



# White paper

## *The challenges and opportunities facing clean-technology companies*

### **Introduction:**

With climate change, carbon emissions and investment in clean technology high on the political and news agenda, the Isle of Man Department of Trade and Industry, along with leading business experts from the Isle of Man and the North West region, came together to discuss the opportunities and challenges facing clean technology business.

The discussions were framed by the cluster of clean-tech businesses in the region, the Government support these businesses receive both in the UK and Isle of Man ending, with an examination of the current and future clean-tech market and projected trends for 2009.

### **Key themes discussed included:**

- Government support for clean-technology businesses
- Access to finance
- Barriers for companies developing clean technologies and bringing them to market
- Isle of Man's stance on clean-tech and assisting business in this sector

### **Government support for clean technology businesses**

Whilst there have been a number of initiatives to aid investment in SMEs, it was noted that Government support for ambitious small and mid-cap businesses was not as accessible in the UK as on the Isle of Man, with clean-tech companies often being overlooked. Added to this was a strong sense that access to financial assistance in the UK differed substantially from region to region.

In addition, concerns were raised about financial support being targeted at establishing new businesses to provide clean-tech solutions when businesses exist already which are providing and developing relevant solutions. Instead, capital could more effectively be directed to support and expand these businesses.

In response, the Isle of Man DTI pointed to the fact that its business community and overall economy is considerably smaller than that of the UK's, enabling the Government to be more flexible and efficient when responding to the demands of businesses. Over 100 Isle of Man businesses have applied successfully for financial assistance, for example to invest in equipment, research and development and energy efficiency, while the Government is also forward in offering relocation support to firms or divisions of firms looking to locate operations on the Island. Its size and subsequent lack of bureaucracy also allows it to be more outward looking, meaning enterprises can focus more on their end customer.

The importance - for high tech, IP-led businesses - of a modern, robust infrastructure was agreed, including dependable high-speed communications and access to specialist corporate service providers to offer legal and financial support.

**Access to finance**

Businesses can find it hard to access finance because there are so many companies putting a "green stamp" on what they are doing, whether or not it is truly "green" by any meaningful definition. The result is that only a small proportion of companies that really stand out receive finance, and investors become increasingly cynical about companies that label themselves "green" or "eco".

It was highlighted that, for some companies, understanding the financial assistance available can be confusing and when companies do apply they are met with hostility or prohibitive layers of red-tape. Thus many companies begin the process of applying for a grant but will eventually decide to bypass the system and seek financial investment elsewhere. This means that high-net-worth private backers are becoming ever more crucial.

### **Barriers for companies developing clean technologies and bringing them to market**

The main barrier identified by all participants were the “naysayers”, those who are often reluctant to consider that companies may really developing potential technologies of the future. Getting to the right people at larger corporations was identified as time-consuming, while their buy-in can often come too late, ie by the time a product left untapped or undeveloped becomes outdated. On the other hand, smaller investors are often equally reticent, questioning why larger corporations are not using the product.

Another obstacle some of the businesses highlighted was a lack of expertise in turning a viable product concept into a commercial entity. This in turn can be detrimental to the level of investment received. With this in mind, all the businesses pointed to the importance of attracting a spread of skills to the senior management team, from technical specialists to financial experts to those with project management and business development expertise.

### **Isle of Man’s stance on clean-tech and assisting business in this sector**

The Isle of Man DTI stated that the growth of the clean-tech sector is positive and inevitable and the Island wishes to be at the forefront of this development. To date the Island has been selective in the businesses it has attracted to the Island, specifically focusing on high-tech, capital intensive businesses which own their own IP, as well as dedicated research and development arms or larger organisations. As well as the financial assistance the DTI offers, the Isle of Man offers businesses close support in networking with a range of similar on-Island entrepreneurs, relevant corporate service providers and potential investors, and introducing them to a number of active business forums including apposite groups within the Chambers of Commerce.

### **Conclusion**

All businesses attending the roundtable agreed that, despite obstacles and frustrations now is a good time to market clean-tech products. The climate towards clean-tech businesses is changing with significant amounts of money being spent on research and development. Governments are aware of the importance of investing in these sectors but it was strongly felt that access to finance and grants needs to be addressed. Only with focused funding in the right places, a supportive Government and access to strong business networks can companies make the most opportunities available to them.

### **The Hon David Cretney, MHK, Minister for Trade and Industry commented:**

“Nurturing and developing clean technology solutions is a global challenge, and centres of excellence will spring up over time, singled out by their strong support infrastructures and the agile and progressive and approach of governments.

“The Isle of Man has a culture of innovation and intends to be at the forefront of this development by attracting and supporting dynamic, innovative businesses and entrepreneurs. With our business networks, flexible assistance schemes and world-leading cluster of corporate service providers, we are already well-place, and we will continue to listen and respond swiftly to the evolving needs of those working to make a positive difference through tomorrow’s technological solutions.”