Bellerby Economics Consortium

SCOTTISH ENTERPRISE

Offshore Wind Future Development (Supply Chain) Programme: Interim Evaluation

Final Report

March 2013

Executive Summary

Introduction

Scottish Enterprise commissioned the Bellerby Economics Consortium to conduct an interim evaluation of the Offshore Wind Future Development (Supply Chain) Programme covering the interim and current programme running in total from May 2010 to date (31 months). The objectives of the evaluation were to assess the:

- scale and nature of activities and outputs;
- outcomes - value to companies and general opportunity awareness raising;
- effectiveness and value of individual strands of the programme (principally events and expert support);
- overall coherence of the programme and its linkages to other company and sector development initiatives;
- project management and delivery; programme's contribution to the equalities and equities agenda.

In addition, the evaluation sought to:

- identify key learning points; and
- identify recommendations on changes or improvements that could be made to better meet company needs and raise the capacity of the indigenous supply chain to exploit offshore renewable opportunities; and

Method

To meet the objectives of the study, a number of tasks were undertaken concurrently to investigate as many aspects of the operation and performance of the programme as possible. These comprised a desk review of relevant documents; an analysis of management information on participant organisations; interviews with stakeholders; interviews with contractors delivering the Expert Support programme; an e-survey of participants of the workshops/events; and analysis and reporting.

Key Findings & Conclusions

Offshore Wind Sector (OSW)

The emerging nature of the OSW sector and the lack of current opportunities is the most significant barrier to Scottish companies entering the OSW sector. In addition, low margins in the sector are reported by a minority of businesses (19%). The other main barriers are lack of information on the sector, particularly contacts, and the need for investment by the companies.

Participation in Event Programme

The number of companies who have attended events as part of the programme is well ahead of schedule; with the main sources of recruitment of participants being email or SE's website. The main reasons for attending events are to: increase companies' general awareness of the sector; understand business opportunities; and make contacts with buyers.

Participation in Expert Support Programmes (ESP)

This is particularly low, with only c22% of the target met to date. Evidence from the company survey shows that 59% of the companies at the workshops did not know of the existence of the ESP. Where companies did participate, the main reasons cited were to gain greater understanding of how their company could supply the sector and general market opportunities.

Progression to Supplying OSW

The level of progression between elements of the programme – i.e. events to ESP and from ESP to other SE supports – is very low; this may change significantly once the opportunities in the sector are clearer.

Additionality and Market Failure

The programmes are clearly additional in that no other organisation would be undertaking such awareness raising and information provision activity. However, a significant proportion of companies (43%) are already supplying the OSW, with most reporting that they have achieved this without support from the public sector (82%). There appear to be continued information market failures. The programme of seminars and ESP are seen as working to address this market failure.

Business Strategy: Growth, Internationalisation and Innovation

The respondents to the e-survey are positively geared towards growth, with only 13% expecting standstill or contraction. There remains a Scottish focus to the plans of the companies surveyed who are already supplying OSW, with 86% planning increased sales to Scottish developments compared to only 58% to developments outside Scotland. There is a high level of current or planned innovation by respondents, with 28% having a current business strategy to introduce new products/processes; and 30% of current suppliers to the sector planning to develop new products/services for OSW.

Wave and Tidal

The majority of companies and all stakeholders and contractors welcome the move to include wave and tidal in the event programme.

Project Management

The programme appears well delivered.

Fit with other SE Supports

There is a clear strategic fit between the programme and other supply chain and OSW development activities.

Environment and Equalities

The workshops have been held in a number of locations throughout Scotland, which will have helped to reduce carbon emissions. A minority of attendees at the events were female (16%), however, given the structure of the target audience, a male bias would have been expected.

Overall

Broadly, the programme is well designed and well suited to meet its objectives. The event programme is well received and has been successful in attracting large numbers of attendees. However, while the ESP is generally well delivered and received by the participating companies, the scale of delivery of ESP and follow on support is low as a result of reliance on largely reactive referrals and limited active involvement to stimulate follow-on action. This is the main challenge for the next stage of the programme.

Recommendations

In recognition of the performance of the programme to date, it is recommended that the programme continues broadly as currently structured. We make a number of recommendations to improve its effectiveness.

1. There should be a repositioning of the programme on OSW supply opportunities from throughout the world, not just in Scotland.
2. The events programme should continue, with three main types of event: basic awareness events; events more focused on specific elements of the sector such as turbine manufacturing, cabling etc; and selective events which are more proactively managed, such as Meet the Buyer and any events to stimulate collaboration between potential suppliers.
3. The target audience for the overall programme should be formally confirmed as all companies with the potential to supply the OSW.
4. The content of the events programme should be developed on an ongoing basis, but early suggestions for topics include: Internationalisation and export to OSW markets overseas; and Introduction to wave and tidal renewables.

5 Accessibility of events. Future events should be available through webcasts and continue to be delivered in a range of locations. With a number of companies in the Highlands and Islands who are currently or planning to supply this sector, at least one of the events should be held in the HIE area.

6 A brief sales and marketing plan to promote the event programme is required.

7 A sales plan for ESP should be developed and implemented as a matter of urgency.

8 Follow Up from ESP. There is an urgent need to ensure greater action resulting from the ESP projects.

9 Project Management. While there are a number of individuals involved in the delivery of the programme, the only current area where change is recommended is the integration of the enquiry handling/appraisal stage of ESP and the follow up of companies at c6 months.

10 Additional Tasks and Staffing. Consideration should be given to expanding the team to deliver the additional recommended tasks.

11 Monitoring of the programme should be strengthened, although care should be taken to ensure the appropriate level of staff resources to deliver this.

12 ESP Contractors should be reviewed to ensure there is appropriate capability to support wave and tidal renewables projects, and other than in exceptional circumstances, the contractors should be obliged to offer to meet supported companies face-to-face.

Contents

1. Introduction

1.1 Background

Scottish Enterprise (SE) has established a Supply Chain Development Programme to exploit the opportunities for Scottish businesses to supply the Offshore Wind (OSW) sector. Initially piloted from September 2009 as one of a series of Department of Energy and Climate Change initiatives, this has developed through interim to the current operational Supply Chain Development Programme.

The objectives of the programmes have been to help companies to take a strategic approach to diversification into the OSW market and develop new products and processes in order to secure business.

The programme seeks to:

(i) Build understanding of OSW market opportunities;

(ii) Communicate opportunities to potential supply chain companies; and

(iii) Assist companies to develop diversification strategies to enable them to supply this new industry.

Specifically, the current programme aims to deliver:

- Supply chain intelligence to 1,500 Scottish companies, raising awareness of OSW opportunities; (as well as 930 delegates attending events and the production of three fact sheets in the interim programme);
- A two day OSW Expert Support Programme (ESP) delivered to at least 100 companies per full year with follow-up support provided to at least 20 companies per full year (as well as 48 companies supported in the interim programme). This is delivered by a framework of 7 contractors;
- Manufacturing Audits in conjunction with SMAS for at least 20 companies per full year;
- 83 companies introducing new products/ services/ processes; and
- At least 10 referrals into Growth Pipeline/ Account Management each full year.

SE commissioned the Bellerby Economics Consortium to conduct an interim evaluation of the programme covering the interim and current programme running in total from May 2010 to date (31 months).

1.2 Study Objectives

The objectives of the evaluation, are to inform an internal programme review to set the direction of the programme to October 2015, covering:

- Assessment of activities and outputs with respect to objectives;
- Assessment of outcomes (eg value to companies and general opportunity awareness raising);
- Effectiveness and value of individual strands of the programme (principally events and expert support);
- Assessment of the overall coherence of the programme and its linkages to other company and sector development initiatives;
- Assessment of project management and delivery;
- Identification of learning points;

- Making recommendations on changes or improvements that could be made to better meet company needs and raise the capacity of the indigenous supply chain to exploit offshore renewable opportunities. This will confirm or challenge the rationale and strategic fit for offshore renewables supply chain development and ongoing public support for it; and
- a brief assessment of equalities and equities agenda issues, specifically, given the events focus of this programme, the extent to which these followed green and accessible event best practice (or how this could be improved in the future).

It should be noted that this interim evaluation does not seek to quantify the economic impact of the programme and explicitly excluded the requirement for face to face interviews with company participants. In addition no attempt has been made to quantify value for money or financial performance of the programme.

1.3 Study Method

To meet the objectives of the study, a number of tasks were undertaken concurrently to investigate as many aspects of the operation and performance of the programme as possible. These comprised:

- a desk review of documentation, including relevant government, industry and SE strategies; a series of approval papers; results of follow up and review activities already undertaken by SE staff; and an evaluation of SE's ESPs;
- an analysis of participants' experiences and views. A detailed analysis was undertaken on the participants of the workshops to produce basic management information;
- views of stakeholders. Face to face interviews were held with a series of stakeholders to secure their views of the performance of the programme and how they feel its effectiveness could be improved;
- views of contractors. Face to face and telephone interviews were held with each of the seven contractors employed to deliver the Expert Support;
- e-survey of participants. A surveymonkey based survey was undertaken with companies who attended one or more of the workshops; and
- analysis and reporting. On the basis of the tasks undertaken, analysis has been undertaken, from which a series of conclusions and recommendations have been made.

The results of each aspect of this study are set out in this report.

2. Strategic Context

2.1 Introduction

The programme, during its operation, has operated within a changing strategic context. In October 2009, the pilot programme was approved. As part of a series of pilots cofounded by the Department of Energy and Climate Change, with Scottish Enterprise (SE) providing 50% matched funding. At this time, the strategic context set out;

- Scottish Enterprise's Energy Industry Demand Statement which identified Offshore Wind as a top priority;
- Government's Economic Strategy (2007) which identified as a priority a Supportive Business Environment to support growth, identifying Energy with a particular focus on Renewables as a key sector
- Scottish Government's Renewable Energy Action Plan (2009) which tasked SE with leading on the supply chain element of the plan

In 2010, the Interim Programme was approved with the strategic context of.

- Continuing Government's Economic Strategy (2007) and Scottish Renewable Energy Action Plan (2009)
- SE's Renewable Energy Industry Demand Statement which identified Offshore Wind as SE's highest priority

In 2011, the current programme was approved within the strategic context of:

- Scottish Government's revised Economic Strategy (2011) which identified Energy (including Renewables) as a priority growth sector;
- The 2020 Renewable Energy Route Map for Scotland (June 2011), building on the Government's Renewable Action Plan (2009) identified where Supply Chain and Infrastructure development were identified as Cross Cutting Challenges;
- Scotland's Offshore Wind Route Map: Developing Scotland's Offshore Wind Industry to 2020 and Beyond (Sept 2010) which identified Supply Chain as a priority including 'providing support to existing and potential supply chain companies to extend their capability and capacity;
- Scottish Enterprise's Business Plan 2011-14 which stated that SE will 'work alongside indigenous companies to establish a strong supply chain to meet the needs of the renewables sector in areas such as design, manufacturing, installation, operations and maintenance.'; and
- SE's Sector Delivery Plan for renewables which identified 'the development and expansion of the domestic supply chain in renewable related opportunities' as a key priority.

The programme now continues to operate within a strategic context which continues to prioritise Supply Chain Development for the Offshore Wind sector through:

- Government's Economic Strategy (2011);
- Scottish Enterprise's new Business Plan 2013-16, which identifies supporting the supply chain for Offshore renewables as a priority, alongside other priorities of international trade and investment; growth companies; innovation and transition to a low carbon economy;
- The 2020 Renewable Energy Route Map for Scotland (2011);

- Scotland's Offshore Wind Route Map: Developing Scotland's Offshore Wind Industry to 2020 and Beyond (Sept 2010);
- Highlands and Islands Energy Route Map 2012;
- SE's Renewables Sector Delivery Plan 2012-15 which seeks to build a full, globally competitive Scottish Offshore Wind supply chain by 2015; and
- SE's Offshore Wind operational priorities of Physical Infrastructure; Internationalisation; Innovation Investment and Supply Chain.

2.2 Scottish Enterprise's Supply Chain Activities

Improving the Scottish supply chain for OSW and increasing the level of Scottish supplies to OSW is an identified priority. Market failures have been identified by SE which are considered to be preventing greater supplier activity from Scottish companies. These include lack of awareness, information and confidence in the scale of the opportunity.

To address these market failures and to increase the scale of Scottish based supplies, SE undertakes a range of activities to stimulate Scottish supply chain activity in OSW. The main Supply Chain activities are:

- Fact Sheets and market information;[1]
- Basic seminars and workshops on a basic introduction to OSW;[1]
- Seminars on more detailed and different aspects of the sector;[1]
- Annual Conferences[1]
- Meet the Buyer Events;
- Developer Engagement Programme including one to one approaches and contacts with Developers and Tier 1 suppliers;
- Prototype Fund for Manufacturers;
- OSW Expert Support; [1]
- Export and Internationalisation support; and
- Inward Investment.

Some, but not all of these are included within the Supply Chain Development programme which is the subject of this interim evaluation.

[1] Included in the Supply Chain Development Programme, and covered by this evaluation

3. Comments and Key Issues Raised

3.1 Stakeholders

A series of face to face interviews were held with stakeholders who are directly involved in some aspect of the design or operation of the programme. Annex I sets out a list of stakeholders interviewed. A range of aspects were covered in the interviews using an interview checklist which can be found in the Annexes to this report. The findings from these interviews are set out below.

Overall, there is a continued commitment to deliver the programme with a view that it has been broadly successful in meeting its objectives in raising awareness and communicating opportunities to Scottish companies. The comments that follow have been presented within this context of incremental improvements to the programme.

3.1.1 The Offshore Wind Sector (OSW)

The stakeholders' views of the sector include:

- It is acknowledged that the OSW sector has not yet established itself within Scotland; the developments off Scotland remain someway off and are regarded as potential rather than definite;

- The market opportunities within the sector are complex, with a structure of tier 1 suppliers to developers, who in turn will subcontract work to tier 2 suppliers and onwards. It is anticipated that the opportunities for Scottish companies will be in supplying tier 1 and more likely tier 2 suppliers. At this time, the companies who are higher up the supply chain are unclear of their requirements, processes or the timing of any tendering processes;

- There are however OSW developments in place and underway in the rest of the UK, Europe and elsewhere, although Scottish companies are not thought to be taking advantage of these;

- Supplier relationships are being formed with projects outside Scotland which are expected to transfer to the developments in Scotland when they go ahead. This will create a further barrier to entry for Scottish firms in developments in Scotland;

- There is a need for a greater focus on exporting/supplying overseas opportunities;

- Many of the potential suppliers currently serve the oil and gas sector, which provides high margin work. As such, the OSW sector is less attractive, particularly where any investment is required;

- Opportunities for companies relate to their capability rather than current products/services, and in practice many opportunities will be delivered through the joint development of new solutions/products with buyers;

- There are particular challenges for smaller companies who may need to collaborate to submit viable bids.

3.1.2 Target Companies

It is the view of those delivering the programme the companies approached should be any existing companies who, can be encouraged to diversify to supply the OSW sector. However, within this there are different views as to the companies who should be targeted:

- Only those companies who have a realistic prospect of making substantial supplies to the OSW sector. These are typically Account Managed companies with growth aspirations and involved in selected sectors such as Oil and Gas;

- Companies with growth potential, but currently operating in non energy sectors such as IT and defence;
- Any and every company with any interest irrespective of sector, growth aspirations or realistic prospects to supply the sector;
- To date, participation is largely self selecting by the companies in response to general advertising and promotion, but with a focus on existing energy-related companies due to the structure of the event marketing;
- As the programme continues, it is unclear it should be targeted at those companies who have already attended one or more events, but providing more detailed information on aspects of OSW and securing greater participation in ESP, or whether it should seek to reach those companies who have no knowledge of previous involvement in the programme to encourage early action;
- It is viewed as valuable in broadening the target sectors further to include the service sector, although this would be more appropriate at a later date as these opportunities emerge; and
- There is a group of companies who are not account managed or Business Gateway supported but who have the potential to supply the OSW sector. These companies would require more proactive support on OSW supply chain and represents major opportunity for the programme to increase its reach and impact.

3.1.3 The Events

Marketing and Recruitment to Events

The current approach to marketing and recruitment to events comprises a mix of: emails to those companies who have registered on an SE database, drawn from an offshore renewables database and containing c1,200 companies; targeted promotion through account managers in SE and HIE; SE sector teams; SMAS; East Coast Renewables and their member local authorities; other business support partners such as Business Gateway; general promotion on SE's web site; and word of mouth promotion. There are also some referrals from the Expert Support contractors.

With a high level of attendance at the events, current marketing and recruitment were regarded as satisfactory, but with a number of areas for improvement:

- Improved promotion by SE account managers. It was thought that some but not all account managers were aware of the events and ES programme;
- More comprehensive promotion through other business support organisations such as Local Authorities and Business Gateway agencies. This was regarded as patchy, with some areas, most notably Fife and surrounding areas and Ayrshire, having an active interest and proactively identifying companies, while in other areas promotion was thought to be more passive through techniques such as posting on web sites, inclusion in general emails;
- A graduate has started working in HIE, and one of their tasks will be to increase interest in the Programme. HIE is also updating its supply chain database; and
- Promotion to other sectors such as defence and marine; professional services; IT etc.

Event Content

A total of 20 events were held during the period covered by this evaluation. In addition two 2 day conferences were held. A full list of these events is available in the Annex.

The quality and content of the events are viewed positively by stakeholders, with positive informal and formal feedback from attendees. In addition:

- The breadth of seminars in geographical terms was seen as adequate (Aberdeen, Edinburgh, Dundee, Fife, North Ayrshire, North Lanarkshire, Glasgow, and Inverness), with some value from broadening to other areas;
- The programme of events include a series of basic information and awareness events covering how the sector operates and how the buying process is structured;
- The Meet the Buyer events driven by Gamesa and Areva, where a series of one to one meetings were held with selected businesses, were regarded as most effective;
- Latterly, there has been a greater focus on themed events which go into more detail on specific aspects of OSW sector such as Balance of Plant, Foundations, Operations; maintenance and access through harbours etc. These were regarded as of greater value;
- New topics are required in the next period to move the programme on;
- Take-up in the Highlands and Islands might be increased if the Programme were widened beyond the introductory stage;
- Meet the Buyer events are particularly valued and this ‘top down’ approach to match those buyers with potential suppliers would be a preference in the future;
- Learning Journeys may be of value; and
- Value in repeating events in different locations.

Accessibility of Events

There were concerns raised by interviewees on the accessibility of the programme due to delivery locations. The active involvement and interest in the programme is seen as patchy with greater activity in East Coast, Aberdeen and other main cities. There would be value in proactively engaging parts of SE and other business support agencies in other areas.

For most Highlands and Islands companies any event will be difficult to attend and the use of webcasts was suggested as a way of increasing accessibility and attendance.

3.1.4 Expert Support Programme (ESP)

Participation

- There is a general dissatisfaction with the number of companies who have participated in the Expert Support element of the programme;
- There is no clear understanding of why the take up is so low, due to lack of follow up to non participants; although one reason is thought to be perceptions of the current state of the sector, set about above; and
- Promotion of ESP is through account managers and SMAS, at the OSW events and via SE’s web site.

Expert Support Contractors

There was general satisfaction with the performance of the contractors in the ESP, but a recognition that those who undertake face to face sessions with the companies are much more effective. Within the constraints of logistics this would be preferred.

Overall

- An identified improvement is that SE should provide basic information on the OSW sector BEFORE the contractor's work starts to ensure that the work of the contractor can be more specific to the activities/subsector of the company. Similar preparatory work is already provided by Fife Council;
- Greater follow up after the action plan is completed should be undertaken, particularly for non account managed companies;
- There are concerns that the 2 days may be insufficient for the needs of the wave and tidal market, particularly as they are likely to require more in-depth innovation/R&D support to progress;
- One suggestion is to consider 'group' projects involving multiple companies in the same/complementary sub-sectors;
- Some companies need only to undertake simple actions, such as revising web and marketing materials, to enter the OSW sector while others need to make more substantial investments. The support they receive needs to take into account this variation;
- HIE could top-up the two day ESP through one to one sessions covered by account management budgets; and
- It is seen in SE as more appropriate for non account managed companies.

Follow up activity and support

There is limited follow up action by companies, which is thought to be for a number of reasons:

- Lack of resources, particularly for smaller companies;
- Desire for an unrealistically simple solution eg a view that the only action required was knowing the name of the procurement contacts so they could be contacted directly and contracts secured rather than an acceptance that changes to their own business prior to this may be required;
- Requirement for a major investment in new product/processes which many participating companies did not have access to the necessary finance to take forward;
- As the opportunity is not immediate, companies may 'park' OSW until the opportunities further develop;
- The linkage to SDI and other SE supports was seen as weak;
- The integration of this programme to other SE supply chain activity is patchy. Closer links with Developer Engagement are identified as a particular priority; and
- Overall, a concern that the linkages and progression between these activities may not be as effective as possible.

3.1.5 Fact Sheets and Other Materials

A range of market reports and fact sheets such as *Offshore Wind: Key Facts, A Guide to Offshore Wind Capability* and *Market Insights: Scottish Renewable Energy Sector Offshore Wind* have been produced. This was seen as valuable, however it would be useful to have basic fact sheets on specific sections of the market, eg Balance of Plant etc.

3.1.6 Wave and Tidal

There was universal agreement that the programme should be extended to cover wave and tidal renewable energy activities. Specific concerns and issues raised were:

- The wave and tidal market is less advanced, with a current focus on the development of technologies and equipment and proof of scalability. The opportunities, at the moment, are therefore more in the innovation stages of the sector. It will be important to recognise both that different companies would be better suited to these opportunities, and that the nature of the support that they may require to exploit these opportunities would be different;

- Potential for larger scale supply of components and servicing are regarded as some way off;

- The companies who are likely to have potential to supply this market in the medium to long term are the same as those who are expected to supply the OSW sector;

- The wave and tidal market is expected to require specialist knowledge of marine renewables. Concerns were raised that the current contractors may not have the necessary skills;

- The sector is currently driven by innovation and product development with a number of smaller technology based companies. Many such companies are now being taken over by larger European companies, with implications for supplier development and economic impact;

- There are indications of interest from developers/operators in local suppliers evidenced by a recent event in Islay by Scottish Power to identify contractors, although largely on low level services such as catering, accommodation, transport etc;

- Need for general awareness initiatives; and

- The potential suppliers to the wave and tidal market include a number of Highlands and Islands based companies. It will be important to ensure that the programme is designed to reach these companies.

3.1.7 Project Management

Currently a number of individuals are involved in the programme, responsible for individual elements/tasks or with different strategic or overall project management roles. A total of 8 individuals within SE make a contribution to the programme, with four contributing to its operation day to day:

Project Management of Supply Chain Development Programme

Overall	
Andy McDonald	Overall Strategic Responsibility, programme director
Jon Moore	Senior Responsible Officer, overseeing the programme
Linda Gosden	Project Management of programme overall
The Events	
Miscellaneous	Design and input to workshop content
Heather Quigley	Project Manager Events
Third Party Event Management Company	Delivery of Events
Student	Feedback from Attendees
Expert Support Programme	
Heather Quigley	Overall project Management
Fiona Soutar	Initial appraisal of enquiries, matching to contractors and financial paperwork
Account Managers	Follow up of account managed companies supported
Carol Malcolm	Follow up of non account managed companies
Other Supply Chain	
Cian Conroy	Developer Engagement Programme
Neil Ferguson	Developer Engagement Programme

There are a series of stages in the management of Expert Support as follows:

(i) An enquiry is received;

(ii) Company is encouraged to complete a form (on SE website);

(iii) SE then speaks to the company (by telephone) to discuss their project in more detail and provides them with more basic information on the OSW sector, culminating in SE completing a different form;

(iv) SE formally appraises the project and matches the project/company with an appropriate contractor;

(v) SE contracts and manages the financial relationship with the contractor; and

(vi) On the completion of the action plan/report, SE follows up with non relationship managed companies c6 months later, with account managed companies followed up by their account managers.

Some of the team cited lack of time as being a barrier to delivering their responsibilities ideally

3.1.8 Future Direction

There is continued commitment to deliver the programme from the stakeholders. Views of how the programme should be developed in future include:

- Include wave and tidal;
- Include more in-depth/advanced seminars including business partnership/collaborations to supply;
- Continue with a smaller number of general information events;
- Focus on encouraging Scottish companies to supply OSW projects developing outside Scotland;
- More ‘Meet the Buyer’ type events where there is one to one contact between main suppliers to the sector and the subcontractors that they may use in future; and
- Proactively target companies from other sectors such as defence and marine.

3.1.9 Overall

The programme is regarded as popular and broadly successful, with a commitment to continue its operation. It has a continued rationale with a clear fit to the strategies of SE and HIE and a view that the information market failures remain.

The programme is regarded as additional, with no other organisation prepared to deliver such information and advice.

3.2 Contractors

This section reports the key findings from our consultations with the seven contractors who deliver the expert support to those companies seeking to enter the OSW market. To preserve anonymity we present a composite report of the views expressed, although many of the views expressed were of a similar nature. A range of aspects were covered in the interviews using an interview checklist which can be found in the Annexes to this report.

3.2.1 Market & Issues

The key issues and barriers faced by companies in supplying the OSW market were identified as follows:

- ignorance – companies have limited if any knowledge of the sector and its requirements;
- exposure – to supply the sector companies need to engage/get in front of the key players within the sector to enhance their profile;
- contacts – companies do not know who the key contacts are – SE is updating/revising its directory and this will help; and
- timing – there is continued uncertainties over dates (development, construction and operations) as to when the offshore developers will be procuring services, and also the Round 3 sites that will be consented.

3.2.2 Target Companies

The most appropriate companies who were felt would benefit most from the OSW ESP were identified as:

- companies with a technical background (engineering/ construction), or environmental, or those associated with ports/ vessels;
- companies that currently supply the offshore sector other than wind – typically the oil and gas sector;
- companies who know the least about the sector and have limited experience of the sector – the ESP is therefore likely to be of most value to these; and
- companies who supply the suppliers.

3.2.3 Company Participation

The contractors were generally unaware that a minority of companies attending the OSW events subsequently sought support through the ESP. They speculated that this was probably a result of:

- a lack of urgency in terms of the company being required to be ready to begin supplying the sector;
- companies had only just started to think about supplying the OSW sector and it is therefore perhaps too soon for them to capture exactly what they might need from the programme; and
- the information supplied at the event is sufficient to convince companies that supplying the OSW sector is not a suitable business development opportunity for them to pursue.

3.2.4 Additionality

The contractors felt that if there were no ESP the companies would experience significant difficulties in being able to identify/ exploit OSW opportunities. The contractors identified:

- time additionality – whilst the companies have successfully identified business opportunities in the sectors in which they currently operate, entering the OSW sector would require them expending significant time and effort to gather the appropriate market intelligence and the appropriate contacts. The ESP provides a significant saving in the time they would be required to invest;
- quality additionality – that the ESP provides access to a wide range of experts means that the quality of information, advice and guidance provided will be greater than what the company could realistically gather themselves; and
- absolute additionality – small companies can lack the resources – financial and human – to enable them to effectively research the OSW sector, and without the support available through the ESP they would be unlikely to pursue opportunities.

3.2.5 Case Studies

Discussions with the contractors did reveal a number of examples where:

- ESP had worked well for one or more of their supported companies, and the contractor had subsequently advised/worked with the company on seeking to enter the OSW supply chain; and
- the two day advice had enabled the company to reach a decision that it would be unrealistic for the company to invest further resources pursuing OSW opportunities.

Whilst the contractors revealed the names and some brief details to the consultant it would not be appropriate to repeat these details in a report that could be made available to a wider audience via the Evaluation Online website. We would suggest that if SE wishes to use these case studies for marketing purposes it pursues this directly with the contactors and the companies themselves.

There were more limited examples of where ESP was a complete waste of time for company and contractor, and where the company should not have proceeded to ESP following attendance at an awareness raising event. One contractor had rejected a number of companies it did not feel was appropriate for ESP/the contractor's skill set.

3.2.6 Programme Management

Contractors viewed the programme management as effective and efficient. They commented:

- that they were largely content with the process used by SE to select contractors to be part of the framework for the ESP. However, there was a small issue relating to the perceived lack of flexibility with respect to the pricing schedule. This they felt required them to offer the same day rate for all members of their team, thus restricting their ability to propose a range of staff with varied days rates and experience;
- that they were well matched to the companies offered to them by SE; where this was not the case they were able to "reject" a company where they felt that they were unable to help; and
- that the reporting requirements to SE worked well. SE executives were approachable and competent, and the twice yearly contactor meetings were welcomed, at which SE were receptive to constructive feedback.

A minority did feel that the scale of their involvement – contracted to support only a small number of companies – meant that the admin overhead was quite high and therefore it could be difficult to justify bidding to become a member of future frameworks. However, if as a result of the two-day support additional work with companies was forthcoming then continuation with the framework could be justified.

3.2.7 The Support

There was a general view that the ESP does provide a useful introduction to the OSW sector and the issues that the supported companies need to address to begin the process of engaging with the sector, within the limits that can be realistically delivered within two days. As highlighted above under Market & Issues, constraints centred on the lack of contracts, and knowledge of who the key contacts are within OSW companies does act as an impediment to actual engagement with the sector; the ESP does point the supported companies towards the key actions they need to take during this hiatus.

3.2.8 Next Steps

The key next steps that the companies are advised to take focused on:

- increasing their exposure to the sector through, for example, regular attendance at conferences and exhibitions, and production of high quality marketing literature. Attending exhibitions/ conferences will also increase their knowledge of the sector;
- being patient, and waiting for things to happen when the offshore developers begin procuring services, and when the Round 3 sites are consented; and
- beginning to do things that will ensure they are ready to supply the sector when procurement begins – this includes technological developments, looking to adapt current products to meet the needs of the sector, and fine tuning their business development activities to better meet the needs of the sector.

The contractors reported that they had limited if any knowledge as to whether the companies had implemented any of their recommendations as they had limited or no further contact. Many felt that the key barrier to implementation of recommendation was funding, but also the issues highlighted under Market and Issues, and in particular the lack of buyer procurement activity.

3.2.9 Contractor Experience

The contractor experience was viewed as being positive; in particular the exposure to potential clients with whom they could engage later in the process of entering the OSW sector. There was no appetite for changes to the process beyond extending the support to more than two days and changes to the single fixed day rate to allow them to offer staff at different rates with different levels of experience/expertise. A stratified pricing schedule would allow them to offer better value for money through offering the most appropriate expert for each project.

3.2.10 Wider/Follow On Support

There was general consensus that there is a need for further support as there are limits as to what can be achieved in two days. The exact nature of the additional support is likely to be company specific depending on the segment of the OSW sector they seek to supply.

The contractors' view was that general awareness raising events are still required but that some companies would benefit from themed events linked to their particular interest in the sector and where companies operating in the OSW sector would also attend, allowing supported companies to meet key players in the industry.

There was an expectation that supported companies were already linked into wider business support mechanisms, although the contractors did not offer any views on how effectively these networks operated.

3.2.11 Overall

There was very little appetite for change to the current programme, beyond extending support to more than two days. The consensus was that the programme was delivered effectively and efficiently within the constraints of the two days of available support.

It was suggested by some that extending the support to the wave and tidal sector would be helpful to the renewable energy sector.

4. The Participants

SE keeps a suite of spreadsheets to support the delivery and management of the programme. These include: records of those who booked and attended each seminar; details of enquiries to ESP, including the source of the enquiry and the management of their appraisal; contracting and financial monitoring; follow up survey of ESP partnerships undertaken c6 months after their support is completed; and a survey of attendees of the workshops.

This section draws on these resources to provide some basic management information on the programme.

4.1 Seminars/Workshops

Over the interim programme and the current programme to date, 20 workshops have been held throughout Scotland and two 2 day conferences. These are set out in the Annexes.

Information held by SE on bookings and attendance at the seminars was integrated into a single spreadsheet, and following a process of cleaning the data, this was analysed.

As set out in the table below, over the whole period a total of 2,337 delegates attended the events. This comprised 1,514 unique delegates from 1,232 companies. It can be concluded that each event was well attended, with an average over 50 delegates.

Table 1: Key Measures of the Event Programme

	Interim	Current Programme	Total
Number of Events[2]	5	19	24
Number of Attendances	900	1,437	2,337
Number of Unique delegates	646	972	1,514
Average number of Attendances per individual	1.4	1.5	1.5
Number of Companies Attended	467	665	1,232
Average Number of delegates per company	1.9	2.2	1.9
Average Attendees per Event (excl conference)	59	51	52
Average Attendances per day at conferences	361	286	324

There was only limited repeat attendance, with delegates attending an average of 1.5 events, showing that each event is not attended predominantly by 'the usual faces'. A later table confirms that 90% of delegates attended only one or two events.

[2] With a 2 day conference each day is treated as an event

Table 2: Number of Attendances per Delegate

Number of Events Attended	Delegates who Attended that number of events	%
1	959	63%
2	403	27%
3	81	5%
4	43	3%
5	20	1%
Over 5	8	0.5%
Total	1,514	100%

On average each company has sent c1.9 delegates to events. The table below shows that only 32% have had more than one delegate at an event. This implies both strong reach to a large number of companies and perhaps a difficulty in engaging attendances at different more in-depth events.

Table 3: Number of Delegates per Company

Number of Attendances	No. companies attending that frequently	%
1	833	68%
2	218	18%
3	98	8%
4	28	2%
5	19	2%
6 Plus	36	3%
Total	**1232**	100%

Unfortunately there is no sectoral breakdown of participants in the seminars and it is recognised that there would be value in gathering this information in the future to assist in the marketing of future events and designing the event contents.

4.2 Expert Support Programme

An analysis of SE's ESP appraisal and monitoring information has shown the following:

- Of those that enquired about ESP, 69% made applications and were offered the support;
- There was a 100% conversion from the completion of the application form to being offered ESP;
- 97% of companies offered ESP completed it; and
- The main reason for not being offered support was the company not completing the form (50%) or SE awaiting appraisal by the company's account manager or other internal member of staff.

Table 4: Expert Support Key Facts

	No. companies	% Enquiries received
Number of Enquiries received	84	
No. Completed Application Form	54	64%
Offered Expert Support	58	69%
Completed Expert Support	56	
% of those who were offered Expert Support		**97%**

Table 5: Reasons for not being offered support:

	No. companies	%
Waiting for company to complete Application form	13	50%
Pending Appraisal by Account Manager/Other internal members of staff	9	35%
Other/unknown	4	15%

- Only 69% of the companies offered ESP had attended any of the events. From a table below, only 10% cited an event as the source of their enquiry;
- The (marginal) majority of companies (55%) offered ESP are account managed; and

Table 6: Profile of Companies Offered Expert Support:

	No. companies	%
Of those offered Expert Support:	58	
Attended any Supply Chain events	40	69%
Didn't Attend any event	18	31%
Account Managed	32	55%
Non Account Managed	22	38%
Unknown/account management Not Applicable	4	7%

All four businesses in Highlands and Islands are that have accessed the ESP are account managed.

- The main sources of referral to ESP have been account managers (38%); SMAS (23%); via the web site and telephone call (17%); and
- Attendance or referral from events appears an unimportant source of referral.

Table 7: Source of Referrals/Enquiries to ESP

	All Enquiries		Enquiries from Non event Attendees	
	No. companies	%	No. companies	%
SMAS	18	23%	5	28%
Account Manager/Named Individual	32	38%	7	39%
Web/Telephone call	14	17%	4	22%
AMD Event	8	10%		
Other Support Agency	6	7%	2	11%
Other	5	6%		
Total	84		18[3]	

4.3 Progression

The table below provides the limited available information on progression between elements of the programme. This is low:

- Only 5% of companies who have attended any event have enquired about ESP;
- Only 3% of companies who attended any event undertook ESP;
- Only 5% of companies who completed ESP are reported to have taken any follow up action;
- Only 7% of companies who completed an ESP plan, expect to take any future action to prepare themselves to supply the OSW sector; and
- four companies have since become account managed.

Unfortunately there is no information available on the extent to which supported companies have subsequently taken an interest forward with other SE supports.

Table 8: Progression within Supply Chain Development Programme

	No. companies	%
Number of Companies who Attended Events	1,232	
No. of enquiries for Expert Support from attendees	66	5%
No. of offers of Expert Support from attendees	40	3%
Undertaken some follow up action as % of all who completed support	3	5%
Plan to undertake some (further) action as % of all who completed support	4	7%
No. companies who are now Account Managed (and received ES Support)	4	
No. companies moved from Account to non account managed	3	

[3] NB All enquiries from companies who didn't attend a Supply Chain event were offered Expert Support

5. Views of Participants

An e-survey was undertaken with attendees of the events. The e-survey was issued by email with an appropriate link on 18th February and the survey closed on 6th March 2013. This was successfully issued to 881 contacts and by the close of the survey 93 responses were received, representing a 11% response rate.

This section highlights the key findings of the survey. Further detail is shown in the full results available separately.

Respondents were drawn from a range of industries with no dominant sector. The most common industries reported were oil and gas, manufacturing and renewables.

Table 9: What is your overall business strategy?

	% Respondents
Continue existing operations, broadly as is	9%
Contraction of business	4%
Growth in existing market	56%
Diversify into other markets	46%
Export in existing product/service markets	24%
New product/process development	27%
Other, Please specify	6%
Total Responses	92

Businesses are ambitious for growth and development: 56% plan to grow within their existing market; 46% plan to diversify into other markets; 24% plan to export; and 27% plan to develop new products and processes.

The main reasons for attending the events was to secure a general understanding of the OSW sector (65%) and understanding of business opportunities (63%), with making contacts with buyers the 3rd most important reason (56%).

Table 10: Main reasons for attending the Events

	% Respondents
General understanding/awareness of the sector	66%
Understanding business opportunities from supplying OSW sector	63%
Understanding how to enter the OSW market	32%
Making contacts with buyers	56%
Making contact with suppliers	24%
Securing support to help your business start to supply the sector	14%
Other	5%
Total Responses	84

The most commonly cited ways in which respondents heard of the events was via email (50%) and via the SE web site (28%). 27% heard about the events via advisors in the public sector.

The majority of respondents regarded the events as good or very good in terms of all aspects, with slightly poorer performances in clarifying their next steps to exploit OSW opportunities and meeting their overall expectations.

Table 11: How would you rate the workshops for (%):

	Very Useful	*Useful*	*OK*	*Not Useful*
Relevance	30	55	14	1
Quality of speakers	326	53	15	0
Networking opportunities	27	42	28	4
Accessibility	24	57	19	0
Meeting your expectations for the event	19	52	25	4
Clarifying your next steps to exploit OSW opportunities	11	45	40	5

Total Respondents: 80

Table 12: Number of companies responding re Expert Support Programme

	No.	**% Respondents**
Have heard of it	35	42%
Haven't heard of it	49	58%
Have used ESP (of those who have heard of it)	11	31%
Haven't used ESP (of those who have heard of it)	24	69%
Feel ESP would be of value to their company (but hadn't heard of it)	44	61%

There was a low level of awareness of ESP where the majority of respondents (58%) had not heard of ESP. Of those that had heard of it, the majority hadn't used it (69%). However of those who hadn't heard of it, the majority (61%) felt it would be of value to their company.

For those who have used ESP, the predominant reasons were to secure greater understanding of how they could supply the sector (91%) and secure greater information on market opportunities (63%).

Table13: Reasons for Using Expert Support? (%)

	% Respondents
Greater Understanding of how my company might supply the sector	91%
Greater information on the market opportunities	64%
Advice on how my business might grow to take advantage of opportunity	54%
Free advice is always welcome	28%
Other	9%

Total Respondents: 11

ESP was rated by the majority of respondents as useful or very useful in terms of relevance to their business, value to their company and quality of contractor/advisor. However the companies were less positive on the more practical aspects of the support in terms of the ability to take the company closer to supplying OSW and providing clearer next steps for their business.

Table 14: How Expert Support Was Rated (%)

	Very Useful	*Useful*	*OK*	*Not Useful*
Relevance to your business	33	44	22	0
Value to your company	33	22	33	11
Quality of contractor/advisor	25	38	38	0
Ability to take you closer to supplying the OSW	22	11	44	22
Clearer 'next steps' to develop your business	0	22	67	11

Total respondents 9 (2 had not yet completed ESP)

Table 15: Reasons for not using ESP (%)

	% Respondents
No longer interested in supplying OSW	7%
Wrong time for my business	11%
Too busy to participate	18%
Plan to seek this support, but at a later date	11%
The opportunities in OSW are too far away to be of interest	14%
Other, please specify	54%

Total Respondents: 28

Almost half of respondents report that they are already supplying the OSW market. This raises some concerns on the representativeness of the survey as this is not thought to reflect the overall profile of the attendees.

Table16: Current Suppliers to the OSW Market?

	No.	**% Respondents**
Yes	36	43%
No	47	57%

The focus of companies is to supply Scottish developments of OSW (86%) with fewer seeking to supply non Scottish developments (58%). There is a strong degree of innovation planned, with 31% of respondents planning to develop new products/services.

Table 17: For those already supplying, what are your future plans in this market? (%)

	% Respondents
Withdrawal from market	6%
Initial market research into the sector	8%
Increase sales of existing products/services/capabilities to Scottish developments	86%
Increase sales of existing products/services/capabilities to developments outside Scotland	58%
Develop new products/services for the sector	31%
Capital investment	11%
Other, please specify	3%

Total Respondents: 36

The majority report that they did not receive public sector support. This perhaps reflects the early entrant nature of the respondents.

Table 18: For those already supplying, did you receive any public sector support to help you exploit this market?

	No.	% Respondents
Yes	6	18%
No	28	82%

Total Respondents: 34

74% are planning to supply OSW, indicating a quarter who after attending an event have now decided against supplying the sector. However this may be fully appropriate to the companies, and without further investigation it isn't possible to confirm this.

Table 19: For those not currently supply OSW: Are you considering supplying

	No.	% Respondents
Yes	35	74%
No	12	26%

Total Respondents: 47

A significant proportion of companies who are planning to supply OSW (51%) are planning to develop a new product, service or capability for the sector.

Table 20: For those planning to supply OSW, Method of Supplying

	% Respondents
Sell an existing product/service/capability into this new sector	60%
Develop a new product/service/capability for this sector	51%
Unknown at this stage	17%
Other	3%

Total Respondents: 35

The barriers to supplying OSW are clearly identified as the lack of existing opportunity (59%) and timing (31%). However lack of understanding of the sector remains a barrier (27%), representing an ongoing information market failure for those who have attended events and a rationale for an ongoing programme.

Table 21: Main Barriers to exploiting OSW sector identified (%)

	% Respondents
Lack of understanding of sector	27%
Lack of existing contracts/opportunities	59%
Low margins	19%
Requires too great an investment for my organisation	17%
Need to invest in new products/services with associated risk	19%
Timing of the opportunities are too far away	31%
Doesn't fit with our current business strategy	8%
No realistic opportunities for my business	9%
Other Please Specify	17%

Total Respondents: 75

As expected with event programmes of this nature, its influence is regarded as partial by most. 72% reported that they had been influenced to some extent, providing a strong effect compared to other similar interventions.

Table 22: Extent to which attendance at the workshops influenced or changed companies' plans

	Number	% Respondents
Entirely	0	0%
Greatly	9	11%
A Little	49	60%
Not at All	23	28%

Total Respondents: 81

Table 23: Interest and Activity in Wave and Tidal Renewables

	Number	% Respondents
Currently Supplying wave and tidal	19	24%
Interested in supplying wave and tidal	67	87%
Interested in attending a workshop on wave and tidal	66	84%

There is a strong interest in a breadth of topics for future events. The most popular are opportunities in wave and tidal (75%); Meet the Buyer events (66%) and general networking events (63%). Interest in general awareness events (50%) remains strong.

Table 24: Future events wanted

	Number	% Respondents
Meet the Buyer	50	66%
General Awareness of the market and how it operates	38	50%
Partnering with other potential suppliers	36	47%
Securing contracts from suppliers in other markets such as Rest of UK and Europe	31	401%
Opportunities in Wave and Tidal Market	57	75%
General networking events	48	63%
More detailed understanding of specific elements of the market such as wind turbine manufacturing; electronic etc	24	32%
Partnering with academic and research institutions	19	25%
Other, please specify	9	12%

Total respondents 76

6. Performance Against Programme Objectives

The programme approval papers set out a series of targets for the interim and current programme. The activity targets were developed from a series of activity plans which were based on industry forecasts at that time. The output targets such as follow up support provided, new products and processes developed and referrals to growth pipeline/account management were rough estimates based on targets from other similar programmes. These targets are set out in the table below, with targets for the current programme to date calculated pro rata from the overall target where appropriate.

Table 25: Overview of Programme Targets

	Interim (12 months)	Current to date (21 months)	Total Current Programme (54 months)
Supply Chain Intelligence to companies – pro rata		583	**1,500**
Delegates to events	930		
Fact Sheets	3		
Expert Support (Recorded as achieved rather than target)	48	175	**450**
Follow up support from SE		35	**90**
Manufacturing Audits in conjunction with SMAS		35	**90**
Companies introducing new products and processes – pro rata		32	**83**
Referrals into Growth Pipeline/Account Management		18	**45**

The interim programme targets are derived largely from approval papers setting out progress or achievements and so targets appear to have been met. However further analysis of the delegate event attendances have corrected the figure cited in other papers.

Table 26: Performance against Targets: Interim Programme

	Target	Actual	% achieved
Supply Chain Intelligence to companies		467	
Delegates to events	930	646	69%
Fact Sheets	3	3	100%
Expert Support	48	48	100%

In the table below, the performance of the current programme against its targets is shown. While progress on company attendances at events (used as a proxy for supply chain intelligence to companies) is well ahead of target, performance against all other output measures has been low:

- Only 21% of the target for ESP supported companies has been achieved;
- Only 3% of the target for provision of follow up SE support has been achieved; and
- Only 4 companies (22% of target) have been referred into the growth pipeline/account management support. Over the same period another 3 companies have moved from being account managed to non account managed.

There is currently no information available on companies who have undertaken manufacturing audits with SMAS.

Table 27: Performance Against Target: Current Programme

	Actual to date	Performance against target	% of total Programme targets achieved
Supply Chain Intelligence to companies	665	114%	44%
Delegates to events	972	n/a	n/a
Expert Support	36	21%	8%
Follow up support from SE	1	3%	1%
Manufacturing Audits in conjunction with SMAS	0	n/a	n/a
Companies introducing new products & processes	5	16%	6%
Referrals into Growth Pipeline/ Acc Management	4	22%	9%

In a quick review of attendees of the events, 16% have been identified as female from their names. It is likely however that this under-representation is due to the nature and structure of the target companies rather than any bias in promotion of the events. However, it is outwith the scope of this interim evaluation to appraise this.

7. Conclusions

This section draws together a set of conclusions based on all aspects of the interim evaluation: desk based analysis of existing reports; strategies and approval papers; analysis of programme participants; views of stakeholders; views of contractors; and the results of the e-survey of participant companies. The conclusions are based around a series of common themes.

7.1 OSW Sector

The emerging nature of the OSW sector and the lack of current opportunities is the most significant barrier to Scottish companies entering the OSW sector; this was acknowledged by companies, stakeholders and contractors. In addition, low margins in the sector are reported by a minority of businesses (19%). The other main barriers are lack of information on the sector, particularly contacts, and the need for investment by the companies.

7.2 Target Companies

The programme has a catch-all approach to encourage as many companies as possible to participate in the events and ESP. This is consistent with the design of the general awareness workshops and the ESP and is appropriate to its role in the wider strategy to develop the OSW supply chain and sector as a whole.

7.3 Participation in Event Programme

The number of companies who have attended events as part of the programme is well ahead of schedule; with the main source of participants being recruited through email or SE’s website. In order to increase the number of company participants, it is likely that wider and alternative marketing of the programme would be required, alongside a continuation of the existing marketing.

7.4 The Events

Participants’ main reasons for attending events are to: increase their general awareness of the sector; understand business opportunities; and make contacts with buyers. In all aspects the e-survey respondent companies saw the events as useful but were not as good in clarifying their next steps for OSW. A range of future topics have been suggested for the events, including Meet the Buyer, general awareness, and wave and tidal renewables – demonstrating a breadth of interest in topics and the value of continuing with a range of topics.

7.5 Participation in ESP

This is particularly low, with only c22% of the target met to date. Evidence from the company survey shows that 59% of the companies at the workshops did not know of the existence of the ESP. Of these, 61% feel that this would be of value to their company. If this pattern reflects all attendees of the workshops, 433 companies who attended the events have an unexpressed interest in ESP. These should be the first target for recruitment to the programme.

Other barriers to participation in ESP are that it is not appropriate to their business: that they are public sector; that they are already supplying the sector or know what they need to do without further support; that they are already receiving other support from SE; or they are too busy/this is not important enough for them. The only barriers to participation worthy of further attention by SE would be where the timing of the opportunity is wrong for the business. SE could mitigate this by following up to ascertain their interest periodically, say every 6 months.

The main sources of referrals to ESP remain business advisors and partner agencies and not the events.

7.6 Expert Support Programmes

Of the businesses who responded to the survey who had used ESP (11), the main reason was to gain greater understanding of how their company could supply the sector and general market opportunities. Most aspects of the support were seem as OK to useful, although the sample numbers are too small to draw robust conclusions. Contractors who do not include face to face contact with the companies are generally not well regarded.

7.7 Progression to Supplying OSW

The level of progression between elements of the programme – i.e. events to ESP and from ESP to other SE supports – is very low, implying that the economic impact of the programme to date is limited in terms of business impacts. This may change significantly once the opportunities in the sector are clearer.

7.8 Additionality

The programmes are clearly additional in that no other organisation would be undertaking such activity, however a significant proportion of companies (43%) are already supplying the OSW sector, with most reporting that they have achieved this without support from the public sector (82%). These companies, as the most advanced and typically market leaders, would be expected to demonstrate less additionality from SE support and once further supply opportunities emerge that smaller companies can exploit, additionality would be expected to increase.

As expected with event programmes, attendance at the events is reported to have a little impact on the businesses' plans with only 11% reporting the events having a great influence on their plans.

7.9 Business Strategy

The respondents to the e-survey are positively geared towards growth, with only 13% expecting standstill or contraction. The majority are seeking growth in their existing markets, with 46% planning to diversify into other markets.

7.10 Scottish vs International Markets

There remains a Scottish focus to the plans of the companies surveyed who are already supplying OSW, with 86% planning increased sales to Scottish developments compared to 58% to developments outside Scotland. As the majority of opportunities are currently outwith Scotland, a greater focus on the international aspect would be valuable to the UK economy.

7.11 Innovation

There is a high level of current or planned innovation by respondents, with: 28% having a current business strategy to introduce new products/processes; 30% of current suppliers to the sector planning to develop new products/services for OSW; and 51% of those who are not currently but are considering supplying OSW planning to develop a new product/service. It will be important to integrate innovation support into any supply chain development programme, either directly through the event programme and ESP, or through more effective referrals to SE supports.

7.12 Wave and Tidal

The majority of companies and all stakeholders and contractors welcome the move to include wave and tidal in the event programme.

7.13 Project Management

The programme appears well delivered. There is positive feedback from companies and contractors on the current programme management. There are however many people involved in the design and delivery of the programme, and with the addition of further tasks to improve the programme's effectiveness, a restructuring and review of resources will be required.

Project Management of the ESP is the area for greatest improvement, with suggestions to improve its effectiveness through providing basic information on the OSW to companies prior to the start of ESP and improved follow up.

7.14 Fit with other SE supports

There is a clear strategic fit between the programme and other supply chain and OSW development activities. There is however limited linkage on an operational basis, with few referrals between programmes of support or progression into other stages of business development. The stakeholders have identified areas for further improvement such as linkage to innovation activities and a stronger link to the Developer Engagement programme via meet the buyer activities, which will help to strengthen these links.

7.15 Environment

The workshops have been held in a number of locations throughout Scotland, which will have helped to reduce carbon emissions. The adoption of video links and webcasts to conferences will increase the accessibility of events and further reduce carbon emissions.

7.16 Equalities

A minority of attendees at the events were female (16%), however given the structure of the target audience, a male bias would have been expected. There is no reason to think that SE has delivered a programme which is less equal in gender terms, however it is outwith the scope of this work to confirm this.

7.17 Market Failure

There appear to be continued information market failures. These are basic information and understanding by those companies who have not attended any workshop to date; and more sophisticated information failures where more information on the details of a sector is required or where contacts with potential customers are not currently available. The programme of seminars and ESP are seen as working to address this market failure.

There are other market failures, with barriers to entry to the sector facing companies such as: the scale of the business; and the need for substantial capital and/or R&D investment which can be hampered by risk aversion on the part of the company or potential funders. The programme is not designed or able to address these more complex market failures.

While SE is developing or has developed other activities and programmes in an effort to address these market failures, the programme does not appear effective at referring companies onto these supports.

While the existence of the information market failure justifies the continuation of the programme, greater efforts will be required to assist these companies to overcome the further barriers to entry for the programme if the programme is to have any significant economic impact. Addressing the market failures that this programme targets is necessary but not sufficient to secure substantial increases in Scottish supplies to OSW.

7.18 Overall

The programme broadly is well designed and is well suited to meet its objectives. The event programme is well received and has been successful in attracting large numbers of attendees from a large number of companies. The event programme has been geographically well spread and has positive feedback from delegates.

For most companies who participated, the ESP has been well received and seen as helpful, however this has had limited impact in encouraging follow up activity by the company. However, the scale of delivery of ESP and follow on support is low as a result of its reliance on largely reactive referrals and limited active involvement to stimulate follow-on action. Securing greater participation in ESP and follow up action by companies is the main challenge for the next stage of the programme.

The nature of the programme, focusing on light touch intervention with large number of companies means that operating on its own it is expected to have limited impact. However as part of a wider Supply Chain development programme where it provides a pool of companies and pipeline to other more intensive supports to help companies develop and diversify into the OSW sector, it has potential to contribute to a programme of greater impact.

Currently these links and follow up between this programme and the wider SC programme is weak, although improving, and it will be important that these are further strengthened as a matter of priority. Figure 1 sets out a proposed overview to the Supply Chain Development Programme and how it fits into wider supply chain development activities.

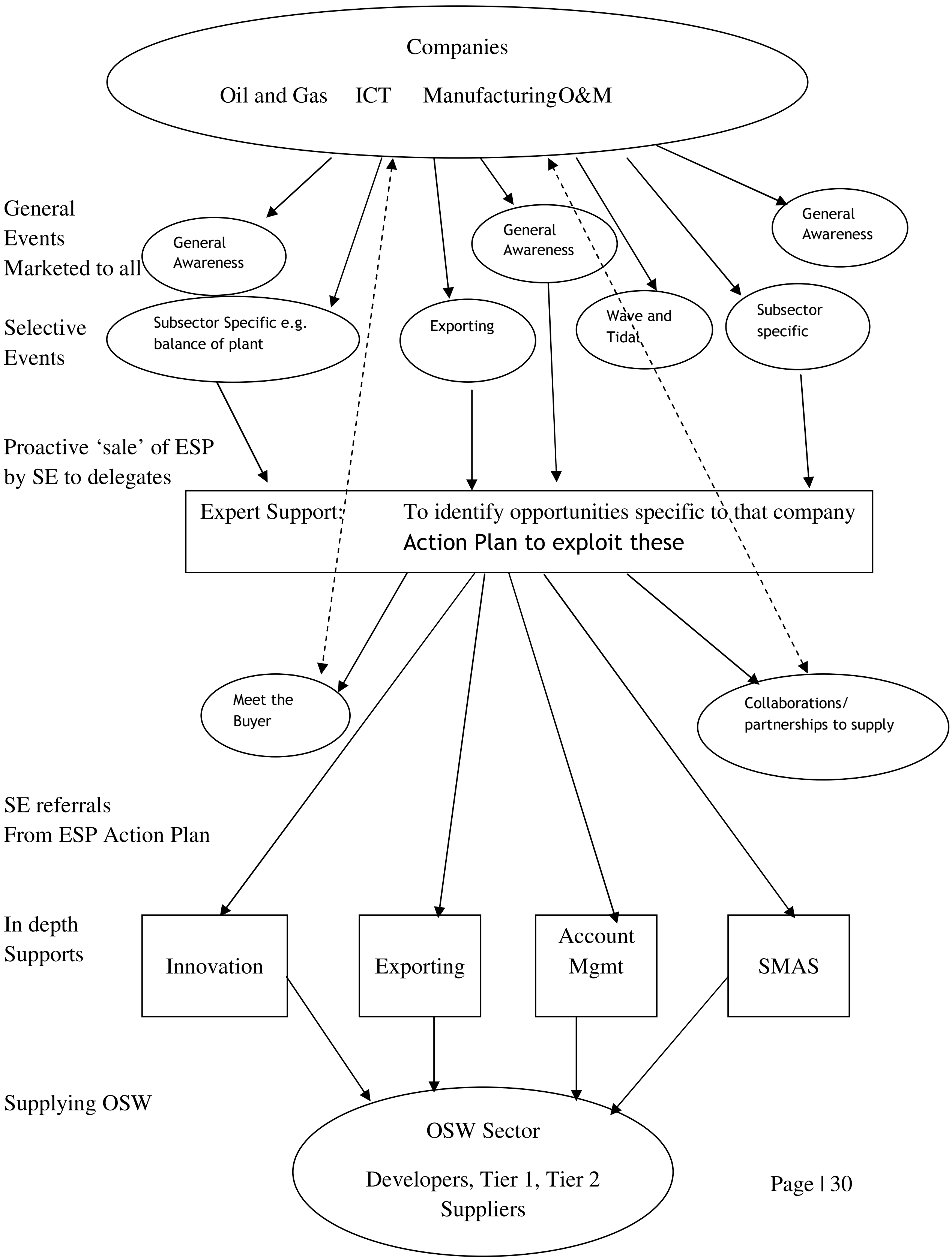
To be effective there will need to be a flow of companies from non suppliers through gathering more information and capabilities to supplying the sector. Broadly a 'flow' of this process would be a non supplier attending a general awareness programme, perhaps followed by a more detailed event. To assist some companies to then supply OSW they will need first ESP to provide basic understanding of the sector and how they fit into it and an action plan on what they require to do to exploit it.

Once the company has developed an appropriate capability they are likely to be involved in more effective events such as 'meet the buyer' but as driven by selective invitations this will be dependent on them securing appropriate capabilities. On the basis of the action plan and other recommendations the companies may then require more in depth supports before they can supply the sector.

On the basis of the current activities and performance of the sector, priority areas for improvement are:

- Broadening the marketing of events to new 'unreached' companies
- Sell ESP to attendees of events and through business advisors
- Improve follow up to ensure progression to more in depth supports and subsequently supplying OSW.

Figure 1: SE Supply Chain Development 'Flow'



8. Recommendations

In recognition of the performance of the programme to date, it is recommended that the programme continues broadly as currently structured. We have however made a number of recommendations to improve its effectiveness which are set out below.

1. There should be a repositioning of the programme to secure OSW supply opportunities from throughout the world, not just in Scotland. This should include holding events specifically about non Scottish opportunities, and meet the buyer events for non Scottish developments. In adopting this international perspective, it is recognised that many of the Tier 1 and 2 suppliers may be based in Scotland who are therefore the overseas customers for many SMEs;
2. The events programme should continue, with three main types of event:
    a. Basic awareness events on the sector, and how its procurement works
    b. More focused and specific elements of the sector such as turbine manufacturing, cabling etc
    c. Selective events which are more proactively managed such as Meet the Buyer and any events to stimulate collaboration between potential suppliers;
3. The target audience for the overall programme should be formally confirmed as all companies with the potential to supply the OSW. This extends beyond account and growth pipeline companies and would draw on companies from all sectors;
4. The content of the events programme should be developed on an ongoing basis, but early suggestions for topics are:
    a. Continuing basic awareness events
    b. Sector specific events such as 'what electronics businesses can do to supply OSW'
    c. Meet the Buyer events, built around the buyers' needs, identified through the Developer Engagement Programme
    d. Internationalisation and export to OSW markets overseas
    e. Introduction to wave and tidal renewables. With a number of companies in HIE who are currently or are planning to supply this sector, at least one of the events should be held in the HIE area.
    f. Collaboration and Partnership. This will require careful handling to derive such collaborations from specific opportunities and to avoid commercial conflicts between potential partners;
5. Accessibility of events. Future events should be available through web casts and continue to be delivered in a range of locations;
6. A brief sales and marketing plan to promote the event programme is required. This will differ for each type of event. Suggestions are:
    a. Basic Awareness, including introduction to wave and tidal: Identifying other sources of companies, and including specific targeting of companies through sector bodies and database other than oil and gas such as aerospace/defence and marine/IT. In addition, greater collaboration with other business support agencies and account managers to identify new companies to the programme. These would continue to be targeted through the existing methods
    b. More focused and specific events: principally for those companies who have already attended the general awareness events
    c. Proactively Managed Events. Meet the Buyer and collaboration events will require careful and selective marketing using in-depth intelligence on the companies to be invited;

7. A sales plan for ESP should be developed and implemented as a matter of urgency. This should include:
    a. Proactive telephone contact to all attendees of OSW events to encourage participation
    b. Active promotion via account managers and more importantly Business Gateway and other partner agencies to onward sell to their customers
    c. During the appraisal process or as the first step after the award of the contract, SE staff should provide general briefing and information on the OSW sector PRIOR to the work of the contractors, so maximising the benefits from the contractors' time;
8. Follow Up from ESP. There is an urgent need to ensure greater action resulting from the ESP projects. It is recommended that:
    a. SE staff participate, ideally face to face, in the finalisation of the action plan, at which time they would set out the further support that SE and other agencies can provide to assist in its implementation, if required. This would be undertaken by account managers or another member of the OSW team. This would include referral to other activities within SE's OSW Supply Chain and wider supports, including innovation and support to export
    b. Follow up in the current approach to secure monitoring information should continue as part of the monitoring and evaluation framework
9. Project Management. While there are a number of individuals involved in the delivery of the programme, the only area where change is recommended is the integration of the enquiry handling/appraisal stage of ESP and the follow up of companies at c6 months. This will ensure continuity in the handling of the company and help to gather further information on the company as it relates to OSW;
10. Additional Tasks and Staffing. Consideration should be given to expanding the team to deliver the additional recommended tasks of telephone contact to all attendees of the seminars to 'sell' ESP; provision of basic guidance by SE to each ESP company on OSW PRIOR to the introduction of the contractor; and active participation in the completion of the ESP action plan;
11. Monitoring of the programme should be strengthened, although care should be taken to ensure the appropriate level of staff resources to deliver this. Recommended measures are:
    a. Company attendances and delegates at events (measured by delegate information)
    b. Enquiries and offers for ESP (in ESP management spreadsheet)
    c. Action plans agreed, including clear next steps (ESP management spreadsheet)
    d. Action Plans implemented (via monitoring follow up contact with companies)
    e. Tenders submitted to supply OSW (via monitoring follow up with companies)
    f. Contracts secured in OSW (via monitoring follow up contact with companies)
        i. Consideration should be given by the supply chain development programme overall, to the calculation of a baseline of the number of companies currently supplying the OSW sector, although the methodological challenges of this area recognised as significant this will assist in monitoring the overall impact of the programme.
        ii. Other measures including within existing approval papers such as referrals to account management and SMAS activities are not seen as valuable and it is recommended this is dropped. Full impact would be the subject of an end programme evaluation and it is recommended that no attempt is made during the programme to quantify business impacts;

12. ESP Contractors.
    a. These should be reviewed to ensure there is appropriate capability to support wave and tidal renewables projects
    b. Other than in exceptional circumstances, the contractors should be obliged to meet face to face with the supported companies. While it is recognised that this may be problematic as some contractors are not based in Scotland, however it is understood that alternative contractors are available within the framework who would be able to meet this requirement and these should be preferred. It may be that flexibility in the number of days per contract would be required to ensure value of an individual project.

Annex I: Interviewees

Stakeholders

Ewen Cameron, Renewable Energy, Sector Team, Scottish Enterprise (Direct contacts with buyers/tier 1 and 2 suppliers, designer of Meet the Buyer events; exporting/international aspects)

Cian Conroy, International Senior Business Executive, Renewable Energy and Low Carbon Technologies, Scottish Enterprise (Direct contacts with buyers/tier 1 and 2 suppliers, designer of Meet the Buyer events; exporting/international aspects)

Neil Ferguson, Wave and Tidal, Scottish Enterprise

Linda Gosden, Project Manager, Sector Delivery Team, Scottish Enterprise (overall responsibility for the programme)

Andy McDonald, Programme Director Renewables, Scottish Enterprise (strategic responsibility for the programme)

Elain MacRae, Senior Development Manager Energy – Offshore Wind, Highlands and Islands Enterprise

Carol Malcolm, Scottish Enterprise (responsible for follow up interviews for Expert Support programme)

Heather Quigley, Scottish Enterprise (Expert Support Manager and manager of events for last year)

Mike Sinclair, Appraisal and Evaluation, Energy, Infrastructure and Low Carbon Projects, Scottish Enterprise

Fiona Soutar, Scottish Enterprise (strategy and management of Expert Support appraisal and matching contractors to companies)

Barbara Whiting, East Coast Renewables

Contractors

John Bambrough, Optimat

Richard Court, NAREC

Paul Gardner, GI Garrad Hassan

Edwin Pauwels, Xodus Group

Steve McDonald, Sgurenergy Group

Michael Newman, BVG Associates

Angus (Gus) Young, PMSS

Annex II: Interview Checklists

SE and HIE Staff (to a lesser extent depending on interviewee)

- Confirmation of the programme's strategic objectives and its fit within the wider context of SE/HIE energy strategy and delivery;
- understanding of the key issues surrounding supplier development
- Overall view of the programme and its effectiveness including view of additionality and (perception of) impact
- Target market for the programme – historically and view of ideal future (sector; size; extent of engagement with SE; whether already supplying OSW etc)
- Marketing and recruitment mechanisms used and their effectiveness and their view of any future target market
- Ideal future fit of the programme to other supply chain development activities and SE/HIE activities including SMAS, account management support and how this adds value
- Views on the low progression of companies to ESP stage and subsequently to supplying the sector
- Learning points from the pilot and interim programme that have, or have not, been taken on board and the reasons for this (application and filtering/appraisal process; revised topics for events; delivery in partnership/coordination with others; face to face vs telephone based Expert Support)
- Are there alternative or additional mechanisms that might be more effective at achieving the objectives of the programme?
- the effectiveness of the delivery structure of the programme including event delivery, mechanisms to engage, follow up referrals etc;
- how they would like to see the programme develop to improve its effectiveness including:
  - target market and recruitment
  - delivery
  - content of events
  - ESP and its contractors

Further, specific questions:

Cian Conroy and Ewen Cameron, SE

- supply chain opportunities
- views/drivers from developers and tier 1 and 2 suppliers and their needs
- Opportunities outwith Scotland and how the programme might help capture these

Fiona Soutar, Heather Quigley, Carol Malcolm, SE (over and above those questions already covered)

- the process of identifying and selecting the appropriate contractors and their view of the extent to which the individual expertise and skills of the contractors have affected the success of the programme
- method of delivery of the events and the potential to improve green performance

Neil Ferguson, SE

- plans for Wave and Tidal sector development
- nature of supply opportunities/supply chain requirements
- priorities/plans for supplier development
- how the programme can best be developed to meet the wave and tidal sector opportunities

Elain MacRae, HIE

- fit to HIE programmes
- value in more HIE based companies participating
- understanding and lessons on wave and tidal and how the programme can support supply chain development in these sectors

Barbara Whiting, East Coast Renewables

- fit of the programme to other activities undertaken outwith SE/HIE
- approach and effectiveness of partnership working

Contractors

- Market and Issues: understanding of the key issues and barriers faced by companies in supplying the OSW market
- Target Companies: views of which companies are most appropriate to the OSW ESP

- Company participation: views on why more companies, particularly those that attend the events, do not seek the OSW ESP; how feel more companies, who attend the events, could be persuaded to participate in OSW ESP
- additionality - i.e. if there was no ESP, to what extent might the companies be able to identify/ exploit the opportunities anyway (i.e. what difference does the ESP make
- any 'case study' type examples of where
    - ESP has worked well for a company and you have gone on to do something
    - ESP caused them not to waste further resources pursuing unrealistic OW markets
    - where ESP was a complete waste of time for company and provider and the company shouldn't have proceeded to ESP in the first place
- Programme Management: view of the effectiveness of the process to select advisors, contract, match with companies, reporting to SE
- The Support: view on the extent to which the ESP programme addresses the needs of supported companies; on the completion of the ESP, the extent to which this 'prepares' companies to supply OSW
- Next Steps: What are the most common actions you find that companies require to take?; What action is typically taken by the companies after the report? How could this be improved? How could more action stimulated? What are the barriers to the implementation of the findings of your report?
- how ESP works for the contractor, and if there are changes which could enable contractors to give better/ more service to companies
- Wider/Follow on Supports: is there a need for further support for the companies? - general awareness raising versus more specific themed events in order to engage and be valuable to companies and get them interested in ESP Are the companies linked into wider business supports? If not, how could this be improved?
- Overall: views of the efficiency of the delivery of the programme and how it could be improved; how they would like to see the programme develop to improve its effectiveness

Annex III: Supply Chain Programme Events Held

Pilot Programme (excluded from the evaluation and analysis)

- UK OSW Crown Estate Aberdeen 27/01/10
- UK OSW Crown Estate Glasgow 04/02/10

Interim Programme

- O&M Workshop Glasgow 23/09/10
- Manufacturing Supply Chain Dundee 18/11/10
- OSW Supply Chain Edinburgh 13/01/11
- Offshore Wind Conference 2011 Day 1 01/02/11
- Offshore Wind Conference 2011 Day 2 02/02/11

Current Programme

- European OSW Deployment Centre Aberdeen 27/06/11
- SDS Skills Supply Chain Glasgow 31/08/11
- AMD Glasgow 06/10/11
- East Coast Renewable Energy Edinburgh 10/11/11
- Gamesa OSE Cost of competitiveness 6/12/11
- SDS Skills Event Edinburgh 14/03/12
- Subsea Breakfast 15/06/12
- RWE Npower Renewables 20/06/12
- OSW Supply Chain Dundee 05/07/12
- OSW Supply Chain North Ayrshire 29/08/12
- Areva Event Aberdeen 10/09/12
- Areva Event Inverness 11/09/12
- OSW Supply Chain Glasgow 26/09/12
- OSW Supply Chain North Lanarkshire 04/10/12
- OSW Supply Chain Edinburgh 24/10/12
- OSW Supply Chain Dundee 21/11/12
- OSW Supply Chain Fife 29/11/12
- Offshore Wind Conference Day 1 31/01/12
- Offshore Wind Conference Day 2 01/02/12.