre-Incubation	Incubation			Business development	
Months	1-6	7-12	13-18	19-24	25-36	37-48
Open space facilities	15 €	18 €	20 €	25 €	-	-
Office premises (incl. airco, electricity, furniture)	-	3 €/m ²	5 €/m ²	7 €/m ²	7 €/m ²	10 €/m ²
Laboratory module (incl. air-co, lab. tables, equipment, etc.)		319 €	355 €	391 €	391 €	445 €
Electricity of laboratory modules	-	According to usage of electricity power and Tagus Park tariffs				
Internet	0 €	10 €				
Telephone	Based on communication tariffs					
Printer	0,03 €/page					

NB: all prices are per month (except printer) and exclusive VAT

Source: Manual da Incubadora do Taguspark (versão 2012)

The revenues from charging the incubatees is insufficient for the incubator to sustain itself. As a member of the Management Team stated: “the income from rents does not cover my annual salary costs”. The deficit is funded by the shareholders of Tagus Park, making the location and networks in the larger Park advantageous for Incubadora. In addition to the importance these attach to opportunities for linkages between mature firms in the Park and start-up firms in the incubator, some also consider funding the deficits investing in companies that may stay in the Park at commercial rates after incubation. For the municipalities among the shareholders, doing the utmost to retain firms at the end of the incubation period is important because they create jobs, generate more public income from taxes, and promote entrepreneurship in general in town and region. In the current financial difficulties, however, they only spend some public money in advertising campaigns for the incubator.

Figure 10: Incubadora



In summary, the next practices that can be ‘good’ for other cases across Europe were observed in the incubator of Taguspark:

- Good quality of applications and intermediate evaluations are relatively important compared with full occupancy rate. The demands for entry are stern - including a dedicated Board of 9 independent triple helix partners to judge the application – but limits the number of early drop-outs from the incubation process and, hence, means a larger proportion that grows into the higher levels of the tariff list.
- Highly differentiated rental tariff system fits in with the gradually increasing payment capacity of incubates, reducing the risk of premature bankruptcy, and hence of drop out. The tariff system is even more flexible because the Management allows ex-incubatees who are doing financially less well to stay in the incubator for some time against more affordable rents, postponing rent to better days. As a reflexion of a certain sense of social responsibility with the development of start-ups, this also reduces the risk of premature drop-out, meaning less ‘waste’ of investments in start-ups.
- Applicants can enter at different stages of the incubation model in accordance with their stage of development. This may attract tenants who otherwise would not be interested to rent space and pay fees for services in the incubator.
- Charge consulting services during the project-preparation and implementation phases to external institutions and companies. Involvement in joint ventures increases the opportunities for profitable earnings.

- Development and commercialization of virtual business services (e.g. virtual offices, virtual conferences, webinars, online and offline training and consulting, online stores and exhibitions, etc.).

One possible opportunity to raise revenue - investing in equity sharing of the start-up firms - is labelled an unwanted “strange model” because it would also mean greater involvement in sharing their risks.

6.3 LX Factory / CoWorkLisboa

The most important source of income is rental income from workspaces. Facing the requirements of tenants, the rents they pay is both scalable and flexible, making total rental income relatively unstable over time. Scalability is connected to the choice they have between several different types of workspace options (fixed or non-fixed desks, nomad seats, micro-studios for 2-3 person companies, etc.) and various meeting and storage spaces. The flexibility is linked to the use of the chargeable ‘mobile phone type’ of card and seasonal effects.

CoWork offered interested renters of workspace the option of in-kind payment of rent, in particular by means of ‘equipment’ to furnish and decorate the interior space of CoWork, including some of the necessary tables as workspace. This option was offered to achieve a high occupancy rate at the very start of Cowork itself to help it through its infant stage. In general, it can still be offered, depending on the need for in-kind contributions, to people who have a good idea but are short of money to start a business. They can benefit of the social contextualisation of the incubator but save money for rent during the first few month.

Another, although limited, source of rental income is catering. There is a café on the floor of CoWork that serves drinks, snacks and light meals. The management does not consider catering a core business of CoWork and conceded the café for two years to a grantee, hence making some money without any work or commercial responsibility. The café was originally meant to be for CoWorkers only to have their coffee-breaks and lunches, but it is now open for working people of the whole LX Factory, making it a platform for networking on a broader scale. In particular at lunchtime, it acts like a social place for people to gather and discuss ideas and businesses.

Finally, different types of others actors that show interest in this type of trendy places come here to rent space for quite a variety of meetings and activities. These include companies from outside LX Factory but also associations or institutions. For space consuming activities, there is in particular room during the week-ends when there are no co-workers: the allowed hours to perform economic activities in rented working space businesses are regulated by law from Monday to Friday, 9 AM to 9 PM. Examples are a weekly gym class and occasional fashion photo-sessions.

Indirectly linked to the rental income, and not yet implemented but interesting for young parents among the tenants is the idea to start a kindergarten service. That service enables these workers to combine their dual tasks of care providers and bread winners more easily. And the more often they come to work, the more rent they pay to CoWork by using their prepaid card.

7 Social contextualization (WG2)

7.1 CEBAL

No practices observed

7.2 Tagus Park / Incubadora

Because of the recent start of Incubadora only two years ago, there are no incubatees that have completed the entire incubation process. Nevertheless, it is the ambition of its Management to keep successful companies that have finished the incubation program part of 'the community' (to come in and join meetings etc.) and to keep them physically as close as possible to the incubator, i.e. to retain them in the Park. It is in the benefit of Incubadora that these entrepreneurs can possibly act as mentor to the new incubatees and in the benefit of the Park that they rent working space outside the incubator.

In summary, we found the next good practices in Incubadora:

- A variety of public spaces equipped with ICT, furniture and basic needs for laboratory work contribute to creating a real community in the incubator. Kitchens, a balcony, a pantry, a reception area, two conference rooms and socializing zones equipped with basic furniture to strengthen network ties between incubates, resulting in mutual advice, information exchange etc. These are merely informal networking activities that are not formally organized by Incubadora: "We do not organize parties of Harlem shakes for our entrepreneurs".
- The opportunity for new applicants to enter the incubation programme in different stages means a better mix of real starters and more advanced entrepreneurs, hence contributing to the quality of knowledge and experience that is available in Incubadora.
- Synergies with companies and universities at Taguspark by means of social and physical openness of Incubadora towards its surrounding area in the Park. The identification of talented resident people – their number will increase by the new student dorm - and existing productive activities in that area contribute to the establishment of informal learning and cooperation, both at the scale of the Park and of (incubatees in) Incubadora.
- In the final stage of the incubation model, i.e. the business development stage, companies are enabled to move to other spaces in Tagus Park, outside but very near to Incubadora. This is at mutual benefit for both, i.e. for these firms and for Incubadora.
- Tech-oriented events form the underlying structure of communications between incubator and surrounding area to their mutual benefit. In this sense, all people are informed about the projects and activities that take place in the incubator.
- Investment in creating a real community and developing spaces and facilities such as the student dorm in Taguspark is a type of social contextualization that is also at the benefit of Incubadora.

7.3 LX Factory / CoWorkLisboa

The advantage of working together in a creative environment is the basic concept of CoWork, as it is in many incubators. Sharing the working space on tables and the possibilities for interaction in the café in this authentic place that is suffused with a spirit of industrial history stimulates the creativity and innovativeness of people's work. Unlike many incubation models that organise networking meetings in a rather formal way, CoWork considers its model that focuses on creating a community by informal cooperation successful. The current stability of its community of co-workers indicates - not proves - that the renters consider its model beneficial, although the lack of 'new blood' into the community might hamper innovations in the longer run.

To create a community, CoWork has made excellent use of social media in order to promote their spaces and decorate it according to people's needs, requirements and tastes. That use of social media started with the poll on Facebook to let interested users decide which space they found most attractive to work in.

Social networking as a way to make market research and attract potential clients

LX Factory operates a web site that offers all creative entrepreneurs, including those in CoWork, the opportunity to present their work. Furthermore, if an entrepreneur wants to organise an event surrounding his or her work or product of that work, he or she can upload an announcement plus invitation on the site. In this way, it becomes announced to an audience that is not limited to stakeholders within the LX Factory only.

CoWork also benefits from initiatives by LX Factory. The Balneário provides various types of meeting space, including one for exhibitions that is open to both its 'own' companies - renters of work space in the factory - and outside companies. Firms in CoWork also benefit from the opportunities it offers to foster networks with the outside world, hence creating channels for informal communication that contributes to the improvement of ideas or the generation of new ideas.

Further, LX Factory organizes Open Days twice a year. Exhibitions, food tasting sessions, concerts and catwalk shows in its buildings and open space in-between the buildings brings its community into contact with the city and promotes networking with outside companies.

8 Tiers of support, networks and partnerships (WG3)

8.1 CEBAL

For its private status, CEBAL is not officially part of IPBeja. However, there are several types of collaboration with that knowledge institution. In addition to the use that CEBAL makes of one of the buildings on its campus, CEBAL also contributes to teaching (bachelor and master) and research (graduation and PhD) programmes of the polytechnic. In reverse, CEBAL benefits from the presence of researchers on different academic levels: students on these different academic levels and their supervisors from the academic staff contribute actively to the practical research work for the regional economy in its laboratories.

The strengthening of networks of partnerships – temporary or more permanent – with agro-industrial producers in the rural hinterland of Baixo Alentejo gives increasing opportunities to earn private money, i.e. to sustain itself financially.

8.2 Tagus Park / Incubadora

In spite of the very recent foundation of Incubadora, in 2011, it has signed partnership agreements with several local, national and international organisations, in particular R&D institutions and universities. Further, commercial financiers are located in the Park itself. Altogether, the following three good practices were observed during the visit.

- The mixed equity shareholder model of Taguspark involves a network of both local and national firms and institutions in industry, academia and government. All these types of partners are represented in the three governing boards of the Park. Some of their relationships also benefit Incubadora directly, such as free mentoring of incubatees by IST professors and staff members.
- Taguspark operates in wide networks of firms, associations and institution in finance, science and technology etc. Although the Management Team of Incubadora organizes relatively few formal general meetings and contacts for its incubatees with these external partners, it facilitates these for incubatees who themselves take initiatives on a tailor-made basis. Examples are contacts

made with investors and financiers (seed capital, venture capital, business angels), some of which are established in the Park.

- A network of international, mainly North American partners, and the policy to stimulate Portuguese graduation and PhD students to return to their home country implies an influx of new rent payers and, probably more important, new ideas, knowledge and experiences into Incubadora.

8.3 LX Factory / CoworkLisboa

The telecom company ZON that is responsible for providing and maintaining stable internet is a sponsor of CoWork, supplying its services for a discount price. It is unclear what is in it for CoWork. One possibility is a profit for CoWork on charging unsponsored prices to its tenants.

Otherwise, no formal partnerships have been established or signed with external organisations, firms or institutions. It operates for instance without any public support.

9 Overview

CIMBAL, the association of municipalities in Baixo Alentejo with its office in Beja that hosted the study visit, has indeed the ambition to invest more in the development of creative industries, including the foundation of incubators. It not only expects direct economic impacts of the expansion of creative industries but also indirect ones such as improving attractive location conditions for other new businesses. For now, however, this is more an ambition than a reality: the size and economic significance of creative industries is still very limited in the area. Hence, CIMBAL had no practice of an operational creative incubator to demonstrate to the InCompass consortium. It was for this reason that most of the study visit organised by CIMBAL was paid to incubators in Lisbon. A representative of CIMBAL frankly admitted that it seized the opportunity to participate as a partner in the project first and foremost to visit and to learn from practices in other cities and regions across Europe.

The national capital city of Lisbon counts 565.000 inhabitants (2011) and its entire agglomeration about 3 million. This urban region has indeed shown a notable dynamics of the creative and cultural sector in the past decade or so, illustrated by quite a few new events, venues and clusters. This dynamics was supported by recent policy initiatives, mainly aimed at establishment of new businesses. These policies were, however, generic rather than focused at creative and cultural industries in particular. This may explain to some extent why even both cases that were visited in Lisbon were not genuine creative incubators. Incubadora is an incubator but explicitly for start-ups in ICT and high-tech sectors. In contrast, the firms in CoWork fit better in the common sense definition of creative industries – although these are not explicitly selected by branch – but this is no support programme that ‘normally’ characterizes incubators, if there is a normally regarding characteristics of incubators... Besides, the Management of CoWork does not consider it an incubator. Nevertheless, all three showed practices that can be seriously considered by creative incubators elsewhere as ‘relevant’ or ‘good’.

Table 6 presents an overview of the main practices observed in Beja and Lisbon, by case and by working group theme. After three earlier study visits, to Rotterdam, Milan and the Øresund region, many of the practices observed in Portugal seem familiar. This is first and foremost income from rents, mostly for working spaces paid by incubatees but occasionally also for temporary use of spaces for other activities by external organisations and firms (CoWork). Furthermore, the mainstream

practice to create common spaces for informal interaction is also present, at least in the two Lisbon cases. Some people that make use of these spaces may sit on the chair they brought in themselves as in-kind payment of rent. A familiar source of income in the theme commercial contextualisation - fees for the supply of services - appears less prominent in these visited cases than in cases of earlier visits.

Next to the various familiar practices, this visit also provided insight in some practices that had not yet been seen. A few of these are particularly striking. First, the location of both Lisbon cases in larger complexes - the science and technology park Tagus Park and the multi-tenant cluster of creative and cultural venues and business LX Factory – has developed different forms of cooperation and relationship with mature firms and institutions that benefit both these cases and their start-ups. In the case of Incubadora, the shareholders of Tagus Park – all institutional partners – even fund the still rather structural financial deficit due.

Table 6: Overview of main findings

	commercial contextualisation	social contextualisation	tiers of support, partnerships
CEBAL	<ul style="list-style-type: none"> ▪ project funding from EU ▪ funding by private agro-industrial sector in regional hinterland 	n.a.	<ul style="list-style-type: none"> ▪ partnership with Beja Polytechnic Institute ▪ key position in network of partnerships with regional agro-industrial sector
Tagus Park / Incubadora	<ul style="list-style-type: none"> ▪ rental income working space: rents increase with stage in incubation model ▪ increase rental income by instruments to limit drop-out rate ▪ fees for services ▪ funding by shareholders of Tagus Park as a whole 	<ul style="list-style-type: none"> ▪ common spaces for informal interaction ▪ optimizing mix of firms in different stages of incubation model ▪ retain ‘graduates’ within Tagus Park close to Incubadora ▪ student dorms in Tagus Park ▪ network events in Incubadora for firms in Tagus park 	<ul style="list-style-type: none"> ▪ free support by institutions in the strong triple-helix like partnership of shareholders of Tagus Park ▪ mediator for contacts of individual incubatees with shareholders of the Park and other external partners ▪ partnerships with North American knowledge institutes, yielding knowledge and know-how (Portugese)
LX Factory / CoWorkLisboa	<ul style="list-style-type: none"> ▪ rental income working space ▪ kindergarten ▪ in-kind payment of rent ▪ renting out space to external organisation outside office hours 	<ul style="list-style-type: none"> ▪ common spaces for informal interaction ▪ community building by use of social media ▪ Open Days 	<ul style="list-style-type: none"> ▪ sponsoring by telecom and internet provider

Second, networking with external partners in knowledge institutions and industry is observed in both CEBAL and Incubadora. Although this is not unique, we also saw it for instance in The Creative Factory and DNAMO (Rotterdam) and even more prominent in MINC (Malmö), it is such an important practice that it is worth to be emphasised once more. CEBAL shows the advantages of building up networks with industry in the surrounding rural region of the town where it is located. These networks are advantageous both for itself and for the industry.

Third, Incubadora applies several instruments that limit the drop-out rates of incubatees during the incubation process. Less drop-outs mean less loss of investment in failing incubatees and a larger proportion growing into the higher levels of the tariff list of rents and services. These instruments are rather stern demands for entry into the incubation process and allowing graduates who are doing financially less well to stay in the incubator for some time against affordable rents.

Fourth, the opportunity in CoWork to pay rent in-kind. In this particular case, this was only an opportunity during the early days of its foundation. But more in general, this type of rent payment is an alternative for interested co-workers that are interested to participate in the incubation but would not have entered the program for a lack of money. For the incubator in question, it means that less talent is wasted.

Finally, a minor and not yet existing but nevertheless interesting practice is the supply of a very specific service: a kindergarten. The opportunity for working mothers who rent a space to bring their small children to the incubator enables them to come to work more often. In the particular 'no presence no pay' rental model of CoWork, the kindergarten directly increases the rental income of the incubator, the more so if this service is not supplied for free but, for instance, at cost price.

10 Validators' remarks

10.1 Introduction

The study visit report has been validated by three experts:

- Mrs. Elsa Nunes (Manager at IrRADIARE Science for Evolution, Lisbon)
- Mr. Leo van Loon (director of European Creative Business Network/managing partner of PopVox, Rotterdam);
- Dr. Annet Jantien Smit (researcher/owner at DENKBEEELD Spatial Research and Consulting, Groningen).

As far as the validators' comments were corrections or annotations to the text they have been included in the previous chapters. This is the case for all remarks by Mrs. Nunes, as well as for some of those by Mr. van Loon. The remaining comments are presented in this chapter. When necessary some comments have been slightly edited by Arie Romein and Jan Jacob Trip.

10.2 Leo van Loon (European Creative Business Network/PopVox)

ZON is indeed a very big telecom operator, which is very interested in and supportive to the creative sector around Portugal. I have seen them operate as a sponsor of a creative start-up contest in Porto as well. It would be interesting to see what other possibilities there are in Portugal for closer cooperation with big companies and also with universities. Lisbon has several universities as was mentioned in the report, but their way of participation seems quite institutionalized. It would be interesting to see whether their students could be active in the incubators as interns, researchers or incubatees themselves. The other way around, start-up companies could inspire the students and professors in the universities with guest lectures and other methods on entrepreneurship.

As is mentioned in the beginning of the report, Lisbon is responsible for 40% of the Portuguese GDP. Together with Porto it is the heavyweight in (international) business and creative industries in Portugal. As both incubators that were visited in Lisbon are part of a bigger complex, they could also

make more use of being part of the big industrial ecosystem that is operational in Lisbon. And make more use of the international business ties it has with its former colonies, such as Brasil. The focus now seems to be more on to the US, but the BRIC and other rapidly growing economies offer great opportunities as well.

10.3 Annet Jantien Smit (DENKBEELD)

For the reader, it is somewhat confusing to get information on the 4 visited incubators in 4 different chapters, namely the descriptive information in Chapter 5, and then the evaluation of the innovative financial practices of each of these incubators in Chapter 6, 7, and 8. In my opinion it would be more useful for readers to paint a picture of an incubator and its innovative financial practices in 1 separate section. Then, the reader can relate an incubator's aims and goals to the specific economic sectors it caters to, and how it earns money in the three different contextualizations.

[Response: there is definitely something to say for a structure according to cases instead of one according to working groups, as is the case in the report. However, the current structure is based on the outline of the project, which was based initially on separate reports per working group, and will be maintained for the sake of continuity - JJT/AR].

Comment on the innovative financial practices of the visited incubators and their applicability in other contexts

CEBAL is a research institute in agro-based research fields. It is not a creative incubator and has no relation to creative industries. Despite this, the following financial practices of CEBAL could be applicable in creative incubators elsewhere:

- Attracting investments from the private sector for joint research projects (p. 23).
- Providing research-based services to other companies in the region.
- Being located (as a private non-profit association) on the campus of a university.
- Being involved in teaching courses and research programmes (up to PhD level) in this university (section 8.1, p. 27).
- Having students and researchers of all levels involved in the practical research of the institute (for incubators - CEBAL is not an incubator- this would translate as researchers of the university campus being involved in R&D projects of companies in the incubator.)

All of the above practices add up to a strong involvement in a regional network of university and company-based Research & Development.

Interestingly, Tagus Park was founded by a private company on the initiative of government (section 5.2, p. 11). As of 2001, a part of the Technical University of Lisbon moved into Tagus Park. Currently, Tagus Park has 16 shareholders, including government, educational institutes, and private companies. In 2011, the shareholders of Tagus Park relaunched the incubator named Incubadora.

I consider the following innovative financial practices of Incubadora applicable elsewhere:

- An incubator being founded by a private company, and being directed and funded in part by the shareholders. This means that "smart money" is involved in the funding. "Smart money" is money from investors with know-how on entrepreneurship and innovation.
- The three-phase incubation model of Incubadora enforces the incubates to live up to rather strict milestones for each phase of incubation, which lowers the drop-out rate and enhances the chances of incubates entering the higher rent tariffs, as the rents increase with stage in incubation model.

- The funding by shareholders of Tagus Park, in which the incubator is situated, enhances the ties between the incubatees and the larger companies and government institutions that fill the deficit in the budget of the incubator. Because the shareholders pay for this deficit, they will invest more time and effort to explore possible linkages between themselves and the incubatees, which may lead to knowledge exchange, free mentoring (p. 27), the bigger companies being “launching customers for the smaller ones,” or to new ventures in other ways.
- Optimizing a mix of firms in different stages of the (3-phase in this case) incubation model within the incubator.
- Retaining ‘graduates’ of the incubators within close proximity (in this case in Tagus Park close to Incubadora).
- Organizing network events (in Incubadora for firms in Tagus Park).
- Offering free support by shareholders of the incubator, or of the science park in which an incubator is situated. In the case of Incubadora, these are the 16 shareholders of Tagus Park, which form a triple-helix like partnership (including government, educational institutes, and private companies).
- Mediating between individual incubatees and shareholders of the Park and other external partners for mutual contacts.
- Sustaining partnerships with North American knowledge institutes (e.g. universities), yielding knowledge and know-how from other places through people who know both places (e.g. local students who study in these North American universities).

LX Factory / CoWorkLisboa seems to function somewhat isolated in relation to a broader ecosystem in the city of Lisboa in comparison to the other two incubators. Despite this, its ways of commercial and social contextualization are inspiring for other incubators, as these are ways of earning money in original ways. For example, the following strategies seem applicable in other regions in Europe as well:

- Obtaining rental income from working space on a ‘no presence no pay’ basis with a card (like a mobile phone card. Such a strategy may be advantageous for creative workers who like to cowork only for a day a week or a few hours per day. For example, many creative entrepreneurs have a work space at home in their startup phase, which is fine for concentrated, heads-down work, but may be not as productive and somewhat isolated if it is the *only* place of work.
- Establishing a kindergarten in the incubator building. Based on my own research in the Netherlands, creative entrepreneurs value the proximity of such facilities to their work place, as it allows combining work and private tasks within short time spans and without worrying about commuting time.
- In-kind payment of rent, in the form of furniture, computers, etc. I consider this an innovative financial practice as it allows creative workers to pay for their workplace even if they have limited money available; and, as mentioned in section 5.3.2 (2nd paragraph, p. 21), it gives the coworkers a feeling of co-creation and of making it their own place.
- Renting out space to external organisations outside office hours. For example, the weekly gym class (section 6.3, 4th paragraph, p. 25) may as well be interesting to occupants of Cowork or LX Factory and provide another informal platform to meet other coworkers.
- Community building by use of social media. The location choice by means of a Facebook survey is an additional way of marketing a Cowork space and involve potential users before its opening.
- Open Days including exhibitions, food tasting sessions and catwalk fashion shows may help attracting customers to the creative firms, and hence allow the incubator to increase the rents if this proves a viable source of income for the creative firms.
- Supporting tenants whose firms have grown too big to stay (section 5.3.2, paragraph right above Table 4, p. 22) to another floor of the same building. A mix of companies in different life stages

increases learning among entrepreneurs, especially if they still meet each other in common rooms, as in this case the café on the Cowork floor (section 6.3, 3rd paragraph, p. 25).

Concluding remarks & recommendations

As an overall recommendation for the InCompass Project, I would encourage to evaluate two questions:

- Is one of the visited incubators in the InCompass Project able to valorise its function of nurturing the regional or urban creative or tech ecosystem, and if so, by which financial practices? This function seems to be a valuable asset of many of the visited incubators in Beja and Lisbon (as well as Patras). However, these incubators seem not to benefit financially from their broader value for the regions of Beja, Lisbon and Patras. I would consider it a true innovative financial practice if a creative incubator could financially capitalize on its function of supporting a creative ecosystem.
- Are incubators being funded in part by shareholders more successful than incubators funded by government and EU funds? Funding by shareholders means that 'smart money' is involved in the funding. 'Smart money' is money from investors with know-how on entrepreneurship and innovation. Would such know-how lead to more successful incubators? Of course, the metrics of success have to be defined; and an incubators' success will depend on its context, but still, I consider this an interesting question to pursue.

11 Thematic seminar

11.1 Introduction

The Thematic Seminars (TSs) on the reports of the study visit to Patras (Greece) and Beja/Lisbon (Portugal) were combined and held in Avilés (Spain) in November 2013. The good practices observed during these two visits that were brought up and discussed during the TSs were - as has become customary in the course of InCompass project – summarized and presented by the WG leaders at the end of the seminar. The pictures of the flip charts of their presentations show that practices from both study visits were mixed up during the group discussions. For that reason, we decided to prepare one report of the Avilés TSs to append to both Study Visit Reports.

11.2 General remarks

In addition to observations and comments regarding practices observed in the visited cases, it was commented during the TSs that decisions by a local or regional government to curtail or even to end financial support to incubators should always be dealt with in the broader perspective of 'return on investment'. And this not only concerns direct financial return, but also returns in the perspective of meeting broader (objectives of) urban or regional development policies.

Quite often, incubators charge higher rents to firms in a more advanced stage that have started to create revenue than to genuine start-ups who still have to elaborate their idea into a marketable product. Hence, in a sense the former can be considered subsidizers of the latter within the context of the incubator. This implies that a well-considered balance of early stage pre-revenue tenants and end of stage revenue generating tenants should be an important strategic issue in the revenue model of the incubator. Main question that raise, then, are whether there is some kind of ideal balance, and how large the rent difference between tenants in different stages of revenue generating should be?

The three cases visited in Portugal are highly different types of incubator or incubator-like initiatives. CEBAL is a research lab, Incubadora is an incubator that can only be understood well within the broader context of the science park Tagus Park, while CoWorkLisboa is what its name says; a co-working space and not an incubator in the full sense. Actually co-working spaces can be distinguished from incubators by their respective, and contradictory, inclusive and exclusive strategies.⁵ This does not alter the fact however, that CoWorkLisboa reveals interesting good practices for genuine incubators, although most in particular for those that resemble CoWorkLisboa, i.e. private ownership (no public funding), small size and low rents.

It was not mentioned during the discussion, but the conclusion that the visited incubators were highly different also goes for the visit to Patras. The intellectual challenge now is how to put these very different cases together in order to draw general practical lessons.

11.3 Commercial contextualization (WG1)

Figure 1 (next page) shows the overview by the WG leader. This overview does not include very obvious practices of commercial contextualisation – like income from rents and fees, or from a small overdue on services provided by utility companies - that we already saw in most or all earlier visits. It presents a selection of a few less familiar, relatively new practices from the group discussions.

1. *Revenue generating business model from very beginning*

In the current period of downturn and austerity policies, public ownership or dependence on public funding make an incubator vulnerable. A private business model is less vulnerable, if only because there is less to cut directly and suddenly by policy measures. It was commented during the TSs that private incubators are therefore in a relatively better position than public peers to secure a revenue generating approach or strategy from the very beginning as a crucial condition for success of incubator.

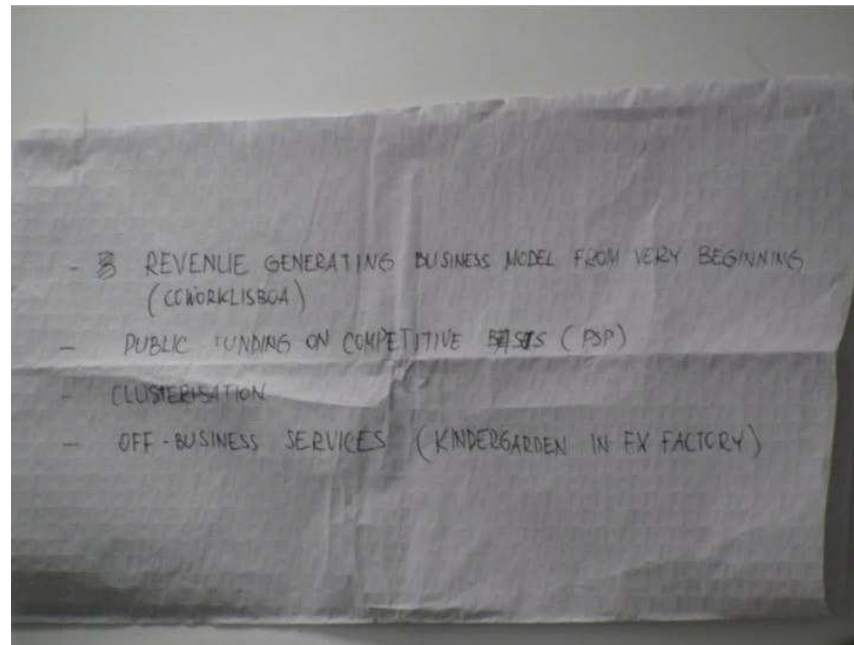
This practice was observed in CoWorkLisboa. Three features distinguish this case from most other ones that we visited: it is small, it is cheap, and it has been fully private from the very start: it has not received any public funding so far. Besides, it is flexible in the sense that it does not face specific development objectives to meet: a feature that it has in common with most co-working spaces. Due to these features, it is less vulnerable for austerity policy. On the other hand however, its business model is vulnerable for any rent increase by LX Factory. The typical tenant of workspace in CoWorkLisboa lacks the financial resources to be able to afford even limited rent increases, as was illustrated by the popularity of the opportunity to pay in-kind rather than in cash at its start. Up to now, LX Factory keeps the rent low because CoWorkLisboa is too small to be very significant for the Factory's revenue model and has the sympathy of its management. So, for now the business model of CoWorkLisboa depends on the availability of cheap space in LX factory but it is highly likely that the answer to the question if CoWorkLisboa is still viable in case LX Factory would raise the rent is in the negative, even in case of a limited increase.

2. *Public funding on competitive basis (Patras Science Park)*

This issue refers to a noticeable practice by Patras Science Park to bring in 'other' (European) public funding. There is, however, one impediment for the contribution of funding obtained from EU programmes to further financial sustainability: the disallowance to use that money for investing in commercially profitable initiatives.

⁵ De Bokx, P., 2013. What's in a name? The difference and similarities in start-up programmes. The Business Incubator 2(1), pp. 14-18).

Figure 11: Flip chart of Working Group 1



3. Clustering

CIMBAL carries out applied research for, and in cooperation with companies in the surrounding rural area. As such, it operates as a sort of nucleus of a networked innovative business cluster in the regional economy. However, the InCompass partners from Hungary and Bulgaria reported about difficulties of developing incubators in peripheral areas – like Beja. In their countries, it appears difficult to trace incubatees with the demanded basic qualifications and skills to advance into entrepreneurs who produce marketable innovative products due to low levels of education of the population in these areas.

4. Off-business services (e.g. Kindergarten in CoWorkLisboa / LX Factory)

Although still only an intention of the management of CoWorkLisboa, the idea to found a kindergarten in or quite near to its premise received much attention in the Thematic Seminar. It may operate as a direct commercial source of income by charging working parents who leave their children in the care of the kindergarten. More rewarding however, is its possible indirect contribution to the success rate of incubatees - in particular mothers among them - by enabling them to combine work and care of little children with a minimum loss of time.

In addition to these four practices, the opportunity offered by CoWorkLisboa to starting entrepreneurs with very little investment capital available to pay rent during the first few months in-kind is a very interesting exemplary practice for similar cases. To correct assessment of this practice, it should be taken into account however, that CoWorkLisboa was a starting business itself at that time. Although one may wonder whether this practice can be continued once its space is fully equipped, furnished and decorated, it is thinkable to extend it with providing services to its occupants: the broader concept of co-creation model as a window of opportunity for growth and development of CoWorkLisboa.

This element of the co-creation model saves on costs – quite likely, it is cheaper than services by commercial consultants - rather than generating income. As such, it is a type of possible commercial

contribution to financial sustainability of incubators that we have not seen yet in the InCompass project. It may, however, work best in cases of small incubators and of medium-tech rather than specialized high-tech services. Moreover, continuation of qualities of services provision by the same co-worker(s) is not guaranteed.

“In general, the more sophisticated the services provided to incubatees are, the more overhead can be generated by charging these incubatees: chemical laboratory equipment vis-à-vis just electricity and running water”. This was a conclusion of a discussion about the revenue model of Patras Science Park, but it is not clear how much this Park earns from such services.

11.4 Social contextualization (WG2)

The overview presented by the leader of WG2 is considerably more comprehensive than the one of WG1 (see Figure 3). Not all practices in this overview were further elucidated during the presentation, as can be seen below.

1. *Ingenious use of social media*

At the time of the initiative to establish CoWorkLisboa as a co-work environment there were a few different locations available. Due to little competition by likewise initiatives, many people were interested in its establishment as would-be tenants of working space. They could vote by means of a social medium – a facebook forum – which location they preferred. Less ingenious is the use of social media by CoWorkLisboa to announce events.

2. *Common places like cafés enables people from ‘inside’ and ‘outside’ to meet.*

One example is the lunch café in the space rented by CoWorkLisboa that is also frequented by other tenants of LX Factory .

3. *Similarities of Tagus Park and Patras Science Park*

The embeddedness of Incubadora in Tagus Park is an mutual advantage where it comes to the opportunities for interchanges of talent and companies. Incubators that are located and embedded in larger science parks, including some funding by both firms and institutions in the park – Patras Science Park is another example - the park is also subsidizers of the incubator.

4. *Strong relationships of Patras Science Park with the University of Patras*

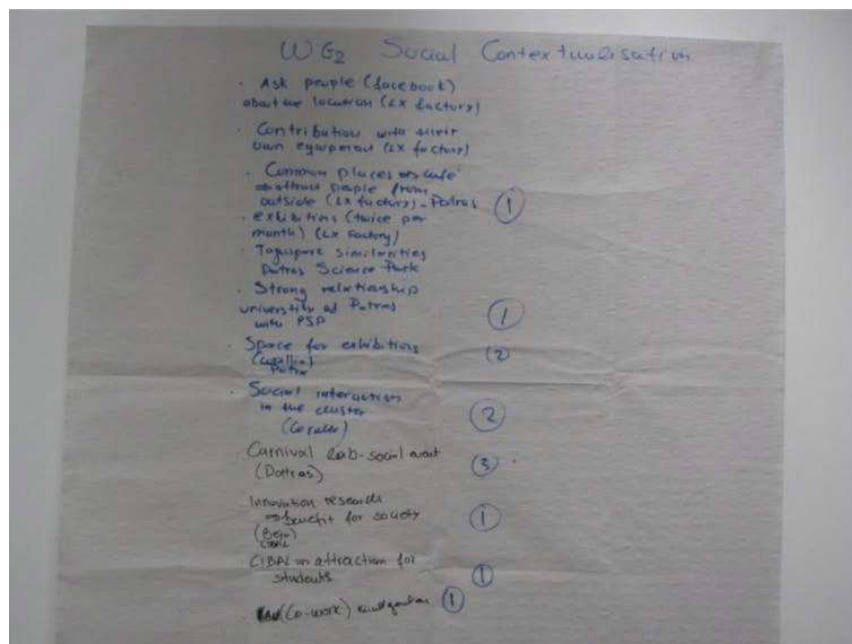
5. *Space for exhibitions in Coralia Patras*

6. *Social interactions in the cluster (Coralia)*

7. *Carnival Lab - social event in Patras*

The ‘deep’ embeddedness of the carnival of Patras in the local community of the city creates opportunities for local fundraising by means of sponsoring and donations. For companies, it may fit in their PR policy and in their corporate social responsibility programme to become associated with the most popular carnival in Greece. Nevertheless: what is in it for a sponsor? One suggestion for (indirect) benefits for sponsoring by the circle of tourism-related businesses is strengthening the promotion of the carnival for cultural tourism, and embed it in a broader programme of this type of tourism, incl. activities in traditional handicrafts like Carnival Lab. There are two difficulties that stand in the way of this idea: the carnival is linked to Greek orthodox Eastern in wintertime (January – March) and the current capacity of tourist accommodation in the region will be a bottleneck for further growth of carnival audience. And the main issue remains what is there to earn from cultural tourism by Carnival Lab?

Figure 12: Flip chart of Working Group 2



8. Retaining and attracting students.

CEBAL offers employment to highly trained researchers, first and foremost graduates of the Polytechnic. Hence, those who find a job in the lab can stay 'at home' and don't have to leave the region and go to bigger cities, in particular Lisbon. This is a particularly relevant interpretation of social context in 'centralized countries' like Portugal or Hungary with a high level of concentration of innovative economic activities in capital cities. In the case of Beja, this impact can be considered a contribution to 'stemming brain drain from a city in decline'. A similar practice was found in Incubadora in the sense of attempts to attract talented Portuguese students who left the country for, for instance, the USA.

Finally, a 'bad practice' regarding WG2 that was observed by the Hungarian partner and endorsed by the Slovakian one, is the failure of open innovation in the sense of sharing thoughts, ideas and progress among incubatees or coworkers. The central topic is both a lack of trust – "my ideas might be 'stolen', not in the last place by big companies that have 'ears' in the venue" – and (misplaced) self-confidence – "I know what I am doing, I don't need help, and I don't care about others". The people who reason in these ways are not interested in becoming incubatee if they 'only' receive advice and support: By "what's in it for me?" they mean "how much money is in it for me". In high-tech sectors, IP rights is usually an effective instrument against 'theft of ideas and proto-types', but that is much less effective – if existing at all - in cultural and creative industries. In these industries, trust is crucial. What kind of provisions or tools can be deployed to increase mutual trust?

11.5 Tiers of support, networks and partnerships (WG3)

The overview of WG3 is as comprehensive as the one of WG2 (see Figure 5). Not all practices in this overview were further elucidated during the presentation, as can be seen below.

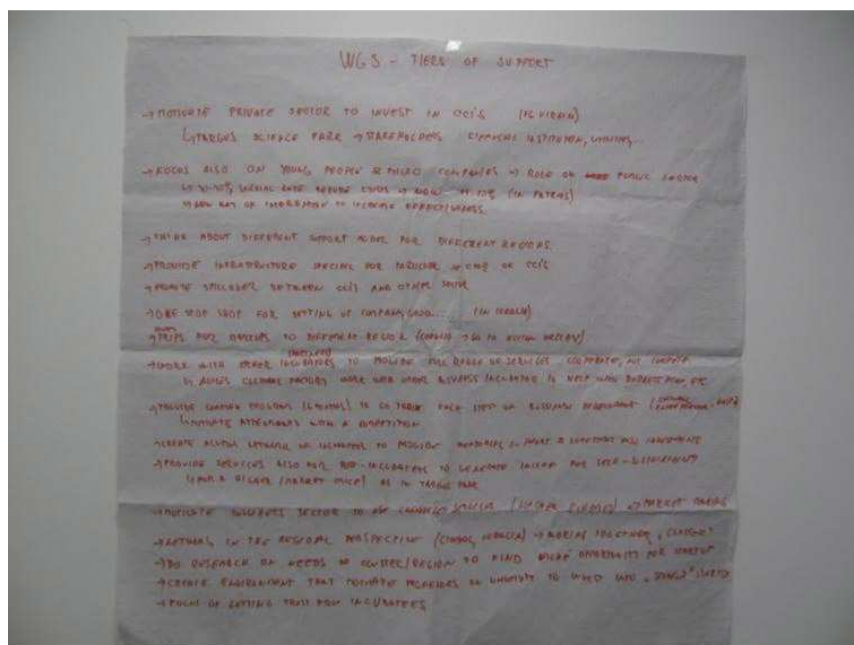
1. Motivate private sector to invest in creative industries.

In general, it is difficult to interest the private sector in investing in 'hard core' creative firms. The stakeholders in Tagus Park – businesses in the Park, financial institutions, utility companies and the like - are a good example, although it should be taken into account that these stakeholders cooperate with the public local government and knowledge institutions.

2. *Focus support by local and regional government policies (public sector) on young entrepreneurs and micro companies.*

The need for this tier of support is urgent for instance in the Patras area because of the significant decrease of the survival rate in companies in this segment of young and small ones from 40 - 50% before the crisis to a current 15-20%. Governments should recognize however that different cities and regions may require different support models. In the light of the current trend of public austerity policies, there is a pressing need to find new, preferably nonfinancial ways of public support. For instance easing regulations for social enterprises etc.

Figure 13: Flip chart of Working Group 3



3. *Provide infrastructure specially for particular sectors of creative industries*

For start-ups to benefit from shared (costs of) use of 'infrastructure' – meaning services, facilities but also professional equipment -, a supply of dedicated infrastructure for specific branches is important.

4. *Promote spill-overs between creative industries and other sectors.*

Growth of the size of creative industries in their own right in urban and regional economies has some 'natural ceiling'. The major opportunity for growth and expansion beyond this ceiling lays in cooperation and even integration with 'traditional' sectors.

5. *Organisation of a one stop shop for setting up new companies.*

A fine example of such a shop to avoid unnecessary red tape was found in Corallia, Patras

6. *Study trips for start-ups to key regions*

A fine example is Corallia that organizes such trips that give start-ups the opportunity for learning from other cases in 'successful' regions, e.g. Silicon Valley.

7. *Work together with other incubators to provide full range of services: cooperation and competition.*

8. *Create alumni networks of ex-incubatees of incubators.*

The benefits of such networks for incubators can be both in kind (mentorships etc.) and in cash (investments in promising new companies).

9. *Provide services to 'post-incubatees' at a market rate to generate income for self-sustainability.*

10. *Market making: Motivate business sectors to use creative services.*

11. *Create regional networks of cooperation.*

CEBAL and Corallia are good examples for incubators of the benefit of working not just on the level of the incubator itself but also on the level of a regional cluster.

12. *Carry out research on needs of clusters or regions to identify niche opportunities for start-ups in local or regional economies or clusters.*

The main research question is "what is missing in this cluster?" and interventions in the profile of incubators – which branches, activities etc. should it support – can be inferred from the answer to that question.

13. *Create an environment that motivates university professors to invest in student's or graduates' start-ups.*

14. *Focus on getting trust by incubatees vis-à-vis one another.*