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Presentation of the annual report 2019

A successful anniversary year for the Fraunhofer-Gesellschaft

The Fraunhofer-Gesellschaft continued on its successful path, posting record-setting figures in the year of its 70th anniversary. Total business volume increased by 8 percent to 2.8 billion euros; contract research alone was up 6 percent to 2.3 billion euros. At the root of this success is the first-class expertise and exceptional dedication of 28,000 employees. Each day, they perform outstanding scientific, organizational or administrative work at 74 institutes and research institutions.

Headquartered in Germany, the Fraunhofer-Gesellschaft is the world's leading applied research organization. In focusing on key technologies for the future and their commercial exploitation by business and industry, Fraunhofer plays a pivotal role in the innovation process. The interdisciplinary research teams of the Fraunhofer-Gesellschaft work with partners from industry and government to turn novel ideas into innovative technologies, to coordinate and realize key research projects with a systematic relevance, and to strengthen the German and European economy with a commitment to creating value that is based on ethical values. International collaboration with outstanding research partners and companies from around the world brings Fraunhofer into direct contact with the key regions that drive scientific progress and economic development.

Founded in 1949, the Fraunhofer-Gesellschaft currently operates 74 institutes and research institutions throughout Germany. The majority of the organization's 28,000 employees are qualified scientists and engineers. They work with an annual research budget of 2.8 billion euros. Contract research accounts for 2.3 billion euros of this sum. Around 70 percent of Fraunhofer's contract research revenue is derived from industry contracts and from publicly funded research projects. The remaining 30 percent is base funding from the German federal and state governments, provided to enable the institutes to work on solutions that are likely to become vital for industry and society in the near future.

Facilitating the sustainable creation of value

Prof. Reimund Neugebauer, President of the Fraunhofer-Gesellschaft, says, "In keeping with the motto '70 years of Fraunhofer – 70 years of future. #WHATSNEXT,' we took our anniversary year as an opportunity not only to review past successes, but also to look ahead to the future and set our goals for Germany and Europe – as an innovative

Editorial Notes

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force, a partner and an agile player that creates and augments sustainable value and technological sovereignty for Germany and Europe; that does the pre-competitive research to identify strategic research objectives early on and translates these into innovations for renewed prosperity tomorrow." With a view to the current corona crisis, Prof. Neugebauer adds, "Our dedication and our will to succeed will also guide us in the fight against the coronavirus. The executive board and the presidential council have resolved to launch a major program of action to confront these challenges and to boost our impact and power of innovation even in these times of crisis."

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As a leading research organization, Fraunhofer bears an ever-growing responsibility for developments in science, business, politics and society. A prime objective of all research is to facilitate the sustainable creation of value, a goal the employees of the Fraunhofer-Gesellschaft pursue in a host of projects, such as the reality lab for the generation, transport, storage and use of renewable hydrogen.

One of Germany's most prolific patent applicants

Fraunhofer remains the leader among German research organizations in terms of annual number of invention disclosures, patent applications and total industrial property rights. The Fraunhofer-Gesellschaft's performance is outstanding even when compared with that of industrial research laboratories. Over the last decade, Fraunhofer has always ranked among the German Patent and Trade Mark Office's 10 to 20 most prolific patent applicants. Fraunhofer is also among the European Patent Office's most active patent applicants. In 2019, employees of the Fraunhofer-Gesellschaft submitted 733 invention disclosure reports. They filed 623 patent applications claiming rights of priority with the relevant patent offices, which corresponds to a rate of more than two patents filed per working day.

A driving force and engine of innovation

The Fraunhofer-Gesellschaft continued its successful performance in 2019. The creation of new research units and new research structures has further strengthened its role as a driving force and engine of innovation in the race to conquer the big technical challenges of today and tomorrow. At the same time, Fraunhofer has expanded research capacity in the key areas of energy technology, resource conservation and digitalization. For example, the Fraunhofer Research Institution for Energy Infrastructures and Geothermal Systems IEG was set up on December 1, 2019, to drive the transition to a new energy economy and complement the Fraunhofer portfolio. It resulted from the integration of the International Geothermal Centre in Bochum (GZB) into the Fraunhofer-Gesellschaft, with the addition of two newly created locations, one in Cottbus focusing on energy infrastructures and one in Jülich focusing on sector coupling. These three locations form a bridge between the regions most affected by structural change in eastern and western Germany. Fraunhofer IEG will also conduct research at branch labs in Weisweiler, near Aachen, and in Zittau.

Science policy framework

Fraunhofer welcomes the promulgation of the German Act on Tax Incentives for Research and Development (FZulG). This puts an end to a debate that has been going on for more than a decade. The new law rightly ensures that funding for applied research benefits the contracting party. Fraunhofer has lobbied intensively from the start for a law that makes this possible. The new legislation enables all commercial enterprises subject to corporation or income tax in Germany to claim tax benefits.

Through the person of its president, the Fraunhofer-Gesellschaft is represented in the German federal government's two most important advisory committees on research and innovation: the High-Tech Forum and the Innovation Dialog. The High-Tech Forum has been chaired jointly by Prof. Neugebauer and Christian Luft, state secretary at the German Federal Ministry of Education and Research (BMBF), since the beginning of 2019. This body is tasked with advising the government on how to implement and further develop its High-Tech Strategy 2025. The Innovation Dialog is an independent group of government advisors consisting of high-ranking representatives of business, industry, science and society at large, who convene to discuss issues of relevance to future innovation policy.

Spin-offs and shareholdings

At the reporting date, the Fraunhofer-Gesellschaft held equity investments in 90 companies across a wide variety of sectors. There was considerable activity in Fraunhofer's investment portfolio in 2019. Overall, the organization spent some 3.1 million euros to acquire equity interests. The Fraunhofer-Gesellschaft added nine companies to its investment portfolio.

Spin-offs are an integral part of Fraunhofer's strategy for exploiting its industrial property rights. The Fraunhofer Venture department typically provides support to spin-off founders during preparation for launch. In individual cases, Fraunhofer takes a minority share in the spin-off company as part of the technology transfer process. In 2019, Fraunhofer Venture provided support to 69 new spin-off projects, and 26 new businesses were spun off from the Fraunhofer-Gesellschaft. Fraunhofer's goal is to increase not only the number of spin-offs but also their proportional contribution to industrial revenues. The innovation hub AHEAD offers a comprehensive package of targeted measures and programs to help achieve this.

New Executive Vice President for Technology Marketing and Business Models

On May 8, 2019, the Senate of the Fraunhofer-Gesellschaft unanimously elected Prof. Ralf B. Wehrspohn to the position of Executive Vice President, Technology Marketing and Business Models. Prof. Wehrspohn, who took up his position on the executive board on October 1, 2019, is a successful physicist and expert in materials research.

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The former director of the Fraunhofer Institute for Microstructure of Materials and Systems IMWS in Halle is Professor of Microstructured Material Design at Martin-Luther-Universität Halle-Wittenberg. In his new post, Prof. Wehrspohn will be responsible for evolving and extending the processes used by Fraunhofer to translate research results into real-world applications. That includes launching cross-institute projects with partners in industry, promoting Fraunhofer's start-up culture and expanding research-based training courses in key fields of technology.

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Fraunhofer vs. the coronavirus

Not least in view of the as-yet unforeseeable effects of the SARS-CoV-2 coronavirus and the COVID-19 lung disease, the Fraunhofer-Gesellschaft will continue to support Germany's industrial base in 2020 with R&D services in all major fields of science and technology as well as conducting applied research on issues of relevance to society as a whole.

Experts from Fraunhofer have been at the forefront of the fight against the pandemic since the public health crisis began, working to overcome it as quickly as possible – and to be ready to revitalize the economy once it is over. The Fraunhofer-Gesellschaft is rising to this challenge with a series of sustainable measures in active pursuit of the innovative power of science and technology and the need to augment its impact even in times of crisis. Fraunhofer can now support small and medium-sized enterprises, especially, with R&D and training services and provide a targeted innovation push to promote home-grown expertise and know-how, thus safeguarding Germany's and Europe's role as technology leaders and maintaining the region's technological sovereignty.

The full text of the annual report and other Fraunhofer-Gesellschaft publications are available at: www.fraunhofer.de/en/media-center/publications/fraunhofer-annual-report.html