



Consultation Paper for Successor to Strategy for Science, Technology and Innovation

InterTradelreland Response

INTRODUCTION

InterTradelreland welcomes the opportunity to respond to the consultation paper to support the Department of Jobs, Enterprise and Innovation in the development of a successor to the Strategy for Science, Technology and Innovation Strategy.

As you will be aware InterTradelreland (ITI) is the cross-border body established to 'co-ordinate and exchange information on trade and business development'. Science, technology and innovation (STI) activities form a significant portion of ITI's work to support enterprises take advantage of the opportunities that collaborating across the border can present.

Against that background our response will focus on pillars 3 and 4 where we believe our experience of working with SMEs on an all-island basis can assist with the strategy development.

RESPONSE

Pillar 3 – Enterprise-level R&D and Innovation Performance

This chapter identifies key challenges as including:

- Broadening RD&I activity in the indigenous sector and building absorptive capacity
- Strengthening collaborative linkages between firms and the higher education sector

These are challenges that InterTradelreland have already identified and are addressing through our Innovation Challenge and FUSION programmes.

Our experience of dealing with the SME base across the island indicates a need for firms to transition from a traditional approach of satisfying demands of existing markets with incremental improvements to a new approach of developing value-added product and service solutions that compete on value rather than cost.

However, in order to realise value, key internal capabilities are required to connect innovative ideas with the market. Our own research on the innovation eco-system¹ indicates that smaller businesses with narrower managerial and technological capabilities than medium and large-scale businesses, tend not to attempt, or would struggle, to launch innovative new products or services

¹ InterTradelreland, *Leveraging the innovation ecosystem for business advantage: A cross-border study* (December 2012)

or enter new markets. These deficiencies make their engagement with the variety of actors in the innovation ecosystem more critical but at the same time, more challenging.

InterTradelreland is addressing this lack of capability in firms across the island with an innovation learning programme called Challenge. This programme is embedding the key thinking, practices and tools for a structured, repeatable approach to innovation. This combination of education, tools and mentoring is helping participating SMEs to enhance creativity, develop innovation capability and grow an innovation culture. This is an intensive experience for SMEs that sees them accelerate and apply their innovation capabilities in a customised setting. With a particular focus on addressing customer's problems, participant SMEs can create new value, in a better and faster way. In the last 2 years, over 20 companies have been supported on the Challenge programme. An 18 month post-completion evaluation of the first 13 Challenge companies has shown the value of this programme.

New product development is where the majority of companies practice and apply their new innovation capability under the guidance of a mentor. For each of the 13 evaluated companies a pipeline of business ideas has been 'banked' and for those taken forward in the programme, a total gross business value of €3.9m has been recorded. After accounting for deadweight, this amounts to €2.5m. The merits of a disciplined approach to innovation mean that 'bad bets' can be avoided. A total value of €2.7m in additional efficiency savings has been recorded across four of the 13 companies. Importantly, the enhanced innovation capability has had a jobs impact with 14 new jobs measured and three jobs protected. InterTradelreland is confident that the Challenge programme has the potential to significantly impact the SME base across the island and has committed funds to roll the programme out for a further three years.

Subsequently, Enterprise Ireland has developed its Innovation for Growth programme which aims to help companies use innovation as a way to unlock opportunities in the marketplace.

InterTradelreland is engaging at an operations level with Enterprise Ireland to share knowledge and learning on both programmes. As the two programmes are aimed at companies with different levels of capability, size and internal resource, there is no duplication of activity but there is greater scope for cooperation to promote the merits of both programmes to the SME base in Ireland.

Innovative products and services are achieved when firms use their customer, market and technological knowledge and competences to bring about a valued experience for customers. For SMEs, it can be impossible to possess all these resources. To address this, 'access to' rather than 'control of' resources is an alternative strategy. However, absorptive capacity is an essential prerequisite. InterTradelreland's FUSION programme addresses the issue of absorptive capacity and collaborative linkages with the higher education sector. For ambitious firms that need access to technological know-how and competence for value creating activities, the FUSION programme matches them with an academic expert in the opposite jurisdiction and supports the placement of a high calibre graduate within the firm.

From the latest evaluation of 200 completed FUSION projects, 69% of companies come from Ireland and 31% from Northern Ireland, with all 32 counties represented. These projects cover 27 industrial sectors the top 3 of which are food, ICT and engineering. The types of projects that companies are engaging in are new product/process development projects (78%) and process improvement projects (22%).

ITI is making a small but meaningful contribution to the broadening of RD&I activity across all regions, despite a very limited budget. InterTradelreland has set a corporate target to engage first time innovators and of the 200 FUSION projects completed, 81% of companies had not previously collaborated with academia through public funded programmes. Importantly, the FUSION programme is having a jobs impact – 80% of graduates were offered jobs with the company on completion of the FUSION project. These offers were taken up by 70% of graduates.

It is our view that both the FUSION and Challenge programmes are addressing a significant need within the SME base and are delivering a significant return on investment with an opportunity to scale quickly.

Pillar 4 – International Collaboration and Engagement

InterTradelreland fully welcomes the inclusion of the US-Ireland R&D Partnership as a key activity supporting research collaboration with the United States. InterTradelreland has contributed significantly to the development of the processes to facilitate co-funding between the participating research funders and is negotiating further opportunities for collaborative agri-food research. An acknowledgement of this contribution would be welcome.

Another welcome aspect of this pillar is the recognised opportunity that North South collaboration brings to Horizon2020. In the description of the “other significant actions” that ITI has taken, can we suggest the following actions are included:

- Provision of opportunities for North South engagement around specific Horizon2020 topics
- Travel support for the establishment and extension of North South partnerships
- Provision of information to raise awareness and promote opportunities for North South cooperation via website, information guides, case studies and a specific Horizon2020 App.

As mentioned, a specific target of €175million has been set for North South collaborative Horizon2020 projects. Clarification on how this has been developed is provided - 10% of the target for Ireland (€1.25 billion) combined with 35% of the Northern Ireland target (€145 million).

Pillar 5 – Organisational/Institutional arrangements to enhance research excellence and deliver jobs

Through its cross-border innovation programmes InterTradelreland is having a meaningful impact on indigenous SMEs across the island, supporting their growth prospects through innovation. Given this and the regional reach across the country, InterTradelreland would welcome a reference to the body in the list of organizations in this pillar and would also welcome an invitation to contribute through the advisory group established by the PAG to implement the recommendations of its report *‘Assessment of Publicly Funded RD&I Supports for Innovation in Services and Business Processes’*.

SUMMARY

InterTradelreland is a small organisation making an impact in every county across the island. We

are supporting enterprises, typically at the smaller indigenous end, to take advantage of the innovation opportunities that collaborating across the border can present. We believe that government could benefit from our experience in this field and would be more than happy to engage further.

We hope these comments will prove useful.

If you wish to speak, you can contact myself, Aidan Gough 028 30834100 or Dr Bernie McGahon 028 30834168

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