Statement

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For those in the room who are not that familiar with SAP: SAP is the world market leader for enterprise software solutions, headquartered in Germany. For almost 40 years now the success of SAP depends foremost on our innovation capacity. We spend more than 1 billion € annually on R&D. Though we are a truly global company, most of our R&D is still done in Europe. And we do actively participate in collaborative European R&D projects under the 7th Framework Program.

Therefore, we have unique interest for proper framework conditions for R&D in Europe or as you put it in your questionnaire "Improving Europe's performance in ICT Research and Innovation". We will provide comprehensive comments on the on the Post i2010 questionnaire, whereas we will put a high emphasize on the R&D section. Today I would like just to highlight a few points on behalf of SAP: First of all we would like to acknowledge that you did pick the right headlines:

- Yes, we need to channel more resources into ICT R&D.
- Yes, we need to create more poles of excellences in Europe
- And yes, we need to do a much better job in translating our R&D efforts into innovation, namely marketable products and services.

Let me briefly highlight what we believe are key elements in those areas:

Obviously, increased public funding would certainly enhance incentives for private investments in ICT R&D. And additional public funds are needed at all fronts, both at national and European level. And they should not be limited to R&D. We would like to see more public funds being used for the actual deployment of innovative solutions, especially by opening the EU Structural Funds for these purposes.

At the same time, and probably even more importantly, it must be ensured that those increased public funds are spent effectively and efficiently: Funds should be directly not just to further develop ICT infrastructures. It will be equally important that we support the creation of ICT applications and services that drive innovation in other industries. Only then will we be in a position to create new lead markets. In addition, our R&D efforts must be more focused. Currently, public funds are being distributed among too many areas and too many projects. We need to focus on key areas and pan-European lighthouse projects that have a critical mass and a real impact on the market.

Against this background, SAP welcomes the PPPs on Green Car, Energy Efficient Buildings and Factory of the Future that have recently being announced. ICT could and should play a major enabling role in all three areas. In fact, new lead markets for the European ICT industry could emerge from those projects. These sectoral approaches should by complemented by a rather horizontal PPP on the Future Internet, which we believe will be the infrastructure of the information society and the digital economy. I would like to stress that SAP very much welcomes the Communication on the Future Internet that the Commission published today. The Internet of Things for example could yield tremendous productivity gains in key European industries. And the next generation of the Internet will certainly shape the future of the services economy, which already today account for more than 2/3 of Europe's GDP. So, in essence, we believe that the Commission has picked the right focus areas for future R&D activities. And we especially welcome that all those PPPs are designed to produce results fairly soon and thus complement the more long-term research projects under FP7.

Now, in order to translate these R&D efforts into innovation, it will be important that the results are thoroughly validated and demonstrated in order to foster market penetration. Accordingly, Review Boards should include more representatives from user industries that could much better validate R&D results from a demand perspective, for example in relation to the functionalities and scalability of new products and services.

Enhanced use of pre-Commercial procurement by public administrations could also foster market penetration. However, we need to be realistic here. The financial and economic crisis will put severe budget constraints on the public sector. Hence, many public administrations will lack financial incentives to take additional risks and procure innovative ICT solutions. And

frankly, many public administrations would simply be overburdened when introducing innovative ICT products and services since they find in already difficult to successfully implement existing ICT solutions. Here is a possible way forward: The EU could create a list of public administrations that are known to be best practice in terms of ICT usage and eGovernment services. These administrations could then apply for public funds for the pre-commercial procurement of innovative ICT solutions. This would provide for both financial incentive for pre-commercial procurement and the effective usage of those new ICT technologies in the public sector, which in turn could facilitate market penetration of new ICT solutions. Possibly, the EU Structural Funds could serve as one instrument to support pre-commercial procurement and innovation in the Public sector.

Finally, a few comments European ICT clusters or poles of excellences: Yes, it is true that there only a few ICT clusters in Europe that can compete globally. We indeed need to establish more large-scale ICT clusters that deliver what is most urgently needed in Europe: turning knowledge into marketable products and services.

First of all, it makes little sense to strive for a Greenfield approach. It would take decades to create new clusters from scratch. Hence, we must rely on existing ICT poles of excellences, strengthening them and connecting them towards European knowledge clusters. The KIC concept of the EIT is an encouraging step in the right direction. Many cluster “kernels” in Europe have submitted most promising proposals for an ICT KIC. Most of them are driven by excellent academic institutions. These initiatives would certainly need further partners from industry, venture capital and other stakeholders to really develop into world-class ICT clusters. In this respect, we at SAP propose to establish a close coordination and cooperation between a new academic driven ICT KIC and the industry driven PPP on the Future Internet. From an SAP perspective, joining forces between the KIC and the PPP on the Future Internet would not only help to creating a critical mass of key players for ICT clusters in Europe. It would also provide some guidance in terms of objectives and focus.