

## Technology

## Roundtable



With even more funding available from central government and regional agencies for innovation, just how innovative are Yorkshire companies – and how could they be encouraged to be more creative? Our panel of business owners and advisers gathered at Yorkshire Forward to find out

#### What is it that has allowed you to be what you turned into?

**Tony Fordham:** We have not really needed the incubator-type assistance, but what we have needed is a group of companies we can work collectively with. We have been fortunate with the Innovation Technology Centre (ITC) at the AMP in Sheffield. We have found a supplier, also in the ITC, that has solved our problem with the treatment of water. Effectively they will go from zero sales to £1m off that back of that.

**Kristan Bromley:** We moved from Bath University to Yorkshire because we wanted access to the manufacturing network, research organisations and sport bodies and groups. We also get to meet the likes of Tony who has a different business but his advice has been invaluable to us in terms of approaching investors. But technological innovation needs more than just a room – it needs a central facility where you can develop products.

**Howard Nimmo:** Incubation has taken us from being a guy with an idea into being a business. It's helped us to

hone our commercial thinking, present ourselves in a more professional way and recruit key staff. We originated in Harrogate and moved to the ITC to be next door to our incubator, Life IC, and to benefit from some of the money that was available to us there.

#### It seems the benefit is not necessarily in finding new clients but in mentoring and the business advice.

**Richard Gregory:** You see that time and time again. Some of the most successful locations are where like-minded people, not necessarily like-minded businesses, share ideas, skills and a talent pool. The missing card is sometimes the technology facility, so perhaps in similar locations we need to concentrate more on having a technology facility built in.

**Julian White:** We have all heard the phrase over the past few years that innovation is a contact sport. It's about finding those right times where people can bump into each other, creating the environment in which they actually come across each other

and trying to work out what that is. **Reza Zadeh:** That leads us into what the public sector can do. We can't be interventionist, but what we can do is create an environment in which this kind of interaction can take place. More and more we are influencing the creation of the playground in which innovation can take place.

#### How can an incubator encourage businesses to be more innovative?

**Peter Wood:** We need interaction between start-ups and larger small businesses and corporates. That rarely happens because larger companies are usually reluctant to do business with start-ups. Start-ups are the innovators because the very reason you start a business is because you have come across a new way of doing something.

**Nimmo:** The credibility gap for small businesses is something we're aware of. Our way around that was to get under the wing of a more established renewable energy business and allow it to take some equity and the lead notionally. To have them seeming to be there has helped us.

**Wood:** We did a survey of larger businesses and corporates in Sheffield to see whether when they were starting a new product or service they might not spin that out to an incubator, which is full of lots of people who want to start

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a business. I'm certain new product development would be accelerated in that environment.

**White:** We've worked with Johnson & Johnson on a health innovation partnership. It is early days but we are seeing new companies and products starting to emerge.

**Martin Bailey:** We do link in with a lot of smaller businesses that work as a smaller team. But we're not really a technology and research and development (R&D) business. We're more of a find and apply business – looking at technologies and businesses. I get a lot of ideas from visiting other businesses and trying to learn from them.

### With spinning out R&D and visiting other high-technology businesses, how concerned are you about their intellectual property (IP)?

**Wood:** That's old thinking. We all know the phrase 'open innovation' and businesses are sharing their IP and ideas much more frequently. The advantages are being expanded by the bigger players.

**Gregory:** The skill is often in exploiting the IP whereas it used to be generating it.

**Andrew Dyson:** There is more evidence that the actual technology is the last issue when it comes to marketing the business. It's all about sales. Take how effectively US corporates dominate IT. It is not because the talent isn't there in the UK, it's because they are fantastic at claiming market share, and have aggressive business models.

**James Somerville:** The problem with Brits is we're not ready to shout about what we're fantastic about. That's why we set our business up over the past 20 years in the US because they like to shout loud and be different.

**Nimmo:** New technology start-ups are set up by an inventor, and technical innovation is not a challenge to them.

It is the all-round business innovation that they don't tend to have the attitude towards.

**Bailey:** It is sometimes as if everything about innovation is to do with technology and research. A very important way forward is to have that innovation culture, including how to get people excited and how to come into different areas and challenge each other.

**Gregory:** We don't have too many large international companies based here, so we don't have too many opportunities to get on that ladder. What we do have are some world-class researchers who are working with international companies right on our doorstep.

### How do we tap into that research engine more effectively in the future?

**Bromley:** One of the challenges we face

## Present

**KRISTAN BROMLEY** chief executive, Bromley Performance Sports

**MARTIN BAILEY** director and chief innovation officer, NG Bailey

**ANDREW DYSON** partner, DLA Piper

**TONY FORDHAM** managing director, ITI Energy

**ED FRENCH** investment director, Enterprise Ventures

**RICHARD GREGORY** chair, Yorkshire Science and Yorkshire Bank

**GRAEME HALL** managing director, Brandon Medical

**CHRIS KNOTT** head of research and development tax, KPMG

**HOWARD NIMMO** founding director, Pulse Tidal

**JAMES SOMERVILLE** cofounder, Attik

**JULIAN WHITE** chief executive, White Rose University Consortium

**PETER WOOD** chief executive, Sheffield Technology Parks

**REZA ZADEH** head of competitiveness, Yorkshire Forward, and director, Yorkshire Science



MULLING THE ISSUES (Left from top) White, Gregory, Zadeh, Wood, Fordham and Nimmo

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**MORE SUPPORT NEEDED** (Left from top) Bailey, Knott, French, Somerville, Dyson and Hall

is getting access to development grants that allow us to develop our products. We do not always fit into the boxes for R&D grants or innovation grants.

**Graeme Hall:** There is a problem with support in terms of research versus development. The R&D tax credits are a case in point. If you read them and take them literally nobody would ever be able to claim it. Blue skies research is valuable but it doesn't turn into money that often, whereas development does. When you're looking for support for an idea you want to develop, lots of money for research isn't going to do much good.

**Nimmo:** We're a pre-revenue business and have survived on R&D grants on the basis that we've got an exciting technology in a sector that's likely to grow quite quickly. Despite all the

encouraging talk that seems to come from central government, there seems to be a gap in terms of taking renewable energy technologies to their commercial future.

**Hall:** The start-up structure is high risk. Established businesses, generally speaking, are family ones and they have a different attitude and risk profile. Generally that business is the biggest asset to the family owners. Their need for innovation is there but it's only related to their business. A lot of the innovation push doesn't include that type of small business, which is the majority of UK businesses.

### Are you saying the risks taken by start-ups are less serious?

**Hall:** It's a different beast. But if you're setting up a business with £5m, and

that's your pension and your kids' inheritance, you don't take the same risks. The problem we have is taking extra risk into something unknown when you have limited resources and a lot of calls on that resource. Smart Awards were good when we were smaller but you don't get much for £150,000. Another problem is stability because the schemes keep changing. It is difficult to plan. You've just got to hope there's something available when you need it.

**Zadeh:** Sometimes we consider innovation purely to be research – scientific development and so on. But is it making money? Or is it paying for itself – economically or by putting something back into society?

Otherwise that's not innovation – it's research. For the public sector it's easier to concentrate on research than making companies money. That's for the entrepreneurs. They develop that into something that works and turn it into a product themselves.

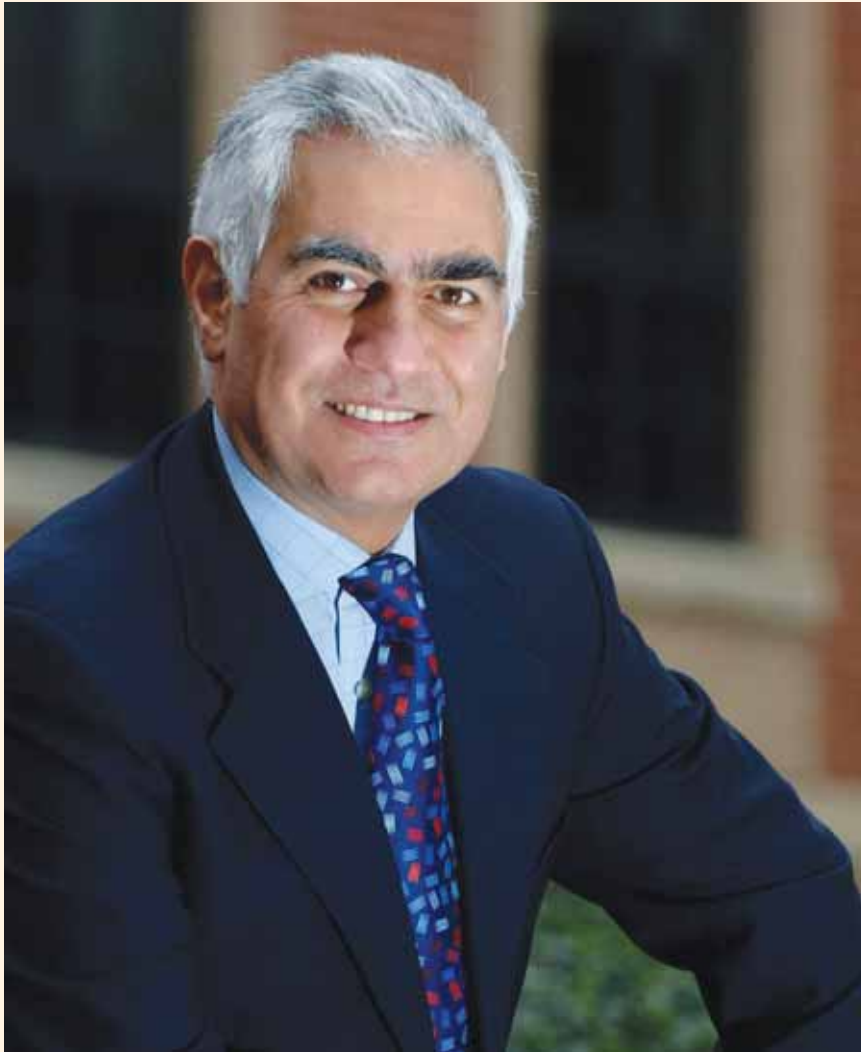
**Ed French:** There's the tendency in the UK to expect that one funding hit will work. UK investors will deal with the same company once or twice while US investors will be in the deal four times. They have different expectations of the processes and break even as quickly as they can. Those are fine expectations and it's good to break even fast but not if you're going to cut out the big opportunities and cool the company's ambitions to do it.

### Where is Yorkshire doing particularly well?

**Chris Knott:** One area we are strong in is food science. The number of R&D tax credit claims we've had from our food technology-based companies is surprising. They are claiming them for everything from ingredient development to packaging technology. The difficulty is getting companies to realise how many of them qualify and should be claiming.

### In which sectors could we improve?

**French:** Half our deals are in software and historically the main support for these companies from the public sector was from Smart Awards. Now software doesn't get Smart Awards because they are hard to assess. But it's a bit of an odd application of logic to say that because they're difficult to assess we're not doing them ▶



## Innovation for all

No matter what business you are in, Innovation is the key for the region's future economic prosperity.

The region is home to some of the most innovative companies in the world and global successes such as Smith and Nephew, Reckitt Benckiser and Pace Micro began here in Yorkshire. Reza Zadeh, new director for Yorkshire Science and Innovation Council is urging other companies to follow their lead, he said: "Every business has to embrace a culture of innovation if the region is to stay competitive in a global market place now and into the future."

The Yorkshire Science and Innovation Council is an independent advisory body set up and funded by Yorkshire Forward.

It operates as a 'think tank' for science, technology and business innovation in the region. The primary focus of the council is to encourage business innovation across Yorkshire and Humber.

Leading representatives from business and industry, public and academic sectors actively contribute their specialist knowledge and areas of expertise as members of the council. The Yorkshire Science and Innovation Council played an integral role in developing the Regional Innovation Strategy (RIS) a blueprint to guide the regional development agency's support of business innovation and

technology development for Yorkshire and Humber.

A key message for the organisation is to encourage innovative practice in all businesses not just manufacturing, technology and science based industries. Mr Zadeh says: "Innovation is essential to the region's future economic prosperity. We are all familiar with the concept of the traditional 'white-lab coat' research, however, we want to stress that innovation is just as relevant to financial services, retail and professional services as it is to pharmaceutical industries and engineering. Small step change and a culture of continuous improvement should be the preserve of all sectors and not be restricted to the R&D department or university campus.

"We want to encourage all businesses across the region to adopt a culture of innovation and look for new opportunities and effective collaborations to compete on a world stage and we are working alongside Yorkshire Forward to guide the Innovation Strategy to help businesses to achieve this. We are keen to capitalise on investment programmes to improve the innovation performance of the region aligned with the Government's 'Innovation Nation' white paper and the programmes and initiatives of the Technology Strategy Board (TSB)."

Yorkshire Science and Innovation Council is working with the central Government departments and agencies including Department of Innovation, Universities and Skills (DIUS), the Technology Strategy Board (TSB) and the European Union (EU) to lever innovation investment for Yorkshire and Humber. It is encouraging wider business collaborations with other regions, particularly within the Northern Way and is working with partners to find practical ways to help business make strategic and economic connections with Europe.

The council works with other partners to promote the knowledge base of the region and to attract funding to support business innovation, vital to developing a sustainable economic future. It is influencing policy to promote Yorkshire and Humber as a region recognised for its business capability; noted for its world-class commercially valuable research centres, and skilled workforce and seen as a centre of innovation excellence.



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