



EARTO promotes the interests of over 300 Research and Technology Organisations in Europe

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EARTO Annual Conference 2008 “Impacting New Markets”

Madrid, 28th-30th May



EARTO's 2008 annual conference will take place in Madrid between May 28th and 30th. Our hosts will be the Spanish Federation of Innovation and Technology Organisations, FEDIT.

The theme of the conference reflects several subjects of current interest to RTOs. Following the format of the successful 2007 Munich conference, three parallel sessions are being planned for May 29th.

- **New geographical markets**, dealing with globalisation issues and experience of working in Asia-Pacific, India, South America.
- **New customer markets and services**, reflecting the growing trend among RTOs to go beyond R&D *per se* towards a more diversified innovation agenda. Among the issues we may tackle here are: selecting the best exploitation route for new RTO-developed technologies; the marketing of knowhow and technology; tools for valuing intellectual property, and spin-off generation and portfolio management.
- **RTO impact and performance**, covering the different but related issues of performance indicators for assessing RTOs' impact on their customers and the wider economy as well as performance indicators for internal use as RTO management tools.

Further details about the conference and the other meetings planned for May 28th will follow shortly. Please mark the dates now in your diary.



FP7 Contract Negotiations

The first round of FP7 contract negotiations is now underway.

In the first round of FP6 contract negotiations, the Commission told many projects to cut their budgets by +/- 10%. This seems to have been a Commission strategy aimed at funding more projects with the available money.

First feedback from a few EARTO members in the past three weeks suggests that systematic cuts are not being made in FP7.

There seems to be some pressure on budgets in IST, but no evidence of general reductions in the other thematic priorities or in the SME programmes.

If you are experiencing difficulty in contract negotiations, the EARTO Secretariat would like to hear from you (hull@earto.eu).

Central Registration Facility

One of the "simplifications" of FP7 is the introduction of a Central Registration Facility. The idea is that each organization participating in FP7 will register only once with the Commission for the whole duration of FP7 (up until now, of course, you had to provide details about your organization every time you applied for a project).

In practice, your single registration is made during your first contract negotiation.

Reports from members during the past few days indicate that there is a problem with the Central Registration Facility (CRF).

Members who have already registered are sometimes finding in their second or third contract negotiation that the Project Officer refuses to accept their status, e.g. as a non-profit research organization, as determined by the CRF and demands that they submit all of the paperwork again so that he or she can verify their status.

The origin of the problem seems to be the internal bureaucracy of the Commission: apparently, the unit managing the Central Registration facility has no authority to instruct the Project Officers!

The Secretariat would like to hear urgently from any members who are experiencing such difficulties (hull@earto.eu). We may be able to intervene effectively with the Commission

Consortium Agreements

If you have an FP7 project that will start shortly, and if you still have no consortium

agreement, then now is the time to prepare one.

EARTO has worked with several other organizations to produce the DESCA model consortium agreement, which offers a balanced framework respecting the interests of RTOs, enterprises and universities.

The model comes with options so that you can adapt it for large projects or small ones and also vary the IP arrangements.

<http://www.desca-fp7.eu/DESCA/descahome.htm>

How is your RTO Performing in FP7?

Suppose you submitted five proposals in the first round of FP7 Calls for Proposals, three passed all evaluation thresholds and two were selected for funding. Is that a good or a bad performance?

Competition for FP7 funding is high, so you cannot expect to win every project. But you want to be at least as good as your competitors, and preferably better than most.

To help you get some idea of how well you are doing relative to other RTOs, EARTO is proposing to launch a survey to collect basic data on FP7 performance. The data will be presented anonymously to allow you to benchmark your evaluation and funding success rates against other RTOs.

We aim to launch the survey in early November and to update it from time to time as FP7 progresses and more data on proposal results become available.

EARTO Welcomes Its New Members in 2007

- HLP Développement, France
- Central European Institute of Technology, Austria
- Institut St Louis, France/Germany
- EURAC, Italy
- Centre de Recherche Public Henri Tudor, Luxembourg
- AIMEN - Asociación de Investigación Metalúrgica del Noroeste, Spain
- Jozef Stefan Institute, Slovenia
- National Institute of Chemistry, Slovenia
- Association CARNOT, France
- Salzburg Research, Austria

Risk-Sharing Financing Facility – Is it for RTOs?

The new Risk-Sharing Finance Facility (RSFF), funded by the European Investment Bank (EIB) and the European Commission, is designed to improve access to financing for the promoters of research and innovation projects.

The Commission and the EIB are each putting €1 billion into the fund over the period 2007-2013. Their €2 billion contribution is expected to leverage another €10 billion from the banking sector.

All legal entities, including small and medium-sized enterprises (SMEs), larger companies, and RTOs are in principle eligible.

But is it really of any practical value for RTOs? The answer is clearly “yes” if you look at the first batch of projects funded.

A total of €359 million has been allocated to seven projects, most of which involve renewable energy technologies or energy efficiency.

What should especially interest RTOs is that AVL – the Austrian RTO focusing on powertrain/engine and related technologies – is to receive a €30 million loan to support the development of clean and efficient automotive power trains. The project also involves research into hydrogen fuel technologies and energy technologies designed to improve energy efficiency.

Another loan – which is a major innovation in itself – goes to a research and innovation facility for the automotive sector. This facility involves a guarantee scheme which will help automotive suppliers finance their research activities by the sale and lease-back of their intellectual property rights to Deutsche

Leasing, a leading leasing institute in Germany.

Further information is available from the European Investment Bank.

<http://www.eib.org/products/loans/special/rsff/index>

Financial Guarantee Mechanism

This FP7 innovation, originally proposed by EARTO, is generally welcome because it will substantially remove the need for financial viability checks and bank guarantees. But there have been worries that the 5% retention to generate interest for the Guarantee Fund could have negative cashflow effects for projects.

This now seems unlikely. Although the Commission has not yet taken a final decision, it seems that it is intending to make 90% advances instead of 85% as in FP6. Thus in practice projects will still receive 85% net, as in FP6.

Interest on Pre-financing

The FP6 guidelines were clear that bank interest earned by the coordinator on pre-financing monies is a receipt of the project.

In FP7, if the capital amount is less than 50,000 Euro (subject to a final Commission decision) the interest on it will not be regarded as income.

Remember that interest earned by beneficiaries once the pre-financing has been transferred to them is not regarded as a receipt.

FP6 Project Audits and Average Personnel Costs



The Secretariat has heard from three members in the last three weeks who have had FP6 project audits. All three have been using average personnel costs in their financial reporting, and two of them have been seriously criticized by the auditors and now face possible demands from the Commission for repayments.

In those two cases, the auditors have compared the personnel costs claimed using the average figures and the real costs incurred according to time sheets and real salary costs. For both RTOs they have found differences of more or less 10%.

The audits have not yet been finalised, but there are now two risks for these RTOs:

1. They face the prospect of having to pay back to the Commission the difference between the costs claimed (and received) and the real costs found by the auditors. For larger projects this can amount to several tens of thousands of Euros.
2. If the Commission has the impression that the error is systematic, it is likely to demand that costs be recalculated for all of each RTO's other FP6 projects. If the error is found to have been repeated, the final demand for repayment could involve very large sums of money.

What about the third RTO that was audited? They had no problem. Indeed, the auditors praised their project accounting systems. Their average personnel costs are accurate because they check them against reality before making their final claim to the Commission, and make adjustments if necessary. The morale of the story is clear: if you are using average personnel costs, check that they correspond to the real time and costs of each project.

You can help EARTO to recruit new members from eastern and central Europe and the EU candidate countries.

Please tell us about RTOs there which you think could benefit from EARTO membership.



New Staff for the EARTO Secretariat

Following the changes announced at the Annual General Meeting in Munich, the Secretariat is being restructured.

The Secretary General is now supported by two project executives, Nina Baumeister and Kadija Taffah, who help track EU policy matters and assist in organizing EARTO events. Kadija is well-known to members already, of course.

Nina joins the Secretariat after two and a half years in the Brussels office of the Helmholtz Gemeinschaft, a large German research organization. There she worked as personal assistant to the Director, also taking responsibility for event organization and tracking EU policy initiatives. She previously worked in the offices of two German Members of the European Parliament. Nina speaks German, English and French, and has some knowledge of Polish.



Also new to the Secretariat is Birgitte Malz, our part-time Office Manager. Birgitte is taking on many of Kadija former responsibilities.

Birgitte has previously worked many years for another European trade association as well as for a legal and a financial services firm in Brussels. Birgitte speaks German, Danish, Dutch, English, French ... and even some Chinese! (she worked for six months in Beijing teaching English and German to business people).

Forthcoming EARTO Task Forces, Working Groups, and Surveys

Intellectual Property Task Force Munich, 8th November 2007

EARTO convenes from time to time a Task Force of Intellectual Property specialists from member RTOs to analyze new European policy developments and to help prepare EARTO policy positions.

There are several EU policy developments currently in the making. The agenda of the Munich Task Force meeting includes the following items.

- The German EU Presidency IP Charter proposal and the draft document now being prepared by the Commission. Two of the Task Force participants are members of an expert group which the Commission has convened to help prepare the draft.
- Responses to the Commission Green Paper on the *Future of ERA* and in particular its Section 3.4 on Sharing Knowledge
- Reactions to several IP-related studies currently being prepared for the Commission, first results of which are now available.

<http://www.eutechnologytransfer.eu/downloads.php>

- A proposal to press for the removal of the current references in Framework Programme documents which provide for royalty-free access to foreground or background. In practice, this provision is sometimes (mis-)used by strong industrial partners in contract negotiations to insist on royalty-free access.

EARTO/YEAR Workshop on Career Development for Young Researchers Brussels, 20th November 2007

This event is being co-organized with the YEAR association - *Young European Associated Researchers*.

It targets Human Resource managers in RTOs and aims at an exchange of practice and experience in providing career development programmes for younger researchers.

This is the first event that EARTO has organized for HR managers, and the meeting will also provide an open forum session to discuss RTO-related HR issues which may be the subject of further meetings.

The workshop is open to all interested members. Please contact taffah@earto.eu for further information or to register your interest.

EARTO Survey on RTO Overhead Costs

Early in FP6, the Commission made a move to limit the reimbursement of overhead costs to 80% of personnel costs. This would have penalized most RTOs, which tend to have high overhead costs because of the need to finance sophisticated equipment and large-scale facilities.

EARTO successfully opposed the Commission initiative by making a survey which showed that most RTOs have overhead costs well above 80%. The results of the survey were presented by practically the entire EARTO Board in person to the Commission, which consequently withdrew its proposal.

Although there is no immediate threat from the Commission to limit the reimbursement of overhead costs in FP7, it seems wise to update the earlier data in order to have good arguments available "just in case".

The short survey will be sent to EARTO members in the next two or three weeks. The results, which will be presented anonymously, will be available to all members

RTOs Are Good Places to Work!

UNIVERSUM surveys young students about the companies they would most like to work for. The surveys are used by employers to check and adjust their recruit strategies and image.

The most recent survey for Europe shows some highly positive results for RTOs:

- **Finland:** VTT ranks 2nd (after Nokia)
- **Netherlands:** TNO ranks 2nd (after Philips)
- **Germany:** Fraunhofer ranks 4th (after BMW, Porsche and Siemens)
- **Norway:** Sintef ranks 4th (after Statoil, Hydro and Aker Kvaerner)
- **France:** Areva, a CEA spin-off, ranks 7th

<http://universumusa.com/home.html>

EU and EUREKA Launch Eurostars Programme for Research-performing SMEs

The new EUREKA Eurostars programme was officially launched on 2nd October.

Eurostars is an entirely new European programme for providing financial support for SME research.



The first Eurostars Call for Proposals is expected before the end of 2007.

Eurostars is of interest for RTOs, because many of them work with research-intensive SMEs: Eurostars can provide interesting co-funding opportunities.

<http://www.eurostars-eureka.eu/>

IPR-Helpdesk Training Seminar "IP in FP7" Brussels, 28th November 2007

This one-day seminar will focus on the most relevant elements of the IP regime applicable under FP7 from a practical perspective, with the main objective of providing participants with the basic concepts and ideas for adequately integrating and managing the IP issues in their projects.

<http://www.ipr-helpdesk.org/controlador/principal?seccion=principal&len=fr>

EU R&D Investment Continues to Rise

Corporate R&D investment by EU-based companies rose by 7.4% last year, according to the latest edition of the EU Industrial R&D Investment Scoreboard, which the European Commission publishes annually.

The latest results build on a positive trend which began in 2005, when average R&D spending rose by 5.3%. Prior to that, changes in spending were either negative or showed only small increases each year.

But the scoreboard also shows that R&D investments by EU-based companies are still growing at a slower rate than their non-EU counterparts, who saw their investments go up by 10% in the same period. According to the Commission, this difference can be explained by a growth rate in high R&D intensive sectors outside the EU of almost twice that inside the EU.

The scoreboard compares the R&D spending of the

top 1,000 EU-based companies with the top 1,000 companies from the rest of the world. Data is taken from the company accounts and does not reflect where the money was spent, just the origin of the company making the investment.

Together, the 2,000 companies covered by the scoreboard invested €372 billion in R&D, equivalent to over 85% of corporate expenditure on R&D worldwide.

This year American pharmaceutical company Pfizer topped the list of companies ranked by their total R&D investment, with a total spend of €5.8 billion. Three European companies made it into the top ten; DaimlerChrysler came in at number five with €5.2 billion, and GlaxoSmithKline and Siemens made it to positions seven and eight respectively.

Looking at sectors, the pharmaceutical and biotechnology sector overtook the technology hardware and equipment sector to take the top spot. The chemicals sector also showed strong growth, as did aerospace and defence.

http://iri.irc.ec.europa.eu/research/scoreboard_2007.htm

Foreign R&D Investment in China Growing Strongly

A recent OECD report indicates that foreign R&D investment is rising strongly.

"The time when foreign investors invested in China only to take advantage of cheap manufacturing platforms is over," the report says.

The OECD said "its best guess" was that foreign research and development now accounts for about 25-30 per cent of all business R&D in China. In this respect, the foreign share of R&D in China is similar to that in many European countries.

<http://www.ft.com/cms/s/2/516f192c-5576-11dc-b971-0000779fd2ac.html>

R&D in Aluminium Technologies Brussels, October 23rd

EARTO member AIMEN is organizing an afternoon debate on R&D in aluminium technologies in Brussels on October 23rd between 16.30 and 17.30. The location is the regional representation office Fundación Galicia-Europa in Brussels (Avenue Milcamps 105, 1030 Bruxelles).

More information about the event and AIMEN Technology Centre can be found here:
http://www.aimen.es/index.php?option=com_content&task=view&id=283&Itemid=100

The debate will be led by AIMEN Technological Director Mr Fernando Sánchez and leading researcher in this field, Dr Pilar Rey.

A nice and relaxed atmosphere with Galician culinary specialities is guaranteed.

Further (Slow) Progress towards a European Institute of [Innovation and] Technology

The European Parliament has backed the European Commission's proposal to set up a European Institute of Technology (EIT) by a large majority, but called for a name change to include the word 'innovation', and an initial pilot phase.

The Parliament report states that the initial two or three KICs should address '*areas that help the EU to face today's and tomorrow's challenges, such as climate change, sustainable mobility, energy efficiency or the next generation of ICT [information and communications technologies]*'.

Parliamentarians largely backed the Commission's plans on funding the EIT. Its overall budget has been estimated at around €2.4 billion for the first six years, with €308.7 million coming from the Community budget. But the Commission money still has to be found and final agreement on the establishment of the EIT is not expected before the end of the year.

Innovation Technology: New Technologies Change How We Innovate

A new set of technologies is emerging that enables firms to innovate more rapidly, efficiently and accurately than ever before. This 'Innovation Technology' (IvT) includes eScience, virtual reality, simulation and modelling techniques, and rapid prototyping.

It is possible that it will have as profound an impact on economic growth and social well-being in today's knowledge economy as the development of machine tools had on the industrial economy of the mid-19th century.

Over the next decade, understanding what IvT does, how to use it and where its limitations lie could prove critical for those running businesses, working in firms and providing public services.

http://www.nesta.org.uk/assets/pdf/innovation_technology_provocation_NESTA.pdf



Recent and Upcoming Events by and with EARTO

May 28 th – 30 th 2008	EARTO Annual Conference	Madrid
December 3 rd – 4 th	Effective Collaborative in R&D and Technology Transfer a <i>Responsible Partnering</i> conference, under the auspices of the Portuguese EU Presidency EARTO – EIRMA – EUA - PROTON	Lisbon
November 20 th	EARTO/YEAR Workshop on Career Development Programmes for Young Researchers	Brussels
November 15 th – 16 th	EARTO Board	Malvern
November 8 th	IPR Task Force	Munich
October 31 st	DESCA Consultation Group	Paris
October 22 nd – 24 th	DG Enterprise Innovation Conference	Berlin
October 14 th – 15 th	EARTO-EUROTECH Special Interest Group	Cadarache
October 8 th – 9 th	Portuguese Presidency Conference on the Future of Science and Technology in Europe (Green Paper on ERA)	Lisbon

Organising A Meeting in Brussels? EARTO Has the Perfect Facilities

We have fully equipped modern meeting facilities in central Brussels. Close to the Commission (just around the corner from DG Research) and Parliament, and easily accessible by public transport.

The EARTO Meeting Room

Space for 25 people classroom style and up to 55 people cinema style.

Natural light, air-conditioning, video projector, Panaboard, whiteboard, paper boards, transparency projector, wireless Internet connection, photocopying facilities. Full catering service available.

Available by the day or half-day, at cost price to EARTO members.

A sliding sound-proofed partition permits division of the main meeting room into two separate rooms (1/3 – 2/3).

We also have a second, smaller room suitable for meetings of up to five people. It is available free of charge to EARTO members

For further information, please contact Birgitte Malz at the EARTO Secretariat: +32-2-5028698

