

NEWS: For release 10 December 2008

New recession threat to Europe's innovative companies

Expert panel urges government action to prevent the recession from killing future innovations in Europe

In Stockholm 10 December, the annual Nobel Prizes will be formally awarded at a ceremony with the King of Sweden – but another series of prizes in Stockholm poses a pressing question for the European economy: Will the downturn strangle the supply of innovative new companies in Europe?

For the past decade, hundreds of innovative little companies have been appearing across the continent, spun out from universities and based on groundbreaking discoveries in energy, information technology, life sciences and other fields. But now, a panel of experts say, there's a major risk of this vital pipeline of new ideas and projects getting cut off, due to lack of funding. The panel calls for urgent government action to keep these small companies coming.

The expert group, called the Science|Business Innovation Board, awarded the first pan-European prizes for university spin-out companies in Stockholm 2 December, in collaboration with Karolinska Institutet, the Swedish medical university that names the Nobel Prize in Physiology or Medicine, and 26 other research institutes across Europe. Winners included a Dutch spin-out, started by two young aerospace engineers who are also brothers, to save fuel and greenhouse emissions by adding aerodynamic "skirts" to long-haul trucks. Entrepreneurs from four other spin-outs and three institutions - in Italy, the UK and Sweden, were also recognized in the ACES Academic Enterprise Awards.

But the expert panel – including top executives from Microsoft, BP, Procter & Gamble, Karolinska, INSEAD and ESADE business schools - urged government action to ensure that the supply of these young, innovative companies doesn't dry up in the recession.

Said Jean-Philippe Courtois, President of Microsoft International: "Europe is not alone in feeling the pain of the global economic slowdown and countries around the world are racing to kick-start their economies with aggressive stimulus projects that aim to increase competitiveness, invest in key industries and create jobs. Europe needs to invest in its future by supporting fast-growth, innovative entrepreneurs,

encouraging innovation clusters and reforming our universities to ensure that we have the best talent and ideas to compete in the global economy.”

Said Frank Brown, Dean of INSEAD: “The winners and finalists of the Academic Enterprise Awards (ACES) demonstrate that support for innovation and entrepreneurship does indeed breed success. We have observed this as well at our Rudolf and Valeria Maag International Centre for Entrepreneurship (ICE). Many great ideas are turned into successful businesses precisely during hard times, and so we hope that these young entrepreneurs will continue to receive the funding they need to turn their ideas into realities.”

Said Philippe Pouletty, CEO of French venture capital firm Truffle Capital and chair of France Biotech, the industry association: “During this crisis, we need to prevent the early death of promising companies. We need to take this historic opportunity to build the future economy based on science, technology and proactive investment into innovative companies.”

Meeting at Karolinska on the day of the awards, participants in the Innovation Board session recommended a series of measures to keep the money spigot open for small university companies. They include:

- At a time governments are planning to spend billions of euros on economic stimulus, they should include measures to ensure funding for innovation, research and development, and the growth of high-tech companies. The current economic crisis extends well beyond any particular sector of industry.
- Governments should provide matching funds to universities that find private investors for their new spin-out companies. There’s already a good track record for such experimental programmes in individual EU members – such as the University Challenge Funds in Britain in the beginning of this decade. What’s needed now is an expanded effort, coordinated across the EU, to ensure that private sector funding for university spin-outs doesn’t dry up.
- A pan-European initiative is needed to give special recognition, under EU state aids and member-state fiscal policies, to young, innovative companies. A French initiative, begun in 2004, has successfully benefitted more than 1,700 high-tech companies with special tax breaks; if scaled up to an EU level, it could assist 5,000 to 15,000 new companies.

Notes to editors:

Interviews are available with members of the Science|Business Innovation Board, including, Jean-Philippe Courtois, President, Microsoft International; J. Frank Brown, Dean of INSEAD; and Philippe Pouletty, CEO of Truffle Capital and Chair of France Biotech.

For interview with Jean-Philippe Courtois, President of Microsoft International, contact:

Doug Groncki, dougg@microsoft.com, +33 6 70 61 51 42 and +33 1 70 99 10 84.

For interview with Frank Brown, Dean of INSEAD, contact:

Sophie Badré, sophie.badre@insead.edu, +33.1.60.71.26.91, mobile +33.6.86.07.33.75.

For interview with Philippe Pouletty: philippe@truffle.com, +336 08783662.

Additional information: Contact Richard Hudson, Science|Business:
richard.hudson@sciencebusiness.net, +32 496 520305.

About the Awards:

Academic entrepreneurs from Northern Ireland, Italy, the Netherlands, England, Scotland, and Sweden were named 2 December as the winners of the inaugural ACES, the Academic Enterprise Awards 2008, at a ceremony in Stockholm, Sweden.

The prizes awarded by the Science|Business Innovation Board, a blue-ribbon panel of leaders in industry, academia and policy at a ceremony at Sweden's Royal Academy of Engineering, go to companies tackling major issues of health, the environment and security and leaders of technology transfer.

The winners are:

Chemistry/Materials – **Andrew Lynn, Orthomimetics Ltd**, a spin-out from the Cambridge-MIT Institute, UK, that has developed implants that can be accurately delivered using minimally invasive, single-step procedures.

Life Sciences – **Neville H. McClenaghan, Peter R Flatt and Finbarr P.M. O'Harte, Diabetica Ltd**, a Northern Ireland spin-out from the University of Ulster's Diabetes Research Group that is developing therapeutics, diagnostics and other technologies to treat Type II diabetes, obesity and metabolic syndrome.

ICT – **Pasquale Pigazzini, Augusto Sarti and Stefano Tubaro, Kee Square**, a spin-out from the Politecnico di Milano, Italy, that is developing security products that combine high-end image and audio analysis and processing techniques with classification techniques.

Energy/Environment – **Adel Sharif, Surrey Aquatechnology Ltd**, UK. Sharif's company, a spin-out from the University of Surrey, is developing water purification and desalination technologies.

Fast Start – **Gandert Van Raemdonck, Hjalmar Van Raemdonck, Ephicas BV**. The company, a spin-out from TU Delft, the Netherlands, Ephicas is developing and producing aerodynamic devices for lorry trailers that reduce fuel consumption up to 15%, saving fuel costs and reducing pollution.

The Bridge Award – For individuals who have successfully promoted entrepreneurship in public research institutions. Jointly awarded to:

Tom Hockaday, CEO, Isis Innovation, University of Oxford, UK

Eleanor Taylor, Head of Proof of Concept Programme, Scottish Enterprise, Scotland, UK.

Hans Wigzell, former President, Karolinska Institutet, Sweden

The ACES programme began in discussions at ESADE Business School in Barcelona and University College London, UK, and was launched in June 2008 at INSEAD, the international business school in Fontainebleau, France, and is supported by a further 24 outstanding European academic institutions. The programme is sponsored by Microsoft Corp., Procter & Gamble, Vinnova, Amgen, Johnson &

Johnson Pharmaceutical R&D, CEFIC, IVA–Royal Swedish Academy of Engineering, the Wellcome Trust and WilmerHale. Media partners were MIT Technology Review, the Wall Street Journal Europe and ScanBalt.

The programme will continue in 2009. For more information on the awards, see www.sciencebusiness.net/aces

Contact information:

Richard L. Hudson, CEO and Editor, Science|Business. +32 496 52 03 05
richard.hudson@sciencebusiness.net

Peter Wrobel, Editorial Director, Science|Business. +44 80 317 6319
peter.wrobel@sciencebusiness.net

Science|Business, www.sciencebusiness.net, is the first independent news service that brings together buyers and sellers of emerging technologies - through its online news coverage, its subscriber-posting service, and its exclusive networking events.