

Policies and Tools



SME Innovation in Ireland

ECLAC Seminar

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Santiago, January 20th 2016

BUILDING CAPACITY FOR INVESTMENT PROMOTION

**COMMUNIQUÉ**
INTERNATIONAL



Our Background

- 40 Years experience as practitioners in Investment Promotion
- Includes 30+ years with IDA-Ireland, one of the world's most successful Investment Promotion Agencies
- Happy to share our experience from Ireland on developing innovation capacity in SMEs



Agenda

Three Core Points:

1. Importance of Education
2. Impact of FDI
3. Linking FDI & SME Innovation
 - Early Mistakes
 - What Worked For Ireland



Ireland To-Day



- Population - 4.6m
- Unemployment - 8.8%
- GDP – \$246bn
- GDP Per Capita \$49K
- Exports - \$97 bn
- Imports - \$58 bn
- Member of EU & Euro
- GDP 2015 + 7%



Importance of Education

- Ireland spends 13.5% of budget on Education – one of highest in Europe
- Almost 25% in full time education
- 90% complete 2nd level to age 18
- 54% go on to University
- At University >60% graduate in either Business or Technology



Importance of Education

Smart Interventions 1:

- Kilkenny Design – National Design Centre for Irish Goods <http://www.dccoi.ie/>
- Young Scientist - Annual competition for 14-18 yrs <http://btyoungscientist.com/>
- Coder Dojo - A global network of free computer programming clubs for 7-14 <https://coderdojo.com/>



Importance of Education

Smart Interventions 2:

- Globally a major shortage in ICT
- Ireland is short c.25,000 ICT graduates
- Irish Industry identified an innovative solution – ‘provide 25% bonus points for study of honours mathematics’
- Result - ICT courses are now full !



Impact of FDI

- 1,289 IDA Ireland (IPA) supported foreign companies
- They employ 187,000 directly with a total impact of 318,000 jobs in the economy – 7 indirect jobs for every 10 direct jobs

Source: IDA End Year Statement Jan 2016

Impact of FDI



**ICT &
Software**

**Life
Sciences**

**International
Services**

**Financial
Services**

Intel
Microsoft
Oracle
SAP
Dell
IBM
Symantec
Motorola
Apple
HP
Ericsson
Lucent
Siemens

Pfizer
Abbott
J&J
Schering Plough
BMS
Lilly
Merck
Novartis
GSK
Takeda
Bausch & Lomb
Medtronic
Boston Scientific

Google
EBay
Accenture
Hertz
Sitel
American Airlines
United Airlines
Whirlpool
PacifiCare
UPS
LinkedIn
Cigna
Marriott

GE Capital
GMAC
Merill Lynch
ABN Amro
JP Morgan
Citibank
Deutsche Bank
Bear Stearns
AIG
State Street
Sun Life
Fidelity
Prudential



Impact of FDI

FDI companies spend €22.4 billion annually in Ireland, most of which goes to SMEs

Of which:

Irish Services	€11.3 billion
Payroll	€8.5 billion
Irish Raw Materials	€2.6 billion

Linking FDI & SME Innovation

IRISH GOVERNMENT RESEARCH & DEVELOPMENT
Budget = c.€1bn per year

**University
Infrastructure**

Researchers

**Industry
Programs**

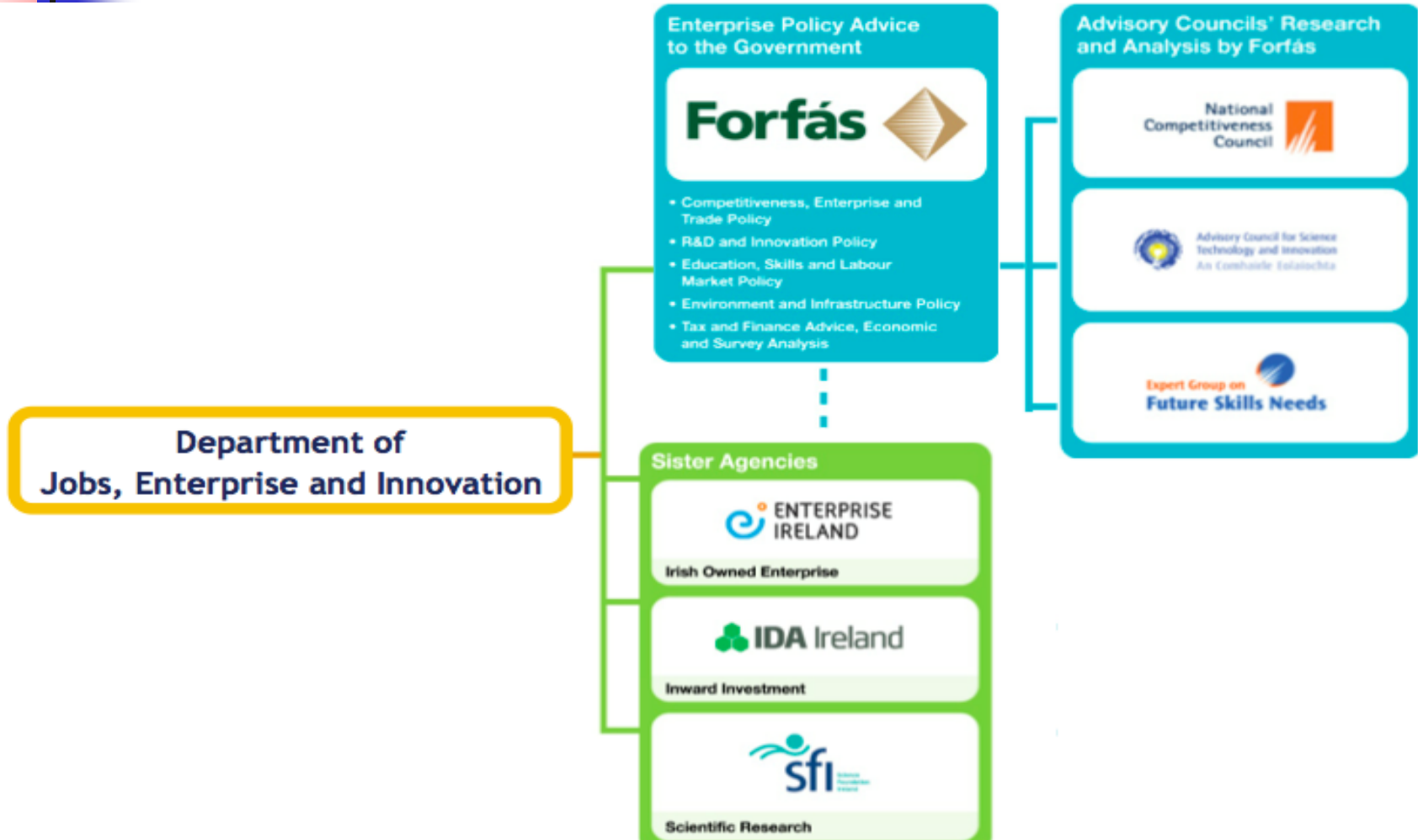
Academia

CHALLENGE

**To leverage best results
between academia &
Industry**

Industry

Linking FDI & SME Innovation





Linking FDI & SME Innovation

SME INNOVATION IN IRELAND

- 3,000 Export Oriented SMEs
- Financial support-conditional on Innovation
- 500 New SME start-up's in 2015 - 105 are 'High Potential Start-ups' who started in FDI companies - 61 led by women
- 25 bought by multinationals for expansion



Linking FDI & SME Innovation

Innovation 2020 (Ireland)

- Government has invited companies to join with other companies to tackle some of the grand challenges coming down i.e. Climate Change, Future Energy Supplies, Cancer, Dementia, Food Security, Economic Inequality



Linking FDI & SME Innovation

Innovation 2020 (Ireland)

- Linkage with like minded companies in other countries (EU Horizon 2020 €80bn)
- 'Knowledge Transfer Ireland' – Clearing house for IP coming from colleges
- Knowledge Box – IP Taxed at 6.25% = 50% of standard tax rate of 12.5%



1- Education

Early Mistakes

- Too much focus on Liberal Arts
- Apprentice training too short

What Worked

- Major commitment to Education
- Regional Technology Colleges
- Regional Training Centers



2- FDI

Early Mistakes

- Too many Target Sectors
- Too many Regional Investment Locations

What Worked

- Selecting 3 Key Sectors for FDI Promotion
- Targeting Key FDI companies
- Fiscal & Financial Support
- Aftercare Program



3-Linking FDI & SME Innovation

Early Mistakes

- Not prioritising 'Export Focused SME Innovators'
- Too much investment in 'Blue Sky Research'

What Worked

- Linkage Program
- Fiscal & Financial support for RD&I
- Support for spinouts from FDI
- Funding for Feasibility & VC for Start-ups



MUCHAS GRACIAS

Questions ?