Interview: Dogan Taşkent – President, Swiss Chamber of Commerce – Turkey



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Dogan Taşkent, president of the Swiss Chamber of Commerce in Turkey discusses the most successful models for innovation in Turkey, the current status of start-up incubators in the country, and how Turkey can learn from the Swiss model for innovation.

What are the main economic challenges that Turkey is facing going forward?

Turkey has two missing ingredients. The one is capital: we do not have much. The other one is the current account deficit. In order to grow over that, we need value added capital and value added export, which means that we have to develop more high value added products. Turkish high-tech products make up only two to three per cent of exports.

It is the shortage of capital and the value added products that the Swiss Chamber positioned to help address; Switzerland has excess capital and is the most innovative country in the world based on GII 2015 Report. Switzerland and Turkey have the potential for good collaboration because we can produce goods at a reasonable cost and high quality standards and can benefit greatly from Swiss capital & design.

For the country as a whole, how should R&D infrastructure be developed to support high value added commercial activities?

Istanbul has positioned itself as a center for everything: one big mistake. If you go to the United States, at least 15 or 20 cities that offer robust business environments and a high quality of life. In Turkey, you count only Istanbul, Ankara, Izmir and maybe Gaziantep. However, Turkey has 81 districts. We should do local ‘merit clusters’ and build R&D infrastructure accordingly. Izmir is a good example, with a strong biotech cluster already on the agriculture and life sciences’ side. The idea is to have branches across Turkey and, for the example of life sciences, be connected to the Izmir cluster.

Another issue with cluster is its stability and sustainability over time. In order for a cluster to be stable, it must have few major players to counterbalance each other. That requires collaboration of dominant players, which is often not an easy game to play in Turkey. Izmir Biotech Cluster managed collaboration with many local players; the biggest ones among them are Ege University, Dokuz Eylül University and İzmir High Technology Institute (IYTE).

As mentioned above, we need to have different regions in different clusters. Hence, we need to find areas of expertise, create clusters, support the local SME’s and especially accumulated regional knowledge, establish support platform to communicate and create joint projects with local universities so that they work together and develop value added products and services.

How well is Turkey able to incubate start-ups, particularly in the life science industry?

I spend a lot of time with start-ups and, as anywhere in the world, start-ups and innovation attract a lot of hype here in Turkey. I have been involved in the establishment of over 100 start-ups as a financial consultant, and have sat on the jury for over 1000+ companies. I have realized there is one major gap in the Turkish high-tech start-up ecosystem for companies that come up with novel ideas for devices and processes. After the idea, the first step is establishing proof of concept, hence the prototype. Up to here, we have no problem, but when it comes to testing and certifying that prototype to various standards and to quality levels, you need accredited labs. These requirements are especially stringent in life sciences. In pharma, this testing phase consisting of pre-clinical and clinical trial phases take approximately ten years and cost up to USD 1 billion on average to develop a drug. We do not have those testing and certification infrastructure for many high-tech domains in this country. We know how to manufacture based on manufacture ready designs or blueprints, but we have a lack of expertise to create blueprints ourselves.

If we are going to develop high-tech devices in this country with start-ups, we must have those tests and certification environments. Izmir realized that requirement and with its Biotech Cluster integrated two major universities various biotech labs and clinical trial labs to a single structure.

Each university has 60,000 students approximately, with an associated university hospital, life sciences and health technoparks, R&D Centres and growing cluster of innovative companies using the universities R&D infrastructures. Those two universities have created the necessary knowledge base and infrastructure to support start-ups in life sciences and health, which is allowing companies to begin working through this long certification and testing process.

Once underway, do start-ups face any challenges scaling up their businesses in Turkey?

Turkey is the gate to Orient, and in many cases operates like orient. In this part of the world, the connection-based-economy still prevails. It is more critical to ‘know-who’ instead of ‘know-how’. A start-up, based on our Anglo Saxon world view, represents a structure with a supreme merit that creates a differentiation advantage over competitors. We also train our start-ups with the same motto: be the best in technology and be the most creative in your business.

There is a great dilemma. Incubation centers and start-up accelerators train and support these entrepreneurs to develop know-how based companies, whereas the business environment supports connection-oriented approach. However, the Internet has come to the rescue. The Internet democratized the business-to-consumer world in Turkey by eliminating the middleman. Here a start-up can reach to its customers directly, hence bypassing the ‘know-who’ world. In this domain we have many successful start-ups and Turkey just proved that with its USD 589 million exit of yemeksepeti.com. The situation is not that rosy in the business-to-business world where most high-tech companies like biotech find themselves in. A young company with the exceptional technology without the right connections may have many difficulties to reach the success in the market. If you are a good innovator, you will survive in Switzerland but in Turkey your success may not be assured.

We need to have strong mentor networks that support high-tech start-ups in the market. I am supporting with some colleagues from the industry, on volunteer basis, university incubators as mentors. And as the Swiss Chamber of Commerce, we support those companies to match with Swiss counterparts for collaboration and international market access.

In terms of stimulating innovation and innovative spirit, what does the Chamber actively do?

As a Chamber of Commerce, we do not do commercial activities. We are a non-profit organisation so we do not offer professional consultancy services. That is done by the Switzerland Global Enterprise (S-GE) under the Consulate General of Switzlerland. They provide professional services.

We facilitate knowledge and technology transfers to Turkey under two seminar series, one of them is called the ‘Swiss Innovation Series’. We look how Switzerland created that innovative ecosystem in different industries. We hosted three big seminars on this subject, examining “Innovation through corporate R&D”, and invited heads of R&D departments of large Swiss multinationals, university professors, and government officials.

The other event was about ‘Innovation through clusters’. Switzerland is a good example for that because it has naturally developed clusters, especially in the medical devices and watchmaking sector. It all comes from two areas in Switzerland; the first one in the French district, with origins as a hub for mechanics and high quality manufacturing, still visible in the watch making and luxury goods industries. These traditional skills were combined with newer technologies and they started to develop equipment in the medical device industry. The other cluster is in the machinery and mechanical engineering, located in the north of Zurich. Those organic clusters developed over many years and generations.

The third big event we hosted was on ‘Innovation at family businesses’. There are a lot of Swiss family companies which have managed to be innovative over the centuries and find their position in the market. We invited them and among them we hosted also the Prince of Liechtenstein.

Another seminar series is the ‘Swiss expertise series’. If you look at certain areas, you will realise that Switzerland is the number one because of their constant innovation and deep experience. We invited companies and universities, which explain us how they became such experts or how they dominate the market. Here again we invite their Turkish counterparts so they could meet and have the chance to work together.

Those seminars were received very positively because we invited academia, industry and high-tech companies from technoparks. After those events, we created reports. All presentations were published in written form, with supplements from interviews with additional people. It was for us critical to contain the information and create a public library for reference purposes.

As Swiss Chamber of Commerce, I am attending many biotech related conferences and give seminars in that area. Also, we invite delegations from different Cantons of Switzerland to come to Turkey to meet high-tech SMEs. We are also sitting at the Board of the Ege University Technopark and Dokuz Eylül University Business Angel Network, and we are very close with Izmir Economy University. On the top of that, we are planning to open a branch office in the Dokuz Eylül University Technopark with the German Chamber of Commerce, so that we can enable Swiss and German companies a soft landing into that ecosystem.

What ultimately motivated you to become a part of the Swiss Chamber of Commerce here in Turkey?

I had two major reasons. First, I spent ten years in Switzerland, where I went to high school (Lyceum Alpinum Zuoz) and the University (Swiss Federal Institute of Technology in Zürich). Offering my services to the Swiss Chamber for few years is a way I can repay Switzerland for everything I have learned from that country and the culture. I am a true believer of the Swiss lifestyle of openness, freedom of speech, being correct, excellence and high quality in everything you do. I would like to represent and advocate these values, and if possible, help to share them in Turkey.

The second reason is that Switzerland has been ranked in first place of the Global Innovation Index for the last five years. With my engineering and R&D background, I have a passion for learning, especially on innovation and have an affinity for such an innovative culture. Therefore, the Swiss Chamber of Commerce was a bridge for me between Switzerland and Turkey, and a mechanism that can be used to bring Swiss experience, know how, and standards for excellence to Turkey.

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