

Destination Greece: Attracting Digital & Innovation Investment

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Foreword

Innovation is at the heart of the fast-changing world of technological progress and digitalization. It affects the ways we produce, interact, create jobs, collaborate, build resilience, and create value to enhance prosperity throughout our societies. It's a force of change throughout our societies, but it's also more than that. It is the impetus for our exponential transformation in the 4.0 era and one of the key prerequisites for providing answers to the pressing challenges of our time. Investing in our ability to innovate, and to diffuse its positive effects, is increasingly, and rightly, seen as a prerequisite not just for competitiveness, but also for an open, sustainable, and prosperous economy and society.

Foreign technology investments accelerate innovation, enhance local skills as well as the ability to produce technology, improving the Greek economy's long-term ability to penetrate sectoral ecosystems and value chains in the process. Innovation investments are powerful engines for technology transfer and know-how dissemination, increasing digital technologies' adoption and their spillover throughout the ecosystem. Expanding the portfolio of international investments with technology-intensive investments by global high-tech companies will help the country strengthen its innovation ecosystem with new R&D facilities, centers of excellence, increased demand for local talent, faster scaleup, as well as through the wider social and economic spillover effects.

In today's very competitive global environment with respect to attracting foreign investment, we are seeking our own recipe for success in an effort to make Greece as attractive as possible when deciding the location of innovation or digital led investments. We are grateful for Accenture's work in identifying at least the key ingredients that will propel innovation investments, build on our strengths, and improve on our weaknesses.

Greece is stronger, more reliable, and more mature, and is ready to accept the challenge. Reforms have accelerated, industry has been proving its resilience, and the startup ecosystem is dynamic and enjoying significant growth, not least because of our brilliant young minds and talented work force. The foundations have been laid for improved prospects throughout various sectors of the economy, and our country is an increasingly attractive investment destination.

Refining and developing the country's innovation investment potential will pave the way for opportunities and prosperity for all. I firmly believe in the opportunity created by this effort and a systematic repositioning of the country is well underway, to change, not just the image, but also the capabilities of our people and businesses in innovation.



Mr. Dimitri Papalexopoulos
Chairman of the Board, SEV Hellenic
Federation of Enterprises



Foreword

We are living in exponential times and the global pandemic has ejected us into the future. Digital technologies are changing industries beyond recognition, disrupting decades-old business habits, conventions, and operating models, thus fundamentally transforming economies, and societies alike.

Amidst this digital revolution, a new group of businesses -the Digital Multinational Enterprises (Digital MNEs)- and a new model of foreign investments -the Digital & Innovation FDI- have emerged. This FDI type, characteristic of the digital age that knows no boundaries, can be a springboard for a country's economic growth, offering in parallel a powerful mechanism for increasing national competitiveness and international technology transfer.

In this context and aiming to sustain the national dialogue to position Greece as the preferred investment destination, our latest study **“Destination Greece: Attracting Digital & Innovation Investment”** explores the ‘why’ and showcases the ‘how’ Greece can strategically harness FDI to further expand its digital economy. For this purpose, we joined forces with SEV's Innovation Committee, co-chaired by Marco Veremis and Konstantinos Kokkalis, whose contribution and valuable insights have helped shape the final result. I would also like to acknowledge the top executives of digital MNEs (Atos, Cisco, Google, IBM, Microsoft, Oracle, Pfizer, SAP) for their availability to explain their investment journey into Greece. Their lived experience triggered our thought and is embedded throughout the study.

Since 2017 -when we started charting Greece's digital ambition and monitoring its progress through successive studies such as **“Digital Greece: The Path to Growth”**, **“Greece with an AI to the future”** and **“Fuel for innovation: Greece's race to 5G”**- Greece has definitely made remarkable steps forward. Furthermore, as also evidenced by a series of flagship investments over the last few years, Greece appears to have successfully initiated its own journey towards attracting Digital & Innovation FDI. But is this sufficient? The current appetite of global digital players to invest around the world leaves no time to waste.

Greece needs to capitalize on the existing momentum and continue performing all necessary interventions that will improve the experience of investors and safeguard the reasons why they chose Greece in the first place. By articulating a targeted investment strategy with a cohesive action plan, by further enhancing the country's capabilities in terms of infrastructure and digital skills, by incentivizing digital investments and by utilizing R&D ecosystems, Greece can emerge as a global innovation hub, as it possesses not only the necessary talent, but also substantial financial means through the national recovery plan.

Creating a digital future through FDI in Greece's unique physical space combining high-tech with natural beauty and culture can really unleash creativity and generate value for all involved. We hope that this study will serve the global tech community in assessing this new face of Greece.



Dr. Kyriacos Sabatakakis
Country Managing Director, Greece
Accenture



The tec(h)tonic tilt in international production and the emergence of Digital & Innovation FDI

Introduction

Intelligent, autonomous robots; Ubiquitous, mobile supercomputing; Self-driving cars and drones; Neuro-technological brain enhancements; Genetic editing. Dramatic digital change is all around us and it is happening at exponential speed.

Digital technologies - including big data, cloud computing, Internet of Things, Artificial Intelligence and additive manufacturing - are the enablers of this digital revolution, transforming every facet of our society and fundamentally altering the way we work, live, interact, produce and consume.

Technology has always been considered a force of change. Previous industrial revolutions liberated humankind from animal power through the introduction of water and steam power, made mass production possible through electrical power, and brought digital capabilities to billions of people via electronics and automation. However, this time things are different. The velocity, scope and impact of the emerging digital technologies, as well as their combinatorial effect, exponentially accelerates progress and positions Industry 4.0 as a new distinct era, rather than as a prolongation of previous revolutions.

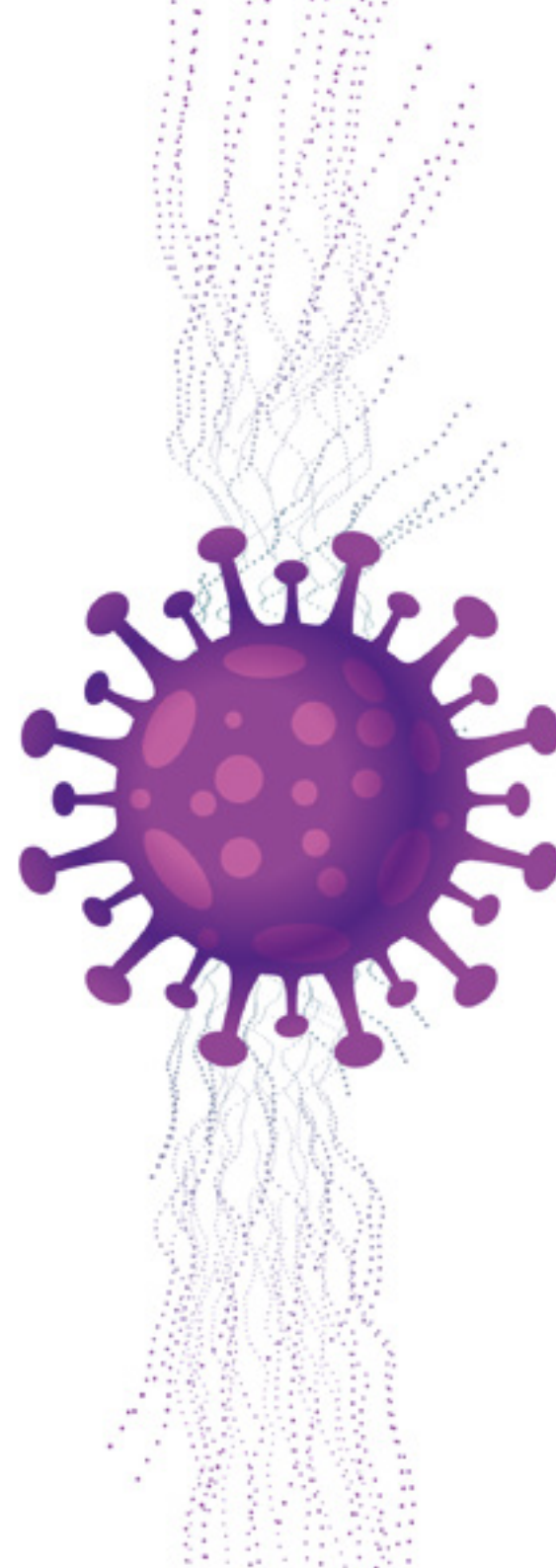


COVID-19: The watershed moment that signals the fast-track acceleration of digitalization

The gradual intensity of digitalization is further accelerated by the COVID-19 pandemic. Over the last years, COVID-19 has become a global crisis, evolving at unprecedented speed and scale. Many consider it to be the ultimate tipping point for the 21st-century. At the same time this pandemic was a wake-up call for companies and Governments alike to prepare a plan to deal with disruption and ensure business continuity. It is also a watershed moment that will signal the fast-track acceleration process for digitalization throughout economies and societies [1].

In more detail, the unprecedented disruption by COVID-19 accelerated the urgency for resilience, agility, innovation, adaptability and transformation. Industry structures and business models are being disrupted - and the digitalization of the economy is accelerated. An estimated 70% of new value created in the economy over the next decade will be based on digitally enabled platform business models [2].

The need for organizations to create more resilient supply chains, combined with greater pressure from Governments and the public to increase national or regional autonomy in productive capacity, especially of essential goods and services, is expected to have a lasting effect on business models and global production networks. Organizations need now more than ever, to leverage technology to be agile and innovative in the face of disruption and to create the new digitally enabled business models for a new normal - post-COVID, purpose driven, sustainable and inclusive.





The rise of Digital MNEs

While traditional organizations' rotation to digital reshuffles international production, it is the emergence of a brand-new group of organizations, the Digital Multinational Enterprises (Digital MNEs), that disrupts end-to-end traditional patterns of production, job creation and asset structure with intangibles accounting for a significantly higher share of their assets.

As also presented in Accenture's study "Digital Greece: The path for Growth" [3] in 2017, Technology and Telecommunication (ICT) organizations are considered to be the "digital multipliers" of the global and national economies.[4] They are the digital frontrunners within economies and are understood to be the "drivers" of their countries' digital transformation, since they are the ones providing digital infrastructure and tools for national digital adoption.

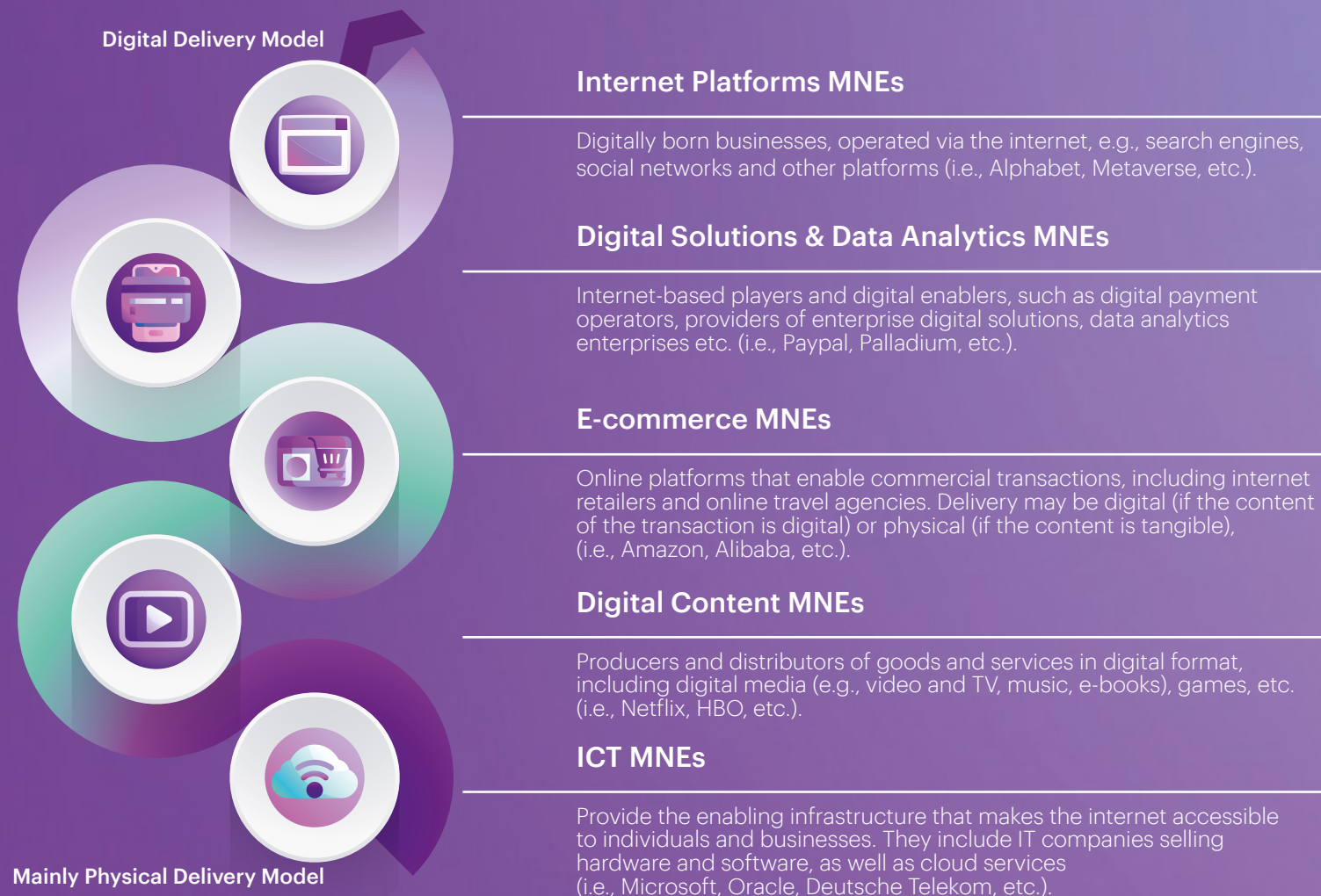
With the rapid growth of digital technologies, the weight and role of these organizations in international production has dramatically increased. The rapid emergence of ICT organizations represents indeed one of the most noteworthy trends of the recent years.

In 2010, the relevance of ICT companies in the top 100 MNE ranking, as compiled by UNCTAD, was limited and represented just above the 10% of all MNEs. By 2015, this percentage almost doubled, reaching approximately 20% of UNCTAD's MNEs. Today ICT organizations consist one of the largest groups in terms of number and market capitalization across various top company lists (i.e., Fortune 2000, Forbes 500, S&P 500) [5].

Relying on the enabling digital infrastructure, a new group of organizations emerged, the digital MNEs. Digital MNEs are primarily driven by innovation and place digital technologies at the epicenter of their business and operating models.

The Digital MNEs ecosystem

Digital MNEs include purely digital businesses (internet platforms and providers of digital solutions) that operate entirely in a digital environment, mixed businesses (e-commerce and digital content) that combine a prominent digital dimension with a physical one and ICT businesses that provide the enabling IT infrastructure to the ecosystem.



Source: UNCTAD classification, Accenture analysis

The importance of these digital firms in the global economy is growing at exponential rates. At the same time, their business models contrary to those of their traditional counterparts, disrupt the international production patterns.

Digital MNEs also break the operational nexus between foreign sales and foreign assets. They reach foreign markets with fewer assets and fewer employees overseas, by facilitating the transmission of a wide range of goods and services in digital form; for example, music, publications and services ranging from architectural design to retail are now delivered globally in digital form. Physical products can be generated for customers in foreign markets by sending digital files to 3D printers located in those markets. Recently UNCTAD [6] stated that purely digital MNEs (including internet platforms and digital solutions) demonstrate the highest gap between low foreign assets and high foreign sales. These companies operate almost entirely in a virtual environment, characterized by limited physical ties with their markets. Tangible foreign assets in foreign markets are often limited to corporate offices and data centers. This light foreign asset footprint of digital MNEs undermines efficiency-seeking and cost arbitrage investment and shifts focus to other types of investment, i.e., knowledge-intensive.

In addition, contrary to “traditional” organizations Digital MNEs have a limited geographical dispersion. The majority of Digital MNEs being established in developed countries, in particular the United States, indicate a tendency to retain most tangible assets at home, resulting in a geographic distribution of subsidiaries that is highly skewed towards companies based in the United States. According to UNCTAD, only 50% of Digital MNEs’ subsidiaries are foreign affiliates, compared with almost 80% of other MNEs. [7]

As a result, the rapid development of Digital MNEs may reverse the “democratization” trend with regards to outward investment (according to which developing countries became increasingly important outward investment recipients) back towards higher investment concentration in a few countries.

The emergence of a new model of foreign investment - the Digital & Innovation FDI

Such transformative effects on international production directly affect the universe of global organizations and their investment decisions, as well as the existing national and international investment policy frameworks that must adapt to the new, digital era. A new type of foreign investment emerges, the Digital & Innovation FDI. This refers to foreign investment focused on innovation and the digital economy and mainly performed by digital MNEs [8].

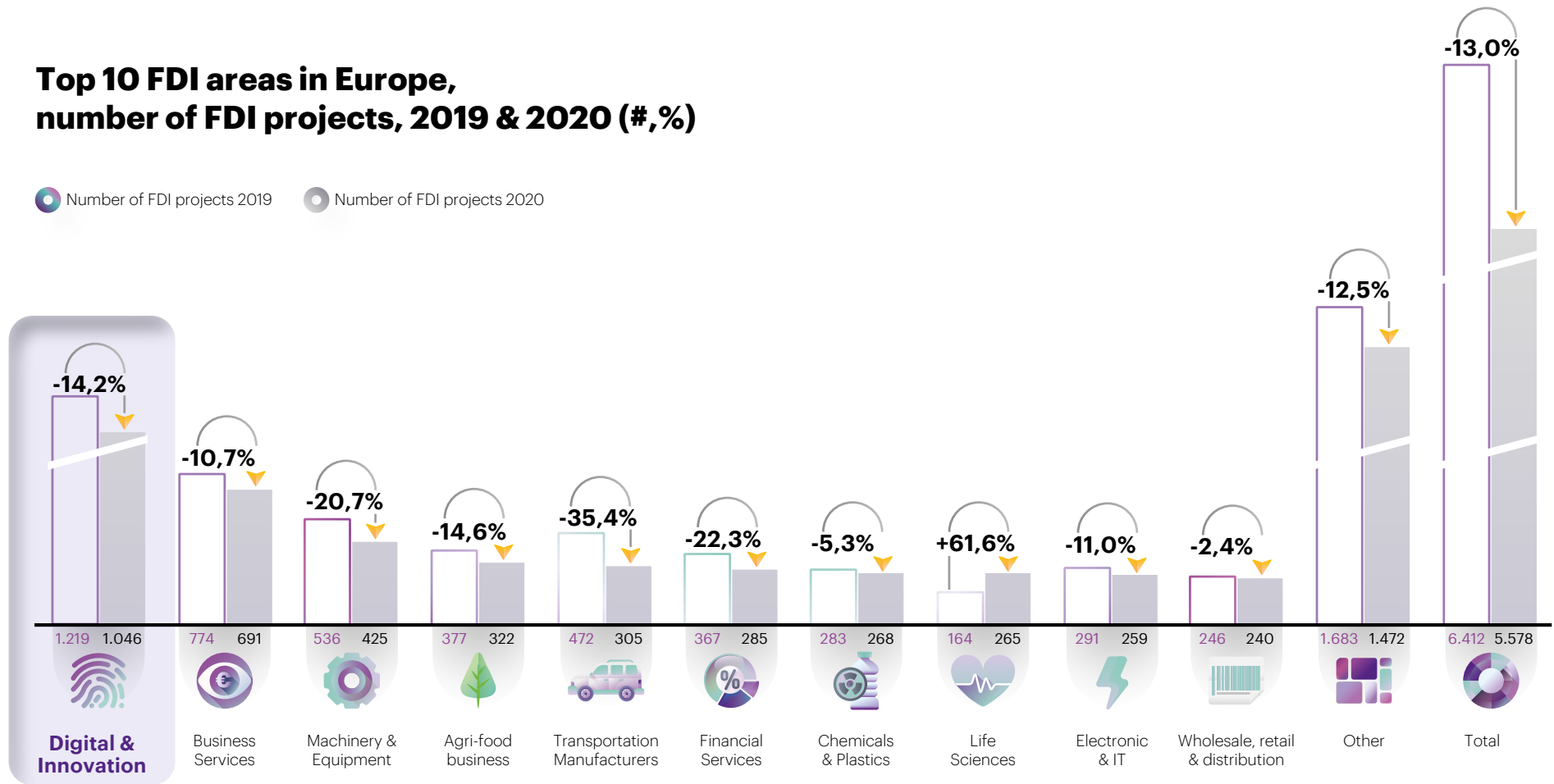
For the purpose of this study, a narrow definition of Digital & Innovation FDI is used, namely foreign, greenfield, technology-intensive investment performed by digital MNEs in a host country, for the setup and operation of units that can act as Competence Centers, R&D centers, Innovation Hubs or even more traditional Delivery Centers.

The rising importance of Digital & Innovation FDI

According to research, Digital & Innovation FDI remained, by some distance, the largest sector attracting foreign investment in Europe in 2020. Nevertheless, the overall number of digital projects decreased in 2020 by 14%, aligned with a wider downward trend of -13% [9].

Top 10 FDI areas in Europe, number of FDI projects, 2019 & 2020 (#,%)

● Number of FDI projects 2019 ● Number of FDI projects 2020

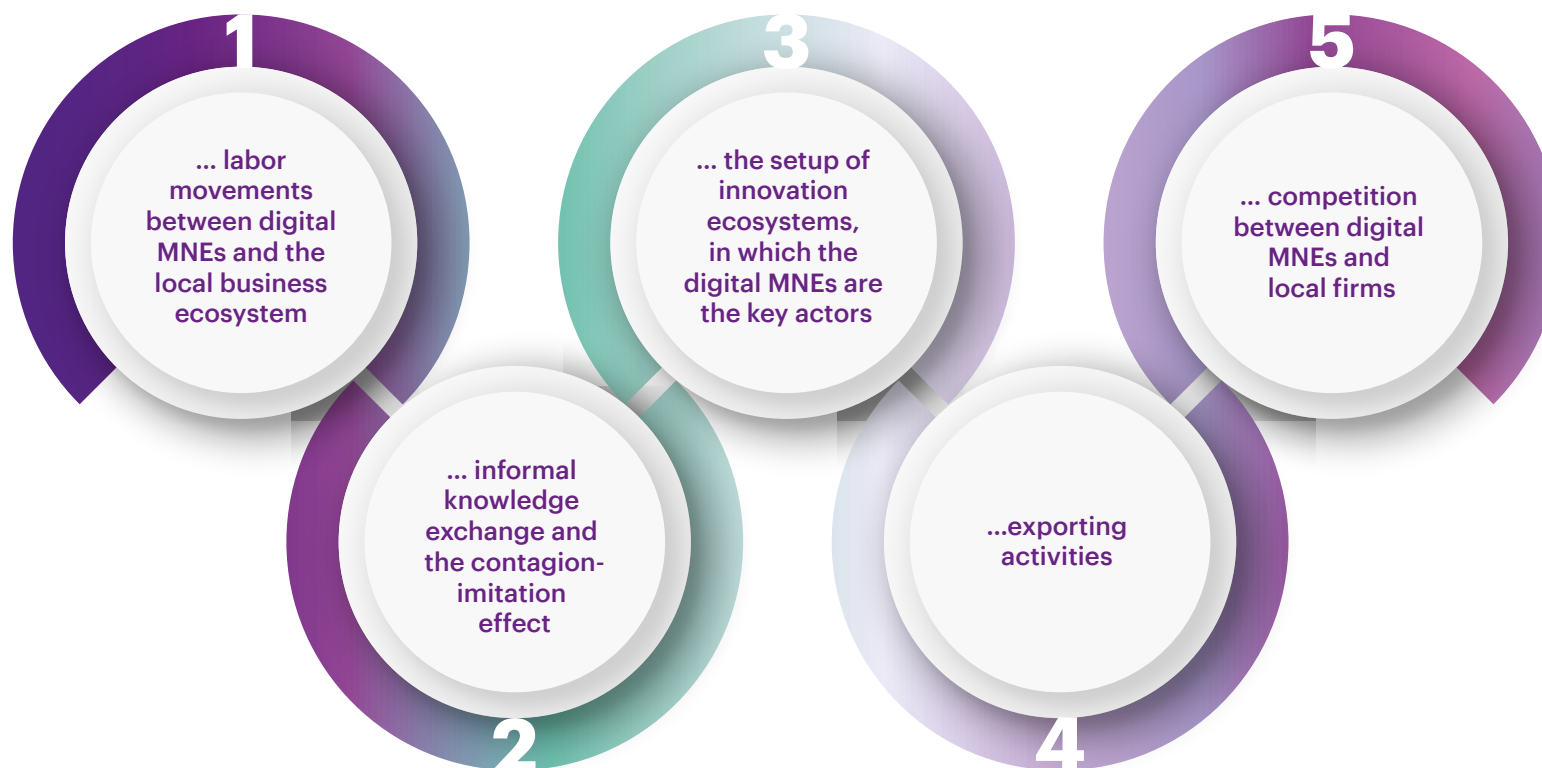


The Digital & Innovation FDI impact

Digital & Innovation FDI inflows are expected to directly benefit the host economies through various channels. Similarly, for traditional MNEs, the investment by digital MNEs can have a direct positive impact on production and job creation in the host country. The setup and operation of a new unit in the host location can stimulate economic activity, expand capital stock, increase production and create new jobs in the host region. The increased production can also stimulate demand for local supply of goods and services, which in turn can have a positive indirect impact on job creation.

Nevertheless, the direct, positive outcomes that stem from Digital & Innovation FDI inflows are only part of the story. Experience suggests that next to the manifested benefits also lies a set of incipient ones, best described as the “spillover benefits”. In fact, Digital & Innovation FDI constitutes a powerful mechanism of international technology and knowledge transfer that can enable host countries to boost their digital adoption, enhance innovation, increase their productivity and integrate more advantageously in global value chains. The “spillover effect” can occur via numerous channels and may accrue for local firms (intra-industry spillovers) or for local firms across other industries (inter-industry spillovers) as presented in the next pages.

Spillover Benefits via...



The Digital & Innovation FDI spillover benefits

1

Labor Movement

The most obvious channel through which knowledge can “spill over” from foreign to local firms is via labour movements between them. Digital MNEs, usually demonstrating a high level of digitalization, hire and train highly skilled, digitally savvy employees. Therefore, when local firms hire former employees of digital MNEs, they benefit from the knowledge, the technical know-how, and the managerial and soft skills that these employees have built up from their former positions.

2

Information Knowledge Exchange

Local firms can benefit from digital MNEs via less tangible channels, such as informal knowledge exchanges or via the contagion-imitation effect. [10] When digital MNEs enter a local market, they directly testify their increased productivity and efficiency through the demonstration of their advanced, digital business and operating models. This can trigger local firms to imitate their foreign affiliates and accelerate their adoption of new digital technologies. This in turn, will yield significant financial and non-financial benefits for the latter.

3

Innovation Ecosystem

Inter-industry productivity and knowledge spillovers also arise via the innovation ecosystems, in which the digital MNEs are the key actors, and the vertical linkages that the latter create with their local customers and suppliers. Numerous case studies confirm this and show that foreign firms often provide technical assistance to their suppliers and assist with, for example, the organization of the latter's production processes and quality control. [11] Digital MNEs may also impact productivity and digitalization levels among local firms in downstream industries (i.e., firms purchasing inputs from the digital MNE) positively, by being a source of new or improved intermediate digital inputs, possibly accompanied by complementary digital services. [12]

4

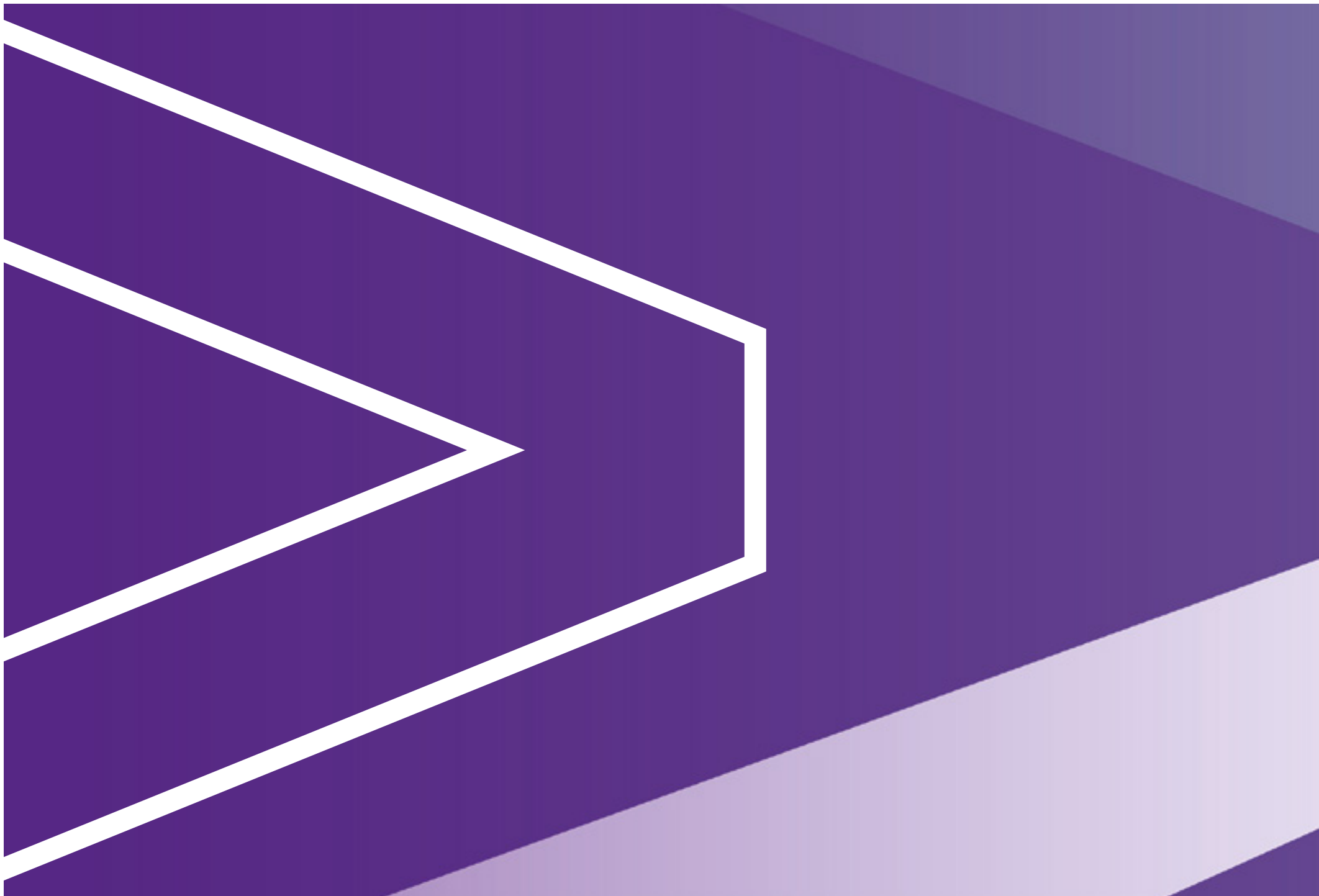
Exporting Activities

Productivity gains through knowledge transfer may also arise indirectly through exports. The knowledge that digital MNEs hold about foreign markets (e.g., knowledge regarding consumer tastes, international standards, distribution channels, etc.) and their potential network of affiliates across multiple markets can help local firms, which are part of this digital MNEs' international ecosystem, get a foothold on export markets and increase their international competitiveness. [13]

5

Competition

Productivity spillovers can also arise via competition between digital MNEs and local firms. The entry of a digital MNE forces competing firms in the local market to use their resources more efficiently or to adopt new technologies. This in turn, can result in productivity increases among local competitors. [14]





In the digital era, a pressing question is born: Which are the determinants, that countries should focus to attract Digital & Innovation FDI and is there a “secret sauce” for creating a digital-friendly investment environment?

We believe that the need to influence a country’s ability to attract Digital & Innovation FDI is no longer a luxury but an essential component for its economic transformation.





The “engines & fuel tanks” for Digital & Innovation FDI

Introduction

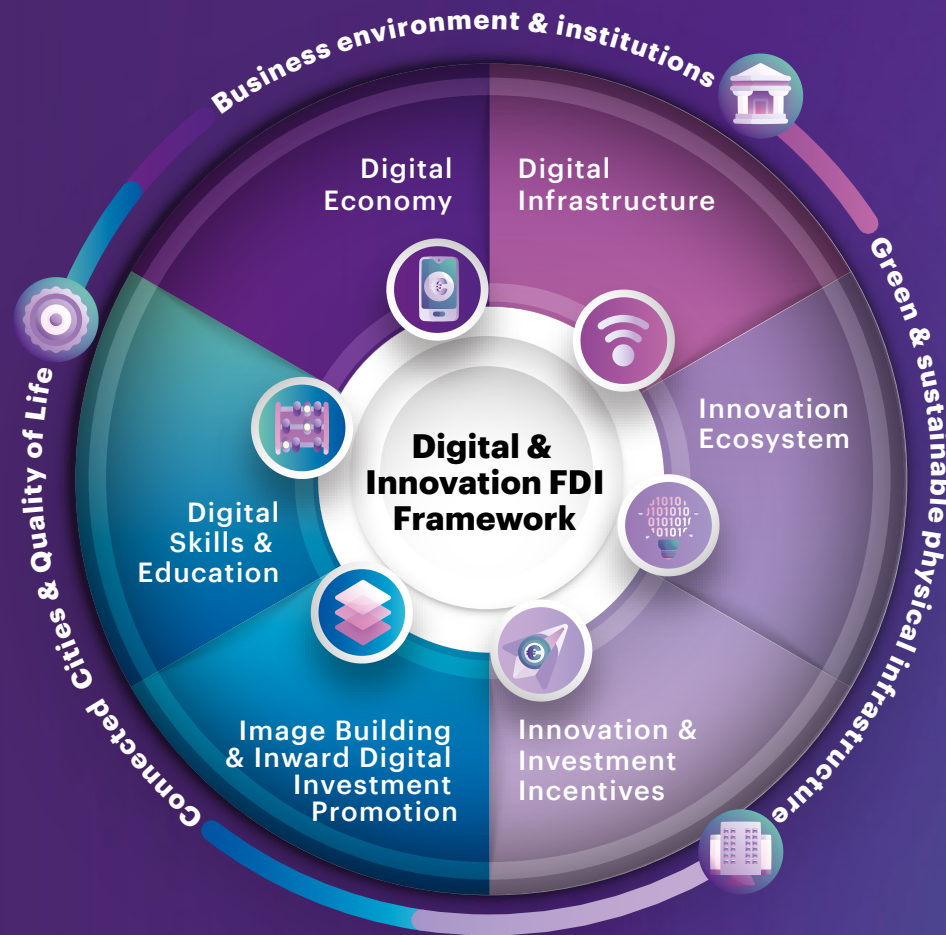
Just like traditional businesses, digital MNEs invest abroad to be close to customers, access local knowledge and open new markets. Yet, digital MNEs have business models that vary from traditional bricks-and-mortar businesses. They primarily rely on skills, data and technology, often involve platform economies and leverage non-traditional, “liquid” assets. Therefore, attracting Digital & Innovation FDI may require countries to refocus on new, digital, innovation-related determinants to supplement, or replace more “traditional” ones, that will “gear up” their attractiveness for this new type of investment.

Accenture research and global bibliography indicate that the location of Digital & Innovation FDI is driven by six interconnected sets of interventions. We call these the six Digital & Innovation FDI “engines”, powered by three “fuel tanks”.

During the last years, Greece’s progress across all “engines” and “fuel tanks” has been remarkable. Major national structural and digital developments combined with a strong commitment by the higher echelons of the Greek Government have already started to surface results. To maintain the investment momentum, however, Greece must not “take its foot off the gas”.

The Digital & Innovation FDI Framework

We organize the “engines” and “fuel tanks” in the “Digital & Innovation FDI” framework. Each of them is then presented further down the chapter. For each of those, we get inspired by what frontrunners have already achieved, we discuss Greece’s key achievements to date and highlight challenges to be addressed.



* The wider macroeconomic and geopolitical context whilst included into sub-components of the FDI framework, is not directly incorporated in the analysis

Defining the “engines” & “fuel tanks”

← The “Engines” → ← The “Fuel tanks” →

Digital Skills & Education

Provide world-class digitally skilled human capital through strengthening the pipeline from its source, reskilling the existing workforce and transforming the brain drain into brain circulation

Innovation System

Establish a local, strong innovation network between business, academia & Government to promote collaboration and attract new technology and research-intensive investment.

Business Environment & Political Institutions

Introduce a favorable, business and digital and innovation-friendly environment with reduced bureaucracy in a country with robust and stable political institutions

Digital Economy

Increase digital adoption across the economy and Public Sector to facilitate Digital MNEs integration in the host economy and support the creation of vertical linkages between them and the local business ecosystem

Innovation & Investment Incentives

Provide fiscal and financial incentives to enhance innovation, employment and new investments

Physical Infrastructure

Design & implement a “greener”, sustainable physical infrastructure to bridge the host country with the rest of the world

Digital Infrastructure

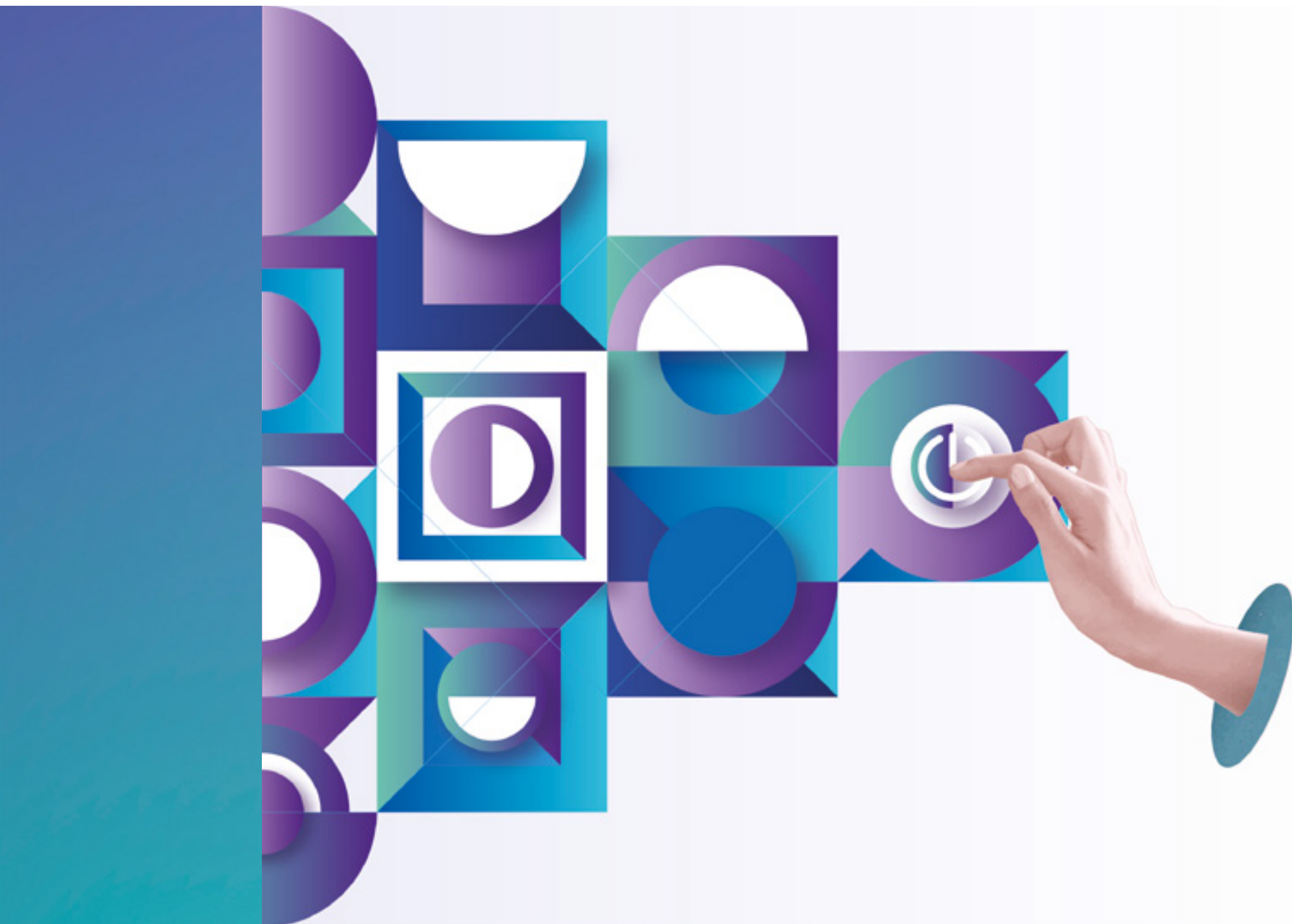
Set up a robust, reliable, up-to-date digital infrastructure that will consist the “lifeblood” of Digital MNEs’ operating and delivery models

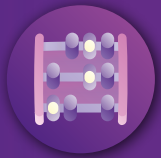
Image Building & Inward Digital Investment Promotion

Branding and promoting the country as a digital & innovation destination and provide tailored services to foreign investors for this type of investment before, during and after the actual investment process

Connected Cities & Quality of Life

Provide a high quality of life in the cities to influence expats’ decision to relocate





Digital Skills & Education - Global State of Play

Introduction

The level of skills in the population of the host economy – a nation's human capital – is a key determinant for the attraction of “traditional” FDI in the country. In fact, multinational enterprises were always in need for highly- skilled employees. Nevertheless, the attraction of Digital MNEs in the host country has now transformed this determinant from yet another important one, to an absolute prerequisite for the host country. The availability of world-class digitally skilled workforce sits at the epicenter of Digital MNEs and consists the most valuable capital of their “light-asset” structures.



What have the frontrunners done?

In **Finland**, the Ministry of Education boosted the learning of science, mathematics and technology in schools through the €5 million it provided in support to the LUMA-SUOMI programme 2013-2019. The national LUMA centre is an umbrella organization coordinated by the University of Helsinki, boosting cooperation between schools, universities and business. The objective is to motivate children to study STEM by promoting the latest pedagogical methods. [1]

In **Portugal** the “Code for all” training provides bootcamps for unemployed youth that last 14 weeks (650+ hours), after which participants are able to find employment in the IT sector. Additionally, there is a platform for children that serves as an introduction into programming languages and provides them with basic programming skills. [2]

The **Netherlands** offers a “Highly Skilled Migrant Visa” while **Lithuania** offers EU Blue Card for Tech specialists, which allows companies to bring highly qualified expats to their homeland operations. [3],[4]

In June 2018, the **Hong Kong** Government unveiled its technology talent admission scheme, which aims to attract overseas technology talent in areas such as biotechnology, artificial intelligence, cybersecurity and robotics. In addition, the HK\$500 million (\$63.88 million) technology talent scheme was launched to train and pool technology staff, to provide studentships for local students admitted to research postgraduate programmes and to subsidize local enterprises on a matching basis for training their staff in advanced manufacturing technologies. [5]



Digital Skills & Education - Greece's State of Play

Key Indexes

37th

(out of 63 countries) on the IMD
World Talent Ranking 2020, 3
positions higher than 2019 [6]

11th

highest tertiary enrolment rate
among OECD countries [7]

17,2%

of graduates in STEM, 2pp lower than
the EU average [8]



“Speedbumps”

- According to PISA 2018, students in Greece scored significantly lower than the OECD average in reading, mathematics and science. The mean performance across all three areas is steadily declining since 2009. [9]
- Despite the high percentage of tertiary enrolment, the employment rate of Greek adults with tertiary attainment (76%) is the lowest across OECD countries. [10]
- Zooming into the digital adoption across the Greek society, Greece is suboptimally positioned across its EU counterparts according to the DESI Index 2021 (26th out of 27 countries). [11]
- The number of Greek companies that provided ICT training to their employees in 2020 (12%) was well below the EU average (20%). [12]

“Accelerators”

- In February 2020, the Greek Government relaunched the **Greek National Coalition for digital skills and jobs** (established in 2018) under the Coordination of the Ministry of Digital Governance to attract additional partners and build the synergies needed to address the digital skills gaps. In March 2021, the National Coalition launched «Elements of AI» training program for the wider public, while in April 2021 the Coalition announced OAED’s collaboration with Amazon Web Services and Cisco for the provision of cloud and cybersecurity training courses respectively to unemployed workforce. [13]
- In 2020, the Ministry of Digital Governance launched the **“Digital Academy” platform**. Digital Academy will act as the platform that will interconnect all digital skills initiatives, will enable collaboration between the various bodies that provide ICT training and certification, will eliminate overlaps and replications, will provide global expertise and best practices and will enable international collaboration. [14]
- Launched in April 2019 by the Ministry of Labour and Social Affairs, the **“ReBrain Greece”** initiative aims to tackle the brain drain and to accelerate the transition of the Greek labour market to the digital age by designing data-driven policies based on the Labour Market Diagnosis Mechanism. [15]
- In January 2020, the Education Minister Niki Kerameus unveiled plans to **attract foreign students to study at Greece’s universities**. The minister told the Financial Times that she hopes that between 40,000 to 50,000 foreign students will be enrolled in English- language courses by 2024. The initiative would see new university courses made available in English, increasing revenues through tuition fees, while also benefiting Greeks who want to deepen their language skills.[16]



Digital Economy - Global State of Play

Introduction

While Digital & Innovation FDI can be exploited as a vehicle to increase the digital adoption of the host country, at the same time the existence of a digitally mature host economy, as well as a digital-friendly Government can significantly contribute towards a more attractive investment climate for Digital MNEs. In fact, the complementarities between Digital & Innovation FDI and the digital maturity of the host economy can create a «virtuous circle». A digitally mature economy will indicate to Digital MNEs the existence of an advanced local business ecosystem that has seamlessly incorporated new technologies in its modus operandi and can support the creation of vertical linkages with the MNEs. In addition, the provision of transparent, simpler, faster and more user-centric digital services will increase the Digital MNEs' engagement, trust, transparency and efficiency in dealing with the host Public Administration.



What have the frontrunners done?

Germany was one of the first European countries to recognize the significance of Industry 4.0 as the country's driver for growth in the upcoming years. In fact, Germany's decision to invest in its industrial growth and digitalization is only logical, since it constitutes a global industrial powerhouse, ranking only 4th behind the USA, China and Japan.[1]

The **Spanish** "CI4.0 Programme of Financing for the Connected Industry 4.0" funding scheme seeks to support projects that promote the digital transformation of industrial companies, thus complementing business efforts aimed to achieve their evolution into the digital economy. In particular, this action aims to support the incorporation of knowledge, technologies and innovations aimed at the digitalization of processes and the creation of technologically advanced products and services with higher added value in Spanish companies.[2]

X-Road is the backbone of **e-Estonia**, allowing the nation's various public and private sector e-Service databases to link up and function in harmony. X-Road was introduced in 1999 and has seen significant growth in adoption and service development since then. Today, X-Road is also implemented in Finland, Azerbaijan, Namibia and Faroe Islands. [3]

Singapore has implemented an AI strategy to improve its innovation capabilities. As it ramps up 5G deployment to cover half the island in the coming years, Singapore's latest AI strategy includes all the key ingredients for it to become a leading AI cluster. It has prioritized AI initiatives in five national projects: logistics, housing, healthcare, education, and security. In addition to a regulatory framework for overseeing data protection, ethics in AI, and capital investment for start-ups, the government is training 25,000 professionals in AI basics.[4]



Digital Economy - Greece's State of Play

Key Indexes

22nd

(out of 27 EU countries) on the DESI Index 2021, across the "Integration of Digital Technology by businesses" dimension [5]

42nd

Out of 193 UN countries on the e-Government Development Index for 2020 [6]

12%

of Greek enterprises (compared with 13% of the EU) analyze internally Big Data.[7]



“Speedbumps”

- The Greek economy has only taken nascent steps with regards to the adoption of key technologies. In terms of the adoption of cloud computing technologies, Greece's enterprises show low rates of adoption, with only 17% of enterprises making use of the technology, half the EU average of 36%. [8] Greek enterprises have also been moderately slow in their design and implementation of an ICT security plan and respective training schedule for their employees, with just 10% of them reviewing and updating their ICT Security plan within the last 12 months (EU average 24%) and 10% of them delivering mandatory ICT security training to their employees (EU average 20%). [9]
- Despite significant efforts over the last months, the Greek Public Sector has significant room to meet the EU average with regards to the provision of digital public services. On the DESI Index 2021, Greece scored second from last (26th out of 27 countries) on the Digital Public Services dimension. [10]

“Accelerators”

- In December 2020 the Ministry of Digital Governance published the **Bible of Digital Transformation** that presents a holistic digital strategy for Greece and suggests a set of horizontal and vertical initiatives (covering 17 different sectors of the Greek economy). At the same time, the Ministry also launched a revamped national cybersecurity and AI strategy. [11], [12]
- In 2020, the Ministry of Digital Governance launched **“Gov.gr”**, that consists the one-stop shop for all G2C and G2B digital services provided by the Greek Government. Gov.gr currently consolidates and offers more than 1000 digital G2C/G2B services. [13]
- In December 2020, the Greek Ministry of Development and Investments published the **Greek Industry 4.0 Strategy**, that aims to set the guiding principles for the Greek Industry's digitalization. [14]
- A **dedicated fund for the digitalization** of the Greek economy and society has been secured through the new NSRF (ESPA) and the RRF pools of funds. In more detail, the new NSRF 2021-2027 plans to support the country's digitalization through its first pillar (Digital Transition) (€ 4 billion.). 20% of the **RRF funds** (~€7 billion) will be also dedicated to digitalization. [15]
- The launch of the **digital cadastral registry** enables the digitalization of land data, the provision of new digital services through gov.gr, extends the right of access to the cadastral database to different engineering specialties and digitizes existing archives. [16]
- In July 2021 the Greek Government launched **the “Covid Free GR” application** that verifies the validity of the vaccination or disease certificate for citizens' access to indoor catering and entertainment venues. [17]



Digital Infrastructure - Global State of Play

Introduction

In the new digital era, connectivity has become a ubiquitous utility, and the rotation to digital is impossible without it. Apart from a key enabler for a country's digital transformation, a robust and reliable digital infrastructure is key for the attraction of Digital & Innovation FDI. Similarly to the importance that a country's physical infrastructure has for "traditional" FDI, digital infrastructure is a necessity for Digital MNEs, since connectivity is the "lifeblood" for their business and operating models.



What have the frontrunners done?

According to the DESI Index 2021, **Denmark** is the leader in the connectivity dimension, improving its score at a pace faster than the EU average. Denmark's average 4G and fixed very high-capacity network coverage, mobile broadband take-up and 5G readiness are among the best in the EU. In fact, 50% of Danish municipalities currently work with smart city technology.[1]

With regards to mobile broadband take-up in the **Nordic countries**, **Estonia** and **Luxembourg** national penetration rates vary from 80% to 90%, while Italy demonstrates the lowest rate (49%). Most mobile broadband subscriptions are used on smartphones rather than on tablets or notebooks.[2]

The 'Broadband Strategy - A Completely Connected Sweden by 2025' was presented in **Sweden** in 2017. Its main objective in the short term (by 2023) focuses on achieving broadband access for 95% of Swedish homes and workplaces with a minimum capacity of 100 mbit/s by 2020. In addition, its 2025 objective focuses on providing access to high-speed broadband and reliable and high-quality mobile services across the country.[3]

In August 2020, in the **UK**, Hewlett Packard Enterprise (HPE) signed a Memorandum of Understanding (MOU) with UK Crown Commercial Service (CCS) to enhance the cloud experience for the UK citizens. This MoU was signed as part of the One Government Cloud Strategy, launched in 2020, that acknowledges that public sector cloud strategies should necessarily include public, hybrid and multi-cloud solutions. [4]



Digital Infrastructure - Greece's State of Play

Key Indexes

27th

(out of 27 countries) on the DESI Index 2021, across the "Connectivity" dimension [5]

49th

(out of 63 countries) on the IMD World Digital Competitiveness Index 2020 across the Technology Capital dimension [6]

11th

(out of 63 countries) on the IMD World Digital Competitiveness Index 2020 across the Investment in Telco's index [7]



“Speedbumps”

- According to the DESI Index 2021, Greece has made some progress with regards to the implementation of a reliable digital infrastructure; nevertheless, the faster progress of Greece’s EU counterparts in this area has left the country “locked” at the last position on the “Connectivity” curve.[8]
- In 2021, Greece’s fixed broadband take-up progressed, albeit at a slow pace reaching 77 % (EU average was also 77 %). The country’s broadband penetration of at least 100 Mbps has also slightly increased from 1% in 2020 to 3% in 2021. Nevertheless, this remains significantly below the EU average of 34%. [9]
- Moreover, the country has initiated the deployment of very high-capacity networks and its fixed very high-capacity network coverage reached 10% from 0% two years before, still however far below the EU average of 59%. [10]

“Accelerators”

- The Greek Government has announced that it will adopt a **cloud first strategy** and plans to move all its infrastructure to the cloud in the following years. Towards this direction, the implementation and support of the **second generation of Government computing** cloud (2nd generation G-Cloud) is on track. Most IT systems and/or applications will be installed to provide new advanced digital services at the level of Infrastructure as a Service (IaaS), and Platform as a Service (PaaS).[11]
- The **multi-band 5G auction** ended on December 16, 2020 raising €372,3 million. The three Greek MNOs (Cosmote, Vodafone and Wind) got spectrum in all bands for sale (700 MHz, 2 GHz, 3,4-3,8 GHz and 26 GHz). Vodafone spent the most with €130,2 million and the same number of lots than Cosmote that paid €123 million. Wind Hellas outlaid €119,1 million.[12]
- In 2021, the Greek Government launched a mutual fund for business holdings, named **Faistos**, for the implementation of investments in companies active in the research and development of 5G applications and services. The Faistos fund capital will derive from 25% of the state revenues - initially at €367 million - from the 5G license auction.[13]
- Greece’s launched one of the largest PPP projects in the country’s history to further develop its digital infrastructure. The project, dubbed the **Ultrafast Broadband (UFBB) action**, entails a budget of €700 million, with €300 million deriving from European Union funding. The project aims at the development of an extensive network of high-speed broadband infrastructure, capable of providing an internet connection of at least 100 Mbps and the ability to upgrade to 1 Gbps to target coverage of approximately 2.400.000 citizens. [14]



Innovation Ecosystem - Global State of Play

Introduction

International literature [1],[2] and empirical evidence suggest that another important determinant for attracting digital and innovation-intensive foreign investment in a host economy is the availability of world-class research infrastructure and the existence of a local, strong innovation network to promote collaboration between “knowledge producing and diffusing organizations”. Digitally advanced countries position innovation at the heart of their digital transformation agendas. In fact, the digital innovation is also highlighted as one of the key pillars of the European Commission’s “Digitizing European Industry initiative” (DEI), launched in 2016.[3]



What have the frontrunners done?

Lithuania is home to Vilnius Tech Park - The biggest ICT start-up hub in the Baltic and Nordic countries, as well as a blockchain center to promote blockchain start-ups.[4]

The Wroclaw Academic Hub is **Poland's** first initiative between the local Government, academia and Polish businesses. It was established with the aim of cultivating the development of science and university education in Wroclaw in co-operation with the local economy. The hub coordinates the Mozart Programme, the goal of which is to support the Wroclaw job market by connecting local business to researchers and their intellectual potential. [5]

Lyon, **France** embodies the "triple-helix"¹ approach to FDI, with an impressive network of 36 higher educational institutions keen to participate in start-ups. It also involves the public sector through initiatives like the Public Investment Bank, which supports the finance of research projects. The scale of Lyon's approach showcases the city's success; more than 1000 start-ups can work with over 300 corporates and over 150 investors in the region.[6]

UK has launched the Industrial Strategy Challenge Fund to address the big societal challenges being faced by UK businesses today. It is made up of 23 challenges, covering the four themes of the government's industrial strategy: clean growth, ageing society, future of mobility, artificial intelligence and data economy. The fund is backed by £2.6 billion of public money, with £3 billion in matched funding from the private sector. The challenges will be defined by a consortium of academics & researchers, Industry representatives and the British Government. [7]

1. The triple helix approach refers to a set of interactions between academia (the university), industry and government, to foster economic and social development



Innovation Ecosystem - Greece's State of Play

Key Indexes

20th

(out of 27 countries) on the European
Innovation Scorecard for 2021 [8]

41%

Increase in Greece's innovation
performance since 2014 (amongst
the highest increases in Europe) [9]

58%

the growing rate of Greece's overall
R&D in FTE units from 2011 to 2019
(compared to 29% EU average) [10]



“Speedbumps”

- With regards to Research & Development (R&D) intensity, defined as the gross domestic spending on R&D as a percentage of GDP, Greece ranked significantly below its EU peers, at 1,28% in 2019, compared to an EU average of 2,12% in the same year.[11]
- The overall technological development remains also low, as this is reflected in the very low number of Greek patents compared with other countries. While the EU-28 average was 147 patents per million inhabitants in 2020, Greece reported 13 patent applications. [12]
- R&D appears disassociated with applied research & industry implementation. Contrary to the EU average, where the business sector appears highly involved in R&D (55% of R&D FTE), the Greek R&D remains primarily theoretical (vs. applied) and is mainly concentrated in the higher education sector (52% of R&D FTE).[13]

“Accelerators”

- Greece is home to a **burgeoning start-up** scene. In 2019, Greek start-ups raised funding of approx. €147 million. Greek start-ups made **acquisition deals** with some of the largest technology companies in the world: Samsung acquired Innoetics, a Greek start-up that developed text-to-speech and voice-to-speech technology and Daimler acquired Taxibeat. In May 2020 Microsoft acquired Softomotive, a software robotic automation platform, while Applied Material acquired Think Silicon, a start-up that specializes in the design and development of high-performance graphics processing units (GPUs). [14]
- In 2020, the Greek Government launched **“Elevate Greece”**, Greece’s national start-up registry. Elevate Greece intends to identify promising start-ups and support their growth nurturing a robust innovation ecosystem. Registered entities will be also able to apply for €60 million in funding for working capital in the form of non-repayable grants. [15]
- In September 2020, the **U.S.-Greece Science and Technology Agreement (STA)** was signed by U.S. Secretary of State Michael R. Pompeo and Greece’s Minister of Development and Investments Adonis Georgiadis. The new STA)paves the way for closer science and technology ties between the United States and Greece. [16]
- A Mega Project concerning the establishment of an **International Technology Center in Thessaloniki “Thess-INTEC”**, focused on innovative partnerships between research and industrial actors of the region and the world, is under development by the Thessaloniki Technology Park. The aim of the Center is to open its doors in 2023. [17]
- In 2020, the Ministry of Development and Investments announced the creation of a **large Innovation Center in Athens**, that will be named **“Politeia”**, aiming to gather under one roof Research Centers, start-ups but also R&D departments of big enterprises. The center will be developed through Public-Private Partnership (PPP) with a total budget of €60 million covering the phases of study, financing, construction, operation and exploitation of the whole project for 30 years. [18]



Innovation & Investment Incentives - Global State of Play

Introduction

The dominant rationale suggests that the provision of incentives on its own can be an effective means for fostering inward private investment. However, both global bibliography and empirical evidence suggests otherwise. According to research by the World Bank, such incentives when applied on their own, usually have only limited effects on investments. For the countries to reap the full benefits, they must also dedicate significant effort to improve their overall investment climate and business environment. In addition, according to multiple investors' surveys, the provision of investment incentives can positively influence investors' decision to invest in a specific location. Nevertheless, investment incentives never scored among top three factors driving location decisions. [1]



What have the frontrunners done?

To develop **Singapore** as an e-commerce hub, well-established e-commerce companies are eligible for a reduced tax rate of 10% for a period of five years on the income derived from e-commerce transactions with parties outside Singapore. [2]

Israel provides capital incentives and tax benefits, specified under the «Law for the Encouragement of Capital Investment». Although tax benefits are provided to a wide set of enterprises, specific and more attractive tax benefits are provided to foreign technology enterprises that wish to invest in Israel (i.e., companies tax rate: 6% (against the overall rate 23%), dividend tax rate: 20% (against the overall rate 25%, etc.). [3]

In **Cyprus**, the standard corporate tax rate is 12.5%, one of the lowest levels in the EU. Tech companies producing Intellectual Property (IP) can apply for an 80% tax exemption, reducing the corporate tax rate to an effective 2.5%. In addition, no tax is imposed on dividends and interest for non-domiciled individuals. A persona who was not previously resident in Cyprus has a 50% tax exemption on income from employment in Cyprus. The exemption applies for ten years, provided that the income from employment in Cyprus exceeds €100,000 per annum. [4]

In **Poland**, employees creating new programs or apps may take a 50% tax deductible expense meaning that only half of their income will be subject to taxation. It is significant reduction used widely by software developers to attract specialist with higher net earnings while mitigating gross employment costs. [5] In **Romania**, there is a specific salary tax exemption applicable to employees specialized in software development and Romanian companies operating in the IT field. [6].



Innovation & Investment Incentives - Greece's State of Play

The Greek Non-Dom Tax Regime

In February 2020, the Greek Ministry of Finance introduced the non-domicile procedure, the procedure which should be followed by individuals who wish to transfer their tax residence in Greece under the provisions of the favorable Non-Dom tax regime, which was introduced for the first time in Greece by Law 4646/2019. [7]

Besides this, in February 2021, Greece introduced a new framework for the attraction and relocation of family offices (with an annual expenditure of over €1 million) in Greece through the provision of a favorable tax regime [8]



“Speedbumps”

- Although Greece provides a set of fiscal and financial incentives for R&D, investments and employment, in terms of targeting, incentives have a strong regional and firm size (i.e., SMEs) focus, without specifically targeting Digital & Innovation FDI.
- The incentives are enacted through a convoluted and overlapping set of national laws and decrees; this significantly increases the complexity for foreign investors.

“Accelerators”

Greece already provides a set of innovation, investment and relocation tax incentives to increase its attractiveness as an investment and employment destination. A non-exhaustive list is presented below:

- **R&D tax super deduction and accelerated depreciation:** Operating expenses related to R&D activities (i.e., wage costs, contractual research, etc.) qualify for a 200% super tax deduction. [9]
- The **patent box regime** provides a three-year tax deferral for profits derived from products/services protected by an international patent owned by the taxpayer. [10]
- **Pharmaceutical claw backs** can be reduced by offsetting R&D expenses and investment costs for the development of pharmaceutical products, services, or production lines. Maximum reduction percentage is 100% depending on available budget. [11]
- **Law 4608/2019 for strategic investments:** The law introduces a series of provisions to attract significant investments in strategic sectors of the Greek economy by providing the possibility of granting different types of incentives, also in the form of financial assistance. Qualifying projects can be benefited by accelerated licensing and permits, special spatial provisions, special tax rules, subsidies for new hires wages, grants for R&D, and 10-year EU residence permits. [12]
- For individual investors, the country’s **Golden Visa programme** offers residency permits in exchange for a €250,000 investment. [13]
- **Corporate officials and freelance professionals who relocate to Greece** from 2021 onwards have 50% of their income exempted from taxation for the first seven years.[14]
- According to article 70A of the Greek Income Tax Code (L.4172/2013) **business angels can benefit from a 50% tax cut** with respect to the amount they have invested. This is limited to €100,000 per company, and up to three companies per year, for a total €300,000 per annum.[15]
- Greece transforms to one of the most attractive destinations for **international film and television crews**. The country’s cash rebate was upped from 35% to 40%, which has proved hugely popular thanks to the low minimum eligible Greek spend. In addition, the Government provides a 30% tax credit which kicked off in January 2021 and can be used in combination with the rebate as long as the amount doesn’t exceed 50% of a project’s total production spend.[16]



Image Building & Inward Digital Investment Promotion - Global State of Play

Introduction

Our analysis has indicated a range of digital and innovation-based initiatives that countries undertake to increase their attractiveness as host locations for foreign direct investment. Countries' efforts however, include not only the use of incentives to improve their investment climate, but also targeted branding strategies and marketing techniques. The goal of these strategies and techniques is to inform prospective investors about a country's potential as an investment site, to create a positive "Country-of-Origin" effect and to persuade them to set up operations in that country. Branding and promotion activities are mainly undertaken by countries' Investment Promotion Agencies (IPAs). IPAs provide a range of services to foreign investors that predate the investment (pre-investment services), support the process (implementation services), and very often extend to cover "after-care" services.



What have the frontrunners done?

Several countries around the world have designed marketing strategies and campaigns to position themselves in the minds of investors as locations for digital and innovation-intensive investment (please refer to page 55 for further information)

To deconstruct prejudice, Paris Region Enterprises in **France** launched a new digital promotion campaign, the “You think...” campaign, intended to challenge any negative preconceptions business leaders, decision makers and investors may have had about doing business in France. The campaign ran in the UK, the US, China and South Korea in native languages.[1]

Lithuania's Go Vilnius, was awarded by FDI Intelligence as the best IPA in 2019. The organization has a three-point strategy for attracting investors: First, it provides direct support for international companies looking for qualified foreign talent through its online relocation guide, ‘Welcome to Vilnius’ workshops and direct individual consultations. Second, it keeps in regular contact with investors to assess their situation and collect feedback on potential areas for improvement through meetings, an annual investor survey and ad hoc problem solving. Third, it takes an industry-specific approach in aftercare initiatives, not only working with individual companies, but also reaching out to specific sectors. [2]

Invest Hong Kong offers a range of facilitation services for its expat clients, from visa applications, opening bank accounts, to finding spaces in international schools for their expatriate children, and identifying ways of finding the right staff through universities and recruitment agencies. [3]



Image Building & Inward Digital Investment Promotion - Greece's State of Play

Key Indexes

23rd

(out of 51 countries) in attracting FDI according to EY's Competitiveness Survey 2021. [4]

46th

(out of 149 countries) on the Good Country Index for 2020 [5]

9th

on the Top 10 of Monocle's Soft Power Survey 2020 [6]



“Speedbumps”

- Greece is recovering from a prolonged, decade-long fiscal crisis, which exerted a negative imprint on the image of the country as an investment destination and has led to unfavorable credit ratings.
- Greece’s “country-of-origin” effect leads to positive associations between the country image and the country’s top sectors like tourism and agriculture. At the same time, Greece is not associated with the perception of a destination for digital investment.

“Accelerators”

- The change of the Greek Government, as an outcome of the 2019 legislative elections, **the business-friendly reforms** that this Government has undertaken and its **swift and effective management of the Covid-19 pandemic**, contrary to other countries worldwide, has led Greece to win global praise for its handling of the virus and to nurture a revival of national confidence after years of painful economic austerity.
- In January 2021, Greece’s Prime Minister Kyriakos Mitsotakis was the first to call on the European Commission to introduce a common across EU, digital **Coronavirus vaccination certificate** to facilitate travel between the bloc. The idea has been picked up by the Commission and has been fully implemented as of July 01 across the EU. [7]
- The Greek Government undertook a set of steps for repositioning the image of the country (**Repositioning Greece**) abroad and shifting the global opinion for the country. In 2019, the Prime Minister appointed Mr. Steve Vranakis as the Chief Creative Officer (CCO) of the Greek Government, responsible for the country’s repositioning. Mr. Vranakis together with his team in the Greek IPA, Enterprise Greece, designed and delivered the new strategy, communication narrative and application guide for repositioning the image of the country. [8]
- In December 2020, the British magazine **Monocle** included Greece among the countries of the world with the **greatest soft power**. Among other things, it noted that, despite the pandemic, Greece remains on the path of economic recovery and pointed out that it has mobilized active diplomacy to effectively address the Turkish provocation. Tyler Brûlé, editor in chief of Monocle magazine believes that “...even though the country went through a decade of austerity, and, in many ways, of survival, Greece is in a powerful position right now. Greece seems like a very attractive safe haven to base a business,” he says, “especially in terms of its geographical location in the Eastern Mediterranean, its position close to North Africa and as a member of the European Union”. [9]
- Testament of the new confidence that has taken root, is the rapid **rise of foreign direct investment** that took place over the last months. An indicative list of these investments is presented in page 58.

The different roles of Investment Promotion Agencies (IPAs)

All Public Administrations worldwide seek to promote foreign direct investment (FDI) to support growth, welfare and prosperity. For this reason, policy makers have established dedicated organisations, mostly known as Investment Promotion Agencies (IPAs), with the core mandate to promote and attract inward foreign investment. IPAs carry out a large variety of marketing and servicing activities that are traditionally categorized into four core functions: image building, investment generation, investment facilitation and aftercare, and policy advocacy.



Image Building

Create awareness and generate positive feelings about a country as investment destination



Investment Generation

Reach out to foreign investors and convince them to locate their investment in the host country



Facilitation & Aftercare

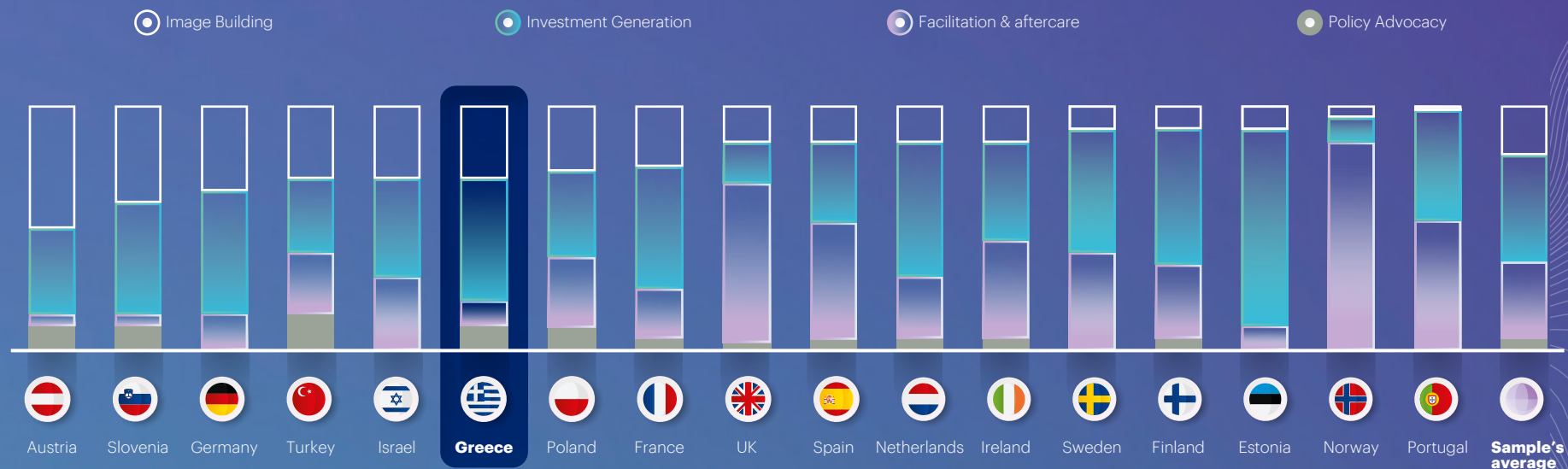
Facilitate the implementation of investment projects, maximize their economic benefits and generate follow-up investment



Policy Advocacy

Monitor foreign investors' perception of the host country's investment climate and propose changes to improve the investment policy

Resource allocation across the four core functions, by country's IPA (% of budget) [10]



Marketing Campaigns to attract Digital & Innovation FDI[11]

Non-exhaustive



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What have other IPAs done to improve at a national and city level their image and generate additional investment?

Non-exhaustive



Image Building

- **Montreal International's (MI's)** website (www.montrealinternational.com) features exclusive high-value content including a business blog with more than 35,000 views per year, success stories, promotional videos and testimonials. The home page can be accessed in nine different languages and several microsites are dedicated to the region's key audiences, such as those working in life sciences and health technologies. In addition, investors can benefit from Zoom Greater Montreal (www.ZoomMtl.com), a project initiated by the Communauté métropolitaine de Montréal (Montreal metropolitan area), in partnership with MI, the Chamber of Commerce of Metropolitan Montréal. The web portal allows users to search for office space and industrial or commercial properties for rent or for sale in the region using GIS technology. [12]
- **Invest Hong Kong's** social media strategy includes heavy use of video for online promotion. The organization regularly uploads videos onto its dedicated YouTube channel, corporate website and other social media platforms. Invest Hong Kong also uses a variety of online benchmarking and content management tools such as Google Analytics, Google Webmaster, Hootsuite and Alexa.com to assess the impact of its marketing-driven initiatives. [13]
- **Marketing Derby, UK** employs the latest technology to attract investors to the city and provide intelligent information on its investment sites and offerings, from a virtual reality map giving the user a complete view of the city's key development sites and a tour of Derby, to a GIS-enabled web platform providing data, analytics and property information for potential investors. Outreach efforts receive support from active social media accounts - more than 11,600 followers on Twitter, live streaming on Periscope and videos with the latest news on YouTube. [14]



Investment Generation

- **Germany's North Rhine-Westphalia region** displays an impressive ability to shape and attract foreign investment through a structured investor relationship management mechanism. The region has established a strong international network through offices in China, India, Israel, Poland, Russia, South Korea, Turkey and the UK. The agency also exhibits at international property and industry shows to directly communicate with investors. NRW.Global actively informs and consults potential investors regarding growth opportunities in the region, and many investment decisions are influenced by this information and support. The IPA's staff keep in regular contact with industry leads to provide updates and sustain conversations. [15]
- Following the travel restrictions imposed due to COVID-19, **Invest in Austria** has held a virtual investor forum for the life sciences industry via livestream complemented by pre-schedule 1:1 meetings between staff and interested companies and was able to attract approximately 300 participants from 40 countries. [16]
- **The Tunisia Investment Authority** has developed and released fact sheets on its key target industries in 2020. Each brochure includes: industry-specific reasons on why to choose Tunisia, success stories from existing investors, key data on market structure, suppliers, labour availability, geography, and contact information of Single Points of Contact for the provision of additional data. [17]

What have other IPAs done to support the implementation of FDI projects and generate follow-up investment?

Non-exhaustive



Facilitation & Aftercare

- **Go Vilnius, Lithuania** is working to establish a dedicated helpdesk for foreigners, in collaboration with local healthcare institutions. The project aims to provide information on healthcare to newcomers in their native language and will be the first project of its kind in central and eastern Europe. [18]
- **CzechInvest** launched a pilot Supplier Development Program in 1999 to improve the capability of SMEs to work with MNEs investing in the Czech Republic. CzechInvest provides the following services to MNEs to help create linkages with suppliers: Recommending suitable suppliers and business partners based on the specification provided by MNEs; Facilitating contacts with Czech companies and meetings with business partners to explore JV and M&A opportunities; Arranging meetings with potential suppliers in the form of supplier forums, etc. CzechInvest has also created a specialized sector database covering different target sectors. The databases are freely available on their website and make it possible for MNEs to search for partners and suppliers by sector characteristics, modules, key technologies and locations as well as by using full text search. [19]
- **Invest Pacific in Colombia** has a 'key account' programme, which supports established companies in their reinvestment processes. The IPA identifies companies that are most likely to reinvest or establish new operations, then chooses 15 key accounts each year, five for each investment management area (global services, manufacturing and agribusiness, logistics and renewable energies). Each key account is offered a customized programme, creating links with other companies in their sector. At the end of the programme, it is expected that the key account company will reinvest, generating additional visibility for the firm and becoming an ambassador for the region. [20]



Policy Advocacy

- In 2017, the **Lithuanian Government** with the support of its IPA approved an action plan to develop the fintech sector. The plan was revised in 2019 and now includes measures to further improve the legal environment for the sector, increase the demand for fintech products and services, and improve the management of related risks. As a result, the sector has experienced rapid growth and in 2018, the number of fintech companies in Vilnius rose by 56%, from 90 to more than 140. [21]
- Over the last decade, **the European Bank of Reconstruction and Development (EBRD)** has prioritized establishing and strengthening platforms for public-private dialogue, where businesses and policy makers can come together to tackle investment-related challenges in a systematic and results-oriented way. Currently EBRD supports 12 Investment Councils across Eastern Europe and Caucasus, Western Balkans and Southern and Eastern Mediterranean. Investment Councils are not meant to replace the activity of the IPAs. Instead, they are designed to provide a platform for dialogue between the private sector and the authorities, with the ultimate aim of leveraging the private sector's experience to enhance the content and prioritization of policy reforms and to create the right business environment for investment and entrepreneurship. The Investment Councils also strengthen the private sector's and civil society's role in monitoring the effectiveness of Government's activity in the area of governance reform. [22]

Highlights of Digital & Innovation FDI in Greece in 2020 & 2021

A rapid rise of foreign direct investment has been observed in Greece during the last months. This can prove significantly impactful, since location decisions are usually influenced by “imitation” and “clustering” effects, which are in turn driven by “demonstration” effects and “herd behavior”.[23]

Non-exhaustive



Cisco set up also in Thessaloniki its International Digital Transformation Center becoming thus member of an international network that aims to enhance innovation, accelerate digital transformation, enhance digital skills and promote digital culture.[24]

In July 2021, the Greek Ministry of the Environment and Energy has signed a MoU with the French companies **Citroën**, **Vinci Energies** and **Akuo Energy**, to turn Halki green as a demonstration of the effectiveness of its planned GR-Eco Islands Initiative.[25]

In December 2020, **Next.e.GO Mobile SE** and Enterprise Greece signed a letter of intent to set up a joint venture in Greece. The two parties agreed in principle to collaborate and, as a result, they are forming a working group to detail the framework and conditions for the implementation of a full-scale manufacturing facility in Greece. Next.e.GO Mobile also intends to establish a Technology and Innovation Campus (TIC) in Greece.[26]

Microsoft has announced its intent to build new data centers in Greece establishing a Microsoft Cloud region in the country that will add Greece to the world's largest cloud infrastructure footprint and will deliver access to low-latency, enterprise-grade cloud services. [27]

Pfizer, the multinational pharmaceutical corporation, has established a digital research hub with a focus on artificial intelligence and big data analytics in Thessaloniki. The Thessaloniki hub is part of a planned multinational network of six digital research centers with the aim to develop technology that can be incorporated into Pfizer's development pipeline of medicines and vaccines.[28]

In February 2020, the remote connectivity specialist **TeamViewer** has opened a new centre for research and development in the city of Ioannina, Greece. The TeamViewer centre will house new Agile engineering teams focused on developing products that support global mega-trends in digital transformation. [29]

In November 2020, the Deputy Foreign Minister for Economic Diplomacy of Greece Kostas Fragkogiannis and Chairman of **Volkswagen** Group's Management Board Herbert Diess signed a memorandum of understanding, marking the beginning of a project that lays the foundations for enabling autonomous driving in Astypalaia.[30]

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Business Environment & Political Institutions - Global State of Play

Introduction

Digital & Innovation FDI like “traditional” FDI is also influenced by a wider set of determinants that relate to the supporting business environment of the host country, its political institutions and its overall political and credit stability. Since FDI usually involves large-scale fixed investments, investors demonstrate an increased sensitivity to any factor that can cause a risk to their investment, such as political instability, an ineffective legal system or increased “red tape” and bureaucracy.[1] World Bank’s Global Investment Competitiveness Survey 2019/ 2020 has also surfaced that the political and macroeconomic stability as well as a conducive legal and regulatory environment are the top three determinants for investors, when choosing a location.[2]



What have the frontrunners done?

Contrary to other Digital & Innovation FDI determinants that can be directly influenced and potentially improved within a short to medium-term horizon, the political institutions, as well as the overall business environment comprise the structural components of a country that require a long-term strategy to improve.

In fact, advanced countries across these dimensions, like **New Zealand** and **Denmark**, which score 1st and 4th respectively on the Doing Business Index 2020 and **Finland**, which scores 1st across the “Institutions” pillar of the WEF’s Global Competitiveness Index 2019, did not achieve their transformation overnight. On the contrary, frontrunners have initiated their transformations several years ago, following a stepped approach. This approach has been continuously re-evaluated to meet the countries’ changing strategic intents and embrace the latest developments that redefine the global environment. [3]

Singapore, which is now cited to provide one of the world’s most business-friendly regulatory environment for entrepreneurs and is ranked among the world’s most competitive economies, initiated its transformation in the 1960’s. The combination of a favorable regime and friendly policies adopted by the Government towards foreign investment, the targeting of specific sectors that the Government aimed to support and develop, the design of a lean, transparent and efficient Public Sector and the establishment of a strong education system are just some of the reasons why Singapore has become one of the world’s most competitive economies. [4]



Business Environment & Political Institutions - Greece's State of Play

Key Indexes

79th

(out of 189 countries) on the Doing Business Index 2020, 19 positions lower than 2016 [5]

11th

(out of 189 countries) on the Doing Business Index 2020, across the "starting a business" dimension [6]

146th

(out of 189 countries) on the Doing Business Index 2020, across the "enforcing contracts" dimension [7]



“Speedbumps”

- Domestic and international businesses in Greece face a multitude of regulatory hurdles, restrictions, and red tape. According to the annual “Doing Business” report of the World Bank, in 2020 Greece ranked 79th amongst 189 economies, falling 19 places since 2016 (in 2016, Greece scored on the 60th position amongst 189 countries). [8]
- Greece has one of the lowest levels of business dynamism in the EU. In terms of firm churn rates, i.e. the sum of the birth rates and death rates of firms over this period, Greece ranks amongst the last in the EU. Distortions in the level-playing field, high tax and labour costs, financing constraints, regulatory barriers and weaknesses in the insolvency framework also adversely affect firm creation, expansion and exit.[9]
- The liquidity situation of Greek banks steadily improves with the number of non-performing loans decreasing; however, the overall picture of the country’s financial system remains weak. The stock of non-performing loans declined from €107.2 billion in March 2016, to €47,24 billion in 2020, representing a ratio of 30,1% of total loans. [10]

“Accelerators”

- In April 2020, the European Central Bank accepted to include **Greek government bonds** in its QE program, bringing borrowing costs to all-time lows. In January 2021, the issued Greek sovereign bond achieved the biggest ever book of offers and its lowest ever cost of borrowing, signaling the increased confidence of the global markets in the country. [11],[12]
- In January 2021, Fitch Ratings affirmed **Greece’s sovereign credit rating** at “BB”, also maintaining the country’s outlook as “stable.” In its report the Fitch highlighted that the stable outlook reflects the degree of confidence in Greece’s fiscal sustainability despite the serious shock to the economy from the pandemic. [13]
- During the last two years, the Greek Government actively fights to reduce the public sector bureaucracy and improve country’s position on the “Doing Business” index through enacting new legislation. Namely:
 - **Law 4622/2019** on “The Executive State”, aims to reform the state administration, strengthen its executive role and emphasize the efficient coordination of the ministries, the monitoring and measurement of their results, and the impact assessment for the introduced public policies. [14]
 - The **National Program for Process Simplification (NPPS)** established by **law 4635/2019** provides the central intergovernmental framework aiming at the reduction of administrative burdens. [15]
 - **Laws 4442/2016 and 4635/2019** introduced the simplification of the standardization, licensing and supervision processes and **Law 4512/2018** established a new framework for the supervision of economic activities and the product markets. [16]
 - New law for **electronic one-stop shops (e-OSS)** was developed (**Law 4441/2016 and MD 63577/2018**). [17]
 - New **labour legislation 4808/2021** aims to increase competitiveness through more flexible working hours. The law introduces flexibility to the eight-hour workday by allowing employees to work up to 10 hours on one day and fewer on another or take time off. It also includes the provision of a 14 days paid paternity leave, protection of new fathers from dismissal for six months after birth and fewer disincentives for the hiring of women. [18]

Greece 2.0 - Resetting Greece's Economic & Growth Model

In June 2021, the European Commission approved Greece's Recovery and Resilience Plan (RRP), Greece 2.0 (€32 billion). The RRP aspires to completely overhaul Greece's economic and social fabric and accelerate the country's adoption of a new, extroverted, competitive, green and digital growth model. [19]

Greece 2.0 NATIONAL RECOVERY AND RESILIENCE PLAN


1

Green Transition
(Grants)


€6,2bn.
2

Digital Transformation
(Grants)


€2,2bn.
3

**Employment, Skills,
Social Cohesion
(Health, Education,
Social Protection)**
(Grants)


€5,2bn.
4

**Private investment
and transformation
of the Economy**
(Grants)


€4,9bn.
5

Loans


€12,7bn.

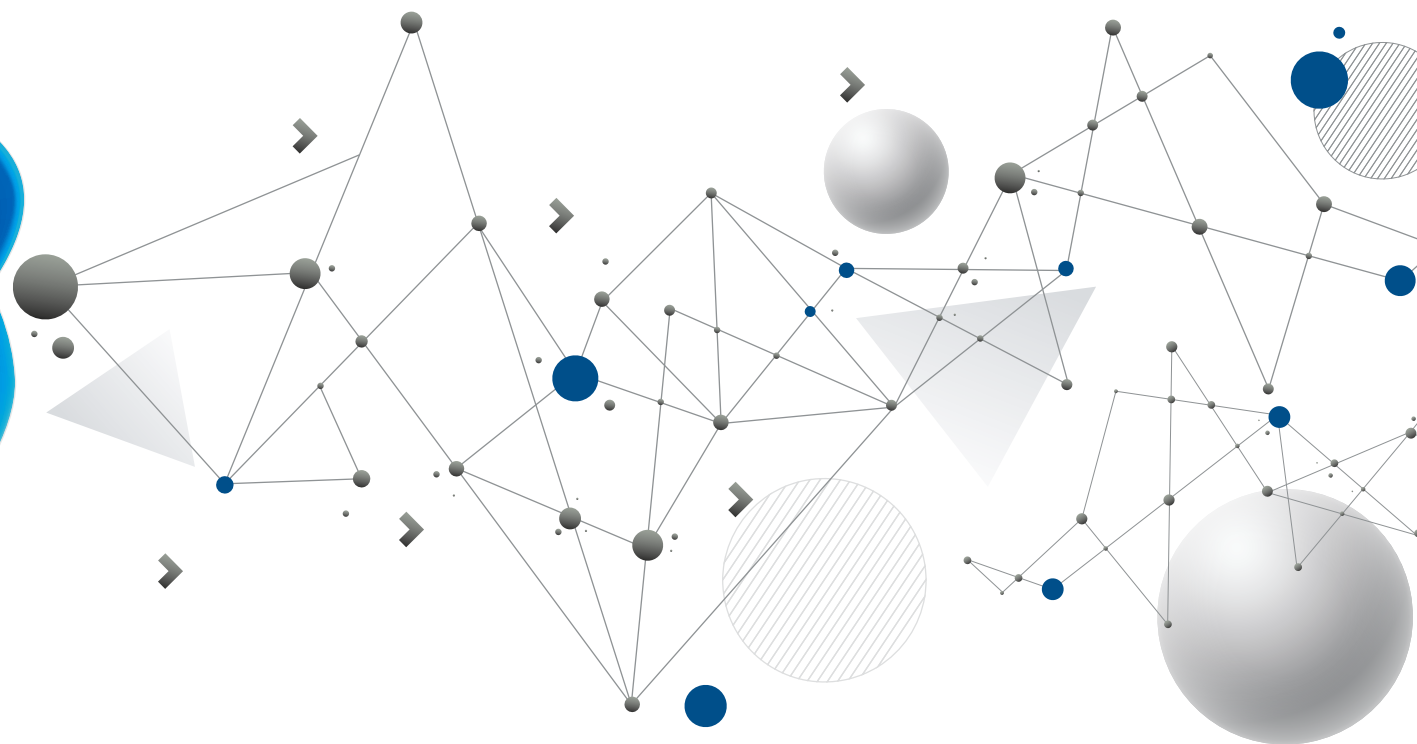
Increase in real by 7% by 2026,
30pp cumulatively in 2021-2026



Creation of 180.000 new,
value adding jobs



Investment growth by
private sector by 20%





Green & Sustainable Physical Infrastructure - Global State of Play

Introduction

Digital MNEs, similarly to “traditional” MNEs continue to value a country’s physical infrastructure as an important factor for their location selection. Physical infrastructure that includes both transport, logistics and utility infrastructure, bridges the host country with the rest of the world and makes the country more attractive for multinationals that seek to optimize their supply chain across different locations or that locate in one country with the purpose of serving markets in nearby countries.

The investment in new infrastructure goes also hand-in-hand with the implementation of “greener” policies to proactively address challenges such as climate change and greenhouse gas emissions.



What have the frontrunners done?

According to the Global Competitiveness Index 2019, **Singapore** ranks first in terms of physical infrastructure worldwide, while the **Netherlands** scores in the second position globally and first amongst its EU counterparts. [1] According to Eurostat, in 2018 the Netherlands demonstrated the most efficient train, seaport and air transport services, as well as the best quality of roads. [2]

The **Netherlands** is also home of a number of sustainable infrastructure projects. For instance, the province of South Holland aims to renovate motorway N470 and transform it into an entirely carbon negative motorway, that shall feature wooden bus shelters and crash barriers, streetlights that dim when traffic decreases, new and more sustainable materials for cycling lanes and asphalt. On the water, the Port of Rotterdam is in the process of building a waste-to-chemistry plant that will convert up to 360,000 tons of waste into 220,000 tons of green methanol. The facility will be the first of its kind in Europe and will eliminate over 300.000 tons of CO2 emissions. [3], [4]

Sweden scores also high in terms of infrastructure (10th position in the Global Competitiveness Index 2019). In 2018, the Swedish Government adopted a national plan for infrastructure for the period 2018-2029. This plan refers to an investment of SEK 700 billion and the largest railway investment in Sweden's modern times. The plan covers major investments in both new construction and restoration and modernization of existing infrastructure. The decision also covers significant investments in maritime transport infrastructure and roads. [5]



Green & Sustainable Physical Infrastructure - Greece's State of Play

Key Indexes

39th

(out of 141 countries) on the Global Competitiveness Index 2019 across its infrastructure pillar [6]

5,01t.

Carbon dioxide (CO₂) emissions per capita in Greece in 2019 (higher than UK with 4,85t. per capita, France with 4,24t. per capita and Spain with 4,47t. per capita) [7]



“Speedbumps”

- Greece demonstrates further room for improvement with regards to its transport and rail system. The Greek fleet is among the oldest in Europe, in particular the medium- and heavy-duty vehicles (21,2 years in Greece versus an EU-average of 13), which contributes to the transport system's heavy dependence on oil and the low use of renewables. In addition, Greece's rail network remains incomplete, which limits its transport capacity. [8], [9]
- Infrastructure projects in Greece were severely hit by the Greek financial turmoil. The average annual investment in infrastructure engagement in Greece from 2009 until 2018 amounted to €2,6 billion, 5,4% lower than Greece's average for the period 2000 - 2008. In addition, the recorded delay in infrastructure engagements and the loss of investment due to distortive regulation, lack of capacity of project promoters and poor preparation has costed Greece an estimated 0,8% of GDP in the last ten years.[10]

“Accelerators”

- In 2021, the European Commission approved the Greek Infrastructure and Transport Ministry to proceed with the construction of the **Central Greece motorway** known as **E65**, budgeted at €442 million. [11]
- After significant delays caused by red tape and political wrangling, **the Hellinikon mega complex**, an 8-billion-euro investment to develop Greece's former Hellinikon airport site along the Athenian Riviera into a multi-purpose hub, initiated in 2020. [12]
- In 2020, the Greek Government inaugurated the 71km **Kiato - Diakofto - Aigio suburban railway (Proastiakos)** serving the Northern Peloponnese. The project began in 2006 and following many delays was finally completed 14 years later. [13]
- In 2009, Chinese shipping giant COSCO took over part of the container handling operations at the **Port of Piraeus**, while in 2016 the Chinese company took control of the rest of the port and plans to invest more than €600 million to upgrade it. [14]
- The German airport operator Fraport invested €1,5 billion since 2015 to operate and upgrade Greece's **14 regional airports** [15] while in 2019 Greece signed a contract with a joint venture of India's GMR Infrastructure and Greek engineering firm GEK Terna for the construction of the new airport at **Kasteli, Crete**. [16]
- The flagship energy project, the **Trans Adriatic Pipeline (TAP)** was built across northern Greece. The pipeline has brought €1,4 billion into Greece and is acting as a cornerstone in Greece's new role as a regional natural gas hub. [17]
- In September 2019, during the United Nations Climate Action Summit in New York, the Greek Prime Minister pledged to phase out all **coal-powered electricity production** by 2028, making Greece a pioneer in the Balkans. This commitment is included in the **National Energy and Climate Plan (NECP)** submitted by the Greek government to the European Commission end of 2019. According to the existing plans, all but one **lignite-fired power plants** shall be shut down by 2023. The last remaining power plant, Ptolemaida V, is scheduled to stop generating power from lignite in 2028, only 6 years after its completion. [18]



Connected Cities & Quality of Life - Global State of Play

Introduction

For Digital MNEs the quality of life gains increasing significance during the location selection process. In fact, housing options, schools, recreational and cultural amenities, as well as healthcare systems, are all notable considerations which along with the cost of living, transportation access, crime and safety, can greatly influence the choice of an investment location.



What have the frontrunners done?

According to the Expat City Ranking 2020 by InterNations, **Spain** is the clear winner with 4 Spanish cities being amongst the top 10 Best cities for expats to live in. Valencia ranks 1st in the list. In more detail, Valencia ranked first in the Quality of Urban Living Index, with expats significantly appreciating the affordable and readily available healthcare, next to plentiful leisure options and great weather. Respondents reported also few struggles when it came to the availability and affordability of housing, with 82% of them rating the affordability of accommodation positively, twice the worldwide average (41%). [1]

Ranking 18th out of 66 cities overall in the Expat City Ranking 2020, **Luxembourg City** was positioned first when it came to working abroad. Expats appeared particularly satisfied with their job security and the local economy. Luxembourg also ranked fifth for local career opportunities. [2]

In March 2020, **Italy** updated its 'Lavoratori impatriati' law to allow new tax residents earn 70% of their salary tax free for their first five years in the country. A non-domicile scheme was introduced in 2017 and tax amnesties since then have encouraged some wealth to return to the country. [3]

The city of **Dubai** in the **United Arab Emirates** recently launched their own one-year virtual working program allowing digital nomads and remote workers to live and work from Dubai. Dubai was awarded a 'Safe Travels' stamp from the World Travel & Tourism Council (WTTC), recognizing their work to prevent the spread of Covid-19. The new remote work visa gives to the employee the freedom to come to Dubai with their family and work remotely all while remaining employed in their home country. Dubai does not levy income tax on individuals. [4]



Connected Cities & Quality of Life - Greece's State of Play

Key Indexes

26th

(out of 80 countries) on the IMD World Talent Ranking 2020, on US news' Best Countries Index, across the Quality-of-Life dimension [5]

"Come for the sun, stay for the taxes and technology"

is the slogan with which Greece wants to attract expatriates, according to Alex Patelis, chief economic adviser to the Greek Prime Minister. [6]



“Speedbumps”

- At a national level, Greece performs well across some dimensions of well-being relative to most other countries in OECD's Better Life Index. In 2020, Greece ranked above the average across the “work-life balance” and “health status” dimensions, but below average in “income and wealth”, “civic engagement”, “housing”, “environmental quality”, “subjective well-being”, “social connections”, “personal security”, “education and skills”, and “jobs and earnings” dimensions. [7]
- Athens scored in the 50th place out of 66 cities around the world in the Expat City Ranking 2020. The Greek capital scored significantly low in the Urban Work Life dimension, with more than 60% of the expats rating their local career options negatively. Athens ranked better in the Quality of Urban Living dimension. The areas where Athens scored best with regards to the local climate and weather and the friendliness of local people towards foreign residents. [8]

“Accelerators”

- Greece's sunny climate, local hospitality, beautiful scenery, long cultural history and high quality of life comprise **the country's unique selling proposition**, and it is the key reason for attracting tens of millions of tourists to the country each year. Greek food and wine exports are also riding high as consumers hunger for the world-famous Mediterranean diet.
- COVID-19 pandemic surfaced a new species of workforce, the so-called “**digital nomads**”, that is high-skilled employees that leverage digital infrastructure and work remotely from anywhere around the world for their employers. In fact, the effective management of the COVID crisis by the Greek Government, combined with the country's attractive climate and natural beauty has attracted a large number of Greeks and foreigners working till now abroad to relocate in Greece.
- In addition, Greece is preparing a law that will offer **significant tax incentives to workers who move here from abroad**, with the aim of creating more professional jobs, attracting “digital nomads” and reversing its crisis-era brain-drain. Employees from abroad who move to Greece will be eligible for a 50% tax exemption on income earned in Greece for seven years. The incentive package will be available only during 2021 and people who have not been Greek tax residents within the last seven years will be eligible. [9]



Lessons learned from the Greek “lived experience”

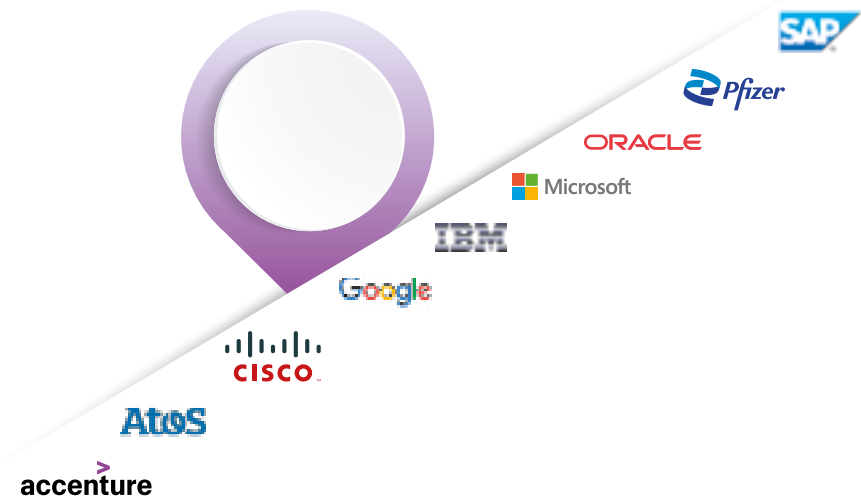
Introduction

The Digital & Innovation FDI components exert significant influence over the decision of a digital MNE for target country selection. Such choices are also greatly influenced by the parent company's internationalization and investment strategies, the local subsidiaries' potential and the internal capabilities to quickly respond to the opportunity and "win" in the internal bidding process.

Decoding Greece's recent investment resurgence is of paramount importance to identify the relevant lessons learned and further accelerate digital MNEs' investment interest for the country.

Confidentiality and sensitivity of information required us to rely on the "case study methodology" and to conduct a set of interviews with executives of nine digital MNEs that have set up or are in the process of setting up new units in Greece.

We sought to understand what were the steps that they followed, which were the "keys" that "unlocked" their investment and which are their key asks to the Greek policy makers to overcome key impediments. Our findings were mapped against the "investment destination journey" and the relevant insights that were extracted informed our recommendation agenda.



The “Investment destination journey”

The “**Investment destination journey**” refers to all key activities and milestones that a digital MNE undergoes to select a host country to set up new units, i.e., Competency Centers, R&D centers, Innovation Hubs, Delivery Centers, etc.

1. Plan

The Digital MNE decides to invest in the setup of a new unit abroad and kicks off a structured, internal process for defining the most favorable host location.

2. Explore

The Digital MNE identifies the set of determinants, against which the candidate locations will be evaluated and aggregates the extended list of FDI location candidates.

3. Evaluate

Location candidates are evaluated across the predefined FDI determinants. The process of evaluation typically involves technical, financial and cost-benefit analyses and implementation planning. A short-list of potential host locations is usually generated.

4. Select

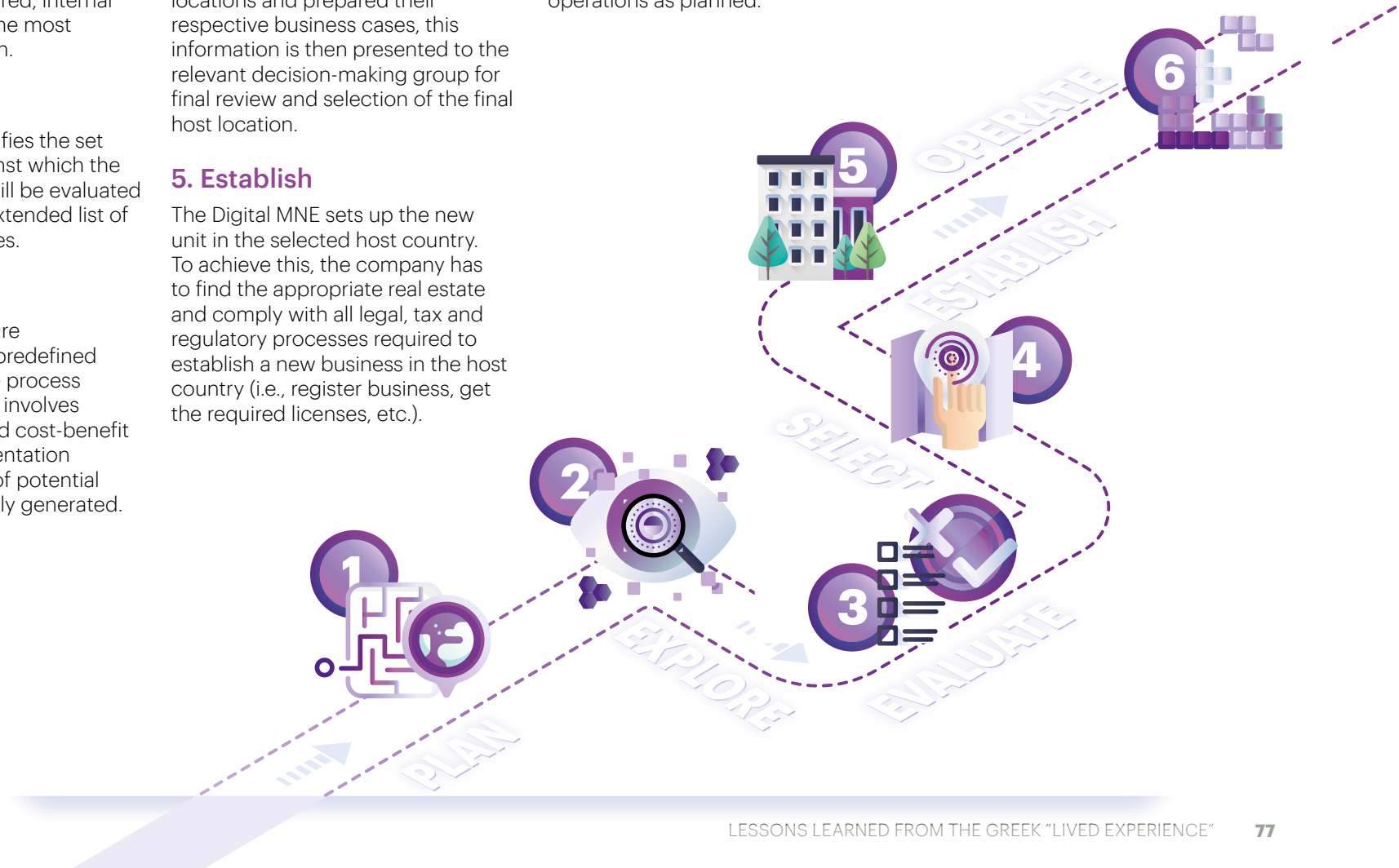
Having collected all necessary information for the short-listed locations and prepared their respective business cases, this information is then presented to the relevant decision-making group for final review and selection of the final host location.

5. Establish

The Digital MNE sets up the new unit in the selected host country. To achieve this, the company has to find the appropriate real estate and comply with all legal, tax and regulatory processes required to establish a new business in the host country (i.e., register business, get the required licenses, etc.).

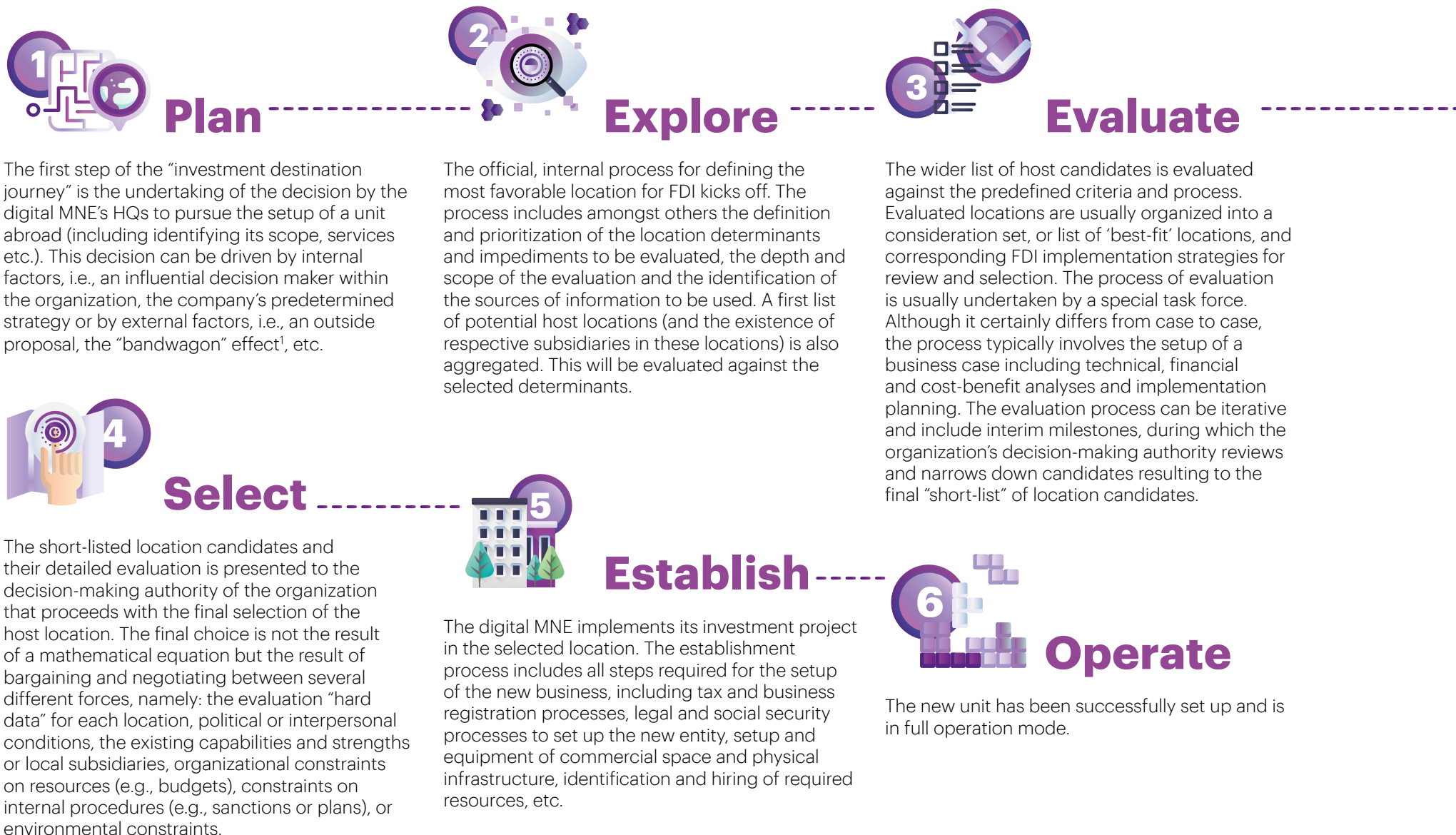
6. Operate

The new unit has been successfully set up and performs its business operations as planned.



The “Investment destination journey”

Key Steps



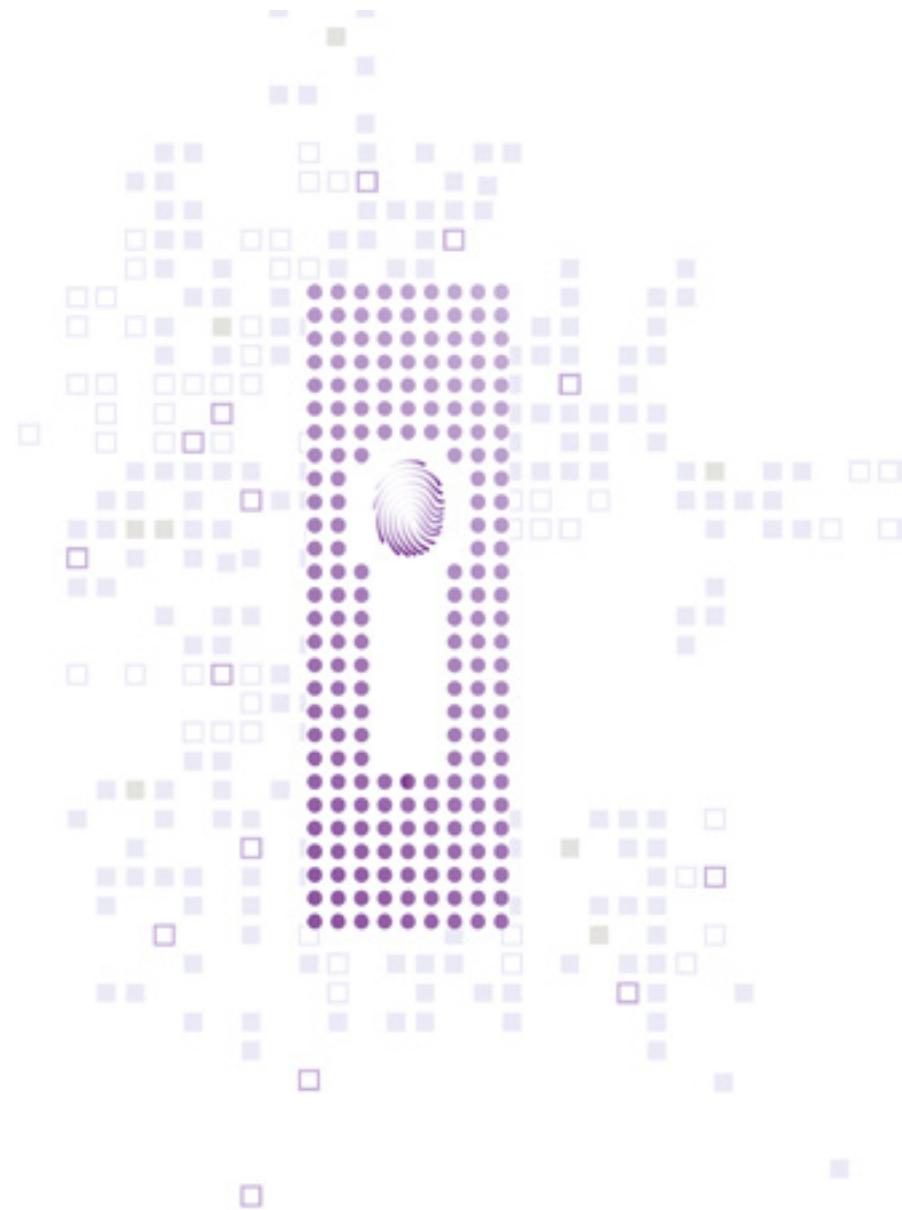
1. The “bandwagon” effect is the term used to describe the tendency of people to adopt certain behaviors or attitudes simply because others are doing so.

The keys to “unlocking” Digital & Innovation FDI in Greece

Digital MNEs that have already successfully invested in Greece and have set up new units, did not follow an “one-size-fits-all” investment strategy. Each one leveraged its unique corporate strategy, market focus, competitive advantage, and unique selling points, to identify the “what”, the “where” and the “when” they should invest in. As a result, their investments in Greece vary both in terms of the type of the units and scope of activities.

However, evidence from our interviews indicates that a set of common factors have acted as the “keys to unlocking” Digital & Innovation FDI in Greece. These factors refer both to favorable conditions within the internal environment of each digital MNE and its local subsidiary, as well as to Greece’s characteristics and to the commitment demonstrated by the highest echelons of the Greek Government.

The “keys to unlocking” Digital & Innovation FDI in Greece have positively influenced the end-to-end “investment destination journey” and have shaped digital MNEs’ decision to select Greece.



The keys to “unlocking” Digital & Innovation FDI in Greece

JOURNEY STEPS



Plan › Explore



Explore › Evaluate



Explore › Evaluate

“KEY” NAME

The Diaspora Network

**The strength and flexibility
of the local subsidiary
“The boots on the ground”**

Timing is of essence

“KEY” DESCRIPTION

The Greek diaspora in the leadership of digital MNEs provided information, mentoring and guidance to the Greek subsidiaries during the internal bidding process.

Success in digital MNEs’ bidding process for location selection was driven both by the upward influence of the Greek subsidiary’s leadership and by an unmatched commitment by the local teams to go the extra mile.

Timing was a critical element in the process. Companies, that declared their intent to invest in Greece, had to act swiftly, do many and scale fast to overcome internal contenders¹.

1. Subsidiaries of the digital MNE that are also candidates for receiving the investment from the MNE’s headquarters.



Evaluate › Select

Building a compelling business case for the investment

To counterbalance Greece's limited market size and scalability challenge, Greek subsidiaries leveraged the country's "soft" assets (i.e., Greece's geographic location, significant cultural heritage, Greek talent ingenuity, quality of life and time zone to improve the country's attractiveness).



Evaluate › Select

The Commitment from the highest level of political leadership

The Commitment from the highest echelons of the Greek Government to facilitate Digital & Innovation FDI and ensure continuity, positively influenced Digital MNEs' decision to invest in the country.



Select › Establish

The pivotal role of the Greek "Deal Playmaker"

The "Deal Playmaker" played a pivotal role in attracting investment in Greece through their direct report to the Greek Prime Minister and their leverage to remove barriers for investment.

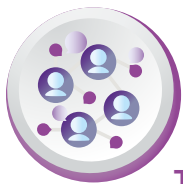


Establish › Operate

The "resourceful" Program Manager - Overcoming bureaucracy by adhocacy¹

The existence of a "resourceful" program manager with an expertise in navigating within Greek bureaucracy made the digital investment a reality.

¹ Business management based on individual initiative and self-organization in order to accomplish tasks



The Diaspora Network

The Greek diaspora in the leadership of digital MNEs has played a significant role in attracting Digital & Innovation FDI to Greece. In more detail, the diaspora network provided timely information to the Greek subsidiaries on the HQs' strategic decision to invest in new units, acted as the "mentors" of the Greek subsidiary and had the power to influence the final selection of the host location.

According to our interviews, four executives mentioned that it was Greek colleagues in leadership positions abroad, who first spotted the opportunity for the setup of new units and transferred this information to the Greek subsidiary, which immediately took advantage of this.



Timing is of essence

All executives interviewed agreed on the following: Timing is of essence. Besides strength and flexibility, the Greek teams needed to act fast and do many within a short timeline to overcome internal competition. Government's active support significantly contributed towards this direction.



The strength and flexibility of the local subsidiary - "The boots on the ground"

According to information elicited from our interviews, organizations' bidding process for location selection was fiercely competitive, with many countries being strong contenders.

Success in this process has been cited to be driven by the upward influence of the Greek subsidiary leadership within the Group combined with an unmatched commitment by the local teams to go the "extra mile".



Building a compelling business case for the investment

Any internal bidding process for the selection of the host country is underpinned by the supporting business case. Most executives we have interviewed, claimed that the limited size of the local market and the lack of scalability negatively influenced the outcome of the business case.

To counterbalance this, they claimed to have leveraged Greece's "soft" assets, like its geographic location, significant cultural heritage, Greek talent ingenuity, quality of life and time zone to improve the country's attractiveness. In addition, two of the interviewed executives cited the commitment of major clients (private and public) to have significantly influenced the viability of the Greek business case.



The Commitment from the highest level of political leadership

The demonstrated commitment of the Greek political leadership on attracting investment, the “rebranding” and promotion of Greece as an attractive destination and their active engagement with digital MNEs’ leadership to support Digital & Innovation FDI positively influenced digital MNEs’ decision to invest in Greece.

Two of the interviewed executives mentioned, that the meeting between their Global CEOs and the Greek Prime Minister was a key turning point that convinced them of the viability of the venture and the commitment of the Greek Government to deliver on its promise.



The “resourceful” Program Manager - Overcoming bureaucracy by adhocacy¹

The operationalization of the digital investment remains one of the most challenging parts of the entire process, as digital MNEs ultimately confront the Greek red tape. For this reason, the existence of a “resourceful” program manager, who has the expertise to navigate within Greek bureaucracy and the power to find “shortcuts” where needed, was the centerpiece for making the investment a reality.

Three of the interviewed executives explicitly made reference to the role that specific individuals within the Greek Government played, as the ultimate “catalysts” for the timely and legally bound implementation.



The pivotal role of the Greek “Deal Playmaker”

Besides the commitment of the Greek political leadership, our interviews surfaced the Digital & Innovation FDI “Deal Playmaker” as a pivotal role that ensures the realization of the investment. The “Deal Playmaker” is positioned at the higher echelons of the Greek Government, has direct report lines to the Greek Prime Minister and FDI-relevant Ministers, and possesses the leverage to remove barriers for investments and to formulate digital and innovation investment opportunities.

As one executive cited “When you plan to invest you need a Single Point of Contact to speak to, with understanding and a focus on deadlines and delivery”.

1. Business management based on individual initiative and self-organization in order to accomplish tasks

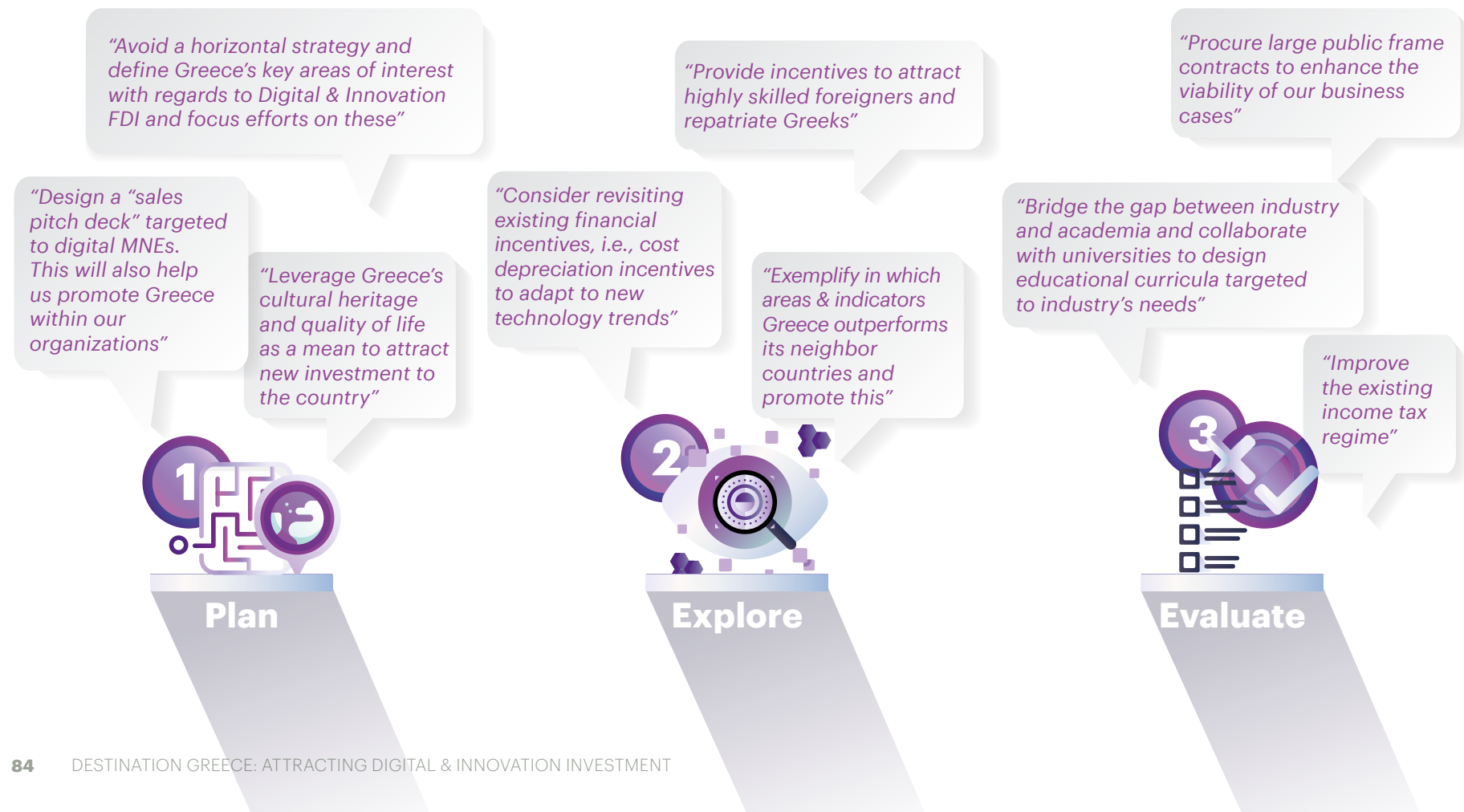
The “Voice of the Greek Executives”

What do Greek Executives ask for?

Non-exhaustive

At the same time, Greek executives faced multiple inhibitors during each step of their journey. These referred both to Greece’s structural characteristics with regards to its business environment, institutions and human capital, as well as to the limited inward investment promotion activities to position Greece as an attractive Digital & Innovation FDI location.

So, what are the asks of the Greek executives that can help future investors overcome these impediments and improve their experience during all steps of the journey?



"Actively engage with our senior leadership to demonstrate commitment and positively influence our decision to invest in Greece"



Select

"Help us identify a Single Point of Contact within the Greek Government to speak to, with understanding and a focus on deadlines and delivery"

"Provide us with a "resourceful" program manager on behalf of the Greek Government that will be able to navigate within Greek bureaucracy and find "shortcuts" where needed"



Establish

"Help us locate commercial real estate to host our new investment"

"Transform the "red tape" to a "red carpet" for investment to come"

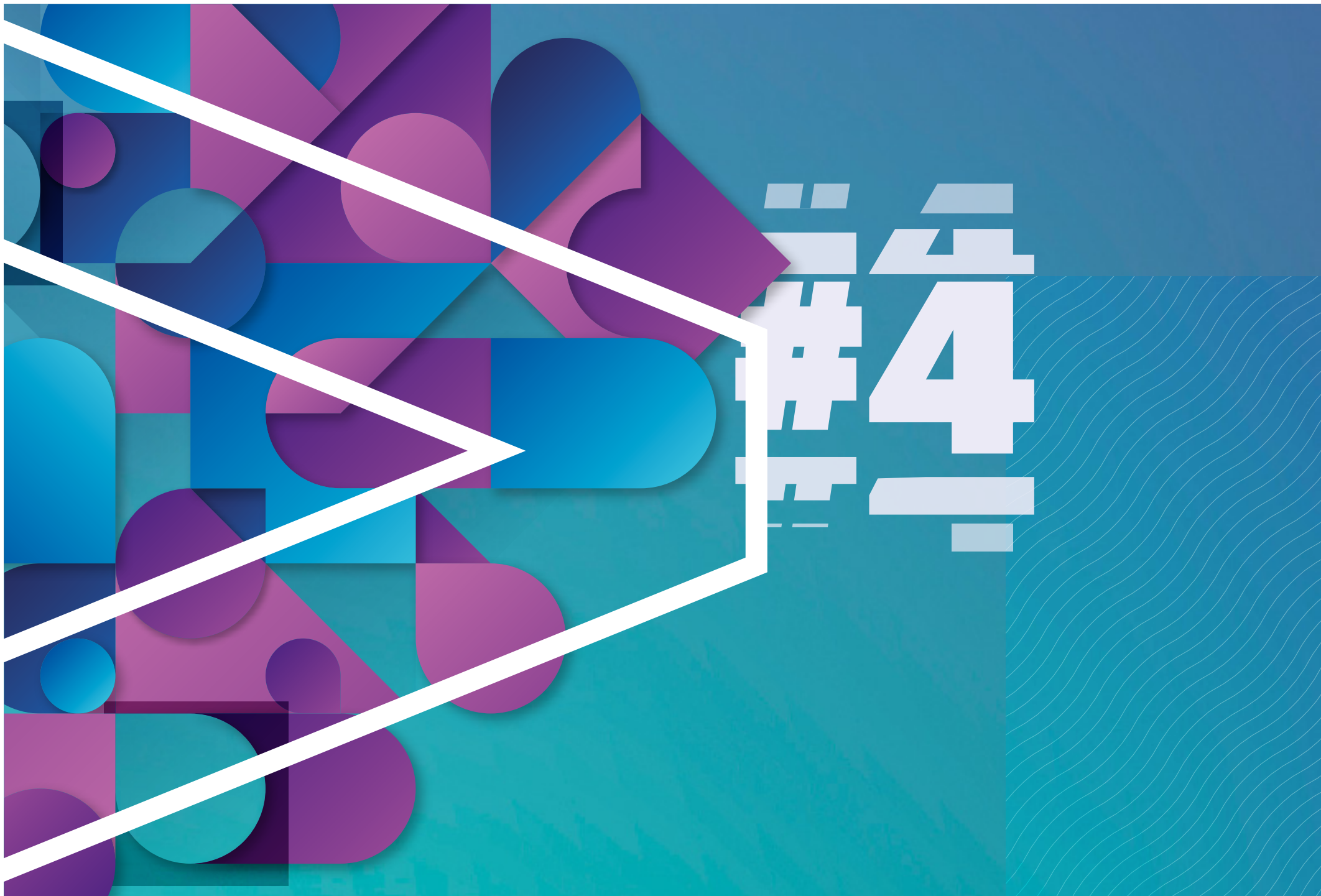
"Enhance vocational training within Greek organizations to digitally upskill their workforce and enhance the spillover effect"

"Let's all cooperate to build emerging innovation ecosystems"

"Do not focus only on attracting new investments but also on nurturing the relationship with digital MNEs already operating in Greece. We, the Greek executives, consist the greatest ambassadors for Greece within our organizations; it is us who should be the first to advertise our country abroad"



Operate



The Digital & Innovation FDI action plan for the Greek stakeholders

Introduction

Digital & Innovation FDI can be a promising tool for countries' economic growth and constitutes a powerful mechanism for increasing national competitiveness and international technology transfer. Greece appears to have successfully initiated its own journey to attract Digital & Innovation FDI, as shown by the flagship investments over the last few years.

Nevertheless, our analysis suggests that there is still significant room for the country to cover to attract more digital MNEs and to take advantage of the opportunities that these can offer to the country. Greece needs to act fast and perform “surgical interventions”, tailored to digital MNEs, to improve the overall experience during all steps of their investment destination journey. These interventions will build upon and strengthen the identified factors that have acted as the keys to “unlocking” digital and innovation investment in Greece.

To achieve this, multiple Greek stakeholders must act in tandem, under the guidance & coordination of the Greek policy makers to implement a structured action plan.

**“Brand Name:
Greece”**

Reposition Greece
as a Digital &
Innovation FDI
destination



**“Build them and
they will come”**

Build Greece’s
internal
capabilities



**“Laser-focus on
key priorities”**

Attract Digital &
Innovation FDI
through targeted
incentivization

Initiatives of the suggested action plan are organized under three interconnected implementation levels:

- Re-position Greece as a Digital & Innovation FDI Destination
- Build Greece’s internal capabilities
- Attract Digital & Innovation FDI through targeted incentivization

The three intervention levers need to work together to deliver the desired outcomes; that is to attract new digital investment to Greece. Therefore, their partial and fragmented implementation sets the risk of setting unachievable objectives and allowing a set of actions to develop legitimacy from their longevity rather than from their contribution to meeting the set objectives.

At the same time, Greece’s journey to increase its competitiveness and attractiveness cannot take place overnight. In parallel to its Digital & Innovation FDI plan, Greece needs to implement a set of horizontal policies to improve its domestic structural imperfections and gradually transform the Greek economy. These, primarily medium to long-term policies shall act as the enablers for establishing a digitally transformed, connected, investment-friendly Greek business environment.¹ As an interviewed CEO quoted:

“Attracting Digital & Innovation FDI in Greece will be a marathon punctuated by multiple sprints”.

1. Although of equally paramount importance, these horizontal initiatives have been extensively analyzed in SEV’s report “Investment acceleration toolkit”[1]. Therefore, they will not be restated in this report.

The three intervention levers of Greece's Digital & Innovation FDI action plan

Definitions

Targeted inward investment promotion initiatives that aim to increase Greece's international visibility as an attractive digital investment destination.

Further enhancement of the investment-related capabilities across all echelons of the Greek Government to facilitate and improve the experience across the end-to-end investment destination journey.

Intensify efforts for the holistic digital transformation and upskilling of the Greek economy and society.

Laser-focused investment incentives to enhance the attractiveness of the Greek digital & ICT sector, further improve the Greek innovation ecosystem and incentivize the repatriation and relocation of Greeks and expatriates, respectively.



Detailed Initiatives

- **1.1** The Digital & Innovation FDI action plan to be directly monitored by the Greek Prime Minister
 - 1.2** Define the target digital areas and respective MNEs and focus attention on them
 - 1.3** Revamp the “Enterprise Greece” digital presence to allow for better investor personalization and targeting & implement a targeted social media strategy
 - 1.4** Launch a “Digital & Innovation FDI” targeted campaign and build the “sales pitch deck” and marketing material
 - 1.5** “Signal” Greece as a Digital & Innovation FDI location in relevant international events and roadshows
 - 1.6** Design a Diaspora Direct Investment program to strengthen the Greek diaspora network and leverage its power to attract digital investment
 - 1.7** Set up a digital channel to support expatriate onboarding
-
- **2.1** Set up an Investor Relationship Management Mechanism within the national Investment Promotion Agency (Enterprise Greece) and design respective campaigns supported by the required tools & systems
 - 2.2** Actively engage the Greek economic diplomats in managing Digital & Innovation FDI leads and allocate targets to monitor their performance
 - 2.3** Introduce a Digital & Innovation FDI “Investment Council” that will aim to attract and bring new investment in Greece
 - 2.4** Empower the Greek “deal playmakers” with a “SWAT” team of resourceful Program Managers
 - 2.5** Introduce collaboration & matchmaking initiatives to encourage spillovers from Digital & Innovation FDI into the Greek economy
 - 2.6** Design a vendor development program to improve the quality of local suppliers and improve the matchmaking process with digital MNEs
 - 2.7** Develop an apprenticeship program for STEM graduates in digital MNEs
 - 2.8** Launch “conversion” training programs for the Greek unemployed individuals in digital technologies of high demand for the Greek economy
-
- **3.1** Enhance the existing strategic investment law with targeted incentive schemes for digital MNEs
 - 3.2** Introduce a full personal income tax break (or a decreased flat tax rate) for individuals working in the ICT industry
 - 3.3** Set up “free zones” with special regulations that will act as “sandboxes” for testing emerging digital technologies & applications, such as self-driving vehicles and drones
 - 3.4** Design a «FastStart» Digital Academy for digital MNEs
 - 3.5** Provide industrial/commercial real estate to digital MNEs at preferential rates to locate in Greece
 - 3.6** Provide public procurement frame contracts for the provision of digital services across areas of major interest for the country
 - 3.7** Establish a mechanism for permanent dialogue between digital MNEs in Greece and the Greek Government

The Digital & Innovation FDI action plan will be operationalized by multiple stakeholders that must act in tandem, under the coordination of the Greek policy makers





“Brand Name: Greece” - Reposition Greece as a Digital & Innovation FDI destination

Detailed Initiatives

1.1

The Digital & Innovation FDI action plan to be directly monitored by the Greek Prime Minister

The implementation of the Digital & Innovation FDI action plan shall be directly monitored by the Greek Prime Minister (PM), who shall also act as the Digital & Innovation FDI Ambassador for the country.

In this context, the PM's team shall devote a significant part of their overseas tours to directly meet CEOs of digital MNEs to promote and pitch Greece as a Digital & Innovation FDI location, as well as to further engage the Greek diaspora around the world. At the same time, the pandemic indicated that global supply chains should not only be based on cost but also on trust and reliability. Greece is one of the locations that demonstrated resilience & political stability. These traits can transform Greece to a leading destination for foreign investment.

Involved Stakeholders

Policy Makers



1.2

Define the target digital areas and respective MNEs and focus attention on them

Greek policy makers must define the specific digital areas (i.e., big data analytics, green technology, biotechnology, etc.) and the respective Digital MNEs that consist the primary targets for Greece to attract. The selection shall be based on identified and agreed criteria (i.e., the number of high-skilled and high-paying jobs, the production of high-value digital products & services, the most competitive exports, etc.). Upon the identification of the target digital areas, the Greek policy makers shall pursue a Digital & Innovation FDI lead generation campaign, during which:

- A detailed digital area and digital MNE profiling will take place
- Potential diaspora members that hold key decision-making positions will be identified
- Policy makers will directly contact the targeted companies. Personal meetings (e. g. at event or trade fair) & company visits will be organized and conducted
- Regular follow-ups and an individualized relationship management approach will be implemented in anticipation of future investment.

Policy Makers

Federations & associations



Revamp the “Enterprise Greece” digital presence to allow for better investor personalization and targeting & implement a targeted social media strategy

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1.3

A country’s website is ranked by investors as the most important marketing technique to attract inward investment. For this reason, Enterprise Greece shall ensure that their website is effective with regards to attracting and capturing attention as well as to providing targeted information to generate FDI inquiries and leads. To achieve this the website, could be further enhanced to provide new features, like:

- Adaptive content based on IP address: The content on the website can automatically adjust based on the country’s IP address that one accesses the website from.
- Searchable, interactive “Investment Map” using Geographic Information Service (GIS) to show existing investors and location advisors in the country/region
- Real estate database of sites and properties and partner database of suppliers and business partners
- Live Chat feature
- Promotion and advertising of high impact investors
- Use of analytics to capture intelligence on users of its website to support lead generation

In addition, the revamped website could be accompanied by a social media strategy and the creation of content targeted to digital MNEs. Enterprise Greece could regularly upload videos onto its dedicated YouTube channel, corporate website and other social media platforms, including Twitter, Facebook, LinkedIn, etc. Enterprise Greece could also use online benchmarking and content management tools such as Google Analytics to assess the impact of its marketing-driven initiatives across digital MNEs.



Launch a “Digital & Innovation FDI” targeted campaign and build the “sales pitch deck” and marketing material

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1.4

A “Digital & Innovation FDI” campaign targeted to digital MNEs is proposed to be designed, to position Greece in the minds of investors as an attractive location. This campaign will be accompanied by tailored marketing material that will include:

- Tailored sales presentations that will explain why to choose Greece as a Digital & Innovation FDI location (especially against its global contenders). These decks shall be used for sector events, digital MNEs’ visits or in-house presentations
- Digital & Innovation FDI-specific fact sheets that can be used as hand-outs at international fairs and events or mailed out as part of a lead generation campaign that will summarize key data on market structure, suppliers, labour availability and all key developments that took place during the last years in areas of interest for digital MNEs
- Information packages on targeted facilitation services, incentives, etc. offered to digital MNEs, etc.

This initiative will be a “living” one and shall be actively managed and maintained, since new developments constantly arise and shall be accurately depicted in the campaign & material.



1.5

“Signal” Greece as a Digital & Innovation FDI location in relevant international events and roadshows

International events such as roadshows, conferences and seminars in the digital and ICT sector are a unique opportunity for Greece to “signal” itself as a favorable Digital & Innovation FDI location. The Greek Government can either attend relevant events as guests or participants or preferably they can host their own investment forums or conferences.

Own events can be held locally in order to prompt potential investors who are already interested to visit the region or country or can be held in target countries/ regions. In the latter case, the Greek embassies or other partners in the region can serve as co-hosts. In light of the COVID-19 pandemic, these physical roadshows can be replaced by their “digital twins”.

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1.6

Design a Diaspora Direct Investment program to strengthen the Greek diaspora network and leverage its power to attract digital investment

The Greek Government in collaboration with industry federations and associations can set up a Diaspora Direct Investment program (DDI) targeted to Greeks living abroad and occupying key roles across the private sector, financial institutions and academia. Key goal of the program will be to incentivize the diaspora members to act as “ambassadors” for Greece and to leverage their managerial experience, technical know-how and breadth of networks to build Greece’s brand name and persuade digital MNEs and institutions to invest in the country.

The program shall provide targeted initiatives for all different “diaspora personas” (please refer to the next pages) and shall include a set of initiatives that shall cover all channels for diaspora engagement. Indicative initiatives will include:

- The setup of conferences and business events with the higher rankings of the Greek Government to discuss opportunities and to promote economic development in the digital sector in Greece
- The design of special financial and fiscal incentive programs, for diaspora members that decide to invest in Greece, etc.
- The setup of matchmaking events between diaspora members and Greek organizations, etc.

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1.7

Set up a digital channel to support expatriate onboarding

Design a dedicated digital channel for expatriates relocating in Greece, as well as a helpdesk, that will provide information and support in different languages for all the steps related to their move. Indicatively, information and support could be provided with regards to the search for an apartment or house, signing a lease and setting up utilities (water, electricity, gas, telephone and internet), enrolling children in school, helping with administrative formalities (visas, insurance, driver license, etc.), accessing the healthcare system, etc. The main goal of this site and helpdesk will be to make expatriates arrival in Greece as smooth as possible.

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The Diaspora Direct Investment program

Diaspora Direct Investment (DDI) refers to investment by companies that is connected to diaspora members. DDI can prove more stable than other types of FDI, because of the emotional connections, the established social links and the common cultural background of diaspora members to their country of origin. [2]

Accenture's research and experience suggest four categories of diaspora "personas" according to the role that these can play in attracting Digital & Innovation FDI: the "Brain Gainer", the "Digital Catalyst", the "Investor" and the "Ambassador".

Different initiatives and channels for diaspora engagements tailored to the needs of each persona are suggested under the Diaspora Direct Investment Program.

The Diaspora "Personas"

The Brain Gainer

Greeks living and working abroad that wish to repatriate and work in Greece.



The Investor

Greek entrepreneurs and capital investors that wish to invest in a Greek enterprise or to relocate their organization in Greece



The Digital Catalyst

Greeks in senior, decision making positions within digital MNEs. Can significantly influence their organization's decision to invest in Greece



The Ambassador

Famous and highly-esteemed Greek professionals and academics with an international career that can act as ambassadors to promote Greece to their country of residence

Expected benefits of the Diaspora Direct Investment Program

1. Brain Gain

Talented Greek-born migrants decide to return to Greece. They transfer knowledge, capital and access to global networks and markets. Besides this, the high quality of these people and the strength of their qualifications can prompt additional foreign companies to expand their operations in Greece.

2. Technology Transfer

DDI brings better business practices and technology know-how to local suppliers and distributors. Diaspora-owned enterprises are ideal facilitators of technology transfer as they benefit from a specific informational advantage: common cultural background, including familiarity with the language and information about regulations and procedures.

3. Stable Financial Investment

Diaspora investors can be often less averse to political risk and economic shocks than other foreign investors. They are not only driven by altruism but also by other non - pecuniary reasons such as cultural affinities and market knowledge.

4. DDI attracting FDI

Diaspora investors and entrepreneurs can play a critical role in attracting non - resident FDI by setting up joint ventures and promoting export for domestic companies.

Suggested initiatives per channel of engagement and diaspora persona



Channels of Engagement	The Brain Gainer	The Digital Catalyst
Investment Diaspora individuals investing in their country of origin or ancestry	N/A	Develop a “digital catalyst” network of diaspora members working in senior positions within digital MNEs and liaise with them to develop tailored plans and incentives for their organizations to invest in Greece
Entrepreneurship/ Employment Diaspora entrepreneurs wanting to invest and operate in their country of origin or ancestry and Greek human capital wanting to repatriate	Provide tax exemption on employment income and a relocation benefit for repatriates to be hired by digital MNEs that invest in Greece Establish a database to track skilled Greek migrants in the ICT and digital space and design a talent acquisition platform with targeted job opportunities to encourage them to return to Greece	N/A
Mentorship Diaspora individuals transferring knowledge to organizations, and individuals in their countries of origin or ancestry	N/A	Leverage the “digital catalysts” network to provide mentoring and coaching to Greek start-ups and SMEs in targeted digital areas (i.e., Biotech, AI, etc.)
Networks and Market Linkages Diaspora individuals and organizations bringing market insights and access to those in their country of origin or ancestry	N/A	Organize networking events to bring the “digital catalysts” network in contact with the Greek policy makers and business ecosystem to expand the network and investigate synergies
Volunteerism Diaspora individuals engaging in volunteering activities or returning to their country of origin or ancestry to perform public service, leveraging their specialized and local knowledge	N/A	Set up periodic meetings between the “digital catalysts” network and the higher echelons of the Greek Government to discuss opportunities and to promote economic development in the digital sector in Greece



The Investor

Introduce tax breaks and access to finance mechanisms (i.e., matching funds or 1-1 low-interest loans, where the bank can match the entrepreneur's investment fund) for diaspora members that decide to invest in Greece

Hold matchmaking events to match diaspora members with local enterprises to provide mentorship, advice, training etc. and connect them with their networks

Diaspora entrepreneurs could contribute to planning and populating technology parks, innovation districts or special industrial zones by advising the Government on the skill sets needed to attract and by setting up businesses tied to global markets and networks



The Ambassador

N/A

N/A

Engage diaspora academics to act as mentors and advisors of the Greek Government in areas such as social policies, research, academic programing, etc.

Leverage the network of Greeks with international careers across different professions (i.e., from sports to academics) and "champion" them to act as Greece's ambassadors to advertise the country and gain attention, through promotional initiatives and events

Invite "ambassadors" to become more involved in civic engagement and nonprofit work



“Build them and they will come” - Build Greece’s internal capabilities

Detailed Initiatives

Set up an Investor Relationship Management Mechanism within the national Investment Promotion Agency (Enterprise Greece) and design respective campaigns supported by the required tools & systems

Set up a structured Investor Relationship Management mechanism within the national Investment Promotion Agency (Enterprise Greece) and run targeted campaigns to identify relevant potential investors that demonstrate an interest in investing in Greece across the digital space. In more detail, the investor relationship management mechanism shall entail:

- Company identification and profiling: The first step includes the identification of target companies, the completion of their company profiles, the identification of key decision makers and their recording into the CRM system
- Communicating target-group-specific messages and value propositions: Based on the information gathered for the company the contact mail and respective communication shall include key sales triggers and arguments why the location should be considered
- Keeping track of and scheduling contacts: All interactions with potential investors should be recorded and timelines for follow-ups should be scheduled
- Thinking of lead generation as a long-term task: Investment decisions take time, and it is highly unlikely that a potential investor is interested and ready to invest upon first contact. Establishing a long-term relationship and building trust for when the time is right, should be the goal.

Key enabler of the investor relationship management mechanism lies in the implementation of a structured customer relationship management system (CRM). The CRM system will support Enterprise Greece in developing a database of MNEs that have been identified as targets and store useful information on these, communicating target-group-specific campaigns, recording all interactions and scheduling regular follow ups with them.

Involved Stakeholders

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2.1

Actively engage the Greek economic diplomats in managing Digital & Innovation FDI leads and allocate targets to monitor their performance

The economic diplomats are considered an indispensable part of the overall investment promotion network. As such, they should be actively engaged in the process of generating digital and innovation investment leads. In this context, the Greek policy makers shall design and implement a “Digital & Innovation FDI” leads generation process for the Greek economic diplomats, accompanied by clear and specific objectives against which their efforts will be monitored. The process shall incorporate all steps from identifying potential digital MNEs that could invest in Greece and “converting” them to actual investments for the country. Namely, the economic diplomats shall:

- Identify potential investors in their host country and establish a priority amongst them
- Draft a Digital & Innovation FDI account plan and agree this with the Greek policy makers
- Actively pursue these targeted companies to convert leads into concrete investments through different channels and initiatives
- Nominate a person to act as the first point of contact with the targeted companies and handle all enquiries, etc.
- Link the progress of each step of the process for generating digital investment leads to specific KPIs and targets, ambitious yet realistic, to measure economic diplomats’ performance. Indicatively, the process could be linked both to output and outcome KPIs, like:
 - Number and value of identified/ launched digital investment projects
 - Number of assisted digital MNEs
 - Client satisfaction
 - Time to respond to requests
 - Number of jobs created
 - Inward investment in R&D and innovation, etc.

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2.2

Introduce a Digital & Innovation FDI “Investment Council” that will aim to attract and bring new investment in Greece

Policy makers and IPAs aiming to attract Digital & Innovation FDI operate at the cross-roads of policy and business: they have a public sector-driven agenda to generate economic and social benefits, but they also primarily serve private companies. As such, this complex stakeholder network requires established processes and strong co-operation and coordination skills. For this reason, we propose the introduction of a Digital & Innovation FDI “Investment Council” that will consist of policy makers (positioned in the higher rankings of the Greek Government), business leaders, as well as federations and associations, venture capitalists and representatives from the Greek academia. The “Investment Council” may be chaired by the Prime Minister or by the PM’s direct report, responsible for Greece’s investment strategy.

2.3

The Investment Council will not aim to replace the national IPA. On the contrary, the members of the Digital & Innovation FDI “Investment Council” shall leverage their network and connections and bring expertise on targeting and attracting additional digital MNEs to invest in Greece. At the same time, the board will provide expert advisory on specific digitalization and business topics to enhance policy reforms and create a favorable business environment for investment and entrepreneurship.

In more detail, the Council will:

- Advise on strategic direction and key challenges with regards to the prioritization of digital areas and sectors that the country should focus on
- Serve as a “soundboard” for strategic Digital & Innovation FDI-related decisions
- Leverage their global network and organize joint Digital & Innovation FDI-focused investment fora and events to identify and attract potential investors
- Advocate for the design or enhancement of policy reforms that will favor foreign investment as well as local entrepreneurship
- Provide insights on relevant global practices
- Conduct selected reviews on progress and outcomes of digital initiatives

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Empower the Greek “deal makers” with a “SWAT” team of resourceful Program Managers

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Our interviews with Greek executives surfaced that Greek “deal makers” with direct access to the Greek Prime Minister and “resourceful” program managers that circumvented bureaucracy acted as catalysts for attracting digital investment in Greece. In fact, the “resourceful” program managers were the key responsible for facilitating the investment and for making it easy to investors to establish their projects. The facilitation of new investments can significantly influence perceptions about a location, turn leads into investment projects.

We propose that the Greek policy makers shall further build on this lever and set up a dedicated, cross-governmental, Digital & Innovation FDI “SWAT” team, comprised of Program Managers that will support the end-to-end operationalization of digital investments. The “SWAT” team shall consist of senior Public Administration workforce, with leverage within the Public Administration that will also demonstrate an expertise in Greek regulation and public administration and will possess an in-depth understanding of the digital sector and the investment processes. The “SWAT” team shall handle enquiries and provide hands-on support on the following areas:

2.4

Location Services

- Location Information/ information on the commercial and residential real estate market
- Research for suitable locations
- Site visits and organization of location tours including introduction to owners and agents

Financing Services

- Information on incentive and funding schemes relevant to the investment project and assistance in the application process
- Contacts to potential financing partners, i.e., banks

Public Administration Services

- Information and assistance provided to the investors for navigating government procedures and obtaining all necessary permits and documentation for the new investment (i.e., support to obtain visas, tax and social security registration, etc.)

Recruiting Services

- Information and assistance in the application of residence and work permits
- Support for the arrival and integration of newly arrived staff members and their families
- Information on training support schemes for local workforce

The “SWAT” team will report directly to the “deal makers” and the Prime Minister and shall be assigned to specific performance targets regarding the on-time and successful facilitation of investment projects, which will be linked to a compensation bonus scheme.



Introduce collaboration & matchmaking initiatives to encourage spillovers from Digital & Innovation FDI into the Greek economy¹

The economic impact of Digital & Innovation FDI is much bigger than its direct impact on jobs, investment, taxes, exports and foreign exchange earnings. The “spillover benefits” further promote knowledge transfer and productivity and can potentially uplift economically, culturally and institutionally the host country. The contribution that foreign investors can have to the local economy is strongly influenced by the speed with which these can become embedded into the fabric of the local business ecosystem and to develop their business network. To strengthen collaboration, relevant programs could be introduced. Namely:

The “Adopt a start-up” program

The “Adopt a start-up” program, will provide certain benefits to digital MNEs to host, mentor and support new start-ups for 1 year. Digital MNEs could provide different type of services/ capabilities to the “hosted” start-up, like office space, percentage funding of the start-up’s operational costs, business support & mentoring, co-development of new digital solutions, testing facilities, networking opportunities, etc.

This initiative could be directly organized and advertised by federations and associations (i.e., SEV and the “Innovative Greeks” initiative) with the support of digital MNEs. To be selected, start-ups should meet specific criteria (i.e., have revenue generating customers, already export or ready to export internationally, etc.). The committee responsible for the initiative shall then organize a “matchmaking” event, where start-ups will be able to present their business idea/ product and meet their potential hosts.

The “Idea Agora” pitch program

The «Idea Agora» Pitch program consists of competitions, that give Greek start-ups and SMEs an opportunity to design, develop and present their solutions to digital MNEs. Digital MNEs will publish on a dedicated platform the problem that they would like to resolve/ a challenging area that they wish to address. Then the SMEs and start-ups can register on the platform, select one or more topics and submit their proposal for the high-level solution for the specific topic.

The requestor shall be able to evaluate the proposals. The selected SME’s/ start-ups will then take part in “elevator pitch” presentations. Presentations can also be followed by a networking session, during which the competition jury will get to know the presented ideas in greater detail. At the end of the session, winners will be selected, and will be given the opportunity to establish cooperation with the partner of the competition. The requestor will then sign a contract with the SME/ start-up for the development of the full-scale solution.

Mid-level Management Secondments for Digital MNEs to Greek organizations

Finally, the Greek policy makers can subsidize or provide fiscal incentives to Digital MNEs, for them to introduce secondment schemes for their mid-level management to join Greek organizations and work with them for a specific period (i.e., 6 months).

Mid-level management transferred by Digital MNEs will be valuable for transferring technical know-how to Greek enterprises, training the latter’s personnel in new soft and hard skills and support them in developing new projects or improve their operational excellence.

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1. Initiative 2.5 also contributes to intervention lever 3: “Laser-focus on key priorities” Attract Digital & Innovation FDI through targeted incentivization

Set up a vendor development program to improve the quality of local suppliers and support the matchmaking process between them and digital MNEs¹

Policy makers cannot expect digital MNEs to automatically embed themselves into the local economy. In fact, local embeddedness can be considered a double-sided coin: it reflects both the choices of the digital MNEs but also the existence of appropriate local partners, with which they can interact. The introduction of a vendor development program aims at exactly this: to upgrade the quality of local suppliers, so they could supply and increase the local content of major investors and easier embed foreign investors into the local economy so there would be less risk of closure or relocation. The vendor development program shall entail a number of initiatives for enhancing the capabilities of local organizations, indicatively:

- Offer financial incentives to local suppliers for required investment in digital equipment, training or consulting services on the basis of purchase contracts from Digital MNEs
- Set up broker meetings between MNEs and local organizations, through 1:1 meetings and/or matchmaking events to create vertical linkages
- Organize “supplier days” (in the form of supplier forums), where MNEs can communicate their supply needs and suppliers, in turn, have an opportunity to offer their products and services, etc.

2.6

To build this program, Greek policy makers supported by federations and associations shall follow a stepped approach:

- Identify the targeted digital areas/sector(s) in the country, for which the supply chain program can be developed. Digital areas/ sectors should be identified based on the size and potential for local sourcing
- Identify a long-list of existing digital MNEs in the selected areas with potential to build a local supply chain
- Understand the supply needs of existing digital MNEs through detailed consultations to understand their company, operations, supply chain policy, current local sourcing, potential for local sourcing and/or attracting foreign suppliers, etc.
- Develop an annual supply chain program and action plan based on understanding of the common supply-chain needs of investors in the targeted areas
- Design a tailored supplier development action plan that can include training programs, financial incentives, matchmaking events, etc. to raise the local suppliers’ capabilities
- Introduce clear, measurable targets regarding the number and value of supplier contracts to secure and evaluate the success of the program and how it can be further improved

1. Initiative 2.6 also contributes to intervention lever 3: “Laser-focus on key priorities” Attract Digital & Innovation FDI through targeted incentivization

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Develop an apprenticeship program for STEM graduates in digital MNEs

According to the interviewed Greek executives, the limited scalability with regards to Greece's digitally skilled human capital consists one of the key impediments for digital MNEs' investment in the country. In addition, although Greece demonstrates an overall high number of tertiary graduates and an adequate number of ICT and STEM graduates, their skills often appear to have limited relevance to the skills required by the Greek economy and digital MNEs. To resolve this, Greek policy leaders in cooperation with the Greek academia, business leaders and industry federations and associations shall undertake additional talent-focused initiatives to "unlock the human capital" and strengthen the country's talent pipeline. In this context, we propose the development of an IT apprenticeship program primarily targeted to STEM graduates. The IT apprenticeship can offer to candidates an accredited qualification while developing their key technical skills in the actual workplace.

2.7

The program could incentivize both digital MNEs and Greek organizations to participate as employers through the provision of a respective grant for the apprenticeships they provide (part of it could be provided as a stipend to the trainees), or through receiving a tax allowance or tax refund of the employer's share of social security costs for the apprentices. Apprenticeships may take the form of general IT or digital apprenticeships or focus on a particular area, such as artificial intelligence (AI), computer programming, networking, software engineering, etc. according to each employer's specific needs. The apprentices will have a chance to gain hands-on experience and practice on these technologies across different activities of the organizations' value chain.

At the end of the training period, apprentices shall take an end-point assessment managed by an independent assessor. The assessments shall include the collection of key pieces of work in a portfolio, an employer's reference, a project and finally an interview with the assessor. At the end of the process a respective accreditation shall be graded.

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Launch "conversion" training programs for the Greek unemployed individuals in digital technologies of high demand for the Greek economy

In order to resolve the scalability issue with regards to digitally upskilled human capital, business leaders of digital MNEs and Greek IT organizations, supported by industry federations and associations, could also design a skills conversion (reskilling) program, targeted to unemployed individuals. The conversion program could run by the Digital MNEs and Greek IT organizations and will aim to teach to unemployed personnel new, business-specific, digital skills, in order to enable them to move into new occupations with better prospects for progression. The program can have a duration of up to 6 months and shall give participants a certification/ accreditation in the respective area/ technology of focus (for further information please refer to the next pages).

2.8

Organizations providing the training shall also have an opportunity upon the completion of the training courses to hire the programme graduates. If so, they could get a credit on part of the corporate social contribution paid for these new hires.

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Top 20 job roles in increasing and decreasing demand by 2025

The “conversion” training programs can be addressed both to currently unemployed individuals and to individuals whose job roles may be jeopardized in the imminent future, due to a shift in the division of labour between humans and machines.

According to research, it is estimated at a global level that by 2025, 85 million jobs may be displaced, while 97 million new roles may emerge that are more adapted to the new division of labour between humans, machines and algorithms, across industries.

The leading positions in growing demand hold roles such as Data Analysts and Scientists, AI and Machine Learning Specialists and Robotics Engineers.

At the opposite end of the scale, the roles which may be increasingly redundant by 2025 include those which may be displaced by new technologies: Data Entry Clerks, Administrative and Executive Secretaries, Accounting and Bookkeeping and Payroll Clerks, etc. [3]

Increasing Demand

- 1 Data Analysts and Scientists
- 2 AI and Machine Learning Specialists
- 3 Big Data Specialists
- 4 Digital Marketing & Strategy Specialists
- 5 Process Automation Specialists
- 6 Business Development Professionals
- 7 Digital Transformation Specialists
- 8 Information Security Analysts
- 9 Software and Applications Developers
- 10 Internet of Things Specialists
- 11 Project Managers
- 12 Business Services and Administration Managers
- 13 Database and Network Professionals
- 14 Robotics Engineers
- 15 Strategic Advisors
- 16 Management and Organization Analysts
- 17 FinTech Engineers
- 18 Mechanics and Machinery Repairers
- 19 Organizational Development Specialists
- 20 Risk Management Specialists



Decreasing Demand

- 1 Data Entry Clerks
- 2 Administrative and Executive Secretaries
- 3 Accounting, Bookkeeping and Payroll Clerks
- 4 Accountants and Auditors
- 5 Assembly and Factory Workers
- 6 Business Services and Administration Managers
- 7 Client Information and Customer Service Workers
- 8 General and Operations Managers
- 9 Mechanics and Machinery Repairers
- 10 Material-Recording and Stock-Keeping Clerks
- 11 Financial Analysts
- 12 Postal Service Clerks
- 13 Sales Representatives
- 14 Relationship Managers
- 15 Bank Tellers and Related Clerks
- 16 Door-to-door sales, news and street vendors
- 17 Electronics and Telecoms Installers and repairers
- 18 Human Resources Specialists
- 19 Training and Development Specialists
- 20 Construction Laborers

Which are the key skills that Digital MNEs shall seek to source by 2025?

Focusing on Digital MNEs, global research indicates that these have identified the following 15 skills as being increasingly important within their organizations for the next four years. The skills are ranked by frequency and ranked from 1 to 15. [4]

1

Analytical Thinking
& Innovation

2

Technology Design
& Programming

3

Complex Problem-
Solving

4

Active Learning &
Learning Strategies

5

Resilience, Stress
tolerance and
flexibility

6

Creativity, originality
& initiative

7

Critical thinking
& analysis

8

Reasoning, problem-
solving and ideation

9

Leadership and
social influence

10

Technology use,
monitoring and
control

11

Emotional
Intelligence

12

Troubleshooting and
user experience

13

Systems analysis
and evaluation

14

Service Orientation

15

Persuasion
and negotiation



“Laser-focus on key priorities” - Attract Digital & Innovation FDI through targeted incentivization

Detailed Initiatives

Involved Stakeholders

Enhance the existing strategic investment law with targeted incentive schemes for digital MNEs

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3.1

Modify the existing law for strategic investments (law 4608/2019 for strategic investments) to incorporate digital companies as an additional category of strategic investments that shall be benefited by additional financial and fiscal incentives, for instance: lower corporate tax rates, full income tax breaks for workforce employed in digital MNEs, fast track processes that will be completed in 30 days, higher grants for the recruitment of local workforce or for R&D projects, lease subsidies that could increase if the digital MNE decides to locate in an innovation district, technology park, etc.

Modifications could also be introduced in the form of “sector deals” for the select digital themes and areas (i.e., Green technology, Artificial Intelligence, Biotechnology, Cybersecurity, etc.) that will provide additional corporate, dividend and/or labor tax benefits and will mobilize additional capital for digital MNEs that plan to invest in Greece. The sector deals will include a detailed action plan with key initiatives and policies, accompanied by allocated budgets for the enhancement of skills, infrastructure and business environment related to areas of focus.



Introduce a full personal income tax break (or a decreased flat tax rate) for individuals working in the ICT industry

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3.2

Following the example of Poland and Romania, evaluate the introduction of a full personal income tax break or a flat 10% income tax rate to individuals working in the ICT industry, in order to make Greece an attractive location for ICT workforce. In addition, similarly to Poland, policy makers could evaluate the implementation of a 50% tax deductible expense for employees creating new programs or applications (meaning that only half of their income will be subject to taxation). This can be a significant reduction, that can be used widely by software developers to attract specialists with higher net earnings while mitigating gross employment costs.



Set up “free zones” with special regulations that will act as “sandboxes” for testing emerging digital technologies & applications, such as self-driving vehicles and drones

3.3

As per Portugal’s example, set up “free tech zones” with special regulations to allow for testing of emerging digital technologies & applications, such as self-driving vehicles and drones that will facilitate both innovation and experimentation. The new tech zones will include a legal framework that shall promote and facilitate research, demonstration and testing activities, in a real-life environment, of innovative technologies, products, services, processes and models. The legal framework shall promote and streamline experimentation activities in a cross-sector manner, in order to take advantage of all the opportunities brought by new technologies from artificial intelligence to Blockchain, bio and nanotechnology, 3D printing, robotics, the Internet of Things, etc. This approach goes beyond the creation of disparate «regulatory sandboxes», «innovation spaces», «experimental spaces» or «living labs» that are setup by sector or predefined area. These zones shall enable Greece to become a pioneer country for testing the most innovative technology fields and focus on regulating and introducing changes to the current legislation in line with the guidelines of the European Commission.

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Design a «FastStart» Digital Academy for digital MNEs

3.4

The availability of a skilled workforce is a key location determinant for foreign investors. The support that investors receive to help recruit a skilled workforce can therefore be a critical factor for selecting a host location. In this context, the Greek policy makers in collaboration with federations and the Greek academia can design and introduce a “FastStart” digital academy that will deliver training services on digital technologies and capabilities, designed and tailored exclusively for select digital MNEs. The “FastStart” academy will consist of a dedicated team of skills and training experts that will be responsible for supporting digital MNEs with regards to:

- The assessment and identification of the required local skills that these need
- The design and delivery of custom-designed, digital skills training programs

Key steps in developing a skills and training program include:

- Identifying the key digital areas/ sectors to provide the customized skills and training program
- Understanding the training and skills needs and services to be provided. Policy makers together with federations and academia should meet with key existing and future investors in the area(s) being targeted to conduct a skills and training needs assessment of each investor, and to inform of the key services to be provided
- Defining the eligibility criteria to participate in the program. The program should be selected and focused on investors that have the highest need for skills and training, and where support will deliver the strongest economic development benefits. Clear eligibility criteria should be developed, typically based around key target sectors and activities and the size and potential of the investor’s projects, as well as opportunities for re-investment and upgrading.
- Rolling out the program to selected investors: For key investors agreeing to participate in the program, a customized skills and training program will be developed. Clear monitoring and evaluation should take place to evaluate the success of the program.

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Provide industrial/commercial real estate to digital MNEs at preferential rates to locate in Greece

Policy Makers

3.5

One of the key impediments that Greek CEOs reported with regards to the establishment of a new structure has been the scarcity and difficulty in leasing/ buying commercial or industrial real estate and office spaces. As such, Greek policy makers shall evaluate the provision of this type of real estate with access to robust power and fiber networks at attractive rates, where Digital MNEs could locate and operate. The provided real estate can include non-used or abandoned property (i.e., abandoned factories and industrial real estate, Olympic Games real estate, etc.), unknown-owner property (according to law 2664/1998), or private property at auction. In addition, the Greek Government could steer through this incentive the establishment of digital MNEs in targeted economic areas, i.e., the “Politeia” Innovation Center, the power-producing region and its lignite plants in Western Macedonia, etc.

The provision of select real estate could be accompanied by a set of fiscal incentives. Indicatively:

- An investment tax credit for qualifying, depreciable, tangible assets for select areas (i.e., innovation districts or underdeveloped areas/ areas that the Greek Government would like to improve or transform)
- A tax deduction for costs associated with renovating abandoned buildings
- Tax Increment Financing (TIF) - a 5 to 20-year property tax exemption based on the increased value of the project property due to new construction or other significant improvements
- Lower cost power, equipment tax exemptions, property tax abatements, etc.



Provide public procurement frame contracts for the provision of digital services across areas of major interest for the country

Digital MNEs' internal bidding process for the selection of host locations includes the design of a compelling business case for each of those. In this context, the Greek business case can be negatively influenced by the limited size of the local market. The Greek Public Administration can significantly improve this case, by acting as an enabler for spurring demand for digital technologies in select areas across the Greek public sector through the procurement of relevant services.

To avoid burdensome bidding rules and a high number of fragmented and monolithic public procurement contracts, the Greek Public Administration may:

- Bundle and replace small-scale technology contracts (i.e., with value lower than €250 thousand) with larger, long-term frame contracts (i.e., with duration greater than 3 years) for the procurement of digital services and digital infrastructure.
- Require as a term in the procurement process only for consortiums of digital MNEs and Greek SMEs (with 250-500 employees) to bid for these frame contracts, in order to instigate collaboration between the Greek economy and Digital MNEs.
- Amend the nature of tender specifications and transform them from rigid and narrow to outcome and performance-driven to spur innovation and allow for new digital and more cost-saving solutions to be delivered.

In this way, both Public Administration will be provided best value for money and consortiums of digital MNEs, and Greek organizations will access a sustainable revenue stream and solidify their presence in the market. The expertise also developed in specific digital fields, will enable the Greek subsidiaries of digital MNEs to export their know-how and act as a hub for the region, attracting in this way additional investment to Greece.

Policy Makers



3.6

Establish a mechanism for permanent dialogue between digital MNEs in Greece and the Greek Government

A key comment coming from the interviewed executives was the need to establish a permanent communication channel between the digital MNEs already established in Greece and the Greek policy makers. As a matter of fact, it is those digital MNEs that have already a strong presence in Greece and which are aware and familiar with the local environment and institutions, that have greater possibilities to expand their investments in Greece.

Executives of digital MNEs' Greek subsidiaries can also help policy makers better understand the needs and requests of multinational companies, in order to further invest in the country. At the same time, they could be leveraged as advisors for designing innovative, business and investment-friendly policies and regulations to attract additional Digital & Innovation FDI in Greece. All these can be achieved through the active participation of digital MNEs' representatives in the Digital & Innovation FDI "Investment Council" presented under initiative 2.3.

Policy Makers

Business Leaders



3.7

All proposed initiatives are linked to the “engines” and “fuel tanks” of the Digital & Innovation FDI framework

Action Plan Initiatives

“Brand Name: Greece”



- 1.1 The Digital & Innovation FDI action plan to be directly monitored by the Greek Prime Minister
- 1.2 Define the target digital areas and respective MNEs and focus attention on them
- 1.3 Revamp the “Enterprise Greece” digital presence to allow for better investor personalization and targeting & implement a targeted social media strategy
- 1.4 Launch a “Digital & Innovation FDI” targeted campaign and build the “sales pitch deck” and marketing material
- 1.5 “Signal” Greece as a Digital & Innovation FDI location in relevant international events and roadshows
- 1.6 Design a Diaspora Direct Investment program to strengthen the Greek diaspora network and leverage its power to attract digital investment
- 1.7 Set up a digital channel to support expatriate onboarding

“Build them and they will come”



- 2.1 Set up an Investor Relationship Management Mechanism within Enterprise Greece and design respective campaigns
- 2.2 Actively engage the Greek economic diplomats in managing Digital & Innovation FDI leads and allocate targets to monitor their performance
- 2.3 Introduce a Digital & Innovation FDI “Investment Council” that will aim to attract and bring new investment in Greece
- 2.4 Empower the Greek “deal playmakers” with a “SWAT” team of resourceful Program Managers
- 2.5 Introduce collaboration & matchmaking initiatives to encourage spillovers from Digital & Innovation FDI into the Greek economy
- 2.6 Design a vendor development program to improve the quality of local suppliers and improve the matchmaking process with digital MNEs
- 2.7 Develop an apprenticeship program for STEM graduates in digital MNEs
- 2.8 Launch “conversion” training programs for the Greek unemployed individuals in digital technologies of high demand for the Greek economy

“Laser-focus on key priorities”



- 3.1 Enhance the existing strategic investment law with targeted incentive schemes for digital MNEs
- 3.2 Introduce a full personal income tax break (or a decreased flat tax rate) for individuals working in the ICT industry
- 3.3 Set up “free zones” with special regulations that will act as “sandboxes” for testing emerging digital technologies & applications, such as self-driving vehicles and drones
- 3.4 Design a «FastStart» Digital Academy for digital MNEs
- 3.5 Provide industrial/commercial real estate to digital MNEs at preferential rates to locate in Greece
- 3.6 Provide public procurement frame contracts for the provision of digital services across areas of major interest for the country
- 3.7 Establish a mechanism for permanent dialogue between digital MNEs in Greece and the Greek Government

									
	Digital Skills & Education	Digital Economy	Digital Infrastructure	Innovation Ecosystem	Innovation & Investment Incentives	Image Building & Inward Digital Investment Promotion	Business environment & institutions	Green & sustainable physical infrastructure	Connected Cities & Quality of Life
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Why Greece ?

Why now ?

So, why Greece?

In recent years, Greece has made notable progress. Major national structural and digital developments combined with a strong commitment by the Public Administration are beginning to show results.

1

The Greek economy is rebounding, and confidence is growing

After almost a decade of economic crisis and recession, the Greek economy is on-track to meet the agreed upon primary surplus targets. Despite the COVID-19 pandemic and its effect throughout the economy, Greece's GDP grew by 4,4% in Q1 2021 (compared to Q4 2020) and is now just 2,3% below its Q1 2020 level.[5] International markets reacted positively and have driven Greek government bond yields to their lowest levels in a decade as international credit rating agencies raise their ratings on Greece.

4

Greece 2.0 - A new growth model for Greece

Greece's Recovery and Resilience Program, Greece 2.0 is among the first national RRF plans approved by the European Commission and has been praised for its completeness and thoroughness. With more than 60 reforms and 100 investments, it is expected to funnel €32bn into the Greek economy, boost GDP by 7pp and create 180,000 job positions by 2026.[7]

2

Greece's credibility is on the rise

The Greek Government's drive for business-friendly reforms¹ and its thus far effective management of the Covid-19 pandemic has reversed misconceptions, won global praise, and nurtured a revival of national confidence.

1. More than 180 bills voted through Parliament over the last two years

5

Investment-friendly reforms - From "red tape" to a "red carpet" for investors

Over the past two years, investment-friendly reforms, such as the significantly reduced taxation for labour and capital, labour and insolvency reforms, the Non-Dom tax regime, the reform of the Strategic Investments legal framework and the overhaul of the public procurement framework, are transforming the "red tape" into a "red carpet" for welcoming investments. The effects of this structural shift are expected become even more evident in the post-pandemic period.

3

Foreign investors are betting on Greece

Over the last year, a growing number of multinational companies, (including Microsoft, Pfizer, Cisco, Volkswagen, etc.) have cast their vote of confidence in Greece. In addition, a recent study [6] shows that Greece is winning over increasing numbers of foreign investors and is an increasingly attractive investment destination (23rd in Europe in 2020 from 29th in 2019).

6

Greece's human capital can make the difference

Greek residents and diaspora alike are the country's biggest asset. Greeks are well-educated (4th highest tertiary enrolment rate among OECD countries), with polished foreign language skills (more than 60% of Greeks speak at least one foreign language) and with a percentage of STEM graduates on the EU average.[8]

And why now?

7

Digitalization is at the heart of Greece's reform agenda

The Greek government has made bold moves in respect to the digitalization of the Public Administration, and the wider economy and society. The Digital Bible, Gov.gr with more than 1000 digital G2C/G2B services, Know-Your-Customer (KYC), the multi-band 5G auction, the adoption of a cloud-first strategy etc. are only the first steps in this transformation journey. 25% of the RRP grants will be allocated for digital transformation.

9

Destination: Greece

Greece's natural attractions, high quality of life, cultural heritage, climate create an attractive destination not just for tourists but also for digital nomads and Digital MNEs.

8

Greece's banking system is becoming a source of loan growth

Greece's banking system is showing signs of recovery and is moving from being a source of systemic risk to a foundation for loan growth. The extension of the Hercules scheme is expected to facilitate an accelerated reduction of non-performing loans in 2021. In addition, Greece 2.0's loan envelope of €12,7bn. is expected to further boost private investment for the implementation of projects mainly in the digital, green and R&D domains.



At the same time, Greece must not “take its foot off the gas...”

Nevertheless, Greece still demonstrates significant room for improvement. Digital MNEs’ invigorated investment appetite around the world, suggest that Greece shall not “take its foot off the gas” decrease the speed of its reforms. Instead, fast, “surgical interventions” are required to improve the investors’ overall experience. To achieve these, Greek stakeholders must act in tandem, under the guidance and coordination of policymakers, to implement a structured FDI action plan which covers the following themes:

1

Reposition Greece as a Digital & Innovation FDI destination

Targeted inward investment promotion initiatives, in addition to the horizontal ones, could further enhance the country’s international, investment visibility. The Diaspora Direct Investment Program can strengthen the Greek diaspora network and leverage its power to attract investment in innovation to Greece, while a specific Digital & Innovation FDI campaign and the enhanced participation in relevant international events and roadshows, will signal Greece’s intent as a Digital & Innovation FDI location.

2

Build Greece’s investment – related capabilities

Greek “deal playmakers” with direct access to the higher echelons of Government and “resourceful” Public Administration program managers that circumvent bureaucracy, act as catalysts for implementing investment in innovation. Enhancing investment-related capabilities across all levels of the Government to facilitate and improve the investors’ experience across their investment destination journey, is of paramount importance for the attraction of additional investment in digital and innovation. In this direction, the introduction of a Digital & Innovation FDI investment council, comprised of policy makers, business leaders, venture capitalists, and academics can tap expertise and attract additional Digital MNEs to invest in Greece. In addition, the Greek “deal playmakers” can be further empowered through the setup of a dedicated, cross-governmental, Digital & Innovation FDI “SWAT” team, that will support the end-to-end operationalization of digital investments. Finally, the establishment of an Investor Management Mechanism and the active engagement of the Greek economic diplomats can further boost digital investment.

... and keep building upon further improving its attractiveness

3

Focus incentives on Digital & Innovation FDI

Building upon the already implemented reforms and tax incentives, targeted mechanisms to enhance the attractiveness of the Greek ICT sector, and the Greek innovation ecosystem, is suggested to be introduced. These can include the improvement of the existing strategic investment law with targeted incentive schemes for Digital MNEs, the introduction of full personal income tax breaks (or a decreased flat tax rate) for individuals working in the ICT industry, access to industrial/commercial real estate to Digital MNEs at preferential rates and the design of public procurement frame contracts for digital services across areas of major interest for the country.

4

Resolve the “Greek Paradox” and address Greece’s skills gap

Greece enjoys a high number of higher education graduates, and balanced participation in STEM education. There is however, a persistent low adoption of digital capabilities and skills. Action is needed to rectify this and unlock the human capital. Initiatives such as tailored apprenticeship programs for STEM graduates in Digital MNEs and the Greek ICT industry and targeted training programs (e.g., for the recently unemployed) in key digital technologies can be the first “Quick Wins” before the long-term, structural changes of Greece’s education system bear fruit.

5

Further invest in innovation and enable the emergence of new ecosystems

Cooperation between Greek R&D and industry remains limited, and the onus is on building robust bridges between all innovation stakeholders, to instigate the emergence of digital ecosystems. Proposals include: the setup of “free zones” with special regulations that will act as “sandboxes” for testing emerging digital technologies and applications, the introduction of collaboration and matchmaking programs to encourage spillovers from foreign investments in digital and innovation (i.e., the “Adopt a startup” and the “Idea Agora” pitch programs), and initiatives like the mid-level Management Secondments from Digital MNEs to Greek businesses.

6

Ensure punctual and efficient implementation of the “Greece 2.0” program

“Greece 2.0” is a comprehensive, ambitious, and modern plan which must be implemented. Greece must overcome issues that have hampered the implementation and absorption of EU funds in the past through leaner, more flexible, and efficient sourcing and procurement mechanisms that ensure the timely implementation of all national infrastructure & digital projects.



The Digital & Innovation FDI “Game Changers”

Introduction

Our study thus far, has focused on the targeted interventions that Greece must implement to attract digital & Innovation FDI. We firmly believe that all of them are of equal importance and their combinatorial effect will radically transform the investment destination journey.

To complement our recommendations, we would like to conclude this effort and to help extend its shelf life by introducing a visionary afterthought, on what Greece could do to leverage its innate characteristics to transform from a digital laggard to an innovation hub of worldwide reach.

Greece's Digital & Innovation FDI “game-changers”



Introducing the “Sustainable Archipelago” ecosystem

Building on the cases of Astypalea, Tilos and Chalki that aim to “go green” via the hosting of emerging innovation ecosystems, Greece can be “segmented” into regions, that will become home for different ecosystems, each of them focused to develop “green” and “sustainable” solutions within different industry domains of strategic importance for Greece (i.e., agri-food, tourism, shipping, metals, energy, etc.).

Setting up a Digital Health Campus

Set up of Greece's first digital health campus that will bring together health leaders from the public and private domains and from all adjacent industries. The campus shall act as an instrument to reimagine healthcare, through the performance of high-level research and the design and development of new innovative healthcare products and services. At its “heart” we position the better and wider exploitation and interconnection of health data.

Establishing a Defence & Security Innovation Investment Fund

To enable the emergence of a national defense & security ecosystem we propose the establishment of a Greek Defense and Security Innovation Investment fund. The Defense & Security Innovation Investment fund will invest in businesses conducting research and/or developing innovative, digital defense and security services and products through leveraging dual use technologies, i.e., Robotics, Artificial Intelligence, Additive Manufacturing, Gallium Nitride, Cybersecurity, etc.



Introducing the “Sustainable Archipelago” ecosystem



Building on the cases of Astypalea, Tilos and Chalki that aim to “go green” via the hosting of emerging innovation ecosystems and the «Gr-Eco Islands Initiative», which aims to green the country’s archipelago, the country can be “segmented” into regions. These will become home for different ecosystems, each of them focused to develop “green” and “sustainable” solutions within different industry domains of strategic importance for Greece (i.e., agri-food, tourism, shipping, metals, energy, etc.).[1]

Flagship digital MNEs, start-ups, academic and research institutions, as well as other sustainability ecosystem stakeholders could be incentivized to come to these regions, to actively experiment, develop and test solutions, proof-of-concepts and pilots.

For instance, Syros could become home for the development of sustainability solutions in the shipping and maritime industries, Crete could be transformed into a “sandbox” for “green” solutions on Tourism, Thessaly could host the experimentation and application of “agriculture” sustainable pilots and proofs of concept, while Cyclades could leverage the wind power to experiment with sustainable power generation.

The development of regional sandboxes is expected to drive disruptive innovation across different industries, will enable Greece to nurture national “pockets” of growth and will accelerate the economy’s rotation to “greener” technologies and new business models.

To enable the growth of the concept, we propose the setup of regional organizational entities with innovation P&L responsibilities, loosely coupled to a performance management mechanism that will measure success on multiple levels (i.e., number of MNEs attracted, number of start-ups founded, number of patents issued, number of academic publications, degree of international exposure, etc.).

Suggested sustainable focus areas



Crete the “sandbox” for Sustainable Tourism

Indicative Solutions

- Implementation of energy saving & renewable energy solutions in hotels and accommodation
- Green & sustainable construction of new accommodation
- Development of waste policy & management to share with customers
- Use of ecofriendly products and reduction of the plastic & carbon footprint
- Support and promotion of local production and communities and reduction of food miles
- Promotion of local heritage through activities that allow tourists to experience firsthand the history and local customs



Syros the “sandbox” for Sustainable Shipping

Indicative Solutions

- Eco-efficient ship designs, better designed engines, propellers, hull forms and coatings
- Slow steaming, speed optimization and weather routing systems
- Change of fuel usage from heavy fuel oils to natural gas, biofuels and fuel cells
- Development in hybrid solutions, battery systems and ship electrification
- Improved infrastructure to enable faster turnaround times and increase port capacity
- System integrations, smart maintenance, automation and remote operations
- Use of sensors, big data, computational fluid dynamics, performance management systems
- Safety solutions to ensure personnel's wellbeing



Thessaly the “sandbox” for Sustainable Agriculture

Indicative Solutions

- Implementation of crop rotation solutions and techniques
- Development of permaculture solutions (food production solutions with intention, design, and smart farming to reduce waste of resources and create increased production efficiency)
- Design of smart “cover crops” solutions to avoid soil erosion
- Development of bio-intensive integrated pest management solutions
- Implementation of waste management and recycling solutions
- Implement hydroponics farming techniques that involve the growing of plants without soil, nourishing the plants through specialized nutrients that are added to water
- Sustainable animal farming and raising



Cyclades the “sandbox” for Sustainable Power Generation

Indicative Solutions

- “Smartification” of wind farms
- Introduction of “smart metering” solutions for load and consumption optimization
- Design of Energy Aggregation Platforms
- Development of real-time supply and demand digital solutions
- Development of “digital twin” solutions, utilizing digital models of assets (i.e., wind turbines) to enhance production, monitor and optimize operations and plan maintenance
- Design of Operations & Maintenance predictive maintenance solutions
- Implementation of Green Cloud and data analytics platforms
- Development of life safety and workplace virtualization and mobility digital solutions



Setting up Greece's first Digital Health Campus



The emergence or resurgence of infectious diseases upends the global economic, social and political balance and calls for radical changes in the world of care and health. In fact, the pandemic has magnified a set of health industry challenges and continuously tests healthcare's resilience: Labor shortages on the front line of care rise, capacity constraints in terms of hospitals' reduced investment in buildings and equipment sacrifice surge capacity, institutional, longstanding supply chain hurdles delay introduction of new sources of product innovation and limited digital capabilities for care continuity and detection lead to pure patient experience and lack of trust.

At the same time, the COVID-19 pandemic has left its mark on humans, challenging feelings of safety and influencing behaviors. Trust and confidence to public and healthcare institutions gains increased importance, citizens massively shift to virtual activity for anything, while healthcare becomes every industry's business.

In this new future, the introduction and set up of Greece's first Digital Health Campus will bring together health leaders from the public and private domains across adjacent industries (i.e., from the bio-tech, health, pharmaceuticals, logistics, insurance, ICT and digital industries, as well as from the academia & research and the policy making sector). The campus can act as an instrument to manage uncertainty and reimagine healthcare. Potential outcomes will extend to include world-standard research and the development of new innovative healthcare products and services through the formation of partnerships between Digital MNEs and local healthcare industry and Greek start-up ecosystem.

Although the Digital Health Campus' scope shall be further shaped based on the formed ecosystem of partners and stakeholders and their diversified competitive advantages, its core DNA shall remain unchanged; at its "heart" we position the better and wider exploitation of health data and the provision of next generation analytics and digital solutions and services. The design of actionable and interoperable health data repositories that will consolidate existing health data, as well as additional health and well-being data collected and aggregated from IoT sensors, wearables and smart devices, and a set of introductory digital services based on these, can indeed act as the instigators for setting the Digital Health Campus in motion.

The Digital Health Campus will pool skills and expertise both from digital MNEs and the local healthcare ecosystem and will make health data and equipment available to the community. The Digital Health Campus can also host an international conference center enabling health researchers from all over the world to meet and share the results of their research. At the same time a start-up incubator, located also in the campus, will nurture Greek start-ups wishing to benefit from this fertile environment and will facilitate their formation of partnerships with digital MNEs. In fact, through liaising Digital MNEs with the local healthcare and start-up ecosystem, this campus will make it possible to meet the needs of all players in the wider healthcare sector, such as support for the development of entrepreneurial projects, training, networking, and the provision of testbeds, tools and infrastructure for innovation and experimentation.

Indicative focus areas at the helm of healthcare's digitalization



Personal health management & wellness

Solutions on wellbeing, not linked into formal healthcare delivery, primarily working on a B2C business model approach

- Assisted living sensors, e.g., wearables for elderly to track location, detect falls and raise alarms
- Personal health records, e.g., Apple health kit
- Health management apps, e.g., smoking cessation, etc.

Amazon plunged into the wearables market in 2020 with a new wristband, dubbed Halo, and an accompanying health tracking app and subscription service. The solution allows users to track metrics like body fat percentage and sleep temperature, and gauges users' tone of voice to determine their emotional states. [2]



Diagnostics & Triage

Solutions to improve access and availability of medical information, in order to direct patients to the best healthcare resource in the first instance, in turn reducing the burden particularly on primary care providers.

- AI-enabled diagnostic apps to assess skin aberrations/ dermatological issues
- AI-enabled solutions in hospitals that analyze patients' diagnostic images to aid in the detection of conditions such as COVID-19

Babylon's AI-powered Symptom Checker can analyze people's symptoms and provide them with clear, accurate information on potential causes and possible next steps. It can identify most issues that primary care doctors tend to see. [3]



Remote Patient Monitoring (RPM)

Solutions where data collected from sensors and cameras feed into EMRs/EHRs, and trigger specific notifications or actions for healthcare providers

- Chronic disease management sensors/ apps to monitor key vital signs to support patients with diabetes, COPD, heart failure, etc.
- Palliative care / high risk post-surgery care to assess recovery or risk levels
- In-hospital monitoring, e.g., connected sensors on in-patients so nurses can monitor a larger number of patients at once, etc.

DTx chronic disease start-up **Livongo** has partnered with continuous glucose monitor (CGM) developer **Dexcom**. The deal enables Dexcom users to remotely integrate their CGM data into Livongo's platform, compare blood pressure and weight information from its other connected devices, and interpret that data to offer users personalized health insights. [4]



Virtual Care & Telemedicine

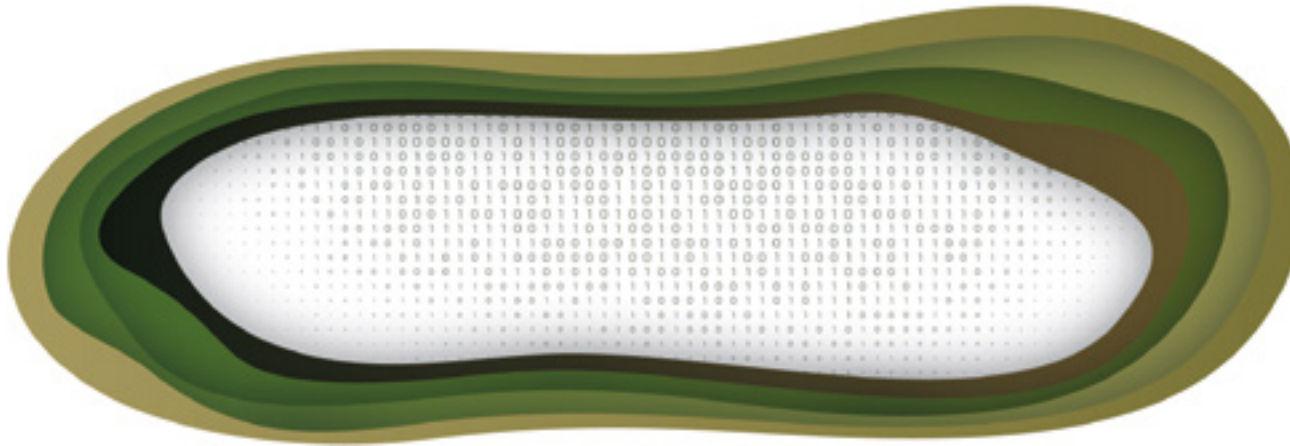
Solutions to overcome time and geography barriers in delivering healthcare services, mainly for primary care. An area of growing interest within this field is the use of telehealth technologies to support education among healthcare professionals.

- Phone / video consultations
- Asynchronous care, i.e., sending in symptoms and receiving feedback or treatment later
- Remote clinical research trials and tests, etc.

Boston-based biotech **Vertex**—which produces drugs targeting a range of conditions, including cystic fibrosis and sickle cell anemia—announced that it's shifting to virtual visits and drug delivery for some of its ongoing trials so that participants don't need to venture out to trial sites. [5]



Establishing a Defense Intelligence & Cybersecurity Innovation Investment Fund



The velocity and impact of the emerging digital technologies, as well as their combinatorial effect, have significantly accelerated the design and implementation of new, innovative solutions that can be used both for commercial and military purposes. In fact, Governments across the world heavily invest in accelerating the evolution of “dual use” technologies (digital technologies and solutions that can be used for both commercial, civil and military purposes), like Robotics, Artificial Intelligence, Additive Manufacturing, Cybersecurity, etc., in order to both maintain their military advantage and benefit their civilian and commercial interests. Initiatives like USA’s Defense Advanced Research Projects Agency (DARPA) and Israel’s Cybersecurity hub stand testament to these efforts.

Zooming into Greece, the country’s geopolitics require for a revised mission command for the Greek armed Forces and their equipment with new, “intelligent” solutions. For this reason, the country heavily invests in defense, with its respective budget exceeding €5,5 billion in 2021.[6] However, in order to meet the modern defense requirements and adapt to stay ahead, Greece’s extended arms procurement may not be sufficient. The Greek defense organizations need to keep up with innovation in this area through leveraging emerging digital “dual use” technologies. And since the pace of technology evolution is making it impossible for any government actor to lead alone the innovation at scale, the Greek Forces need to understand how to form digital ecosystem partnerships with large digital MNEs and local companies to leverage latest technology trends in their advantage.

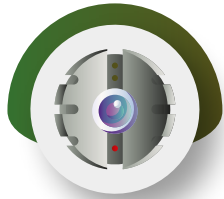
The instigation of a defense intelligence & cybersecurity ecosystem shall indeed not only equip the Greek Government with spearhead, innovative defense and cybersecurity solutions, but shall also promote and support all aspects of digitalization and cyber defense in the civilian sphere, from formulating policy and building technological power to providing guidance for all civilian entities and all critical infrastructure in the Greek economy.

To enable the emergence of this defense intelligence & cybersecurity ecosystem, we propose the establishment of a national Defense Intelligence and Cybersecurity Innovation Investment Fund. The fund will invest in businesses conducting research and/or developing innovative services and products through leveraging “dual use” technologies. The fund could also provide access to Universities & Research organizations to enhance specific R&D resources and provide the necessary testbeds needed by investees. Moreover, the fund could connect with the Greek diaspora to attract international companies to establish a presence in Greece.

The State could become the fund’s core investor, instrumentalizing the strategic rebates from Greece’s arms programs.

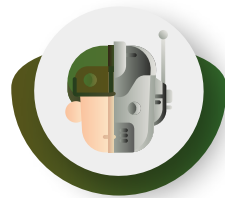
The Investment Fund shall be managed by an independent fund management company that will consist of a team of experienced professionals in the fields of Technology, Defense, Cybersecurity, as well as in VC / PE management.

Main themes for defense digitalization



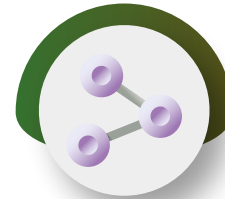
AI & Data Centricity for Information Advantage

In order to prevail in the battlefield, in cyber or traditional context, data scientists have become the new special forces to provide superior information advantage through predictive and prescriptive analytics. Combining both structured information from the C4I, battle management or mission support systems with unstructured data from sensors, weather reports, social media and other non-traditional sources, is becoming the future standard for supporting decision making. Especially in the field of military intelligence, ability for data fusion from various data sources and supporting identification of information relations can drive significant operational outcomes.



Human-Machine Interaction

As of today, we have seen an unprecedented growth in drones for the military, UAVs, and other autonomous vehicles able to execute more and more demanding tasks. It's becoming a differentiating capability how the human-machine interaction between the operator and the drone is performing.



Interoperability for Networks & Platforms

In order to build digital ecosystems, interoperability is the key to unlocking value out of these ecosystems and share information within the blue force coalition actors and strategic partners. NATO Federated Mission Network standards are mandating that Nations incorporate these interoperability requirements into future development programs. Interoperability plays critical role also ensuring the operational readiness and security of supply, when exchanging platform configuration information with the strategic maintenance partners (e.g., OEMS) or balancing demand and supply with the strategic suppliers.



Cyber Security

Cyber has already become the fifth military domain in addition to the land, air, sea, and space. Both government and non-government actors are continuously developing both offensive and defensive cyber-capabilities. In order to protect the other digitalization investments, all Defense organizations need to focus on at least defensive capabilities. An overarching cyber security strategy needs to cover the full stack from data centers and networks to applications and devices, driven by the national security guidelines to protect classified data and systems from malicious attacks.



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Chapter 1

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