

JRC-IPTS Experience in Measuring Private Sector R&D Investment



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EU Industrial R&D Investment Scoreboard contains data of 1000 EU-based companies and of 1000 companies based outside the EU. It is issued annually since 2004.

Is a **benchmarking / monitoring tool** for companies, financial analysts, and policy-makers

It **complements** official statistics – **BERD** – by providing data and indicators at the company level and by looking at firms strategies in terms of global R&D Investment

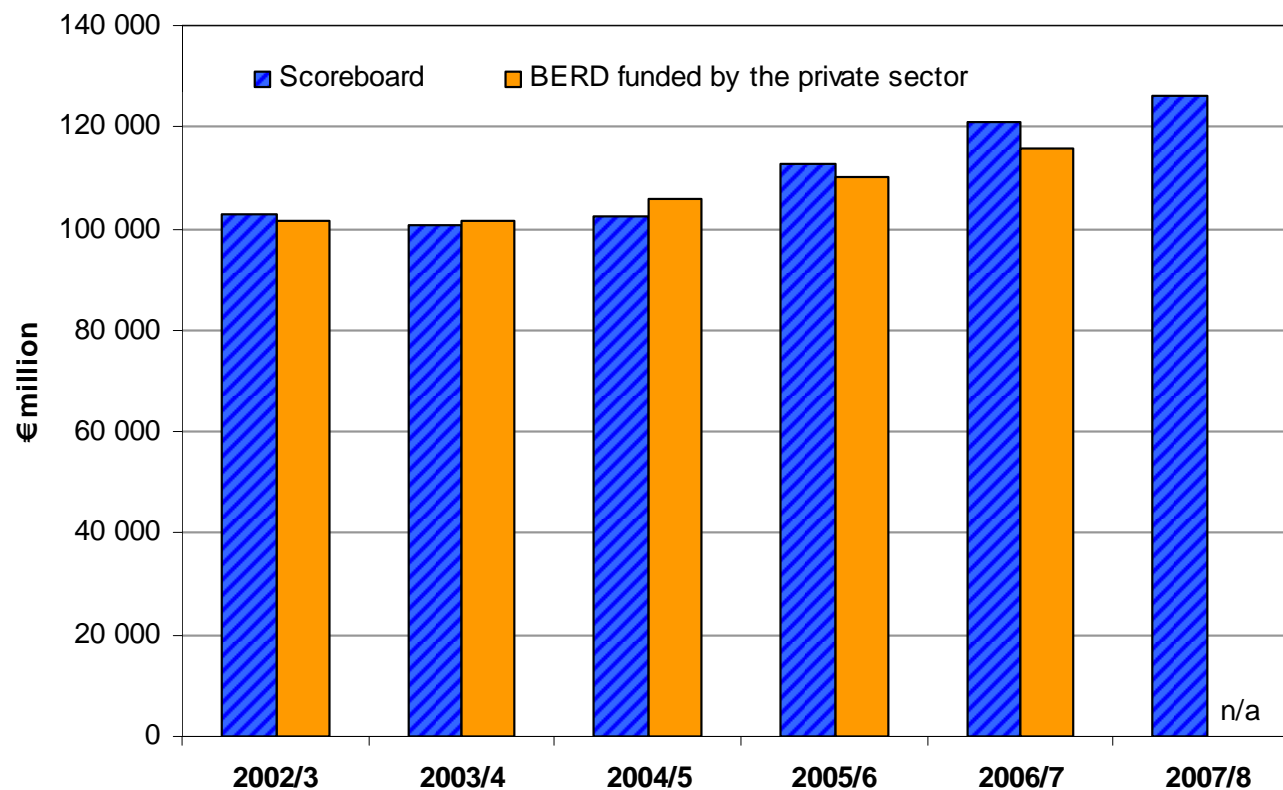
Both BERD statistics and the EU R&D Scoreboard use **similar definitions**, coming from the 'Frascati Manual'

They are based on **different sources**: national surveys vs. audited company accounts.

The EU R&D Scoreboard contains several **indicators**: R&D Investment, Net Sales, Employees, Employees in R&D, Operating Profits, Market Capitalisation, Capital Expenditure.

Three main points to retain when using such data:

- 1) The focus on group accounts means that the results can be independent of the **location** of the R&D activity / expenditure
- 2) For highly diversified companies, the **sector attribution** does not necessarily reflect the sector of R&D execution
- 3) The disclosure of R&D investment for listed companies goes under the *compulsory* **IFRS** → International Accounting Standards (IAS 38).



Note: 1. Scoreboard and BERD address industrial R&D in the EU through different concepts. Scoreboard refers to companies' R&D investment with their own funds, independently of the location of execution. BERD refers to R&D expenditure, regardless the source of funds, executed within the EU.

2. The reporting periods of the Scoreboard and BERD are different. Scoreboard data are based on the accounting periods of the companies and BERD is based on the calendar year.

Source: The EU Industrial R&D Investment Scoreboards; European Commission, JRC/DG RTD and Eurostat.

One example of improvement of the EU R&D Scoreboard:

- ➔ Address the presently unknown actual geographical location where companies execute their R&D investment through the strategy of **multiple linkages**.
- EU R&D Scoreboard data can be linked to multiple sources of external data, e.g. CIS, other scoreboards (the UK's Value Added Scoreboard), financial and technological firm level data (COMPUSTAT, PATSTAT), **BERD data**
- A pilot exercise with the Italian Office of Statistics (ISTAT, the Italian BERD producer) is being implemented

JRC-IPTS provides ISTAT with **the names/VAT codes** of all firms belonging to Italian groups in the EU R&D Scoreboard, *including their subsidiaries*.

ISTAT will provide the following:

- 1) An **estimation** – at the meso/sector level – of the intramural R&D expenditure for such firms, whether included in the **Italian R&D survey**
- 2) A **consistency check** between such estimation and the **Italian total R&D investment in the EU R&D Scoreboard**
- 3) A **disaggregation** of the EU R&D Scoreboard value for Italy in two: **R&D undertaken in Italy and abroad**.

Possible further development under the same strategy:

- 1) Extending the exercise to **other BERD producers**, within the EU and abroad
- 2) Identifying the **distribution among sectors** of R&D execution
- 3) Extending the exercise to a **cross-country analysis**: linking aggregated data (e.g. at the sector level) of R&D Scoreboard firms active in different countries.

Thank you for your attention !

Contact information

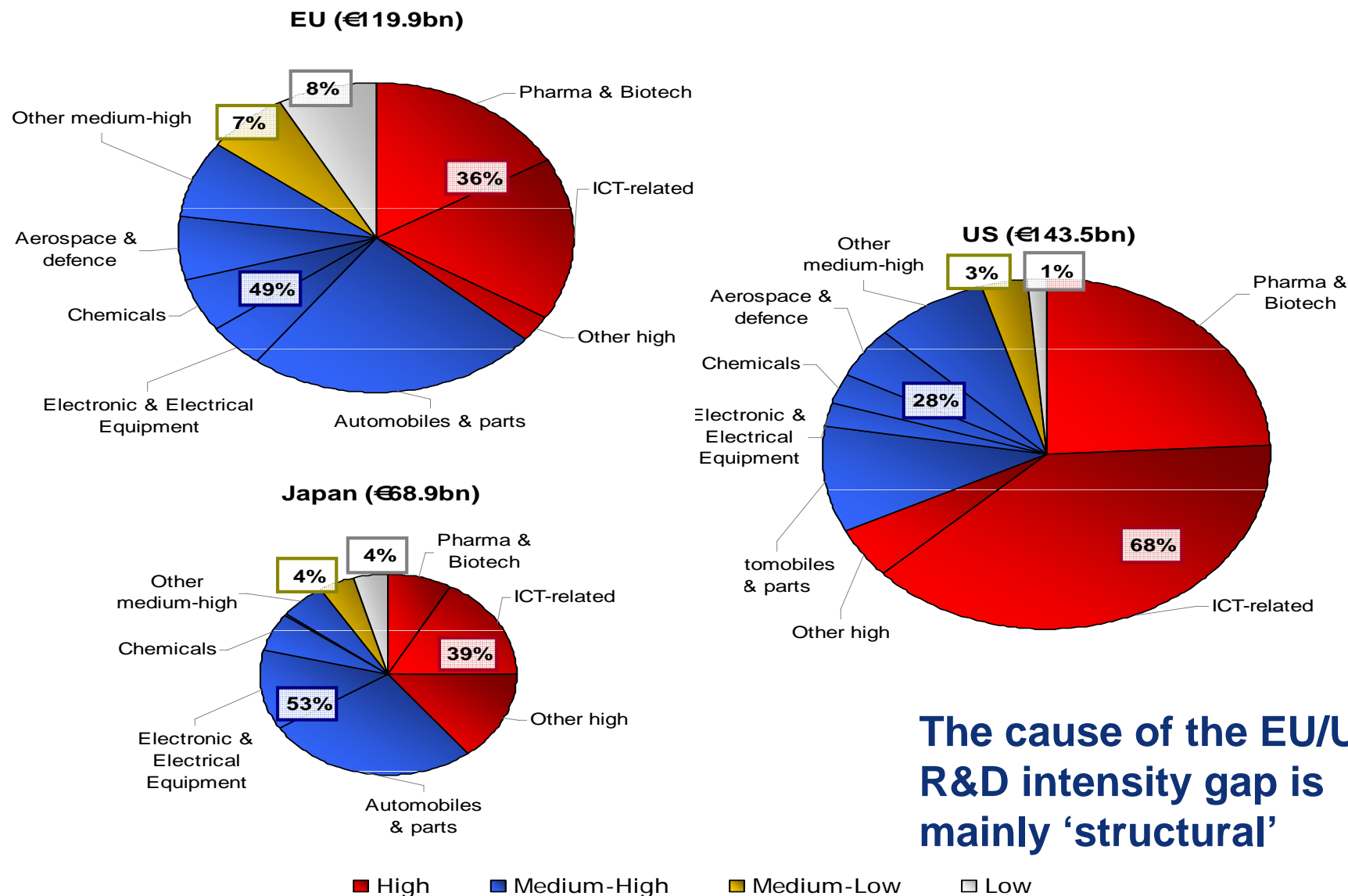
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More information can be found in

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Corporate R&D investment distribution by world region and sector



**The cause of the EU/US
R&D intensity gap is
mainly 'structural'**