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Evaluation of the Austrian initiative for the Creative Industries „evolve“

Final Report – English Executive Summary

Alfred Radauer, Tobias Dudenbostel

With participation of the following external experts:
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Executive Summary (English)

- This report presents the results of the evaluation of the Austrian Federal Initiative for the Creative Industries (CI) named “evolve”. The Austrian Federal Ministry of Economy, Family and Youth (BMWFJ) commissioned this evaluation to Technopolis Group Austria. The analysis covers an ex-post perspective (2008-2013) as well as an ex-ante perspective, the latter being achieved through scrutinising the future concept for an initiative “evolve 2.0”. The programme owners created this concept in close collaboration with the programme managing organisations for the next funding period. The evaluation discusses, among others, the degree to which the initiative reached its intended goals, how the respective activities were governed and managed, how the programme owners and the managing organisations collaborated within “evolve” and, eventually, how “evolve” could be developed further in a meaningful way.

- Methodically, the evaluation is based on a mix of qualitative and quantitative instruments: the analyses of existing studies and monitoring data, a standardised survey on recipients of project funding of the instruments “impulse XS” and “impulse XL”, focus groups, interviews or a participating observation in the course of a jury meeting. An analysis of funded projects at micro level (i.e., an analysis of project contents) determined who or what exactly was funded by “evolve” beyond what could be gathered from the analysis of mere monitoring data. This latter scrutiny led to the selection of three case studies in order to illustrate typically funded projects. The inclusion of three international experts for the creative industries (from Denmark, England and Germany) allowed us also to consider international experiences.

- “evolve” can be characterised by three pillars that are to lead to the achievement of the overarching objectives of the initiative: “to harvest the innovative potential of the CI” and “to increase the competitive capacity in the area of innovation”. The first pillar - and the financially most important one - is monetary funding for innovative projects. It consists of the three funding instruments “impulse XS”, “impulse XL” and “impulse LEAD”. The second pillar, concerned with services, covers educational offers, networking activities and further services. The third pillar, dealing with awareness raising, focuses on raising visibility of the CI and their potential as an industry, as well as advertising the funding and services “evolve” offers. Depending on the extent that the various “evolve” activities can be regarded as measures in their own right, “evolve” consists of 18 or more single measures with a variety of target groups.

- The Federal Ministry of Economy, Family and Youth (BMWFJ) is the programme owner and is funding the initiative. The Ministry acts at the strategic level and defines the objectives. Operational programme management is handled by two organisations: on the one hand the Austria Wirtschaftsservice GmbH (aws), the Austrian Federal funding bank, and on the other hand “creative wirtschaft austria (cwa)” of the Austrian Federal Economic Chamber (WKO). Both organisations implement different “evolve” measures.

The evaluation results are the following:

- The overall result of the evaluation is positive. Most of the various “evolve” measures are used quite intensively and perform well. Coordination between the programme managing organisations aws and cwa is satisfactory. Concerning the internal administration of the various measures, the activities, instruments and objectives in aws and cwa are clearly structured, well delimited and connected in a logical way. Via the initiative “evolve”, the preceding programmes “impulsprogramm creativwirtschaft” and offerings of the cwa of the WKO were developed further in a meaningful way. Possible areas of friction between the aws and the cwa were minimised.
• aws and cwa manage their activities and instruments professionally. Users, funding beneficiaries and stakeholders alike emphasize the management teams’ efforts and competence, also by comparison to other Austrian RTDI initiatives.

• Our inquiries show that the initiative led to a broad spectrum of impacts. Both for “impulse XS” and in “impulse XL”, funding beneficiaries report a high benefit of the funding, especially as a contribution to the development of the company resp. the business model, for helping to secure and raise turnover, for securing and boosting employment, for accessing new sources of finance or for building reputation. The additionality of the finding instruments “impulse XS” and “impulse XL” is high.

• A central milestone for “evolve”, specifically for “impulse XS” and “impulse XL”, was the development of a common understanding and interpretation of what innovation means in the context of the Creative Industries. Such an understanding was necessary because the initiative uses funds that are earmarked for RTDI projects, which means that the “evolve–specific interpretation of innovation must be compatible with the notion of innovation in RTDI support. Following the observation that innovation in the CI is not so much about research, one main challenge was to take experimental development, as it is regularly happening in the CI, in a sensible way into consideration for defining the funding criteria of “impulse XS” and “impulse XL” projects.

• Within “impulse”, experimental development is understood as a necessary process for solving problems using CI-based outputs. The distinction is particularly important in order to discern “impulse” funding from pure arts and culture funding. A new design for a chair, for example, does per se not fulfil the funding criteria for “impulse”. However, if the design of the chair solves also a specific problem – such as to help handicapped persons to stand up/sit down – it would be an innovation eligible for funding, provided that there is also some experimental development work involved. This notion of innovation is also applicable to service innovations. For example, one project funded under the title of URBANAUTS used architecture and design in combination with a new business model to convert the empty space of former street shops into decentralised and autonomously operating hotel rooms. The experimental development involved included technical solutions to improve safety, noise insulation or new booking systems that would allow travellers to chose their rooms individually (rather than, with a traditional hotel, book one type of room and have the reception assign a room number upon arrival). Further examples cover the innovative media area and frequently involve the creation of software solutions as part of the project activities.

• The whole process of project selection is depicted in the figure below. It is a three-stage jury-based process: In the first stage, “impulse” looks for projects that can be submitted by SMEs (in the case of “impulse XL”) or by micro-enterprises/physical persons (in the case of “impulse XS”). While the submitting firms and/or physical persons can be from any industry, the projects must be in or relate to one of ten listed domains of the CI. These projects must, secondly, work on innovations and involve experimental development work as described above. In the third stage, the projects are checked as to whether they support the existing or an envisaged new business model of the submitting firms/persons. Because “impulse XS” and “impulse XL” target different maturity levels – “impulse XS” being concerned with the proof of feasibility of an innovation, while “impulse XL” aiming for the innovations themselves – the criterion of supporting a viable business model is handled differently in “impulse XS” and “impulse XL”. The result of the funding process is either a proven feasibility of an innovation (“impulse XS”) or an innovation as such (“impulse XL”).
The respective efforts for finding a specific interpretation of innovation resulted in the initiative’s ability to fund particular types of innovation projects that have considerably lower (and/or non-existing) technical/engineering requirements than “traditional” RTDI schemes. The specific interpretation of “innovation” is a rather broad one. While it took a considerable amount of time to develop and operationalize the specific notion of innovation in the context of “evolve”, the compiled evidence in the evaluation suggests that the former challenge to deal with innovation and experimental development in a CI-funding context has turned into an asset of the initiative.

In particular, the broad understanding of innovation led, in combination with the jury selection process (that makes use of national and international jurors) to the possibility to indirectly fund specific business model innovations. These are business models that are based on the CI-outputs and that back an innovation generated by an experimental development process. This is remarkable because traditional RTDI funding programmes find it for the most part difficult to deal with the topic of business model innovation, even though the importance of business model innovation for transferring R&D results to the market has been increasingly recognised. The jury selection process requires the applying firms or physical persons to explain how the business case for the project. Funding is only granted when the respective explanation is convincing. Hence, “impulse” funding may lead to situations where different forms of business model innovation are considered in the form of a precondition for the economic success of the project.

Nonetheless, advantages and possibilities of this asset of a specific notion and interpretation of innovation are not used to their full potential within “evolve”. Because it is difficult to explain in a straightforward manner the specific interpretation of “innovation” to the target audiences, “impulse” uses case studies and examples as well as 1:1 advice to some extent (which is a sensitive approach). However, seemingly unsatisfying explanations of why some proposals have been rejected seem to undermine those efforts to some extent. Insufficient explanations lead to confusion in regard to the understanding of what is funded.
and, in succession, to negative ratings of aspects like “Feedback to refused proposals” and “transparency of the decision making process” in our survey of applicants for the two funding schemes. This area of problem should be addressed, even when assuming that there always will be some level of dissatisfaction among those who do not get funded. The problem is exacerbated by the fact that demand for funding is quite high, leading to low success rates for proposals and hence also to some good proposals not obtaining funding.

- The instrument „impulse LEAD“ is a measure directed at collaborative networks with involvement from SMEs that implement projects with role model character for the future and which aim at networking, professionalising or increasing the visibility of the CI. The compiled evidence suggests that “impulse LEAD” suffers from an overload of objectives. Therefore, various interview partner doubt it’s overall usefulness and effectiveness. At the same time, our interviewees repeatedly emphasized the necessity and benefit of an instrument like “impulse LEAD” to create structures for the CI or as a tool for “institutional learning”. Despite of the generally mediocre feedback on “impulse LEAD”, there are a number of well-performing funded projects that also obtained international attention and acclaim. We developed several options on how to develop “impulse LEAD” further.

- Another evaluation result is the high benefit and usefulness of the various complementary awareness raising measures and services, for example in the area of training and education or networking. The demand for those offers is high, the satisfaction with them is on average very high and the expectations, for example with regard to the establishment of communities, seem to be for the most part met. The complementary offerings are an important link between the administrating/managing organisations aws and cwa and their target groups. They give the management teams a better knowledge about their customers. However, some interviewees complained about a missing overall concept explaining what offerings can be combined with others in a meaningful way particularly in the area of training.

- Over time, “evolve” enhanced the links between the CI and other sectors of the economy to some, albeit rather small, extent. This was a specific question for the evaluation, as it is understood that the CI have also an “enabling” function for innovations in more “traditional” sectors of the economy. However, linking the CI with other economic sectors remains an important and largely untapped area of activity for “evolve” mainly due to the reason that there are only few offerings that explicitly focus on this type of link. More precisely, while there are measures that could (and sometimes are) used to link the CI with other industries, the respective possibilities are hardly marketed. An important step for fostering the CI/non-CI link was the recent creation of a voucher scheme for the Creative Industries, whereby firms in other economic sectors could make use of CI firm services. This scheme is in high demand, but has – due to its young age – not been the subject of this evaluation.

- Regarding the possibility to foster the links between the CI and other economic sectors, many of the interviewees expressed considerable expectations that the cwa would be in a position to tackle this issue more profoundly. The reason is that because the cwa is part of the Austrian Federal Economic Chamber, it also is seen to have “privileged” access to such “traditional” firms that are members of the chamber and to be therefore in a position to easily bridge the gap between the CI and the non-CI industries. It has to be remembered that Austria has compulsory membership for all firms in the chamber of commerce.

- However, there are a number of factors that stood against the wider realisation of the said expectations. First, the cwa was tasked specifically with the execution of a range of specified services and awareness raising activities that have, for the most part, not a specific focus on bridging the gap between CI and other industries. Moreover, because of the strategic choice to focus on service execution and awareness raising, there was little activity and budget left in the outside
communication/marketing for clarifying to the target groups in a more profound manner what the cwa as an institution does and can do within its budget limits. For example, the cwa does not manage project funding (what is the task of the aws) which limits its ability to initiate cross-sectorial projects.

- At the level of single measures and instruments, most activities managed by the cwa are rated nonetheless positively and are in high demand. The cwa managed to create a portfolio of activities that is an important factor for the cwa’s acceptance in the CI, and it also fulfils hereby a bridge for CI firms that were traditionally sceptical towards a business chamber.

- We find that “evolve” is not a widely known brand among the beneficiaries of the various support measures of the initiative. Beneficiaries know the individual measures, but they do not know the broader concept behind the measures and how the managing organisations, the funding ministry and the respective activities interrelate to and with each other. Apart from the fact that the lack of knowledge of the “evolve” brand may contribute to a small extent to the rather unclear picture of the institutional role of the cwa, we do not see the weak perception of the “evolve”-brand to be too much of an issue. After all, beneficiaries do only need to know and use the services and funding schemes that are being offered to them in the desired way. They do not need to know the mechanics behind these measures. As a result, there is little need to invest in branding “evolve” more. To the inside – that is, among the stakeholders of the initiative – the brand fulfils nonetheless an important coordinating function.

- The concept “evolve 2.0” mainly aims to continue the previous measures and activities of the current “evolve” initiative. For those measures were problems have been already acknowledged (such as with “impulse LEAD”), the concept calls for a revision. There are as well a few new measures, but the basic concept behind “evolve” remains the same. In the end, the concept “evolve 2.0” is the result of positive experiences with the current “evolve” initiative, whereby “evolve” is understood to be for the most part a means to coordinate the activities of the two organisations aws and cwa and the BMWFJ in an effective and efficient manner. A possible danger of this approach is a lock-in situation, meaning that because of the success of the existing structure completely new or different approaches to fostering the CI may not be recognised.

Our recommendations aim, on the one hand, at a strategic level and, on the other hand, at the level of individual measures. At the strategic level we recommend:

- That “evolve 2.0” be transformed into a wider-reaching/broader strategy of the BMWFJ for innovation in the CI, avoiding thus the issue of a possible “lock-in” and giving the initiative an enhanced ability for new approaches to foster the CI

- That specific offerings for bridging the gap between the CI and other industries be implemented in “evolve” to a larger extent and communicated in a reasonable manner to the target audiences

- That the role of the cwa as institution, after an examination of the feasibility and a check whether this is in line with future strategic considerations, be sharpened and better communicated/marketed

- That the new and low-threshold instrument of Creative Industries Vouchers be evaluated

At the level of single measures or instruments we recommend:

- That most of the of the „evolve“ measures be continued, but only after strategic considerations and prioritising, which can very well lead to the cancellation of single and well working instruments

- That the design of „impulse LEAD“ be considerably improved for which there are a variety of options (one of the options would also be to cancel the instrument)
• To examine the necessity for the instrument “CreativDepot” – a measure of the cwa that allows the registration of copyrights for proving the date of creation (“time stamp service”) – and if found to be in line with future strategic considerations, to make it part of existing extensive broad IPR service portfolios of specialised agencies and organisations in this area, e.g. that of the aws in the area of IPR (the aws has its own department on IP and licensing)

• That the instruments “impulse XS” and “impulse XL” be continued with slight adaptations

• That a stronger common structure covering the set of training and awareness measures be created and communicated accordingly

Eventually, suggestions for a results/impact-based monitoring system were developed, too.