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## **Commercializing Russian Innovations**

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## **The 1<sup>st</sup> EU-Russia Innovation Forum**

Finland, 25 May 2010

**Dear Madam Chairman, Ladies and Gentlemen,**

**It is an honour to have received the invitation to speak today before such a respected audience, and at this first EU-Russia Innovation Forum. I represent an intergovernmental organization, The International Science and Technology Center or ISTC, which is based in Moscow. The Center has been operational for 16 years now, working in Russia, with scientists and institutes, funding research projects in many scientific areas and since around 2003, we have been developing assistance programs to take the promising results of some of these projects, to the marketplace.**

**Introduction**

**Perhaps one of the reasons the ISTC has been asked to talk today, is that the evolution of some of the programs that we run in Russia, particularly when it comes to supporting scientists to capitalize on their dedication and invention, has echoed the dilemmas faced by many countries and by many companies.**

**If I may use my own English history as an example, since the late 18<sup>th</sup> Century, the UK has been slow to turn its technological and scientific creativity to economic purpose, and while Britain, just as Russia, Finland and many other countries, has often been at the forefront of ingenuity, this has not always found its full worth in economic benefit.**

**It is this challenge of entwining scientific and economic benefit, and of transferring knowledge from the academy to the marketplace, that has been one of the driving forces of the organization that I represent here today.**

**And so ISTC's contribution to this Forum is based on the Center's practical experience in transferring knowledge from the scientific world to industry.**

**If I may say a few words about ISTC itself and how we came into existence.**

**Some 16 years ago, pioneering work started in the former Soviet Union. Two science centers were established, one in Moscow and one in Kyiv, to address security concerns and the possible loss of scientific know-how and experts from the Former Soviet Union. A ‘Science Centers concept’ was developed and a multi-national Agreement signed, with both Centers financially supported by the Governments of Canada, the European Union, Japan, Norway, South Korea and the United States. The Russian Federation has always been a full and contributing Governing Board Member of the Moscow-based Center and confirms all of the projects undertaken.**

**Initially, the goal was to engage scientists and engineers, assisting them to remain working and living in Russia, directing their expertise toward civilian research.**

**ISTC is, therefore, a research-funding agency that finances scientific projects with a non-proliferation component.**

**ISTC is also an implementing body of the G-8 Global Partnership Program, and since 2006, EU support to ISTC has been carried out in the framework of the [\*European Security Strategy\*](#) and under the [\*Instrument for Stability\*](#) .**

**Over 90,000 scientists have benefitted from direct ISTC funding and we work with around 900 institutes in Russia and beyond.**

**And so the work of ISTC has assisted with the creation of a civil orientated research community in the various countries of the former Soviet Union. New networks of national and international scientific contacts have built up and new partnerships have been forged as an outcome of ISTC's programs.**

**Projects support breakthrough research in physics through to the development of advanced nuclear reactors, new nuclear medicines, diagnostics and sensors and more efficient forms of energy such as new fuel cells. New types of medicines are being developed to fight against tuberculosis and other communicable diseases. These are the tangible outcomes of the research we support.**

**I'll say a few words on how we have moved from an organisation more or less solely funding basic and applied research, to one engaged in the commercialization of research results and offering innovation support and business training to scientists.**

### ***ISTC and Innovation***

**It became clear that while we were funding some incredible research in many areas, and creating collaborations across the globe with many universities and research institutes interested in the results of the projects. When a project ended, generally, not a lot happened to the results. The scientists were applying for more funding for more research. To some degree, ISTC became a replacement for state funding and a culture of actually commercializing results, was difficult to identify.**

**But essentially, there was clearly research of real value waiting to be realized.**

**In 2003, ISTC began its commercialization programs – funding not only the proving of the research and in some cases the production. But also, business training and market analysis. It has been an evolving road, where assumptions on knowledge and behavior as regards the how's and the why's of bringing research to market had to be so often revisited. And this is why ISTC is an organization that is now undergoing a transformation process; to ensure we keep pace and in many cases anticipate, the commercial needs of our partners, and the political initiatives of our governments.**

### **Commercialization**

**To date, ISTC's Commercialization Program has created 750 sustainable jobs and contributed to the economic diversification policies of the countries with which we are concerned. We promote innovation in various ways.**

**Firstly, a technology 'pull' program exists that matches business partners with ISTC beneficiaries – and these are mainly research scientists and institutes in Russia. The aim is to draw value from ISTC scientific projects and research networks, modernizing existing production processes or building completely new ones. It is a proven way to attract foreign direct investment to Russia – and we also provide the accounting and on the ground project management where required.**

**Secondly, ISTC is carrying out a skills enhancement program. Numerous training programs have been or are being undertaken for scientists and engineers in business management and entrepreneurship in order to enhance skills. It is support for life-long learning whereby adults receive part-time education in parallel to their jobs. Our programs also deal with training in IPR issues. This is important because only well protected intellectual property will stimulate direct investment towards innovative business activities. In all the cases where Governments have funded research projects,**

**the scientists themselves own the IP. Where commercial partners have funded, obviously, the commercial partner negotiates, up to, 100% ownership.**

### **Innovation Initiatives**

**Until now ISTC has funded 25 commercialization or so called Innovation Initiatives in Russia. The total value of funds made available for such projects is 11.5 million US dollars and to date has created 750 new jobs.**

**The focus of these initiatives is to provide pre-seed investments on the basis of the most promising research results from ISTC funded research projects. The work is being prepared together with Russian scientific institutes, technology developers and their spin-off companies specifically established for commercialization purposes.**

### **Technology Outreach**

**A new initiative ‘Technologies Outreach’ has been launched in response to market demands. A number of matchmaking events have been organised in Riga and Tomsk bringing together scientists, spin-off companies and potential investors. As part of this process, an independent international company had provided at an earlier stage, an independent marketability assessment of each of the selected technologies deriving from the projects. The results of this work so far are that commitments have been made in the commercialisation of 14 technologies in different sectors.**

**Dear Madam Chairman, Ladies and Gentlemen,**

**Our day-to-day work progressing R&D results to the benefit of all of us, show that there is a high potential for innovation in Russia on the basis of excellent research. ISTC is following closely the debate in Russia as regards the implementation of a policy of innovation, including the establishment of**

**innovation clusters and we have sought to contribute our experience in this area. I am certain the issue of science clusters will be discussed shortly.**

**What our experience does show is that a successful innovation process does not only need active involvement of the business sector but also depends on an innovation-friendly framework of which strong IPR protection, the application of high level international and national standards, sustainability and a policy of (fiscal) incentives for investors are the main ingredients... These are, in many ways, the given articles, to be discussed over the coming days. Our lessons learned demonstrate that to be successful, strong links between the various actors such as research organizations, business enterprises, and investors are essential. Each must understand not only the strengths, but essentially, the weakness of the other.**

**Equally so, and something of which all the governments of the ISTC are to be proud, is the creation of international frameworks that enable countries, and the companies and agencies within those countries, to work well and with ease across borders.**

**For 16 years, the ISTC Agreement has performed that role. That Agreement, one of many, requires valuing, as much as on occasion it needs revisiting, with all the signatories as equal partners in the dialogue of its transformation. ISTC undergoes this process today.**

## **Conclusion**

**As I said at the top of my speech, ISTC is honoured to join with the organizers and yourselves at this first event, and to contribute where we can to the outcomes of these 3 days. And above that, ISTC stands ready to play its part in the implementation of your recommendations. We have the experience and the skills to do so.**

**This year we have already seen the creation of a new landscape for international cooperation. The pioneers from all countries who established ISTC in partnership with Russia some 16 years ago, have their form in this very Forum.**

**I think they may have one defining message:**

**Innovation, in thinking and in practical delivery, is a process of organized vision.**

**It is, therefore, a privilege to join with you in this endeavour.**

**Thank you for your attention.**