

# Technology

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Birmingham-Worcestershire

## ROUND TABLE



## REALITY BYTES

Just as the Midlands' plans for a technology-driven economy started to take shape, recession hit. Can the region still develop a techno-future?

### How willing are people to take the risk of setting up a business to develop technology and bring it to market?

**Mark Payton** There is an issue of whether the right people are willing to take risk. I left a permanent position to join a business with only three months' funding. There are still people willing to take a punt on technology, in fact, my business depends on finding those investment opportunities.

**Christine Jones** Some of the problems arise from the fact that for ten years we've had it too easy, and it's eroded the idea of risk taking. I would go further and say that a lot of our brightest university graduates are no longer willing to take risks but would rather go to well-paid, less uncertain opportunities elsewhere such as the services industry. This worries me.

**Martin Levermore** Absolutely. Many of my former colleagues were shocked when I left a career in banking.

**Alan White** I don't think we should be too hard on them. If you look at the level of debt graduates run up, it's not surprising they are risk averse. I would think twice about embarking on an uncertain career in innovation if I had £20,000 of debt and the prospect of a first-time mortgage.

**Andrew Sleigh** The thing that justifies risk is returns, and this country is not very good at generating decent returns for risk in manufacturing. The risk reward balance is precarious.

**Olwen Dutton** There's a lot to be said about Christine's ideas on risk aversion, and it goes right back to education. We're dumbing down and teaching by rote rather than asking pupils to understand. The competitive instinct is being dampened down and the idea that children need to compete is being suppressed.

**Levermore** Yes, but we also need to blame ourselves. We're not putting out a positive picture that technology and manufacturing are interesting. We don't sell ourselves and we can hardly expect young people to get excited unless we show we're excited. We put effort into research and development but not enough into communications.

### So how good are we at funding and encouraging innovation?

**Payton** Getting finance for developing ideas is an issue. It's what we're set up to do but only 2 to 3 per cent of the applications we get are right for venture capital. We're not just looking for good ideas but ones we can take

### THE PANEL

**GINO BELLAVIA** University of Birmingham

**OLWEN DUTTON** West Midlands Regional Assembly

**STEPHEN GRAY** Advantage West Midlands

**CHRISTINE JONES** Central Technology Belt

**MARTIN LEVERMORE** Medical Devices Technology International

**CHRISTOPHER MOIR** Warwick Manufacturing Group

**MARK PAYTON** West Mercia Seed Fund

**ANDREW SLEIGH** Qinetiq

**ALAN WHITE** Central Technology Belt

**PETER WRIGHT** Birmingham City Council

**KURT JACOBS** *Insider*

to market and get a return on.

**Peter Wright** There's a mismatch in that there's a belief that technology will create huge employment, whereas it will create a small but significant number of jobs.

**Sleigh** In the US the government is a great early adopter of emerging technology and engages at an early stage in helping development. Where the US has a real edge is in getting a product to market – they see a commercial opportunity, make a commercial decision to do it, and do it properly.

**Christopher Moir** We often look at the US for how to develop technology, but there's a huge misconception about how Americans work. They are great at taking existing technology, developing it and marketing it. It's often forgotten that Apple and Microsoft were built on adapting and advancing technology developed by others.

**Sleigh** In the UK if you have an idea it's a long haul before you get investment in, and longer before it gets to market.

**Levermore** We have no shortage of ideas or quality, but we get the investment equation the wrong way around, being asked to get a product right before getting investment in. It's at the development stage that we need money.

**Moir** The US defence industry is a great example. It's a huge spender, but says 'here's a great idea, how can we develop it?' rather than 'we have a problem, come to us with a solution'.

#### We're good at saying how innovative we are in the Midlands, but is it true?

**Jones** The Japanese calculated that the UK is responsible for 75 per cent of the major technical innovations since World War Two, but we lead the world in only two per cent of technologies. We're superb at creating ideas but awful in patenting them and taking them to market.

**Levermore** Actually we're better at recognising ideas than you may think. Seventy per cent of all UK patents are developed in the West Midlands.

**Gino Bellavia** There is a Darwinian natural selection to the survival of a technology business that's not entirely related to the quality of the innovation. A lot of businesses fail because they don't have a strong business plan.

**Sleigh** Look at low-carbon vehicles – we are leading in this field.

**Bellavia** There is a mismatch of how the universities and businesses work with each other, and whether universities are commercially aware enough. Universities in the Midlands generate a huge number of inventions, but don't exploit them as well as they should. They don't understand the drivers for business: risk, reward and money.

**Stephen Gray** We need to be clearer about what the Midlands actually does in terms of technology. We're not about mass vehicle manufacture any more, we're about making the clever bits that make vehicles work better.

#### We've talked about external investors, but how good are Midlands businesses at developing and marketing their own products?

**Sleigh** We needn't look entirely at entrepreneurship, we need to consider the importance on entrepreneurship – businesses encouraging development and ideas from their own resources. We have a strong culture of

entrepreneurship and taking the developments that come out to market.

**Moir** Recession can be quite fruitful for innovation because it's a stimulus for individuals with ideas and often gives them the opportunity to develop them. Large businesses often look at off-loading risk and getting rid of people and ideas that haven't been finished. It's then that the people with ideas go their own way.

**Payton** That's true. Lots of large companies have products sitting on the shelf that need freedom to develop.

**Gray** Intreprenurship is where a company sees an opportunity in research done by its staff and backs it. These companies see an opportunity and send it to the skunk works.

#### The what?

**Gray** The skunk works – it's the area put aside for people to get on with developing something away from the rest of the business. We need to encourage that because many good start-ups with marketable ideas will fail en-route.

#### Is there a danger that we are promoting technology too generally rather than focusing on what the region is good at?

**White** There are a lot of visions and ideas about how to develop the region's technology base commercially. The problem is turning them into reality. We need to develop our technology base more in recession, but it'll be harder to do. How we square that is the prime issue.

**Gray** There's a danger that we're promoting technology per se but not thinking about what we actually have to offer. We need to say: 'We're good at games technology, automotive and ceramics. Let's focus on those rather chasing every aspect of technology'.

**Moir** True It's better to start with areas of expertise you already have.

**Wright** We've put a lot of effort into making sites available for technology, but the take-up on some has been disappointing. The 'build and they will come adage' isn't always true. Soon developers will be asking us if they can start looking for alternative uses.

**Payton** I agree. I started a company with two others in portacabin and it was great, worked really well. Biotech is a good example of a technology that every region wanted, but it's almost impossible to make money from it. Only Nottingham does it well, and it was given Biocity as a gift ▸

LEFT TO RIGHT FROM TOP Wright, White and Gray; Moir and Payton; Jones; Sleigh, Dutton and Bellavia; Levermore

