



Innovation Incubation & Commercialisation Development

“InnoEnterprise Project”

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InnoEnterprise Project

Support to knowledge based and innovative enterprises and technology transfer to business in Ukraine

1. Organising a conduit structure for the process of innovations
2. Commercialisation of innovative research
3. Agglomeration of commercial applications
4. Capacity enhancement of firms and promoting organisations



Outcomes Expected

- Effective business service organisations
- Effective & efficient incubators
- Science Centres with commercialisation focus
- Genuine & Sustainable Technology Parks
- Clusters Initiatives supporting the creation of new innovative clusters
- New innovative enterprises through spin-offs and start-ups
- Overall increased innovative market activity in Ukraine



Ukraine

- Despite a return to growth in 2010 Ukraine's economy faces difficult challenges in the years ahead as it will face intensive competition within the increasingly globalised and competitive world economy;
- Economic recovery and sustained growth therefore will have to come from increased productivity which will require fiscal and structural reforms;
- At the macro level it needs to stabilise public finances, stimulate private investment and institute major public sector reforms to address over bureaucratic procedures and corruption;
- While export concentration is high compared with other countries the are primarily in primary sectors subject to price volatility and in markets where it had an export sophistication (CIS) it is increasingly losing ground to Russian competitors ;
- Therefore it needs to increase its product sophistication and technical absorption level which is low;



Ukraine Inventive versus Innovative

- Ukraine must become a competitive and dynamic knowledge-based economy, capable of sustainable economic growth, creating more and better jobs, and developing greater social cohesion;
- This means it needs to stimulate the development of innovative enterprises particularly SMEs who represent the future “engine” of economic development;
- While Ukraine has the technological development capacity it is lacking in innovation capacity.

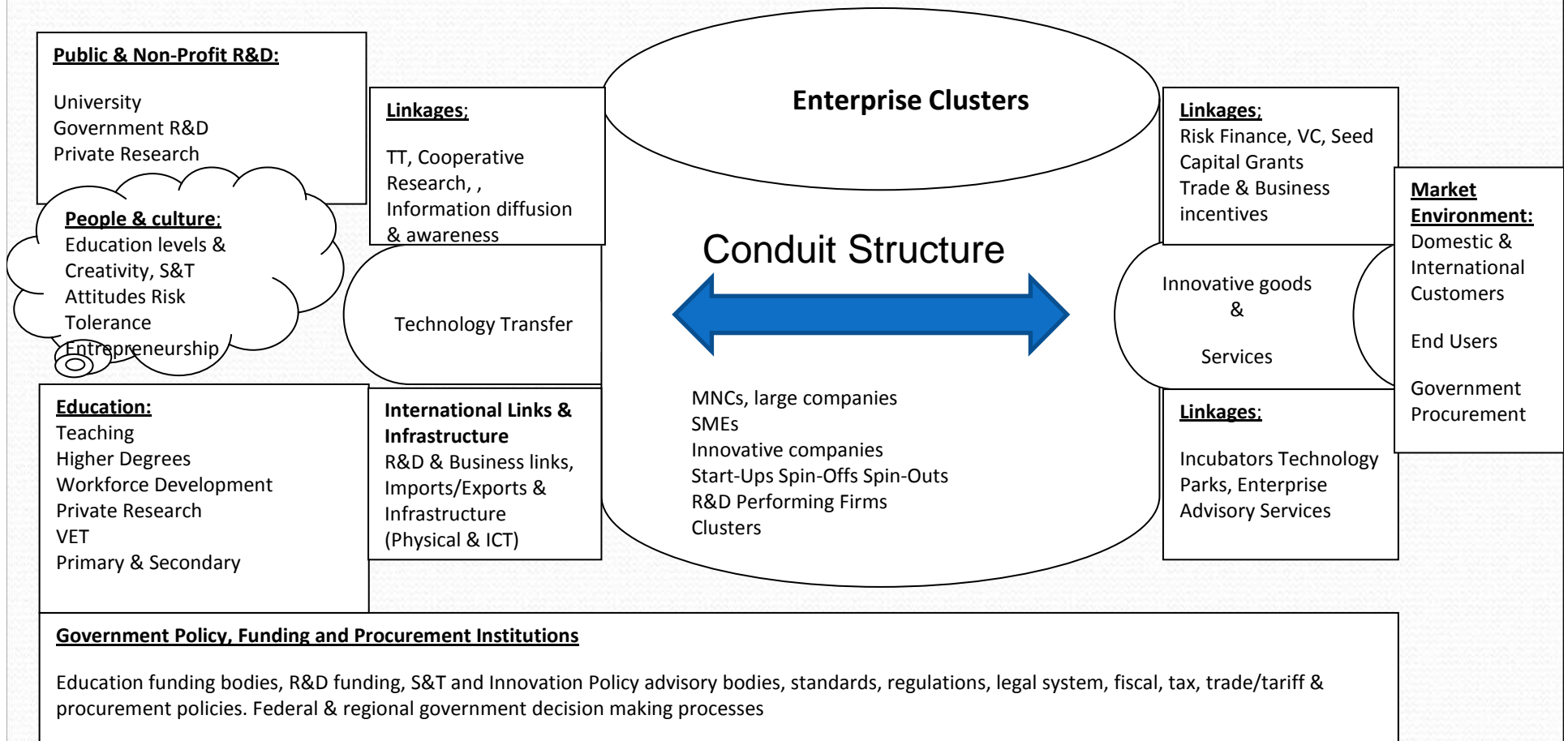


Innovation

- Innovation means the Commercial Exploitation of New Technologies, Processes and Ideas
- Evidence that Technology is being developed (Patents)
- Obvious capacity for research (1400+ institutions)
- This however is not transferring into enterprise applications
- Can emerge in any aspect of the Value Chain
- Need for Supportive Environment and Conduit
 - “which integrates the **supply** of knowledge derived from national investment in science technology & education with **demand** that will ensure wealth is created”
 - In economies where the relationship between knowledge production is not market driven connections need political will to create these connections and improve the Innovation System



National Innovation System



Impediments

- Lack of market awareness and focus in the research process;
- Major disconnect between research and enterprise communities or understanding of each others needs
- Poor commercial realisation skills in general in both communities;
- No support infrastructures, services or funding;
- Poor innovation policy and over regulation.



Requirements

- Improve the “incubation” of Innovation potential,
 - this means building the capacity of research organisations to transfer technology into real commercial projects either through licensing or new enterprise creation through an incubation approach;
- Foster direct relationships between the research community and the enterprises and potential entrepreneurs that will exploit innovation in the marketplace,
 - Create measures which engage the research community with the enterprise sector e.g. Innovation Vouchers



Innovation Incubators

- Operations which promote, stimulate and develop innovation into enterprises/ SMEs through a comprehensive incubation process;
- A dynamic process nurturing new firms through start-up and growth;
- Maybe virtual or physical but physical incubators develop greater synergies and have greater impact;
- Often part of or directly associated with universities & research institutions but with private sector involvement (PPP);
- Incubators may focus on fostering the creation of new innovative enterprises and/or developing innovation in existing enterprises, with the goal of ultimately contributing to regional/local economic development, competitiveness and growth.



Incubation

- Intensive hands on management support, access to finance, management and technical advice
- Physical and virtual incubation, common administrative services
- Training, mentoring, marketing , internationalisation and HR support



Success Factors

- A broad range of economic actors committed to supporting and sustaining the activities and operations of the incubator contributing resources including finance;
- Professional, experienced and committed centre management with complementary commercial skills
- Understanding that the incubator itself is a dynamic model of sustainable, efficient business operation
- Well planned market oriented, financially viable.
- Consensus on direction, target clients and entry and exit criteria between Board and Management.



Impact

- Higher success and survival (85% + after 5 years) rate
- Higher growth (20% per annum growth) and international potential of clients
- 12- 15 new start-ups per annum
- 25-30 incubatees
- Business Development Services delivered to 100 + clients
- incubators in Europe generate over 40,000 new jobs each year,
- in the United States in 2001 along North American incubators assisted more than 35,000 start a company that provided employment for nearly 82,000 workers and generated annual earnings of more than \$7 billion,
- start-up firms supported by incubators annually increased sales by an average of over \$250,000 each and add an average of four full and part-time jobs per firm per year,
- for every dollar of subsidy invested in incubators climbed companies generate approximately \$45 in local tax revenue,
- 84% of incubator graduates stay within the region and continue to provide a positive return to their investors,
- 85% of incubator clients are still in business after five years which is more than twice the global average,
- with every two jobs created by an incubator client a further job is created within the region.

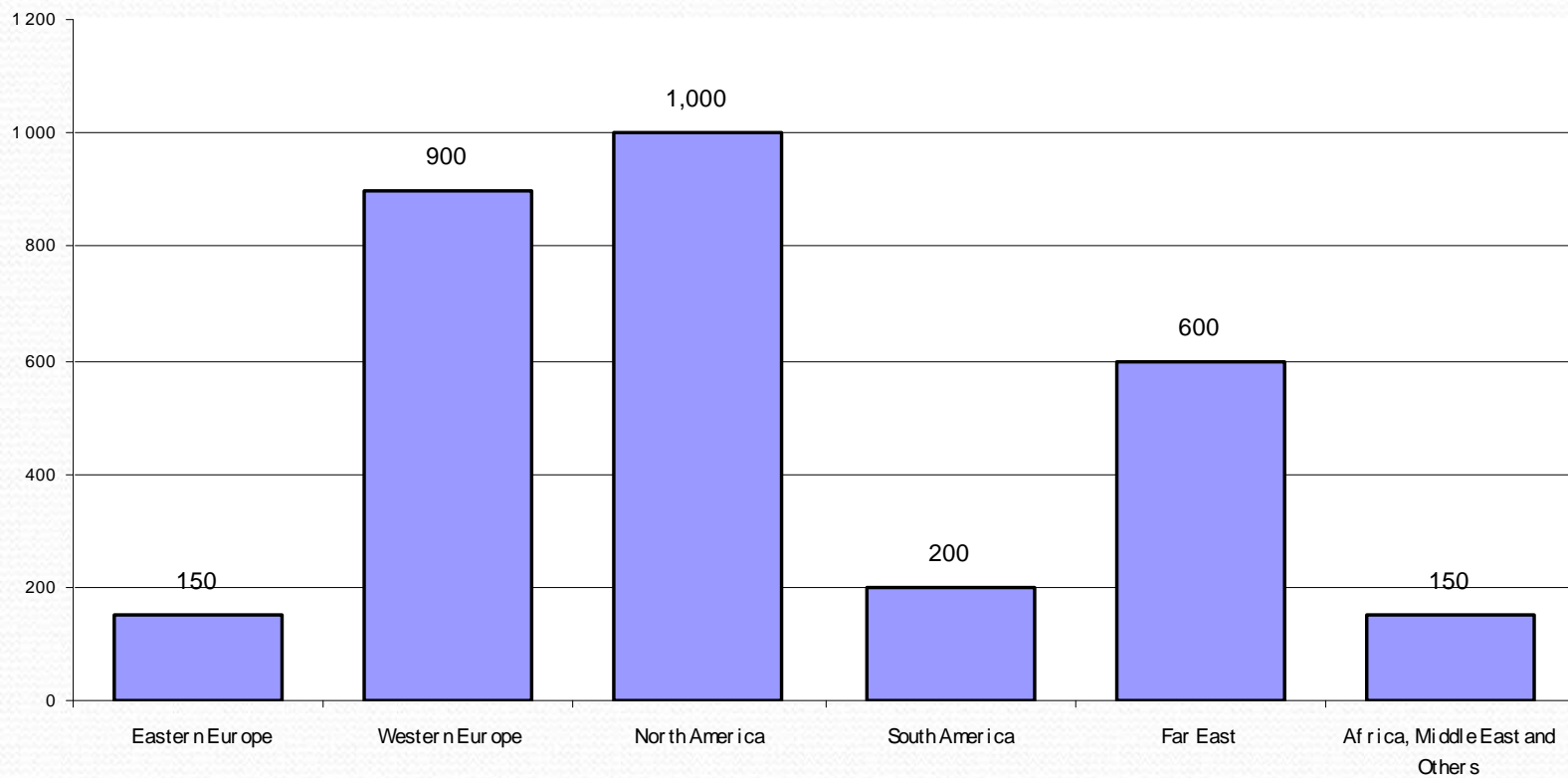


Physical Incubator Typical Profile

- Capital Investment €3-4m
- Operating Costs €400-600K
- Accommodation 3,500-4,500m²
- Units vary in size from 25 to 250m²
- 25 to 45 tenants
- Turnover rate of 30% after 3 years
- Team of 4-6 staff



Incubators Around the World



Innovation Vouchers

- Innovation vouchers are a government support initiative which enable small and medium-sized businesses to buy specialist support from knowledge-based institutions to help in the development of new products, services and processes.
- They build “persistent” links between the research institutions and enterprise which benefit both entities;
- To provide an incentive for (public) knowledge institutions to tailor knowledge more specifically to demand;
- A relatively small sum of state money which has significant impact;



Innovation Vouchers

- 25 schemes throughout Europe
- Vouchers range in value from €500 in Wallonia to €25,000 in Portugal;
- Activities including applied research, product development, innovation management and in a few cases intellectual property management and establishment of e-business;
- Most schemes allow only public or semi-public institutions to be used as knowledge providers and limit these to regional or national knowledge providers;
- The schemes are simplistic in operation.



Innovation Voucher Ukraine

- The Ukrainian government is funding the universities and research institutions in any event so the cost could be purely administration;
- Typical uses of an innovation voucher may include technical validation of a technology, development of a prototype, consultancy from experts or specialists or even using University /Institute facilities or equipment.
- Introduce two types of vouchers,
 - small value vouchers(say €2,500) which SMEs can use exclusively to buy services from nominated institutions
 - Larger value vouchers (€5,000) which companies must co-finance with a similar amount.



Benefits

- Improves the innovation in enterprises increasing competitiveness and productivity;
- Increases private sector spend on technology development services of universities and state research institutes;
- Creates positive and sustainable links between research and enterprise communities;
- Improves the market orientation of research institutions and researchers,
- Builds the applied technology development capacity of the State in general



Thank You

