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infoDev

Innovate. Connect. Transform.

Towards a Sustainable Innovation Model for the Caribbean

Findings from infoDev's Stakeholder Workshop

Held in Kingston, Jamaica, on June 20, 2012

July 1, 2012

EPIC

TABLE OF CONTENTS

Executive Summary.....	3
Introduction	5
Methodology and Agenda	6
Endorsement of the Suggested mInnovation Model.....	8
Feedback and Discussion Highlights	8
A. Challenges in the Caribbean Mobile Innovation Ecosystem	8
1. A Truly Regional Approach?.....	8
2. “Politics” – The Role of Local Governments and Policy	9
3. Deficits in Secondary and Tertiary Education	10
B. Setup and Governance of Mobile Incubation Facilities	11
4. Sustainability and Revenue Models of Incubation Facilities.....	11
5. Trusted Leadership and Local Champions	12
6. Service Portfolio of Incubation and Community-Building Facilities.....	12
7. Virtual Collaboration and Incubation.....	13
Next Steps	14
Surveys and quantitative analysis (June-August 2012).....	14
Detailed Business Planning (July – October 2012).....	14
Focus Groups with Potential Local Partners (October 2012).....	15
Delivery of the Business Plan (November 2012).....	15
Selection of local partners (December 2012 – January 2013)	15

EXECUTIVE SUMMARY

Background. On June 20, 2012, *infoDev* conducted a workshop for key stakeholders of the Caribbean mobile technology ecosystem in Kingston, Jamaica. The workshop served to open up the discussion on *infoDev*'s preliminary mobile innovation (mInnovation) model, explaining its vision how mobile application entrepreneurs and developers can be supported across the region. The model was the result of a market and feasibility assessment carried out earlier this year. The workshop was part of the mInnovation component of *infoDev*'s seven-year EPIC program, with the aim to expand entrepreneurship and business incubation in the Caribbean.

In short, the model proposes to stimulate the mobile innovation ecosystem to create and grow competitive mobile startups across the Caribbean region. Through a regionally coordinated effort, the model will support several local activities that will source and support talent, including innovation challenges, training, prototyping, and coaching events, and run an annual pitching event for the most promising innovators. Winners of the annual event will further be accelerated through access to seed funding, and additional pre-incubation and incubation support.

Outcomes. The model was endorsed by the workshop participants. In particular, the focus on the Caribbean region as a whole and the emphasis on sustainability (as opposed to one-of-a-kind events and temporary support initiatives) were commended. In turn, the workshop showed that the model needs to be refined to address several challenges and suggestions brought forward in discussions during the event, making a viable and promising model more concrete.

Key suggestions voiced during the workshop include:

- All incubation and community-building activities should be “as virtual as possible” and rely to the least extent possible on institutionalization of physical facilities.
- All beneficiaries should be made aware that support through the program does not equal a “free lunch.” The program should incorporate a “Payback System” to channel positive outcomes of emerging startups (revenue, equity, knowledge, contacts, etc.) back to new beneficiaries.
- Identifying a trusted Regional Coordinator will be key. The process to select the Coordinator will be critical and needs to be fair, open, and transparent.

The EPIC mInnovation component will continue to tie into other ICT-related World Bank activities in the region. Namely, the [Digital Jam 2.0](#) (June 28-30, 2012) was a pivotal starting point to engage regional and international stakeholders on topics such as youth jobs in the digital economy or ways to bring investors from across the globe to the Caribbean.

Next Steps. Currently, *infoDev* seeks to verify and quantify the feedback through a short anonymous online survey. Everyone with a stake in the Caribbean mobile innovation ecosystem is invited to participate. Dissemination of the survey link and background material to the broader Caribbean mobile technology community is encouraged.

The survey can be accessed at www.surveymonkey.com/s/EPICmInnovation.

Background material on the mInnovation component can be found at www.infodev.org/EPICmInno

The findings from the workshop and survey will inform a detailed business plan for mobile incubation and community-building facilities, initially supported through EPIC. After a competitive selection process for local partner organizations based on the plan, the launch of operations is scheduled for early 2013.

INTRODUCTION

infoDev, a division of the World Bank that supports entrepreneurship and innovation around the world, is conducting the planning phase of the seven-year EPIC program to expand entrepreneurship and business incubation in the Caribbean. One of the industries that *infoDev* will assist is the mobile sector. The EPIC mobile innovation (mInnovation) component aims to stimulate the mobile innovation ecosystem to create and grow competitive mobile startups across the Caribbean region.

infoDev can build on extensive experience in this field: it has pioneered a leading global mobile innovation (mInnovation) program to support mobile application and service entrepreneurs. This is done primarily through mHubs and mLabs - specialized places where mobile entrepreneurs and developers can receive mentoring, networking opportunities, access to finance, and shared business support services (see www.infoDev.org/mobile). *infoDev* is also piloting virtual incubation models, which are particularly relevant in regional programs.

On June 20, 2012, *infoDev* conducted a workshop for key stakeholders of the Caribbean mobile technology ecosystem in Kingston, Jamaica. The workshop was one milestone in the one year planning period of *infoDev*'s mInnovation activities. It followed the first phase, during which *infoDev* met a range of stakeholders across the region and completed a needs and feasibility assessment. Summaries from focus groups that were carried out as part of phase 1 are enclosed below.



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Summary notes of mInnovation focus groups

As a result of the first phase, *infoDev* developed a preliminary mInnovation model, explaining its vision how mobile application entrepreneurs and developers can be supported across the Caribbean region. The workshop's key objective was to present the preliminary mobile innovation model to key local stakeholders and open it up for feedback. A slide deck summarizing findings from the first phase and the model itself is enclosed below.



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EPIC mInnovation, 20 June 2012.pdf

In short, the model proposes to stimulate the mobile innovation ecosystem to create and grow competitive mobile startups across the Caribbean region. Through a regionally coordinated effort, the model will support several local activities that will source and support talent, including innovation challenges, training, prototyping, and coaching events, and run an annual pitching event for the most promising innovators. Winners of the annual event will further be accelerated through access to seed funding, and additional pre-incubation and incubation support. Ongoing services such as a Virtual Community, a Caribbean mInnovation Alumni Network, or *infoDev*'s global access to markets and finance program are also included. An overview of the proposed activities is enclosed below.



METHODOLOGY AND AGENDA

A multi-disciplinary group of over 30 key stakeholders of the Caribbean mobile innovation ecosystem was convened for a full day workshop. Some of the organizations that the participants represented are Connectimass (Kingston Beta, Caribbean Beta), Caribbean Telecommunications Union, Brightpath Foundation, and University of West Indies. At least one participant from each of seven potential target countries/islands (Antigua & Barbuda, Barbados, Grenada, Jamaica, St Kitts & Nevis, St Vincent, Trinidad & Tobago) was present.

In the opening session, infoDev presented findings from the feasibility assessment conducted earlier in 2012 and the mInnovation model. Before lunch, participants were given an overview of the Digital Jam initiative (<http://digitaljam2.com>). In the afternoon session, the participants broke up into small groups for in-depth discussion and preparation of core feedback and critique. In “deep dive” sessions, participants were grouped according to 1) the island they come from / are associated with and 2) stakeholder groups. The groups were asked to answer the question: “Does infoDev’s mInnovation model work for my island / stakeholders like me?” Outcomes from the deep dives were presented in short “lightning talks.” The detailed agenda is enclosed below.



Agenda - EPIC mInnovation Workshop

During both sessions, participants were asked, in particular, to highlight weaknesses and flaws of the model and its assumptions, such as specific conditions in the Caribbean that would put the success of the model at risk. The expected outcome for the event was a comprehensive list of critiques and suggestions for refinements of the model, as well as endorsement of its fundamental assumptions by participating stakeholders.



ENDORSEMENT OF THE SUGGESTED MINNOVATION MODEL

Overall, the model was endorsed by the workshop participants. All groups formed during the afternoon deep dive sessions confirmed that the general outline of the model would work for their island / stakeholder group. In particular, the focus on the region as a whole and the emphasis on sustainability (as opposed to “just” one-of-a-kind events) were commended.

In turn, more work remains to be done to address the challenges and suggestions outlined below. The business planning period (see section “Next Steps”) was seen as the right opportunity to make the broad outline of a viable and promising model more concrete. The approach to carefully plan infoDev’s activities and take time to understand the complex mechanics of the Caribbean mobile innovation ecosystem was seen as positive, given the large number of failed or unsustainable initiatives in the past.

infoDev was also encouraged to continue on a demand-driven design agenda that includes the widest possible array of stakeholders. Participants stated that upcoming surveys and continued analysis should address a broad target group and start to include organizations such as CIVIC (Caribbean ICT Virtual Community), CARICOM, and local governments.

FEEDBACK AND DISCUSSION HIGHLIGHTS

While a plethora of detailed feedback points were raised, the discussion centred around seven core themes, detailed in the following. Broadly, the themes can be divided into exogenous factors and challenges of the mobile innovation ecosystem in the Caribbean (A.) and issues relating to the organization and governance of potential mobile incubation and community-building facilities (B.).

Disclaimer: As is always the case for open discussion formats of feedback workshops, the opinions that were voiced do not necessarily represent the opinion of all, or even the majority, of the participants. The following is a summary of the main arguments that were brought forward during the group discussions, but further verification and quantification will be necessary. infoDev uses the points raised to inform additional feedback tools, such as an anonymous survey, currently available at www.surveymonkey.com/s/EPICmInnovation.

A. Challenges in the Caribbean Mobile Innovation Ecosystem

1. A Truly Regional Approach?

An all important challenge in the Caribbean is the design and implementation of initiatives that adopt a truly regional approach, building bridges between smaller markets of separate island nations.

There was **agreement** among the workshop participants on the following points:

- Stakeholders on all islands can benefit from collaboration and expansion of their activities beyond nation states and across the region.
- Mobile consumer apps depend on scale, so that app developers should be able to address and cater towards the largest possible (i.e., regional, then international) market.

- This is mirrored in the perspective of international investors and other stakeholders that mostly are interested in doing business with “the Caribbean” as opposed to singular islands.
- Sufficient deal flow and activity for mobile incubation facilities can only be achieved if it is sourced from all over the region.
- It is cost-prohibitive to set up a full-fledged mobile business enabling facility on each island.
- In the past, regional initiatives have faced challenges in their implementation, and many locals’ identification with their island (and not with the Caribbean region as a whole) should not be underestimated.

There was **controversy** with regard to the locale for a potential Regional Coordinator as the backbone of mobile business enabling facilities:

- In one view, the Regional Coordinator should be based on an island with a larger population and more active existing mobile tech communities (namely, Barbados, Jamaica, Trinidad & Tobago), so that it has a larger local deal flow to build on.
- Another view would contest that basing the Regional Coordinator in one of the three named countries would risk to foster a bias towards neglecting and crowding out the islands with smaller populations of the OECS.¹

As means to tackle the named challenges and controversies, the following **suggestions** were made:

- All incubation and community-building activities should be “as virtual as possible” and rely to the least extent possible on institutionalization of physical facilities. While virtual collaboration admittedly has its downsides, some participants regarded it a key solution for the Caribbean, representing an alternative to the current state of island-focused silos.
- References to nation-states and islands should be limited in the use of language and branding of infoDev’s activities. The project should build a strong Caribbean identity. For instance, all facilities could avoid an explicit affiliation to a particular island.
- A setup with a local mHub on each island might run the risk of further enhancing silos and limit regional collaboration. Allocating resources explicitly to an activity on a given island runs the risk of creating further confusion, envy, and unhealthy competition.
- Participants from OECS islands suggested that, if the Regional Coordinator is based in one of the three nations with larger markets, there should at least be a sub-coordinator for the OECS.
- infoDev could fund a regional exchange program.

2. “Politics” – The Role of Local Governments and Policy

A second theme that was emphasized by several workshop participants was the role that local governments and fragmented policy regimes play for mobile innovation. There was **agreement** that:

¹ The Organisation of Eastern Caribbean States (OECS) consists of Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia, St Vincent, the Grenadines. The organization contributes “to the sustainable development of OECS Member States by supporting their strategic insertion into the global economy while maximizing the benefits accruing from their collective space” (see <http://www.oecs.org/about-the-oecs/mission-a-objectives>).

- The willingness of governments to enable the mobile innovation ecosystem is there, and slowly policymakers' awareness for the sector is emerging.
- However, policy was described to move at a fairly slow pace and governments were described as too conservative to play a hand-on role in the fast-paced, risky mobile innovation sector.
- The issue of national policies that are not aligned across islands limits the feasibility of regional marketing activities and expansion. Regional trade agreements and overarching policies were described as fairly weak and out-dated to account for the flexibility of mobile technology.

There was **controversy** on the best path forward to include government stakeholders.

- One view held that policymakers should be given an active role and opportunities to shape the business plan as well as its implementation. This view is based on the assumption that government buy-in is critical and can only be achieved if it plays a significant role in the design of the program.
- Another view was that government is inherently ill-equipped to play an active role in the design of mobile incubation and community-building activities. Strong involvement of local governments might create coordination issues, local (not regional) focus, and "politization".

As mitigating measures it was **suggested** that:

- There should be a stronger involvement of governments at least in terms of outreach and information / reviewing rounds.
- The roles could be divided up more clearly: governments could focus on implementation of policies informed by infoDev's activity, but the implementation would be left to other types of stakeholders

3. Deficits in Secondary and Tertiary Education

A third theme of challenging external factors related to the issue of regional "brain drain" and deficits in the Caribbean nations' education systems with regard to mobile entrepreneurship. In short, the secondary and tertiary education systems are often set up in a way that stifles entrepreneurship (for example, limiting students' intellectual property rights for concepts developed in class). Furthermore, while the technical knowledge in engineering and computer science of students is mostly sufficient, they do not develop an entrepreneurial mindset attuned to the Caribbean, so that the most promising candidates often pursue a career abroad.

It was suggested that, while infoDev's mInnovation activities cannot fundamentally change any island's education system, they should include means of stronger collaboration with universities (or even high schools). Outreach directly to students could help to nurture entrepreneurial talent earlier, and also to integrate high potential candidates into a strong Caribbean community.

B. Setup and Governance of Mobile Incubation Facilities

4. Sustainability and Revenue Models of Incubation Facilities

Given the complexity of the Caribbean and the low success rate / lacking profitability of prior incubation efforts, participants agreed that a lot of effort should be invested into building a viable sustainability model for potential mobile incubation facilities. There was **agreement** that:

- Various models of business incubators in the Caribbean have struggled to become profitable; expectations for self-sustainability need to be cautious.
- Oftentimes Caribbean entrepreneurs have unrealistic expectations on the ease of finding funding for their startups. In particular, support from grant-financed activities might be considered a “free lunch” that will not require “giving back” or sharing revenues.
- The concept of “equity” is not well-understood, and financial institutions and investors often shy away from taking equity in startups. This makes it difficult for entrepreneurs to access finance, given the high risk and lacking collateral of their ventures.
- Given the relatively slow pace and legal limitations of government entities, no direct additional funding should be expected from them.
- Mobile network providers currently dominate the mobile technology landscape in the Caribbean and are able to skim off a large part of the value of mobile services. This makes them a critical partner for infoDev’s mInnovation activity. On the other hand, their incentives of fostering innovation of mobile applications are sometimes ambivalent, for instance with regard to platform-agnostic apps. As a result, partnership models with mobile network providers are essential but have to be constructed carefully.

The participants made the following **suggestions** for a mobile incubation business model:

- From the start, it should be made clear to all beneficiaries that being supported through the program does not equal a “free lunch.” In other words, the program should incorporate elements of competition and ways to channel the positive outcomes of emerging startups (revenue, equity, knowledge, contacts, etc.) back into the program.
- The business plan for mobile incubation facilities should set critical milestones (tied to clear KPIs), as well as process flows, for at least two years already before operations begin. There needs to be a strong incentive for performance orientation for the incubator leadership.
- Acceptance of entrepreneurs into a mobile incubation program should be tied to strict, measurable, and transparent selection criteria. The selection criteria should be based on the potential impact of the ideas, potentially also their social and inclusive impact. This would help to make expectations towards entrepreneurs clearer, increase the success rate of their ventures, and create a sense of fairness among all candidates and across the region.
- From the start, simple rating systems and templates should be implemented, clarifying expectations and helping to showcase successes and raise more funds for the incubation facility.
- A “payback system” should be implemented that leads revenues but also knowledge of successful enterprises back into the facility. Startups graduating from incubation should be tied to revenue (not profit) share models.

- The mechanics of “equity” need to be taught to beneficiaries but also to potential third-party funding institutions like banks.

5. Trusted Leadership and Local Champions

Trust in leadership was also seen as key for the success of infoDev’s activities.

- In view of the challenges of a truly regional approach and the wide range of stakeholders that have to come together for infoDev’s mInnovation model to work, identifying a trusted Regional Coordinator is key.
- Similarly, should mHubs be established on all islands, they need to be led by local champions that are established and trusted in the local and regional mobile tech community.
- The leadership structure of potential incubation facilities has to be flexible enough to endure changes in the leadership of the organizations commissioned to run the facilities.

The participants **suggested** the following:

- The process to select the Regional Coordinator will be critical. It needs to be fair, open, and transparent.
- Organizations that are inherently neutral towards a range of mobile innovation stakeholders and inherently have a focus on the whole region could be the best candidates for the role of the Regional Coordinator. Examples are non-profits, regional tech incubators, and academic institutions.
- The role of nationality and origin should be downplayed as much as possible in the selection of champions and partners.
- Governance structures that incorporate virtual representation (e.g., through regular virtual steering meetings) can help to bridge geographical barriers and give voice for “vice-leaders” from across the region.
- Although they might not become the facility leaders themselves, including bloggers and other thought leaders of the Caribbean mobile tech community can help to prepare and promote the selection of leaders.

6. Service Portfolio of Incubation and Community-Building Facilities

While the service portfolio of mobile incubation and community building facilities that was suggested by infoDev was commended, the participants highlighted the **need for a few services** in particular.

- Caribbean mobile app entrepreneurs already do well in “one-of” initiatives (like competitions and hackathons, etc.), but an environment that lifts their ventures to the next level and sustains them over a longer period of time is needed.
- Caribbean mobile entrepreneurs do not lack creativity, but frequently they could benefit from a stronger sense for viable business models that address an existing problem and demand. Often, there are mobile app “solutions without a problem.”
- Lack of funding is often only a perceived lack of funding. Investment money for good ideas exists, but entrepreneurs find it difficult to identify and access these sources of capital.

- The “horizontal” nature of mobile apps should be emphasized more. Mobile apps can help businesses and consumers from a range of sectors (mGovernment, mHealth, mAgriculture, mMoney, etc.), but mutual awareness of needs and technological possibilities is lacking.

To address these needs, the participants **suggested** to:

- The “Payback System” described above will also help to tie successful entrepreneurs into the regional mobile tech community. The system can include the requirement for successful graduates to share their knowledge and function as mentors for the next generations. This requirement should be made clear to candidates from the start.
- In addition to “alumni mentors”, infoDev should make use of its international contacts to bring in mentors from outside the region.
- While cumbersome business planning is often not necessary for the dynamic mobile app field, entrepreneurs should receive a stronger education in business modeling.
- infoDev should establish a network that creates a more direct linkage between investors like angels and VCs (both from within and outside the region) and the entrepreneurs.
- infoDev should make use of its convening power and build clearer paths for collaboration between mobile entrepreneurs and developers on the one side and large players like mobile network providers and governments on the other side.
- Entrepreneurs should be given opportunities to realize the problems and needs for mobile apps in various sectors to be able to better match problem with solution.

7. Virtual Collaboration and Incubation

Following the discussions on the challenges of a truly regional approach and on findings egalitarian but enforceable governance structures, a strong preference for virtual collaboration and incubation was voiced by the participants. Overall, the participants were optimistic about the potential of including stakeholders across islands virtually if the right governance structures are implemented.

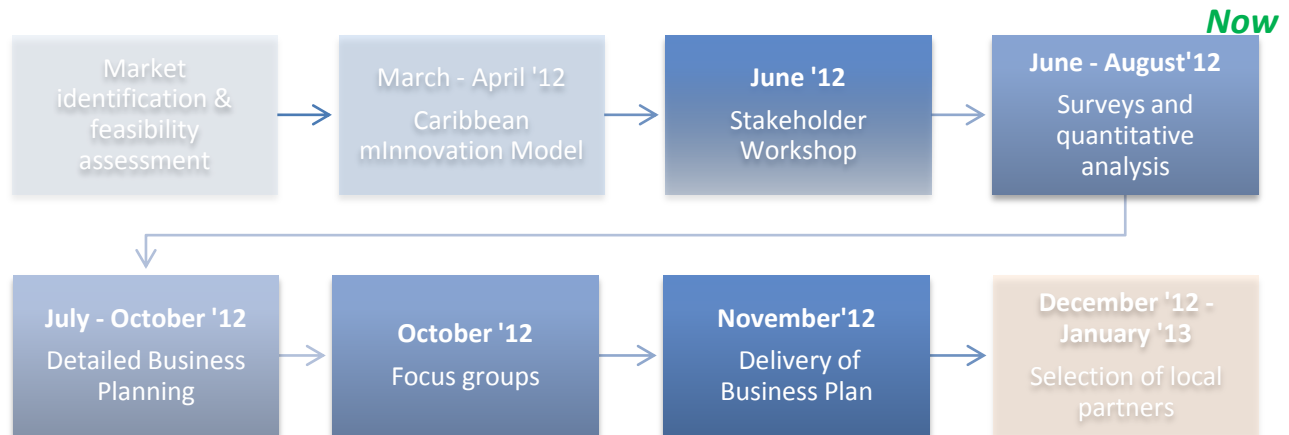
However, no detailed suggestions on potential virtual collaboration and incubation models were made. For instance, it was not discussed whether physical meetings of stakeholders on a given island should be discouraged, or how the downsides of virtual communication (lacking immediacy, stronger reliance on asynchronous channels, etc.) could be addressed.

A virtual approach was seen to hold the following **benefits**:

- It saves opportunity and travel cost; a factor that often makes regional initiatives too expensive.
- Inexpensive, frequent virtual meetings can provide for easier representation of stakeholders from different islands. In a virtual meeting room, the meaning of physical proximity loses relevance.
- infoDev can build on its early research on virtual incubation and add a unique value over existing initiatives.

NEXT STEPS

The stakeholder workshop was all but one milestone in the one year planning process of infoDev's mInnovation activities within the EPIC program. Next up are surveys of a large group of stakeholders for quantitative analysis. Together with the results from earlier assessments and modelling and the findings from the workshop, this will provide the necessary inputs for a detailed business plan. Following the final refinements based on feedback from focus groups, the business plan will be delivered in November, preparing the start of activities in early 2013.



Surveys and quantitative analysis (June-August 2012)

An online survey is used for remote follow-up on the workshop. Based on the list of challenges and suggestions prepared in this document, a survey tool with standardized questions was developed. The survey will help to clarify more specific questions about the potential and optimal implementation of the regional mInnovation model, for instance, with regard to willingness to pay for services, ability to travel and cooperate across the region, availability of local talent, etc. The questionnaire is disseminated to workshop participants, but also more widely.

This gives participants the opportunity for important follow-ups, but also broadens the stakeholder base and “objectifies” the results. In case some workshop participants prove to be especially resourceful and supportive, in-depth telephone interviews can complement the online survey. Next to raising more awareness for the initiative, the expected outcome of this step is for infoDev to be able to make a comprehensive and robust assessment of the feasibility of the suggested mInnovation model and to gather data for a detailed business plan.

Detailed Business Planning (July – October 2012)

infoDev experts and consultants will analyze the information and design a comprehensive business model and plan for the mInnovation model. infoDev will draw on its extensive business modelling experience and complement it with external expertise. The later stage of the model design will be paralleled by a final focus group with selected local stakeholders and potential partners, used to fine-tune the intended services and details of the business plan.

Focus Groups with Potential Local Partners (October 2012)

During the last phase of the design, a final opportunity for exchange will be given to local stakeholders. At this point, the participants will be limited to a closer circle of prospective bidders to implement the business plan. This gives infoDev an opportunity to adapt and fine-tune the business plan according to the current realities and limitations that potential local partners face. It also gives potential bidders a chance to voice their concerns, showcase their expertise, and get precise insights on the field of applicants and what will be expected from them.

Delivery of the Business Plan (November 2012)

For November 2012, the business plan is scheduled to be ready for delivery. In line with infoDev's positive experience with competitive selection processes and World Bank procedures, the business plan will be published for bidding of local organizations.

Selection of local partners (December 2012 – January 2013)

The bidding process will be open, guaranteeing fairness and competitiveness. At the same time, the engagement of potential partners throughout the business modelling process will have provided infoDev with valuable information on these bidders and enable us to make a more qualified selection.

The implementation phase of the project begins with the selection of the local partners and key staffing decisions. The extensive involvement of local stakeholders in the business plan design should enable the selected local partner to start the activities immediately after the selection.