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Looking Back, Looking Forward -Iceland

Executive Summary

REAP TEAM ICELAND | COHORT 4

MIT REAP
Regional Entrepreneurship Acceleration Program

utilization via sustainable fishing, green energy and nature tourism. Iceland has solid modern infrastructure in key areas such as energy and communications. Due to its location and multiple economic partnerships and agreements, the country is also well placed for international commerce and exchanges. Last, but not least, Iceland has a well-educated population that is inventive, willing to take risks and hard-working.

Despite these strengths, innovation-based products and services are a small part of the country's export and too few of the many startup companies grow into international innovation-driven enterprises (IDE's).

The goal of Iceland's participation in the MIT Regional Entrepreneurship Acceleration Program (REAP) program was to identify the key issues standing in the way of innovation-based value creation and find ways to address those issues. This was achieved to an even greater extent than was initially hoped for. This was in part due to the clear and well-supported conclusions drawn from the analysis and strategy development work, guided by the MIT REAP framework and MIT faculty. Good collaboration within the team and with key stakeholders; in particular, the government and the entrepreneurial community in Iceland, was also vitally important.

Participation in MIT REAP was kicked off by Reykjavik University and the Ministry of Industry and Innovation, with assistance from the Technology Development Fund and the Chamber of Commerce. Following that commitment, the decisfion was made to connect the effort strongly with the Science and Technology Policy Council of Iceland. The Team Champion and the representatives of government, industry and university serve on that council. Strong well-known leaders in the entrepreneurial and investment milieus were chosen to represent those fields. The composition of MIT REAP Team Iceland and its strong connections to all key areas, including government and policy, played a major role in the success of the effort.

ANALYSIS

The program consisted of three primary phases: analysis, strategy development and execution. To the extent possible, these efforts were linked with other activities in Iceland concerning innovation policy development.

The analysis utilized various different sources of data and other inputs, including:

- Data on education, research, patents, infrastructure, exports, etc.
- Extensive survey among over 200 people from the entrepreneurial community.
- Information about investments in startups.
- Discussions with key people in all stakeholder sectors.

The analysis verified the expected strengths of Iceland but also showed, as noted above, that while the foundation is strong, the results are lacking. Mapping the result of the analysis onto the innovation, startup, investment and growth process, clear shortcomings were identified:

- Disconnect between innovators and entrepreneurs: Research results are not making it out of the universities and laboratories, while entrepreneurial activity tends to build on human effort. This greatly limits innovation-driven entrepreneurship.
- Small and limited talent pool: The overall population is very small and too few have education and/or experience in key areas for innovation-driven entrepreneurship.
- Lack of support for growth stages: There are many options for funding and support in startup and initial growth stages, but there is virtually no investment for growth stages and limited support for expanding internationally.

STRATEGY AND EXECUTION

The strategy development aimed at overcoming these shortcomings. The first issue to be tackled was the disconnect between research output and entrepreneurial activity. The approach chosen was to advocate for a single Technology Transfer Office (TTO) for Iceland as Team Iceland's Must Win Battle (MWB)[1], which aligned well with an effort led by universities and research institutions to achieve the same objective.

The other shortcomings were also addressed within the strategic development phase, and specific approaches to address the key weaknesses were identified. In addition to establishing a single TTO, they are:

- Connecting researchers and entrepreneurs for value-creation.
- Strengthening education in key areas for innovation-driven economy.
- Developing an international talent network for innovation.
- Facilitating increased investment at the growth stage of IDE's.
- Providing support and training for innovation companies growing internationally.

Towards the end of the development phase, the Icelandic government announced its intention to provide new funding for innovation-driven growth. The Prime Minister's office called upon MIT REAP Team Iceland to make proposals for how to use this funding to strengthen innovation-driven growth in Iceland.

When it came to the execution phase, the focus was put on the establishment of the TTO and completing the proposals for the Prime Minister's office. Efforts to secure the necessary funding for a technology transfer office were successful and the decision has been made to establish the office in the fall of 2018. The proposals for how best to use additional funding to address current shortcomings in the innovation economy in Iceland have been submitted to the government.

GOING FORWARD

The REAP program provided tangible results for Iceland and has already had a significant positive impact. Going forward, the Team Iceland will continue to support the advance of innovation-driven growth in the many roles of the members. At the same time, the government plans to build on the work done within MIT REAP to strengthen innovation in Iceland.

[1] MWB is a project that a team chooses to focus on that has the potential to accelerate the ecosystem, sharpen the common agenda and create shared measures. MWBs always align with the overall REAP strategy of the team.