



Hungarian  
**Spin-off & Start-up**  
Association



# Technology & the Creative Industries in the UK

## Rapid commercialising in the UK

Tony Hughes, Budapest 2013



## UK Market

- UK's ICT/Consumer Electronics sector is Europe's largest  
*Spend per head is the highest in Europe*
- At 8% sector contributes a higher proportion of GDP than all comparable countries including France, Germany and USA
- The Creative Industries contribution is even higher, standing at 10% of GDP

The UK is a strong market for technology – early adopters and sophisticated consumer base



## UK is a realtime testbed

- Europe's position as the biggest online retail market in the world makes the UK an easy choice for any prospective investor. The UK is by far the largest E & M Commerce in Europe.
- With 33m UK consumers forecast to spending over £80bn in 2012, the UK offers one of the world's most attractive E&M Commerce markets
- 34m active gamers in the UK and 70% are regularly paying to play games across all platforms
- The UK is at the very heart of the innovation and digital economy. The internet economy's contribution to UK GDP is growing at 10.9% annually, significantly higher than the G20 average and almost double the growth of China



## UK Internet: Growth sectors

- E-Commerce / M-Commerce
- Cyber Security
- Cloud Computing & Data Centres
- Mobile Apps/content
- Big Data/Analytics
- Social Media
- Financial Services
- Adtech
- Smart Cities



## UK Government: encouraging R & D

- R & D Tax Credits
- Patent Box
- Technology Strategy Board (TSB)

SMART Awards

Competitive Calls

Catapult Centres

- Enterprise Investment Scheme (EIS)

SEIS



## R & D Tax Credits

R&D tax credits are the biggest single funding mechanism provided by Government for investment in business R&D:

- 1.As a tax deduction based on R & D spend
- 2.Cash payment for loss making SMEs

All companies spending at least £10,000 on qualifying R & D are entitled to claim a deduction:

- 225% for SMEs
- 130% for large companies



## Patent Box

The Patent Box enables companies to apply a lower rate of Corporation Tax – 10% - to profits earned after 1 April 2013 from its patented inventions and certain other innovations.

You can benefit from the Patent Box if your company owns or exclusively licenses-in patents granted by the:

- UK Intellectual Property Office
- European Patent Office
- following countries in the European Economic Area: Austria, Bulgaria, Czech Republic, Denmark, Estonia, Finland, Germany, [Hungary](#), Poland, Portugal, Romania, Slovakia, and Sweden



## Patent Box

A qualifying IP right is one where the claimant must have undertaken qualifying development for the patent by making a significant contribution to either:

- the creation or development of the patented invention, or
- a product incorporating the patented invention.

Whether the company holds the IP right outright or through an exclusive license the qualifying development must have been carried out either by the company itself or, where applicable, a relevant group member





## Patent Box

Patent holders may wish to license their inventions for others to develop. If your company holds licenses to use others' technology it may still be able to benefit from the Patent Box. But to do so it must meet all of the following conditions.

It must have:

- rights to develop, exploit and defend rights in the patented invention
- one or more rights to the exclusion of all other persons (including the licensor)
- exclusivity throughout at least an entire national territory - rights to manufacture or sell within part of a country, for example, would not qualify as exclusive



## Patent Box

The full benefit of the regime will be phased in from 1 April 2013. You will need to apply an appropriate percentage to the profits your company earns from its patented inventions.

The appropriate percentages for each financial year are:

- 1 April 2013 to 31 March 2014: 60 per cent
- 1 April 2014 to 31 March 2015: 70 per cent
- 1 April 2015 to 31 March 2016: 80 per cent
- 1 April 2016 to 31 March 2017: 90 per cent
- from 1 April 2017: 100 per cent



## Patent Box

£760m



## TSB: SMART Awards

- SMART offers funding to SMEs to engage in R&D projects in the strategically important areas of science, engineering and technology, from which successful new products, processes and services could emerge.
- The SMART scheme will support R&D projects, which offer potentially significant rewards and could stimulate UK economic growth. In contrast to collaborative R&D programmes, SMART funding is available to single companies.

There are six rounds per year; the remaining dates for financial year 2013/14 are:

- Round 4: 21 November 2013
- Round 5: 30 January 2014
- Round 6: 27 March 2014



## TSB: SMART Awards

Three types of grant are available:

### 1. Proof of concept

£25k

available to explore an idea with the output usually *being a tech development plan. 60% of total project costs funded*

### 2. Proof of Market

£100k available to develop a Proof of Concept demonstrator *i.e. pre Beta model. 60% of total project costs funded*

### 3. Commercialisation


£250k available to work up a full beta prototype. *35% of total project costs funded*

- [www.innovateuk.org](http://www.innovateuk.org)



## TSB: Competitive Calls

### Collaborative R&D



#### COLLABORATIVE R&D

**Collaborative R&D** helps companies tackle specific technical or societal challenges by working collaboratively to create new products, processes and services. It encourages knowledge exchange, supply chain development and parallel working on complex system challenges. Collaborative R&D co-funds innovative projects involving partnerships between businesses, and between business and academia.

### IC Tomorrow



**IC Tomorrow** is a Technology Strategy Board programme, stimulates innovation and economic growth across the UK's digital sector, by breaking down barriers and opening doors for Britain's brightest entrepreneurs. The programme serves as a hub for digital innovation, connecting start-ups and SMEs with leading commercial partners and investors across the UK, through funded contests, events and strategic matchmaking opportunities. IC Tomorrow supports innovation across a variety of industry sectors including music, publishing, games, film, TV, culture, advertising, fashion, education, sport, healthcare, finance and accessibility.



## TSB: Catapults

There will be 7 new Catapult Centres established over 2013-2014, representing over £1bn of private and public sector over the next few years. Each one focuses on an area seen by the government as strategically important in global terms – where the UK has genuine potential to gain competitive advantage.

They are:

1. High Value Manufacturing
2. Cell therapies
3. Offshore renewable energies
4. Satellite applications
5. Connected Digital Economy
6. Future Cities
7. Transport systems

**CATAPULT**  
Connected Digital Economy



## Market success



“The 5G Mobile Research Centre will play a pivotal part in the Government’s drive to attain a 10% share of the world satellite applications market, estimated to be worth £40 billion by 2030, through its close links with the world’s leader in small satellite manufacturing, Surrey Satellites Ltd.”







# The UK. Supporting your GLOBAL growth through R & D

