



## Training Session on Innovation Finance

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Managing Director i4G S.A.



# Outline

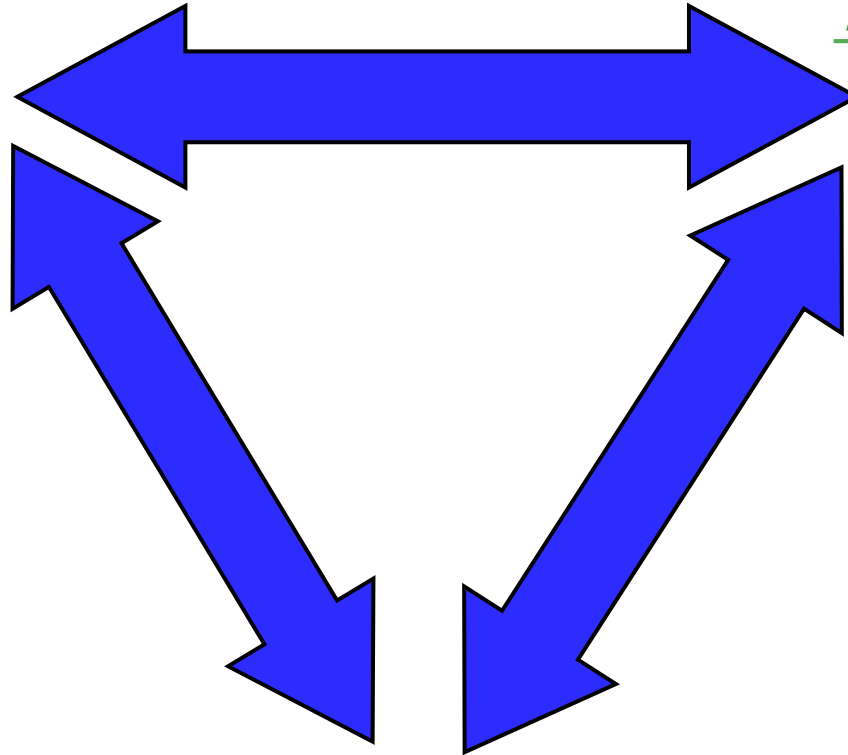
- Innovation Finance (Development Phases, Capital, Infrastructure)
  - ▶ The right innovation finance tool for every step
  - ▶ Management and administration of public financial instruments
  - ▶ The impact of innovation finance tools
  
- Examples of Best Practices
  
  
- Euroconsultants – i4G Presentation

## Capital

- Grant
- Loan
- Risk Capital

## Infrastructure

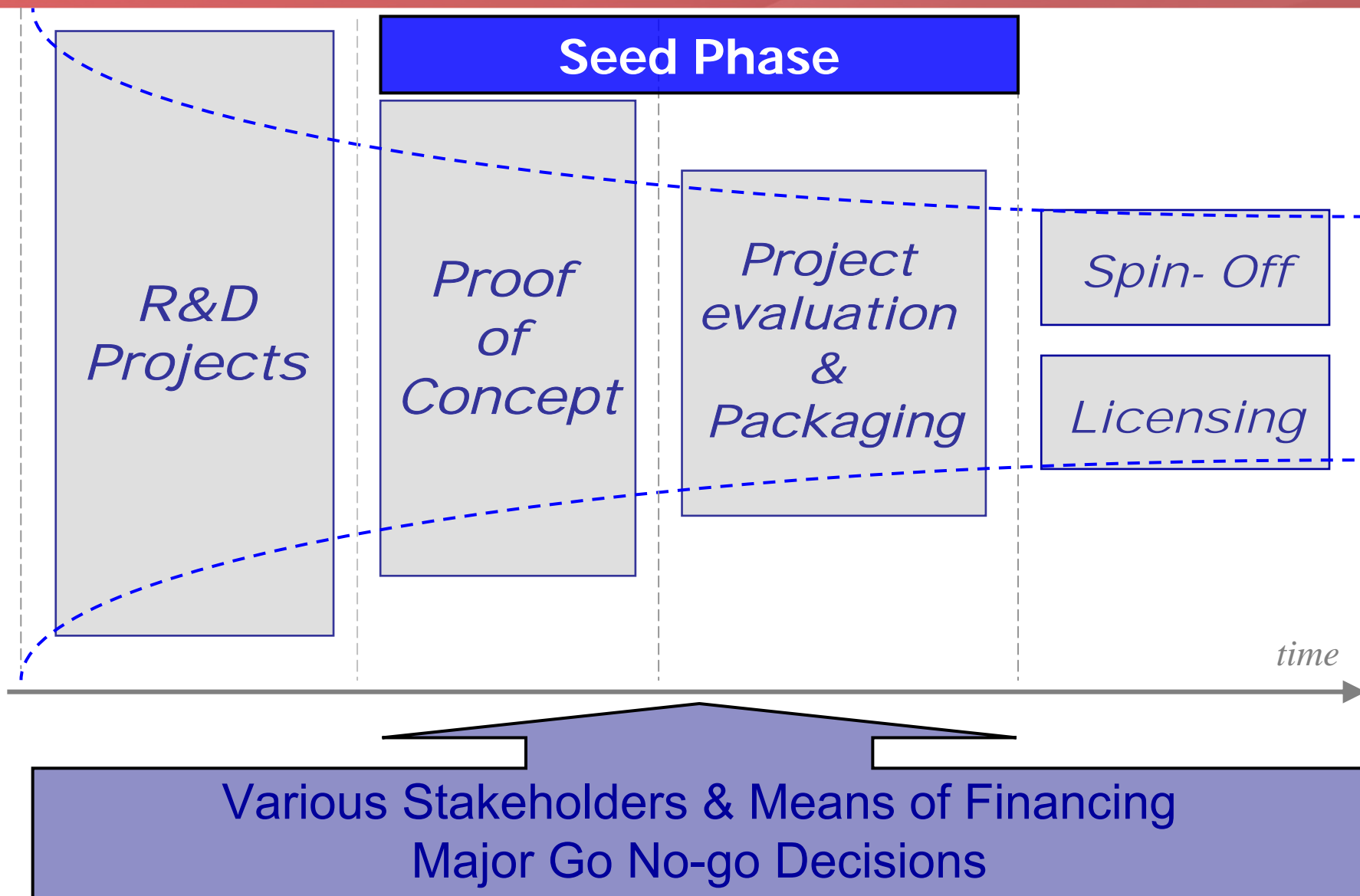
- STPs
- R&D Centers
- Incubators
- PreIncubators



## Development Phases

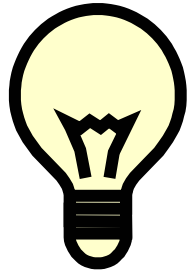
# Technology Transfer Funnel

Source: European Investment Fund. TTA Report. 9/2005



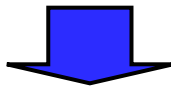
# Key Steps of Seed Phase

Source: European Investment Fund. TTA Report. 9/2005



**Innovation**

**Need**



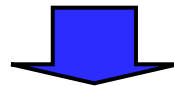
**~ EUR 20k – 100k**

- Confirm innovation
- Initial patenting
- Identify potential commercial applications

**Funding**

- Research Organizations
- National Grants

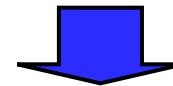
## *The Seed GAP*



**~ EUR 100 – 500k**

- PCT filing
- Develop proof-of-concept / prototype
- Build embryo business plan
- Preliminary marketing

- Seed funds
- Business Angels
- 3 F's



**~ EUR 500k – 2m**

- Build founding team
- Create spinout
- Marketing evaluation and validation
- Marketing/contracting

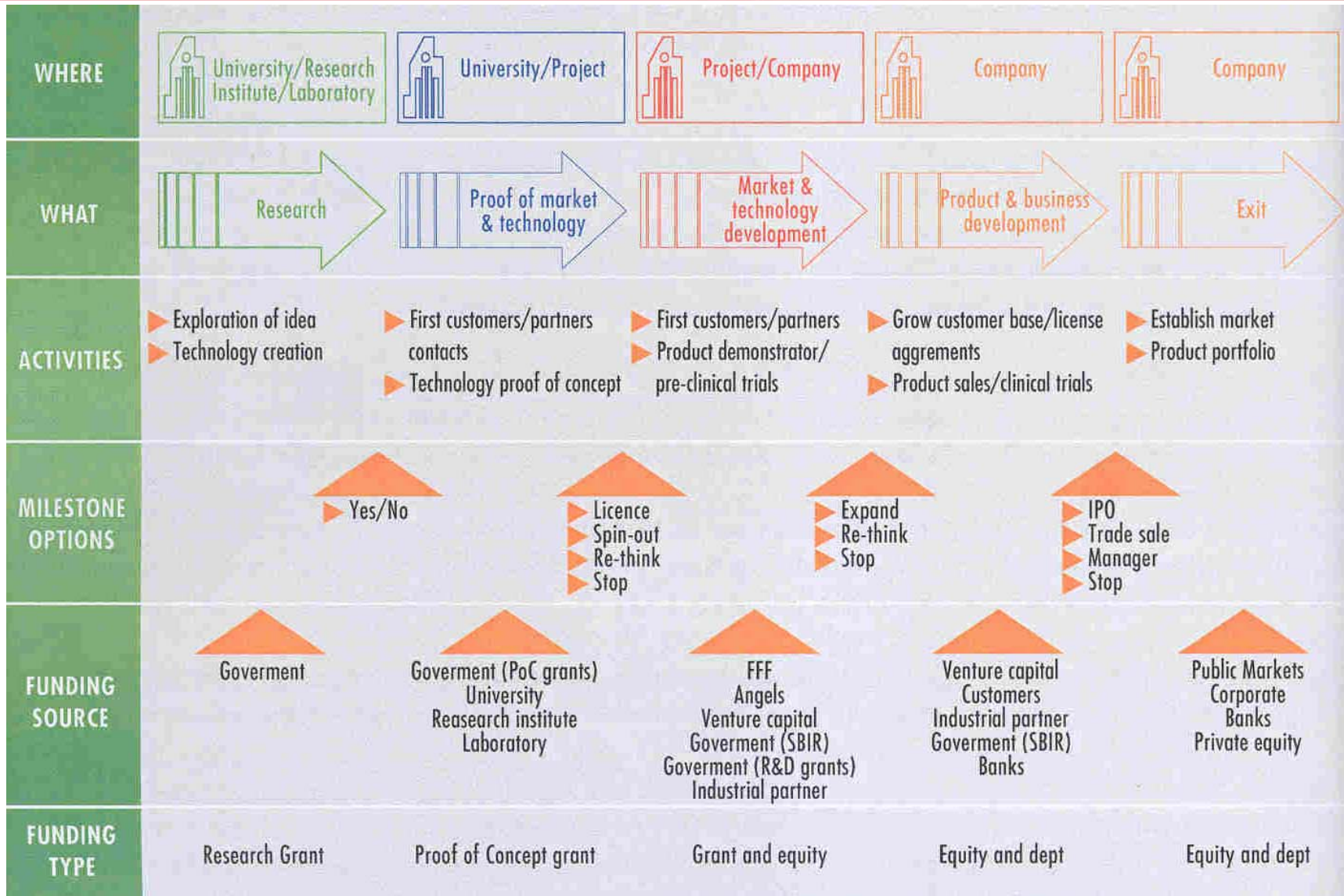
- Business angels
- Contracts
- Some VCs



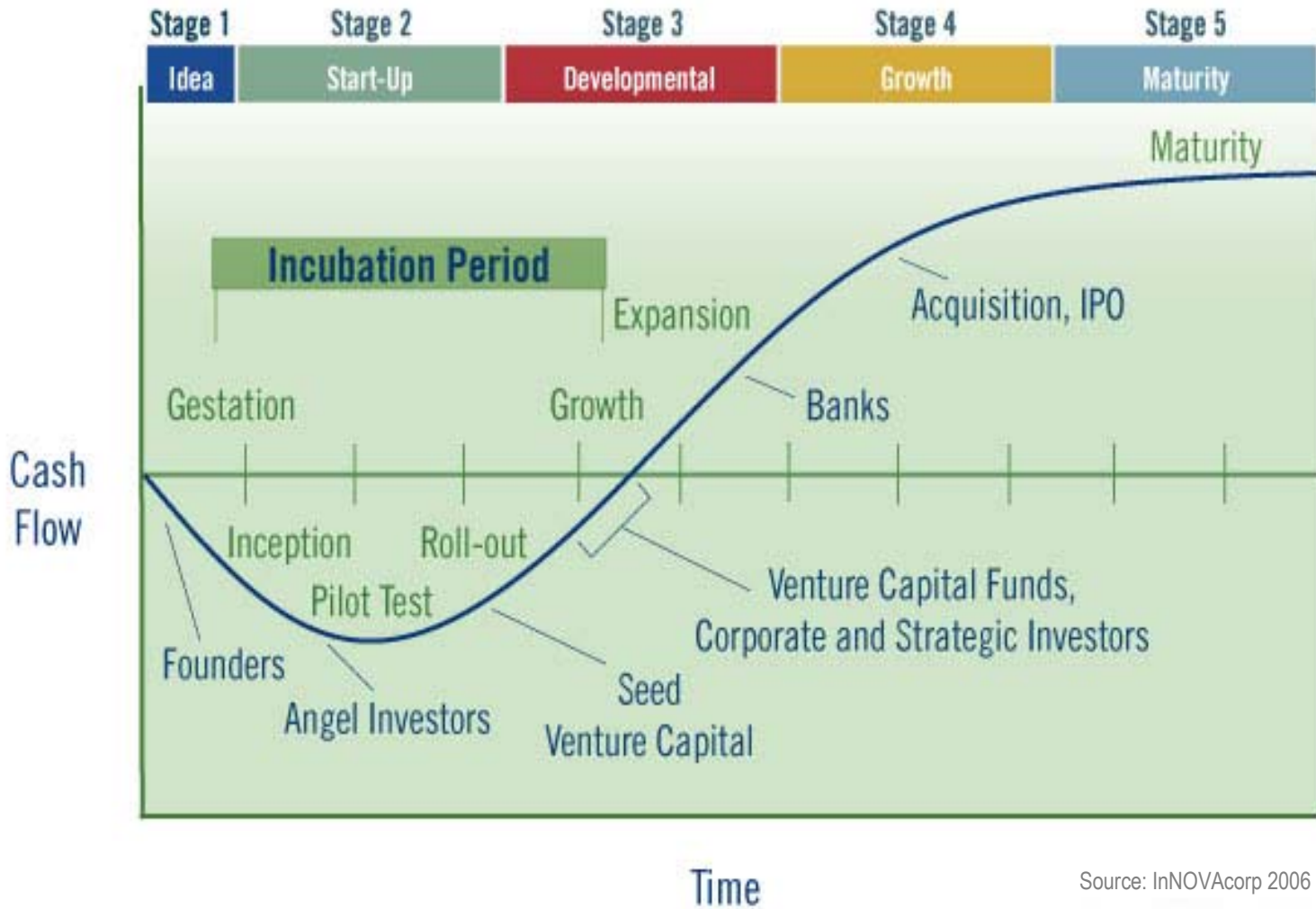
**Series A / B / C**

**Need: from €200k to €2-3 million**

# The Spinout process



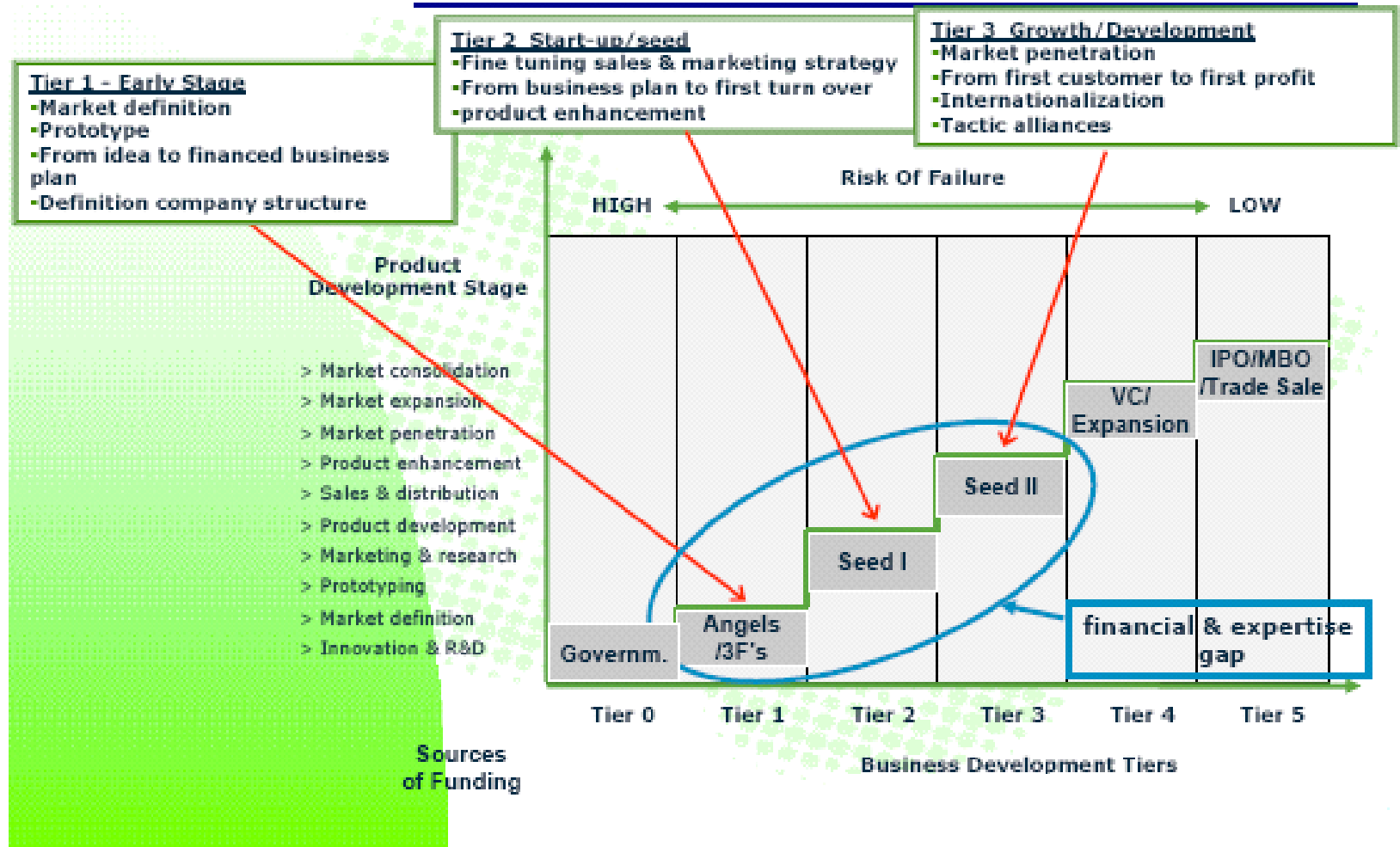
# Investment – Access to Capital



Source: InNOVAcorp 2006

# Risk of Failure in Innovation Finance

## New businesses development





# Seed Gap

- Its not always about funding
- Need to bridge academic and financial perspectives
- Entrepreneurial mentality
- Unwillingness to take Risk
- High Risk
- Difficult to access management resources
- Venture more suitable in growing business than seed them
- Large deals are more attractive (?)
- Difficult to guard the interests of the Investor if a company is not in place
- Provision of Seed Fund through organized intermediaries
- .....

## Financial tools - grant (case 1)

### BioPartner First Stage Grant

Shareholder: Dutch Ministry of Economic Affairs  
Managing Organization: Dutch Organization for Scientific Research

#### Eligibility Criteria :

##### 1) How much that can be granted:

- A maximum of € 250,000

##### 2 stages :

1 stage: € 80,000 to conduct feasibility studies.

2 stage: remaining sum to carry out commercialize the idea

##### 2) Duration of the project:

- 2,5 years

##### 3) Requirements:

- for researchers who wish to become entrepreneurs
- innovative idea/product with commercial interest
- the researcher has to be employed by the university or research institution to receive a grant

## Financial tools - grant (case 1)

### BioPartner First Stage Grant

#### Key Results

|                               |              |
|-------------------------------|--------------|
| Total amount spent:           | € 12 million |
| Total number of projects:     | 71           |
| Average duration of projects: | 2 years      |
| Average grant size:           | € 200,000    |

## Financial tools - seed fund (case 2)

### BioPartner Start-up Venture

Shareholder: Dutch Ministry of Economic Affairs  
Managing Organization: Zernike Group

#### Investment Criteria :

##### 1) How much that can be raised:

- A minimum of € 100.000, maximum of € 450,000

##### 2 stages:

1 stage: € 225.000

2 stage: € 225.000

##### 2) Lengths of the investment:

- 3 to 5 years

##### 3) Requirements:

- matching by private capital 1:1
- good entrepreneur
- feasible business plan
- only limited companies in the Netherlands are eligible
- feasible exit

## Financial tools - seed fund (case 2)

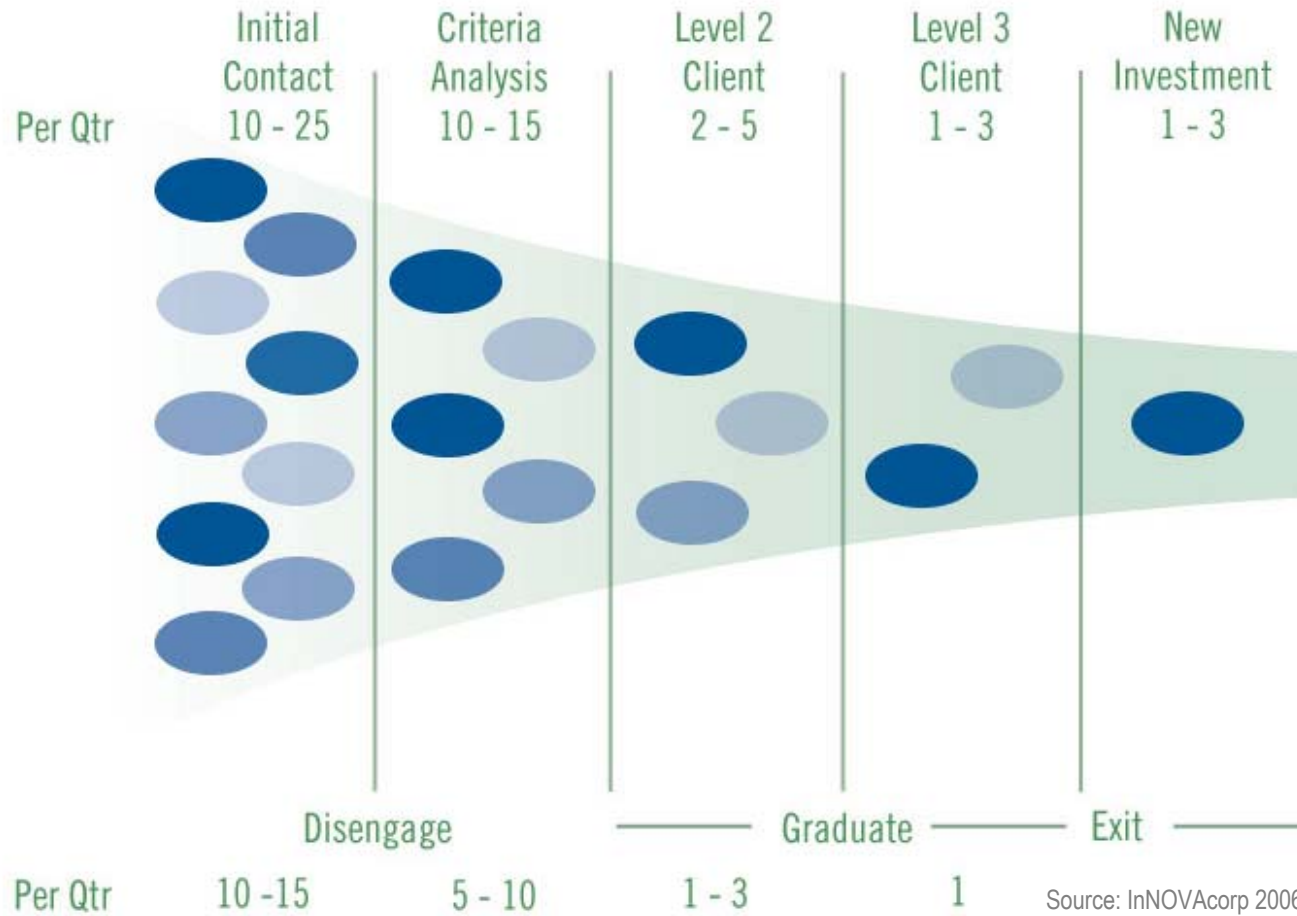
### BioPartner Start-up Venture

#### Key Results

|                               |              |
|-------------------------------|--------------|
| Total amount invested:        | € 11 million |
| Total number of investments:  | 45           |
| Average duration of projects: | 4 years      |
| Average investment size:      | € 245,000    |

- 1.2 Title of measure** Programme for the exploitation of research results through the establishment of academic spin offs PRAXE
- 1.3 Keyword(s)** Academic spin offs, innovative firms exploitation of RTD results
- 1.4 Overview** (nature, main goals) Aims: The exploitation of the available research results, from the implemented projects, The intensification of R&D and related activities inside the business firms or on the interface between firms and public research institutions. The growth of cooperation with business and research institutions abroad and the integration of international networks. The measure is implemented in two phases: **the 1st phase** supports universities, public R&D centres and individual researchers from these institutions to finalise the R&D results, to draft a business plan and to identify the financial scheme under which the spin off company will be established and take off **(seed capital)**. The **2nd phase** provides for funding directly to the spin off firm on the basis of their business plan. The grant may not exceed the amount that the private investors contribute to the stock capital of the firm. The first phase is already finished for the period 2001-2006, having supported **230 initiative** of researchers and public research institutions with amounts of 45.000 euros each. The second phase has already approved for support a **dozen of business plans**
- 1.6 Policy Priorities** 4.3.1 Support to innovative start-ups incl. gazelles
- 1.9 Addressing innovation-related Lisbon guideline elements** 5. Better access to domestic and international finance.

# Pipeline



## Grant vs Equity

## Ownership Structure (Public – Private)

## Support of Incubators and S&T Parks in Greece - ELEFTHO

Facilitating the creation and development of new technology based firms and the transfer of technology to the production sector. The government offers support to the establishment and development of S&T parks and incubators, which shall house such NTBFs, by private investors. The environment to be created provides

1. space with appropriate infrastructure,
2. supply of consulting services to the elaboration and implementation of innovative plans,
3. investment funds to the incubatees.

Initial Budget ~ 70 mil EUROS (50% Contribution Private Sector)

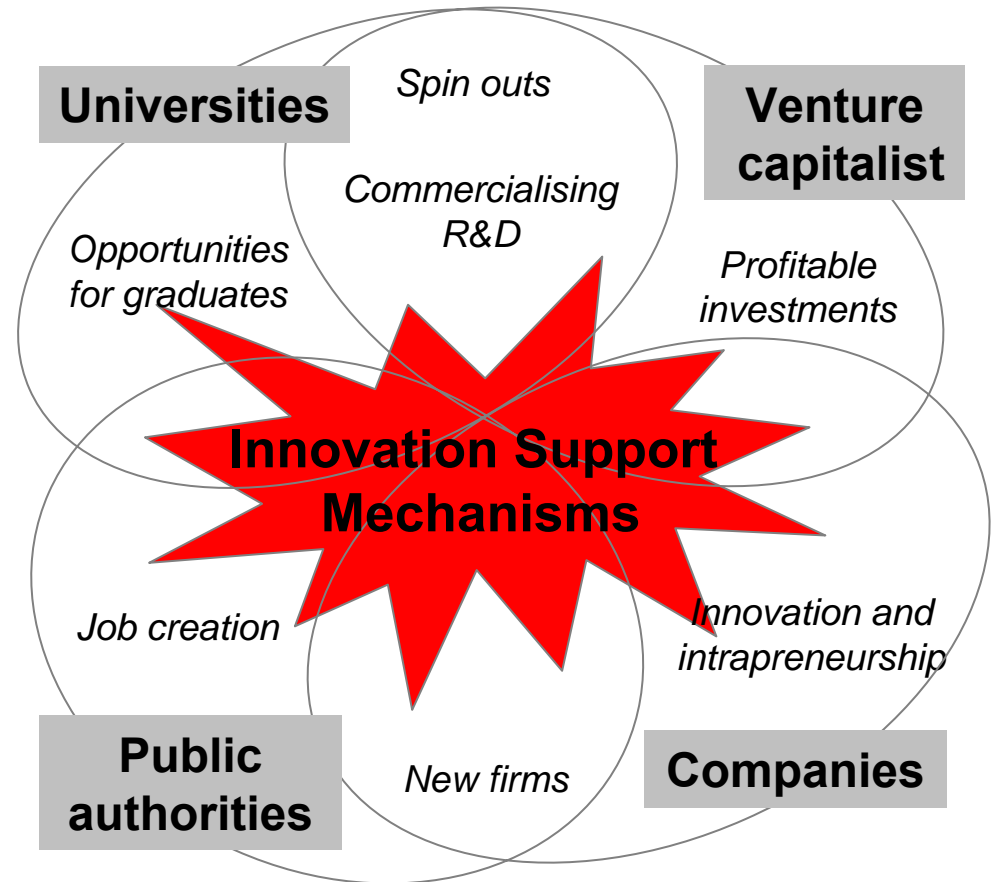
# Best Model for Incubators

## What is 'best'?

*Depends on what stakeholders want ....*

*But there are nevertheless some criteria that everyone can agree on:*

- Fast-growing, successful new businesses
- Financially sustainable incubator operations
- Return on investment - tenants and incubator – and positive impacts





# Developed vs Developing Countries

| DEVELOPED COUNTRIES   | DEVELOPING COUNTRIES   |
|---|--|
| Incubators are closely associated with Universities   | Association with Universities exist but the link is very weak                                |
| Funding for business development is generally available and abundant                                | Very few resources exist for entrepreneurial funding especially early stage and seed funding |
| The culture of providing back to the community is well developed                                    | Different priorities (what is in it for me?)   |
| Incubatees are generally in a more mature stage with adequately qualified management team           | Clients to a large extent are still in pre-incubation stage                                  |
| Technology incubation is just that. Development of technology with the resources and infrastructure | Technology incubators focusing on business development within a technology sector            |
| Incubators are very community focused and have a strong sense of belonging                          | Incubators are few and far apart and try to service a very large geographical area           |

# PreIncubators

- Ideal for managing Seed Fund Programs
- Usually directly associated with Universities and less R&D centres
- Students are the main target of Pre-Incubators
- They main source of companies that are tenants of Incubators
- Provide physical infrastructure (Work stations)
- They do not increase survival rate for companies
- Increase drastically the number of students that are exposed to entrepreneurship

# Business Angels

Business angels (BAs) are wealthy individuals who invest in high growth business **in return for equity**. Some BAs invest on their own, whereas others do so as part of **a network**, syndicate or investment club. In addition to money, BAs often make their own skills, experience and contacts **available** to the company.

# TANEO FUND of FUNDS



**Capital Connect  
Venture Partners**

€24.000.000



**Thermi - Taneo Venture  
Capital Fund**

€ 24.000.000



**Zaitech Fund**

€30.000.000



**AXON-TANEO Fund**

€40.000.000

© IBG MANAGEMENT A.E.A.A.K.E.S.

**IBG Hellenic Fund II**

€17.059.900



**ALPHA TANEO A.K.E.S.**

€30.000.000



**Oxygen Taneo Neovertures**

€ 17.000.000

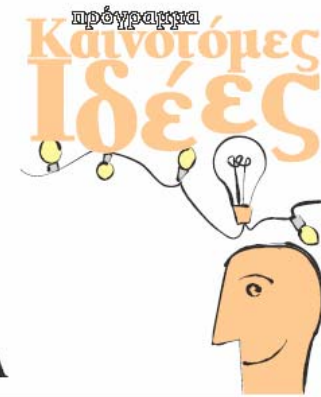
# Sources of Risk Capital

- TANEQ was a fund of Funds of 150 mil EUROS created by EU Funds (€ 45 mil) and by Private Funds Guaranteed by the State.
- The further involvement of the private sector further increased (doubled) the amount of risk capital. Fund Management with private sector criteria.
- Funds of Risk Capital that will, directly or indirectly, invest in companies can be created 100% by Public Funds (e.g Jeremie). Fund Management should also be implemented by private sector criteria.

## Business Plan Contest.

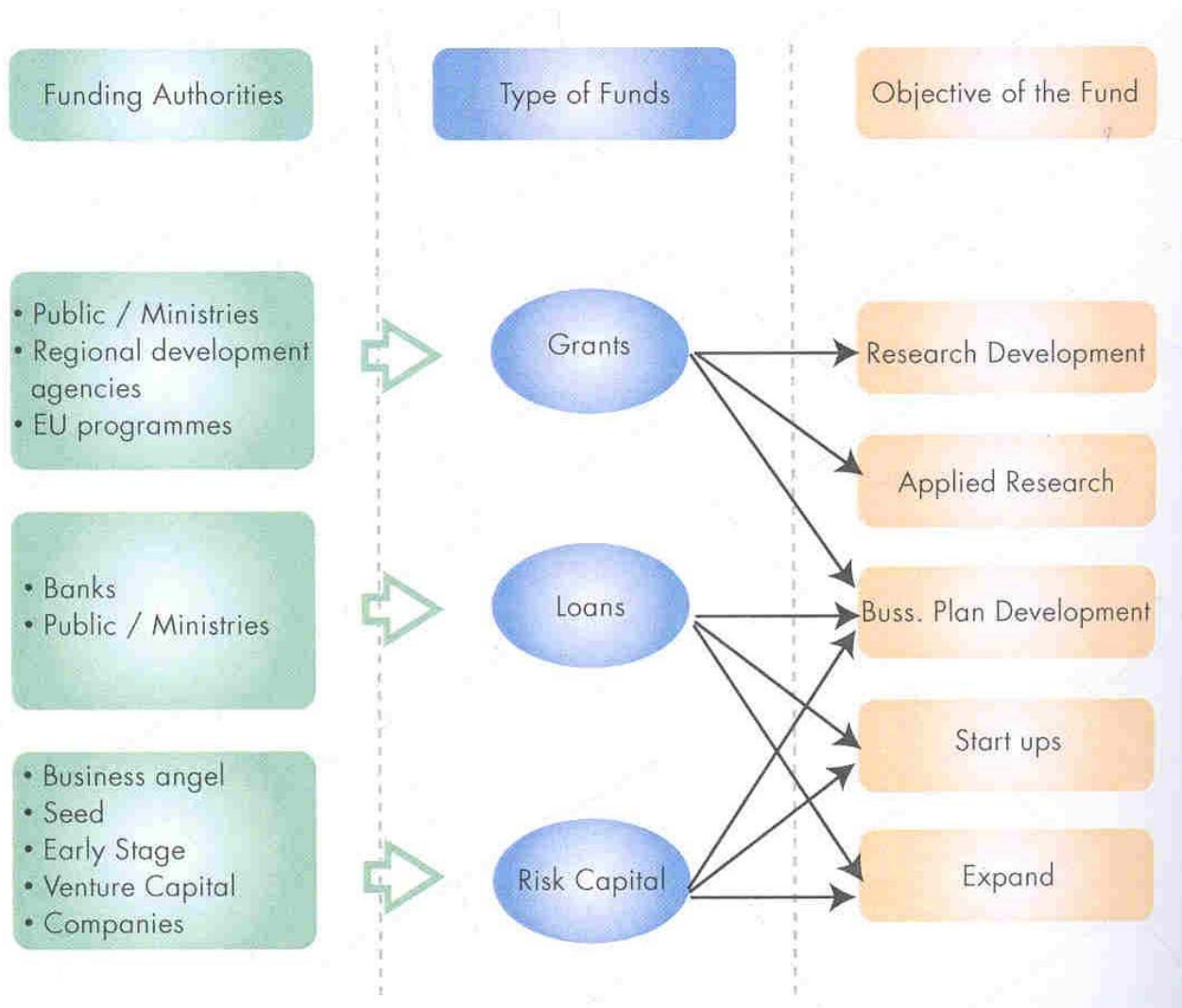


ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ  
ΠΕΡΙΦΕΡΕΙΑ ΚΕΝΤΡΙΚΗΣ ΜΑΚΕΔΟΝΙΑΣ



ΚΑΙΝΟΤΟΜΑ ΕΠΙΧΕΙΡΗΜΑΤΙΚΑ ΣΧΕΔΙΑ  
ΣΤΗΝ ΠΕΡΙΦΕΡΕΙΑ ΚΕΝΤΡΙΚΗΣ ΜΑΚΕΔΟΝΙΑΣ

# Finance for clients, venture capital, Leveraging networks



# Conclusions

- Bridging of the Seed Gap should be a priority for the State.
- Financial Instruments, especially those designed to bridge the Seed Gap are more efficient managed by established innovation support mechanisms.
- Private sector criteria should be incorporated in managing public financial instruments.



# EUROCONSULTANTS in a glance

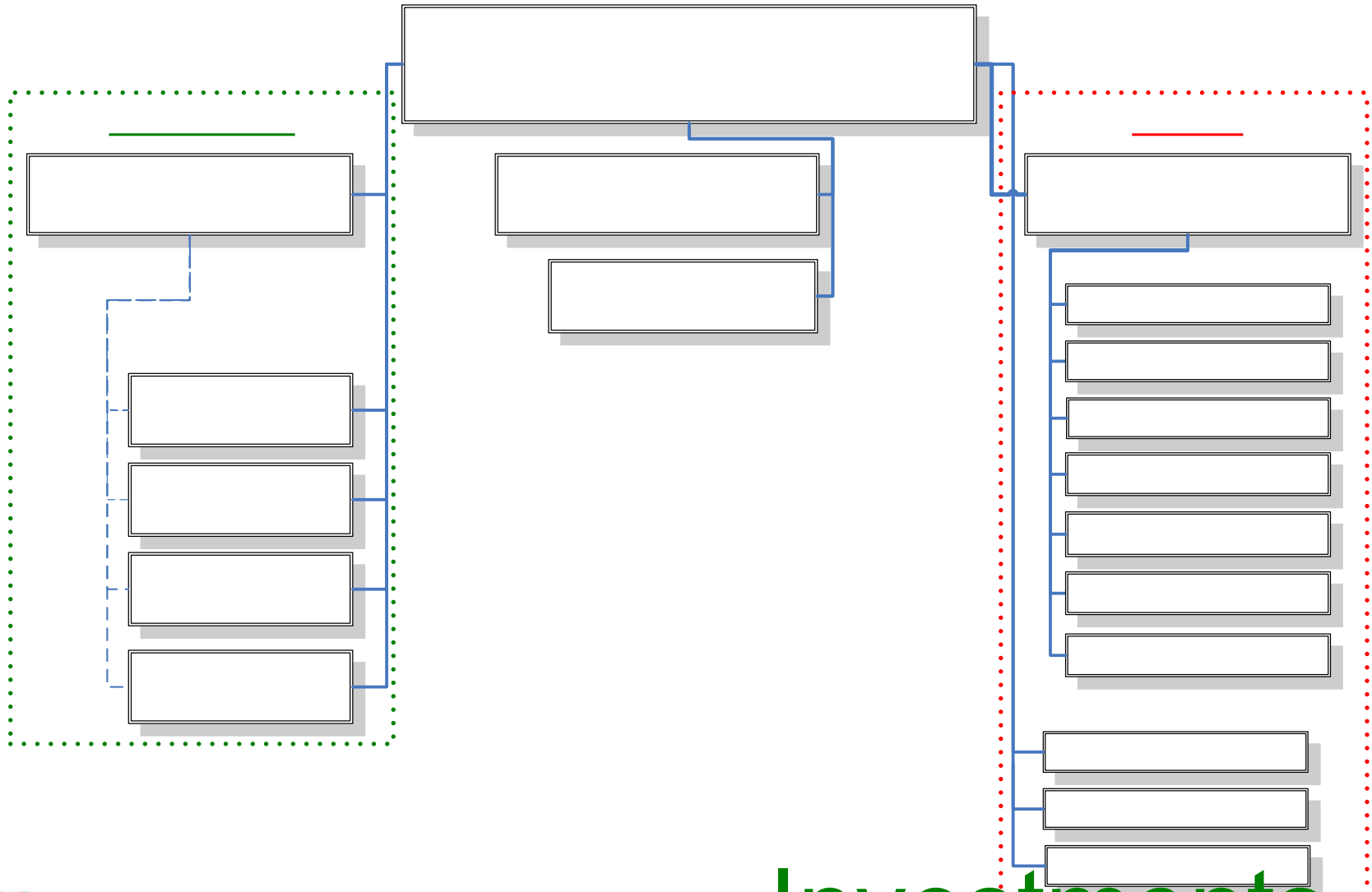
**Group of companies** in Management and IT Consulting, leader in Greece, strong presence internationally with constant growth.

## Brief history

- ✓ 1990 – The company is established.
- ✓ 1993 – Athens office.
- ✓ 1994 – Gnomon Informatics – IT solutions.
- ✓ 1995 – E.U. projects abroad.
- ✓ 1999 – EBRD and World Bank projects.
- ✓ 2001 – IPO (Athens Stock Exchange).
- ✓ 2002 – Headquarters in privately owned buildings in Pilaia Thessaloniki.
- ✓ 2003 – i4G, 1<sup>st</sup> private business Incubator in Greece, total budget of 5.5M€.
- ✓ 2004 – Start of Euroconsultants International (a network of companies abroad) which resulted in operating presence in 10 countries today
- ✓ 2006 – Investment plan (2001-2006) completed
- ✓ 2007 – The Group exceeds 10M€ sales and 1M€ profits before tax.
- ✓ 2008 – “No1 Greek Consulting company” and successful operation of the companies abroad



# Company structure



# Investments



- Leader in Greece (HQ).
- Activities in Europe, Middle East and Asia.
- Operating activities through local companies in 10 countries growing economies ( $\pm$  140 - 200 million population) CZ, RO, HR, BA, RS, FYROM, BU, TU, CY, BH)
- Strategic Alliances
- Strong growth

# Sectors and Industries

|                                    |  |  |
|------------------------------------|--|--|
| Euroconsultants                    | Companies Abroad                           | Incubators and Funds                                 |
| Management & Government Consulting | Management & Government Consulting<br>M&As | Incubators and Seed Funds<br><i>VC and PPP Funds</i> |

| Innovation and IT               | Policies and Regional Development | ICT                                    | Business Development Strategy and Finance | Energy Environment     | Government and Society | Health                | Project Management        |
|---------------------------------|-----------------------------------|--|---|------------------------|------------------------|-----------------------|---------------------------|
| Incubators and Technology parks | Local and Regional Projects       | Re-engineering and feasibility studies | Markets                                   | Environmental Projects | Analysis               | Project Management    | Backstopping Services     |
| Fund management                 | Interregional Projects            | Digital Strategy                       | Financial Services                        | Energy                 | Technical Assistance   | Technological support | Grant Schemes Development |
| Technology Transfer             | Rural Projects                    | e-Economy                              | M&A's                                     | Renewable              | Government Operations  | Funding               | Quality control           |

# Indicative Projects (recent)

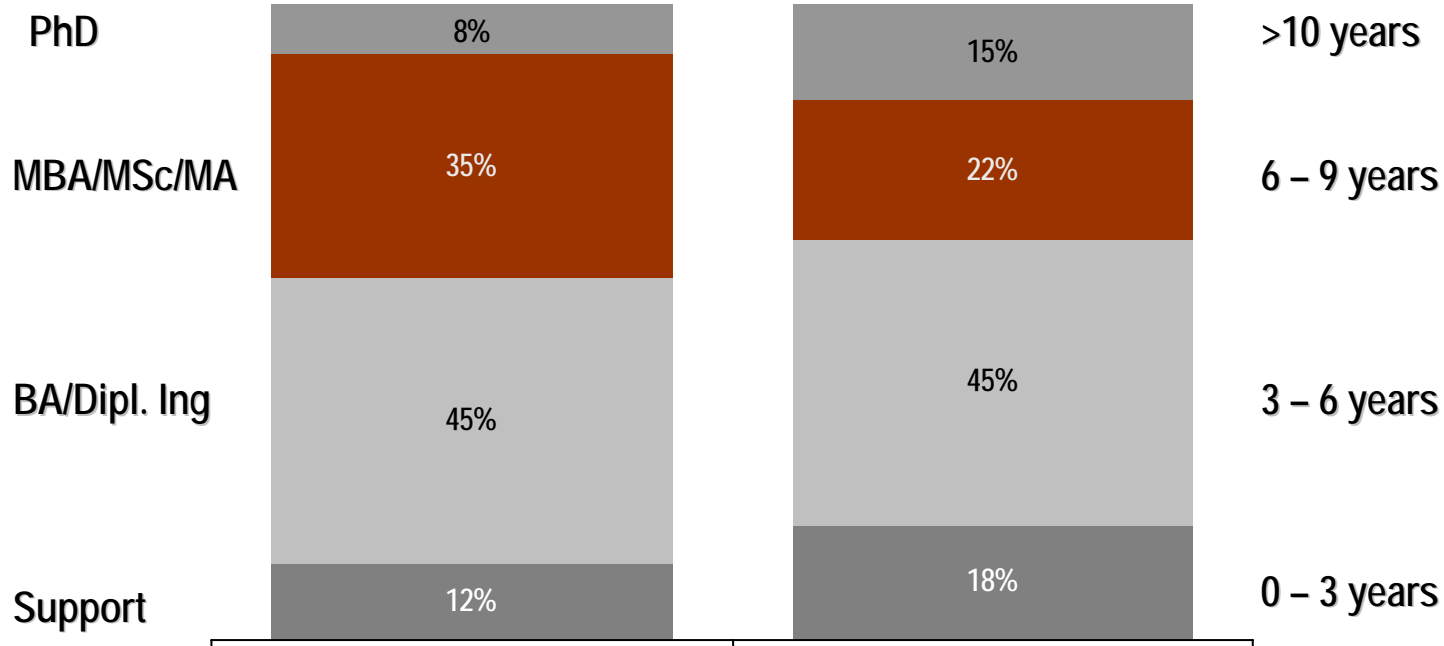
- ✓ Provision of services to **Financial Institutions**.
- ✓ **Technical assistance** to the Ministry of Regional Development and Finance as well as to the Ministry of Finance (Competitiveness program – Bulgaria)
- ✓ 4 new business **Incubators** in Turkey
- ✓ Financial consultant to **PPP projects** (Preveza Hospital, Ioannina University, ISAP, KED)
- ✓ Technical assistance **Information Society** (Greece)
- ✓ **Innovation Zone of Thessaloniki** strategic plan
- ✓ Feasibility study **Education City** (Bahrain)
- ✓ Strategic plan **Science and Technology Park** (Oman)

# Human Resources



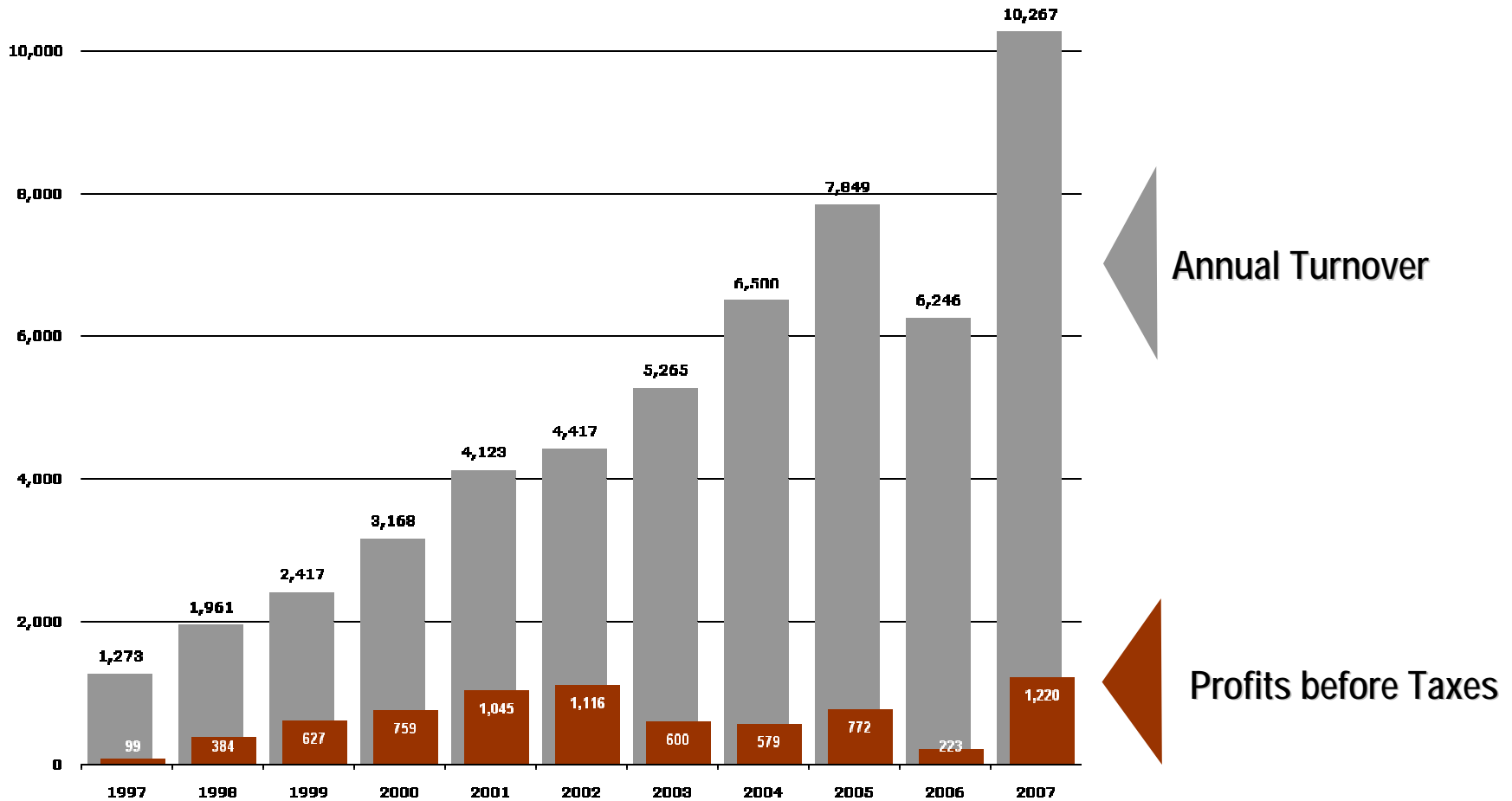
## Education

## Experience



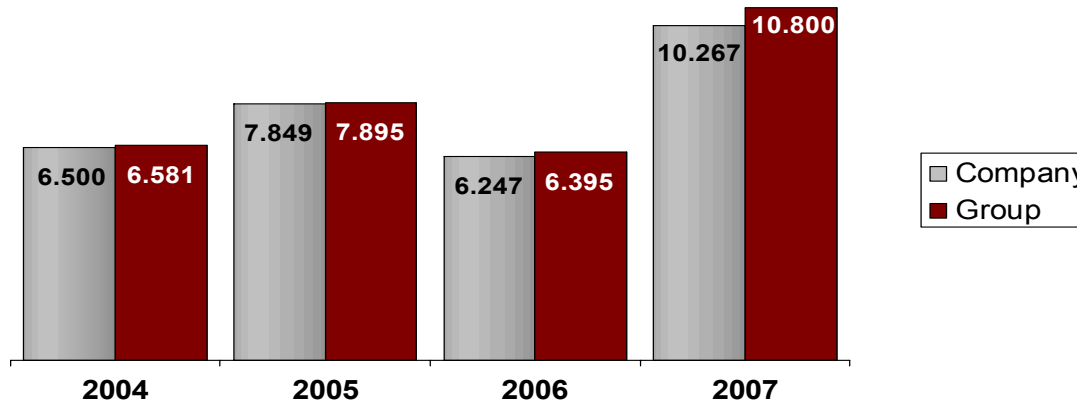
# Financial results (Company)

(Sums in 000 €)

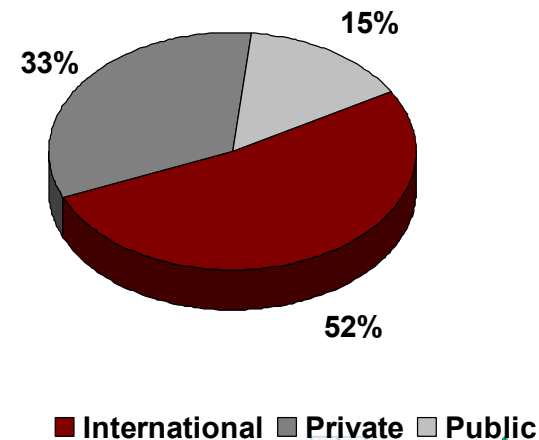


# Financial results

Sales ('000 €)



Revenue streams (2005 – 2007 average)





# Incubators and i4G



# Incubators

- ✓ **OUR DEFINITION:** Organizations providing working and supporting environment to innovative business ideas in order to be transformed into profitable enterprises.
- ✓ **Three basic pillars compose the activity:**
  - Building infrastructure – **Real Estate.**
  - Services provision – **Consulting.**
  - Investment Capital – **Fund Management.**
- ✓ **Various Incubator Models depending on:**
  - Development phase they invest (Seed – Startup – Early Stage).
  - Sectoral focus.
  - **Public or Private Character.**
  - Corporate Incubator or Independent Entity.
  - Stand alone or situated in a Technology Park for the attraction of Academic Spin-offs.

# i4G – Incubation for Growth

- ✓ Corporate Incubator for startup-early stage companies of the New Economy.
- ✓ Business Unit of **EUROCONSULTANTS SA**. 5 Years of Successful Operation.
- ✓ Total Project Budget €5,490,000 (Supported by the Hellenic Ministry of Development)
- ✓ Supports 10-15 companies in its new build premises of 1,775 m<sup>2</sup>
- ✓ Invested €2 million in 6 Companies.
- ✓ Successful Incubation Model (Seed Funds, Sales Promotion Abroad Capability).
- ✓ Recognition in Greece and Abroad.

| <u>YEAR</u> | <u>PERSONNEL of INCUBATEES</u> | <u>TOTAL TURNOVER of INCUBATEES</u> |
|-------------|--------------------------------|-------------------------------------|
| 2003        | 48                             | 1.5 MEURO                           |
| 2004        | 82                             | 3.4 MEURO                           |
| 2005        | 105                            | 5.2 MEURO                           |
| 2006        | 120                            | 6.5 MEURO                           |
| 2007        | 130                            | 7.5 MEURO                           |



# Innovation Zone of Thessaloniki



**Euroconsultants SA** and **i4G** are located in the heart of the Thessaloniki Innovation Zone projected by the Greek State to become the flagship of the Greek Innovation Promotion System.

# International Recognition i4G

## *"Best Practices in Science Based Incubators" \**



4<sup>th</sup> Annual International Conference and Award

1<sup>st</sup> & 2<sup>nd</sup> December 2005 City of Turin Italy

i4G won the International Award for the

*"Most Promising New Incubator over 2005".*

5<sup>th</sup> Annual International Conference and Award

7<sup>th</sup> December 2006 Copenhagen Denmark

i4G was in the top 10 most promising New Incubators  
for the same International Award.

\* Under the auspices:

- Centre for Strategy & Evaluation Services (CSES UK)
- Gate2Growth Incubator Forum (Germany)
- United Kingdom Business Incubation Association (UKBIA)
- US National Business Incubation Association (NBIA)

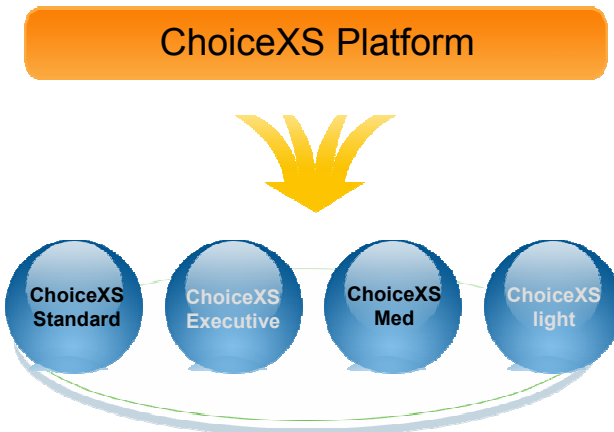


# i4G - Incubatees



# ICTV Hellas SA

- ✓ Company Est.: Nov 2003
- ✓ Capital: €1.836.000
- ✓ i4G Investment: €1.000.000 (71%)
- ✓ Employees: 10
- ✓ Main shareholder: i4G - Euroconsultants
- ✓ Business: Broadband Applications, VoD
- ✓ HQ's: i4G, Thessaloniki, Greece
- ✓ Revenues (2007): €300.000



## ChoiceXS Platform:

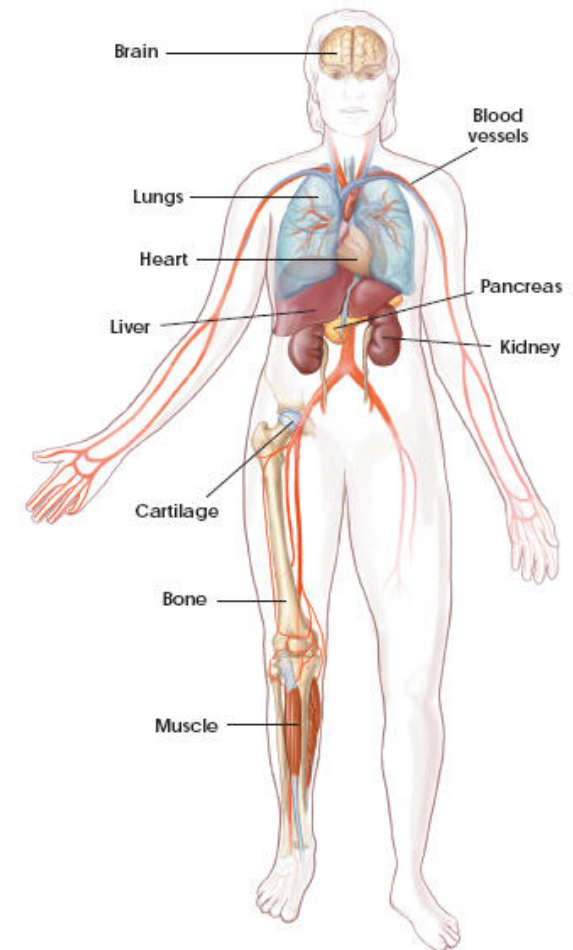
Interactive television system over IP networks

- ☀ Open Architecture
- ☀ Hardware independent
- ☀ Independent of No of users
- ☀ Scalable, Upgradeable
- ☀ CAT 5 Network, Telephone lines, Coaxial cable, WiFi etc.

- ✓ Company Est.: 2007
- ✓ Capital: €800,000
- ✓ i4G Investment: €200,000 (25%)
- ✓ Employees: 8
- ✓ Main shareholder: MIG (HYGEIA Hospital)
- ✓ Business: Stem cell research and banking
- ✓ HQ's: Athens, Greece
- ✓ Revenues (2008e): €5,000,000

**International Network of Cord Blood Banks and laboratories** which provide state of the art natal services as well as research on the broad field of molecular biology and specifically on the management of umbilical blood and stem cells, regarding disease prevention and treatment.

The company has signed an agreement for cooperation with an **International Cord Blood Bank**.





# Medical Technology SA

- ✓ Company Est.: 2003
- ✓ Capital: €900,000
- ✓ i4G Investment: €275,000 (20%)
- ✓ Employees: 10
- ✓ Main shareholder: Management
- ✓ Business: Medical Equipment
- ✓ HQ's: Thessaloniki, Greece
- ✓ Revenues (2007): €700,000



[www.medical-tec.com](http://www.medical-tec.com)

FIND OUT MORE AT STAND 10B20 MEDICA 2005

## technology to rely on

Medical Technology equipment is made with the latest CNC and NC technology. Our specialized personnel is continuously trained in new production processes. A self contained R&D department accommodates the manufacture of prototypes with the use of CAD/CAM programmes. The equipment we manufacture is of EN 60601, EN 957.01 and EN 957.06 standards. ISO 9001-2000 and ISO 13485-2003 quality systems are applied.

**MEDICAL<sup>®</sup> TECHNOLOGY**  
MEDIZINTECHNIK

**i4G**  
INCUBATION

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THESSALONIKI, GREECE: Tel.: +30 23990 20278, e-mail: tsiguespe@otenet.gr

# Reform SA

|                     |                           |
|---------------------|---------------------------|
| ✓ Company Est.:     | 2003                      |
| ✓ Capital:          | €313.500                  |
| ✓ i4G Investment:   | €320.000 (20%)            |
| ✓ Employees:        | 20                        |
| ✓ Main shareholder: | Management                |
| ✓ Business:         | IT Solutions              |
| ✓ HQ's              | i4G, Thessaloniki, Greece |
| ✓ Revenues (2007):  | €2,500,000                |

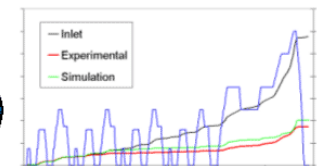
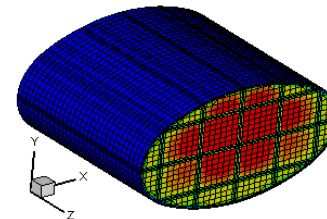
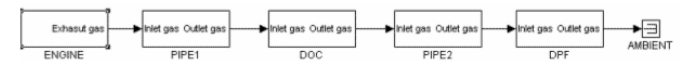


ASP development in CRM.

Integrated outsourcing support services in IT.



- ✓ **Spin-off** company of the Laboratory of Applied Thermodynamics/ Aristotle University Thessaloniki.
- ✓ Primary activity is the development and application of **software tools for automotive aftertreatment systems simulations**. Axisuite has been successfully applied by major aftertreatment system suppliers and automotive OEMs.
- ✓ Apart from software licensing, the company offers continuous technical support, maintenance and upgrading, as well as possibilities for software customization to the specific customer needs and undertaking of complete simulation case studies (e.g. model calibration and system design optimization).



- ✓ Sports tactical analysis software.
- ✓ The basis for the Athens 2004 Olympic Games Video on Demand System.
- ✓ 16.000 CD's were delivered to the athletes.



# i4G Results

- ✓ **100% Occupancy.**
- ✓ **Full scale of activities after the completion of the supporting programme (ELEFTHO).**
- ✓ **24 Incubated companies, 9 Graduates 5 of them successfully.**
- ✓ **Evaluation of 200 Business Plans.**
- ✓ **Support the development of two new spin-offs in the context of Regional Innovation Pole of Central Macedonia.**
- ✓ **Provision of Services Abroad.**
- ✓ **ICTV Hellas to be listed in London PLUS Stock Market.**
- ✓ **Entersoft SA listed in the Alternative Market of the Athens Stock Exchange.**
- ✓ **Networking with prominent International organizations (IASP, Sophia Antipolis, Daedeok Innopolis).**

Thank you for your attention

## Contact Details

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