Case 1

China's Zhongguancun InnoWay: Creation of an Ecosystem for Innovation and Entrepreneurship

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Abstract: A short street named Zhongguancun InnoWay rapidly became famous after Chinese Premier Li Keqiang's visit on May 7, 2015. The launch of the InnoWay in Beijing is aimed at creating an ecosystem for innovation and entrepreneurship. The street has developed rapidly after its launch and attracted financial investments and talents. In the near future, the upgraded and expanded Zhongguancun Street will engage in building, expanding and promoting the innovation and entrepreneurship ecosystem.

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Keywords	Creation and cultivation of ecosystem
Unit of Analysis	Community
Key Issues	Platforms and ecosystem of innovation and entrepreneurship

The Metamorphosis of an Old Book Store

In July of 2009, the Haidian government proposed to develop the Zhongguancun West Area into a hub of innovation and entrepreneurial activities with a major revamp in the area. The Haidian Book City sits right at the center of the Zhongguancun West Area.

The Haidian Book City, founded in 1992, was second to none as far as physical bookstores go in Zhongguanchun, Beijing, and even in China. However, it gradually lost its appeal in the 21st century due to the impact of online bookshops and poor business operations. At the end of 2012, the once busy and crowded street, where Haidian Book City was situated, had turned bleak and gloomy; even the two other commercial buildings on the same street, named Jihai and Haohai, also had few visitors. The glorious history of Haidian Book City seemed to have come to an end.

The Zhongguancun area has undergone constant transformation arising from the rapid development of e-retailing industry in the 1980s to the boom of the Internet economy at the start of the century. Throughout the recent history, Zhongguancun played a leading role in China's information and communication technological development.

In August of 2013, Haidian Book City launched its remake project aimed at becoming the hub for venture capital companies. On June 12, 2014, the street, where Haidian Book City was situated, was repurposed and renamed itself "Zhongguancun InnoWay." The establishment of the InnoWay was the first step towards building an ecosystem for innovation and entrepreneurship in China.

The official website introduces the InnoWay as the Mecca of entrepreneurship, cradle to science and technology enterprises and entrepreneurial culture. It is deemed as having the full potential to achieve this ambition since it boasts of both the powerful political support from the Beijing government and the unique geo-advantages with many prestigious higher education institutions, such as Tsinghua University and Peking University. Many famous Internet companies, from where this emerging ecosystem of innovation and entrepreneurship can absorb talents, techniques and creative ideas, can be found in its vicinity. In addition, professional service providers, such as Legend Star located at the center of the InnoWay, are also present to offer entrepreneurial services including financial guarantee for young start-ups.

Zhongguancun InnoWay.

Zhongguancun InnoWay

The Zhongguancun InnoWay presents swift and dynamic development from the start. Apart from the well-known Garage Café and 3W Café, dozens of entrepreneurial service providers, such as Element 36, Binggo Café, Entrepreneurial State, and Angle Crunch, were also found in the area. They formed part of the important ecological chain of innovation and entrepreneurship. Garage Café and 3W Café have already been very popular venues for entrepreneurs; they offer not only low-cost offices for entrepreneurs but also platforms of investment docking for entrepreneurs and investors. The Entrepreneurs' Center is a relatively famous roadshow center that provides access for the walk-ins to make their presentation or pitch, as commonly called. Legend Star sets up a professional angel investment fund and provides comprehensive incubation services for start-up enterprises.

Since its establishment 18 months ago, Zhongguancun InnoWay has recorded an impressive showing. On an average per day, there are 1.6 start-up enterprises incubated and one enterprise acquiring financing support. By the end of May 2015, there were over 400 enterprises incubated, among which more than 200 of them obtained a total financing of 1 billion RMB. In addition, some of the incubatees have already made an impact in the business world. For instance, Didi Taxi, a taxi app very popular among the

locals with transportation needs, and Huangtaiji, a fast-food brand attracted customers with their unique marketing approaches. In fact, both received financing on the platform of Angel Crunch.

After Prime Minister Li Keqiang's visit on May 7, 2015, the Zhongguancun InnoWay, less than 1 year in existence, caught a lot of attention from the public, which further fueled the enthusiasm of entrepreneurship to an unprecedented level. Till date, the Zhongguancun InnoWay has cultivated an ecosystem for entrepreneurship with big reputation both at home and abroad.

In October of 2015, the InnoWay held a series of activities in the first session of Innovation and Entrepreneurship Season in Zhongguancun themed "Creating the Future" and successively organized conferences, such as International Conference on Innovation and Entrepreneurship, International Innovation Project Roadshow, and Global Venture Capital Summit, which helped promote the reputation of the InnoWay. Among the activities, "Entrepreneurship Marathon" integrated with fun competition and innovation presentation attracted public interest for its novelty. For example, in "Hackathon", competitors are expected to finish the design of software and hardware within limited time, aimed at stimulating geeks' innovative inspirations; the "Big Bang of Originality" offers a platform of round table idea sharing for the entrepreneurial teams from Renmin University of China and also the third-party service providers for mutual promotion and development of innovative ideas. In order to build a one-stop public service platform for entrepreneurship, the Innovation Hall invited over 60 entrepreneurship service providers and government agencies to provide for the administrative services of entrepreneurs and investors, such as policy consulting, business registration, investing and financing for entrepreneurship, third-party professional services, innovation presentation, etc.

The ecosystem for innovation and entrepreneurship based in the InnoWay has gradually expanded with continuous inflow of projects and finances as well as accumulation of service experience for entrepreneurship, which not only attracted the prime minister's visit but also visits from regional government officers, who came to learn from its best practices. For instance, the head of Yangpu District of Shanghai and the governor of Jiangshu province both paid visits in June and July of 2015, respectively.

These visits show that the innovation and entrepreneurial ecosystem in Zhongguancun have become a model, which other regions in the country are keen to follow or even replicate.

On June 29, 2015, several entrepreneurship service providers jointly released a plan named Qing Qing Chuang or Venture Star Crossing Plan and officially announced that three innoways, modeled after Zhongguancun InnoWay, will be built in Tianjing, Chengdu, and Qingdao. On December 2, 2015, the InnoWay in Qingdao was launched as the first replica. The Zhongguancun InnoWay has pioneered the movement of “Mass Entrepreneurship and Innovation” and built the ecosystem for innovation and entrepreneurship, thus creating a model that would be replicated all over China.

The Future of the Entrepreneurial Ecosystem: From the Zhongguancun InnoWay to the New Zhongguancun Street

In October of 2015, the “upgrade and expansion” plan for the InnoWay titled Zhongguancun Street Development Planning was released. The Zhongguancun InnoWay was once a 220-meter sideway, while the new 7.2-kilometer long Zhongguancun Street will become one of the most important main streets in Haidian District, with plenty of higher education institutions and influential commercial enterprises along the avenue, offering an ecosystem for innovation and entrepreneurial activities.

The plan shows that the 7.2-kilometer Zhongguancun Street area will be developed into a new hub of innovation and entrepreneurship. After the upgrade and expansion, the new Zhongguancun Street will be divided into five zones: “Source and Innovation Function Zone”, “Financial Core Function Zone”, “Professional Innovation Service Function Zone”, “Science, Technology and Finance Innovation Function Zone”, and “Featured Innovation Function Zone.”

Under the new Zhongguancun Street Plan, the once well-known electronic products marketplace will be phased out. Previously famous electronic products marketplaces, such as Dinghao and Hailong, will be converted into office buildings and will act as incubation centers. There

will also be 36 new office buildings with a total 685,000 square meters of office space made available for future. For the New Zhongguancun Street, the city planner plans to spend the next 3 years in improving the street landscape and opening up more public spaces to attract entrepreneurs and educational institutions to establish and conduct innovative work in the area to help make Zhongguanchun the most successful ecosystem for innovation and entrepreneurship in China and beyond.

From the landscape avenue Baiyi Road in the last century to the “electronic products street” at the end of 20th century to the “Zhongguancun InnoWay”, the new Zhongguancun Street is positioned to play an important part of China’s future entrepreneurial ecosystem.