

**BiGGAR Economics**

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# Economic Impact of Interface – The knowledge connection for business

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Executive Summary of a report to



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## EXECUTIVE SUMMARY

This report estimates that to date collaborative projects supported by Interface have enabled Scottish businesses to generate £64.2 million GVA/year for the Scottish economy and that this activity supports around 1,060 Scottish jobs.

If businesses' expectations about future performance are realised then the economic impact attributable to Interface could increase to £195.3 million GVA/year, much of which may already have occurred, or is expected to occur in the near term. This level of activity could support around 3,481 jobs. Although it is always advisable to treat projected future impacts with some caution, consultations with businesses that were previously assessed have found that their expectations about future employment have been accurate.

As this evaluation considers projects facilitated by the end of July 2016, more recent projects, which may not be at the stage of generating quantifiable economic impacts, are also likely to generate impacts in the future. The impact of projects initiated by July 2016 implies that:

- each £1 invested in Interface to date has generated £6.33 GVA for the Scottish economy; and
- the average cost/job supported by Interface has been £9,566.

If future expected benefits are taken into account then it is expected that<sup>1</sup>:

- each £1 invested in Interface to date could generate a long-term benefit of £19.27 GVA for the Scottish economy; and
- the average cost/job supported by Interface could be £2,911.

This means that the return on investment generated by Interface, which is funded by the Scottish Funding Council, with contributions from Scottish Enterprise and Highlands and Islands Enterprise, is already on a level with that delivered by comparable UK wide programmes designed to achieve similar objectives. If the future benefits expected by Interface's clients are realised then the return on investment delivered by Interface would comfortably exceed that delivered by these programmes. There may also be impacts, which have not been measured, such as the savings from not investing in ideas that academics have shown to be infeasible.

Without exception, the businesses consulted to inform the impact assessment have reported that their experience with Interface has been positive, and they have been pleased with the support and understanding of the Interface team, which is often able to help them to better understand their needs. This is borne out of survey data which shows a high level of satisfaction with the service provided by Interface.

Several of the companies interviewed have also experienced transformational effects on their business culture as a result of their interaction with Interface. In particular, many reported that the collaboration had been a catalyst for deep and long lasting relationships with academia. They are now more likely to engage

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<sup>1</sup> Realising these future benefits will depend on businesses realising future expected levels of performance. If future performance is different to expected then these impacts could be higher or lower than presented here.

with academia and access funding opportunities, and this would not have been possible without the initial contact with academia, which they either did not have the time, or the ability to develop without Interface. These collaborative relationships often continue long after the initial project has been brokered, and without Interface's continued contribution.

This is important, because currently a low proportion of companies in Scotland are innovating or collaborating with Universities and Research Institutes, despite the high quality of Scotland's academic base. Despite the work that Interface has done, this suggests that there is still significant scope for more university business collaboration, which Interface will continue to play an important part in brokering.

It is also important to note that Interface exists as part of an innovation ecosystem. As well as being supported by other business organisations such as Scottish Enterprise and Highlands and Islands Enterprise, Interface requires the research and expertise developed in Universities and Research Institutes to function effectively. The companies highlighted suggested that the academics involved in their projects were hugely important, and suggested broad reasons why they succeeded:

- the level of enthusiasm for the project displayed by the academic;
- clearly defined project objectives; and
- the expertise of the academic involved.

The academics also experience positive outcomes. A group of academics from all career stages, including heads of schools and research centres, early stage researchers and post docs, were also interviewed as part of the assessment. As well as reporting that the projects allowed them to develop more creative and practical research and teaching ideas, they also generated significant positive outcomes, which have not been quantified, such as:

- the development of spin out companies;
- patents, royalties and other forms of intellectual property;
- new research collaborations (between academic partners in the same department as well as major EU partnerships);
- research funding, including from EU Horizon 2020, SBRI, EPSRC and Innovate UK;
- international market entry (academic and commercial);
- PhD studentships;
- mainstream research outputs including academic papers and REF case studies; and
- follow on research and consultancy investment from the commercial partner.

Interface also delivers substantial wider benefits to society as a whole, which may not necessarily be economic in nature, or may be difficult to quantify, such as environmental benefits, social benefits for vulnerable groups and fragile communities and health benefits.

As a result of the points discussed Interface has been considered as model for university business collaboration, with the Danish REG LAB highlighting it as an

example of best practice among 50 initiatives with similar aims. In addition, Estonia has recently set up ADAPTER, which after considering other examples draws heavily from the Interface model.

## 1 Conclusions

The overarching conclusion of this report is that Interface provides a high quality service that makes a significant contribution to the Scottish economy and society as a whole. Feedback from businesses confirms that the service provided is highly regarded amongst Interface's target audience while evidence from overseas confirms that the service is also recognised as an example of best practice internationally.

- **Interface is highly regarded by Scottish businesses.** Overall 98% of businesses that responded to a survey indicated that they were either "satisfied" (26%) or "extremely satisfied" (72%) with the service they had received.
- **Interface adds real value to the Scottish economy.** Evidence gathered from businesses shows that the majority of benefits realised would not have occurred without the support provided by Interface. Many of the businesses that contributed to this study regarded Interface as an important, and in some cases essential, component of the Scottish innovation landscape.
- **Interface is helping to foster a culture of innovation among Scottish businesses.** Evidence provided by some of the businesses supported by Interface shows that the support they have received has brought about permanent changes to business culture and made businesses more likely to collaborate with academia in the future.
- **Interface has enabled Scottish businesses to significantly improve their performance.** The range of benefits reported by businesses include increased employment, turnover, profitability, productivity and export sales.
- **Interface has generated significant wider benefits for society.** These benefits include, improving the competitiveness of entire business sectors, environmental benefits, social benefits for vulnerable groups and communities, improvements in public health, improvements to Scotland's international balance of trade, and public sector cost savings.
- **Collaborating with industry benefits academia.** Feedback from academics who have engaged with Interface confirm that doing so has led to numerous benefits for them their students and the institutions they work for.
- **Interface has generated significant value for the Scottish economy.** This report has estimated that collaborative projects facilitated by Interface have already contributed an additional £64.2 million GVA to the Scottish economy and that this activity has supported around 1,060 Scottish jobs. Directly brokered Business Engagement projects delivered £40.0 million GVA and 793 jobs, while Innovation Vouchers have delivered £40.0 million GVA and 594 jobs. Note these two project types do not sum as about 30% of Business Engagement projects are also Innovation Vouchers.
- **The economic impact generated by Interface is expected to increase.** In the long-term, if businesses' expectations about future performance are realised then the economic impact attributable to Interface could increase to £195.3 million GVA and this activity could support around 3,481 jobs. The

impact of Business Engagement projects could increase to £130.9 million GVA and 2,394 jobs, and the impact of Innovation Vouchers could increase to £109.5 million GVA and 1,801 jobs. Again, these projects do not sum due to crossover.

- **Interface delivers very good value for money.** The return on investment generated by Interface to date is already comparable with that realised by large-scale UK wide programmes designed to achieve similar objectives. If the future benefits expected by Interface's clients are realised then the long-term return on investment achieved by Interface would comfortably exceed these UK wide programmes.

## 2 Recommendations

The key take-home message from this report is that Interface is extremely good at what it does and provides a very effective link between Scottish businesses and the knowledge base. The main implication of this for future service delivery is that Interface should not make any fundamental changes to its current approach.

As with previous analysis, one of the key themes emerging from this study is that Interface's greatest asset is its people. It is clear from the feedback provided by both businesses and academics that the team are very highly regarded and that the organisation has a culture of going "above and beyond" what it is contractually obliged to deliver.

While achieving this level of customer satisfaction is commendable it also presents a challenge to scaling-up activity. In order to maintain the high level of service achieved to date it is vital that Interface continues to recruit and retain the right people and continues to invest in on-going staff training. It is also important that the team continue to be given the autonomy to provide additional support as and when they feel it is appropriate, and the time required to do so.

It is also important to recognise that much of the ground-work required to scale up Interface's activity has already been undertaken. Feedback from businesses suggests that the impact of activity to date is expected to increase substantially in the future, with no further input from Interface. These businesses are also likely to be powerful advocates and ambassadors for Interface going forward (indeed many of those who contributed to this exercise already are). While the importance of this word of mouth reputation should not be underestimated, it is likely to take time to bear fruit.

In the meantime one route that Interface could explore to help scale-up activity would be whether there might be scope to follow up enquiries that "go cold" in a more structured way. This might for example involve implementing a system that would alert the team to enquiries that have become non-responsive and enable the appropriate team member to reach out to the client after an appropriate pre-defined period of time has elapsed to ensure that the businesses involved are not simply waiting for Interface to get in touch.

It also remains important that Interface maintains contact with businesses after a collaboration has been brokered to help address any issues that might arise during the important early stages of a project. There may also be a role for Interface in monitoring the outcome of collaborative projects in the longer term.

In order to achieve this there may be merit in Interface reviewing its performance monitoring systems to ensure that checks are built into the system at appropriate stages of the process (e.g. a month after collaboration has been brokered). This

type of process would enable the team to identify any problems at an early stage and could help to ensure that, even if an initial collaborative engagement does not go to plan, that this does not deter the business involved from collaborating with academia in the future.

Finally, there may also be an opportunity for Interface to scale-up activity by introducing processes and procedures specifically for dealing with enquiries from businesses that are only looking to access facilities or equipment and do not require additional academic support. As the requirements of these type of businesses are likely to be quite specific and well defined, a light touch approach with minimal administration is likely to be appropriate

The overarching conclusion of this report is that Interface provides a high quality service that makes a significant contribution to the Scottish economy and society as a whole. Feedback from businesses confirms that the service provided is highly regarded amongst Interface's target audience while evidence from overseas confirms that the service is also recognised as an example of best practice internationally.