

# Promotion of spin-off activities through VTT Ltd and VTT Ventures Ltd Finland

## Authors/ discussant:

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The case study provides a practitioner's perspective on VTT's accelerator for deep tech spin-offs – VTT Ventures Ltd, including the accelerator's key factors of success, its challenges, and impacts.

## Topics covered

Deep tech start-ups, accelerator, international investors, business support, interaction with national

## VTT Ventures Ltd – the spin-off accelerator

- Since 2010, VTT Ventures Ltd is VTT's **in-house accelerator for deep tech spin-offs**
- **Mission:** Develop commercialisation ready prototypes from the most promising technologies
- It **develops early stage deep tech spin-offs** for international markets

### Factors of success

- **Co-investment** in spin-offs with private investors
- **Good network** of national and international VC's
- **Access to a pool of serial entrepreneurs** for business and entrepreneurial talent
- VTT Ventures **ownership is between 10-25%**
- VTT allows researcher to take a **one-year leave of absence** to create spin-offs

## Examples of successful spin-offs

- **TactoTek (IoT & electronics):** World leader in injection moulded structural electronics
- **Paptic (new materials and advanced manufacturing):** Develops new fibre product with plastic-like properties; estimated revenues in 2020: EUR 200 million
- **FocalSpec (imaging and optics):** High-resolution 3D imaging
- **MinimaProcessor (IoT & electronics):** World record holder in energy efficient chips; estimated revenues 2020: EUR 100 million
- **Spectral Engines (sensing and diagnostic):** high-performance spectral measurement instrumentation; received EUR 2.4 million EU Horizon 2020 grant
- **Spinnova (new materials and advanced manufacturing):** Develops sustainable alternative to cotton and oil based yarns; post money evaluation of EUR 28 million

## Selection criteria for spin-offs at VTT Ventures

- ➔ Technological and commercial innovation
- ➔ Team competencies
- ➔ International potential

## Main challenges

- **Setting-up spin-offs drains** on the best talent from VTT - reduces its capacity to attract new contract research
- **Danger of high expectations:** Valuation of technology should not be too high
- **Finding the right business and entrepreneurial people** (often the CEO and CFO)

## VTT Ltd – the applied research institute

- Established in 1942, the Technical Research Centre of Finland (VTT) is **Finland's biggest applied research institute**
- Annual turnover of **EUR 235 million in 2017**
- 2017: **69% of revenues from industry**
- **In-house support for commercialisation:**
  - **BizFund** (funds proof-of-concepts)
  - **iBEX fund** (for addressing societal challenge-driven research)
  - **VTT Ventures Ltd** (in-house accelerator for spin-offs)

## Business services offered to spin-off teams

### Coaching

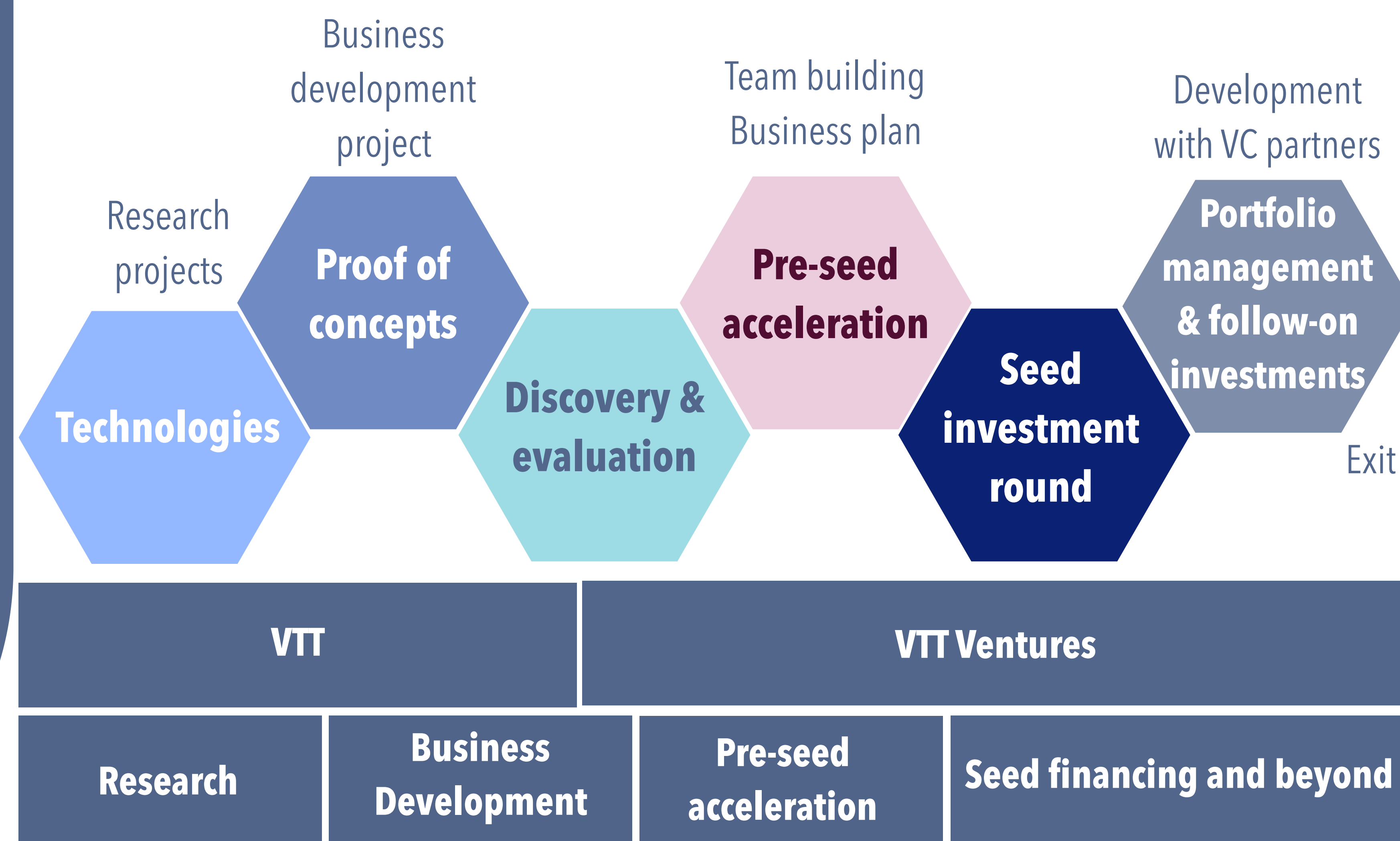
(business plan, legal advisory, investor pitch)

### Networking with potential investors

(venture capital firms, corporates, business angels)

### Scouting for additional professionals

(CEO or sales roles) and even hired head-hunters



## Interaction with national policy instruments for start-ups

- **“New business from research ideas programme”** (TUTLI programme) of Business Finland
- VTT co-finances **30% of TUTLI projects**

## Impact

- **2010-2018:** 22 spin-offs, out of which 19 survived
- **2010-2018:** 275 job
- **2017:** EUR 5.4 million turnover
- **2010-2018:** EUR 82 million capital raised by spin-offs
- **EUR 65 million** (80%) came from external investors

Deschryvere, M., Kumpulainen, M., and L. Rosso (2019), “Case study on the promotion of spin-off activities through VTT Ltd and VTT Ventures Ltd in Finland: Case study contribution to the OECD TIP Knowledge Transfer and Policy project”.