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**STP VALUE PROPOSITIONS FOR TECHNOLOGY  
FOCUSED LARGE CORPORATIONS AND  
MULTINATIONALS (MNES)**

**PARALLEL SESSION 2**

Choosing your target companies: a strategic decision

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## 31<sup>st</sup> IASP World Conference

Proposal under the theme 'Science Parks: where technology goes to work'

Theme 2: Models of co-operation between universities and companies and the role that STPs can or should play

### A. STP value propositions for technology focused large corporations and multinationals (MNEs)

#### Executive Summary

High quality STPs and Aols offer value propositions to R&D intensive multi-nationals because they are the best places to pursue product development using the Open Innovation business model - which is now becoming the key model to develop product efficiently. This is because of the companies that are based here and the links to the research base that are offered. Universities and the research base need to want to work with industry to make this work, however, and an STP or Aol leader's challenge is to work out how to achieve this, working with people at an individual level. Having ensured this, and motivated individuals, those involved with research and R&D in the location become the most powerful sales people you can ever hope to find.

#### Introduction

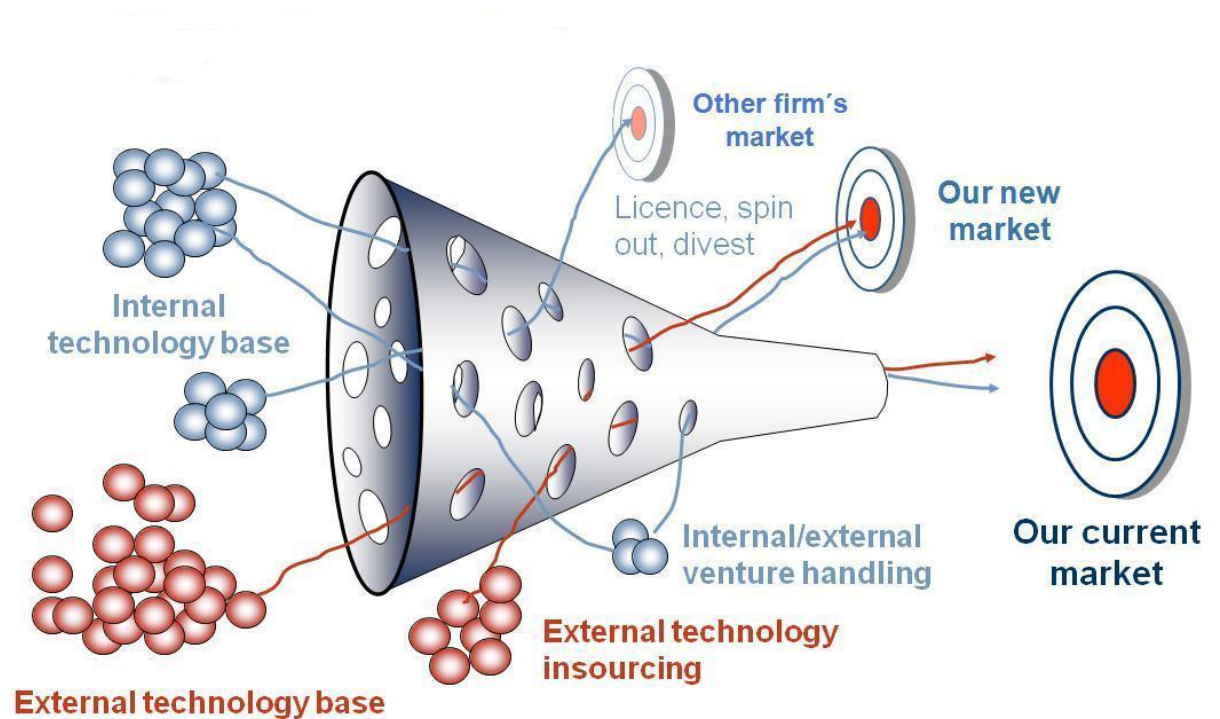
There is enormous pressure on multi-national companies to develop new and better products. And to do this more cost effectively, ever faster. Open Innovation is the optimum way to do this, working with other businesses and universities. High quality Science and Technology Parks and Areas of Innovation are a hugely valuable proposition to businesses wanting to use this business model because they provide the best places to pursue such activity - a hotbed of innovative companies working in close proximity, and often with links to research intensive institutions.

So what evidence is there of what defines a High quality STP or Aol in this respect, how can projects achieve this status, and how can the added value they deliver best be articulated to the potential target audience to attract businesses in?

This paper endeavours to examine these subject areas, looking at specific examples of multi-national operations making locational decisions, mostly in my own back yard of Cambridge, England. I will look at some of the moves we have seen companies make and what we have learnt from talking to them. I will also look at how some STPs and Aols are upping their game; and the lessons we have learnt from working with them. Delivering a high quality proposition is not easy. Effectively selling it in the market place isn't easy either. I will show some examples of evolving best practice, demonstrating how research base stakeholders have the most critical role to play in achieving success in this respect, and thus it is their alignment with the initiative that is one of the most important things for an STP or Aol promoter to work on.

## 1. Why do STPs and Aols offer a high value proposition to MNEs?

Chesborough's Open Innovation Funnel



Multi-nationals need to pursue their product development through the open innovation business model today. Given the objective of working in partnership with others to develop technology and exploit its value you need to get to know key people - and well, in a number of organisations. Accessing information, equipment and people to help you requires personal relationships to develop. Managing IP, day to day use of leading edge equipment and gaining support from individuals that can make a difference involves delivering a true win-win arrangement and for a collaborative process to be effective there is a hearts and minds issue that runs beyond pure 'business case' alone. Trust is critical. This can only ever flow from personal relationships. STPs and IoAs can help facilitate the trust by ensuring that the stakeholders to the initiative and the companies associated with it truly see the advantages themselves in such relationship building. Too often they don't. And if these people don't walk the talk then the whole value add proposition, however good it may appear to be on the face of it, won't exist.

### Case Study 1 - Cambridge Biomedical Campus and lessons learnt from securing a major AstraZeneca Research and Development facility in 2013

The Cambridge Biomedical Campus project began as a hospital/private sector developer initiative in 2003. The idea was to create an expansion to Addenbrooke's Hospital and over 1.5 million sq ft of research/R&D accommodation to sit alongside it. As the project secured its planning consent and was marketed some relatively easy wins were available courtesy of a need for the Laboratory of Molecular Biology to expand at the campus and take a new building, and for the specialist cardio-thoracic Papworth Hospital to relocate here from a

village location close by. However, the proposition for commercial organisations was much harder to sell effectively. Academics often come to Cambridge because it has a reputation for providing opportunity to University researchers to do exactly what they want to do. They aren't controlled by or indeed given strong direction from the centre. The consequence is that whilst the research is excellent it is one of the most difficult places to secure academic traction with, if you are a business. It is not easy to influence what these academics spend time on, or to get them to give you outputs that may be useful to you in a timely fashion. Some would say that there is an arrogance that it is hard to overcome. And the clinicians at the hospital are often hard to engage with too. For many they have their own research projects and they also have National Health Service targets to meet, on limited budgets. And their own private consultant work.

In 2010 the developers decided that they needed to step up the marketing. No commercial businesses had been attracted in. No MNEs. The appointed agents on the project had been put under pressure to deliver results but to no avail. Ultimately the decision was taken to bring in a project director that would be responsible for the project's promotion, day to day. We spent many months drawing up job descriptions, arguing over what was needed, what would really make the difference. We couldn't agree on what kind of person we were looking for. The commercial developers very much wanted a commercial person that could smell a deal when it was potentially in the offing, who was driven to make transactions happen - somebody motivated by money and with a track record of profile deals in the property industry. The marketing of Cambridge really ought not to be that difficult, the demand must exist; it was the conversion piece that was missing. This was in complete contrast to the person we strongly felt was required - someone who could win the confidence of the research base, get under the skin of what its people have to offer and respect their time, understand their agendas, build their aspirations and create a truly positive energy amongst the research base and the clinicians. In this way a community whose participants talk to each other, with its members interested in exploring new relationships and collaborative working, might develop.

Common sense prevailed, the developers agreed to appoint a lady with experience of working in the life sciences community, expert at supporting the sector. Somebody that already knew a lot of people in this domain, from both industry and academia - and who could effectively help us build some potential for added value to a business coming in. The developers would be left the job of crunching the deals.

In 2010 we also had a new Vice Chancellor at the University in Cambridge. And this was somebody who absolutely saw that this fine institution needed to engage more with business - if its research was to continue to grow and retain its globally excellent status. What we found here was that the new VC approached such change by working to get confident, engaging people into lead positions - then working with them and their agendas. For note, around this time they also started to put enterprise champions and business developers into departments, as opposed to relying on a central Business Development/Knowledge Transfer Team, something that has also proved to work very well.

So there were a number of rather significant influencers of change. Our project director began building relationships and embarking on initiatives that showed the outside world that our people on the ground really were keen to get involved with others, to build collaborations. She started organising, for example, what we termed ABC dinners - involving academics, business people and clinicians, bringing together people to explore what is happening in specific subject areas, and to discuss how things might be progressed in a more productive fashion.

So let's go back to our business occupiers. Let's look at what they are looking for and how the actions I have just been talking about make a difference to them.

- More ideas, more leverage on ideas

- Quicker product development, better product development, better realisation from ideas not required by core business, greater market awareness, greater potential for improved market share and profitability

Shortly after Pascal Soriot took over the helm at the UK's largest life sciences company, AstraZeneca, in 2012, he visited Cambridge as part of his tour of their worldwide facilities late 2012/early 2013. He had already decided he needed to shake the business up and undertake some radical moves. What followed, however, probably took him a little by surprise. Jane Osborne, head of AZ subsidiary Medimmune based just outside Cambridge, made the decision to show him round the Biomedical Campus rather than focus on her own facility and business. She had been to our ABC dinners and decided to 'sell' to him the way in which patient focussed, collaborative work, could be exceptional here in Cambridge, at the city's most connected biomedical location. Pascal was blown away by the people he met on his first tour here. The red carpet was rolled out by some amazing people - people that before Jeanette Walker came in as project director we could never have hoped to involve in a company visit such as this. 'Project Laureate', as it became known in AZ - code named because of the Nobel Prize winning work that the company saw evidence of when they visited - was born. It ultimately led to them signing for approximately 80,000 sq m of floor space.

So Pascal Soriot was able to see at first-hand how our STP could provide a company with an ability to not just be particularly innovative and entrepreneurial, but to do so within a community that is progressive, fun and highly productive. He met people that had a desire to engage. And it was interesting that he didn't even consider our most established Cambridge Science Park. In truth, this may have scaled up to 1.8 million sq ft over 40 years and is still growing but in relation to open innovation, its lack of a research base on the campus to tap into now stands it at a disadvantage. It's amenity delivery isn't as progressive as that of the Biomedical Campus into the future either.

#### Case Study 2 - West Cambridge Campus and lessons from losing Microsoft Research and Development facility in 2013

An STP may provide good opportunity for linkages into the research base but if it doesn't create a place that is good to be in 24/7, and with easy accessibility, it can easily fail to deliver what businesses need today. Microsoft came to Cambridge in about 2000 and set up their R&D facility right next door to the University's Computer Laboratory on the University's West Cambridge Campus. However, 10 years on, the University's West Cambridge Campus, a mile or so out from the city centre, was without much amenity provision. It had also been very much designed as an 80's style campus where each building has its own car parking alongside. Truth is, without the physical fabric feeling like an urban quarter, and without sufficient amenity provision to bring people together, Microsoft were finding that issues of staff recruitment and retention meant that a more central, connected place would be better to be in. Inter-relationships with others on Campus were not that significant. They chose to relocate downtown. They may have given up such a close physical relationship with the University, but in their new Station Road facility people could feel they were in the heart of the city, with 64 pubs within a mile. Yes, Microsoft actually counted them as part of their exercise comparing locations. West Cambridge had 0! In our debrief with them about the move, staff recruitment and retention was the Number 1 issue.

So even having a good University, and a spirit of openness, you still have to have a physical environment that works, is well connected by public transport and is well served with amenity. This all enables the community to work. Cambridge University is this year

beginning a fresh master planning exercise for the West Cambridge Campus. And it will be working harder to bring in more businesses, so that a good environment exists for pursuing the open innovation agenda.

### Case Study 3 - West Cambridge Campus and lessons learnt from working with one of the MNEs there

MNEs want easier, cheaper creation of completely new ideas and disruptive technology. Through ever closer relationships with academics, SMEs, other MNEs and innovators/entrepreneurs they can get that. And they are exploring new ways of achieving it all the time. One of the MNEs based on Cambridge University's West Cambridge Campus has realised a number of benefits from random exploration of ideas with University faculty and is now keen to explore setting up an Innovation Lab with others that it wouldn't usually work with. It believes that further activity in co-operation with others will lead to ever more dynamic and interesting idea creation. It doesn't quite know how it is going to do it yet, but the Media Lab at MIT in the US is a guiding inspiration. These are exciting times.

So from these case studies, from an end user perspective, we have learnt what makes for a good STP from the perspective of an MNEs, and we have learnt that their needs are changing.

- Helping to facilitate new ways of doing business is important. The UK Government's Daresbury Science Centre now has over 75% of its businesses doing business with each other
- The environment has to be good, e.g. Microsoft
- Day to day engagement of academic researchers and businesses in the community is important. This can potentially have a big impact on company growth, e.g. the MNE at West Cambridge

## **2. *How can STPs and Aols, with their University and research base partners, most effectively deliver the value proposition of enhanced innovation opportunity?***

We have learnt from Cambridge Biomedical Campus that the researchers in the research base need to be engaging. They need to want to explore ways of working that can be mutually beneficial. To get this they need to truly believe that growth of their community, involving business as much as research, is really good for them. Further, they need to understand how best to engage efficiently, and be confident that their anxieties over this activity are understood and attended to by people that can influence such things.

One of the key roles of an STP or Aol promoter must therefore be to spend time testing issues that exist in these areas, learning at 1 to 1 level with key individuals, what the issues are. And at a good level of granularity. It often takes time to eke out specific concerns that individuals may have. They may not have arrived at a point where they have properly unpacked those concerns in their own minds at the time you sit down to discuss them. It can be a journey of discovery for both.

Once there is a smorgasbord of issues to be attended to, as well as a good list of aspirations and objectives, an STP or AoI leader can get to work in looking at how the project can most effectively evolve its value proposition - building commitment from the research base and enhancing the energy and time the researchers have to give to business engagement.

So what examples can we give of where this is working well?

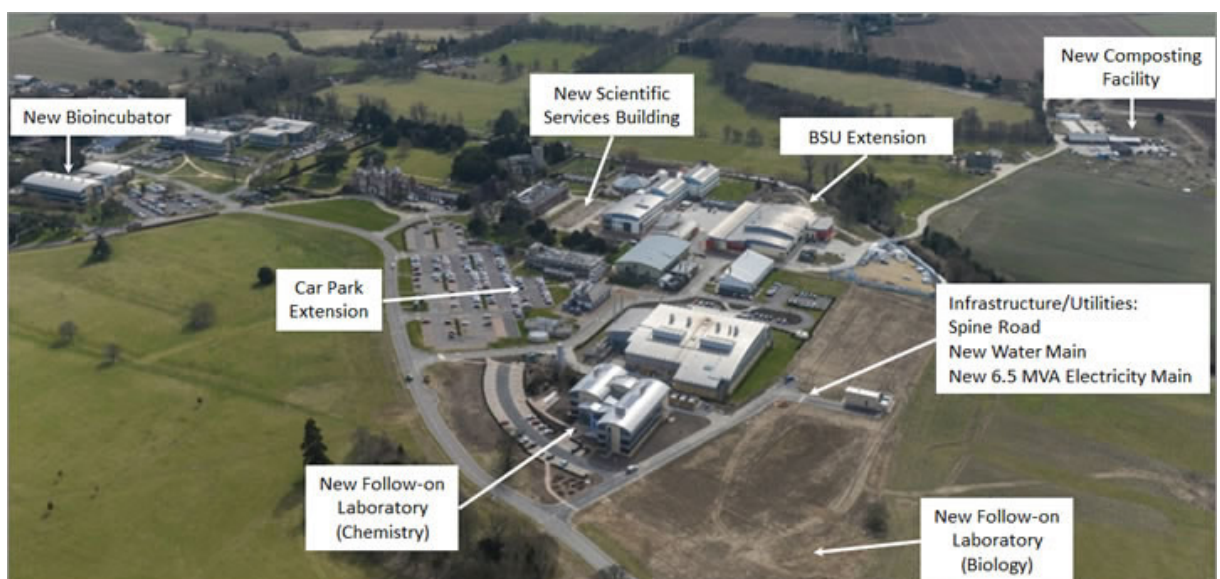
We have touched on the Cambridge Biomedical Campus, thanks to a project director that has strong emotional intelligence and passion for the life sciences sector, working alongside people like us who can help bridge the gap between the science/business dimension, and property provision. At West Cambridge we are now talking to one of the MNEs there to explore further what they think they might want from a new innovation centre, and how that might best be progressed to the point that money is raised for it and a facility created.

#### Case Study 4 - Babraham Research Campus and the relationship between the research base and its business community

Babraham Research Campus is built around a government research institute funded by the UK's Biotechnology and Biological Sciences Research Council (BBSRC). For many years now the Babraham Institute has spun out companies and been a place where emerging biotech companies can come to work alongside the research base. Bioscience researchers are co-located with growing biotechnology enterprises. Laboratories are provided on a fully fitted basis and made available on easy in - easy out terms. The BBSRC is on a mission not just to undertake research but to effect knowledge transfer.

The Campus is now directed by the Chief Executive of Babraham Bioscience Technologies Limited (BBT), the organisation that until relatively recently had responsibility for managing the intellectual property portfolio of the Institute and facilitating its interactions with industry. This gives you an indication of how close they have made the science and the STP provision. As part of the on-going restructuring of BBT to focus upon the development of the Campus, a new company, Babraham Institute Enterprise Limited, has been set up as the wholly-owned trading arm of the Babraham Institute.

The campus has been adding to its commercial floor space consistently over the last ten years and throughout the period, despite the economic down turn, has enjoyed high occupancy levels, constantly.



Interestingly, as the Open Innovation agenda has come to the fore, MNEs are now moving small teams of scouts into the Babraham Research Campus. This is to enable them to sit alongside the research base and a good number of SMEs involved with cutting edge R&D activity. The MNEs doing this include Johnson and Johnson, who decided to come to the park in 2013.

Johnson & Johnson said that its new network of offices will function as extensions of its London Innovation Centre - to work with academics and entrepreneurs throughout the UK to identify early stage innovation and support the translation of research into new products for patients. "Establishing these partnering offices reflects our commitment to collaborative innovation and our belief that being close to the source of innovation drives our ability to create strong networks of people who can combine ideas, resources and technologies in a new way to tackle urgent unmet medical needs," said Patrick Verheyen, head of the Johnson & Johnson Innovation Centre, London at the time they committed to Babraham in 2013.

Dr Kurt Hertogs, Incubator Strategy Leader for Johnson & Johnson Innovation, London, added that "Opening these new partnering offices extends the approach we piloted with Stevenage Bioscience Catalyst (SBC) earlier this year. Our continuing experience with SBC confirms this model as an effective way for our scientific teams to interact with innovators and entrepreneurs, and advance promising healthcare solutions. Given the number and diversity of research campuses, incubators, and life science parks throughout the UK and Europe, we believe the establishing of these regional partnering offices will enable us to reach out and more effectively collaborate with innovators across the UK and Europe."

### **3. How can STPs and Aols most effectively present this value proposition in the market place?**

My contention is that those in the research base, at your universities, and those already involved in commercial R&D in your locations, are the best people to 'sell the sizzle' of the value proposition highlighted in this paper. The Managing Directors and marketing personnel that work for STPs and Aols have a lot of work to do to ensure that the proposition works on the ground and that the research base is motivated to work to businesses' Open Innovation agenda. They need to work to help the research base see the benefits they can be realised from success of the initiative and help overcome concerns and difficulties associated with this from the researchers' perspective. This can ultimately lead to the research base personnel ultimately electing, themselves, to promote the location as a great place to do clever things - as they go about their day to day business.

Objectives might include the following:

- Ensure that stakeholders 'walk the talk' about collaboration and work to help each other. Case Study Cambridge Biomedical Campus and AstraZeneca coming to the campus. Lesson learnt - Engage and motivate the research base
- Promote through the research base, not necessarily through 'property'. Case Study West Cambridge and Nokia, who came to the location over 5 years ago now to work with the NanoScience laboratory and have been growing their presence ever since. Lesson learnt - For some collaborative research projects with academia MNEs sometimes find it really



important to know that they can also lease dedicated floor space in close proximity if required in due course, and scale up. STPs and Aols need to plan for this

- Having ready provision of information relating to the research activity in the area and links that can potentially be affected. Case Study Cambridge Biomedical Campus and AstraZeneca. Lesson Learnt - Information can provide a good confidence boost to companies tentatively looking at potentially coming to a location

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