

Scottish Enterprise
Strategic Delivery Body (ERDF)
Activity Update to 30th June 2011

Presentation to LUPS PMonC
26th October 2011

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STRATEGIC DELIVERY BODY

COMMERCIALISATION SDB

£31,326m - £14m ERDF

4 years to March 2012

PROJECTS

Intermediate Technology Initiatives
Proof of Concept

OBJECTIVES

Increasing regional benefits of a strong
higher and further education sector

Improving RTD and innovation across
region

- Nationally significant impact on growth sectors
- Collaboration with HE institutions - foresighting
- Build critical mass in key sectors

Long Term projects – 150 Companies

INNOVATION SDB

£13,119m - £6m ERDF

3.5 years – completed 30 June 2011

PROJECTS

Innovation & Winning Through Innovation
Wellness and Health Innovation
South Of Scotland Innovation System
Digital Media Initiative

OBJECTIVES

Developing a broader approach to innovation to
include products and processes

Stimulate innovation as a driver for growth -
internationalisation

- Build capacity to innovate advice, support & grant
- Provide co-ordinated approach in key sectors
- Address SME concerns – risk, cost, time, route to market

Progressive interventions – 2295 Companies

Strategic Delivery Body Process

Advantages and Challenges

Advantages

- Lasting legacy in strategically significant projects aligned to Government priorities
- Reduced project numbers but bigger collective impact
- Easier to develop synergy with other SE/SDI products
- Progressive interventions supporting sustainable growth
- Flexibility to respond to changing environment and priorities e.g. economic downturn, focus on renewable energy
- Close working relationship with SFD/IAB helps ensure strategic fit of SE match funding for other projects SE/Government strategies & OP Objectives

Challenges

- Economic downturn resulted in slowdown of uptake and longer delivery times
- Less ability than anticipated to bring in new projects
- How to address remaining demand as SDB comes to an end
- Difficulty in reporting impact of long term projects in quarterly reporting timescales
- Compliance requirement for scale of activity

Supporting INNOVATION

- Consistent national brand of innovation awareness events and workshops supported by national marketing promotion - **Winning Through Innovation** Awareness
- Innovation case studies and best practice materials and toolkits
- Industry teams to provide market and technical foresighting and specific opportunities, support, networks and infrastructure Assist
- Wider innovation training for Account Managers –”**Growth Through Innovation**”
- SE Innovation specialists with consistent approach to delivery, SDI support for internationalisation Implementation
- Innovation grants and support needed across a wider range of innovation activity - **R&D Grant and Innovation Support, SoSII, Digital Media Initiative, Wellness and Health Initiative** Embed
- New coordinated approach to innovation collaboration
- Innovation capacity building programme for SMEs aimed at developing wider culture of innovation within the business

Supporting INNOVATION

| Budget heading | Original profile | Current profile | Spend to 30 June 2011 - inc final claim | Percent delivered against forecast |
|-----------------------|-------------------------|------------------------|--|---|
| Grant Schemes | 7,224,000 | 9,618,828 | 9,477,960 | 98.54 |
| Consultancy Fees | 3,890,497 | 3,500,000 | 3,640,872 | 104.02 |
| Salary | 841,024 | 0 | 0 | 0 |
| Premises Costs | 325,324 | 1 | 0 | 0 |
| Marketing | 475,434 | 1 | 0 | 0 |
| Leasing | 35,268 | 1 | 0 | 0 |
| Other Eligible Costs | 327,285 | 1 | 0 | 0 |
| Total | 13,118,832 | 13,118,832 | 13,118,832 | 100 |
| ERDF | 5,903,474 | 5,903,474 | 5,903,474 | 100 |

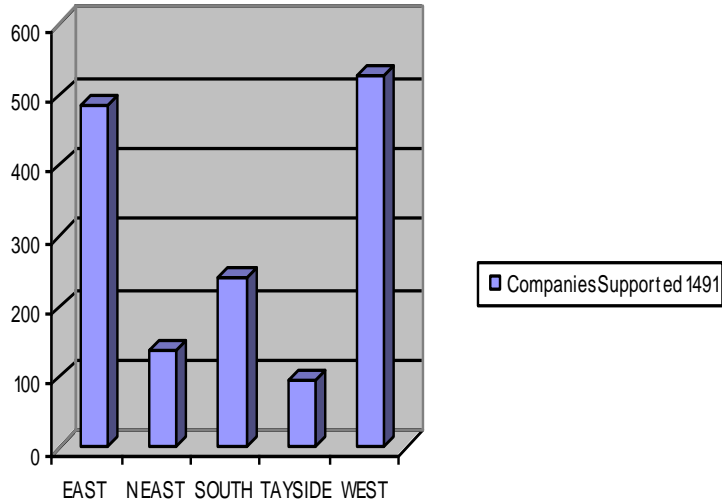
Achievement against Target

INNOVATION

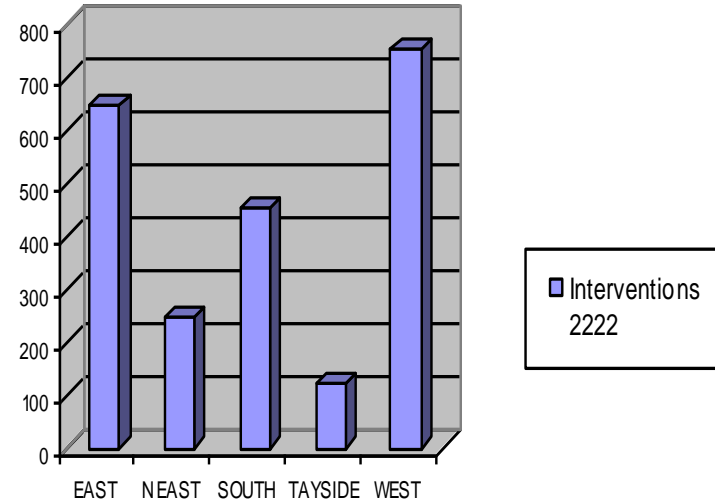
| Individual evaluations of each project now underway/planned Outputs recorded to date | Target | Actual reported total to 30.6.11 |
|---|--------|----------------------------------|
| Number of enterprises supported | 2,295 | 1491 |
| <ul style="list-style-type: none"> No if individual interventions | | 2222 |
| New products/services developed by supported enterprises/research centres | 266 | 243 |
| Increase in turnover by supported enterprises (£mn) | 23 | Evaluation |
| Number of research networks & collaborations supported | 90 | 42 |
| Number of new products & services developed by supported networks | 87 | 19 |
| Number of renewable energy projects supported | 10 | 8 |
| Number of gross jobs created | 22 | Evaluation |
| Number of gross jobs safeguarded | 1,034 | 1047 |

Georgraphic Split INNOVATION

Companies Supported



Interventions



Supporting COMMERCIALISATION

- **Proof of Concept** – grants awarded through competitive application calls
- Supports pre-commercialisation of leading edge technologies emerging from universities, research institutes and NHS Boards
- Helps researchers to export ideas and inventions from the lab to the global marketplace
- Working Group from Universities Scotland/SE provides strategic focus and programme development
- Outcomes – spinouts, licensing agreements, creation of high skilled jobs, attitudinal change in entrepreneurialism and commercialisation attitude
- Demand stronger than originally anticipated

- **Intermediate Technology Institutes (ITI)** – originally separate ERDF application brought in on Advisory Group recommendation/integration within SE
- To develop and commercialise valuable technology based intellectual assets in areas where Scotland has strong economic and business potential
- Foresighting of key technologies and markets to identify new market-focussed RTD opportunities
- Outcomes – high growth-high value technology companies

Supporting COMMERCIALISATION

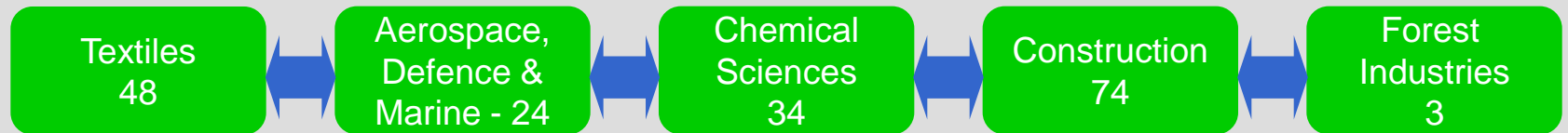
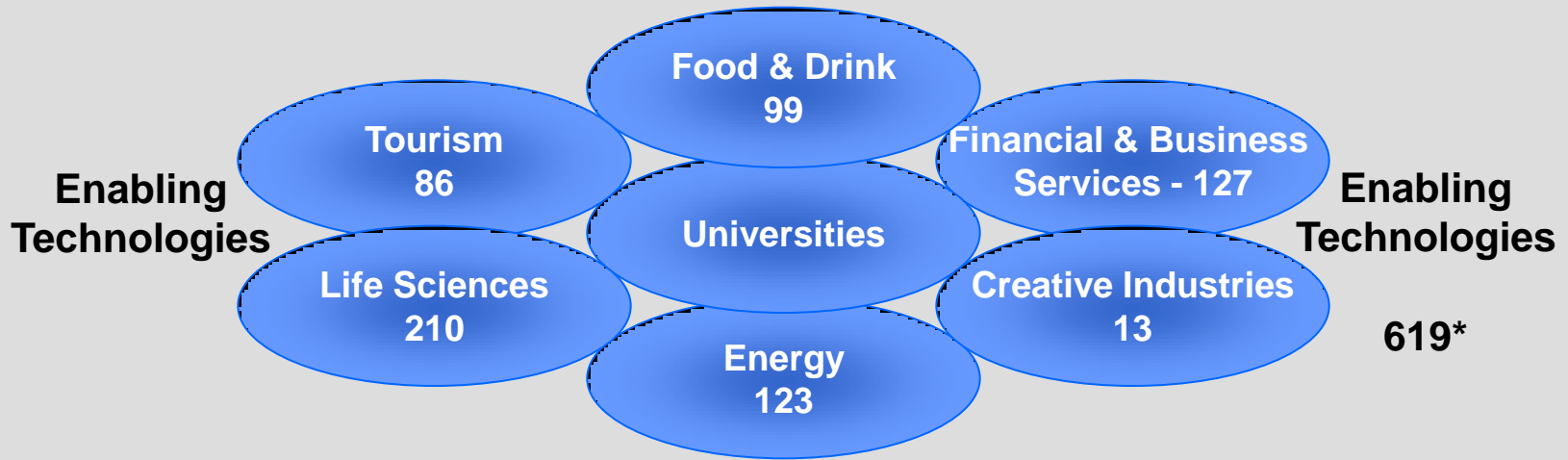
| Budget heading | Original profile | Current profile | Spend to 30 June 2011 (claimed) | Percent delivered against forecast |
|-----------------------|-------------------------|------------------------|--|---|
| Staffing | 1,537,430 | 1,430,651 | 883,739 | 61.77 |
| Consultancy | 13,627,752 | 17,369,403 | 10,825,742 | 62.33 |
| Marketing | 2,160,000 | 97,477 | 66,592 | 68.32 |
| Other costs | 3,863,527 | 562,507 | 382,039 | 67.92 |
| Grant | 10,136,832 | 11,805,803 | 10,135,504 | 85.85 |
| Total eligible | 31,325,541 | 31,265,841 | 22,293,617 | 71.30 |
| ERDF | 14,096,493 | 14,069,628 | 10,032,128 | 71.30 |

Achievement against Target

COMMERCIALISATION

| Long term programmes – interim reports only currently available | Target | Actual reported to date (June 11) |
|---|---------------|--|
| Number of enterprises supported | 150 | 63 |
| Number of new products and services developed by supported enterprises and research centres | 70 | 61 |
| Increase in turnover by supported enterprises (£mn) | 1.5 | Evaluation |
| Number of research networks & collaborations supported | 110 | 56 |
| Number of new products & services developed by supported networks | 30 | 11 |
| Number of renewable energy projects supported | 16 | 7 |
| Number of gross jobs created | 90 | 75 |

GLOBALLY COMPETITIVE SECTORS



OUR PRIORITIES

- **Identify major growth opportunities** in Scotland's key sectors that capitalise on our competitive advantages – project activity in all growth sectors

*Enabling Technologies category – projects cover various sectors, analysis through evaluation

Case Studies

INNOVATION & COMMERCIALISATION

Peak Scientific Instruments Ltd



Physical Expansion with RSA support

New market development support from SDI – China & S America

Winning through Innovation

Innovation Grant- new product development for two new products – generating hydrogen and nitrogen

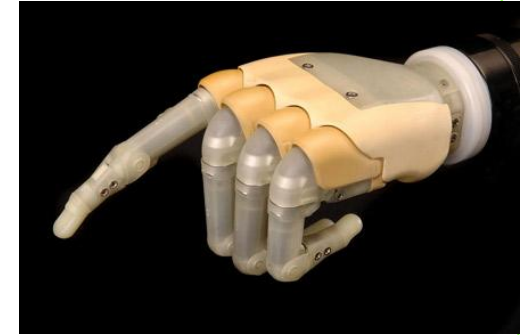
| Linkages to FP7 | | |
|--|------|-----|
| Total Innovation SDB companies | 1491 | |
| Companies who have shown Interest in FP7 | 150 | 10% |
| Organisations who have submitted | 72 | 5% |

Touch Bionics

Supported through **Wellness & Health**

Innovation Grant to develop world's first Integrated Customised ProDigit Provision system

Spin-out from NHS – supported by Co-Investment Fund



Winner of Queen's Awards for Enterprise – Innovation 2010

Inquisitive Systems



Real time information security tool to detect insider threats and fraudulent activity

2010 spin-out from Edinburgh Napier after three year research project

PoC support to build team, and demo prototype

Finalists 2011 John Logie Baird Awards

TSB award to develop technology for cloud infrastructure

Questions?