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# Investor Attraction in Stockholm Region

23<sup>rd</sup> November 2015

# Introduction

## **Project Director – Mark O’Connell**

CEO and founder of OCO Global

One of Europe’s leading FDI consultancies with over 50 staff in 5 countries across Europe, Asia and US.

OCO advises governments and companies on international trade and investment attraction strategies.



## **Research Lead – Naomi Byrne**

Director of the Business Intelligence division at OCO.

Naomi was responsible in this project for gathering the research and conducting the consultee interviews.



# OCO: A Global Presence and Perspective



Established  
**2001**



**50+**  
Members of Staff



**Experts  
in FDI &  
Trade**



# Wide range of services in FDI and Trade

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FDI Strategy



Representation Services




Lead Generation



Training



Benchmarking



Research



Sector Study



Market Intelligence



Company Profiling

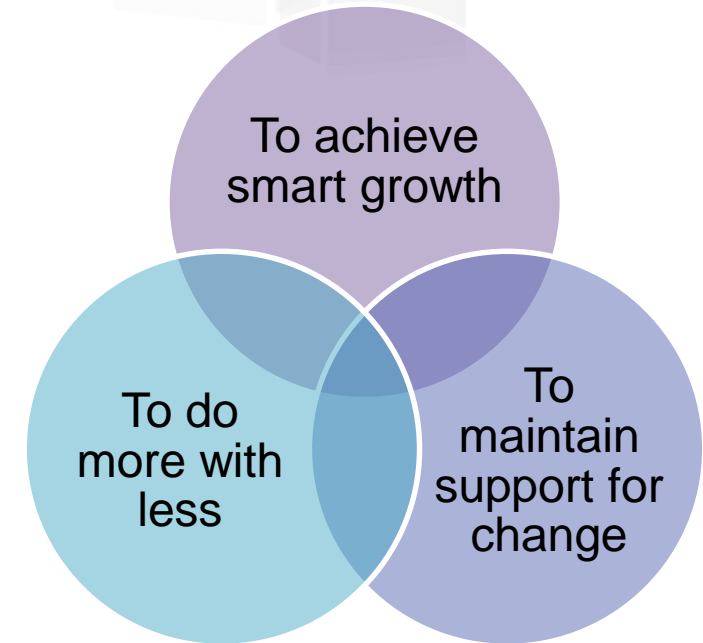


aicep Portugal Global

## Our Mission Statement

*To guide SBRD on gaining new insights and working methods to assist with the investment attraction process.*

*Our proposal video:*  
<https://vimeo.com/132691367> Password:  
stockholm



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## Why talk about Investor Attraction?



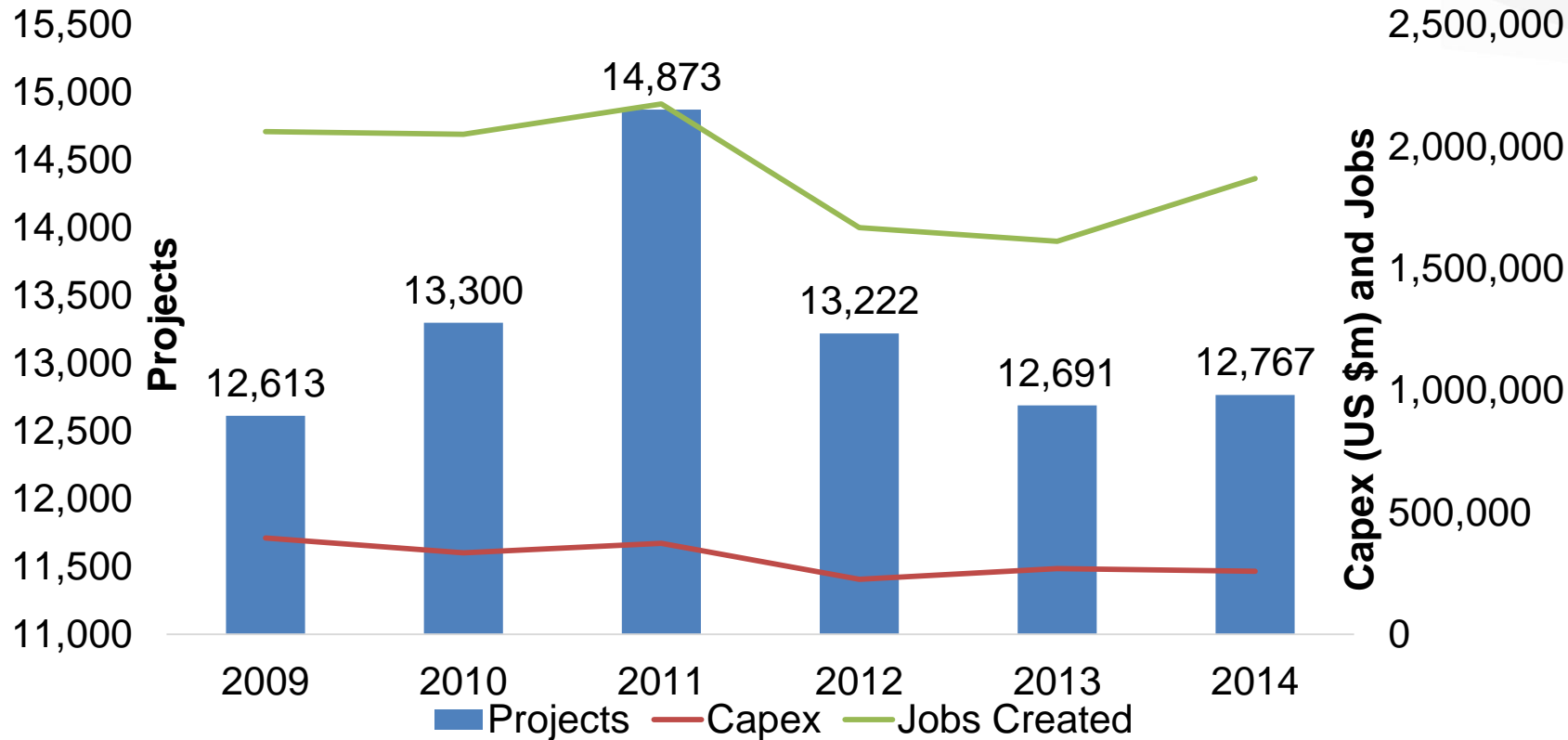
- By attracting and retaining investors to the region can bring economic prosperity both in terms of investment in the region (capital) and the creation of jobs for the local population.
- Academic research shows that there is a clear correlation between those countries that invest in FDI promotion and the return it provides to the economy.
- SBRD have been involved in the investment attraction process since **XXX** and work alongside the national Agency Business Sweden to help promote the city /country globally.
- Some of the Stockholm region's international investors include:



The FDI landscape is in constant flux. It is affected by a variety of micro and macro factors, which any new strategy will need to consider/respond to, including:

- Seismic shifts in the economic world order, especially in capital and financial markets
- Corrections in the form and flow of FDI from emerging markets
- Targeting new hybrid 'sectors' e.g. Fintech, Connected Health etc.
- The role of cities and regions and strategic sites in the increasingly diversified and specialist FDI landscape
- Attitudes of the 'Millennial' generation towards how and where they want to work, and how such talent can be harnessed to attract FDI
- Measuring and reporting on the output and outcomes from FDI and IPA interventions

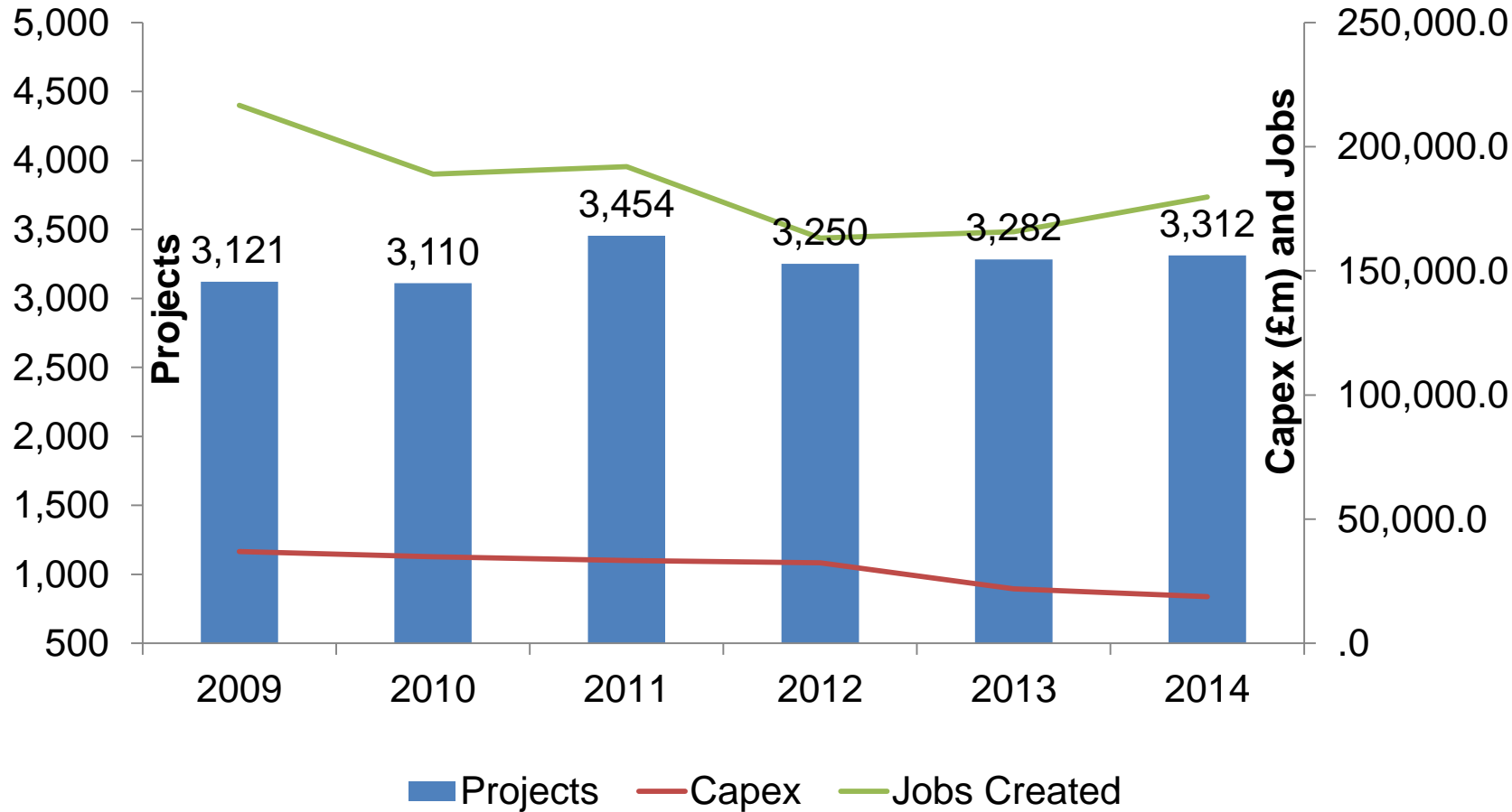
# Global Trends in FDI



- Annually over 12,000 globally mobile projects
- With >10,000 IPAs (city, national) then implication is that on average each IPA gets 1.2 projects a year.
- IPAs will need to work hard to achieve a better than average performance.



# W. European Trends in FDI



- Annually over 3,000 mobile projects in W. Europe
- UK & Germany collectively receive 50% of this inward investment
- Swedish share is c. 2% (similar to Austria, Denmark, Finland)

Source: fDi Markets, from the Financial Times 2015

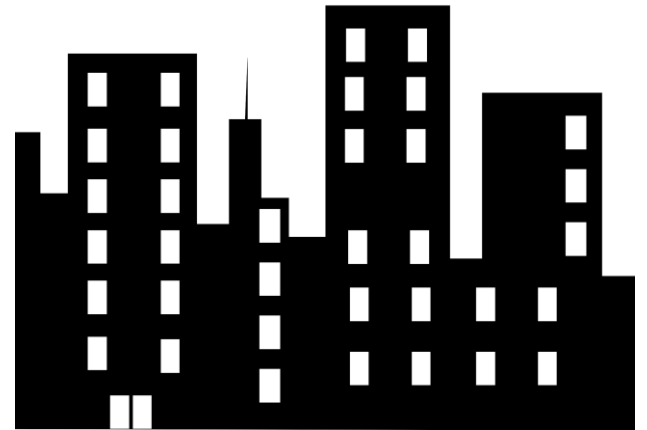
Foreign Direct Investment	2012	2013	2014
FDI Stock (Euro millions)	346,749	361,350	298,109
Number of Greenfield Investments	63	55	53
FDI Stock (in % of GDP)	68.7	67.2	56.3

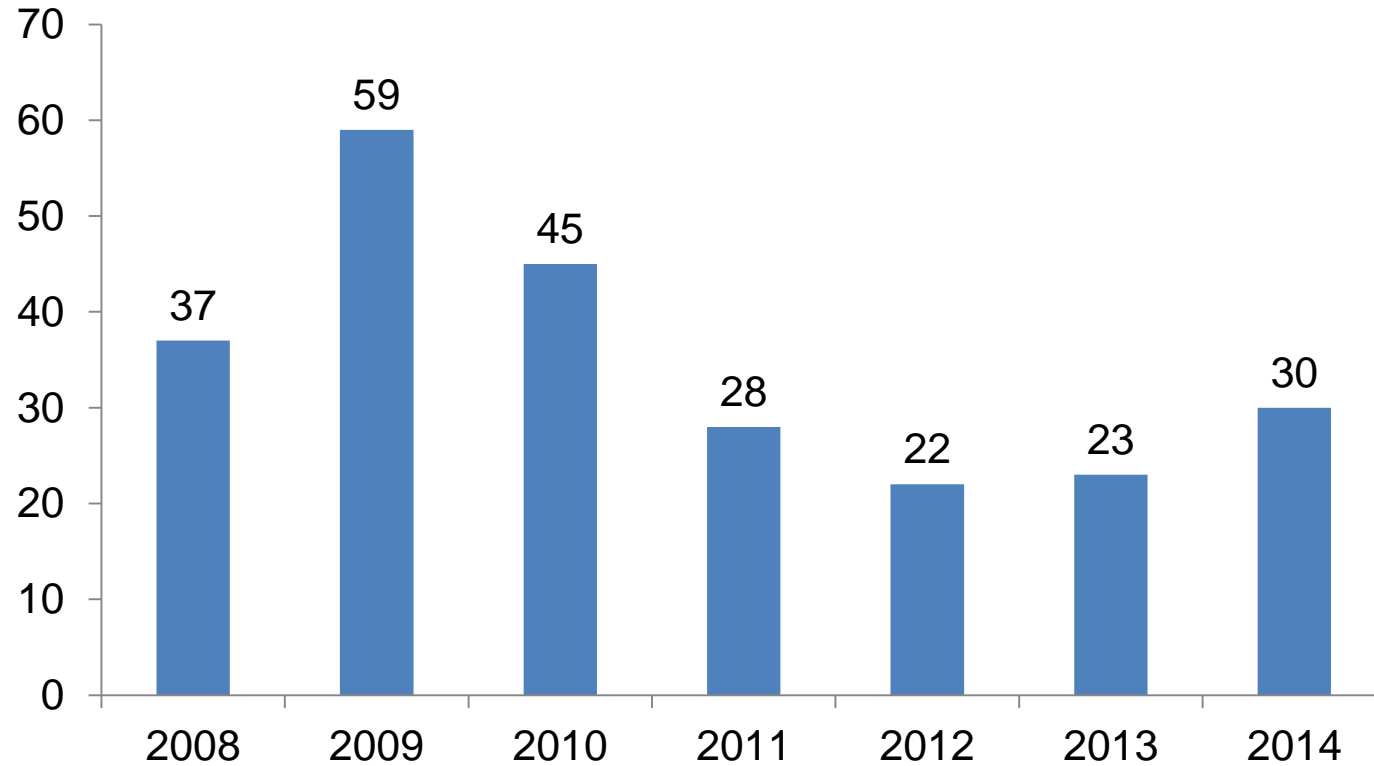
- The largest investing region in Sweden was Western Europe
- The main source countries include:
  - the Nordics (Finland, Denmark & Norway) representing 21%
  - the UK representing 15%
  - Germany representing 9% of investment projects

## The importance of cities in investment promotion

- Cities are the concentrations of the a nation's population, trade, commerce, cultural and social life
- They are also the sites where the highest proportion of future growth, both population and economic, is forecast to occur
- Therefore a country's future is closely linked to that of its cities
- More than half of the world's population now lives in urban areas
- In 2014, 40% of FDI in Western Europe landed in the top 20 cities
- In sectors such as ICT the top 20 cities secured a 50% share of investment

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Results have declined since their 2009 peak.

Since 2013 there has been a steady increase.

60% of investment into Stockholm is from:

- UK
- Germany
- France
- Switzerland

## What can we do to improve Stockholm's performance

- Decreasing FDI volumes and increased competition means that IPAs need to be selective about where they put resources and efforts to maximise impacts
- SBRD needs to operate as a sales organisation
  - Like all good sales organisations, there needs to be clarity on targets, resources and activities
- SBRD needs to harness technology to manage activity, capture relationships and measure performance

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## Final Strategic Initiatives

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1. Clearer KPI's & measures

2. More focussed aftercare

3. More proactive investment attraction process

4. Private sector: Affinity/Ambassador Programme

5. Focus on Regional HQ, M&A, R&D

We are working with SBRD on all initiatives

To provide a snapshot we will provide some examples on the following;

- **Aftercare**
- **More proactive investment attraction**
- **Focus on R&D**

Focus on:  
More focussed aftercare

- Within every good sales organisation there is a balance of efforts between new business recruitment and account management/ aftercare
- Poor aftercare can lead to potential attrition risk of existing investors
- We believe SBA partners should be leveraged more effectively in order to assist SBRD with its aftercare engagement programme

The logo consists of the letters 'OCO' in a bold, sans-serif font. The letters are white with a dark outline. The background features a faint, stylized graphic of a building or structure with geometric shapes and lines.

*What could be done:*

- *Identify the key investors in the municipality*
- *Understand the scope & size of their operation*
- *Know the Operations/ Business Development Manager*
- *Understand the business needs and whether the municipality or SBRD can assist*

### Who does it well?



- **London & Partners was aware that it had limited contact with companies that had invested into London, especially non-UK headquartered companies, but who weren't proactively account managed**
- **The aim was to gauge scope of current activities in the UK and the potential for expansion.**

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### Achieved

London and Partners prepared a long-list of known invested companies:

- More than 180 companies contacted
- 30 face-to-face meetings secured
- 10 leads were identified with companies who were interested in investing further in the UK



Focus on: A proactive approach to investor attraction

Helps to ensure a steady pipeline of investment leads

Puts you in the driving seat: you can choose the investors *you* would like to have

Helps to build good sales and marketing capabilities



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### Who does it well?



Japan External Trade Organization

- **Under the Japan Revitalization Strategy (June 14, 2013), the Japanese government set a goal of doubling the current FDI balance to 35 trillion yen in 2020. To meet this objective, it initiated a strategic programme of FDI promotion globally.**

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### Achieved

A multi-sector lead generation project focussed on Europe in 2014 yielded:

- 920 company longlist
- 275 positive responses from companies interested in Japan
- 152 face-to-face meetings
- 50 projects identified.

Focus on:  
Regional Focus HQ, M&A, R&D

It is worth considering Stockholm's sector strengths and if they align significantly to an activity led focus.

Placing less of a focus on promoting sector strengths and more emphasis on activity (HQ, R&D) allows agencies to focus their efforts on potentially higher value projects.

The logo consists of the letters 'OCO' in a bold, sans-serif font. The letters are white with a dark outline. The background features a faint, stylized graphic of a city skyline with several buildings of varying heights and widths, rendered in a light gray color.

*What could be done:*

- *Focus the resources on a common theme or activity rather than sector*
- *Group resources and teams accordingly to provide more resource and capacity*

### Who does it well?



- In order to attract technology projects, Montreal's marketing push around the ICT is based around high-value activity – with testimonials and evidence to support the argument as an optimum destination for investment in North America

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### Achieved

'techno Montreal', was launched a non-profit organisation with the mission of uniting the technology stakeholders across the city, with the aim of creating local and international growth.

The city is working with the Province of Quebec to offer funding solutions to assist R&D in ICT:

- Companies investing in the city can benefit from both a Canadian Government 20% tax credit and a 17.5% refundable tax credit from the Government of Quebec.

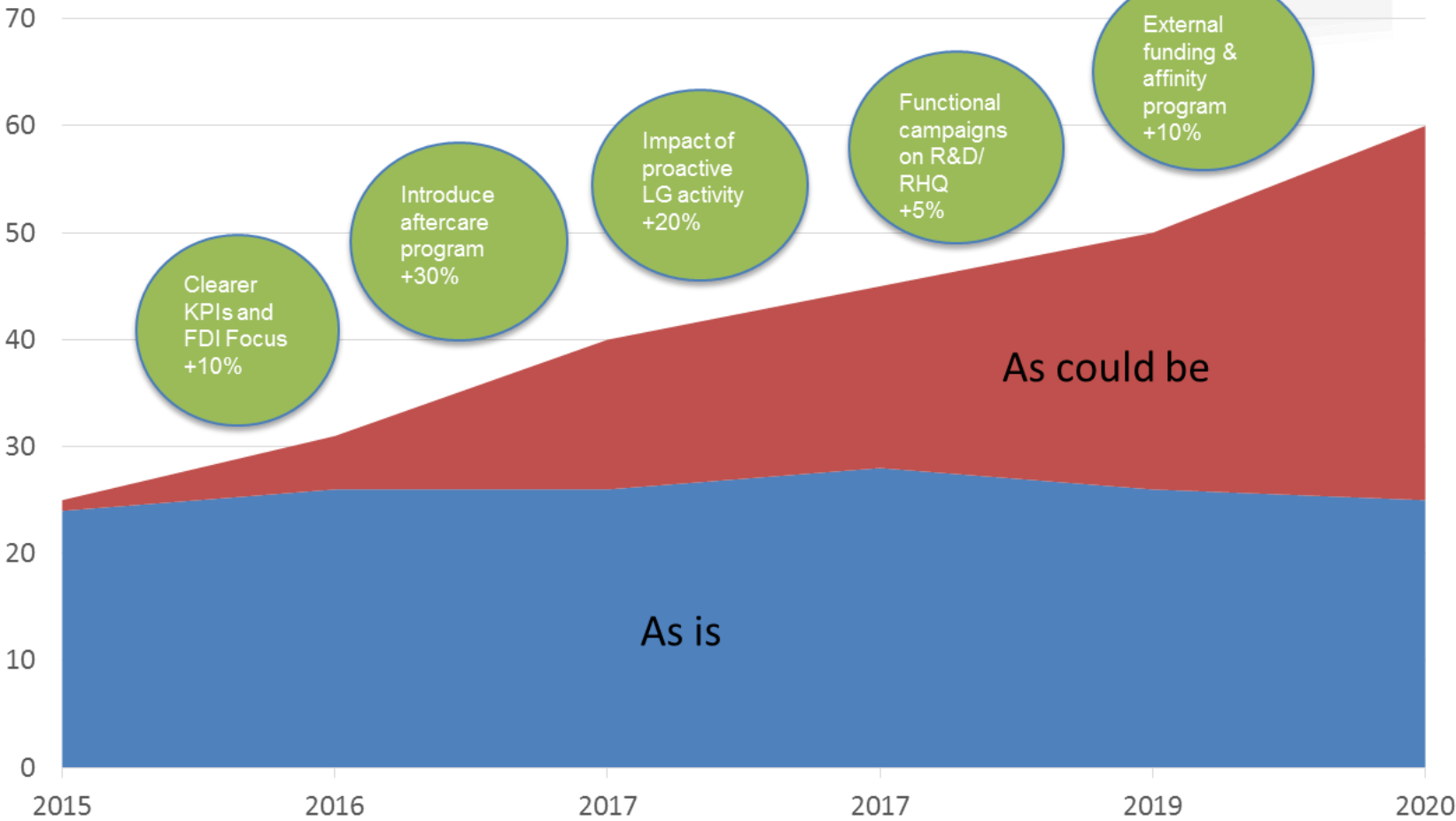
ICT companies in the city have reported expenditure of more than \$800 million in R&D.

# Potential impact of implementing recommended changes



## FDI Projects

## SBR FDI scenarios 2015-2020





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[www.ocoglobal.com](http://www.ocoglobal.com)