

Funding for research and innovation: a business perspective

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Funding for research and innovation: a business perspective



- The CBI and its interest
- Business R&D
- Fiscal and economic context
- Business-university links for research and innovation (drivers and blockers)



CBI Mission and Membership

CBI Mission

“to help create and sustain the conditions in which businesses in the UK can compete and prosper for the benefit of all”

CBI Membership

- Most large companies active in the UK
- Many SMEs
- Most trade associations
- About 65 universities – including most of the Russell Group & about half of the 1994 Group

The CBI's CSR submission

- The areas of public policy which will be most **vital to growth** in the years ahead are those which **support investment**.
- Investment support may be through the direct provision of **public investment in infrastructure, human capital and R&D** – or through reducing impediments to private sector investment

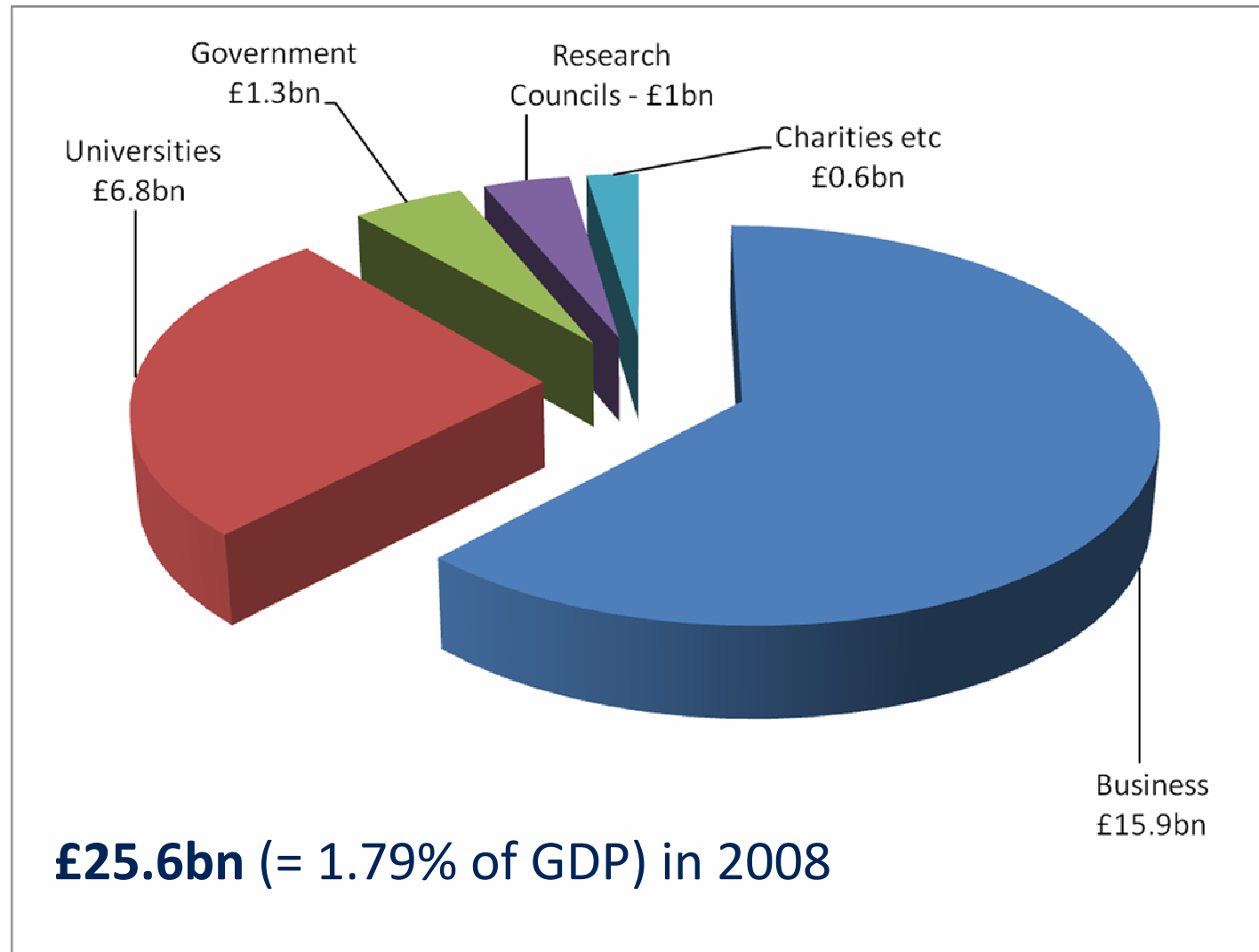


Investment in ‘Knowledge assets’

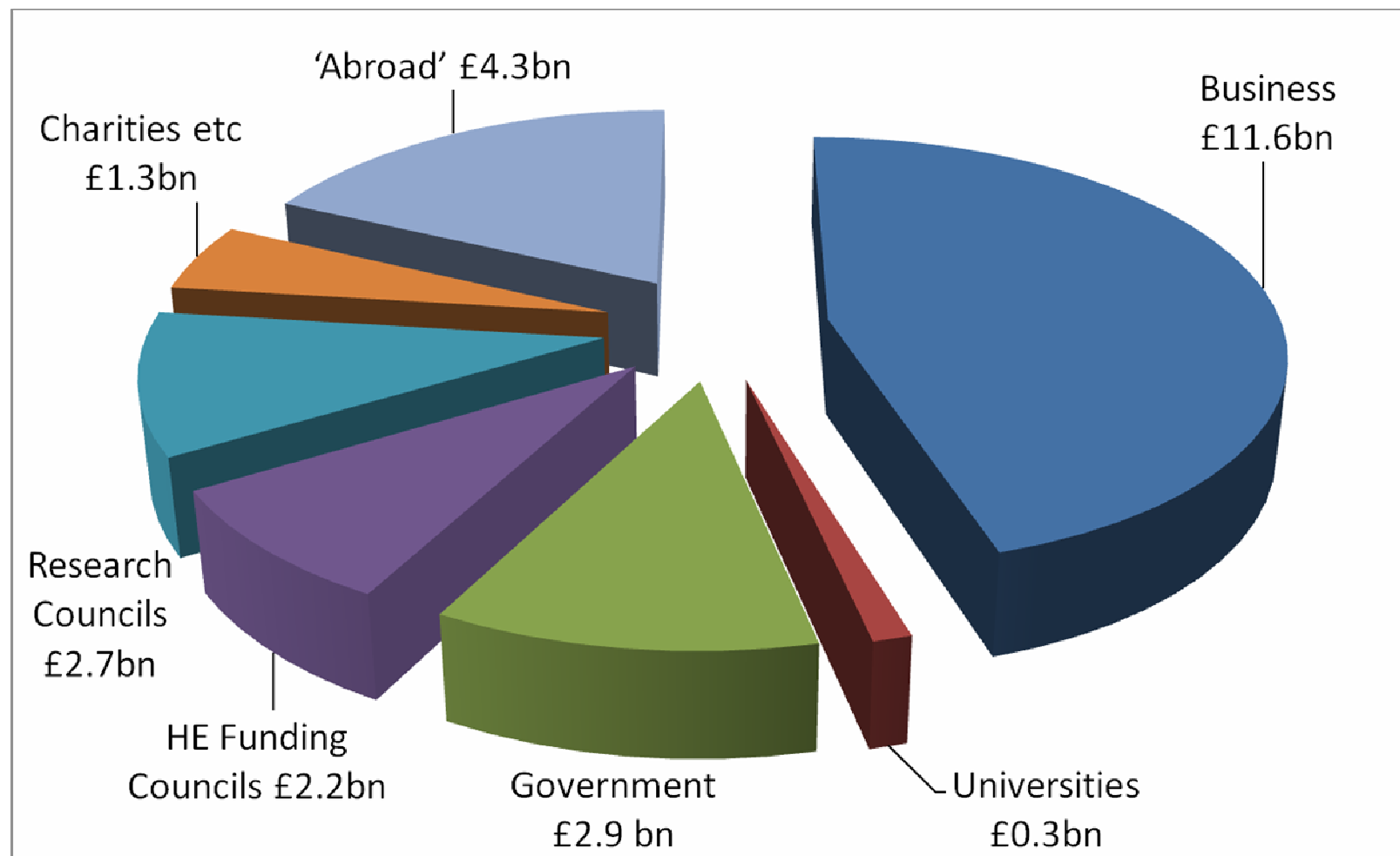
- Public and private investment in R&D has **multiplier effects**
- But for business it is **risky** – usually requires public funding to compensate in part
- **The economy benefits** directly from the development of new products, processes and services
- – and indirectly from spill-over effects that investing businesses are not able to capture fully themselves.



Who **does** R&D in the UK? (Sector conducting the work)



Who **pays** for R&D in the UK?



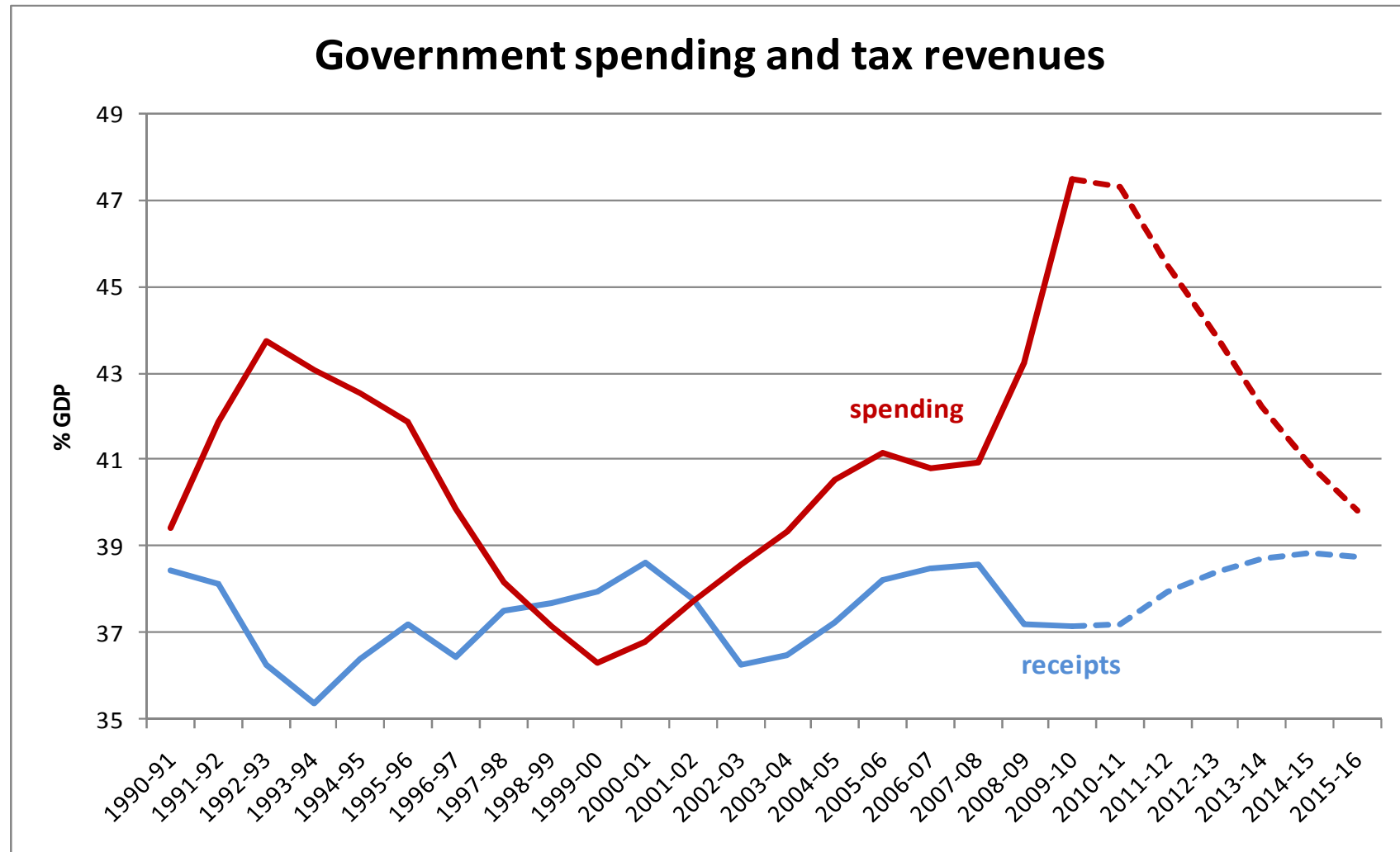
£25.6bn

Business R&D

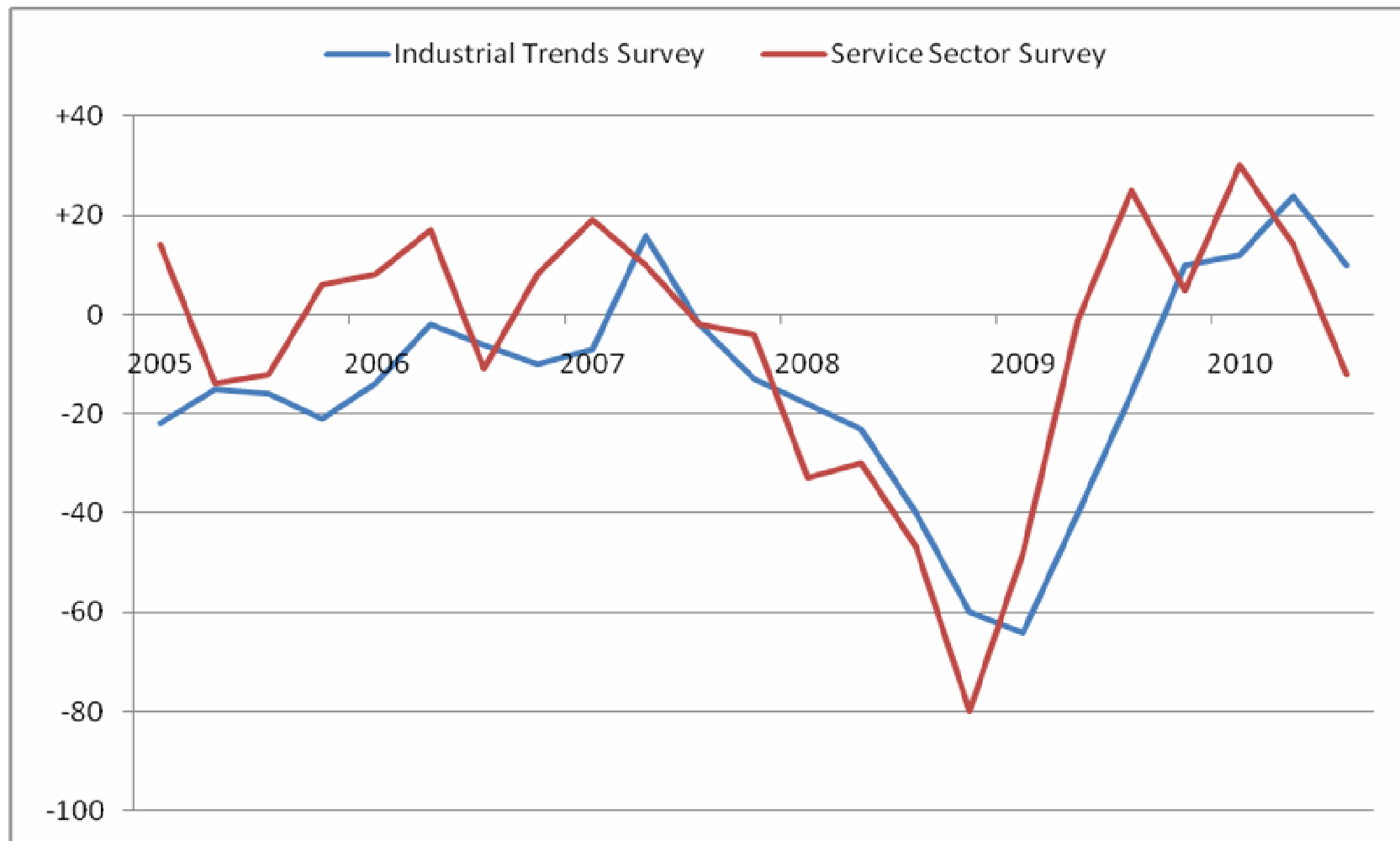
- Companies need to make **profits**
- R&D **costs** money
- Costs are **immediate** and visible
- Benefits are **slow**, hard to see, and may never come
- CEOs have to think about the present and the near-term – the long-term future is far away
- **UK is only one** of many possible locations



The **fiscal** context



The **economic** context: business confidence compared with 3 months ago



Reasons to be cheerful

- In 2008 the 1,000 UK companies which spend most on R&D increased their investment by 9%
- UK business R&D overall was up 11%
- Business spending on contract research by UK universities up 4% – to £382m in 08/09



The CBI and business-university relationships

Inter-Company Academic Relations Group (ICARG)

- 30-40 university research liaison managers from R&D-intensive companies – ‘inward KT professionals’
- Quarterly meetings, usually at member sites
- Policy development and communication
- Best practice / networking
- Representatives of BIS, HEFCE, RCUK, TSB, UUK
- Online guide to business-university collaboration



Business-university links: From the ICARG SWOT analysis

- New **ideas** – not bounded by industry mind-set
- **Networks** and knowledge
- Research and test **facilities**
- Excellent **teams of researchers**, constantly being refreshed with **new talent**
- Specialist **consultancy** to complement the research work



“Companies and universities are not natural partners: their cultures and their missions are different.”

Lambert Review of business-university collaboration, 2003



Business-university links: hurdles

- No 'catalogue' of skills, knowledge, business-savvy academic expertise – a jungle not an orchard
- RAE / REF – incentives prevent a level playing field
- Cost of UK university research
- Cost of 'inward knowledge transfer'
- Timescales
- Publication versus commercial confidentiality
- Lack of skilled people and structures to bridge the commercialisation gap



In conclusion

- Research and innovation are different
- ‘Knowledge already known’ is often more valuable to business than the advancement of knowledge
- Some innovation derives from research results – but it also requires substantial investment – and market opportunities
- What does ‘finished’ mean?

