

Enterprise Ireland Supporting Start-Ups and SME's

Presentation to Fund SME Conference
May 28th 2015



**Work with ambitious
Irish companies to**



**Increase international
sales and**

Create jobs in Ireland



**Resulting in increased economic
prosperity in Ireland**

Who our Clients are

Enterprise Ireland has an active client base of around 3,500 companies:

High Potential Start-Ups

Entrepreneurs starting companies with the ability to compete in world markets

Scaling

Ambitious companies with the ability to grow to scale and achieve significant global success

Established SMEs

Manufacturing and Internationally traded services companies employing ten or more

MNC's

Irish-based food and natural resource companies that are overseas owned or controlled

Irish Business Delivers:

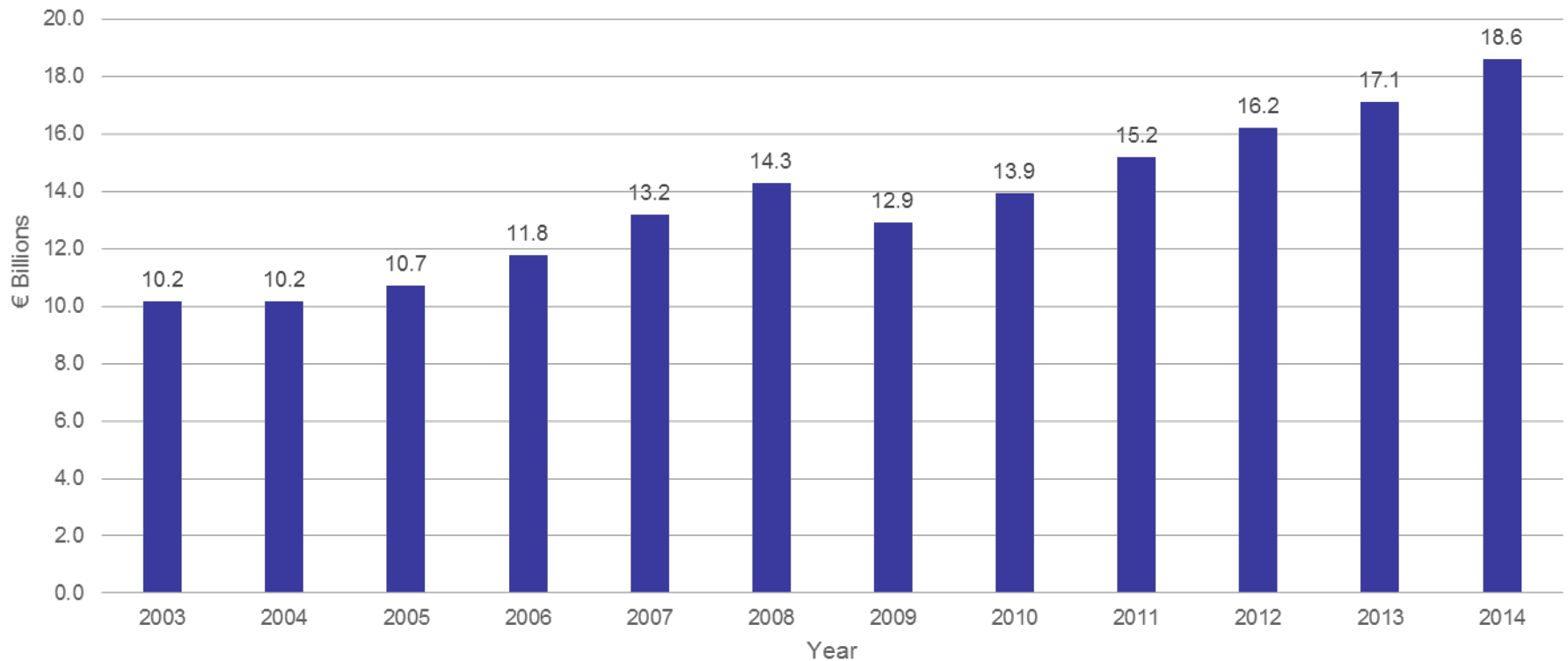
+8,476 Net New Jobs Created

180,072 Total Employment
in Enterprise Ireland assisted
companies at end 2014

300,000+ Direct and indirect jobs
in the Irish economy

Client Exports reached record levels in 2014

Exports € (billions)



Source: Enterprise Ireland

How Do We Support Our Client Companies

- Fostering Entrepreneurship and the creation of new Start-Up Companies
- Promoting Innovation, Commercialisation and Research and Development
- Building capability through Management Development and Training
- Driving Export Sales and Partnering around the World
- Providing Direct Finance and access to Finance

Rationale for providing financial support

- EI's role is to encourage companies to undertake developments, innovations, international growth and significant projects on a different scale, quality and pace than they would otherwise do.
- Financial support is provided to stimulate and **incentivise** a company business plan where the company has demonstrated the willingness and ambition to grow.
- The level and mechanism of the financial support is based on our strategic objectives, due diligence and value for money impacts.

Developmental Role where Market Failure

Overarching Legal and Policy Structure

The basis by which Enterprise Ireland can offer financial support to client companies is determined by 3 separate and distinct requirements:

1. **EU State Aid Legislation** – which specifies the type of project, the conditions under which the project can be supported, the type of aid and the maximum level of support.
2. **Irish legislation** – which requires a commercially viable development plan leading to an increase in output and value add within the economy.
3. **EI Policy** – governed by alignment with the strategic objectives for 2014-2016, need for funding, impact on the client and value for money.

Note that compliance with 1 and 2 is mandatory.

Irish Industrial Legislation

The relevant aspects of the Industrial Development Act 1986 and the Science and Technology Act 1987 are as follows and apply to an industrial undertaking:

1. That there is a need for financial support for the project.
2. That the investment is commercially viable.
3. That the company/individual has an adequate equity base.
4. That the company/individual has prepared a suitable company development plan.
5. That the company/individual will provide new employment or maintain employment in the State that would not be maintained without assistance given **and** increase output **and** value add within the economy.

All projects must comply with national legislation, irrespective of whether they comply with EU State Aids legislation.

Strategic objectives - Funding

EI Strategy 2014-2016

•Pillar 1 START

- Market failure is access to funding for new start ups - seed funding, risk capital funding, Angel, VC, essentially non-bank funding.
- Policy is support by Equity funding, working capital needed immediately.

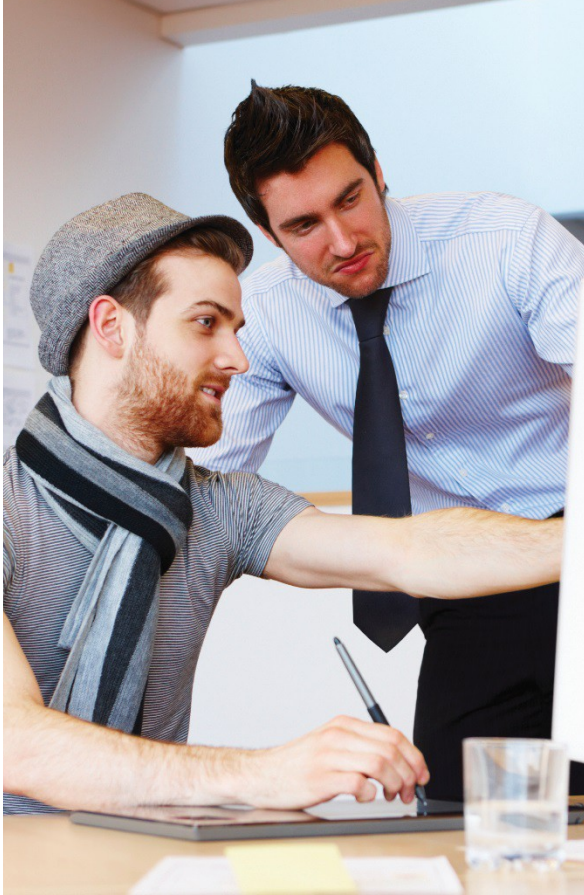
•Pillar 2 SCALE

- Market failure is building capability (lean, mgmt. dev.), changing behaviour, additionality and ambition,
- Grant is policy support for capability
- Driving employment by grant support and
- Capacity support through repayable preference shares.
- Funding need for working capital, access to non-bank finance - venture funding, debt

•Pillar 3 INNOVATE

- Market failure is in capability - R&D funding, collaborative collaboration with third level and companies and internationally (H2020).
- Policy is for Grant support (cannot be equity - EU constraint). **Impact of Tax Credits ?**

Start-up – early stage



- 2 young graduates
- Gaming background – programmers
- Good concept in growth area but inexperienced and limited funding

Challenges

- Fund project to check if viable →

- Inexperience →

El support

Seed funding for Competitive Start Fund - €50k for 10% equity seed, €5k matching

El network and mentoring

Start-up – High Potential



- Experienced CEO formerly in MNC life sciences company
- Left to pursue opportunity too small for MNC
- Pulled in a good team
- Needs to flesh out the business opportunity and convince that €1m and 10 employees within 3 years

Challenges

- Robust business plan with export potential →
- Validate market plan →
- Is plan investor ready →
- Funding required →

EI support

Attend EI entrepreneurs course or mentor

EI DA works with promoter. Feasibility study €10k

Pitch to EI investor panel before formally seeking funding

EI start up equity investment €200k to be matched externally

SME – local focus



- Local Engineering company
- €800k T/O and 10 staff
- Domestically focused business
- Never looked at exports before
- Could the service operate internationally?
- Need to develop new products

Challenges

- Did not know how to start exporting or if it was the right strategy →
- Explore the opportunity →
- Undertaking R&D →

El support

El put on Get Export Ready programme, tools and diagnostics and training.

El grant for market research, access to market research centre

R&D funding for 1 year project, grant of €150k

SME - established



- Engineering sub-supply Company
- €2m T/O, 10% export from one ad hoc customer
- 40 staff
- Son joined business
- Went to international trade shows – EI supported
- New idea to improve products by using new material in design
- Wins new business and wants to grow
- Problems with financing

Challenges

- Technical support to validate design →
- Internationalisation →
- Up-skilling on selling into overseas markets →
- Finance for growth →

EI support

EI Innovation Voucher for €5k

EI grant for market research, access to market research centre, inward buyers

EI runs short courses to develop clients skills fast

EI support under Job Expansion Fund,
EI banking relationships team

SME Company of scale



- Food equipment processing company
- T/O of €55m
- Mature and long established
- No sustained focus on exports
- Cost base has been focus of management team
- Now appear to be internationally competitive, Irish food a huge opportunity

Challenges

- New products for international markets →
- Drive competitiveness →
- Defining the market and market entry strategy →
- Generate sales →

El support

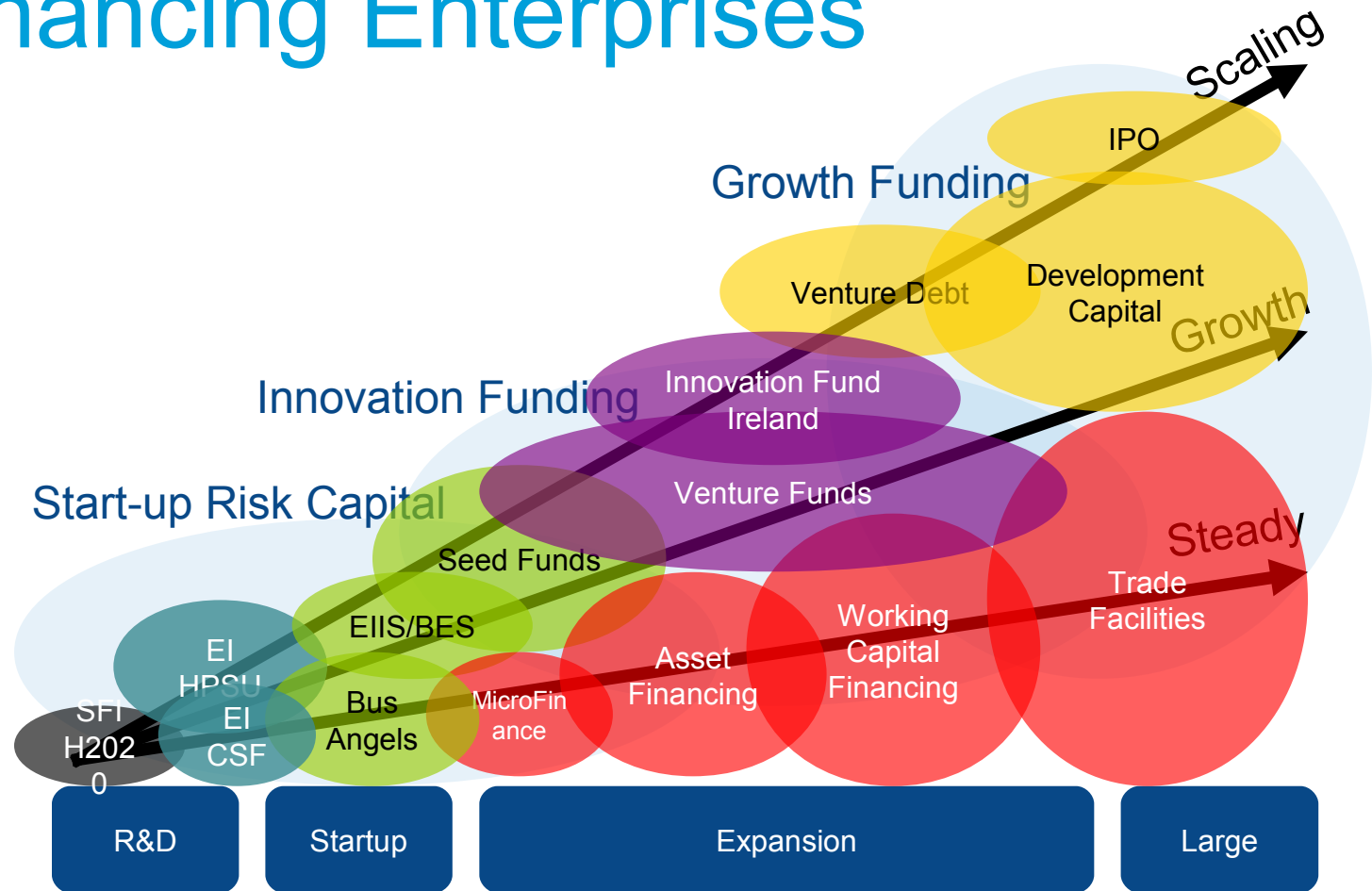
El provided R&D support for initial and subsequent projects of €500k at 35%

El Lean programme €200k support

El overseas offices provided know how and contacts

El trade missions to key markets in EMEA and Asia

Financing Enterprises



Summary of Funding 2015

	Start-ups	SMEs	Large Companies
EXPANSION <i>Growing your Business & Exploring New Opportunities</i>	<ul style="list-style-type: none">• HPSU Package• HPSU Feasibility Grant Including:<ul style="list-style-type: none">- Business Accelerator- Trade Fairs- Mentor• Business Links• Sprint	<ul style="list-style-type: none">• Expansion & JEF• Market Access Grant• Graduate for Int. Growth• Business Links• Strategic Consultancy• Mentor• Key Manager• Capital Investment Initiative	<ul style="list-style-type: none">• Graduate for Int. Growth• Tailored package
PRODUCTIVITY <i>Addressing Competitiveness</i>		<ul style="list-style-type: none">• Lean Transform• Lean Start and Plus• Business Process Improvement	<ul style="list-style-type: none">• Lean Transform• Lean Plus• Business Process Improvement
INNOVATION <i>Developing New Ideas</i>	<ul style="list-style-type: none">• Competitive Start Fund• Innovation Vouchers (also small companies)	<ul style="list-style-type: none">• R&D project• Horizon 2020• Innovation Partnerships• Technical Feasibility• Business Innovation Initiative	<ul style="list-style-type: none">• R&D project• Horizon 2020• Innovation Partnerships• Technical Feasibility