

Incupharm DAC - Loan Proposal

Regional Life Science Cluster

Enterprise Ireland, WCCC, SETU/WIT and key stakeholders in the region have an objective to establish a Regional Life Science Cluster in the South East.

Such a cluster can facilitate the generation and transfer of knowledge, promote productivity, and new business formation. In the past decades, Europe has experienced the benefits of clusters and their development and is currently home to 2900 specialized clusters. In the UK alone concentration on cluster development programmes and initiatives since 2017 has resulted in the explosion of Life Science innovation development across the regions from the North West to smaller localised clusters such as Cheshire, Lancaster making the UK one of the world's leaders in the Life Science innovation. It has identified that *"a successful industrial hub is more than just a collection of businesses – it is usually also home to a supportive local environment, academic institutions, and infrastructure that encourages start-ups and growth².*

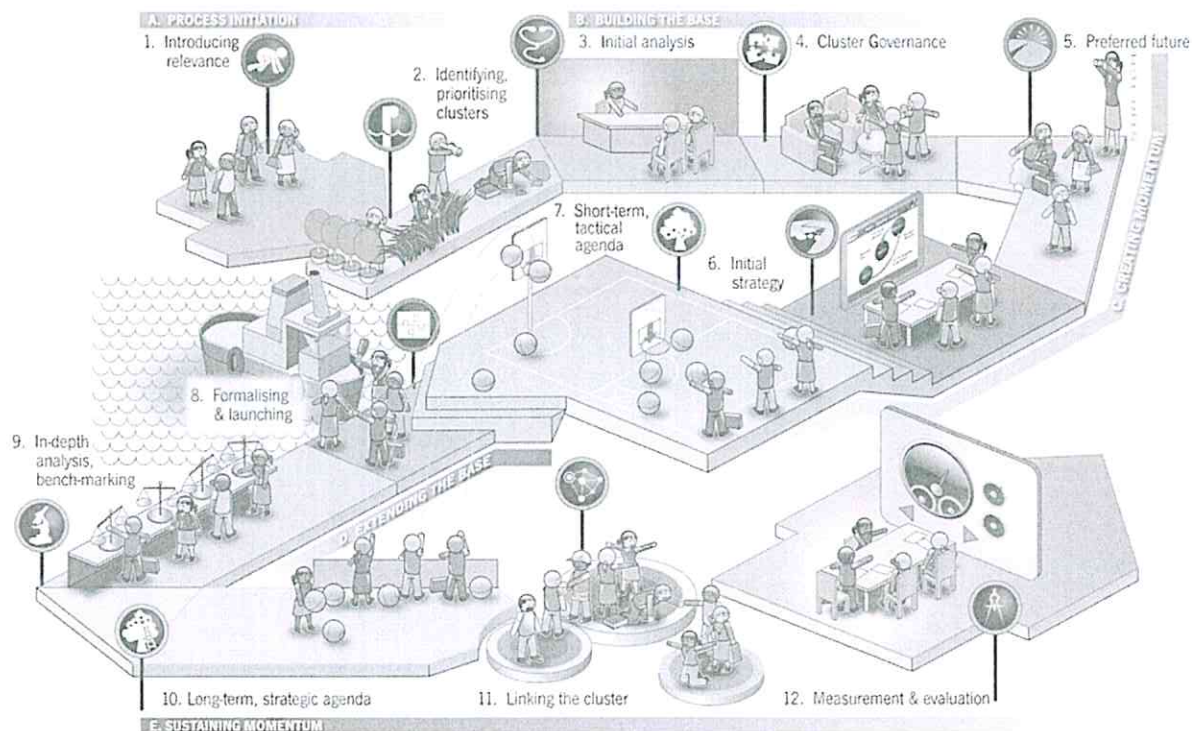
The importance of establishing a Life Science cluster in the South East of Ireland region has been highlighted in the South East Regional Enterprise Plan to 2024, and cluster development has also been identified by IDA (*Driving recovery & sustainable growth strategy 2021-2024*) as a key regional development requirement to attract FDI to the regions.

The projects aim is to initiate the process of this Cluster formation concentrating on the first 3 steps of the 12-step cluster formation. A project manager will be tasked to deliver the following objectives over the 12 month period:

- Investigate the industrial, educational and governmental landscape, that makes up the triple helix of innovation,
- Carry out the ecosystem analysis collating available information and developing a SWOT analysis
- Carry out cluster identity, exploratory meetings / events.
- Produce an environmental status report.
- Commence the development of the network and relationship structures of the cluster
- Put in place the building blocks that will be required to enable a Full-time cluster manager to develop and build the cluster going forward.

CLUSTER DEVELOPMENT

FIVE PHASES, TWELVE STEPS



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A funding application has been submitted to Enterprise Ireland for the initial phase of the project under the Regional Enterprise Innovation Scoping scheme which will be decided in July/Aug 2022.

Regional Life Science Laboratories

In parallel to the Cluster Initiative, a project has been progressing to develop Incubation Laboratories for the Life Science Sector in the South East.

A commercial feasibility study for a proposed incubation space was carried out by Viadynamics Ltd. in Q2 2017 which found a compelling strategic and commercial case for such a facility in the South East. In Ireland, there are five centres that offer space to start-up life science companies. These are at UCD, UCC, University of Limerick, Maynooth University and NUI Galway. These centres are full, or have waiting lists, and can point to significant numbers of alumni companies and the jobs they have created.

Incupharm DAC, trading as Kinetic Labs, is a partnership project between the South East Technical University (WIT), Waterford City and County Council, Enterprise Ireland and the private sector. Its purpose is to provide fully serviced laboratory facilities for rental to start-up companies and to enable research and innovation in the Life Science sector. Incupharm will also provide access to a range of business and technical supports available in the region to help maximise the prospects of success for these companies. The Steering Group are from SETU/WIT, WCCC, EI and the private sector. It is located in the IDA industrial Estate on the Cork Road and is co-located with WorkLabs, which offers a range of office space solutions and meeting facilities and with the new LEAN Centre of Excellence, a SETU Company funded by EI.

The development of the facilities will act as a focal point for the Cluster as the centre of innovation and development for the sector in the South East. The Labs will provide affordable facilities for start-up companies which could not afford the investment to setup their own laboratory space and to enable innovation in the Life Science Sector.

Initial funding of €679,498 was received from EI under the Regional Enterprise Development Fund in 2019 and match funding was provided by the private sector. Construction of phase 1 was completed in December 2020 and the first client moved into the centre in July 2021. Due to COVID restrictions, the centre's ability to showcase its full potential and attract clients during 2021 was greatly reduced. Since September 2021, interest in the facility has been strong with a potential client list far outweighing the potentially available space, when completed.

A further funding request is with Enterprise Ireland for €500,000 for Phase 2 of the development and WCCC is proposing to provide match funding of €250,000 in the form of a loan to Incupharm DAC. Phase 2 will complete the work on 400m² of Laboratory Space and provide eleven individual labs. The rental income from the Labs will exceed €250,000 annually.

A formal loan agreement will be put in place with the company with an agreed repayment plan.

National, regional and local economic & enterprise impacts

The project addresses and will assist in meeting Action point 3.5 and 4.3 of the South East Regional Enterprise Plan to 2024. Both action points state that industry leaders reaffirmed the identified need for investment in the life science innovation ecosystem and an incubation facility in the region to:

- Assist new start-ups in the pharma sector as the Capex spending is a major barrier to entry;
- Provide space for specialist training to staff of existing pharma and medical device companies.

Action 3.5 Explore potential to start and grow an industry-led South-East Life Sciences Cluster.

Action 4.3 Identify opportunities to scale and increase enterprise engagement in the Life Sciences innovation, research and development ecosystem in South-East.

Job Creation

The incubation centre will facilitate the growth of start-up companies into SMEs and also foster a synergistic relationship between start-up companies and existing business. In terms of job creation and retention, a greater number of small enterprises can spread risk across a diverse range of products. In Ireland, there are five centres that offer space to start-up life science companies. These centres can point to significant numbers of alumni companies and the jobs they have created. If completed the committed companies will deliver 20 jobs centred in the facility by the end of year 3 and companies which emerge from the centre are projected to create more than 60 jobs on their spin out.

Other economic impacts

The centre has the ability to assist in the development and emergence of a vibrant start-up ecosystem and the enhancement of the innovation capabilities of the new South East Technical University, creating opportunities that the established companies could seek to leverage, through acquisition, joint-venture or other business models. Innovation proposals can be incubated in a low risk environment, before being evaluated by a larger company prior to further investment.

Such an innovative eco-system will help attract new companies and allow greater opportunities for labour force development and migration from other cities into the region.

The centre also has the potential to strengthen training and development opportunities in the Life Science Sector within the region and the education institutions.

Gaps the centre addresses

There is a skills shortage at higher levels (Level 8-9) for expert scientists and technicians to perform formulation and other R&D activities. The development and establishment of a vibrant start-up ecosystem has the ability to offer more opportunities for graduates and trained professionals resulting in the attraction of these individuals into the region to the benefit of new and existing companies. This development further strengthens the need, business case and attractiveness for further development of third level courses and facilities within the South East Technical University and the region.

Leverage of existing infrastructure

The location of the incubation centre will allow tenants to leverage the expertise of a wide range of existing supports within:

- The South East Technical University:
- Pharmaceutical molecular biotechnology research centre (PMBRC) - 800 M² state-of-the-art facility with 34 highly-trained research personnel.
- South Eastern Applied Materials (SEAM) research centre - industry focused applied research centre, providing materials engineering solutions to companies from wide ranging sectors such as Medical Devices, Pharmaceuticals, Micro-electronics, Precision Engineering and Energy Sectors.
- The LEAN Centre of Excellence which is soon to be co-located in the WorkLAB Facility - a centre of innovation in business technology management which provides commercial opportunities through research advancements across business strategy, innovation, design, operational excellence and technology optimization.

Incupharm provides the new South East Technical University and their various science, engineering and innovation departments the ability to compete on an equal footing as their peers in other national and international institutions in terms of spin out incubation space which will be critical in growing and developing its funding, R&D strategy and footprint.

Action point 1.3 Regional Enterprise Plan to 2024 Southeast "Deliver on the South-East Technological University's objective of supporting entrepreneurship and enterprise development in the region".

Recommendation

I recommend to the Council to support the loan facility for Incupharm DAC, trading as Kinetic Labs to ensure the completion of this critically important facility for the Life Science Sector in the South East.

Michael Quinn
Director of Services
Economic Development

Lab images 1

Existing Completed labs & what new laboratories will look like when completed



