

*“Knowledge to Market,,*



**International Conference on Knowledge Based Development  
Minsk, Republic of Belarus, 10-12 June 2009**



**Financing Innovation**

**Talents and Risk Taking to Boost Knowledge  
Intensive Economy**

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# Knowledge to Market



policy



finance



market & sales



infrastructures

**knowledge based products**  
**seed finance**  
**incubation & acceleration**  
**knowledge based regions**

[www.meta-group.com](http://www.meta-group.com)





## Starting somewhere

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- Young people are leaving our cities
- Our SMEs stay “micro”
- We get older and older.....



## Starting somewhere (2)

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- Is technology a solution?
- Is SMEs driven approach a solution?



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We must make the best out of what we have

Our young talents,

their ambitions and willingness to take risks



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## Knowledge – creativity - as driver for development



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Source : Richard Florida



## Knowledge - creativity

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- The competitiveness of our regions needs to rest on the **creativity of the women and men** living there
- Contrary to raw materials, knowledge and creativity of a population are an inexhaustible, renewable resources provided that
  - their **learning is promoted**,
  - their **fulfillment is encouraged**
  - while **rooting talents in the territory**



## A transition we struggle to understand

- The input is knowledge
- Research is one of the channels through which knowledge can be acquired. (But it is not the only one)
- A growing importance of the talents (human capital) against the technological capital (attitudes and skills)
- The public sector is called to change its intervention logic
- A growing importance of networks and relationships in the innovation process
- A growing influence of boundary conditions on the efficiency of the knowledge transfer process





*"... Europe needs to foster **entrepreneurial drive** more effectively. It needs more new and thriving firms to reap the benefits of **market opening** and to embark on **creative or innovative ventures** for commercial exploitation on a larger scale"*

*.... "Entrepreneurship is crucial to competitiveness".*

The Green Paper on Entrepreneurship in Europe, COM(2003) 27 final

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**Creativity + Entrepreneurship = KICs**  
(Knowledge intensive companies)



## Knowledge Intensive Companies

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ambitious entrepreneurs  
fast growing market  
intangible assets

They are small in numbers but cover a critical role

- strongly affecting employment
- playing an increasingly active part in Global Markets and Value Chains: **initiators**



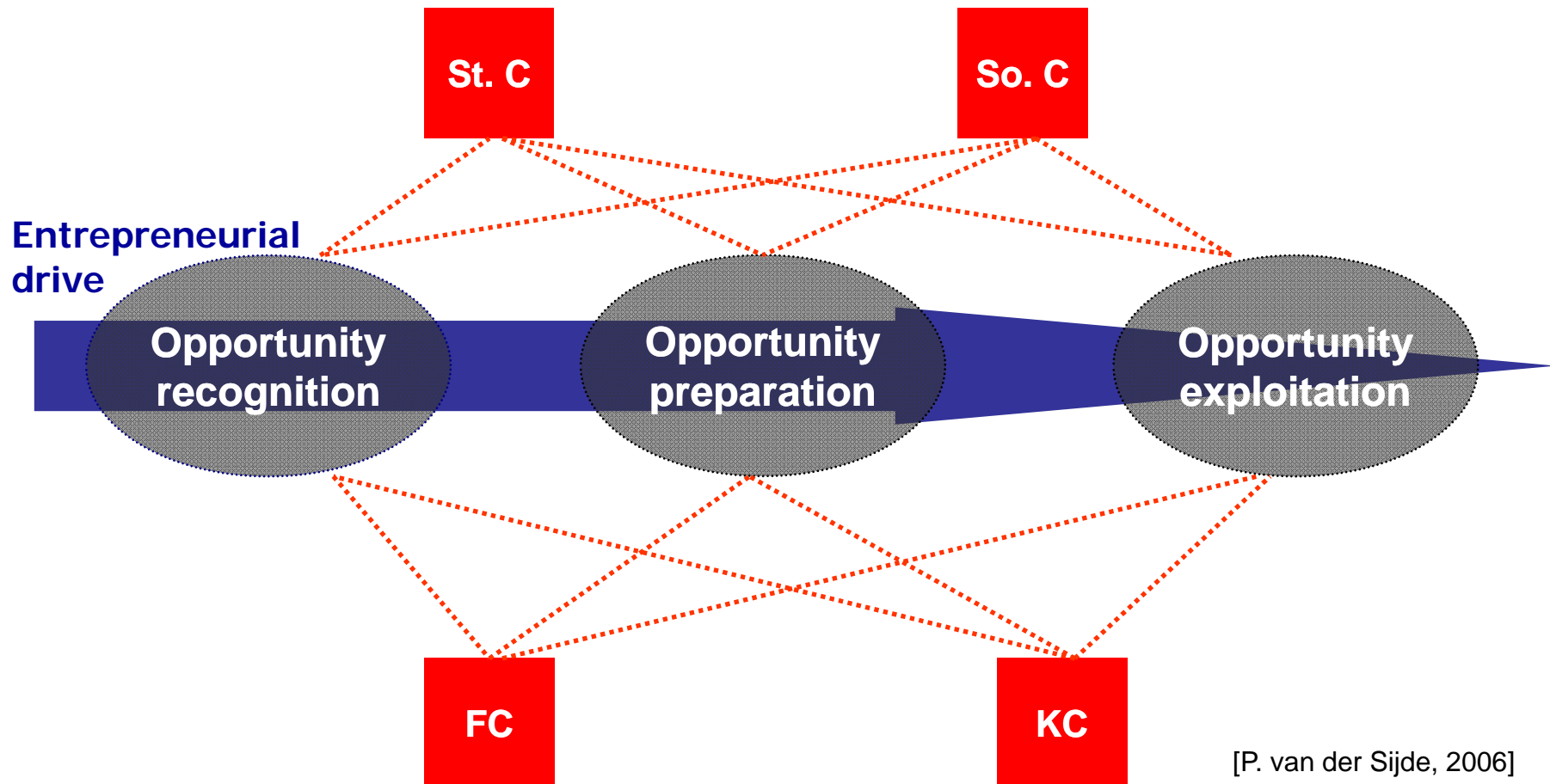
## Knowledge Intensive companies

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- Quality and quantity employment: 2% of new companies produces 50% of new employment in Europe and 70% in USA
- Dynamism of the economy: Nokia alone has changed Finland physiognomy and perception
- Creative destruction: today AT&T only exist as a brand
- 75% of Fortune 500 did not exist 25% ago



## KICs KIRs a dynamic interaction



[P. van der Sijde, 2006]



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# KICs

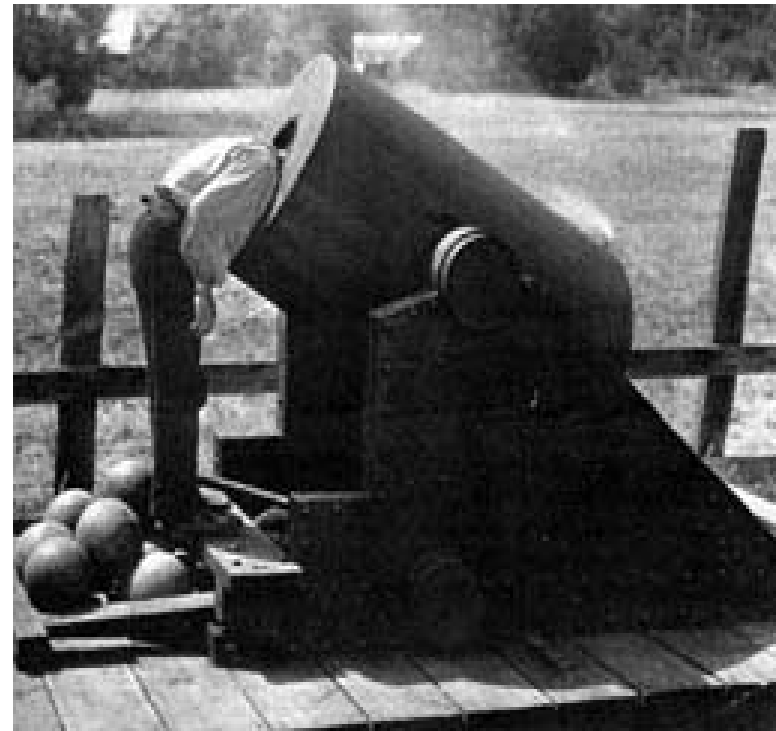
## 3 Key issues



### 3<sup>rd</sup> "issue"

Knowledge intensive companies need (a lot of) money!

3 Fs (Fools/Founders, Family, Friends) are not enough!





# Smart Money... (Finance is not enough)

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- o investment readiness/ready
- o Mentoring and (training)
- o Acceleration (not incubation)
- o Internationalisation – cross border
- o The added value of business angel investment



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All the money is not  
the same

(Christian Saublens, *Eurada*)







## Financial tools for KIC (what we miss)

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- o Pre-seed facilities
- o Proof of concept funds
- o Business Angels
- o Seed funds



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the same

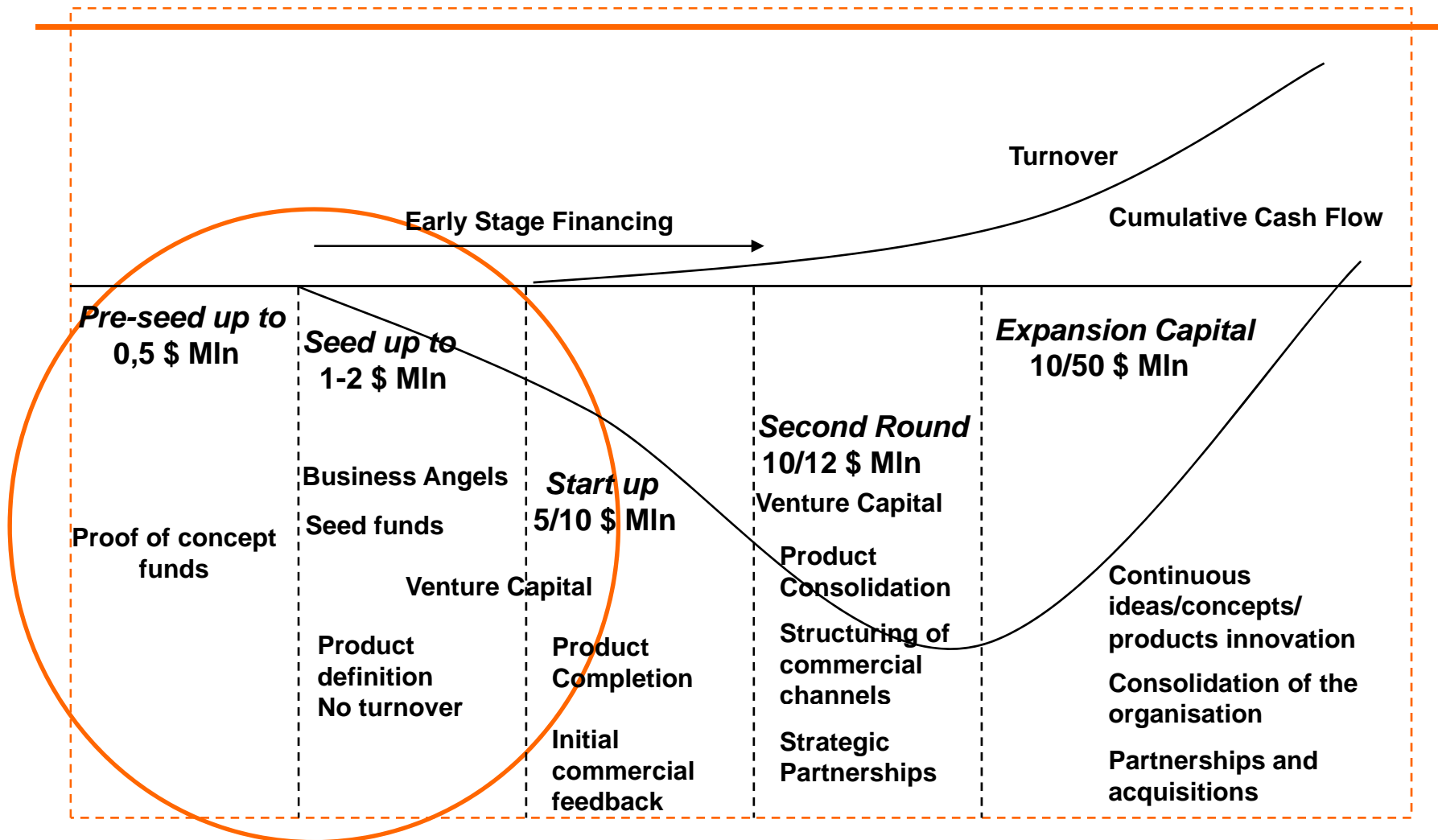
(Christian Saublens, *Eurada*)

governmental and  
love money may  
not be the best  
choice





# EARLY STAGE RISK FINANCE (and more)

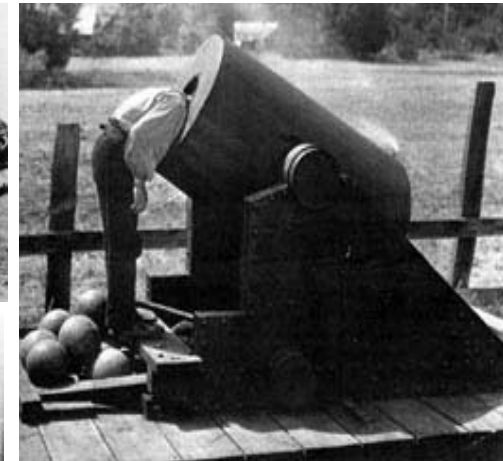




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# Risk taking and risk rewarding





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## Our experience

**Ingenium**  
*il Seed Capital in Emilia-Romagna*



## To start

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You need an entrepreneur

- To have a business not an invention
- To have a core team
- To have financial resources

To make money is not the only motivation

(but is how the shareholders  
measure success)



# The Business plan

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- The simpler the better
- Excel financial projections do not matter as much as you think
- All the money is not the same **governmental** and **love** money may not be the best choice



## 5 keys to succeed

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- Team
- Team
- Team
- Product
- Market

A poor team ruins a great project





## The team

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- Serial entrepreneurs  
(If “freshman” have the “proper board”)
- A manager is not an entrepreneur

### Requirements

- Ability to deliver
- Ambitions
- Expectations



# FAQs

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## Investors

- Want their money back
- Want more (much more) than they put
- Want to know when
- Want to measure the risk

## Dilution

Consider the **whole pie** not just the percentage represented by your **slice**

## Squeeze the founders out

VCs want and need **motivated** funders



## Common “weaknesses”

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- Too little market **ambition**  
(no willingness to go global from day 1)
- People think too **small**  
(be ambitious but do it by milestones)
- A Business is different from an **R&D project**



# TIPS

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- Have a simple and transparent structure  
(this is why universities can represent a problem, they are never simple and transparent, better a license agreement)
- Have milestones
- Learn to “pitch”



## Nice to know

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VCs invest in 1% of what they see

- 20% results in a total loss
- 20% succeed
- 60% survive



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## Investing in talents

**Ingenium**  
*il Seed Capital in Emilia-Romagna*



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**Ingenium**  
*Il Seed Capital in Emilia-Romagna*



**EARLY STAGE FINANCING**

**SEED FINANCING**

**START UP FINANCING**

**Spin-off and Start-ups**  
with no more than 36 months  
Located in Emilia Romagna



## Intervention modalities

- o **Equity Investment**
- o **Temporary/minority position  
(max. 45%)**
- o **Successive rounds investments**
- o **300 - 500.000 € average per  
investment up to 1 million €**





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## Investments



**PharmEste** Academic Spin-off of University of Ferrara - reduction Neuropath Pain and Vesicular Hyperactivity.



**Techgenia** Spa: spin-off from Solgenia Spa. Informatics reliability and security through network appliances.



**RaySolar**: two researchers from Italian National Research Council (CNR) and two young economists production of hi-purity solar grade silicon.



**H.D.S.** Headmost Division Service, Facility Management.



**Intrauma**: medtech start-up, innovative screws for the reduction of fractures.



**Passpack**: online password manager with impenetrable cryptography, for companies and privates.



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“It is not difficult to learn new things but to quit old habits”

Thank you for listening

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