

**Is start-up support a relevant instrument
for regional innovation policy?
Strategy and experiences of Lower Austria**

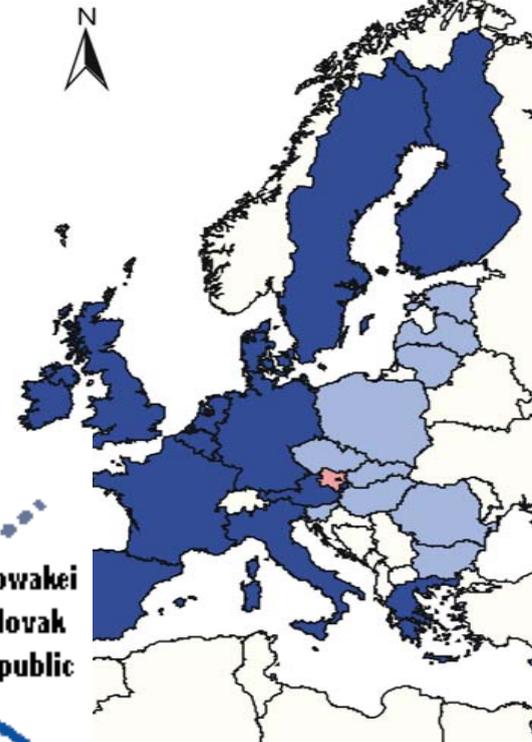
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(Regional Government of Lower Austria)**

**ERIK+ study visit Alentejo
Évora, 12. July 2006**

Niederösterreich – some geographical & structural data



- Largest province of Austria
- Approx. 1.55 mill. inhabitants
- Area of 19.174 square km
- Approx. 5% unemployment rate
- Very heterogeneous economic structure



- First initiatives of start-up support in Lower Austria: RIZ
- The Regional Innovation Strategy of Lower Austria and identified weaknesses of start-up support
- Actions in the field of NTBF support
 - Vienna Region
 - Genius
 - RIS++ NÖ Innovative Action: Pre-seed acceleration
- Success factors – lessons learnt for further improvement
- Latest actions in the field of NTBF support
 - RIS 3+ NÖ Innovative Action: Fostering market competence
 - ac'cent
 - RIS 3+ NÖ Innovative Action: Pre-Seed Management Service
- Further/complementary tools in the field of NTBF support
- ERIK Database



1986: first incubator and service location in Wiener Neustadt (industrialised area)

2006: 13 locations all over the region

- General awareness raising, information and consultancy
Provided by RIZ Holding (owned by regional government)
- Physical infrastructure (incubators)
financed by municipalities

Cooperation

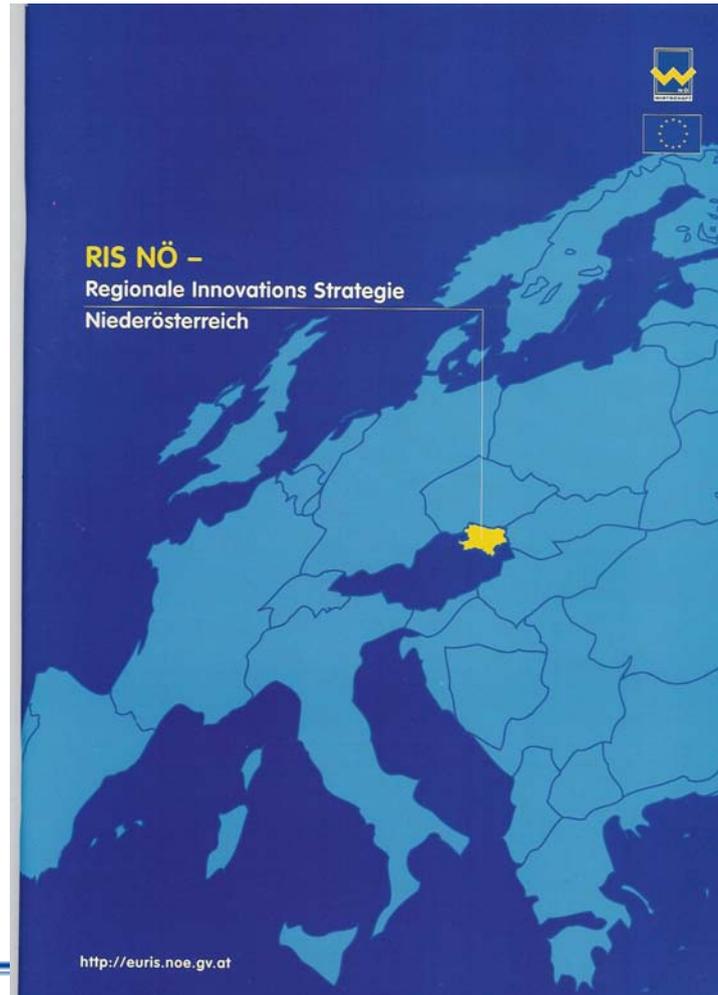
- ✓ Creation of cooperation culture among NÖ firms
- ✓ Fostering operational and strategic collaborations among firms

Innovation

- ✓ Positioning of Lower Austria as innovative location
- ✓ Establishment of a top regional innovation supporting network

Internationalisation

- ✓ Strengthening the position of NÖ firms in international markets
- ✓ Positioning of NÖ as turntable for Central Europe



Technology

- ✓ Fostering of NÖ technology core competencies
- ✓ Improving the technology image of Lower Austria

New Business

- ✓ Mobilisation of start-ups and spin-offs
- ✓ With focus on academic and new technology based start-ups (NTBF)



- Entrepreneurship in R&D organisations of minor priority
- Missing education for entrepreneurship at higher education organisations
- Lack of critical mass of R&D organisations and higher education institutes (HEI)
- Vienna is centre of universities and research
- Single initiatives - only few start-up supporting services with insufficient coordination
- No dedicated services to NTBFs/knowledge based start-ups
- Flexible financing tools not available

VIENNA REGION

Territorial

- Vienna Region = Parts of Lower Austria + Vienna

R&D capacities

- most important academic region in Austria
- over 140,000 students
- major R&D activities within Austria
- 27 % of Austrian EPO patents posted annually

Economy

- 44 % of Austrian new business ventures are located in the Vienna Region
- 36 % of Austrian GDP



Round Table

VIENNA REGION

PAXIS



The Award of Excellence
for Innovative Regions
by the European Commission

2002: Vienna Region awarded as Innovative Region of Excellence
Improvement of start-up services:

- Better collaboration between Vienna and Lower Austria



1999: conception of

- Mobilise additional founders especially in the R&D and technology sector
- Bundling of all offers for young entrepreneurs
- Further development of an efficient support for entrepreneurs
- Development of an efficient tool for gaining and exchanging information on start-up support and good practice

2000 to 2006: implementation within objective2-program (EFRE)

Remaining gaps:

- Missing support between idea finding and foundation of NTBF



2002 to 2004 Regional Program of Innovative Actions (RPIA) Lower Austria

Total Budget: 6.000.000 Euro

Actions:

- Strategic User Value Orientation
- **Pre-Seed Acceleration for Technology Based Firms**
- Innovation Assistant, Innovation Assistant – Internationalisation
- Experts Dialogue ("Fachdialog")
- IT Pilot-Projects for B-to-B Solutions

Point of departure:

- Existing gap between general stimulation of entrepreneurs and support of young, already founded companies
- Insufficient preparation of start-up due to gap
- Private venture capitalists don't offer flexible pre seed capital

Better individual preparation and acceleration of start-up
until involvement of seed capital
→ Higher quality of start-ups → higher “likelihood of survival”

by

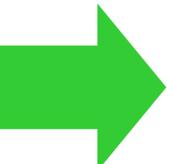
- Providing loans for individual needs of the potential founder like market research, prototype development, search for partners etc.
- Realisation of pilot-projects in the pre seed stage of start-ups in technology-oriented, knowledge-intensive fields (high potentials)
- Establishment of a pre seed fund as long term support instrument
- Development of standardised instruments for supporting the very-early-stage (pre seed) of start-ups for future mainstream program
- Integration in existing structure: e.g. interweavement with NÖBEG services for

- Type of financial instrument: loan
- Max. budget per loan: 200.000 Euro
- Interest rate: interest rate of after market (SMR) + 1% and dependent on profit
- Payment according results of flexible mile stones taking the imponderability of the early start-up stage into consideration
- Maturity of loan: 3 years
then loan conversion into sleeping equity possible;
in case of closing the start-up: conversion of loan into non-repayable grant
- External coaching compulsory

Pre –Seed Acceleration (4) – Aims and Results



- New NTBFs/knowledge based firms: 7
- With total public loan amount of 1,3 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 range
(Mobile communication, construction equipment, medical quality security, exploitation of raw materials, environmental services)



Successful integration of Pre-Seed Acceleration into regional mainstream innovation funding programme of the department of economy, tourism and technology: Part of New Objective2-Program (2007 - 2013)



Success factors:

- ✓ Required high flexibility of financing tools in the pre seed stage
- ✓ Accompanying coaching and advise
- ✓ Management of NTBF process
- ✓ Networking for NTBF support
- ✓ Door opener:
Better access to public seed capital due to integration of the public Venture Capitalist organisation of Lower Austria (NÖBEG) into the pre seed activities

- Importance of IPR is underestimated
- The larger the distance to the foundation – the higher the risk for wasting resources for provided services: decision about resource allocation critical
- Proof of concept still needs further improvement
- Stronger integration of financial and management support necessary
- During pre-seed stage stronger emphasis on future financing stages necessary



2006 to 2008: Action Line of RIS 3+ Innovative Actions

- Budget: approx. 800.000 Euro
- Fostering market competence in technology commercialisation an entrepreneurial facet into public research and technology commercialisation
- proper use of patents and patent-portfolios for the protection of public research results and commercialization of innovations.
- Sustainable model for a strategy for a return flow to public research.
- 6-8 pilot-projects (evaluation and IP-protection) and the building of market-capacities within the gateways between research and business are to be funded.



accent
Gründerservice GmbH

2002: start of Austrian AplusB (academia plus Business)

2005: ac'cent as member of AplusB

- Fostering innovative, technology-oriented spin-offs from the academic sector. accent provides
- Support during pre-seed stage: specialised in consultancy and networking
- professional support for scientists in the difficult process of turning a good idea into a viable business. This involves both: not only counselling and assistance during the actual start-up phase and but also establishing the idea of entrepreneurship more firmly in academic theory and practice



2006 to 2008: Action Line of RIS 3+ Innovative Actions

- Budget: approx. 650.000 Euro
- Complementary action to pre-seed acceleration of objectives
- acceleration of technology start-ups: management team, Proof of Concept.
- In particular, the potentials identified and mobilized in connection with the existing measures are to be provided with sufficient management capacities and financing competence as well as
- the proof of feasibility for companies.

In cooperation with existing initiatives: target of 10 pilot projects



Complementary tools/services provided in Lower Austria:

- Venture capital for seed and growth stage
- (silent) equity capital for seed and growth stage
- NÖ standard funding schemes:
 - Innovation and R&D
 - Cooperation
 - New Markets
- Accompanying services
 - Technology and Innovation Partners
 - Technopoles
 - Cluster initiatives
 - Internationalisation

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DATABASE

Registered User Area

GOOD PRACTICE
TWG Science and Industry Relations

Country	Austria
Region	Niederösterreich
Name of your Good Practice	Experts dialogue (Fachdialog)
Acronym of your Good Practice	Fachdialog

1 - INDICATE THE KIND OF GOOD PRACTICE (GP)

Action

2 - WAS/IS YOUR GP FINANCED BY THE RPIA? IF YES, SELECT THE THEME OF THE RPIA. IF NO, SELECT "NO RPIA" ➤

theme 1 - Regional economies based on knowledge and technological innovation

3 - IF OTHER, PLEASE SPECIFY (300 CHARS MAX)

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4 - START DATE OF THE GP (MM / YYYY)?

month	6
year	2002

5 - END DATE OF THE GP (MM / YYYY)?

month	10
year	2004

➤ Further information about Regional Programs of Innovative Actions and samples of Good Practice Cases for start-up support and other topics

➤ Please feel free to fill in your Regional Programs of Innovative Actions and Good Practice Cases!

➤ See www.eriknetwork.net → DATABASE → QuickSearch

Thank you for your attention!

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