Financing the Smart City
Innovation Network “Morgenstadt” & URBACT initiative SmartImpact

Innovation Network - Morgenstadt

**WHAT?**
M:CI is an Innovation Network that strives to design the future market for sustainable cities.

**WHO?**
It comprises of the main stakeholders that plan, finance, build, manage and operate cities, and it is run by the German Fraunhofer-Society.

**HOW?**
The main purpose of m:ci is to solve urban challenges by translating them into potential innovations and piloting solutions in new consortia.
Innovation Network Morgenstadt
Morgenstadt enables innovation in cities

7 CITY LABS

10 SYSTEMS SOLUTIONS

25 SMART DISTRICTS

Mobility Hub 2.0
Joint SCC1 Initiative of European Lighthouse Projects

Creating the Smart City market in Europe

>27 Lighthouse cities
>30 follower cities
>100 scale-up cities
>100 companies
>120 Smart Solutions
Status quo in Europe

The technologies are available and there is abundance of money. Why are investments in clean & connected technologies not taking off?
Hypothesis 1: The challenge to fund digital urban innovation

- New types of urban solutions (data-driven infrastructures + operation systems) require new types of public-private project delivery vehicles.
- Financing these “smart solutions” require **new ways of understanding how value is created in smart cities**, which ultimately leads to co-investment strategies with costs and benefits for public and private actors.
- New public-private consortia require new forms of management, coordination and shared ownership.
- Innovative financing vehicles (e.g. Mixed Smart City Funds) are needed to merge public & private investments in the same project.
- Smart Urban Governance is key.
Hypothesis 2:
The challenge to link digital innovations to the economic development of a city

- Clean & connected technologies and infrastructures tend to channel money towards large companies -> favouring strong EU cities & leaving behind weaker cities and regions.

- A key area is the understanding of the dynamics of the local innovation ecosystems, and how they can be governed to support growth, jobs and the transformation of cities.

- Innovation Procurement is an effective instrument to activate the local innovation ecosystems.

- Public Investments Vehicles for creating economic growth through local innovation are necessary!
URBACT III Network SmartImpact

“... develops the governance tools for municipalities needed to finance, build, manage and operate a smart city “
Thank you!

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…research and solutions for a sustainable world
Planning and building in times of shortened innovation cycles

1760 dauerte ein urbaner Innovationszyklus 50+ Jahre ...  
Elektrifizierung

...2016 weniger als zwei Jahre!

Quelle: Fraunhofer IAO, 2014
Planning and building in times of connected solutions
Technologie is not the problem!

Infrastructures, Buildings & Technologies

Physische Ebene
Living labs & open innovation are the adequate approach to develop the new operating model
Connected things enable higher efficiency!

Idea/Design | Planning | Fabrication | Construction | Building Usage Operation | Demolition Retrofit

Freedom of decision

1% 4% 12% 40% 5%
Connected things enable the service economy

Case-Study „Apple“

Case-Study „Tesla“

² http://www.wired.com/2015/10/tesla-self-driving-over-air-update-live/?mbid=social_fb#slide-1
For true urban game changers we need to change...

...the **RULES**

...the **FIELD**

...the **TOOLS**

...the **PLAYERS**
A systemic approach to urban transformations

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For info or further questions on this seminar and the activities of the JASPERS Networking Platform, please contact:

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