

BRIEFING FOR THE FIRST MINISTER

SEIZING THE OPPORTUNITIES OF INNOVATION – INNOVATION AND ENTREPRENEURSHIP DINNER

Bute House, 25 October 2018 19:00

Key message	Scotland CAN DO is our statement of intent to be a world-leading entrepreneurial and innovative nation; a place where growth and innovation go hand in hand with wider benefits to all of society. We are investing in the development and application of research, innovation and technology while supporting an innovative and entrepreneurial culture at all levels of society.	
What	An Innovation and Entrepreneurship focussed dinner, to hear directly from a business stakeholders about their innovation journeys.	
Why	This is one of a series of business engagement dinners to be held at Bute House. Its purpose is to allow you to hear direct from innovative businesses and entrepreneurs about their experiences working with the Scottish Government and partners on business development and support for innovation and entrepreneurship. Their views will feed into policy development and delivery.	
Who	13 leaders of Scottish businesses, active in innovation and entrepreneurship:	
	Appointedd	Leah Hutcheon, CEO
	BASF Pharma (Callanish) Ltd	[Redacted s38(1)(b)], Site Manager
	BioClavis	Harper VanSteenhouse, General Manager,
	Dog Digital	Gerry McCusker, CEO and Joint Owner
	Entrepreneurial Scotland	Sandy Kennedy, Chief Executive
	Exmos Ltd	Gordon Coulter, CEO,
	Genius Foods	Lucinda Bruce-Gardyne, CEO
	G-Hold	Alison Grieve, CEO
	Johnston's of Elgin	Simon Cotton, CEO,
	Leuchie House	Mairi O'Keefe, Founder and Retiring CEO
	NCR	Adam Crighton, VP, Global Hardware Solutions
	RAB-Microfluidics	Dr Rotimi Alabi, Founder,
	Sunamp Ltd	Andrew Bissell, CEO
Where	Bute House	
When	19:00 – 21:00	
Likely themes	<i>Wealthier and Fairer, Innovation Support, Working Together</i>	
Media	FM Comms to advise direct on media handling.	
Supporting official	Richard Rollison, Deputy Director Innovation, Industries & Investment Division, Economic Directorate - M: REDACTED	

Attached documents	Annex A – Agenda & Chairing notes Annex B – Companies and Biographies Annex C – Innovation Annex D – Scotland Can Do Annex E – Selected Innovation Support Products
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ILS, Oct 18

INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018 AGENDA & CHAIRING NOTES

1. **Welcome**

- Welcome all attendees to the dinner and facilitate brief intros.

2. **Scene Setting - Introductory Remarks**

- The purpose of this dinner is to hear direct from business about their experiences in working with the Scottish Government & partners on support for innovative and entrepreneurial ideas.
- You may want to recognise that inclusive growth depends on new ideas, new research and new businesses. The Programme for Government and online Economic Action Plan (published 24 Oct) sets out the range of support we are providing.
- You may wish to highlight our Innovation Action Plan (Jan 17) which seeks to create a culture in Scotland that supports ambitious businesses to use innovation to grow, underpinned by a clear, integrated system of information, advice and support. It sets out 4 priorities for improving Scotland's innovation performance.
 - Directly encouraging more business innovation
 - Using public sector needs and spend to catalyse innovation
 - Supporting innovation across sectors and places
 - Making best use of University research knowledge and talent to drive growth
- You may wish to flag the Scotland CAN DO approach to making Scotland a world-leading entrepreneurial & innovative nation by creating a vibrant ecosystem driven by public and private and third sector partners working together

Suggested discussion questions and prompts

- **Starting and Scaling:** You may wish to ask:
 - What was the main driver for you when starting or scaling your business?
 - What would you do differently knowing what you know now?
 - What advice would you offer to your peers who are not innovating or scaling up?
 - What support makes a difference?
 - Can we create entrepreneurs?
- **Innovating:** You may wish to ask:
 - How can we maximise the economic impact of innovative activity?
 - What has been your experience of sourcing financial support from the public and private sectors for your innovation and growth ambitions?
 - What works well to support business innovation?
 - What need to be addressed or changed?
 - What is your experience of accessing innovation advice and support from public agencies?

INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018

TOP LINES

Programme for Government

- New Programme for Government lays down an ambitious roadmap for the future of the Scottish economy and workforce.
- We want Scotland to be the best place to live, work and invest.
- We are a government committed to growing the economy in a sustainable and inclusive way.
- Scotland has huge economic potential and we are determined to work with business & business organisations to unlock it and deliver inclusive growth

Innovation

- Innovation drives improved productivity, competitiveness and growth.
- Our vision is for a Scotland where innovation is an intrinsic part of our culture, our society and our economy.
- The Scottish Government is committed to creating a nurturing environment for businesses and entrepreneurs to flourish.
- Our long term ambition is to boost Scotland's innovation performance to match the levels of the best performing countries in the OECD.
- Our activity will be underpinned by a clear, easy to navigate, well connected system of information, advice and support.

Entrepreneurship

- Scotland CAN DO is our platform & statement of intent towards becoming a world-leading entrepreneurial & innovative nation.
- We want to support more businesses of ambition to reach their goals and contribute to Scotland's inclusive economic growth.
- To do this we are supporting the development of a vibrant CAN DO ecosystem driven by public and private and third sector partners working together
- This is underpinned by initiatives like the Scotland CAN DO Scale movement and the Scottish EDGE, which provide leadership support and finance to talented entrepreneurs. More broadly, we seek to unlock tremendous economic potential through our work on Women in Enterprise.
- And we are working with partners across the education system – from schools to universities – to embed a more entrepreneurial mindset.

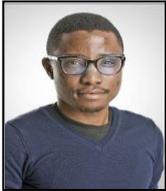
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INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018
COMPANIES AND BIOGRAPHIES

Company	Biography	Description
Appointeddd	<p>Leah Hutcheon, CEO</p>  <p>Leah Hutcheon is the founder and CEO of Appointeddd, an Edinburgh-based startup revolutionising the way businesses schedule appointments.</p>	<p>Appointeddd enables businesses to schedule meetings and events, streamline operations, and gain a competitive edge through technology. They have received support from SIB investment, Scottish EDGE winner, and are an SE account managed company. Appointeddd was supported by Informatics Ventures.</p>
BASF Pharma (Callanish) Ltd	<p>[Redacted s38(1)(b)] Site Manager</p>  <p>[Redacted s38(1)(b)] is an Engineer and before joining BASF in 2016 he had spent the previous 25 years as the Managing Director of two companies, the first in the Steel industry and the latter in Starch manufacture, both with international remits.</p>	<p>BASF Pharma (Callanish) Ltd manufactures Omega 3 Active Pharmaceutical Ingredients (API's) under Good Manufacturing Practice (GMP) protocol. The site has developed significantly since 2016 to match increasing demand and more growth is anticipated in the short to medium term. BASF Pharma (Callanish) Ltd was supported with £450k R&D grants.</p>
BioClavis	 <p>Harper VanSteenhouse, General Manager, Harper became General Manager at BioClavis in December 2017. Prior to this he worked with parent company, BioSpyder, as Director of Technology Integration.</p>	<p>BioClavis is a personalized diagnostics spin-out of US-based BioSpyder, based at the Queen Elizabeth University Hospital in Glasgow. It adapts BioSpyder's TempO-Seq platform technology into a novel diagnostic tool for precision medicine in a number of high value clinical indications, in close collaboration with the health service and university researchers. BioClavis was supported with £3.37m R&D grants.</p>

<p>Dog Digital</p>	 <p>Gerry McCusker, CEO and joint Owner Gerry has driven the agency's expansion from 10 to 75 staff across offices in Glasgow, London and South East Asia. Gerry guest lectures at the Universities of Glasgow & Strathclyde, while addressing fast growth Scottish businesses as part of government-funded events and mentoring workshops. Gerry is a member of the Enterprise and Skills Strategic Board.</p>	<p>Established in 1996, Dog create connected brand experiences and support their clients' marketing through data, planning, technology and creative craft. Dog works with global brands including Heineken, and L'Oréal.</p>
<p>Entrepreneurial Scotland</p>	 <p>Sandy Kennedy, Chief Executive Sandy and his team develop programmes, manage a fast growing membership network and support of some of the country's most successful entrepreneurs. Sandy is on the Advisory Boards of The Hunter Centre for Entrepreneurship and Informatics Ventures and The Scottish EDGE Fund</p>	<p>Entrepreneurial Scotland, formed through the coming together of the Entrepreneurial Exchange and the Saltire Foundation, aims to inspire and develop Scotland's people to build the most entrepreneurial society in the world. Entrepreneurial Scotland receives funding from the Scottish Government to support its core costs and various programmes</p>
<p>Exmos Ltd</p>	 <p>Gordon Coulter, CEO, Gordon started his business in 1991 at the age of 24 and in 2016 participated in Strathclyde University's Growth Advantage programme which aims to help ambitious businesses to scale up</p>	<p>Exmos provides high end IT Infrastructure Management & Support primarily to the process, manufacturing and logistics industries. From their offices in Grangemouth, they provide support to over 100 global sites and develop bespoke software. Exmos was supported by Informatics Ventures.</p>
<p>Genius Foods</p>	 <p>Lucinda Bruce-Gardyne, CEO A professionally trained chef, Lucinda has won numerous awards including the Ernst & Young UK Emerging Entrepreneur of the Year Award and the Private Businesswoman of the Year category in the Price Waterhouse Coopers Private Business Awards.</p>	<p>Genius was founded as a result of Lucinda's struggles to find a gluten free loaf for her son. After three years of development her bread recipes became Genius Foods in 2009, and their range of gluten-free products can be now found in the UK, France, Germany, the Netherlands, Australia and the UAE. Genius was supported by £2.39m in R&D grants.</p>

<p>G-Hold</p>	<p>Alison Grieve, CEO</p>  <p>Before G- Hold, Alison first developed patented handholds for the food service industry with 'Safetray', a tray with a foldaway hold on its underside to prevent it from toppling over, achieving global sales and a North American licensing deal.</p>	<p>G-Hold is an ergonomic handhold for tablets and readers, to address the rapidly growing tablet market and now achieves 90% of its sales overseas and has partnered with Microsoft, Panasonic and Amazon Devices. G-Hold was supported by knowledge exchange innovation vouchers and EDGE</p>
<p>Johnston's of Elgin</p>	<p>Simon Cotton, CEO,</p>  <p>Simon has been the Chief Executive of Johnston's of Elgin for five years. Prior to that he was the Managing Director for Carron Phoenix in Falkirk.</p>	<p>Johnstons is the UK's largest employer in the textile industry with 1000 employees based in Elgin and Hawick and is recognised for its pioneering work on schools interaction and modern apprenticeship as part of its comprehensive "learning organisation" culture. Johnstons was supported by the knowledge exchange innovation vouchers.</p>
<p>Leuchie House</p>	<p>Mairi O'Keefe, Founder and Retiring CEO</p>  <p>Mairi joined the MS Society Scotland as Manager of Leuchie House in 2003. In 2010 she led the Save Leuchie campaign, saving the centre from closure and setting it up as an independent charity in 2011. She sits on cross-party groups at the Scottish Parliament and is a member of the Governing Council for Edinburgh Chamber of Commerce.</p> <p>Mairi announced her retirement from Leuchie House in late September and will be replaced by Mark Bevan, former SCDI CEO.</p>	<p>Leuchie House provides short break respite care to people living with a long term condition (commonly neurodegenerative) and who are dependent on others to meet their daily care needs. Guests have complex care needs, but respite is provided in a non- clinical environment within a person-centered philosophy. Leuchie House was supported by the knowledge exchange innovation vouchers.</p>

<p>NCR</p>	<p>Adam Crighton, Vice President, Global Hardware Solutions, Financial Services</p>  <p>Adam spends much of his time liaising with customers and partners to ensure the NCR portfolio is correctly positioned to solve issues faced in retail banking.</p>	<p>NCR Corporation (NCR) is a global leader in consumer transaction technologies. With its software, hardware, and portfolio of services, NCR enables 650 million transactions daily across the financial, retail, hospitality, telecom and technology industries. Headquartered in Atlanta, Georgia, NCR has over 30,000 employees and does business in 160 countries. NCR was supported by £2.75m R&D grants.</p>
<p>RAB-Microfluidics</p>	<p>Dr Rotimi Alabi, Founder,</p>  <p>Dr Alabi is leading RAB-Microfluidics to develop smarter sensor technologies to enable the early detection of rotating machinery failure by analysing lubricating oil, winning several awards in the process</p>	<p>RAB-Microfluidics improve efficiency, reduce OPEX and increase the uptime of heavy rotating machinery. To do this, we diagnose early signs of failure in lubricated heavy machinery by continuously analysing the lubricating oil in realtime with our microfluidic lab-on-a-chip technology. To date they have secured funding of £852,254 from grants, competition awards and private investment. RAB-Microfluidics was supported by Informatics Ventures.</p>
<p>Sunamp Ltd.</p>	<p>Andrew Bissell, CEO</p>  <p>Andrew is a successful technology entrepreneur, previously founder and CEO of Voxar Limited, which achieved leading global market share in 3D medical visualisation, with a turnover in excess of €10M and 80+ employees.</p>	<p>Sunamp Ltd. engages in the design, production, and sale of heat batteries that are used to store heat for various applications. Sunamp Ltd was supported by Knowledge exchange innovation vouchers.</p>

INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018

INNOVATION

Our economic objective is to see Scotland ranked in the top quartile of OECD countries' productivity and wellbeing. In working towards this target, a strong innovation performance will be critical to improving long-term productivity growth and higher living standards.

Our Innovation Action Plan (Jan 17) set out key priorities and actions we that will make a difference to our innovation performance. **Key priorities of the Plan are to:**

- Directly encourage more business innovation
- Use public sector needs and spend to catalyse innovation
- Support innovation across sectors and places
- Make best use of University research knowledge and talent to drive growth and equip Scotland's people with the tools and skills needed to innovate

Key Stats

- In the 2016 UK Innovation Survey, 46% of Scottish businesses were innovation active.
- Business Enterprise Expenditure on R&D (BERD) in 2016 exceeded £1bn for the first time, outperformed our HE R&D expenditure for the first time and, between 2007 and 2016, grew by 69.3% in real terms, 3 times the growth of UK BERD (21.6%) over the same period.

Enterprise and Skills Review – Phase 2 Report (June 2017)

- Simplify the innovation landscape and align better our innovation approach to maximize the impact of public sector support for innovation;
- Ensure we have the right range and mix of accessible innovation advice and products, tailored to the right customers and meeting their needs; and
- Increase awareness of sources of innovation support and the benefits it can provide for business across Scotland. This should include access to academic expertise and facilities across Scotland, such as our universities, research institutes, Innovation Centres and colleges.

Programme for Government 2017

- Increase budgets for business R&D grants by £45m over 3 years from 2018-2021 as part of our goal to double Scotland's business R&D by 2025
- Investment in university research and innovation by an additional £17.6 million this financial year. This includes £11.6 million specifically aimed at increasing the number of partnerships with businesses in Scotland and competitive grants secured from UK Research & Innovation in order to contribute to inclusive economic growth in Scotland.

Can Do Innovation Business Innovation Forum

- The Forum, established by Mr Swinney in 2015, is now chaired by Mr McKee. The Forum's aim is to provide a place where government, enterprise agencies, academia and business can come together to discuss how best to drive forward business innovation in Scotland.

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INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018 SCOTLAND CAN DO

Scotland CAN DO is our platform & statement of intent towards becoming a world-leading entrepreneurial & innovative nation. It embodies an approach where growth and innovation go hand in hand with wider benefits to all of society.

- Co-developed with public, private & third sector partners
- Supports collaboration amongst partners with a view to greater impact
- Articulates our vision that sustainable growth is tied to wider benefits for all
- Makes clear that enterprising activity is a valid and viable option for all
- From 2018-19, Entrepreneurial Scotland is being supported to take on the role of convenor (or 'Backbone') for the CAN DO movement.

The Scottish EDGE Fund embodies the 'CAN DO Approach'

- High-profile business-pitch competition led by public (SG, enterprise agencies & Business Gateway), private (RBS, E.Spark) & third sector (Prince's Trust) partners. Winners now receive awards of up to **£150,000**.
- Launched in December 2012 through Scottish Enterprise, 'spun-out' as stand-alone entity supported by RBS, Hunter Foundation & Scottish Government in-time for June 2015 round.
- The first Scottish EDGE awards were held in February 2013 and twelve rounds have been held to date (latest awards made on 14 June 2018). Over the first 11 rounds, £10,617,787 has been awarded and has supported 293 businesses.

We are mainstreaming the entrepreneurial mind-set through education

- "Scotland's Enterprising Schools" supports this ambition within Primary & Secondary education. Young Enterprise Scotland (YES) is the lead partner.
- Within tertiary, CAN DO is promoting a culture of utter collaboration between key partners such as Converge Challenge, Bridge 2 Business and Scottish Institute for Enterprise.

Through 'Women In Enterprise' we will tackle the gender-gap in enterprise

- Launched in Spring 2014, this action-orientated framework is the only policy co-development platform for women's enterprise in the EU.
- We are committing over a quarter of a million pounds this financial year for projects to support more women into business and tackle the gender gap. The Women in Enterprise Action Group has been convened to drive progress on this agenda.
- It is estimated that if female business ownership equalled that of men, this would contribute an extra £7.6 billion to the economy representing a 5.3% increase in growth. (Source: Enterprise Research Centre).

Entrepreneurship and Enterprise Support Policy Team, July 18

INNOVATION AND ENTREPRENEURSHIP DINNER 25 OCT 2018
SELECTED INNOVATION SUPPORT PRODUCTS

Product	Lead	Description
Informatics Ventures	University of Edinburgh/SE	Informatics Ventures provide start-up acceleration, innovation programmes and entrepreneurship education to support Scotland's technology entrepreneurs from all the Scottish universities and wider business community
Innovation Vouchers	Interface	Interface administers the SFC/SE/HIE Innovation Voucher Scheme which provides businesses with up to £5,000 of support for their first academic partnership and follow on vouchers of up to £20,000. The money goes to the academic partner rather than the business.
R&D Grants	SE and HIE	SE and HIE R&D grants are available to Scottish businesses working on significant innovation projects for their business.
Scottish EDGE	Hunter Foundation on behalf of Scotland Can Do Ecosystem	Scottish EDGE is a competition aimed at identifying and supporting Scotland's up-and-coming, innovative, high-growth potential entrepreneurial talent
SMART: SCOTLAND	SE	SMART: SCOTLAND is a grant for SMEs based in Scotland. The grant helps you undertake technical feasibility studies and R&D projects that have a commercial endpoint.

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NOTE OF INNOVATION AND ENTREPRENEURSHIP DINNER BUTE HOUSE, 25 OCTOBER 2018

PRESENT

Rt. Hon Nicola Sturgeon MSP, First Minister
 Ivan McKee MSP, Minister for Trade, Investment and Innovation
 Leah Hutcheon, Appointed
 [Redacted s38(1)(b)] BASF Pharma
 Harper VanSteenhouse, BioClavis
 Gerry McCusker, Dog Digital
 Sandy Kennedy, Entrepreneurial Scotland
 Gordon Coulter Exmos Ltd
 Lucinda Bruce-Gardyne, Genius Foods
 Andrew Bissell, Sunamp
 Alison Grieve, G-Hold
 Simon Cotton, Johnstons of Elgin
 Mairi O'Keefe, Leuchie House
 Dr Rotimi Alabi, RAB-Microfluidics
 Linda Hanna, Scottish Enterprise
 Richard Rollison, Scottish Government

KEY DISCUSSION POINTS

Culture and Mindset

There was strong agreement on the need to create an attitude and mindset from an early age which supported a resilient, entrepreneurial and innovative culture not held back by 'fear of failure'. The importance of work in schools and with young people was emphasised and examples of existing positive initiatives such as businesses working with primary and secondary pupils in particular schools, Primary Engineer and the British Interactive Media Association's (BIMA) Digital Day involving 50 schools, highlighted. Key discussion points and potential areas for action included:

- Encouraging and supporting children to design/create/build something at school – challenge every young person to invent something – the Primary Engineer programme is a good example of this
- Consider how we can teach individual resilience
- Develop an initiative which matches schools in Scotland with their international counterparts (eg California) around running an international 'mini- business'
- Be more tolerant of failure – what is the 'failure metric' for our agencies?
- Develop a quicker and more systematic way of supporting work experience for young people
- Create, share and communicate inspiring stories of entrepreneurship and innovation (e.g Entrepreneurial Scotland ads on STV) – Scotland's role models, 'heroes' and inventions that will be on 'the tea towels of the future'

Supporting entrepreneurship and innovation

Examples of great advice and support from the Government and its agencies were highlighted and the role of individuals and businesses in providing peer support and helping each other discussed.

Potential areas for action included:

- Create a founders club/network for founders to learn from each other's successes and mistakes and from great Chief Operating Officers
- Develop collective approach to minimising patent infringement
- Find ways to make it easier for larger firms to share their expertise with earlier stage firms – start and scale;
- Consider scheme to encourages graduates to start a business by extending student loan period for 1-2 years post-graduation

Access to Finance

The challenges of accessing the right investment from the right investor(s) and the future role of the Scottish National Investment Bank were discussed. Key points and possible areas for action included:

- The importance of patient investment which supports the creation of sustainable businesses
- Concerns about Scotland's relatively low rates of capital investment and that the speed of disruptive technology presents a huge risk factor for businesses which don't invest
- Lack of clarity at this point about how the National Investment Bank will operate and where and how it will invest – need for communication and engagement with the business community including discussion/focus group with those round the table
- Important that founders and businesses can take an informed view on the right type of investment and right type of investor for them – can we create a model contract and/or standard term sheet which simplifies the 'rules of engagement'?
- Need to create an approach and advisory and investment community that works for Scotland and provides a critical mass of expertise, perhaps built around specific sectors or clusters

Role of Universities

The disconnect between Scotland's strong performance on higher education R&D and relatively weak, though improving, performance on business R&D was noted. Examples of business-changing academic and research contributions, such as those facilitated by Interface, were highlighted. However, there was a consensus that there was too much variation across and within universities in terms of their engagement with and support for innovation and problem solving and in terms of recognising and realising the value of their academic and research expertise and intellectual property which was supported by public funds. Key discussion points and possible areas for action included:

- Encouraging and incentivising universities to be more open and proactive in their engagement with industry and in targeting specific business challenges and opportunities by, for example, running open days for local businesses and/or particular sectors
- More universities to adopt the entrepreneur in residence model operating at University of Edinburgh
- Building on and speeding up the matching process between business and universities through Interface and taking action to strengthen the range of universities providing quality responses to calls from business for academic/research input
- Creating some kind of standard tech transfer agreement to simplify and speed up the realisation of research and IP and supporting and incentivising academics to recognise the potential commercial value of their work

Skills and Talent

There was a strong consensus that developing and attracting the right skills and talent was the primary challenge for most businesses and that Scotland faced particular demographic challenges which required a more flexible geometry to UK migration policy. The scope for emphasising the lifestyle benefits of living in Scotland; for particular regions and industries to play to their strengths; and for highlighting a more positive/receptive environment for migration in attracting people, especially from the rest of the UK, was noted. Key discussion points and areas for possible action included:

- Continuing to press UK Government for the reinstatement of the post-study visa scheme for international graduates
- Considering how business can develop a more collective voice and take collective action to attract talent
- Exploring how the BIMA (British Interactive Media Association) Scotland scheme which enables individuals to gain a range of different skills across a number of businesses might be replicated in other areas and industries including the 3rd sector
- Supporting Scottish businesses to establish overseas so that they can retain and recruit key personnel
- More proactive approach to marketing the benefits of living and working in Scotland

Across all these areas, Scotland's size and our ability to bring together public, private and 3rd sector players to address common challenges and opportunities and to provide mutual support and share lessons and good practice was seen as a key advantage which we needed to make even more of.

Richard Rollison
October 2018