

# Interview: Stefano Rizzi - Director of the Economic Division, Ticino Department of Economy & Finance, Switzerland

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*Italian-speaking Swiss canton Ticino outperforms most regions within Europe, yet still lags behind the high-flying cantons of Northern Switzerland. Stefano Rizzi, director of the canton's economic division, discusses its economic development strategy and the important role that the life sciences sector plays within it.*

**Ticino is the Italian-speaking region of Switzerland, and thus has major economic connections both to the rest of Switzerland as well as to Italy. How are Ticino's relationships with these two regions evolving today?**

Historically the canton has had a close relationship with Italy. Today however, Ticino is becoming more integrated than ever with the rest of Switzerland, particularly following the completion of the AlpTransit project and the opening of the Gotthard Base Tunnel, the longest tunnel in the world. Now Ticino's economic capital Lugano is connected to Zurich by a two-hour train, forging an important psychological link with the greater Zurich area as well as a physical connection. As such Ticino is turning a new leaf of economic development in many ways. Going forward, we see the potential for Ticino to become almost like a suburb of Zurich from an economic perspective, and our Cantonal government wishes to collaborate more closely with the Greater Zurich Area economic organization to forge new economic links and relationships. Ticino has always had a dual

Swiss-Italian identity, and this will of course remain, however for the foreseeable future the priority will be to strengthen our ties with Switzerland; encouraging innovation and investment in key strategic sectors.

**In general terms, how would you assess the overall health of Ticino's economy, and the contribution of the life sciences sector to the economy?**

Accounting for 4.5 percent of Swiss GDP or CHF 28.7 billion (USD 28.97 billion), Ticino's economy grew by 1 percent in 2016 but is forecasted to achieve 2.3 percent growth for 2017. The economy is well diversified and export oriented, with a backbone composed of SMEs: 90 percent of companies have less than 10 full time equivalent (FTE) employees. While diversification has benefits in terms of stability, the downside is that compared to other Swiss cantons, Ticino has a relatively weak sectorial specialization which can somewhat limit cluster dynamics and critical mass.

The life sciences sector is a bright spot within the context of the cantonal economy. With approximately 240 companies employing nearly 4200 FTE employees, the life sciences industry generates 21 percent of all Ticino exports, about CHF 1.1 billion (USD 1.11 billion). The 27 member companies of Farma Industria Ticino association generate CHF 2.3 billion (USD 2.32 billion) in turnover on their own, and have invested on average CHF 190 million (USD 191.83 million) in R&D every year within the last decade. If one would include the dynamic medical device and diagnostic sectors these numbers would be even higher.

**What have been some of the major developments at the Swiss federal level which have particular implications for Ticino?**

The investment in the AlpTransit project has of course been a long term economic development priority for Switzerland as a whole, but with a particular potential to fuel growth in Ticino. Now that the section connecting Ticino to Northern Switzerland, the Gotthard Base Tunnel, has been created we must now work to ensure that Ticino is able to really benefit from the economic and trade activity that will flow via this rail link which will connect Northern and Southern Europe, meaning to become a real destination along its pathway rather than just a region through which it runs.

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**Considering the strengths and weaknesses of Ticino's economy, what are the cantonal government's main priorities in terms of economic development?**

The 2016 report from UBS on "innovation potential" ranks Ticino above the Swiss average on this metric, and thus our economic development strategy at present seeks to fully unlock that potential. Overall, our strategy is based on three pillars; the first being to support the development of SMEs by increasing innovation and competitiveness by reinforcing the regional innovation eco-system (SRI). The second and third pillars aim at increasing the competitiveness and attractiveness as

Ticino as a destination for tourism, and promoting the touristic potential of periphery regions of Ticino.

Within the context of increasing innovation, the Canton appointed the BAK Basel to prepare a comprehensive report on Ticino's economic potential in which they identified four key "high specialization" and innovative meta-sectors where the economic development initiatives aimed to stimulate innovation can be particularly effective; those are life sciences, fashion, ICT, and finally precision mechanical and electronics.

**What are some of the most important life sciences research institutions with the regional innovation system (SRI)?**

Ticino is home to several excellent research and academic institutes which are internationally very well respected. Overall, a total of 75 research institutes and laboratories are active in the canton in different fields and sectors. The two main academic centers are of course the University of Italian Switzerland (USI) and the University of Applied Sciences and Arts of Italian Switzerland (SUPSI), which totally employ over 1500 collaborators, and carry out CHF 45 million (USD 45.45 million) of research each year. SUPSI receives 26 percent of all EU research funding which is directed to Switzerland. In life sciences, the leading research institutes in the canton are for immunology the IRB (Institute Biomedical Research) in Bellinzona, for oncology the Institute of Oncology Research (IOR) and the Oncology Institute of Southern Switzerland (IOSI), for cardiology the Cardiocentro Ticino and the Swiss institute for regenerative medicine (SIRM), and for the neurosciences the Neurocentro Ticino.

In addition, USI has recently created a faculty of biomedical sciences, and will be soon launching a master's program in human medicine that will collaborate actively with all research institutes. Both of these developments were received extremely positively by the life sciences community in Ticino. Ticino is also home to the Dalle Molle Institute for AI, one of the top 10 institutes in the world for Artificial Intelligence, and even within the top 5 for AI inspired by biology. The Dalle Molle Institute actually developed speech recognition algorithms which are used in software utilized by over a billion people worldwide and is looking at applying AI in the biomedical area. In addition, the Swiss National Super Computing Center, which is ran by ETH Zurich and hosts one of the most potent supercomputers in the world, is located in Lugano and has several research programs in computational chemistry and modeling and in other areas on biomedical research.

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This means that Ticino has the potential to become one of the leading international locations in the emerging fields bioinformatics, AI, and computer modeling.

**How is the IP and technology within these research institutions leveraged within the Ticino economy? Which are the key tech-transfer and startup support organizations?**

Considering the innovation system itself, the central actor within the economic landscape is the AGIRE Foundation, the Ticino innovation agency, which has been tasked with promoting and supporting innovation by the State Council of Ticino. The board is composed of public and private representatives, including academics and economic associations. They support existing companies by promoting tech transfer, which is the core business of the foundation, improving the network between the research centers in Ticino and the private sector.

Startups are hosted in the Technopark Tecnopolo Ticino, where they can get office space and coaching among other supports. The main location is in Manno, near Lugano, with a branch in Chiasso dedicated to digital companies. Further expansions are already planned, including a branch focusing on biomedical sector to be built in the context of the development of the IRB in Bellinzona, and a medtech park in Lugano to be hosted within the Lugano MedTech center developed by the city of Lugano and the SIRM institute.

The venture capital fund TiVenture (owned by the Fondazione Centenario BancaStato) is very active in providing funding to startup companies, and has started its activities in 2012. It is a seed investment fund which invests in early stage companies with innovative technologies and high growth potential and has a diversified portfolio of companies active in the health, high-tech, digital and cleantech sectors. TiVenture has completed 15 investments in various sectors, including 6 investments in the Life Science area.

**Are there any new or upcoming developments that you are particularly excited about?**

Our new law for economic innovation (LIInn) provides support of individual innovative projects and companies in the canton. Therefore, it is a central piece of the whole strategy for economic development. To start, the law can leverage a CHF 20 million (USD 20.19 million) budget for 2016-2019, which can be directed to accomplish a variety of objectives. Main focuses will be pre-competitive research, network creation initiatives, and incentives to bring product development work to Ticino. The Ticino Department of Economy & Finance will be able to fund private sector R&D projects up to 30 percent (max. CHF 1 million), of course on a case by case basis.

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