

# Evaluation of Enterprise Europe Network Scotland

Report to Scottish Enterprise

November 2013



**SQW**



# 1. Introduction

- 1.1 This is the report of the Enterprise Europe Network Scotland (EES)<sup>1</sup> project evaluation conducted by SQW of behalf of Scottish Enterprise (SE). The evaluation covers a five year period from January 2008 to December 2012. The study fieldwork was undertaken from May to August 2013.

## Profile of the project

- 1.2 Enterprise Europe Network (EEN)<sup>2</sup> is Europe's largest technology and business network which brings together 600 business support organisations from 50 countries. EEN is co-financed through the Competitiveness and Innovation Framework Programme (CIP) 2007-13 and brings together the former Innovation Relay Centre (IRC) and Euro Info Centre (EIC).
- 1.3 The EES project (hereafter referred to as the 'project') is an important player in the EEN. The project targets Scottish SMEs that wish to conduct business in Europe. The project offers a range of support services including: internationalisation, innovation, commercialisation of technologies, and knowledge/technology transfer. These cover the following main areas:
- business partnering opportunities or collaboration support - sourcing commercial, technical and research partners; brokerage and networking events
  - European information services - market information; information on potential partners, legislation and taxation, and policy relating to Europe
  - European R&D funding - information on calls for R&D funding and advice on applying for R&D funding.
- 1.4 The project works with Scottish SMEs by understanding and defining their needs, proactively finding suitable partners, qualifying potential leads and supporting the negotiation process between potential partners (predominantly business to-business, but also business to academia). Examples of the types of partnership include manufacturing, distribution agreements, joint ventures and sub-contracting. The innovation and technology support covers a range of services including licensing, protecting IP and technology audits.
- 1.5 Information on business opportunities, new products and technologies, R&D projects, and EU proposals is disseminated via a tailored alerting service. A key support area relates to brokerage events and missions, which are hosted by the project or by Network partners to facilitate cross-border partnerships and build the project's client base. The project also provides information services (e.g. country profiles, trade statistics), responding to enquiries of client SMEs – facilitating market access, supporting SMEs' internationalisation aims and building their capacity in Europe. The project has extensive reach and scale and is able to access approximately 4,000 colleagues in over 600 partner organisations across Europe and beyond.

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<sup>1</sup> <http://www.enterprise-europe-scotland.com/sct/>

<sup>2</sup> <http://een.ec.europa.eu/>

- 1.6 In summary, there are 11 overarching activity streams delivered through the project<sup>3</sup>. These include:
- Activity 1: Promotion of the Network
  - Activity 2: Organisation of local and regional events
  - Activity 3: Consultation of EU businesses to obtain feedback
  - Activity 4: Answers to enquiries from SMEs and Network partners
  - Activity 5: Meeting with companies
  - Activity 6: Provision of internationalisation and innovation support
  - Activity 7: Organisation of brokerage events and company missions
  - Activity 8: Provision of tailored alerting services
  - Activity 9: Generation of partnership proposals
  - Activity 10: Participation in Network and consortia activities
  - Activity 11: Project management.
- 1.7 The project covers a wide range of sectors including: life sciences; renewable energy & sustainable construction; chemicals, materials & textiles; ICT & creative industries; and food & drink.
- 1.8 The overall purpose of the project is to provide support and advice to Scottish businesses to help them make the most of the opportunities in the European Union and develop internationally competitive businesses. In total, 2,604 businesses have received support from the project, of which 757 received over four hours support (from 1st January 2008 to date).
- 1.9 SE 'hosts' the project which is delivered by a dedicated team, organised across sectoral or specialist areas (e.g. intellectual assets specialists). SE is the lead partner in the Enterprise Europe Network Scottish consortium<sup>4</sup>.

## Evaluation objectives

- 1.10 The specific objectives of the evaluation are to assess the following:
- the rationale for intervention and fit with the policy environment
  - project objectives and targets achieved (vs performance delivered)
  - management information and performance measures
  - capture project benefits and economic impact
  - the usage, quality and demand of EES services

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<sup>3</sup> EES: Technical Implementation Report, 24 Month Activity Period (01/01/2011 – 31/12/2012) Narrative Report.

<sup>4</sup> Partners include Highlands and Islands Enterprise, Highland Opportunity Ltd and the European Commission.

- programme management and delivery
  - areas of project learning.
- 1.11 A final element of the evaluation is to make recommendations on the future direction and delivery of the project.

### Scope of evaluation - Partnership Agreements

- 1.12 As the project is engaged with a large database of client beneficiaries, the scope of the consultation element of the study was limited to only those SME beneficiaries that have formalised one kind of 'Partnership Agreement' (PA)<sup>5</sup>. This is defined as an '*acknowledgement by one (or two) EEN client(s) that they entered in a concrete, medium to long-term international cooperation with another SME, company, research institution, research or private person (hereafter 'Part' to the PA) with EEN assistance*'<sup>6</sup>. According to the guidance, a PA can be the result of one (or both) of the following two types of activities:

- First, '*the two parties involved in the PA met via an EEN brokerage activity and at least one party received direct assistance from the EEN partner. An EEN brokerage activity consists in helping a client find potential partners abroad via the publication of a profile in one of the Network databases, via a participation to a brokerage event (BE) or company mission (CM), via contacts with other Network partners, or via another channel, and providing the client with the necessary assistance to enter in a concrete, medium to long-term cooperation with the potential partner thus found. A PA is the ultimate goal of a brokerage activity*'<sup>7</sup>.
- Second, '*The two parties to a PA did not find each other via an EEN brokerage activity but at least one of the parties involved received decisive advice from an EEN partner without which the concrete, medium to long-term international cooperation in which the two parties entered would not have happened*'<sup>8</sup>.

### Methodology

- 1.13 In undertaking our work the following research methods were used:
- **Inception meeting** – with representatives from SE and the EES project team, held in May 2013.
  - **Desk research** – we reviewed project documentation and monitoring data provided by SE and EES project team including: SE Executive Board Paper; project activity reports; client activity data; and other relevant documentation.
  - **Design research tools** – a business questionnaire was designed for beneficiaries of the project incorporating SE's standard question set for capturing economic impact; we also designed an aide memoire to be used with stakeholders including

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<sup>5</sup> There are three types of PAs: commercial, technology and research based partnerships. A PA can be claimed by producing a Statement Letter signed by the client beneficiary assisted by the Network Partner and a PA Report written by the Network Partner (detailing what the PA is about).

<sup>6</sup> Enterprise Europe Network Partnership Agreement Guidelines, Updated December 2012.

<sup>7</sup> Ibid

<sup>8</sup> Ibid.

representatives from: SE, Scottish Development International (SDI), EEN member countries, Technology Strategy Board (TSB), and other stakeholders.

- **Primary research with direct business beneficiaries** – we received input (face-to-face and telephone) from a total of 19 direct business beneficiaries of the project out of 63 valid contacts provided to us from the project contacts database<sup>9</sup>. These were companies that had reached and signed PAs as per the scope of the evaluation.
  - This gives an overall response rate of 30% of the total valid contacts, which is fairly typical for a business survey of this kind. All non-respondents were contacted at least three times.<sup>10</sup>
  - The main activity of the interviewed firms was wide ranging (as are those of the population of beneficiaries), and included biotech diagnostics, stem cell research, bespoke joinery products, eco-friendly architecture, water treatment technologies and navigation systems. In the year when respondent businesses first started using project services, 10 were pre-start, three were start-ups or early-stage and six were established businesses<sup>11</sup>. We understand from SE that this represents a lower proportion of established businesses than is the case in the overall beneficiary population, though the data on that is not held in a form which allows us to analyse the differences in profile between the sample and the population.
- **Primary research with stakeholders** – we gathered views from 14 key stakeholders involved with the project (see Annex A for a list of consultees).
- **Progress meeting** – we presented to SE including the project team our initial findings from the primary research of businesses and stakeholders, at a meeting held in June 2013.
- **Collation, analysis and interpretation** – we gathered and analysed all the primary and secondary research evidence, and prepared this report.

## Report structure

1.14 The remainder of this report is structured as follows:

- **Section 2:** provides an assessment of fit with the policy environment, rationale for intervention and project objectives
- **Section 3:** provides an assessment of project inputs and activities; this includes an assessment of usage and quality of the project's services
- **Section 4:** provides an assessment of progress against targeted gross outputs

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<sup>9</sup> Note: the scope of the tender was to consult with minimum 32 businesses to achieve a margin of error of +/- 15% for the population of 131 beneficiaries with PAs. However, in order to avoid some businesses being 'over-surveyed' only 63 of these were made available to us, making it impossible to achieve the originally envisaged sample of 32.

<sup>10</sup> Non-responses mainly relate to the contact not being available or declining consultation without giving any reasons.

<sup>11</sup> Of the total 19 business respondents, six were not yet generating revenue.

- *Section 5:* presents an assessment of the outcomes, impacts, and the overall value for money
- *Section 6:* presents our conclusions and recommendations for the future direction and delivery of the project
- *Annex:* a list of consultees can be found in Annex A.

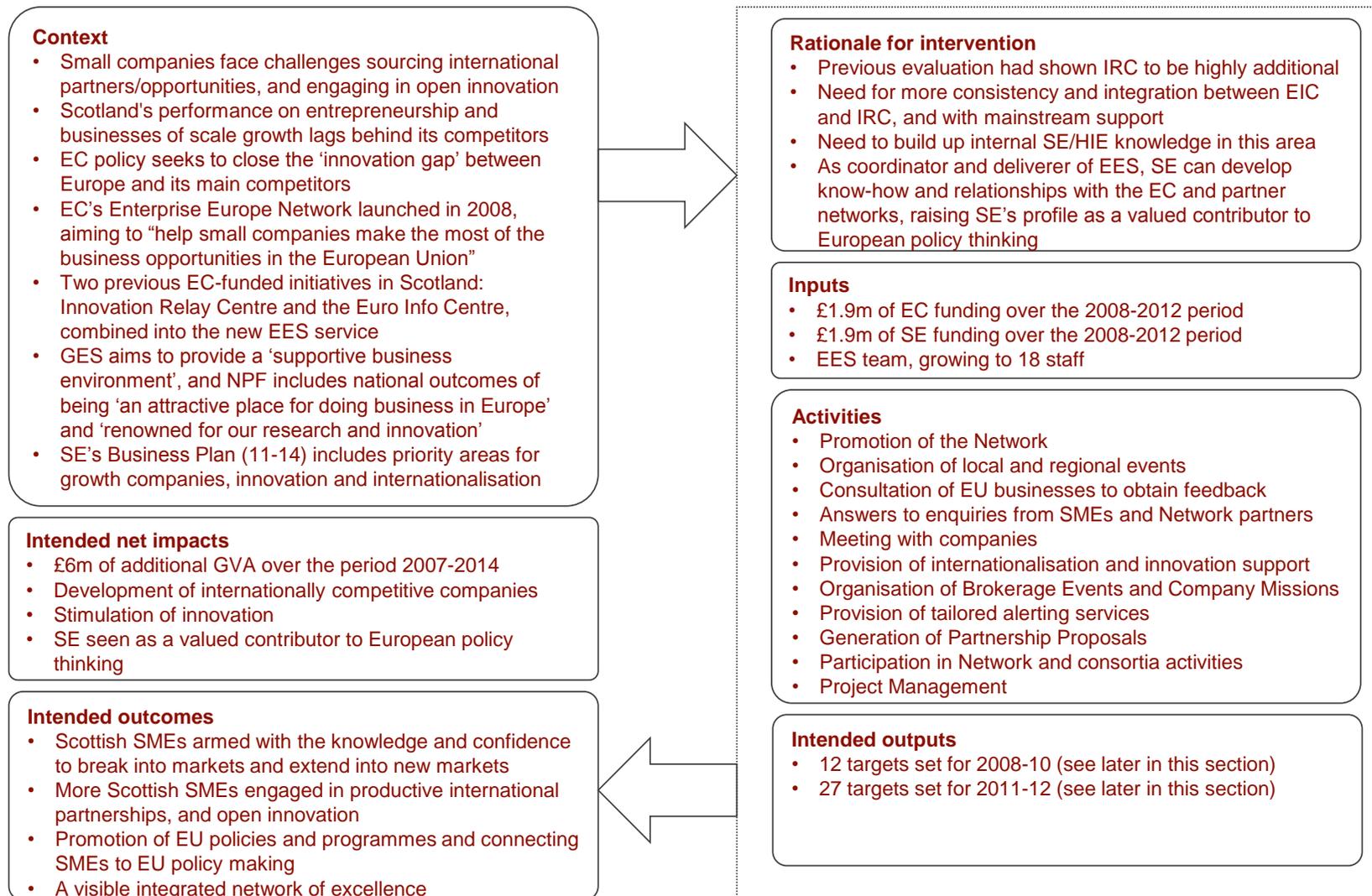
## 2. Assessment of policy fit, rationale and objectives

- 2.1 In this section we give our assessment of the project's fit with the wider strategic policy context. We also review the rationale for public sector intervention and assess the project's objectives. However, we start by summarising our understanding of the intervention's 'logic model' as articulated in the various project documentation.

### Logic model – as articulated through the documentation

- 2.2 There is no currently agreed logic model for the EES project. The logic model approach was not well established in SE in 2007, at the time of the project's inception. However, it is now considered to be good practice in the development, appraisal and evaluation of publicly funded interventions. For this evaluation, we have therefore derived a summary logic model in Figure 2-1 below, which draws on the information set out in the various project documents, including the original SE board paper (September 2007), the EBIS-Scotland proposal to the EC (revised October 2007), the Technical Implementation Report (August 2009) and the Description of Work for the period 2011-2012 (May 2010).
- 2.3 Our evaluation report assesses each area of the logic model in turn. As will be seen, we consider that there are shortfalls in the intervention logic – as currently articulated – in some areas. At the end of this section we propose some initial steps towards a logic model which we feel could provide a more coherent and convincing case for continued intervention in this area.

Figure 2-1: Summary logic model – as articulated through the documentation

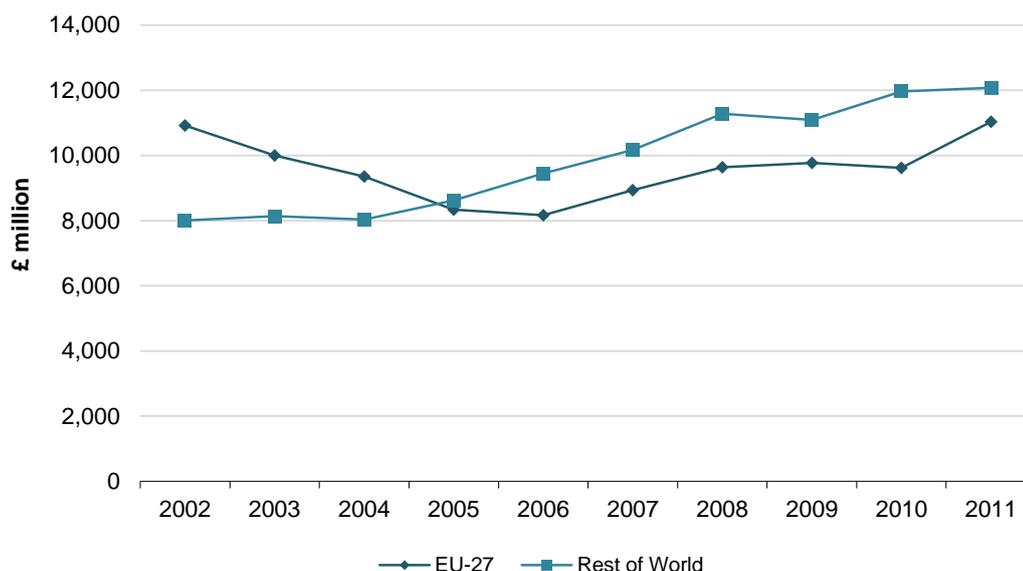


Source: SQW analysis of project documentation

## Context

- 2.4 EES was launched on 1st January 2008 and built on the previous strengths and achievements of both the former Euro Info Centre (EIC) and the Innovation Relay Centre (IRC) Networks. Both the EIC and IRC Networks were supported by SE but were not integrated fully into Scottish Enterprise. EIC was headed up by SE personnel but was delivered by a team based in the Renfrewshire Chamber of Commerce. IRC Network was funded in part by SE and delivered by Targeting Innovation Ltd.
- 2.5 The EIC and IRC contracts concluded at the end of December 2007 and the end of March 2008 respectively. We understand that in the run up to the end of both contracts, the European Commission started initial discussions from 2006 on bringing the services of the two Networks into one unified service – a ‘no wrong door’ approach to the European SME community.
- 2.6 We also understand that at the same time, SE undertook a review of their ongoing support to EIC and IRC and their potential support of a new Network. This review resulted in the SE Executive Board Paper being submitted in September 2007. At the time of submission, discussions were ongoing at a Commission level and as the Call for Proposals for new Network was an open, and as such competitive, call, details on the shape and activities of the new Network were unknown. Assumptions made on what the priorities of the new Network might be were based on the activities of the IRC and EIC Networks.
- 2.7 Subsequently EBIS Scotland, the Scottish consortia for the new Network (consisting of SE, Highlands & Islands Enterprise and Highland Opportunity Ltd) was successful in securing funding from the EC’s Call for Proposals.
- 2.8 As a result, EIC staff were TUPE’d (transferred under permanent employment) into SE from 1st January 2008. IRC staff were TUPE’d into SE from Targeting Innovation from 1st April 2008.
- 2.9 By way of further context, we note that the value of Scotland’s exports to the European Union had been declining for some time at the point of the project’s inception (they increased again from 2007), while the value of exports to the Rest of the World was growing and had overtaken those to the EU in 2005 (see Figure 2-2).

Figure 2-2: Scotland's international exports, to the EU and to the rest of the world



Source: Global Connections Survey, 2011

## Fit with the policy environment

### European

- 2.10 EES operates within the wider European 'landscape' with respect to the financial, innovation and competitiveness agenda of the EC. The Enterprise Europe Network (EEN) is co-financed through the Competitiveness and Innovation Framework Programme (CIP) 2007-13, which is implemented by the European Investment Fund (EIF) during 2007-2013.
- 2.11 CIP is divided into three operational programmes: Entrepreneurship and Innovation Programme (EIP); Information Communication Technologies Policy Support Programme (ICT- PSP); and the Intelligent Energy Europe Programme (IEE)<sup>12</sup>. Of these programmes, the most relevant to the EES is the EIP which support EU SMEs across the following areas: access to finance; business services (which includes the EEN and therefore EES); support for improving innovation policy (which covers supporting 'transnational networking of different actors in the innovation process and innovative companies' and includes exchange of best practice).
- 2.12 As CIP is coming to an end, the new Programme for the *Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)* is expected to run from 2014 to 2020<sup>13</sup>. This has a planned budget of €2.5bn and is expected to build on the work of other EU initiatives including the European Investment Fund and the Enterprise Europe Network.
- 2.13 The high-level objectives of COSME including 'encouraging an entrepreneurial culture in Europe'; 'increasing the sustainable competitiveness of EU companies; and 'helping small

<sup>12</sup> <http://ec.europa.eu/cip/>

<sup>13</sup> [http://ec.europa.eu/cip/files/cosme/cosme\\_factsheet\\_en.pdf](http://ec.europa.eu/cip/files/cosme/cosme_factsheet_en.pdf)

businesses operate outside their home countries and improving their access to markets'<sup>14</sup>. EES contributes to all these objectives but particularly the last one.

- 2.14 In addition, Horizon 2020<sup>15</sup> - the Framework Programme for Research and Innovation is the new €70bn funding programme for research and innovation in the EU for the period 2014-2020<sup>16</sup>. This aims to strengthen the EU's position in science and industrial leadership in innovation<sup>17</sup>. Further, Horizon 2020:

*"...will tackle societal challenges by helping to bridge the gap between research and the market by, for example, helping innovative enterprise to develop their technological breakthroughs into viable products with real commercial potential. This market-driven approach will include creating partnerships with the private sector and Member States to bring together the resources needed"<sup>18</sup>.*

- 2.15 **In our view, EES is closely aligned with key European agenda on innovation, SME support and competitiveness. This covers the period when CIP was first introduced in 2007 and with future successor initiatives including COSME. Further, the overall purpose of EES and the nature of its activities represent a clear and important fit with the technological, innovation and partnership focus of Horizon 2020.**

#### *Scottish Government*

- 2.16 The Government Economic Strategy (GES) set out six 'Strategic Priorities' for economic development in Scotland. Of these the most relevant is the 'Supportive Business Environment' (SBE). The project contributes to the strategic approaches and policies identified under the SBE component including the market-led approach to 'innovation and R&D'. To deliver this supportive business environment, a range of measures are identified including the following: 'international trade and investment'; 'supporting business growth'; 'helping small businesses create jobs'; 'growth sectors'<sup>19</sup>; and 'innovation and commercialisation'.
- 2.17 Under these measures, we identify the following relevant points from the GES: *'Exports are vital source of growth...there is clear evidence that companies that export become more productive. This can help promote competitiveness and longer term sustainable growth...In addition to exports, greater exposure to international trade promotes productivity and competition within Scottish markets. Being open to international markets can boost the Scottish economy as business learn new ideas, adopt new technologies and seek out new opportunities'...* and the aim is to *'help companies take advantage of the enormous opportunities for trade offered by EU Single Market'*. The GES also emphasises the need for *'responsive and focused enterprise support, working in partnership with others...to increase the number of highly successful, competitive businesses'*, as well as the need to address low levels of R&D in Scotland.
- 2.18 The GES is also supported by the Scottish Government's National Performance Framework (NPF). This identifies five strategic objectives and 16 national outcomes to achieve sustainable

<sup>14</sup> [http://ec.europa.eu/cip/cosme/index\\_en.htm](http://ec.europa.eu/cip/cosme/index_en.htm)

<sup>15</sup> [http://ec.europa.eu/research/horizon2020/index\\_en.cfm](http://ec.europa.eu/research/horizon2020/index_en.cfm)

<sup>16</sup> [http://ec.europa.eu/research/horizon2020/index\\_en.cfm?pg=h2020](http://ec.europa.eu/research/horizon2020/index_en.cfm?pg=h2020)

<sup>17</sup> It is worth noting that the Horizon 2020 facilities will be implemented in conjunction with the financial instrument facilities of COSME.

<sup>18</sup> Ibid.

<sup>19</sup> Creative Industries (including digital); Energy (including renewables); Financial and Business Services; Food & Drink (including agriculture and fisheries); Life Sciences; Sustainable Tourism; and Universities.

economic growth across Scotland. The most relevant national outcomes highlight Scotland as being an 'attractive place for doing business in Europe' and 'renowned for our research and innovation'. In addition, the national target is to 'at least halve the gap in total research and development spending compared with the EU average by 2011', this includes business expenditure on R&D.

### Scottish Enterprise

- 2.19 The SE Business Plan 2011-14<sup>20</sup> points out that SE operates within the policy agenda set by the GES. The Business Plan identifies a number of themes, two of which are particularly relevant: 'globally competitive companies'; and 'globally competitive sectors'. Underpinning these specific themes are priority areas which include 'growth companies'; 'innovation'; and 'internationalisation'. The project covers a wide range of businesses from pre-revenue and start-ups to established firms<sup>21</sup>, supporting them to be globally competitive through innovation and internationalisation support – clearly aligned to the theme of supporting globally competitive companies..
- 2.20 With regards to sectors, the SE Business Plan highlights the following as having the potential to be globally competitive: Creative Industries, Enabling Technologies, Life Sciences, Energy, Financial and Business Services, Food & Drink, Tourism and Universities. Although the project covers a wide range of sectors there is a notable focus in terms of the project team structure/specialism across many of these sectors.
- 2.21 The new SE Business Plan for 2013-2016 highlights company and sector innovation is a key driver of productivity and competitiveness. With its partners, SE aims to take a more 'integrated approach to stimulating innovation, knowledge transfer and commercialisation, with a focus on getting more new products and services into global markets'. SE aims to help companies to achieve additional revenues from innovation. The project can be seen as contributing to the strategic objectives of SE.
- 2.22 From a high-level review of 13 SE Sector Delivery Plans<sup>22</sup>, we note that the common areas which are the focus of most of these Delivery Plans include: internationalisation, company growth, innovation and R&D and commercialisation. These are recognised as being important, with various different activities to be delivered under these areas. The project can be seen as being aligned and contributing to these areas. Not surprisingly, the degree to which the project supports firms operating in all 13 sectors varies but, as mentioned previously, there is a notable focus in certain sectors (e.g. Life Sciences, Energy). Furthermore, the specialist areas of the project team members (e.g. Intellectual Assets and European R&D Funding) suggests the project is organised in line with the high-level focus of the SE Delivery Plans.
- 2.23 The project supports Scottish SMEs that are developing innovative products/services and that wish to partner with other European businesses (and academics) to access European and other international markets, and it aims to create a network of businesses and partner

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<sup>20</sup> We note that the latest SE Business Plan is for 2013-16 but focus our assessment of the project against the previous SE Business Plan (2011-14) as instructed in the project brief.

<sup>21</sup> We understand from the EES project team that the majority of the client businesses supported are established businesses.

<sup>22</sup> SE Sector Delivery Plans: Chemical Sciences; Construction & Low Carbon Built Environment; Creative Industries; Financial Services; Food & Drink; Forest & Timber; Life Sciences; Oil & Gas; Renewables; Technology & Engineering; Textiles; Tourism; and Energy (Thermal Generation & Carbon Capture and Storage).

organisations. **Our assessment is that there is a clear strategic fit with Supporting Business Environment aspects of the Government Economic Strategy and the National Performance Framework. The nature and focus of the project's activities and the organisation of the project team (around sectoral and specialist areas) indicates that it fits and contributes to SE's agenda as reflected within the agency's business and sector plans.**

## Review of rationale for intervention

- 2.24 Strategic fit is a *necessary* but not *sufficient* condition for publicly funded intervention. There also needs to be a sound *rationale* for applying public funds to a market intervention.
- 2.25 As previously noted, there is no explicit logic model for the intervention in the project documentation (the approach was not well established in SE at the time of this project's inception). However, the SE Executive Board Paper (September 2007) includes the following arguments for supporting the project:

*...The EIC service plays an important role in supporting SE's contribution to the work of the EC, supporting the activities undertaken by Scotland Europa.*

*...EIC services make an important contribution to the delivery of SE objectives under the Global Connections theme, in terms of increased involvement in global markets.*

*...[re IRC] Technology transfer is recognised as one of the drivers in meeting the Lisbon Agenda target of the EU becoming the most competitive and dynamic knowledge-based economy by the end of the decade.*

*...The IRC/FP technology trade and collaborative research services support SE's Growing Business and Global Connections agendas, by increasing business innovation and application of knowledge and increasing involvement in global markets.*

*...A key change in the new model is to internalise the IRC/FFP function within the enterprise networks, reflecting three key strategic changes:*

- o To ensure consistency between IRC and EIC delivery between HIE and SE areas, to ensure effective integration, both between the two services and with the mainstream business support (such as Account Management);*
- o To build up greater knowledge and expertise in this area within SE and HIE, given the importance of these issues as policy themes; and*
- o To ensure better connections for SE and HIE, through Scotland Europa, into the information and technology-transfer policy networks in the European Commission and across Europe.*

*In its roles both as co-ordinator and deliverer SE will develop 'know-how' and key relationships with staff in the EC's Enterprise and Industry Directorate and within key European business and innovation networks. The stock of SE within the EC and these networks will rise and SE will be even more clearly seen as a valued contributor to European thinking at policy, strategy and tactical levels.*

*...The conclusion is that there is a sufficiently-robust case for either programme, both in terms of the outputs realised and in terms of building SE's contribution to EC and European policies and networks.*

*...An evaluation of IRC Scotland 2000/04 shows resulting impacts to be almost fully additional and non-displacing with GVA estimated to be £2.1m at the point of the evaluation. It is expected that improved promotion and integrated delivery will see £6m GVA being achieved over the six years of EBIS Scotland.*

2.26 Our observations on this original articulated rationale are as follows:

- The rationale seems to be heavily driven by a wish for SE to contribute to the development and delivery of EU policy, strengthening SE's position with European policy-makers and networks. While these are appropriate intentions, they do not represent a sufficiently robust rationale for this intervention (as the issues being addressed are around Scottish SMEs' access to international opportunities, rather than about Scotland's influence in the EU).
- There are clear strategic links with SE's *Growing Business* and *Global Connections* themes, but there is no explicit discussion of what specific *market failures* the intervention is seeking to address, how much of a problem those market failures are, why publicly funded intervention is required, and how much of a difference intervention will make.
- The focus is very much on the European Union and intra-EU cooperation, with no consideration of non-EU markets (as noted later, in practice the network has developed beyond the EU, and many of the benefits have actually been through connecting with organisations in non-EU countries).
- The arguments about the need for better integration (between EIC and IRC, and with mainstream support) and for developing greater in-house know-how and contacts appear to be sound, in terms of the intervention *design*...but they do not in themselves represent a justification for intervention in the first place.

2.27 Looking forward, we consider that there *is* a case for continued intervention in this area. We suggest that this rationale:

- is concerned with addressing information-related market failures for Scotland's SMEs in accessing international opportunities (i.e. imperfect information, including language barriers, lack of skills/experience of managers and lack of international contacts)
- needs to take account of ongoing market and technology developments: in particular, why developments such as online translation tools, e-commerce, LinkedIn etc are helpful but not sufficient in enabling Scottish SMEs to access international opportunities
- needs to articulate why the EEN network represents a uniquely valuable asset (through its scale, scope and access to well-connected people 'on-the-ground'), and how it complements (and avoids competing with or duplicating) SDI's existing services and international networks

- should be about addressing *global* opportunities, not just those in the European Union – though clearly the EU is still a very important market for Scottish companies.

2.28 **In summary, we consider that there are significant shortfalls in the rationale for the project, as articulated in the current documentation. In particular, the justification for publicly funded intervention is not explicit and the relevant market failures are not assessed. We consider that there is a case for continued intervention in this area, as explained above, and that the EEN represents a potentially very valuable asset, but we suggest that a refreshed assessment of the rationale for the EES project in the light of market developments would identify more explicitly the justification for publicly funded intervention.**

## Project objectives

2.29 Turning to the objectives set for the project, the original SE Executive Board Paper (2007) stated that *“It is expected that improved promotion and integrated delivery will see £6m GVA being achieved over the six years of EBIS Scotland”*. It also set out four ‘project outcomes’:

- Organisations supported to participate internationally, 3,100
- New collaborative ventures, 85
- Patents licensed to, or acquired by, businesses, 25
- New products/services launched and processes implemented, 10.

2.30 Following the initial approval, the project was further developed in liaison with the European Commission, and 12 targets were set for 2008-2010 (note that we assess the project’s achievement versus these later in the report):

- Number of local events organised, 72
- Number of participants in local or regional events, 1,360
- Number of clients reached through electronic media, 1,490
- Number of clients in feedback related actions, 20
- Number of enquiries from SMEs answered, 3,500
- Number of clients receiving brokerage services, 180
- Number of partnership proposals produced, 120
- Number of expressions of interest received, 405
- Number of expressions of interest made, 405
- Number of partnership agreements, 29
- Number of brokerage and missions events participated in, 12
- Number of contributions to Working Groups or Steering & Advisory Group (SAG), 7

2.31 Subsequently, 27 targets were set for the 2011-12 period:

- Number of individuals reached by Network promotion, 50,000
- Number of participants in local or regional events, 500
- Number of clients in feedback related actions, 10
- Number of enquiries from SMEs answered, 1,680
- Number for enquiries from the Network answered, 150
- Number of enquiries from SMEs answered via local actors, 750
- Number of first company meetings, 150
- Number of clients receiving international and innovation support, 150
- Number of clients receiving IPR services, 10
- Number of clients receiving technology audits or business reviews, 40
- Number of clients receiving support to finance their projects, 20
- Number of clients receiving other services related to internationalisation and innovation, 80
- Number of clients in brokerage events and missions, 163
- Number of meetings at brokerage events and missions, 489
- Number of Partnership Proposals produced, 108
- Number of expressions of interest received, 162
- Number of expressions of interest made, 150
- Number of active contributions to Network activities, 50
- Number of active contributions to Consortia activities, 30
- Number of Partnership Agreements, 36
- Number of Business agreements, 6
- Number of technology transfer agreements, 20
- Number of FP7 proposals, 10
- Number of success stories produced, 15
- Number of success stories with Network partners, 10
- Number of intra-consortia client assists, 5
- Contributions to good practices, 2.

- 2.32 Considering these objectives, we note that:
- The original net GVA expectation for the project over six years seems rather modest, compared to the total public funds (SE and EC) invested: c. £6 million in net GVA impact for c. £4 million in public funds, giving a Benefit Cost Ratio of 1.5:1.
  - Subsequent to the original SE Executive Board Paper, the project documentation appears to have lost sight of this original intended net GVA impact.
  - The targets set for the service were numerous, and overly focused on activities rather than outcomes. It is difficult to assess whether the targets were 'right', as there is no explicit link from the intended outputs to the net impact which the project is attempting to achieve.
  - As a project jointly funded by the EU, the objectives were driven by the EC, with similar objectives across the various networks. SE's discretion in setting objectives was therefore largely constrained by the EC's requirements.
- 2.33 We understand, however, that the project team is influencing the development of future EEN objectives, through its involvement in the Steering and Advisory Group and the Performance & Impact Working Group. We would suggest that future targets for the EES should distinguish between intended net impacts, intended outcomes, and intended outputs, with the latter focused on just a few, demanding, measures, which are closely linked to the desired outcomes and impacts.
- 2.34 **In summary, we consider that the targets set for the project are overly concerned with activities, and insufficiently focused on intended outcomes and net impacts. We suggest that the proposed review of the intervention's rationale should then lead into the development of an explicit logic model for this intervention, which should shape the future targets set for the project.**

### Towards a revised logic model

- 2.35 In the light of our review of documentation and discussions with stakeholders and beneficiaries, we propose some initial steps towards a revised logic model for intervention in this area, in Figure 2-3 below. This sets the context firmly in terms of a need for Scottish SMEs to access *global* opportunities, rather than just opportunities in the European Union, acknowledges ongoing developments in how SMEs access information, and sets out a more explicit market failure-based rationale for publicly-funded intervention. It proposes setting more explicit intended impacts around international exports<sup>23</sup> and net GVA (actual over the period, and projected), in order to ensure that the project's activities and intended outputs are more clearly focused on genuinely making a material economic difference to Scotland.
- 2.36 Although we have not put numbers to these intended net impacts (nor on the scale of funding), we would suggest that these need to be set in the context of Scottish SMEs already

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<sup>23</sup> Arguably this logic model is too focused on innovation-driven exports, and not sufficiently focused on wider innovation in international trade – bearing in mind the potential for Scottish SMEs to use the EEN to help source parts of their R&D and/or production from other countries, and for companies from other countries to use EEN as a means of finding UK-based distributors for their products and services. This would be a debate worth having, in order to ensure that the reasons for Scottish funding for the intervention are explicit and well-understood.

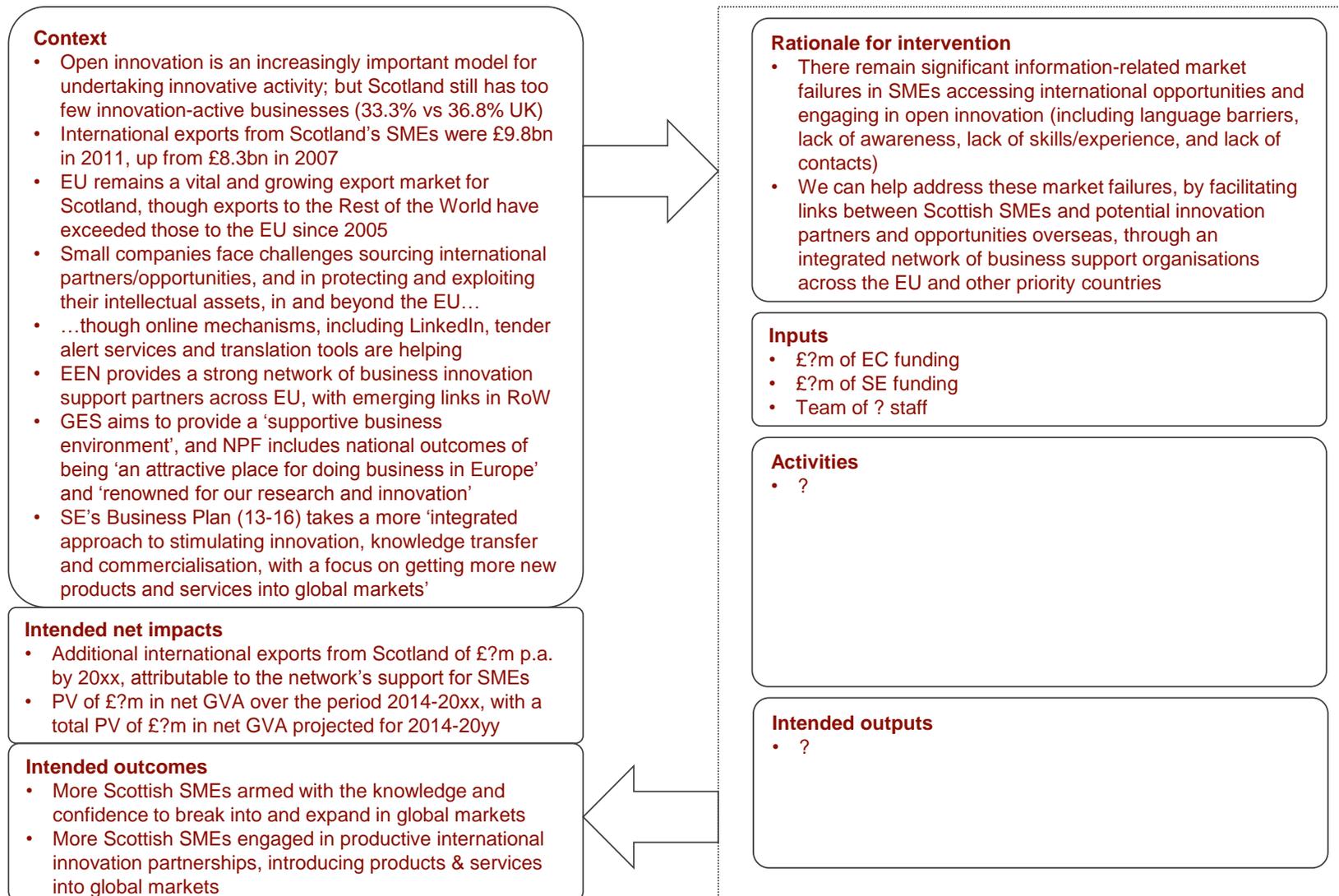
contributing £9.8 billion p.a. in international exports, according to the Global Connections 2011 survey (up by £1.5 billion since 2007). The previous intended impact for EES of £6 million in cumulative net GVA over the period January 2008 to March 2014 (for a total investment of c. £4 million) looks somewhat unambitious in this light<sup>24</sup>, if the EEN network is genuinely considered to be a key tool in helping Scottish SMEs access international opportunities. An alternative, or possibly complementary, intended impact could be framed around an increase in the proportion of Scottish SMEs which are innovation-active (which was 33.3% in Scotland in the latest UK Innovation Survey, versus 36.8% for the UK as a whole).

- 2.37 Similarly, we have not filled in the activities and intended outputs parts of the logic model: this would be straying into the design of a future intervention, which is beyond the scope of our assignment. We suggest that these should be driven by the intended net impacts, once agreed: i.e. designing the nature and scale of the project's activities and outputs to match the net impacts which they are intended to achieve. Given our comments above re previous targets being too numerous, and overly focused on activities, we would advocate a relatively small (but demanding) set of intended outputs which are more clearly linked with the intended outcomes and intended net impacts – although we appreciate that Scotland is one of many consortia participating in EEN, and that the network-wide targets are dictated by the EC.

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<sup>24</sup> Recent SE Business Plans have made reference to an expected overall return to the economy of between £6 and £8 for each £1 of investment made.

Figure 2-3: Towards a revised logic model



Source: SQW

## 3. Assessment of inputs and activities

- 3.1 In this section we assess the inputs and activities relating to the implementation and operation of the project. We also review the management and delivery of the project and assess the usage, quality and demand of the project services.

### Inputs

- 3.2 In relation to this project, inputs refer to the resources relating to finance, people/time that are committed to the implementation and operation of the project. The main inputs are set out and assessed below.

### Finance

- 3.3 The total cost of the project over the five year period January 2008 to December 2012 was £3.83 million (excluding VAT). We understand from SE the costs reported in Table 3-1 are to be interpreted as both the approved and spend figures.

**Table 3-1: EES SE financial statement (2008-2012)**

<b>Expenditure (£)</b>	<b>01.01.2008 to 30.06.2009</b>	<b>01.07.2009 to 31.12.2010</b>	<b>01.01.2011 to 31.12.2012</b>	<b>Total</b>
EC contribution	342,638	511,896	1,058,019	1,912,553
SE contribution	468,723	744,599	705,346	1,918,668
<b>Total costs</b>	<b>811,360</b>	<b>1,256,495</b>	<b>1,763,366</b>	<b>3,831,222</b>

*Source: SE.*

- 3.4 Table 3-2 presents a breakdown of the total costs for the project<sup>25</sup> by the main types of expenditure. The majority of the expenditure relates to personnel costs, at £2.35 million, representing just under two-thirds of the total expenditure. The next highest spend relates to sub-contracting<sup>26</sup>.

**Table 3-2: EES SE financial statement – breakdown (2008-2012)**

<b>Expenditure (£)</b>	<b>01.01.2008 to 30.06.2009</b>	<b>01.07.2009 to 31.12.2010</b>	<b>01.01.2011 to 31.12.2012</b>	<b>Total</b>
Personnel costs	525,678	740,829	1,086,088	<b>2,352,595</b>
Travel and subsistence	69,382	70,161	96,660	<b>236,204</b>
Sub-contracting	160,732	222,156	253,342	<b>636,231</b>

<sup>25</sup> Note that these do not include the costs of any other SE support products/services also provided to beneficiaries. Information from SE highlights that this totals £6.45 million over the financial years 2008/9 to 2011/12 for the population of companies with signed Partnership Agreement that are/have been Account Managed.

<sup>26</sup> Sub-contracting costs relate to: cost of events, cost of communication and promotion, and other in-house costs.

Expenditure (£)	01.01.2008 to 30.06.2009	01.07.2009 to 31.12.2010	01.01.2011 to 31.12.2012	Total
Other specific costs (related to audit)	3,000	1,100	1,449	5,549
Indirect costs	52,568	222,249	325,826	600,643
<b>Total</b>	<b>£811,360</b>	<b>£1,256,495</b>	<b>£1,763,366</b>	<b>3,831,222</b>

Source: SE

3.5 **In our assessment, the project costs have been well managed over the duration of the project, and spent on activities appropriate to the project's objectives.**

### Resourcing

3.6 The project is managed and delivered by a dedicated team hosted within SE. Specifically, the team sits within SE's Innovation & Commercialisation Directorate, allowing it to work closely with SE in supporting businesses. The project team consists of 18 staff:

- 1 Head of EES
- 1 EES Coordinator
- 1 for EU Collaborative R&D Funding
- 1 Enterprise Europe Network Scotland Senior Administrator & Project Support
- 5 for Technology and Knowledge Transfer
- 4 for European Business Information, Commercial Business Opportunities and EU finance
- 5 Intellectual Asset Specialists<sup>27</sup>.

3.7 The project team also covers a variety of sectorial specialisms:

- offshore energy/engineering and renewables
- sustainable construction
- life sciences
- chemicals, materials & textiles
- ICT
- creative industries.

3.8 The team assists in delivering support relating to building commercial, technical and research partners through brokerage and networking events, European market

<sup>27</sup> Note that the Intellectual Asset Specialists have only been in place since 1<sup>st</sup> April 2012.

information/intelligence provision, innovation & R&D support, and other business development support services.

- 3.9 Aside from SE, other key stakeholders involved in the project include:
- Counterparts in other EEN member countries (UK and Europe)
  - European Commission
  - Highlands & Islands Enterprise
  - Highland Opportunity Ltd.
- 3.10 The project team is represented on key stakeholder groups at European level, including the EEN Steering and Advisory Group, the P&I Working Group, and sector groups. We understand that the project is also represented on the Scottish EU Innovation Research Steering Group (through Head of the EES project), which develops strategy and actions on how Scotland can best maximise the opportunities from Horizon 2020.
- 3.11 Most stakeholder consultees thought the **quality** and **effectiveness** of project delivery was high. The minority who were privy to the project's **management** and governance thought that these were effective. The project team and in particular the project's leadership is viewed highly and very pro-active. In terms of delivery, the project is viewed as an "active player not a spectator".
- 3.12 The overall perception among our consultees of the project in terms of management and delivery, including **communication** and **governance**, is that it has done well to date. Some specific comments by those consultees offering a view on management and delivery are as follows: the project and team members appear to be "pro-active, enthusiastic and on the ball"; project management has been "effective – very knowledgeable staff"; the overall communication from the project is "good"; there is "effective project management which uses the wider EEN CRM system"; there are "effective governance arrangements".
- 3.13 In terms of resourcing, the project appears to have appropriate structures in place. Although there were some suggestions that the project team is under-resourced (and, as we see later, some SMEs commented that follow-up support is light-touch), the feedback from our stakeholder consultees suggests that the project's leadership and team are proactive and high quality.

### **Monitoring systems and processes**

- 3.14 The Executive Agency for Competitiveness and Innovation (EACI) is in charge of running the EEN on behalf of the European Commission, and is responsible for quality control and financial and technical monitoring. EACI has developed a 'Performance Evaluation System' (PES) database into which the project team enters target and actual achievements according to the Work Programmes. The (many) Data Items the team reports against are common to all EEN consortia across Europe.
- 3.15 Additionally, SE has submitted Technical Implementation Reports to the EC, summarising achievements over the various periods of the project, and the project team conducts an annual Client Satisfaction and Benefits Survey which is common across the EEN consortia.

- 3.16 The project team holds monthly meetings to review progress against all key targets (including individual targets, see Section 4), in order to "recalibrate where necessary and review resource requirements/bottlenecks".
- 3.17 In terms of SE monitoring and reporting, the team feeds progress against activity into SE's own tracking systems (for Account Managed and non-Account Managed companies). This includes inputting data for all clients which received value added support from the project (mainly relating to partnership brokering services, FP7, Intellectual Assets advice and workshops). The SE CRM is also used to track the number of 'Innovation Assists' the team has provided to firms.
- 3.18 The team also supports SDI by feeding into their targets, and provide SDI with a monthly report which is subsequently recorded by SDI on SE's CRM
- 3.19 **The project's monitoring systems and processes appear to be extensive. Client activity is captured for both the SE and EC, with progress against performance measures tracked for reporting purposes. This is backed by our stakeholder consultees who perceive the monitoring systems, processes and reporting to be well developed.**
- 3.20 **However, in line with our previous comments re the current targets being too numerous and overly concerned with activities rather than outcomes, we would suggest that the project would benefit from the regular performance reports to the EC being rationalised to focus on fewer output measures, which are most closely aligned with the project's intended outcomes and impacts. We do, however, appreciate that Scotland is one of many consortia participating in EEN, and that the network-wide targets are dictated by the EC.**

## Activities

- 3.21 In this case, activities relate to the support and services provided by the project team, partners and stakeholders associated directly with the project.

## Services

- 3.22 The project's services are wide ranging, with 11 overarching activity streams delivered through the project<sup>28</sup>. These include:
- Activity 1: Promotion of the Network
  - Activity 2: Organisation of local and regional events
  - Activity 3: Consultation of EU businesses to obtain feedback
  - Activity 4: Answers to enquiries from SMEs and Network partners
  - Activity 5: Meeting with companies
  - Activity 6: Provision of internationalisation and innovation support

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<sup>28</sup> EES: Technical Implementation Report, 24 Month Activity Period (01/01/2011 – 31/12/2012) Narrative Report.

- Activity 7: Organisation of brokerage events and company missions
  - Activity 8: Provision of tailored alerting services
  - Activity 9: Generation of partnership proposals
  - Activity 10: Participation in Network and consortia activities
  - Activity 11: Project management.
- 3.23 Within each of the above activities there are a number of sub-activities which are monitored and against which progress is measured.
- 3.24 Feedback from our stakeholder consultees suggests that project services are marketed to potential clients through a range of channels: SE Account Managers, SDI staff, partners (e.g. Interface), social media, and the project website. However a majority of consultees think that awareness of the project among clients and among SE/SDI staff could be further improved, whilst recognising that this is subject to resource constraints.
- 3.25 There were mixed views on the degree to which the project succeeded in receiving enquiries and referrals through: SE Account Managers and other parts of SE and SDI; EEN member countries and in other parts of UK; and other organisations (e.g. TSB). Overall, the perception is that project is relatively “busy” and “good” at receiving enquiries and referrals. In the view of one consultee, the project is considered to be “fairly well plugged in” to the wider provision of public sector business development support.
- 3.26 Consultees outside of Scotland (particularly in EEN member countries) rate the project very highly in terms of ‘thought leadership’, and in generating new ideas. Overall, the services associated with the project were viewed among other network members as “exemplar/best practice”.

### **Usage and quality of project services**

- 3.27 We interviewed 19 business clients of the project with Partnership Agreements to ascertain their views and experiences on the project services used.
- 3.28 In terms of their principal *reasons* for engaging with the project, about one-third of respondents were looking to access technical expertise which they could not find elsewhere in the UK. This included expertise relating to print manufacturers, textiles for insulation, cell preservation and academics with water treatment expertise.
- 3.29 The next most common motivation related to growing their business by expanding into new markets (and they viewed the project as the mechanism through which to gain stronger export focus). Table 3-3 sets out the principal reasons for engaging with EES.

**Table 3-3: EES project engagement**

<b>Reason</b>	<b>No. of responses</b>
To access specific technical expertise not available in the UK	7
To expand beyond the UK and have a stronger export focus	5
Guidance on European funding calls or proposals	3

Reason	No. of responses
To find opportunities for finance to take ideas forward to market	2
Have more general awareness of wider opportunities	1
Approached by EES for technology call <sup>29</sup>	1

*Source: SQW survey of EES project beneficiaries (telephone and face-to-face)*

- 3.30 The most commonly used project services related to partnering (technical, research and commercial); brokerage and networking events; and market information (Table 3-4).

**Table 3-4: EES services used**

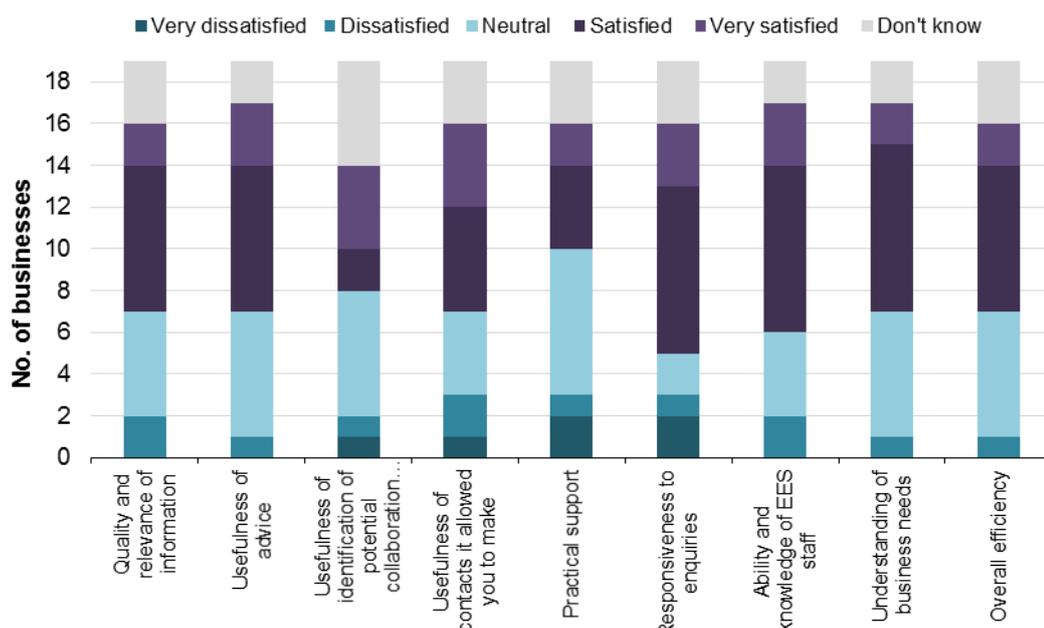
Service	No. of responses (multiple responses allowed)
Sourcing technical partners (e.g. knowledge/technology transfer, new products/processes development, commercialisation, licensing)	8
Brokerage and networking events	8
Finding collaborative research partners	7
Market information (e.g. country profiles, trade statistics)	7
Sourcing commercial partners (e.g. manufacturing, distribution agreements, joint ventures, sub-contracting)	6
Information on potential partners in Europe	6
Advice on applying for European R&D funding (R&D, FP7 etc.)	4
Information on policy relating to Europe	3
Information on legislation and taxation in Europe	2
Information on calls for R&D funding	1
Missions	0

*Source: SQW survey of EES project beneficiaries (telephone and face-to-face) – multiple responses allowed*

- 3.31 The interviewed businesses were generally satisfied with the quality of services they received from project (Figure 3-1). In particular, ‘responsiveness to enquiries’, ‘ability and knowledge of EES staff’, ‘understanding of business needs’, and ‘quality and relevance of information’ were positively acknowledged. The number of business reporting dissatisfaction with the project services used was low.

<sup>29</sup> Respondent was approached by EES to participate in European funding technology call.

Figure 3-1: Rating of the quality of services received from EES project



Source: SQW survey of EES project beneficiaries

### Suggestions for improving services

3.32 The following are suggestions from the interviewed EES project beneficiaries about changes or improvements they would like to see made to the EES project. We would emphasise here that as these are suggestions from the interviewed businesses, rather than our own recommendations.

3.33 In terms of how existing services could be improved, businesses made the following *specific* suggestions:

- hold formal sessions between clients and project staff to undertake something like a business 'MOT'
- provide travel assistance/expenses for small start-ups to allow them to meet-up with potential collaborators
- provide more networking events that bring together similar groups of businesses
- provide access to a mentor with sector specific expertise that business clients could utilise.

3.34 In addition to the specific suggestions above, the interviewed businesses made some *general* suggestions for improving project services as follows:

- **The project needs to be clearer about its stated purpose, remit and the services it offers.** Many of the interviewed businesses were not aware of all the services offered by the project and a significant minority were not clear as to what EES's role actually was. As one business consultee put it "*are they just an introductory service or are they supposed to provide practical support?*"

- **The links between the project, SE and SDI need to be improved and made clearer.** Businesses felt that it wasn't clear which organisation should be approached first for advice. Also, a sizeable minority expressed some confusion as to why the project was not part of the SDI offer, and indicated that a more integrated and linked-up approach with SDI would be welcome – *“there needs to be less of a silo approach”*.
- **Assistance from the point of contact at the EES project team could be deepened** – there should be more of a direct service rather than continuous signposting to others - *“EES should provide more of a service rather than just putting people in touch to develop bids”*.
- **Provide follow-on support to firms** – after the initial engagement of the firm with the project, there can be a time-lag to the next direct contact with project team (and in a minority of cases not directly hear from project team again) - *“EES needs to have continuous people that build relationships”*

## 4. Assessment of outputs

- 4.1 In this section we make an assessment of the gross outputs of the project. Gross outputs are the direct effects of the project that can be quantified and monitored – factors which are in the direct control of the delivery organisation.

### Gross outputs – performance against targets

- 4.2 We reviewed the information/data supplied by SE relating to the reporting of gross outputs and compared the performance against targets set by the funders. Progress against gross outputs is presented below in Table 4-1 for the period 2008-2010, and Table 4-2 for the period 2011-12.

**Table 4-1: Project targets for gross outputs, 2008-2010**

<b>Targets 2008-2010</b>	<b>Target</b>	<b>Actual achieved</b>	<b>% of target achieved</b>
Number of local events organised	72	67	93%
Number of participants in local or regional events	1,360	2,603	191%
Number of clients reached through electronic media	1,490	1375	92%
Number of clients in feedback related actions	20	32	160%
Number of enquiries from SMEs answered	3,500	3,555	102%
<i>Number of first company meetings</i>	<i>N/A</i>	331	-
Number of clients receiving brokerage services	180	447	248%
<i>Number of clients in brokerage events and missions</i>	<i>N/A</i>	300	-
<i>Number of meetings at brokerage events and missions</i>	<i>N/A</i>	396	-
Number of partnership proposals produced	120	340	283%
Number of expressions of interest received	405	559	138%
Number of expressions of interest made	405	431	106%
Number of partnership agreements	29	36	124%
<i>Number of brokerage and missions events co-organised</i>	<i>N/A</i>	8	-
Number of brokerage and missions events participated in	12	17	142%
<i>Number of contributions to Sector Groups</i>	<i>N/A</i>	22	-
Number of contributions to Working Groups or SAG (Steering & Advisory Group)	7	34	486%
<i>Number of contributions to good practices</i>	<i>N/A</i>	8	-

*Source: SE. Note: outputs in italics were recorded but did not have targets and not required to be reported in PES database.*

**Table 4-2: Project targets for gross outputs, 2011-12**

<b>Targets 2011-2012</b>	<b>Target</b>	<b>Actual achieved</b>	<b>% of target achieved</b>
Number of individuals reached by Network promotion	50,000	75,051	150%
Number of participants in local or regional events	500	586	117%
Number of clients in feedback related actions	10	3	30%
Number of enquiries from SMEs answered	1,680	1,337	80%
Number for enquiries from the Network answered (outside Scotland Network Members)	150	101	67%
Number of enquiries from SMEs answered via local actors (e.g. SDI, Interface and other local organisations)	750	174	23%
Number of first company meetings	150	253	169%
Number of clients receiving international and innovation support , of which:	150	464	309%
- Number of clients receiving IPR services	10	275	2750%
- Number of clients receiving technology audits or business reviews	40	61	153%
- Number of clients receiving support to finance their projects	20	37	185%
- Number of clients receiving other services related to internationalisation and innovation	80	91	114%
Number of clients in brokerage events and missions	163	558	342%
Number of transnational meetings at brokerage events and missions	489	326	67%
Number of Partnership Proposals produced	108	181	168%
Number of expressions of interest received	162	439	271%
Number of expressions of interest made	150	659	439%
Number of active contributions to Network activities	50	100	200%
Number of active contributions to Consortia activities	30	84	280%
Total number of Partnership Agreements, of which:	36	50	139%
- Number of Business partnership agreements	6	11	183%
- Number of technology transfer partnership agreements	20	29	145%

Targets 2011-2012	Target	Actual achieved	% of target achieved
- Number of Research partnership agreements proposals	10	10	100%
Number of success stories produced of which:	15	17	113%
- Number of success stories with Network partners	10	17	170%
- Number of intra-consortia client assists	5	4	80%
- Contributions to good practices	2	2	100%

Source: SE

- 4.3 As previously noted, it is difficult to ascertain whether each of the targets set was 'right', given the lack of explicit links to the intended net impacts.
- 4.4 However, the results above indicate that the project comfortably exceeded the large majority of its targeted output measures (10 out of 12 targets in 2008-2010, and 21 out of 27 targets in 2011-12), and made strong progress against others.
- 4.5 Focusing on what would appear to be the most important measures for the 2011-12 period, it is clearly very positive that the project significantly exceeded its targets in key areas of the 'funnel' (from broadly-based light-touch support through to more selective, more intensive support). In particular, targets were exceeded for:
- the number of clients receiving international and innovation support (464 actual versus 150 target)
  - the number of Partnership Proposals produced (181 actual vs 108 target)
  - the total number of Partnership Agreements (50 vs 36).
- 4.6 One important measure against which the project did not hit its target in 2011-12 was the number of enquiries from SMEs answered (1,337 actual versus 1,680 target). However, the Technical Implementation Report explains that this was due to introducing a more effective route of handling enquiries, with online self-help tools freeing up time to answer more complex enquiries needing more specialist research support.
- 4.7 **Overall, the project's achievements versus its intended outputs appear to be very positive, and the project team should be congratulated for the hard work involved in delivering this.**

## 5. Assessment of outcomes, impacts and value for money

- 5.1 In this section we assess the project's outcomes and impacts, and the overall value for money.

### Outcomes

#### *Findings from stakeholder consultations*

- 5.2 The majority of consultees (particularly consultees outside of Scotland) found it difficult to give evidence of outcomes for project beneficiaries. However, a minority pointed to: improved partnership working among SMEs; change in business strategy for SMEs; greater opportunities for SMEs to exploit technologies and enter markets; and SMEs working towards potential positive outcomes. For some consultees it was too early for supported businesses to generate and report on outcomes. It was thought perhaps more challenging for businesses to comment on hard outcomes from receiving network type support, partly because it can take a significant period of time for outcomes to materialise.
- 5.3 Many of the consultees recognised that supported business may be at the intermediate outcome stage. Consultees were aware of potential partnerships in the pipeline in different countries; connections were being made and business were progressing these further (which may result in eventual economic and financial benefit). Although some businesses may not have been able to close deals yet, they had explored overseas markets to develop and sell their innovative products. This was considered important as it improved learning and awareness among businesses, as well as making them more open to opportunities available to them across Europe.
- 5.4 Overall, there was a view that the project acts as a catalyst for progressing a firm's development with respect to networking and making connections, which may eventually lead to further tangible outcomes.
- 5.5 In terms of the extent to which any outcomes would have been achieved anyway, the majority of stakeholders that it would have "taken longer and not be of the same quality", it would be "more difficult" and "not have been achieved at all". Overall, the project is considered to be an added value offer, by the stakeholders we consulted.

#### *Findings from the beneficiary survey*

- 5.6 The business interviews provided more detail on how the project impacted on beneficiaries. We present two examples below of businesses that have experienced positive tangible outcomes as a result of the EES project's business partnering services.



Ceimig is a small but experienced team of catalytic chemists, chemical engineers and a Scientist based in Dundee. The company was founded in 2005 to commercialise precious metal products and research concepts, and currently employs six people. Ceimig focuses on the development and manufacture of catalytic materials and compounds of precious metals for customers in a wide variety of industrial applications, from their facility in Dundee. They specialise in:

- catalytic compounds for gas sensors, bio-sensors and PEM hydrogen fuel cells
- non particulate precious metal inks for medical and printed electronics applications
- manufacture and supply of a range of high quality catalytic material products for sensor applications.
- custom compound synthesis services - development of customer specific catalysts and precious metal compounds
- research and development of new technologies such as precious metal non-particulate inks and catalysts for applications in the sensor industries.

Ceimig first approached EES for three reasons: to find opportunities in Europe for collaboration, to raise their profile among potential European partners, and to try fill market information gaps they had around catalytic compounds for sensors. Ceimig hoped their engagement with EES would lead to increased revenue and ultimately growth for the company.

Initially, Ceimig produced a profile for the EEN website, with the help of the EES staff. From this profile they received an enquiry from a laboratory in China and this laboratory is now testing Ceimig's catalytic compounds for catalyst diesel engines. The testing has been ongoing for eight months and if the final results are positive they would hope to license the compound to the China based research team in the future. This testing also provides Ceimig with valuable data to use for other commercial purposes.

Through the EES project, Ceimig was also involved in a research collaboration bid for €10 million with other companies from Germany, France and Italy. The research proposal bid went to peer review and missed out by a narrow margin. Although they did not secure funding, they found the process a useful learning experience as they learnt more about putting bids together, reporting requirements, and they hope to put another proposal together when the next funding call is announced.

While Ceimig have not realised all the benefits they sought from engaging with the EES project, they are very satisfied with their experienced with EES, so far. The China collaboration has had a small positive impact on revenue but they hope this impact can be increased in the future, depending on the testing results. Similarly, while their research bid resulted in no monetary benefit, it did prove a useful learning experience. Ceimig found that the EES project was very beneficial for small companies, as it allowed access to funding opportunities and other support agencies that would not be possible without EES providing openings.



Scotmas is a leading designer and manufacturer of chlorine dioxide products and water treatment dosing systems. It manufactures a wide range of innovative and effective products for water treatment, hygiene and environmental care. Scotmas was the first company to produce simpler, easy to use chlorine dioxide products and systems, opening up new markets in the food industry, building services and healthcare. The company has over 25 years' experience in the market, and is actively involved in developing microbial biotechnology, insect repellents, insecticidal textiles and consumer product ingredients.

Scotmas is based in the Scottish Borders and has offices in Portugal, India and Chile. The firm employs approximately 30 FTE staff. The firm first engaged with the EES project in 2009 following a recommendation from their Scottish Enterprise Account Manager. This recommendation was made in response to an unfilled call that Scotmas had issued through Interface to find academics in Scotland with water treatment technology skills. By using the EES project Scotmas felt they could expand their search for an academic outwith Scotland.

In 2009 Scotmas posted a call for academics with expertise around water treatments through the EES website, which resulted in three responses. From these responses, Scotmas went with a research institution in Turkey (Ege University Science and Technology Centre) as the Institution's expertise was best aligned with the requirements of Scotmas.

This initial exchange has now resulted into five commercial and technical agreements and Scotmas having a manufacturing facility in Turkey, which employs two people. Scotmas found the dual aspect of the Enterprise Europe Network support really beneficial, as the Turkish side of the Enterprise European Network provided translation services, market information and other administrative support.

Scotmas was pleased with the quality of service they received from EES particularly in terms of the practical assistance to make contact with other researchers in Europe. The interviewee thought that turnover would have been lower in recent years without the Turkish collaboration, which resulted from the initial EES support.

- 5.7 While the Ceimig and Scotmas cases provide encouraging evidence of positive impacts, the overall picture was more mixed. Across our sample, four of the 19 businesses interviewed reported that they had not experienced any benefit as a result of using the project – which was somewhat surprising as the interviewed sample was drawn from a list of businesses which had signed Partnership Agreement letters.
- 5.8 For the remaining 15, these benefits were typically of a ‘softer’ nature and had not always led to tangible impacts yet on their business. The most common benefits reported were increased overseas market exposure, improved overseas market information, and access to new networks (Table 5-1).

**Table 5-1: Benefits experienced as a result of the support received from EES**

<b>Benefit</b>	<b>No. of responses (Multiple responses allowed)</b>
Increased overseas market exposure	8
Improved access to overseas market information	7
Accessed new networks	5
Accessed partner opportunities	4
Increased knowledge, learning and skills of staff	4
Developed a new business model for international operations	3
Accessed new markets	3
Created a global outlook amongst senior managers	3
Improved long-term planning and competitiveness	3
Became more willing to develop or modify products for international markets	2
Changed your business strategy	2
Created linkages in to new supply chains	2
Exploited R&D and technology on a global level	1
Changed the way you perceive risk	1
Increased access to technology solutions	0
Enabled international acquisitions and/ or disposals	0
Improved business processes and systems	0
Increased income from intellectual property (licensing, joint ventures) <sup>30</sup>	0
Increased goods/service innovation	0
Increased process innovation	0
Attracted investment (inward or otherwise)	0
None	4

Source: SQW survey of EES project beneficiaries

<sup>30</sup> Note that the Intellectual Assets team only joined EES in April 2012

- 5.9 There were mixed views on the benefits experienced as a result of the market information services offered by the project. Some respondents found this service useful for identifying key players in overseas markets and for learning about different regulatory regimes. However, others found the information available to be non-specific and more of an ‘information dump’.
- 5.10 Four businesses received advice on preparing bids for European funding. However, these did not convert into successful bids. Two of the businesses reported that they found the advice they received from EES in bids rather generic and vague, and were signposted to other contact points outside EES. One of the other businesses that received advice on European funding bids found the experience useful and narrowly missed out on funding; this business intends to put in another proposal in the next funding call. The remaining business of the four had no strong opinion on the support for preparing bids.
- 5.11 Similarly there were mixed views on benefits related to the networking events. The majority of respondents found these events useful, but a minority found they duplicated other networking events held by Scottish Enterprise or the Scottish Life Sciences Association (SLSA). Although we note that the Life Science Brokerage event was held in partnership with SLSA.
- 5.12 All the interviewed businesses had used some form of business partnering services offered through the project, but the majority of businesses reported that little tangible impact had yet been realised as a result of the partnering services support.
- 5.13 Some businesses had signed up for alerts but few suitable opportunities appeared, while others had created their own profiles but again nothing appropriate was found to follow-up on. Two businesses reported that EES were not very proactive as they had not heard from the project team in person since their profile had gone live, with any subsequent contact being through generic EES email communications<sup>31</sup>.
- 5.14 Four businesses had pursued enquiries and had even met with potential collaboration partners but ultimately nothing came of these prospects.
- 5.15 Even though twelve of the interviewed businesses felt that nothing tangible had come from the partnering support they had received, they were still broadly positive about their experience with engaging with the project. Businesses believed that they now had a greater awareness of overseas opportunities and more knowledge on where to access information on overseas markets if needed in the future.
- 5.16 Seven of the interviewed businesses reported that the services offered through the project had had (or would in the future have) a positive impact on the turnover of their business.

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<sup>31</sup> Note that there had been personnel changes in a couple of respondent firms, and this may have meant that the interviewee had had less contact with EES than a former colleague, and may not have been aware of all interactions between their firm and the project.

## Impacts

5.17 We have estimated the net impact of the EES project over the period 2008 to 2017 based on the sample of companies interviewed<sup>32</sup>, in terms of:

- net Gross Value Added (GVA) impacts
- net employment impacts.

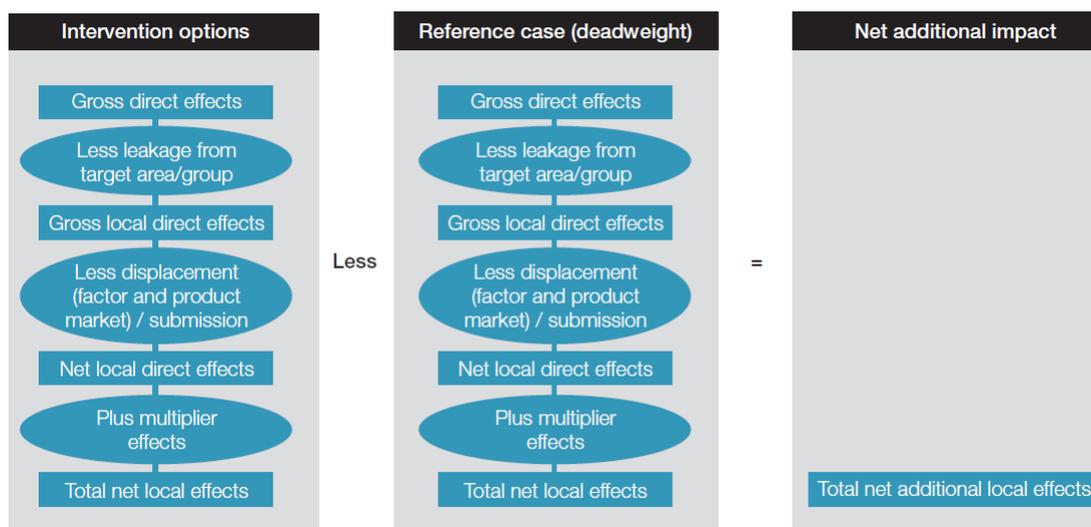
5.18 It should be recognised that estimates of impact are necessarily very uncertain for this intervention, as much of the impact will be in the future, especially given that a third of interviewed beneficiaries are currently at the pre-revenue stage.

5.19 Note that wider, less quantifiable, benefits are assessed in the previous sub-section on outcomes.

### Net GVA impacts

5.20 In estimating net impacts, we need to adjust for various additionality factors, as illustrated in the figure below.

**Figure 5-1: Adjusting for additionality**



Source: *Additionality Guide, English Partnerships, 2008*

5.21 In order to calculate the impacts, we have populated a version of SE's impact model template, which includes turnover, GVA, optimism bias assumptions, deadweight, leakage, displacement, substitution and multiplier effects on a per-respondent basis over the ten year period 2008 to 2017, using responses from our business questionnaire for the seven (out of 19) respondents who attributed some tangible impact to the EES project.

5.22 For these respondents, we have adjusted for additionality and optimism bias as follows:

<sup>32</sup> Note that given the small sample of companies willing to participate in this research, for reasons of robustness we have not grossed up to population-level impacts of the intervention. As the estimate is for the sample, rather than the population as a whole, we have not applied sensitivity tests.

- deadweight<sup>33</sup> (what would have happened anyway, without intervention) varied from year to year, depending on the timing and extent of the support and the persistence of its expected effects; estimates of the maximum impact of EES on actual or projected turnover ranged from 5% to 40% (i.e. deadweight of 95% to 60% in the relevant year<sup>34</sup>); impacts were typically realised within one to three years of the support being provided
- optimism bias assumptions of 0% to 80% were applied to the forward-looking projections, depending on our/SE's assessment, based on SE's approach of comparing to sector norms and considering the magnitude of forecasts relative to what businesses have achieved to date
- leakage (the extent to which the benefits of intervention will accrue outwith Scotland) ranged from 0% to 6%, depending on the proportion of the firm's employees based outwith Scotland<sup>35</sup>
- displacement (the extent to which impacts for the beneficiaries are at the expense of their competitors in Scotland) ranged from 0% to 20%, depending on the firm's view on the proportion of their key competitors based in Scotland
- substitution (the extent to which taking up this support prevented the firms undertaking other value adding activity) was 0%
- type 2 GVA multipliers (reflecting the increase in the impact due to indirect effects in the beneficiaries' supply chains and due to 'induced' effects from their employees spending wages in the economy) of 1.5 to 2.0 were applied, depending on each beneficiary's sector (informed by the latest Scottish Input-Output tables, for 2009).

5.23 The total cumulative net GVA impact is estimated to have been approximately £1.2 million to date (i.e. to the end of calendar year 2012), and the annual net impact is projected to peak at c. £0.9 million p.a. in 2013, and decline thereafter as shown in the table below (i.e. as time goes on, the additional impact that can be attributed to the support received to date will gradually reduce, after reaching a peak a few years after the support was received).

**Table 5-2: Net GVA impacts (undiscounted) attributable to EES support for the interviewed sample of beneficiaries (£k, 2012 prices)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net additional GVA impacts	33	32	329	346	494	872	550	298	364	431

Source: SQW impact model

5.24 The total cumulative net GVA impact over from the start of calendar year 2008 to the end of 2013 (i.e. approximately the current EES programme period) is estimated at **£2.1 million** in 2012 prices. Given the size of the sample generating this impact (19 respondents from a total

<sup>33</sup> Note that we have made no adjustments for potential future company takeover or failure, as per SE's guidance, given the small size of this sample. It is also understood that these upper and lower bounds are in line with evidence determined from other project-level evaluations undertaken by SE.

<sup>34</sup> Note that our approach includes impacts from 'timing additionality' (i.e. pulling forward turnover and GVA that would have otherwise happened later)

<sup>35</sup> i.e. we have used the geographic distribution of employment as a proxy for the geographic distribution of GVA in a firm

of 131 Partnership Agreements now recorded as being in place by the project, but with a much larger base of businesses reached overall), it would appear very likely that the project has, in total, exceeded the additional £6 million in GVA envisaged by the original SE Board Paper in 2007.

- 5.25 Discounting at 3.5%, and using 2008 as year zero, the Present Value of the net GVA impacts over the ten year period 2008 to 2017 is **£3.1 million** in 2012 prices, for our interviewed beneficiaries.

### **Net employment impact**

- 5.26 For the net employment impacts (for the five respondents who attributed some tangible employment impact to the EES project), we have adjusted for additionality and optimism bias as follows:

- deadweight<sup>36</sup> (what would have happened anyway, without intervention) varied from year to year, depending on the timing and extent of the support and the persistence of its expected effects; none of the respondents reported any employment impacts *so far*; however, the maximum impact of EES on *projected* employment ranged from 5% to 50% (i.e. deadweight of 95% to 50% in the relevant year)
- optimism bias assumptions of up to 60% were applied to the forward-looking employment impact projections
- leakage (the extent to which the benefits of intervention will accrue outwith Scotland) ranged from 0% to 6%, depending on the proportion of the firm's employees based outwith Scotland
- displacement (the extent to which impacts for the beneficiaries are at the expense of their competitors in Scotland) ranged from 0% to 20%, depending on the firm's view on the proportion of their key competitors based in Scotland
- substitution (the extent to which taking up this support prevented the firms undertaking other value adding activity) was 0%
- type 2 employment multipliers (reflecting the increase in the impact due to indirect effects in the beneficiaries' supply chains and due to 'induced' effects from their employees spending wages in the economy) of 1.5 to 1.9 were applied (informed by the latest Scottish Input-Output tables, for 2009).

- 5.27 As shown in the table below, we estimate that no net employment impacts for Scotland have been generated to date (2012) for our sample of beneficiaries, but that they will increase to about 6 FTEs over the next few years, on the basis of our survey responses. Although the maximum future employment impact appears to be rather low, we consider this to be realistic, given that respondents did not think there had been any employment impacts up to the end of 2012.

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<sup>36</sup> Note that we have made no adjustments for potential future company takeover or failure, as per SE's guidance, given the small size of this sample. It is also understood that these upper and lower bounds are in line with evidence determined from other project-level evaluations undertaken by SE.

**Table 5-3: Net employment impacts attributable to EES support for the interviewed sample of beneficiaries**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net additional employment impacts</b>	0.0	0.0	0.0	0.0	0.0	5.5	6.2	6.2	6.5	5.6

Source: SQW impact model

## Value for money

- 5.28 In terms of the overall value for money of the project, a significant minority of our stakeholder consultees considered this to be “moderate” to “relatively high” (the rest of the consultees felt they were not in a position to comment on this). All consultees, however, strongly agreed the project should be continued.
- 5.29 During our interviews with businesses, however, we were struck by the number of beneficiaries who could not *yet* point to any tangible impacts from the support received. There were, though, a few cases of the support being of very considerable value, and it was this relatively small number of businesses who generated the bulk of the impacts quantified above. This is not unusual for a business support intervention<sup>37</sup>, but it does raise the question as to whether anything more could be done to increase the proportion of beneficiaries realising tangible benefits – whether through more focused targeting of EES’s services, or through proactive offering of more in-depth support to those clients assessed to have the greatest potential net economic impact for Scotland.
- 5.30 The original expectation of generating an additional £6 million in GVA over the project period (January 2008 to March 2014) implied a rather low target Benefit Cost Ratio of about 1.5:1 if all public funding (SE and EC) was included<sup>38</sup>. As discussed above, the small sample of beneficiaries prepared to talk to us for this evaluation means that we have not been able to ‘gross up’ to an estimate of the project’s total net impact over the whole population of beneficiaries. But it appears very likely that the project has met or exceeded this original target for GVA impact (as discussed above), and therefore that this target Benefit Cost Ratio has been met or exceeded.
- 5.31 On balance, we consider that the EEN (including its links outwith the EU) is potentially a very valuable asset (as demonstrated by some of the beneficiaries we have consulted), but that there is scope for improving the extent to which this asset is exploited by Scottish SMEs, and hence improving the value for money of this intervention.

<sup>37</sup> SE’s evaluation of Account Managed activity in 2013 covering the period 2008/9 – 2011/12 identified that 10% of companies accounted for 60% of jobs and 53% of GVA impacts

<sup>38</sup> SE’s recent evaluation of Account Managed activity identified a return of 5.3:1

## 6. Conclusions and recommendations

### Summary of conclusions

#### **Policy fit, rationale and objectives**

- 6.1 The EES project supports Scottish SMEs that are developing innovative products/services and that wish to partner with other European businesses (and academics) to access European and other international markets, and it aims to create a network of businesses and partner organisations.
- 6.2 EES is closely aligned with key European agenda on innovation, SME support and competitiveness. There is also a clear strategic fit with the Supportive Business Environment aspects of the Government Economic Strategy and the National Performance Framework. The nature and focus of the project's activities and the organisation of the project team (around sectoral and specialist areas) indicates that it fits and contributes to SE's agenda as reflected within the agency's business and sector plans.
- 6.3 However, in our view, the articulated *rationale* for the project, based on available documentation supplied by SE, is no longer fully sufficient. In particular, the justification for publicly funded intervention is not explicit and the relevant market failures are not assessed – neither in the original SE business case nor in the EC's original call for proposals.
- 6.4 Looking forward, we consider that there *is* a case for continued intervention in this area. We suggest that this rationale:
- is concerned with addressing information-related market failures for Scotland's SMEs in accessing international opportunities and in engaging in open innovation (including language barriers, lack of skills/experience of managers and lack of international contacts)
  - needs to take account of ongoing market and technology developments: in particular, why developments such as online translation tools, e-commerce, LinkedIn etc are helpful but not sufficient in enabling Scottish SMEs to access international opportunities
  - needs to articulate why the EEN network represents a uniquely valuable asset (through its scale, scope and access to well-connected people 'on-the-ground'), and how it complements (and avoids competing with or duplicating) SDI's existing services and international networks
  - should be about Scottish businesses addressing *global* opportunities, not just those in the European Union – though clearly the EU is still a very important market for Scottish companies, and the EEN's strengths are mainly in EU countries at present.
- 6.5 We suggest that a refreshed assessment of the rationale for the EES project in the light of market developments would identify more explicitly the justification for publicly funded intervention. A key output from this re-assessment should be a logic model which demonstrates how the context for the intervention links through to the inputs, activities and

intended outputs, and through to intended outcomes and impacts. In our view the targets as presently set for the project are overly concerned with *activities*, and insufficiently focused on net *outcomes* and *impacts*.

### **Inputs, activities and outputs**

- 6.6 The total cost of the project over the five year period January 2008 to December 2012 was £3.83 million (excluding VAT) – including both European and SE funding. In our assessment, the project costs have been well managed over the duration of the project, and spent on activities appropriate to the project’s objectives.
- 6.7 The project’s services are marketed to potential clients through a range of channels: SE Account Managers, SDI staff, partners (e.g. Interface), social media, and the project website. However, our research suggests that awareness of the project among clients and among SE/SDI staff could be further improved.
- 6.8 In general, the interviewed businesses stated that they were satisfied with the quality of services they received from project. In particular, ‘responsiveness to enquiries’, ability and knowledge of EES staff’, ‘understanding of business needs’, and ‘quality and relevance of information’ were positively acknowledged. The number of business reporting dissatisfaction with the project services used was low.
- 6.9 The scale and reach of the EEN network were seen by businesses and stakeholders as major advantages for the service. Nonetheless, our respondents did identify significant scope for improvement. In particular:
- The project needs to be clearer about its stated purpose, remit and the services it offers. Many of the interviewed businesses were not aware of all the services offered by the project and a significant minority were not clear as to what EES’s role actually was. As one business consultee put it: “*are they just an introductory service or are they supposed to provide practical support?*”
  - The links between the project, SE and SDI need to be improved and made clearer. Businesses felt that it wasn’t clear which organisation should be approached first for advice. Also, a sizeable minority considered that the project duplicated support provided by SDI, and indicated that a more linked-up approach with SDI would be welcome.
  - Assistance from the point of contact at the EES project team needs to be deepened – some beneficiaries considered that it was simply about signposting to others.
  - When assistance is given to a firm, there should be a mutually agreed timetable for follow-up contact to ascertain whether further help may be required.
- 6.10 In terms of gross outputs, the data provided to us by SE indicates that the project comfortably exceeded the large majority of its targeted measures (10 out of 12 targets in 2008-2010, and 21 out of 27 targets in 2011-12), and that it made strong progress against others. Focusing on what would appear to be the most important measures for the 2011-12 period, it is clearly very positive that the project significantly exceeded its targets for:

- the number of clients receiving international and innovation support (464 actual versus 150 target)
- the number of Partnership Proposals produced (181 actual vs 108 target)
- the total number of Partnership Agreements (50 vs 36).

6.11 Overall, the project's achievements versus its intended outputs appear to be very positive, and the project team should be congratulated for the hard work involved in delivering this.

### **Outcomes and impacts**

6.12 Seven of the interviewed businesses reported that the services offered through the project had had (or would in the future have) a positive impact on the turnover of their business.

6.13 However, four of the 19 businesses interviewed reported that they had not experienced any benefit as a result of using the project - which was somewhat surprising as the interviewed sample was drawn from a list of businesses which had signed Partnership Agreement letters. From the remaining 15, the perceived benefits were typically of a 'softer' nature and had not always led yet to tangible impacts on their business. The most common benefits reported were increased overseas market exposure, improved overseas market information, and access to new networks.

6.14 Even though 12 of the interviewed businesses felt that nothing tangible had come from the partnering support received, they were still broadly positive about their experience with engaging with the project. Businesses believed that they now had a greater awareness of overseas opportunities and more knowledge on where to access information on overseas markets if needed in the future.

6.15 Our analysis of respondents' expected benefits attributed to the project suggests that the net employment impact of EES support for this sample of 19 firms, has been zero to date, but would rise to about 6 FTEs by 2017. The cumulative net GVA impact of EES support for this sample of 19 is estimated to have been approximately £1.2 million to date (i.e. to the end of 2012), and the annual net impact is projected to peak at c. £0.9 million p.a. in 2013 and decline thereafter (i.e. the additional impact that can be attributed to the support received to date will gradually reduce, after reaching a peak a few years after the support was received).

### **Value for money**

6.16 The original expectation of generating an additional £6 million in GVA over the project period (January 2008 to March 2014) implied a rather low target Benefit Cost Ratio of about 1.5:1 if all public funding (SE and EC) was included. The small sample of beneficiaries prepared to talk to us for this evaluation means that we have not been able to 'gross up' to an estimate of the project's total net impact over the whole population of beneficiaries. But it appears very likely that the project has met or exceeded this original target for GVA impact, and therefore that this target Benefit Cost Ratio has been met or exceeded.

6.17 On balance, we consider that the EEN (including its links outwith the EU) is potentially a very valuable asset (as demonstrated by the outcomes and impacts reported by some of the beneficiaries we have consulted), but that there is scope for improving the extent to which

this asset is exploited by Scottish SMEs, and hence improving the value for money of this intervention.

## Recommendations

6.18 In the light of our study findings, we offer the following recommendations:

- **Recommendation 1. Develop an explicit logic model for the intervention.**
  - Our evaluation has highlighted various shortfalls in the documented rationale for publicly funded intervention in this area, and we suggest that the project would benefit from a more explicit articulation of the logic model. This should ensure that the rationale for intervention is robust, and that the intended net impacts set for the service are well-aligned with the problems and opportunities which the service is to address. We have offered a draft partly-populated logic model for future intervention in Figure 2-3 of this report, to help initiate this process. Even if the targets specified by the EC remain predominantly activity-related, this should not prevent SE thinking through and setting appropriate intended outcomes and net impacts from the intervention, for the organisation's own purposes.
- **Recommendation 2. Re-position EES as a service for accessing *global* opportunities.**
  - There is currently a mismatch between the public positioning of both the EES project (for which the website strapline is "Business Opportunities in Europe") and the EEN (for which the website says "The Enterprise Europe Network helps small business to make the most of the European marketplace") versus the reality that the network actually extends beyond the EU – albeit that the EEN's strengths are mainly in EU countries at present, and the reach and quality of partners in the Rest of the World vary considerably. Indeed the two case studies summarised in this evaluation report both involved beneficiaries partnering with organisations outwith the EU. Given that Scotland now exports more to the Rest of the World than to the EU, there is a case for re-positioning the service as opening doors to opportunities and partners across the world – not just within the European Union. Ideally, this should involve re-branding the service, as 'Enterprise Europe Scotland' is not an obvious port of call for a Scottish client looking to access opportunities in, say, China or Brazil. However, we do recognise that there are resource implications associated with strengthening the network beyond the EU, and also that SE is substantially constrained by the requirements imposed by the European co-funding, including those related to branding.
- **Recommendation 3. Consider how best to present the SE, SDI and EES brands to clients.**
  - Some of the beneficiaries consulted for this evaluation expressed confusion as to why EES was separate from SDI. Although the project team has worked hard to ensure a joined up approach, with referrals between SDI and EES/SE

organisations as necessary, we think that there may be potential for presenting a more seamless international support offering to clients in order to reduce any confusion amongst clients. There is further scope for EES exploiting the greater reach of the SE and SDI websites and their marketing of innovation and international support services, and strengthening SDI's links with partner business support organisations across the world<sup>39</sup>.

- **Recommendation 4. Rationalise the targets set for the service.**

- As discussed above, we consider that the targets set for EES have been too numerous, too focused on activities rather than outcomes, and insufficiently aligned with the economic impact that SE wants to make through this intervention. While we appreciate that these targets have been driven by the EC, and that there is a common framework of targets across participating countries with constraints imposed by the relevant legislation, we suggest that SE should continue to use its influence with European policy-makers to have the targets rationalised. Ideally the targets would concentrate on a vital few (but demanding) intended outputs which are more clearly linked to the intended net impacts, hence focusing the project's resources on the activities that matter most in achieving the intervention's overall objectives.

- **Recommendation 5. Continue to build awareness of the service.**

- Both stakeholders and business beneficiaries commented that there was still insufficient awareness of the EES service, despite the project team's efforts both internally (with SE and SDI colleagues) and externally. Clearly more still needs to be done on this. If our recommendations on re-positioning (recommendation 2) and on considering how the SE, SDI and EES brands are presented to clients (recommendation 3) are taken forward, then that may present an opportunity for a promotional re-launch of the service both with clients and with SE/SDI colleagues.

- **Recommendation 6. Build deeper, more frequent, interactions with client businesses.**

- A number of the businesses consulted for this evaluation thought that the service was somewhat 'light touch'. But the beneficiaries who contributed the bulk of the economic impacts quantified in this report do seem to have received more in-depth practical support from EES in accessing international opportunities. Clearly there are resource implications associated with building deeper, more frequent, interactions with the client businesses. However, this would not *necessarily* involve an increase in team size or funding requirement if the rationalisation of targets recommended above allows some current activities to be dropped, and if the additional in-depth support is targeted on those beneficiaries most likely to deliver significant net GVA benefits for Scotland.

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<sup>39</sup> We note that, with SE, SDI has formalised international partnerships with organisations in Singapore and Massachusetts <http://www.sdi.co.uk/about-sdi/who-we-are/international-partnership-agreements.aspx>. EES provides an opportunity to extend SDI's formal network of partners very significantly.

## Annex A: List of consultees

A.1 The following stakeholders were consulted as part of the evaluation:

- Andrew Miller – Invest Northern Ireland
- Ann Buchannan – Scottish Government
- Audrey Leng – Scottish Development International
- Christine Fyfe – Scottish Development International
- Colin Meagre – Scottish Enterprise
- David Smith – Scottish Enterprise
- Erik Kuipers – EEN Netherlands
- James Clipson – Technology Strategy Board
- Jane Lawson – Scottish Enterprise
- Lutgart Spaepen – EEN Flanders
- Martine Diss and Daniel Ugarte – European Commission Executive Agency for Competitiveness & Innovation (EACI)
- Siobhan Jordan - Interface
- Steve Robinson – Scottish Enterprise.