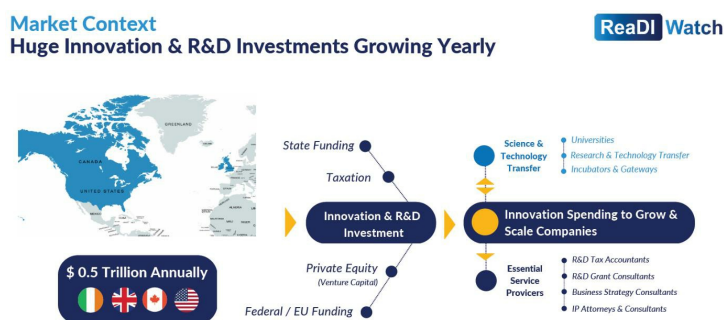


Size, Figures & Dynamics of the Innovation and R&D Market – Ireland, UK, Canada

13/02/2024 7:26 am GMT

ReaDI-Watch estimates that more than 200,000 SMEs in Ireland, the UK, and North America collectively invest over \$0.5 trillion annually in R&D with an expected annual growth rate of 10%. This funding comes from various sources, including State Funding, R&D tax incentives, Private Equity (Venture Capital), and Federal and EU funding, which all aim to enhance the prosperity and competitiveness of these countries. The \$0.5 trillion investment supports company growth and fosters science & technology RD&I ecosystems, including universities, tech transfer offices, incubators, and gateways, to develop science & technology innovations into market-ready products and services.

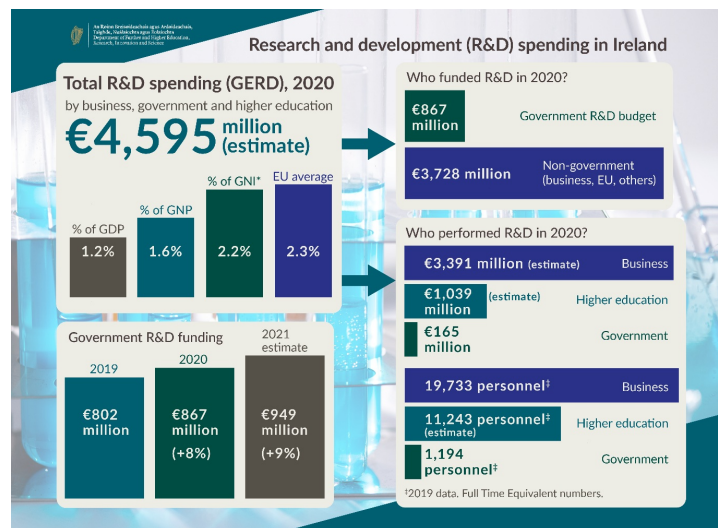


ReaDI-Watch's primary focus is on Ireland, the UK, and Canada, which are targeted as key markets with significant growth potential. To validate ReaDI-Watch's estimates, they were compared against external market data, and the results can be seen in Figure 10 above.

The Irish Market

In 2020, Ireland received significant funding of over €3 billion through the EU's Horizon program (Markets and Markets, 2021). Domestic R&D investment in Ireland reached €4.5 billion, with private businesses accounting for 74% of the total spending (Department of Further Education, Research, innovation, and Science, 2021) as outlined in Figure 11 below. About €1.13 billion in R&D tax credits were claimed by 1,616 companies (Revenue, 2023).

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RD&I breakdown Irish Market

(Department of Further Education, Research, Innovation, and Science, 2021)

R&D spending in Ireland grew by 8% in 2020 (Department of Further Education, Research, Innovation, and Science, 2021). This trend is favourable for companies like ReaDI-Watch, operating in Ireland's RD&I management software market. This Irish market is expected to reach \$151 million by 2025 (Markets and Markets, 2021).

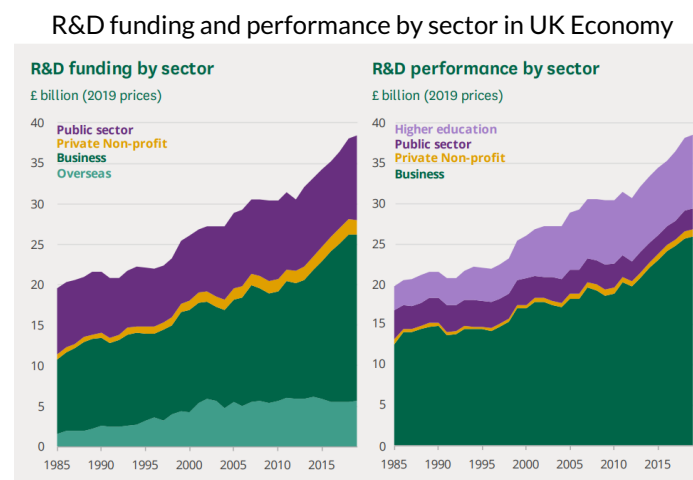
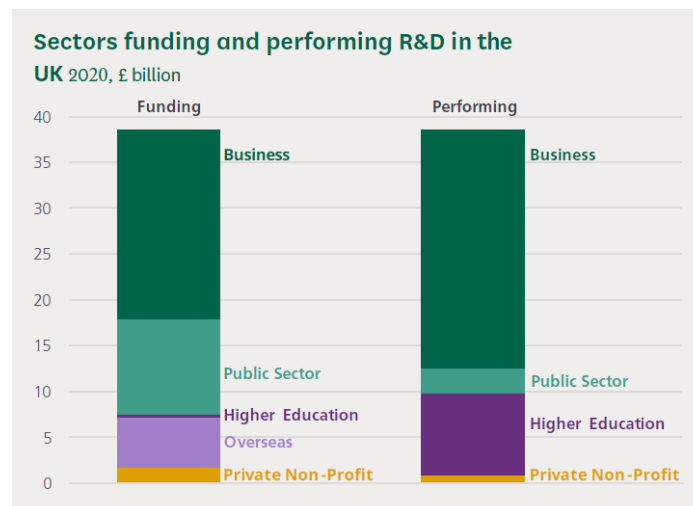
Private business enterprises spent €3.39 billion on R&D in Ireland in 2019, with large enterprises employing over 250 individuals contributing 66.1% of total R&D expenditure (Central Statistics Office, 2020). The top 100 enterprises, with 78.1% attributed to foreign-owned companies, accounted for €2.7 billion or 81.18% of the total R&D expenditure in 2020 (See Appendix 2).

Data from the European Commission for 2019 highlighted that 35 large multinational declared their entire global R&D expenses through their Irish Headquarters. This suggests Ireland's favourable tax rate attracts global R&D investments (European Commission, 2020).

The UK Market

In 2020, the UK Government invested £38.5 billion in R&D, a £2.1 billion increase from 2019, with the business enterprise sector accounting for £20.7 billion, representing 54% of total R&D spending (Parliamentary Office of Science and Technology, 2021) as outlined in Figure 12 below Figure 13. A new R&D tax credit scheme introduced in 2020 supported SMEs, resulting in £6.6 billion R&D tax credits claimed by 89,300 companies across the UK that year (UK Government, 2022).

Despite a severe economic downturn after the 2008 global collapse, the UK's GDP rebounded in the following years with R&D spending across all sectors displaying a positive trajectory, indicating the R&D market's resilience to economic slowdowns (Parliamentary Office of Science and Technology, 2021). This favourable market condition provides ideal opportunities for SaaS providers like ReaDI-Watch and other RD&I management companies to operate in the UK.



R&D funding and performance by sector from 1985-2020

Like the Irish market, the UK also shows a positive outlook for R&D spending, making it an attractive market for RD&I management software firms like ReaDI-Watch. The RD&I management software market in the UK is expected to reach \$754 million by 2025 (Markets and Markets, 2021).

The UK government's detailed analysis of R&D expenditure in the business sector reveals £25.9 billion spent in 2019, comprising 67% of the total UK R&D expenditure (Parliamentary Office of Science and Technology, 2021). This Government report also provides a summary of the top 20 sectors and the top 10 companies investing in R&D in 2019. Impressively, almost £16.4 billion (63%) of all business sector R&D spending was contributed by just 10 companies that year, mirroring a trend seen in Ireland.

The Canadian Market

Canada's main research SR&ED program provides tax incentives for eligible R&D activities. In 2020, Canada spent \$41.9 billion on R&D (Statistics Canada, 2023). R&D spending was estimated at approximately \$42.6 billion in 2021, with 55% of this coming from the private business enterprise sector. \$3.8 billion in R&D tax credits were claimed by 25,850 companies in 2020 (OECD, 2021).

Canada's market is attractive for companies like ReaDI-Watch. The Canadian economy has a high proportion of innovation-focused firms and personnel employed by same, making it a rich target market for RD&I management firms like ReaDI-Watch (OECD, 2021). The market size for RD&I management software in Canada is expected to

reach \$143 million by 2025 (Markets and Markets, 2021).

Like the Irish and UK markets, 55% of Canada's total R&D spend comes from the private business enterprise sector. Notably, the Aerospace, Automotive, Oil / Gas, Pharmaceutical, and Software and Computer Services industries contribute significantly to this sector's R&D expenditure (Infosource, 2020). Appendix 5 provides a summary of Canada's top contributing corporate R&D companies. Canada's top 100 firms accounted for 31% of the country's total R&D spend in 2019, indicating less concentration compared to the UK and Irish markets.

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