

BUSINESS TAMPERE WEBINAR: Funding options for startup and growth companies

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FIMENTUM

Tommi Pajala, Fimentum Oy

+20 years of startups & entrepreneurship

Past 8 years arranging funding for other startups

Planned & arranged funding for +400 companies



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FIBAN

BUSINESS
FINLAND

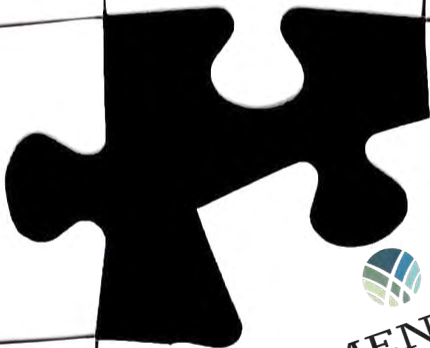


FINNVERA

Fundu

Nordea

ENTREPRENEURS



Elinkeino-, liikenne- ja
ympäristökeskus

FIMENTUM

INVEDOR

FVCA

SUOMEN PÄÄOMASJOUTUSYHDISTYS RY

CODERS



KICKSTARTER

TOPICS

- Sources of public and private funding
- Criteria, fundability, expectations
- Funding path, timing



Important Split Between Two Groups

1. Traditional, “Basic” Business

- Retail/wholesale, traditional services
- 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

Note: Soft money \neq Easy money

4. **Loans** from banks and similar



General Rule of Thumb

Investors
0-40%

Entrepreneurs*
10-50%



Loans
0-30%

Soft Money
50%

* Note: entrepreneurs **ALWAYS** need to invest and/or take risk, but investors or loans are not always required



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 innovative companies (<10M€)
 - Direct loans for 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.
- Strategic Government Programme Funding
 - Funding for strategic key projects and reforms, “spearhead project funding”
 - Varies yearly, information scattered in ministries, valtioneuvosto.fi, minedu.fi, ym.fi
- 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, 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: EIC accelerator program 0,5-2,5M€, 10/2020
- New "Horizon2020" program next year: new grant opportunities for single companies
- 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, ..., .., ..

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!



Tips for Pitching / Applying

- Focus on **WHY**
 - Why someone would care
 - Why someone would pay for your product / service
 - Why someone would buy from **you**
 - Why you will succeed
 - Why you need the money now
- Provide **scenarios** for financials:
 - If risks materialize: 2M€ revenue
 - If we do OK: 10M€ revenue
 - If we do what we know we can: 50M€ revenue
- Be **honest!**



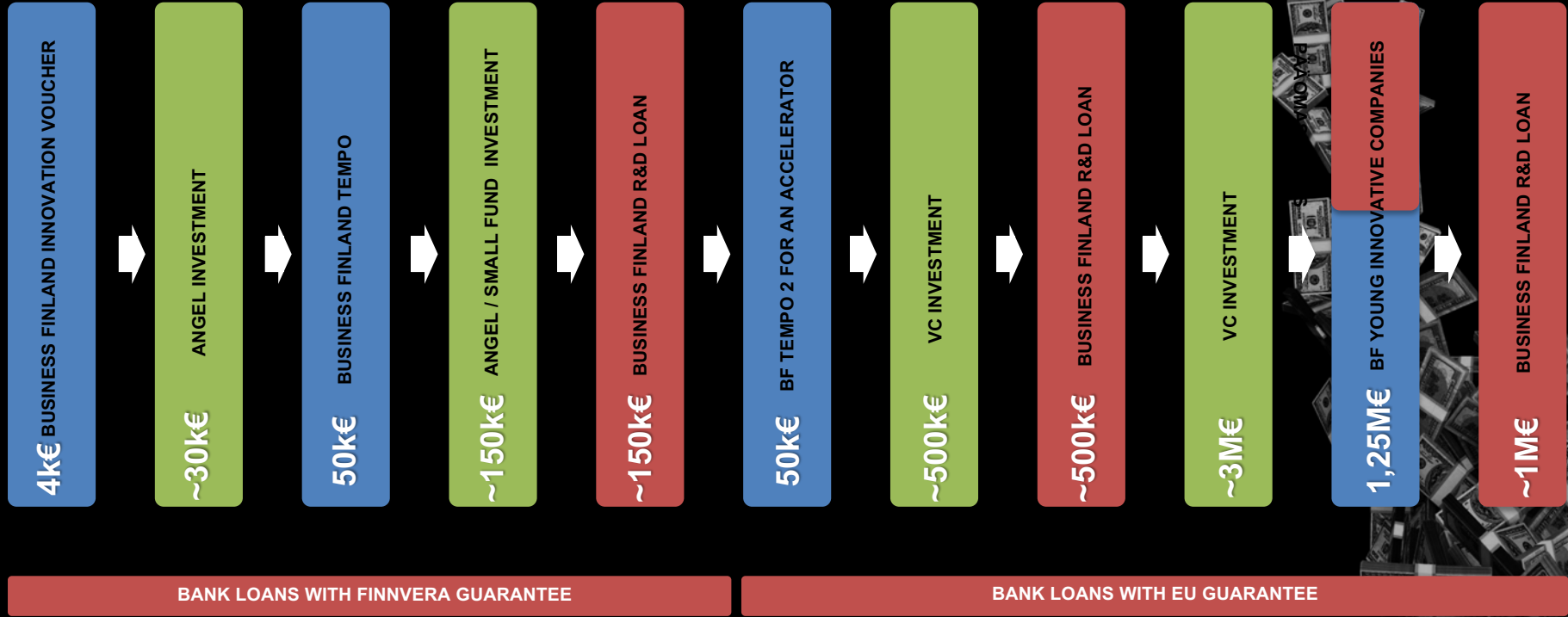
What is a **fundable** startup

Public financiers are **investors**, who look for the same things as other investors

- Market need: solves a **real** problem
- Market size: preferably +1B€
- Differentiation: Innovative solution, product, service, process
 - USP (Unique Selling Point), UCA (Unfair Competitive Advantage)
- Scalable business model: makes money while you sleep
- Aims high: tens or hundreds of millions of (export) revenue
- **GREAT CORE TEAM!** Note: one person is not a team.

- Note: a startup is less than 5 (Business Finland) or less than 3 (Finnvera, ELY) years old

Typical Funding Path



- INVESTMENT
- GRANT
- LOAN



Thank You!

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