ICT
ENTREPRENEUR

GrantXpert consulting

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FUNDACIÓN
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LAUREATE INTERNATIONAL UNIVERSITIES

UNIVERSITY OF GLOUCESTERSHIRE
at Cheltenham and Gloucester

Strategische Partnerschaft Sensorik

MODULE 9:
SOURCES OF FUNDING FOR YOUR START-UP

MAIN OBJECTIVES:

- Explain the stages of funding and raising capital

- Explain the Boostrapping principle

- To give information about relevant EU and National Funding Programmes for start-ups

- To give information about the acceleration programmes in EU

- To give information about the local acceleration programmes

- To inform the participants about the steps needed to follow in order to enter into an acceleration programme

- To present the Networking Opportunities available for them.

5 stages of Funding

When should you look for funding?
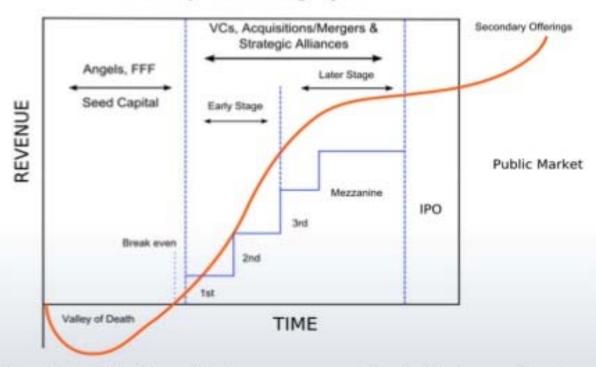
Startup Financing Cycle

Image from https://en.wikipedia.org/wiki/Startup_company#/media/File:Startup_financing_cycle.svg

STAGES OF FUNDING

- 1st stage: Seed Money / Seed Capital

- 2nd stage: Angel Investor Funding

- 3rd stage: Venture Capital Financing

- 4th stage: Mezzanine Financing & Bridge Loans

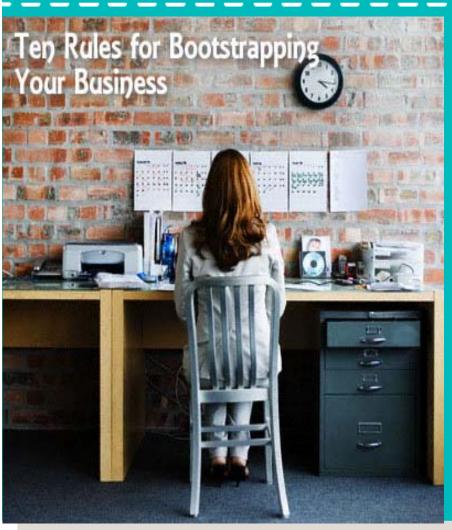- 5th stage: IPO (Initial Public Offering)

VALLEY OF DEATH:

- Considered the most difficult funding stage for startups.

- It occurs after entrepreneurs have exhausted friends, family and personal credit and before they are ready for external funding.

- It can be a struggle to stay afloat at this stage.

- The name **"death valley"** refers to the high probability that a startup firm will die off before a steady stream of revenues is established.

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BOOTSTRAPPING!

Ten Rules for Bootstrapping Your Business

A situation in which an entrepreneur starts a company with *little capital.*

An individual is said to be bootstrapping when he or she attempts to found and build a company from *personal finances or from the operating revenues* of the new company

PROS AND CONS OF BOOTSTRAPPING!

PROS: Compared to using business angel or venture capital funds, bootstrapping can be beneficial because the entrepreneur is able to maintain control over all decisions.
Also no external pressure for quick and big financial results.

CONS: this form of financing may place unnecessary financial risk on the entrepreneur.
Also it may not provide enough investment for the company to become successful at a reasonable rate.

For more on how to bootstrap, check out *Bootstrap Business* by Rich Christiansen, who has launched nearly 30 companies by that method.

TOP 10 SOURCES OF FINANCING A STARTUP!

- Bootstrapping

- FFF

- Small business grants

- Loans or lines of credit

- Incubators

- Angel investors

- Venture capital

- Bartering

- Form a partnership

- Commit to a major customer

BOOTSTRAPPING RULES

- Do not buy used what you can lease.

- Do not lease what you can borrow.

- Do not borrow when you can barter.

- Do not barter when you can beg.

- Do not beg what you can scavenge.

- Do not scavenge what you can get free.

- Do not take for free what someone will pay you for.

- Do not take payment for something that people will bid for.

EU FUNDING PROGRAMMES

EU FUNDING OPPORTUNITIES FOR START-UPS

Introduction to EU funding programmes and structural programmes

- **What is the aim of Community grants?**

  The Commission awards money in the form of **grants** in order to implement projects or activities **in relation to European Union policies**. Satisfy priorities at EU level for a horizon until 2020.

  These projects/programmes are covering areas such as:
  - regional & urban development
  - employment & social inclusion
  - agriculture & rural development
  - maritime & fisheries policies
  - research & innovation
  - humanitarian aid

- **Where can the list of grants awarded by the European Union be found?**

  One can find additional information on the specific grant programmes and on the application process by clicking on the fields which are of interest to him/her through the official websites of the European Union funding programmes (HORIZON, ERASMUS+, COSME, CREATIVE EUROPE, LIFE, ETC)

- **Who can request a grant?**

  The grant **beneficiaries** are mainly private or public organisations, and exceptionally individuals, chosen by the European Commission for their capacity to implement the projects concerned.

EU FUNDING PROGRAMMES

How does one request a grant?

- The specific conditions that need to be fulfilled vary from one field to another.
- It is important to consult carefully the rules of each grant programme.

Grants:

- Are a form of **complementary financing**
- For new activities
- Innovation is very important
- European dimension is a priority

EU FUNDING PROGRAMMES

- The Commission's Departments publish **calls for proposals** on their Internet sites;

- the calls for proposals invite candidates to present, within a given deadline, a proposal for action that corresponds to the objectives pursued and fulfils the required conditions.

- All applications are examined and evaluated on the basis of criteria that have clearly been announced in the calls for proposals, while ensuring equal treatment;

- candidates are individually informed of the final decision concerning their proposal.

Structural funds are funds intended to facilitate structural adjustment of specific sectors, regions, or combinations of both, in the European Union.

This is the EU's flagship development programme which is designed to narrow the gap between the rich and poor parts of Europe.

European Union
European Structural
and Investment Funds

EU SUPPORT TO START-UPS

The European Union is committed to strengthening the business environment for startups in Europe through the many instruments available today such as:

- HORIZON 2020 PROGRAMME

- STARTUP EUROPE INITIATIVE

- ERASMUS FOR YOUNG ENTREPRENEURS

- FIWARE ACCELERATOR PROGRAMME

- Startup Europe's Accelerator Assembly

Overview of main funding programmes of interest to start-ups

HORIZON 2020

HORIZON 2020

"Innovation is the ability of individuals, companies and entire nations to continuously create their desired future"

John Kao, "Innovation Nation" (2007)

HORIZON 2020

2014-2020: The Multiannual Financial Framework

PRIORITIES
1. Smart & inclusive growth (47%)
2. Sustainable growth, natural resources (40%)
3. Security and citizenship (2%)
4. Global Europe (6%)
5. Administration (5%)

EU Budget: 2014-2020 - > € 960bn

What is innovation to the European Union?

Change that speeds up and improves the way we conceive, develop, produce and access new products, industrial processes and services.

Changes that create more jobs, improve people's lives and build greener and better societies.

What are the goals of Horizon 2020?

Excellent Science
Competitive Industries
Better Society

*As a Strategy for Growth and Job

HORIZON 2020

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New structure, Key pillars, Project types, New rules

3 Pillars / Priorities

SOCIETAL CHALLENGES
- Health and well-being
- Food security, sustainable agriculture, marine and maritime research, bio-economy
- Secure, clean & efficient energy
- Smart, green and integrated transport
- Climate action, environment resource efficiency and raw materials
- Inclusive, innovative and secure societies

INDUSTRIAL LEADERSHIP

- Leadership in enabling and industrial technologies (LEITs)

- **Access to risk finance**

- **Innovation in SMEs**

EXCELLENCE IN SCIENCE

- European Research Council (ERC)
- Future and Emerging Technologies (FET)
- Research Infrastructure
- Marie Curie Actions

THE SME INSTRUMENT

–**Targets:** highly innovative SMEs with ambition to develop, grow and internationalise

-A **comprehensive, simple and easily accessible** funding scheme

-**Only SMEs** can apply for funding!

-**SMEs will lead the way:** decision on project organisation and collaboration (e.g. if subcontracting is necessary or not)

-Three main Phases of the **Innovation Cycle**

THE NEW SME INSTRUMENT

Horizon 2020 brings the promise of creating opportunities to SMEs of all kinds, including those that are high tech, research driven, social and service oriented

3 PHASES OF INNOVATION CYCLE

PHASE 1
Concept and Feasibility Assessment

PHASE 2
R&D, Demonstration and Market Replication

PHASE 3
Commercialisation

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SME INSTRUMENT

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PHASE 1
Concept and Feasibility Assessment

Input: Business plan 1 (10 pages)

Concept feasibility
IP regime
Searching Partners
Risk Assessment
Intention of pilot application
Design Study
Output: elaborated "Business Plan 2"
10% success!
Lump Sum: €50.000 ~ 6 months

PHASE 2
R&D, Demonstration and Market Replication

Input: "Business Plan 2" & description of activities (~30 pages)

Developing, prototyping, testing
Piloting products & services
Design of products
Planning & scalling-up
Market replication
Output: "Investor-ready Business Plan 3"
30% - 50% success!
Reimbursement: EC Funding
€0.5M-€2.5M / 12-24 months

PHASE 3
Commercialisation

*Quality label for successful projects
*Access to private finance
*Support via networking, training, coaching, information, knowledge sharing, dissemination, addressing IP management issues.

No EC direct funding!
SMEs can apply for "Access to Risk Finance" (Pillar II)

ERASMUS FOR YOUNG ENTREPRENEURS

ERASMUS FOR YOUNG ENTREPRENEURS

- It is a cross-border exchange programme

- It gives to new or aspiring entrepreneurs the chance to learn from experienced entrepreneurs running small businesses in other Participating Countries.

The exchange of experience takes place during a stay with the experienced entrepreneur, which helps the new entrepreneur acquire the skills needed to run a small firm!!!

ERASMUS FOR YOUNG ENTREPRENEURS

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Who can participate?

- New entrepreneurs, firmly planning to set up their own business or have already started one within the last three years;

- Experienced entrepreneurs who own or manage a Small or Medium-Sized Enterprise in one of the Participating Countries.

- The stay is partially funded by the European Union.

STARTUP EUROPE INITIATIVE

STARTUP EUROPE INITIATIVE

Startup Europe aims to strengthen

the business environment for web

and ICT entrepreneurs so that

their ideas and business can start

and grow in the EU.

STARTUP EUROPE'S OBJECTIVES ARE:

- to reinforce the links between people, business and associations who build and scale up the startup ecosystem (e.g. the Web Investors Forum, the Accelerator Assembly, the Crowdfunding Network)

- to inspire entrepreneurs and provide role models (e.g. the Leaders Club and their Startup Manifesto, the Startup Europe Roadshow)

- to celebrate new and innovative startups (withTech All Stars and Europioneers), help them to expand their business (Startup Europe Partnership, ACE Acceleration Programme), and give them access to funding under Horizon 2020.

STARTUP EUROPE

ICT startups can access support services such as:

- advice,

- networking

- legal assistance,

from EU funded projects on the Startup Europe Club Website

http://startupeuropeclub.eu/

EU created a Dynamic Mapping of the startups ecosystem.

http://www.startuphubs.eu/

STARTUP EUROPE

You can also find great success stories from all over EU in Startup Europe Website. https://ec.europa.eu/digital-agenda/node/70002

You can take inspiration from entrepreneurs and startups in 12 Member States across EU.

Many of them are facing very challenging times in terms of unemployment, particularly amongst the young in Cyprus, Greece, Italy, Portugal, Slovakia and Spain.

LET's meet a successful high-tech start-up that utilised EU funding during its initial stages!!!!

S1

Enter more information about a local/national start-up that managed to gain access to these EU funds and develop their start-up idea further. You can even invite these people to come to class and present their story in front of the class. Ask them to mention both the pros and cons of these funding programmes.

Total suggested duration: 60'.

S1   here enter the successful example of a local startup!
You can find ideas in the following link:
Stephani, 16/02/2016

FIWARE ACCELERATOR PROGRAMME

FIWARE ACCELERATOR PROGRAMME

The European Commission launched a massive call

for web entrepreneurs, SMEs and start-ups

owning an innovation idea

able to penetrate the market and be the basis for a sustainable

business.

FIWARE ACCELERATOR PROGRAMME

Who can participate?

- SMEs and start-ups with innovative ideas to enter the market and to create a sustainable business.

- They are looking for people who are passionate and willing to lead changes in the daily life of people, organisations and businesses!!!

GOAL

Help entrepreneurs to capture the opportunities coming from a new wave of digitalization in multiple sectors.

HOW ?

Creating a sustainable global open innovation ecosystem where entrepreneurs, domain stakeholders and technology providers fulfil their needs

THE PILLARS

FIWARE: the platform that brings an open set of simple yet powerful APIs making it easier to develop innovative applications. Open APIs for Open Minds.

FIWARE Lab: the meeting point where entrepreneurs and domain stakeholders find each other and innovation takes place. Spark your imagination.

FIWARE Ops: the set of tools that will ease FIWARE providers to set up and operate their own FIWARE instance. Choose the one your trust.

FIWARE Acceleration Programme: the fuel that ignites the creation of the FIWARE community. Join the innovation ecosystem.

FIWARE Mundus: the path to a global Future Internet ecosystem. Mobilizing worldwide players and decision makers towards it. Going global.

The moment is now

The current **economic upturn** allows the private sector to invest again.

There is a **huge demand** for new Internet applications and services across all industrial sectors.

There are plenty of people with strong skills, eager to materialize their ideas... they just need the right ecosystem to make them grow!

We can bring together traditional industries (manufacturing, automotive, cultural sector...) with **highly innovative ICT start-ups** to enhance growth in their regions.

Learn more about the open call ⌄

What makes FIWARE different

FIWARE brings these differential values:

1/
Simple yet powerful APIs:
FIWARE is built in a way that makes complex processes become simple, allowing you to speed up the development of your business.

2/
A single meeting point for innovation:
FIWARE Lab is a genuine global point on the Internet where entrepreneurs and domain stakeholders can meet and boost innovation.

3/
Multiple FIWARE providers:
FIWARE supports the existence of alternative FIWARE providers so that application and data can be ported to the environment operated by the FIWARE provider you trust more.

What makes the FIWARE Accelerator program in Europe something different

This is a massive opportunity for all European startups that need help during the first stages of business development. All across Europe, accelerators specialized in different sectors will provide:

Direct Funding (equity-free!) Mentoring Coaching Support Networking

Industrial sectors
Select the accelerator project that best suits your area:

Startup Europe's Accelerator Assembly

http://www.acceleratorassembly.eu/

The network for startup accelerator programmes in Europe.

An industry-led network, created by the European Commission, that connects accelerators, entrepreneurs and policy makers, in order to strengthen the support offered to web startups across Europe.

It does this by:
- Creating an online community to share learning and best practices
- Gathering research and evidence to improve the knowledge on accelerators and web startups in Europe
- Bringing the accelerator community together with events and workshops
- Supporting accelerators to connect with policy makers and participate in future EU policy to improve the environment for web entrepreneurship in Europe

TOP ACCELERATOR PROGRAMMES

EU

1. Seedcamp,
2. TechStars,
3. Founder Institute,
4. Startbootcamp,
5. Startup Weekend,
6. Launch48,
7. GameFounders,
8. Garage48
9. StartupBus Europe

Wauters Robin (2013), "It's getting crowded: With roughly 100 startup accelerators, how many are enough?", tech.eu, http://tech.eu/research/29/there-are-roughly-100-active-startup-accelerators-europe/

USA

1. Y Combinator,
2. TechStars,
3. AngelPad,
4. LaunchPad LA,
5. MuckerLab,
6. AlphaLab,
7. Capital Innovators,
8. Tech Wildcatters,
9. Surge Accelerator,
10. The Brandery,
11. Betaspring,
12. Boomstartup,
13. Entrepreneurs Roundtable Accelerator,
14. Jumpstart Foundry
15. DreamIt Ventures.

EXERCISE

Study the Accelerator Programmes' list provided to you, go into their websites and then write down which ones are more relevant to your own expertise / topic and what are the other 2-3 investment options for you!

Then present your results to the other participants.

DURATION: 30'

EXERCISE

Aim: Learn how to prepare a catchy paragraph presenting your idea according to the specifications of an accelerator programme.

➢ Give to the participants printed some useful tips
➢ Then ask them to work with their team and prepare a short description of their idea.
➢ They need to follow the specification of the accelerator programme.
➢ Then they should present their idea to the other participants

NETWORKING OPPORTUNITIES

EU has launched several activities to help you to create the right
connections within the EU ecosystem

(accelerators, corporates, coworking, crowdfunding platforms,
investors and startups)!!!

NETWORKING OPPORTUNITIES

In your development phase you might also consider the following opportunities for getting financial related support:

a. [Enterprise Europe Network](#) helps small business to make the most of the European marketplace. Working through local business organisations, they can help develop business in new markets, source or license new technologies, and access EU finance and EU funding.

[Small Business Portal (DG ENTR)](#): Access to finance is vital in order to start or expand a business, and the EU provides finance for small firms in different forms - grants, loans, and in some cases, guarantees.

HORIZON 2020

Important online resources for further reading

-Official Horizon 2020 website:
 http://ec.europa.eu/programmes/horizon2020/en
-International Cooperation:
http://ec.europa.eu/research/iscp/index.cfm?llg=en&pg=policy
-Europe 2020: http://ec.europa.eu/europe2020/index_en.htm
-Innovation Union: http://ec.europa.eu/research/innovation-union/index_en.cfm
-Digital Agenda for Europe: http://ec.europa.eu/digital-agenda
-A Resource Efficient Europe: http://ec.europa.eu/resource-efficient-europe
-National Programmes:
http://www.mcit.gov.cy/mcit/mcit.nsf/dmlpublic_gr/dmlpublic_gr?OpenDocument

- Startup Europe Club Website http://startupeuropeclub.eu/
- Accelerator programmes in EU: http://tech.eu/research/29/there-are-roughly-100-active-startup-accelerators-europe/

NATIONAL FUNDING PROGRAMMES (PLEASE ADD YOUR OWN)

NATIONAL FUNDING PROGRAMMES (PLEASE ADD YOUR OWN)

NEXT STEPS

TRAINING OVER! NOW WHAT?

All ICT ENTREPRENEUR students will need to complete:

-50-hour training (in-class) programme √

-20 hours of visits to companies, guest speaker talks/discussions and job shadowing activities. Plan of visits and guest speaker talks provided already.

-10 hours of coaching/mentoring after the end of the training programme (3 hours per month). Plan of mentor and mentee provided already.

-Preparation for their participation in the Business Idea Competition happening between 1-3 months' time. Use the template provided for the pitching presentation. 5' allowed for each team to present their business idea.

THE 4 TYPES OF PEOPLE TO SURROUND YOURSELF WITH FOR SUCCESS

Success doesn't occur in a vacuum. Seek out people who embody these traits:

RELENTLESS WORKERS

True passion and commitment will breed a successful business

POSITIVE ATTITUDES

People tend to be better at what they're doing if they're happy

INQUISITIVE PEOPLE
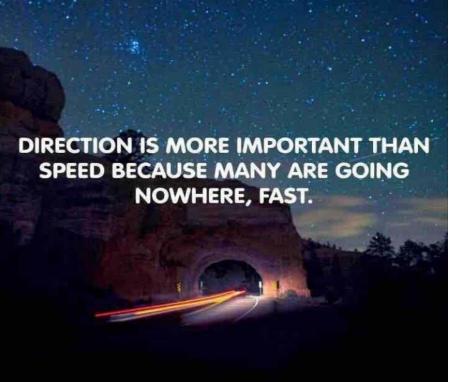
Perspective is everything

DREAMERS

Seeing other people's drive will keep you hungry to reach your goals

Entrepreneur

GIVING UP
ON YOUR GOAL
BECAUSE OF ONE SETBACK
IS LIKE SLASHING YOUR
OTHER THREE TIRES
BECAUSE YOU GOT
ONE FLAT.

DIRECTION IS MORE IMPORTANT THAN SPEED BECAUSE MANY ARE GOING NOWHERE, FAST.

Set Goals & Seize your Life!

achievements

What would you like to achieve in the next ten (10) years?

List 46 things you would like to achieve in the next 10 years. Feel free to dream big dreams here.

Achievements	TS	C	Achievements	TS	C

THANK YOU!