



THE EUROPEAN CAPITAL OF INNOVATION AWARDS

This series of factsheets has been created by the member cities of the European Innovation Council Prizes - iCapital Alumni network, with the purpose of sharing their knowledge. They include the cities' challenges, their recommendations and best practices.

HOW CAN CITIES EXPERIMENT WITH INNOVATION?

Cities are expected to be innovative in different areas but most organisations encounter roadblocks that slow down or severely limit the city's innovation pace.

Challenges

- Most cities lack a **systematic scaling procedure** for innovation prototypes. Issues range from regulatory and procurement hurdles (e.g. going from sandbox to full scale and ensuring compliance) to political commitment. Handing over the system to a business owner, for maintenance and development, is also a challenge.
- The **current procurement process in most cities is inadequate** and, in some cases, incompatible with the scaling-up of innovative projects/actions.
- Achieving **consensus and involving stakeholders** is not easy. Potential conflicts may arise, organisational inertia and lack of time and/or high churn rates might affect relations with key stakeholders.
- The absence of a dedicated innovation team translates into a **lack of key resources** (e.g. tools, expertise and funding) which prevents the city from speeding up its digitalisation and innovation agenda.
- In most environments, the **absence of data** or analysis-ready data makes monitoring and data-driven design very challenging.
- The **failure rate** of innovation experiments is still high. Most projects do not achieve 'product-market fit' because, in the design phase, they were not thought through as much as they could be.

Recommendations

- **Improve due diligence process** before launching any new initiative. The screening process ensures the feasibility of the proof-of-concept and increases the chances of scaling-up the project into a business.
- The extensive use of **design thinking, agile and lean methodologies** allows faster experimentation, co-creation with stakeholders, accurate problem definition and easier product-market fit achievement.
- Seek **co-investment and external funding** from stakeholders to increase the impact of the innovation project.
- Some cities are **easing regulatory uncertainty through regulatory sandboxes**. These allow for concept-testing and ensure legal boundaries are set.
- Deploy **a public procurement process for innovation** which allows cities to experiment and scale prototypes faster and with less bureaucracy.

iCAPITAL TOOLBOX

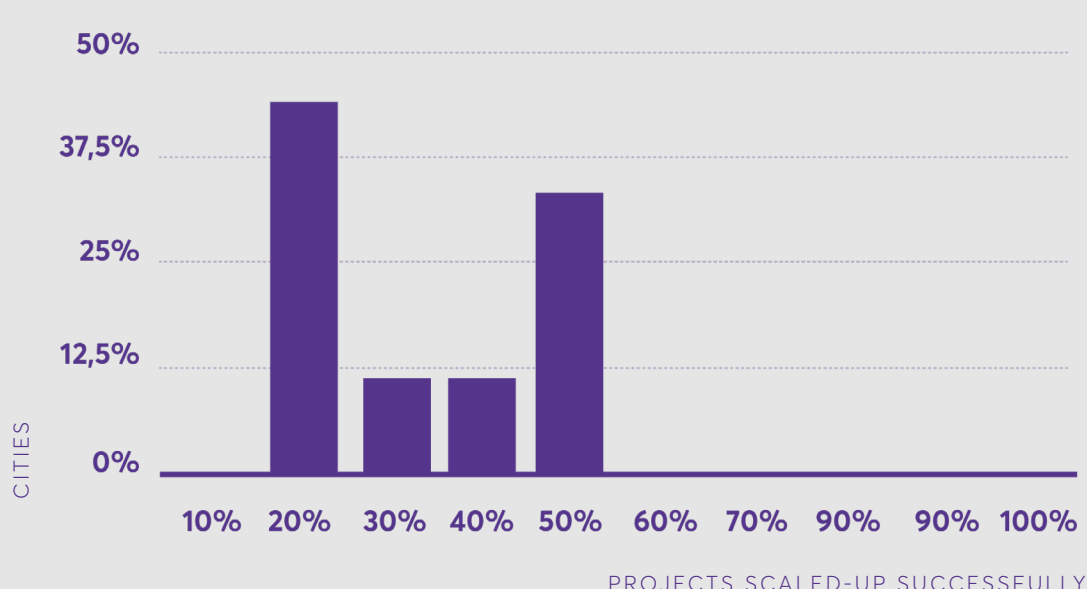


Best practice: head of future

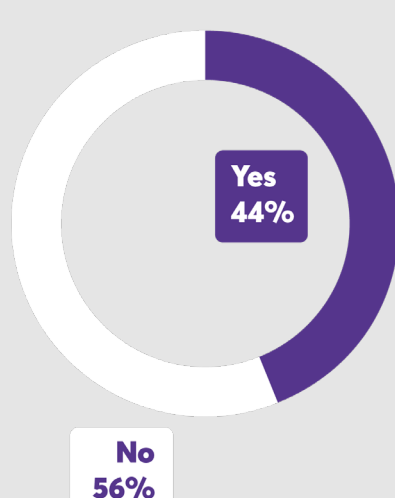
Some cities have begun to appoint a chief digital officer or "head of future". By providing **an inspirational long-term vision**, this role helps set the next steps to achieve the city's innovation goals.

The "head of future" operates both internally and externally, but is **not tied to internal dynamics**. This distance from everyday operations helps build **strategic partnerships**, support new policy developments or **upskill the innovation team**.

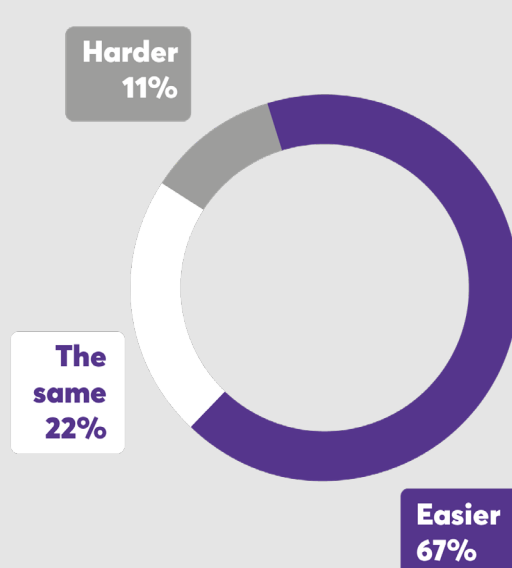
City innovation experiments that are scaled up and/or deployed



Does your city have a chief data officer or "head of future"?



How do cities see scaling up innovation in the future?



[See 'Methodology' for survey's sample size and structure*]

* This report was created through a combination of qualitative and quantitative research methods. The study began with an initial focus group in Sweden, with a curated heterogeneous selection of iCapital cities, including winners, finalists, and runners-up of the iCapital awards from 2014 to 2022 (16 cities).