

STEPPING STONES TOWARDS A WORLD WITHOUT BORDERS

A lunchtime Address given at Canada House, London on the occasion of the first UK-Canadian Summit on Cross Border Investment and Partnership – September 30th 2009

by

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It is a great delight and a true privilege for me to be here today with you all – amongst friends. Friends from my own great Region in the East of England, Canadian friends and colleagues – and others from as far afield as China, Poland and India. A wonderful gathering.

As you can see, I wear my Canadian badge with pride – as is fitting in this wonderful building. I want to extend very special thanks to the Canadian High Commission for all the help George Edwards and his colleagues have given me over the years – both in our Cambridge activities and collaborations, and for my work in Canada. I have the exciting news to convey to you that OCRI – The Ottawa Center for Innovation and Research have joined the France based International Consortium I Chair dealing with the Internationalisation of Smaller Innovative Companies. Another step towards greater co-operation and trade between Canada and many European Nations. So “thank you Canada”.

My own personal history is one of a series of happy accidents rather than forward planning. One of the most recent of those accidents was to meet Dan Mothershill, President of National Angels of Canada. Our first meeting was very recent, and yet our relationship has become very close and our joint activities have been suitably entrepreneurial – our shared lack of patience and sense of urgency to make things happen, have led to this wonderful event today. My involvement has been largely subsidiary – Dan had the ideas at the outset and has set the pace. Today is much more to his credit than mine. Previous accidents in my career included six years, once Biology had become my passion, working in the National Health Service in Laboratory Medicine. Six years of wonderful lessons about life and people. Subsequently I was twenty years in the Healthcare Industry, ending up as a CEO of a substantial company – US based but international in reach, then twelve years in Industrial Electronics with much smaller companies – one of which we got to market with a forty three times oversubscribed public offering on the LSE, followed by six years in Venture Capital – and my current state – “busy retirement” – working with early stage companies, Business Angels, The NHS again – on Innovation, and with many wonderful students in a number of Universities around the World – including China and most recently McMaster University in Hamilton Ontario.

But – enough of me. The great privilege of continuous worldwide travel has been exposure to a diversity of peoples and cultures which has truly been a major impact on my thinking and my life. It has led me to think ever more seriously about a vision and dream we might all share – remote though it may seem – **“Creating A World Without Borders”** . And my dream is *not* of some top down, government imposed situation, but one brought about through the creativity and innovation of people in local, sub-regional and regional communities, building together, from the grass roots – bottom up if you will, manageable programmes of real action which lead to the development and consolidation of **Communities of Enterprise, Common Purpose, Social Inclusion and International Mindset** which pump positive results up into the regional economy, and thence into National economic and

Social Success. That's how I think great Nations are born and sustained. Today, here, we have on show, the fruits of such developments which have taken place in communities in Canada and elsewhere – and here we are seeking to extend and expand the value already created across continents. That is *exactly* what we are doing. And it should be celebrated.

However – there is a global context in which entrepreneurship, new business creation, invention and positive change are greater imperatives than ever - because our World is clearly facing some dramatic challenges and the “older” economies in particular need to find new ways of generating growth and regenerating some tired old industrial heartlands.

Is the World in CRISIS ? That's a question I am asked wherever I go. What do **YOU** think ? And if the answer is “yes” – What's the **BIGGEST CRISIS?** Is it.....

- The Financial Crisis ?.....THE CREDIT CRUNCH ?
- The Climate Crisis?.....THE CARBON CRUNCH?
- The Energy Crisis?.....THE OIL CRUNCH?

And I haven't mentioned food for four billion more mouths by 2050 or that useful commodity – water.

危机

We all know there are big issues confronting the human race – and we won't find the answers here today. I am very interested, however, in exploring with you how WE might respond if and when we feel we have a crisis. Do we have choices? How important might be our *mindset* when confronting a crisis? I just returned from another two week visit to China – and

there they have an interesting two character word – which I often show on a slide for effect. Can't do that today – so here is the word – in English phonetic form – **WAI JEE**. It can have two meanings – **CRISIS** or.....**OPPORTUNITY**. How about that – so Chinese philosophy and thinking suggests how we interpret a situation is within ourselves. “See it how you want to see and believe it”. In 1857, Charles Dickens, writing the very first line of that great novel about the French Revolution – A Tale of Two Cities used these words....”It was the **BEST** of times, it was the **WORST** of times.” Same message . In China, I heard no talk of crisis and a lot of noise about opportunity ! Looking around here – I see we are all of a similar mindset – focussed on opportunity – we are seeking, reaching out, risking and looking ahead with purpose. Great !

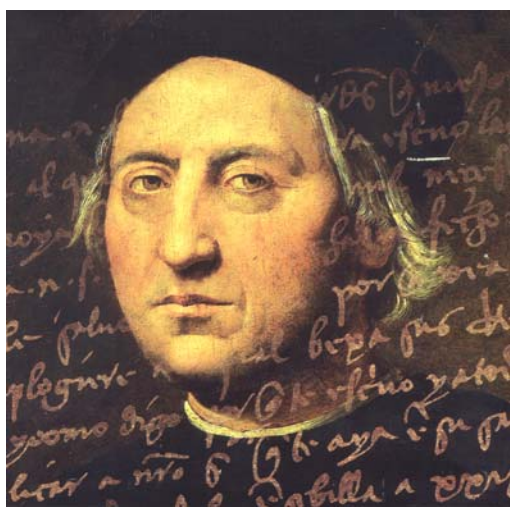
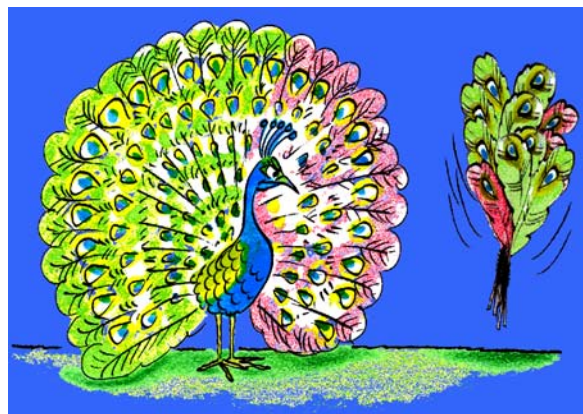
Canada and the UK – our two Nations have a particular need at this time for Entrepreneurs, Entrepreneurship, New Business Creation and International Business Expansion, and we have to achieve it within a new and rapidly changing World Order. “Look East and look South young man (or woman)” – and see where so much positive development is taking place. The dynamic balance of the World Economy has shifted – changed – and is changing more as I speak – irreversible change is upon us and around us. Look at China, India, Brazil, other Nations of South and East Asia, Russia.....there is no time to review much of it – but the details are stacking up for any intelligent individual to find and to see and understand. Just back from China, I am reminded of some of the phenomenal things happening there :-

A Nation of 1.4 billion citizens. Educating Rapidly – “Education”, “Education”, “Education” has not been in China, as in my own Nation the mantra of party politicians seeking election –

it has become a way of life. They are DOING it. Seven millions new graduates this year in China alone. 1.5 million Chinese students studying in the West today – 125,000 in my country – UK. Most will go back home and are intent on helping their country and its economy grow at least as fast as the record of recent years – GDP growth in excess of 9% p.a. even this year, after the World financial crisis – China will grow 8%. The longest period of uninterrupted economic growth in history ! Cash – yes, the Chinese have it – US\$ 2.2 Trillions of reserves – and growing still. China has a well regulated banking industry which serves the people as a first priority, and manufacturing , as we know has migrated from the West to China, India and elsewhere in the East. Today, 72% of Europe’s employment economy is dependent on jobs in the service industries – and it has moved that way swiftly and will not come back.

Is this yet another Crisis ? Best consider it a REALITY – and the balance will continue to move in the direction of the East. China is the World’s No 3 Economy and will soon be No 2 when it overtakes Japan. And I have no time to discuss India – The Elephant aside China’s Tiger. Why cannot it be a Opportunity? – remember WAI JEE ?If not a crisis it is all a massive challenge – a challenge for all of us in the West. A challenge to plan and deliver Growth, to Innovate, to construct New Business Models and new way to do business. And we must cast aside the old notions of Competition.

I want you to imagine with me a beautiful , colourful Peacock – showing all those feathers in the finest display – “I am the Greatest” he might be thinking as he struts his stuff. Now bring to mind a feather duster – made from Peacock feathers.....think about it.....Today’s Peacock might be – and often has become.....tomorrow’s feather duster. We’ve all seen a few proud companies go through that transformation. My proposition is that we should not be laying plans to fight China in business – “compete” in the old ways. Why not think about Co-Opetition – Partnership, Collaboration, Symbiosis, Synergy – profitable co-existence?

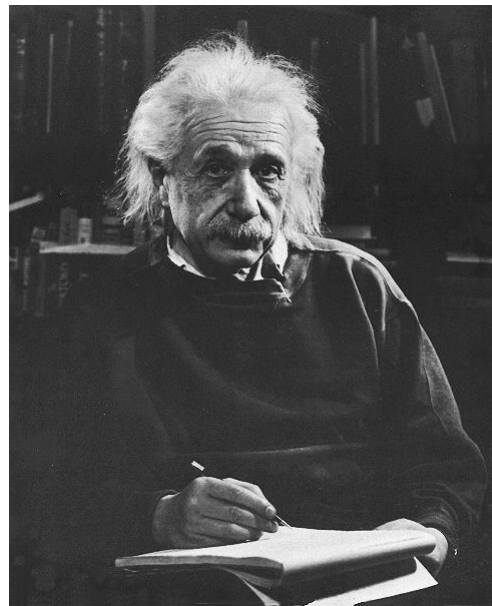


what a way to run a sailing company !

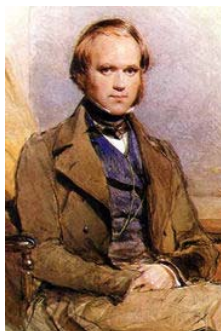
Time for a bit of INSPIRATION I think ! Let’s bring to mind some Heroes. After all, great transformations and great deeds need Heroes and role models don’t they ? Here goes.....Let’s start with Christopher Columbus –everyone has heard of Chris. Imagine with me – Christopher and his courageous crew boarding those rickety old wooden boats all those centuries ago – and sailing into the great Oceans of the World. Three times they sailed – not knowing where they were going (and they thought the World was flat remember), three times they hit land and didn’t know where they were, and three times they struggled back home, unable to tell anyone where they had been. And you say – AHA –

But we all know what's behind this – exploration, adventure, finding new countries and riches and things....Christopher comes first in my hero list today for a very special reason – his voyages were financed by one of the first Business Angels we have records of in history – Queen Isabella 1st of Spain – and please note – this was a cross border Angel investment – Isabella was in Madrid and Christopher was from Genoa in Italy. Ring any bells here today??.....

And then we have Albert Einstein – what a hero. The Theory of Relativity (eventually proved true not by the master but by a Cambridge man - Arthur Stanley Eddington). Einstein told us **“Imagination is More Important than Knowledge”** he said **“Knowledge is limited, Imagination Embraces the World”**



A different kind of Hero – the great Irish writer – George Bernard Shaw . Story is he was in his London House one day being assailed by a boring and spotty youth – who fired arcane question after arcane question at the great man, until GBS rose and towered above the flinching youth and shouted – **“StopYou look at things and ask WHY – but I dream of things that never were and ask...WHY NOT”** What a mindset – “dreaming of things that never were...” And then – a hero I bet none of you ever heard of – Stanis Georgyi – a Nobel Laureate no less who advised us **“Creativity is nothing more than looking at the same thing as everyone else and THINKING something different”**.



You will have your own Heroes, time does not permit me to name all of mine – from Cambridge – we could mention Newton, Darwin (it is the bi-centenary of his birth this year)and Crick and Watson – and the Double Helix and DNA.

But – I am speaking in Canada House – so let's celebrate two Canadian Heroes. One born and bred there – and never given due international recognition, the other an import – who went there and loved it.

Being involved in medicine and medical technology – as I have been all my life Dr. Sir Frederick Banting, Nobel Laureate, is one of my Heroes and one of Canada’s great entrepreneurial medical figures. When only twenty one years old, he did the definitive work which led to the discovery and development for therapeutic use of Insulin – which diabetics lack. His work, and that of his colleagues saved millions of lives. And, if that was not enough, he went on into Aviation research and designed the pilots G-Suit and other things of note. His work in aviation led to a tragic early death, when at 49 he was killed in a plane crash – in 1941 in World war 2.

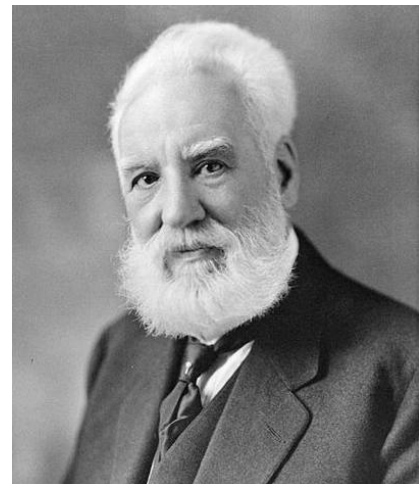


Now - here is a test for you – to see if you can identify my second Canadian Hero from these words – of great significance – but *why* were they of such profound significance? Who can tell us.....Here they are.....”**Mr Watson, come here...I need you**” I hear the answer from a gentlemen on my left – correct. These were the very first words EVER transmitted by telegraphy – on March 10th 1876 – it happened in Ontario Canada. The voice was that of a Scotsman who ended his days in Nova Scotia – by his choice – a truly adopted son of Canada – who founded the Bell Telephone Company

and gave us The Telephone – Alexander Graham Bell.

Banting and Bell – human beings – just like us – started out from scratch in each case and made it big time – big time for themselves, millions of others, society and the World at large. I wonder if the next Banting or Bell or Einstein – or maybe Bill Gates ? is seated here amongst us today? Only time will tell.

I have a great quote for you from Alexander Graham Bell..... *“Leave the beaten track behind occasionally and dive into the woods. Every time you do, you are certain to find something you have never seen before”* Great advice for budding and burgeoning entrepreneurs.



Returning to my dream of **A World Without Borders** – here amongst Business Angels and Business people discussing investments *across* borders, and relating all I have said to why we are here and what we are doing – I make the statement without reservation that this is an historic occasion – that 2008 and 2009 will be seen as the time when Business Angels really did spread their wings and fly against the old ideas of “only invest in your backyard”. A time when a new order is being born to face that New World Order I spoke about. Now Business Angels are seeking the Best Deals – not the most convenient geography.

WHY is the time right now ?

- Business Angels are maturing, growing up, getting more professional
- There are more of us – and the numbers grow daily
- WE are more adventurous – Columbus and co. have got under our skin
- Distance is not longer an issue – technology connects us wherever we are in the World. We are becoming Internet Angels in some ways
- Many new business require specialty knowledge – not always resident in the backyard
- Syndication is an imperative for Business Angels – we need to work with others and TRUST others. Geographically, we can “manage for each other across borders”
- Fiscal Policies in some countries are remarkably favourable to cross border Angel investors. An example is the transformational changes in 2008 introduced in the form of Wealth Tax Reform in France. Invest and not pay tax – It was a “no brainer” Thank you Mr Sarkozy. In two years – 2 billions Euros released from French Wealth Tax into EC smaller companies. One UK company got cash from England, Wales, France, Italy and Luxembourg in a single Angel syndicated round. The French Wealth Tax Reforms have been catalytic in releasing funds from other European Angel networks to “go abroad” and find the best deals. Transformational indeed. French pig farmers are funding my early stage Hi-Tech companies in the Cambridge Cluster. What would Bonaparte have to say about it? I don’t think we really care !

Just a few encouraging facts about Angel investing – which is definitely on the UP:-

- 2008 – Members of European Business Angels Network (EBAN) invested Euros 3.5 billions – and you can bet the REAL Euro-Angel number would be at least DOUBLE that – because many Angels don’t belong to organised groups and many organised groups have not yet joined EBAN
- In the USA the known Angel investments in 2008 exceeded US\$ 20 billions. We cannot estimate the unrecorded Angel investments – maybe another 10 billions ?
- In Canada – with only 33 million people – Angels were known to have invested C\$ 2.2 billions. The real figure will maybe twice that or more.

And – many Angel investments are now supplemented by Government “sidecar funds” and indeed, Angels are now forming their own funds to invest alongside individual private investors.

Angel investing is so important –since outside of grant monies, Business Angels are the ONLY CHAMPIONS of many early stage businesses. The “Venture” has disappeared from “Venture Capital” and doesn’t look like coming back – until another unsustainable bubble of some kind gets pumped up. Let’s hope its not in “CleanTech”.

And so – friends – this Summit is making history today – with the Canadian High Commission in Canada House – this is not merely investing across borders – its **Investing Across Continents**. This is truly Transatlantic Entrepreneurship in action. And it is all happening in that changing world – that exciting world – and it is part of my expressed dream of **Creating a World Without Borders**.

One thing we know about the next generation – they will have an even more exciting and challenging world to face than we. The actions initiated here, if replicated and expanded, could contribute substantially to the generation of significant new wealth for the investors, businesses and citizens of tomorrow. Imperfections there may be – as there always are when something new is created. I hope and predict this model will flourish and grow – and it will get better as it does so.

Two last quotations to ensure we are not losing that inspiration we whipped up a little earlier.....

“To Get Rich is Glorious” – Deng Xiaoping – 1983. When opening China’s markets and creating the philosophy and strategy of “Social Capitalism”

“Do not seek changes in the landscape, but view the landscape with new eyes” – Marcel Proust (in other words – its up to US what we discover !)

Thank you ALL – I am looking forward to us all working together – towards International success and making a little more history along the way.....

Alan Barrell October 2009 – Cambridge

