

BUSINESS TAMPERE WEBINAR: Funding options for startup and growth companies

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FIMENTUM

Tommi Pajala, Fimentum Oy

+20 years of entrepreneurship, startups & growth companies

Past 8 years helping other companies get funded and grow:

Planned & arranged funding for +400 companies



FIBAN

BUSINESS
FINLAND

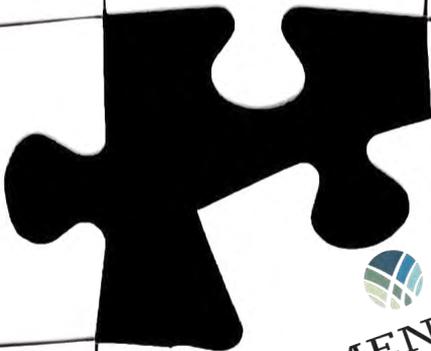


FINNVERA

Fundu

Nordea

ENTREPRENEURS



Elinkeino-, liikenne- ja
ympäristökeskus

FIMENTUM

INVEDOR

FVCA

SUOMEN PÄÄOMASJOITUSYHDISTYS RY

CODERS



KICKSTARTER

Important Split Between Two Groups

1. Traditional, “Basic” Business

- Retail/wholesale, traditional services with traditional business models
- Available funding: banks, Finnvera, some support for employment

2. Innovative Growth Company

- A unique, self-developed product or service, differentiation
- A large international market
- Scalable business model
- More options for funding: Business Finland (Tekes), ELY, European Union, angels and venture capital, crowdfunding



Traditional market ≠ traditional business



Categories of funding

1. **Entrepreneurs** (yes, you need to take risk)
2. **Investments** from angels, VCs and similar (FFF)
3. **Soft money:** public funding, grants and loans from the government, EU, local development agencies
4. **Loans** from banks and similar



General Rule of Thumb

Investors
0-40%

Entrepreneurs
10-50%



Loans
0-30%

Soft Money*
50%

* Note: Soft money is NOT Easy money



DON'T FORGET THE CUSTOMERS!

They are your #1 source of funding
&

Every negotiation with
every public or private financier
becomes easier when you have revenue.
Any revenue.

Public Funding Sources

- **FINNVERA**
 - Guarantees for “everyone”, direct loans for some
- **BUSINESS FINLAND** (EX-TEKES)
 - Grants and loans for rapid **international** growth
- **ELY** (Centre for Economic Development, Transport and the Environment)
 - Grants for developing products or services (some regions)
 - Grants for international growth (most regions)
 - Consulting services (all regions)
- **EUROPEAN UNION**
 - Grants for BIG ideas with BIG impact
 - Guarantees for bank loans for innovative companies (<10M€)
 - Direct loans for larger innovative companies (>10M€)



OTHER

- Local City / Region / Development Agencies
 - Ability to buy pilot projects
 - 50-100% funding for hiring new personnel (through cities and/or consulting companies)
- Funds and Foundations
 - Most if not all can be found from Aurora (aurora-tietokanta.fi)
 - Usually for science, arts, environment etc.
- Market-specific Agencies
 - E.G. European Space Agency funding
 - Creative Europe funding for game development
 - Kopiosto grants of up to 30k€ for creative projects, games, demos



Most Common Public Funding Instruments

Regional

ELY-centre

- **Yrityksen kehittämisavustus** (only in Finnish or Swedish)

National

Business Finland

- **Innovation Voucher** 4k€: Buy services related to a new innovation with int. potential
- **Tempo Grant** 50k€: Less than 50% of R&D, over 50% for internationalization
- **R&D loan**, 50% of product development costs, +100k€
- (Temporary TKI loan until the end of the year, 50-70% of product development costs)
- **Young Innovative Companies (YIC/NIY)** program for rapid international growth, up to 1,25M€
- Second Tempo for **accelerator** programs
- **Co-Innovation** funding for research projects with other companies/Universities
- **Explorer** for international growth: buy services, hire a person, attend trade shows

Finnvera

- Loans for entrepreneurs
- Guarantees for bank loans

International

European Union

- Grants for single companies: Horizon Europe from 2021->
- Grants for consortiums with companies from +4 different countries
- Guarantees for bank loans



NOTE

99% of the public funding is for

Projects NOT Companies

Every public financier have their strict criteria for

- the scope of the project
- the use of funds
- the use of words
- the timing of the project
- the duration of the project
- the scale of the project
- the goals of the project
- the impact of the project
- the growth potential
- the target market
-



Private Funding

Angels / VCs and where to find them:

- **Events:** Local events, Arctic15, Fiban, (Slush)
- **Fiban.org, Eban.org** (angel investor networks)
- **LinkedIn.com**
- **Asiakastieto.fi** (board members of peer companies)
- **FVCA.fi, investeurope.eu** (venture capital)
- **Crunchbase.com** (tracks investments / investors)

Crowdfunding:

- Kickstarter, Indiegogo, Invesdor, etc.

Banks:

- Loans or credit limits with Finnvera Guarantee

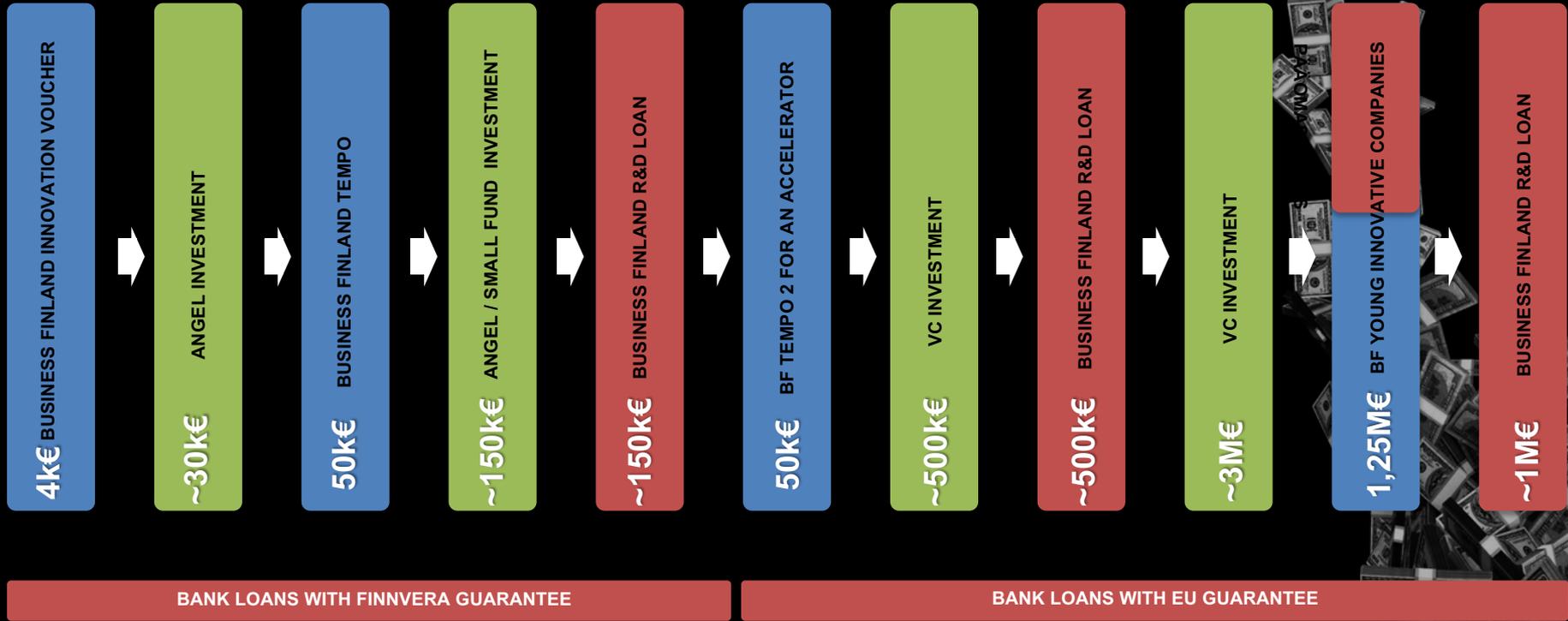


Who's expecting what?

- **ALL:** A product or service with some unique selling point, scalable business model, an international market, and a team who can execute the growth plan
- **Banks:** Their money back with interest
- **ELY Centre:** New job opportunities in the **local** area
- **BF:** Millions of Euros (pref. +10M€) in **export** revenue in 5 yrs.
- **Crowdfunding and FFF:** Being part of the journey, some return
- **Angel investors and VCs:** 20-100x their money back
 - Note: use investor money for sales and marketing!



Typical Funding Path



- INVESTMENT
- GRANT
- LOAN

Current Topics

- Last week Business Finland announced that it will hand out an additional 150-170M€/year from the Sustainable Growth Programme. More info "this summer", and first funding decisions "in the fall"
- Horizon Europe funding programs finally kicking off
 - See the Business Tampere Youtube channel for a recording of the EU funding webinar from May 19th. Slides in English.
- Application period for Business Finland's "RDI loans in disruptive circumstances" extended to October 15th
 - SMEs and midcap companies, also foundations and associations engaged in significant business activities, that employ at least six full-time wage earners. Through RDI projects, recipients of funding can modernize their products, services or production methods, thus improving their business preconditions and competitiveness.

Thank You!

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