

# Innovation.bg

Since 2004, **Innovation.bg** has been the main focus of ARC Fund's work.

- **The Innovation.bg report**, written by the ARC Fund since 2004, provides annual assessments of the Bulgarian economy's innovation performance and of the Bulgarian innovation system's current status and development prospects. Innovation.bg 2017 discusses the technology interlinks of the national economy on a European and global scale with a special focus on the automotive industry and related manufactures, which make Bulgaria increasingly attractive for foreign investments not only as a system integrator, but also as an R&D center and a source of new technological solutions.
- **The National Innovation Forum** is a platform for exchange of ideas and cooperation among the government, business community and research organizations. It aims to enhance the performance of Bulgarian companies and boost the innovation potential of the economy by promoting the introduction of new products and technologies and facilitating business contacts with European partners.
- **The Innovative Enterprise of the Year contest** is open to participants from all sectors of the industry nationwide. The award acknowledges innovative enterprises which have developed new, or have improved significantly their old products, services or processes over the last three years.

## The Innovation.bg 2017 Report

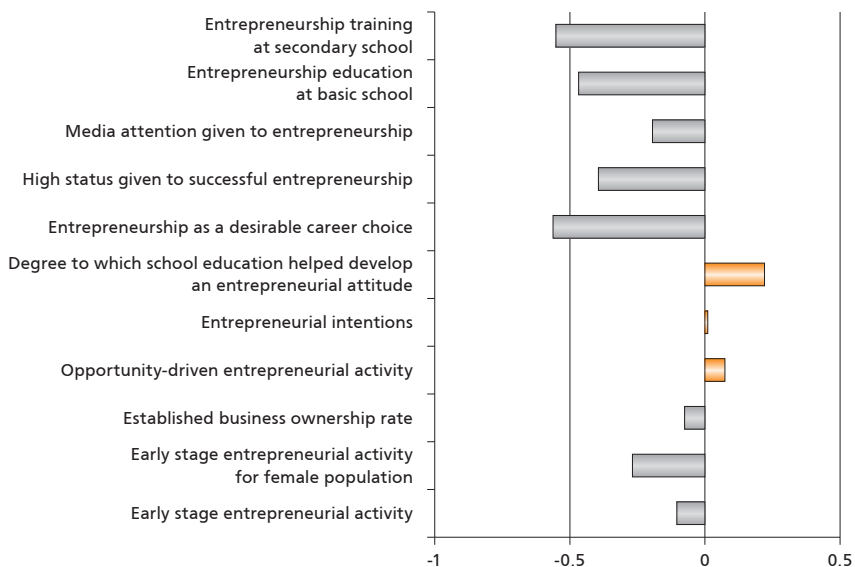


Ten years after accession to the EU and on the eve of its Presidency of the Council of the European Union, Bulgaria has significantly improved its innovation system, updating its policy and program framework, diversifying its financial instruments for the support of start-ups and innovative companies, and creating a more favorable business environment. Albeit lagging behind the European innovation leaders, Bulgarian business has conspicuously stepped up its innovation activity, boosting R&D costs and staff, new and improved products and services, and communication with partners worldwide.

State support, on the other hand, does not match business needs not only in terms of sufficient funding,

but also in terms of availability of application, implementation and monitoring procedures tailored to innovative projects. While foreign R&D funding is on the rise, public funds dedicated to science, new technologies and innovation are continuously in decline. Corruption is also of growing concern and is considered the main setback for the growth of the country's innovation potential by the *Global Competitiveness Report* and the *Global Innovation Index*.

### Development of Bulgaria in terms of entrepreneurship (2008 – 2016; EU mean = 0)

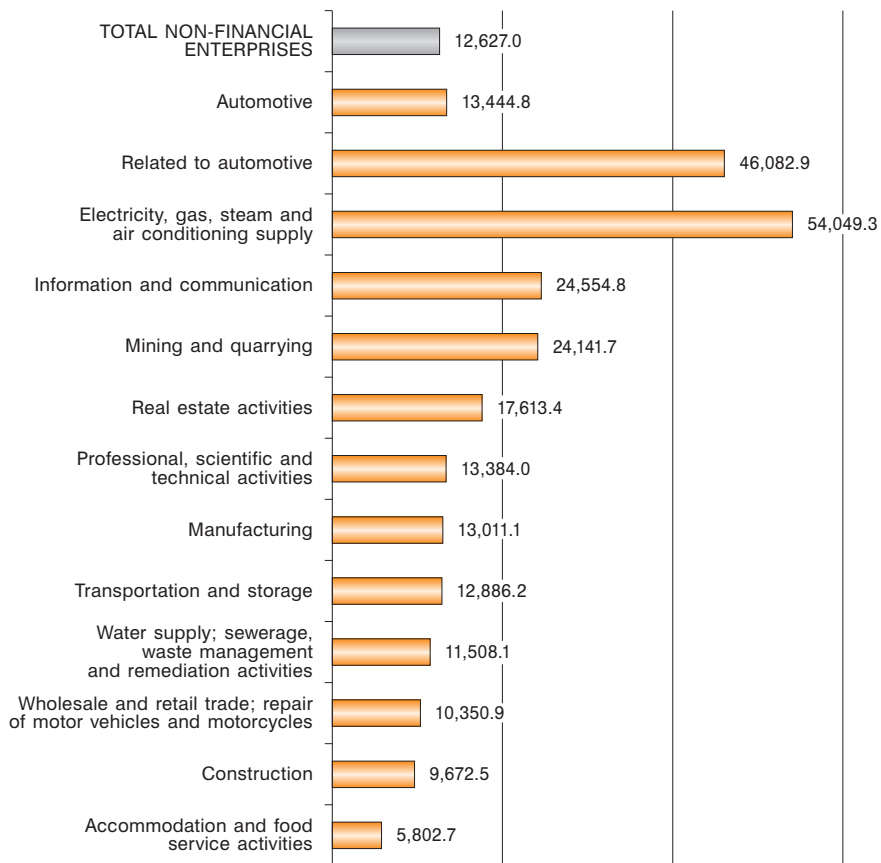


Source: [2016 SBA Fact Sheet, Bulgaria](#).

The ICT sector continues to grow rapidly accounting for 4 % of jobs, 4 % of income and 9.3 % of added economic value and serving to “anchor” young talent in the country. In 2016, the sector accounted for 14 % of total exports mainly due to the growing export of automotive electronics and to the wider outsourcing of business processes. The trend is expected to continue in the coming years.

The automotive sector has the potential to reach the ICT sector in terms of economic added value. For the past ten years, automotive enterprises (approximately 170 with over 33,000 employees in 2016) have produced per-employee added value higher than the average for non-financial enterprises. The sector has a total turnover exceeding EURO 2 billion.

**Added value per employee for selected sectors of non-financial enterprises in 2016 (EUR/employee)**



**Source:** Applied Research and Communications Fund.

Based on expert estimates of the history of the Bulgarian ICT sector and the role of the companies related to the automotive sector, the latter has the potential to make the country suitable for R&D and innovation-intensive production in the next five to ten years. As several foreign companies have been researching our

market or have announced their intention to build production facilities in Bulgaria, the sector is expected to expand further in 2018.

Among the recommendations put forward in the [Innovation.bg report](#) is the development of an effective national in-

novation policy, with a number of practical measures for its implementation, such as setting up a National Innovation Foundation. The Foundation could follow the Innovation Norway model and bring together the efforts of the National Innovation Fund and the National Sci-

ence Fund under the governance of a strong international board. Another viable measure would be to create regional innovation development structures with pilot budgets supporting local initiatives for smart specialization.

### *The Thirteenth National Innovation Forum*

For a thirteenth year, the [National Innovation Forum](#) gathered more than 200 representatives of the policy, research and business communities to share views on Bulgaria's position in the global value chains. The event took place on 15 December 2017 on the eve of the Bulgarian Presidency of the EU Council.

Dr. Ognian Shentov, Chairman of the Applied Research and Communications Fund, underlined that apart from providing in-depth analysis of the national innovation system and serving as a reference document for the European Commission and Bulgaria's international partners, the [Innovation.bg](#) report feeds into the EU innovation debate and helps shape the EU



*President of the Republic of Bulgaria Mr. Rumen Radev  
at the 13<sup>th</sup> National Innovation Forum*



*From left to right: Mr. Ognian Zlatev, Head of the Representation of the European Commission in Bulgaria; Dr. Ognian Shentov, Chairman of ARC Fund; Mr. Rumen Radev, President of Bulgaria; Mr. Tomislav Donchev, Deputy Prime Minister of Bulgaria; Prof. Stefan Hadzhitodorov, Center for National Security and Defense Research, Bulgarian Academy of Science*



*Participants in the 13<sup>th</sup> National Innovation Forum*

innovation agenda. He stressed that in recent years the private sector, leading Bulgarian companies and entrepreneurs (some of them contesting for the Innovative Enterprise of the Year award) have turned into the main innovation driver in the country, which makes this process sustainable and future oriented.

The President of the Republic of Bulgaria Mr. Rumen Radev called innova-

tion the key to increasing the efficiency and competitiveness of the Bulgarian economy and the most fruitful ground for integrating business, education and policy. He pointed out that despite insufficient support to innovation growth, Bulgaria has considerably improved its innovation effectiveness index.

### *The 2017 Innovative Enterprise of the Year Contest*

Since 2004, [Innovative Enterprise of the Year](#) awards have been given to Bulgarian companies successfully integrating innovations or scientific achievements in their practice, thus streamlining their activities and improving their long-term performance. The contest is recognized by the European Commission as a best national practice for promoting innovation-based development. Applicants are assessed following a specific methodology by an expert group and an external jury by area of impact of the innovation. The contest is open to companies registered in Bulgaria.

Twenty one of the nearly 100 applicant companies from various sectors of the economy were shortlisted and a 17-member jury, in which public authorities, funding organizations, the business and academia were represented, selected the winners in the eight areas of innovation impact.

Ontotext JSC was given the award for Market Leadership for its radical innovation in the management of big volumes of dynamic content within the publishing business Graph DB – a globally recog-



*President of the Republic of Bulgaria Mr. Rumen Radev (middle) and award winners of Innovative Enterprise of the Year 2017*



*President of the Republic of Bulgaria Rumen Radev and Atanas Kiryakov,  
CEO of Ontotext JSC*



*President of the Republic of Bulgaria Rumen Radev and Christopher Hutchison,  
co-founder of Proffit Technologies Inc.*

nized graph database used by top publishers of scientific content such as Elsevier, Springer Nature, and Wiley.

Profit Technologies JSC received the Innovation for Quality of Life award for medical software and integrated digital

service involving the customized design and 3D printing of prosthesis for patients with amputated limbs. The company is a pioneer in the field and works in joint projects with Handicap International and with medical centers in Europe, Australia and Asia.