

# INTRODUCING THE ICELAND OCEAN CLUSTER

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**A DISCUSSION WITH  
DR. THOR SIGFUSSON,  
FOUNDER AND CEO.**

by Joseph Mattos-Hall



*The Ocean Cluster House is situated at the old Reykjavik harbour and houses close to 50 companies, all of which are involved in the seafood industry.*

**Fisheries have always been very important in Iceland. Under the Iceland Ocean Cluster, Iceland has developed its fisheries industries further. The Iceland Ocean Cluster gets seafood companies to connect, leading to unexplored new business relationships and to the creation of entirely new spin-off companies.**

The Iceland Ocean Cluster resides within Ocean Cluster House, a business incubator and innovation hub housing 50 companies, based in Reykjavik's old harbour, gaining considerable attention and interest in the seafood world on both sides of the North Atlantic.

Through Ocean Cluster House, the Iceland Ocean Cluster is on a mission to drive growth and innovation in the marine industries by strengthening networks between people, businesses and entrepreneurs. The House has been a prime mover in stressing Iceland's ability to sensibly and sustainably manage marine resources.

The companies in the Ocean Cluster House put their minds together to create more value from each fish. The Iceland Ocean Cluster is utilising the potential of external economies of scale for SMEs and provides entrepreneurs with access to various companies, organizations, consultants and specialists within the cluster network. This has been incredibly valuable in creating business opportunities, facilitating technical

development and generating new spin-off companies, supporting the overall growth process of start-ups and SMEs. In this, connecting people with different backgrounds, skills and perspective has been both critical and decidedly successful. The results are already out: "Evidence suggests that Iceland's cod utilisation rate is higher than other countries in the North Atlantic. Moreover, there has been an average increase in annual turnover for businesses focusing on fully utilising the fish of 15-20%," says Dr. Thor Sigfusson, Founder and CEO of the Iceland Ocean Cluster and Ocean Cluster House. But what sparked the initiation and ideology that lies behind the concept? In a brief discussion, Thor Sigfusson goes on to tell us all about it.



Team of entrepreneurs in the Ocean Cluster House.

### WHAT INSPIRED THE FOUNDATION OF THE ICELAND OCEAN CLUSTER?

“Right at the beginning, I interviewed several engineers and entrepreneurs in the software industry in Iceland. Studying their professional networks I soon realised that there was a huge difference in their networks and the professional networks of engineers in the traditional natural resource-based industries, like fisheries. The engineers and entrepreneurs in the software industry showed greater and more diffused networks while the tech people in the ocean related industries were more isolated. That’s when I knew initiating collaboration in the fisheries sector was essential.”

“Moreover, we found that various businesses in seafood sector were not very active in building relationships outside of their regular comfort zones! They of course, had their own groups of clients but moved little outside them. The industry has such great potential in moving up the value chain, creating new products from fish. However, there was a large gap between the traditional industry and those developing new ideas in high-value-added products from seafood. At one of our first networking meeting, a CEO of a large fishery was amazed to learn for the first time there was a company using his cod’s intestines to create cosmetics.

ÁSA MARÍA ÞÓRHALLSDÓTTIR, BILJANA ILIEVSKA, HRÖNN MARGRÉT MAGNÚSDÓTTIR, KRISTÍN ÝR PÉTURSDÓTTIR

**ANKRA**

ATLI MÁR JÓSAFATSSON

**POLAR**

The diversity in the Ocean Cluster House is an important part of its culture. The picture above: Four women entrepreneurs manufacturing the health and beauty product collagen from fish skin. Picture below: An entrepreneur who is introducing the first ever remote controlled trawl doors which is seen as a potential game changer in environmentally concious fisheries industry.



*The interior design of the Ocean Cluster House reflects the long history of fishing in Iceland. Some of the furniture partly made of drift wood and the historic pictures blend well into a modern interior with large open meeting spaces and glass walls.*



He had no idea, but he is actually now becoming one of the leaders in developing new and high value products from seafood as the co-founder of Codland with the IOC. This inspired us, because we quickly realised that if we were able to create more connections of this sort, the result would be great for everyone."

**WHAT ARE THE MAIN IDEAS BEHIND THE CONCEPT OF THE OCEAN CLUSTER HOUSE?**

"We have three main principles: interaction, interaction, interaction! We see the House as a "fridge". When you come home in the evening and try to decide what to have for dinner, you first see what is in the fridge. The variety of

ocean businesses we have collected here are like the contents of the fridge, but what is inside is always becoming more plentiful. This is because when people are open to new ideas they start mixing things up and they create something new, leading to new value."

"From the beginning, I have always emphasised that Iceland is the silicon valley of total utilisation of white fish in the world. This is our niche. We have realised that the most fantastic thing about this is that our industry, with a limited natural resource, can more than double in the next ten years. It can do much, much more than that."

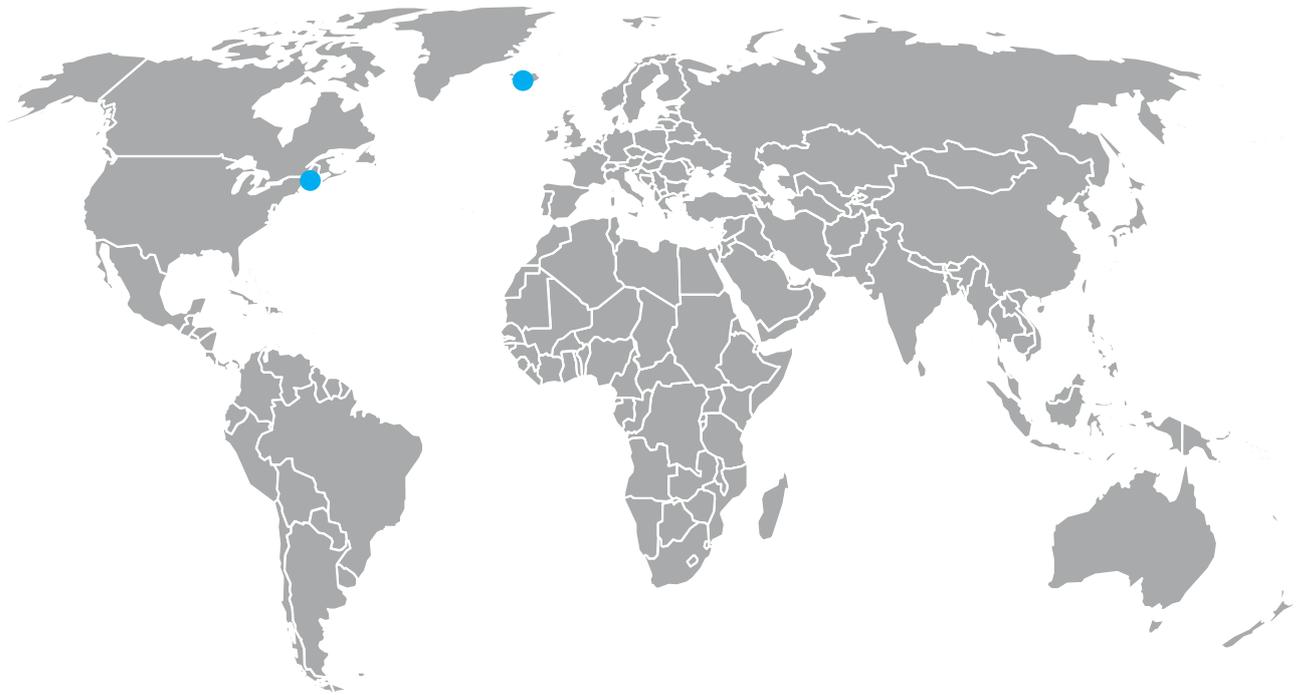
**WHAT WERE SOME OF THE INITIAL CHALLENGES AND STUMBLING BLOCKS?**

"One of the greatest challenges is to show companies the value in cooperation, to help them to see the possibilities, by helping them to see that the cake really is bigger than we, or anyone else, thought. We do that by building trust and showing companies that cooperation can put small

companies in a stronger position to compete. For instance, we see that if companies actually collaborate, you may change the technology so that a filleting machine that was once thought of as useful only for the fishing industry could be expanded into other sectors of the food processing industry, such as poultry. But to get these results, you need more R&D and stronger marketing and that's where collaboration is so useful and important."

**WHAT DO YOU WANT A GUEST AT THE OCEAN CLUSTER HOUSE TO FEEL ON THEIR FIRST DAY IN THE HOUSE?**

"We want that feeling of community right away, as soon as you come in to the House. Community can nurture collaboration, which then results in trust. I want tenants to realise that this is a community, not a typical, isolated 9 to 5 rental space. Our focus will always be on the connections among companies and businesses in the Ocean Cluster House. We want to assist them in building stronger relationships."



*The New England Ocean Cluster House in Portland Maine will hopefully be only the start for a new network of Ocean Houses with similar characteristics and the emphasis on the relationships among the tenants but also relationship among the tenants in different houses.*

"A lot of what we do is managing diversity, and we want our guests to feel the diversity in the House. We have been bringing designers into the house and people with marketing and retail sales knowledge. These are areas where the traditional sectors have been weak in the past and one way to change that is to connect them with people of different backgrounds. Additionally, diversity means that we want people from different ages and both genders to be a part. We sought to challenge the traditional industry demographic, and we are doing just that."

#### **IS THERE AN ADMISSIONS CRITERIA FOR THE OCEAN CLUSTER HOUSE?**

"We want entrepreneurs who are anxious to collaborate with other entrepreneurs. I have interviewed people seeking to be tenants that have said: "I absolutely love this house but need a space completely closed off from others." That's not an option. One said: "The only thing that I need is a curtain for my glass walls". That's where we draw the

line. How interested can you be to collaborate with others from behind a curtain?"

#### **WHAT IS THE MOST IMPORTANT LESSON YOU HAVE FOR THOSE SEEKING TO EMULATE THIS MODEL FOR COOPERATION?**

"We keep getting asked why the government or government institutions aren't involved. The key to the success of the cluster is to get businesses to start collaborating on achievable projects - low-hanging fruits - then we can get the government involved in larger projects if needed. What is really the key to our success is to bring the business people together and to let the business lead the way. I think we have done that here and I would recommend others do the same."

#### **HOW MUCH FURTHER DO YOU SEE THIS DEVELOPING? WHAT'S IN THE PIPELINE?**

"Abroad, we are developing a similar concept in Portland, Maine with

American entrepreneurs: The New England Ocean Cluster House. Ultimately we want to set up a network of such houses where we can allow entrepreneurs in one area to feel like insiders in other regions, and to develop their products in collaboration. We want to expand this community and connect the seafood industries, creating value for businesses."

"In Reykjavik, The Seafood Hall is under construction, estimated to be launched early 2016 and run by the Iceland Ocean Cluster. It will be located on the ground floor of the Ocean Cluster House in the heart of the Reykjavik harbor and will be a superb addition to our "fridge". The uniqueness of our House will be this combination: you get a taste of all the best in Icelandic food in the Seafood Hall downstairs, and then learn how over 50 companies are developing a diverse range of products from our sustainably managed marine resources upstairs. As far as we know, there is nothing else like this in the world." ■