

Innovate your way to business recovery: #2

Funding through the Innovation Project Lifecycle.

In this challenging and uncertain economic climate, investing in innovation is an invaluable way for businesses to build resilience.

This is, of course, easier said than done at a time when many companies feel that investing precious resources in R&D or innovation isn't their top priority.

It is therefore essential to look at the range of opportunities to access the appropriate means of funding at each stage of an innovation project.

Grants

There's a wide variety of mechanisms available to help companies stay innovative and boost competitiveness, starting with grants. These tend to be used to support early stage projects where the technical challenges are greater, and the risk of failure is highest. InnovateUK offers a number of initiatives to support British-based companies. These include SMART grants which provide early stage assistance for companies working on disruptive technologies.

While the recent disruption did create a hiatus of grants this is now being resolved with the launch of new programmes aimed at supporting a diverse range of innovation activity including; energy efficient and low carbon technologies, digitalisation of manufacturing supply chains to developing low impact plastics.

Commercial Funding

Commercial Funding is another support mechanism for innovation, ideal for many projects at a more advanced stage and closer to market readiness. While commercial funding takes the form of equity investment or loans and does require to be repaid, it also offers more flexibility than grants with fewer conditions attached.

Companies accessing commercial funding must typically provide security against the lending. For early stage growth companies which lack traditional fixed assets, we are seeing an increasing trend of companies securing loans against their intellectual property such as that created from the development of software.



What we love about ABGI is that our consultant compiles all technical documentation on our behalf - many other companies, such as financial organisations and accountants, rely on us to prepare the technical data. Another positive for us is that ABGI manage the entire process, reducing the amount of time that we have to allocate to claiming R&D incentives to an absolute minimum. If you are looking to benefit from the R&D funding incentives available to UK businesses, we would recommend you speak to ABGI.

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There are also a few equity investors focused on investing in new technology ventures where there is identifiable intellectual property or very obvious market opportunities.

R&D Tax Relief

The UK Government's R&D tax relief scheme also continues to provide financial benefits to companies investing in innovation to resolve technical uncertainties. While the level of relief will be impacted by use of grants, the benefits of this incentive can often be significant, especially where there has been significant R&D spend.

Patent Box

Companies which have been fortunate enough to develop intellectual property through an innovation project for which they've secured a patent against can also benefit from Patent Box relief. This scheme offers reduced corporation tax on all profits directly attributed to the commercialisation of the patent itself.

We can help

As we face an uncertain economic outlook through restart and recovery, it is essential that innovation does not fall by the wayside. By accessing the wide range of support available, from the inception to the commercialisation of innovation projects, UK business can ensure it continues to be competitive in the global market.

ABGI-UK can review your projects & processes and identify all eligible activity. By doing so, you can be certain your company is claiming its full entitlement and strengthening its financial position.

In **PART 3** of our Guide to "Innovating your Way to business Recovery", we will share practical, **real life examples** of savvy businesses which have reaped short-term benefits from process innovation projects.

About ABGI

ABGI is an international leading tax incentive and innovation management advisor. We help companies accelerate financial performance, innovation and business expansion by capitalising on their R&D and innovation activities, in compliance with all rules and regulations. **Whatever innovation funding challenges you face – in the UK or internationally – we can help.**