June 2023

Algarve **Tech Hub**

Strategic Plan for Internationalization

Algarve Tech Hub · Algarve Evolution · UAlg Universidade do Algarve · visit Algarve Portugal · Crescer Algarve 2020 · Portugal 2020 · UMÁG Europeia Fundo Europeu de Desenvolvimento Regional

Agenda

01 Vision

02 Methodology

03 Strategic Principles

04 Comparative Framework

05 Ecosystem Characterization

06 Path to Internationalization

07 Ecosystem Transformations

Algarve, an international, entrepreneurial, futuristic, and creative region.

Develop a technological ecosystem in the Algarve region and become an international Tech Hub reference in the main areas of specialization, thus contributing to the improvement of the regional economy and lifestyle.

Vision

Entrepreneurship

Boost the economic development

Diversification

Promote the exploration of new economic activities

Lifestyle

Be recognized as the choice destination of international economic agents

Methodology

Methodology supported by the triple helix innovation incentive model, involving the main stakeholders from governmental structures, Academia, and the business sector.

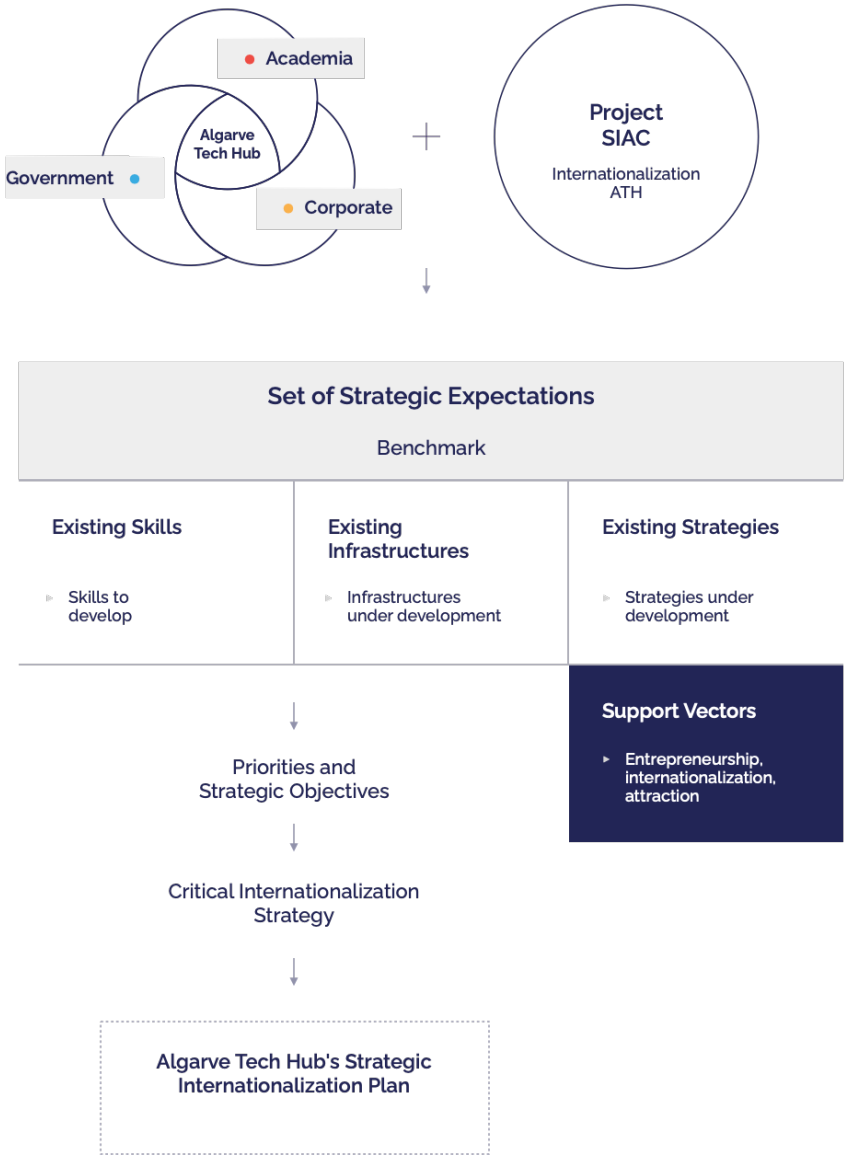
Oriented towards the domains of smart specialization of RIS3 Algarve.

Three dimensions as the basis of support for the internationalization strategy:

- Unique Skills
- Existing Infrastructures
- Implemented Strategies

Three support vectors:

- Promotion of Entrepreneurship
- International Dimension
- Attraction of people and knowledge



Methodology - Stakeholders

*Based on the **Memorandum of Understanding for the Implementation of the Collaborative Strategy of the Algarve Tech Hub 2020-2030** and the **Development Plan of the Collaborative Strategy**, a set of stakeholders related to the ecosystem were directly or indirectly integrated, which make up the proposed triple helix in the development methodology of this strategic plan.*

Strategic Principles

- Strategic Objectives for Internationalization
- Priority Sectors
- Technological Opportunities
- Strategic Priorities
- Segmentation

Strategic Principles - Objectives

Core Objectives

Boost the internationalization success of companies and entities of the R&D system in the technological sector.

Attract international talent capable of generating sustainable wealth.

Develop international partnerships located in the Algarve region.

Specific Objectives

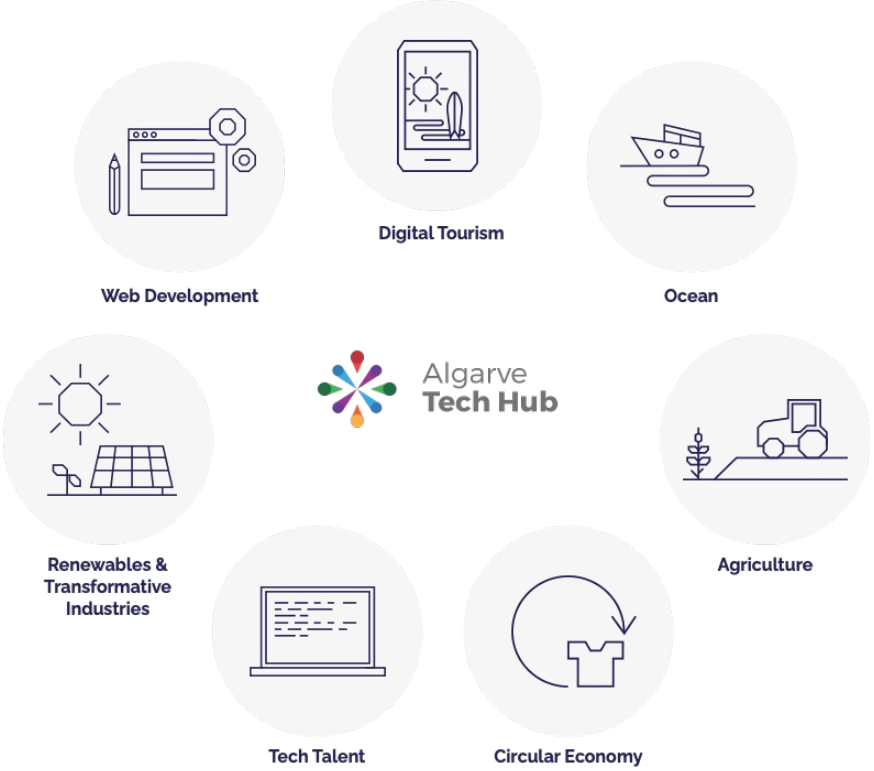
Respond to a structural bottleneck related to the inability to accelerate the mechanisms of production and retention of talent.

Sectoral Objectives

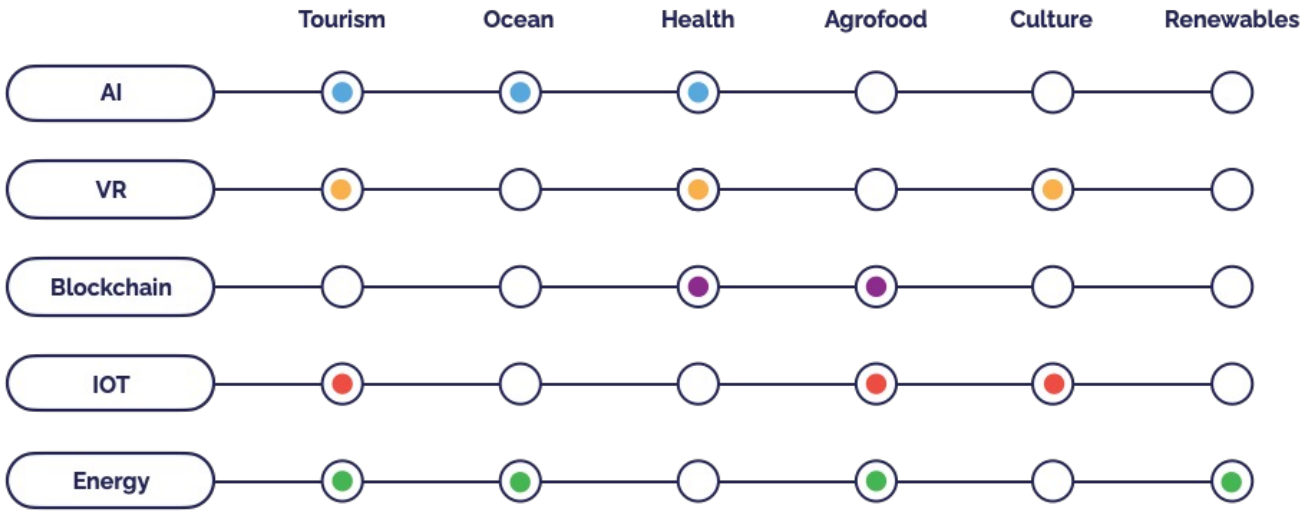
Generate sustainable and high added value wealth using the Tourism, Technology and Entrepreneurship sectors as links in the ecosystem and promoters of the development of the remaining priority sectors.

Strategic Principles – Sectors & IT

Fundamental Sectors



Potential for leveraging high-value technologies across various industry sectors.



Strategic Principles - Principles

Qualified Talent
Welcome and encourage the attraction of national (Portuguese diaspora) and international talents (digital nomads and remote workers).

Technological Development Partnerships
Help and strengthen ties with other national or international universities.

International Partnerships
Develop international relations with business accelerators and companies to aid the development of pre-seed, seed, and startup companies and prepare them for capitalization operations.

International Companies
Attract the relocation of international companies, promote research and development attraction strategies and/or office relocation to the region's ecosystem.

Investment Attraction
Attract Business Angels and Venture Capital that are stimulated and attracted to invest in innovative and technological projects in the Algarve region.

Strategic Principles - Segments

Business (AE)

Create business relationships with international companies, interested in collaborative activities and in investing in the Algarve region's ecosystem

Tourism (ATA and RTA)

Attract and encourage the hosting of international citizens who want to settle in the Algarve region or citizens for medium and long-term stays (Digital Nomads & Remote Workers)

Academia (UAlg)

Attract and retain international talent by absorbing international students and researchers with the purpose of feeding the ecosystem with the need for human resources.

Comparative Framework

- Criteria
- Selected Ecosystems
- Considerations

Comparative Framework – Criteria & Selection

01. **Ecosystems with comparable data** (demographic, geographic, and environmental features)

02. **Popular destinations** for remote workers & digital nomads.

03. **Comparative rankings** from platforms like Startup Genome, Nomad List, and Dealroom.

Ecosystems with comparable data (demographic, geographic, and environmental features)

- Malta: Malta (Country)
- Spain: Sevilla e Canary Islands (Gran Canaria, Tenerife, Fuerte Ventura)
- Egypt: Cairo

Popular destinations for remote workers & digital nomads:

- Thailand: Ko Pha Ngan, Phuket
- Mexico: Playa del Carmen

Comparative Framework – Criteria & Selection

04. **Direct competitors within the national territory.**

05. **International competitors** that are exemplary and have similar traits.

06. **Benchmark ecosystems in economic growth** tied to technology and/or tourism.

Direct competitors within the national territory :

Portugal: Braga, Ericeira, Lisbon, Madeira, Porto

International competitors that are exemplary and have similar traits

Argentina: Buenos Aires

Spain: Barcelona

Benchmark ecosystems in economic growth tied to technology and/or tourism:

Estonia: Tallinn

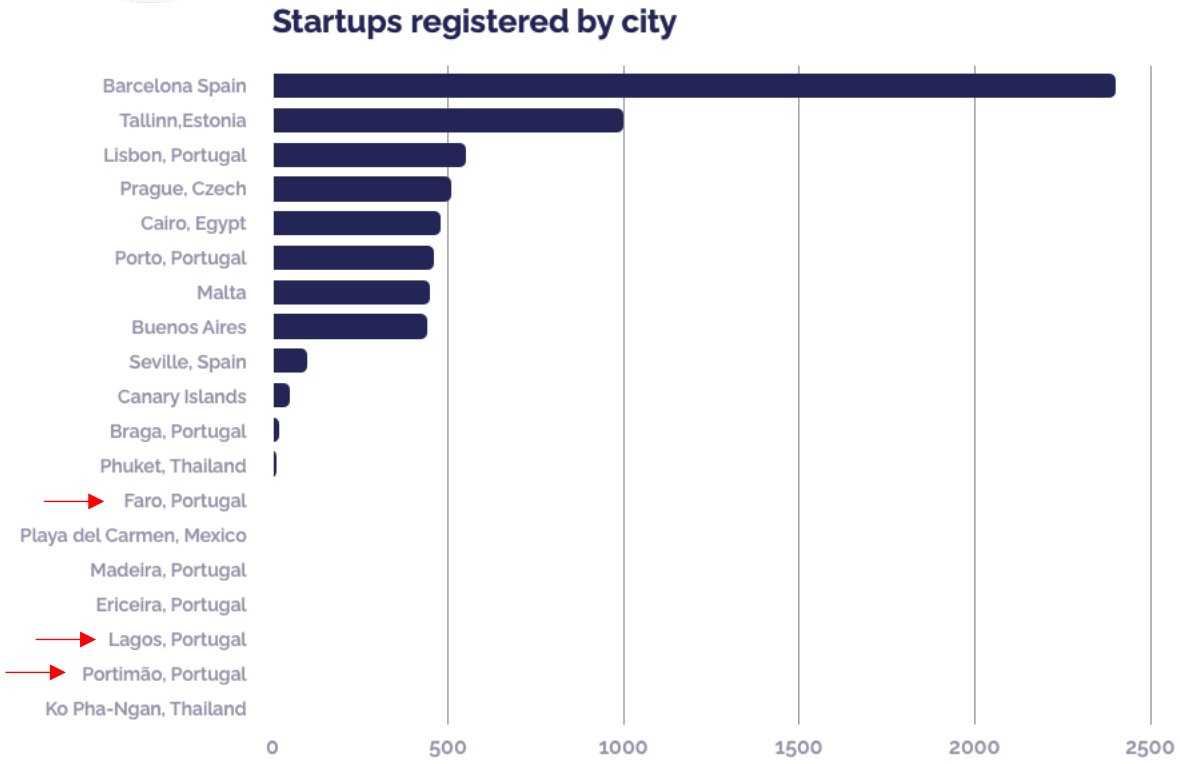
Czech Republic: Prague

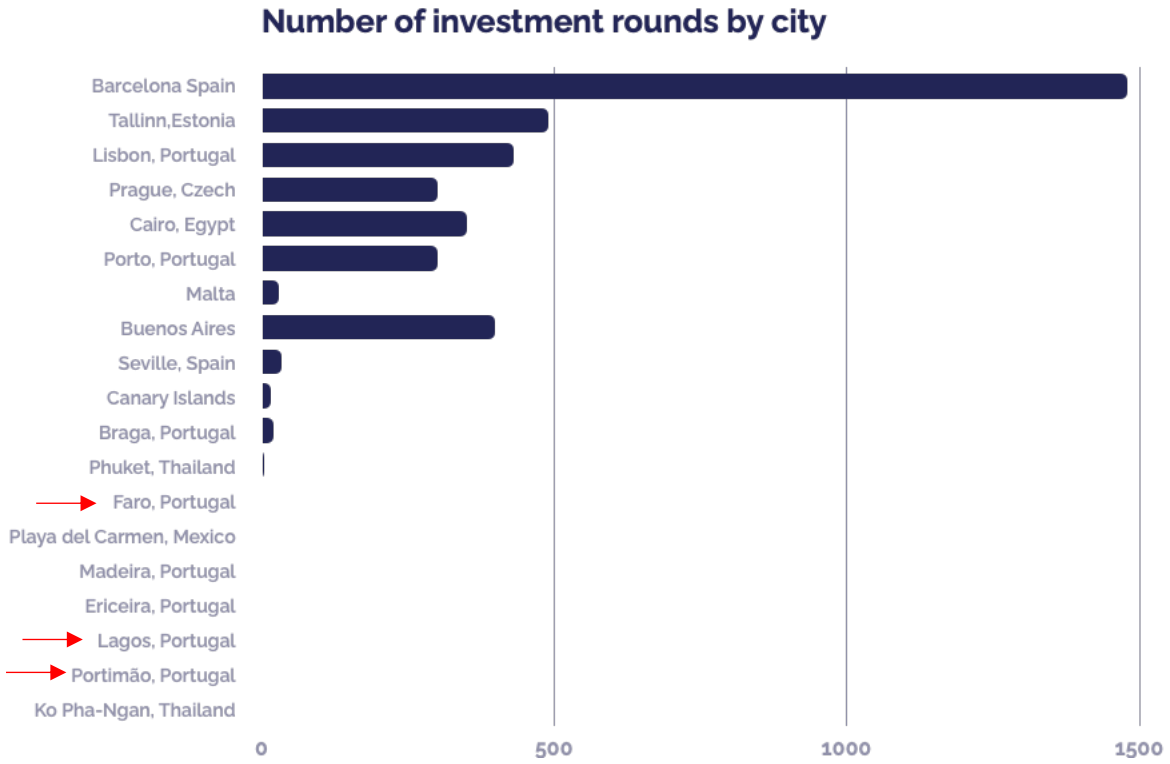
Ecosystem Characterization

- Business
- Tourism
- Academia
- SWOT

Ecosystem Characterization – Business

In 2021, Portugal had 2,159 registered startups.





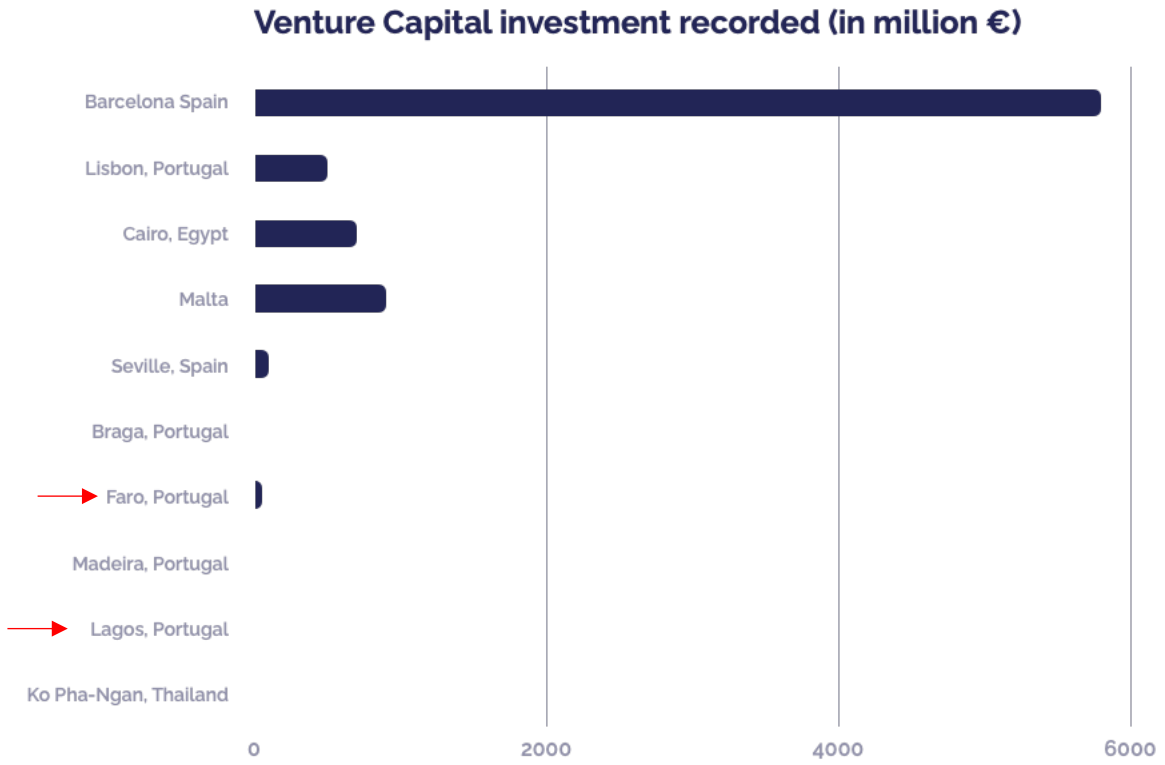
Source: Dealroom & Crunchbase, Jan 22

Ecosystem Characterization – Business

1,072 companies were registered with CAE linked to **ICT in the Algarve Region**.

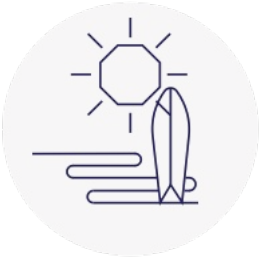
The KCITAR project reported in 2020 a **turnover of about 130 million euros and 2,544 workers registered** in these companies.

There are over 25 coworking, incubation, or acceleration spaces in the region.



Source: Dealroom & Crunchbase, Jan 22

Ecosystem Characterization – Tourism



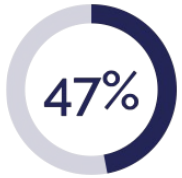
Global Perspective Digital Nomads:

35 million of digital nomads scattered around the world

travels more than 1 yr

They have an average monthly budget of:

€2.000



In their 30s

Average time traveling:

6,1 years

of workers aged between 20 and 64 were working remotely in 2021 in the EU

Average length of stay:

4 months

Loneliness is the main reason why digital nomads return home

Source: Digital Nomad List & Brother abroad, Feb 22

Comparative Cities	Ranking Digital Nomads and Remote Workers*
Ko Pra Ngan, Thailand	1
Lisbon, Portugal	2
Gran Canaria, Canary Islands	3
Buenos Aires, Argentina	4
Porto, Portugal	6
Tenerife, Canary Islands	6
Madeira, Portugal	8
Playa Del Carmen, México	13
Phuket, Thailand	14
Ericeira, Portugal	18
Prague, Czech Republic	31
Barcelona, Spain	35
Tallinn, Estonia	61
Portimão, Algarve	62 ← 43º in 2023
Fuerteventura, Canary Islands	65
Seville, Spain	73
Lagos, Algarve	79 ← 11º in 2023
Silema, Malta	130
Braga, Portugal	139
Faro, Algarve	207 ← 293º in 2023
Cairo, Egypt	654

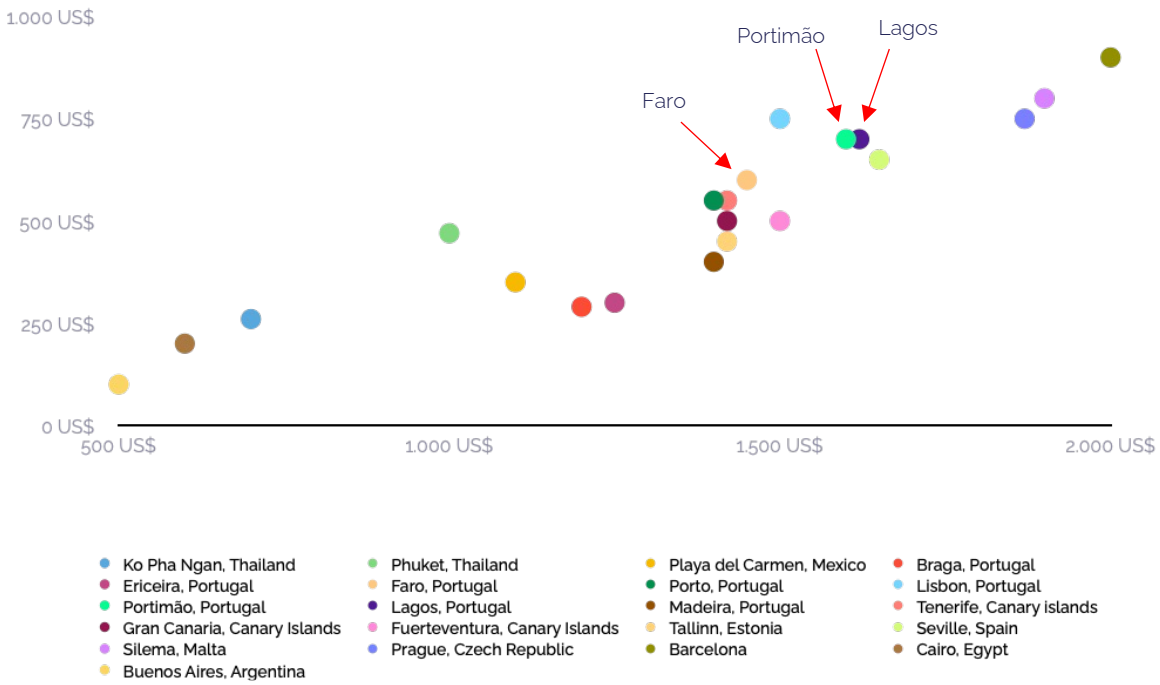
*Ranking based on the ratings from thousands of users on the Digital Nomad List platform.

Source: Digital Nomad List, Feb 2022

Ecosystem Characterization – Tourism

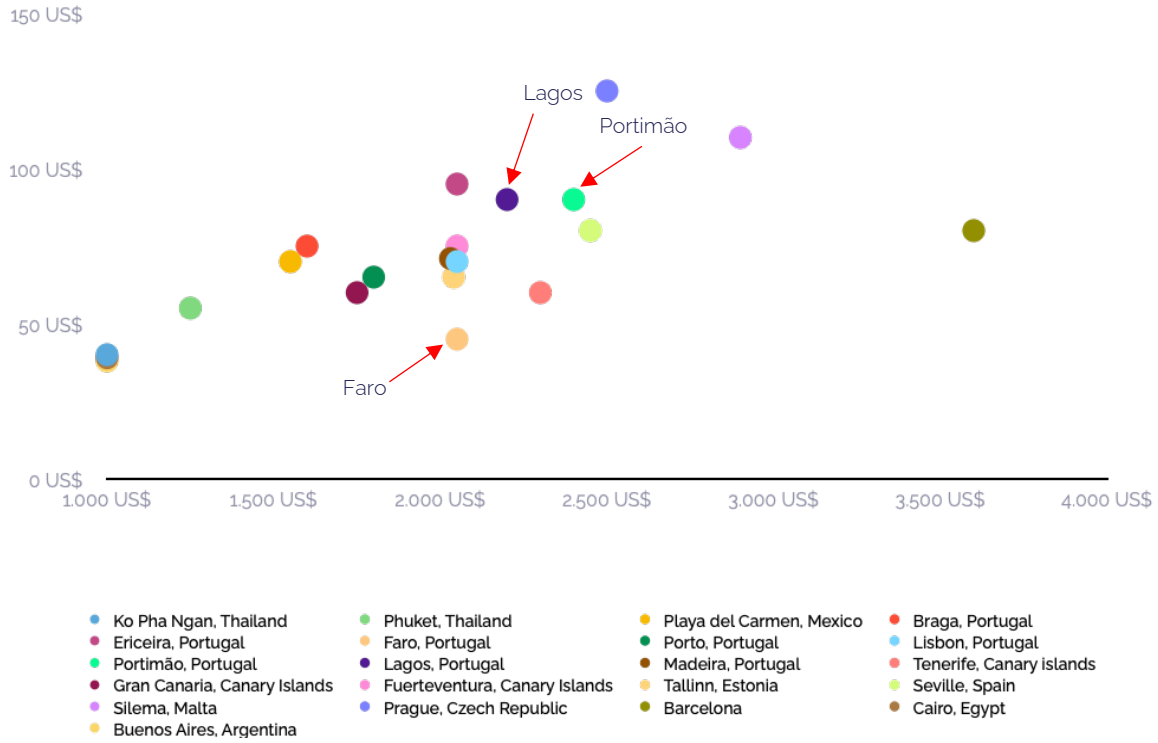
Two years ago, Portugal had 4 cities in the top 20 of the Digital Nomad List Ranking (5m users in 2022 and 55K subscribers) and the first one from Algarve was outside the top 50. (It's important to note that today Lagos is already in the top 15).

Cost of living for a remote worker (monthly) vs studio apartment rent in the city center (monthly)



Source: Digital Nomad List, Brother Abroad, Pitchbook, Airbnb, Jan 2022

Cost of living for a digital nomad (monthly) vs Airbnb (average price/night)



Source: Digital Nomad List, Brother Abroad, Pitchbook, Airbnb, Jan 2022

Ecosystem Characterization – Academia (UAlg)

Best Portuguese university in terms of international projection.

Top 100 of the Shanghai Ranking in the area of Hospitality & Tourism Management.

62nd position in the percentage of publications with international collaboration.

Ecosystem Characterization – Academia (UAlg)

1800 international students were enrolled in 2019, with around 800 originating from Brazil

600 partnerships have been signed with various universities worldwide

There's a dedicated division focusing on promoting entrepreneurship and technology transfer (CRIA)

Critical infrastructures of high importance are present: Airport, University, UALG Tech Campus

Ecosystem Characterization – SWOT

Strengths

- ✓ Rich Ecosystem of Innovation & Research
- ✓ Exceptional Quality of Life
- ✓ Strong International Branding
- ✓ Strategic Positioning in Tourism
- ✓ Collaborative Business Environment
- ✓ Diverse Resident Foreign Community

Weaknesses

- Weak Participation of Municipalities in Ecosystem Development
- Limited Presence on Remote Work & Digital Nomads Platforms
- Low Levels of Innovation Activities and Private Investment in R&D
- Difficulty in Recruiting Highly Qualified Human Resources
- Absence of Critical Mass
- Regional Digital Inclusion Asymmetries

Ecosystem Characterization – SWOT

Opportunities

- ✓ Potential for growth in innovation and R&D
- ✓ Develop Algarve's technological ecosystem and promote tech startups
- ✓ Encourage resident foreign community to invest in high value-added sectors.
- ✓ Increasing demand for remote work and digitization in warm places
- ✓ New EU cohesion policy framework (2021-2027) and Portuguese government's incentives for digital transition

Threats

- High cost of accommodation
- Dispersion of the Algarve brand with a scattered message
- Lack of coordinated policies
- Lack of public investment in business development
- Lack of coordination for promoting the ecosystem
- Development of regional hubs in southern Spain

Path to Internationalization

- Market approach
- Go to Market
- Target Market
- Scope

Vectors considered for the market approach strategy:

01. Preferred markets with existing relationships

02. Existing opportunities due to the project's characteristics

03. Strategies already implemented and consolidated by the stakeholders

04. Activities already executed that support the implementation of the internationalization strategy

Challenge: Are the preferred markets of each participant aligned with the potential exploration of the other participants?

Possible Scenarios:

A.

Focus on two exclusive markets where a strategy is defined for the three types of defined participants.

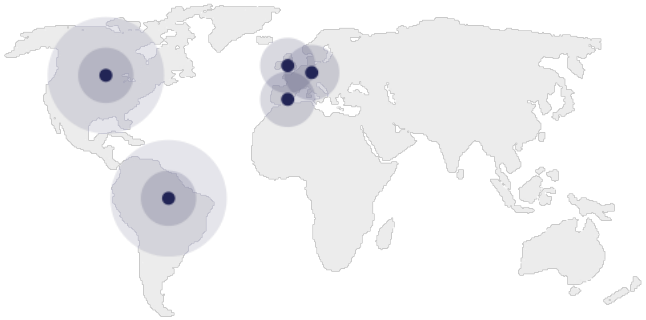
B.

Focus on distinct markets according to the defined value proposition and the characteristics of the defined participants.

Path to Internationalization – Go to Market

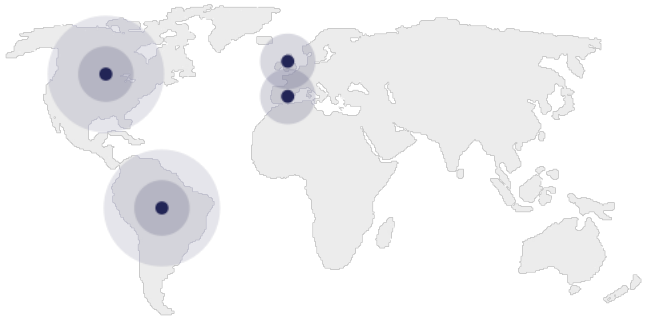
Markets with high potential for the development of international collaborative processes:

- Germany
- Brazil
- Spain
- USA
- UK



Markets of interest for Algarve tech companies where a presence already exists:

- UK
- Spain
- Brazil
- USA
- Germany

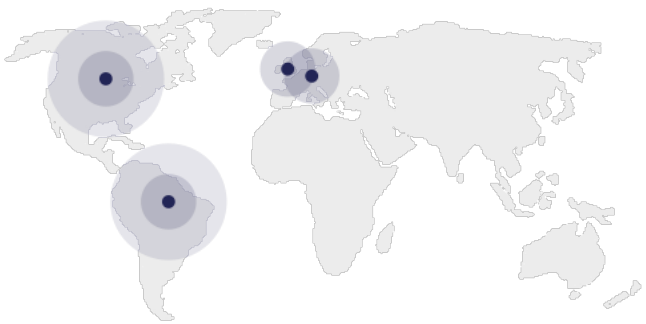


Markets of interest for Algarve tech companies: (Where some haven't entered yet)

- Brazil
- Spain
- USA
- UK

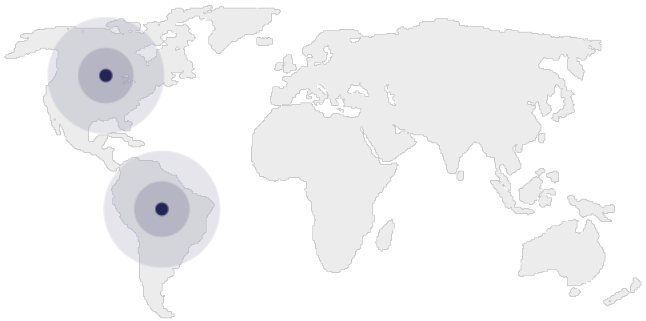
Path to Internationalization – Go to Market

Markets with high potential for the development of international collaborative processes:



Markets of interest for attracting digital nomads and remote workers:

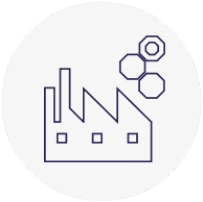
- USA
- Germany
- Brazil
- UK



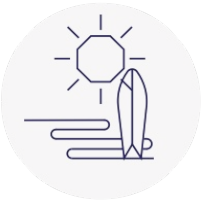
Markets of interest for attracting University Students to UALG:

- Brazil
- USA

<u>Led to different targets based on specific criteria</u>

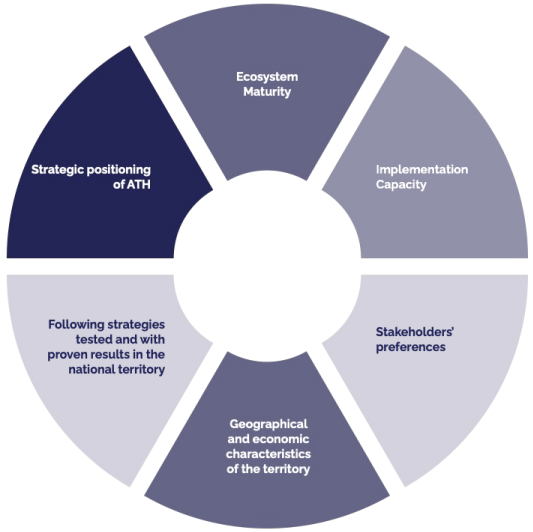


Business



Tourism

Academia



Path to Internationalization – Target

Business

Create business relationships with international companies, interested in collaborative activities and in investing in the Algarve region's ecosystem.

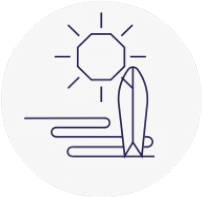
PROFILE	BUSINESS PARTNERS
Companies with Internationalization aims	• Exploration of new business partners • Foreign Direct Investment (FDI) attraction • Internationalization of existing companies • Promotion of high value-added services
Geographical	• USA • Germany
Demographic	• International young entrepreneurs with established startups looking to expand business partnerships • Medium/large scale companies with outsourcing needs in technological services • Core strategy companies for the internationalization of Algarve needing to find technological partners
Psychographic	• Companies and young entrepreneurs seeking services focused on high technology industry, computer software editing, software development, and high-tech knowledge-intensive services • Companies and young entrepreneurs in the following economic areas: Tourism; Sea; Renewable Energies; Circular Economy; Agri-food; Health; Culture
Behavioral	• Open to exploring new markets • Highly innovative in their development process • With consolidated markets and interested in exploring partnerships that encourage business partners' growth

Academia

Attract and retain international talent by absorbing international students and researchers with the purpose of feeding the ecosystem with the need for human resources.

PROFILE	
International Students and Researchers	• Development of UALG's partnerships with renowned universities • Attraction of qualified talent focused on entrepreneurship and technology • Promotion of the region as an excellent destination for study and leisure/work and leisure • Promotion of international talent retention in the development of startups in selected priority sectors
Geographical	• Brazil • USA
Demographic	• Young students for exchange programs • Young students choosing a place to live • Researchers who may have a previous connection with the country • Young researchers looking for international experiences
Psychographic	• Interested in UAlg's core teaching areas • Interested in technological development • Focused on promoting interaction between technology and UAlg's core areas
Behavioral	• Seek to leverage geographical and climatic features conducive to a healthy, outdoor lifestyle • Interested in taking advantage of a University in expansion and development • Focused on obtaining excellent education and research support

Path to Internationalization – Target



Tourism

Attract and encourage the hosting of international citizens who want to settle in the Algarve region or citizens for medium and long-term stays (Digital Nomads & Remote Workers).

Note: Segmentation of tourist profiles
Both profiles are considered in the tourism segment. This is because the initial attraction activities for these profiles are mainly concentrated in tourism marketing and communication, particularly due to the need to reach a larger number of people with relatively similar products and messages.

PROFILE	
Digital Nomads and Remote Workers	• Attract long-stay digital nomads • Promote the region as a mixed destination - Work and Leisure • Mitigate seasonality • Attract diverse and highly qualified talent to the region
Geographical	• USA • Germany
Demographic	• Young international families who work remotely • Young entrepreneurs • Senior mentors/investors/consultants • Remote workers aged between 30 and 45 with substantial purchasing power • Individuals over 50 looking to invest and enjoy what Algarve has to offer
Psychographic	• Access to accommodation (Remote workers - Mid/high-range purchase, Digital Nomads - Local accommodation) • Experiences they can have beyond work • Access to healthcare • International schools/Education - Quality education for their children
Behavioral	• Focused on having space and not being pressured by large crowds • Access to integration communities • Ease of handling bureaucratic procedures

Path to Internationalization – Scope

2022

- SIAC Project - Internationalization of Algarve Tech Hub
- Mapping
- Dissemination
- Prospecting

2023

- Internal Planning
- Development
- Optimization
- Implementation

2024

- Financing
- Investment
- Growth
- Consolidation

2025

- Include
- Extend
- Scale

Marketing & Communication Initiatives for Internationalization

10 Proposals

4 Concluded

3 Ongoing

<u>Essential:</u>

- Develop engaging Municipal communication channels
- Dissemination of data related to the Algarve Ecosystem through international platforms

Ecosystem Transformations

- Attraction and retention
- Empowerment
- Strategic implementations

Ecosystem Transformations – Attraction & Retention

2022

- International Positioning
- Promotion of the ecosystem in the targeted markets
- Recognition of target markets and interaction with various stakeholders

2023

- Establishment of local infrastructures to attract and retain talent.

2024

- Design and implementation of policies and mechanisms to retain high-value talent in the Algarve region.

Initiatives to Attract and Retain International Talent in the Algarve

11 Proposals

5 Concluded

2 Ongoing

<u>Essential:</u>

- Establishment of the ATH International Host Office
- Program for integrating UAlg students into the Algarve's technological companies as part-time or student-workers
- Development of the Region's Investment (FDI) Attraction Plan

Ecosystem Transformations – Empowerment

2022

- Stimulating the existing network
- Preparing the existing business network for target market exploration
- Developing international relations within the scope of Economic Diplomacy.

2023

- Implementation of internationalization policies for economic diplomacy in the context of innovation and promotion of entrepreneurship
- Boosting resources available to various institutions to cater to the anticipated organic growth

2024

- Promote the organic growth of the business sector
- Promote investment and financing of the ATH ecosystem

Initiatives to empower the ATH for internationalization

17 Proposals

4 Concluded

3 Ongoing

<u>Essential:</u>

- Develop protocols with International Acceleration Hubs
- Development of mentorship programs for creating new startups
- Creation of long-term housing policies
- Monitoring and implementation of the new visa policies launched by the Portuguese Government

Ecosystem Transformations – Strategic Implementation

2022

- Ecosystem Mapping
- Support for Financing and Investment

2023

- Stimulation of the ecosystem through international events
- Development of internal governance ecosystem and its structures

2024

- Optimization of the existing support network
- Reorganization of ecosystem response structures

2025

- Broadening the scope and focus of the ecosystem to promote continuous growth

Strategic Initiatives for the development of the ATH

12 Proposals

2 Concluded

1 Ongoing

Essential:

- Implementation of support mechanisms for startup funding applications
- Investment plan to support the establishment of startups in pre-Seed and Seed rounds
- Designing action plans for the different cities in the Algarve
- Establish public-private mechanisms for the creation of urban redevelopment funds aimed at revitalizing historic city-centers and attracting technological innovations for their redevelopment

“A plan, no matter how comprehensive or well-thought-out, only gains true value when it's actively implemented and brought to life.”

ChatGPT – Open AI, 2023

Thank you