

December 2011

## **AIRTO Position Statement**

### **Research and Innovation strategies for driving growth and economic recovery in the UK**

#### **The need for research and innovation**

AIRTO recognises that creating a favourable environment for innovation is a fundamental component of the current drive to grow the UK's high-value, knowledge-based economy. Innovation is the basis of competitiveness and covers not only invention and novelty as commonly understood but also new practices, processes, methods and models of doing business and a host of other ways of improving offerings and value to customers.

Innovative products, services and businesses are the key to the UK's competitiveness in global markets and, importantly, its exports. Without innovative, leading edge products and services, the UK's economy will fail to deliver the prosperity needed to support the standard of living that we aspire to.

Research provides the knowledge to underpin the adoption of new technologies, products, services and business models. Innovation provides the basis for developing product and service offerings that compete successfully and win market share for the UK.

The real value of innovation in this context lies ultimately in its translation into commercial success. AIRTO's members play a vital bridging role between research outcomes, inventions and eventual commercial uptake through the variety of specialist services they provide and their expertise in dealing with the issues that arise in the process.

AIRTO's Position Statement on research and innovation strategy for driving growth and economic recovery is therefore as follows:

#### **Supporting research and innovation**

Innovation occurs within businesses, along supply chains, in research organisations, in universities and elsewhere. It frequently occurs in response to a challenge and when people from different backgrounds and skills discuss and collaborate in order to develop potential solutions. Innovative ideas are generally taken forward provided that the rewards for success are sufficient to offset the risks and difficulties foreseen. The confidence to address the innovative developments depends on many factors, frequently including the level of economic certainty and availability of resources, finance and leadership. If the barriers and uncertainties are perceived to be too great however, many innovations will falter and opportunities will be lost. In such cases, how can Government interventions help?

Potentially helpful interventions, where market forces alone do not bring about the desired outcomes for the nation, include:

- Using challenges (socially beneficial challenges such as assisted living for example) to stimulate innovation
  - Challenge led innovation is included in the programmes of the Research Councils and Technology Strategy Board
- Facilitating networking of resources for open innovation, to correct 'information asymmetries'. This is a significant part of the rationale for:
  - Knowledge Transfer Networks
  - Technology Innovation Centres
- Setting appropriate regulations and standards and using:
  - Regulation to free up and stimulate markets
  - Standards as a means of improving and promoting UK products and services abroad

- Developing an appropriate specialist skills base to support:
  - The processes of innovation and exploitation
  - The journey from knowledge transfer to technology transfer, carrying out translational research and the inserting and realising innovation in the marketplace
  - Apprenticeships, career development and job mobility
- Assisting innovations across the development gap using support available from:
  - The Technology Strategy Board and European Programmes
- Providing early market opportunities for innovative products and services through public procurement, establishing:
  - The public sector as 'anchor tenant'
  - The public sector as first adopter
- Facilitating access to finance and skills for growth through:
  - R&D Tax Credits
  - Loans and equity funds
  - Training and coaching of high growth businesses

### Exploiting research and innovation

The role of UKTI in helping to export both the UK's products and services and its research and development capabilities is very helpful.

### What more is needed?

In the current economic circumstances, where public spending is highly constrained and 'new' money is not generally available, it is clear that relatively 'costless' measures and re-direction and re-alignment of existing expenditure is likely to be the most practical means of bringing increasing support to bear. This relates most obviously to the four headings above on:

- Regulation and standards
- Networking support
- Public procurement
- Skills generation

However, for successful stimulus to innovation and effective assistance in overcoming barriers to reaching markets with successful products and services, a clear set of measures is needed in all of the areas previously listed. It is important therefore that consistent support remains under the other headings, relating to challenge led research, support for technology through the TSB and European programmes, and access to finance.

AIRTO will be producing subsequent position statements on the seven key bullet points above.

### How AIRTO's members assist

AIRTO's members specialise in assisting clients with the adoption of innovative technologies, processes, business proposals and related knowhow. As well as employing a variety of their own scientific, technical and business specialists, AIRTO members are widely networked into certification and regulatory bodies, academic institutions, industrial companies (both large and small) and government. This extensive network and practical knowledge base enables clients to progress solutions and address problems on the road to commercialisation efficiently and with the backing of widely experienced experts.

AIRTO members also operate specialist laboratories, test houses and proving grounds. Coupled with extensive involvement in the management and execution of collaborative R&D programmes, this gives specialists in AIRTO's member companies tremendous practical experience of helping clients to bring innovations successfully to market. Strong relationships with academia ensure that the latest relevant research can be brought to bear.

A key feature of the services provided is their independence from potentially conflicting commercial influences, permitting clients to place a high level of trust and confidence in relationships with AIRTO member service providers.

**Notes to Editors:**

AIRTO – The Association for Independent Research and Technology Organisations – is the foremost membership body for organisations operating in the UK’s intermediate research and technology sector. AIRTO’s members deliver vital innovation and knowledge transfer services which include applied and collaborative R&D, frequently in conjunction with universities, consultancy, technology validation and testing, incubation of commercialisation opportunities and early stage financing. AIRTO members have a combined turnover of over £2Bn from clients both at home and outside the UK, and employ over 20,000 scientists, technologists and engineers.

AIRTO members include commercial companies, Research and Technology Organisations, Research Associations and selected research and technology exploitation offices from universities, operating at the interface between academia and industry. Most of AIRTO’s members operate in the important space between pure research and the pull of the market for commoditisation of knowledge into new products and services.

AIRTO exists to assist members network and engage collectively with government and policy makers in the UK’s R&D landscape on matters of mutual interest, including research policy, innovation strategy, encouraging enterprise and developing the commercial take up of scientific and technological advances. AIRTO works to influence and improve the strategy and climate for innovation for our Members by forging links and progressing dialogue with key decision makers in government and industry across technology intensive sectors. Our interests cover the activities of the Research Councils, the TSB, the European Commission and a number of UK Government Departments, as well as topics such as the use of public procurement to support innovation, challenge led research, skills provision, support schemes such as SBRI and those that deal with contract and collaborative R&D.

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