Policies and Tools

SME Innovation in Ireland

ECLAC Seminar

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BUILDING CAPACITY FOR INVESTMENT PROMOTION
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 2\textsuperscript{nd} level to age 18
- 54% go on to University
- At University >60% graduate in either Business or Technology
Importance of Education

Smart Interventions 1:

- Coder Dojo - A global network of free computer programming clubs for 7-14 [https://coderdojo.com/](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
- Intel
- Microsoft
- Oracle
- SAP
- Dell
- IBM
- Symantec
- Motorola
- Apple
- HP
- Ericsson
- Lucent
- Siemens

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

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

Financial Services
- 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

CHALLENGE
To leverage best results between academia & Industry
Linking FDI & SME Innovation

Diagram showing the relationship between the Department of Jobs, Enterprise and Innovation, Forfás, and various advisory councils and research groups.
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
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 ?