

EUREKA
ANNUAL
REPORT
2000/2001

Bringing
European
Innovation
to a World
Market

PAGINA BIANCA

Messages Innovation SMEs Awards Clusters Project generation Statistics

▼ EUREKA SPANISH CHAIRMANSHIP 2000-2001

Anna Birulés, Spanish Minister for Science and Technology



In June 2001 the Ministerial Conference of the Spanish Chairmanship approved 190 new projects and 63 subprojects of the strategic cluster projects. Together they account for 4013 mEUR. A new umbrella project "EUROTOURISM" was started in the area of sustainable tourism and cultural heritage. The Spanish Chairmanship launched a new EUREKA award for a fast growing enterprise — the "Lynx Award". The MC also introduced a new strategy for non-European countries to participate in EUREKA. Special initiatives on venture capital and the service sector were started. Estonia and the Slovak Republic were accepted as new members of EUREKA by the Ministerial Conference.

In addition, the Ministerial Conference unanimously supported the collaboration between EUREKA and the Framework Programme, as demonstrated by the joint working group set up with EUREKA and the European Commission.

The Ministerial Conference further stated that EUREKA should be an important mechanism in ERA and that coordination with the Framework Programme, through the joint working group, should be a priority.

European actors
in European
innovation policy

NIKOLAOS CHRISTODOULAKIS

Hellenic Minister
for Development

"The Hellenic Chair
wants to support
the Europe-wide

creation of knowledge
intensive fast growing SMEs
in key technology fields and
to mobilise the participation
of existing SMEs in EUREKA."

PHILIPPE BUSQUIN

Commissioner
for Research

"EUREKA and ERA
are ideal partners"

ERKKI LIIKANEN
Commissioner for Enterprise
and Information Society

"The cooperation between
the IRC network and EUREKA

will benefit
European
industry to
bring their
innovations
to the market."

NICOLE FONTAINE

President
of the European
Parliament

"Competitiveness

is a key factor for growth
and employment"



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▼ EUREKA — A TOOL FOR INDUSTRIAL INNOVATION

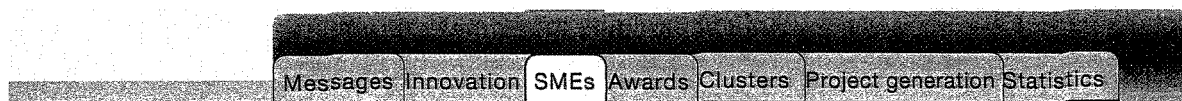
EUREKA is an ideal mechanism to support innovative projects, encouraging innovation across all sectors of European industry. With this in mind, EUREKA intends to build on its reputation as the tool of choice for Europe's innovative companies.

▶ EUREKA is **decentralised**, with much of the operation of the Initiative handled in the member countries. These national offices work in partnership, to coordinate national funding among the countries involved in a specific project. Whilst the national offices are close to participating companies, the network is backed up by a secretariat at European level, which is continuously evaluating EUREKA's performance, looking at the results of individual projects.

The **bottom-up** principle is fundamental to EUREKA. Companies approach EUREKA for support for their ideas at the time which suits them, rather than waiting to respond to a call for proposals.

This approach is widely supported in industry, but EUREKA wants to build on this by developing much closer links with all the organisations involved in innovation at local level. For example, the EU's Innovation Relay Centres network, and the TAFTIE network of national innovation agencies are just two with which EUREKA is working. Greater **interaction and cooperation** between local and European agencies will be a step forward. But more concrete relations will be required to realise the full benefits, and overcome the barriers between different organisations. To this end, EUREKA and the Commission expect to agree on a range of initiatives, including project exchange and the sharing of tools to help innovative SMEs.

With the addition of two new members, the Republic of Estonia and the Slovak Republic, the EUREKA network now includes 31 countries and the European Union as full members. Participating in EUREKA projects is helping to prepare companies from the Central and Eastern European countries, which will soon join the European Union, for the new commercial environment they can expect. Even non-members of the EU, like the Mediterranean countries, can become involved in EUREKA projects and are likely to benefit both technologically and economically.



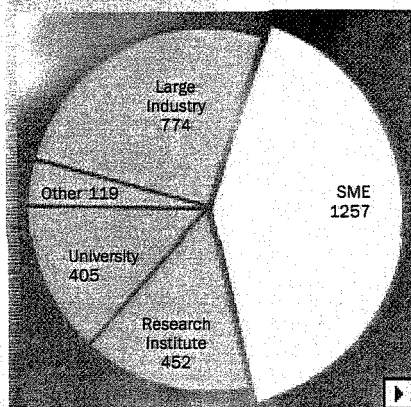
■ SMEs IN EUREKA

The European Commission and EUREKA have agreed that helping innovative SMEs is one of two areas for strengthening cooperation in the European Research Area.



Europe's small companies make up the lion's share of the economy, of jobs and of production. Thousands of small companies supply vital components and services to large companies. Without these, new products would be more expensive and slower to come to market. EUREKA's flexible and bottom-up structure presents an ideal opportunity for small high-tech companies wanting to develop and launch new technology in a rapidly changing marketplace.

Types of
organisation
in ongoing projects



EUREKA is a network that is perfectly positioned to help Europe's innovative small companies, with its decentralised and pragmatic approach responding to industry's needs. Its wide membership, covering practically all the continent, and its network structure, has proved ideal at bringing together companies from across Europe. This not only helps in establishing research partnerships, but, just as importantly, opens doors to new markets.

ACTIVATING FINANCIAL SUPPORT



EUREKA aims to support the creation of knowledge-intensive, fast-growing SMEs in key technology fields, as well as to encourage the participation of existing companies.

Information and communications technologies, biotechnology, biomedical engineering and telemedicine are all knowledge-based industries of importance to EUREKA, as evidenced by the number of projects already supported in these fields. But these fields also currently attract much of the private investment, and specifically venture capital, in Europe. EUREKA's intention is to identify how to institutionalise the participation of private investors in EUREKA projects. The starting point will be those sectors of the market which currently have strong venture capital involvement. To promote this initiative, the "Lynx Award" was created during the Spanish Chairmanship, which goes to a high-growth small or medium-sized company (see page 6).

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■ EUREKA — THE LYNX AWARD FAST GROWING ENTERPRISES

The EUREKA Lynx Award was established in 2001 during the Spanish Chairmanship to highlight fast-growing, high-tech SMEs which offer good prospects for private investors. Companies eligible for the Award had increased turnover by 25% or more in each of the preceding three years, helped by participation in a EUREKA project. The Award is worth €50,000 to its winners, who also gain valuable exposure in the investment community.

▶ The 2001 Lynx Award winner was the French company, Coheris, which is just seven years old, but its growth rates in that time are phenomenal. Turnover has increased by an average 83% each year since 1995, while growth in profits has been even steeper, at 91%. Employment has grown too, from 50 posts in 1997 to over 430 in mid-2001.



Customer relationship management software is central to many of today's service industries, which aim to offer customers a personal service from a distance by telephone or e-mail. Coheris has built its success through a suite of software products which have, so far, been installed in over 700 companies. To take one example, Wanadoo, France Telecom's internet portal, uses Coheris software for its call centre, in which 25,000 calls per day are handled by 1,500 operators. Unlike those of many competitors, Coheris's products are off-the-shelf packages and so can be up and running in client's premises within a month.

Coheris's big break came from participating in a EUREKA project, in 1997. With Belgian software company EMD, the MAIGRET project (EI 1815) aimed to industrialise know-how from establishing call centres, resulting in a suite of software packages.

"MAIGRET allowed Coheris to find its feet, grow into a software publisher and turn ourselves into the major European player we now are." Coheris's chief executive, Jean-Pierre Créput, explains how EUREKA participation was so significant for the company.

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■ EUREKA — THE LILLEHAMMER AWARD IMPROVING EUROPE'S ENVIRONMENT

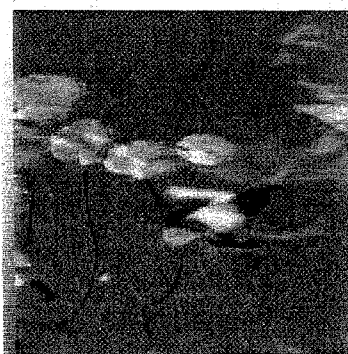
Every year, EUREKA recognises the contribution made by a project to improving Europe's environment, developing sustainable solutions to the problems of waste and pollution. The Award was established in 1994 by the then Norwegian Chair, in the town whose name it bears. The winner receives €10,000, together with a painting by Norwegian artist Jakob Weidemann, a resident of Lillehammer.



The 2001 Lillehammer Award was shared by two projects in the field of water treatment, both under the **EUREKA EUROENVIRON** umbrella. While both will help communities ensure cleaner supplies of water, the technologies behind each project are quite different.

AUTOMATIC MONITORING

Deliberate polluters, whether industrial or agricultural, will always try to beat the system. New, more robust and more mobile monitoring equipment is required to ensure that such discharges of waste do as little damage as possible to water supplies, while offering a better chance of catching the culprits. The **AUTORES** project (E! 853) has developed a system which provides automatic round-the-clock protection for rivers and water treatment systems. A core system provides basic function, while a range of add-on modules allows detection of many specific chemical and biological pollutants. A mobile unit permits the tracing of discharges upstream to identify the source. "Working with EUREKA gave us self-confidence, and helped us when approaching potential customers," says Zsigmund Kovacs, of Spanish lead partner, Aquatec.



NATURAL CLEANING

A constructed wetland (CW) is a simple, natural way to clean waste water. The **SECONWET** project (E! 1393) has developed and implemented CWs in Slovenia, Italy and Croatia. The CW consists of a series of beds of soil sand and gravel, planted with native plants such as reeds. Waste water is filtered through the beds, where the plant roots and micro-organisms clean it, producing a reusable resource at the end of the process. A CW the size of a football pitch is sufficient to clean the waste water of a town of 10,000 people. Best of all, the CW requires no machinery, power or buildings. "In fact," says Tjasa Bulc, of Slovenian lead partner, Limnos, "a CW is designed to merge imperceptibly with its surroundings."

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■ EUREKA CLUSTERS

— NETWORKING FOR EUROPEAN SUCCESS

EUREKA has always been an instrument for industry, but most importantly, industry has been responsible for the definition of much of EUREKA's structure.



The definition of the aims and management of the clusters is undertaken by the partner companies themselves, EUREKA being a facilitator. Having defined their aims, the clusters' managements are best placed to identify the companies — large or small — to do the development work required to meet specific goals. The result is that, through strong coordination, the clusters effectively produce better results than would their participants working separately.

Europe's information and communications technology industry has, so far, been the sector most involved in EUREKA's clusters, although other industries are starting to take up the cluster format. Timing is vital in IT development, with the first to market gaining a huge advantage over competitors. EICTA, the European industry association for the sector, believes that public support for R&D should concentrate on generic technologies and applications, stimulating industry to cooperate. EUREKA's cluster structure provides just this environment, and it is no coincidence that the experience gained will give EUREKA a strong role in encouraging similar initiatives, such as integrated projects, in the European Research Area.

*The value of
cluster projects
in EUREKA:*

* ongoing projects at 30 June 2001		Total budget mEUR	Number of ongoing projects*	Value of ongoing projects* mEUR
MEDEA+	microelectronics	4000	26	1082
EURIMUS	microsystems	400	12	65
PIDEA	electronics packaging and interconnection	400	13	96
ITEA	embedded software systems	3200	24	519
SCARE	electronic waste recycling	101	5	14
EUROFOREST	sustainable forestry	100	11	3.5

The microelectronics sector has reaped the benefits of the MEDEA cluster which ended in December 2000, and its forerunner, JESSI. In 1990, European manufacturers had just 5% of the world market in semiconductors. Today, thanks in great part to the results achieved through MEDEA and JESSI, European companies account for more than twice this market share, up to around 10%. MEDEA's work is continuing in the MEDEA+ cluster project, which will have a higher value than any previous cluster project.