

Parallel Session (2) on ICT:  
Enhanced ICT Research and Innovation Cooperation

**Growing multinationals in SEE:**  
**Is mission possible and what role could play H2020?**

**Todor Yalamov,**  
**ARC Fund**



# Applied Research and Communications Fund

---

- ▶ International think-and-action tank with the mission to **incubate** social, business and technological **innovations**, **provide** research-based and forward-looking **policy solutions** and **facilitate** the development of a **safer knowledge-based society**
- ▶ Well versed in using and enhancing **foresight** methodologies in various geographical regions (from Southeast Europe and Western Balkans through Russia and post-Soviet states to China) and domains (ICT, energy, food, environment) and strengthening the incubation and innovation ecosystems in Eastern Europe, Central Asia, Middle East and North Africa
- ▶ Provides **ICT quality data assurance** to the public and government with a focus on broadband and R&D in ICT
- ▶ Pioneered **big-data research** in BG and **integration of public registers for data reuse** by all

# Multinationals in SEE – arriving and...

---

- ▶ SEE is a destination of relocation of ICT MNE (HP, IBM, Alcatel, VMWare, SAP Labs, Microsoft, TeleTech, Johnson Controls, IMI) with headquarters from West, North and East.
- ▶ Typical trajectories of successful and R&D intensive SMEs in SEE would be
  - ▶ acquisition by MNE,
  - ▶ attracting venture capital with loss of control or
  - ▶ sustainable integration into value chains of bigger foreign ecosystems, including through Framework Programmes 5, 6 and 7
- ▶ Governments would focus on ***attracting*** inward FDIs
- ▶ Yet, it is also a place where new (ICT and non-ICT) multinationals **emerge** and we **should encourage outward FDIs** as a source of growth (both inside and
- ▶ <sup>3</sup>outside SEE)

# Multinationals in SEE – ... emerging

---

- ▶ A few cases from Bulgaria suggest that ICT MNE could be grown domestically to become world leaders with their own brands within tiny niches:
  - ▶ Chaos Group (V-Ray and Phoenix FD brands - rendering)
  - ▶ Telerik (development platforms - .net and mobile)
  - ▶ Datecs (Linea-Pro being the crown in the portfolio of payment terminals, cash registers, mobile printers and other periphery)
- ▶ ... and even non-ICT companies compete well:
  - ▶ Walltopia (climbing walls) – over 50% of the world market
  - ▶ Ava-sport (sport parachutes and gliders) – over 25%
  - ▶ Mechatronica (production lines for laminated tubes and tube filling automation) – over 25% of world tubes production
- ▶ Growing outward FDI. SEE receives 27% of investments (cumulative until 2012) and 34% of BG export (1995-2012)

## Success factors (based on current champions)

---

- ▶ Niche with a **growth potential** and **structural changes in market demands** (blue oceans)
- ▶ Development of **own technology**, usually based on **unique R&D**, which is a major competitive advantage at the early stage of innovation adoption and diffusion
  - ▶ Low (labor, resources) cost is a risk-reducing factor at early stage, not a market advantage at maturity level (it is no longer low even)
- ▶ Entering global ecosystems, which could absorb advanced technologies or engaging with a partner, which could be acquired by a technology trend-setter
- ▶ Hobby and non-market motivation/environment that set standards above the best available

# What role for H2020?

---

- ▶ All factors seem to be directly or indirectly affected (and supported) by FPn and H2020 – i.e. *FET, consortiums, pilots, subsidised R&D*, etc.
  - ▶ BG Ontotext is the (local) champion of attracting FP funding, working with the trend setters, sponsoring leading semantic web conferences, entertaining with creation of a lie-detector in social networks. The intangibles at Ontotext attract deals to its mother company Sirma Solutions, which are innovation development at requirements engineering stage.
- ▶ Pre-commercial procurement might be the instrument not used at all in SEE so far to steer the growth of companies by providing blue ocean public services (most of digital content suggestions during FORESEE exercise)



**Towards Horizon 2020**  
**Final Conference & Brokerage**

**27 - 28**  
**March 2014**  
**Vienna**

Tech Gate Vienna / Donau-City-Straße 1 / 1220 Vienna /Austria

**Thank You For Your Attention!**

**Todor Yalamov, ARC Fund**  
**todor.yalamov@online.bg**