



Europe's beacon of the future (Media Lab)

By Sarah Gracie | 29/08/2004

Type: Case Study



Simon Jones sells dreams: of technology yet to be invented.

Media Lab's Challenges:

- Drive up the number and diversity of its commercial partners
- Increase size to reach critical mass as a research establishment
- Form a network of elite European R&D groups to offer partners greater research breadth

On a hot day, the floorboards of Media Lab Europe's offices exhale a tangy sweet smell. For anyone with a drinking nose it's not hard to recognise. For this vast Victorian brick warehouse is the former site of the Guinness hopstore.

Now it is kitted out with cantilevered staircases and potted palms, glass atriums and little installations of colourful sofas of a type familiar from Friends. Appropriately enough, the whole thing has the feeling of an industrial cathedral - but one dedicated to modernity.

For the god here is decidedly digital. With Ire£28m in government funding, Media Lab Europe, has been planted down in the heart of the Liberties, one of the oldest and scruffiest parts of Dublin, as a beacon of the country's economic future.

It is an arm of Boston-based Media Lab, the multimedia research hothouse established in 1985 by MIT. The Boston alma mater has already produced some 44 spin-off companies, hundreds of patents, and numbers some of the world's largest companies as its commercial partners.

Established in 2000 to do the same thing in a European context, Media Lab Europe is run by scientist-turned-manager Simon Jones. By 30, Jones had invented his own smart chip, was an electronics professor by 32, and is equally at home quoting Sophocles and Bertold Brecht. His brief is to 'think the unthinkable' about our digital future.

"Our job is to delight, dazzle and amaze," says Jones, who is boldly going where no one has been before with a crew of 100 of the best multimedia minds of his generation. "All these clunky things, work stations, wires, phones, will disappear in time. Who knows what will replace them? But what is sure is that it will be more discreet, more intimate and beautiful. And it will be pervasive."

Media Lab's business model is as innovative as its research. It does not conduct research to a client's brief like a conventional industrial R&D laboratory. Instead, it follows its own research agenda, but makes this available to external companies at a fee.

For upwards of €160,000 a year, a company can become a member of one of the most elite research clubs in the world. With unfettered access to all the intellectual property in the building, it can get itself up to speed with what Jones calls 'disruptive technologies' - the ones that are going to come from left field and change its business model.

If it sees a piece of research with commercial potential, it can take it in-house, registering its own patents from the point of modification.

So far, Jones has managed to get eight partners to sign up, generating annual sales of over €1m a year. They range from AIB and Orange to Ericsson, AOL and Essilor, a French ophthalmic lens manufacturer. They have seen enough value in their membership to stay on board for three years.

"Our partners come to us for three main reasons," says Jones. "They want to gain insights that might enable them to

modify existing products. They want to plan future R&D more effectively. And they want to be taken beyond themselves, spying into a misty digital future. The longer they stay with us, the more they value this last capability."

Jones' researchers, drawn from across Europe and the US, are divided into eight teams with Zen-like titles such as Liminal Devices and Palpable Machines. They are hard at work cogitating on questions like: If we had another sense what would it be?

How would we like to stay in touch with distant relatives in the future? Might there be mechanisms to tell us how relaxed we are, whether someone is attracted to us, whether we are in the right state of mind to give a presentation or make an important decision?

If it all sounds a little far-fetched, you only have to sit next to Jones on one of his colourful sofas to see the future swim into focus.



"Look at this sofa," says Jones, who is actively pursuing Italian luxury goods manufacturers as potential partners. "There has been little real innovation in the furniture industry in decades. But how would it be if this sofa could give me biofeedback on how relaxed I am, levels of environmental pollution, or put me in instant communication with my family back home?"

Downstairs, Media Lab has a demo to give this idea tangible form. Called iCOM, it is a constantly open broadband link with its Boston home base. You sit on a sofa in front of a large screen and find yourself in instant communication with whoever chooses to sit on the equivalent sofa back in Boston.

It is easier and more relaxed than managing a telephone call or a videoconference. It is not hard to see an equivalent facility widespread in airports, hotels, offices and our homes.

"Demos are critical for us," says Jones. "They are proof of concept. As a company, we have come through the worst recession in the ICT sector in living memory.

"But chip sales world-wide are up 32% on the same time last year, and they all have to go into PCs, mobile phones, MP3s and so on. We have three year's worth of solid research, with the demos to back it up. Our challenge is to get out there and communicate with potential partners."

Media Lab Europe was launched at the peak of dotcom mania. In those heady days, it was supposed to generate innumerable spin-outs and a ready supply of venture capital investment to fund its own survival. Instead, in harsher climes and unlike its parent, it has relied on government and EU funding as well as its own commercial revenues.

Jones, predicting breakeven for 2007, sees Media Lab Europe as a mixed public-private partnership for some time. But with a cashburn of €6m a year and income of just over €1m, his challenge is to close the funding gap and bring more commercial partners on board.

His strategy is two-fold. He wants to drive up the number of potential clients who visit the laboratory and to convert them into sales. And he wants to propel Media Lab Europe from its Dublin base out into its European heartland by organising road shows in Paris, Milan and Frankfurt.

Jones runs a revolving door visitors policy that sees heads of FTSE 100 companies and politicians visiting the laboratory on an almost daily basis. And he selects his researchers not simply for cutting-edge technical skills, but also for their ability to communicate.

"We look for people who straddle disciplines so that they habitually think outside the box," says Jones, who offers short-term contracts of typically two years in which the researchers must make their mark and move on. "We are not interested in people who can't communicate."

To take Media Lab out on the road, he needs to create a 'Media Lab Europe in a box', selecting the best demos and speakers to present an abbreviated version of the complex operation.

While not prepared to compromise the open-endedness of his research agenda, he is planning events targeted at

specific industries in the hope of encouraging them to think more laterally about the future.

The company will host an event for internet service providers in September, for example, with the guiding question: How can ISPs make money in an age when internet access is free?

At the same time as driving up the number and variety of commercial partners, Jones is determined to grow Media Lab Europe by 40% to achieve critical mass as a research organisation. He also wants to create a network of elite European research organisations in order to offer partners greater research breadth.

"These projects require you to prove interactivity between individuals and groups of people," says Jones. "At present, our size is constraining us to work on details, rather than overall systems."

No one said 'blue sky' was an easy thing to sell. Jones says that for many scientists Thomas Edison's finest achievement was the creation of the industrial research laboratory. But what he is remembered for by most of us is the invention of the lightbulb.

Media Lab Europe has created an innovative research and business model. But it may be that to survive as long as Guinness, whose back door it faces, it will have to produce something with as much mass market appeal.

It is anyone's guess which of the clever demos on show here might turn into the modern equivalent of the light bulb.

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Expert Comments

Nigel Cox

Partner, Business Assurance & Advisory Services
BDO Simpson Xavier



Blue sky thinking is unsustainable

With such a significant income and cash flow deficit, Media Lab's business model appears unsound as a commercial enterprise, but for the support of the state.

To put it in context, in order to achieve the stated ambition of break even by 2007, the company must generate approximately 40 new partners, each contributing similar income levels. This appears a tall order over the next three years, given the current position after four years of operation.

The obvious question in the business model is whether the focus on unrestrained "blue skies" thinking is sustainable into the future. A focus on client-specific research may yield a greater return.

The rapid pace of growth and development in technology over the course of the 80s and 90s allowed MIT to capitalise on a rising tide. It may not be possible to replicate the success of Media Lab's alma mater in the current climate with the same model.

Joe Heron

Managing Director



Public finding is critical

The sweet smell that surrounds the MIT lab may not yet be success, but that does not mean that the current private-public partnership model is not appropriate for the group. While its alma mater in Boston is more of a private facility it does operate in a different business environment and more importantly in a different business culture.

Ireland has an appalling record in terms of investment in Research and Development. Although there has been some up-tum in this in recent years, much of this has been sparked by state agencies such as Enterprise Ireland and Forfas and by supported programmes in third level institutions. A considerable body of research and development is thus at least in some degree grant assisted.

Maintaining a state link is a sensible option in a market place which is still coming to terms with the slightly nebulous service which Media Lab provides. In this protected atmosphere a strong client base can be built providing the springboard to long term independence.

Donald Hickey

Director
Ossidian Technologies

**Show benefits to boost growth**

For Media Lab Europe to grow by the required 40% it needs a huge increase in commercial partner funding. There are two challenges in securing this funding. First is the leap of faith required by the partner to join up and secondly, value must be delivered to ensure partners remain committed over the longer term.

The leap of faith is best addressed by demonstrating tangible benefits. Not easy. Use of case studies and testimonials will greatly assist in getting attention and landing some deals. Others will need a benefit realisation plan, tailored to their specific situation, that demonstrates exactly how they can expect to benefit.

On an ongoing basis, Media Lab regularly needs to review each engagement to agree with the partner the benefits gained and to update the plan. Any expectation shortfalls will need urgent remedial action. If well executed, these engagement plans will guarantee renewal.

In addressing the two challenges Jones should create a Partner Acquisition Team and a Partner Engagement Team. With the right resources, targets and incentives, these teams will deliver the required funding for growth.

Professor Stefan Klein

John Sharkey Professor of Electronic Commerce
University College Dublin

**Become more accountable**

The study of disruptive technologies requires an unconventional approach. The question to ask is: how can unconventional research be organised and managed professionally.

The Media Lab is keen to promote interdisciplinary and exploratory research, driven by its own research agenda rather than by that of its clients. It must remember, however, that the freedom and independence that are a prerequisite for this type of research need to be balanced by clear rules of accountability.

The Media Lab at the Massachusetts Institute of Technology is part of a prestigious third-level American institution, famed for its rigorous research and excellent links with industry. Media Lab Europe does not have this advantage - yet.

There is a tremendous opportunity out there now for Media Lab Europe to set itself up as a think tank, establish links across the continent and create a powerful network. The time is right to take advantage of the wealth and breadth European university system and its research tradition.

Ed McDonald

Chief Executive of The Marketing Institute of Ireland

**R&D needs greater investment**

Simon Jones has to imagine what the needs and wants of consumers and users might be in years to come. And that needs a lot of investment to support it.

Media Lab is currently "using up" €6m a year, with an annual income of €1m a year and a government investment of €28m. It needs a lot more income to support its research initiatives.

Research uses up a lot of money - and may not produce any commercial results. The investments by many big companies demonstrate the scale of resources required, such as Intel's €1.6 billion in new product development and the recently announced Bell Labs' R & D investment of over €60m. Against these figures, €28m looks small but its importance is in kick-starting investment in product development.

Media Lab needs to convert its FTSE 100 daily visitors into becoming partners and investors. They need to see Media Lab as being their own R & D source, and that Media Lab's R & D could fit with their product areas.

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