

**EARSC Views**

**on**

**The next Framework Programme (FP8)**

*EARSC represents the Earth Observation geo-information services companies in Europe. Today EARSC has 70 members coming from 17 countries in Europe and including nearly 50% of the total number of European EO service companies. Over 60% of these are small or medium sized enterprises. Our members include both commercial operators of EO satellites and downstream, value-adding companies. The sector plays a key role in providing value-added geo-spatial information to its customers in Europe and the world. In 2010, the revenue of EARSC members is estimated to be around €700m and giving work to around 2600 highly skilled employees. The industry is growing at around 10% per annum.*

EARSC, the European Association of Remote Sensing Companies, is the trade association representing the EO geo-information services industry sector in Europe. It is a highly innovative sector comprising primarily of SME's characterised by a highly educated workforce. New companies are regularly being created by entrepreneurs looking to commercialise ideas - often developed during research in universities or other research organisations under EC Framework Programmes. These ideas may lead to new EO geo-information services or products but may equally lead to technology in the field of geo-information more broadly; geographic information systems (GIS) or related IT technologies. As such, the European research programme is a particularly important source of support for R&D and innovation in the sector with wide benefits.

EARSC companies are present on the world market. Many seek to develop opportunities in export markets as befits a global technology such as Earth Observation. In our recent position paper "GMES; Exploiting Operational Services" (1) we focused on several factors that we consider will enable the industry to create economic value from GMES by taking products into commercial markets in Europe and through exports. Support to R&D and innovation is particularly important to maintain a flow of new products and services to supply these competitive markets where local entrants are present.

The creation of the space element of the Framework Programme has been particularly welcomed. Support from FP6 and FP7 has been especially critical to stimulate the research into new geo-information products for GMES. We should also acknowledge the strong role that ESA play in supporting market development activities that are quite complementary to those of the EU. This innovative and dynamic sector would struggle to develop without both of these programmes.

In considering the next Framework programme, EARSC wishes to highlight 4 issues that should be addressed:

- Considering GMES, the initiative was started in 1998 and the first research projects started in 2002. We are only now, 10 years later starting to see some procurement of services developed under GMES and it is generally acknowledged that this will not expand greatly before 2015. 10 to 15 years is a long time for an industry to invest without a direct return and the business case for that investment is especially hard to make. For an SME this is particularly difficult. Where industry has to invest alongside grants from the EC then a visible return is mandatory. Currently, industry participation is set at 50% of the budget and as a result of this and the long time to see operational budgets being created is resulting in industry slowly withdrawing from the FP. If industry is to participate at the same level as universities and research organisations then there needs to be equal treatment. A higher level of funding, beyond 50% is essential if industry is to be able to benefit from European research funds.
- The sector is comprised largely of companies employing between 3 and 200 people ie SME's by European definition. They are innovative and seek to bring new ideas to the market. Generally, they need results to attract finance and support from the FP is very important to take ideas forward. Today, SME's find it hard to find a place in the FP and it is important that new measures are taken to ease their participation. The next FP should contain new measures to encourage SME participation which could include fast-track projects, obligatory SME partners in projects led by larger organisations or other schemes.
- Whilst GMES is a very important programme for Europe and for the EO geo-information industry, it represents only a part of the potential market. Companies are equally looking to commercial markets such as the insurance sector, agriculture, transportation, energy, oil and gas amongst many. Some of the products developed for GMES will be applicable to these markets but research is also needed into more specific topics. The next FP should ensure that there is the possibility to support research into products and services for markets other than the public sector to be directly served by GMES.
- Time to market is critical for an SME that can be threatened by larger organisations. Once developed of course the ideas, products and services become attractive for larger players which make them key partners either earlier or later in the research project. The present mechanisms for bidding and launching projects can take 12 months or even more from the launch of a call through to contract signature. Faster processes are necessary to support the industry.

A more flexible, SME friendly FP can strongly help the EO geo-information sector to create jobs and economic benefit for Europe.

(1) EARSC position paper on Exploiting GMES Operational services ([www.earsc.eu](http://www.earsc.eu))