

## UK public enterprise

# Reprieve by delay and default

THE British Technology Group (BTG) seems still to be in a state of some confusion over the future conduct of its affairs. In September, BTG suffered the indignity of having its "first option" on the exploitation of much publicly-funded research described as a "mistake" by the Prime Minister, Mrs Margaret Thatcher, who said that the right would be rescinded. But BTG is now telling all callers that, for the time being, it is business as usual.

BTG is an unofficial liaison of two earlier bodies, the National Research Development Corporation (NRDC) and the National Enterprise Board (NEB). On 30 September, Mr Cecil Parkinson, then Secretary of State for Trade and Industry, announced that BTG would in future concentrate on the traditional NRDC role of a technology transfer agent, while NEB would continue to dispose of its investments in high-technology companies. NRDC has asked for more detailed information on financial priorities, but no clear policy has emerged from a 15-month government review. Now NRDC's chairman, Sir Freddie Wood, has announced his intention to retire shortly and BTG will not be able to draw up detailed plans until a successor has been named.

The task of Sir Freddie's successor will not be made any easier by financial results published last week in NRDC's annual report. The declared objective of the government is for BTG to become self-financing, but NRDC's profits fell from £10.4 million in 1981-82 to only £2.3 million in 1982-83. The fall is due mainly to amortization of investments made several years ago, after a critical review of projects which were failing to live up to expectations. Income from licences actually rose, although patents on BTG's main money spinner, the cephalosporin antibiotics developed at the University of Oxford, are starting to expire and income from them will fall substantially over the next few years. Income from pyrethrin insecticides will also decline.

BTG's most ambitious accomplishment last year was the formation, in collaboration with private investors, of the Agricultural Genetics Company. The company has an agreement with the Agricultural Research Council to develop research from its laboratories with commercial applications but the venture is not expected to show a profit for several years.

Mr Parkinson's successor at the Department of Trade and Industry is Mr Norman Tebbit, who has previous experience in the department and is a keen advocate of the more liberal climate for innovation that the government hopes to foster. But, quite apart from the requirement for BTG become self-financing, there are constitutional difficulties to be overcome. Chief among these is the fact that BTG would not

be allowed to act a commercial patenting service, and there are worries that some universities may be unwilling to take on an entrepreneurial role themselves and seek arrangements with commercial agents.

Although there is some frustration among BTG executives about the government's apparent indecision, BTG has become more responsive to laboratory developments. During the past year, a university coordination unit has been expanded and a database of inventions has been established for use by industry and researchers. BTG will also shortly announce the appointment of four regional officers to act as the group's eyes and ears in research institutions. As for the wind-down of the old NEB role, BTG has for some years been disposing of its investments and is now trying to find sources of private capital that would allow it to extricate itself from Inmos, the British semiconductor manufacturer. But such operations take place overnight only at a loss.

Tim Beardsley

## Glory game

**THE 1983 slogans for the revolution day parades in Moscow on 7 November contain a certain note of criticism of Soviet science.**

**Last year, the relevant slogan read "Soviet scientists! Improve the effectiveness of research! May the alliance between science and production become stronger! — Glory to Soviet science!"**

**This year the "glory" has departed, and the scientists are apparently not producing the results that industry requires. The slogan reads: "Soviet scientists! Improve the 'resultivity' of your work! Actively cooperate in implementing the achievements of science in production".**

**Nor is this a matter of mere general exhortation. The party central committee last week passed a resolution on the work of the Urals Centre of the Soviet Academy of Sciences suggesting that while doing much valuable work in fundamental and applied research and in training a new generation of scholars, the centre is falling behind on its main task of "improving the efficiency of public sector production, increasing productivity and the economic and social development of the region".**

**Research efforts must be devoted, the resolution said, to "key fundamental and applied research" dictated by the development needs of the "productive forces of the Urals". Measures for the "fuller and more rational use of the scientific potential" of the region must be implemented. And the presidium of the centre is "advised" to "improve decisively" its coordination of the work of Ural research establishments.**

Vera Rich

## Software business

# UK Logica goes public

THE London Stock Exchange, easily adaptable except to the British Government's suggestion that commission rates for brokers might be flexible, is about to make a market for the largest British software company to go public. Logica plc, founded 14 years ago by five software engineers but which insists that it is not a mere software house, is about to sell off nearly 30 per cent of its shares to the public in the next few weeks.

Part of the interest of this development is that Logica has been one of the more conspicuously successful British companies operating in a novel area of technology in recent years. The accounts show that turnover has grown exponentially at 33 per cent a year. Profits when smoothed out (1980 seems to have been a bad year because of the operations of Logica's Dutch subsidiary) have grown almost as quickly, and amounted to £3.346 million in the financial year to the end of June.

Unlike other British companies, Logica seems to have had ready access to venture capital. Between 1979 and 1982, the government-backed National Enterprise Board helped Logica with loans of £1.8 million and with an equity investment sold at a profit more than a year ago for £3.4 million to a group of financial institutions.

One striking feature of the company's ownership is that even after the public offering now planned, 38 per cent of Logica will be owned by 220 of its 1,600 employees. The company's prospectus says that this is part of a deliberate policy appropriate to a business "which relies heavily on the skills of the employees". Dr Philip Hughes, chairman of the company and one of its founders, said last week that Logica last year recruited 130 university graduates, in which respect it is as important a user of technical skills as even the largest British companies.

Logica is openly boastful of the reputations of its clients, which include major oil companies, supermarket chains and even computer manufacturers and electronics companies. Since 1979, the company has also been a manufacturer of word processors and personal computers. For most of its 14 years, Logica has earned getting on for half of its turnover overseas.

The offer for sale follows the present fashion on the London Stock Exchange of inviting tenders for the purchase of stock. The minimum price of £1.40 a share values the whole company at £49 million. The company is declining to forecast profits for the current year, but has been persuaded to break with its past practice of not paying dividends to its shareholders by promising those who subscribe for its shares a return of roughly one per cent during the year ahead. □