

Interim Evaluation of the Intellectual Assets Centre

Executive Summary

for

Intellectual Assets Centre

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1. Introduction

- 1.1 The IA Centre was established in 2004 with the aim of developing awareness of Intellectual Assets (IA) amongst Scottish businesses, public sector and voluntary sector organisations, and increasing the level and effectiveness of IA management and exploitation.
- 1.2 The Centre acts as a catalyst, aiming to develop a high profile as a Centre of Excellence in IA issues. It seeks to complement and add value to the activities of public and private sector intermediaries supporting businesses and economic development.
- 1.3 Three years into the life of the Centre, the organisation and its main stakeholders wish to take stock of its progress against objectives and examine the nature and extent of the impacts created.

2. Study Aims and Objectives

- 2.1 The overall aims of the evaluation work were to provide an evaluation of the impacts of the IA Centre in maximising the economic potential of the IA in companies, and to establish the potential return from a further three years of funding after March 2008. More specifically, the brief identified six key questions for the evaluation to address:
 - is there incontrovertible evidence that the objectives originally set for the IA Centre are on track for being realised?
 - were they and do they remain the best strategic direction for the Centre?
 - what are the benefits of the Centre's activities over the first three full years of funding and how have they been generated (2005-2007)?
 - given the options for funding originally looked at, is the present form still the best option, if not what alternative may be favoured?
 - what can be improved in taking the Centre forward in the future? and
 - what might be the potential cost/benefit analysis from a further three years of funding past March 2008?
- 2.2 It should be noted that the timing of the evaluation is such that it may yet be too early to demonstrate substantial economic impacts due both to the long term nature of the intervention, and the emphasis in the first few years on awareness raising activities.

3. Study Method

3.1 The study was conducted in four key stages, as follows:

- **Stage 1: Inception and Desk Review** in which the study team developed the detailed study method and fieldwork programme and reviewed relevant background data and reports;
- **Stage 2: Consultations** in which in-depth discussions were held with 47 key stakeholders split across the following broad groupings:
 - internal stakeholders (IA Centre staff and Board members)
 - IA suppliers (professionals involved in the provision of IA-related support to businesses e.g. patent agents, lawyers etc)
 - external stakeholders (partner organisations in the academic, public and private sectors, including trade associations, business support agencies and international contacts/stakeholders);
- **Stage 3: Fieldwork Programme** comprising telephone interviews with 201 companies that had received some form of support from the IA Centre; and
- **Stage 4: Analysis and Reporting** including a workshop with a sub-committee of the IA Centre Board to review the findings and refine the recommendations.

4. Main Findings and Conclusions

Headline Findings

4.1 The overall headline findings of the evaluation were as follows:

- the strategic and market failure rationale for the work of the Centre was clear and robust when it was established, and remains so today;
- the activities delivered by the Centre have been consistent and focussed on the Centre's original objectives, albeit with a slightly larger role in direct company support than originally envisaged and a later start in activities to support and develop external suppliers of IA services;
- performance against targets has been very strong, and the evidence supports the notion that the Centre has helped to raise wider awareness of IA issues, even if the level of the Centre's penetration into the wider business base has inevitably been limited by the resources available;

- stakeholder and business feedback was generally positive and there is clear support for the Centre and considerable goodwill towards it. However, the feedback did suggest a need to now shift strategic emphasis and the balance of resource to achieve medium term objectives, as discussed below;
 - the support delivered by the Centre to businesses has been well received, but the difficulty in shifting beneficiaries from awareness and understanding of IA issues into taking action limits the scale of the economic impacts created; and
 - supply side impacts have been limited to date, and the evidence suggests mixed levels of awareness and understanding of the Centre's activities amongst providers of IA services. This reflects the later development of the Centre's work in this area.
- 4.2 The main conclusions and recommendations are structured in line with the six main research questions for the evaluation.

Benefits Achieved

- 4.3 The IA Centre has achieved a number of benefits over the first three full years of funding. It has:
- helped to raise awareness of IA and IAM issues in Scotland, and has established itself as a source of knowledge and expertise in this area;
 - delivered valued support and advice to a range of organisations across Scotland (satisfaction levels are high) and has tested new models of IAM support through externally funded programmes;
 - secured additional resources from external funding sources to support additional development activities aimed at developing IAM practice in groups of assisted businesses;
 - developed a strong international profile and has helped to promote Scotland as a leading exponent of IAM thinking;
 - developed a range of IA tools and resources that, while variable in their quality and reach, have contributed further to raising awareness of IA issues in Scotland;
 - begun to help develop a base of private sector suppliers of IAM support and advice through the provision of CPD opportunities to the sector and through its direct commissioning activity;
 - produced research and case study evidence to enhance understanding of IA issues in Scotland; and
 - attracted considerable levels of interest in its website and online resources.

- 4.4 The evaluation findings also suggest a number of issues that may have restricted the extent of the benefits realised to date:
- the initial focus of the Centre on awareness raising activities (in line with its strategic plan) meant that economic impacts would always be harder to achieve in the short term;
 - the Centre has raised awareness amongst organisations with which it has engaged, but evidence suggests an ongoing need in this area, and some persistent issues with confusion between IP and IA and with perceptions of the role of the Centre;
 - company support, while not originally a large part of the Centre's initial plans, has been delivered, but only on a relatively limited scale. This kind of support has demonstrated that it is more likely to lead to companies taking positive action than less intensive forms of engagement; and
 - recent activities notwithstanding (IA Associates and supplier masterclasses), the Centre has been slower in addressing the supply side agenda.

Progress against Objectives

- 4.5 The key objectives of the IA Centre are to:
- increase awareness and understanding of IA issues among Scottish businesses and other organisations, enterprise agencies and private sector intermediaries;
 - enable Scottish businesses to manage and exploit the untapped potential of their IA for competitive advantage; and
 - encourage the development of a strong, private sector-led supply of IA management services to support Scottish businesses.
- 4.6 On the basis of the evidence collected in this evaluation, the Centre has made progress against the first of these objectives (albeit there is still a way to go) but has made only limited progress against the other two.
- 4.7 However, it is important to remember that the short-term focus of the Centre was on awareness raising. While progress against its short term objectives has been robust (taking into account the low levels of awareness at the outset and the slow development of the private sector supply market), the question remains as to whether or not the Centre is on track to realise its main objectives.
- 4.8 On the basis of current activities, our conclusion is that, while the Centre has made good progress against the first of its objectives, substantial progress against the other two will require a shift in activity. Specifically, it is not reasonable to expect the significant changes in behaviour required for businesses to develop effective IAM practices to result from attendance at a seminar or even from support or advice delivered online,

by telephone or in short bursts - a more interventionist approach is required.

- 4.9 Similarly, the Centre should also extend its role in supply side development. The feedback suggests that the supply side is not uniformly well engaged, and that relationships need to be developed and maintained with a wider group of IAM providers. Indeed, the supply side agenda may require a more sophisticated approach that differentiates between the small core of suppliers *to* the IA Centre (i.e. the Associates) and the wider group of suppliers (and potential suppliers) of IAM services.
- 4.10 Further development of the Centre's activities in these areas raises important strategic questions about the relationship with existing provision (public and private) and about how performance should be assessed, as discussed below.

Strategic Direction

- 4.11 The study brief posed the question of whether or not the original objectives remain the best strategic direction for the Centre. The evidence collected in the evaluation process suggests a clear and ongoing rationale for the IA Centre based on:
- strong alignment with key strategic and policy drivers for economic development in Scotland;
 - a clear focus on identifiable market failure issues constraining the growth of the Scottish economy; and
 - external evidence for the existence of these market failures and their impacts (low levels of awareness of IA and IAM activities and lower levels of action to take advantage of IAM opportunities).
- 4.12 There is a persistent need for awareness raising activity, but the critical differences in Scotland's wider economic performance will come through changes in behaviour.
- 4.13 At the same time, the rationale for developing a robust supplier market for IAM services is also compelling, and was strongly supported by the evaluation feedback.
- 4.14 Therefore, it is difficult to argue that the strategic direction of the Centre as defined in the original plans is wrong. Rather it is the relative emphasis placed on types of activity within that overall direction that now needs to shift, as discussed below.

Improvements

- 4.15 The evaluation evidence suggests that a number of strategic and operational improvements are required if the Centre is to achieve all of its objectives over the medium to long term.

Communications

- 4.16 The evaluation evidence suggests a number of issues with perceptions of the Centre and its role, and with IA more generally. In particular, there is evidence of some confusion amongst beneficiaries about the specific and distinctive role of the Centre and about the difference between IP and IA.
- 4.17 On one level, the latter could be seen as unimportant, given that IP is a subset of IA. However, the Centre was established with a focus on the wider IA, and not just IP. If it is perceived as a source of IP advice and assistance, it risks overlap and duplication with other provision from both the private and public sector.
- 4.18 The evidence of ongoing IP/IA confusion, even amongst organisations that have already engaged with the Centre, suggests a need for clearer communications about the Centre's role and about the IP/IA distinctions.
- 4.19 The second communications issue here relates to the Centre's engagement with the supply side (IAM providers). The consultation evidence suggests mixed levels of awareness and understanding of the Centre's activities amongst those providers with which it is not directly engaged (i.e. through contractual arrangements). Different groups of providers will require different approaches depending on their relationship with the Centre, and this should be reflected in a more sophisticated strategy for this engagement.
- 4.20 Finally, our evaluation found some evidence of internal communications issues, and these should now be addressed through greater clarity over the respective roles of the Board and the senior management team, as discussed below.

Awareness Raising

- 4.21 There is a clear and ongoing need for awareness raising activities, although the reach and content of these should now be reviewed. In particular, the Centre must ensure that the content of awareness raising materials and events are directly relevant to its core target audience of Scottish organisations, in particular SMEs where the market failure rationale is likely to be strongest. This would be helped by more case study examples of where IAM has created direct bottom-line benefits for SMEs.
- 4.22 There is also a need to ensure that the Centre's events continue to attract new audiences to spread the IA message further across the Scottish economy. Seeking platforms at events organised by other organisations is not only cost effective, but also provides access to different audiences, and should be continued.
- 4.23 There may also be merit in a degree of sectoral targeting, as the issues around awareness and action may be more common for businesses in similar areas of activity.

Supply Side Development

- 4.24 We have noted the Centre's later start in developing the supply of IAM services. This is a key objective for the Centre, and one that will now require greater attention.
- 4.25 As discussed earlier, there is a need to distinguish between suppliers to the Centre and the wider network of IAM providers. The recent masterclasses to build providers' capacity have been well received but there is a need for more of this kind of activity and for it to reach more providers. In addition, the Centre should seek to involve a wider range of providers in delivering support to companies (perhaps through company support programmes) and must maintain relationships across the provider community.
- 4.26 The provision of a provider directory may also be a useful function for the Centre to undertake, although there would be obvious issues with the Centre accrediting or recommending specific providers.

Support to Organisations

- 4.27 The key challenge facing the Centre is that of encouraging more widespread and positive behavioural change in Scottish businesses, while also maintaining a focus on ongoing awareness raising activities.
- 4.28 The evidence suggests that more in-depth interventions with organisations are required to support the behavioural changes that will lead to economic impacts. The Centre must now consider how best to facilitate this.
- 4.29 The company support programme model, in which cohorts of companies are supported over a period of time, has shown some promise, and there may also be value in a sector-specific approach. In addition, this model also allows a range of private sector providers to be involved in delivery, helping with the supply side development agenda (see above).
- 4.30 One-to-one support is also important, and delivered more benefits among organisations in our sample than any other form of support. The current time constraints on the amount of time spent with each assisted organisation may be limiting the extent of economic impacts created by the Centre, and should be reviewed. It is also important to ensure ongoing integration with other support and effective mechanisms for referrals.
- 4.31 This is a challenging area for the Centre, and it is clear that relationships with both private and public sector providers will need to be managed carefully if the Centre is to do more in this area. However, if the Centre does not provide more intensive support, it is hard to see how its overall level of economic impact will improve.

Strategic Management

- 4.32 The consultation process identified some issues and concerns about the strategic management of the IA Centre, manifest both in the overall strategic development of the organisation and in internal communication issues. Specifically, there was a feeling that while the Centre had remained focused on its original strategic plan, it had not evolved sufficiently to position the organisation for the next phase of its work. In addition, there was evidence of some confusion (internal and external) over the respective roles of the Board and the senior management team, and issues raised about the communications between the Board, management and staff.
- 4.33 There is a need now to clarify the responsibilities of the Board and the senior management team with respect to the strategic management of the Centre. We understand that a sub-committee of the Board has been formed with the purpose of establishing the future strategic direction of the organisation. This is appropriate, and should help alleviate the concerns raised by some of the consultees about the lack of clarity in this respect.
- 4.34 With respect to internal communications and clarity of roles, it is important that the arrangements for strategic management are made transparent to staff and external stakeholders as appropriate. Regular and clear communication of key strategic decisions is the responsibility of the senior management team.

Prioritisation of Resources

- 4.35 A change in emphasis for the Centre will require some difficult decisions about the prioritisation of resources, particularly as it is likely that funding over the next three years will not increase substantially.
- 4.36 External funding has been secured in the past to support additional activities, and this should continue, provided that the activities are properly aligned with the Centre's objectives. It is worth noting that the Centre is well placed to contribute to the EU's Lisbon agenda and to the priorities of the new European Programmes in Highlands and Islands and Lowland and Upland Scotland.
- 4.37 The evaluation evidence also suggests a perception that the Centre has focussed significant effort and resources on building its international profile, and that these resources would be better directed at supporting Scottish SMEs. While the Centre's international profile does undoubtedly create benefits for Scotland, achieving its main objectives demands a prioritisation of resources on domestic opportunities.

Tool Development

- 4.38 The IAM tools developed by the Centre received some criticism in terms both of their quality and accessibility. As the Centre enters the next phase of its long term development, it is appropriate to review this provision to ensure that the tools are fit for purpose. In particular, they

need to be high quality and user friendly, and must be promoted in a way that demonstrates clearly their value to potential users. The IA Associates group could and should be strong advocates for the tools, but feedback suggested that they were not extensively used. This is a missed opportunity at the moment, and should be addressed as part of the future development of the Centre's support.

Funding

- 4.39 In terms of future funding models, three options suggest themselves:
- **status quo** - core funding provided by the Scottish Government, supplemented by project funding from other sources, e.g. European Structural Funds;
 - **amalgamation** - e.g. integrate within Scottish Enterprise; and
 - **commercialisation** – e.g. increasing earned income through charging for services and other commercial activities.
- 4.40 The status quo is obviously dependent on the ongoing support of the main funder, which in turn will depend on whether or not the Centre is perceived to be delivering against its objectives.
- 4.41 Amalgamating the Centre into Scottish Enterprise (or another existing organisation) was an option originally considered when the Centre was first established. It was rejected for a number of reasons:
- it was felt that it would be easier to build a distinctive and high profile reputation as an independent organisation;
 - an independent organisation would have greater potential to attract the support of private sector intermediaries and other non-public sector bodies and attract and retain a core staff with the relevant experience and expertise; and
 - independence from the Enterprise Networks was seen as crucial in maintaining the Centre's neutrality and role as an independent broker and facilitator of public and private sector support.
- 4.42 These reasons remain broadly relevant today. While amalgamation could bring better integration with other services, there is a risk of loss of focus as IA support could get swamped within wider network activity. Our view is that the rationale for amalgamating the Centre with another public sector organisation is not sufficiently strong at this time.
- 4.43 Commercialisation could mean different things, ranging from the initial development of some semi-commercial activities to a funding model based entirely on earned income. The evidence would not support a case for the latter, as organisations remain largely unwilling to pay for IAM services. However, the Centre could continue to attract additional income through external funding sources (as in option 1) while also seeking to introduce some charging for services, even if they remain partly subsidised.

- 4.44 Based on the evaluation evidence, and discussion with a sub-committee of the IA Centre Board, the most promising future funding option would seem to be a combination of the first and third options, although this will require some realism about the potential for charging for IA services, and caution about how this might displace private sector activity.

Cost/Benefit Analysis

- 4.45 It is too early in the life of the Centre to carry out a full economic impact assessment. As a result, it is not possible to provide robust guidance on the relative costs and benefits of a further three years of funding.
- 4.46 Despite this, it is clear that there is an ongoing rationale for the Centre. It has a strong fit with current economic development policy objectives and, based on the market failures issues, there is a clear rationale for its activities to be supported by the public sector. On this basis, there is a case for continued funding.
- 4.47 However, as noted earlier, it is time for a change in strategic emphasis to focus more effort on shifting beneficiaries from awareness and understanding of IA to active IA management. Future funding should be approved on the basis of this shift.
- 4.48 It is also important that the long term nature of the IA challenge is recognised. It is difficult to effect real change in behaviours, and there must be acceptance of the scale of the challenge and of the time frame over which significant economic impacts will result.

5. Recommendations

Strategic Recommendations

- 5.1 As discussed, there is a clear and ongoing strategic rationale for the work of the IA Centre, both in terms of the strong fit with policy at European, UK and Scottish levels and persistent market failures that support the case for public sector involvement. It is, however, time for the Centre to move to the next phase of its strategic development, and this will require a shift in emphasis and approach.
- 5.2 **Recommendation 1:** the IA Centre should continue to address the three main objectives identified at its inception, but with increased focus on objectives 2 and 3 (enabling Scottish business to manage and exploit their IA and developing private sector led supply side capacity).
- 5.3 **Recommendation 2:** the Board should continue to take greater interest in, and responsibility for, the strategic direction of the Centre, with the role of the management team clearly defined in relation to this. The rationale for these roles and responsibilities should be clearly communicated to staff and key external stakeholders, as appropriate.

- 5.4 **Recommendation 3:** in light of the ongoing market failure issues relating to the provision of IAM services by the private sector and the reluctance of potential beneficiaries to pay for services, there is a case for public sector intervention. The IA Centre should develop more in-depth company development activities that can support businesses to move beyond understanding of IA issues to greater engagement in active IAM (see below). There may also be potential for charging for some in-depth services at some stage and for some companies as a way of encouraging market adjustment, although this must be developed carefully such that displacement of the private sector does not become an issue.
- 5.5 **Recommendation 4:** international promotion is a goal of the Centre, but one that is lower in priority than delivering direct economic benefits in Scotland. The Centre should now ensure that the focus on delivering to SMEs in Scotland is further strengthened and that activities relating to international promotion are accorded lower priority and command fewer resources.
- 5.6 **Recommendation 5:** there is a need for a more sophisticated and co-ordinated approach to communications that takes account of different stakeholder groups and their relationships to the Centre. For example, there will be differences between organisations already aware of IA issues (the 'early adopters') and those that are not, and between suppliers to the Centre and wider providers of IAM services. There may also be a need for greater sectoral targeting, as noted earlier. A new communications strategy should take account of the needs of these different groups, and should be designed to support the operational recommendations below.
- 5.7 **Recommendation 6:** as the Centre moves towards more intensive company support it becomes even more important that it manages effectively its relationships with providers of IA-related services and business support (public and private). The Centre must ensure that other providers are fully aware of the Centre's distinctive and specific role, and the reasons for its involvement in IAM support. It must also seek to expand its engagement with private sector providers through a wider provider network or through clearer processes for referral to other providers (public and private).
- 5.8 **Recommendation 7:** the Centre should continue to seek core funding from the Scottish Government, supplementing this as appropriate with external funding for specific activities (e.g. European programme funding to support company support programmes). External funding must be cost effective in relation to the burden of monitoring and reporting and must fit with the organisation's strategic objectives. In addition, the Centre should start to explore the feasibility of charging for specific services, particularly for more intensive users of one-to-one development services (even if this is a nominal amount to begin with).
- 5.9 **Recommendation 8:** the relationship with the UK-IPO is an obvious area of opportunity for the Centre and should be developed. In particular, there is a need to ensure that there is no duplication of effort and that where the UK IPO needs to deliver services in Scotland the IA Centre is able to play a fully supportive role.

- 5.10 **Recommendation 9:** the Centre should review its targets and measures of success in light of its changing strategic emphasis.

Operational Recommendations

- 5.11 **Recommendation 10:** awareness raising activities should continue, but the content and reach should be reviewed and refreshed. In particular, there is a need to ensure that all messages about IA delineate IP and IA issues, and make clear the relevance of IA and IAM to SME business success (e.g. through accessible case studies). The Centre could also consider a more sectorally based approach.
- 5.12 **Recommendation 11:** the Centre should continue to extend its reach by seeking opportunities to engage new audiences through its own awareness raising provision and that provided by others (e.g. through other organisations' events). It should also seek to leverage its stakeholder relationships to enhance its profile in Scotland and help reach out to new audiences.
- 5.13 **Recommendation 12:** as it seeks to enhance its company support role, the Centre should seek to extend its work with groups of companies, taking account of the learning from past programmes. In particular, company support programmes provide an opportunity for a range of private sector providers to be involved (and paid) in delivering workshops and capacity building to beneficiary firms. This is a model with potential, although there is a need to ensure fit with existing supply to avoid duplication.
- 5.14 **Recommendation 13:** the Centre must seek to extend its role in the development of a functioning, private-sector led market for IAM support. There is a need, first of all, to ensure wider engagement across the pool of IAM providers (and potential providers) and a provider directory may be a useful early win. Secondly, the supplier masterclasses should continue, bringing expert advisers to provide practical advice and support to build supply side capacity. Thirdly, the Centre should continue to engage with public sector providers to ensure greater understanding of IAM issues across a wider cross section of providers.
- 5.15 **Recommendation 14:** the IAM tool development work should be reviewed with a view to consolidating work to date, and ensuring that available tools are fit-for-purpose and accessible.
- 5.16 **Recommendation 15:** there is a need for the Centre to be able to demonstrate impact on organisations with which it is working in depth. This will require closer monitoring of progress and outcomes.