Deliverable 5.1.7: Case Study – the Herzliya Innovation Zone

Revision History

Revision	Date	Author	Organization	Description
0.1	14.09.2023	Dr. Orli Ronen, Lorit Leibovitz	Tel Aviv University	Initial structure
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Introduction

An innovation zone is a local area designated to demonstrate and facilitate community involvement in innovation and sustainability. The Innovation Zone offers opportunities for experiencing and developing the full urban ecosystem collaboration of the local government, SMEs, academic institutions, NGOs, schools and the local resident community.

This is especially relevant for the smart cities market as the commitment of the regional stakeholders and the close cooperation with local governments will allow SMEs to develop solutions more suitable to the real needs of cities.

The Herzliya Innovation Zone (IZ) was set up as a living lab project of the SME4SMARTCITIES Toolbox to establish the Innovation Zone branding, framework and infrastructure in Herzliya.

The innovation zone intends to create opportunities for experiencing and developing the full urban ecosystem - collaboration of the local government, SMEs, academic institutions, NGOs, schools and the local resident community. It will create an opportunity for small and creative businesses in the city to create a business network, a friendly and synergistic ecosystem that will connect businesses, and from it will emerge opportunities for co-creation for the innovative development of smart city solutions, which can also be implemented in the host local authority as a beta site.

The innovation zone will also enable networking between the businesses and the local community, building involvement, strengthening local pride and positive communication to the place and the local authority. It will be a well-publicized example that can generate international cooperation.

Benefits

Developing the potential of a street segment in the city, on the basis of existing facilities and stakeholders and without the need for development and construction investments - to experience and develop cooperation of the local government, small and medium businesses, academic institutions, non-governmental organizations, schools and the local resident community.

Allow small and medium-sized businesses to develop solutions that are more suitable for the real needs of the cities, thereby enhancing the value contribution of the city in the smart cities market.

Enable the creation of a success story of innovation zones that will be communicated and will be a model for other cities in the Mediterranean region, leading eventually to a growing network of cities.

The Innovation Zone Toolbox was developed by Tel Aviv University as part of the SME4SMARTCITIES project. The pilot project demonstrates the toolbox, and creates tangible tools, which can be used later by other cities around the Mediterranean.

Setting up the Pilot Project

The project team issued a call for proposals to the partner Israeli cities and established a steering committee to evaluate the proposals. The cities submitted proposals, detailing:

- The site for the Innovation Zone site
- The municipal team set to manage the site

● Activities proposed for the Innovation Zone

The city of Herzliya was selected as the host city for the Innovation Zone pilot, based on the evaluation below:

Nr	Criteria	Weight	Score	Weighted score	Notes
1.1	Area contains demonstration sites for sustainability, climate adaptation and innovative technologies or practices	0.87	8	6.96	
1.2	There is an easy accessibility by public transportation – bus stops with a bus at least every 15 min. or train station no more than 300 m away	0.87	10	8.7	Numerous bus lines and major train station at 12 min. distance
1.3	The location is in a city already associated in the SME4SMARTCITIES project and its' Cities Support group	0.78	10	7.8	
1.4	There is a street section of 1-2 km in length, served by crossing or parallel streets at least 500 m on each side ("Innovation mile area")	0.76	10	7.6	
2.1	There are apartments and homes for a local resident community in the Innovation mile area	0.71	8	5.68	
2.2	There is availability of existing office locations for SMEs to move to the innovation mile area	0.69	10	6.9	
2.3	There are learning institutions and academic establishments in the Innovation zone area	0.69	10	6.9	Most SMEs are Hi-Tech start-ups and development companies
2.4	There are current cafes and small shops in the Innovation mile area	0.67	10	6.7	
3.1	The municipality commits to communicate and promote the Innovation Mile project and its activities	0.96	10	9.6	
3.2	The municipality appoints an employee from a relevant department as a focal point and liaison to facilitate the Innovation Mile project set-up and implementation	0.93	10	9.3	
3. 3	The municipality can provide space for a meeting centre in the designated street section (to serve as a meeting hub and community space)	0.84	10	8.4	
3. 4	The municipality provides funds for long-term implementation and operations of the Innovation Mile project	0.82	10	8.2	
3.5	The local infrastructure allows for environmentally sustainable facilities (e.g. large windows, green building standards, waste recycling bins, use of renewable energy, trees, garden or patio area)	0.8	8	6.4	0.8
Total	(perfect score is 104)			99.14	

Establishment of an Innovation Zone in the City of Herzliya

The Herzliya Innovation Zone is designed to be a hub for businesses, organizations, and individuals working to promote Innovation, co-creation and sustainability. The Zone is located in the area surrounding Maskit Street, a central street in the city's central business district, and will connect a diverse range of businesses and associations. The Zone features public spaces that encourage walkability and promote the agenda of sustainability, environmentalism, walkability and engagement in the open spaces.

The Zone also serves as a platform for networking and collaboration between businesses and organizations. By working together, the businesses and organizations can make a significant impact on promoting sustainability in the city and beyond.

The project will create several benefits:
● It will create a central hub for businesses and organizations working to promote sustainability.
● It will provide a platform for networking and collaboration between businesses and organizations.
● It will help to raise awareness of sustainability among businesses and the public.
● It will encourage businesses to adopt sustainable practices.
● It will make the city more attractive to businesses and residents.

The project is well-supported by the Herzliya Municipality and the businesses in the central business district. The municipality has been working to create an ecosystem and network businesses with the community, and the municipal bodies, with an emphasis on preserving the quality of the environment, introducing advanced and green technologies, and transforming the public space to be more accessible, attractive, green and walkable. The businesses in the central business district are diverse and include small businesses, restaurants, large office buildings and tech startups. The businesses support the project and see it as an opportunity to collaborate and promote sustainability.

The Herzliya Innovation Zone is a unique and innovative project that has the potential to make a significant impact on the city and other cities.

The City of Herzliya

Herzliya, Israel, is a city of approximately 180,000 people located just north of Tel Aviv. In recent years, Herzliya has emerged as a leading innovation center in Israel and around the world. The city is home to a growing number of startups, multinational corporations, and research institutions. Several factors have contributed to Herzliya's success as an innovation center. These factors include:
● **A strong talent pool**: Herzliya is home to a highly educated and skilled workforce. The city is also home to several universities and colleges, which produce a steady stream of graduates in STEM fields. According to the 2022 Herzliya Municipality Annual Report, the city has a higher percentage of residents with a bachelor's degree or higher than the national average.
● **A supportive government**: The Israeli government has been a major supporter of innovation in Herzliya. The government has provided funding for startups and research institutions, and

it has also created a regulatory environment that is conducive to innovation. For instance, the Israeli Innovation Authority provides grants and other support to promising startups, while the Office of the Chief Scientist of the Ministry of Economy and Industry offers funding for research and development projects.

- **A vibrant entrepreneurial ecosystem**: Herzliya has a thriving entrepreneurial ecosystem, which includes a number of incubators, accelerators, and co-working spaces. This ecosystem provides startups with the support and resources they need to succeed. Organizations like the Hicity Entrepreneurship and Innovation Center, the HAC Herzliya Accelerator Center, and the Reichman University Innovation Center offer mentorship, networking opportunities, and access to funding for startups at various stages of development.

Herzliya has a strong focus on specific industries, such as Cybersecurity, Fintech, and Cleantech. This focus has helped to attract leading companies in these industries to the city. Herzliya has become a hub for cybersecurity companies, with over 100 companies operating in the city, including global players like Symantec, Check Point, and Palo Alto Networks. The city is also home to a growing number of Fintech companies, such as PayPal Israel, Pioneer, and eToro. In the cleantech sector, Herzliya is home to companies like BrightSource Energy, SolarEdge, SolFocus, and UBQ.

Innovation has had a significant impact on Herzliya. The city has experienced strong economic growth in recent years, and it has become a more attractive place to live and work. According to the 2022 Herzliya Municipality Annual Report, the city's unemployment rate is lower than the national average, and the average salary is higher than the national average. Innovation has also helped to improve the quality of life in Herzliya, by creating new jobs and opportunities, and by improving public services. For instance, the city has implemented smart city initiatives such as smart parking sensors and a network of electric vehicle charging stations.
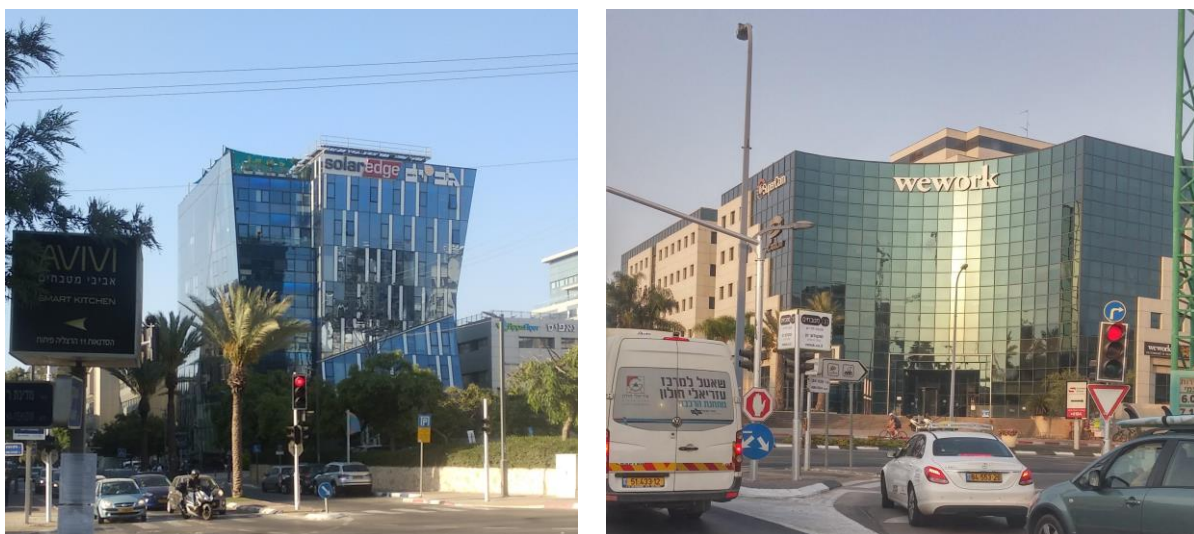

Image 1: Herzliya central business district - Hi-Tech buildings (images: Wikipedia)

The Innovation Zone

The Herzliya Innovation Zone area is a core part of the city's business district, located in west Herzliya (also called Herzliya Pituach), between Israel's central coastal highway and the Mediterranean coast, on an area of about 0.65 square KM. The Innovation Zone area is a rectangular polygon of about 0.1 square KM, running along the two main streets of the central business district (CBD): Maskit and Galgalei Haplada:

Image 2: The Herzliya Central Business District and the Innovation Zone areas

The industrial area of Herzliya, also known as Israel's high-tech capital, is a unique complex with a supportive and active business community, which is on a growth and momentum trend and serves as home for tens of thousands of workers per day. Today, major corporations are located there, such as Microsoft Israel, which recently opened a large development center in the industrial zone, Formula, Matrix, and others. Altogether, approx. 1,500 companies operate in the central business district with 50,000 employees. There are also more than 100 restaurants, cafes and bars and numerous showrooms, especially for leading cars and electronics companies.

A business hotel is being built on Abba Even St. and another hotel is planned nearby. Other major hotels are located along the Mediterranean Sea beach promenade.

Since the founding of the city, this was an industrial/business area, located outside the main residential area, with factories and small industries. Since 2000, the area underwent a major change from a heavy industrial area to a business, high-tech and entertainment area. The names of the streets are a recollection to old times: "Galgalei Haplada" – wheels of steel and "Maskit" – the name of Israel's leading fashion company in 1954-1994.

The central business district is highly accessible to both public transportation and private cars, the northern train line is within walking distance and there are many bus lines passing through Highway 2. There is heavy traffic through the day, resulting in air pollution and heat increase; surveys indicate that a majority of the area's employees and users prefer private transportation to walking or public transportation.

Municipal Involvement

The municipality established a dedicated municipal administration to develop and promote the collaboration between the businesses and the municipality. The administration seeks to integrate and improve the relationship between all the entities that operate in the central business district, and to promote and strengthen the relationship between the companies and the municipality. The municipality sees small and medium-sized businesses as an important municipal asset and an engine of economic growth for the entire city. The administration's actions support the local businesses through promoting events, ventures and collaborations, aiming to increase sales potential and business prosperity. The administration calls innovative companies to see Herzliya as a supportive beta site for development. It provides assistance and access to services to all entities operating in the area, aiming to integrate cultural and leisure events, to turn the area into a lively attractive district.

A survey conducted by the municipality found that only 30% of the employed there are residents of the city of Herzliya, 30% are residents of Tel Aviv And the rest are divided between other towns and villages in the Central and Sharon regions. The municipality aims to increase the consumption of services in Herzliya (commerce, society, culture, etc.) and to work to create a lively life in the place even after working hours.

In addition, the municipality recently approved a master plan that turns the central business district into a mixed-use neighborhood and adds thousands of housing units, public institutions and open spaces.

Setting up the Innovation Zone Pilot

Following an open call to cities, the SME4SMARTCITIES project selected the proposal of the city of Herzliya as the site for the Innovation Zone pilot (June 2023). On the municipal side, the Central Business District Administration was responsible for the pilot. The action plan is a step-by-step plan for establishing an innovation zone framework and making it ready to conduct actual activities, events, meetings and co-creation, business community and full stakeholders' community activities.

The pilot intended to establish the platform for the Innovation Zone, through five key outputs:

1. **Municipal mechanism** – establish the municipal partnership to manage and support the activities of the zone.
2. **Mapping** – surveying and establishing a database for the stakeholders of the innovation Zone.
3. **Branding** – create a distinct visual identity for the Innovation Zone to be displayed on the street.
4. **Establish three anchors for innovation activities** in the zone:
   a. Indoor meeting spaces
   b. Outdoor meeting spaces
   c. Knowledge points
5. **Activity Plan** – a detailed activity plan for the municipal administration to engage and support the varied stakeholders for the Innovation Zone - The "Playground" plan.

Municipal Mechanism

The central business district administration was set up as the focal point for the Innovation Zone, both in relation to the municipal entities and the varied stakeholders:

1. **Establishing a steering committee** – the steering committee is headed by the city CEO and includes relevant department heads and representatives from the SME4SMARTCITIES project.

2. **Establishing City Partnership** – once the municipality was assigned, it needed to build the task team and recruit municipal partners. Managers in the municipality are the core members of this task team. The Municipal Environmental Unit is a lead partner, from their point of view, the Innovation Zone program creates an opportunity to focus on Climate Readiness activities for a critical urban space and also to explore collaboration with companies in the central business district for environmental and climate solutions.

Mapping

The mapping action identifies the potential for actions that the Innovation Zone has to offer and helps to identify challenges and opportunities in the space. The map is created using several tools, including:

- Interviews with key stakeholders
- Surveys – to identify needs and perceptions
- Observations – scoping and assessing the physical space of the area
- Mapping – actual spatial maps, utilizing varied mapping tools.

Anchor Organizations

The three maps below demonstrate the mapping and density of entities that can become anchors in innovation networks.

Businesses, Local Government, Academia
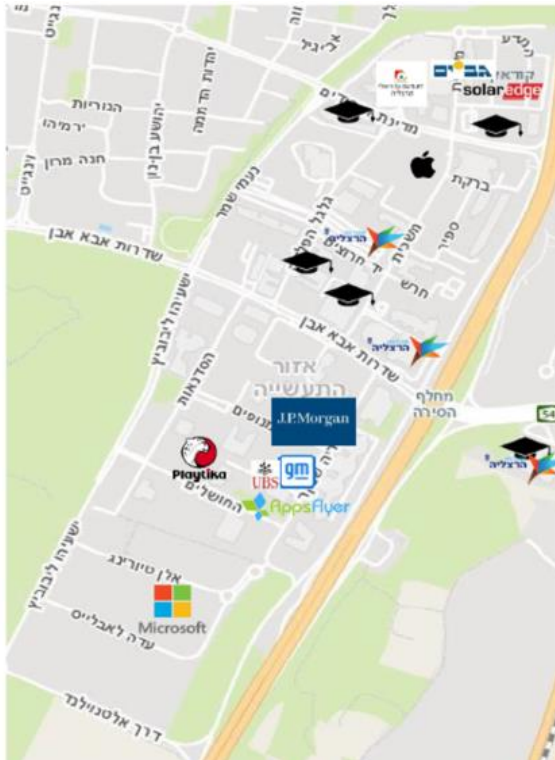
1. Microsoft
2. Solaredge
3. GavYam
4. APPEL
5. PLAYTIKA
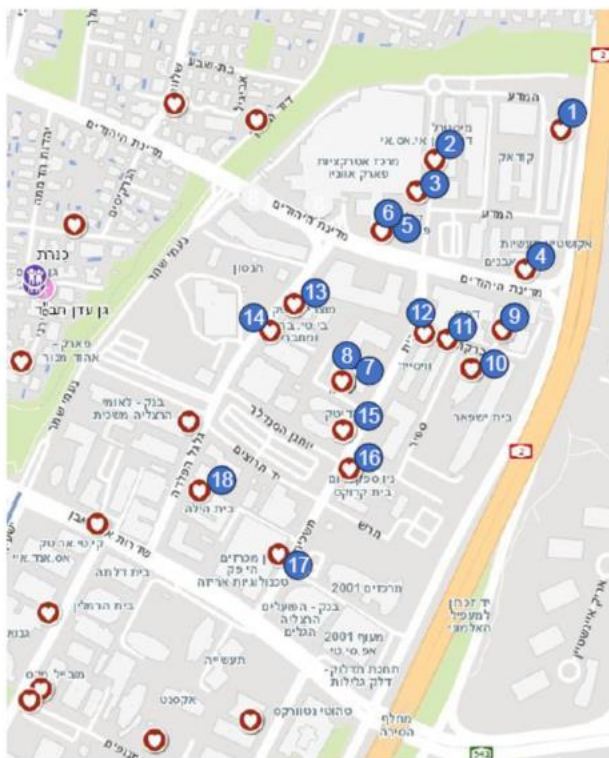6. Hertzeliya Outlet
7. General Motors
8. UBS
9. JP MORGAN

Municipality:
1. Area Administration Office
2. Public Parking designated for re-planning as a public space
3. Hertzeliya Theater

Academia:
1. HiTECH College
2. GAYA College
3. SEPERIA College
4. Kernelios Cyber Course
5. Yitzhak Shamir School

Public centers

1. Cultural and Art Center
2. The Israel Grid Technology Association
3. JCS
4. Gandir Foundation
5. The Organization for Financial Education
6. Pisgat Amir
7. Menomadin Foundation
8. Mitrelli Group
9. Friends of Atidim
10. Organizaiton for Brian Cancer
11. GAVYAM Social Change
12. Hertzeliya Theater
13. Israel Venture Network
14. The Israel Arab Economic Development Center
15. Born for Life
16. The Organization for Lost Property
17. Economic Consultants Association
18. The Congress for Judaism and Democracy
19. Jacobzon Foundaiton
20. Delek Foundation
21. Haim Israeli Foundaiton

Green Spots
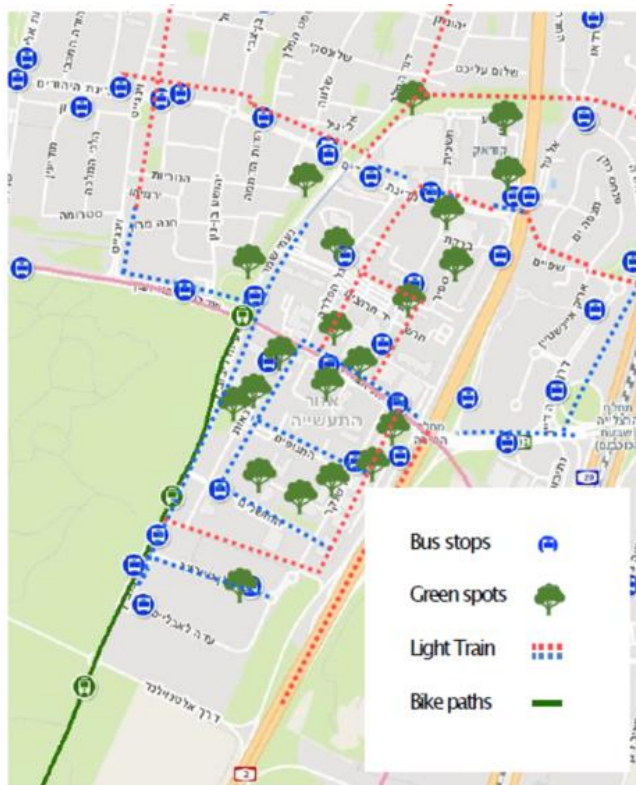
Maschit Street and its surroundings lack open public spaces. However, there are about 20 – Open Private Spaces, built as extensions of renovation plans. These are well-kept and pleasant corners that allow a quality stay in the space and provide a good solution for employees and users in the innovation zone.

Legend:
- Bus stops
- Green spots
- Light Train
- Bike paths

Branding

The design process of the Innovation Zone began with determining the branding aspects, based on principles from the SME4 project together with local foci.
The leading qualities were identified through a brainstorming activity with the municipal staff, the following qualities were set:

- Young and vibrant
- Less formal
- Designating the public space as exciting and lively, enabling people to connect and collaborate.

The design palette emphasizes contemporary colors that allow for a variety of options and high playfulness. The idea behind the graphic language is that it is a flexible platform, allowing cities to design their own brand, combining different texts and uses.

Image 3: Branding of the Herzliya Innovation Zone

For more information and examples, see the Innovation Zone Design Playbook.

The work plan of the Herzliya Employment Zone Administration

The Herzliya Innovation Zone activity plan was compiled in collaboration between the IZ pilot team and the TechForGood organization. Founded in 2015, TechForGood provides impact innovation services to corporates, governments, and entrepreneurs in their journey to capture opportunities for generating profitable social and environmental impact.

A guide for the work plan and activities is outlined in the [Innovation Zone Playground guidebook](#).

The work plan of the Herzliya innovation zone was based on the vision and goals of the Innovation zone administration and incorporated values of co-creation, innovation and climate change readiness. The conceptual framework of the plan incorporated the goals of the administration's activities, taking into short, medium and long-term ranges, aiming to recruit additional staff and expand the activities.

Vision

The Herzliya employment area will be a space where a bustling and diverse business community operates with a deep connection to the place. The businesses and organizations operating there will maintain an ecosystem of synergy, mutual learning and cooperation with an emphasis on innovation and addressing climate change, which will be a model for Innovation Zones in Israel and around the world. The area administration will lead the implementation of the mix of uses in the IZ in an optimal way, in accordance with the municipal vision.

Objectives

1. Building and strengthening the local business community, connecting the various businesses in the area.

2. Strengthening the sense of belonging and connection of the businesses and their organizational identity to the area and the city of Herzliya, along with strengthening the connection of the employees to the physical space.

3. Connection to the issues of sustainability and climate change to provide an added value to all businesses operating in the employment area.

4. Redefining the goals of the administration and increasing the scope of its influence in the city.

The vision and goals were compiled into an operational activity plan for 2023/2024. The main activities are presented below:

Goal
Connecting the business community to sustainability and climate change to provide added value to all businesses operating in the IZ
Partners
● Herzliya Economic Corporation ● Municipal Innovation Dep.

Target I
Mapping companies from relevant fields: Cleantech, Climate Tech, Smart Transportation, Energy, etc.
Activities
● Contacting the companies listed in Startup IL   ● Identifying managers of relevant fields of leading companies   ● Publication of a call for businesses in the IZ to join the co-creation community
Target II
Establishing a peer learning group
Activities
● Establishment of a multi-sectoral steering committee   ● Construction of an outline and work plan   ● Recruitment of participants   ● Organizing 1-2 meetings per quarter   ● Publishing and disseminating content to the general public
Target III
Organizing a Climate and Innovation Hackathon event in the Herzliya innovation strip
Activities
● Choosing a theme for the hackathon   ● Locating partners, moderators and judges   ● Organization and coordination   ● The hackathon event   ● Engaging the participants to continue collaborations within the IZ
Target IV
Implementation of a selected pilot in the innovation strip area
Activities
● Selecting a site for a pilot project with the steering committee   ● Publication of a call for proposals   ● Recruiting municipal partners   ● Collaborative planning sessions   ● Launch pilot project   ● Publication of conclusions and outputs

The Design Process

Establish three anchors for innovation activities in the zone:

1. Indoor meeting spaces
2. Outdoor meeting spaces
3. Knowledge points

Knowledge Points - Data gathering stations

The Innovation Zone is also a type of Urban Lab, generating data and experimentation. The Herzliya IZ data point is a street meteorological station, placed on Maskit street. The Meteorological station generates live data to the environmental unit's dashboard, which is displayed in the IZ public room and will be shared with any interested stakeholder, in collaboration with the Municipal Environmental Unit.

Summary

The Herzliya Innovation Zone is an actual implementation by the SME4SMARTCITIES project of the tools and guidelines in the Innovation Zone toolbox. It was established in collaboration with Herzliya municipality and the Hi-Tech district council. It is a designated city street area, functioning as an Innovation hub – with demonstration sites, meeting spaces, collaborative activities and signage. The resulting design of the Herzliya Innovation Zone is in the Innovation Zone Design Playbook guide and the Innovation Zone Playground guidebook.

Images from the Herzliya Innovation Zone Inauguration