

Vienna's Role as a Regional Hub: Status and Future Perspectives

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Competence Center for Emerging Markets & CEE

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Ongoing discussion since early 2000s

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Vienna as a business hub

Baroque ain't everything

Dec 9th 2011, 12:19 BY D.S. | VIENNA



WHO would swap the baroque splendour

palace, for bourgeois Geneva or even post-communist Prague? As, more and more companies locating a regional headquarters for central and eastern Europe (CEE) tend to

Sights set on fostering a generation of tech start-ups

Investment Public funds are helping build a rival to London, Paris and Silicon Valley, says Henry Foy

Vienna's 13th-century Hofburg palace was once the seat of the Habsburg emperors. It is now the home of the city's public funds, which are helping to foster a generation of tech start-ups.

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Wien: Ostdrehscheibe mit Ablaufdatum

01.10.2009 | 18:28 | MATTHIAS AUER (Die Presse)

Noch steuern rund 300 Großkonzerne ihr Ostgeschäft aus Wien. Vorurteile, Infrastrukturmängel und Personalnot treiben aber immer mehr Multis aus dem Land



Bild vergrößern

Wien. Was hat Prag, was Wien nicht hat? Seit dem Vorjahr hat die tschechische Hauptstadt etwa die Osteuropazentralen von IBM und Generali, die zuvor in der Donaumetropole gestanden sind. In den ersten Jahren nach der Wende konnte sich Wien rasch als Brückenkopf für die Expansion internationaler Firmen in die ehemals kommunistischen Länder etablieren. Zeit kehren aber immer mehr multinationale Konzerne von der Bundeshauptstadt den Rücken zu. Verliert Wien Österreich – seine Rolle als Drehscheibe in der

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Innovative Stadt

Chinas Firmen wollen in Wien ansiedeln

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FT SPECIAL REPORT

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Eyes to east and west as transition continues



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„Verlust von Ost-Töchtern ist selten“

27.04.2007 | 19:17 | MIRIAM KOCH UND PETER MARTOS (Die Presse)

Die Zahl der Firmen, die Österreich als Brücke Richtung Osten nutzen, steigt.



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WIEN. Mit Jahreswechsel wurde die Osteuropa-Zentrale des Reinigungskonzerns ISS von Wien nach Kopenhagen verlegt. Nun kündigt die Generali-Versicherung an, dass Prag künftig für die Ostgeschäfte zuständig ist. Ein Trend?

„Überhaupt nicht“, sagt Hanni Grassauer von der Betriebsansiedlungsagentur ABA. „Trend ist, dass Tochter dazu kommen und Geschäftsbeziehungen erweitert werden“, sagt auch Andreas Rindlner von der Plattform Headquarters Austria. So hat zuletzt die Schweizer Versicherung Zürich in Wien ihre neue Zentrale für Osteuropa angesiedelt, der deutsche Textilhändler New Yorker hat Wien als Drehscheibe für die Ost-Expansion positioniert. Überlegungen, die Osteuropa-Zentrale von Österreich abzugeben, hört man nur gerücheltweise. Genannt werden etwa die Bank Austria oder Rewe – diese demitieren aber.

Research questions

- What is the role of Vienna as a business, innovation and education hub in CEE today?
- What are Vienna's strengths and weaknesses?
- Which of those strengths should be emphasized in the strategic development of Vienna?

Methods



„Global Cities“ as guiding concept

Global Cities = strategic sites for the management of the global economy and production of most advanced services and financial operations (Sassen, 2012).

- Center of political power
- Finance and trade center
- Transportation hub
- Location of international institutions
- Seat of leading industries, innovative ones
- Strong growing tertiary sector
- Market for products and innovations
- Strong base of professional services
- Urban population of a certain scale

Vienna is definitely a business hub for CEE

Financial Hub

Erste, RBI, Sberbank, VTB, Mizuho
VIG, UNIQA, ERGO
[Bank Austria, Wr. Börse]

Business Hub

85% of ATX listed firms
40% of OFDI of VIE firms
Regional HQ: 341 > 362

Traffic Hub

VIE airport: 30 CEE cities
Vienna main railway station

Business Services Hub

Schönherr, Wolf Theiss, CMS,
CHSH
TPA, GfK, Roland Berger,
Amrop Jenewein

Tourism

Among top-5 congress
destinations in Europe
19% of tourists from CEE

Status as a university city should stimulate startups & innovation

Education Hub

Largest university city in DACH
190,000 students
(CEE 19,000)

Startup & Innovation Hub

Pioneers, ImpactHub, WKO Austrian
Startups, INiTS, i5 invest
Life sciences, smart technologies
44,000 researchers

Public engagement

Think-tanks, organizations & platforms:
wiiw, IDM, Erste Foundation, OeNB,
Energy Community, World Bank, Vienna
Economic Forum, WU, FH BFI

International city rankings highlight a diversified set of strengths

TOP 25 EUROPEAN CITIES

RANK	CITY
1	London
2	Helsinki
3	Eindhoven
4	Cambridge
5	Dublin
6	Munich
7	Barcelona
8	Berlin
9	Amsterdam
10	Reading
11	Edinburgh
12	Vienna
13	Glasgow
14	Rotterdam
15	Lyon
16	Paris
17	Grenoble
18	Utrecht
19	Birmingham
20	Ghent
21	Liverpool
22	Lisbon
23	Derby
24	Cork
25	Galway



1

HIGHEST GLOBAL RANK



**Vienna,
Austria**

2



**Zurich,
Switzerland**

3



**Auckland,
New Zealand**

4



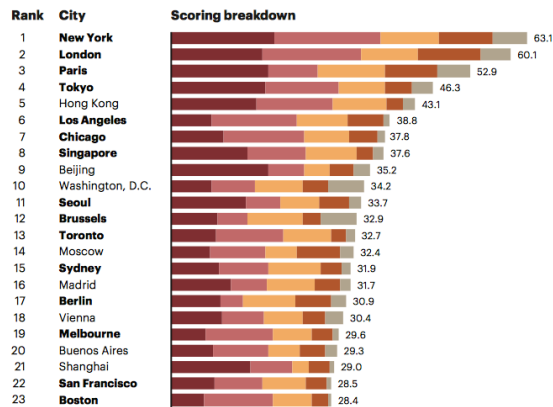
**Munich,
Germany**

5



**Vancouver,
Canada**

Global Cities Index (current performance)



The Economist Intelligence Unit

A Summary of the Liveability Ranking and Overview August 2016

A report by The Economist Intelligence Unit

Global Power City Index 2015

The Global Power City Index (GPCI) evaluates and ranks the major cities of the world according to their "magnetism," i.e. their comprehensive power which allows them to attract creative individuals and business enterprises from every continent and to mobilize their assets in securing economic, social, and environmental development. GPCI evaluates the comprehensive power of forty of the world's leading cities according to six main functions (Economy, Research and Development, Cultural Interaction, Livability, Environment and Accessibility) representing city strength.



Valuable assets & strong appeal but weak economic dynamism

Strengths

- Geographic location
- Traffic hub for CEE
- Public sector services & infrastructure
- Workforce (+ CEE competencies)
- Ecosystem for CEE business
- Internationality & appeal
- „University city“
- Quality of living

Weaknesses

- Bureaucratic hurdles
- Taxation & city duties
- Weak job market for university graduates
- Weak economic dynamism
- City image not related to innovation and research yet

Better cooperation and positioning as innovative city offer growth prospects

Opportunities

- Better utilization of talent pool
- Cooperation between universities, businesses, startups and city
- Positioning as „smart & innovative city“
- Easier to start a new businesses
- Startup-Hub for AT & CEE
- „Twin City“ region with Bratislava

Risks

- CEE cities are catching-up
- CEE lures investors with low labor costs and taxes
- Stressed budgetary situation of the City of Vienna

Focus areas for strategic development

Enhance **business friendliness**

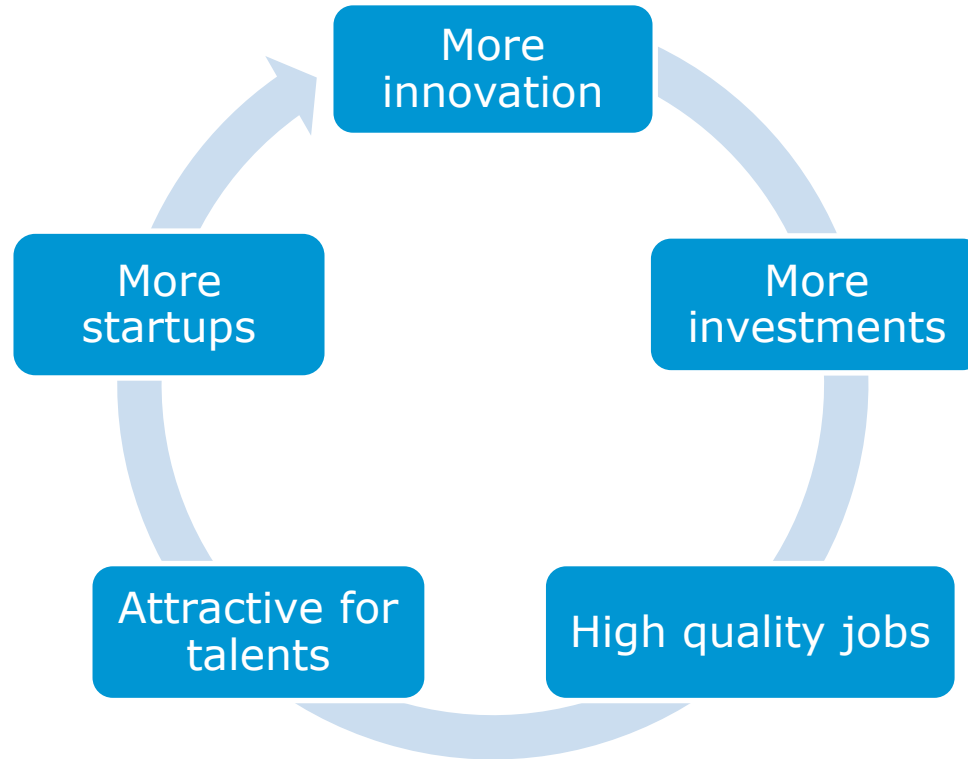
Redefine the gateway into a real **hub role**

Move to **smart cooperation** between the city, universities, businesses and startups

Strengthen Vienna's position as an **innovation hub**

Promote Vienna as an **innovative** and **university city**

Start a virtuous innovation cycle



Vienna has lost in importance as a CEE hub but gained in internationality

- **CEE** will always be important for Vienna as a **regional metropolis**.
- **CEE business ecosystem** is of interest to firms from CEE and emerging markets.
- Vienna has a **strong appeal** for people/talents.
- **Closer cooperation** among all stakeholders is seen as key to success.
- Vienna is on track to a **knowledge economy**, but it has to turn these assets into **economic growth**.

Thank you



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