

INNOVATION



LEADER

Italy

Hospitality yes, transportation no

A second-tier Innovation Leader, Italy has room to improve in areas where burdensome government rules limit the widespread use of technology.

In 2013, self-driving vehicles made their debut in the Italian city of Parma, when a self-driving car navigated its way through the city on the freeway. Since then, however, the technology has seen little development in Italy.

In the ridesharing arena, government rules require drivers to return to their home garages between trips, limiting the number of rides a driver can provide. Those rules, coupled with expensive licensing fees and administrative requirements, earned Italy a 'D' in Ridesharing.

At the other end of the sharing economy, short-term rentals can operate throughout Italy without overly burdensome rules. The exceptions: anti-terrorism laws require hosts to register their guests with local authorities and, in 2017, a flat 21 percent tax was levied on hosts.

Nonetheless, short-term rentals are booming around Italy. An estimated 20 percent of the housing in Florence is listed on Airbnb, and the Italian market is the company's third largest. In 2015, more than 3.5 million people stayed in Italian homes listed on Airbnb.

Sources: (Driverless Future) (Europa) (Italy24) (Telegraph) (Ansa)

WHAT DID WE DO RIGHT?

Italy allows widespread recreational drone use, despite restrictions on commercial drone flights, as well as short-term rentals with few burdensome restrictions.

WHAT CAN WE DO BETTER NEXT YEAR?

Italy can eliminate taxes on streaming services, and ease restrictions that throttle the ridesharing industry, including a ban on services that use unlicensed vehicles.

Diversity	C
Freedom	B
Broadband	B-
Human Capital	B-
Tax Friendliness	C+
R&D Investment	B
Entrepreneurial Activity	C+
Drones	B
Ridesharing	D
Short-Term Rentals	B
Self-Driving Vehicles	C
Environment	B



Broadband

Italy's average internet speed of 10.8 mbps falls behind many of its European neighbors, but the country's average monthly internet cost of \$20.15 is on par with other Scorecard entrants.



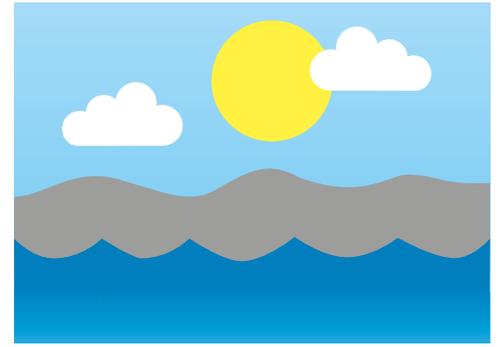
R&D Investment

Spent just over 1.3 percent of its GDP on research and development activities, falling slightly short of its neighbors.



Drones

Drones must fly below 70 meters in altitude and within 150 meters of their operators, and are banned entirely over populated areas, but are allowed for commercial and recreational use.



Environment

Italy's air quality falls below World Health Organization standards, but 100 percent of Italians use water from an improved drinking source.

MILAN

This global fashion capital boasts several universities and hosts more than 10 percent of Italy's student population. As a result, Milan is well situated to connect educated workers with entrepreneurial activity.

The presence of educational institutions like Bocconi and IULM universities, among others, have brought a steady stream of skilled workers into the city's workforce.

Several incubators and accelerators have set up shop in Milan, and assumed responsibility for fostering entrepreneurial activity. Digital Magics, an incubator founded in 2004, has spent more than a decade expanding its reach and propelling digital businesses toward success.

In 2015, Digital Magics partnered with Talent Garde, a co-working space with two campuses in Milan, and Tamburi Investment Partners, an Italian investment bank. The three-way partnership has laid the groundwork for a Milanese innovation hub.

Two years later, Digital Magics partnered with notebook company Moleskine to create the Moleskine Open Innovation Program in Milan. The six-month incubator will offer a handful of fledgling companies a chance to develop ideas that fit with Moleskine's physical and digital products.



Milan, long known for its status as a fashion hub, has ventured into the technological world, capitalizing on the talent coming out of local institutions like Bocconi and IULM universities. A crop of accelerators have made their home in Milan as well, with an eye to propelling new businesses toward success.