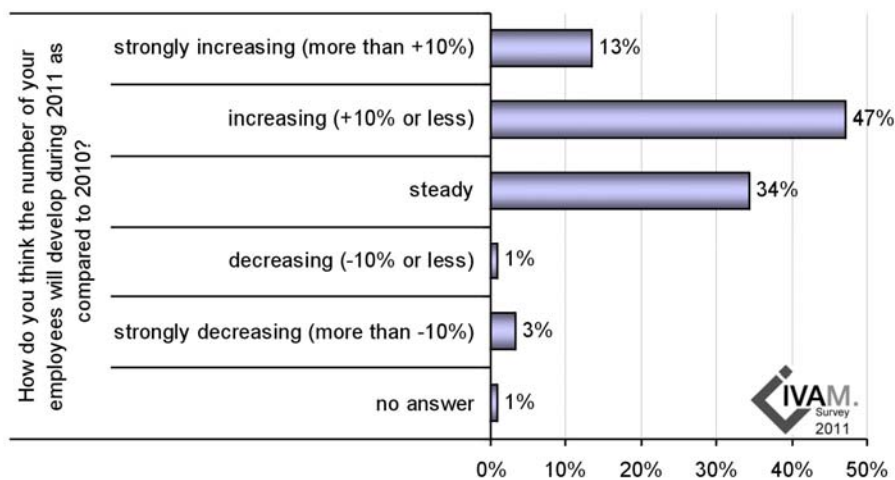


Micro- and Nanotechnology companies in Europe to raise staff numbers again Skills shortage particularly concerns German companies

The latest economic data survey of the IVAM Microtechnology Network confirms how well the microtechnology, nanotechnology and advanced materials industry in Europe has recovered from the economic and financial crisis. The companies want to hire more employees again, their sales have risen strongly, they are aiming for new overseas markets and looking out on the new business year with confidence. However, the skills shortage and a persistent difficulty to raise capital may eventually restrict the industry's growth.

The European companies in the microtechnology, nanotechnology and new materials industries have resolved to employ more people in 2011.

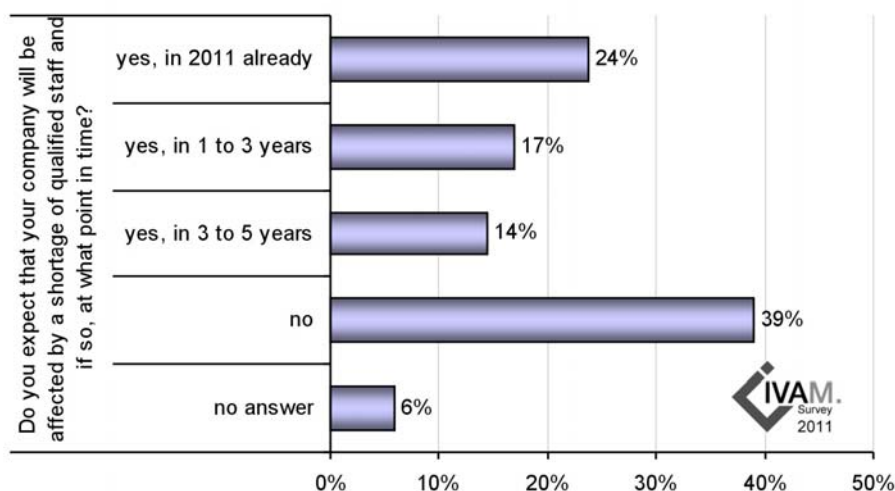


According to the survey conducted by the IVAM Microtechnology Network in January 2011, 60% of companies intend to hire new staff during the year 2011.

This means that the positive post-crisis trend, which has made itself felt in 2010 already and which can be observed in other industries as well, will continue in 2011. While in the previous survey for the period 2009 only 26% of companies reported an increase in the number of employees, according to the new survey no less than 44% have hired new staff in 2010.

Industry addresses skills shortage by itself

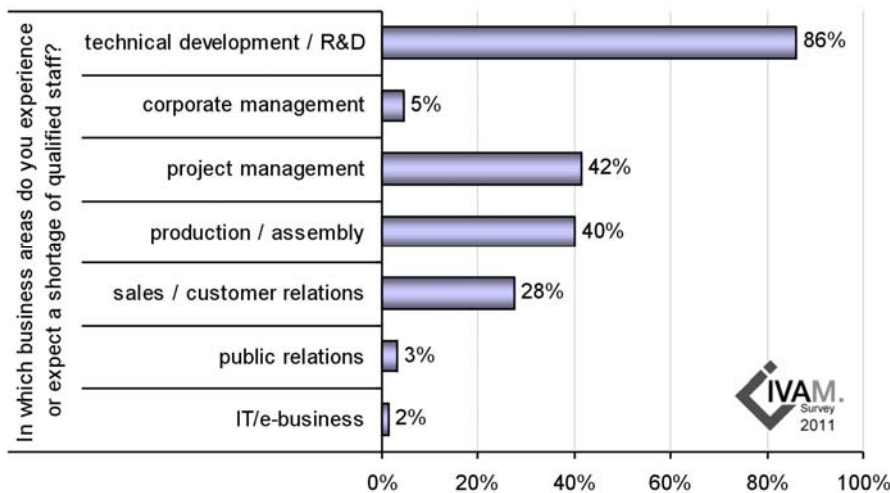
It seems that the shortage of skilled workers, which is a pressing issue in many industries and for political bodies as well, has not made itself fully felt in the predominantly medium-sized microtechnology, nanotechnology and advanced materials industry, yet.



Over a third (39%) of the companies in Europe say that the skills shortage does not affect them now, nor do they expect to be affected by the shortage during the next five years.

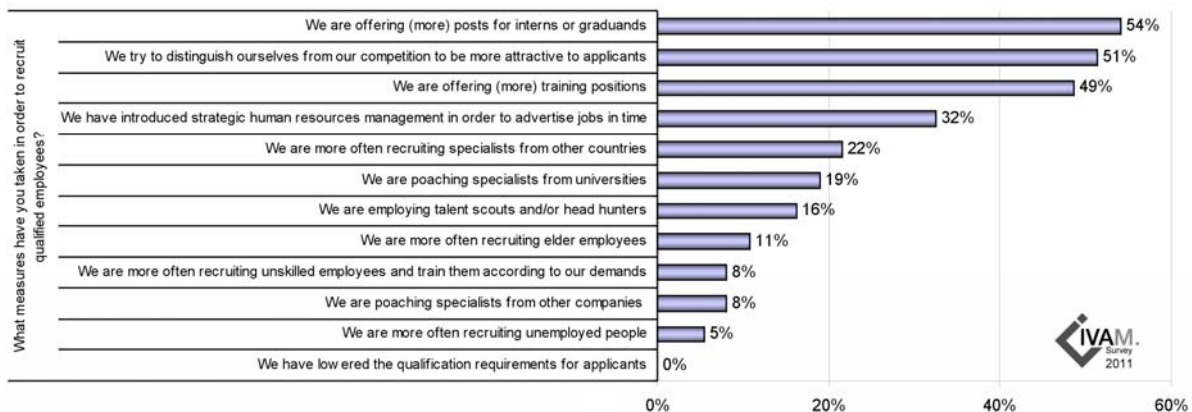
The reason may be that a large proportion of the respondents are very small companies – 39% of respondents employ no more than ten people – and will only begin to feel the need for skilled workers once they have started growing faster.

In general, the companies in Germany are more sensitive to the issue of skills shortage than those in most European neighbour countries. In Germany, 64% of companies are already affected or expect that they will be affected by the shortage by 2015. The need for skilled workers is an acute problem especially in the United Kingdom and Switzerland: in the United Kingdom, half of the companies may not be able to occupy all vacancies in 2011, in Switzerland it is 47%. Companies in the Netherlands, however, feel that they are adequately supplied with professionals: here, three quarters of the companies neither experience nor expect a shortage of skilled workers.



In all European countries, those companies who feel the skills shortage are particularly short of specialists with academic and technical skills for product development and R&D (86%). But the shortage also affects areas like project management, production and sales.

For the time being, it is up to the companies to find appropriate solutions, as any measures discussed by political bodies – like facilitating migration, raising the retirement age, expanding child care or enhancing the quality in education – will not be effective in the short term. A little more than 60% of the affected companies have already taken measures to counteract the skills shortage. These measures are either targeted on recruiting new staff or on binding people to the company.



When it comes to recruiting, many companies are taking it into their own hands to educate their future employees, for example by offering more post for graduates and interns (54.1%) or by increasing the number of training positions (48.6%). Just over half (51.4%) of companies try to distinguish themselves from other companies in order to be more attractive for applicants. About one third (32.4%) of companies have introduced strategic workforce planning to assess their demand and be able to advertise jobs at an early stage.

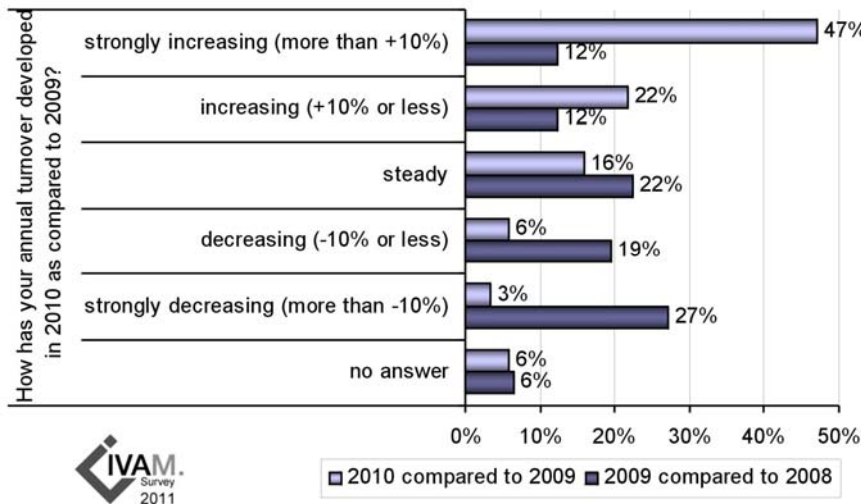
None of the companies have made any concessions to the qualifications of candidates. Before they take applicants who do not meet the requirements, they rather leave the positions vacant.

In order to keep employees in the company, 54.1% of the companies conduct regular appraisals or satisfaction surveys with their staff. An equally high percentage of companies offer their employees specific and individual on-the-job training attuned to the needs of the company. Another popular measure, which almost half (48.6%) of the companies use to retain their employees, is to qualify them in areas beyond their current tasks or position.

Apart from the companies, some universities are committed to educating skilled professionals, too, for example by updating the curricula of technical courses to the state of the art or by encouraging talented young people.

Turnover jumps – export remains steady

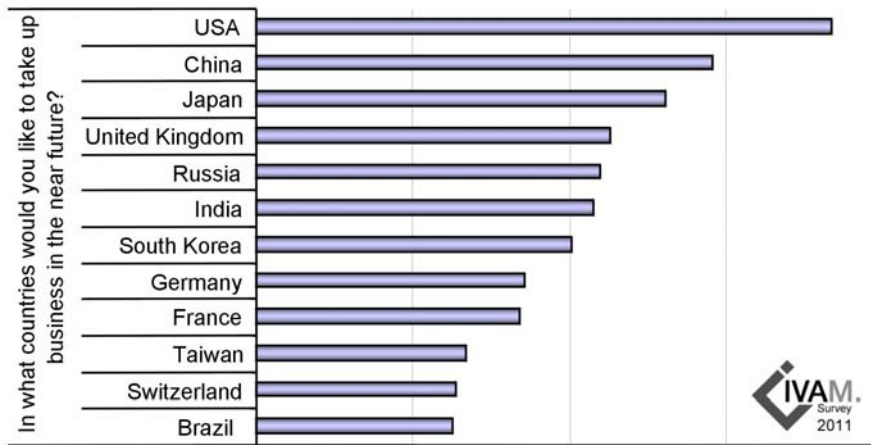
The European companies of microtechnology, nanotechnology and advanced materials have been able to significantly increase their turnover in the past year.



Almost half of the companies (47%) increased their turnover by more than 10% as compared to the previous year.

The positive trend in sales is to continue in 2011, according to industry forecasts, though not quite as strongly as it did in 2010.

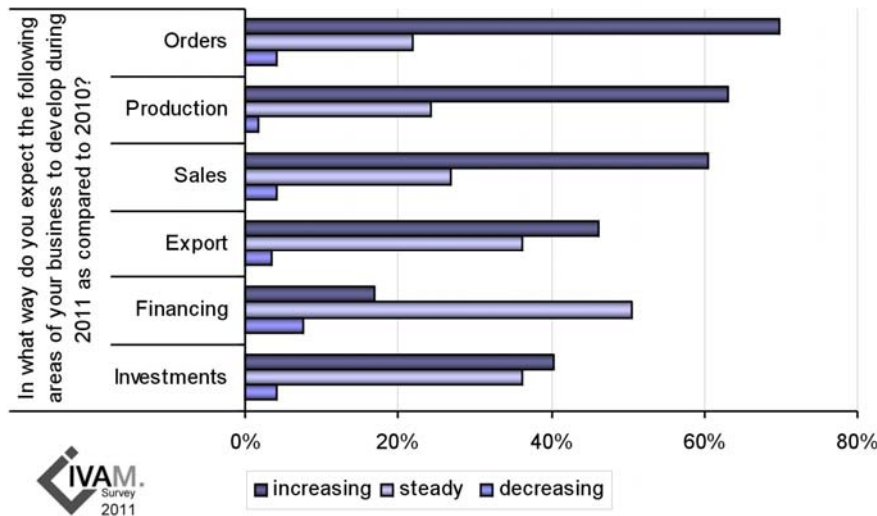
The industry's export quota has remained more or less steady in 2010 compared to the previous year. A quarter of the companies have made more than 75% of turnover from exports. Half of the export transactions take place within Europe. Germany continues to be the most important export market for the companies in other European countries, followed by the U.S. and China. German high-tech companies export mainly to the United States, China and Switzerland.



Growing export markets, which the companies want to address in the near future, are mostly located in Asia. Russia appears to be an attractive future market especially for the German companies at the moment, but not so much for companies in other countries.

Prospects on 2011 are fine

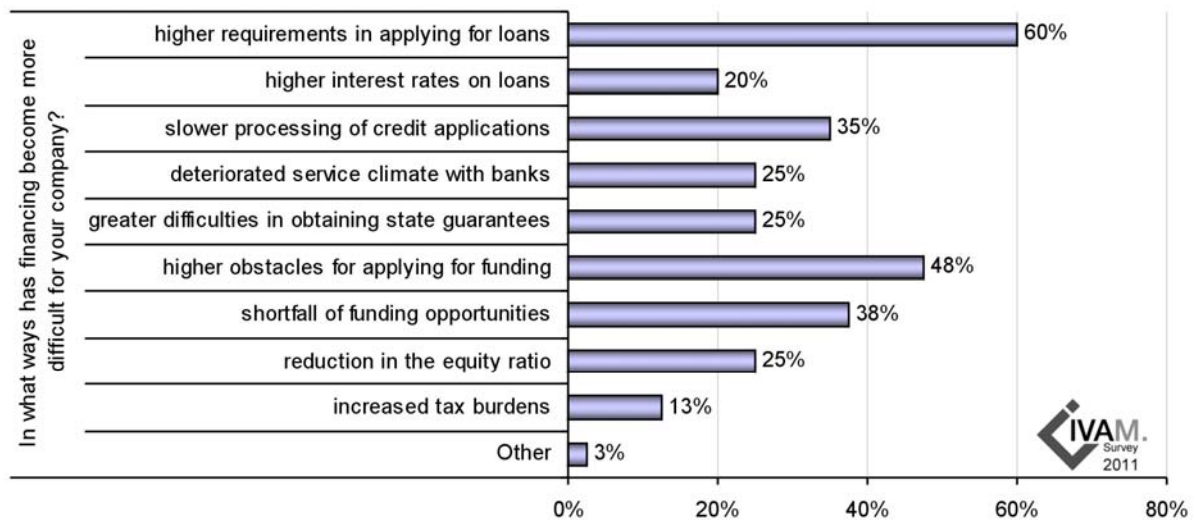
Good prospects for the new fiscal year: nearly two thirds of the European micro- and nanotechnology companies expect that their business will continue to improve during 2011. Especially orders, production and sales figures are supposed to rise explicitly. But the companies also want to surpass last year's export and investment figures.



Expectations are somewhat more restrained when it comes to corporate financing. Only 11% expect to have more funding available in 2011 than in the year before. Half of the companies expect that the available funding will remain steady.

Funding gaps remain

Although the financial crisis has been officially declared to be overcome, it remains difficult for the European high-tech companies to get sufficient financial means to invest in their own business and new developments and ultimately to boost the economic growth. Financing has become more difficult in the past two years for about 40% of companies. Bank loans, in particular, are hard to come by, as many banks have increased the barriers to lending and are taking longer to process requests. But funding opportunities have gone down in the last two years, too. Again, the companies complain about higher obstacles for application and the fact that programs were terminated.



However, it seems that the funding gaps do not curtail the possibilities and willingness of companies to invest in new developments too much. The R&D investments have gone up in nearly 40% of companies in 2010. In 2011, 43% of companies want to spend more on R&D than in the previous year. (ii)

IVAM Research, the Economic Research Division of the IVAM Microtechnology Network, collects economic data in the fields of microtechnology, nanotechnology and advanced materials once a year. The survey in January 2011 has been addressed to 2,700 companies and research institutions throughout Europe, 159 (5.9%) of which took part in the survey. Information: www.ivam-research.de.