

PROGRAMME: Generating Local Seed Investment Companies (Swedish Seed Growth Project).
Originator: Olle Stenberg, Swedish Incubators and Science Parks (SISP)/ Stiftelsen Teknikdalen
Weblink: <http://www.sisp.se/svensk-tillv%C3%A4xts%C3%A5dd>
E mail: olle.stenberg@sisp.se / sture.ericsson@teknikdalen.se **Tel:** Tel. 46706457271 / 46243246401

1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

A two year research project set up in 2012, the purpose of the **Swedish Seed Growth Project** is to identify, encourage and support **the set-up of good practice/local finance models that overcome the challenges faced by early stage innovative businesses in sourcing finance**. In particular the ‘funding gap’ experienced during the prototype, launch and expansion stages of their development.

Whilst there are a significant percentage of financial resources available from the public sector to help fund the research and development stages of innovative businesses and access to private sector funds once the business is generating sales, **the ‘funding gap’ makes it difficult for businesses to progress**. Additional funding challenges include inconsistent approaches in different parts of the country and fluctuating availability of funds arising from economic downturn impacting on jobs and growth.

Using research gathered from good practice models, the overall aim of the project is **to create early stage seed funds and funding models including private public partnerships that attract competent investors, linked to science parks, incubators or other entities working to support to start-ups**.

▪ Key Resources

– **Programme Partners:** Swedish Incubators and Science Parks (SISP), the Swedish Agency for Economic and Regional Growth, public sector funding representatives and private sector funding entities; Business Angels Networks, VCs etc participating in the research.

– Funding: Funding Body & SME Contribution

€200K financed by state funds from the Swedish Agency for Economic and Regional Growth

▪ Eligibility Criteria

The research is focused on encouraging development of local Seed Funding instruments for **early stage businesses**

▪ Terms and Conditions

Whilst the handbook will provide guidance on good practice terms and conditions, interest rates, repayment terms and the form of finance itself will be dependent on each local Seed Funding instrument.

2. IMPLEMENTATION

▪ Key Steps – How it Works

Managed by the Swedish Incubator and Science Park Association (SISP) the project has been run by a range of external experts/experienced managers from existing Seed Investment entities.

The aims of the research were to establish an overview of existing seed investment companies and investment funds, Identify and exchange how they do it, their approach and experiences; good practice and lessons learnt and develop a methodology in the form of a handbook/good practice guide that can be used to generate new seed investment companies for early stage businesses.

Undertaken in 5 main stages the work of the instrument includes:

STAGE 1	SURVEY A survey of 9 existing Seed Funds with 112 active investments, (€39M commitments and €21M investments with investments ranging from €150K to €18.8M), selected from the Swedish Incubators & Science Park Network. Survey used to identify and map ‘what good looks like’; how they operate and their main governance structures, their purpose, structure, financials, results, investment criteria, ownership, management and management costs through to how they fit with the local economic context and local financing system.
STAGE 2	WORKSHOPS 12 Meetings and seminars attended by representatives from the public sector i.e. fund managers, national & regional public financing institutions and VCs, angel funds, family offices, crowd funding from the private sector. Workshops covered the transfer of good practice; examples from existing seed funds, through to external inspiration and know-how.
STAGE 3	KNOWLEDGE TRANSFER/TRANSFER OF GOOD PRACTICE Key information on how to start and operate a fund extracted for a simple manual/handbook.
STAGE 4	PUBLICATION OF A HANDBOOK Covering all aspects of setting up a Seed Fund ‘how to do it’. Incorporating a case book of practical examples showing examples of how others have succeeded the handbook will include information on the structure/form, operational aspects, how to raise funds, how to get investors involved, how to attract Angels etc.
STAGE 5	HANDS ON SUPPORT Provision of hands on support for organisations/individuals looking to start new investment entities covering all the necessary steps involved. From raw materials to models, road maps and check lists, surveying the local finance arena to assessing the finance gaps to identify the position/target group of your fund, sales arguments and pitching tips to attract private and public investment through to using the instrument for co-investments.

- **Key Stats**

Starting in 2012 and due to complete in November 2014 the project has already achieved a mix of results and outcomes. Results to date include **the creation of 2 new funds with 6 more underway**. Other achievements/outcomes include the identification of good practice in a series of 12 one day workshops culminating in a Handbook of models, case studies and the methodology needed to set up local SEED financing instrument.

3. KEY LEARNING POINTS & OPPORTUNITIES

The Swedish Seed Growth Project has been a good way to start to accumulate some common knowledge in a specialist area. The project has already achieved a legacy before its completion with several existing investment Seed Funds currently re-financing their operations and 5-8 new investment companies are about to come on stream.

- **What worked well/Strengths**

Exchange of best practice. Using workshops gathering information/knowledge and experience to create roadmaps for local initiatives

Focus on target group: investment fund managers, investors etc

Provides access to both capital and competence for final recipient: the entrepreneur

- **Challenges/Weaknesses**

Lack of national early stage public funding support for start-ups/new entities

- **Transferability**

- Opportunities: Some of the information gathered is quite general e.g. investment models, roadmaps for initiating and starting investment activities

- Threats: The shortage of human capital experts and cultural barriers in some countries. Different investors and different business climates.

FURTHER INFORMATION:

DIFASS You Tube Channel: <http://www.youtube.com/watch?v=8GHv-DYFWko&index=5&list=PLdapWZuBHseXBuAiHpWLd7QwCVII7UaBH>

Swedish Incubators and Science Parks (SISP): www.sisp.se

Svensk Tillvaxtsadd: www.svensktillvaxtsadd.se