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## **International -- Readers Report**

### The Slippery Slope Of Outsourcing R&D

Your perspective is U.S.-driven and as such deals with large corporations and the increasing design and production pressures driving them towards outsourcing research and development. More pertinent to European industry is the plight of small and medium enterprises (SMEs). If large corporations contemplate outsourcing research and development despite having the means for internal R&D, imagine the urgency for SMEs to do the same since they do not have (or cannot afford) in-house R&D. Remember, most of European industry still produces low-tech goods.

Industrialized nations have only two technological avenues ahead to preserve or improve competitiveness: a) enhancement of their tech contents (high-tech strategy), and b) acceleration and/or improvement of their existing tech contents (low-tech strategy). Most European SMEs have only this second strategy realistically available. Therefore it will require a more dynamic service sector managing and matching tech supply and demand. It has not happened yet, because of the unmodernized structure of EU patenting, and narrow-minded EU legislation having left out any funding, grant, or incentive for intermediaries or service companies. As a result, my company is one of very few doing it in Italy and indeed in Europe, unlike the far more active market situation in the U.S. This activity will bridge the gap between the countless sources of low-tech innovation and the millions of SMEs, a far larger, more liquid, more short-term, technologically easier, less high-risk activity than high-tech can ever be.

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