

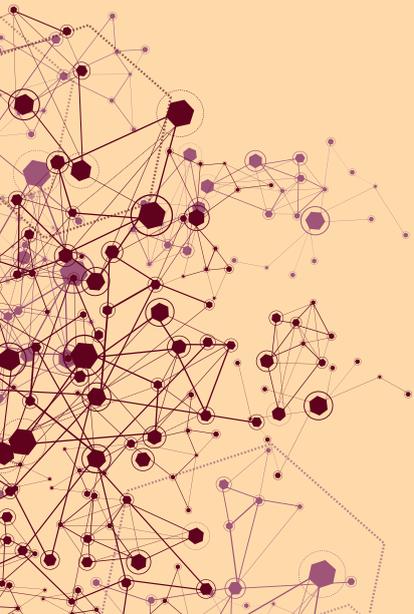
15th Belgo-British Conference

Thursday 20th and Friday 21st November 2014, Brussels

CONFERENCE REPORT

Creation and Business

the role of entrepreneurial
universities in the development
and transfer of technology and
their place in high-tech innovation





15th Belgo-British Conference **Egmont Palace, Brussels**

Thursday 20 – Friday 21 November 2014

FOREWORD

Welcome to the 15th annual meeting of the Belgo-British Conference.

The Conference was the creation of Prime Ministers Guy Verhofstadt and Tony Blair in 2000. They were conscious of the fact that our two countries are cross-Channel neighbours, mutually significant trading partners, recipients of each other's inward investment, allies in NATO and partners in the European Union. And yet. And yet, it was all too easy for the relationship between the two countries to be seen through the prism of agreement or disagreement on this or that EU directive or Treaty and to overlook the human, cultural and business dimensions of our daily dealings with each other.

So, for the past 15 years, the Conference has brought together men and women from a variety of backgrounds in our two countries to discuss issues of current interest and to exchange views and experiences. The Conference is supported by the two Governments but is independently run and, for the most part, financed independently.

Last year, we discussed issues of history and reconciliation on the eve of this year's Great War centenary. No Belgian or British citizen can forget the ties of mutual support and sacrifice which bind our two countries from two world wars. The poppies most Britons wear each November are an echo of those which grew, and grow, in the fields of Flanders.

But the great achievement our counties share is to have created two institutions (NATO and the EU) which, together, have enabled our region to live in peace for more than half a century and to extend that peaceful coexistence to much of the rest of our continent.

So, we have the privilege of being able to look forward in an environment where the acquisition and application of knowledge can flourish and where the barriers between the national, regional and global are permeated by the intellectual quest for answers. We are privileged to live in an unprecedented

period of global scientific discovery, innovation and collaboration. Great universities sustain the importance of pure research. But they also wrestle with how best to support entrepreneurship; how to collaborate productively with the companies which can both help fund research and bring it to market. Governments meanwhile can, by their policies, either create the space in which the search for knowledge and the application of innovation can flourish, or they can stifle it. The relationships are complex but, at their best, dramatically productive.

A handwritten signature in black ink, appearing to read 'Lode Willems'. The signature is fluid and cursive, with a large initial 'L' and a long, sweeping underline.

Lode Willems
Co-Chairman

A handwritten signature in black ink, appearing to read 'Stephen Wall'. The signature is cursive and elegant, with a large initial 'S' and a long, sweeping underline.

Sir Stephen Wall
Co-Chairman



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REPORT

SUMMARY

The 15th annual Belgo-British Conference took place at the Egmont Palace in Brussels on 20-21 November. Opened by Belgian Deputy Prime Minister and Foreign Minister, Didier Reynders, and Chief Scientific Advisor to the Foreign and Commonwealth Office, Prof. Robin Grimes, the Conference examined the role of universities in the transfer of innovative technologies from the academic to business worlds.

CONCLUSIONS

A summary of the main conclusions of the Conference's discussions are:

- **A shift in culture is needed in Europe** – attitudes surrounding risk, failure and ambition need to change fundamentally if Europe is to create business at the rate of the USA.
- **Entrepreneurs and businesses need leadership skills** – the skills to run a successful business do not automatically follow in the wake of a brilliant business idea. Universities, supported by government and businesses, have the potential to become centres for life-long business learning and development.
- **Start thinking about entrepreneurship early** – it is not just about teaching the right skills to university students but have school children sensitised to the idea of starting their own business from an early age.
- **Access to “patient” capital remains a problem** in some sectors such as pharma and bio-medical.
- **The right support at the right time** – setting-up or growing a business often requires external support, be that through advice, business management or investment. But the balance must be found between not stifling a nascent business idea through imposing too much bureaucracy too soon.
- **Europe should act to ensure it's not left behind** – Europe faces competition in innovation and research from all sides, from longstanding competitors such as the US to new and emergent innovation powerhouses, such as China and India. But with its world-class academic institutions and expertise in business show it has all of

the necessary ingredients to invigorate the innovation processes already taking place at home.

Introduction

This year's annual Belgo-British Conference looked at the contribution entrepreneurial universities are making to economic development by creating and transferring innovation and technology.

The Conference brought together participants representing entrepreneurial universities, governmental institutions, private and public venture capital institutions and high-tech companies to exchange views on universities' success factors in fostering technological progress and strengthening companies' competitive edge in industry and service sectors.

- Some of the questions they explored included: To what extent do academic applied research and business application coincide and interact?
- What determines the tip-over point between university investment in their innovative products and handing the risks (and potential profits or loss) to big companies?
- How harmonious and productive are the university-industry relationships in Belgium and the UK?
- What can be learned from different policy approaches and practical experiences in stimulating technological progress and transferability?
- Do we need a change in policy focus as some experts have argued, from targeting spin-offs and university patenting to taking a broader view on universities' contribution to economic development, including research-based training and mobility of human capital?

Opening dinner

The Belgian Deputy Prime Minister and Minister of Foreign Affairs, **Didier Reynders** and the Chief Scientific Adviser to the British Foreign and Commonwealth Office, **Prof. Robin Grimes**, made some opening remarks to get Conference participants and speakers thinking. Both underlined the already excellent relationship between the UK and Belgian academic institutions and the importance of "blurring boundaries" between the UK and Belgium for research and researchers alike. The UK has already learnt a lot from Belgium concerning innovating and translating ideas and concept into practice, with the "Patent Box" providing one such example. They noted too that our businesses are not waiting to be invited to innovate; pharma companies such as UCB and GSK already carry out research in the UK and Belgium, supporting hundreds of jobs in the process. **Roch Doliveux**, CEO of UCB helped highlight this in his after dinner speech and gave the audience some interesting figures to consider. These included the fact that in Europe only 17% of academics have worked in industry compared to 80% in the US. However, 6 out of the top 10 pharma companies in the US had European heads of research. Mr Doliveux also underlined that access to venture capital and having the right environment where expanding companies can take some risk were key.

Plenary Session I: university-driven hi-tech innovation in Belgium & the UK

Platforms and spaces for collaboration

Our discussions in this session focused initially on the importance of physical platforms and spaces such as Regional Network Hubs to bring people from across borders to work together. Although examples from both countries show that there are a number of successful university-led initiatives already in place, we recognised that mobility between universities and companies is still limited. The EU can certainly play a positive role in supporting this.

The “triple helix innovation paradigm” of businesses, universities and government was cited as the crucial element in supporting hi-tech innovation with resources used more efficiently when companies work alongside universities. We also discussed the key role played by entrepreneurial universities in brokering relationships between students and SMEs, for example, by helping small businesses fast-track innovative products through to market evaluation. However, speakers noted that this requires the sort of long-term, holistic vision which is not always evident at present.

Financing structures & long-term view

Challenges related to current financing structures came up repeatedly, with wide-spread acknowledgement that there is a critical need for investors to take a longer term view in relation to innovation, to “break the tyranny” of short term venture capital. Some participants felt that whilst we have become very good at nurturing start-ups in the UK, without appropriate capital structures to develop the business at a later stage the majority of successful SMEs inevitably end up being bought up by larger companies. Start-ups can often experience difficulties in accessing venture capital as the funds are often too high (and it was suggested that tax structures are unfavourable), instead requiring them to rely on investment ‘Angels’, or bodies such as Innovate UK (formerly, the Technology Strategy Board) for investment.

Education & skills

The importance of supporting individual entrepreneurs through education and skills training was another common theme throughout discussions, with a number of participants stressing the need for such initiatives to begin with school-age children. By working to lift the ambitions of young people, universities can be at the heart of local ecosystems through collaborating with businesses and supporting entrepreneurs. Attention was drawn to the barrier to young entrepreneurs from outside the UK that was created by the UK visa regime.

Europe’s attitude problem?

Speakers also focused on the differences between entrepreneurial approaches in Europe and the US. In Europe, only 1% of SMEs have high growth potential, whereas in the US it's 3%. It was conjectured that this may be due to Europe's considerably more risk adverse attitudes, with a hard line approach to failure and bankruptcy impacting significantly on entrepreneurial activities, contrasting strongly with the prevailing mentality in

the US. However, instilling a greater sense of belief in the next generation of investors would require not just changes in the regulatory environment, but a cultural shift which can only come about by learning to celebrate success.

Plenary Session II: Innovation support systems

R&D spending

The UK's record in the Global Innovation Index (2nd) along with the presence of almost half a million business start-ups points to a good, existing innovation base but panellists noted that spending on R&D in the UK has lingered around 2% for the past 20 years, too low in light of the (up to) 3.5% spending by other leading competitor countries.

"Catapult" centres

In the course of this session, the "Catapult" centres in both countries (a network of private and publicly-funded technology and innovation centres where businesses and scientists can work together) were often held up as a successful model to provide the space to bring together different stakeholders; an expansion of the current network is foreseen in the UK. But in spite of initiatives such as the EU-funded researcher grants (e.g. Marie Skłodowska-Curie fellowships) the limited mobility of skilled people endures as a barrier to greater success.

Arm's length approach

This 'arms-length' approach for government to support innovation was regularly endorsed by participants and proved to be a common theme throughout the discussions, with clear warnings against the pitfalls of burdensome bureaucracy, stifling innovation and a one-model-fits-all approach; we shared a consensus that funding should play a supportive and enabling role to research collaboration rather than a prescriptive one.

"Patient capital"

We were widely concerned by the limited pool of "patient capital" (i.e. long term capital), noting that medium sized companies are often not able to afford in-house funding, conditions for EU funding often make it difficult for SMEs to access, and politically constrained short-term thinking too often prevails. Furthermore, calls were made for a re-distributing of current spending to include a more regional slant, perhaps even setting up a Small Business Agency to this end.

Focus on the regions

We identified key areas for UK-Belgium collaboration, namely a shared interest in the importance of scientific evidence in decision-making processes, a shared agenda at the EU level to improve mobility, remove barriers to innovation and improve/complete the single market, and the role played by universities in local and regional networks.

We paid particular attention to the last point relating to regional networks given how a number of start-up businesses had expressed the importance of locally based support, such as alumni networks and business mentors. As with

the first session, participants identified potential for universities to provide people, both students and those already in work, with the entrepreneurial skills – and confidence – to actually run a business on a day-to-day basis, such as with the University College London's "UCLeXtend" digital skills platform.

Business break-out sessions: a reality check

Group 1: Tony Harper (Head of Research, Jaguar Land Rover), Marnix Botte (Vice-President Bell Labs, Alcatel-Lucent), Keith Martin (CEO, Apitope)

The breadth of industry sectors represented in the first group (automotive, electronic communications, biomedical) revealed a huge variety of innovation models, which includes industry-wide co-operation with competitors in bodies such as the Automotive Council. Though the market place moves quickly (one business noted how its current product line is completely different from that of 5-10 years ago), certain funding instruments are not always able to take this pace of change into account (e.g. it takes 12 months for a response to a Horizon 2020 funding application).

All the businesses invest considerably in their own 'in-house' development using a highly skilled and continuously educated work force (one business has 25 employees of which 18 hold a PhD whilst the others run their own technology accreditation schemes). Funding is often heavily weighted in favour of the [later] 'development' rather than initial 'research' stage of technology commercialisation (ratio 9:1). Raising capital or maintaining R&D budgets in a competitive market remains a challenge with venture capital providing little help or prospect of profit for investors.

The businesses already collaborate with universities individually and through industry associations (e.g. Belgian R&D Association) but they saw greater potential for public/private co-funding for research projects.

Group 2: Oliver Geffen (CEO, Cepo), Mike Chinn & Matt Weston (Directors, Stone's Throw Media), Philippe Devisscher (Icoms Detections)

Group 2 brought together younger and smaller businesses. They showed how links between universities and businesses matter at all stages of a business life cycle and a university career. For example, one university provided targeted advice on specific issues (e.g. intellectual property) and more general support on what it means to run your own business (through one-on-one mentoring and alumnae associations). Encouraging people to aspire to be an entrepreneur is especially helpful for those who have not grown up in social environments where there is an expectation of running your own business. How governments retain aspiring foreign entrepreneurs who have studied in Europe was an unresolved issue. Further university-business co-operation included work placements for final year engineering students.

One business explained how they benefitted from structured training courses on how to manage and grow a business, hosted by universities but under private sponsorship (e.g. UCL's 10,000 businesses scheme funded by the Goldman Sachs Foundation), noting that entrepreneurs often need help to move from doing everything to managing everything to becoming leaders. It is important not to discourage potential entrepreneurs by over-complicating

the business process but to identify at which point external support is best deployed to grow successfully.

Finally, the businesses suggested that universities function well as a sign-post for would-be entrepreneurs to opportunities, support networks and funding. One business already benefits through its links to universities from access to R&D which it would not have been able to afford to fund directly.

Group 3: Stephane Berghmans (Innovation Manager, TE Connectivity), Patrik De Haes (CEO, Thrombogenics), Iwan Roberts (COO, Puridify)

The business speakers in this group agreed that innovation is central to developing a business and making money but a number of challenges exist to get a product from the bench to the market. Given the number of ways in which businesses innovate, imposing top-down standards or definitions could easily kill this creativity off. Instead, they suggested that standards should be drawn from current practices and established companies. Establishing a single procedure for technology transfer offices would help facilitate business access to those services.

Businesses should foster environments to encourage so-called "intrapreneurs" to generate innovation within their business whilst entrepreneurs should not be afraid to share intellectual property with others in order to build new networks.

EU-level action can support innovation but businesses were keen to see flexibility for national differences to be maintained. They noted that it can sometimes be cumbersome, given the conditions of the grants, to unlock funds from the EU.

Plenary Session III: what works and makes it work?

With over 250 definitions of what 'innovation' means, it is clear that innovation comes in many shapes and sizes. Moreover, whatever comparisons can be made with other regions of the world, it was clear from the number of discussions at the Conference that high quality innovation in Europe is taking place. We heard how universities are once again beginning to be an engine for economic growth and it is a mantle taken on by the institutions themselves and in turn a role recognised by policy-makers. But the question remains, how do we marry the maverick entrepreneur with the support, funding and context to take a good idea and transform it into a flourishing, prospering business?

CONCLUSIONS

The main conclusions of the Conference's discussions are:

- **A shift in culture is needed in Europe** – attitudes surrounding risk, failure and ambition need to change fundamentally if Europe is to create business at the rate of the USA. Being an entrepreneur needs to become as unexceptional as any other career choice. Attitudes to bankruptcy need to change to value those who have taken business risk rather than punish them for failure. We need to encourage our young people to think big and to follow their dreams.
- **Entrepreneurs and businesses need leadership skills** – the skills to run a successful business do not automatically follow in the wake of a brilliant business idea. Universities, supported by government and businesses, have the potential to become centres for life-long business learning and development.
- **Start thinking about entrepreneurship early** – it is not just about teaching the right skills to university students but have school children sensitised to the idea of starting their own business from an early age. This has an important social mobility element for those who do not come from backgrounds where running your own business is 'normal.'
- **Access to “patient” capital remains a problem in some sectors such as pharma and bio-medical.** But short-term political thinking demanded by electoral cycles coupled with risk-averse institutions and venture capitalists means, accessing long-term, flexible capital remains a serious problem for businesses of all sizes and at all points in their development.
- **The right support at the right time** – setting-up or growing a business often requires external support, be that through advice, business management or investment. But the balance must be found between not stifling a nascent business idea through imposing too much bureaucracy too soon.
- **Europe should act to ensure it's not left behind** – Europe faces competition in innovation and research from all sides, from longstanding competitors such as the US to new and emergent innovation powerhouses, such as China and India. But with our world-class academic institutions and expertise in business, we have all of the necessary ingredients to invigorate the innovation processes already taking place at home.





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Strong bilateral relations between the United Kingdom and Belgium are a definite asset both for our government and society. The Belgian Federal Public Service (FPS) Foreign Affairs thus fully supports the Belgo-British Conference and is proud to contribute to its success. The yearly conferences fit in a long-term agenda aimed at addressing the concerns shared by our citizens and developing informal networks in all walks of life. The Belgo-British Conference has proven its value in connecting people across the Channel.

www.diplomatie.belgium.be



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Foreign & Commonwealth Office

Foreign & Commonwealth Office (FCO)

The Belgo-British Conference underlines the close relationship between the UK and Belgium. The Foreign and Commonwealth Office (FCO), through the British Embassy in Brussels, has supported the event since its inception in 2000. Belgium and the UK have historically close ties. As neighbours, we work together on security, trade and investment, and foreign policy priorities. The annual Conference is an opportunity to strengthen our relations, further understand each other's priorities, and identify future areas of co-operation. The 2014 Conference will be a chance to look to the future, to explore the role of entrepreneurial universities in working with businesses to stimulate growth and prosperity for the UK and Belgium.

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