

Pre Seed Program Lower Austria – Lessons learnt from RPIA



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GENIUS Activities

Complementary support in Lower Austria



Genius-projects: e.g.

- TRIZ Check-up
- Unternehmen statt unterlassen
- Genikum
- e-learning
- Genikum II

Projects: e.g.

- ...
- Access

- Assessment-Center
- 4 Steps to Business
- Gründungsfahrplan
- Startprogramm für Jungunternehmer
- „First Step“-Beratung
- günstige Infrastruktur
- Beratung & Unterstützung

- NÖ Startfinanzierung
- Equity Capital

pre seed program



Pre Seed program NÖ

- Objectives
- Basic information
- Current status
- Lessons learnt



- Higher quality of start-ups = higher “likelihood of survival”
Closure of existing gap between general stimulation of entrepreneurs and start-up-support
- Acceleration of pre-seed stage until involvement of seed capital
- Proof of concept:
Realisation of pilot-projects in the pre seed stage of start-ups in technology-oriented, knowledge-intensive fields (high potentials)
- Development of standardised instruments for supporting the very-early-stage (pre seed) of start-ups for future mainstream program



- Part of RIS++ NÖ,
Regional Program of Innovative Actions (RPIA) Lower Austria
- Run time: 2002 to 2004
- Total Budget: 2.000.000 Euro
- Type of financial instrument: loan
- Max. budget per loan: 200.000 Euro
- Interest rate: interest rate of after market (SMR) + 1%
- Maturity of loan: 3 years
then loan conversion into sleeping equity
- Integration in existing structure: e.g. collaboration with NÖBEG



- Granted projects so far: 6
- With total public loan amount of 1,1 Mio €
- Period of time for pre seeding: 8 to 14 months
- Generated/expected jobs in total:
 - After start-up created: approx. 40
 - After 5 years expected: approx. 120
- Kind of supported businesses: broad band width
(Mobile communication, construction equipment, medical quality security, exploitation of raw materials, environmental services)

**Pre Seed Program NÖ
matches the needs of future entrepreneurs
and closes a gap in the start-up process**



Success factors:

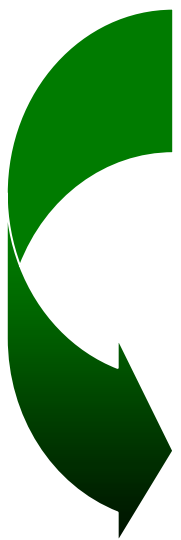
- ✓ Required high flexibility of financing tools in the pre seed stage is given
- ✓ Private venture capitalists don't offer this flexible pre seed capital
- ✓ Foundations would not have been feasible without pre seed program
- ✓ Pre seed stage should be well timed just before the foundation – otherwise the business idea is becoming outdated

**“Warm-up” time is necessary:
There are no pre seed projects out of the blue**

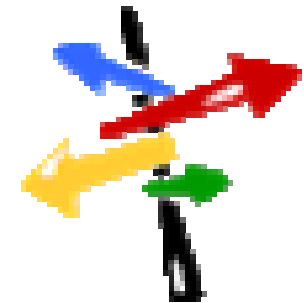


Measures that were taken:

- ✓ Involvement of existing services
- ✓ After “Warm-up” time there is a growing demand for the pre seed program:
first project in 2003, up to now 6 projects



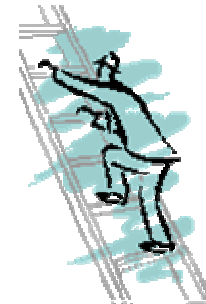
**Pre seed financing requires high effort
for controlling and coaching
due to early stage of start-up**



Measures that were taken:

- ✓ Payment of loan tranches according achieved milestones
- ✓ High flexibility in contracting
- ✓ Evaluation by external auditors who are experts in the respective sector
- ✓ Retention of 5% of loan as fee for accompanying coach

Pre seed financing has to be interlinked with follow-up seed financing



Success Factors:

- ✓ Better access to public seed capital due to integration of the public Venture Capitalist organisation of Lower Austria (NÖBEG) into the pre seed activities
- ✓ Stage spanning approach: Some approved project may be considered as mixture of pre seed and seed financing

Thank you for your attention!



Any questions?