

Scottish Enterprise Strategic Priorities

Scottish Enterprise's purpose and role

Purpose : Help businesses innovate and scale to transform the economy

In delivering this purpose, SE has a specific role to play in:

Unlocking Scotland's economic potential: working closely with businesses and others to shape and develop future market opportunities and world-class solutions to global challenges

Increasing business productivity and competitiveness: supporting ambitious businesses to be their best – more resilient to economic challenges, and able to take advantage of new opportunities to support future growth

Boosting business sustainability: supporting companies to improve their business performance – both adapting to changes emerging from the transition to net zero and encouraging them to embed fair work practices, engaging workers to improve performance and remaining attractive to employees, customers and investors

Whether you are a new, early-stage, or existing business with ambitions to grow, we will work with you to stimulate investment in innovation, support you into high growth markets, boost export performance and build productive and engaged workforces that underpin sustainable competitive businesses

Scottish Enterprise's ambitions

We will help businesses innovate and scale to transform the economy by focusing on new market opportunity areas and realising three inter-dependent ambitions

SE's ambition: for Scotland to become a European location to start, scale and internationalise a business; as a magnet for talent and inward investment; and as a profitable place to invest capital in opportunities which will accelerate Scotland's transition to net zero

SE's ambition: improve Scotland's innovation performance and reputation, working with partners on an integrated approach to delivery, built around new market opportunities and the creation of innovation hubs across Scotland



The “sweet spot” between Innovation, International and Investment will help to create **new market opportunities** in areas like low carbon energy, health and wellbeing, technology and data and advanced manufacturing

SE's ambition: increase the number of businesses, entrepreneurs and early-stage companies in Scotland that can grow to scale and have a significant impact on the economy

We will work with businesses to create engaged and productive workforces and successfully transition to net zero

Innovation

Why it's important

- Innovation helps to drive productivity growth, strengthen regional clusters and build resilient supply chains
- Innovative businesses grow twice as fast as non-innovative. They are also more productive, export focused and pay higher wages
- Business R&D supports 16,200 Scottish jobs

What's the challenge?

- **Business innovation activity is low** - just 39% of Scottish businesses (with 10+ employees) are 'innovation active'
- **Business R&D investment is concentrated** - just 10 companies account for almost 50%; inward investors account for 65%
- **Scotland needs 2100 more businesses innovating** to match best performing economies (+25%) and £1.8bn more R&D a year (+75%)

What we will do

- Help build and promote innovation assets and support systems in sectors which play to Scotland's strengths, attracting investment and creating opportunities for the economy and businesses in Scotland
- Work hand in hand with the private sector to determine how we use the Scotwind opportunity to create a stronger offshore wind supply chain and infrastructure, resulting in more opportunities for business in Scotland
- Work collaboratively to review the innovation support that's available to business across Scotland's regions, making sure that the right support is getting to the right companies at the right time, no matter where they are based

What we will enable

- Increased levels of investment in R&D and innovation by businesses
- More innovation projects supported
- Increased business sales from innovation
- More businesses committing to innovative work practices

International

Why it's important

- Internationalisation drives productivity growth, strengthens supply chains, and enhances Scotland's R&D and capital expenditure
- International businesses are more innovative and pay higher wages
- Inward investors employ 700k workers

What's the challenge?

- **Scotland needs 5,500 more exporters to match best performing economies.** Just 7% (12,400) sold internationally in 2019, proportionally lower than other UK regions and countries
- **Exports are relatively concentrated**, with three sectors (food & drink, petroleum/chemicals and professional/scientific services) accounting for 41%
- **Focusing resource on more strategic investments** that shape places and deliver high value jobs

What we will do

- Support Scottish businesses to build their capacity and raise their ambitions so they can capitalise on international opportunities - driving export growth, innovation and business resilience
- Make more of Scotland's assets in areas like offshore wind and hydrogen, targeting investment by international companies and building an investor-ready pipeline of capital investment opportunities which will help to create growth in the economy and business
- Work with partners to strengthen the talent attraction ecosystem by improving online resources, investing in new technologies to deliver talent services and providing streamlined "soft landing" and integration support, so that Scotland attracts and retains highly skilled talent, entrepreneurs and early-stage firms from overseas and the rest of the UK

What we will enable

- An increase in planned international exports
- Increased number of planned jobs paying at least the real living wage
- More new products and services launched in new international markets
- Increased capital investment in businesses and places

Investment

Why it's important

- Business investment boosts efficiency and productivity
- Risk capital supports innovative, high-growth potential and early-stage businesses to reach scale
- Scaling businesses are more productive, innovative and export focused

What's the challenge?

- **Scotland's business investment rate lags** nearly all other OECD economies, resulting in a low capital stock – this can affect the quality and productivity of the workplace and quality of jobs. In turn, this can impact the ability to effectively innovate
- **Scotland needs £13bn more capital investment a year (+120%)** to match best performing economies

What we will do

- Invest in high growth early-stage companies, responding to market gaps, developing innovative finance solutions, improving access to growth capital, and being visible and active in innovation assets such as Techscalers, so that investment support is designed into our most promising early-stage innovation companies
- Focus our account management on ambitious companies that want to innovate, internationalise and invest, providing specialist support and expertise to help grow companies across different business themes
- Make it easier for companies to navigate and access support via the Business Support Partnership and Find Business Support, widening our collective reach to support more companies

What we will enable

- Increased planned capital investment by businesses
- Increased number of early-stage companies supported
- Increase growth funding raised by businesses
- More companies supported to improve financial readiness

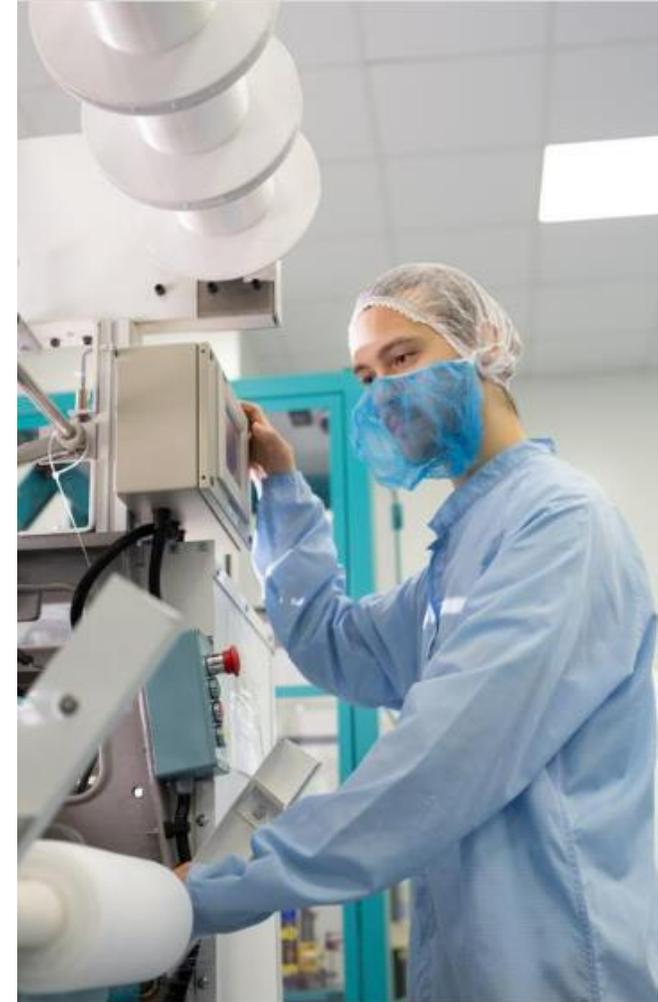
Building on success

Scottish Enterprise has a strong track record in supporting ambitious companies across Scotland to grow and scale through innovation, investment and internationalisation. We use our networks, insights and experience to deliver projects that help businesses take advantage of new market opportunities.

We focus on activity that adds value and provides good returns:

- **Business development and advice:** working closely with companies to achieve growth objectives, from scaling up through to succession planning and collaboration opportunities
- **Providing innovation support:** offering support for new product and service development, helping to access R&D funding and providing support for innovation
- **Export and international market support:** helping companies to start exporting or expand their international sales through a range of online and specialist support
- **Targeting capital and inward investment** that align with new market opportunities
- **Supporting businesses to transition to net zero** through specialist advice and support
- **Investing in projects** that support regional innovation assets and build connections with company capabilities

Across our activities, we will target our support on companies committed to adopting fair work and net zero business practices



Success stories

Supporting companies to deliver economic transformation

Emergency one

A SMART R&D Grant was awarded to the fast growing company, **Emergency One**, to develop the world's first fully electric fire engine which uses battery power for both its engine and water hose pump and is a direct result of innovation work by the company. SE investment has allowed the company to internationalise and secure an export deal in France. Poised to target further international markets with their new Net Zero emergency vehicle, the company is contributing to Scotland's own Net Zero targets. Supported by £500k investment from Transport Scotland, Emergency One will help roll the prototype into production and manufacture the vehicle in Scotland.



Spirit AeroSystems Prestwick is recognised as one of the leading aerospace companies in Scotland, employing around 1,000 staff. SE supported Spirit's new open access **Aerospace Innovation Centre** with a £4.8m grant, providing the company with state-of-the-art R&D facilities and also sharing this with other companies undertaking their own R&D, either independently or in collaboration with Spirit. Over the next decade, the facility will enable further growth for industry-leading aerospace technologies and innovations and has the potential to create more manufacturing jobs.



Alongside Dundee City Council and Michelin, SE is investing in the **Michelin Scotland Innovation Parc**, a purpose-built innovation campus which will support collaboration and innovation. The Parc will be a place where businesses and researchers can work together to develop, test and commercialise new products and services for a sustainable, low carbon future. It has attracted strong business interest, including from Ballard, a world leader in the design and manufacturing of fuel cell engines, which has completed the acquisition of the fast-growing hydrogen fuel cell specialist Arcola Energy.

Scottish Enterprise budget & measures 2022-23

Our planned total cash investment in 2022-23 is £384.2m. This will be split across our Innovation, International and Investment activities and SE enabling services

Planned investment	2022/23 Indicative Split of Expenditure
	£m
Investment	154.3
International	101.5
Innovation (including R&D)	72.9
Enabling Services	55.5
Total Cash Investment	384.2

During 2022-23, we will:

Create or safeguard up to **14,000 jobs** paying at least the real living wage

Support **international exports** worth up to **£1.5bn**

Enable up to **£300m** in innovation investment and up to **£380m** of capital investment

Enabled up to **425k tonnes** of CO2e* savings

Help businesses to raise **growth funding** of up to **£370m**

*Carbon dioxide equivalent