

Technology-based entrepreneurship at Technoport.

Lessons learned!

15 November 2005

De Biasio Diego

- Introduction
- From 1st contacts to companies
- From accepted companies to operational businesses
- What about the entrepreneurs ?
- What issues are they facing ?
- Failure and success characteristics
- Imagination = ideas = successful business ?
- Main conclusion

- Technoport is a department of the Public Research Centre Henri Tudor
- It is an incubator and its' mission is to promote and support the creation and development of innovative technology-based companies in Luxembourg (new and/or young ventures)
- Technoport was officially launched in June 1998 : 7,5 years of activity

- We have a selection process that is based on three main criteria:
 - ✓ The innovative and technological aspect of the project
 - ✓ The economic viability
 - ✓ Possible synergies with research activities and/or other companies
- The data is based on Technoport experience
- The company sample considers only the ones formally accepted by our Board of Directors and hosted at some time within the incubator

- ✓ New contacts from 2002-2005: **204**
- ✓ Growth rate over the period: **53%**
- ✓ Increasing International contacts : United States, Switzerland
Canada, Cyprus, Finland...
- ✓ Industrial sectors:
 - ICT: **55.4%** Industrial/Environmental: **18.2%**
 - Clinical: **6.7%** Others: **19.7%**
- ✓ Eligible files after first screening : **+/- 55%**
- ✓ **38 files submitted** to the Board of Directors (**17 since 2002**)
- ✓ In average **5 new companies** per year (with a peak in 2000)

- ✓ **35 files accepted; 1 file refused; 2 files under revision**

- ✓ **18 companies are still operational**
 - **6 success stories**
 - **Average stay at the incubator : 3.7 years (45 months)**

- ✓ **3 companies had to leave the Incubator because of strategic reorientation (mainly consulting and one man activities)**

- ✓ **14 companies stopped their activity**

- ✓ **Success rate: 60% (!?!)**

- ✓ Companies that focus on world-wide markets: **7**
- ✓ **61%** of the companies are **self-financed**
- ✓ **170** employees out of which 67 on site
- ✓ **40** new positions created during 2005 (10 months) and 23 on site
- ✓ More then **20 internships** and **2 PhD** within these companies
- ✓ **12 business collaborations** between companies and **9 RDI collaborations** with the Public Research Centre Henri Tudor
- ✓ **14 M €** Turnover in 2004 – increasing for 2005

- ✓ Nationality of the entrepreneurs :
 - French 34.5% Belgian 20.7% German 13.8%
 - Luxemburger 13.8% Others and mixed 17.2%

- ✓ Main educational background: engineering and software developers
- ✓ Very few have a MBA or a double degree profile within the company

- ✓ Average age : **> 33 years**
- ✓ Professional experience: **5-7 years**

- ✓ No graduated students and only one spin-off

- Need to distinguish 2 dimensions
 - Company level (things which are within the control of the entrepreneur)
 - Strategy, technological choice, networks, product features...
 - External environment (things beyond the control of the entrepreneur)
 - Bureaucracy, regulations, new competitors, market acceptance...

- Some issues faced at company level
 - ✓ Lack in Business Development
 - ✓ Development Period is longer then expected
 - ✓ The Target Market and the offering is not focussed enough
 - ✓ Long sales cycles
 - ✓ Cash Flow constraints
 - ✓ Plan becomes irrelevant

What issues are they facing ?

- The major issue faced in the external environment
 - ✓ Time and resource consuming (bureaucratic)
« *administrative* » tasks

- The public side of the Innovation System should try to reduce at maximum the negative impacts of these external factors on business development
 - ✓ By innovating, being reactive and supportive

- Incubators can help because their support targets business development issues

- The main failure reasons for the 14 companies mentioned before concerned both dimensions
 - ✓ Financial issues (mainly the projects of 2000)
 - ✓ Bureaucracy
 - ✓ Misunderstandings (conflicts) with partners

 - ✓ Internal organizational issues
 - ✓ Profile of the entrepreneur

➤ Generic factors that support success

- ✓ Entrepreneur who:
 - believes in the idea
 - is able to adapt to changing circumstances
 - Is open to learn from others

- ✓ The vision, the strategy and the product
- ✓ Client and business oriented
- ✓ Involvement of the 'right' people
- ✓ Unexpected events

Meet Jim ...



In '98 Jim had an idea to create a scanner that would optimise the use of engineered wood

...Tony ...



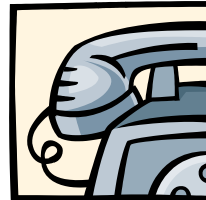
In '99 Tony had an idea to develop a security system to simplify network protection

...Charlotte ...



In '01 Charlotte had an idea to develop an integration tool to enable existing legacy systems and business applications to collaborate.

...Pierre ...



In '02 Pierre had an idea to create a new platform for mobile telecommunications.

12 months +

November 2005



Scanner

0 customer
no finished product

Profitable, renowned
customers, 30 Staff



Security

VC Investment
Turnover €600k

Turnover in M €
50 Staff



Bus App

€750k Investment
1 customer + good
market feedbacks

LIQUIDATION



Telecom

BP Prize
3 potential partners

LIQUIDATION



Working on the efficiency of the national system of innovation is primordial to offer the best possible environment to future **and actual technology-based companies**

Collaborating, innovating, improving, adapting our tools

and consider them as our 'clients'

LuxScan Technologies

magic moving pixel

Blue Sky System

Neofacto

Sapiens Tech

NeoValens

One Tree Technologies

SecureWave

J-Way

Spiece

Conostix

Codasystems

Mocom

Jamendo...