

**SBRI** Government challenges.  
Ideas from business.  
Innovative solutions.

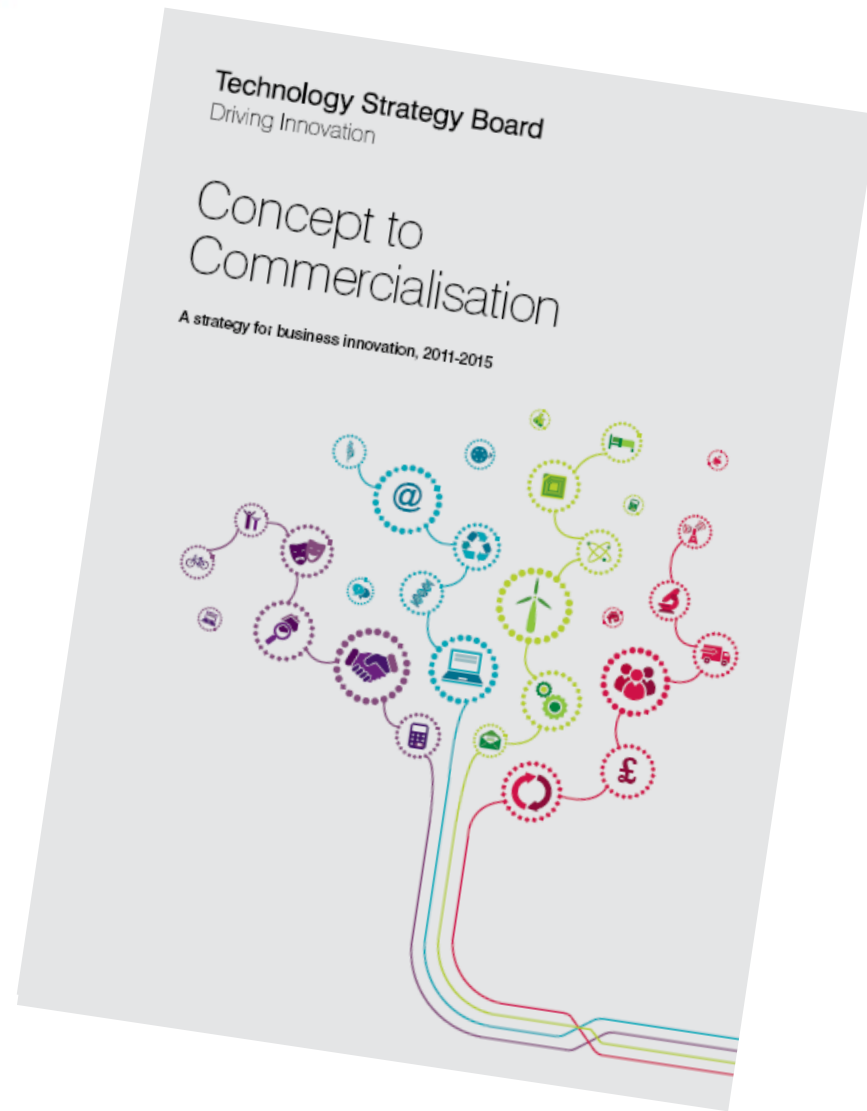
## Innovate UK

- ‘The UK’s innovation agency’ - public body set up by government to stimulate business innovation
- Sponsored by the Department of Business, Innovation and Skills
- 260 people mostly from business
- £440m (~\$650m) budget this year to invest in innovation
- £3bn (~\$4.4bn) invested jointly with business in R&D and innovation
- 5,000 businesses and 150 research organisations

## Innovate UK

- UK's innovation agency

*.....accelerating economic growth by stimulating and supporting business-led innovation*



## The challenges we face .....

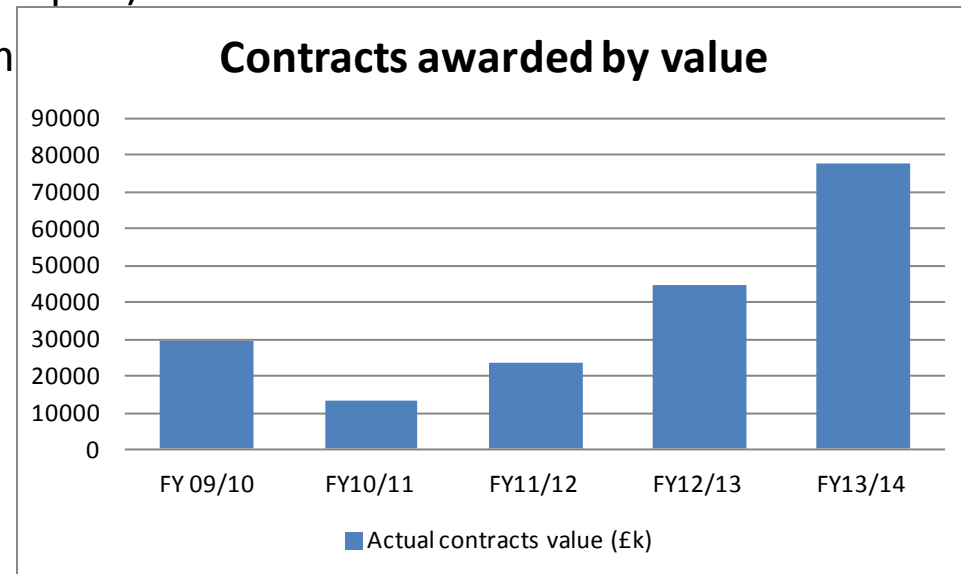
- Business investment too low and too late
- Innovation disrupts value chains and business models
- Longer term trends not visible to all
- Innovation system complex and difficult to navigate
- Government does not make best use of levers

## Our 5 Strategic Focus Areas

- Accelerating the journey - concept to commercialisation
- Connecting the innovation landscape
- Turning Government action into business opportunity
- Investing in theme areas based on global potential
- Continuously improving organisational capability

## SBRI context

- Two prior attempts to launch SBIR like scheme in UK, both failed
- In 2009 Innovate UK were given the task of trying again
- “Largest” of this type of scheme in Europe
- Still very small compared to US @ ~\$110m per year
  - Scaled by GDP UK should be about \$350m
- Since 2009:
  - >245 Competitions (Solicitations/topics)
  - >2000 contracts totalling >\$375m
  - More than 70 different public sector bodies engaged
  - Has grown steadily
- But not yet embedded

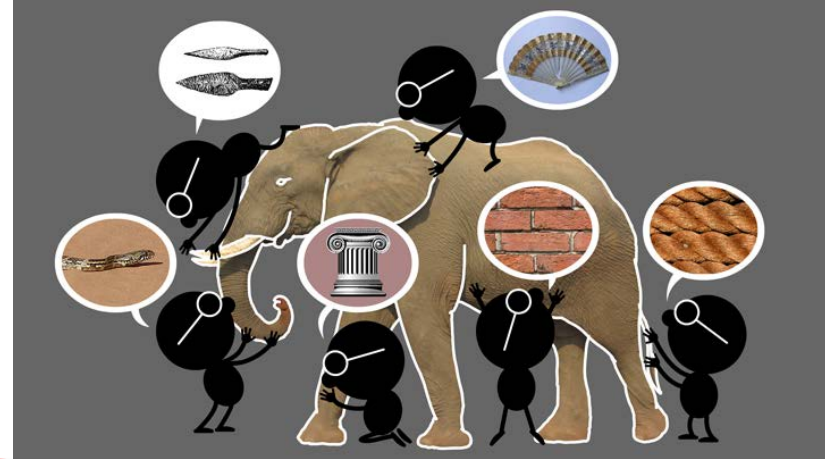


## Based on US SBIR but to fit UK

- Two phases, no fixed limit on contract size or duration
  - Phase 1 Proof of Feasibility 2 - 9mths & £\$30k to \$150k
  - Phase 2 Prototype Development can be up to 2 years and \$1.5M (depends on challenge)
- Some competitions only run one phase
  - Phase 1 only if looking to see what is possible
  - Phase 2 only if know that technology exists but needs R&D to apply to challenge
- All competitions issue R&D contracts (no grants)
- Counts as a Procurement, must comply to EU regulation
  - Any size of organisation is eligible
  - Organisations from any region across Europe
  - Not only companies
- **SBRI use is not mandated as it is for SBIR**

## What is SBRI?

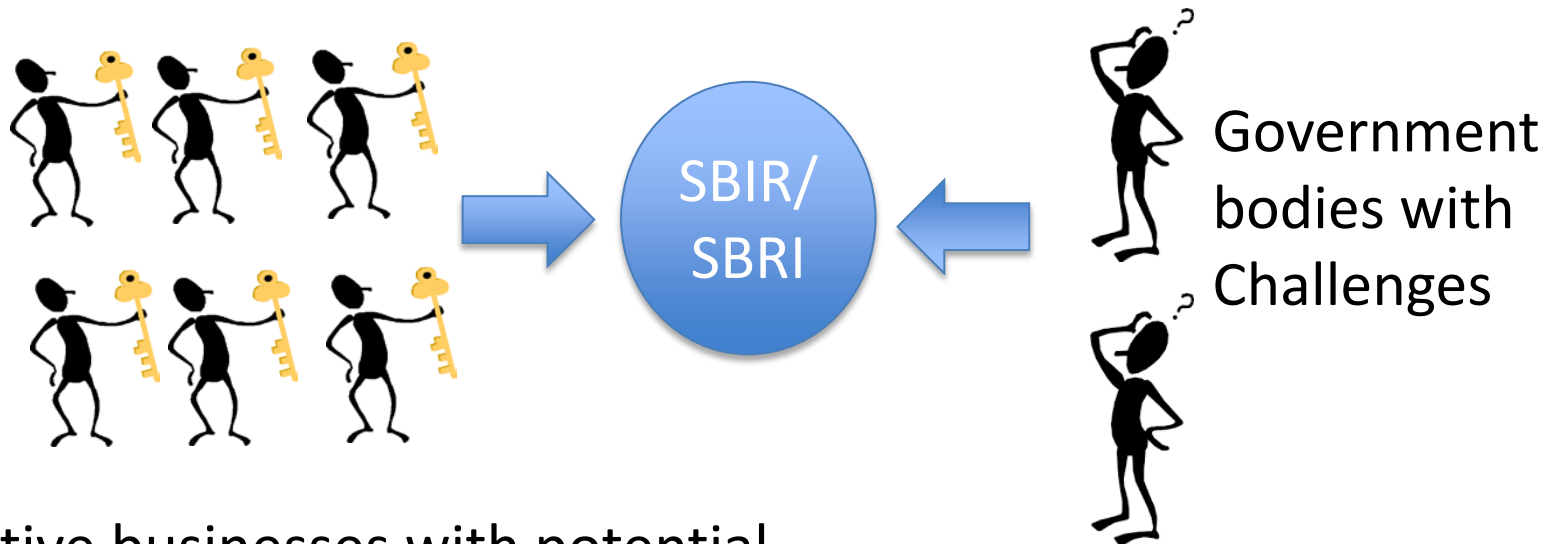
- Innovation Policy?
- Business support tool?
- Procurement tool?
- Economic stimulus?
- Seed fund?
- Mechanism for delivering public sector objectives?
- All of these depending on your perspective





## SBRI/SBIR as a two sided market

- FT definition: A two-sided market is a meeting place for two sets of agents who interact through an intermediary or platform
- Critical to any two sided market is getting both sides on board, typically through pricing strategies



Innovative businesses with potential technology

## SBRI is not mandatory so different approach needed

- Have to “sell” concept to public sector
  - No “SBRI offices” in departments, though some consistent users have built experience
  - Smallish scale means low recognition of scheme across both public sector and industry
  - Until a department chooses to use SBRI there won’t be an opportunity for business and the other benefits don’t flow
- Role of Innovate UK then is to make it simple for Public sector to engage and persuade them of the benefits

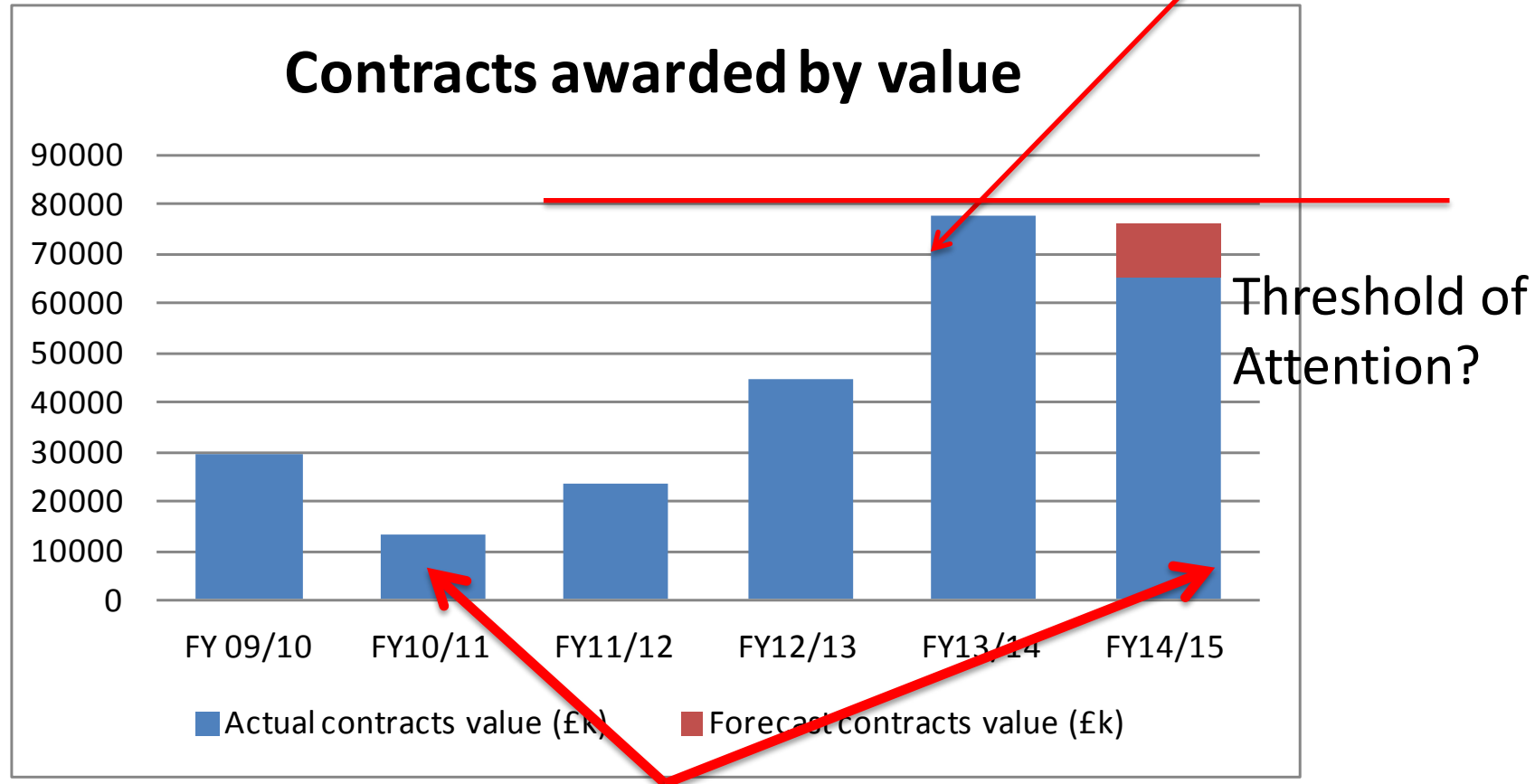
## Early impacts

- NHS England programme:
  - \$50m contracts → £2.25bn of efficiency savings in NHS
  - potential 7m patients helped
  - 150 Jobs created so far
- Phase 1 & 2 winners increased turnover by an average of 19% in last two years
- 55% reported that SBRI had made it easier to access finance
- Two-thirds introducing a new or modified product or service
- One third creating and protecting new intellectual property
- One in ten have reported setting up new spin-out businesses

# The Challenges ahead

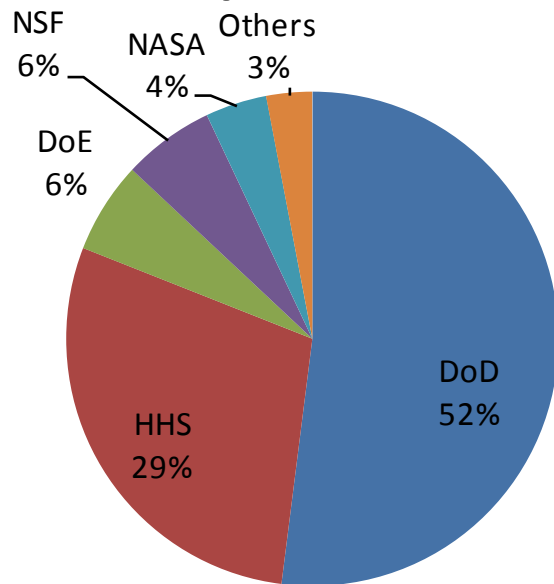


Soft target introduced

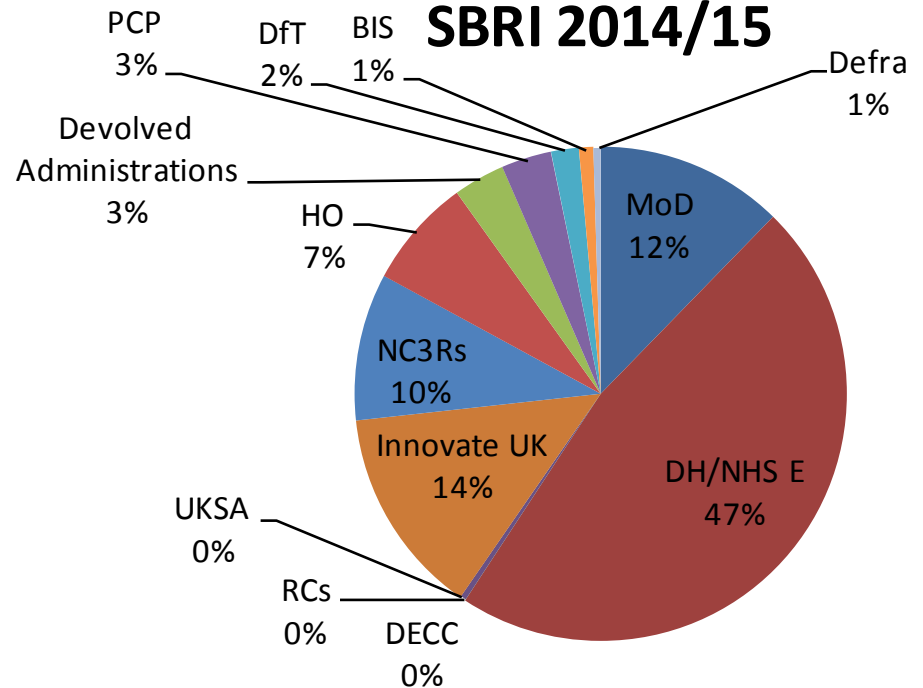


Uncertainty at approach of General election?

## SBIR/STTR 2010



## SBRI 2014/15



Source National Research Council report:  
SBIR at the Department of Defence

- UK Defence is relatively small user of SBRI
- UK scheme more fragmented?
  - Top 5 represent 96% in US, top 5 represent 90% in UK
  - Possibly a longer tail of small users in UK



[www.innovateuk.org/sbri](http://www.innovateuk.org/sbri)

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## SBRI Process

- Open competition based on PSB Challenges
  - PSB defines the problem space for which solutions are either absent or inadequate
- Competition widely advertised through Innovate UK channels
  - Reach out to broad spectrum of technology based industry
- Applications assessed by PSB and most promising ones awarded development contracts.
- Project risk is managed through a Phased process
  - Phase 1 Proof of Feasibility 2 - 9mths & £20k to £100k
  - Phase 2 Prototype Development can be up to 2 years and £1M (depends on challenge)



## SBRI Key Features

- Procurement Process
  - Engaging with Innovative Companies & Procuring the R&D to :-
    - Find & eventually procure novel solution to existing problem
    - Encourage creation of solutions which meet policy objectives
- Development Contracts
  - 100% funded R&D
  - Operate under procurement rules rather than state aid rules
    - UK implementation of EU Pre-Commercial Procurement
  - Deliverable based rather than hours worked or costs incurred
- IP rests with Company
  - Certain usage rights with Public Sector – companies encouraged to exploit IP.