



# SHAPING IRELAND'S FUTURE

COMMUNICATIONS FOR  
THE SMART ECONOMY

The Conrad Hotel  
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# A smart economy: aspiration or reality ?

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# Some Stanford spinouts



Synteni

Google™



sgi.

# The importance of technology transfer

Fiscal 2008 Revenues in US\$000,000

	Operating Budget	Sponsored Research	%age Op. Budget	Of which Gov. Research	Royalties	%age Op. Budget	Equity Disposals
<b>Stanford</b>	<b>3,800</b>	<b>1,064</b>	<b>28%</b>	<b>87%</b> <b>(inc SLAC)</b>	<b>63</b>	<b>2%</b>	<b>2</b>

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<b>TCD</b>	<b>414</b>	<b>105</b>	<b>25%</b>	<b>84%</b>	<b>0.186</b>	<b>0.05%</b>	<b>0</b>

1.48US\$ to 1€

# Spinouts per 100M

## Cumulative 2006-2008

	Research Income	Spinouts	Spinouts per 100M
<b>Ireland</b>	<b>1,977</b>	<b>25</b>	<b>1.26</b>
<b>Cambridge</b>	<b>320</b>	<b>2</b>	<b>0.6</b>
<b>Oxford</b>	<b>263</b>	<b>7</b>	<b>2.7</b>
<b>Imperial London</b>	<b>294</b>	<b>11</b>	<b>3.7</b>
<b>MIT</b>	<b>896</b>	<b>20</b>	<b>2.2</b>

c.f. Michael Hennigan, of Finfacts



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<b>2009 Irish Target</b>	<b>700</b>	<b>26</b>	<b>3</b>

# Vital Statistics in the Valley

## 2008 Numbers

<b>Population</b>	<b>About 2,500,000</b>
<b>Employment Pool</b>	<b>About 1,400,000</b>
<b>High Technology Employment</b>	<b>About 320,000</b>
<b>High Technology firms</b>	<b>About 5,500</b>
<b>(of which foreign owned..)</b>	<b>about 400</b>
<b>Average jobs per Hi-Tech firm</b>	<b>Approx. 60</b>
<b>High-Tech R&amp;D (federal/academic) employment</b>	<b>About 150,000</b>
<b>Business infrastructure employment</b>	<b>About 50,000</b>
<b>Ratio of indirect high-tech jobs</b>	<b>0.625 indirect jobs per 1 direct job</b>

# Creating Jobs in Irish Smart Economy by spin-outs

<b>Number of High-Tech spinouts</b>	<b>Say 100 (??...)</b>
<b>Average number jobs per spinout</b>	<b>Say 100 (Silicon Valley is 60...)</b>
<b>Ratio of indirect high-tech jobs</b>	<b>1:1 (Silicon Valley is 0.625:1)</b>
<b>Thus: Smart Economy Jobs</b>	<b>20,000.....</b>

# Role of Venture Capital in US

## 1992-2001

- 10,530 Venture Backed Firms
- Of which 903 were academic spin-outs
- *i.e Just 8% of all VC backed firms were university spin-outs*

Burton Lee, Stanford University,  
At Inaugural Meeting Taoiseach's Innovation Taskforce

# Smart Economy Firms

- If there were 100 Irish smart economy spin-outs from academia in next few years
- And this was 8% of Irish spin-outs
- Then there would be 1,150 smart economy start-ups in same time period
- And maybe 250,000 jobs in the sector..
- Do we believe we can do this ????.....

# Conclusion: Need Inflection Point

**Our current trajectory just doesn't do it:::**

- Enterprise Ireland “Our goal is 26 high technology start-ups in 2009...”
- TCD-UCD Alliance “300 smart economy start-ups...”
- But need 1,000 or even more .....
- *Where are all seasoned entrepreneurs, innovators, executives going to come from ?....*



Why Start a Smart Company ?

To Sell It

To Sell It



# Cycle

*Industry leaders  
emerge by acquiring  
complementary  
firms....*

Build a company to sell it

- If really successful, get rich
  - Then leverage industry contacts, re-invest as an angel and mentor the next generation
- If moderately successful, get moderately rich
  - And start your next start-up
- If fail, then learn, and try again

*If my CEO did  
it, then I can  
do it too...*

*CEO & Team  
gain experience &  
ambition*

# **Current Policy** vs **Smart Policy**

<b>Job Creation</b>	<b>Wealth Creation</b>
<b>Scale Companies</b>	<b>Sell Companies</b>
<b>Long Term Sustainability</b> <i>(risking stagnation..)</i>	<b>Re-cycle Human Talent and Fiscal Resources</b>

# Why Exits are *So Important*

- Founders make money
- Investors make money
- Venture Capitalists are successful
- Management teams gain experience and re-cycle
- Managers motivated to try their own luck
- *Global Champions emerge by acquiring complementary companies.....*

# Vital Statistics

- Track employment ?
- Track State investment ?
- Track number of start-ups ?
- Track R&D Spend ?
  - (HERD, BERD, CURD, WURD, WEIRD whatever..)

**Track Wealth Creation**

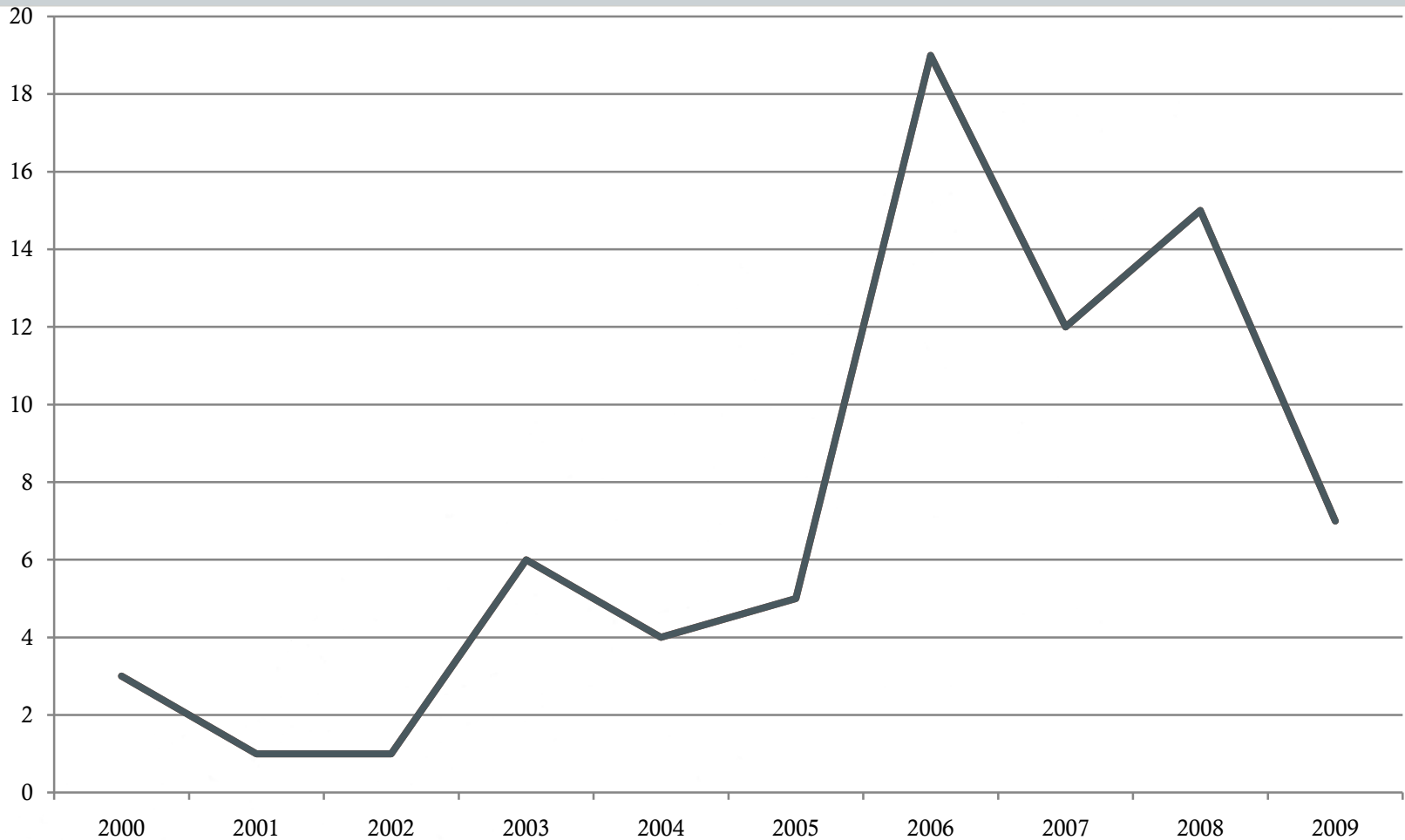
# My Exit Research

2000-2009

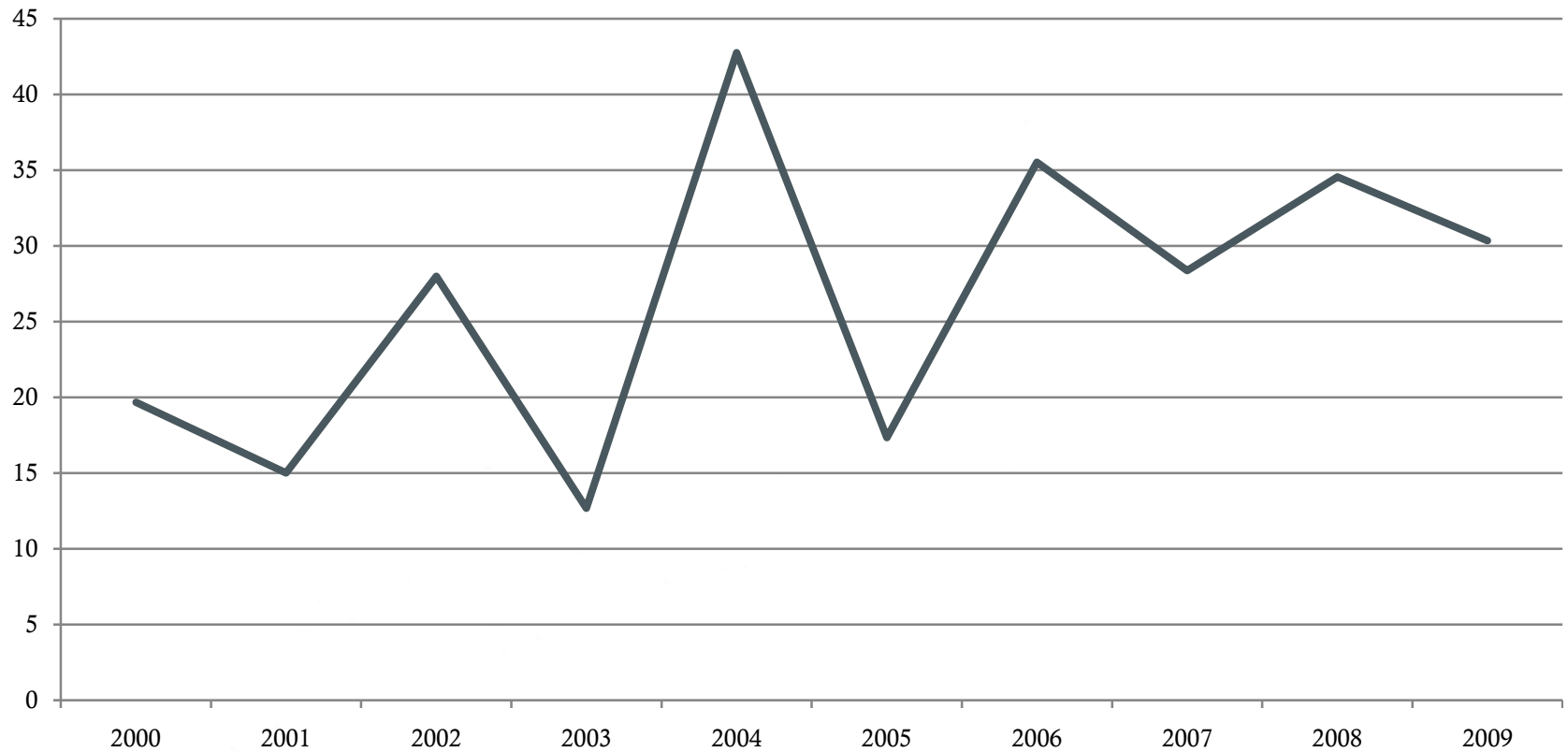
- 72 Irish exits
- Total wealth: 2,175Meuro
- Average 30Meuro per exit
- Average time to exit from founding: 10 years

Cf [chrishornat.blogspot.com/2009/08/irish-technology-exits-2000-2009.html](http://chrishornat.blogspot.com/2009/08/irish-technology-exits-2000-2009.html)

# Irish Exits per Year



# Average Value of Irish Exits per Year



# Basic Challenges

- Need many more start-ups per year
- Need to attract overseas innovators to add to our own
- Need to build companies to sell them
- increasing average exit value, each year
- And avoid companies which will be difficult to sell...
- Need to shorten the timescales to exit
- Position Ireland as THE place in Europe for Wealth Creation



# Role of Government

- Be SMART
- Seek open platform plays in Ireland which
  - Disrupt a global industry
  - Accelerate innovation in Irish based company clusters
  - Are NOT “me too” ...
  - Could be done by a JV as a well funded start-up and so possible fiscal return to the State via IPO...
  - Then do whatever basic and/or applied R&D that needs to be done to make it happen – whatever it takes.....

# Summary

- Need some smart thinking
- Our current trajectory is woefully insufficient
- Need an inflection point in our execution
- Then one day several Irish founded global high technology champions will emerge
- ...supported by a vibrant dynamic high technology SME pool