

Danube Transnational Programme
Programme co-funded by the European Union

ACCELERATOR - Developing accelerators to provide better access to innovation finance for SMEs

Project code: DTPI-278-1.1

Results and recommendations

A stream of cooperation





■ Danube Transnational Programme area

ACCELERATOR - Developing accelerators to provide better access to innovation finance for SMEs

Project code: DTP1-278-1.1
Start date: 01-01-2017
End date: 30-06-2019

Budget in Euro

Overall: 1 966 163,42 €
ERDF Contribution: 1 359 291,64 €
IPA Contribution: 311947,23 €
ENI Contribution: 0 €

Call number: Call 1
Priority: Innovative and socially responsible Danube region
Specific objective: Improve framework conditions for innovation



Short description of the project

Innovative SMEs in all participating regions of ACCELERATOR are hindered by access to equity particularly in their early stage development. Thus, ACCELERATOR engages in exploring and piloting the innovative path of acceleration programmes (a new type of investment readiness programme) towards improved business support in the Danube region. ACCELERATOR'S main objective is to enhance access to innovation finance through improving the institutional framework conditions and related policy instruments by developing the practical solution of acceleration services and influencing the concerned strategic framework at partner's regions and programme level. The primary target group is SMEs in need of capital but lacking skills to acquire it. Secondly, we target business support organisations at which new and improved acceleration services will be bedded and we link these organisations through a Danube-region transnational network. Third we concentrate on integrating equity financing institutions in regional innovation ecosystems. Last the integration of the public sector is highly relevant for us due to increasing attention to equity programmes from ESIF sources. Our approach has strong transnational dimension: beyond the transnational network mentioned above, regions with well performing innovation systems and partners with successful acceleration schemes will assist weaker regions or partners with limited experience, in addition joint actions will be triggered. ACCELERATOR results in introduced acceleration programmes at less experienced partners and improved acc. programmes at experienced partners. This embodies ACCELERATOR's expected change defined as higher number and better acc. services. The partnership actively integrates public bodies to channel joint policy recommendations on facilitating the spread of acceleration services and works out a joint strategy on the promotion of acceleration services and on their integration in ESIF measures in the Danube region.

Objectives

Main objective is to enhance access to innovation finance through improving the institutional framework conditions and related policy instruments by developing the practical solution of acceleration services and influencing the concerned strategic framework at partner's regions and programme level.

Project Specific Objectives

- Knowledge transfer for the development of acceleration services
- Intensifying links of regional/transnational ecosystems
- Influencing the concerned strategic policy framework



Partners

ROLE	OFFICIAL NAME IN ENGLISH	ACRONYM	COUNTRY
LP	Széchenyi Venture Capital Management Ltd.	SZTA	HUNGARY
ERDF PP	Central-Transdanubian Regional Innovation Agency Nonprofit Ltd.	CTRIA	HUNGARY
ERDF PP	Association of Small- and Medium Size Enterprises of Covasna County ASIMCOV	ASIMCOV	ROMANIA
ERDF PP	Technology Park Ljubljana Ltd.	TPLJ	SLOVENIA
ERDF PP	Institute for Entrepreneurship Research	IRP	SLOVENIA
ERDF PP	Technology Center Sofia Ltd.	TCS	BULGARIA
ERDF PP	DEX Innovation Centre	DEX IC	CZECH REPUBLIC
ERDF PP	FH Joanneum Gesellschaft M.B.H	FHJ	AUSTRIA
IPA PP	Development Agency of Serbia	RAS	SERBIA
IPA PP	Republic Agency for the Development of Small and Medium Enterprises	RARS	BOSNIA AND HERZEGOVINA
ASP	Ministry for National Economy Deputy State Secretariat Responsible for Implementing Economic Development Programs	MNE	HUNGARY
ASP	Steirische Wirtschaftsförderungsgesellschaft mbH	SFG	AUSTRIA
ASP	Slovene Enterprise Fund	SEF	SLOVENIA
ASP	Executive Agency for Higher Education, Research, Development and Innovation Funding	UEFISCDI	ROMANIA

Analysis of the relevant policy framework

The overall analysis of policy framework across regions showed the need to improve legal regulations across all regions and to better adjust to startup business models and new equity finance models and investment tools (i.e. crowdfunding, cryptocurrency etc.).

The simplicity and level of bureaucracy to establish a new business vary across regions. The access to e-register system and availability of documents in English also lack consistency across Danube regions, presenting a barrier in a cross regional collaboration.

In terms of regulations relevant to new form of financing, there is a gap that concerns particularly startup companies at their early development stage and focused in innovative industries. These companies are in need for new forms of equity finance (VC, BA, and especially crowdfunding), and related relevant law Acts across the regions lack.

Additionally, entrepreneurs are often discouraged by constraints in obtaining bank loans due to high costs of credit and collateral requirements from banks. This is one of the biggest challenges, given the fact the majority of innovative startup companies still rely heavily on debt financing at their early stage of development.

Accelerator programmes are quite well developed in Austria, Bulgaria, the Czech Republic Hungary, Romania and Slovenia. Republic of Serbia and Republic of Srpska have established incubators providing supportive services and with a great potential to develop into accelerators.

Position and importance of acceleration programmes & equity financing environment

Main points raised across Danube regions:

- Austria exposed three trends of the 21st century; digitalisation of the global economy, faster innovation cycles, global rise of young and ambitious talents. Austria sees opportunities around improvements in education, awareness and political areas
- Hungarian equity financing is quite well developed by both public & private investors
- Romania and Czech Republic have less developed startup ecosystem in regions geographically distant from capital cities
- Czech Republic has an extensive list of successful accelerator programmes and startup companies in Prague.
- Romania suggests cluster system as a conceptual framework to strengthen startup ecosystem and increase competitiveness
- Republic of Serbia and Republic of Srpska currently don't have accelerator programmes, but a few incubators, offering technical and other supportive services
- Slovenian startup ecosystem is moderately developed, supported with funds, initiatives and have established alternative forms of financing; VC, business angels and crowdfunding
- Increasing establishment of accelerators, already contributing to a significant success (Bulgaria)
- Equity finance and acceleration programmes are still underdeveloped in Serbia, therefore public sources remain as one of the main funding systems
- Slovenian SMEs are still predominately debt financed, with developing equity market (mostly VC and increasingly with BA and crowdfunding)
- Romania lacks VC development

Identification of barriers for growth on cross border level

Opportunities for cross border collaboration and growth:

- Organising conferences and events (e.g. PODIM in Slovenia), which will attract and connect international investors with local SMEs
- Crowdfunding platform to attract and connect international investors
- Accelerator programme establishment to improve legislative and support system for startups
- Provision of quality support for exporters – in forms of info and facilitation of technical preparation (Serbia)
- Improvement in legislation

Main barriers and challenges across Danube regions:

- Small regional markets not allowing many opportunities to grow locally
- Lack of SME entrepreneurs' skills (international sales skills and limited foreign language proficiency in Hungary)
- Locally minded entrepreneurs (Bulgaria)
- Lack of seed capital availability – due to risk averse investors (Czech Republic)
- Lack of finances – cross border funding (Slovenia)
- Export' of startup companies at their early stage of development to foreign countries
- Lack of competitiveness in technological and quality standards level (Serbia)
- Weak connections with foreign investors (Hungary)

Experiences of national/regional pilot programmes

The ACCELERATOR project contributed to “Innovative and socially responsible Danube Region” priority of improving the framework conditions for innovation through startups. One of the biggest challenges of startups is not just to scale up but to survive after 1 year of existence on European level. It was a good exercise for all the partners to analyse businesses and business ideas in different stages in order to understand and act considering the whole picture. Most of the partners considered relevant to enhance the difference between the business model and the business plan in their pilots. Business Model Canvas was a basic working tool for most of the programs, used in a dynamic way to analyse the evolution of businesses.

In conclusion, the results show the high relevancy of the programs in the implementation areas, both at experienced and at less experienced partners. Through the ACCELERATOR project, partners were also able to improve their own business services within the accelerator programmes with high added value. This joint know-how is in The Guide for Organizing Accelerator programs, free to use by any organization. A main conclusion is that results of the project can serve as inspiration, but these cannot be regarded as fixed models to be implemented by other third parties without proper adjustments.

On the other hand, the pilots cover various environments and can be categorized from different point of views.

Size of the implementation location:

For cities characterized by urban agglomeration the following pilots are fitting better:
Hungary, Slovenia, Czech Republic, Austria

For smaller cities or locations without a well-developed startup ecosystem the following pilots are fitting better: Romania, Bulgaria, Bosnia & Herzegovina, Serbia

Specialization:

Pilots with specialized profile: Slovenia – blockchain, SME Instrument, Austria – IT.

Pilots with a general content addressed for startups from all the fields:

Hungary, Romania, Bulgaria, Czech Republic, Austria, Bosnia & Herzegovina, Serbia.

Nature of selected startups:

Pilots focusing particularly on innovative startups: Slovenia, Czech Republic

Both, traditional and innovative startups:

Hungary, Romania, Bulgaria, Austria, Bosnia & Herzegovina, Serbia.

Key performance indicators of the pilots completed in ACCELERATOR

- 8 pilots
- more than 160 startups enrolled in the pilots
- more than 100 actively participating implementing actors of the Danube Region's startup ecosystem



What we can be proud of

- The 8 pilot accelerator programs represent a valuable contribution to the consolidation process of Danube Region's startup ecosystem.
- We can conclude that the ACCELERATOR partnership became a hub.
- All the knowledge gained during the implementation of pilots is shared and public.
- Project partners are active actors of their country's economy driven by SMEs. Within the piloting period all partners established strong partnerships with corporates, venture capital institutions, business support organizations, media and other entities aiming to support the Accelerator initiative.
- The result of pilots from the point of view of the Transnational Danube Programme is a well-defined community which will continue to use, develop and multiply the outputs of the project.



Pilots of the Project Partners

Hungary



Alba Accelerator as the Hungarian pilot in the ACCELERATOR project run and managed by CTRIA (Central Transdanubian Regional Innovation Agency Nonprofit Ltd.) with the support of SZTA (Széchenyi Venture Capital Fund Management Ltd) in two rounds in 2018. The target group of the accelerator is startups and teams with a business idea and/or proof of concept belonging to the Hungarian Smart Specialization Strategy priorities or to the sectors promoted by the Hungarian industrial policy. The accelerator offers quality content with the involvement of active and esteemed thematic experts from the Hungarian startup ecosystem and mentors with solid experience.

Romania



Association of SMEs from Covasna County ASIMCOV, beside of coordinating the establishment, development, testing and improvement activities of the pilots, implemented also a programme in a little town of Romania – Sfantu Gheorghe. This pilot is specific because raises the problem of the existing talent community living outside of urban agglomerations and their needs of support. Asimcov developed a programme which focuses on the priority areas of the regional Smart Specialization Strategy and involved experts from all around the country. The most specific aspect of this pilot is the role of clusters in the mentoring phase, most of the selected startups becoming members for free in this organizations with international recognitions.

Slovenia



The purpose of the ICORElator – Pilot 1 - mentoring program is to offer startup teams insight into the world of ICO campaigns. Organizational partners of the ICORElator project decided that the main goal of the program is to offer teams access to verified and up-to-date information, and thus highlight the capital, operative, marketing, legal/fiscal and technological complexity of such financing. ICORElator as Slovenian pilot under the umbrella of the ACCELERATOR project was managed by TPLJ (Technology Park Ljubljana) with the active participation and support of IRP (IRP, zavod - Venture Factory) in 2018. The target group were SMEs and startups with ambition to explore opportunities of ICO with blockchain business ideas. PILOT 2 was focussing on the SME instrument in Horizon 2020 and was structured in five half-day intensive interactive workshops with direct participant involvement.

Austria



The FHJ joined the ACCELERATOR project to use this project in order to build up an own business incubator related to the IT sector, named KAIT. The FHJ/Department of Internet Technologies and applications is currently establishing an own business incubator for IT, the Incubator Kapfenberg- KAIT related to startups from the IT sector. The business incubator is working virtually, acting as a virtual incubator for startups from the IT sector, related to the main contents of the four studies which are carried out at the FHJ in Kapfenberg. The IT business incubator works together with several stakeholders from the region of Styria and will be the linkage between the academic side of the University and the world of entrepreneurship. The target group of the startups in the incubator are mainly coming from the academic sector, students/ staff from the department, where different awareness measures are carried out. The incubator is also open to other IT-founders in the region.

Republic of Srpska / Bosnia-Herzegovina



The Republic Agency for the Development of Small and Medium Enterprises (RARS) is the first institution which implemented the accelerator pilot programme in the Republic of Srpska/Bosnia and Herzegovina thanks to participation in the ACCELERATOR project. The accelerator pilot programme is concentrated on startups based on innovation, knowledge and new technologies and focused on three different phases including pre-acceleration activities, acceleration programme and growth programme.

Bulgaria



Technology Center Sofia implemented the ACCELERATOR project in two rounds in 2018. The target group of the pilots were start-ups and teams with a business idea and/or proof of concept that were registered or planned to develop their business in North-West Bulgaria – one of the least developed regions of the country. The participants passed a course of education and could use the help of mentors with international experience in financing, networking, marketing, business planning, selling, online presence, etc. They also benefitted from the numerous business connection that TCS management team has in Western Europe. The best two start-ups presented their business in Baden-Württemberg Start-up Summit 2019. After a stakeholder meeting and discussions with the Municipality and the Governor of Vidin the first steps to the foundation of a new educational centre were taken.

Serbia



Development agency of Serbia is probably the first institution in Serbia that implemented acceleration program. The focus of the pilot was on the IT and creative industries. By having in mind that a pilot project was not feasible to include whole area of the country in implementation process, it focused on one region-Vojvodina, the northern part of Serbia, which already has built a good ICT infrastructure. Pilot comprised a lot of activities and various opportunities for the participating start-ups: meet ups, high quality trainings and mentorship, Hell weeks, Startup Weekend, Growth Hackathon, demo days and pitching events. Some well-developed companies, former members of start-up community, recognised the effort and meaning of this process, and allocated money for the best participating teams, and by that contributed to success of the pilot. Development agency of Serbia believes that accomplished acceleration pilot sets the good example of a great way to help start-up scene, and it will serve as a good model for other organisations with the intentions to boost domestic economy.

Czech Republic



DEX Innovation Centre runs the Accelerator pilots in the city of Liberec, Czech Republic. The programme targets digital startups with impactful innovation with at least a minimum viable product (MVP). During DEXIC Accelerator, startups are focusing with more than 30 international mentors on 4 key competencies – Product, Business Model, Negotiation with Investors, and above all, Marketing & Sales. The acceleration programme culminates to #DEMODAY, final pitching event for investors.

Initiatives reaching beyond the project

Transnational Innovation Network

Through cooperation within the transnational innovation network, ACCELERATOR project partners will create a mutual innovation eco-system, and based on the transnational cooperation and synergy effect, will provide better support to their startups.

Some of the activities of this network will be:

- enabling international exchange of promising startups and SMEs which could be offered to join acceleration or similar programmes abroad and could be introduced to foreign financing institutions;
- international exchange of experts of the accelerator programmes; involving jury members in implementation of the accelerator programmes, as well as thematic experts, mentor and investors; organisation of international business forums, conferences and events which will attract and connect international investors with locals;
- establishing a virtual platform with an overview of the accelerator programmes, financial resources, mentors, events;
- better collaboration with business angels as they already have international connections and sharing existing experiences between crowdfunding stakeholders.

Cooperation agreements

Project partners of ACCELERATOR have concluded numerous cooperation agreements with which contribute to the sustainability of our acceleration programme and with help of which new and improved acceleration services can be developed in their region/country in the future.

Our Recommendations

- Establish a platform for early project testing and financing
- Support the development of angel and seed investments in the Danube region
- Promote entrepreneurship that - among other things will imply better awareness of the experiences from the environment, networking and the possibility of participating in international support programs
- Education has been identified as a key component for the future development of entrepreneurial ecosystems. The spread of entrepreneurial awareness, especially among young people, requires changing the education system (formal and non-formal education) and the use of modern teaching methods.
- Promote alternative forms of financing for innovative SMEs. (including crowdfunding, equity combined acceleration means, quasi equity, vesting opportunities).
- Promote local embeddedness of accelerator programmes. Local actors, particularly local governments should find their fitting role in supporting accelerator programmes through financial or in-kind means.
- Actors from the Danube region and beyond are invited to join the Transnational Innovation Network set up in ACCELERATOR.
- Connecting startup grants with business support programmes as ACCELERATOR.
- Accelerator programmes should involve financial support in form of seed money
- Embed all phases of entrepreneurship (founding, funding and financing issues) into political strategies and embracing them into the daily actions
- Form a group of stakeholders with the aim of startup support improvement that can successfully argument and lobby for improvements at relevant discussions groups and boards with the public authority



Interreg



EUROPEAN UNION

Danube Transnational Programme

ACCELERATOR

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<http://www.interreg-danube.eu/accelerator>

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