

Expert session #2 Capital for innovation

Location: Bpifrance Office Paris, France **Date:** April the 21st, 2016



Under Bpifrance 2016 Taftie chairmanship, Expert Session #2 was held in Paris on April the 21st. Laure Reinhart, Taftie 2016 Chairperson, introduced the topic under discussion, “Capital for Innovation”.

She welcomed Taftie members in *Le Hub*, a Bpifrance- start up-dedicated space. The aim of this meeting was to share Taftie members’ experience and best practices on equity solutions to support start up from seed to VC as well as advisory services for high growth potential SMEs. This work would be helpful to prepare better for the policy forum scheduled in November 2016 in Brussels.

After a roundtable presentation of each participant, most members mentioned that their main expectation from this Expert Session was to learn more about members' respective VC schemes.

1. Mapping of seed solutions (Presentation by Enterprise Ireland)



Enterprise Ireland provides equity and subsidy solutions to SMEs (they can't provide loans). There are 3 main equity programs for startups covering seed and VC phases and totalizing EUR 384 m in 47 funds. Enterprise Ireland uses call for tenders to select seed and VC funds and have defined the concept of "high potential SMEs" (less than 5 year-old, sector oriented, having created 10 jobs and / or having achieved more than EUR 1 m of sales over the last 3 to 4 years).

Round table discussion with members:

- Experience and tools are very diverse. Tools include: subsidies as most common instrument for members, but also Fund of Fund investment (Enterprise Ireland (EI), Luxinnovation, Nedo, and Bpifrance), soft loans (Netherlands, CDTI, Bpifrance), repayable advances (FFG, Bpifrance), convertible loans (EI). No direct equity seed funds managed by Taftie members.
- Each instrument addresses specific start up needs: subsidies (technical feasibility), equity (high growth potential SMEs), soft loans and repayable advance (tech transfer and start ups)

Next steps:

- Need to better map Taftie members equity solutions for seed phase
- Need to share experience on definition of seed and VC
- Need to share views on existing market gaps

2. Mapping of VC funding solutions (Presentation by CDTI, Spain)

There are two main VC Fund of funds vehicles (ICO global and Innvierte) taking minority stakes in VC funds. Targeted VC funds are sector focused (TIC, industry, bio, energy and environment) + seed funds.

Bpifrance gave an overview of its VC schemes: fund of funds but also direct VC funds in some high growth potential sectors that are not covered enough by private investors (ex. Fashion and design; Biotech; rare diseases, eco tech, large venture etc.)

This direct intervention brings 3 main benefits: i) Address market gaps proactively ii) Learn from the market and sector specificities and iii) give the example to other market players that often enter the market after Bpifrance (trend setter, leverage effect)



Main challenges:

- Attract private money in VC funds (CDTI)
- Question of territoriality of final beneficiaries that have to be based in their Member State to be supported by some Taftie members (Luxembourg, CDTI, Bpifrance etc.). This is not necessarily the case for VC funds themselves if they commit to invest a certain amount of money in the dedicated member state (example of Bpifrance)
- Large venture (tickets above € 10 m) is not easy to find in Europe
- Some industrial sectors not covered by VC funds

Next step:

Need to better map Taftie members VC solutions (including ticket size and investment policy). Laure R suggested to circulate a mapping template in members to work on a Benchmark.

3. Unicorns and scaling up of firms (Presentation by Innovate UK)



Innovate UK uses the OECD definition of scale up. UK's Top 50 fastest growing science - based companies has been identified. But levels of finance required is often beyond any one country capacities: >>€100 m.

Innovate UK scale up toolbox encompasses several services : from enhancing leadership capacity of companies to helping them access customers passing by advise on funding solutions and innovation ecosystem.

Round table discussion

- Scale up is quite a recent issue in Europe but a pressing topic. We have to go fast to face competition with the US and emerging countries (Innovate UK)
- Challenge is not necessarily creating new instruments but grouping together existing tools in a sensitive and user friendly way (Innovate UK)
- It means listening to companies' needs and find solutions (Bpifrance)
- The fragmentation of the EU with many different languages and regulatory regimes is an obstacle for our fastest growing companies in comparison with the US (Luxinnovation)

- International development is crucial for companies growth and agencies have to support them to go abroad (Bpifrance has invested in some US funds in Biotech so that these funds will invest in French Companies).
- Compared to the US, it's more difficult for European innovative start-ups to enter into the market since European culture is more stable in terms of consumption habits (less open to disruptive usages!)(Nedo).

Participation

Present	<p>Amandine Karoui (Bpifrance)</p> <p>Berna windischbauer (FFG)</p> <p>Cathinka Holtermann (The Research Council of Norway)</p> <p>Christian LEONETTI (Bpifrance)</p> <p>Christian Dubarry (Bpifrance)</p> <p>Christophe Debouit (Nedo Europe)</p> <p>Cornelia Partsch (Project Management Jülich)</p> <p>Emrah Alkaya (Technology Development Foundation of Turkey-TTGV)</p> <p>Fatima Zunara (Bpifrance)</p> <p>Ferry Braunstahl (Netherlands Enterprise Agency (RVO))</p> <p>Filomena Egreja (IAPMEI - Portuguese Agency for Competitiveness and Innovation)</p> <p>Gilles Le Cocguen (Bpifrance)</p> <p>Henrik Fridén (Vinnova)</p> <p>Ismael Rodrigo Barco (CDTI)</p> <p>Jean-Michel LUDWIG (Luxinnovation)</p> <p>JoanneGoede (Prisma & Associates)</p> <p>Kåre Nordahl (DASTI)</p> <p>Laure Reinhart (Bpifrance)</p> <p>Leo Van de loock (vlaio)</p> <p>Lola MERVEILLE (Bpifrance)</p> <p>Madis Truupõld (Enterprise Estonia)</p> <p>Marita Paasi (Tekes)</p> <p>Maxine Adam (Innovate UK)</p> <p>Milena Vicenová (TA ČR)</p> <p>Nóra Jeney (NRDI Office)</p> <p>Pascal FABING (LUXINNOVATION)</p> <p>Patrick Cornet (Bpifrance)</p> <p>Pavel Komárek (TA CR)</p> <p>Philipp Aiginger-Evangelisti (FFG)</p> <p>Pieter de Bruijn (RVO)</p> <p>Ricardas Valanciauskas (MITA)</p> <p>Rita Ward (Enterprise Ireland)</p> <p>Sabine Mayer (FFG)</p> <p>Takehiko NAGAI (NEDO Europe)</p> <p>Valerian Pilois (Bpifrance)</p> <p>Wolfgang Gessner (VDI/VDE-IT)</p>
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