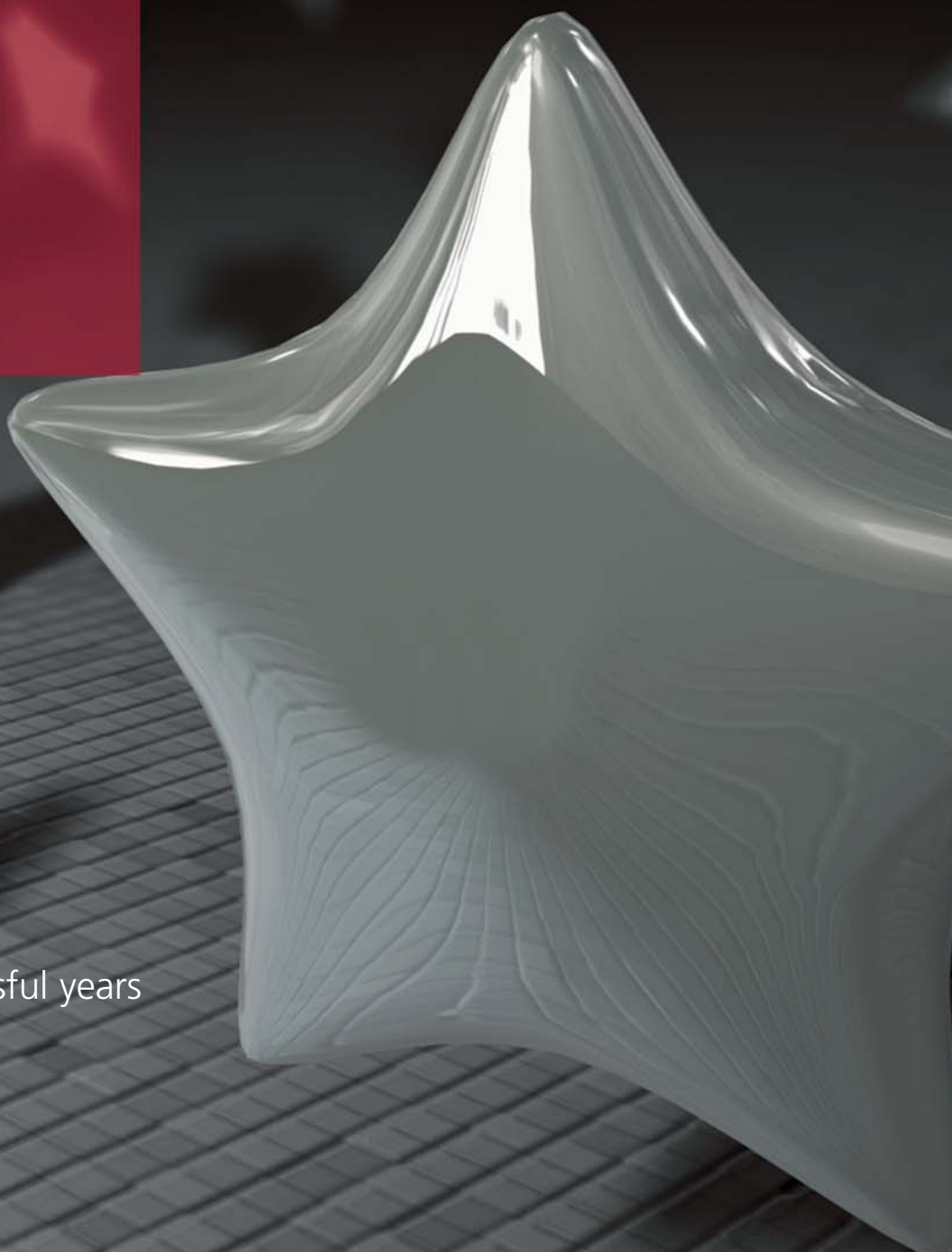
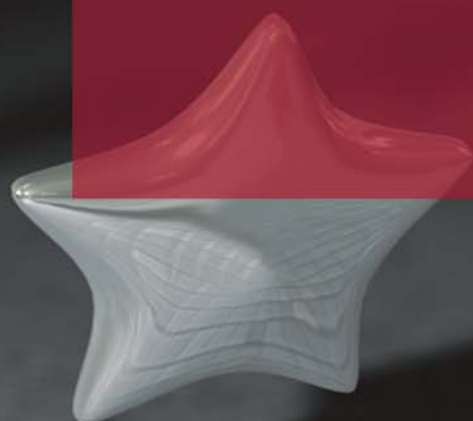
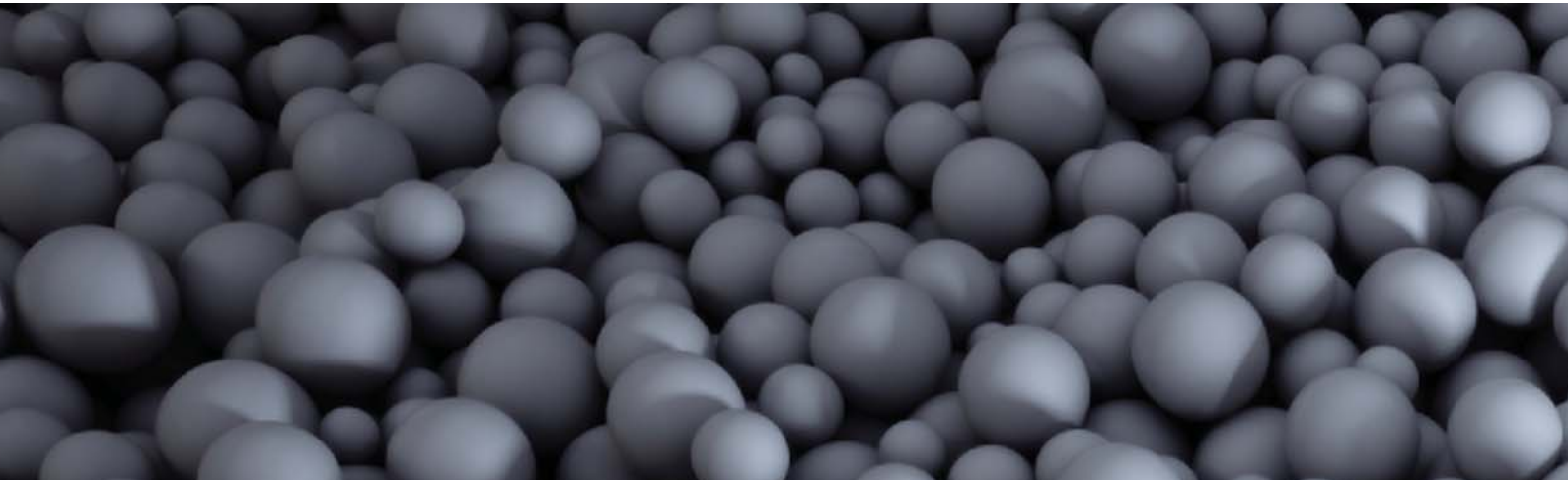


MidTECH

annual report 2009/10



Celebrating SIX successful years



**innovation - a
creation (a new
device or process)
resulting from
study and
experimentation**

output of the process

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Chairman's Foreword



2009/10 has been another good year for MidTECH. We have continued to develop in terms of the scale, content and significance of the innovations we help to bring to fruition, improving healthcare, generating revenue to Trusts and attracting investment to the region. Highlights, as further detailed in this report, include:

- Dealing with 100 new ideas revealed to us by client Trusts, maintaining last year's excellent level of local innovation
- Identification of over £600k in investment attracted into development and exploitation of innovations during the year. Although down on last year this is highly creditable in the current investment climate (*and there may be more yet to be reported*)
- Completion of 15 commercial exploitation agreements. This is the same overall number as last year, but includes for the first time three licence agreements with international companies. Based on the companies' sales projections, these have potential to generate royalty income in excess of £5M to the NHS
- An innovation from the region, prototyped and commercialised by MidTECH, won the "Innovative Product of the Year" at the UK's leading disability & rehabilitation exhibition.

Looking ahead, the continuing fall-out from the credit crunch is likely to be a major influence on our activities for the next several years:

- On the down side, making space for investment in innovation is likely to be increasingly challenging for member Trusts, and the central support for our operations is likely to be withdrawn more quickly than previously planned. MidTECH will need to be innovative and imaginative in developing its offer and its relationships within and beyond the region
- On the plus side, as resources become tighter, innovation will become even more important. The NHS's Quality, Innovation, Productivity and Prevention (QIPP) agenda emphasises innovation as a means of delivering improved patient care with less resources. In addition to the direct value of the innovations themselves, picking up and developing the good ideas of frontline staff is an intensely direct, practical and effective way of fostering an innovative culture.

More broadly, the new Business Secretary, Vince Cable, has stressed the role of innovation in the recovery and restructuring of the whole economy. The contribution that innovation in the healthcare sector can make is particularly relevant to the West Midlands, because of the regional concentration of manufacturing and the difficulties it faces in some of its existing export markets.

While there are undoubtedly challenging times ahead, MidTECH, in partnership with our member and client NHS Trusts in the West Midlands, has a great deal to offer to meet these challenges and to build further on previous years' achievements.

Alan Wenban-Smith
Chairman
16 July 2010

Introduction Setting the Scene

The NHS contains many innovative people with ideas to improve patient care and to make better use of resources. Innovation - the efficient harnessing of these ideas and turning the best of them into reality – is at the heart of the NHS' response to the growing demands of its public and patients in the 21st century. Many NHS innovations involve the development of new products and technologies; turning these ideas into reality requires industry to incorporate them into products that can be made available to the NHS and the wider healthcare market. The process of translating ideas into products requires a range of specialist skills and services. MidTECH manages the intellectual property and licensing aspects of this process for NHS organisations in the West Midlands.

Since its formation in 2004, MidTECH's primary aim has been the delivery of an effective and efficient service to a growing NHS membership base. (*Our ongoing success in this regard has been evident, for example, in the record number and quality of innovations MidTECH commercialised in 2008-9 and the addition of a further seven new clients in the same period.*) At the same time, MidTECH has been careful to marshal its resources and to develop strategic partners to allow the exploration of more sustainable long-term business models.

This report describes MidTECH's activities and performance in relation to the company's annual plan and in-year developments for the twelve-month period April 2009 to March 2010. The annual plan, which sets MidTECH's overall direction for the year, builds on previous performance and responds to emerging opportunities, trends and challenges.

The twin themes of improving operational effectiveness and developing profitable strategic relationships have remained prominent in 2009-10. At an operational level MidTECH aimed to consolidate the commitment from members that joined in 2008-9 and to attract further new clients, concluding a two-year membership drive in response to the fall-off in members following the dissolution of several older research consortia as part of the NHS "Better Research for Better Health" strategy. We also aimed to build on our growing track record in commercialising innovations by demonstrating greater potential commercial impact in 2009-10.

At a strategic level our plans were informed by two significant developments. Firstly, the anticipated transfer of oversight of the NHS innovation hubs from the NIII to regional Strategic Health Authorities (SHAs) in December 2009 with no ongoing funding commitment for hubs beyond 2009-10. Secondly, 2009-10 signalled the commencement of MidTECH's two-year PSRE Round 4 programme. Building profitable relationships with the West Midlands SHA and satisfying the requirements of the PSRE contract were thus key strategic aims for MidTECH in 2009-10.

2009-10 Plans

MidTECH's annual plan for 2009-10, developed in response to the above background and incorporating the requirements of the PSRE contract, was organised around the themed areas of innovation management, member relations and strategic relations. The chief components of the plan are summarised in the tables opposite.

2009-10 Plans*

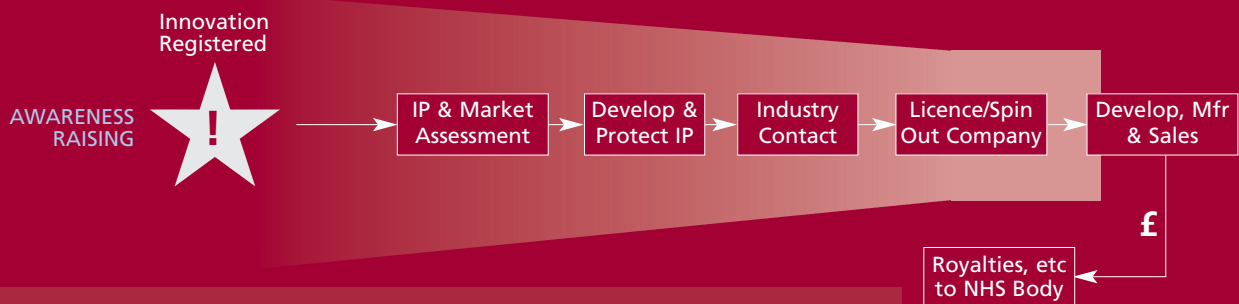
Theme	Innovation Management
Activity	<ul style="list-style-type: none"> • Manage client IP through to closure or commercialisation • Develop virtual visualisation suite & case studies
Targets	<ul style="list-style-type: none"> • Secure between 12 – 16 IP deals of which between 4 - 5 should have the potential to generate high value returns • Attract an average of 4 new innovations from new clients (<i>minimum 2 per client</i>)
Theme	Member Relations
Activity	<p><i>For members:</i></p> <ul style="list-style-type: none"> • Organise innovation workshops • Support internal Trust/PCT innovation initiatives • Secure IP policies in new client Trusts & PCTs <p><i>For non-members:</i></p> <ul style="list-style-type: none"> • Promote MidTECH to target non-member Trusts & PCTs <p><i>General:</i></p> <ul style="list-style-type: none"> • Organise regional innovation competition • Publish regular newsletters and PR • Launch innovation helpline
Targets	<ul style="list-style-type: none"> • Attract 3 new clients • Secure IP policies in all new clients • Hold at least one local innovation event for each new client
Theme	Strategic Relations
Activity	<ul style="list-style-type: none"> • Meet with SHA to explore and agree innovation agenda and implementation • Develop relations with PSRE, DH, AWM & other stakeholders • Recruit resource for new business opportunities • Support SHA & national innovation events & initiatives • Launch the West Midlands Device Evaluation Network (<i>WM-DEN</i>)
Targets	<ul style="list-style-type: none"> • Secure MidTECH's position as regional NHS innovation & IP service provider • Secure MidTECH's role as innovation advisor to WMSHA

*These plans have been approved at the MidTECH Annual General Meeting in July 2010.

Innovation Management

Turning NHS ideas into products

Figure 1 MidTECH Innovation Pipeline



MidTECH's principal business is concerned with converting NHS innovations and associated IP into commercial products and services. Our activity is organised into consecutive stages that progress ideas along a so-called 'innovation pipeline' (see Figure 1). Innovations referred to MidTECH by NHS clients are first assessed to determine their feasibility and market potential. If appropriate, MidTECH obtains intellectual property protection on the idea and develops 'proof of concept' demonstrations and prototypes. MidTECH then identifies and contacts suitable industrial partners that are capable of taking the idea to market. Once interest from industry has been secured, MidTECH negotiates the appropriate legal agreements (*licences*) between the NHS and the company that permit the company to commercialise the idea. These agreements also set out how the interests and contributions of the NHS are protected and rewarded.

Plans for 2009-10

The attraction of ideas into the MidTECH innovation pipeline and their efficient management along the pipeline are key measures of our effectiveness and efficiency. Since its formation MidTECH has shown consistent increases in both the number of ideas disclosed to the company and the number of IP agreements concluded with industry. This year we focussed on improving the commercial 'quality' of the licensed innovations at the same time as maintaining the number of licences. We also aimed to attract innovations from new members and clients as part of our broader membership engagement activity.

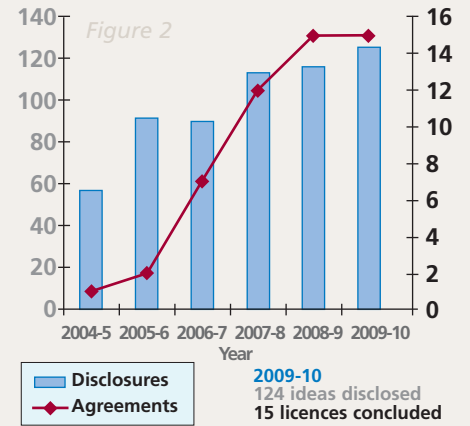
Performance

Innovations registered - MidTECH received 100 innovations and opportunities over the 12-month period April 2009 - March 2010; these disclosures reached MidTECH through contacts with client organisations, approaches from individual NHS innovators and through the regional innovation competition. This figure is slightly down on last year's total of 116 - due possibly to the launch in May 2009 of the West Midlands SHA's Regional Innovation Fund (RIF).

The RIF was established in the light of recommendations from the NHS Next Stage Review and is administered by Strategic Health Authorities (SHAs). In the West Midlands the fund stood at £2M for 2009-10 and was available on a competitive basis to NHS organisations to facilitate the adoption and diffusion of innovations. MidTECH assisted the West Midlands SHA in the administration and management of the RIF and through the year received over 60 applications, 24 of which related to technical or device innovations which had not previously registered directly with MidTECH.

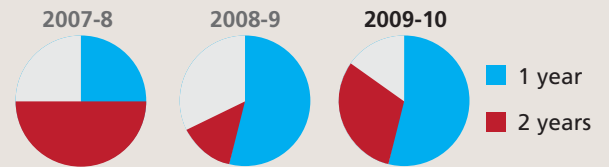
Taken together, the total number of technical innovations disclosed to MidTECH directly and through the RIF total 124, a figure comparable to the total disclosures in previous years. Of this number 28 (22%) originated from new MidTECH members (19 directly to MidTECH, 9 through the RIF).

excellent innovations and opportunities registered



IP & Licensing Agreements - MidTECH concluded fifteen IP and licensing agreements in 2009-10, close to the upper bound of the target range for the year; summaries of these agreements are shown in the tables below. While the number of agreements is the same as completed last year, analysis of the agreements shows a significant year-on-year increase in the number of innovations licensed within two years of disclosure to MidTECH (Figure 3). We view this as evidence of the improved efficiency of the MidTECH innovation pipeline.

Figure 3 Time between date of registration and date of licences for Midtech Agreements



Licence & IP agreements concluded in 2009-10 LOW VALUE RETURNS

Project	Trust	Partner	Comment
CERC	UHB/BCH	Aston University	Clinical Engineering Research Centre
Venous Scoresheet	UHB	3M	
Finance Software	UHNS	FutureTech Ltd	
Islamic bereavement brochure	BCH	TaHa Ltd	
Menstrual disorder content	UHNS	Symptometrics Ltd	Microsoft partner & associated publicity
Smart Wheelchair project	SBPCT	Leeds Met University	Collaboration project
"Wellcomm"	Sandwell PCT	GL Assessment Ltd	Speech & language skills software

Licence & IP agreements concluded in 2009-10 POTENTIAL HIGH-VALUE RETURNS

Project	Trust	Partner	Comment
OCT	UHNS	Keele University	Technology sharing agreement
Patient Self Service and Patient Self Care systems Kiosk software	UHB	Intouch with Health Ltd	
Renal dialysis technology	UHB	Gambro AB	
Renal transplant technology	UHCW	PTS LLC	Novel antibody technology collaboration
Telehealthcare messaging concept	Stoke PCT	Mediaburst Ltd	Novel SMS service for telehealthcare applications
Cochlear drill	UHB	Aston University - UH Bristol NHS Trust	Licence complete; spin-out company to be formed with H2O Venture Partners in FY10-11.
Electronic prescribing & decision support software	UHB	CSE Ltd	
COPD biosensor	UHNS	Qinetiq plc	Novel biosensor to diagnose & monitor respiratory conditions

Innovation Management

Turning NHS ideas into products *continued*

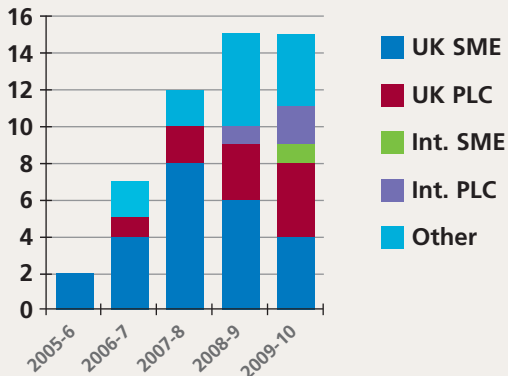


Figure 4 Breakdown of MidTECH licensees by organisational status and origin

The status of the commercial partners licensing NHS innovations through MidTECH is a reliable indication of the relative importance and potential impact of the innovations: the commitment of larger, global companies, able to select technologies on a world stage, would suggest that innovations are competitive on a global scale. Figure 4 shows the composition of the MidTECH's licensees and partners on an annual basis from 2005 to the present. The data shows that while the overall number of licences concluded has steadied, there has been a noticeable shift in licensee status from a position up to 2007-8 where licensees were dominated by UK SMEs (*Small, Medium Enterprises*) to a situation today where licensees are made up from international companies and large corporates as well as smaller companies. We view this trend as healthy and suggest it confirms both the improved quality of NHS innovations and MidTECH's ability to attract and deal with a greater range of UK and international commercial partners.

Agreements with international partners included Gambro AB (www.gambro.com), a global dialysis produce manufacturer based in Sweden, Pure Transplant Solutions LLC (<http://pureproteinllc.com/transplant>), a Texas-based organ and tissue transplant antibody producer, 3M and Qinetiq plc.

External & Partner Investments - The effectiveness of MidTECH's commercialisation activity can also be judged from circumstantial evidence associated with some of our licensing activities. In 2009-10, projects involving NHS innovations attracted over £600k in funding and investment and generated immediate licensing opportunities in excess of £5M within 5 years based on licensee's projected sales.

innovations
are
competitive
on a
global scale

Innovation Highlights 2009/10

The paragraphs below summarise some of the innovation highlights and successes MidTECH has contributed to over the past 12 months.

The BackSaver



MidTECH licensed South Birmingham PCT's wheelchair lift innovation to Mangar International in 2009. The company now manufacture and market the wheelchair lift as the "Backsaver" product (see www.mangarinternational.co.uk/luk/products/p177/BackSaver.aspx for more information). The Backsaver featured on the company's exhibit stand at the NAIDEX trade show at the NEC in April 2010 (see www.naidex.co.uk) and won the coveted New Product of the Year Award at the exhibition as voted for by visitors to the show. (NAIDEX is the UK's largest exhibition for disability, homecare and rehabilitation.)

Novel Biosensor



MidTECH facilitated collaboration between the University Hospital of North Staffordshire (UHNS) and Qinetiq plc aimed at developing a novel biosensor to determine patients' respiratory conditions from saliva samples. Qinetiq has recently delivered a prototype to UHNS for clinical trials. MidTECH has managed the assessment and protection of the Trust's IP and commissioned market research to inform further commercialisation.

Two innovations that MidTECH assisted with were featured on company stands at the Health Informatics 2010 Congress, held at the International Conference Centre, Birmingham, 27 - 29 April 2010 (see www.hc2010.co.uk):

- CSE Ltd exhibited UHB's electronic prescribing software;
- Intouch with Health Ltd exhibited UHB's patient self-service and self-care system.

Symptometrics



The Symptometrics website, featuring content licensed from UHNS, was recently featured on the Microsoft website.

The Islamic bereavement brochure has been licensed from the Birmingham Children's Hospital to TaHa Ltd, a specialist Islamic publishing company.

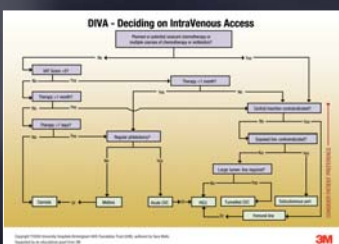


Eye Injection Aid



The eye injection aid has been developed by a clinician at Sandwell & West Birmingham Hospitals; MidTECH has assisted in the development of the prototype and is in discussions with a potential licensee.

The Venous Scoresheet developed by University Hospitals Birmingham has been licensed to 3M Corporation.



Physiomaster



One of our licensed products (the MDTI Physiomaster) is now available through the Numark chain, a leading UK national pharmacy.

In the pipeline - Several projects are in the final stages of development and are attracting commercial interest; these include:

- A novel patented speculum design
- An improved design for community nurses' bag
- A device for improving mouth hygiene
- An infection control board game.

Marketing & Client Engagement Promoting Innovation

MidTECH provides its services to NHS organisations on a non-mandatory membership basis: eligible NHS bodies opt to pay an annual fee for services, the scale of the fee reflecting either 'high' or 'low' anticipated service provision. As a service organisation, MidTECH needs constantly to respond to the demands of its members and clients and to demonstrate its cost-effectiveness. Understanding and meeting the needs of clients, publicising our successes and services and making it easy to contact and contract with MidTECH underpin our relations with members.



Plans & Targets

For 2009-10 we planned to grow MidTECH membership by three, secure IP policies in new members and to arrange or support members' innovation events – particularly with new members. Planned activities included the continuation of our active programme of innovation promotion and support to members' events and initiatives relevant to innovation. This programme included running the annual regional innovation competition, organising specialist innovation workshops, the publication of seasonal newsletters and the launch of a dedicated innovation helpline.



Activities & Highlights

Regional Innovation Competition - Our well-publicised and highly popular annual innovation competition attracted over 50 high-quality entries from across the region. Our promotion campaign included the use of advertisement posters at key vantage points including billboards, local buses and trains. The competition culminated in a highly successful awards evening at the Birmingham Botanical Gardens in November 2009 attended by over 100 guests (*exceeding the previous record*). Local broadcast celebrity, Ed Doolan, presented the awards.

Innovation Workshops - MidTECH organised a general innovation workshop at the University Hospital Birmingham (UHB), and two specialist infection control workshops at the Heart of England NHS Foundation Trust (HEFT) and the Royal Wolverhampton Hospitals (RWH). (A fourth workshop at Wolverhampton was postponed to April 2010 as a result of an urgent clinical priority.) These externally-facilitated workshops allow NHS staff to identify challenges in working practices and equipment and to develop new ideas, solutions and plans. Significant outcomes from the workshops are summarised below:



The Heart of England Trust featured the outcomes of its innovation workshop at a dedicated session at a specialist infection control event attended by over seventy delegates from industry

and the NHS. Delegates were invited to review the workshop outcome and vote on priorities. MidTECH and the Trust are also collaborating to support a local company in the development of an online innovation facilitation tool, TeamVention Online. This proof of concept version of this tool was launched during April 2010 and is being piloted at the Trust.

RWH staff developed a novel hand-held data logger concept to assist in tracking cleaning and inspection routines. The concept was submitted to the NHS national "Designing out bugs" programme where it has been short-listed for further development.



The UHB workshop identified several product requirements that were raised at the Trust's internal Product Evaluation Group. UHB also organised a mini-conference to allow local industry to present solutions and products to clinicians.



constantly responding to the demands of members and clients

Marketing & Communications

Newsletters - MidTECH produced and distributed two seasonal newsletters and the annual report. The newsletters are circulated in hard-copy and electronic formats to over 200 contacts in the NHS, industry and academia and help to promote MidTECH's activity. They feature news on regional innovations, national developments, partner and member activities. The newsletter has grown from 4 sides to 6 sides - evidence of the increasing news flow around our activities and regional successes.

Local Initiatives - MidTECH actively supported Trusts in local initiatives to promote innovation. This support included active participation in the 'Week of Innovation' at the Royal Orthopaedic Hospital in September 2009, the organisation of stands at an innovation event at the Birmingham and Solihull Mental Health Trust and at the West Midlands (South) Comprehensive Local Research Network Conference in March 2010. MidTECH also contributed to a strategic innovation meeting at the North Staffordshire Combined Healthcare Trust.

MidTECH Website Update - As a first stage in updating our website we commissioned a short publicity video in June 2009 to promote the company's services (*the video can be viewed from the MidTECH website*). Further website developments commenced in Spring 2010 when we commissioned a comprehensive redesign of the MidTECH website. Our plans included the provision of an extensive 'innovation suite' section featuring case studies and examples that illustrate progress of innovations through the MidTECH innovation pipeline. (*The image shows an early design concept for the new website.*) The new website will launch in May 2010, with the 'innovation suite' completing in October 2010.

Innovation Helpline - In 2009 MidTECH launched a dedicated members' helpline to provide fast and efficient resolution of immediate IP and innovation queries, for example when NHS staff:

- have (*or are presented with*) a new medical innovation and are unsure of what to do next
- are about to discuss innovations with third parties and are unsure of what can be safely disclosed
- have been approached by (*or have identified*) a third party who is using or wants to use NHS ideas.



Marketing & Client Engagement

Promoting Innovation *continued*



Trade Shows - MidTECH regularly attends and exhibits (*generally in conjunction with other NHS innovation hubs*) at key NHS and industry conferences and trade shows as a way of reaching potential NHS innovators and partner companies and promoting our activities to key stakeholders. In 2009-10 we exhibited at the following events:

- **"Nursing in Practice" Event, Birmingham, November 2009** - MidTECH manned a shared trade stand with the East Midlands NHS innovation hub
- **NHS Confederation Annual Conference, Liverpool, June 2009** - MidTECH collaborated with other NHS innovation hubs on the organisation and manning of a trade stand at the Conference exhibition.

NHS Healthcare Innovation EXPO, June 2009 - Following the emphasis placed on innovation by the NHS Next Stage Review, the NHS organised NHS Innovation EXPO, an innovation conference and exhibition, to showcase best practice and new technologies. Held at the ExCeL Centre, London, the event attracted over 10,000 visitors and hundreds of exhibitors. MidTECH was heavily involved in supporting the programmes of the NHS innovation hubs and the West Midlands NHS.

- MidTECH organised a series of innovation seminars from the regional NHS innovation hubs at the EXPO event
- MidTECH presented a seminar on the theme of improving the time to market for innovations (*featuring our rapid visualisation strategy*)
- MidTECH personnel formed part of the team manning the NHS Innovations stand and the West Midlands SHA stand.

Medica trade show in Dusseldorf - MidTECH representatives attended this in November 2009 and attracted commercial interest in several MidTECH projects.

developing
new ideas,
solutions
and plans



MidTECH had a stand at a recent regional event addressed by the Prime Minister. This provided opportunity for useful promotion and PR.

Outcomes

- Our promotional activity resulted in nine new members joining MidTECH - the eight NHS organisations belonging to the West Midlands (South) Comprehensive Local Research Network and the Shrewsbury & Telford Hospitals. (A full list of MidTECH members and clients can be found in the Organisation & Resources section of this report.)
- As a result of our support, all new MidTECH members have either adopted or are in the process of adopting IP policies to assist staff and managers in the identification and management of innovation and IP.
- MidTECH supported (or has firm commitments to support) events at four of the eight members that joined in 2008-9. While the other new members currently have no current opportunities to present or support, we are pleased to report that MidTECH has engaged with these Trusts on several new projects.

Stakeholder Relations

Developing Partnerships

MidTECH's strategic relations with stakeholders within the wider innovation 'landscape' at both regional and national level are critical to our overall success. We need good relations with relevant government departments, universities, agencies, venture capital and industry associations to ensure the innovations we manage have access to industrial and public sector partners and financial support. In times of organisational change and funding reductions, these relations also provide vital information on future plans to assist MidTECH's longer term planning. This section summarises our work to build and grow strategic partnerships with the focus on securing relations with the West Midlands SHA and the PSRE team in DBIS.

Relations with the West Midlands SHA

In line with the recommendations from the NHS Next Stage Review, from April 2009 SHAs assumed important regional responsibilities in the area of innovation, such as the administration of Regional Innovation Funds and support for Health Innovation and Education Clusters (HIECs). From December 2009 SHAs also assumed oversight of the NHS regional innovation hubs, taking over from the National Institute for Innovation and Improvement. Given the growing importance of SHA in NHS innovation, MidTECH sought to support the West Midlands SHA in its new duties, to develop good relations and communications with the SHA and to explore MidTECH's prospects as a long term partner with the SHA.

Building on the progress made in 2008-9 MidTECH has continued to provide advice and support the SHA on a wide range of innovation-related activities. These include:

- Support in the management of the £2M Regional Innovation Fund
- Attendance at the national NHS innovation forum as the regional innovation representative
- Representation on the Management and Delivery Board of the Institute of Digital Healthcare (a joint initiative between the West Midlands SHA and the University of Warwick)
- Support and advice on the recruitment of staff and the establishment of Health Innovation & Education Clusters
- Presentation and session chair at the regional NIHR conference in June 2009

Evidence of the value placed by the SHA on MidTECH is shown by the extract of a recent letter (see text, right).

" ... I can confirm that the West Midlands SHA is committed to continuing a business relationship with MidTECH as its innovation partner ... Peter Spilsbury [the West Midlands SHA Innovation Lead], in particular, values your contribution to the SHA's work, and we both look forward to working with you in the future."

Paul Taylor, Finance Director,
West Midlands SHA



Department of Business, Innovation & Skills - The PSRE Fund

MidTECH's success in transferring NHS innovations to companies provides benefit both to the NHS and business: NHS ideas can form the basis of new innovative products for businesses, helping them to survive and grow. The value of MidTECH's activity to business has been recognised by the award to date of £1M in funding from the Public Sector Research Exploitation (PSRE) Fund, part of the Department of Business, Innovation and Skills. These funds have assisted in the development of MidTECH's core capability, engagement with NHS frontline staff and project development funding. In 2008 the Department approved a further £1M in funding from the PSRE Fund Round 4 to allow MidTECH to expand its work with NHS and business. MidTECH's contract with the PSRE fund focuses on the commercialisation of NHS innovations, measured chiefly by the number of innovations licensed to companies. In the first year of the Round 4 funding MidTECH's performance was in line with the plan and met the agreed objectives. On the basis of this year's performance, the PSRE team has agreed the release of the second annual tranche of funding to support MidTECH's activities in 2010-11.

The NHS Innovation Hubs network

MidTECH is part of the national network of regional innovation hubs and works with other hubs on national initiatives and events where collective action is strategically appropriate and cost-effective. MidTECH was involved in the following joint hub activities in 2009-10:

- NHS innovation hubs trade stands at the NHS Confederation Conference (*June 2009*), the NHS Innovation EXPO (*July 2009*) and the Nursing in Practice event in November 2009
- MidTECH coordinated a series of seminars from NHS innovation hub speakers at the NHS Innovation EXPO
- The MidTECH Chief Executive and Chairman attended (*respectively*) the quarterly hub chief executives' meeting and the quarterly hub chairs' meetings, representing MidTECH's views on national developments
- MidTECH represented the regional NHS innovation hubs at a NIHR conference on clinical trials in October 2009. This invitation followed a presentation at the regional NIHR conference in July 2009.

building
and
growing
strategic
partnerships



Stakeholder Relations

Developing Partnerships *continued*

Relations with Regional Stakeholders

Advantage West Midlands - Innovation is a 'local' business in that ideas can often be quickly progressed through established and trusted partners and networks. We are fortunate in the West Midlands that MidTECH's business is closely aligned to the region's economic strategy and industrial and academic capabilities. Advantage West Midlands (AWM), the Regional Development Agency, and Medilink West Midlands (MWM), the region's medical industry trade association, view innovation in medical and healthcare technologies as a key driver for economic growth and see NHS innovations as a key source of ideas for businesses. This year MidTECH's involvement with AWM in support of regional economic activity included the following:

- The MidTECH Chief Executive chaired the West Midlands Medical Technologies 'Task & Finish' Group, one of four groups set up by the outgoing Minister for the West Midlands, Ian Austin MP, tasked with identifying ways of maximising economic benefit for the West Midlands from the healthcare and medical sectors. The working group's recommendations have been published and will inform future economic planning.
- MidTECH is a member of the region's Medical and Healthcare Technologies Cluster Opportunity Group that advises AWM on economic development related to healthcare.
- The MidTECH Chief Executive is a member of the AWM Proof of Concept Fund review panel which awards grant funding to support new and innovative business opportunities in the West Midlands.
- MidTECH was commissioned by AWM (*as part of a wider regional project*) to survey the NHS infection control capability within the West Midlands. MidTECH undertook this task with the support of the Royal Wolverhampton Hospitals.
- MidTECH is an active member of the Birmingham Science City Healthcare Innovation Group that aims to use the region's science and technology to improve the prosperity of Birmingham and the West Midlands. Medical science and technology is a major theme in this project.

Other Regional Stakeholders

Mercia Technology Seed Fund - The West Midlands boasts several successful venture capital companies with growing portfolios in the medical and healthcare sectors. MidTECH is a partner organisation of the Mercia Technology Seed Fund (see www.merciafund.co.uk) and over the year met regularly with the fund managers and other partner representatives. Mercia provides MidTECH with access to expert business and investment advice for relevant opportunities; in return, MidTECH provides Mercia with access to NHS expertise and capability to help develop Mercia's business opportunities.

Universities - Many NHS innovations arise from joint research conducted between NHS and regional university partners. It is important, therefore, for the efficient management of NHS IP that MidTECH remains in close contact with technology transfer officers (TTOs) in the region's universities. MidTECH regularly meets the region's university TTOs at bilateral meetings and regional networking events, such as those organised by the Mercia Seed Technology Fund and Advantage West Midlands. These meetings ensure MidTECH remains abreast of relevant new research opportunities and that joint innovations between the NHS and universities are expeditiously managed.

MidTECH's relations with university partners are not confined to West Midlands region. MidTECH is represented on the Open University's Open Network for Healthcare Innovation Steering Group.

New Business Opportunities

MidTECH has historically set fee level from NHS members at a level to attract commitment from NHS organisations; these fees have not reflected MidTECH's full operating costs. Shortfalls have been met largely by grants from the NHS National Institute for Innovation and Improvement (*NIII*) and the Public Sector Research Exploitation (*PSRE*) Fund of the Department of Business, Innovation and Skills (*DBIS*). In 2009-10 it became clear that, due to the increasing pressures on public sector expenditure, these, or equivalent, sources of central or regional government funding are unlikely to be available to support MidTECH's core services beyond 2010-11. In the light of these developments, MidTECH sought to secure new business in areas related to our core competencies and of benefit to our members. This section summarises our progress in developing new sources of income and the status of current prospects. Note that MidTECH advertised for a project manager in February 2010 to assist and coordinate the development of these new business opportunities. Candidates have been interviewed and we plan to make an appointment in 2010.

West Midlands Device Evaluation Network (WM-DEN) -

Consultation with NHS members and regional industry through 2008 identified the opportunity to improve the provision of medical device evaluation services in the NHS. Discussions with the West Midlands SHA and Advantage West Midlands (*AWM*) indicated that both parties would consider funding such a project. Accordingly MidTECH developed a proposal to establish the West Midlands Device Evaluation Network (*WM-DEN*) to provide a brokering service between NHS members and medical device companies. The WM-DEN proposal was submitted to the West Midlands SHA's Regional Innovation Fund (*RIF*) in Autumn 2009 and approved for funding (*first instalments are due in 2010-11*). An outline proposal was submitted to *AWM* in November 2009 for support from the European Regional Development Fund (*ERDF*). Following a favourable response from *AWM*, MidTECH prepared a full application which was submitted in March 2010 for consideration. We anticipate a final response from *AWM* by late Summer 2010.

The National Institute of Health Research (*NIHR*) "Ideas for Innovation" (*i4i*) Marketing Support Project -

The *NIHR*'s *i4i* programme funds translational research aimed at accelerating the development of new healthcare products. The *NIHR*, recognising that the NHS innovation hubs are well placed to publicise the programme to potential applicants, contracted a consortium of NHS hubs that included MidTECH to promote the *i4i* programme within the hubs' networks in 2009-10. The project has been successfully completed and we anticipate further work in 2010-11.

The West Midlands Infectious Disease Control Network –

The *AWM* Medical Cluster strategy identified the need for research and development networks linking industry, NHS, universities and other public sector bodies in specific topic areas to improve industry's access to relevant sources of knowledge. Medilink West Midlands, the organisation that delivers the cluster programme, commissioned a consortium comprising MidTECH (*project leader*), the Heart of England Trust, product development company Innovations Factory Ltd and market research consultancy PL Murphy Consultancy Services Ltd to develop, within 3 months, a pilot network in the area of infectious diseases and their control. The consortium organised a series of workshops and mini-conference that brought regional and national experts and local companies. Unfortunately reductions in regional economic funding have meant that plans to let a contract for the follow-on project have been shelved.

The West Midlands Regional Innovation Fund (*RIF*) -

MidTECH has provided administrative support and advice to the West Midlands SHA in connection with the management of the West Midlands NHS *RIF* programme. We anticipate demand for MidTECH's services in this area will continue into 2010-11.

Concluding Remarks

The year 2009-10 presented MidTECH with the twin challenges of improving operational effectiveness and developing profitable strategic relationships in a changing organisational and funding landscape.

Overall, MidTECH achieved its key goals for the year - testimony to the continued innovativeness of NHS staff and the strength of MidTECH's team and partners.

Innovation

At an operational level MidTECH demonstrated significant improvements in its core business activity, recording fifteen IP and licence agreements and showing - for the first time - substantial engagement with large corporate and international companies. Additionally prospective short-term income to NHS organisations from this year's licences is forecast to be in excess of £5M. One NHS innovation attracted national recognition and one member Trust (*UHNS*) concluded a collaboration with technology company, *Qinetiq*, on the development of a novel biosensor for COPD treatment.

MidTECH also showed sizeable improvements in the efficiency of its process with over 80% of the agreements concluded arising from innovations disclosed less than two years previously. *(By comparison, in 2007-8 only 50% of MidTECH's agreements related to innovations disclosed less than two years previously.)*

The number of innovations reported directly to MidTECH was 14% down on the previous year's total and there were slightly fewer innovations than had been anticipated from new clients. This reduction may be in part due to the impact of the West Midlands Regional Innovation Fund (*RIF*) which attracted over 60 innovations over the year. *(Any negative impact from the RIF is mitigated by the fact that MidTECH has direct access to innovations submitted to the fund and so is able to respond to IP and commercialisation opportunities on behalf of members.)*

Member Relations

MidTECH exceeded its membership target, attracting an additional nine members over the year. Relations with members were sustained and developed through an active programme of events, workshops, newsletters and the launch of a dedicated members' helpline. It proved more challenging to support new members at local events: there were fewer opportunities to present and exhibit than anticipated. Some opportunities are expected to arise in 2010-11 and MidTECH maintains an active dialogue with all new members.

Strategic Relations

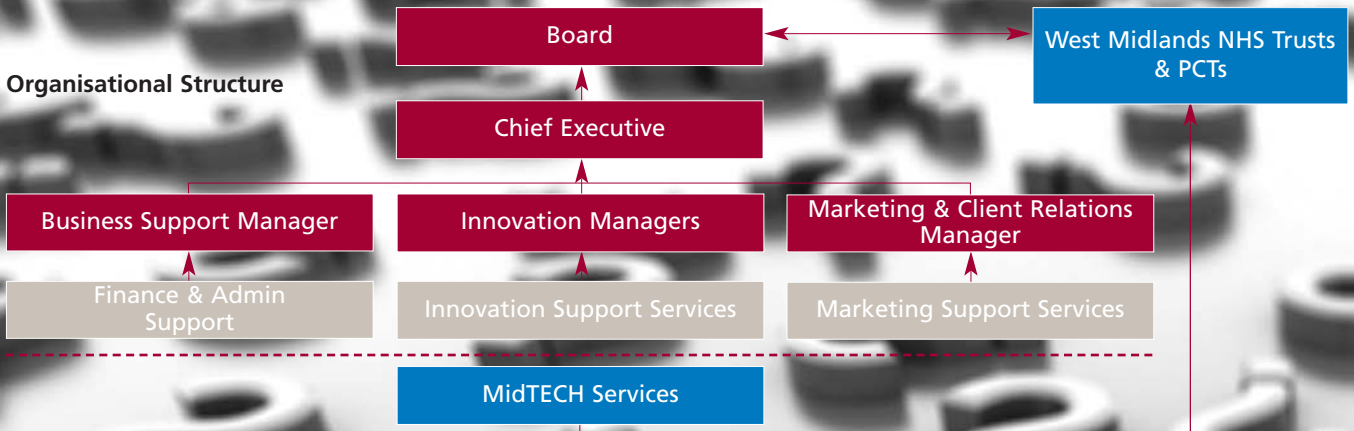
At a strategic level MidTECH consolidated relations with the West Midlands SHA and successfully completed the first year of the PSRE Round 4 programme, ensuring that further funds will be released in 2010-11. MidTECH responded to the growing uncertainty over core public sector funding by exploring other business opportunities, securing an additional £90k of in-year income. MidTECH has secured funds from the West Midlands SHA for 2010-11 to create the West Midlands Device Evaluation Network and is progressing a funding application with AWM. Work on the network will thus commence in 2010-11, a delay to our original plan to launch in 2009-10.

Financial Status

In 2009-10 MidTECH showed substantial improvements in its financial performance, reporting an increased income, reduced operating costs and a significantly larger surplus on operations (£128,127 compared to £4,780 in 2008-9). Reserves stand at just over £1.5M. *(See Financial Summary section of this report for more details.)*



Organisation & Resources Developing Capability



MidTECH is a not-for-profit Company Limited by Guarantee providing innovation and intellectual property management services exclusively to West Midlands NHS organisations. At an operational level, MidTECH is managed by a Board of Directors elected from its NHS members and nominated from various independent public sector bodies. Day-to-day management of MidTECH is undertaken by the Chief Executive who reports to the Board. MidTECH members review activity and appoint Board Directors at the company's Annual General Meeting. The company's financial systems are independently audited and accounts filed at Companies House.

Organisation

MidTECH's organisational structure is designed to provide services efficiently and affordably to members and clients, and at the same time provide a means to reflect their views and interests (*the current structure is shown in the figure above*).

Professional Partners

MidTECH's core operational team is supported on an as-needed basis by part-time consultants and seconded staff. Over the reporting period MidTECH we are pleased to acknowledge the support received from:

- Coventry University Enterprises
- Innovations Factory
- HEFT Consulting
- P L Murphy Consultancy Services
- Executive Playground
- Innovation Challenge Partnership

MidTECH has also drawn on patent agents, legal advisors and design and prototyping specialists, including the following:

- Appleyard Lees
- Withers & Rogers
- Hill Dickinson
- Health Technology & Design Institute, Coventry University
- Shoosmiths
- Mills & Reeve
- Martineau
- Prime Chartered Accountants
- Peninsula Business Services

Organisation & Resources

Developing Capability *continued*

MidTECH's performance and effectiveness is in large part measured by the level of engagement it enjoys with the region's NHS organisations. We gratefully acknowledge the support and commitment of clients, listed in the figure below.

innovation
and intellectual
property
management
services

MidTECH's Clients 2009/10

Full Members

Birmingham Children's Hospital
Dudley Group of Hospitals
Heart of England
Mid Staffordshire General Hospitals
Royal Wolverhampton Hospitals
Sandwell and West Birmingham Hospitals
Sandwell PCT
South Birmingham PCT
University Hospital Birmingham
University Hospitals Coventry and Warwickshire
University Hospital of North Staffordshire
Wolverhampton City PCT

Totals:

9 Trusts
3 PCTs

Limited Membership Clients

Birmingham and Solihull Mental Health Trust
Birmingham Women's Health Care
Burton Hospitals
Coventry and Warwickshire NHS Partnership Trust
Coventry Teaching PCT
Heart of Birmingham teaching PCT
Hereford Hospitals NHS Trust
Herefordshire PCT
North Staffordshire Combined Healthcare
Royal Orthopaedic Hospital
Shrewsbury & Telford Hospitals
Stoke on Trent PCT
Warwickshire PCT
West Midlands Ambulance Service NHS Trust
Worcestershire Acute Hospitals NHS Trust
Worcestershire PCT

Totals:

7 Trusts
2 Mental Health Trusts
6 PCTs
1 Ambulance Trust

Financial Summary

A simplified Profit and Loss summary for the year is shown here. When compared to operations in 2008-9, MidTECH reported increased income, reduced operating expenditure and an increased in-year operating surplus of £128,878 – up from £4,780 in the previous year. At year-end MidTECH's reserves stood at £1,524,553, which, when combined with anticipated income for 2010-11, provide sufficient financial resources to continue operations into 2010-11.

MidTECH's detailed audited accounts are available on request.

MidTECH Profit & Loss 2009/10

	£
Turnover	
Membership fees	13,000
Government grants	793,387
Other operating income	90,180
Total	896,567
Cost of Sales	
Project costs	273,322
Sub contractors	63,968
Total	337,290
Gross Surplus	
	559,277
Bank & other interest received	13,174
Total	572,451
Expenditure	
Pay & pensions	277,763
Recruitment, etc.	2,000
Travel costs	20,933
Rent, rates, utilities, telephone	35,299
Marketing & exhibitions	64,850
Post, stationery & office expenses	8,395
Computer costs	4,022
Legal & professional fees	400
Accountancy & auditors	9,133
Staff welfare & payroll	2,215
Sundries & subscriptions	3,176
Entertainment	2,451
Bad debt	-
Total	430,637
Bank charges & interest	724
Depreciation	10,212
Loss on disposal of fixed assets	-
Net surplus	130,878
Tax on surplus	2,751
Surplus for the year	128,127
Retained surplus brought forward	717,942
Retained surplus carried forward	846,069

MidTECH Board 2009/10

Prof Alan Wenban-Smith	(Chairman)
Dr David Gleaves	(Company Secretary)
Bethan Bishop	(Heart of England NHS Foundation Trust)
Simon Hackwell	(Heart of England NHS Foundation Trust)
Dr Heather Duncan	(Birmingham Children's Hospital)
Amanda Baugh	(Birmingham Children's Hospital NHS Foundation Trust)
Ceri Jones	(University Hospitals Coventry & Warwickshire NHS Trust)
Martin Lee	(University Hospitals Coventry & Warwickshire NHS Trust)
Dr Edwin Swarbrick	(Royal Wolverhampton Hospitals NHS Trust)
Robert White	(Sandwell & West Birmingham Hospitals NHS Trust)
Tony Davis	(Medilink West Midlands)
Prof John Darling	(University of Wolverhampton)
Christina Keey-Andersen	(AWM) - Observer

MidTECH has benefited from funding from the NHS Institute for Innovation & Improvement's National Innovation Centre and the Department of Business, Innovation & Skills. The views expressed in this publication are those of the authors and not necessarily those of the NHS Institute for Innovation & Improvement's National Innovation Centre or the Department of Business, Innovation & Skills.

MidTECH

MidTECH 4 Greenfield Crescent
Birmingham B15 3BE

Tel: +44 (0)121 455 0346
Fax: +44 (0)121 454 1560

Email: enquiries@midtech.org.uk
www.midtech.org.uk

MidTECH identifies and manages intellectual property in the West Midlands on behalf of the NHS