### Technology Incubator Programme NKTH

Hungarian-Israeli Technology Incubation and Technology
Transfer Seminar

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### Features of R&D activity in Hungary



#### **Contradictory picture:**

- World level scientific research and results in some areas
- Few innovative products and companies that are successful globally
- Small number of legally protected intellectual property (patents)
- The number of spin-off companies set up by universities and research institutions is small
- The institutional system and culture of exploitation of research results are missing in the Hungarian R&D sphere



#### Requirements of the efficient innovation



### The efficient innovation and business utilization of R&D results require:

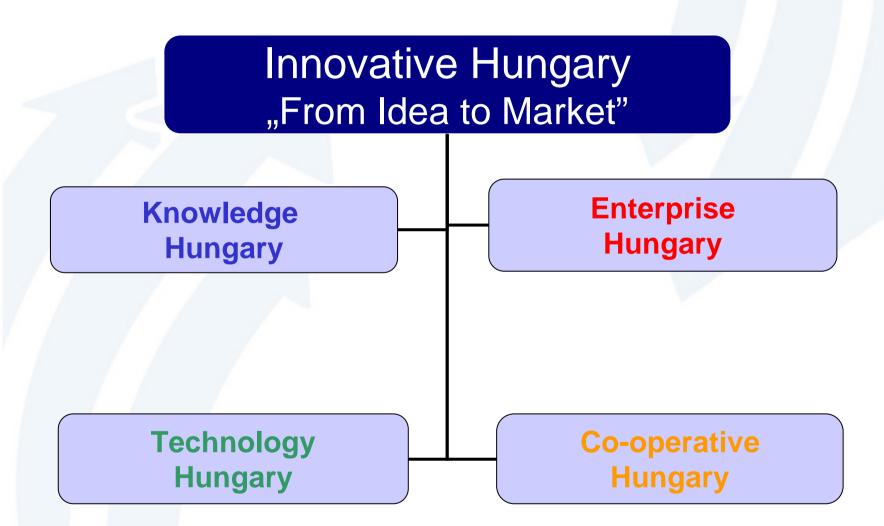
- private and business interest
- taking risk
- flexible financial management
- business knowledge and experience
- investors and venture capital investments

Hungary needs a new business model of exploitation of R&D results



### Programme







### **Primary Goals of the Action Programme**



- To strengthen the knowledge base and to create world level R&D centers in Hungary
- To support R&D programmes related to strategic goals of the Hungarian economy and society
- To increase the exploitation of R&D results and to support the establishment of innovative companies
- To promote international R&D co-operations and to help the Hungarian participation in EU R&D programmes
- To introduce technology and business incubation in the national innovation system



## Technology Incubator Programme (TIP)



- Ex-ante study of the concept of the incubator programme (Equinox Consulting Ltd.)
- Insvestigation of foreign incubation models (Israel, Finland, Ireland, Sweden)
- Strategy of the TIP was approved by the Research and Technology Innovation Counsil
- Budget: 1 600 million HUF (appr. 8 million USD)
- Source of the subsidy: Research and Technology Innovation Fund



## Technology Incubator Programme (TIP) (2)



#### TIP is not about incubator houses!

#### **Objectives:**

- To strengthen the business utilization of R&D results
- To create technology incubators that operate as private companies
- Dissemination of the methods and business models of technology incubation
- To promote R&D and business activites of technology-based, start-up companies to develop innovative and marketable products
- Technology and business incubation of start-up companies by the involvement of venture capital and business interest through technology incubators



### Actors of the TIP Programme



- Technology Incubator Company (TIC) a company that is able to provide technology and business incubation, as well as financial investments by itself or through other investors (venture capital firms, business angels, etc.)
- Technology-based Start-up Company (TSC) a company established for the development and commercialization of an R&D result or an innovative idea
- NKTH sponsor



## Sub-programme A – Selection of incubator companies (1)



#### Requirements for the incubators:

- To be able to help the technology development, to provide business incubation, and IPR services
- To have a technology-screening method
- To have expertise and experts in the areas of innovation management, technology transfer, IPR, management and business development
- Experience in venture capital investments or cooperation with venture capital organisations
- To have enough capital for the investment into start-up companies, or be able to involve venture capital via its financial partners (appr. 100 million HUF)
- To invest 15 % of the total cost of the project into the start-up company within 6-12 months after the onset of the project



### TIP Sub-programme A – Selection of incubator companies (2)



- De minimis funding (max. 50 million HUF)
  for the development and/or adaptation of methods of
  technology incubation and business development, and
  Technology screening
- Preference will be given to incubators in which domestic/foreign venture capital firms have ownership or to those that co-operate with such investment companies
- Expected number of technology incubators: 5 (1st Phase)



## IIP Sub-programme B – Support of start-up companies (1)



#### Requirements for the start-up companies:

- To be a Young Innovative Company (younger than 6 years, develop innovative products, R&D expenses represent at least 15 % of its total operating expenses, etc.)
- To have an innovative intellectual work (R&D result, innovative idea, invention) carrying business opportunity
- The intellectual property right of the R&D result or its right to utilize should be owned exclusively by the startup
- To prepare a Feasibility Study that is appropriate for the judgement of innovativity, practical feasibility, business and market values of the intellectual work or research result



## Sub-programme B – Support of start-up companies (2)



#### Procedure of the application:

- Submission of the Feasibiliy Study to some of the incubators supported by NKTH
- Co-operation and investment agreement between the start-up and the incubator (and the finacial investors)
- Submisson of a project proposal (including research and business plans) to NKTH
- Financial support of the joint project from the Research and Technology Innovation Fund

#### **Requirements:**

- At the end of the joint project the start-up has to give a part of its ownership (max. 15-49 %) over to the investors (incubator, venture capital organisations)
- It pays to the incubator for its incubation services and business consultancy (max. 30 % of the funding)



### IIP Sub-programme B – Support of start-up companies (3)



- Funding: max. 100 million HUF (final grant with no repayment obligation)
- Funding Intensity: 100 %
- Expected number of start-ups: 20-30 (3 Years)

Call for proposals in November 2009





# Thank you for your attention!

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