

DIFASS GOOD PRACTICE FACTSHEET NO 32 LLANERA NORTHERN SPAIN 28TH NOVEMBER 2013
WORKSHOP THEME: FINANCE FOR SPIN OFFS/START UP/EARLY STAGE BUSINESSES

PROGRAMME: Support Programme of Mentorship. Encouraging a Knowledge Transfer Process (VALOR 2010)

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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

The overall aim of the **Support Programme of Mentorship (VALOR 2010)** programme was to create a **stable instrument for the commercialisation of knowledge**.

Designed in response to low numbers of commercial research and development investments and lack of technology transfer, in particular the transfer of IP into business, the programme was **set up to foster the creation of University and public organisation spin-outs**.

Other **key barriers in commercialising knowledge** included the **complicated legal process involved**, making it difficult for Universities and any public funded research companies in Slovenia to set up a company to develop spin out potential, and the **lack of a funding instrument for spin outs**.

The overall aim of the programme was to:

- accelerate the transfer of knowledge and research results from universities and public research institutions;
 - promote entrepreneurship within academia and the development of the young i.e. new start/up companies;
 - encourage the growth and development of enterprises and employment of a highly-skilled workforce;
 - encourage the development of a new business models in companies;
 - promote the transfer of IP from universities and public research institutions to private companies;
- thereby promoting sustainable cooperation between the two entities.

▪ Key Resources

- Programme Partners:

Ministry of Economy of Rep. of Slovenia (providing funds and verifying the programme)

- Funding: Funding Body & SME Contribution

State Funding used to set up 2 Pilot Programmes with a total budget of €1.5M (Valor I set up in 2008 €500K: Valor II set up in 2010 €1M).



Funds awarded in the form of Grants of up to 85% of the investment required, from a minimum of €50K to a maximum of €150K. SMEs had to **raise the remaining 15%** from their own funds/by raising funds from the IP involved.

- **Eligibility Criteria**

Spin-outs from universities, public research organisations and Research Technology Organisations (RTOs), young companies that have already identified and acquired IP transfer solutions from universities or RTOs). NO public companies.

- **Terms and Conditions**

Funds awarded as grants, no interest rates/costs involved.

Projects/investments were selected via a public call and application process using a detailed assessment criteria; this included their technology and market potential, expertise/knowledge of the team, company strategy/action plan, impact and sustainability of the university/research organisation and formal agreement on IP and collaboration arrangements.

Projects must be completed within one year of signatory and contract.

2. IMPLEMENTATION

- **Key Steps – How it Works**

The project used a simple application process resulting in low SME application costs/partner administration costs with decisions taking a maximum of 60 days. The programme was delivered by 13 staff; 6 trainer/mentors, 6 external export/internationalisation specialists and 1 administrator. Project methodology used was based on previous practice gained from the 6th European Framework Programme. **Research project outcomes/gains expected** from the project were that:

- Verified research results would come onto the market
- Academic institutions would 'let go' of their innovations, i.e. pass them to SMEs that would commercialise their ideas.
- Company development plans would be implemented – taking ideas from research to market.
- Evidence of on-going collaboration with the research department and originator of the innovation.

Six companies selected for the 2010 pilot received a variety of all-round parallel support to move the innovation from research stage to commercialisation; expert business advice/agency mentors, coaching and IP courses (protection and management), project development, marketing, strategy, investment readiness (how to approach an investor, pitching skills and a session with investors), fund management advice, internationalisation/access to national/international networks.

Changes made to VALOR II as a result of lessons learnt from the original pilot included the addition of advice and support as well as grant funds, ('it's not only money that's needed but also additional support') and changes to the formal written selection one stage process to a two stage process; a project/technology assessment and personal presentation assessed by external evaluators, comprised of venture capital providers and entrepreneurs experienced in bringing forward technology start ups. All these **changes resulted in improved results and survival rates** for Phase II.

▪ **Key Stats - 2008 + 2010**

KEY MEASURES – BOTH PILOT PROGRAMMES	2008 + 2010
Applications Submitted	49
Applications Accepted/Spin-out Companies Supported	11
Survival Rates (Companies)	9
New High Tech Jobs Created	28
Funding Granted to SMEs	> €850K
SME Investment	min of 15% (c€108K)
OUTCOMES TO DATE FROM 2010 PILOT	2012/13
New Jobs	14
New Jobs in R & D	12
New Products/Services	19
Patents	1
Revenues Generated (av.)	17%/51%

The majority of high tech start-ups from IT, Health & Engineering sectors participating in the second phase of the programme are still operational, bringing significant survival rates.

3. KEY LEARNING POINTS & OPPORTUNITIES

Slovenia now has its first dedicated programme to test and provide a solution for the transfer of IP from Universities/RTOs to companies with results to date indicating high survival rates and economic benefit. SPIRIT Slovenia now has the capacity; valuable knowledge, skills and experience to run the specialised programme and recommend future policy.

What worked well/strengths

Companies placed an equal value on the advice/help provided as well as the funds. **(Funds + Support = high survival rate).**

The Agency has learnt how to provide and access support, developed new knowledge and new services. They can now provide valuable support, with or without access to grants/funds.

Future plans include extending support/organising investment forums/coaching for start-ups.

– **Challenges/Weaknesses**

Lack of ongoing funds resulted in cancellation of the programme so seed phase funding for spin outs is still poor, although start ups can now access a Business Accelerator scheme. Agency i.e. SPIRIT Slovenia support for start-ups now concentrates on VC (networking, investor readiness support).

The Agency is currently undergoing 'Reshaping' so future Policy/support is not known.

▪ **Transferability**

– Opportunities:

Programme for start-ups (increasing the chance of their surviving)

Programme for start-ups with mentorship and coaching provided at the same time

– Threats: Sustainability – funds and business support.

FURTHER INFORMATION:

DIFASS You Tube Channel: http://www.youtube.com/watch?v=VywoRm-ROB8&list=HL1386939715&feature=mh_lolz.