## Policy Briefing n. 14

## DIGITALISATION & LIVING LABS:
## CO-CREATING AND DEPLOYING DURING COVID-19 CRISIS

# EXECUTIVE SUMMARY

Coronavirus (COVID-19) crisis has critically affected cultural and creative sectors due to the sudden and massive loss of revenue opportunities. Cultural & Creative Sectors are fragmented, and the weight of small and micro firms and freelance professionals is vast. Income breakdown plus limited access to credit can easily wipe away consistent portions of the productive fabric.

Nevertheless, COVID-19 crisis has also led to new interesting opportunities for the Cultural & Creative sectors.

ICTs have brought about a revolution in many aspects of the cultural sector during the COVID-19 crisis, accelerating their implementation, offering challenges and opportunities at the digital level that have to do with communication, digital culture, increased interactivity between agents and new artistic and creative formats. Therefore, innovation and digital technology have helped to alleviate the impact of COVID-19 on individuals, businesses and governments. A new digital-based era is emerging, creating new opportunities. It has changed the way we work, learn, buy and interact. We must be prepared for the so-called new normality. But, at the same time, the benefits of technology are not equally distributed.

Part of the negative impact and lack of response from the cultural industries and live arts, as well as from public bodies, has been due to the fact that they have not yet come to understand and assimilate the keys to this context.

The digital context means both an approach and an extension. It implies a reduction in the physical distances that can act as a barrier and allows individuals to be brought into contact with products, agents or other individuals in previously impossible ways. The digital environment allows multiplying the links and / or reinforcing them. Although they may be considered weaker, with less commitment, it offers new terrain.

In this sense, it is important to understand that **the digital (virtual) environment represents an extension, and not a substitution, of the traditional (physical) social environment**.

In addition, there is a digital divide that makes it an inaccessible medium for minority sectors of the population, but equally important for business opportunities.

There is, therefore, a long road for innovation and many unexplored areas. **Digitisation** and **Living Labs** thus play a key role in creativity and experimentation.

## CONTEXT OR SCOPE OF THE PROBLEM

Never before has the digital agenda been so necessary and vital. It is not only immediate response to the impact of COVID-19; it also makes it essential to boost research and innovation.

There are many changes that governments are struggling to regulate. However, these also imply new divergences and polarisations between economies and societies. This is why new responses are needed.

Technological change threatens jobs, but it also creates alternatives. Relations at work, between companies, employees, services, mobility are evolving. The only key to progress is to improve innovation and education. As with everything else, the future of Europe and, most of all, the Mediterranean, lies in adapting, sharing experiences and moving forward together.

Anwar Zibaoui, coordinator of the Association of Chambers of Commerce and Industry of the Mediterranean, highlights that following the current model, Mediterranean governments focus on job creation rather than on business creation. An outdated model that consists of launching massive public employment programmes instead of financing and investing in successful businesses that create jobs. It is clear that economic progress is directly related to training, research and innovation activities, and that there is a correlation between social progress and business activity.

Innovation is a lever for adding value because it transforms the way we do business and has a multiplier effect on the growth of a nation and its companies. To be able to create wealth and ensure a future, innovation is not an option. It is a necessity.

The Mediterranean region will have to create hundreds of millions of new jobs over the next three decades. This challenge presents an opportunity for the region to transform its economies and harness the creativity of its large youth population and the disruptive power of technology to create wealth.

It is estimated that 8 out of 10 jobs will be lost due to new technologies (not because of immigration or globalisation) and that 64% of the jobs that exist today will be automated and 66% of the jobs for the next ten years have not yet been invented.
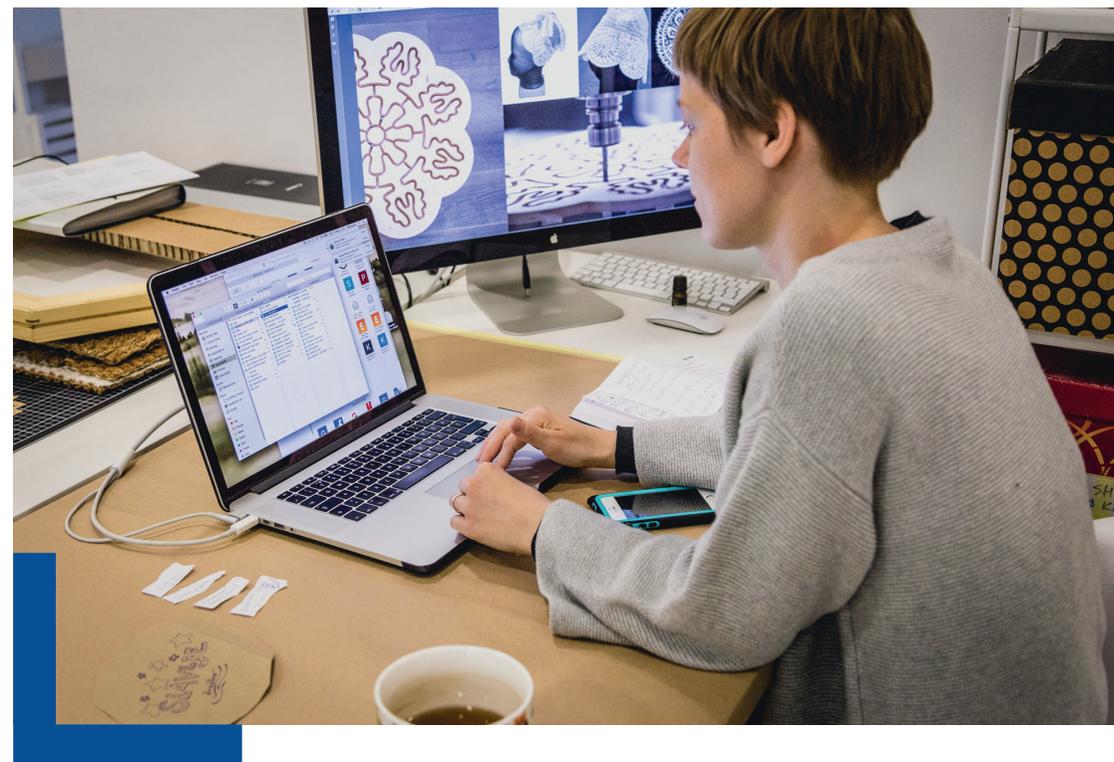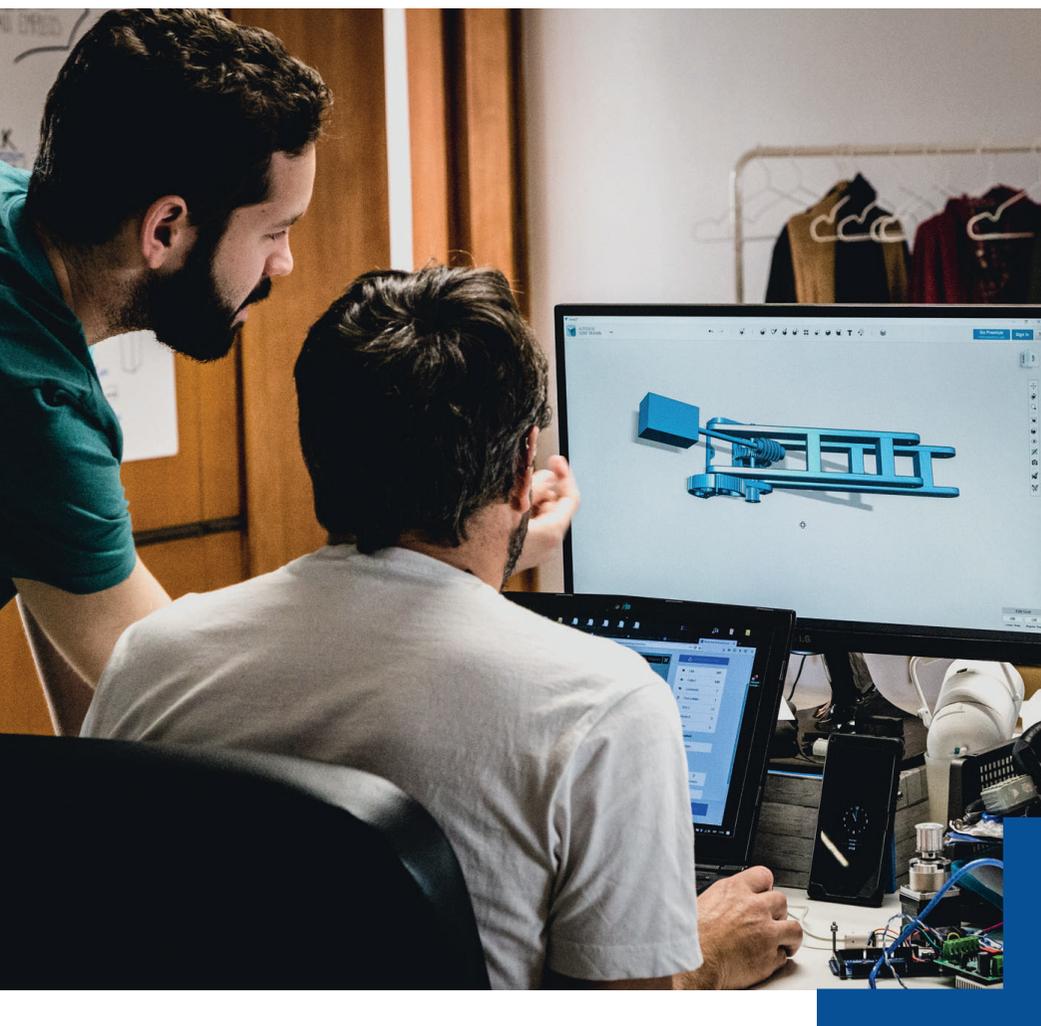
The transition to the fourth industrial revolution, combined with a crisis of governance, makes it imperative to thoroughly reconsider human capital and adapt education to the labour market to achieve prosperity and stability. New digital technologies are generating new competitiveness that, for the time being, does not reach many Mediterranean countries. For the region, a successful transition would ensure business competitiveness and be a determining factor for regional industrial consolidation. Doing nothing risks having a negative impact on its future growth and productivity.

It is, therefore, necessary to reshape business strategies and create productive and sustainable jobs, posing a series of specific challenges for the Mediterranean cultural sector in the digital environment where Living Labs can play a key role:
• to **attract the attention of individuals** in an environment where information abounds to differentiate themselves;
• **transform products to offer** them from new media and formats to reach a greater number of audiences;
• **involve the user** with their own brand or cultural product as a business strategy;
• the development of digital tools 4.0 allows the opportunity to **give an active role to the consumer** as an ally for the business, following the Living Lab methodology;
• being able to **take advantage of the large amount of information** generated on the network for better knowledge and approach to cultural audiences;
• **digital tools facilitate interaction** in multiple ways, and this allows multiplying the possibilities of interacting actively (generating digital collaboration mechanisms, without the need for face-to-face contact) or passively (taking advantage of external knowledge, for example) with other agents;
• **generate alliances** with agents in the communication and information technology sector to ensure the success of the actions;
• **bet on new forms of financing to ensure economic sustainability**.

Cultural patronage has acquired a different dimension with the possibilities offered by the Internet, giving rise to crowdfunding in an easy and safe way

• **improve internal work processes**. The digital environment allows the development of specific tools to organize communication and interaction more efficiently within the organization itself;

• **improve production and experimentation processes in the market**. The digital environment allows flexible production processes and product experimentation in the market, allowing more easily feedback in the process;

• **generate creative processes based on interaction** to generate products with added value. Digital tools greatly facilitate interaction with other artists, but especially with audiences (giving rise to the idea of crowdsourcing);

• **generate totally new artistic formats** thanks to the use of new tools to open up new opportunities. New technologies make it possible to imagine new artistic formats and new applications (such as video art);

• **integrate traditional artistic formats from the use of new tools to open up new opportunities**. Technological advance allows combining media and formats to give rise to new products (such as the viewing of operas in cinemas);

• **overcome the difficulties generated by the idea of free access and piracy**. The unforeseen impact on copyright and intellectual property has generated adaptive responses. These years have served to begin to devise alternative financing formulas in different areas (co-payments, pay per view, live performances, niche products, ...).

**Example from InterregMED community: CHEBEC project**

Chebec project explored the effect of the crisis on the cultural sector in a webinar titled "Crisis As A Time For Culture" which was held on 28 May 2020. Main take-outs of the webinar are:

• it is also a time for change and for culture, since the transformation that needs to happen is in itself a cultural project;
• it needs to be defined wow to use clarity to drive energy, focusing on what really matters and avoid repeating errors from the past;
• when exploring how the pandemic will affect urban places, it was shared that;
• we will need to adapt to new set of regulations (for example, the number of persons in closed spaces);
• micro-mobility will increase;
• the relation with work will change and the possibilities of working from home will lead to new balance between rural and urban areas, due to higher attractivity of smaller places and depopulation or urban areas;
• the performing arts are the ones which will face more difficulties than other forms of art.

The webinar concluded with the thought that cultural community itself can come up with some creative ideas around on how new regulations and incentives should be shaped.

# POLICY ALTERNATIVES

Dealing with the new business models offered by the digital environment is not only an economic question related to income but especially a question related to how companies and administrations commit to innovation, standing out for their openness opportunities in general (open, global village, democratization, free access).
New possibilities can be easily identified from three global trends, which are set out below in conjunction with major changes taking place in the culture sector:

**• Towards digitisation of the environment and cultural experiences.**
One of the important ideas that exemplify a change in the ideal business model of the cultural sector at a general level is that of the "prosumer". It is a characterization of the consumer in which he plays an active role in the value chain. The role that the individual, initially a consumer, can play at any time in the value chain is transformed.

At least six important possibilities can be identified in the relationship with the user:
  • ability to involve you in co-creation and co-financing processes (laboratories with new technologies);
  • ability to expand the information in a simple, integrated and attractive way during the experience (beacons, wearables, screens, ...);
  • ability to offer new experiences interacting and experimenting with the work and the contents (Geolocation, Sensors, 3D, augmented reality, ...);
  • ability to involve you in the distribution and evaluation (web 4.0);
  • ability to create community and commitment, engagement (web 4.0, gamification);
  • ability to segment and analyse the profile of consumers for individualized treatment.

**• Towards increased connectivity.**
The digital environment, the new ICTs, have given an obvious boost to the idea of "collective intelligence". The new environment facilitates contact and collaboration between a large number of agents and individuals, and this especially allows finding ways to work with entrepreneurs and start-ups that generate added value.
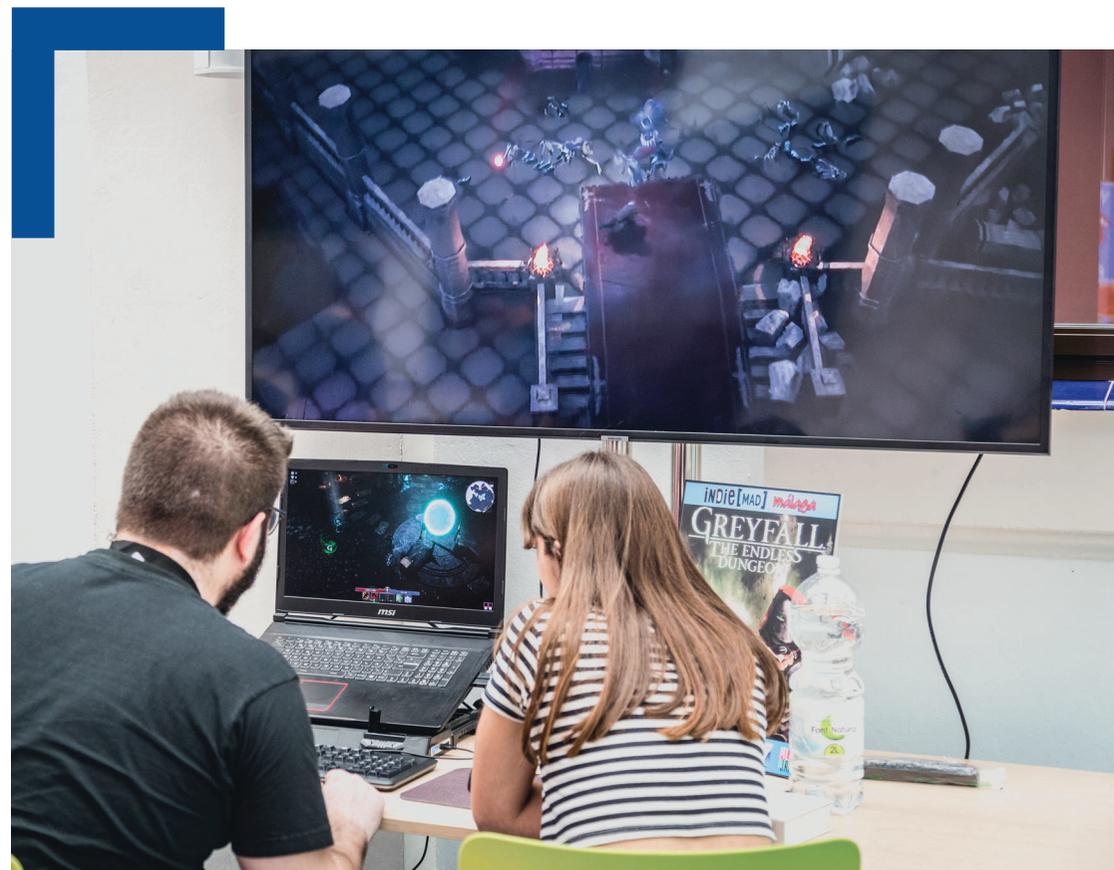
**• Towards the incorporation of new technological tools.**
The emergence of new technologies and the rise of digital communication have fostered and inspired new artistic formats and new creative processes.

On the one hand, the new artistic formats allow the development of space with a new audience, thus expanding the business model. The idea of creation factories and idea laboratories acquires importance. These spaces are also a business model and a new way of conceiving artistic practice and its relationship with the environment.

On the other hand, digital development has made it possible to imagine the inclusion of the public in the creation and production processes in an extensive and original way. The inclusion of the public is valid both for processes of creation of artistic works and for strategic processes of organizations.

# POLICY RECOMMENDATIONS

The administration plays an important role in promoting the digitization of the cultural sector in the Mediterranean area, given the novelty and impact of the changes. At the European level, but also at the national level, higher-level administrations must work to create a favourable environment based on:
• increase the dissemination and use of ICT, both for private companies and public administration as well as citizens;
• regulate to produce a favourable business environment (security, privacy, trust, ...);
• improve communication infrastructures;
• promote innovation with R&D programs, collaborations, financing, ...

Although the above actions are aimed at establishing a framework for action, at lower levels, various lines of action can be established to have a more direct impact:
• offer funding and grants for innovation in artistic and creative formats and extend the lines of action and grant to new forms of art;
• generate collaboration networks between all stakeholders promoting Living Lab initiatives;
• leverage knowledge in novel areas from the experience of publicly funded projects;
• encourage the participation of private companies and users in cultural, artistic and creative processes;
• literacy the entire population in digital tools;
• guarantee universal and equal access to the Internet;
• offer training and advice to agents in the sector, public or private;
• promote the use of open data and develop a clear privacy and security policy.



**CONSULTED OR RECOMMENDED SOURCES**
• https://atalayar.com/en/blog/innovation-and-digitalisation-after-covid-19
• https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:267:FIN
• http://www.interarts.net/descargas/interarts2540.pdf
• https://ec.europa.eu/culture/sectors/cultural-and-creative-sectors
• https://issuu.com/enoll/docs/citizen_driven_innovation_full_4_

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