



PRO INNO EUROPE

**INNO
LEARNING PLATFORM**

Good practice Identification – Advice for transferability Innovation Vouchers INDEX

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EUROPE**

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CHAPTER I: Good practice identification

1 General description of the good practice

INnovation Delivers EXpansion (INDEX) www.indexvouchers.org is an one-year pilot project in the West Midlands, an English region with 5,3 millions inhabitants, funded by Advantage West Midlands (AWM), Economic and Social Research Council (ESRC) and Engineering and Physical Sciences Research Council (EPSRC). The pilot started in June 2007 and will end in April 2008.

The Innovation Voucher scheme aims to build links between Universities and small and medium businesses and to create a demand-led approach to small business community's approach to innovation. The Innovation Voucher allows SMEs to purchase an academic's expertise knowledge to develop innovation and enhance their business.

The scheme provided 80 SMEs (defined accordingly to the EU) in the West Midlands with innovation vouchers that can be exchanged for tailored advice and expertise on Higher Education Institutions (HEI) located in the West Midlands region.

The scheme is administered by the Aston University in Birmingham which setup an Advice Centre as the formal contact point. Aston University will also provide the brokerage for the scheme and link the SME voucher beneficiary with their selected choice from the HEI academic subscribers. SMEs can apply online for a voucher and if the application is successful the vouchers are then allocated in an entirely random manner by using a lottery scheme.

2 Please describe the selected good practice¹ in terms of:

2.1 Uniqueness:

Measure Name:		INnovation Delivers EXpansion (INDEX)	
General description/rationale:			
Allocation mechanism			
Innovative characteristics as regards:			
Methodology	Organization	Function	Results
The scheme is linked into the agendas of the local regional business agencies to maximise the 'use value' to the SME community; SMEs cannot pool their vouchers in this first pilot project and they must belong to the following sectors: <ul style="list-style-type: none"> • Energy/Power • Advanced Materials • Health Technology/ Healthcare • Construction, Water and 	The business support agencies endorsing the project will help identify 80 high-growth SMEs for involvement in the innovation voucher scheme and the criteria for the selection of relevant organisations will be agreed with the INDEX Governance Group. Once identified, the SME will select the academic service they	Enhance the innovation capability of SMEs by matching their needs with available knowledge within regional HEI's, i.e., a demand-led approach towards innovation; The businesses will be given innovation vouchers to the value of GBP 3000 each to purchase academic support from across the 13 regional HEIs participating in the project.	Still under evaluation

¹A technique or methodology that has proven to reliably lead to the result that has been aimed for; An activity or procedure that has produced outstanding results in another situation and could be adapted to improve effectiveness, efficiency, ecology, and/or innovativeness in another situation.

<p>Environment</p> <ul style="list-style-type: none"> Automotive/ Transport/ Transport Systems Creative Industries/ Digital Media/ Software, Media and Communications Process Industries Aerospace and Defence Manufacturing Electronics 	<p>require and Aston University will act as broker to nominate the most appropriate expertise to meet this need from across the 13 regional HEIs participating in the project.</p>		
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Measure Name: <u>I</u> nnovation <u>D</u> elivers <u>E</u> Xpansion (INDEX)			
General description/rationale:			
Governance Group			
Innovative characteristics as regards:			
Methodology	Organization	Function	Results
A governance framework was agreed by the project partners; This includes an IP policy statement and an open framework to encourage knowledge sharing.	Besides project partners representatives, this group includes also representatives from target groups and regional business support agencies.	This group manages the all program and help to identify the 80 high-grow SMEs that will receive the vouchers.	Still under evaluation.

Measure Name: <u>I</u> nnovation <u>D</u> elivers <u>E</u> Xpansion (INDEX)			
General description/rationale:			
Eligibility criteria			
Innovative characteristics as regards:			
Methodology	Organization	Function	Results
The INDEX project has a wide range of eligible activities. Only six activities are considered ineligible because they clearly fell out of the scheme aims.	<p>Eligible activities:</p> <ul style="list-style-type: none"> Innovation New services New business model Tailored training Efficiency audits Logistics and Supply chain management Product and service testing Economic impact assessment <p>Ineligible activities:</p> <ul style="list-style-type: none"> Standard training courses Software purchases Subsidising the cost of exports Internships for students Advertising Sales activities 	This approach will provide an evaluation of the vouchers scheme beyond the traditional R&D services provided to high-tech firms. By including activities like service development, business models, training in innovation management, etc, will greatly extend the application scope of the scheme, allowing low-tech firms to boost their innovation capacity.	Still under evaluation.

2.2 Relevance:

Problem	Solution that was provided
The gap between the small business community and public research bodies.	Small amount innovation voucher without the usual bureaucracy hurdles.
Research in Higher Education Institutions is not aligned with business needs.	A demand-led approach towards innovation.

2.3 Effectiveness:

The key objective of the scheme is to harness appropriate research to match the demand-led needs of high-growth SMEs and thus enhance the innovation capability of the businesses concerned. The voucher scheme provides crucial information about the demand side and helps to build links between small companies and researchers that could yield further benefits in the future.

- 80 vouchers will be allocated to SMEs
- GBP 3000 (EUR 4283) for each voucher
- GBP 240000 (EUR 342640) is the total amount of vouchers granted
- 6 months validity

First Round – June 2007

- 212 SMEs applied for the vouchers
- 40 vouchers were allocated

Second round - April 2008 (at the end of the pilot)

- The remaining 40 vouchers will be allocated.

Notes:

1. The vouchers are allocated on a “first come first serve” basis
 2. SMEs may apply for the second round if they failed the first round
 3. Each SME can only apply for one voucher
- 13 Higher Education Institutions in the West Midlands agree to join the project
 - 11 are universities
 - 2 are high education colleges

A complete list can be found at <http://www.indexvouchers.org/knowledge-providers.html>

2.4 User satisfaction:

User group	Primary target group (yes/no)	Feedback provided	Explanation for feedback
SMEs	Yes	OPM Creator Ltd said, “We plan to use our voucher to further develop our web based project management software in line with customer feedback.”	OPM Creator Ltd.
High Education Institutions	No	Dr Judy Scully, INDEX Project Manager said, “The INDEX scheme cuts right through all the bureaucracy in universities and its simplicity is so	Declaration pronounced at the Royal Society of Chemistry, in 24

		important because it enables SMEs to select who they want to work with, to get the most appropriate expertise for their needs.”	October 2007
Policy makers at regional level	No	John Bailey, Pro Vice Chancellor for Business Partnerships & Knowledge Transfer from Aston University said, “This project has been a great success, involving all 13 HEIs in the West Midlands and SMEs who haven’t traditionally had a link to universities. The real driver is that demand is led by SMEs – they have been saying what they want and we have been converting it into what they need and engaging academics. We have been absolutely overwhelmed by the response from universities and SMEs.”	Declaration pronounced during the European Week of Regions and Cities, 8-11 October 2007

2.5 Recognition:

The INDEX project has not been much recognized yet because is in its early stage, although the initiative was already included on The European TrendChart on Innovation.

2.6 Context dependency:

- The project started in June 2007 and will end in April 2008.
- The project has a budget of GBP 375000 (EUR 535331)
- The project is financed through:
 - 2 Regional bodies - GBP 247000
 - Advantage West Midlands (AWM)
 - Business Link West Midlands (BLWM)
 - 2 Federal Institutions
 - Economic and Social Research Council (ESRC)
 - Engineering and Physical Sciences Research Council (EPSRC) – GBP 100000.
- Associated Organisers and Supporters
 - West Midlands Confederation of British Industry
 - Birmingham Chamber of Commerce
 - Institute of Asian Business

Specific characteristic /circumstance at hand	Solution that has been offered from within the action/tool	Explanation of the effectiveness of the provided solution
Proximity with other European Regions	Collaboration with the Innovation Vouchers initiative in Ireland	Both programmes shared the list of illegible activities but the INDEX initiative excluded knowledge transfer projects.
Regional binding	Vouchers can only be exchange for HEI services which are located in the West Midlands	Boost regional development by straitening the HEI-SMEs cooperation.

2.7 Replication:

The program will be evaluated by an independent evaluator although to date there's still no reporting on this. As a regional initiative, the program is an excellent pilot to test the applicability of the scheme at national level, following the steps of the Dutch initiative. If the programme proves to be successful in the West Midlands, a nation wide program could be envisaged in the near future. Nevertheless there are already some indicators showing the enormous potential impact of a nation-wide replication of the scheme like the impressive figure of 212 applications for only 40 vouchers available. Since this is a new measure in the region, there are expectations that this difference can even be more unbalanced in the next round that will be organised in April of 2008.

Definitely this is an initiative to follow up in the future as more detailed results and evaluations are published, in particular in its unique characteristics. Such is the case of Aston University role as a broker, responsible to nominate the most appropriate knowledge provider to meet each applicant's need. This methodology could present some advantages over other similar schemes, giving SMEs a sort of guidance to better explore the available academic's expertise knowledge on the region, and gives policy makers and innovation support institutions a way to clearly identify the real demand for such services.

As other similar schemes recently implemented in other European regions, the West Midlands initiative doesn't differ to much from the pioneer scheme in the Limburg Region, and in general follows the same principles, procedures and objectives of the Dutch experience, meaning that the context dependency in each country, like specific business environments and economic capacity, doesn't interfere too much on the results of the initiative, opening the pathway to replicate the measure in other European regions and/or to develop trans-national cooperation between SMEs and knowledge providers located in different countries. This is the case of the very similar initiative in Ireland which may provide useful information about the behaviour of the scheme when applied to different regional economic contexts.

3 Additional information sources

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CHAPTER II: Advice for transferability

4 Introduction to the proposed action

4.1 What are the main actions to be promoted to meet the objective?

In the recent past innovation vouchers as a policy instrument became more and more attractive for supporting SMEs.

The main policy rationales behind the schemes are:

- To promote transfer of application and solution oriented knowledge between SMEs and the knowledge providing institutes,
- To lower the barriers for SMEs to engage in collaborative R&D with research institutions in order to foster innovative activities at SMEs.

The main point is to foster the demand side of R&D and innovation services.

The voucher is an appropriate policy instrument to support SMEs in their innovation activities in order to overcome coordination barriers and to improve interaction between science and industry. The voucher introduces SMEs to knowledge providers (that is, makes them aware of the providers) and stimulates SMEs to commission new joint activities with knowledge providers after the completion of the 'voucher project'.

4.2 What is the problem for which the cited measure is trying to provide an answer?

An innovation voucher is a coupon or bonus that entitles SMEs to approach knowledge/research/education providers/institutions/organisations, in order to receive advice and expertise and/or to fund research collaboration with them within a research/knowledge transfer project.

Innovation Delivers Expansion (INDEX):

- The gap between the small business community and public research bodies.
- Research in Higher Education Institutions is not aligned with business needs.

4.3 What is the general status of the recognition in the market of the necessity to invest in the proposed policy theme?

In the recent past innovation vouchers as a policy instrument became more and more attractive for supporting SMEs. Although the Innovation voucher is a relatively new instrument and only few evaluations and reports on this topic have been released one can say that it enjoys popularity among SMEs as well as knowledge providers. The evaluations found that the voucher introduces SMEs to knowledge providers, stimulates SMEs to commission new assignments and supports SMEs in their innovation activities.

4.4 How is the main policy theme communicated in the market/which guidance material is already available?

Currently there are three nations (Netherlands, Ireland, Hungary), one cross boarder-interregional (Benelux Middle Area) and two regional (West Midlands, Limburg) innovation voucher initiatives. The Netherlands were the first country which introduced an innovation voucher scheme nationwide in 2004 and meanwhile it is an established tool in their policy mix for SMEs. In Ireland, Hungary and the

West Midlands the innovation voucher project is in a pilot or earlier implementation phase. The initiatives in the Benelux Middle Area and Limburg are part of a small voucher project series in and around Limburg.

4.5 What is the expected outcome of the proposed actions?

The following outcomes are expected from the proposed actions. Innovation vouchers:

- Overcome coordination barriers and improve interaction between science and industry.
- Make the SMEs aware of knowledge providers.
- Stimulate SMEs to commission new joint activities with knowledge providers after the completion of the ‘voucher project’.

5 The innovation policy measure and its context

5.1 National and regional governance: please provide a description of the modalities of implementation of the proposed actions. Examples of elements to be taken into account are the role of the institute, the nature and characteristics of that institute that are important for a successful implementation of the good practice.

Aston University role is this of a broker, responsible to nominate the most appropriate knowledge provider to meet each applicant’s need. This methodology could present some advantages over other similar schemes, giving SMEs a sort of guidance to better explore the available academic’s expertise knowledge on the region and gives policy makers and innovation support institutions a way to clearly identify the real demand for such services.

5.2 National and regional economic structure of the region where the practice has been developed. We are looking for the main factors for success for implementing the suggested measure.

The UK is one of the most important places in the world in the field of businesses and finance. It is one of the strongest EU economies in terms of inflation, interest rates and unemployment, all of which remain relatively low.

The context dependency in each country, like specific business environments and economic capacity, doesn’t interfere too much on the results of the initiative, opening the pathway to replicate the measure in other European regions and/or to develop trans-national cooperation between SMEs and knowledge providers located in different countries. This is the case of the very similar initiative in Ireland which may provide useful information about the behaviour of the scheme when applied to different regional economic contexts.

5.3 The policy measure itself: what was it all about? Who were the actors involved, what actions have been undertaken and which result and impact has been achieved?

INnovation Delivers EXpansion (INDEX) is a one-year pilot project in the West Midlands, an English region with 5,3 millions inhabitants, funded by Advantage West Midlands (AWM), Economic and Social Research Council (ESRC) and Engineering and Physical Sciences Research Council (EPSRC). The pilot started in June 2007 and will end in April 2008.

The Innovation Voucher scheme aims to build links between Universities and small medium businesses and create a demand-led approach to small business community's approach to innovation. The Innovation Voucher allows SMEs to purchase an academic's expertise knowledge to develop innovation and enhance their business.

The scheme provided 80 SMEs (defined accordingly to the EU) in the West Midlands with innovation vouchers that can be exchanged for tailored advice and expertise on Higher Education Institutions (HEI) located in the West Midlands region.

The scheme is administered by the Aston University in Birmingham which setup an Advice Centre as the formal contact point. Aston University will also provide the brokerage for the scheme and link the SME voucher beneficiary with their selected choice from the HEI academic subscribers. SMEs can apply online for a voucher and if the application is successful the vouchers are then allocated in an entirely random manner by using a lottery scheme.

The program will be evaluated by an independent evaluator although to date there's still no reporting on this. As a regional initiative, the program is an excellent pilot to test the applicability of the scheme at national level, following the steps of the Dutch initiative. If the program proves to be successful in the West Midlands, a nation wide program could be envisaged in the near future. Nevertheless there are already some indicators showing the enormous potential impact of a nation-wide replication of the scheme like the impressive figure of 212 applications for only 40 vouchers available. Since this is a new measure in the region, there are expectations that this difference can even be more unbalanced in the next round that will be organised in April of 2008.

6 The adaptability and transferability of the proposal

6.1 Why is it worthwhile to invest in the proposed action/tool? Did the feasibility study and good practice identification demonstrate substantial added value?

In general, all performed evaluations and reports on innovation voucher initiatives conclude that the voucher is an appropriate policy instrument to support SMEs in their innovation activities in order to overcome coordination barriers and to improve interaction between science and industry. The voucher introduces SMEs to knowledge providers (that is, makes them aware of the providers) and stimulates SMEs to commission new joint activities with knowledge providers after the completion of the 'voucher project'. Mostly SMEs are satisfied with the voucher instrument and the work commissioned meets their needs and expectations.

INnovation Delivers EXpansion (INDEX) is a voucher scheme that gives SMEs a sort of guidance to better explore the available academic's expertise knowledge on the region and gives policy makers and innovation support institutes a way to clearly identify the real demand for such services.

6.2 If there is to be decided to invest in the proposed action/tool, what are the main factors to pay specific attention to?

There is no relevant information where we can derive this from.

6.3 What is the expected impact of implementing the proposed action/tool?

INnovation Delivers EXpansion (INDEX) harnesses appropriate research to match the demanded needs of high-growth SMEs and thus enhance the innovation capability of the businesses concerned.

The voucher scheme provides crucial information about the demand side and helps to build links between small companies and researchers that could yield further benefits in the future.

6.4 Based on the insights gained in the feasibility studies and good practice identification, what is the judgement/advice on the support that already has been created by stakeholders?

We have no information about this.

6.5 What is the advice on how to disseminate the action/tool?

A side effect of the proposed initiative is that it proved to be useful to build links between universities and SMEs. The gap between universities and SMEs is commonly known as a challenge. If the proposed initiative leads to concrete examples of filling the gap between SMEs and universities, it is worth considering applying it in other regions too. When doing so, it is however important to take into account the contextual factors of the region in which it proved to be successful and the region in which the initiative is going to be transferred to.