

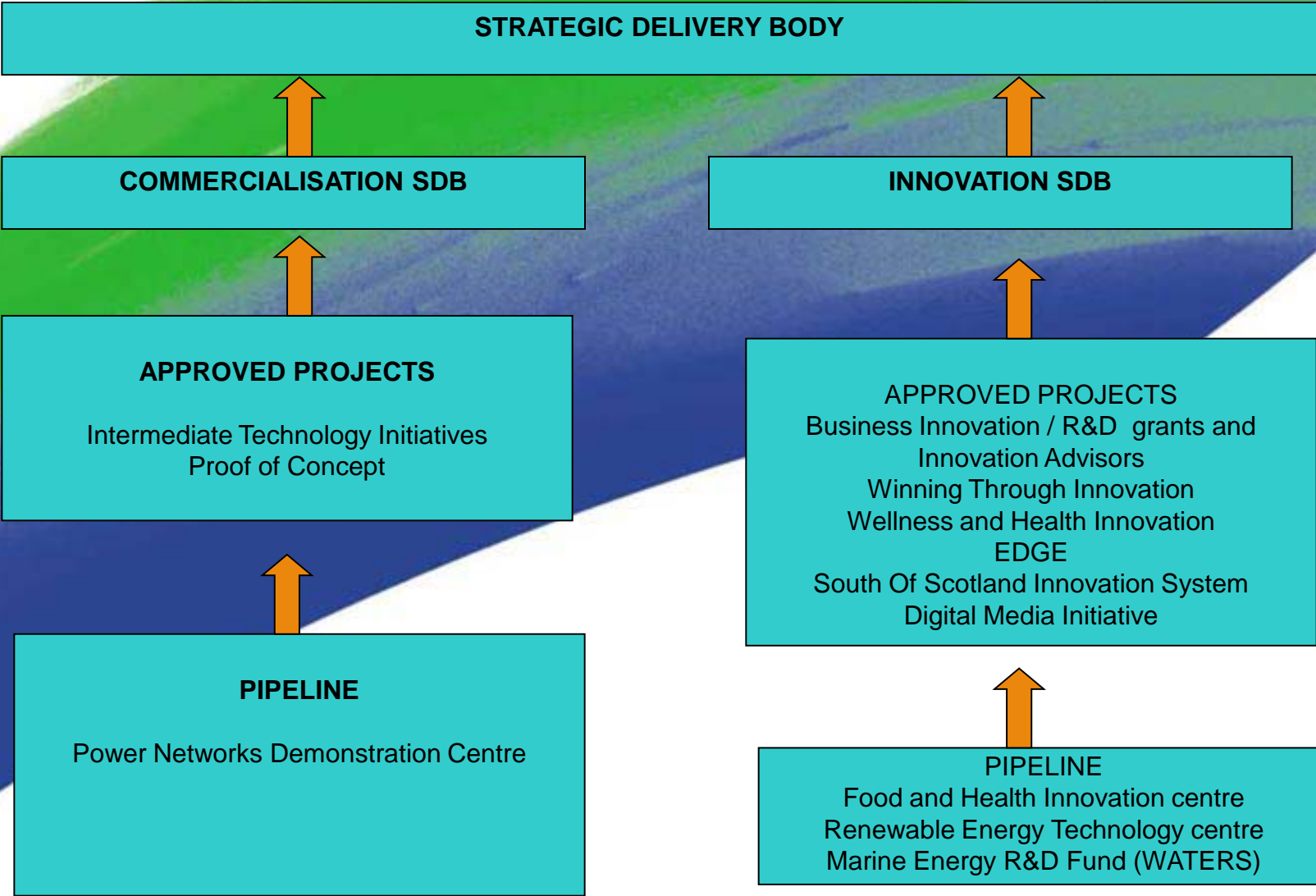
Scottish Enterprise
ERDF funded Strategic Delivery Body (SDB)
Presentation to LUPs PMoNC 17 March 2010
Donald MacInnes – Chief Executive, Scotland Europa



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Investing in your Future



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Advantages and challenges of SDB process

Advantages

- Lasting legacy in strategically significant projects aligned to Government priorities
- Reduced project numbers but bigger impact
- Flexibility to respond to changing environment and priorities e.g. focus on energy technologies
- Close working relationship with SFD/IAB also ensures SE match funding of other projects fits SE/Government strategies

Current issues

- Long lead in time from approval of individual project support to delivery affected by a number of factors including economic downturn
- Too early to assess long term impacts and results from the ERDF support
- Need to amend SDB to reflect current changes including slippage and re-prioritisation
- Need for time extension



Projects supported in Innovation SDB

R & D and Innovation Grants - Grants to eligible SMEs determined by need and State Aid rules.

- Support helps SMEs to build capacity to innovate/undertake new products and processes, undertake/use market research.
- Appraisal of application form and due diligence before grant offer
- Support also provided from Innovation Advisors.

Winning through Innovation - stimulating innovation by:

- Events: Promoting benefits of increased innovation at high profile seminars with motivational speakers, providing networking opportunities/signposting to exhibiting public/private sector partners.
- Workshops: extending innovation culture and building capacity by addressing business concerns e.g. risk, cost, route & time to market, development process, at follow-on workshops using key innovation techniques tools, approaches and best practice.



Projects supported in Innovation SDB

Encouraging Dynamic Global Entrepreneurs (EDGE) - Innovative business development programme aimed at enhancing growth in Account Managed/Growth Pipeline companies.

- Consultancy teams comprise Scottish/International undergraduates/school pupils undertaking projects to provide SMEs with consultancy report tailored to address identified business issues.
- Fieldwork – teams implements 2 projects with access to support network including Globalscots & Business Advisers. Production of consultancy report to enable company to take forward strategically important projects

Digital Media Innovation (DMI) - Helps SMEs in sector to access support and provides opportunities for collaboration/networking.

- Strengthen link between research base & business innovation to address low levels of business R&D.
- Digital content /technology growth are key enablers in the sector.
- Help support productivity gains and the potential for high growth.



Projects supported in Innovation SDB

South of Scotland Innovation System Initiative –

Suite of projects to develop innovation system (addressing identified weaknesses in rural areas) and stimulate demand for innovation and R&D

- Stimulate longer term engagement in innovation
- Deliver pilot projects, including events/networks increasing linkages between local companies and universities
 - Knowledge Links – building B2B and Business to academia collaboration.
 - Linking Entrepreneurs (fostering networking and business collaboration).
 - Research into improving system – one of which is now a national project – Supporting Innovation through Design.



Projects supported within Commercialisation SDB

Proof of Concept Programme (PoCP) - Supports pre-commercialisation of leading-edge technologies from Scotland's universities, research institutes and NHS Boards

- Help export ideas & inventions from labs to marketplace - after background patent filed but before full lab-scale demo of technology or commercial funding available.
- Original Ideas must have commercial potential e.g. capable of forming a new high growth Scottish business or license to existing Scottish company.
- Partnership programme with comprehensive support and management to maximise commercial outcomes.



Projects supported within Commercialisation SDB

- **ITI Scotland** - help develop and commercialise valuable technology-based intellectual assets to stimulate Scottish economy.
- Need/demand established through extensive consultation/foresighting process (i.e. market research into opportunity) together with market & technology diligence
- Subject to a gating process to ensure programmes have potential for significant market opportunity are taken forward.
- Leads to increased RTD/innovation in economy, intensify links between research & enterprises, improve ability of enterprises to use/commercialise research and enhance capacity of enterprises to innovate



Financial projections for Supporting Innovation to date (December 2009)

	Targets	Eligible spend to March 2009	Eligible spend April - Dec 09	Projection Jan - March 10	Projection April 10 - March 11	Total
Innovation Grants and WTI	7,866,000	988,467	2,421,163	1,000,000	2,320,000	6,877,720
EDGE	912,290	189,601	0	100,000	0	289,601
WHI	1,771,055	242,347	391,391	125,000	500,000	1,258,738
SoSII	981,000	187,648	315,285	43,488	200,000	746,421
DMI	783,419	0	0	165,000	450,000	615,000
TTOM	805,068	0	0	0	0	0
Total eligible spend	13,118,832	1,608,063	3,127,839	1,483,488	3,470,000	9,689,390
Total ERDF @ 45%	5,903,474	723,628	1,483,488	667,570	1,561,500	4,360,225



Supporting Innovation progress on activities at December 2009

	Target	Total to date
Number of enterprises supported	2,295	809
New products/services developed by supported enterprises/research centres	266	26
Increase in turnover by supported enterprises (£mn)	23	0
Number of research networks & collaborations supported	90	42
Number of new products & services developed by supported networks	87	0
Number of renewable energy projects supported	10	8
Number of gross jobs created	22	0
Number of gross jobs safeguarded	1,034	0
Number of net new jobs created	0	0
Increase in research/innovation expenditure by supported enterprises (£mn)	0	0

Commercialisation SDB - Financial projections to date at December 2009

	Target	Eligible spend to March 09	Eligible spend to April - Dec 09	Projection Jan - March 10	Projection April 10 - March 11	Total
Proof of Concept	12,871,541	4,482,954	3,191,860	1,000,000	4,750,000	13,232,954
ITI	18,454,000	0	2,841,795	1,000,000	5,500,000	9,341,796
Total	31,325,541	4,482,954	6,033,656	2,000,000	10,250,000	18,283,656
ERDF @ 45%	14,096,493	2,017,329	2,715,145	900,000	4,612,500	8,227,645

Supporting Commercialisation progress on activities at December 2009

	Target	Actual to date (Dec 09)
Number of enterprises supported	150	39
Number of new products and services developed by supported enterprises and research centres	70	0
Increase in turnover by supported enterprises (£mn)	1.5	0
Number of research networks & collaborations supported	110	0
Number of new products & services developed by supported networks	30	0
Number of renewable energy projects supported	16	3
Number of gross jobs created	90	61



SDB Commercialisation and Innovation

Activities delivery to December 09 – Innovation SDB

Over 800 companies supported through Innovation SDB to date including:

- Over 500 SMEs attended events to explore innovation
- Over 220 SMEs received SE Innovation / R&D grant support
- 26 new products or processes
- 42 research networks & collaborations supported
- 8 renewable energy projects

Activities delivery to December 09 – Commercialisation SDB

- 39 enterprises supported with £8mn+ POC grants for project development
- 61 jobs created in supported projects
- 3 renewable energy projects supported
- AEA awarded £3.7mn ITI contract to exploit potential of seaweed as renewable energy source. Links/complements SAMs - Cross Border funded project
- ITI Life Sciences invest £2.5mn on Advance Efficiency in synthetic biology for use in areas - biofuels, energy, environmentally friendly chemicals.

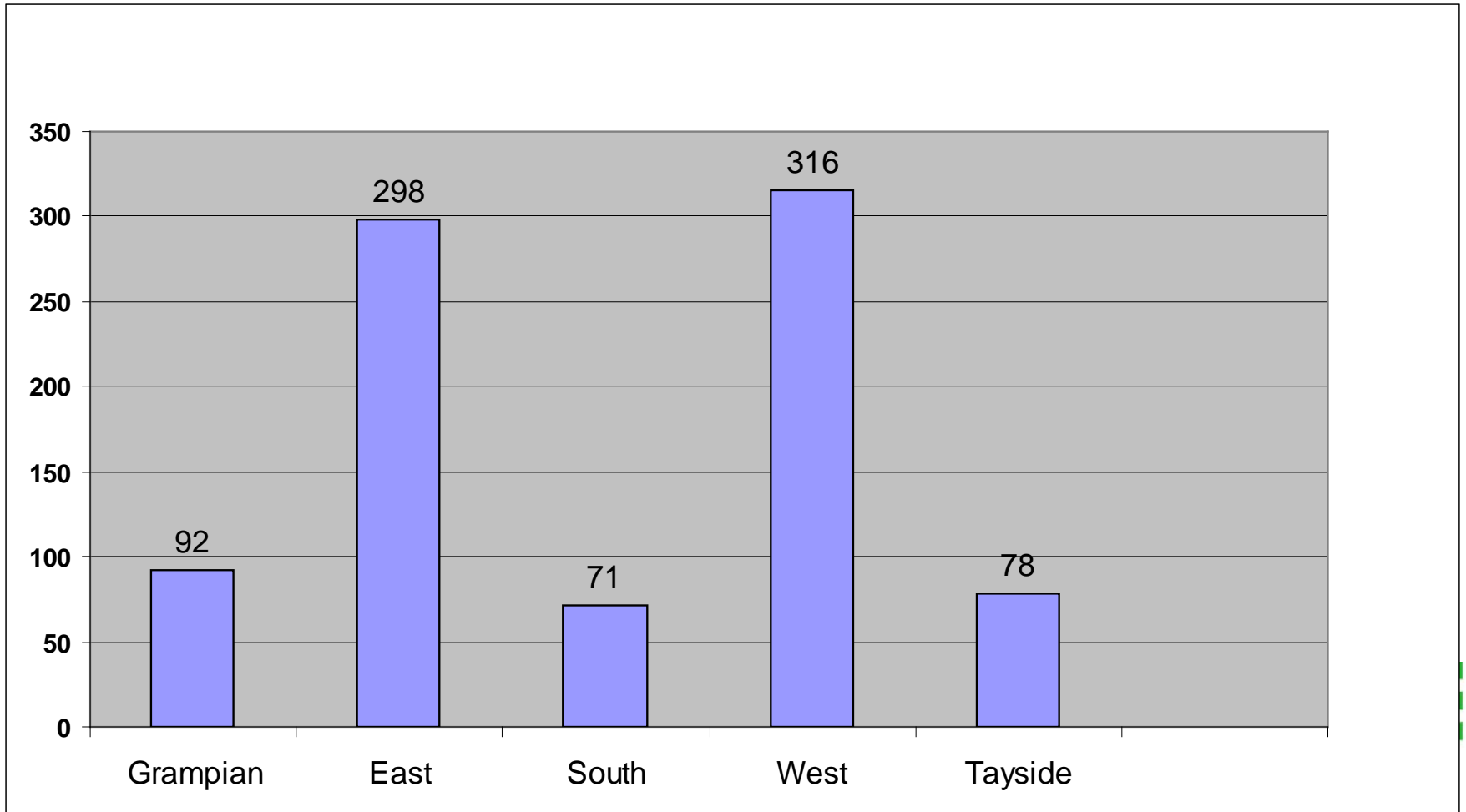


SDB progress – expenditure and targets

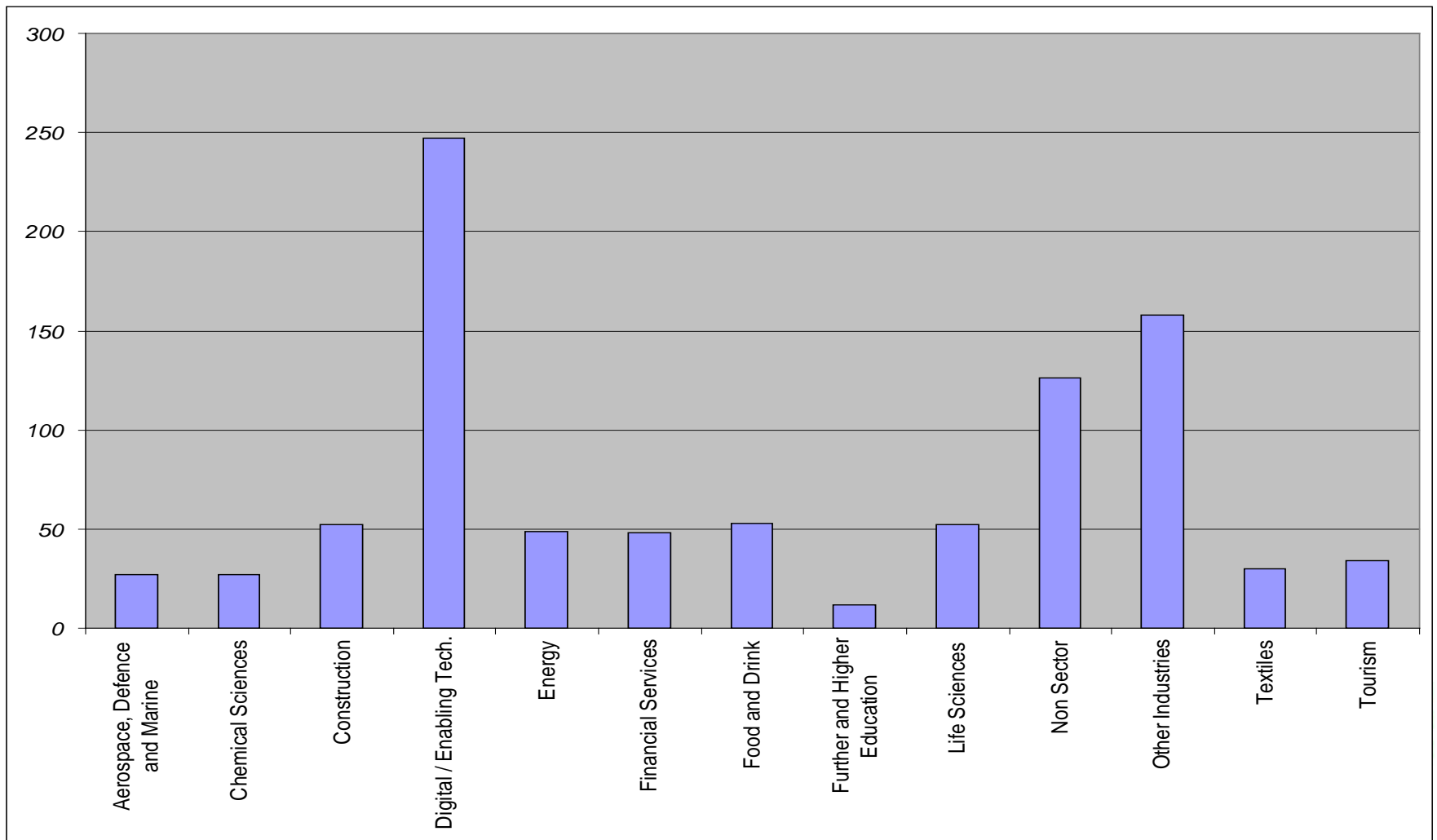
- Too early to assess long term impacts and results
 - Lead in time from grant to delivery of products/services and impact on company growth
 - Capturing of results - need for evaluation of SDB projects to assess benefits
 - Assumptions re targets for no. of enterprises supported
- Need for flexibility to bring in strategic projects and re-forecasting of spend and targets
 - Some targets based on bottom up approach will not be achieved due to companies receiving more than one intervention
 - Need to reduce some targets but should not have negative impact on programme targets
 - Extension to timescale required



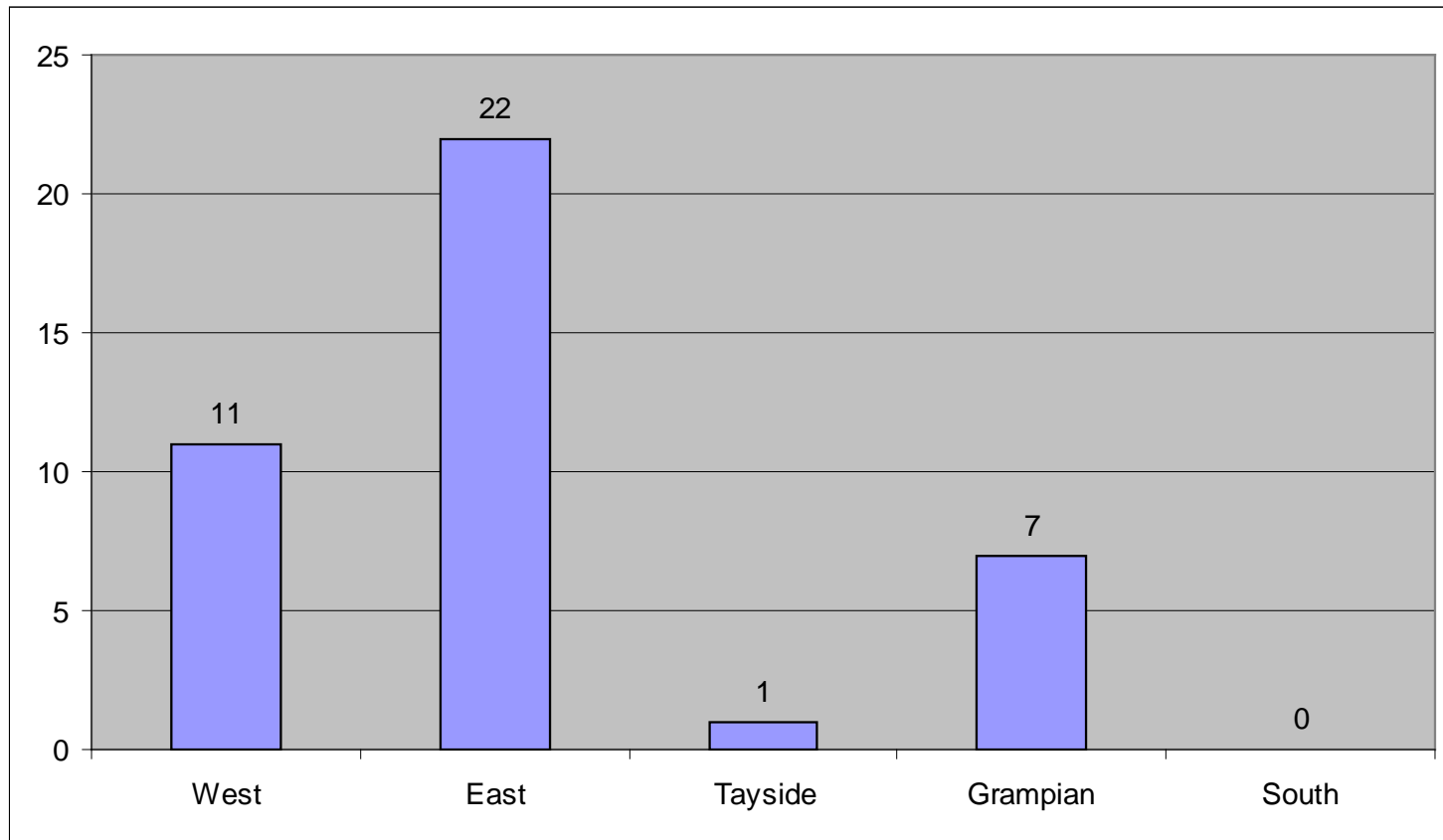
Innovation Grant Support by Region to December 09



Innovation Grant Support by Sector to December 09



Proof of Concept Grants by Region to December 09



Proof of Concept Grants by Sector to December 09

