A Media Lab in Stockholm

Pre-Study Presentation

A Media Lab:

A brand, cluster and physical center that connects different stakeholders involved in entrepreneurship in the digital media sector. The media lab functions as a meeting place to exchange ideas across large and small industry, public and governmental institutions, private investors, academic expertise, and research initiatives.

PART 1: BACKGROUND

Clusters have major positive economic implications for the cities they are in, but they need support to develop. Creating a cluster in Stockholm will:

1. Keep future explosive startups (Spotify in London, Skype in Luxembourg, Videoplaza in London, SoundCloud in Berlin) in Sweden

2. Attract the presence of large multinational actors within digital media (Google, Facebook)

3. Get global "smart" financing to rapidly growing Swedish companies as they need it

4. Create a high growth cluster to drive economic growth and massive job creation, diversify Swedish sources of GDP

5. Provide market intelligence and international market access for Swedish startups looking to enter into more populous markets

WHY DIGIAL MEDIA?

Digital media includes both consumer goods and B2B services across many media categories. Segments include:

- Broadband and mobile internet access online and mobile advertising
- Video-on-demand
- Mobile TV subscriptions
- Digital music
- Electronic home video
- Online and wireless video games
- Digital consumer magazines
- Digital newspapers

- Digital trade magazines
- Electronic, consumer, educational and professional books
- Satellite radio
- Online shopping media and e-commerce
- Social networking services
- Software-as-a-service
- Advertising tools

Digital spend will amount to

33.9%

of all entertainment and media spending by 2015, and will account for 58.7%

# of all growth

in spending over the next five years.

WHY DIGIAL MEDIA?

Digital media a huge global growth sector w/ spending at

634 billion USD

in 2015,
growing at 11.5% CAGR over the next 5 years

And Stockholm has a strong heritage building digital media start-ups

Digital and global market means that **Stockholm-based companies** can be a part of this growth

The external image of Sweden as an innovative country is positive

The European Business School ranks Sweden as first out of 131 on its Innovation Capacity Index (2010-2011)

The European Commission ranks Sweden as first out of 27 on its Innovation Union Scoreboard (2010)

The Global Innovation Index conducted by INSEAD business school ranks Sweden #2 of 132 (2009-2010)

In their Knowledge Economy Index, the world bank ranks Sweden in place 2 out of 134 (2008)

But what is the reality?

Sweden ranked #47 of 59 countries included in the Global Entrepreneurship Monitor

Need to utilize Stockholm's strong innovation reputation to encourage real economic output

PART 2: INTERVIEW INSIGHTS

INTERVIEWS

During the pre-study for this project over 20 qualitative interviews were conducted with Stockholm stakeholders and international media cluster models

INTERVIEWS

- City of Stockholm
- Stockholm Business Region
- Stockholm School of Entrepreneurship
- Almi
- NyföretagarCentrum
- Creative Stockholm
- Södertorns Högskola
- SSE Business Lab
- STING

The in-depth interviews with stakeholders from various entrepreneurial support organizations focused on establishing **which resources exist** within Stockholm to be utilized within the media lab **and which are missing.**

INTERVIEWS

International cluster models interviewed:

- European Cluster Observatory
- New York City Media Lab
- Eyebeam Art + Technology Center
- NYU Innovation Venture Fund
- NYU-Poly Varick Street Incubator
- NYU Interactive Technology Program
- General Assembly
- TechCity UK
- MediaCity UK
- Project Future in Berlin
- 22@ in Barcelona

The interviews with international success cases focused on operational and organizational details of the cluster initiative as well as success factors contributing to its success.

INTERVIEW INSIGHTS

1. Shortage of people choosing entrepreneurship. Young talent within Stockholm are choosing more "traditional" career paths over entrepreneurship. The entrepreneur needs to be a hero and role models have to be created.

2. Stockholm loosing talent to more compelling entrepreneurial communities. Talented entrepreneurs and technical developers want to go where the action is. Stockholm needs to be branded as a more dynamic and entrepreneur-friendly city. Only a limited number of start-up hubs in the world will get the attention - and thereby the talent.

3. Lack of "smart" financing options for new startups based in Sweden. While larger, established companies generally find funding, "smart" funding options for seed-stage or early-growth phase startups is extremely limited, making it harder for these startups to grow as quickly as they could.

4. Lack of international activity within Sweden. While the world seems to view Stockholm as an innovative and compelling city, few international companies, financiers, etc are building an active presence here.

5. Start-ups need access to international markets. Digital media requires a "global first" strategy. No time to build up markets in the Nordics first. International connections are essential to enabling this scale.

6. Need for meeting place. Startups within Stockholm are not located within one specific area. Entrepreneurship is a very social sport, and the networking in Stockholm lacks a natural meet-up place.

7. Need for exchange of knowledge, experiences and contacts. One of the key success factors for the Silicon Valley region is the sharing culture. A culture of openness and sharing amongst businesses should be encouraged.

8. Need for more favorable policy for digital media businesses. Studies show that more lenient insolvency rules affect the amount of entrepreneurship in a country through stimulating willingness to engage in entrepreneurship. Additionally, favorable visa policies can encourage international talent to settle in Stockholm.

9. Need for job creation in tough economic times. Cluster strength is found to have a strong and significant effect on firm survival, job creation, VAT payments, and salary payments.

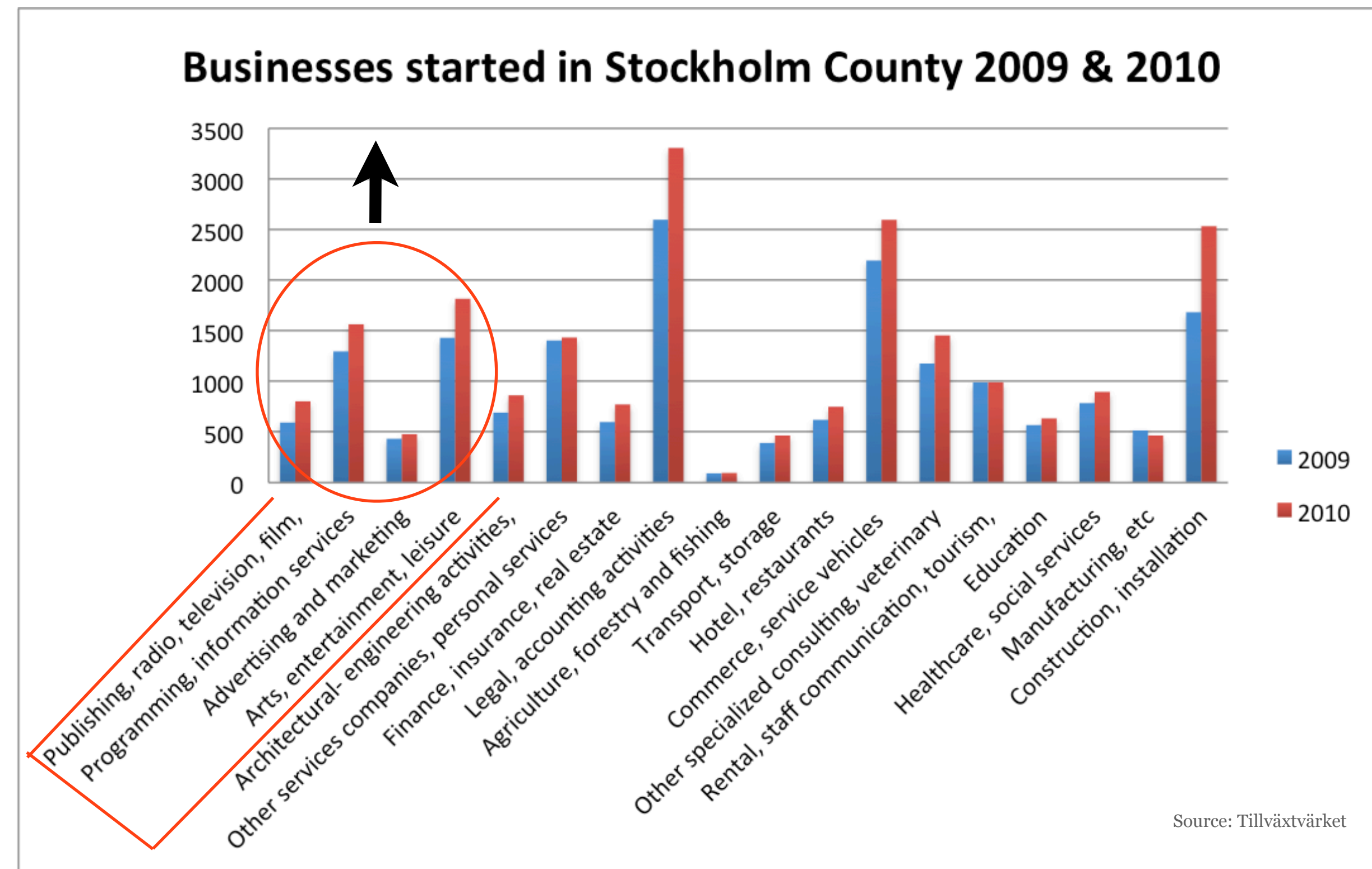# PART 3: KEY SUCCESS FACTORS CREATIVE CLUSTERS

During the pre-study for this project, cluster formation research was conducted to understand how best to build and pursue a cluster initiative.

Applying these theories to the empirical research conducted on the City of Stockholm, we can see that the digital media sector within Stockholm would thrive from the establishment of a cluster initiative.
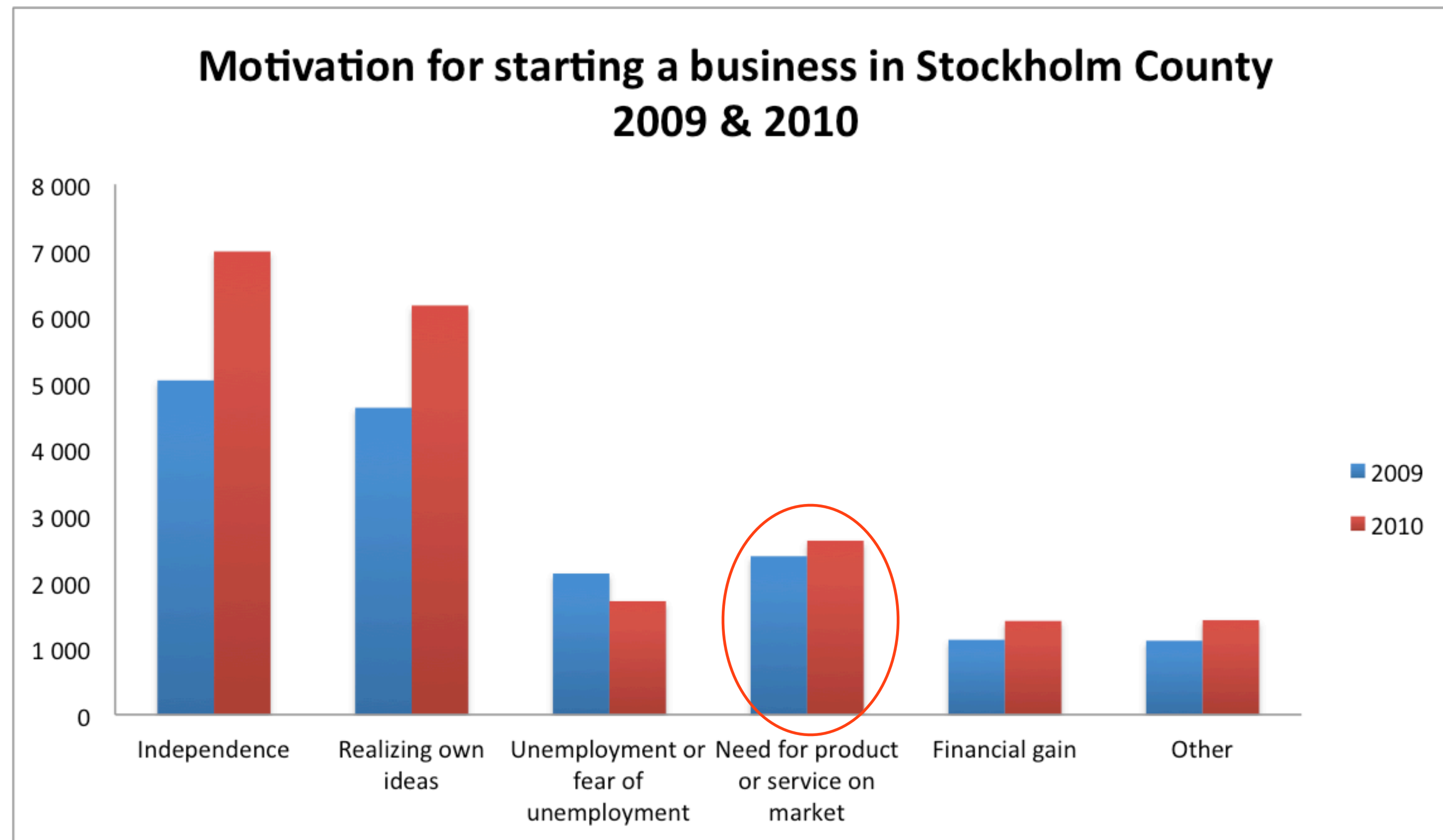
1. Clusters should grow out of sectors naturally pursued by companies

Businesses started in Stockholm County 2009 & 2010

Categories (left to right): Publishing, radio, television, film, ; Programming, information services ; Advertising and marketing ; Arts, entertainment, leisure ; Architectural- engineering activities, ; Other services companies, personal services ; Finance, insurance, real estate ; Legal, accounting activities ; Agriculture, forestry and fishing ; Transport, storage ; Hotel, restaurants ; Commerce, service vehicles ; Other specialized consulting, veterinary ; Rental, staff communication, tourism, ; Education ; Healthcare, social services ; Manufacturing, etc ; Construction, installation

Legend: ■ 2009   ■ 2010

Source: Tillväxtvärket

Stockholmers increasingly starting businesses in the creative sector. Cluster could be established to encourage the creative sector and to further strengthen this existing growth

2. Clusters should connect needs of the market with entrepreneurial community

Motivation for starting a business in Stockholm County 2009 & 2010

Source: Tillväxtvärket

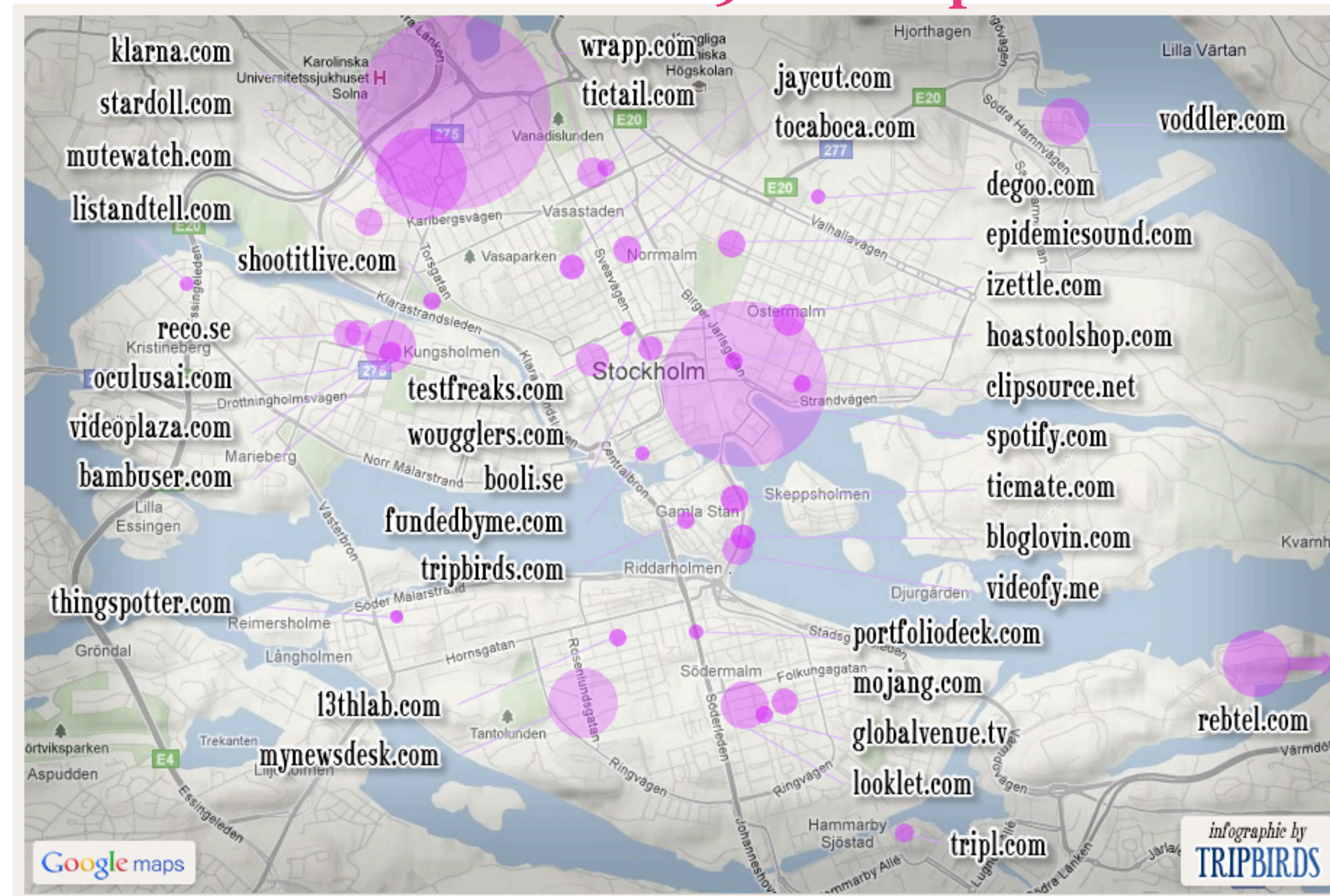Connecting entrepreneurs with market information and consumer data would encourage the performance and survival of new Stockholm county-based firms

3. Clusters should facilitate exchange between existing companies

Stockholm: >90 startups
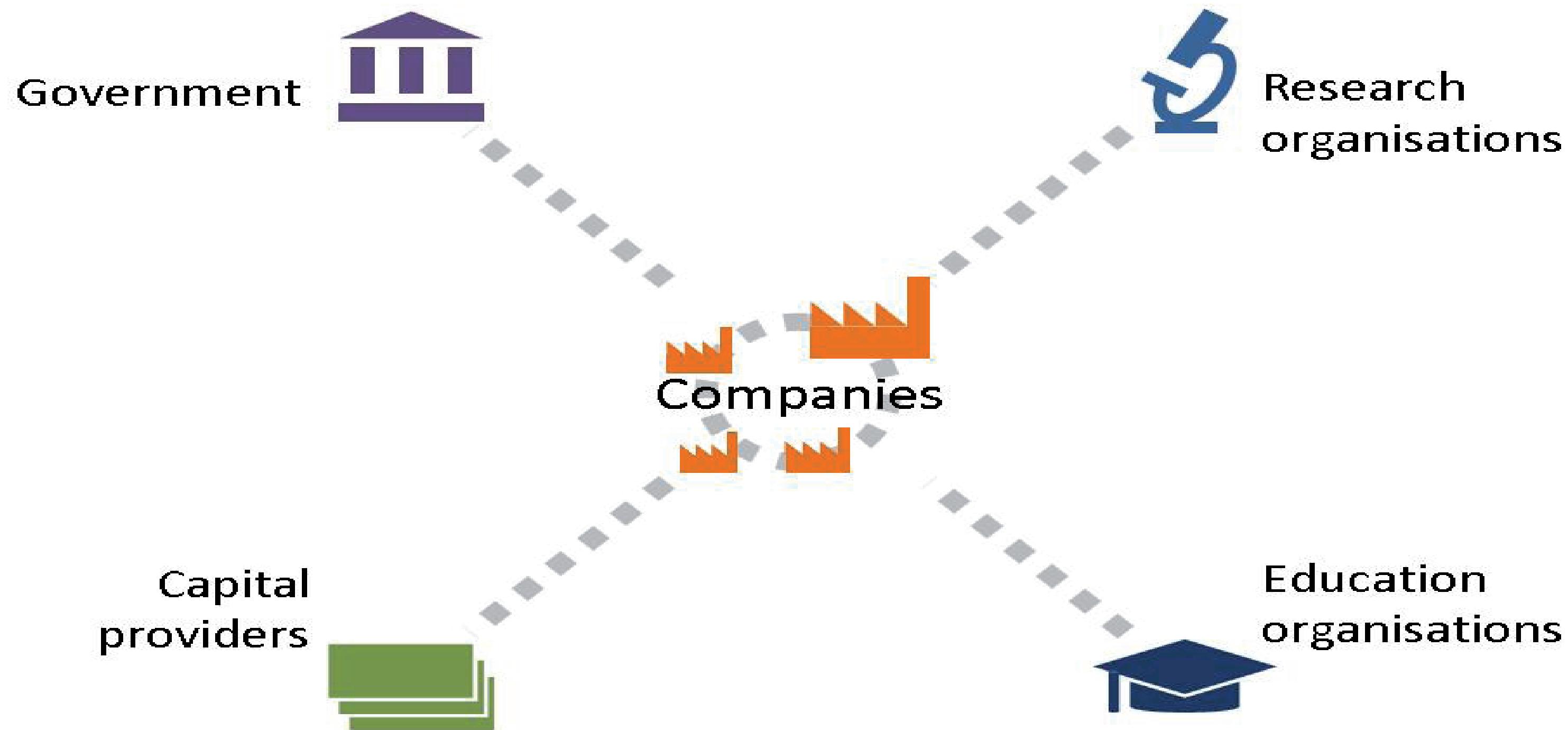
Source: Tripbirds

Booming startup landscape in Stockholm. But startups not focused in specific urban area, missing opportunities for knowledge and experience exchange

4. Clusters should create bridges not just between existing stakeholders, but other clusters

Image Source: Clusnet Report from Center for Innovation and Strategy at SSE

Government

Research organisations

Companies

Capital providers

Education organisations

As of now, there are many gaps between actors and stakeholders in Stockholm's digital media scene, no bridges between other clusters and international markets.

PART4: BENCHMARKING

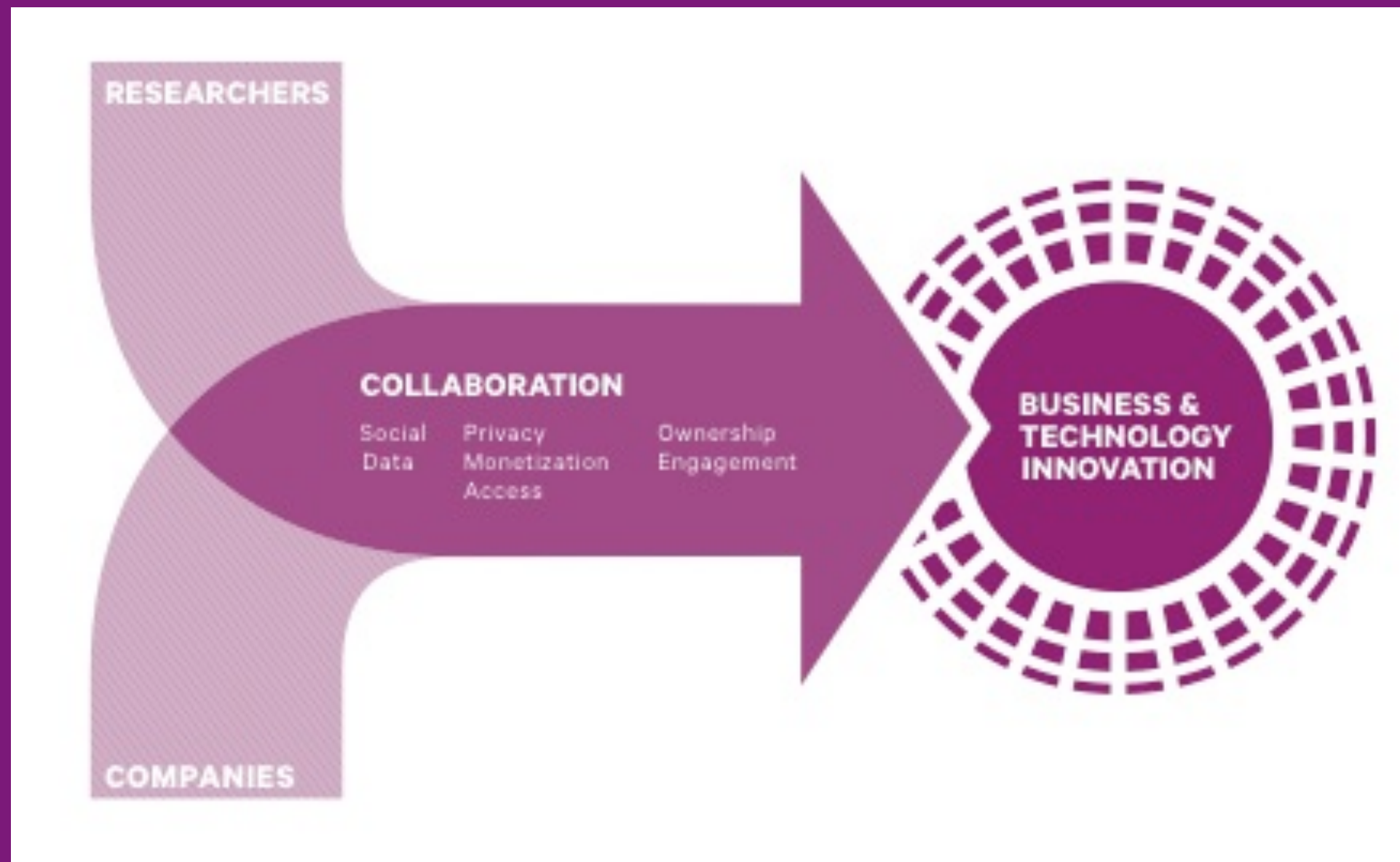# Similar concepts have been tested across the world

4 cases:

NYC Media Lab
Growing Today's Media Capital in a Digital Age

TECH CITY UK

22 Barcelona
22@Barcelona, the innovation district

Berlin
projektzukunft

ICT - Media - Creative Industries

Case 1:

NYC media lab

New York City Media Lab is an initiative started by Mayor Bloomberg aimed at connecting traditional NYC media companies with cutting-edge R&D within digital media

RESEARCHERS

COLLABORATION

Social   Privacy   Ownership
Data   Monetization   Engagement
          Access

BUSINESS & TECHNOLOGY INNOVATION

COMPANIES

Budget: The City of New York has thus far contributed $1.5 million to the project

Major features: events, research initiatives w/ corporate members (membership costs $50-100,000/year)

Obstacles to avoid: The NYC Media Lab has yet to establish a physical space, which had made its operations fuzzy to potential partners

Case 2:

TECH CITY UK

TechCityUK is a governmental initiative to turn the Shoreditch neighborhood in London into an international tech hub

New companies: In the past year, the # of startups in East London has grown from 200 to 600 (some relocating, some brand new)

Major features: PR campaign, entrepreneur's festival and other events, policy influence, upcoming $23m seed fund

Accomplishments: 1. entrepreneurs visa for non-Brits wishing to start co's 2. Capital gains tax relief for startup owners 3. R&D tax credit
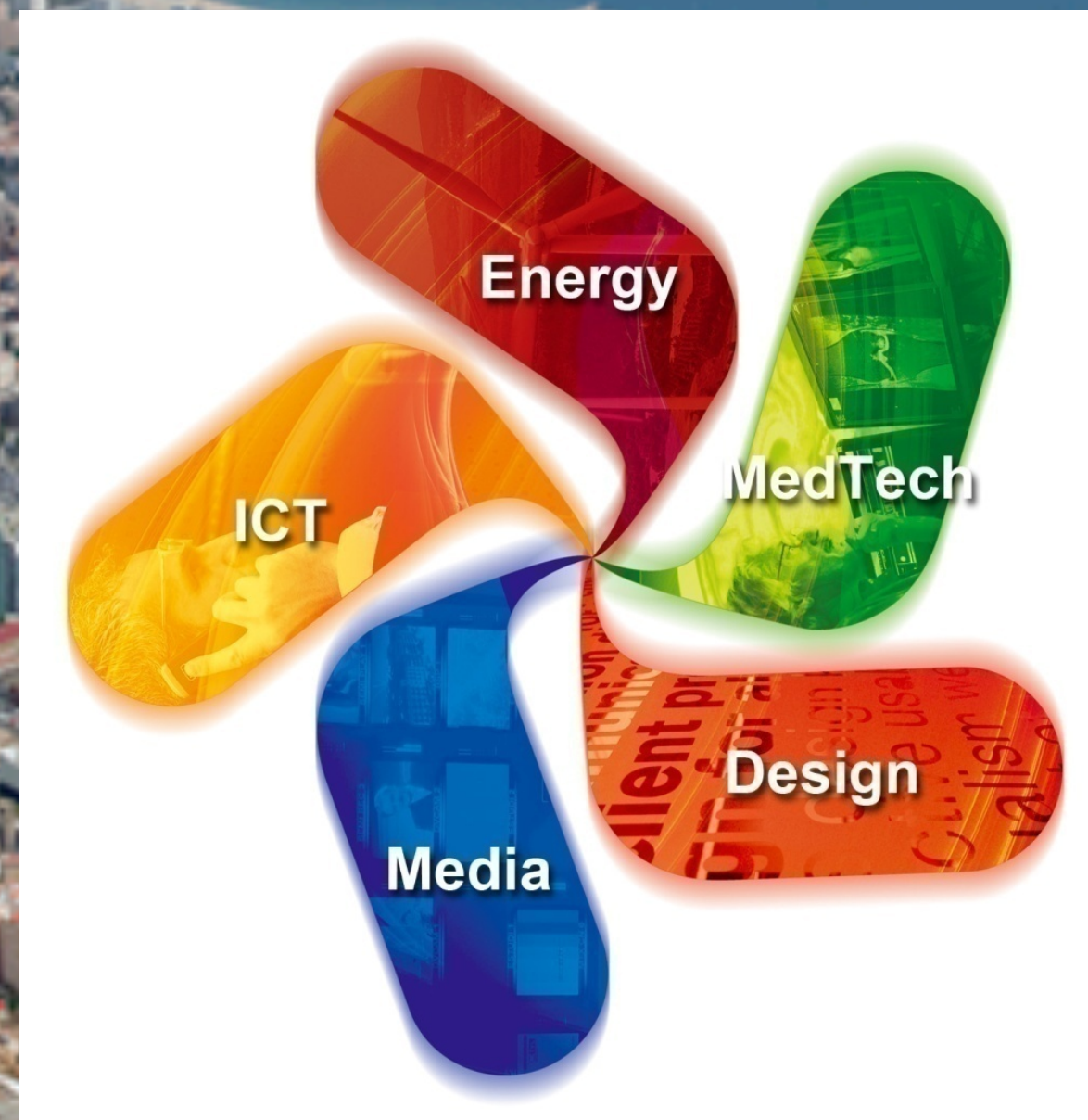
Obstacles to avoid: The TechCityUK project has not had separate ownership, budget nor location by any government or private body since its inception, and thus progress and real movement beyond PR initiatives have been slowed

Case 3: 22@Barcelona

22@ is an urban and economic regeneration project started in 2000 aimed at creating 100,000 jobs by 2020 and a new innovation district within Barcelona composed of 5 clusters. These 5 clusters (pictured below) house the following groups and features:

Companies
Institutions
Universities
Tech centers
Incubators
Entrepreneurs
Specific spaces
Dissemination spaces
Residencies
Other services

New companies: over 2,100 completely new companies in area

New jobs: 44,600

Budget: €180 million

Timeframe: 20 years

Obstacles to avoid: 22@'s urban regeneration element and wide range of clusters involved too broad, and long-term scope for Stockholm Media Lab

Case 4: projektzukunft Berlin

Berlin's Project Future initiative is a state-run and community partnered project aimed at shifting Berlin from an industrial society to an information society with thriving creative industries.

Their initiative began in 1998 is focused on the following areas:

1) R&D, 2) Publishing, 3) Software, 4) TV and Radio, 5) Design, 6) Music, 7) Film, 8) Toys and Games, 9) Advertising, 10) Architecture, 11) Performing Arts, 12) Crafts, 13) Video Games, 14) Fashion, 15) Art

Budget: The cluster initiative itself receives €1.5 million/year to run its operations and structural projects, however the majority of projects are funded by participating partners

Major features: Project Future holds annual events and conducts PR, and has established a VC funding program (IBB) specific to the creative industry, creative & technical coaching programs, and policy changes

Obstacles to avoid: Since it follows a partnership model, the Project Future initiative spends a vast majority of its time securing funding for its various projects and ensuring that certain partners are aboard.

Applying findings to Stockholm

INSIGHTS FROM LONDON & BERLIN

1. Need for co-working spaces and meeting places in Stockholm similar to those in Berlin and London

2. Need for actual funding or attention to Stockholm to encourage VC presence

3. Need for access to international customers, employees, capital, connections, in Stockholm

Our concept borrows from existing international initiatives, follows their success factors but is a unique solution for Stockholm

PART 5: PROPOSAL STOCKHOLM MEDIA LAB

MEDIA LAB GOALS

Executing the media lab will allow Stockholm to:

1. Keep future explosive startups in Sweden

2. Attract the presence of large multinational actors within digital media

3. Get financing to rapidly growing Swedish companies as they need it

4. Drive economic growth and job creation

5. Provide market intelligence and international market access for Swedish startups looking to enter into more populous markets
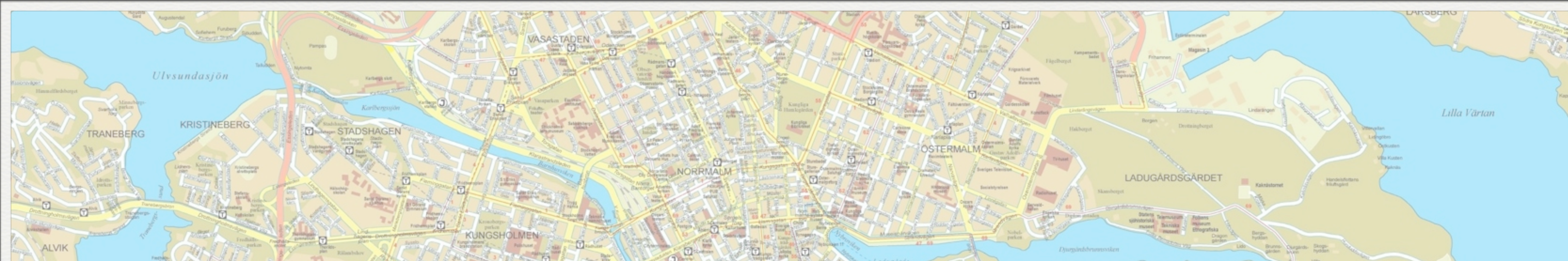
6. Create social status for entrepreneurship

7. Grow Stockholm into a digital media hub and encourage innovation and product development within and between industry

Vision:

Make Stockholm one of the world's three most attractive cities for digital media through the creation of a center acting as both a meeting place for the best and the brightest within the entrepreneurial community as well as an outward initiative to brand Stockholm as an attractive hub for entrepreneurship and investment.

A unique public-private collaboration where city, academia and industry come together to encourage research, startup activities, market expansion and investment opportunities.

The media lab will be a gathering point for compelling digital media actors from across the world.

Camp Mag+

The lab will focus on:

- Start-up ideas within digital media (both consumer products and technical platforms)

- With high commercial value

- And immediate global potential

- Selected media areas prioritized each year to ensure cutting-edge positioning and attract top of the line expertise

MEDIA LAB OPERATIONS

Stockholm Media Lab: A number of specific activities to encourage collaboration, the branding of Stockholm's digital media scene, and internationalization

Incubator
A place where startups can sit together, hold meetings, collaborate

Seed fund
A fund for high-growth Stockholm-born companies in their early growth phase

Topic-specific events and seminars
Job fairs, entrepreneurship panels, knowledge sharing

Collaborative market research
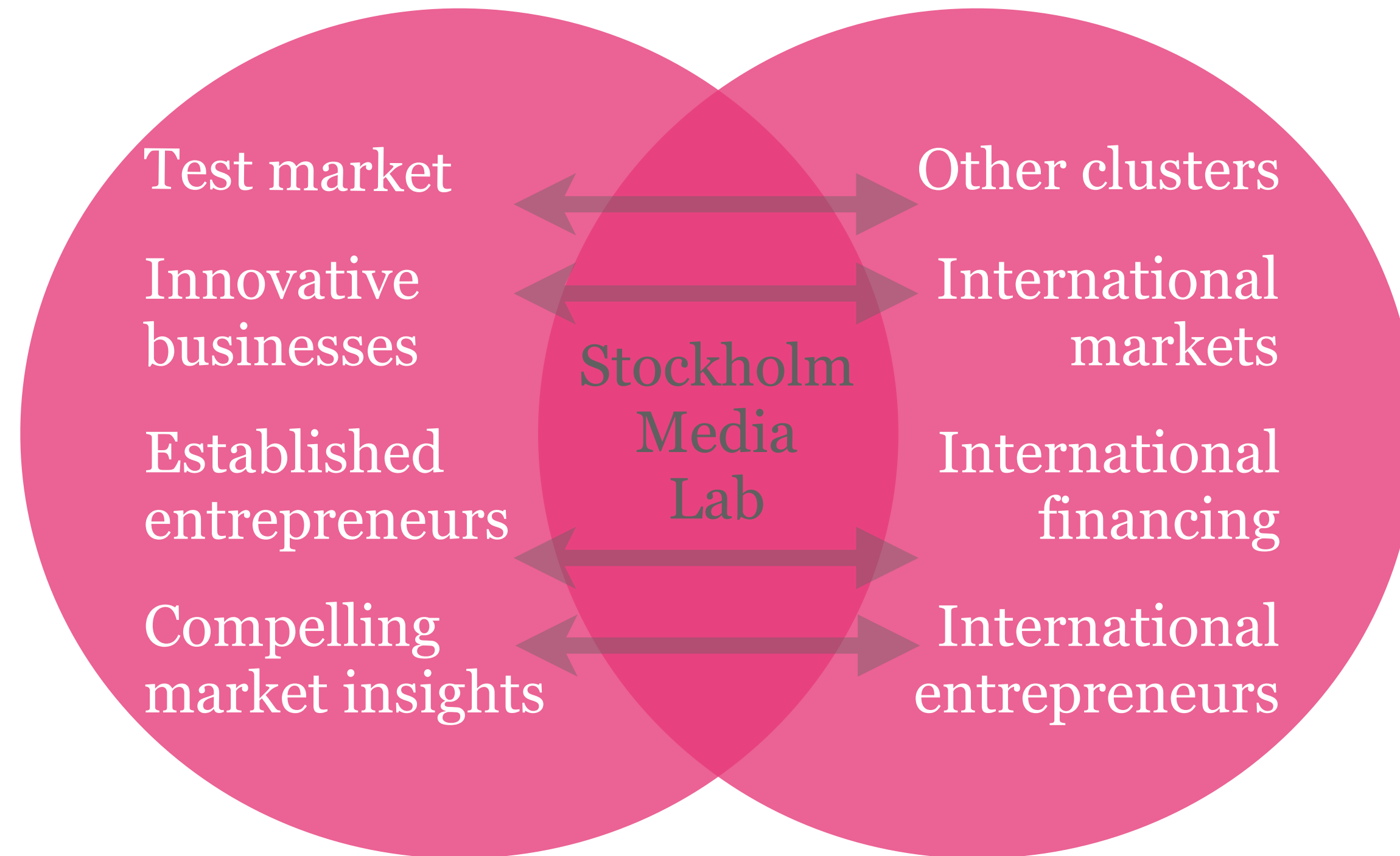Research collaborations between cutting-edge R&D units, universities, and co's

Yearly conference
Hottest tech and digital media conference in the Nordics, with international speakers, recruiters, co's

Market test lab
Partnership with media co's so selected startups have access to media space to test their concepts on

Why the right Media Lab in Stockholm will attract international attention

Test market

Innovative businesses

Established entrepreneurs

Compelling market insights

Stockholm Media Lab

Other clusters

International markets

International financing

International entrepreneurs

Stockholm's entrepreneurs will come to the media lab to connect to international markets, while international interests will be attracted to Stockholm's innovation center

PART 6: IMPLEMENTATION

How to create a media lab: Final pre-study findings in 10 steps

SUCCESS FACTORS

1. **Find a leader** who is a networker w/ connected across industry stakeholders

2. **Create a physical space** to inspire collaboration, visualize accomplishment

3. **Share advanced knowledge** of market & expansion w/ young startups

4. **Cross-disciplinize cluster** to connect MBAs w/ engineers, align skills

5. **Create cluster culture** focusing on collaboration, idea-sharing, trust

6. **Promote awareness** of entrepreneurship as a path, access to cluster

7. **Engage gov't beyond $** to have *real* effect on industry policy and LT succes

8. **Build a strong brand** to attract international attention, talented entrepreneurs

9. **Give cluster neutral owner** to avoid red-tape, funding lags

10. **Look beyond Stockholm** to give more market access, exchange ideas, talent