Introducing BME VIKING Plc.

Success conditions and barriers for start-ups, spin-offs and technological incubators in Hungary

by Gábor Felsö
business development director

What is BME VIKING ?

- Company – not a university, not a foundation, not a union, not an NGO, etc.
- Owned by the Budapest University of Technology and Economics (BME)
- Operates as any other company on the market, like contracting, taxation, annual reporting, etc.
- Established end last year (Dec, 2008)

Mission

- BME VIKING initiates, runs and participates in R&D projects and utilizes their results on the market
- Focus on product and service development and utilization based on state-of-the-art electrical engineering and information technology:
  - fixed and mobile telecommunication
  - renewable energy
  - electronical technology
  - medical information technology
  - building automation
- BME VIKING facilitates the launch of new technologies, new products and new services through knowledge and technology transfer by
  - managing new product development projects
  - establishing a Technology Transfer Office
  - starting spin-off companies

Organization

- BME VIKING is a private limited company (Zrt.)
- 100% of the shares are owned by the University (BME)
- The shareholder's rights of modification of shares, liquidation are applied by the rector (president), in any other cases by the dean of the University
- The rights of the Board of Directors are applied by the Managing Director

- Project company, currently 3 full-time employees
- Simple organisation and quick decision making possible

Challenges

Research Sector vs. Competitive Market

- Technical research vs. marketable product
- Time to market
- Research costs vs. revenue / profit from product
- Scientific publication vs. customers to acquire and to retain
- Intellectual Property Rights
- …

Barriers

- Financial
  - Companies are slightly ready to invest into new technology development from internal sources
  - Therefore main sources are
    - EU programmes
    - Government Budget allocation (e.g. NKTH)
    - innovation subsidy (compulsory) from companies
  - R&D costs (e.g. employment costs)
- Technical
- Industry: volume and development centres
- Confidence (market players and university)

Example 1

- Development of a new public lighting system based on LEDs
- Goals
  - Life-span of the power supply unit shall reach 20 years as of the LEDs
  - Cost of unit + operation (energy) cost + maintenance cost shall be less than costs of natrium lamp or compact fluorescent lamp of a similar brightness
- During the financial approval (10 months) of the project
  - new LEDs appeared
  - costs are changed
  - new lamp units are developed by competitors and launched on the market
  - new customers (users) are entered to the market as well

illustration by Tungsram-Schreder

Example 2

- Development of a modular smart metering system for business and residential use
- Goals
  - modular and expandable (electricity, gas, water, etc.)
  - compatible with future meters
  - managable price
- Key issues
  - Keep the product price (cost) at an acceptable level set by the electricity network owners and new service providers
  - Develop standards acceptable by providers
  - Customers shall understand how to use consumption data
  - Production cost and volume

Thank You