

Technology Incubator Programme NKTH

Hungarian-Israeli Technology Incubation and Technology
Transfer Seminar

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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**

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**



Innovative Hungary
„From Idea to Market”

**Knowledge
Hungary**

**Enterprise
Hungary**

**Technology
Hungary**

**Co-operative
Hungary**

- **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**

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

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 activities 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**

- **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**



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 co-operation 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**



- **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)**



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 start-up**
- **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**



Procedure of the application:

- **Submission of the Feasibility Study to some of the incubators supported by NKTH**
- **Co-operation and investment agreement between the start-up and the incubator (and the financial investors)**
- **Submission 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)**



- **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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