

Introduction to Tekes

Presentation for



May 7, 2004



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Tekes overview
Technology programmes
Start-up loan for new companies
**Other instruments for fostering
new venture creation**



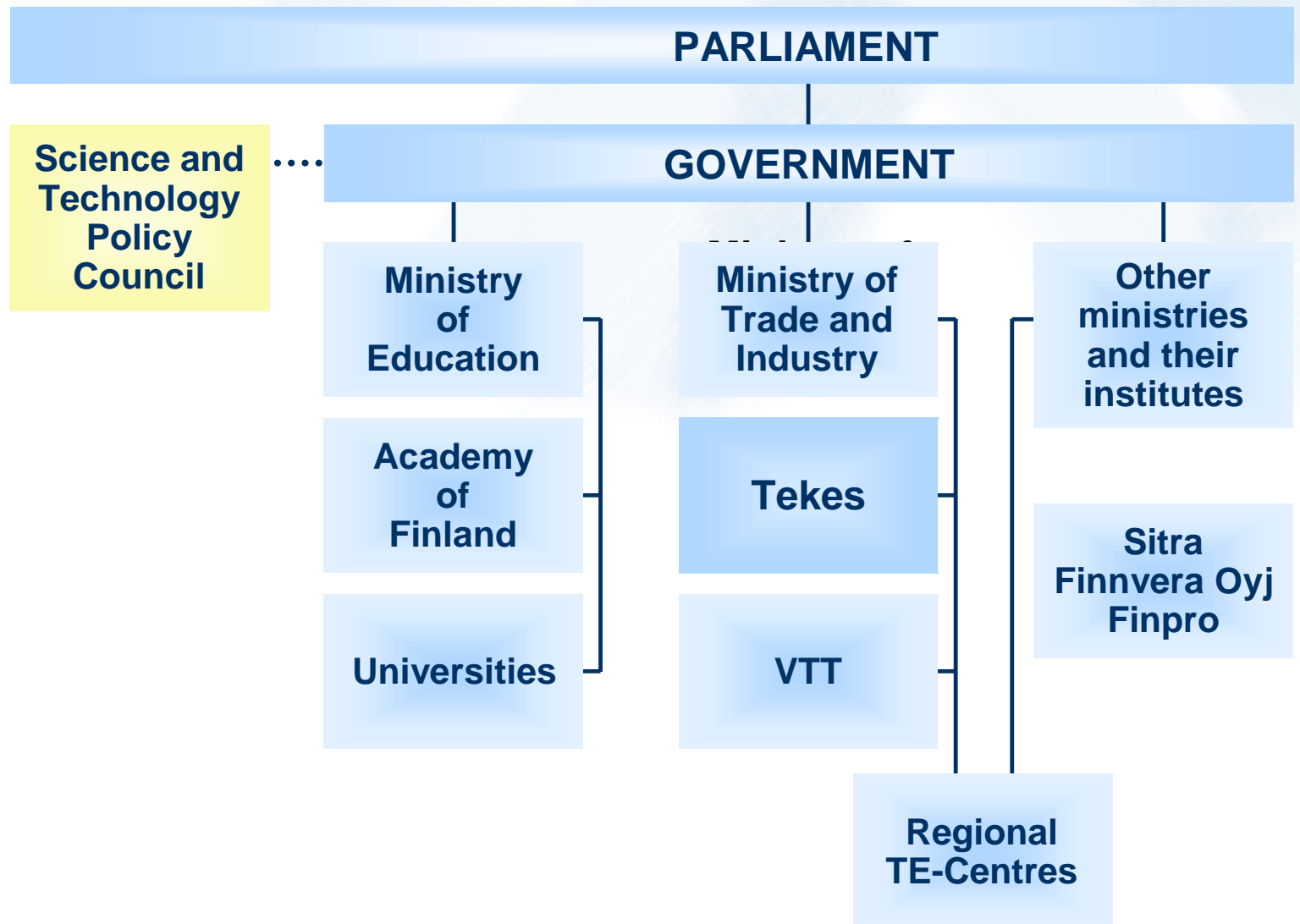
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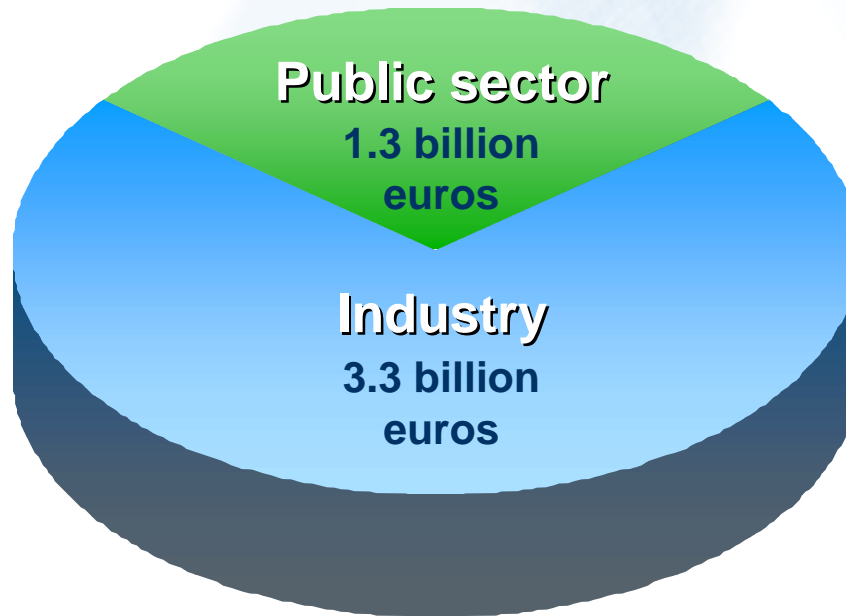
Public sector activities of R&D in Finland



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R&D input in Finland

Total 4.6 billion euros, 3.4 percent of the Gross Domestic Product (GDP) in 2001



In 2002 Tekes accepted new R&D projects for financing for 386 million euros.

In 2002 Tekes paid 341 million euros for R&D projects started in 1995-2002.



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Sources: Statistics Finland and Tekes

Volume of Tekes project funding activities

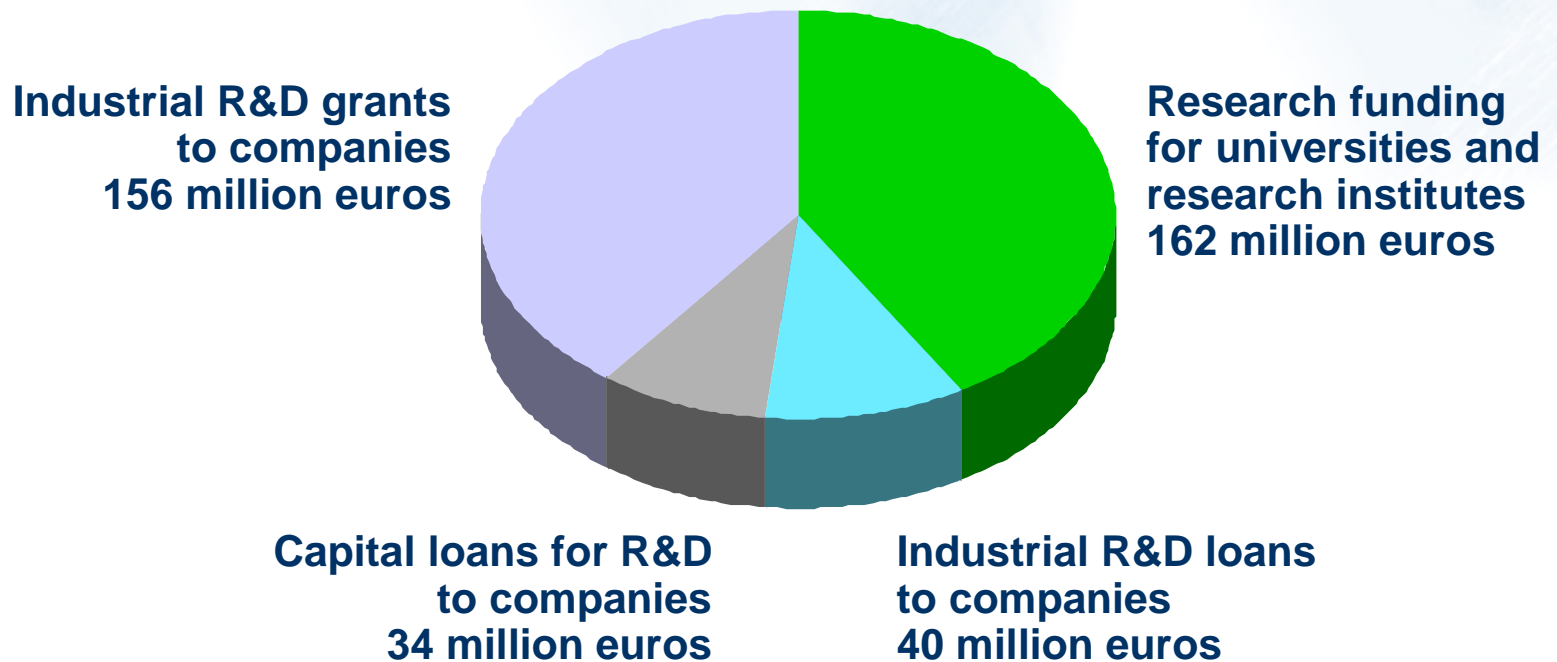
- Continuous open call for proposals
- Typical annual figures:
 - Number of initial contacts ~ 5000 - 10 000 (telephone contacts, meetings, outline proposals ...)
 - Number of official Proposals ~ 3500
 - Number of accepted proposals ~ 2000 (2017 in 2001)
 - Number payments ~ 5000
 - Number of project modifications ~ 1000
 - Total funding 381 M€ in 2002



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Total Tekes R&D funding in 2003

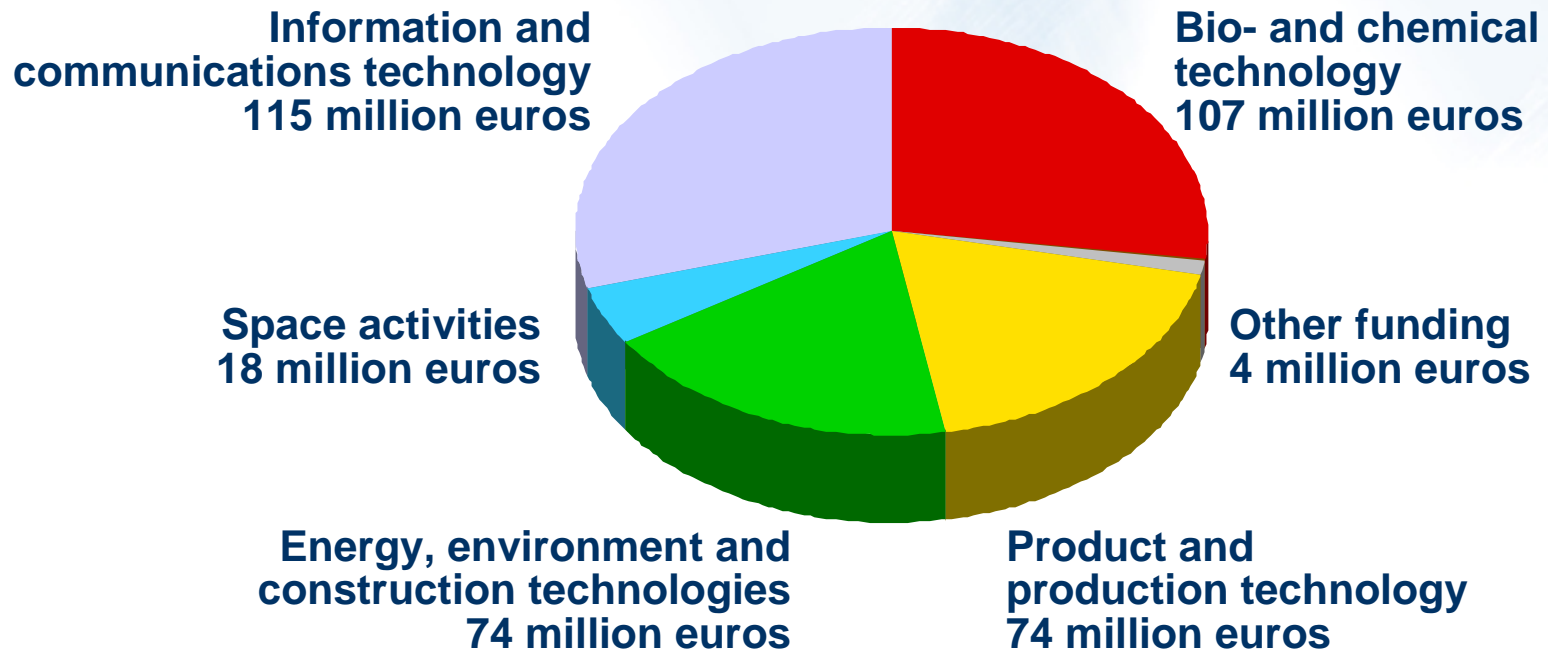
**Total 392 million euros and
2,196 projects**



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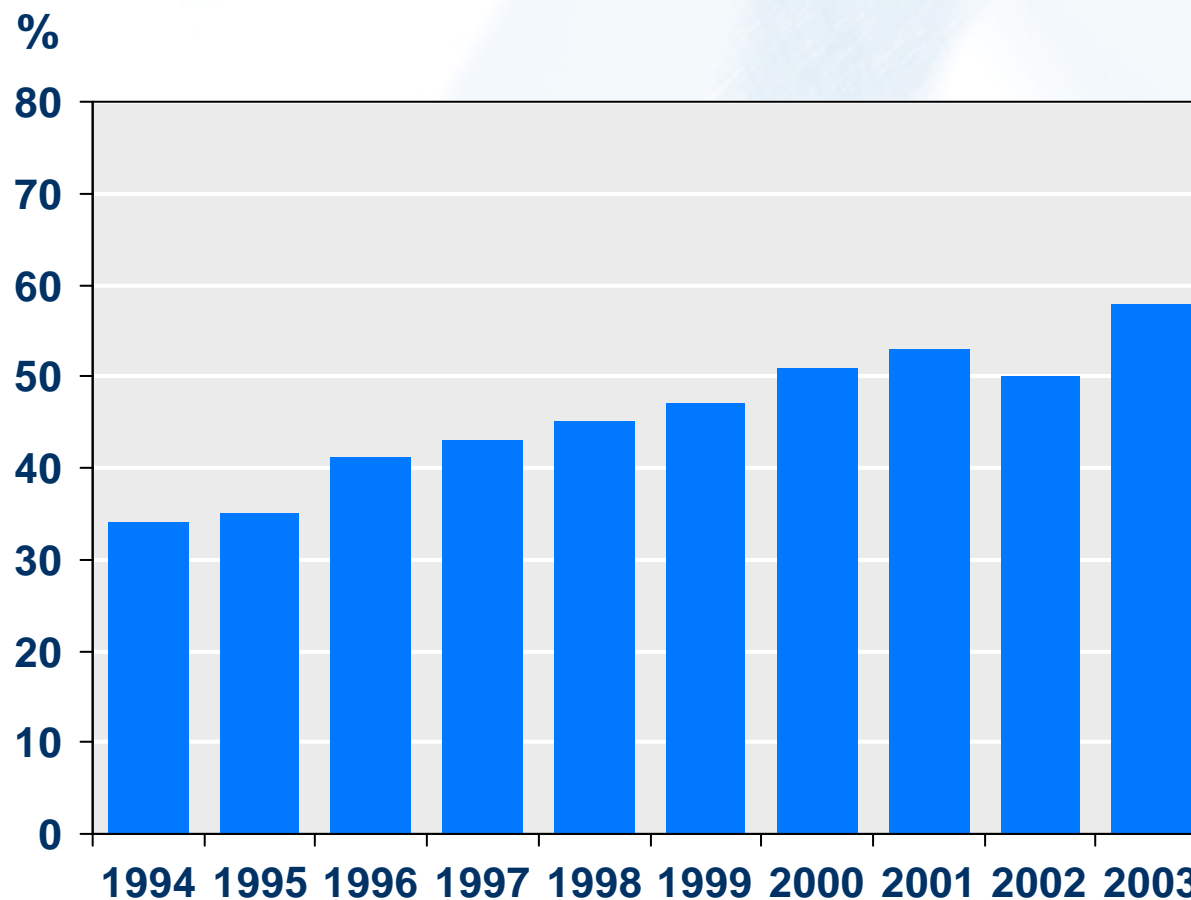
Total Tekes R&D funding in 2003 by field of technology

**Total 392 million euros and
2,196 projects**



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SME's share of Tekes R&D funding



Annually an additional 10-15 million euros was directed towards SME's through projects in large companies, which increases SME share with 5-8 percentage units.



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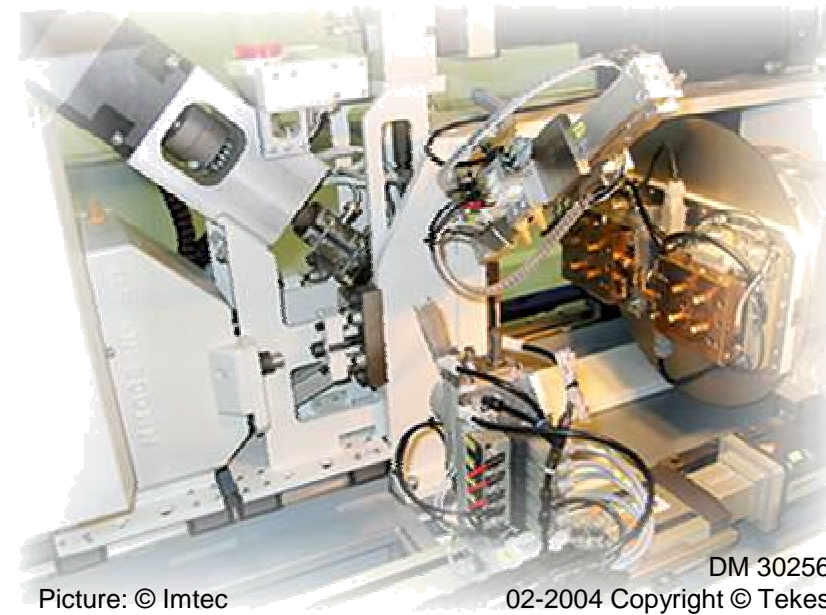
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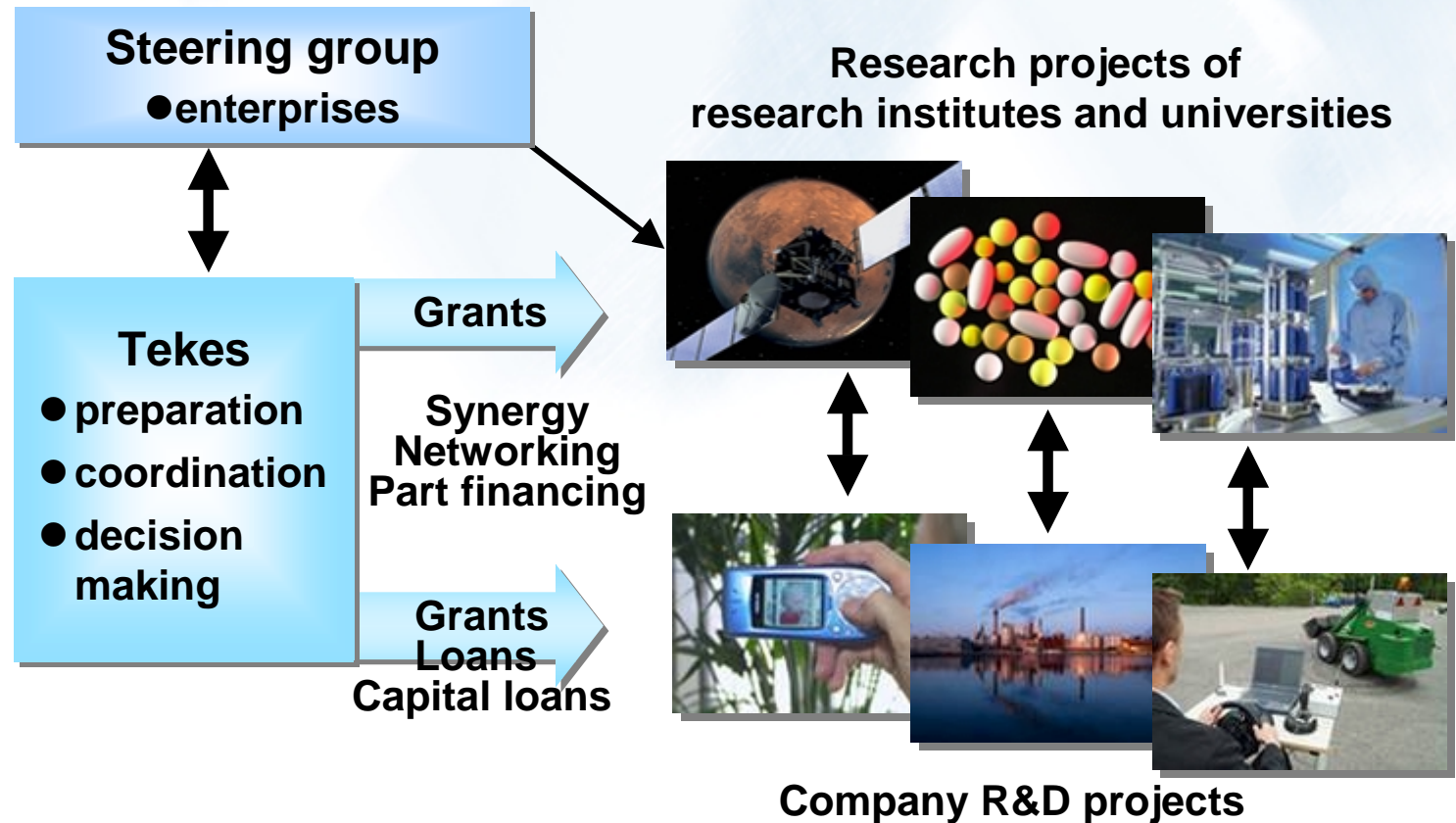
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What are Technology Programmes?

- Multiproject programmes initiated, steered and part-financed by Tekes
- Focused on a key technology sector
- Implemented in cooperation by companies and research units
- Companies can participate with their own projects or by joining common research projects
- Projects and results are partially public



Technology programme model



Pictures: © ESA, Okmetic, Stora Enso

Key figures of technology programmes

- 23 ongoing programmes in the beginning of 2004 with a total cost of 1.2 billion euros
- Each programme typically lasts 3-5 years
- 2,000 company participations annually
- 800 research unit participations annually
- Tekes usually finances
 - 60-80% of university projects
 - 25-50% of company projects



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Information and Communications Technology

Technology programmes in 2004

		Total budget mill. euros	Participating compa- nies	research units
ÄLY - Intelligent Automation Systems *	2001-2004	45	55	20
NETS - Networks of The Future	2001-2005	190	110	21
ELMO - Miniaturization of Electronics	2002-2005	100	73	7
AVALI - Business Opportunities from Space Technology	2002-2005	15	4	6
FENIX - Interactive Computing	2003-2007	84	30	15

* = Intertechnological programme



Bio- and Chemical Technology

Technology programmes in 2004

		Total budget mill. euros	Participating compa- nies	research units
Process Integration *	2000-2004	20	27	18
Innovation in Foods	2001-2004	42	56	33
NeoBio - Novel Biotechnology *	2001-2004	87	50	10
Drug 2000 **	2001-2006	110	34	11
Wood Material Science	2003-2006	21	5	2
COMBIO - Commercialisation of Biomaterials	2003-2007	26	18	23

- * = Intertechnological programme
** = In cooperation with the Academy of Finland



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Start-up loan for technology companies

- Start-up capital funding for technology companies
- Unsecured capital loan: Tekes will not acquire ownership of the company or participate in its administration
- Maximum amount of loan is 100,000 euros, 80% of approved expenses
- Advance payment is 50% of the loan granted (self-financing portion must be paid first)
- Loan period max. 10 years, of which max. 5 years free of repayment
- Loan interest is as high as base rate of interest or at least 4%
- Acceptable expenses are development and planning costs, founders' reasonable salary expenses, rents, small investments, initial marketing costs, etc.
- Based on the European Commission's de minimis rule (max. 100,000 euros over 3 years, applies to approx. 25% of the loan)



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Start-up loan for technology companies

- **Criteria**
 - **Companies must be completely new**
 - **The goal must be technology-based business that aims to grow and be internationally competitive**
 - **The entrepreneurs must own at least half of the company**
- **Applicants must have a business plan and a project plan**
- **Application for the loan may be submitted already during the start-up process, even before the new firm is registered**
- **Tekes cannot grant other funding during the start-up phase but Tekes' R&D funding is ideal for the subsequent phase**
- **First application period March-April 2004, second September-October**
- **Some 20-50 financing decisions annually**



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TULI – Research into business programme

- For promoting research-based business ideas
- Regional activity, eight local projects covering 15 cities
- Projects are two-staged
 - Surveying research projects and evaluating projects' results from business perspective
 - Developing the most promising business ideas further towards commercialization
- Development phase by third-party consultants, max spending 10,000 euros per case
- Activity may target either at a new firm or at licensing the technology to some already operating firm
- Initiated and financed by Tekes, operated by Finnish Science Park Association and its members

TULI map



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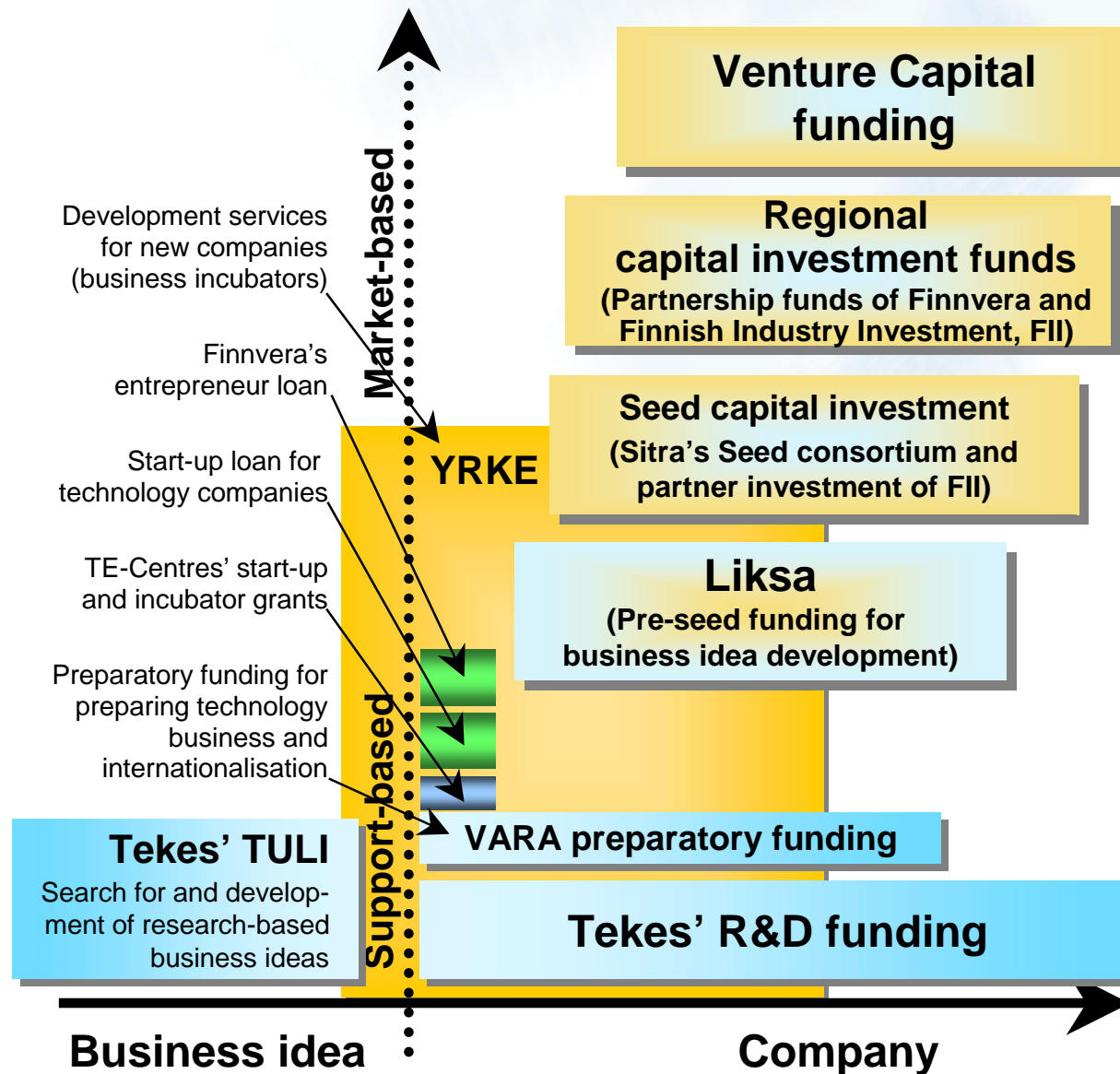
Liksa preseed funding

- Joint funding by Tekes and Sitra, the Finnish National Fund for Research and Development
- Funding for early stage technology-based firms for business development
- To be used primarily for outside expert services and for market research
- Max 40,000 euros
- Primary aim is to precipitate the process of raising venture capital financing
- Regionally operated by four local technology transfer firms



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Funding for new technology companies



TE-Centre, incubator and start-up aid

- aid 15 %-45 %
- average 9,600 euros
- vol. 1 million euros / 2002

TESI, partner investment

- 100-500,000 euros

Seed consortium, capital loan

- max. 200,000 euros

Finnvera, entrepreneur loan

- max. 85,000 euros / 80 %
- personal, shares as guarantee
- vol. 6 million euros, total 110 in 2002

Tekes, start-up loan

- max. 100,000 euros / 80 %
- unsecured
- vol. ~4 million euros in 2004

Tekes, VARA

- max. 15,000 euros / 70 %
- for external services

Tekes, R&D funding

- average 130,000 euros (small comp.)
- funding level 25-50 %

Tekes & Sitra, Liksa

- max. 40,000 euros / 100 %
- for external services



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