

# Vzpostavitev in predstavitev regionalne platforme za prenos tehnologij CEETT

*Presentation of »Central Eastern European Technology Transfer – CEETT platform«*

Ljubljana, Slovenija, 26. julij 2021





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# *Access to Equity Financing: Central Eastern European Technology Transfer programme (CEETT)*

*July 2021*

# EIF's Equity Products: SEGIP & CROGIP

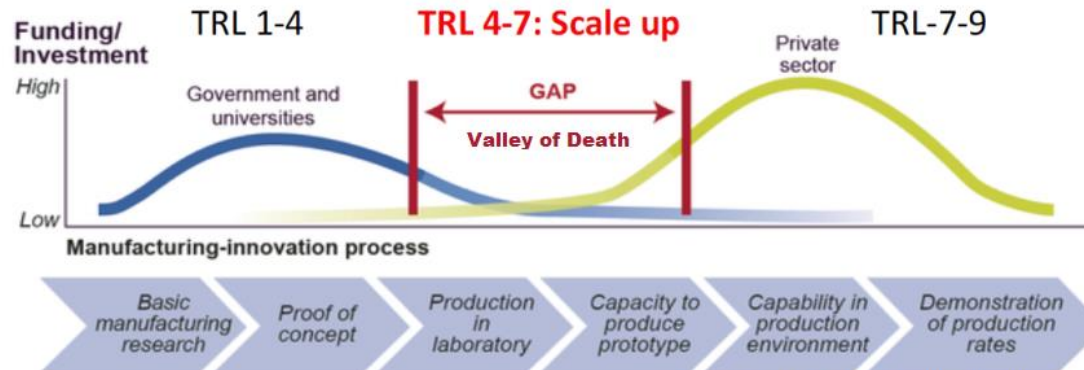


- **In 2017 and 2018 SEGIP and CROGIP were launched by EIF on behalf of SID Banka and HBOR, respectively, with the aim to support the growth segment of the private equity market in the two countries.**
- **SEGIP and CROGIP have been deployed through a combination of closed calls and direct selection, allowing the two countries to achieve a number of milestones:**
  - Development of the local financial market by supporting two dedicated growth funds in each country alongside other smaller commitments into foreign fund managers willing to invest in the two countries
  - A 3x multiplier of SID and HBOR resources obtained through private investments into the selected funds.
- **SEGIP and CROGIP deployment exceeded initial expectations, prompting the parties to enhance their collaboration by expanding the scope of the respective programmes.**

# EIF's Equity Products: SEGIP & CROGIP



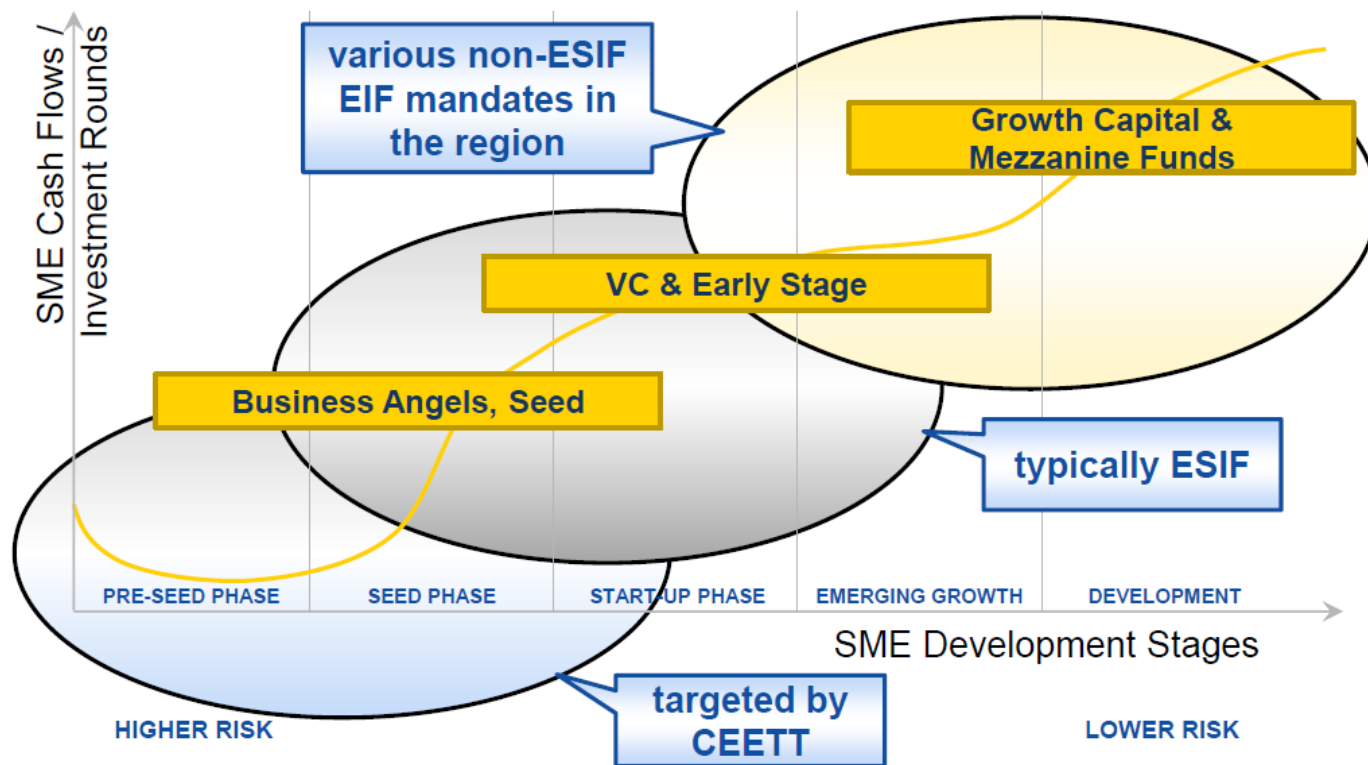
- Today, the parties are topping-up the two existing platforms with a unified approach aimed at:
  - Supporting the most promising Technology Transfer projects originated at public research organizations in Slovenia and Croatia that would otherwise be considered not mature enough for traditional Venture Capital funds (the so called “Valley of Death”)
  - Eliminating the discrepancy between the excellent results achieved by the research organizations of the two countries and the scarcity of financial resources dedicated to support the commercialization of such results.



Source: GAO adapted from Executive Office of the President.

<http://www.gao.gov/products/GAO-14-1815P>

# Closing the gap



# EIF Market Analysis



- EIF had preliminary contacts with Slovenian and Croatian universities and research centers to collect some preliminary feedback.
- Market Assessment – During the next 5 years, the universities and research centers of the two countries expect to generate a deal flow of more than 350 patent applications and 100 spin-off companies.
- After assessing the market absorption capacity, EIF structured, alongside SID Banka and HBOR, a EUR 40m allocation for a technology transfer fund focused on the two countries
- This represents a fundamental milestone in the development of the innovation ecosystem of Slovenia and Croatia, where there are no active teams in the pre-seed stage and technology transfer segments;
- While this is a significant step forward, it is clear that the CEETT initiative alone is not sufficient to cover the full absorption capacity of the two countries, leaving room for further private initiatives.
- Building on the experience developed within SEGIP and CROGIP, a closed call is considered the most robust approach to select the best candidate.

# Investment Programme



## Investment activities

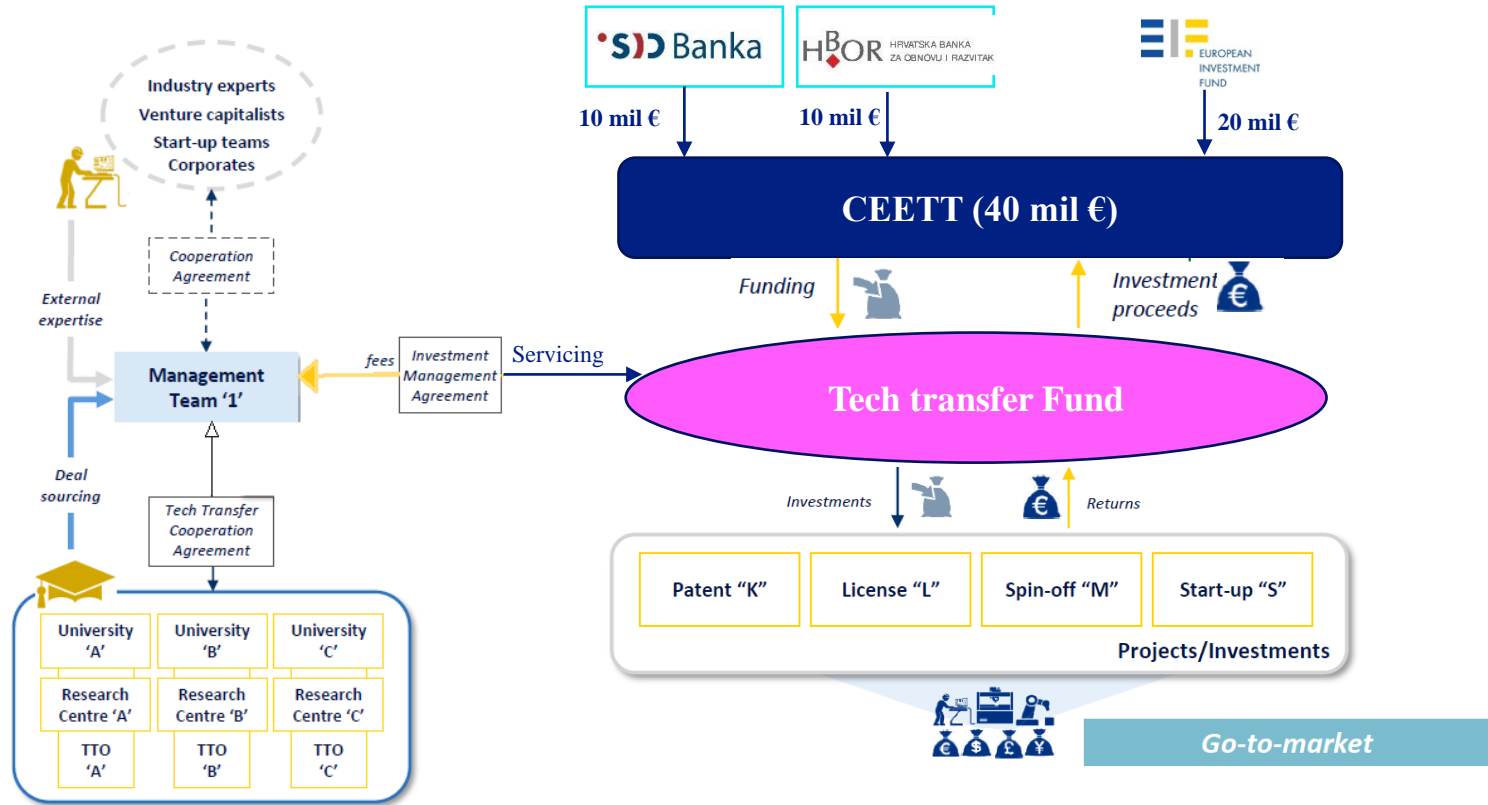
- **Primary fund investments:** Investment in a fund focused on technology transfer activities across various fields. The fund shall thus focus on providing financing primarily to university and research center spin-offs and to projects at the proof-of-concept stage, also providing follow-on financing to these projects at a later stage
- **Closed call:** Primary fund investment specifically designed to target Slovenia and Croatia-developed research projects and enterprises

## Main investment parameters

- Eligibility criteria defined by EIF, SID Banka and HBOR
- Focus on projects in the proof-of-concept stage – expected to represent a majority of the investments
- Enterprises must be in the Seed, Start-up or Later Stage Venture investment stage and must originate from a university or research institute
- Financial Services (excluding financial technology companies) and Real Estate sectors are excluded



# Structure





# Market Impact

## Mandate parameters

- Investment programme size of **EUR 40m** (combined 2:1:1 EIF, SID Banka and HBOR participations)
- Expected allocation into a fund focused on technology transfer activities across various fields:
  - Commercial demonstration development
  - IP licensing
  - Creation of new companies
  - Launch of spin-offs or joint ventures
  - Collaboration between universities

## Deployment and multipliers

- First case of InvestEU eligibility in the region: Investment expected to be aligned with InvestEU priorities
- First case of a regional instrument
- Additionality: EIF has the flexibility to support the programme with other resources, as needed
- Minimum multiple on NPI's investment is 1,5 times the investment in the respected NPI's country
- Additional private sector participation is expected

# Roles of SID Banka, HBOR and EIF

## ▪ National Promotional Institutions – EIF relationship

- SID Banka and HBOR are shareholders of EIF, and founding members of the EIF-NPI Equity Platform
- The programme is structured as a contractual agreement, EIF fiduciary role
- HBOR, SID Banka and EIF put in place investment parameters to address needs of Croatian and Slovenian projects
- EIF invests EUR 20m and HBOR and SID Banka invest each EUR 10m on the same terms and conditions

## ▪ SID Banka and HBOR as strong local partners

- SID Banka and HBOR act as a local partner and reference for market intelligence
- Promote local investment opportunities through access to network of international investors
- With EUR 10m of own funds each facilitates provision of capital for technology transfer

## ▪ EIF as experienced investor with access to Pan-European Network

- EIF screens, approves and manages / monitors the investment until termination
- EIF promotes the programme to its network of regional and pan-European investors
- EIF facilitates enhanced reporting to SID Banka and HBOR



# Why a Proof of Concept Fund

A Public Research Organization view

Dr. Špela Stres, MBA, LL.M.

# How did it all begin?

- Technology Transfer Financial Facility (TTFF)



# Why is PoC crucial?

## Innovation performance

Strong research performance is **not translated** into innovation  
Lack of breakthrough innovations creating new markets

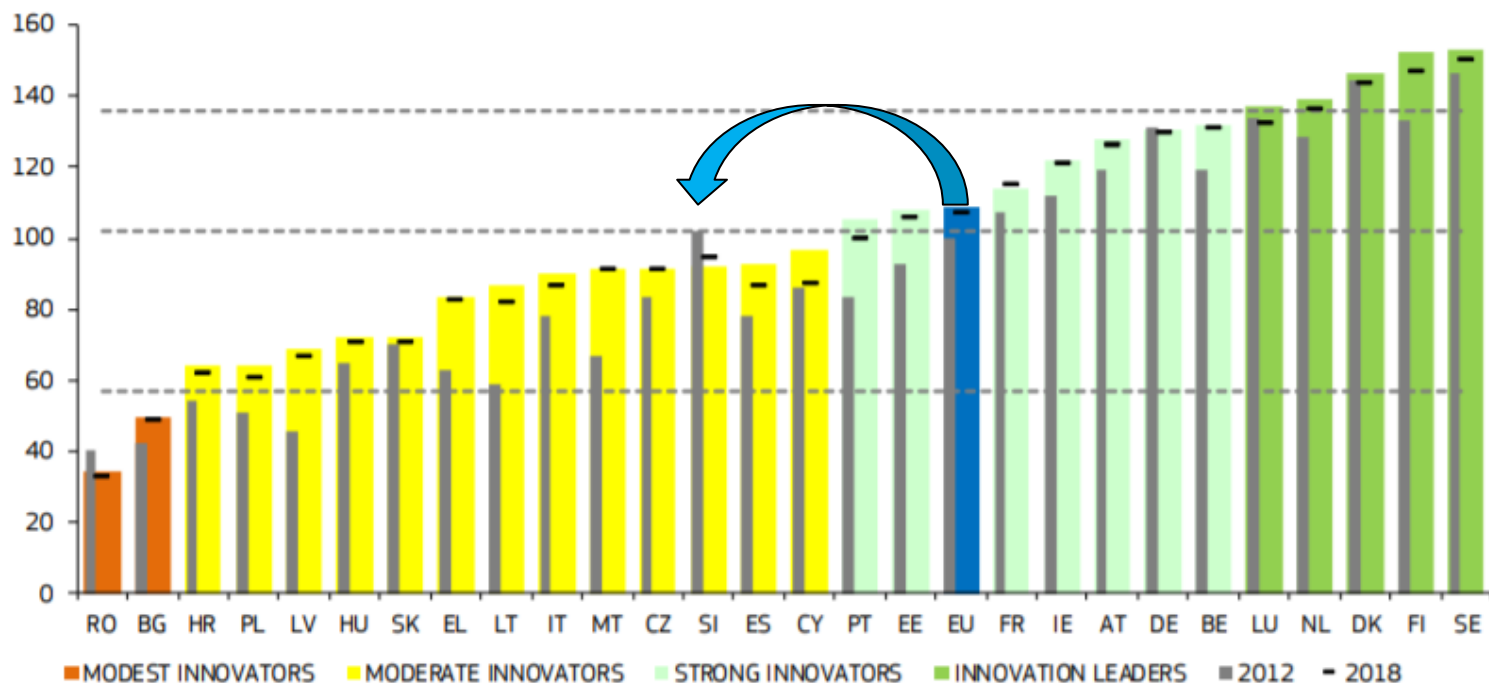
## Financing innovation

Financial gaps (2 "**valleys of death**")  
a) Transition from laboratory to company  
b) Scale-up for high-risk innovative start-ups

## Ecosystem to support innovation

Many national and local ecosystems, but **fragmented** at national level  
All PROs and all talents (especially women and youth) should be included

# Slovenia's innovation performance 2012/18

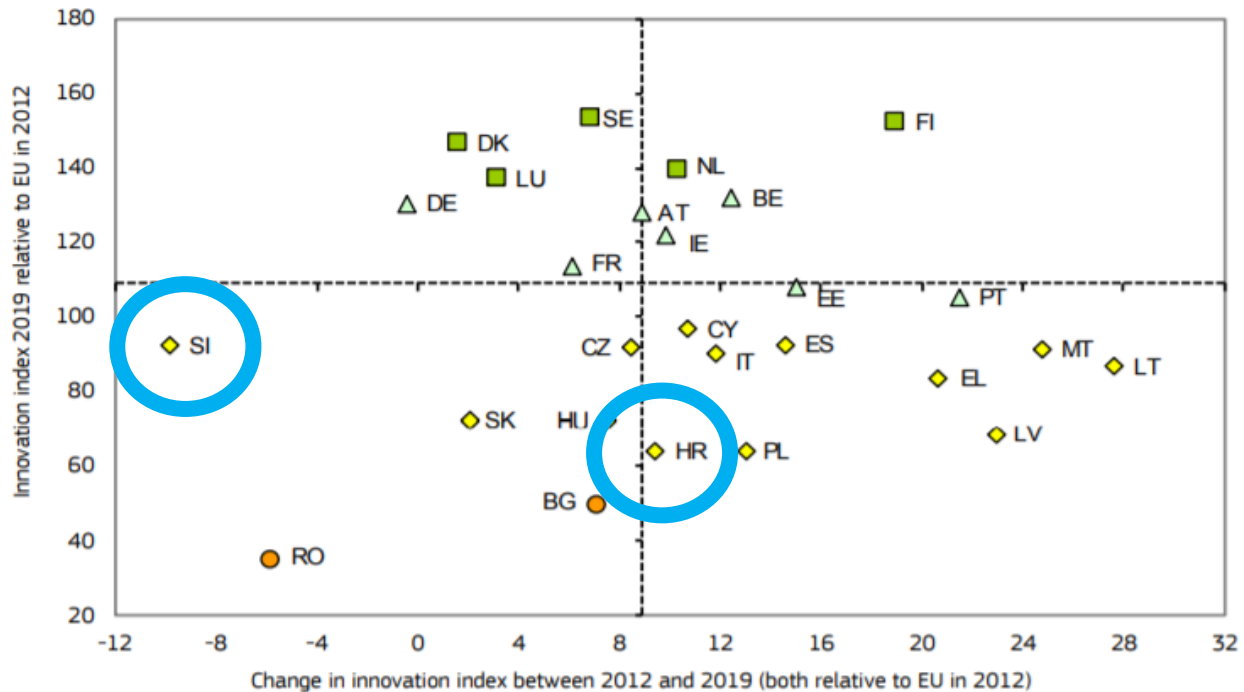


Coloured columns show countries' performance in 2019, using the most recent data for 27 indicators, relative to that of the EU in 2012. The horizontal hyphens show performance in 2018, using the next most recent data, relative to that of the EU in 2012. Grey columns show countries' performance in 2012 relative to that of the EU 2012. For all years, the same measurement methodology has been used. The dashed lines show the threshold values between the performance groups.

Source:  
EIS

# Innovation performance and trend of EU members

Slovenia: slightly below average with a worryingly negative trend



The vertical axis shows Member States' performance in 2019 relative to that of the EU in 2012. The horizontal axis shows the change in performance between 2012 and 2019 relative to that of the EU in 2012. The dashed lines show the respective scores for the EU.

Source:  
EIS



# A solution?

- Integrated instruments to support technology transfer and innovation
- CEETT actively addressing the limitations of the innovation system

# JSI experience

- 20 years of PoC from licensing revenues
- > 40 spinout companies
- Not enough

# Why now?

- Public Research Organizations as a source of innovation
- Many inventions
- High-risk High-gain investments needed
- Pre-incorporated phases
- Valley of death transition

# What is in it for a Public Research Organization?

Support for the penetrating, deep-tech innovators creating the market

- Smooth transition
- Open to all innovators in any priority field
- Also at the early /preincorporated stages of TRL development

Agile financing from idea to investment

- A path finder for advanced research into new technologies
- Transition from laboratory to commercial environment
  - Decisionmaking-, team- and IP- set-up time

Building ecosystems and communities

- Access to business promotion services (trainers, mentors, companies, investors and knowledge partners)
- Visions for breakthrough, portfolio management and ecosystem integration
- Crowd-sourcing of other investors (VC, company, etc.)

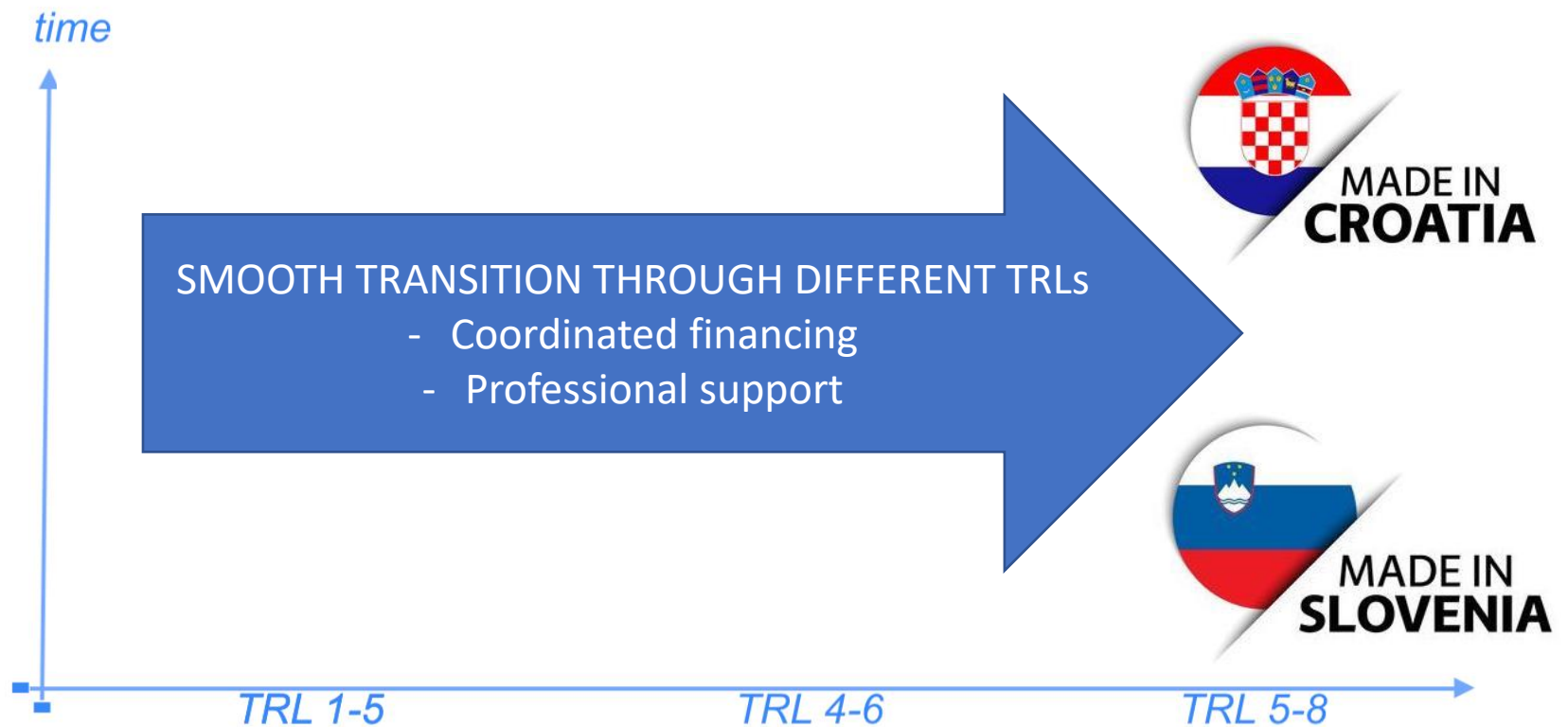
Entrepreneurship is the pursuit of opportunity  
beyond resources controlled.

(prof. Howard Stevenson, Harvard Business School)





# Acknowledgements





Professionalism

Synergy



Good luck CEETT

