

# Research & Entrepreneurship

## Examples for young research-intensive companies in Austria

The following pages show some companies from my investment portfolio, which live the cooperation between research and entrepreneurs in an exemplary way. They all are young high-tech companies, which can be seen as successful and promising – even though they have not yet fully paid back the money of their investors. They are: Apeiron AG, Heliovis AG, isiQiri GmbH und MeisterLabs GmbH.

These descriptions are complemented by some of my experiences from my work with young companies and by other approaches to strengthen the “founder biotope” in Austria.

In total, these companies have created about 100 jobs for highly educated individuals and promise a multiple for the years to come.

## Apeiron Biologics AG

The Viennese Biotech company Apeiron – founded by the scientific head of the Institute for Molecular Biotechnology (IMBA) of the Austrian Academy of Science and former researcher at the University Health Network Toronto (UHN) Josef Penninger – is developing pharmaceutical therapies for the treatment of cancer and related illnesses. Apeiron shows – beside a diversified and mature project portfolio – a proven slim and flexible product development.

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Until now, five of the nine development projects are in clinical testing. All projects are based on biological respectively immunological mechanisms and are oriented towards illnesses with a high need for improved therapies.

Beginning of 2010, the out-licensing of the clinical project APN01 to one of the biggest and most successful pharma companies of the world was achieved. The total volume of the deal with GlaxoSmithKline lies in the range of 230 million Euro. Until now, Apeiron is financed primarily via private money and is supported by national and international granting institutions

## Heliovis AG

HELIOVIS AG, located in Wiener Neudorf, south of Vienna, has developed a new concentration technology for big solar power stations. The core are inflatable plastic tubes, which enable up to 50% cost reductions in energy production compared to today's solar power stations. In cooperation with EVN and the Technical University Vienna a 40 meter long pilot plant was installed at the power station Dürnröhr (construction in time lapse: [www.youtube.com/heliovis](http://www.youtube.com/heliovis)).

Graph

The material needed per square meter of mirror area is reduced from 50 kg at traditional technology to 5 kg. The production is done "from spool to spool", which enables an easy and cost effective transport of the power station in a coiled mode and a rapid installation in sun-rich locations like in Spain, California or in the Arabian/North-African region, where it can be rapidly installed and inflated on prepared mountings.

HELIOVIS AG was granted a series of patents for its meanwhile numerous innovations; it has won a lot of awards and honors, and has created the interest of international industry. Cooperations with a renowned industry concern and an additional test system on the Arabian Peninsula are in negotiation. HELIOVIS AG was financed until now – beside grants of the public sector – by Austrian Business Angels and Saudi-Arabian private capital.

## isiQiri GmbH

The Upper-Austrian company, isiQiri, a spin-off of the Johannes Kepler University Linz, develops solutions for extra-large-area man-machine interaction.

Technological base of the company is the proprietary Q-foil technology, which is worldwide protected by 16 patent families. This technology deals with large-area, position-sensible photo-detectors, which use a laminate of special functional plastic foils. Thus, these photo-detectors can be manufactured cost effectively and flexibly for very large areas.

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Based on this technology of isiQiri, many different applications can be realized, which range from interactive projection screens via multi-touchable video screens to laser-interactive targets (e.g. for Biathlon sport or for computer games). IsiQiri was awarded numerous prizes for this innovation, beneath others the Ecovinius award 2010 and two first prizes for innovation in Upper Austria.

With the foundation of a daughter company in San José/CA under the management of an industry veteran from the touch-screen-industry, an important step towards internationalization was done.

IsiQiri GmbH was financed – beside several public grants – initially by the founders, by me, and one further Business Angel as well as by a subsidiary of the Raiffeisen Bank of Upper Austria. In the second round, five additional Austrian Business Angels engaged themselves.

## Mindmeister – Meisterlabs GmbH

MeisterLabs GmbH, located in Vienna and Munich and created in the environment of the Technical University in Graz, for me is a stunning example, how clever entrepreneurs can be worldwide successful and profitable with limited investment in a niche of the Web 2.0. In the meantime they offer the globally leading mind-mapping platform (MindMeister), which is used primarily in the USA, Asia, and Germany. With a creative marketing- and payment model it became sustainably profitable with investments of appr. 500 TEUR.

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Since its launch in 2009, MindMeister has reached over a million of subscribed users. The application supports all usual functions of traditional mind-mapping tools on a standard web browser, and offers, due to its online nature, in addition completely new features like real-time cooperation, a patented History-View as well as special apps für iPhone, iPad und Android.

MindMeister has won numerous international awards and prizes for applications and design. It was financed by a Business Angel from Styria, by me and a bank.

## Some of my experiences with young high-tech companies

### **Austria is innovative and entrepreneurial!**

About 80 biotech-companies, more than 100 internet start-ups, uncountable company foundings in the surrounding of Technical (and other) Universities show: The increase of Austria's research quota to appr. 3% of the GDP has concrete consequences in the real economy and in the start-up scene. When I started to engage in this scene in 2007, I was very positively surprised to see which dynamics, internationality and entrepreneurship the young generation in Austria shows.

### **Take-off needs fuel!**

Like the start of an airplane, the take-off of a company happens in phases, during which the fuel (at start-ups this generally is money) has to flow steadily and predictably: for example in the acceleration phase, during take-off, during the first climbing and until it reaches cruising altitude. An interrupt of fuel supply has catastrophic consequences even for the best idea, and destroys also macro-economic potential!

### **The state supports very well – but then...?**

AWS, FFG, INiTS, Vienna's Departure, high-tech funds of the provinces etc.: Austria has a large number of (semi-)public support institutions, which work relatively effectively and pragmatically, and which can be examples in international comparison. These support entities help during taxi of the airplane and during first speed-up, but shortly before/during/after take-off – i.e. when fuel has to flow most intensively – it needs additional private capital. This is provided by the appr. 100 Business Angels in Austria with typically 50–500 TEUR. Even though private individuals invest a 'middle two digit million' amount: this is just a drop on the hot stone for the entrepreneurial potential in Austria.

Venture Capital firms or Strategic Partners usually wait, if the company has proven its flight capabilities. And for the really rich private investors, these amounts unfortunately often are too small. They prefer to invest 10 MEUR with 10% return expectation per annum, instead of 1% of this amount with 100% return expectation and a bit higher risk.

### **The personality of the founder is decisive!**

A bit exaggerated: One can make something out of every idea, it only depends WHO does it. When I have to evaluate young entrepreneurs with the perspective of an investment, I primarily look into the eyes of my vis-a-vis: Does he/she have "honesty in the face, fire in the eyes and pepper in the ass?" Does he/she really have to be successful? Does he/she have the mood and the capabilities to be successful? And of course: how plausible is the business model for my trained common sense?

### **Young entrepreneurs are best supported by experienced entrepreneurs,**

who know, accept and support the peculiarities of small companies and their investors. Classical Venture Capital firms are too often committed to a trader's attitude (buy cheap, sell high), to a pure financial thinking and a statistical view on their investment portfolio. Thus they often destroy the culture and the success of entrepreneurial work – like the elephant in the porcelain shop.

### **Think globally and benchmark globally!**

The founders and managers of the mentioned start-ups are travelling globally: They build their network, show their prototypes on trade fairs and at clients, speak at conferences and look for partners and financing – actually in California, Shanghai, Tokyo and London. Ideas are of global importance – and therefore also the perspective of their entrepreneurs. Not to travel just to save money means to think too narrowly, because: Skype is good, but face-to-face is better!

### **Attention in the global concert!**

For a sustainable founding environment in biotechnology, sensor technology, logic controlling, internet etc. minimal sizes of the relevant “communities” are necessary to ensure a lively market for knowledgeable persons, for the necessary infrastructures, appropriate services, etc. and to create attention in the global fight for talent and capital. Austria has caught up during the last years, however it is not yet – like in music – on the routes of the big players, who prefer to stop in London, Paris or Zurich on their trips between New York and Shanghai. The continuous catch up and by-passing is the challenge: Austria still has enormous innovative and entrepreneurial potential, which has to be exploited jointly.

## Elements of the founding biotope

**STARTeurope** is an initiative of engaged young people, founded 2009 in Vienna, who want to promote entrepreneurial thinking without barriers and to build bridges between different countries and disciplines. Within two years it has developed to become the most important Central-European platform for innovative start-ups. Regular events like the STARTup Weekend ("Within 54 hours to Entrepreneurship"), STARTup School ("Now business ideas go to school") and **STARTup Week** ("The trade fair for Start-ups" with 1.300 participants from 46 countries this year) have created an impressive dynamic and have made Vienna to become a focal point of young entrepreneurs.

**InitialFactor** is a cluster of successful young entrepreneurs, who were able to sell their companies already and who now stimulate the Austrian "early stage"-Scene with, in total, 10 Mio. Euro as well as with a contact office in Silicon Valley. One of their initiatives is **SpeedInvest**, a Business Angel fund, who supports promising business ideas, primarily in the area of mobile communication and internet, with consulting and – after a probation period – also with financing

In addition, there are a variety of "Awards", which steer the public attention to these young companies. And also in schools a pedagogy – in itself entrepreneurial – is triggered, which promotes entrepreneurial attitude and work.

### By the way:

Creative ideas, innovations and founding of companies are not touched by the economic situation, which is relevant at the very moment. Especially "in times like these" the valuation of start-ups and young companies can grow over-proportionally compared to "established" companies. Therefore, their relative risk-return-potential has improved significantly. Thus they are "Investments for all seasons" ...