

I4MS - mentoring and coaching programme

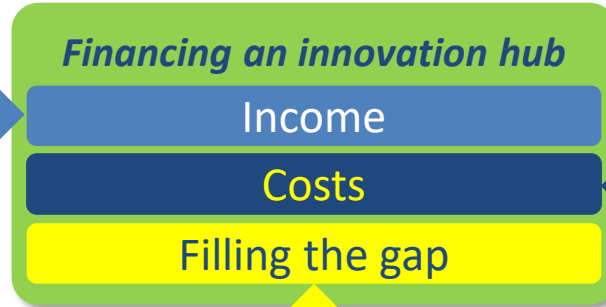
Looking at financing a hub

Maurits Butter

Financing a hub: Customers, funding sources and resources

Customers

- Services
- IPR
- Conference fees
- Memberships



Resources

- Equipment
- Personnel
- Infrastructure & housing
- Raw materials



Funding sources

- Governmental support
- Partner contribution
- Sponsorships
- Private capital



	A	B	C	D	E	F	G	H
1		Financial plan						
2		<i>Income</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
3		R&D&I projects						
4		Public cofunded RDI projects						
5		Fundamental research projects						
6		Contract RDI activities						
7		Initial series production						
8		Other, namely						
9		Subtotal R&D&I projects	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
10		Memberships						
11		Memberships-1st tier (200k€ pM)						
12		Memberships-2nd tier (5k€ pM)						
13		Other, namely						
14		Subtotal Membership and sponsoring	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
15		Consultancy and services						
16		Workshops						
17		Training and education						
18		Studies (market impact, economical assessments, etc)						
19		Scouting and market intelligence						
20		Incubator services						
21		Other consultancy, namely ...						
22		Subtotal consultancy and services	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
23		Other						
24		IP(R) - revenues						
25		Participations (e.g. in spin-offs, etc.)						
26		Conference fees						
27		Renting out infrastructure						
28		Other, namely ...						



Financial plan

Approach followed by the DIHs

Concerning the financial plan, of the 28 hubs:

- 9 hubs used the financial/investment plan format
- 8 hubs used another format or a part of it (budget only for 1 or 3 years, only revenues and costs and no investment plan)
- 11 hubs had no financial plan (yet)

All approved hubs have identified funding opportunities

- Some hubs gave an extensive overview of all possibilities
- Some hubs just indicated a few funds, which they were going to apply for
- Some hubs even had secured funding through one of the partners

Estimated costs

What are the estimated cost (capital and operations) for the next 5 years?

- Min. 400.000 – Max. 8,2 mln
 - *6 hubs < 1mln*
 - *8 hubs 1 – 3 mln*
 - *3 hubs 6 – 8 mln*

Mainly
operational and
project costs

What are the planned revenues for the next 5 years?

- Min. 175.000 – Max. 9,6 mln
 - *7 hubs < 1mln*
 - *8 hubs 1 – 3 mln*
 - *3 hubs 5 – 9,6 mln*

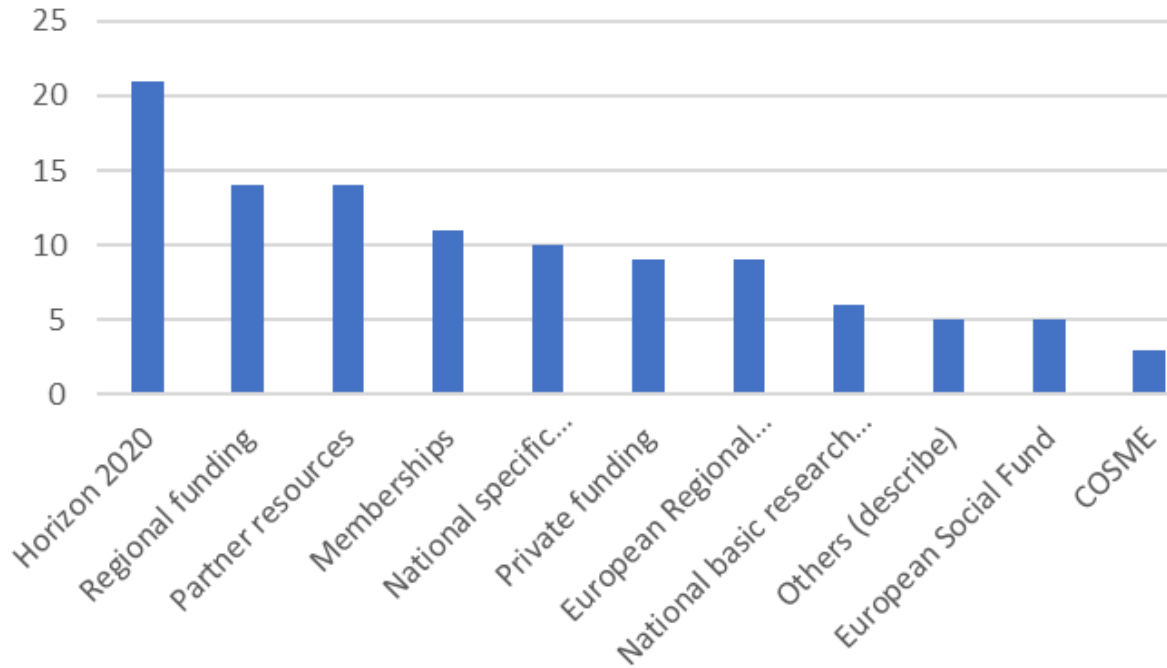
Main income
sources are R&D
projects and
consultancy fees

Content: Findings on “the gap”

- 10 hubs have a gap:
 - 3 hubs have a gap of -/- 1,4 to 3 mln
 - 4 hubs have a gap of -/- 35.000-450.000
 - 3 hubs have a minimal gap (-/- 700 - -8000), almost **break even**
- 6 hubs have a positive result
 - 5 hubs between 100.000 and 700.000
 - One hub extremely positive 2,8 mln

What funding sources planned

#hubs



Which funding source is crucial?

- For the majority of the hubs the main strategy is:
 - *To make use of the already existing structure of the partners (competence centres, universities): offices and facilities in kind and expertise from industrial sponsors in-kind (staff)*
 - *Commitment and substantial public funding (regional, national and/or EU) from the start is necessary*

Funding versus customers

Funding sources/customers	Large companies	MidCaps	SMEs	Start-ups	Research
COSME	2	2	2	2	
European Regional Development Fund	2	4	8	4	
European Social Fund	3	2	4	3	1
Horizon 2020	5	11	18	7	1
Memberships	3	6	9	4	
National basic research funding	3	3	5	4	
National specific innovation funding	3	5	9	3	
Partner resources	3	9	11	4	
Private funding	3	7	6	3	
Regional funding	3	7	12	4	
	7	11	21	10	

How to start the hub financially

For the majority of the hubs the main strategy is:

- Make use of the already existing structure of competence centres. Offices and facilities in kind and expertise from industrial sponsors in-kind (staff)
- Start with minimal amounts of membership and sponsorship in the beginning, as they first need to prove the added value of the hub
- Commitment and substantial regional (and EU) funding from the start is considered crucial

Concluding remarks on financing a hub

- Financing is patchwork. Create this combination of funding
- H2020 and regional funding are considered the most important sources
- Within the EU27, the specific situation differs from country to country
- Partner contributions and developing from existing infrastructure is an important strategy

Closing statements

- Getting the DIHs up and running is a long process that requires extensive efforts and in kind investments
- Long term viability requires long term public support
- The development of a DIH is an evolutionary process, with a changing financial setup
- ***Financing has just begun***