



Evaluation of Interactive Scotland

Report for Scottish Enterprise

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EKOS Limited, St. George's Studios, 93-97 St. George's Road, Glasgow, G3 6JA
Reg 145099

Telephone: 0141 353 1994

Web: www.ekos-consultants.co.uk

Direct enquiries regarding this report should be submitted to:

Debbie Roberts, Consultant EKOS

Email: debbie.roberts@ekos.co.uk

Tel: 0141 353 8311

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Executive Summary

Introduction

Scottish Enterprise commissioned EKOS to undertake an evaluation of Interactive Scotland (IS) to establish impacts and progress to date and to inform its future delivery.

Background

IS is a three year project, from November 2009 to November 2012 which provides specialised market and technology advice services to the Digital Media sector. The project has been running for 24 months and targets SME's and start-up companies who are active in Digital Media or have plans to be.

Study Approach

The study was undertaken in five stages:

- Stage 1: Study Inception;
- Stage 2: Desk Research
- Stage 3: Delivery Agent and Stakeholder Consultations;
- Stage 4: Beneficiary Surveys; and
- Stage 5: Analysis and Reporting.

Conclusions and Recommendations

Strategic Rationale and Market Failure

There is a clear and strong strategic rationale for the IS project based on its alignment to national economic policy (*Scottish Government Economic Strategy*) and specific priorities in relation to the Digital Media sector (*Digital Inspirations*).

IS is helping to address information deficiency market failure. In particular, companies are seeking information about wider market opportunities and industry contacts. They are also seeking support with the product development process, as a way of managing risk.

The performance of the project against targets has been consistently strong. The project has exceeded its activity targets and has far exceeded its targets for levels of client engagement. While this is a very encouraging indicator of the need for the project and of the extent to which it has established a presence within its target community, it has also exerted pressure on delivery resources.

Economic Impacts

The project has achieved the following economic impacts:

- net additional impacts created to date 2011:
 - 38 net additional jobs created
 - £183,558 net additional GVA; and
- net additional impacts by 2014:
 - 89 net additional jobs created
 - £3,917,500 net additional GVA.

This equates to £8.9m (estimated) cumulative GVA to date and forecast for the future, and an impact investment ratio of 6:1. The project compares well with other initiatives and against the initial appraisal of the likely impact to investment ratio.

Management and Delivery

Overall, the evaluation found the project to be well managed and effectively delivered. The delivery team were generally praised for their knowledge of the Digital Media sector and the partnership between the two delivery agents appears to be working effectively. There were some issues with management and delivery, and these are addressed as part of the recommendations below.

Recommendations

Our recommendations for the IS project are:

Recommendation 1: the project should be continued beyond the current funding period.

Recommendation 2: the service mix should be rebalanced to provide greater focus on intensive support to companies.

Recommendation 3: the IS website should be redeveloped to allow it to play a greater role in the delivery of light touch support.

Recommendation 4: the next phase of the project should increase the focus on international development, working closely with SDI to grow Scotland's presence at key international trade events and support more international business development for Scottish based digital companies.

Recommendation 5: the processes supporting the marketing and promotion of the project should be reviewed to ensure that the marketing effort is meeting the needs of a refocused project. This is particularly in light of the greater international role being proposed.

Recommendation 6: the project should develop tangible links across other sector teams within SE to facilitate connections between Scotland's Digital Media community and opportunities in other key sectors.

Recommendation 7: IS should develop a regional presence in Tayside to build engagement with the local Digital Media company base through events and support services.

Recommendation 8: the monitoring and reporting processes for the project should be reviewed and the potential for lighter touch reporting considered.

Recommendation 9: work is required to build awareness and understanding of IS' services among key business advisors to ensure that referrals into the service are operating effectively.

Recommendation 10: the allocation of resource to the next phase of the project should take full account of the recommended changes in service provision and the high level of demand for support.

Recommendation 11: the value of the IS brand should be protected while also seeking to ensure SE receives due recognition of its role in the project.

1. Introduction

Scottish Enterprise commissioned EKOS to undertake an evaluation of Interactive Scotland (IS) and Interactive Tayside (IT) October 2011. This report presents the results, conclusions and recommendations of the evaluation of IS.

1.1 Background

The Digital Media (DM) sector is a key part of the wider Creative Industries which have long been an economic priority for the Scottish Government and for SE, both of which recognise it as one of the key sectors that represent the best opportunities for Scotland to raise the bar in terms of its economic performance.

SE and its partners have developed a range of intervention mechanisms designed to improve the growth prospects and contribution of the sector to national economic growth.

The IS project is a three year sector specific project which was designed to meet this aim through the provision of specialised market and technology advice services. The project has been running for 24 months and targets SME's and start-up companies who are active in Digital Media or have plans to be. It is accessible to both account and non account managed companies.

The project was developed and funded by SE and has attracted European funding. It is delivered by Innovation Centres Scotland (ICS) and New Media Partners (NMP) (as a consortium) in close collaboration with SE. The activities of the project are:

- one to many networking events sharing market/sector information and trends, business awareness, training and brokerage opportunities;
- market and technology research and sector specific advisory services provided to individual or groups of client companies; and
- facilitated partnering between companies, between companies and academia and with international partners via matching activities, partnering events and showcasing events.

1.2 Aims and Objectives

The overall aim of the study was to establish the impacts and progress of the IS to date and to inform the future delivery of, and support for, future delivery as well as to:

- provide an understanding of progress to date and the quantitative and qualitative benefits achieved (or likely to be achieved); and
- provide evidence based recommendations on the future direction, management and delivery of IS..

The more specific objectives were to assess the following:

- the strategic rationale and validity of the market failure justification;
- the economic impact of outputs, outcomes and impacts to date including analysis of any variance and explanations as to why these have occurred;
- assessment of the economic impacts to date and likely to be achieved;
- the appropriateness, relevance and quality of the management information being collected;
- views on the management and delivery of the services provided and any gaps in these;
- contribution to the equity and equality agendas;
- recommendations on the future of the project particularly funding, management, activities and linkages with other networks and agencies; and
- key transferable learning points that could be of relevance to other SE Digital Media projects and activities.

1.3 Approach and Method

The study was undertaken in five stages, as follows:

- **Stage 1:** Study Inception – this involved a meeting with the client to clarify the study aims, objectives and method, and a preliminary review of documentation prior to drafting of the beneficiary and consultee proformas;
- **Stage 2:** Desk Research – comprising a review of policy, strategy and financial and monitoring documentation;
- **Stage 3:** Delivery Agent and Stakeholder Consultations – telephone consultations with the key delivery partners as well as key stakeholders involved in the project;
- **Stage 4:** Beneficiary Surveys – telephone interviews with a sample of the most intensively supported companies and an online survey of other IS members; and
- **Stage 5:** Analysis and Reporting – comprising the workshop, the draft and this final report.

Regarding the fieldwork stage (Stage 4), EKOS was provided with a list of participants split by companies that had received intensive, targeted and light touch support. A total of 151 had received intensive/targeted support and these were used to form a sample list of 75 for the telephone interviews, of which 24 were interviewed. A further 294 other organisations (mostly comprised of light touch) were emailed with an invitation to participate in a similar survey online, yielding an additional 22 responses. This was a response rate of 7%, below the average of 10% for an online survey.

1.4 Structure of the Report

The remainder of this report is structured as follows:

- **Chapter 2** provides a review of IS, including both a Project and strategic review and reports the performance of IS detailing activities and financial commitment;
- **Chapter 3** continues the assessment of performance by reporting on consultation findings;

- **Chapter 4** presents the results from the beneficiary survey;
- **Chapter 5** reports the Economic Impact Assessment (EIA); and
- **Chapter 6** draws together the main findings from the evaluation and presents overall conclusions and recommendations.

2. Project Review

The Project review examines all relevant documentation, management reports and information in order to establish the aims and objectives of the Project, its strategic rationale, funding and progress against targets.

2.1 Project Objectives

The overarching objectives of IS are to:

- support Scottish companies in developing creative innovative products, services, solutions, content and applications; and
- accelerate growth within the Digital Media sector in Scotland.

2.2 Strategic Rationale

The Government Economic Strategy (GES) 2011 represents a refreshed strategy from the original 2007 policy which set out the Scottish Government's vision and objectives for achieving sustainable economic growth. The refreshed Strategy has a focus on economic recovery and growth.

Within the strategy, a number of sectors are identified as having the greatest capacity to promote growth in the Scottish economy, one of which is creative and Digital Media industries.

Amongst the key strategic priorities is providing a *supportive business environment*. This includes focusing attention on a business environment that:

- is attractive to *growth companies*;
- enables companies to take advantage of opportunities in new international *growth markets*; and
- helps to build up the *growth sectors* of the economy which have the potential to drive future growth.

IS project is in a position to support these aims as it is supporting one of the key growth sectors and through its work identifies growth companies. Many of the

companies in sector are operating in international markets (as demonstrated later in **Chapter 4**).

The project is supporting new and innovative developments from companies in the creative and Digital Media industry and is generating economic impact (set out later in **Chapter**). It is, therefore, strongly aligned with national economic priorities aimed at a number of key growth sectors.

The Scottish Digital Media Industry Advisory Group developed **Digital Inspiration** to help achieve a “greater and more profitable role for Scottish companies in the chain of distribution and interactivity”. The vision is to create a *high growth, world class cluster of content, platform and technology providers, developing and distributing innovative digital content and technologies to global markets.*

IS can help to support this vision and a number of the recommendations set out in the Strategy, including:

- to increase both the number and scale of Digital Media companies;
- a national drive to increase the volume and value of innovative Digital Media platforms owned or managed from Scotland;
- a greater and more profitable role for Scottish companies in the chain of distribution and interactivity;
- a greater commitment to improving the performance of companies in the creative value-chain; and
- to generate greater investor awareness of Digital Media as a growth sector and greater investor readiness on the part of emergent companies.

The Scottish Enterprise Business Plan 2011-2014 sets out the Scottish Enterprise plan for supporting economic recovery and supporting companies in driving the economy and jobs. Their focus is to build on Scotland’s capabilities at a sub-sector level and to support niche companies operating in these sectors which are competitive locally, nationally and internationally.

Within the business plan, the Creative Industries and in particular those companies operating in the high growth area of Digital Media are highlighted as being one of the key priorities in terms of maximising economic potential.

The plan identifies that SE will provide company growth support via account management, in-depth market research and intelligence together with product and technology support and exposure to international markets to ensure that Scottish companies are able to take advantage of international opportunities.

The IS project is one of a suite of mechanisms by which these aspects of growth support can be delivered so that growth ambitions can be achieved to account managed companies as well as the wider digital community. The project is also focussed on the highly competitive Digital Media sector where many supported companies are operating in international markets.

There is a clear strategic rationale for the project. It is strongly focused on innovation, a key policy priority in Scotland (as elsewhere) and is supporting one of the nationally important industries.

2.3 Market Failure Rationale

While it is important for public sector support to have an appropriate strategic fit, this in itself is not sufficient to justify public sector intervention. There also needs to be a market failure rationale. In undertaking this evaluation we have considered the market failures that exist and the extent to which the project is helping to address these.

From the research we have identified two forms of market failure:

- **imperfect information/information deficiency:** the businesses do not have all of the information they require to allow them to operate efficiently. In particular they do not have enough information about the market and the opportunities within the market. IS is helping to address this market failure through the provision of market information and bespoke research, and by providing contacts and networking opportunities; and
- **risk aversion:** risk aversion occurs as a result of imperfect information. The companies are unclear as to what the benefits will be from developing new products/services. Therefore they are risk averse in terms of investing in these, particularly as many have limited resources to invest in new products services. Whilst IS is not directly providing funding, the project is helping to address this market failure by identifying and signposting companies to

opportunities for funding e.g. other public sector programmes, venture capitalists, etc. The market research is also helping to reduce risk aversion by providing companies with more information on the potential opportunities and benefits from making these investments.

IS has started to help to address some of the market failures. It is helping to address market failures with individual companies but there are still these market failures in the wider sector. However, the initiative is still at an early stage and through events and information provision it is beginning to address the market failures in the wider sector. One area which may help to address this wider market failure in the future would be the further development of the website so it can act as more of an interactive tool.

2.4 Project Management and Delivery

The project was developed by Scottish Enterprise (SE) and is co-ordinated and managed by a dedicated Project Manager based at SE in Paisley. Innovation Centres Scotland (ICS) and New Media Partners (NMP) are contracted to deliver the project as a consortium.

SE works closely with ICS and NMP in delivery, design and management of IS and the Creative Industries team based in Scottish Enterprise are also involved in steering the project's activities. The contractor works with SE to ensure that the project is integrated into SE's wider service offerings.

Monitoring consists of monthly meetings on progress and a discussion of future delivery, and IS provides monthly reports on progress against targets. All enquiries and client activity are also recorded on the SE Customer Relationship Management (CRM) system. In addition, meetings with other SE staff are undertaken in order to share information and to ensure compliance with SE governance and forward planning. In addition, all company assists over two days are appraised and approved by Scottish Enterprise. ICS/NMP are responsible for recruiting beneficiaries, dealing with enquiries, making referrals as and when appropriate and the overall delivery of the service as illustrated in **figure 2.1**.

2.5 Funding and Expenditure

As noted previously, the IS project is funded through a combination of Scottish Enterprise and ERDF monies. The funding secured for the three year service from November 2009 to November 2012 was £1.57m, £1.25m (80%) of which was sourced from Scottish Enterprise and £318,542 (20%) from ERDF (**table 2.1**).

In November 2011, the project had been running for 24 months and was 66% through the three year period of delivery, yet a slightly greater proportion (68% or £1.06m) of the overall budget had been spent. However, some of this overspend would have been accounted for the set up costs which were front loaded at the start of project delivery.

Table 2.1: Budget and Expenditure (£)

	Spend (as at Nov 11)	Budget to Nov 2012	Variance
Scottish Enterprise	746,838	1,250,115	60%
European	317,536	318,542	100%
Total	1,064,374	1,568,657	68%

Table 2.2 provides a more detailed breakdown of expenditure to date, 18% was spent in the set up period to March 2010 and 48% during the first year of delivery April 2010 to March 2011.

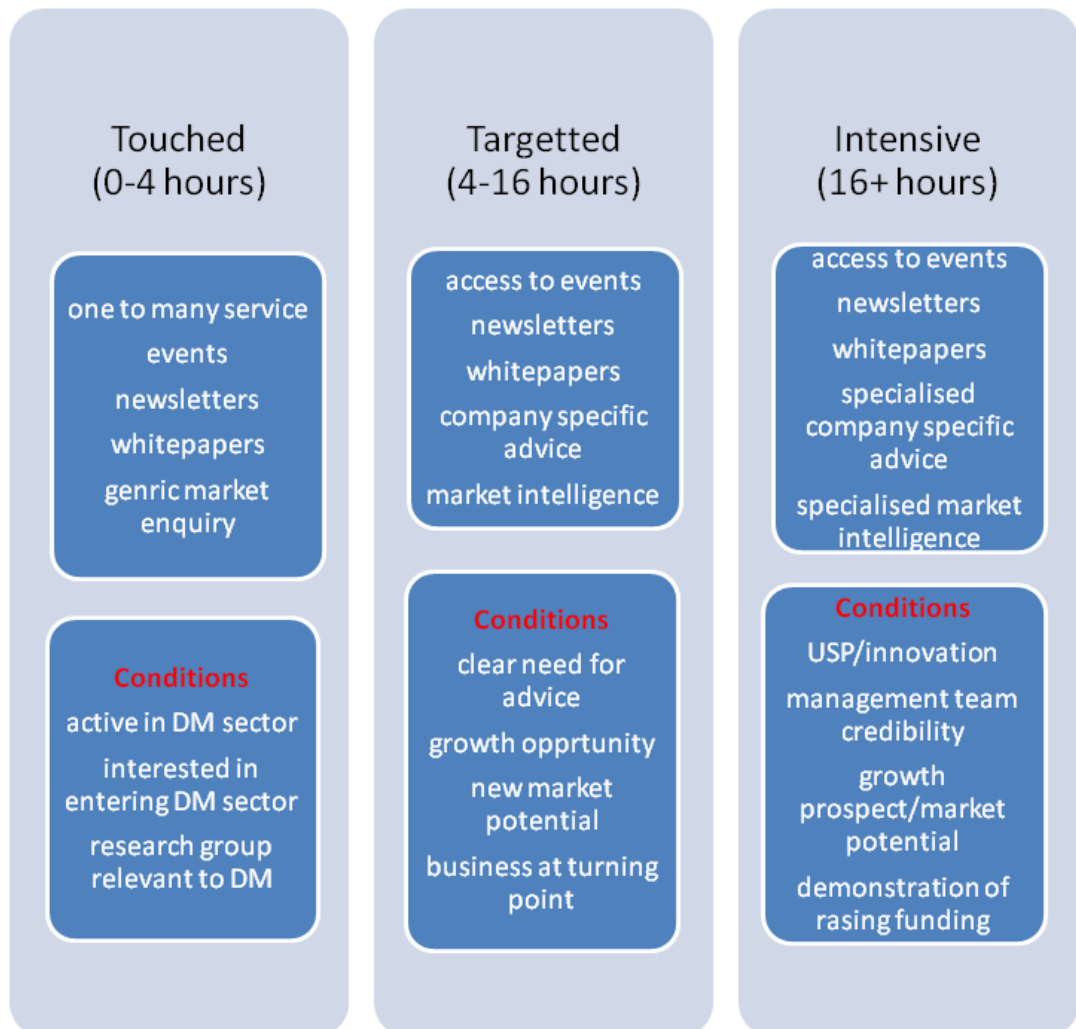
Table 2.2: Programme Expenditure to Date (November 2011) (£)

	Scottish Enterprise	European	Total	%
October 09 to March 2010	195,974	-	195,974	18%
April 10 to March 2011	234,029	273,490	507,519	48%
April 11 to Nov 2011	316,835	44,046	360,881	34%
Total	746,838	317,536	1,064,374	100%

2.6 The Service

Assistance is offered in three forms; touched, targeted and intensive, and companies must meet specific conditions in order to access each form of support. This is illustrated in **Figure 2.1**.

Figure 2.1: Services Offered



The advisory service consists of the following:

One-to-many networking events sharing market/sector information and trends, business awareness and brokerage opportunities. This involves liaising with existing SE Digital Media initiatives to serve the sector. IS has delivered events aimed at bringing together key industry, commercial, academic players and SMEs.

Market and Technology Research and Sector Specific Services. These are tailored services provided to clients based on their specific requirements. This involves utilising sector specific information and data as well as the contractors' sector knowledge to develop a customised response. It also includes product

development and technical support to help clients develop and progress their product or service.

International Partnering Assistance. This involves joint working with SDI and Enterprise Europe to develop international activities, partnering events and showcase activities for Scottish companies.

Commercial Partnering Assistance. This involves delivering partnering activities with the aim of developing collaborations between companies and between companies and academia.

Develop a network of corporate and academic partners. These partners are engaged to support the clients of the advisory service and the project overall.

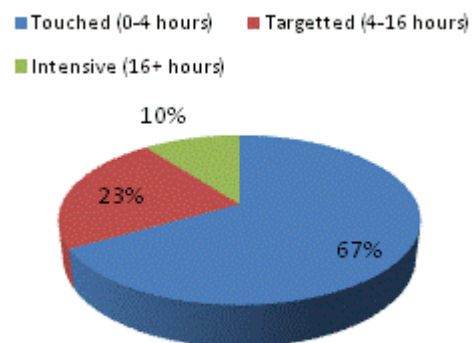
2.7 Client Engagement

The following provides an overview of IS's client engagement.

Figure 2.2 illustrates the 454 client engagements to date by level/intensity of support received.

The majority of support provision has been light touch in nature (67% of clients), targeted assistance accounted for almost a quarter of engagement and intensive assistance accounted for the lowest (10%).

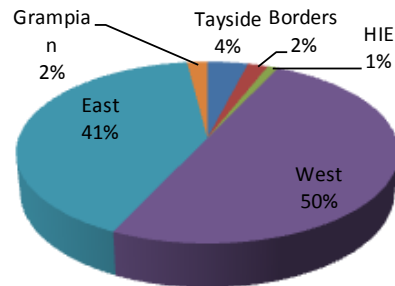
Figure 2.2: Client Engagement



The majority of clients engaged are based in the central belt of Scotland, mainly in Edinburgh and Glasgow – see **Figure 2.3**.

Interestingly, only 4% of clients engaged in the project are based in Tayside, where a high proportion of Digital Media companies are based.

Figure 2.3: SE Regions

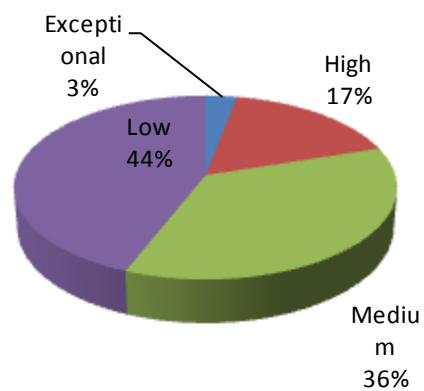


Clients are assessed on their business potential by IS and this is shown in **Figure 2.4**.

A fifth of those involved in the project are considered to have high/exceptional business potential.

However, almost half (44%) are assessed as having low potential.

Figure 2.4: Business Potential



2.8 Performance against Targets

The performance of IS is assessed largely based on the activities and outputs of the service and falls into the following categories:

- client engagement;
- support for research collaboration – measure associated with ERDF monies;
- growth prospects;
- jobs and turnover created; and
- events.

A total of 454 clients have been engaged to date, this exceeds the target of 400 by 14% (table 2.3). The project is only 66% complete and when considering progress against targets on a pro rata basis, performance is even greater (72% above pro rata target).

In particular, light touch engagement targets have been overachieved by 230%. In addition, the intensive engagement target for the entire programme period has also been overachieved. Delivery agents are delivering more than the requirements of their contract, suggesting a high level of demand from companies, but this also has implications for costs and resources on behalf of the delivery agents.

Table 2.3: Client Engagement

	Target	Actual	%	% pro rata
New Client Engagements	400	454	114%	172%
Touched (0-4 hours)	200	303	152%	230%
Targeted (4-16 hours)	160	104	65%	98%
Intensive (16+ hours)	40	47	118%	178%

IS was required to deliver four research collaboration and product development projects as a result of ERDF funding. Despite the project only being 66% complete, this target has been overachieved with 19 delivered in total (see **Table 2.4**).

Table 2.4: Support for Research Collaboration

	Target	Actual	%
New products and services developed by supported networks (business to stakeholder)	1	3	300%
Research networks and collaborations supported (business to business)	1	10	1000%
New products and services developed by supported networks (business to business)	2	6	300%
Total	4	19	475%

In addition, IS has developed partner linkages to support brokerage and events with a wide range of organisations including BBC, STV, Orange, Google, O2/Telefonica, Samsung, RIM, Qualcomm, Qualcomm Ventures, LG, Nesta, Channel 4, First Port, Limo, Pentech, Vodafone, WAC, WE7, Beggars, PRS, Facebook, WIP, Innovacom, Twitter, Accenture, HP/WebOS, Sony Ericsson, Union and the Guardian.

The pro rata target for growth prospect referrals has been exceeded and a further 10 growth prospect approvals are in the pipeline **Table 2.5**.

Table 2.5: Growth Prospects

	Target	Actual	%	% pro rata
Growth Prospects not Approved	No target	10		
Growth prospect referrals	40	36	90%	133%

The data would also suggest that the project is behind pro rata targets in relation to job creation and increases in turnover. However, the Economic Impact Assessment (reported later in **Chapter 5**) would suggest that these targets have in fact been exceeded. These differences are likely to be a result of reporting issues, as IS are required to gather impact evidence at a snapshot in time (when the intervention takes place), whilst this evaluation is gathering evidence of impact further down the line (up to two years after the intervention has occurred) and will therefore be capturing the longer term impacts. Therefore, reported achievements are likely to be underestimated.

Table 2.6: Jobs and Turnover

	Target	Actual	%	% pro rata
Number of new jobs created (estimated)	60	24	40%	61%
Increase in turnover (estimated)	£5.6m	£2,18m	39%	59%

IS delivered 28 events and exceeded the overall project target of 27 by 3% (table 2.7). Considered on a pro rata basis, this target has been exceeded by 18%. An estimated 800+ individuals attended the events.

Table 2.7: Events

	Target	Actual	%	% pro rata
IS Developed Events	18	14	78%	118%
IS Partner Brokerage Events	9	8	89%	135%
IS Partnership and collaboration events	0	6	100%	100%
Total	27	28	103%	118%

Analysis of details of the events held identifies that the majority took place in Glasgow (11 or 40%) or Edinburgh (8 or 29%), only 4 were located in Dundee and the remaining 4 were delivered in Barcelona, the Borders, Aberdeen and Stirling.

2.9 Summary

Overall, IS has performed very well in terms of delivery of activities and outputs and has, in many cases, outperformed targets, particularly in relation to client engagement. The project is only 66% complete, yet the overall target in relation to assists has been overachieved by 14%. Most of this assistance has been light touch and the target for this form of support has been overachieved as has the target for intensive assists.

This suggests a high level of demand, which has implications for the delivery agents in terms of time and financial resources as they are delivering more than they were contracted to.

Targets in relation to support for research collaboration have also been exceeded as have those set for event delivery.

The events been mainly located in either Edinburgh or Glasgow and analysis of data in relation to client engagement also shows that the majority of clients engaged were also based in Glasgow or Edinburgh, with only a small proportion based in Tayside.

3. Stakeholder Views

In addition to the company feedback reported in **Chapter 4**, the evaluation gathered views from a small number of stakeholders involved with the IS project, including representatives from:

- ICS;
- NMP;
- SE; and
- Creative Scotland.

The interviews gathered views and feedback on:

- the strategic rationale for the project;
- progress and performance of the project to date;
- operational issues;
- strengths and weaknesses; and
- issues relating to continuation and/or future development of the service.

3.1.1 Strategic Rationale

All of the consultees identified the rationale for the project as being based around the need to:

- engage with and provide support and advice to the many small and micro-businesses in Digital Media that would not otherwise have met the criteria for other business support;
- provide up-to-date market knowledge to companies operating in a very fast moving environment; and
- build a community across the disparate strands of Digital Media in Scotland.

In broad terms, the essential need for the project was considered to be based on market failures relating to information deficiencies.

In particular, small Digital Media companies were perceived to lack detailed understanding of the market opportunities for their products and services, and of how to access these opportunities. This is supported by the company feedback which identifies access to market information as a primary driver for seeking support.

Similarly, all of the consultees felt that IS was a key part of the wider strategic approach to the development of the creative and Digital Media industries in Scotland, even if the degree of alignment with *Digital Inspirations* could be more explicit. In particular, some felt it was unclear how the services provided by IS directly addressed the strategic priorities identified in *Digital Inspirations*.

This is an interesting comment, as our view is that the services provided by IS do align well with the sector priorities and ambitions articulated in *Digital Inspirations*. This may reflect a communication issue more than anything else, or indeed a need to facilitated clearer information flow from the IS project back to the strategic level such that intelligence from the project and the sector informs ongoing strategic thinking.

3.2 Progress and Performance

The project was widely considered to have made strong progress in a number of respects:

- it has established a strong profile and presence within the Digital Media community in Scotland (e.g. as evidenced by attendance at events and the level of demand for support);
- the quality of events and speakers was considered to be high;
- it has engaged very widely across the sector and with a range of credible partners; and
- the project has been successful in bringing important companies with market power to Scotland, facilitating new collaborations and raising Scotland's wider profile in Digital Media.

Most consultees were less able to comment specifically on the impacts of the support provided to companies, but were generally positive about the service and its potential to benefit small Digital Media businesses. A couple did express the view

that a higher level of intensive support to companies would be desirable, and that the project should seek to move towards this as a way of generating greater impacts.

3.3 Operational Issues

IS was considered to be well managed, and consultees praised the knowledge and professionalism of the project staff. Some commented on the administrative burden created by complications in the reporting process. Specifically, in the early stages of the project, considerable resources were expended trying to develop reporting systems that would work alongside SE's Customer Relationship Management (CRM) system.

The IS project now operates two parallel reporting systems as the SE CRM system would not allow the level/detail of reporting required for the project. This added considerable cost to the project. The project also provides detailed monitoring reports on a monthly basis – an additional draw on resources.

Another operational issue that was highlighted was the constraint on promotional activity. In particular the project is not able to undertake any PR work (in line with SE policy) and this was felt to have constrained wider promotional activity, particularly around the whitepapers, which were widely perceived to have been unsuccessful.

There is also a related issue with the IS website. From the outset, it was decided that the IS site should sit within SE's own portal, and this was highlighted as a constraint on its development. Setting up the website took more time (and resources) than expected, and it was not possible to develop the level of interactive functionality that had originally been envisaged. As a result, the IS website was considered to have contributed less to the project than might have been the case had a different approach been taken.

More generally, the issue of the relationship between IS as a brand, and SE was also raised. SE is the primary funder and, as such, rightly wishes to be seen by the community of beneficiaries as the provider and driving force behind the project. On the other hand, some of the consultees felt that the IS brand has value and recognition, and may be helpful in attracting companies that might not otherwise engage with SE support.

The level of demand for the project has far outstripped original expectations, and the targets set in the original ITT documents (as shown in **Chapter 2**). This has also exerted pressure on project resources in a way that cannot always be easily absorbed by the delivery partners. With the project costed on the basis of the original targets (and on assumed levels of demand), it is difficult to meet additional levels of unforeseen demand without exceeding project budgets. This issue is partly compounded by the different commercial business models operated by the two delivery partner organisations.

Finally, some issues were raised regarding the relationship between IS and other business support, and with the processes for referrals to and from the project. The client base for IS (small and micro-businesses, often at or near the start-up stage) overlaps with that of the Business Gateways, and feedback suggested that these relationships are not all well established. In particular, it was reported that Business Gateway staff sometimes tend to hold onto clients as their own, with the result that referrals back to IS are not always made. This means that IS is less able to track progress and follow-up with supported firms.

While the level of referrals from IS into SE's growth pipeline appears to be strong (see **Chapter 2**) it was also reported that referrals from SE, in particular from the account managers and the high growth team, have been far less frequent.

We return to these issues in the final chapter.

3.4 Strengths and Weaknesses

Consultees identified the main strengths of the IS project as:

- the level of industry knowledge and expertise of the project staff;
- the mix of services and activities, combining events and light touch support with more intensive company support;
- effective partnerships with a range of support organisations (e.g. holding joint events) and marketing to companies; and
- the high industry presence that the project has developed.

However, the consultations interviews also pinpointed a number of weaknesses with the project:

- the aforementioned pressure on project resources;
- the unexpectedly low level of penetration by the project in Tayside (given the profile of the Digital Media sector in that region);
- the whitepaper series, which was generally considered to have been unsuccessful; and
- the limited level of international engagement by the project.

On this last issue, it was widely felt that this was an area in which IS could do more. The markets for Digital Media products and services are inherently global, and many felt that IS could focus more on building international profile and connections, and supporting companies to engage with international market opportunities. We return to this issue below.

3.5 Continuation and Development

There was unanimous support for the continuation of the project, based both on its perceived strong performance to date (although some did caveat this with the need to see objective evidence of impact) and the ongoing need for support in this area.

It was also noted that projects of this nature take time to establish presence and momentum, and to discontinue the initiative at this stage would mean that this progress would be lost. The team delivering the project continue to develop their knowledge of the sector, meaning that segmentation of the client base becomes more effective, allowing better channelling of support to the right beneficiaries.

However, in terms of its future development, consultees offered a number of suggestions:

- a reduction in the monitoring and reporting requirements to reduce pressure on project resources;
- a shift towards more intensive support directed at companies with identified growth potential;
- a new approach to the IS website to facilitate lighter touch support;

- greater effort (and resources) directed toward international engagement and support for companies to engage in global markets; and
- more explicit links into a wider range of investment sources, including private investment.

In terms of the longer term future for the IS project, there were conflicting views. On one hand, there was a suggestion that the project could be supported by a rolling investment fund that would allow any returns to be reinvested in support, thus generating a sustainable model. Another suggestion was that the project work towards greater industry ownership, perhaps through a subscription based industry association model that would generate funds for the provision of support, again moving towards a sustainable service.

A third suggestion was for the project to seek a wider funding base, potentially engaging partners such as Creative Scotland where there is clear overlap with their areas of interest and responsibility.

Again, we discuss these options in more detail in the final Chapter.

4. Feedback from Supported Businesses

The beneficiary survey undertaken as part of this study involved a two-stage approach:

- a telephone survey of 24 supported businesses to gather in-depth feedback; and
- an online survey which yielded 22 responses and provided additional feedback.

Feedback was sought on a range of issues, including:

- background details;
- awareness of IS;
- reasons for seeking support;
- support received;
- ratings of support received;
- ratings of client journey;
- impacts and benefits of support;
- impact on the profile of Digital Media companies/Scotland
- future requirements; and
- strengths, weaknesses and improvements.

Each of these is discussed in detail below.

It is important to note that not all 46 respondents answered all of the questions.

4.1 Background Details

Almost half of the sample (47%) had only recently become engaged in accessing assistance from IS, 29% engaged in 2010 and 24% in 2009.

The businesses supported by IS span a wide range of sectors with the main ones being Internet/New Media (60%), mobile (20%) and Interactive Software (18%) -

Table 4.1.

Table 4.1: Sector Breakdown

	No.	%
Internet/New Media	27	60%
Mobile	9	20%
Interactive Software	8	18%
Platform technologies	8	18%
Advertising	4	9%
Next generation learning	4	9%
Music	3	7%
Film	3	7%
Other ¹	3	7%
Animation	2	4%
Video Production	2	4%
Broadcasting	1	2%
Gaming	1	2%
Publishing	1	2%
Exhibition	1	2%

N=45

4.2 Pre – Support

Reasons for Seeking Assistance

The main reasons companies were seeking support were to: access market intelligence (67%); identify opportunities (61%); and gain industry contacts (52%), highlighting that the information deficiencies that the project was designed to address are valid. Only a small number of companies were interested in developing partnerships with academia (9%).

¹ Other includes Medical Devices Multi-Media Research and Music education

Table 4.2: Reasons for Seeking Support

	No.	%
Access market intelligence/identify opportunities	31	67%
Gain industry contacts	28	61%
Gain industry knowledge	24	52%
Access/be signposted to sources of public sector support	23	50%
Access support with taking a product/idea to the market	22	48%
Access assistance with sourcing funding	21	46%
Develop partnerships/collaboration with industry partners	20	43%
Promote my company	16	35%
Develop partnerships/collaborations with academia	4	9%
Other ²	3	7%

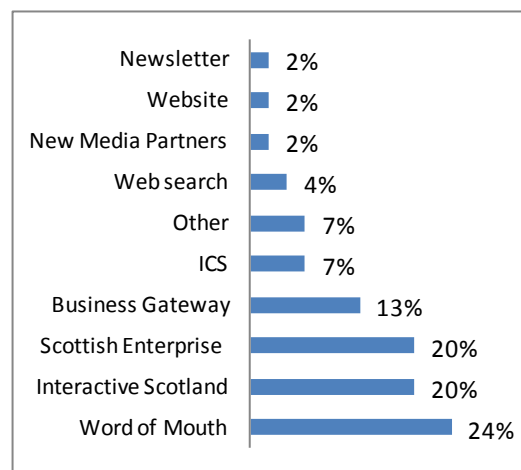
N=46

Awareness of Support

The most common way in which businesses became aware of the support was through word of mouth (11, 24%). This was followed by direct contact from IS and SE (both 9, 20%).

Very small proportions (2%) became aware through any direct marketing means (newsletter, website) or through NMP (2%) or ICS (7%).

Figure 4.1: Awareness of IS



N=46, multiple responses possible

² Investment, training, workshops

4.3 Support Received

Table 4.3 shows the type of support that companies received.

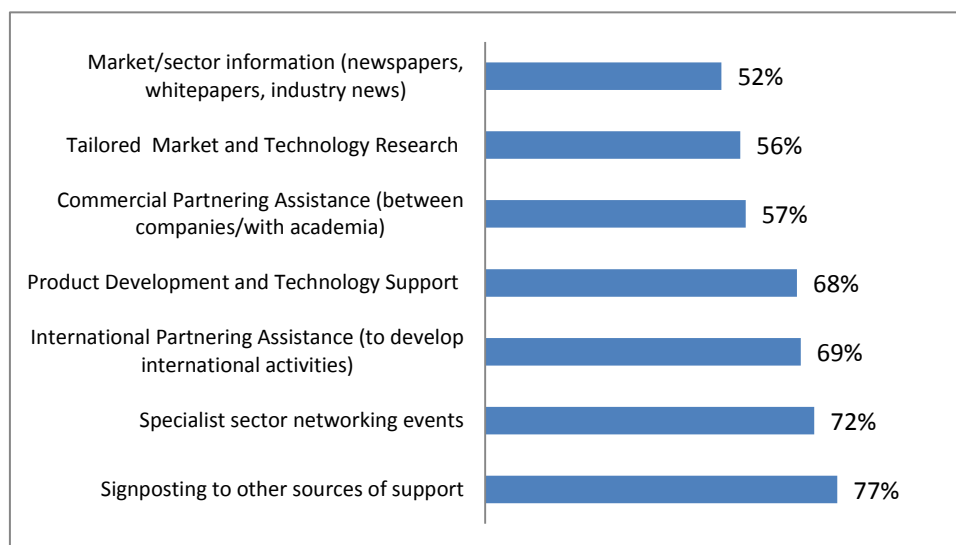
Table 4.3: Support Received

	No.	%
Specialist sector networking events	31	69%
General Business Advice	26	58%
Market/sector information (newspapers, whitepapers, industry news)	18	40%
Tailored Market and Technology Research	18	40%
Signposting to other sources of support	17	38%
Assistance with sourcing/accessing funding	15	33%
Product Development and Technology Support	13	29%
International Partnering Assistance (to develop international activities)	9	20%
Commercial Partnering Assistance (collaborations between other companies or with academia)	9	20%

N=46

The most common forms of support received were specialist sector networking events, general business advice, market sector information and tailored market and technology research. The least common form of support received was partnering assistance, although it should be noted that this may have been appropriate in only a minority of cases.

Table 4.2: Rating of Support Received (% rating very good/good)



The types of support with the largest proportion of companies rating them highly were signposting to other sources of support and specialist sector networking events. Those rated highly by fewer (but still over half of companies) were market/sector information and tailored market and technology research.

When asked to provide reasons for the ratings, positive responses included:

- good advice/support (8);
- advisor quick to respond (3);
- good events (3);
- gained contacts (3); and
- good quality research (2).

The less favourable responses included:

- support not specific enough to their business (4);
- market research was poor (3); and
- consultant/advisor was poor (3).

Respondents were asked if they had applied the information, advice and/or sector specific research to the development of any products, services or activities in their company. Of the 46 companies, half said that they had and a further five said not yet.

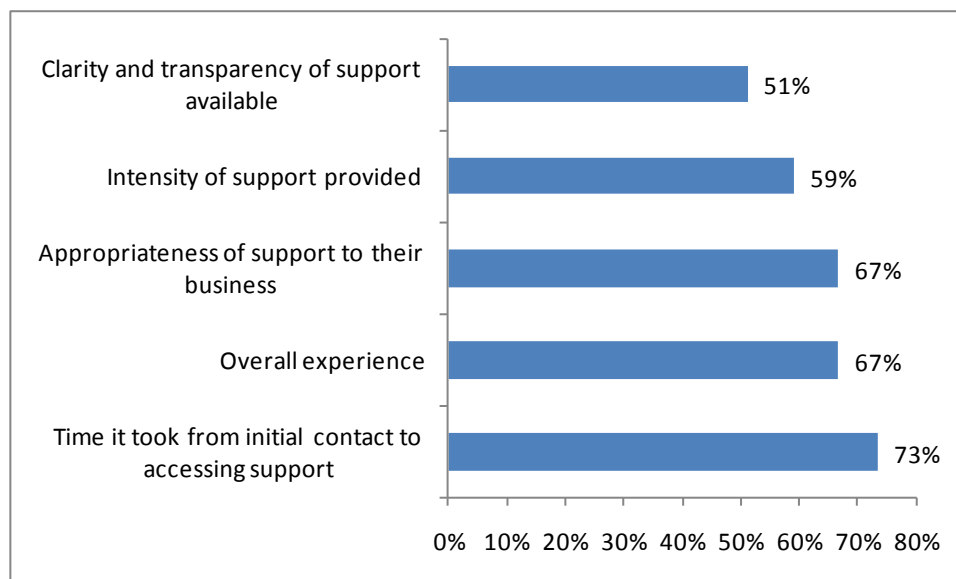
They were also asked if networking/brokerage support had enabled them to form relationships with international partners. Six said that they had made contacts, although for most the process of collaboration was still at an early stage. A further three said not yet.

Respondents were also asked if networking/brokerage support had enabled them to form relationships with other companies or academia. Ten companies said that they had made contacts in industry and academia but for many these were at an early stage. A further six companies said not yet.

4.4 Client Journey

Respondents were asked to rate a number of the aspects of the support they received. **Figure 5.3** shows the proportion of companies that rated these aspects highly (i.e. rating of 4 or 5, where 4 is good and 5, very good).

Figure 4.3 Rating of Support



The time it took from initial contact to accessing support was rated highly by the largest proportion of companies. The aspect that was rated highly by the fewest companies was the clarity and transparency of support available.

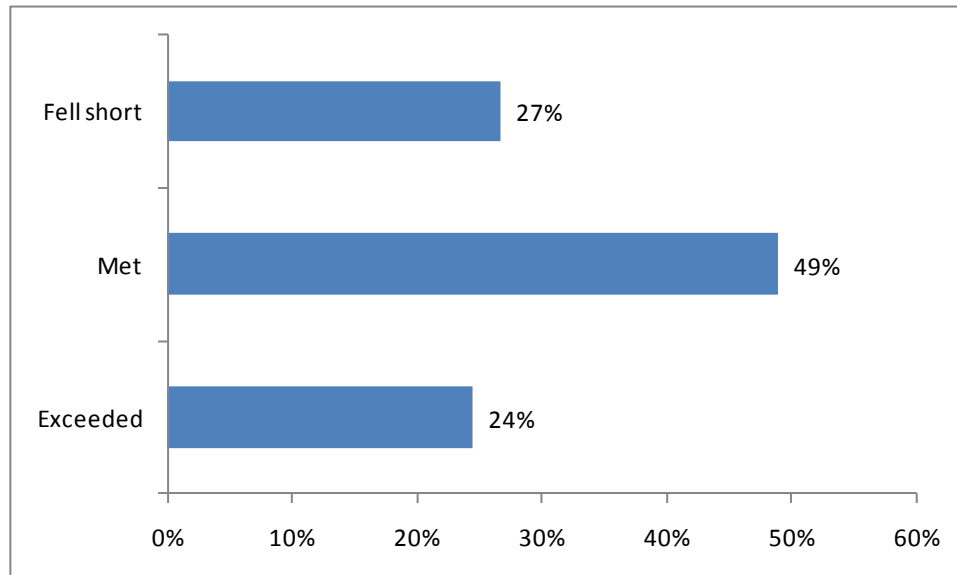
Reasons given for the positive ratings include:

- very good/good support (11); and
- good at keeping in touch (2).

The less favourable ratings were due to:

- difficult to know what was on offer (3);
- slow/ under resourced (2); and
- support was poor (2).

Figure 4.4: Support Versus Expectations



For 73% of companies the support they received met or exceeded their expectations. For just over a quarter of companies it fell short of their expectations.

Some of the comments from those for which it surpassed expectations included:

- all the support was very good (2);
- adviser has been excellent and has linked them up to other support;
- was cynical but they delivered what they needed;
- do a fantastic job given scale of team and variety of sectors they are covering; and
- the quality of the information available at no cost.

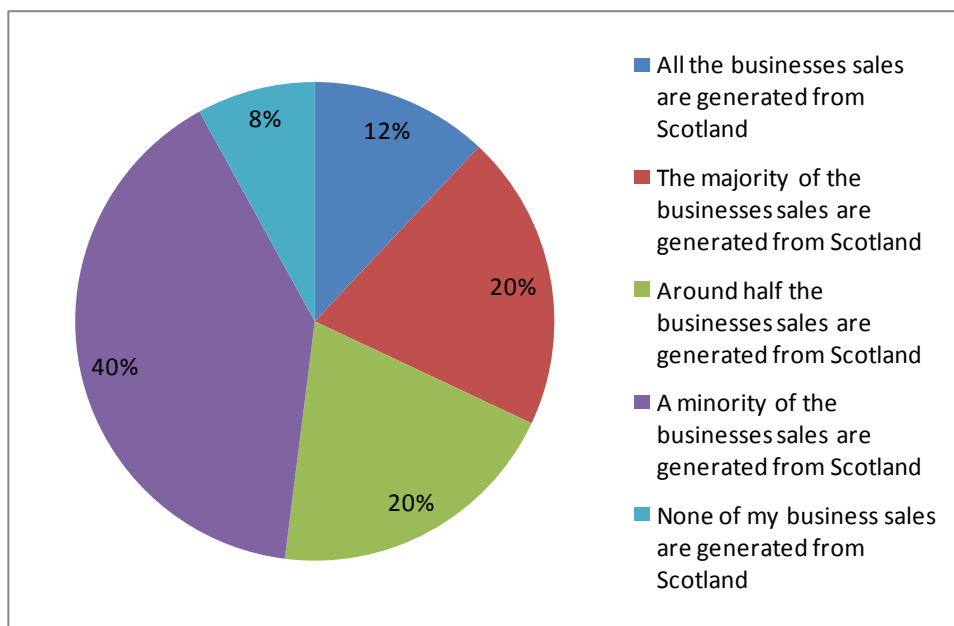
Some of the comments from those for which support fell short included:

- they did not receive the kind of support they needed (3);
- despite wanting support they have not received any (3);
- initially very good, following change of adviser very poor;
- cannot provide the specialist support they need; and
- market research provided was very poor.

4.5 The Market Profile

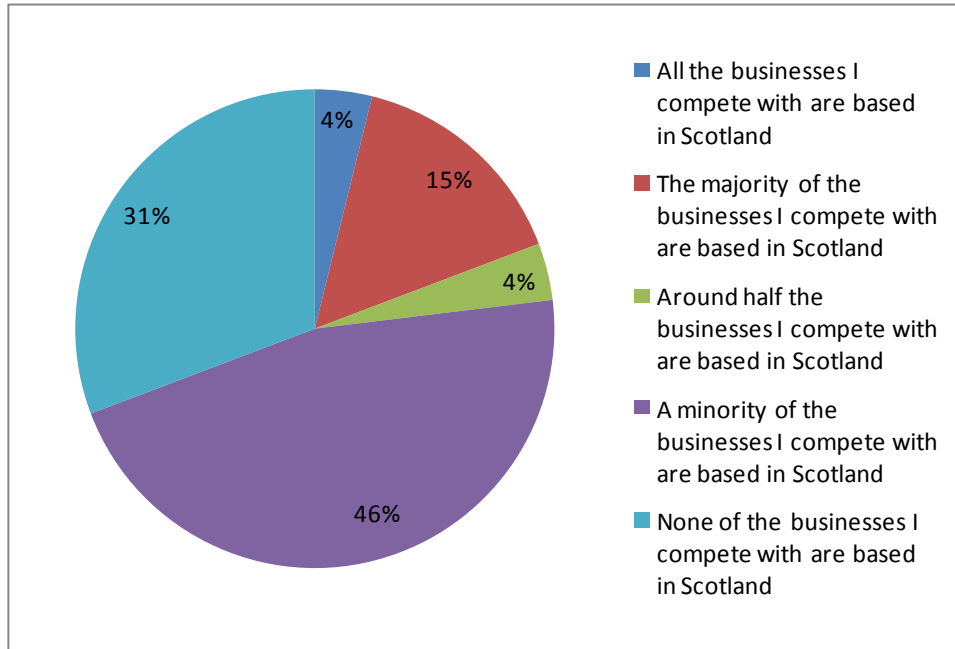
The quantifiable impacts from the support provided have been assessed later in Chapter 6 on the economic impact. In terms of the markets in which the companies are operating; two thirds make at least half their sales outwith Scotland.

Figure 4.5: Location of Sales



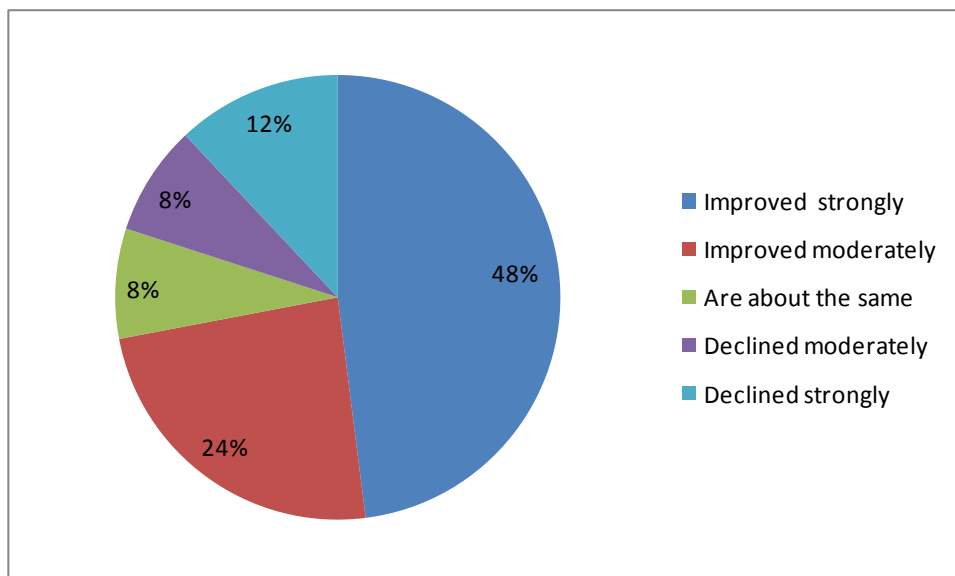
For 77% of companies, none or a minority of businesses they compete with are based in Scotland.

Figure 4.6: Location of competitors



A total of 72% of companies consider that the markets they operate in to be improving strongly or moderately.

Figure 4.7: Market conditions



4.6 Qualitative Impacts

The qualitative impacts that the companies have already experienced or expect to in the future are set out in **Table 4.4**.

Table 4.4: Qualitative Impacts

	Now	Future
New contacts made with business/individuals	59%	57%
New contacts made within SE or partner organisations	33%	39%
Partnership opportunities with another business/individual	35%	39%
New contacts made with academia	11%	24%
Greater understanding of the Digital Media sector in your region	35%	39%
Greater awareness of public sector support	48%	35%
Accessed public sector support	41%	30%
Improved business skills	41%	30%
Partnership opportunities with academia	9%	11%

The largest proportion of companies reported making new contacts with business/individuals, greater awareness of public sector support, improved business skills and accessed public sector support. For future impacts it was new contacts made with business/individuals, new contacts made within SE or partner organisations, partnership opportunities with another business/individual and greater understanding of the Digital Media sector in your region.

Companies were asked whether IS had had a positive impact on the profile of Digital Media companies and 91% agreed that it had.

4.7 Other Support

73% of companies have received support from another organisation since 2009. The most common sources of this support were other SE support and Business Gateway.

Table 4.5: Other Support

	%
Other Scottish Enterprise Support	50%
Business Gateway	41%
Creative Scotland	22%
Professional Services (i.e. accountant/lawyer)	22%
Other	22%
Other public sector programmes	19%
Chamber of Commerce	13%
Dare to be Digital	9%
Bank	6%
Friends and family	3%

The outcomes from this support varied and included:

- funding/grants/investment (12);
- networking opportunities/contacts (6);
- business advice (2); and
- free office accommodation (1).

Table 4.6: Rating of Other Support

	Very Little Importance			Very Important	
	1	2	3	4	5
Creative Scotland	25%	0%	25%	25%	25%
Other SE support	14%	10%	10%	19%	48%
Business Gateway	26%	16%	16%	21%	21%
Dare to be Digital	83%	17%	0%	0%	0%
Other public sector	44%	11%	22%	11%	11%
Chamber of Commerce	64%	9%	18%	9%	0%
Friends & family	44%	11%	0%	33%	11%
Bank	88%	0%	13%	0%	0%
Professional services	20%	10%	60%	10%	0%

Other SE support had the highest proportion of companies (67%) rating it as very important, followed by Creative Scotland at 50%.

4.8 Strengths and Weaknesses

The main strengths of IS reported by companies included:

- the people/advisors (10);
- understanding of the industry/knowledgeable (9);
- good industry contacts/networking opportunities (9);
- enthusiasm/being proactive (8); and
- very approachable/easy to contact (4).

The weaknesses included:

- heavy workload (4);
- too generic/vague (3);
- unclear as to what support is available (2); and
- certain members are poor at providing support (2).

Some of the companies provided suggested improvements which included:

- more specific information about what is on offer (2);
- publicise it more (2);
- have more events;
- faster turnaround on market research;
- may need more staff;
- more support; and
- showcase newer innovative companies.

Respondents were asked if they would recommend IS to others. Total of 83% of companies reported that they would recommend the programme.

Table 4.7: Would you recommend IS to others?

	%
Yes	83%
No	7%
Don't know	10%

4.9 Future Requirements

89% of companies would seek support in the future.

Table 4.8: Would you seek support in the future?

	%
Yes	89%
No	5%
Don't know	7%

The most common areas in which they would seek support were:

- contacts/networking (18);
- funding/investment (15);
- market research/knowledge (14);
- collaborations/partnerships (7);
- business development advice and guidance (4); and
- marketing (4).

Respondents were asked whether there were any gaps in the support provided by IS, suggestions included:

- better communication of services on offer (2);
- stronger links with SDI who have international contacts;
- funding for specialist help e.g. patent attorneys, web support, etc;
- short written reports rather than just discussions, these can then be used to help lever further support;
- signposting to allow companies to move to the next stage;

- business angel investors;
- more intensive support;
- ensuring sufficient time to complete projects;
- advice and guidance on completing funding applications; and
- IP issues.

4.10 Summary

The most common ways that people found out about IS were through word of mouth, direct from IS and from SE. The most common reasons for accessing support from IS were to access market intelligence/identify opportunities, gain industry contacts, gain industry knowledge and to access/be signposted to other sources of public sector support.

The most common forms of support companies received included specialist sector networking events, general business advice, market research information and tailored market and technology research.

Signposting, specialist sector networking events, international partnering assistance and product development and technology support were the aspects that received a high rating by the largest proportion of companies. Two thirds of companies rated their overall experience highly in terms of received support and 73% felt that the support had met or exceeded their expectations.

Many of the companies are operating in markets outwith Scotland in terms of their sales and competitors. Many are also operating in growing markets. These are very conducive factors for generating net additional impacts (which is assessed in the next chapter).

A number of the companies have already benefitted from qualitative impacts including new contacts, greater awareness of public support, improved business skills and access to public sector support.

The particular strengths of IS were identified as the people/advisors understanding/knowledge, industry contacts/networking and enthusiasm/being proactive. The weaknesses included heavy workload and the support being too

generic/vague. However, the strengths certainly outweigh the weaknesses as 83% of companies would recommend the support to others.

Almost three quarters of companies had utilised support from elsewhere. The most common being other Scottish Enterprise support and Business Gateway. A total of two thirds of companies rated SE support followed by half of companies for Creative Scotland and 42% for Business Gateway as very important.

Nine out of ten businesses would seek support in the future with the most common areas being contacts/networking, funding/investment and market research/knowledge.

5. Economic Impact Assessment

This section presents the Economic Impact Assessment (EIA), which reports the quantitative impacts generated by the IS project.

46 beneficiary businesses responded to the telephone and online survey. Of these, 31 businesses received targeted or intensive assistance with the remaining 15 receiving 'light touch' support.

Given the nature of the light touch support and the lack of quantitative impacts reported through the survey (jobs and turnover) the businesses receiving light touch support have been excluded from our assessment as this would skew the results.

Therefore, the economic impact assessment focuses on the responses from the 31 businesses that received intensive or targeted assistance. This accounts for 21% of the total sample of businesses receiving intensive/targeted assists to date (151).

5.1 Method

The method used follows best practice, as set out in the HM Treasury Green Book and SE Appraisal Guidance. Further, the SE additionality calculator has been used to assess the net economic impacts at the Scottish level.

The additional effect of the IS support is the difference between what would have happened anyway (i.e. the reference case) and the benefits generated by the support (i.e. the intervention case), adjusted for displacement, leakage, substitution, and multiplier effects. This is demonstrated in **Figure 5.1** below, with definitions of the additionality factors outlined in **Table 5.1**.

Figure 5.1: Approach to Assessing Project Level Additionality – Key Components

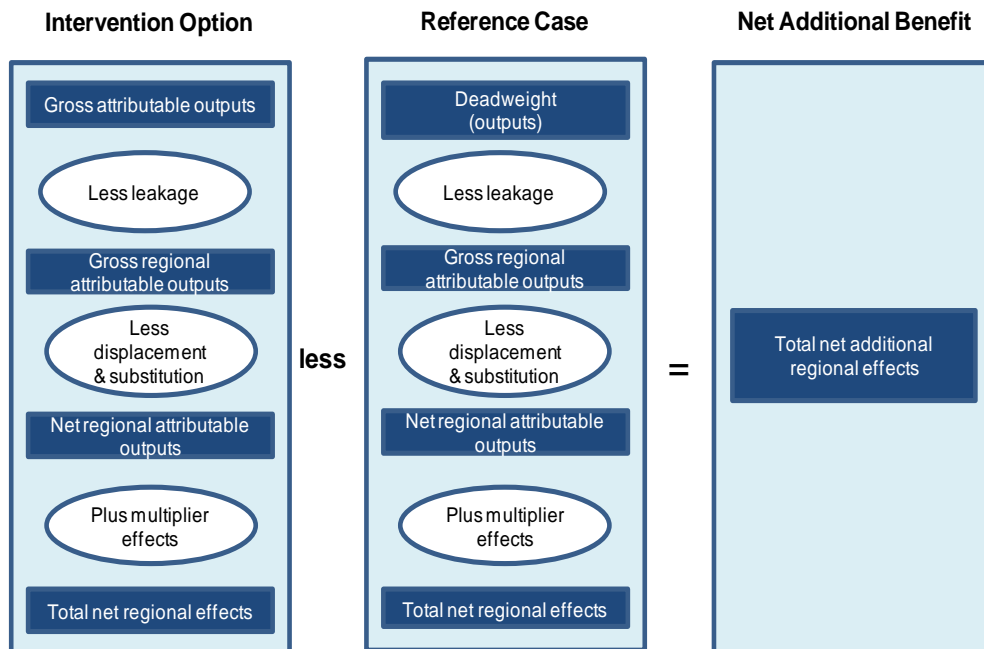


Table 5.1: Additionality Logic Chain

Term	Definition
The Intervention Option	This is the level of gross directly attributable outputs and outcomes generated through the intervention, i.e. impacts that would not have happened in the absence of the intervention.
The Reference Case	This is the level of forecast outputs and outcomes that would be secured if the individual/business did not participate in the project.
Deadweight	The proportion of total impact (turnover and employment) that would have occurred anyway.
Leakage	The number or proportion of outputs/outcomes that benefit economies outside Scotland.
Substitution	This is a negative effect that arises when a firm substitutes a jobless person to replace an existing worker to take advantage of public sector assistance.
Displacement	The number or proportion of impacts that reduce value elsewhere in Scotland. These effects can occur in product markets (e.g. amongst non-assisted business competing in the same market) or in factor markets (e.g. in the labour market).
Multipliers	This is further economic activity (e.g. jobs, expenditure or income) associated with additional income to those employed by the project (income multipliers), with local supplier purchases (supplier multipliers) and with longer term development effects (dynamic effects e.g. induced inward migration).

Additionality factors were determined on a **case-by-case basis**, and therefore, only those that reported gross attributable impacts were included. .

5.2 Gross Employment and GVA

We were provided with a database of individuals and businesses that received targeted or intensive support (with some companies that had been removed due to being account managed or surveyed in the past). The respondents were then chosen at random for the telephone survey to ensure a representative sample. Those that had received light touch assistance were asked to participate in the online survey. The respondents were asked a number of questions aimed at establishing levels of turnover and employment.

In order to convert gross turnover to GVA, turnover to GVA ratios³ were used on a company by company basis, based on 4 digit SIC codes derived from companies house data.

An optimism bias was applied to future impacts i.e. only 66% of the future impacts reported by respondents were counted. This reflects the fact that individuals and businesses are typically over-optimistic about future prospects. Optimism bias benchmarks were sourced from Frontline Consultants (2010)⁴.

The optimism bias benchmarks are as follows:

- 1 year on (2012) 34%;
- 2 years on (2013) 34%; and
- 3 years on (2014) 34%.

Also, two outliers of future predicted employment for 2014 were removed for caution. Future impact estimates ranged from 1 to 16 (the two outliers were 30 and 40).

The impacts are reported at the Scotland level and include:

- employment from 2009-2014; and
- GVA from 2009-2014.

³ Scottish Annual Business Statistics, 2009

⁴ R&D and Innovation Support Grant Evaluation, Scottish Enterprise

Table 5.2 details the gross employment and GVA of supported businesses (2010-2014).

Table 5.2: Gross Employment/ GVA (of intensive/ targeted respondents)

	2010	2011	2012	2013	2014
Gross employment	31	45	83	83	177
GVA	£442,660	£972,763	£3,016,840	£3,016,840	£9,686,040

N = 31

5.3 Net Impacts

In order to calculate the net impacts of the project, a number of questions were asked to identify deadweight, displacement and leakage. Multipliers were collected for each company based on 4 digit SIC codes for each, and then matched with the appropriate Scottish Government Input Output Multipliers for GVA and employment.

As highlighted above, the additionality factors were applied on a case-by-case basis to those beneficiaries that quantified gross impacts.

In order to move from gross impacts to net additional impacts, the additionality factors of deadweight, leakage, substitution⁵, displacement and multipliers are considered.

Table 5.3 and 5.4 details the additionality factors of based on jobs and GVA Created.

Table 5.3: Additionality Factors 2010-2014 (Jobs)

	2010	2011	2012	2014
Deadweight	94%	82%	73%	73%
Leakage	0%	0%	2%	2%
Displacement	1%	6%	2%	2%
Multipliers	2%	6%	12%	12%
Overall Additionality	7%	18%	35%	35%

⁵ No evidence of substitution was found in the evaluation and as such has been assumed to be zero in additionality calculations

Table 5.4: Additionality Factors 2010-2014 (GVA)

	2010	2011	2012	2014
Deadweight	100%	97%	70%	70%
Leakage	-	0%	6%	6%
Displacement	-	0%	4%	4%
Multipliers	-	1%	12%	12%
Overall additionality	-	4%	32%	32%

The employment deadweight averages 81% over the four years and GVA deadweight averages 84%, this compares well with the Wellness and Health Innovation project evaluation (another sector specific project) that was recently undertaken which produced 88% deadweight. It also fares well against the following other recent Scottish Enterprise evaluations:

- Improvement Programme – 97%.
- Commercial Breakthrough Service – 95% average;
- Account Managed Evaluation – 95%; and

It compares less well with innovation projects including the small R&D Programme (55%), large R&D programme (77%) and the innovation support grant project (60%).

Net Impacts

Using the above additionality co-efficients, the impact assessment has identified the Programme has generated/ will generate the following **net additional impacts** from the 31 respondents that received intensive/targeted assistance.

Table 5.5: Net Additional Employment Impacts (of intensive/ targeted respondents)

	2010	2011	2012	2013	2014
Gross Employment	31	45	83	83	177
Optimism Bias	31	45	55	55	117
Deadweight	2	8	15	15	36
Leakage	2	8	13	13	36
Displacement	1	5	12	12	32
Multipliers	2	8	19	19	51
Net Employment	2	8	19	19	51

Table 5.6: Net Additional GVA Impacts (of intensive/ targeted respondents)

	2010	2011	2012	2013	2014
Gross GVA	442,660	972,763	3,016,840	3,016,840	9,686,040
Optimism Bias	442,660	972,763	1,991,114	1,991,114	6,392,786
Deadweight	-	31,400	590,359	590,359	543,605
Leakage	-	28,853	476,185	476,185	540,829
Displacement	-	24,525	403,543	403,543	513,690
Multipliers	-	37,684	638,297	638,297	804,255
Net GVA	-	37,684	638,297	638,297	804,255

N = 31

The impact assessment has identified the Programme has generated/ will generate the following **net additional outputs** from the 31 respondents that received intensive/ targeted assistance:

- net additional impacts **created to date (2011)**:
 - 8 net additional jobs created
 - £37,684 GVA; and
- net additional impacts **by 2014**:
 - 51 net additional jobs created
 - £804,255 GVA.

Grossing Up Net Additional Impacts

To calculate the impact of all the beneficiaries receiving intensive and targeted support, it is necessary to 'gross up' the impacts (of jobs and GVA) to reflect the entire population that received this level of support (151 beneficiaries).

Our sample size represents 21% of the entire population of businesses receiving support through IS. This amounts to a grossing factor of 1: 4.8⁶. Grossing up on this basis generates the following impacts:

⁶ As outliers were removed and added back to the net figure this varies and amounts to 4.29 on average.

Table 5.7: Grossed up Gross and Net Additional Employment Impacts to Date (of intensive/ targeted respondents)

	2010	2011	2012	2013	2014
Gross Employment	149	221	344	344	590
Optimism Bias	149	221	227	227	389
Deadweight	8	39	45	45	76
Leakage	8	27	38	38	69
Displacement	6	25	32	32	58
Multipliers	9	38	48	48	89
Net Employment	9	38	48	48	89

Table 5.8: Grossed up Gross and Net Additional GVA Impacts to Date (of intensive/ targeted respondents)

	2010 (£)	2011 (£)	2012 (£)	2013 (£)	2014 (£)
Gross GVA	2,156,183	4,738,298	14,694,930	14,694,930	47,180,388
Optimism Bias	2,156,183	4,738,298	9,698,654	9,698,654	31,139,056
Deadweight	-	152,948	2,875,622	2,875,622	2,647,883
Leakage	-	140,541	2,319,482	2,319,482	2,634,359
Displacement	-	119,460	1,965,647	1,965,647	2,502,167
Multipliers	-	183,558	3,109,123	3,109,123	3,917,500
Net GVA	-	183,558	3,109,123	3,109,123	3,917,500

N = 31

The impact assessment has identified the Programme has generated/ will generate the following **net additional outputs** for those who received intensive/targeted support (grossed up sample):

- net additional impacts **created to date 2011**:
 - 38 net additional jobs created
 - £183,558 net additional GVA; and
- net additional impacts **by 2014**:
 - 89 net additional jobs created
 - £3,917,500 net additional GVA.

5.4 Cost Effectiveness

To make an assessment of value for money, we compare the total project costs of IS over the period of the evaluation which is £1.57 million, with the net GVA benefits reported for the entire population of 151 companies that have accessed intensive/targeted assistance. This gives the economic impact ratios and Net Present Value (NPV) as shown in **Table 5.9**.

Table 5.9: Cost Effectiveness

	2009 ⁷	2010	2011	2012	2013	2014	Total
Costs (in 2011 prices)	99,609	492,320	529,784	462,259			1,583,972
Discount rate	1	0.9662	0.9335	0.9019	0.8714	0.8420	
Discounted Cost (£)	99,609	475,671	494,559	416,932	-	-	1,486,771
Net Impact (2011 prices)	-	-	183,558	3,109,123	3,109,123	3,917,500	10,319,304
Discount Rate	1	0.9662	0.9335	0.9019	0.8714	0.8420	
Discounted Impact (£)			171,353	2,804,251	2,709,421	3,298,429	8,983,455
Impact Investment Ratio	6.04						

The assessment of the impact investment ratio and the NPV has been based upon the following assumptions:

- the total budget for the Programme is £1,568,657;
- turnover has been converted to GVA by applying a GVA per turnover figure on a case by case basis depending on the SIC code of each company (obtained from Companies House);
- 2009 and 2010 costs have been uprated to 2011 values using the HM Treasury GDP Deflators series; and
- the present value (PV) of the cumulative net additional GVA has been calculated using the HM Treasury recommended 3.5% social time preference discount rate.

Based on these assumptions, **Table 5.9** details that the IS project has:

⁷ As per SE guidance, 2009 and 2010 costs have been uprated to 2011 values using the GDP Deflators series

- a cumulative GVA of £8.9m; and
- an impact investment ratio of 6:1

This compares well with a range of 37 other evaluations of Scottish Enterprise sector projects in the tourism, life sciences, energy, food and drink and enabling technologies sectors which range from 1:1.5 -2.3 at year five.

The appraisal for IS also suggested a 10 year return of 1: 4.3 at year 5; therefore the impact investment ratio has overachieved this initial projection.

6. Conclusions and Recommendations

6.1 Conclusions

As stated in the Introduction, the overall aim of the study was to establish the impacts and progress of the IS to date and to inform the future delivery. It sought to:

- provide an understanding of progress to date and the quantitative and qualitative benefits achieved (or likely to be achieved); and
- provide evidence based recommendations on the future direction, management and delivery of both projects.

Our conclusions are based around the more specific objectives highlighted in the brief and cover:

- the strategic rationale and validity of the market failure justification;
- performance against targets;
- economic impacts to date and likely to be achieved in future; and
- management and delivery of the services provided and reporting information collected.

6.1.1 Strategic Rationale

There is a clear and strong strategic rationale for the IS project based on its alignment to national economic policy (*Scottish Government Economic Strategy*) and specific priorities relating to the Digital Media sector (*Digital Inspirations*). If anything there may be potential to create a stronger link from the project into ongoing strategic debate around the development of the digital and creative industries in Scotland, particularly in light of the considerable knowledge being developed among the project team.

The reasons provided by companies for seeking IS support confirm underlying market failures relating to information deficiencies. In particular, companies are seeking information about wider market opportunities and industry contacts. They are also seeking support with the product development process, as a way of managing risk. This evidence suggests both that information deficiencies and risk

aversion are market failures constraining growth in the Digital Media industries, and that the services offered by IS are appropriately targeted at these market failures.

Therefore, our first conclusion is that the strategic and market failure rationale of the project is robust and remains so in today's market.

6.1.2 Performance Against Targets

The performance of the project against targets has been consistently strong. The project has exceeded its activity targets and has far exceeded its targets for levels of client engagement. In fact, demand for the project has far outstripped that envisaged in the original ITT. While this is a very encouraging indicator of the need for the project and of the extent to which it has established a presence within its target community, it has also exerted pressure on delivery resources, as discussed below.

Also, while the project has been very effective in generating interest, most of this has been concentrated in the Central Belt (mainly Glasgow and Edinburgh). The level of engagement in Tayside in particular has been lower than might be expected given the strong focus and concentration of Digital Media companies in that region. There are likely two main reasons for this:

- the profile of existing support in the region, through initiatives such as Interactive Tayside (the subject of a separate evaluation) and from SE itself; and
- the lack of a regional presence for IS in Tayside.

This is an issue for the future development of IS, and one that is discussed further in our recommendations.

The project has also been successful with events and research collaborations, comfortably exceeding its targets in each. It has also done well to attract a wide range of national and international organisations and companies to engage with the sector in Scotland.

One of the key objectives of IS is to channel companies into SE's growth pipeline, and so far it has exceeded its targets for this, although the number being approved as growth prospects lags behind. This may be simply due to a time lag in the reporting process, or could reflect a lack of rigour in the assessment of which

companies to refer. Our view is that the former is more likely, given the overall profile of the companies reported in **Chapter 4** – strong international sales, few competitors in Scotland and operating in fast growing markets.

Where reported progress against targets has been less impressive is in relation to employment and turnover in supported firms. However, there are two issues to note with this finding:

- there will be a time lag between the provision of support and the realisation of these impacts – this is not properly captured in the monitoring process due to the difficulties in tracking companies some time after engagement with the project; and
- the data collected in the current evaluation suggest that the reported figures considerably underestimate the impacts that have been created to date by the project (as reported below).

Finally, we would note that project expenditure is running slightly ahead of schedule (68% of the budget has been spent 66% of the way through the project). However, the expenditure was partly front loaded to account for set-up costs, and there were also additional costs associated with the establishment of suitable reporting systems and alignment with SE's internal CRM system. We do not, therefore, have undue concerns about the pattern of expenditure to date.

Taking account of all of these issues, our second conclusion is that the project has performed very well against its targets, and does not give any cause for concern in this respect.

6.1.3 Economic impacts

The data provided by supported firms indicate that the project has achieved the following economic impacts (grossed up from sample data):

- net additional impacts **created to date 2011**:
 - 38 net additional jobs created
 - £183,558 net additional GVA; and

- net additional impacts **by 2014**:
 - 89 net additional jobs created
 - £3,917,500 net additional GVA.

This accounts for £8.9m (estimated) cumulative GVA to date and forecast for the future, and an impact investment ratio of 6:1.

On the basis of the impacts achieved to date, the net additional job impacts are modest. However our view is that many of the impacts from the support already provided have not yet been realised, and when the current and forecast future impacts are considered, the impacts improve considerably.

When considering cost effectiveness, the project compares well with other initiatives and against the initial appraisal of the likely impact to investment ratio.

The level of deadweight associated with the support (i.e. the proportion of impacts that would have been achieved anyway without IS support) is high for current impacts (2010 and 2011), but reduces when forecast future impacts are assessed. Overall average deadweight across the years to 2014 (84%) is within an acceptable range when compared with other SE interventions.

Therefore, our third conclusion is that the project has achieved a reasonable level of economic impact, and has done so in challenging economic conditions, and within the structure of the Digital Media sectors (in which freelance employment is prevalent).

6.1.4 Management and Delivery

Overall, the evaluation found the project to be well managed and effectively delivered. The delivery team were generally praised for their knowledge of the Digital Media sectors and the partnership between the two delivery agents appears to be working effectively.

However, a number of operational issues were also identified:

- there is a substantial reporting burden for the project, with detailed monthly reports supplied to SE. This has exerted some pressure on resources both in the set up of appropriate reporting systems and in the ongoing monitoring

requirements. While the monitoring reports do contain rich and valuable data, it is questionable whether this is really necessary on such a regular basis;

- promotional activity for the project has to be managed through SE, with one of the implications being that no PR work is possible (SE does not do PR). This was felt to have been a constraint in certain areas of the project e.g. promoting the whitepapers;
- the requirement for the IS website to sit within SE's portal site has significantly constrained its development as an interactive support tool for the sector. This is a missed opportunity, and an area for improvement;
- while referrals from IS to other sources of support (in particular to SE and Business Gateway appear to be working well, it is less clear that these mechanisms are working as effectively in the opposite direction. IS offers sector-specific expertise, and should be seen as an important part of the support landscape for digital businesses, regardless of how those businesses are supported elsewhere; and
- demand for Digital Media services is growing across the economy, and IS, through its relationship to SE, is well placed to facilitate more cross-sector working and collaboration. This should be an area for future development.

Our final conclusion is that while the management and delivery of the project has been generally effective, there is scope for improvement in some areas. This is discussed in more detail below.

6.1.5 Equity and Equalities

The evaluation brief called for comment on the contribution of the IS project to the equity and equalities agendas. However, at an early stage in the project it was agreed with the client team that questions relating to these issues would not be required in the survey. Therefore, we have no firm evidence on which to base conclusions in this respect.

However, it is worth noting that IS is an industry and business growth initiative and, as such, is open to any qualifying business regardless of their ownership profile or location. While it has not been established with the explicit intention of addressing

equity or equalities issues in a positive way, there is nothing in the project's structure or processes that suggest any negative impact. It is simply that this is not the core focus for the project.

6.2 Recommendations

We recommend that the IS project be continued beyond the end of its current funding period for four main reasons:

- the project is addressing a clear market need and is strongly aligned with national economic development priorities;
- performance has been strong and there is evidenced demand for the services;
- it has delivered economic impacts; and
- it offers good value for money compared with similar interventions elsewhere.

In designing the next phase of the project, a number of issues should now be considered and addressed.

Balance of Support

We recommend a shift in the balance between light touch and intensive support such that more resources are directed towards the latter. This will continue to improve the level of economic impact achieved.

However, in so doing there is a need to consider how to provide a meaningful yet light touch service to those companies that do not pass the growth potential diagnostic. Here the role of the IS website should be further developed to enable this to become a more interactive support tool for digital companies. This may require some thinking about how to position the website with respect to SE's own online presence.

Internationalisation

We also recommend greater focus on internationalisation within the project. At present the project has a presence at only one international trade show – Mobile World Congress in Barcelona. Given the inherently global nature of Digital Media

markets, IS should extend its international reach through increased presence at a wider range of trade fairs and by working closely with SDI on support for companies seeking to develop international business opportunities.

This will require clarity on two fronts:

- the development of a clear proposition to promote SE's Digital Media capability in international markets; and
- a reliable mechanism for identifying those companies with real potential to engage on international business opportunities.

The project has already established strong links and partnerships to a number of international market leading companies. This provides a useful route into wider international markets and should be explored.

It will also be important to identify the trade shows (one being Mobile World Congress) that offer best opportunity to promote Scotland digital companies, and the project should work in partnership with SDI to develop a presence at these events. The prospecting and intelligence gathering work of the delivery team is also important and should similarly extend internationally through attendance at key international conferences and events.

If IS is to have a greater role in international business development, it will be crucially important to agree the relative roles and responsibilities of the project and of SDI. IS has the necessary sector knowledge and expertise to guide activities, and SDI has the infrastructure and services to help realise these ambitions. This should be an effective partnership.

This may also have implications for the marketing and promotional activity within the project, and again IS should work closely with SE's communications teams to ensure that the project and its services are effectively promoted, with a focus on the promotion of Scotland's Digital Media capabilities in international markets.

There is also an opportunity for IS to help connect Scottish Digital Media companies to opportunities across other key sectors of the Scottish economy, and this should be an area of growing emphasis for the next phase of the project.

Tayside

The issue of the project's limited reach into Tayside should also be addressed. Tayside, and Dundee in particular, is a key part of Scotland's Digital Media picture, and IS must develop greater presence in the region.

In considering the future for IS, we have taken account of the changing landscape of support for the digital and creative industries in Scotland, in particular the relationship of the project to Interactive Tayside (the subject of another recent evaluation undertaken by the same team).

The two projects have different objectives and services. Most obviously, IS is strongly focussed on company support and advice, although events are an important shared area of activity across the two projects. However, despite the difference in focus it is sensible to consider future provision in a way that takes account of each project, and of the needs of the partners and industry in each context.

Our view is that IS requires some form of physical presence in Tayside – someone to represent IS in the region (even if only part-time) and this should be discussed with SE. It may be that some kind of secondment option might work whereby an adviser with existing knowledge and contacts within the local industry could work for IS on a part time secondment basis. This would be a cost effective option and would allow IS to provide company advice and support on industry specific issues to companies in Tayside, linking as it does with SE's account management and growth pipeline structures. There is therefore no need to duplicate this activity through a future Interactive Tayside service.

Similarly, IS events in Tayside can provide comparable value to those run by Interactive Tayside in the past and this function could usefully be passed from Interactive Tayside to IS.

However, IS is less well placed to:

- promote the sector in Tayside (industry consistently identifies key challenges in attracting and retaining talent in Tayside due to negative or uninformed perceptions both of the region and the Digital Media sector);
- continue to develop the regional partnership that has been built around IT;
and

- co-ordinate activity at a strategic level within Tayside.

These are issues best taken forward by the partners within Tayside.

Operational Issues

Two more operational issues should also be addressed. First, the reporting requirements could be reduced. The project's ongoing input to SE's CRM system is useful and should continue, but the monthly reports could be slimmed down and reduced in frequency. It is also worth reviewing the need for SE to approve all assists over two days' duration. Although in practice this has been a relatively light touch and quick process, it does seem like a layer of unnecessary bureaucracy, particularly as the delivery team's knowledge of the sector continues to grow.

Secondly, more work is required on the promotion of IS and its services to other business support providers, most obviously SE's account managers and the Business Gateways. Referrals from these providers to IS need to be more evident and frequent.

Finally, there are two bigger issues to be considered:

- resources; and
- IS and its relationship to industry and to SE.

Resources

We have not sought to provide definitive guidance on the level of resource that should be dedicated to a further phase of the IS project. However, a number of issues will need to be considered:

- resource planning should take account of the high level of demand experienced by the project;
- a shift toward more intensive support may demand an increased amount of adviser time, although this can be partly offset by cost effective means of delivering one-to-many support;
- the redevelopment of the IS website will require investment;
- a reduction in the reporting burden should free up some resources to focus on company support; and

- increased focus on international development will also require further investment.

Resources in the current project have been stretched, but there does not appear to be a clear case for a substantial increase in funding. Instead, our recommendation would be to scope out the next phase in more detail, taking account of the issues highlighted above. It may be that this results in a slightly increased budget, but this requires further work to clarify.

SE and IS

IS is SE's project. SE provides the majority of the funding and all of the project management resource. However, there has been concern that the project is not perceived by the industry as being an SE initiative. This is a vexed issue. On the one hand, the IS brand is recognised within the industry, and has probably enabled the project to engage companies that might not engage with public sector agencies. On the other hand, it is entirely reasonable that SE would seek recognition for its efforts in developing and implementing a successful support project.

Most importantly, this is a question for the next phase of the project. As noted in Chapter 3, there was a view that the initiative should move towards an industry ownership model, thereby reducing its reliance on public funding. While this is appealing in theory, our view is that it is unlikely to work in practice, at least in the short to medium term. It would be more practical for SE to continue to fund the project, using the next phase as a time to explore in more detail options for longer term sustainability.

On this basis, IS would remain an SE-led initiative. However, it is also important that the IS brand continues, and we do not recommend any moves that obscure that brand by attempting to increase SE's presence within the project's branding. A balance must be struck between SE receiving due recognition and the project continuing to have relevance amongst its target community.

In practice, this means continuing to promote the event and support services under the IS brand, but perhaps making more explicit the fact that the project was developed and funded by SE as part of its overall approach to building Digital Media capability in Scotland.

There is also the issue of public relations (PR) to consider. Although there was demand for greater freedom to undertake PR activity on the part of the delivery agents, it is not clear how this might actually increase the impacts of the project. While it might enhance the project's reputation, the evaluation suggests both that it is already well regarded by the industry and has established a strong level of profile. It is therefore difficult to justify an extension to the promotional activities through a PR based route.

6.3 Summary of Recommendations

Our recommendations for the IS project are as follows:

Recommendation 1: the project should be continued beyond the current funding period.

Recommendation 2: the service mix should be rebalanced to support greater focus on intensive support to companies.

Recommendation 3: the IS website should be redeveloped to allow it to play a greater role in the delivery of light touch support.

Recommendation 4: the next phase of the project should increase the focus on international development, working closely with SDI to grow Scotland's presence at key international trade events and support more international business development for Scottish based digital companies.

Recommendation 5: the processes supporting the marketing and promotion of the project should be reviewed to ensure that the marketing effort is meeting the needs of a refocused project. This is particularly an issue in light of the greater international role being proposed.

Recommendation 6: the project should develop tangible links across other sector teams within SE to facilitate connections between Scotland's Digital Media community and opportunities in other key sectors.

Recommendation 7: IS should develop a regional presence in Tayside to build engagement with the local Digital Media company base through events and support services.

Recommendation 8: the monitoring and reporting processes for project should be reviewed and the potential for lighter touch reporting

Recommendation 9: work is required to build awareness and understanding of IS' services among key business advisors to ensure that referrals into the service are operating effectively.

Recommendation 10: the allocation of resource to the next phase of the project should take full account of the recommended changes in service provision and the high level of demand for support.

Recommendation 11: the value of the IS brand should be protected while also seeking to ensure SE receives due recognition of its role in the project.

Appendix One - Consultees

List of Consultees

Alasdair Gunn	ICS
Danny Meaney	NMP
Catherine Lamont	Scottish Enterprise
Linda McPherson	Scottish Enterprise
David Hartley	Scottish Enterprise
Andy McLaughlin	Scottish Enterprise
Morgan Petrie	Creative Scotland

Appendix Two - Questionnaires

Business Survey

Can I please confirm the following background details with you?

Name		
Company Name		
Telephone Number		
When did you start accessing support		
What Sector Do you Operate in		
Music	<input type="checkbox"/>	
Internet/New Media	<input type="checkbox"/>	
Broadcasting	<input type="checkbox"/>	
Gaming	<input type="checkbox"/>	
Publishing	<input type="checkbox"/>	
Advertising	<input type="checkbox"/>	
Next generation learning	<input type="checkbox"/>	
Exhibition	<input type="checkbox"/>	
Film	<input type="checkbox"/>	
Mobile	<input type="checkbox"/>	
Animation	<input type="checkbox"/>	
Video Production	<input type="checkbox"/>	
Interactive Software	<input type="checkbox"/>	
Platform technologies	<input type="checkbox"/>	
Other, please state	<input type="checkbox"/>	

Section 1: Pre-Support

1. How did you first find out about Interactive Scotland?

- Interactive Scotland directly
- Scottish Enterprise
- Innovation Centres Scotland
- New Media Partners
- Business Gateway
- Local Authority
- University
- College
- Website
- Word of Mouth
- Newsletter
- Web search
- Other, please state

<input checked="" type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

2. When did you originally become engaged with Interactive Scotland?

- 2009
- 2010
- 2011

<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Section 2: Support Received

3. Why did you seek support from Interactive Scotland (Tick all that apply)

- To gain industry knowledge
- To access market intelligence/identify opportunities
- To access support with taking a product/idea to the market
- To gain industry contacts
- To develop partnerships/collaboration with industry partners
- To develop partnerships/collaborations with academia
- To promote my company
- To access or be signposted to sources of public sector support
- To access assistance with sourcing funding
- Other, please specify

.....

<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

4. Can you tell me more about what were you hoping to achieve from engaging with the project?

5. Can you tell me about the types of support you have accessed from Interactive Scotland? (Tick all that apply)

- General Business Advice
- Specialist sector networking events
- Market/sector information (newspapers, whitepapers, industry news)
- Tailored Market and Technology Research
- Product Development and Technology Support
- International Partnering Assistance (to develop international activities)
- Commercial Partnering Assistance (collaborations between other companies or with academia)
- Signposting to other sources of support
- Assistance with sourcing/accessing funding
- Other (please specify).....

6. How would you rate the following aspects of the support, on a scale of 1 to 5, 1 being very poor up to 5 which is very good?

v. poor			→	v. good		
1	2	3	4	5	DK/NA	

Specialist sector networking events						
Market/sector information (newspapers, whitepapers, industry news)						
Tailored Market and Technology Research						
Product Development and Technology Support						
International Partnering Assistance (to develop international activities)						
Commercial Partnering Assistance (collaborations between companies and with academia)						
Signposting to other sources of support						
Other						

7. Could you please provide reasons for the above ratings?

8. Have you applied the information, advice, sector specific research, to the development of any of your products, services or activities in your company? In what way?

9. Has the networking/brokerage support enabled you to form relationships with *International Partners*? If so, what is the nature of these relationships and what has been the outcome to date?

10. Has the networking/brokerage support enabled you to form relationships with other *companies or academia*? If so, what is the nature of these relationships and what has been the outcome to date?

Section 3: Client Journey

11. How would you rate the following aspects of the support, on a scale of 1 to 5, 1 being very poor up to 5 which is very good?

v. poor			→	v. good		
1	2	3	4	5	DK/NA	

Time it took from initial contact to accessing support
Clarity and transparency of the support available

Appropriateness of support to my business
Intensity of support provided
Overall Experience

12. Could you please provide reasons for your answer?

13. Accounting for all the support, did the support exceed, meet or fall short of your expectations?

Exceeded	✓	
Met		
Fell short		

14. Could you please provide reasons for your answer?

Section 4: Quantitative Impacts
Current Impacts

15. How many staff were employed in this business in Scotland in each of the last 2 years?

	2010	2011
Full time Employees		
Part time Employees		
Freelance Employees		

16. Thinking about the number of staff employed in Scotland in each year (2010 and 2011). How much different do you think employment would have been if you had not accessed support from Interactive Scotland?

Difference in 2010	Difference in 2011
--------------------	--------------------

No Different
1-20% lower
21-40% lower
41-60% lower
61-80% lower
81-100% lower

17. What was the business turnover of your Scottish operation in 2010 and what do you expect it to be in 2011? (if pre revenue please state pre revenue)

Turnover (£)

2010	2011

18. Thinking about the turnover generated from your Scottish operation in each year (2010 and 2011). How much different do you think it would have been without assistance from Interactive Scotland?

No Different
1-20% lower
21-40% lower
41-60% lower
61-80% lower
81-100% lower

Difference in 2010	Difference in 2011

19. Broadly what proportion of your turnover from Scottish operations are accounted for by bought in goods and services (excluding internal wages and salaries)?

1-20%
21-40%
41-60%
61-80%
81-100%

%

20. Broadly what proportion of your turnover from Scottish operations are accounted for by exports (sales beyond Scotland)?

1-20%
21-40%
41-60%
61-80%
81-100%

%

Future Impacts

21. How many staff do you expect to employ in ...

	(1 year) 2012	(3 years time) 2014
Full time Employees		
Part time Employees		
Freelance Employees		

22. Thinking about the possible future employment in each year (2012 and 2014) how much different do you think employment could be if you had not accessed support from Interactive Scotland?

	Difference in 2012 due to IS	Difference in 2014 due to IS
No Different		
1-20% lower		
21-40% lower		
41-60% lower		
61-80% lower		
81-100% lower		

23. What do you project your turnover from your Scottish operation will be in? (if pre revenue please insert pre revenue)

	2012	2014
Turnover (£)		

24. Thinking about the possible future turnover from your Scottish operation, in each year (2013 and 2014), how much different do you think Scottish turnover could be if you had not accessed support from Interactive Scotland

	Difference in 2012 due to IS	Difference in 2014 due to IS
No Different		
1-20% lower		
21-40% lower		
41-60% lower		
61-80% lower		
81-100% lower		

25. How long do you expect these financial benefits to last?

- 1-3 Years
- 4-6Years
- 7-9 Years
- 10+ Years

Questions in relation to metric calculation

26. Could you please provide me with the following information?

	The last complete financial year before receiving support	2010/11
Operating Profit/loss		
Employee Costs		
Depreciation		
Amortisation		

Note on Definitions

- Operating Profit** – Profit from a firm’s normal core business operations (earnings before interest and tax). This value does not include any profit earned from the firm’s investments
- Employee Costs** – Wages and Salaries from annual accounts. This should not include social security or pension costs
- Depreciation** – Decline in price of a tangible asset over time and recorded in annual accounts as depreciation
- Amortisation** – The Apportionment of (charging or writing of) of the cost of an intangible asset as an operational cost over the assets estimated useful life

27. What would have happened if support from the Interactive Scotland was NOT available?

The business would not have experienced any impacts/benefits outlined above	✓	
The businesses would have experienced some impacts but these would have been reduced or happened later		Go to Q30
All the impacts the business experienced would have occurred in the absence of the support		Go to Q28
		Go to Q29 then Q34

28. Can you provide details of how much later and lower in scale?

	Yes	No		
Later	<input type="text"/>	<input type="text"/>	If yes, how many months later?	<input type="text"/>
Lower scale	<input type="text"/>	<input type="text"/>	If yes, how much lower (%)?	<input type="text"/>

Go to q30

Only ask if the business would have experienced the impacts in the absence of the support

29. If you would have achieved the impacts/benefits reported above why did you seek support from Interactive Scotland (please go to q34)

30. What proportion of your staff live outside of Scotland?

None (0%)	<input type="text"/>
1-20%	<input type="text"/>
21-40%	<input type="text"/>
41-60%	<input type="text"/>
61-80%	<input type="text"/>
81-100%	<input type="text"/>

31. Thinking about sales in your main area of business, which of the following statements best describes your business?

All the businesses sales are based in Scotland	<input type="text"/>
The majority of the businesses sales are based in Scotland	<input type="text"/>
Around half the businesses sales are based in Scotland	<input type="text"/>
A minority of the businesses sales are based in Scotland	<input type="text"/>
None of the businesses sales are based in Scotland	<input type="text"/>

32. Thinking about competition in your main area of business, which of the following statements best describes your business?

All the businesses I compete with are based in Scotland	<input type="text"/>
The majority of the businesses I compete with are based in Scotland	<input type="text"/>
Around half the businesses I compete with are based in Scotland	<input type="text"/>
A minority of the businesses I compete with are based in Scotland	<input type="text"/>

None of the businesses I compete with are based in Scotland

33. Generally, would you say the market in which you operate is growing strongly, growing, static, declining or declining strongly?

Improved strongly
Improved Moderately
Are about the Same
Declined Moderately
Declined strongly
Don't Know

✓

Section 5: Qualitative Impacts

34. Have you or do you expect to achieve any of the following impacts or benefits from the following list as a result of the support from Interactive Scotland?

New contacts made with business(s)/individuals
New contacts made with academia
New contacts within Scottish Enterprise or partner organisations
Partnership opportunities with another businesses/individuals
Partnership opportunities with academia
Greater knowledge/understanding of the digital media sector in your region
Improved business skills
Greater awareness of public sector support
Accessed public sector support
Other, please specify

	Now	Future

Section 6: Other Support

35. Have you utilised any other support from another organisation/source since 2009?

Yes
No
Don't Know

✓

36. Where have you received that support from?

- Creative Scotland
- Other Scottish Enterprise Support (please specify)
- Business Gateway
- Dare to be Digital
- Dare to Grow
- Other public sector programmes (please specify)
- Chamber of Commerce
- Friends and family
- Bank
- Professional Services (i.e. accountant/lawyer)
- Other (please specify)

✓	

37. What was the outcome of this support?

38. Do you think Interactive Scotland has had a positive impact on the profile of Digital Media companies and does it raise awareness of Scotland as a Centre of Excellence in Digital Media?

39. How important do you think the support that you received from these sources have been in contributing to the success of your business, on a scale of 1 to 5, with 1 being of very little importance at all up to 5 which is of significant importance?

- Creative Scotland
- Other Scottish Enterprise Support (please specify)
- Business Gateway
- Dare to be Digital
- Dare to Grow
- Other public sector programmes (please specify)
- Chamber of Commerce
- Friends and family
- Bank
- Professional Services (i.e. accountant/lawyer)

v. little importance		→ sig. importance			Don't know
1	2	3	4	5	

Section 7: Future Requirements

40. Would you recommend this support to others?

	✓	
Yes		<input type="text"/>
No		<input type="text"/>
Don't Know		<input type="text"/>

41. Do you think your business will seek support in the future?

	✓	
Yes		<input type="text"/> Go to Q42
No		<input type="text"/> Go to Q43
Don't Know		<input type="text"/> Go to Q43

42. What are the top three areas in which you will be likely to seek support for?

a. Area 1

.....

.....

.....

b. Area 2

.....

.....

.....

c. Area 3

.....

.....

.....

Section 8: Final Comments

43. Overall, what do you feel are the main strengths and weaknesses of the support from the Interactive Scotland? What about main areas for improvement?

a. STRENGTHS
b. WEAKNESSES

c. IMPROVEMENTS

44. Overall, do you think there are currently gaps in support provided by Interactive Scotland? If so, in what areas?

Yes (please specify)	▼	
No		
Don't Know		

a. Gaps

.....

.....

.....

45. Do you have any final comments you would like to make about the Programme?

Thank you for taking the time to participate in the survey

Stakeholder/Partner Questionnaire

1. What has been your involvement / role in terms of the delivery Interactive Scotland/Interactive Tayside (IS/IT) or both?
2. What, in your opinion, is the overall strategic rationale for IT/IS? What were the market failures being addressed and have they changed over time? Has there been market adjustment?
 - Interactive Scotland
 - Interactive Tayside
3. (Scottish Enterprise Consultees only) How does IT/IS fit with and contribute to the SE Creative Industry sector plan, SE business plan, and the Government Economic Strategy?
 - Interactive Scotland
 - Interactive Tayside
4. (Interactive Tayside only) How well does the Interactive Tayside integrate and link with the wider support network in the area? (Complementary/duplication).
5. What is your opinion on the progress, performance and achievements of IS/IT to date? (difference they have made to businesses involved, impact on profile of the area)
 - Interactive Scotland
 - Interactive Tayside
6. What are your views on the effectiveness and appropriateness of approaches to the following in relation to Interactive Tayside and Interactive Tayside?
 - Marketing and promotion of the Programme
 - Management and Delivery of the programme
 - Monitoring Information Procedures

7. Overall what would say are the strengths and weaknesses of in terms of the delivery of IS/IT? Can you highlight any particular good practice/key successes?

- Interactive Scotland
- Interactive Tayside

8. How effective is the partnership working?

- Interactive Scotland
- Interactive Tayside

9. Do you think the project offers value for money?

- Interactive Scotland
- Interactive Tayside

10. (IT only) Would you support the continuation of IT? What are the resource implications and are you willing to contribute?

11. Have you any recommendations for the future of IS/IT, including improvements to enhance delivery and maximise the long term impact of the project (s) *(changes to services, enhancing service offer, additional services, management and operational improvements, changes to monitoring and information procedures)*

- Interactive Scotland
- Interactive Tayside