

**An interview with Andrew Miles, Group Managing Director
at Pera.**



Andrew Miles is Group Managing Director of Pera, which helps companies to achieve world-beating product and business innovations. Pera has created a unique international infrastructure which acts as a gateway to knowledge, opportunities and partnering.

Pera has over 60 years' experience as a passionate and successful advocate for business. In addition to providing support to companies through its services, Pera works with regional and national government agencies to help promote the importance of business friendly policies.

Pera's expertise and understanding of business needs has led to governments and public funding agencies enlisting Pera to deliver multi-million pound business support programmes. With a global network of strategic partners and staff, Pera has access to the latest thinking from across the world.

We started our interview by asking Andrew about Pera.

Q. Please can you tell us a bit about Pera's business model and how it has adapted to fit with 21st century business?

A. Back in 2000, we made some changes to the way we support SMEs. Until then we had followed the 'technology push' model, which is based on stimulating good technological ideas on the basis that this should then lead to growth in revenue and profit for the companies we worked with. The flaw here is that there is an assumption that the market even wants the technology!

Under the new CEO at that time, we changed our approach to a model where, together with our clients, we would initially focus on finding gaps in the market, where we could create highly differentiated product features and functionality to satisfy those market drivers. The approach often yields a significant IP portfolio opportunity, and we took the chance to establish at the same time a policy not to hold IP - instead giving it to our clients.

Q. What are the really big challenges Pera has overcome to become so successful?

A. Understanding the difference between market drivers and technology for technology's sake.

Q. Please could you tell us a bit about your current clients and what you do for them?

A. Our services support clients in many stages of their business development. For established companies that need to change their offering to react to changing industry dynamics, we have a well-established innovation process that typically yields up to a dozen highly differentiated new product ideas. The process recognises the steps to be taken in either introducing a new technology to a client's existing markets, or alternatively finding new markets for their existing processes, and is sufficiently flexible that it can work in either direction.

In most cases, the ideas are sufficiently far from their existing supply chain's capabilities that we then have to find resources to fill the gaps, either academic or in the supply chain. Having done so, the resultant programme of work that we create in order to deliver the new product can then be taken on either directly by the clients, or where they don't have the finances to do so, we can seek public funding support to enable the programme to happen.

Q. When you first meet an early stage technology company, how do you tell if it is going to be very successful?

A. Our Business Intelligence team is invaluable to us here. We subscribe to over 1,700 global databases, at a cost of several hundred thousand pounds per year. The team undertakes some 2,000+ techno-economic analysis assignments a year, and we are able to draw heavily on data from this team to help us review our client's proposition to the marketplace.

Q. You have a very informative website at www.pera.com. Why do you give so much helpful advice away for free?

A. I am fortunate to have a team that is capable of putting the theory into practice, and sharing our approach is only the start. We are constantly trying to improve the website, but letting people know what we do through the website is a good way of reaching out to prospective clients. We are working on a major update of the website for launch later this year.

Q. You do not take IP rights over technology that you help to devise. Why not?

A. An amazing number of people really question our position on IP, but our policy not to hold IP stems from our history. We are here to support industry, and if we can help our clients secure some strong IP, then for us that is a real success.

Q. You work with some of the biggest companies in the world and also some of the smallest. How do you deal with conflicts of interest?

A. It may sound like there could be a conflict, but in reality all the projects we work on are based on creating a supply chain to take the resultant technology to market. The SMEs need the bigger companies to act as a route to market, and the larger companies need the innovation from the SMEs!

Q. Please explain about the Framework 7 programme (FP7).

A. At a high level, Europe wants industry to spend more on R&D in order to keep ahead of the competing economies around the World, with the main drivers being wealth and employment for Europe. Industry being encouraged to increase its R&D spending from 1.9% of GDP to 3%, with the EU putting its money where its mouth is, offering well over €30 billion as a financial support for those undertaking R&D.

All companies are catered for, as there are two different funding models for organisations seeking to introduce innovative new products; one for those

with great ideas but limited or no R&D resource, and one for more established and larger companies with significant R&D teams.

Typical project budgets can range from €1 to €5 million, and can be used to fund internal staff or external researchers, depending upon what skills are available within an organisation.

Q. Please explain how companies can pull down EU funding and what the issues are around bidding for such funding.

A. The EU uses the European Commission to administer its R&D funding, and it holds periodic deadlines against which industry can submit proposals for projects they would like to be funded.

It is a complex and very competitive process, and this, combined with the perceived time delays and red tape, can put a lot of people off. In order to allay those concerns, Pera has a team dedicated to dealing with industry's administrative burden, leaving industry to get on with developing the new products and technology.

The process of building the proposal can take several man-months, and the average success rates can be less than 10%. For industry this means it is not normally viable to allocate this amount of senior manager's time to the proposal writing process, and we recommend using a support organisation that is used to dealing with this complexity on a day to day basis.

Q. Are there any tips you can give entrepreneurs wanting to pull down EU funding?

A. Anyone can apply for funding from the EU's FP7, but unless the organisation is doing this on a day to day basis it probably isn't a good use of their time.

There are a number of organisations that can provide support. Pera is one of the most active and successful organisations in offering this support to industry in Europe.

Q. In your view, what is the value added from taking investment from equity funders such as angels or VCs versus pulling down EU Funding?

A. I see the two approaches as very complementary. The EU funding will cover R&D, but is not designed to offset costs for employing other infrastructural people within a growing company, such as a sales team.

However, many companies in their early days will require funding rounds with a large part of the money going towards product development and R&D, and this is where public funding can be very attractive, particularly to the existing investors, who might typically see anything between €1 and 5m contribution from the EU. This can have a great impact on investors, as the EU cash doesn't need to be repaid, and results in no equity dilution. I can only imagine this is good news for the investors.

Q. What are the typical mistakes companies make when it comes to investing in R&D?

A. We are strong advocates of partnering when seeking to take new products to market. Probably the biggest failing we see is where companies want to protect everything for themselves, often resulting in them actually getting 100% of nothing.

Q. **Pera is slightly unusual in that it is a not for profit company and limited by guarantee. Please could you explain what this is, why you have this status and what advantages it brings you?**

A. We were formed in 1946, with a remit to support industry. In the 1980s we were privatised and became the 'privately owned company, acting in the public interest' that we are today. Our ownership structure has no shareholders, and as we can't distribute any surplus we make, we reinvest it back to the industry we exist to serve, by heavily subsidising the work that we undertake in winning the public funding for our clients.

With a staff of 600, we have a wealth of scientists and engineers that can fill the skill gaps that appear in our clients' development programmes, whilst our financial structure allows us to offer greatest value for money by participating in an open-book, non-profit basis.

Q. **Are you seeing the effects of the credit crunch in the market?**

A. We are noticing that more companies that might previously have been cash rich, and hence not been so interested in public funding, are talking to us about how we can help maintain their R&D budgets using this approach.

Q. **Are the services your big clients need different from the needs of your little clients?**

A. Smaller companies tend to be more dependent on the public funding options for single new products. For many, the successful application for funding means the project goes forward, if not it can be many years before the company can afford to take the risk to spend the money.

For larger companies, winning funding effectively increases the number of development programmes they can undertake at any one time.

Q. **In your view what do you think are the biggest issues you face as you grow a technology business?**

A. Finding enough good people.

Q. **How do you find the right new customers and how long is your relationship with each customer?**

A. Networking is the way we find most of our customers. We rarely spend a long time courting our potential customers, as the message of, 'step change business performance from new products, paid for with money that doesn't have to be re-paid, and involves no equity dilution', is either compelling, or dismissed as too good to be true.

Once we have companies onboard as clients, the SMEs tend to undertake sequential projects, in line with their ability to exploit the results. The larger

companies embrace the opportunity more and tend to take forward a portfolio of projects, possibly five or six at a time.

Q. What lessons would you give to a SME wanting to build business in your sector if they were starting today?

A. The best advice I could offer would be for them to use a market driven approach, and not to focus on technology for the sake of technology.

Q. What tips would you offer an entrepreneur wanting to sell products or services to your industry?

A. I'd probably ask them if they wanted a job! In fact, several of the new offices we have opened around Europe have been as a direct result of meeting such individuals.

Finally a bit about you!

Q. Do you work harder now than when you started?

A. I would answer that by saying that I work differently. I am lucky to have a great team of people working with me, and most of my time is spent creating an environment where they can enjoy their work and at the same time achieve the goals we set ourselves.

Q. What did you learn from your first great boss?

A. To have a sense of humour, despite the problems we all face on a day to day basis. Having just completed my Degree, I recall going into my first annual appraisal with my first boss and my then Director. Having been offered the helpful advice by my boss of "Don't blow it!", I bore the brunt of the two of them having a good bit of doubtless pre-arranged sport at my expense!

Q. How do you relax?

A. I enjoy family time, and with three young children hectic weekends are a world apart from day-to-day work. When I get time to myself I enjoy restoring classic cars, and DIY.

Q. Who is your hero and why?

A I'm not sure I have a hero in the traditional sense. If I had to choose one I might go for Nigel Mansell, as I was fascinated by his resilience when almost certain title races in the Formula One world championship slipped through his hands at the last minute.