Technology Strategy Board
Driving Innovation

Collaboration across digital industries

**ROUND 1 COMPETITION FOR FUNDING
COLLABORATIVE R&D AND TRIALS
JULY 2010**

Table 1: This is a competition for proposals that address at least two of the challenge areas – people, digital content & services, and networks

People

Community

The general public, including consumer and business users of the internet.

Background

Internet users are the ultimate beneficiaries of the power of the internet, and are also the source of revenue that sustains the entire business ecosystem. They must be willing and confident to use it, and must value the experience they receive.

Example

Source : CISCO, 2009
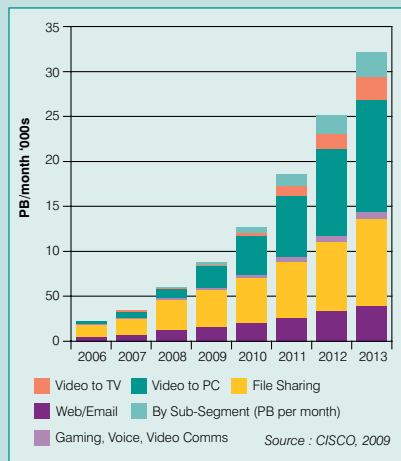
Consumer internet traffic doubles every year but is dominated by content that does not directly create revenue.

Challenge

Protection and enablement: to create trust, security and privacy in services that are highly available, usable and can be personalised.

Content & Services

Community

Originators, owners and distributors of creative and digital content, plus the designers and operators of services.

Background

In the context of file-sharing and difficulties in managing intellectual property rights, new business models are needed, alongside advertising, to assure the long-term economic success of the sector.

Example

Source : IAB, 2009
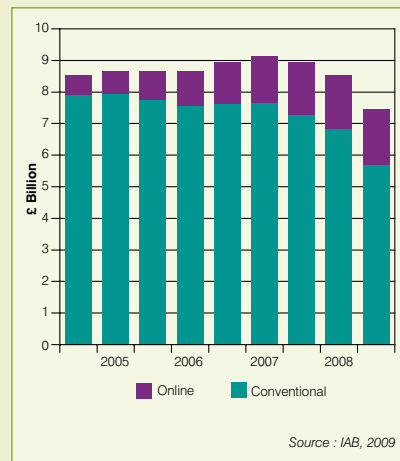
UK advertising revenues are declining, and even though online advertising has overtaken TV, it too has flattened off as multiple channels compete for attention.

Challenge

To generate sustainable revenues from creative content and services, to enable continued market growth of the UK creative content sector.

Networks

Community

Owners, operators and programmers of the internet's infrastructure.

Background

The networks enable the delivery of content and services to the user, but often receive no direct rewards for increased traffic or improved service quality. This reduces incentives to invest or to make available the full capabilities of the network to create versatile products.

Example

Source : ONS, 2009
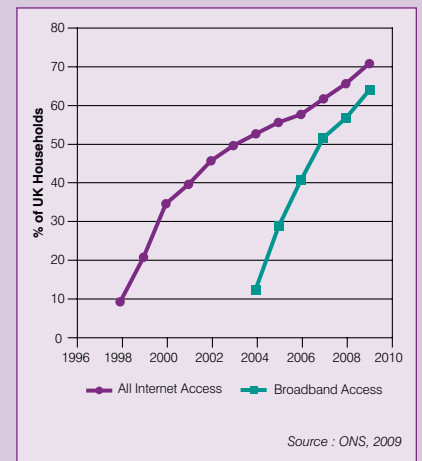
Two-thirds of UK households have a broadband connection; there is general political consensus to achieve universal availability, with 'next-generation' becoming accessible to 90% of the population in the next few years.

Challenge

To justify investment to expand the networks' reach, capacity and capability.

Collaboration across digital industries

COMPETITION FOR FUNDING COLLABORATIVE R&D AND TRIALS

Summary

Over the next 12 months we will invest up to £18m in this competition, which challenges businesses to develop an internet with a sustainable economic future from which all participants will benefit. To this end, we have identified three challenge areas:

- people
- digital content and services
- networks.

In this first round, we anticipate providing up to £10m to support collaborations between industry sectors, which must substantially address at least two of these challenge areas.

The specific challenges are outlined in table 1 opposite. We will invest at least 50% of our budget in projects that address all three challenges.

In this round we will fund two types of project addressing these challenge areas, both attracting 50% public funding:

- strategic research and development projects
- ground-breaking trials.

This round of the competition is open to all UK-based companies and research organisations in business-led consortia, and may be of particular interest to those designing and operating internet networks, or the services that operate over them, and those who are concerned with how digital content is distributed to, and used by, customers.

We will be funding:

- **fast-track projects:** up to £100k in total project value. These should be completed within 12 months, and
- **mainstream projects:** more than £100k in total project value. These will last from about 12 months up to a maximum of 24 months.

The competition for fast-track funding opens on **14 June 2010**. For mainstream projects, the competition opens on **12 July 2010**.

Background and challenges

The internet touches all aspects of our lives, reaching across shopping, travel, banking, healthcare, education, communication and entertainment, and it is revolutionising the way we work. The implications are profound for all businesses. The most strongly affected are those working to create and distribute information and to offer services to customers, who are finding that conventional commerce needs to be fundamentally rethought. This is an exciting time of opportunity and risk. It is a time ripe for innovation.

In our digital strategy (see **www.innovateuk.org** under Publications) we identified three interdependent challenge areas: people, digital content and services, and networks.

Much effort has already been devoted to these challenges, but often an advance in one area has unintended repercussions in the others; for example, protecting ownership rights can impact user privacy or reduce opportunities for innovation, controlling peak traffic volumes can affect service quality, and poor rewards for improved network service inhibit the roll-out of infrastructure.

These challenges must be addressed together, to develop a sustainable future for the internet economy, and to advance our vision that all participants should benefit fairly from the creation, distribution and consumption of digital content and services.

We expect there to be one or two more rounds of this competition in this financial year.

Our digital programme

The difficulty of bringing together these multiple communities, to invest jointly to address multiple challenges, provides an argument for our intervention. Through this competition we are therefore investing £18m in the overlap between the three challenge areas, to encourage new cooperative ways of working (see below).

Figure 1: We are targeting projects in the overlap between the three challenge areas
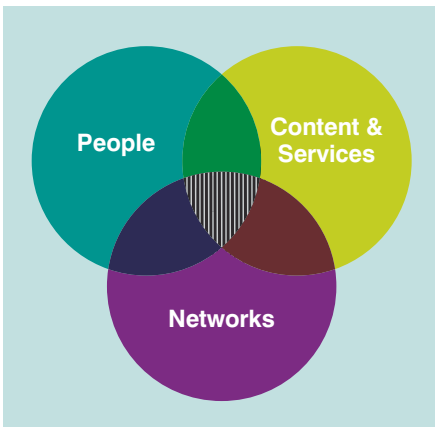
This competition is part of our £30m digital investment programme, which also involves creating the UK Digital Testbed. The testbed will come online in phases through the second half of 2010 and will enable businesses from all communities to work together, to assemble and demonstrate new services and applications quickly and at minimal cost to the innovator.

The testbed will have many shared resources and capabilities, and more will be added throughout the programme. Businesses conducting trials on the testbed will be granted free and open access to, for example:

- a registered population of thousands of users, who will test and respond to experimental services, and provide instant market intelligence

- the ability to record and analyse the use of content and services within the testbed environment

- enabling technologies, which might include network controls, metadata tools, intelligent and interactive interfaces, and standardised interoperability

- business services such as billing and payment systems (notably micropayments)

- shared content resources such as media warehouses, or the government databases made available through **data.gov.uk**

- the experimental business process support applications and services of other trialists, which businesses can combine with their own ideas.

These facilities and resources will remove barriers to experimentation beyond the boundaries of current business practice. Businesses will gain confidence that their products and services are well designed by demonstrating them in front of real customers, in realistic conditions, and with experimental controls in place.

We are encouraging businesses throughout the UK to use this resource, whether through projects funded by us or on their own initiative.

Scope

In this competition we are inviting proposals that will address the multiple challenges and contribute to an innovative ecosystem of internet businesses. In particular we are interested in compound business models and partnerships that share revenues for the benefit of all.

To create a phased portfolio of projects within the evolving digital programme, the competition is structured in a series of rounds over 12 months. The aim of this first round is to invest in innovative collaborations across industry sectors.

We make a distinction between the following types of projects:

- R&D – which increases and integrates technology capabilities, and progresses in stages towards marketable products

- trials – which investigate users' responses to prototype products and extract market intelligence that can be used to build business confidence.

In round 1 we are inviting proposals that are one of the following:

- strategic development projects, with the potential to cause substantial and lasting change in the industries of the internet, involving R&D and possibly also incorporating a trial for the testbed
- ground-breaking trials for the testbed that will contribute to a vibrant ecosystem that fuels innovation and attracts consumers

Proposals should demonstrate that they contribute a technology, resource or service that will be available for further collaboration.

We will be funding **fast-track projects** (up to £100k in total project value), which should be completed within 12 months; and **mainstream** projects (more than £100k in total project value), which will last from about 12 months up to a maximum of 24 months. Both types of project will attract 50% public funding.

All proposals in this round must demonstrate how they address substantial challenges in at least two of the three challenge areas. We will reserve at least 50% of the funding budget for projects that address the challenges of all three areas.

Successful consortia that generate enabling technologies, services or resources may be eligible to receive follow-on funding to support their continued involvement in the UK Digital Testbed.

The competition is open to all UK-based companies and research organisations in business-led consortia. Consortia must consist of organisations from at least two of the three challenge areas. We invite the participants in successful feasibility

studies previously funded by us to enter this competition as part of a consortium to take their work to the next level.

Assessment criteria

Since R&D and trials have different objectives and processes, we will use different criteria to assess these components in each proposal. The assessment criteria are outlined in the Guidance for Applicants (see **www.innovateuk.org** under Competitions). It is important that applicants refer to these criteria before completing and submitting their proposal.

Application process

Full details of the application process will be included in the Guidance for Applicants, available at **www.innovateuk.org** under Competitions. Applicants must read this document before submitting a proposal.

Briefings for fast-track projects will be held on **22 June 2010**, and for mainstream projects on **21 July 2010**, to explain the application process and competition requirements. We strongly advise that all applicants attend.

Fast-track projects

Applicants must submit a single application form by **22 July 2010**.

Mainstream projects

Applicants must submit a compulsory expression of interest application form by **19 August 2010**. An optional expression of interest may be submitted by **12 August 2010**. In this case we will review the proposal and give feedback before the compulsory expression of interest is submitted. The compulsory forms will be assessed and we will invite a shortlist of applicants to submit a full application by **4 November 2010**.

Key dates

Fast track projects	
Competition opens	**14 June 2010**
Optional briefing	**22 June 2010**
Deadline for applications	**22 July 2010**
Decision to applicants	**20 August 2010**
Mainstream projects	
Competition opens	**12 July 2010**
Optional briefing	**21 July 2010**
Deadline for submission of optional expression of interest	**12 August 2010**
Deadline for submission of compulsory expression of interest	**19 August 2010**
Decision to applicants	**10 September 2010**
Full stage opens	**13 September 2010**
Compulsory briefing	**21 September 2010**
Deadline for submission of full-stage applications	**4 November 2010**
Decision to applicants	**10 December 2010**

Further information

For more information about this and other competitions, and details of how to register and apply, visit **www.innovateuk.org** under Competitions.

Competition helpline:
0300 321 4357

Email:
competitions@tsb.gov.uk

Publicity

The Technology Strategy Board frequently publicises the results of competitions and this includes engagement with the media. All applicants will be given a chance during the competition process to opt out of any publicity. Willing applicants will be asked to provide an agreed form of words for use in publicity material. Email **pressoffice@tsb.gov.uk** with any queries.

The Technology Strategy Board is a business-led executive non-departmental public body, established by the Government. Its role is to promote and support research into, and development and exploitation of, technology and innovation for the benefit of UK business, in order to increase economic growth and improve quality of life.

Collaborative research and development is part of the Government's Solutions for Business portfolio.

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