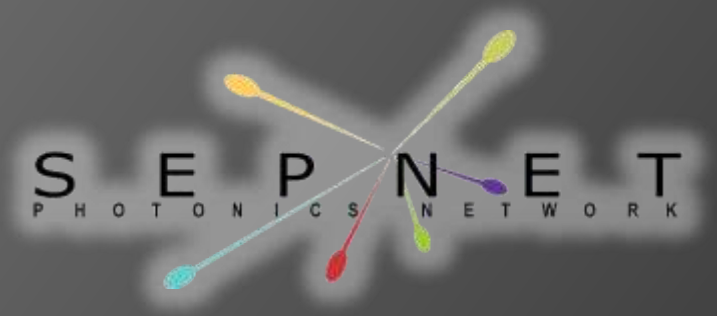


Dr John Lincoln
South of England Photonics Network (SEPNET)
24 October 2012, UCL, London

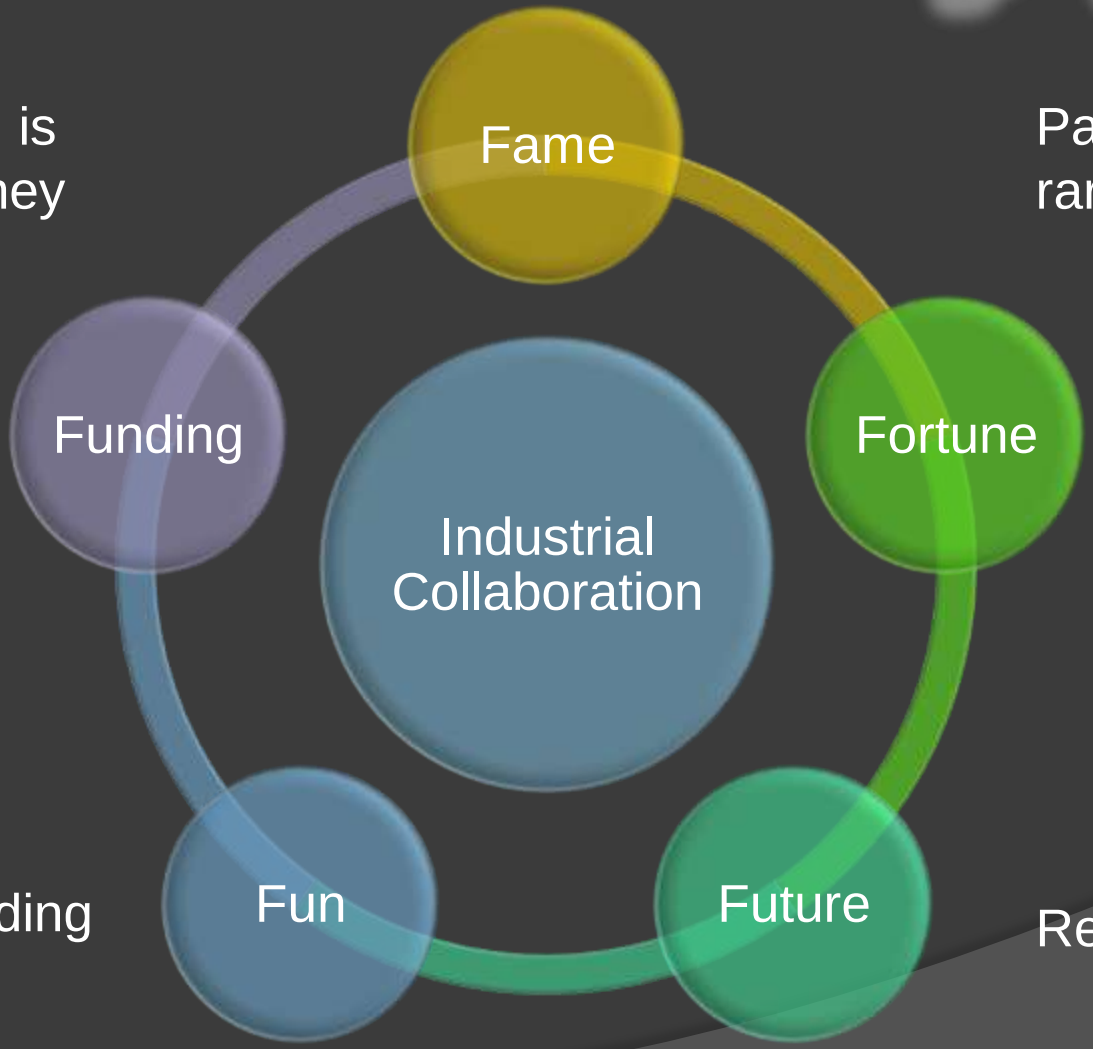
SME COLLABORATION & R&D SPONSORSHIP

PRACTICALITIES AND BENEFITS

Motivations

Collaborating is not easy money

Partner interests rarely the same



It is a rewarding relationship

Respect is key

Need long term view

Why bother – the SME perspective

1. Access to potential customers in consortium
   - Full supply chain involved – customers and solutions for all
2. Establishes technical credibility
   - Publications and presentations are form of marketing
3. Access to people (increasingly important)
   - Need right to work in UK
4. Source of funding for product, or process development
   - 50% to 75% for SMEs
5. Access to additional technical skills

Technical gain rarely most valued output at end

Why not? - especially for SMES

- Competitor overlap
  - Don't want competitors in consortium
- Cashflow - post vs pre project payment
  - Eu pays part in advance (great for SMEs) TSB quarterly in arrears
- Distraction
  - If business if growing fast with paying customers they come first
    - Optimum growth rate for collaboration.
- Shortage of people
  - If you can't hire for core business…..
- Opportunity costs
  - Success rate is low,
  - If time spent on proposal was spent on developing customers increase business more.
    - Big issues for smaller organisations

Future is very distant, if the present is not in control

Collaboration models

- Lots of collaboration schemes –
  - 1 to many partners, local to international ,6 months to 3 years.
- Pick the one that fits project.
  - If full supply chain is in Eu not in UK go European
  - If specific skill transfer required think KTP
    - Knowledge moves best with people
- Calls and competitions mostly thematic
  - Best fit maybe in the less obvious areas = less competition
- Place of submission is your choice
  - Strong submission in wrong place will not be funded

No free lunch - matched funding is necessity

Partner Roles -1

- Partner
  - Responsible for multiple work packages
  - 50% funded mostly
  - Steer technical direction
  - Explore new and innovative solutions
  - Own generated IP with option access IP generated elsewhere in project
- Coordinator
  - Responsible for key work packages plus project management
    - Can be significant management and reporting overhead
    - In Eu management is 100% funded but max proportion capped
  - Key to project success
    - Balance clear direction vs. excessive control
    - Use of external project coordinator possible, but not welcome

Beware the overhead

Project roles -2

- Subcontractor
  - 100% funded, but<10% project value (if that)
  - Well defined requirement
    - But little room for innovation
  - Limited / no influence on technical direction or right to use outputs
  - Most common for established processes / commercially available components
  - Increasingly relevant for Universities?

No overhead – but no upside

Beware dilution of the pot

- In UK TSB total project funding is fixed @50%
  - University funding is 100% and full economic cost often claimed
  - Every £ spent with University reduces % available to companies.
    - E.g £200k project with 1 University and 2 industrial partners.
      - University work package £40k.
      - Projected funded at 50% = £100k
      - Two industrial partners receive £30k each and must contribute additional £50k. i.e funded at 37%
- Academic partners perceived to have less share of risks

Don't be shocked if partners debate value of academic contribution

Is it worth it?

- In TSB projects University normally only minor contributor
  - Is sub-contracting more relevant is acadmic role can be tightly defined
- But what about ‘additionality’
  - Projects only funded if they would not proceed without TSB support

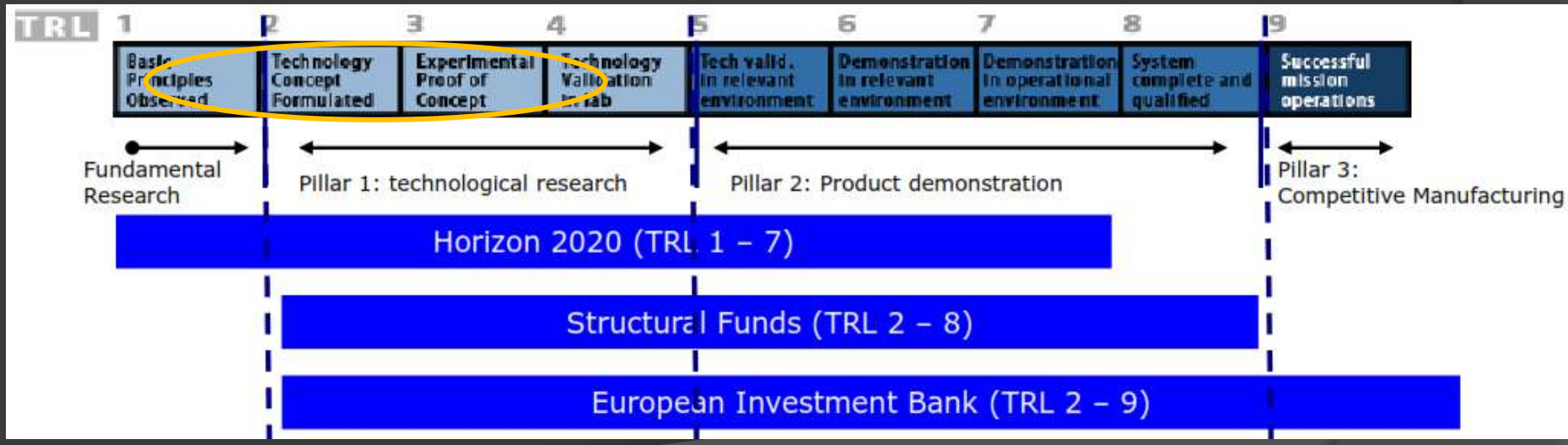
Stimulating, useful, additional

European friends

- In Eu rules are different
  - Percentage contribution calculated individually for each partner
    - Universities don’t dilute pot
  - Greater focus on projects being core to company rather than additional
- But EU focus is shifting on closer to market projects
  - Implementing rather than generating technology

Eu funding is changing

- Much higher TRL level support (D more than R)
  - Demonstration in operating environment - application data
  - Pilot line manufacture / facilities
  - Packaging development
  - Production development and automation
- Focus on key enabling technologies - ideally multiple KETs



Focus on application demonstration

Keys for Success – Proposals

- Success rates can be very low ~10%
  - Majority fail on the simplest criteria – fall below threshold
    - >50% of EU applications
- Be relevant, be specific
  - Not answering questions, especially 2 part Questions
  - Not addressing objectives of call i.e. square peg in round hole
- Make the reviewers life easy
  - Early impression count
  - Tell them which question you are answering
  - English is unlikely to be their 1st language
- Don't expect SME to font of knowledge on the process

Answer the question…

Keys for Success – Proposals

- Build a good consortium
  - Get complete supply chain involved if multi-partner
  - Waiting until call or competition is published is too late
  - Start early, pre-empt the process
    - Consider partnership potential of contacts as you meet them
    - Network & ask – trade shows events etc.
  - Don't carry dead weight
  - Make sure all understand their role
  - Beware of overlap
    - In EU has been encouraged to reduce risk – can lead to problems
- If address basics success rate can be >50%

Listen to your gut feel

Keys for Success - Projects

- Projects are delivery based
  - Work packages with defined outputs
  - Others will be depending on you to deliver
    - Little wriggle room
- Excessive reporting can kill project
  - Beware of what you promise
- Financial report and tracking can be onerous
  - Do your accountants and auditors have right experience.
  - Be sympathetic to the problem
- Starting will take longer than you think
  - Consortium agreements take months
  - Hiring is getting harder at companies and Universities
  - Think of critical path to get started

Management buy-in is a must for all partners

What are the benefits

Business

- Sales to partners and friends of partners
- Credibility
- Employees
- Future insights
- On-going access to specialists
- Relationships

Academic

- Problem knowledge
- Impact statements/ funding gateways
- Prototype access
  - accelerating parallel research
- Credibility
- Career path for students and postdocs
- Relationships

What can go wrong?

- Personalities
- Splintering
  - Poor management/ communication - project splits into many mini-projects
- Overlap
  - Too much = competition, too little = delays/short falls
- Lack of communication
  - Project reviews are a bad time to find out if deliverable is late
- Flow of funds
  - Deliverables must be delivered
  - Accounting rules and allocations require compliance

Summary

Don't do it for the money –
do it for the relationship

And remember Eu funding is changing

Thanks to Alistair Poustie,
Rushmere Technologies

John.lincoln@sepnet.net
www.sepnet.net

With Thanks to all SEPNET organisations for contributions