

# «**INTANGIBLE ASSETS AND TERRITORIES**»

## **- summary of discussions -**

### **(conference of 17 October 2013)**

Intangible assets are a powerful competition and growth driver in today's economies. Knowledge-based capital is without doubt a major attribute available to our territories in dealing with globalised competition. Companies stand to benefit first and foremost but so also does the public sector, which has a wealth of intangible resources to draw on : know-how, patents, brands, data, cultural heritage, etc.

When shared with citizens, businesses and researchers, public intangible assets can also stimulate the creation of socio-economic value at territory level through interaction with private sector intangible assets. The aim of the conference was to highlight such interaction and to outline avenues for the creation of conditions that foster such cross-fertilisation.

The phenomenon will be illustrated by a discussion on the impact of cultural heritage and public sector innovation policies on the attractiveness of territories.



# CONTEXT : THE EMERGENCE OF INTANGIBLE ASSETS IN OUR PRODUCTION AND TRAINING SYSTEMS

(LUDOVIC VALADIER, AHMED BOUNFOUR, JO-MICHEL DAHAN)

Researchers, major international institutions, and emerging countries are taking a growing interest in the impact of intangible assets on the attractiveness of territories. This can be attributed to the high level of intangible investments in our economies but also to the fact that competition between companies is increasingly based on non-price competitiveness factors. Intangible components such as brands, design, reputation and networks now play a fundamental role.

This shift is accompanied by another major change : the emergence of new production methods for the knowledge-based economy which draw on networks or communities that generate intermediate forms of value creation. In turn, these new modes of organisation are giving rise to the creation of new intangible assets, produced jointly by the relevant public and private sector stakeholders. These new assets require appropriate governance, which has yet to be defined, in order to maximise the potential for our territories.

Another significant development has been the growth of digital technology, a field in which the Caisse des Dépôts is working to develop infrastructures and practices. In the area of training, for example, digital technology is widely used by higher education institutions to strengthen their national and international visibility, and is an excellent tool to optimise steering and management using information systems.

Where territories are concerned, it reduces their geographical isolation. It also affects teaching, the fundamental goal of universities, which are developing new strategies to provide access to knowledge (e-learning, blended learning, mobile learning, etc.). Knowledge production is set to be increasingly digitised and globalised, notably through MOOC (Massive Open Online Courses). With this in mind, the government launched the France Université Numérique online education platform, which is designed to enhance universities' visibility, attractiveness and international competitiveness.

At a broader level, the public sector cannot remain indifferent to these changes. In the first place because it has a role to play as a trusted third party in the organisation of knowledge production networks. But also because it is itself in possession of a large number of intangible assets, the optimised management of which would help to improve public entities' efficiency. And when made available to third parties, they can also strengthen territorial attractiveness through cross-fertilisation.

# PARADOXES OF THE KNOWLEDGE-BASED ECONOMY : TERRITORIAL SELF ASSERTION

(LUDOVIC VALADIER, PIERRE VELTZ, MICHEL RUFFIN)

With the emergence of the knowledge-based economy and particularly the digital economy which greatly facilitates exchange, knowledge sharing and the distribution of information that in essence is ubiquitous, we might have been inclined to expect the concept of territories to disappear and the notion of a virtual space to take its place. But this is not the case, quite the contrary in fact. The ten largest agglomerations between them account for nearly half of the world's produced economic wealth.

We are witnessing a phenomenon of hyperpolarisation caused by development around common platforms, and a growing need for interaction between the various players who require physical proximity to facilitate exchange. A study by the University of Indiana calculated the geographical distance between the locations of co-signatories to certain scientific articles. It appears, paradoxically, that in this digital age, these distances are becoming shorter.

This increased clustering can also be explained by the transformation of production methods that use the aforementioned networks. These modes of production need continuous interaction, but they also depend on trust between the various players. Market transactions therefore are increasingly reliant on non-market factors such as tacit knowledge, trust, memory, all external factors in an extremely flexible production system, but which need a basis of stability in order to function.

Having been commissioned by the Prime Minister, the CDC published a report recommending the implementation of centres for digital enterprise involving the territories in a collective process, coordinated at national level, to promote coordination, networking and development of the various local digital ecosystems. These centres for digital enterprise unveil three paradoxes :

- Geographical paradox : hyper-local, highly concentrated, and ubiquitous
- Real-time paradox : rapid innovation cycles and a need for a significant investment of time
- Darwinian paradox : free creativity and wide-ranging research but a need for selectivity

In this globalised world, external visibility or brand image must also be promoted in order to assert expertise and specialisation, and to exist internationally. The «Paris-Saclay» campus is a good example of this. Its scientific excellence in both quantitative and qualitative terms is evident, but it is not always recognised outside of France. This establishment invests in promoting its brand notably by drawing on the Paris brand image.

## CULTURAL HERITAGE AND TERRITORIES

(JULIEN ANFRUNS, CHRISTIAN HOTTIN, STÉPHANE MARTINET, XAVIER DECTOT)

France has a first-rate cultural heritage with globally recognised brands, such as the Louvre Abu Dhabi project or the Comédie-Française's world tour. It also has a preserved and maintained architectural heritage thanks to early awareness of the importance of its conservation. France also has plentiful know-how and traditions, some of which are included in the UNESCO Lists of Intangible Cultural Heritage.

This intangible heritage plays an essential role in the appeal of France and its territories. Other countries such as China, Qatar and Brazil, base their economic development policies, or their diplomatic policies at least, on their cultural heritage.

There is considerable potential for our cultural institutions' brands to promote the appeal of our territories. Take Louvre-Lens for example. After the Louvre opened in Lens, the region's external image changed rapidly. But there was also a change in the way its own inhabitants perceived it, going beyond the work that until then was being done by local associations. The Louvre's installation also helped boost the local economy, with companies participating in the project through sponsorship but also in the area of art digitisation, a new hub for this activity having been created.

Cultural assets therefore can serve as a catalyst for a territory, helping it to shape its own identity and to create or renew social cohesion around common values. Ancestral traditions or techniques imperilled by globalisation can come together to prosper again, in the fashion of Aubusson tapestry, a know-how that was disappearing before it was added to the List of the Intangible Cultural Heritage of Humanity, with its players dispersed and very little new production. This recognition brought a new awareness at territorial level, a reintroduction of training and in particular a revival of production around a centre of innovation.

Finally, France's architectural heritage becomes a major asset when used in film shoots or in helping to prevent film relocation, creating direct and indirect jobs. In return, the films enhance the assets and contribute to the construction of a territorial brand image.

# INNOVATION WITHIN TERRITORIES

(**MARIANNE FAUCHEUX, DANIEL THOMAS, NICOLAS CARBONI, JO-MICHEL DAHAN**)

The contribution made by public research bodies (universities, research centres) to knowledge and innovation helps to create value in our territories. Competitiveness clusters and technology transfer acceleration companies (SATT) are key players that circulate the knowledge produced by the local economy.

But their very activity also creates new intangible assets that are more «liquid» than patents, such as trust between partners, network quality, territorial brand image, the power to influence standardisation, etc. These new assets, produced jointly by public and private stakeholders, need to be taken into account by the governance of the various public structures and by public assessments.

The activity generated by competitiveness clusters is contributing to the emergence of innovation production methods, fostering cooperation within territories between players that previously competed with each other. In an environment in which investment in R&D is increasingly important to maintain competitiveness but is also becoming more expensive, companies have understood the benefits of cooperating in certain areas while remaining competitors in others, namely «coopetition». Modestly-sized businesses, that are highly innovative, can also contribute fully to R&D activities alongside international players. Such forms of collaboration cannot, however, take place without a certain level of trust. Physical grouping within a territory and frequent meetings help build such trust. We are also seeing the development of common innovation structures that bring infrastructure and services together for all players concerned.

In the first place, the SATT help to create synergies that enhance the value of public sector research. The authority granted to public sector players largely facilitates the signature of patent licenses co-owned by several players. Here also, trust is crucial. But the SATT also help finance innovation maturation, hitherto the missing link in the value chain. This provides a means for innovation to test the concept, making its development by companies, notably SMEs, less risky.

The activities of these two players therefore complement each other. They must take place in a well-defined territory to obtain critical mass if they are to be effective, but they must also foster trust. While it is still too early to make a call on the effectiveness of the SATT, the activities of the competitiveness clusters are broadly considered positive because they allow the building of research projects that benefit from private sector financing (leverage effect), and they attract schools or companies wishing to benefit from the network effect created by the clusters.

## SUMMARY

(MICHEL RUFFIN, DANIELLE BOURLANGE)

The new modes of collaboration within territories generate co-constructed intangible assets, the impact of which is not yet fully identified, such as brand image and the network effect. From an economic perspective, we see this in the development of partnerships between companies, but also in terms of social innovation in the growing importance of networks, whether associated with public sector players or not.

These jointly developed intangible assets, whether hard assets such as patents or «softer» assets such as networks, represent an unquestionable attribute for the attractiveness of our territories.

To fully realise the potential of these territorial intangibles, we must invent new forms of governance for them. But the notion of the complementary assets and cross-fertilisation between public and private intangibles has until now been largely ignored

as such. It would seem therefore that we need to better understand the determining factors and effects in order to establish relevant identification, measurement and management references. This is a new area of research and many questions need to be answered.

With Pierre Veltz we can say that «when everything is intangible, all that is not intangible takes on all the more value», contributes to the self assertion of territories, and strengthens the need for physical meeting places for players. From this new expertise new models of governance or performance assessment will undoubtedly be derived, within the framework of a knowledge-based economy involving both the public sphere and the market sector.

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## ABOUT THE ORGANISERS...



### European Chair on Intellectual Capital Management

La Chaire européenne de l'immatériel

The European Chair on Intellectual Capital Management, University Paris-Sud, is the first international chair entirely dedicated to steering and leveraging the intangible assets of companies, regions and territories, and at macroeconomic level. Parallel to its research and educational activities (a special programme is being set up at the Paris-Saclay University), the chair is now established as one of the main international platforms for exchange between researchers, and public and private sector managers interested in intangible assets and their management. Regular events include an international conference with the World Bank (ninth edition currently), the development of a Franco-German agenda with the University of Heidelberg and the support of the DGCIS, and the organisation of thematic days. The chair recently inaugurated a territorial intangible assets research programme within the framework of the Paris-Saclay research programme.

Website : [www.chairedelimmateriel.u-psud.fr](http://www.chairedelimmateriel.u-psud.fr)



### Agency for Public Intangibles of France (APIE)

Agence du patrimoine immatériel de l'état

The APIE is a department with national scope reporting to the French Ministry for the Economy and Finance tasked with using the enhanced leverage of intangible assets to modernise public service and optimise the impact of these assets on the economy as a whole. To this end, the APIE conducts awareness-raising campaigns, helps government departments with concrete projects to leverage their intangible assets, and develops appropriate management tools. Its scope of intervention reflects the vast diversity of public sector intangible assets: brands, know-how, digital content, intellectual property rights, domain names, sponsorship, places of significant historical and/or symbolic value, etc.

Website : <http://www.economie.gouv.fr/apie/>



### Caisse des Dépôts

The Caisse des Dépôts and its subsidiaries are a public group, and a long-term investor serving the public interest and the country's economic development. Its mission is written into the Economic Modernisation Act (LME) dated 4 August 2008. The group has made universities and the knowledge-based economy a strategic priority. It mobilises resources at its regional divisions for the benefit of universities, researchers and innovative companies. Public entities' intangible assets, initially earmarked solely for a public service mandate, have become a driver of economic development and the enhanced appeal and competitiveness of territories; in this regard they feature among the parameters taken into account by the group in the performance of its work.

Website : <http://www.caissedesdepots.fr/>