

**ICTWAY 2003**  
**FOLLOW-UP VISIT**  
**IN ROMANIA**

**No 1**

**28 June 2004**

# FOLLOW-UP VISIT REPORT

**Objective 1. Develop programs and mechanisms that foster and encourage the establishment and incubation of start-ups based on ICT developed in Romanian universities and research institutions.**

**Activity: 1<sup>st</sup> Follow- up Assessment (ongoing activity)**

The first objective of **ICTWAY 2003** is to create and develop capabilities in the participating incubators to enable them to become a central resource in building a vibrant knowledge-based economy. This objective involves several steps, including establishing mechanisms and procedures that facilitate the process of initiating and supporting technology-led enterprises.

A major component of the **Sharing experience with similar US organizations** held in October 2003 in Texas was to expose the project colleagues to how some organizations go about that process and hopefully spawn ideas to adapt or adopt for use in Romania. Thus, the first follow-up assessment visit conducted in Baia Mare and Miercurea Ciuc by Norman Kaderlan and Deborah Walker in June 2004 focused primarily on what the team took away from their US visits for local implementation and reflection on what they gained from the visit that bears relevance for their communities. Future follow-up assessment visits will focus on more on the results of the enhanced ICT infrastructure the incubators have recently installed and made available to tenant companies as well as results of the technology commercialization training.

The following questions were put to those who attended the US visit:

- 1) What were the key impressions you had from the US visits?
- 2) What were the main action items you wanted to take back home for adaptation or implementation?
- 3) How have you gone about implementing? What remains to be done?
- 4) What kind of reaction have you had thus far to what you have tried to implement?
- 5) Some case studies? (Examples of implementation efforts to be discussed as group exercise)
- 6) What needs to be done still to implement any ideas you had for your community IT entrepreneur start-up support?

The responses of various incubator representatives and of two incubator associates who also happen to be entrepreneurs in the Baia Mare community follow.

1) There was general concurrence that, in the US, use of IT services by SMEs is a given. People in the US market already are persuaded of the benefits of using IT services, whereas adoption of the same in Romania is much slower.

It was pointed out that, even after installation of high-speed internet connections through the incubator LAN, some of the tenant companies still prefer their dial-up connection because they were familiar with it. Some tenant companies have not yet accepted the incubator's offer of free internet service or help in using the internet to research more information about potential suppliers or customers for the companies. For example, only 12 of the 26 companies incubated in Baia Mare had accepted the internet LAN connection. (Prior to that, 3 or 4 had a dial-up connection.) In Miercurea Ciuc, 2 out of the 5 companies incubated are linked to the LAN internet connection. (One of those 5 companies is focused on stained glass restoration and does not have a computer.)

This pointed out the challenges in persuading the SMEs to adapt the new technology. A number of approaches were discussed to improve the rate of adoption. In the first instance, additional training will be offered to the client companies in the fall. Incubator managers will work with those companies who already are using IT to create success stories that can be used as models for the others to realize its value. The intent is to create tangible demonstrations of the benefits of IT that will convince the doubters.

2) In the US, they saw that virtual work is possible and is a reality. This encouraged them that their vision for using the enhanced ICT installations will help them achieve better offerings for their clients as they also improve their own staff's abilities to work across multiple locations. For example, some of the Baia Mare staff are increasingly being dispersed across multiple locations which would have made the older, largely paper-based method of working much more burdensome and less efficient in what they could accomplish for themselves and their clients. They see now that the building up of a common database and high speed communications will empower them to do more for their clients as increased adoption of the services takes place.

Seeing virtual work and ease of work across multiple geographic locations by some of those they visited in the US, confirmed their vision that they are on the right track and not off in a purely theoretical unrealistic world. They are leading the changes for their SME community, not lagging.

3) In Austin, the group learned about and saw the results of a robust example of government-business-university "partnership" that had helped launch the growth of Austin from an economically depressed region (some 25 years ago) to a booming center for ICT business start-ups that created a prosperous community. This again validated their vision and encouraged them to see the importance in working with their municipality and local universities to join in more partnership efforts.

One of the participants is closely tied to the local governmental administration in Baia Mare. Drawing from the lessons he learned from the Austin experience, he incorporated key elements into a strategic plan for his municipality for the coming years. As a result, new joint projects are being launched and the goal of creating a partnership between business, government, and universities is stated as a clear goal. Indeed, the municipality is beginning to take steps to implement that goal.

4) A major impact of the trip was on people's attitude. One colleague said that his primary impression was of how people in Austin were so optimistic, in contrast to the pessimism that prevails in Romania. He saw this optimism manifested in many ways, most importantly in the acceptance of failure. In the U.S., he saw that failure is not the end of the road, and that both the legal system and the culture give people a second chance. He said that he is now making a special attempt to adapt such an optimistic attitude, and that it did affect the way he ran his business.

5) Several participants in the visit observed how much people in the US strive to be individualistic and how this translates into their differentiating their business activities as well as distinction on the market. (This also makes for much more appreciation and use of trademarks.) They noted how important and effective this was, and they would like to strive to make that change, both for themselves and for their incubator tenants.

6) Some participants saw the mobility of the work force in the US as a positive factor. It has been previously noted by representatives of the assessment team that people in Romania are reluctant to move around the country or even pursue markets in their country that are not near their home base. It is hoped that improved highway infrastructure that will make driving times faster and slowly changing attitudes will improve mobility of people and exploitation of more local markets by the SMEs.

7) In Austin, participants observed the extent and effect of the close interaction between the major university and its community. Building on this experience, participants have initiated increased contacts with the universities in their area. New programs are beginning to emerge and new ways of cooperating with each other. For example, one of the incubator managers in Mercurea Ciuc has been asked to begin teaching at a university and to help students in a new regional economic development field of study to understand the resources and services available to assist SME start-ups. Some of those students have even expressed interest in becoming entrepreneurs.

In sum, the visit in October to share experiences has had both immediate and longer-term impact. Participants took significant action directly as a result of the visit, and they report that the trip has influenced their attitudes, broadened their perspectives, and validated their vision. The commercialization training that took place in Bucharest in June and the upcoming training in Baia Mare in November is intended to continue to catalyze these changes and to reinforce their enthusiasm and determination to make a difference.