

# Summary Document: Danube Tech Summit 2023

## Official Opening

At the official opening, the crucial timing of the inaugural Danube Tech Valley Summit was emphasized. At the moment, Europe is in a competitive struggle to maintain its place against other global tech actors, such as the United States and China.

- ▶ While the 14 countries on the Danube may be small, their strength lies in their unity and connectivity.
- ▶ Innovation serves as a catalyst for economic growth and competitiveness while simultaneously facilitating social stability and the well-being of societies. Public-private cooperation and participation can play a significant role in this new era of innovation.



## Danube Tech Valley Hub Presentation

- ▶ The Danube Tech Valley Hub is dedicated to creating a network of trust and a common Danube Valley identity and spirit in which ecosystem members can engage directly with each other.



- ▶ The two closest capital cities in Europe – Bratislava and Vienna – must be further interconnected, not only with themselves but also with other regions in the Danube.
- ▶ The Danube Tech Valley Hub will make the future bright by bringing people and ideas together.

## Keynote: Security of Supply of Green Hydrogen for the European Industry

- ▶ Ensuring a secure supply of green hydrogen to the European industry is a critical issue that requires prioritizing supply security over price, exploring the potential applications of hydrogen in the energy transition, and replacing grey hydrogen with green alternatives.
- ▶ Establishing a coordinated hydrogen value chain involves developing partnerships for renewable energy and hydrogen production. In the midstream, a reliable connection is vital, particularly through pipeline transport for supply security in central Europe. Furthermore, retrofitting investments on the customer side and aggregating demand from major hydrogen consumers are required.
- ▶ The Eastern corridor is a suitable region for large-scale, long-term import flows, as it meets many key prerequisites, such as local and neighbouring hydrogen production, investment security, and connectivity.



## Workshop 1, Parts 1: Digital Energy: Volatility & Flexibility as Drivers of Emerging Technology Markets in the Era of Twin Transition

- ▶ Central Europe faces an urgent need to address the volatility and flexibility challenges in the energy sector, particularly as Europe transitions to renewable sources like solar and wind. This requires innovative solutions in energy storage, smart grid technology, and collaborative efforts across Central Europe to ensure a stable, efficient, and sustainable energy future.
- ▶ The global energy focus is shifting towards decentralized energy systems, and the challenge is to leverage market volatility to our advantage.
- ▶ There's a question of Central Europe's role in this evolving ecosystem: will it lead or fall behind.
- ▶ A need arises for a multi-use approach to increase competitiveness and the importance of international directives and predictions regarding energy needs.



## Workshop 1 Part 2: Digital energy: volatility & flexibility as drivers of emerging technology markets in the era of twin transition

- ▶ The Danube region should focus on speeding up the shift to renewable energy sources, capitalizing on market volatility and flexibility at regional, European, and global levels.
- ▶ As solar and wind energy prices decrease annually, the region is embarking on a long journey toward adapting every utility for volatile, flexible pricing in fluctuating markets.
- ▶ This shift requires a rethink in system functionality compared to centralized systems.
- ▶ The transition to a decentralized system necessitates active management at every level and robust security measures.

- ▶ The current systems, which treat Czechia, Slovakia, and Austria as a single grid, are inefficient. Instead, the region needs differentiated pricing and better EU market integration.



## Workshop 2: Unlocking the Power of Ecosystems: Catalyzing Spin-Offs in the Danube Region for a Greener Future

- ▶ The CEE and the Danube region have a promising spin-off ecosystem. Nonetheless, a culture of encouragement and the development of deeper connections between universities, institutions, and organizations would help it become even more competitive.
- ▶ The Austrian spin-off economy has a low entrepreneurship ratio, a scarcity of tech unicorns, and a need for improved guidelines and transparency. Nonetheless, the CEE innovation ecosystem is rapidly growing.
- ▶ Entrepreneurs from the region often face challenges, including potential losses, due to factors such as EU regulations and the necessity to scrutinize investments that originate outside the EU.
- ▶ Addressing spinoff and tech transfer challenges, entrepreneurs should seek to enhance the quality and quantity of spinoffs while fostering increased international collaboration.
- ▶ Identified challenges in fostering a successful spin-off ecosystem include a lack of a culture of encouragement and a lack of cooperation among various stakeholders, such as universities, research institutions, investors, and spin-offs.



## Dialogue Session: Enhancing Access to Finance and Nurturing Innovation Across the Danube Region

- ▶ The Danube Region needs to assume a position of a strong hub of innovation by creating a cross-border network of policy makers, investors, entrepreneurs and R&D centers. This can be achieved by the creation of an EU level Danube Region Fund, establishing a culture of mentorship, and increasing investment in the region.
- ▶ The main impediments to more start-ups in the region include underinvestment of the region (successful businesses are not reinvesting, they are instead investing in real estate), lack of a culture of mentorship, and preference to fund the lazy answer. The founders in the region feel a sense of exceptionalism within their nation, they do not have many opportunities to compare globally. They lack a good format to compare themselves.
- ▶ Banks can become a source of innovation, but when startups approach commercial banks, about 90% are turned away due to requirements like cash flow and proof of record. However, alternative avenues exist, such as funding from development funds or through venture capital and equity funding.
- ▶ The concept of the Capital Markets Union (CMU) emerged in 2015, but progress has been slow, resembling a house with 27 rooms of varying quality. The CMU is envisioned as a roof over these rooms, but first, the rooms themselves – the national capital markets – need reform. Pension reform, for instance, cannot be centrally legislated from Brussels. There are challenges both from the top-down and bottom-up, including issues around tax systems which, if not improved at the national level, will hinder cross-border trade. Differing insolvency laws and procedures across countries also complicate matters, making the idea of a well-functioning European capital market seem distant.



- ▶ A pivotal strategy for the region includes establishing a 'lighthouse' technical university to attract and retain bright minds. Key actions should focus on opening doors between countries in the region, overcoming barriers that keep companies within national borders, creating a network resilient to international political influences, fostering better networks among technical universities, and enhancing the Danube region's reputation as a coordinated and attractive hub.

## Dialogue Session: Unite to Innovate – Building the Danube Tech Valley

- ▶ For centuries, the Danube, Europe's greatest river, has served as an artery for information, migration, and trade. Today, the Danube Tech Valley exhibits notable value imbalances, with the Western and Central Danube contributing 90% of the combined enterprise value of startups in the region.
- ▶ The region has seen substantial growth, reaching 157 billion euros in 2023, with a significant rise in early-stage investments.
- ▶ The importance of regional collaboration, talent retention, and addressing skills shortages, with an emphasis on removing barriers, inspiring the next generation, and thematic priorities such as security stability, resource enhancement, and fostering innovation, were underscored.



## Official Opening of the Second Part of the Conference

- ▶ The untapped potential in CEE, due to the size of individual countries, underscores the need for greater collaboration.
- ▶ While each country's voice is small, collective efforts can lead to a thriving economy. Yet, the lack of collaboration is evident, particularly between Bratislava and Vienna, and highlights the call to establish a regional brand.



## Keynote Address by Martin Kocher, Federal Minister of Labour and Economy of the Republic of Austria Deputy

- ▶ Despite being a small hub, the Danube region aims to transform itself into a significant player in the tech ecosystem.
- ▶ Achieving such a goal involves three pillars: bringing people together, viewing cross-country borders as irrelevant, and creating a unique regional vision.
- ▶ Austria's ambitious strategy on innovation and research extends beyond borders, fostering ecosystems that offer opportunities, gains, welfare, and higher-paying jobs for countries.



## Video Message by Valeriya Ionan, Minister of Eurointegration, Ministry of Digital Transformation, Ukraine

- ▶ Since 2019, Ukraine has established itself as one of the most digitalized states globally.
- ▶ The Diia app has been a transformative public service platform, offering 14 digital documents and providing over 100 services for citizens and businesses.
- ▶ Even during wartime, Ukraine has demonstrated swiftness and efficiency. Yet, it is not merely a nation in conflict but also one with substantial potential that contributes significant value to the world.



## Panel Discussion 1: Transforming the Danube Region into the New European Innovation Hot Spot: A Turning Point for CEE

- ▶ Small European countries underestimate their strength – from tackling climate change to contributing to space exploration.
- ▶ While there are policies at both EU and national levels, there is currently a gap in terms of regional policies. There is also a need for stronger personal connections in the Danube region, and there is room for increased collaboration.
- ▶ Despite previous political challenges, Danube region countries that are EU members have achieved significant progress.



- ▶ The Danube tech region can become a broader hub for technology, finance capital, and human resources if the countries share and collaborate.

## **Panel Discussion 2: Danube Dynamics: Navigating the Innovation Currents for a Thriving Ecosystem**

- ▶ In the Danube Valley, a vibrant innovation ecosystem is emerging, driven by collaborations between startups and experienced entrepreneurs who mentor and invest in new ventures. However, to realize its full potential, the region faces challenges including a capital gap, technology transfer barriers, and the need for more investor engagement to sustain and grow this dynamic ecosystem.
- ▶ Investing in innovation and exceptional talent is crucial, and it requires a supportive ecosystem encompassing government, banks, and corporations.
- ▶ The population of the Danube region is not accustomed to investing in stocks and shares of companies, to facilitate progress in innovation, this mindset needs to change.
- ▶ Resistance to change is often due to a lack of genuine desire for transformation. True change requires not only reason and skills but also a willingness to take risks and not be overly concerned about job security.
- ▶ The adaptability and quick response of companies during the COVID-19 pandemic demonstrated what's possible when swift action is necessary.

