

Strategy 2019+

Contents

| | |
|--|-----------|
| 1. Introduction | 2 |
| 2. Vision and mission | 2 |
| 2.1. Objectives and activities by phases of development of the Czech economy | 3 |
| 3. Values and competencies | 3 |
| 4. Clients and partners | 4 |
| 4.1. Target status of clients | 5 |
| 4.1.1. Start-ups with strong growth potential | 5 |
| 4.1.2. Innovative small and medium-sized enterprises | 5 |
| 4.1.3. Investors with high value added | 5 |
| 4.1.4. Smart region | 6 |
| 5. Horizontal and vertical sectoral specialisation | 7 |
| 6. Strategy 2019+ – overall ambition, tools and activities | 8 |
| 6.1. Key activities of 2019+ | 8 |
| 6.1.1. Support for start-ups, beginning entrepreneurs and entrepreneurialism | 9 |
| 6.1.2. Support for development, innovation and the global ambitions of Czech companies | 11 |
| 6.1.3. Support for investments with higher value added, “smart” investments and qualitative growth of existing investment projects | 12 |
| 6.1.4. Support for cultivation of the Czech investment and business environment and development of corresponding infrastructure for business and innovation | 14 |
| 7. Conclusion | 15 |
| 8. Annexes | 16 |
| 8.1. List of abbreviations | 16 |
| 8.2. Initial situation for Strategy 2019+ | 16 |
| 8.3. Phases of development of the Czech economy | 18 |

1. Introduction

The Investment and Business Development Agency CzechInvest plays a key role in the area of comprehensive support for business and investments with respect to current and future trends. The agency's unique combination of regional, central and international operations ensures the integrity of its services and its ability to connect global trends with the regional conditions in the Czech Republic.

CzechInvest's strategy for 2019 to 2020 therefore reflects and answers the following questions:

- + What will ensure the Czech economy's future significance?
- + How can Czech companies be helped to respond to domestic and global economic trends?
- + How can the Czech Republic be developed through "smart" investments?
- + What is the best way to cultivate the Czech business and investment environment and make it more attractive?
- + How can the Czech Republic's brand as a self-confident innovation leader be built?
- + How can a functional start-up and spin-off environment be supported and co-created at the national level?

Through its activities, CzechInvest will apply itself to the following main points in the coming years:

- + development of the potential of Czech technology companies
- + support for "smart" investments
- + motivation of foreign investors operating in the Czech Republic toward sophisticated complementary investments
- + development and application of smart marketing including the brand Czech Republic: The Country for the Future
- + provision of assistance to Czech companies entering foreign markets
- + promotion of the Czech economy, technologies and R&D abroad
- + provision of assistance to all regions in uncovering their potential for businesses and investors
- + enhancement of the Czech Republic's competitiveness through development of infrastructure for companies and investors
- + development and cultivation of the national start-up and spin-off environment
- + connecting partners from the business and science-and-research spheres
- + exploitation of trends in progressive sectors of the global economy
- + assistance with raising the Czech Republic's economic level

For the initial situation for Strategy 2019+, see Chapter 8 – Annexes.

2. CzechInvest's vision and mission

CzechInvest's vision

The Czech Republic – a prospering economy built on innovation

CzechInvest's mission

We develop innovations and investments with potential for global success and regional impact

CzechInvest is a respected state agency that is significantly contributing to the Czech Republic's transformation into an innovation leader of Europe through its support for the establishment and development of Czech companies and support for domestic and foreign investments focused on new technologies and research and development activities.

2.1. Objectives and activities by phases of development of the Czech economy

CzechInvest's role, activities and objectives have gradually evolved and responded to the development of the national economy as well as the development of investment trends in the countries with which the Czech Republic has the highest levels of trade.

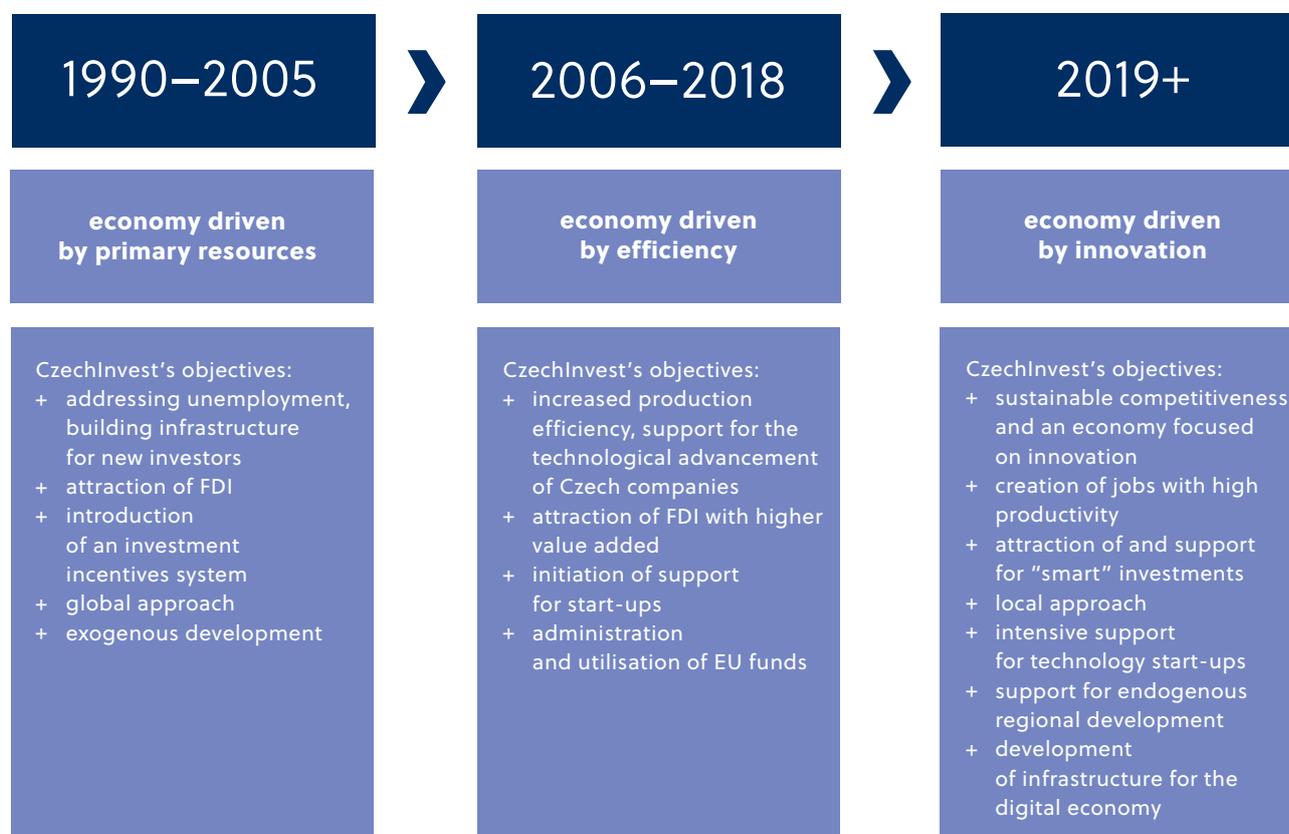


Figure 1: CzechInvest's objectives and activities by phases of development of the national economy

For the phases of development of the Czech economy, see Chapter 8 – Annexes.

3. Values and competencies

CzechInvest is a specialised public institution that respects values in its operation and utilises key competencies to fulfil its mission. The transparent, apolitical and objective performance of CzechInvest's services is of absolutely key importance and these values are carried over into all of the agency's internal regulations and processes.

CzechInvest's work is based on the following values and competencies:

- + know-how based on more than twenty-five years of operating in the area of attracting and supporting business investments
- + uniqueness of state services in the area of business support derived from national strategies and concepts of support for business and the business environment
- + transparency of all operations and activities that CzechInvest conducts in the public interest and for the benefit of business development in the Czech Republic
- + professionalism and specialised competencies of the agency's employees
- + regional and foreign operations conducted through regional and foreign offices ensuring the integrity of services and the ability to combine global trends with regional conditions in the Czech Republic

4. Clients and partners

CzechInvest fulfils its role in the area of business and investment support in its comprehensive form, from activities aimed at cultivating the business and investment environment, through motivation to conduct business and invest and direct business support, to utilisation of the business sector's outputs (products, services, capital) on global markets.

From this perspective, CzechInvest's primary clients are Czech and foreign business entities; its main partners are institutions and municipalities and selected foreign partners. Tools and programmes of support are purposefully designed and implemented to cover the needs of these groups.

Companies

For the purposes of this strategy, companies are understood to be all business entities from their initial phase of development, when they are not formally established (registered) in the form of a business plan, through established small and medium-sized enterprises, to large companies and concerns operating in the Czech Republic.

The basic types of corporate clients on which CzechInvest focuses its support programmes and professional assistance are:

- + beginning entrepreneurs and start-ups
- + Czech SMEs with innovation potential and global prospects
- + large enterprises in sophisticated sectors and foreign investors

Institutions and municipalities

Another key interest group of CzechInvest comprises institutions and municipalities. Cooperation with these partners is an important part of primarily cultivation of the business environment. For the purposes of this strategy, institutions and municipalities are primarily understood to be the following:

- + organisations focused on regional development and support for business, innovation and technology transfer
- + research and development facilities
- + local government bodies and professional organisations
- + other national business-support organisations

Foreign partners

The third major interest group comprises foreign partners. These are primarily foreign sectoral institutions, international institutions focused on supporting the commercialisation of innovations, international institutions in the area of business support and international trade, incubation centres, investment support agencies of other countries and science and research entities.

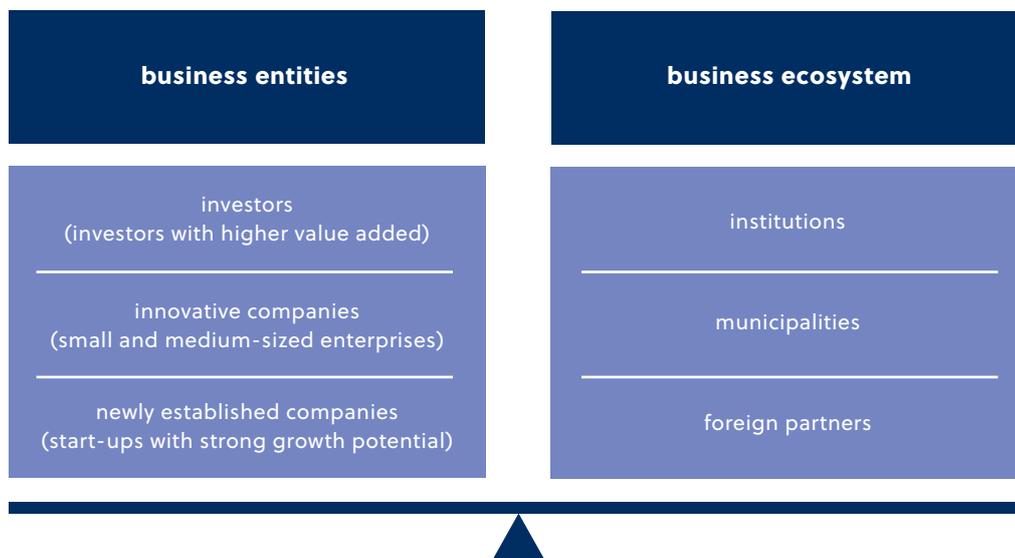


Figure 2: Balance between CzechInvest's key partners and clients

4.1. Target status of clients

CzechInvest's activities are focused on clients that are defined as start-ups with strong growth potential, innovative small and medium-sized enterprises and investors with higher value added. The purpose of CzechInvest's activities consists in bringing these three groups together and working with clients that are at a lower level of development so that they achieve optimum progress in their business activities toward a higher level of development.

4.1.1. Start-ups with strong growth potential

CzechInvest considers a start-up to be a newly established company that is developing a product or service that is unique in terms of time and place and resolves a given problem in a unique and innovative manner, while also having potential for rapid growth in terms of revenues and customers and being run primarily by its founders.

A start-up with strong growth potential fulfils the following indicative parameters:

- + company headquarters and management located in the Czech Republic
- + development of a new or innovative product/service
- + horizontal and vertical scalability of the product/service
- + company not older than seven years
- + qualified management team
- + applicability on international markets
- + activities in one of CzechInvest's priority sectors
- + ten employees in the Czech Republic and achievement of revenues in the amount of EUR 1 million within four years from the start of operations or investments in the value of at least EUR 1 million within four years from the start of operations or expansion to foreign markets through establishment of a branch and achievement of revenues in the value of at least EUR 0.3 million within two years following such expansion

4.1.2. Innovative small and medium-sized enterprises

Innovative Czech companies are mostly companies with domestic capital, their own development teams and innovative final products that are applicable on foreign markets. These comprise a group of companies that have the greatest benefit for their country's economy.

Innovative small and medium-sized enterprises fulfil the following indicative parameters:

- + originally established in the Czech Republic (value added remains in the Czech Republic)
- + unique final product or complete supplier solution
- + autonomous decision-making on investments and reinvestments in the Czech Republic
- + high position in value chains
- + direct link to technological trends in the given company's sector

4.1.3. Investors with higher value added

An investor with higher value added is characterised by its investing in development activities in connection with a new project or expansion of an existing project or investing in highly sophisticated manufacturing and planning to employ highly qualified workers.

An investor with higher value added fulfils the following parameters:

- + development of a unique product or technology, application of an innovative manufacturing process or implementation of a service
- + cooperation with a local university or secondary school, contribution to the development of Czech companies and institutions by means of technology transfer
- + utilisation of local suppliers
- + such investor's project is in accordance with current regional needs ("smart" investment)
- + long-term integration into the Czech economy
- + such investor has a positive effect on human capital and qualification advancement thereof
- + high degree of reinvestment of profits

4.1.4. Smart Region

The environment for the above-mentioned clients comprises regions, municipalities and associations thereof that are actively creating conditions on their territory for the placement and development of competitive companies.

A Smart Region fulfils the following indicative parameters:

- + active partnership between the public and private sectors
- + functional business infrastructure
- + support for research, development and innovation
- + support for education focused on development of creativity, entrepreneurialism and preparation of skilled workers
- + effort to reduce the administrative burden and to develop e-government
- + optimisation of local taxes, fees and rental prices

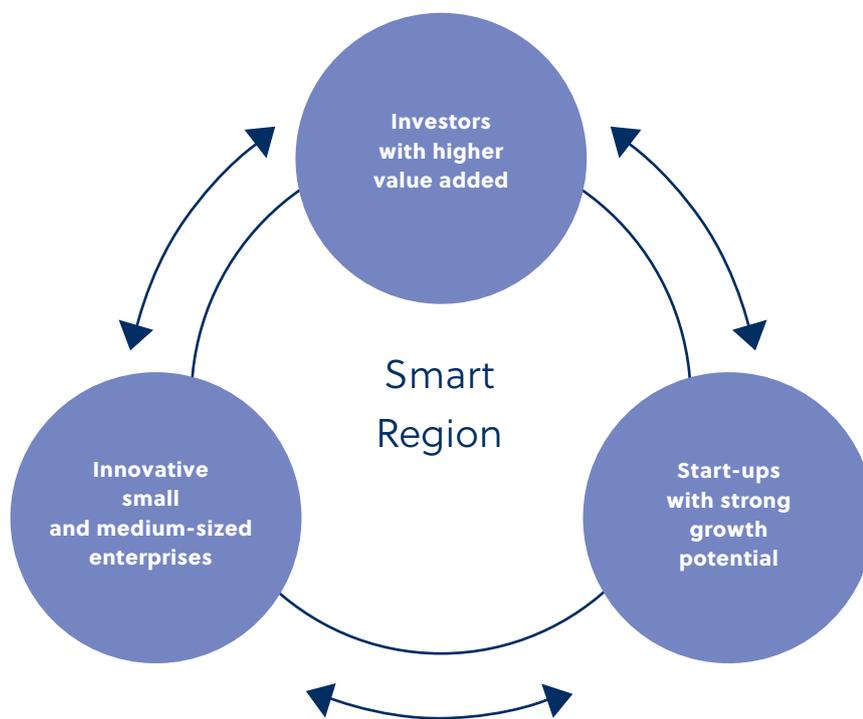


Figure 3: Schematic of CzechInvest's target clients and their interconnection

5. Horizontal and vertical sectoral specialisation

CzechInvest's priority sectors are:

- + information and communication technology
- + business services
- + aerospace industry
- + advanced mechanical engineering
- + automotive industry
- + life sciences
- + nanotechnology and advanced materials
- + electrical engineering and electronics industry

This vertical view of sectoral specification will be further supplemented in future with horizontal interconnection through key trends, where research excellence, the potential of Czech companies and the future technological direction intersect with the following areas:

- + artificial intelligence
- + virtual and augmented reality
- + robotics and advanced production technology
- + advanced materials
- + connectivity and cybersecurity
- + energy-efficient solutions and environmental technology

Definition of CzechInvest's future activities is based on the following assumptions:

- + there is a certain number of vertical sectors whose aggregate (innovation) performance is above average and which have potential to further increase it
- + there is a certain number of horizontal technologies which – when suitably applied – can boost the innovation performance of multiple sectors
- + the focus of CzechInvest's future activities is to ensure that companies at a particular intersection point of a vertical sector and horizontal technology/technologies increase their performance and export capability, particularly by means of application and further development of the aforementioned technologies
- + in this respect, CzechInvest's task is to achieve the maximum effect at a particular company, e.g. through facilitation, mediation of appropriate domestic and foreign contacts, organisation of missions for initiating technological collaboration in the Czech Republic and abroad, and identification and recommendation of a grant title; the time-measurable output parameter for these activities is, for example, value added of production expressed by the position in the production (value) chain with respect to the end-user
- + on the European level, emphasis is currently placed on the creation of horizontal sectoral connections (e.g. Digital Innovation Hubs), where CzechInvest, with respect to the defined strategic areas, is expected to serve in the role of coordinator of these activities at the national level in cooperation with the Ministry of Industry and Trade
- + a logical step toward fulfilment of this strategy is the greater involvement and coordination role of the Ministry of Industry and Trade in the implementation of regional and national strategies for economic development and support for innovation, which comprise the framework for defining CzechInvest's future activities

6. Overall ambition, tools and activities

The overall ambition of Strategy 2019+ is to help elevate, by 2023, the Czech economy to a position among the twenty most advanced economies in international comparisons of the competitiveness of the world's countries. Another objective is to maintain the dynamic development of the Czech Republic and primarily of the Czech economy among the world's economies and continuously push the Czech economy higher in international comparisons. Such advancement will be achieved primarily through support for entrepreneurialism, development of the business environment, support for Czech small and medium-sized enterprises and their operations on foreign markets (internationalisation) and the inflow of "smart" investments from abroad.

Elevating the Czech Republic to a position among the most advanced economies is also the aim of the Innovation Strategy of the Czech Republic 2019–2030, for three pillars of which – Smart Investments, National Start-Up and Spin-Off Environment and Smart Marketing – we bear responsibility. Our activities thus include establishment and promotion of the Czech Republic's good name as a highly innovative country, as well as creation of a comprehensive programme of support for the start-up and spin-off segment and increasing the volume and quality of smart investments.

In the course of formulating CzechInvest's strategy for fulfilment of the overall objective, logical continuity and a comprehensive approach are observed in the basic steps of the development of companies leading to sustainable economic growth and the competitive economy of the Czech Republic.

6.1. Key activities of Strategy 2019+

CzechInvest defines the following four pillars of support:

1. support for start-ups, beginning entrepreneurs and entrepreneurialism
2. support for development, innovation and the global ambitions of Czech companies
3. support for investments with higher value added and "smart" investments, support for the qualitative growth of existing investment projects
4. support for cultivation of the Czech investment and business environment and development of corresponding infrastructure for business and innovation

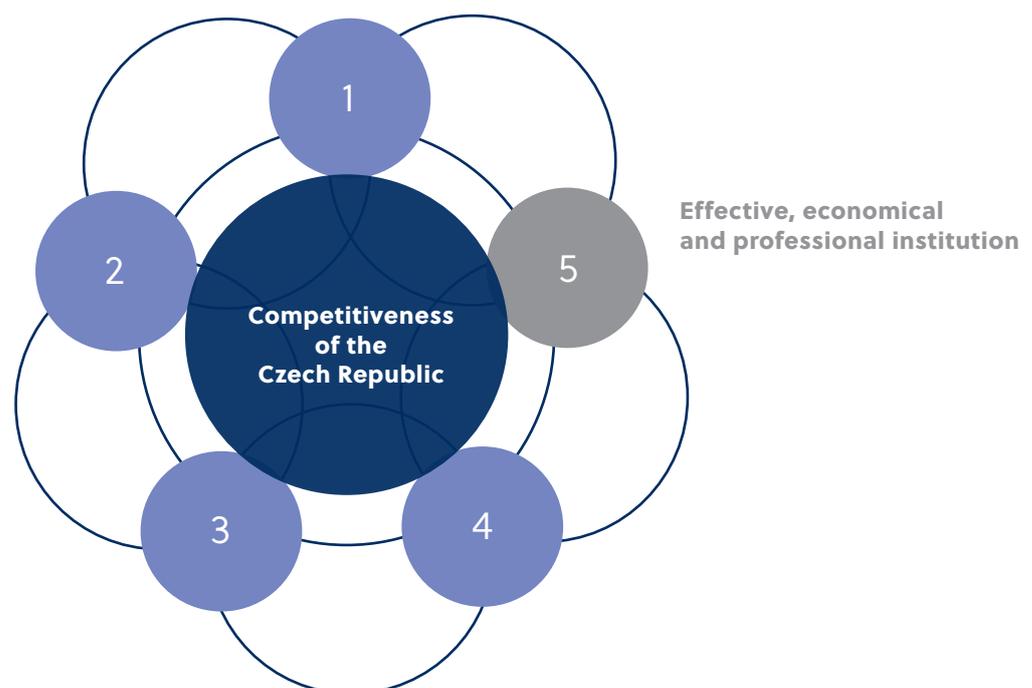


Figure 4: CzechInvest's main pillars

6.1.1. Support for start-ups, beginning entrepreneurs and entrepreneurialism

Objective: Increase the number of innovative start-ups with global potential

The position of newly established small companies in the Czech Republic is often encumbered by the fact that they operate on the small Czech market and do not have the financial possibility to rapidly penetrate foreign markets and often do not have the ambition to explore (also global) commercialization of their products and to gain the latest know-how from their respective sectors. Therefore, they cannot gain direct experience and/or inspiration on the world's main technology markets. The current system indicates the following deficiencies: weak support for start-ups (and spin-offs) in the idea and proof-of-concept phases.

- + insufficient support for entrepreneurialism and the entrepreneurial spirit
- + rigid approach of corporations to innovation and cooperation with start-ups
- + lack of start-ups with global vision
- + weak internationalisation of young Czech innovative companies and their expansion abroad
- + rigid academic environment providing insufficient motivation to use academic outputs in business practice, establishment of start-ups, etc.
- + lack of high-quality mentors, especially those with experience with business abroad
- + insufficient angel and venture financing in the pre-seed and seed phases, which is also connected with the insufficiently developed investment culture and investment community, as well as the preparedness of companies for negotiating the entry of a strategic investor
- + fragmentation of the start-up environment between the regions of the Czech Republic and at the level of availability and quality of provided services (support)
- + entrepreneurs' insufficient awareness of specific possibilities of supports, particularly financing
- + inhospitable administrative environment

CzechInvest has been systematically supporting newly established innovative companies since 2010, when the CzechAccelerator project was launched. Since then, CzechInvest has supported through its programmes more than 200 companies in various stages of development from the idea phase to internationalisation on advanced foreign markets.

The objective of the activities aimed at supporting start-up companies set forth in this document comprises development of key skills among newly established innovative companies, increase of the quality of consulting services for small and medium-sized enterprises, enhancement of the growth motivations of innovative small and medium-sized enterprises and acceleration of their development and preparedness for successful expansion to new markets – in terms of both product and territory – increase of the capability of international production and sales activities and, of no less importance, acquisition of financing for such companies' further development, e.g. by means of venture capital. The secondary objective of this support is the formation of a competitive business environment (ecosystem) that is characterised by an increased number of newly established innovative companies, acceleration of their development and acceleration of the internationalisation of technology-oriented companies with global innovation potential.

CzechInvest's role is to provide companies with tools that facilitate their expansion abroad and enable them to gain global know-how and access to the most advanced technologies and the most highly developed ecosystems. Its role also involves provision of support to companies in their expansion abroad and providing them with relevant business and investment contacts in the given region.

An important component of support is acquisition of relevant data on the condition of the start-up ecosystem. CzechInvest collects data for the purpose of monitoring the condition of the business environment so that the proposed measures lead to continuous improvement.

The purpose of the following measures should primarily be to activate talent, mobilise capital, support innovation and educate (not only) the expert public.

Constituent objectives to be achieved by 2020:

- + 200 supported start-ups
- + 100 start-up projects supported in the course of their expansion to foreign markets
- + CZK 300 million of investments in the form of alternative sources of financing (e.g. angel investments, entry of a strategic investor, crowdfunding and acquisition of venture capital)
- + objectives of the National Start-Up and Spin-Off Environment pillar of the Innovation Strategy of the Czech Republic 2019–2030

Measures:

| Name | Description | Indicators |
|--|---|--|
| 1. Support for engaging in business and motivation to conduct business | <p>CzechInvest prepares and administrates support programmes for beginning entrepreneurs and start-ups</p> <p>CzechInvest supports the establishment of programmes and organises events aimed at supporting motivation to conduct business and business education</p> <p>CzechInvest promotes business and the successes of entrepreneurs, and builds awareness of the start-up environment in the Czech Republic</p> | <ul style="list-style-type: none"> + Number of support programme participants + Number of organised events to support engaging in business + Number of new entrepreneurs/companies + Number of filed patents and other forms of protection of intellectual property + Number of concluded sale agreements and orders + Stimulation of the creation of activities and initiatives to support business and business education + Number of organised educational events for the purpose of motivating graduates and young people to enter into business (e.g. hackathons) + CzechStartups.org visitation rate |
| 2. Approach of newly established companies and science teams to advanced technologies | <p>CzechInvest strengthens the competitiveness of innovative companies (spin-offs) and their expansion to advanced foreign markets with the aim of affording them access to know-how, advanced technologies and financing for their further development</p> | <ul style="list-style-type: none"> + Number of support programme participants + Number of commercialised products and services + Economic performance of supported companies |
| 3. Development of Czech start-ups on the most advanced foreign markets | <p>Through its support programmes/projects, CzechInvest sends Czech start-ups with strong market potential to foreign incubation centres, competitions and investment events.</p> | <ul style="list-style-type: none"> + Number of trained start-up owners/representatives + Number of participants in support programmes/projects + Number of established strategic partnerships with foreign investors + Number of established cases of cooperation with foreign sales and distribution partners + Number of patents filed abroad |
| 4. Arrangement of investments for start-ups ("smart" investments in start-ups and SMEs for their further development and for opening markets) | <p>CzechInvest seeks out and mediates smart investments in start-ups and SMEs for their further development and for opening markets</p> <p>CzechInvest connects start-ups with more advanced companies and business-angel and venture-capital investors</p> <p>At the same time, CzechInvest is involved in the education of entrepreneurs in the area of venture-capital investments and sharing experience and know-how among groups of investors for cultivation of the market</p> | <ul style="list-style-type: none"> + Number of mediated capital entries into start-ups + Number of mediated capital entries into SMEs + Growth of investment activity in the early phases of product development (company) |
| 5. Attraction of innovative foreign start-ups | <p>CzechInvest seeks out innovative start-ups abroad with the aim of attracting them to the Czech Republic and incorporating them into the innovation infrastructure</p> | <ul style="list-style-type: none"> + Number of foreign start-up projects located in the Czech Republic |

6.1.2. Support for development, innovation and the global ambitions of Czech companies

Objective: Technologically advanced and international competitive SME segment

Description of the issue / initial situation:

The segment comprising small and medium-sized enterprises is the backbone of the Czech economy. Even though the share of entrepreneurs in total employment in the Czech Republic is declining, in 2017 it reached the fifth-highest value of all European Union member states. According to the Select Workforce Survey conducted by the Czech Statistical Office, the number of entrepreneurs in the Czech Republic reached 893,900 in 2017.

Compared to 2010, the number of entrepreneurs declined by 0.6 percentage point, amounting to 17.1%. The number of young entrepreneurs fell, whereas the number of enterprising seniors increased. Over the past seven years, the number of entrepreneurs up to the age of 40 has declined to 65,300. It is apparent from these figures that the upcoming generation of secondary-school and university graduates is not inclined to establish their own businesses, which in the coming years may cause significant problems also for employees, who comprise the largest group of the country's working-age residents. Resistance to economic crises is also decreasing as the diversification of economic entities on the market declines. Based on the experience of other developed countries, it is clear that it is necessary to support the segment comprising small technology companies and motivate it toward further economic and technological growth. However, such development is relatively costly and places demands also on participants' specialised knowledge.

Small and medium-sized enterprises in the Czech Republic suffer from a lack of ambition, the consequence of which is a low degree of internationalisation and operation of such enterprises in phases with low value added in value and supply chains. In other words, Czech small and medium-sized enterprises serve primarily as subcontractors in the manufacture and delivery of products and services with low value added. Technological equipment and requirements for employees predominantly in the Tier 3 category are accordingly adapted to this situation, resulting in the low degree of internationalisation of Czech small and medium-sized enterprises and low export potential, as those companies are not producers of final products or services and cannot sell on international markets.

Constituent objectives to be achieved by 2020:

- + 20 arranged projects involving cooperation between companies and R&D institutions
- + 30 individual international projects of Czech innovative entities arranged by CzechInvest

Measures:

| Name | Description | Indicators |
|---|---|--|
| 1. Support for companies with strong growth and their own R&D on foreign markets | CzechInvest organises technology missions of Czech companies, conducts acquisition of clients for state support for participation in specialised foreign trade fairs | <ul style="list-style-type: none"> + Number of participants (companies) in technology missions + Number of acquisitions of clients for CzechTrade's NOVUMM and NOVUMM KET projects |
| 2. Development of SMEs' export know-how and arrangement of entry to foreign markets | Through its regional offices, CzechInvest organises educational events aimed at supporting export development | <ul style="list-style-type: none"> + Number of trained company representatives |
| 3. Advancement of Czech SMEs in supply chains – arrangement of more demanding orders (sourcing) and arrangement of development capital | CzechInvest seeks out and mediates capital entries and alternative possibilities of financing for Czech companies. CzechInvest organises supplier days for Czech SMEs in sophisticated and priority sectors | <ul style="list-style-type: none"> + Number of participants in supplier events + Value of concluded contracts mediated by CzechInvest + Number of arranged capital entries into SMEs |
| 4. Involvement in international consortia and utilisation of community programmes | <p>CzechInvest participates as a partner of international projects focused on support for innovation in companies</p> <p>CzechInvest mediates information for the involvement of Czech companies in orders issued by international institutions</p> | <ul style="list-style-type: none"> + Number of participations in international projects + Number of Czech companies' projects receiving support from community programmes + Number of foreign participants in incoming missions |

| Name | Description | Indicators |
|--|---|---|
| 5. Foreign expansion of Czech companies | CzechInvest provides assistance in seeking out investment locations for Czech companies abroad | <ul style="list-style-type: none"> + Number of supported capital expansions of Czech investors abroad + Value of capital expansions of Czech companies abroad + Value of profits repatriated to the Czech Republic |
| 6. Connection of innovative start-ups with traditional SMEs | CzechInvest mediates cooperation between start-ups and SMEs for the purpose of boosting the competitiveness of both partners | <ul style="list-style-type: none"> + Number of joint projects of start-ups and SMEs + Number of implemented events aimed at supporting collaboration between start-ups and SMEs |
| 7. Support for the development of SMEs in the areas of digitalisation, introduction of Industry 4.0 trends, the creative economy and design | CzechInvest mediates professional consulting services and foreign know-how for the introduction of the new principles of Industry 4.0, digitalisation, the creative economy and industry | <ul style="list-style-type: none"> + Number of trained companies/ participants in foreign events + Number of mediated capital entries into SMEs |
| 8. One-stop shop for entrepreneurs – uniform approach to state and international support | <p>Through its regional offices, CzechInvest provides an information service focusing on state support in the area of business</p> <p>CzechInvest mediates acquisition of clients for programmes of other state agencies (CzechTrade, TACR) and provides information on services (ČMZRB, ČEB, EGAP)</p> | <ul style="list-style-type: none"> + Number of provided consultations + Number of implemented marketing and other events in the regions (consultation days, etc.) + Number of client acquisitions for CzechTrade + Number of client acquisitions for TACR |

6.1.3. Support for investments with higher value added, “smart” investments and qualitative growth of existing investment projects

Objective: Inflow of foreign direct investments and expansions with high value added

Description of the issue / initial situation:

The Czech Republic is an open economy that is dependent on exports and the inflow of foreign investments. At the same time, it is one of the most industrialised EU countries while possessing cost competitiveness, which is reflected in the prevalence of manufacturing investment projects. However, the structure of incoming investments has changed over time in connection with the increasing presence of sophisticated projects responding to the new technological trends of the present and using the Czech Republic’s skilled workforce and high degree of technological advancement.

In the coming years, it will be necessary to focus more on foreign direct investments with higher value added in priority sectors (information and communication technology, business services, aerospace industry, advanced mechanical engineering, automotive industry, life sciences, nano-technology and advanced materials, electrical engineering and electronics industry) and territories where CzechInvest has foreign representation (Japan, South Korea, China, the United States, the United Kingdom, Canada, Germany, Scandinavia, Russia) and thus to bring the Czech Republic closer to the level of more advanced countries. In addition to an active approach to investing in research and development capacities, highly sophisticated manufacturing and creation of jobs for highly skilled workers within the priority sectors of the economy, it is also necessary to take into account the phase of the investment value chain and to continuously support cooperation with Czech research and development entities, universities and companies.

The next step is to support „smart“ investments. A mid-tech or low-tech project that fulfils the development needs of the target location is also considered to be a „smart“ investment. When placing smart investments, it is necessary to respect the local business and investment environment, including the needs and intentions of the regions, which are expressed in strategic documents adopted by regional government bodies. At the same time, it is necessary to support the efforts of cities and municipalities to structurally change economic activities in selected sectors. CzechInvest wants to further motivate existing investors to undertake complementary investments, which will complement existing production activities with the expansion of activities with higher value added or, as the case may be, replace them entirely.

Constituent objectives to be achieved by 2020:

- + investments with higher value added comprising 50% of the total number of investment projects
- + five foreign entities using the Czech research and development infrastructure
- + objectives of the Smart Investments pillar of the Innovation Strategy of the Czech Republic 2019–2030

Measures:

| Name | Description | Indicators |
|---|---|--|
| 1. Assistance with localisation of HVA projects and “smart” investments in the Czech Republic | CzechInvest actively seeks out foreign companies and assists them in their decision-making on placement of their projects in the Czech Republic, and provides information about the Czech Republic | <ul style="list-style-type: none"> + Volume of HVA projects + Volume of “smart” investments + Number of newly created highly skilled jobs + Number of new projects |
| 2. AfterCare – qualitative growth and development of investors | <p>CzechInvest continuously cooperates with existing investors, provides them with consulting services and information on state aid, administrates investment incentives and helps guide investors through permit processes in the Czech Republic</p> <p>CzechInvest supports the advancement of investors already operating in the Czech Republic in the value chain</p> <p>CzechInvest also provides guidance for investors in matters involving the labour market (visa services, relocation projects, etc.)</p> | <ul style="list-style-type: none"> + Number of AfterCare clients + Number of AfterCare events for clients and attendance rates thereof + Volume of expansions in the form of “smart” investments + Volume of expansions in the form of HVA projects + Number of newly created highly skilled jobs |
| 3. Support for cooperation and partnership with local entities and increased involvement of investors in the regions | CzechInvest promotes deeper involvement of investors in local economies with the aim of reducing the repatriation of profits to their parent companies | <ul style="list-style-type: none"> + Number of mediated projects of cooperation between investors and local business entities, R&D institutions and universities + Number of mediated projects of cooperation with local authorities |
| 4. Expert analytical activities | CzechInvest works on the development of priority sectors and territorial knowledge, and analyses of business and investment environment abroad and in the Czech Republic and its regions; it further plays an expert role in strategies in the area of support for innovation, investment and business | <ul style="list-style-type: none"> + Regular analyses of the business and investment environment down to the level of municipalities with extended competence + Number of strategies with contributions from CzechInvest + Analysis of trends in priority sectors and territories |
| 5. Development of business infrastructure | CzechInvest administrates state programmes involving the building of business infrastructure and regeneration of brownfields for business use and develops investment locations in the Czech Republic | <ul style="list-style-type: none"> + Number of trained representatives of local authorities + Number of projects involving construction of technical infrastructure for business receiving support from programmes administrated by CzechInvest |

6.1.4. Support for cultivation of the Czech investment and business environment and development of corresponding infrastructure for business and innovation

Objective: Increase the quality of the innovation ecosystem and the business environment

Description of the issue / initial situation:

Since 2004, enormous financial resources have been invested in the construction of innovation infrastructure in the form of science and technology parks, innovation centres, business incubators and companies' development departments, particularly through operational programmes financed from EU Structural Funds. Despite these enormous resources and several years of operation of innovation centres with modern equipment in the regions, the Czech economy is stagnating in an international comparison of the world's countries.

However, innovation performance varies among the individual regions of the Czech Republic. Implementation of measures from regional innovation strategies and their practical impact on the regions' competitiveness is qualitatively at a very different level. This incoherence is due to regional policy in the area of support for research, development and innovation, as well as the level of innovation infrastructure and the competence of educational and scientific institutions.

The innovation capabilities of companies, especially small and medium-sized enterprises, are at a high level. However, their potential is not sufficiently exploited in the form of commercialisation of outputs on the domestic market and, primarily, foreign markets.

Collaboration between companies and the innovation infrastructure is still at a low level. In terms of know-how, modern scientific equipment and human capital, innovation institutions are able to generate a sufficient number of opportunities for commercialisation of the results of their activities. Companies are technologically equipped to such a degree that they can produce and sell these outputs as highly competitive products and services on foreign markets. However, there remains a lack of an effective form of collaboration enabling the use of the innovation infrastructure's outputs on the product and service market within a competitive timeframe.

CzechInvest's role is to seek out opportunities and mediate collaboration between companies and innovation infrastructures in a practical manner and, in relation to this purpose, coordinate and support the activities of innovation centres in the regions.

An equally important aspect is cooperation with municipalities in defining the needs of individual regions for better targeting of foreign investments and transfers of examples of good practice from abroad and from successful regions for the purpose of defining interventions benefitting the quality of the business environment and innovation infrastructure.

Measures:

| Name | Description | Indicators |
|--|---|---|
| 1. Coordination of the innovation and start-up infrastructure in the Czech Republic | <p>CzechInvest serves as the coordinator of the start-up infrastructure in the Czech Republic</p> <p>CzechInvest mediates the transfer of good practice between regional innovation centres and conducts comparisons of the performance quality of such institutions</p> | <ul style="list-style-type: none"> + Number of established cases of cooperation across regions and institutions + Number of joint events for the purpose of exchanging experience + Number of implemented activities and measures aimed at supporting the infrastructure + Formulation of a standard of provided services + Creation of a joint database of mentors / start-ups + CzechStartups.org visitation rate |
| 2. Acquisition of partners and clients for the future sustainability of funded R&D infrastructure in the Czech Republic | <p>CzechInvest organises domestic and foreign visits and excursions of companies and institutions for the purpose of effective utilisation of the R&D infrastructure in the Czech Republic</p> <p>CzechInvest mediates collaboration between companies and the R&D infrastructure</p> | <ul style="list-style-type: none"> + Number of mediated projects of cooperation between companies and R&D institutions + Number of implemented educational and marketing events + Number of formulated offer profiles of the R&D infrastructure |
| 3. Internationalisation of the results of domestic R&D abroad | <p>CzechInvest organises foreign sectoral missions of Czech companies and R&D institutions for the purpose of promoting a particular sector's level of development with the aim of gaining a strategic partner for the commercialisation of the results of domestic research and development</p> <p>CzechInvest promotes and mediates contract and collaborative research with foreign partners (companies)</p> | <ul style="list-style-type: none"> + Number of participants in foreign sectoral missions + Number of mediated cases of cooperation with foreign partners (companies) in the form of contracts + czech-research.com visitation rate |

| Name | Description | Indicators |
|--|---|--|
| 4. Development of the regional investment and business environment, infrastructure for the digital economy | <p>CzechInvest provides information and shares expertise with representatives of local governments CzechInvest administrates state programmes for building business infrastructure</p> <p>CzechInvest is participating in the formulation and implementation of the National RIS3 Strategy</p> | <ul style="list-style-type: none"> + Number of trained local government representatives + Number of projects involving construction of technical infrastructure for businesses receiving support from programmes administrated by CzechInvest + Number of implemented S3 strategy measures of which CzechInvest is the guarantor or bearer |
| 5. Utilisation of the potential of cluster initiatives and the creative industry | <p>CzechInvest provides a specialised information service for cluster initiatives in the Czech Republic for the purpose of increasing the export performance of member companies</p> <p>CzechInvest identifies regional projects of support for the creative economy and supports cities and municipalities in the implementation thereof</p> <p>CzechInvest motivates companies to advance within the "Danish Design Ladder" scale and also trains creative commercial entities in business skills</p> | <ul style="list-style-type: none"> + Number of identified regional projects + Number of municipalities trained on the subject of the creative economy + Number of educational events for the development of design in companies + Number of creative entities trained in business skills + Number and value of export cases generated by clusters |
| 6. Projection and analysis of future market opportunities and investment opportunities in key sectors | <p>In cooperation with CzechTrade and its foreign network, CzechInvest is formulating a projection of investment and business opportunities for Czech companies</p> <p>High-quality projection as a source of strategic information for business and innovation. Creation of a system and development of personnel capacities for monitoring global markets and development in the field of R&D and technologies with the aim of timely identification of trends that create opportunities and/or risks for the Czech economy as a whole and/or companies in key (selected) sectors</p> | <ul style="list-style-type: none"> + Growth of business and investment opportunities for SMEs + Use of the projection's outputs in the public sector – setting of priorities and strategic objectives for departmental and sectoral policy + Use of the projection's outputs in company strategies |
| 7. Functional strategic partnerships of supporting organisations for the purpose of improving support and facilitating business in the Czech Republic | <p>CzechInvest cooperates with business partners in the provision of its services</p> | <ul style="list-style-type: none"> + Number of joint projects + Number of joint marketing events + Number of joint educational events |

7. Conclusion

CzechInvest's Strategy 2019+ and its implementation are based on the current state of the Czech economy, the economic policy of the government of the Czech Republic and the legislation in force. The strategy is derived from the current economic situation and will respond to the development and changes of such situation. At the same time, the Czech Republic's small and open economy is strongly linked to the global economy. In fulfilling its strategy, CzechInvest will thus take into account current global market trends and economic development not only in the Czech Republic, but also elsewhere in the world.

In its ambition to continuously push the Czech economy higher in international comparisons of the competitiveness of the world's countries, ideally among the 20 most advanced economies, CzechInvest will focus its support on four main areas or pillars: early phases of business and entrepreneurialism (start-ups); development, innovation and globalisation of Czech companies; higher value added of investments; and cultivation of the Czech investment and business environment.

Strategy 2019+ is the basic framework of CzechInvest's activities. Individual points of the strategy will be elaborated in action plans for each year. In all of its activities and operations, CzechInvest will at the same time respect the principles of transparency, apoliticality and objectivity with regard to the main and highest interest of the Czech Republic and its residents.

8. Annexes

8.1. List of abbreviations

ČEB – Czech Export Bank
ČMZRB – Czech-Moravian Guarantee and Development Bank
EGAP – Export Guarantee and Insurance Corporation
GDP – gross domestic product
HVA – high value added
IT – information technology
MIT – Ministry of Industry and Trade
SME – small and medium-sized enterprises
MFA – Ministry of Foreign Affairs
TACR – Technology Agency of the Czech Republic
R&D – research and development



8.2. Initial situation for Strategy 2019+

CzechInvest was established on the basis of Act No. 47/2002 Coll., on Support for Small and Medium-Sized Enterprises. The agency's task and activities are explicitly described in its statutes as well as in the following national strategic documents:

- + Regional Development Strategy of the Czech Republic 2014–2020
- + Concept of Support for Small and Medium-Sized Enterprises 2014–2020
- + Export Strategy of the Czech Republic 2012–2020 (updated by the government of the Czech Republic in 2016)
- + National Innovation Strategy of the Czech Republic 2012–2020
- + Act No. 72/2000 Coll., on Investment Incentives
- + Innovation Strategy of the Czech Republic 2019–2030

CzechInvest's strategy fulfils the tasks which were assigned to it in the above-mentioned documents and which arise from Act No. 47/2002 Coll., on Support for Small and Medium-Sized Enterprises.

In accordance with the aforementioned act, CzechInvest fulfils tasks in the area of business support in that it:

- + provides support to small and medium-sized enterprises in accordance with the act.
- + provides support to businesses on the bases of programmes approved by the government in accordance with a separate act.
- + fulfils the function of the designated organization for provision of investment incentives pursuant to a separate act.
- + fulfils other tasks in the area of business support.

CzechInvest's task according to the Regional Development Strategy of the Czech Republic 2014–2020

The Regional Development Strategy of the Czech Republic 2014–2020 is focused on supporting the business and investment environment in the area of economic performance of the regions. Here CzechInvest is listed as the bearer of the following measures:

- + support for innovation in business
- + support for development of local economies
- + elimination of old ecological burdens, revitalisation of brownfields and former mining sites

Among other things, the agency's statutes indicate its role as a mediating entity for development support programmes under the Ministry of Industry and Trade. A typical example of this is the administration of investment incentives pursuant to the Investment Incentives Act and national programmes aimed at supporting business infrastructure such as industrial zones and brownfields.

CzechInvest's task according to the Concept of Support for Small and Medium-Sized Enterprises 2014–2020

With reference to Act No. 47/2002 Coll., on Support for Small and Medium-Sized Enterprises, CzechInvest also has the task of fulfilling the Concept of Support for Small and Medium-Sized Enterprises 2014-2020, which was approved by the Ministry of Industry and Trade. According to this concept, the strategic vision states that small and medium-sized enterprises will continue to play a key role in the Czech economy, particularly in the areas of GDP growth, employment and foreign trade. It is necessary that the competitiveness of small and medium-sized enterprises be based primarily on having an innovation-related competitive advantage. Therefore, the following strategic vision of the concept was established: Czech entrepreneur = ideas, self-confidence, competitiveness and prosperity.

The strategic vision of this concept depicts Czech small and medium-sized enterprises as economic entities whose competitiveness is based on the following:

- + high-quality and competitive products and services
- + continuous increase of innovation capacity
- + ability to form new ideas and greater application of intellectual property protection
- + ability to use new knowledge and research results achieved primarily by domestic research organisations
- + ability to flexibly respond to the customers' requirements and incorporate them into innovated products
- + application of skills arising from effective use of the internet and information and communication technologies
- + qualitative and price advantage
- + ability to penetrate the international market and further expand qualitatively and quantitatively
- + effective cross-border cooperation

The overall objective of the concept is to continually enhance the competitiveness and economic performance of small and medium-sized enterprises based on a high-quality business environment; utilisation and development of their innovation potential, knowledge and education (modernisation of small and medium-sized enterprises for the purpose of conducting business based on an innovation-related competitive advantage and advancement to a higher position in value chains); internationalisation arising from the EU internal market and prospective markets in third countries; and overall reduction of the energy intensity of business.

The main objectives of the Concept of Support for Small and Medium-Sized Enterprises 2014-2020 are:

- + strengthening of small and medium-sized enterprises' position in the Czech economy and increased competitiveness of small and medium-sized enterprises in the European and global contexts
- + development and improvement of the business environment and improvement of the quality of consulting services for SMEs including increasing the attractiveness of technical and natural-sciences education, enhancement and development of technical intelligence
- + enhancement of small and medium-sized enterprises' innovation capability and effective management of intellectual property and development of the business and innovation infrastructure
- + reduction of energy and material intensity in the business operations of small and medium-sized enterprises

CzechInvest's task according to the Export Strategy of the Czech Republic 2012–2020

Even though the Export Strategy of the Czech Republic 2012-2020 is focused primarily on the state's activities in the area of supporting the export operations of Czech companies, for which purpose CzechTrade was established, it also sets up tools and programmes that are intended to help increase the international competitiveness of Czech companies' products and services. Such tools are available to CzechInvest and therefore the agency is designated as the bearer of certain measures within this strategy.

The Export Strategy charges CzechInvest, directly or as a cooperating entity, with the following tasks and services:

- + offer of services for the area of research, development and innovation focusing on systematic support of internationalisation for highly innovative small and medium-sized enterprises; active offering of services for companies involved in projects aimed at supporting research, development and innovation
- + assurance of the regional operations of CzechTrade and the Export Client Centre (joint project of the MFA, MIT and CzechTrade), organisation of conferences and seminars in the regions
- + Welcome Package, achievement of time savings in connection with the migration process of employees and statutory representatives of foreign investors who need to transfer know-how pertaining to such investors' operations to the Czech Republic in order to begin conducting business
- + support for foreign investments following export

CzechInvest is mentioned here as part of the pro-export institutions and in relation to other activities and operations in support of export-oriented companies.

CzechInvest's task according to the National Innovation Strategy of the Czech Republic 2012–2020

Within the National Innovation Strategy of the Czech Republic 2012–2020, CzechInvest is considered to be a key state institution performing a broad range of activities.

In particular, such activities include:

- + increasing the offer and availability of top-quality consulting services for innovative companies (including but not limited to start-ups) through active mediation from the side of state agencies (particularly CzechInvest and CzechTrade)
- + use of supporting innovation infrastructure in the regions for actively seeking enquiries and arranging offers of the agency's own services and services arranged from the side of state agencies
- + coordination of the formulation and implementation of regional innovation policy; stimulation of regional governments' interest in effective support for economic development and cooperation in this area with entities at the national level
- + development of targeted care for existing investors in the area of creating conditions for and providing assistance with development of activities in the areas of research and development and other strategic company functions
- + in connection with the strategy to support the inflow of the targeted type of foreign direct investments, formulation of a marketing strategy for the Czech Republic focused on global dissemination of the Czech Republic's image as a place of unique inventions and top-level research with a highly educated and creative workforce and a high quality of life
- + formulation of a high-quality projection as a source of strategic information for business and innovation, creation of a system for development of personnel capacities for monitoring global markets and development in the field of research and development and technologies with the purpose of timely identification of trends that create opportunities and/or risks for the Czech economy as a whole and/or for companies in key (selected) sectors
- + introduction of services providing all necessary care for future foreign workers on the Czech market in the area of work-permit and visa applications

CzechInvest's task according to the Innovation Strategy of the Czech Republic 2019–2030

CzechInvest is responsible for fulfilling the three following pillars of this strategy:

- + Smart Investments
- + National Start-Up and Spin-Off Environment
- + Smart Marketing

8.3. Development phases of the Czech economy

1990–2005, the Czech Republic as an economy driven by primary resources

In the 1990s, the Czech economy underwent critical restructuring that led to a major increase in unemployment, undercapitalisation of traditional Czech industrial companies and whole sectors of the economy, especially those with low value added. Following its establishment in 1992, CzechInvest's primary objective was thus to attract foreign direct investments that would help reduce the country's high unemployment rate and stabilise the national economy in its new market form.

The main and reliable tools used by CzechInvest were, on one hand, investment incentives for attracting foreign direct investments and, on the other hand, support for the development of industrial zones as a means of cultivating the investment environment in the Czech Republic.

2006–2018, the Czech Republic as an economy driven by efficiency/investments

Following the stabilisation of the Czech economy, it was necessary to support the technological advancement of Czech small and medium-sized enterprises, which could then better apply themselves when engaging in the production chains of multinational corporations. Financial resources from EU Structural Funds were used for this purpose. CzechInvest acted as a mediating entity of operational programmes aimed at supporting the development of small and medium-sized enterprises and innovation projects of large companies.

In addition to that, CzechInvest supported the involvement of Czech subcontractors in production chains that were established and operated in the Czech Republic by incoming foreign investors. The aim was to push Czech industrial companies to a higher level, where production and services with higher value added were implemented.

The attracting of foreign direct investments continued, though selectively according to priority sectors. CzechInvest also commenced providing support for technologically attractive start-up projects through its CzechAccelerator project.

2019+, the Czech Republic as an economy driven by innovation and the subsequent transition to the creative economy

With its level of economic advancement, the Czech Republic is now approaching the category of economies driven by innovation. The Czech economy has long been attractive due to its skilled workforce, cost competitiveness and relatively reliable infrastructure.

It is necessary to base the economy's further development on the following:

- + innovation performance of companies
- + highly skilled workforce
- + "smart" investments
- + economic trends connected with Industry 4.0, the circular economy and energy efficiency
- + creativity (industrial and IT design, new smart forms of services)
- + research and development (cooperation between the academic, business and public sectors)
- + endogenous approach to the development of local economies
- + support for entrepreneurialism (support for the establishment of businesses, spin-offs, start-ups, tradesmen services)

CzechInvest can work and is working more intensively in the above-mentioned fields and is introducing new services and tools for addressing basic problem areas; see Chapter 4 – Clients and Partners.

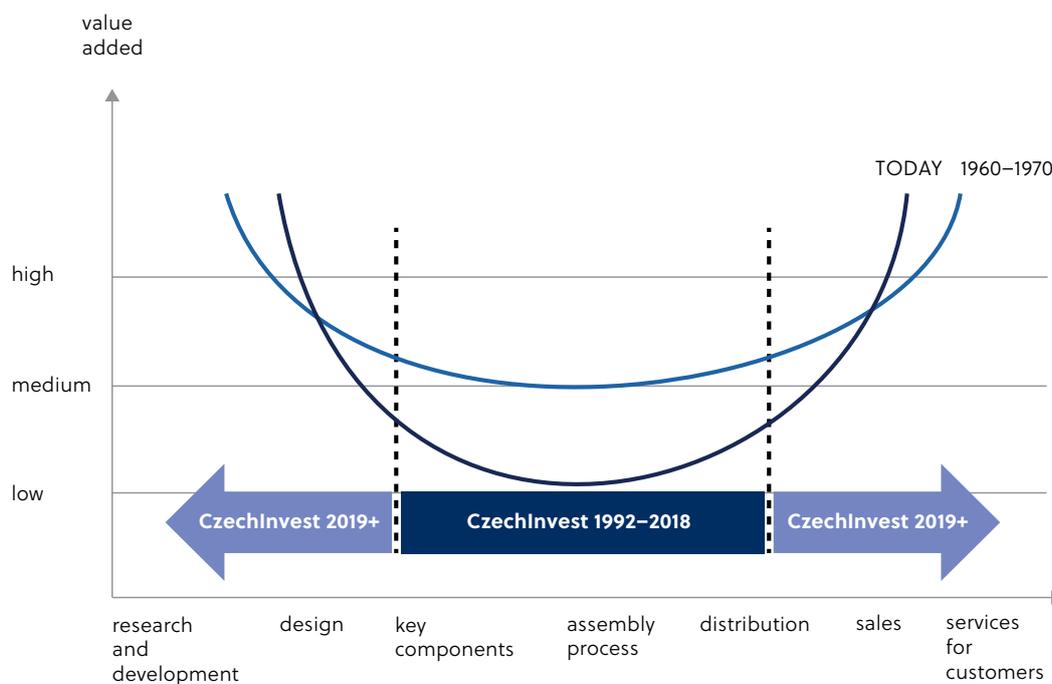


Figure 5: Focus of CzechInvest's services in the value chain

Strategy 2019+

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