

Promoting the Good Greenhouse Effect



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There is help to be had if you have a promising new business idea. As more and more people are finding, these are good times for Sweden's numerous incubators and science parks. "Invest in your vision! We'll help with the other stuff," urges Uppsala Innovation Center CEO Per Bengtsson.

There are currently more than 40 science parks and incubators spread throughout Sweden, and their numbers continue to grow. In March 2007, for instance, Stockholm University launched its new initiative, SU Innovation, which targets researchers seeking to get their word out into the commercial market.

In Uppsala we find the Uppsala Innovation Center (UIC), which has been operating since 1999. Three years ago the initiative was completely revamped, and UIC soon qualified as one of the 12 leading incubators in Sweden, i.e. those that are included in the national incubator program (now expanded to 17 incubators).

"Initially we were mostly a business park, investing exclusively in spin-offs from the university. But today we see ourselves as a resource for the entire region, and

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we're investing just as much in companies from outside the university. Having the whole region rally around a single incubator rather is a decisive success factor," says Per Bengtsson.

"UIC is the hub of a major innovation system here in Uppsala. As a new business owner, you don't need to worry about whom to contact to get help. Come to us, and we'll take it from there," says Per Bengtsson.

Many of the key actors in Uppsala's innovation network are located in a single building at the heart of the science park. Here we find not only Per Bengtsson and his UIC colleagues, but also people from Uppsala University's development company, the STUNS Foundation, which works to facilitate interaction between Uppsala University, the business community and society. In the same building is also SLU Holding, which funds researchers at the Swedish University of Agricultural Sciences who seek to commercialize their research. Patent specialists and experts in business law are also on location.



Photo: Campus IT University, Image Bank Sweden

”We also want to get both ALMI and Innovation Bridge in here,” says Bengtsson.

Confused? Yes, there are still swarms of actors involved in commercializing innovations, but Bengtsson’s point is that you, as a business owner, need not concern yourself with that. Uppsala Innovation Center is the incubator, the hub, and that’s where you should turn.

UIC can accommodate a total of 45 companies each year. Its success hinges on the sound advice provided by the business coaches that team up with the companies. These coaches are experienced business leaders with specialized skills in commercialization, sales and marketing, often in the same industry as the early stage incubator company.

”The coaches can pass on their experience. And the goal is to phase yourself out as quickly as possible,” says Lars Olde, UIC project manager and former business coach for numerous companies in the incubator.

”As a new business owner, it is important to feel that help is available. You don’t have to make all the mistakes yourself. Don’t sit alone and get stuck in the difficult or the complicated. Ask us and we will help you!”

The word ”incubator” means an egg-hatching device. Whether true or not, the story goes that the term was coined by the business world when an American egg company went bankrupt and the owner got the idea of leasing the space to business owners. And the analogy is

indeed appropriate: it’s all about hatching companies and getting their owners ready to fly under their own power.

Uppsala Innovation Center has chosen not to acquire ownership stakes in its incubator companies. The same holds true for the business coaches. There must be no financial ties to muddy the waters. The objective is to move each company toward rapid growth and long-term sustainability, not to reach an ”exit” point and sell the company off for maximum profit within a few years.

”We don’t even subsidize the rent for the companies that come to us. We don’t wish to be exposed to any rental risk, which might color our assessments,” says Per Bengtsson.

There is another reason for this choice: it teaches the incubating companies how to survive in a market where everything costs. An offer of help with the rent can give a false sense of security.

The incubators have been the topic of a good deal of debate in recent years. Their proponents see them as being very important if Sweden is to produce new growth companies, and believe that they are profitable for the Swedish state. The skeptics argue that they create a false sense of security, and that the incubated companies constitute a sort of junior varsity compared to the companies that are really promising, i.e. those that get by without any help.

The criticism is warranted in some cases. Many cities want to be able to boast of having their own incubators and science parks. Sometimes they have a business park in disguise.

Researchers such as Åsa Lindholm Dahlstrand, who is a professor of entrepreneurship at Halmstad College, believe that there has been too much emphasis on university spin-offs in Sweden. The emphasis in other countries is more toward getting profitable companies up and running, with less concern about how they got started, i.e. whether or not they have their roots in academia.

The evolution of UIC illustrates the range of possibilities. UIC started out as a business park for prospective researchers, but is now a coaching incubator for the entire region.

Per Bengtsson naturally has a response to the criticism about junior-varsity companies and aid recipients:

”Last year our companies achieved a 7.9 return on investment! For each tax krona invested, society got back 7.90. Our companies created 29 full-time jobs in 2006!” These figures are current, and naturally make Bengtsson and his colleagues very proud. The year before, 2005, the companies yielded a fivefold return on investment, and now that figure has risen to 7.9, so the trend is continuing upward.

UIC has received roughly MSEK 5 in public funding. In total, UIC companies have generated nearly MSEK 40 in taxes and government fees. Bengtsson reports that the most prominent Swedish incubators enjoy a good standing internationally.

”The USA is successful, and Israel ranks high. But we had to be on the map, and indeed we are!”

60–70% of UIC investments are made in the field of life sciences, thanks in large measure to the Uppsala region’s focus on biotech. The rest of the companies are involved in engineering and IT, with some emphasis on materials sciences. Upwards of 70% of the companies have roots at the university. The portfolio includes companies that are involved in developing robots for the surveillance industry, local weather forecasts, cars that can see in the dark, protection against pine weevils, automatic fish filleting, methods for early cancer detection, revolutionary new saddle designs for horses, etc. Next door to UIC sits Scandidos, which has developed a measuring instrument that can quality-assure radiation therapies for cancer. Scandidos joined the incubator in 2004, and was the first company taken in after UIC’s transformation.

”At that time we had been in operation for two years, and most of us were working out of our homes. We held meetings around the kitchen table. We were in the midst of a growth phase and had applied for a patent,” reports CEO Görgen Nilsson, who is a company co-founder. They had not come that far with the business concept, and the financing had more or less been put on hold.

”Thanks to UIC and business coach Lars Olde, we found an excellent sounding board for our musings

about market strategy. He had a network of private investors as well.”

Scandidos currently has what Görgen Nilsson terms ”elegant” financing, in just the right amount. Various private investors have contributed 25% of the capital, but the two founders still hold the majority interest.

”We got our first product to market by year-end and now we’re on track for a positive cash flow in May,” says Nilsson.

Ten systems are in operation, and the business is faring best in the USA and Germany. Scandidos still has no customers in Sweden.

”We’ll have to do something about that,” confirms Nilsson. Without the incubator, however, things would have been more difficult:

”I think we still would have made it, but it would have been harder, and it would definitely have taken longer. And we would probably have had to bring in a major venture capitalist.”

Incubators in Sweden

The number of incubators in Sweden is growing rapidly, both public and private. It is, however, difficult to determine just how many should actually be classed as incubators.

SISP is a nationwide stakeholder organization for science parks and incubators. SISP, which stands for ”Swedish Incubators and Science Parks,” currently has 44 members. The statistics for 2005 show that these incubators and science parks have produced 2,200 new companies, which have in turn created 35,000 jobs. On average, each started company has generated 16 new jobs.



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Uppsala Innovation Center

Uppsala Innovation Center (UIC) is a business incubator for growth companies in the Uppsala region. Its mission is to contribute to the establishment of more viable growth companies. It is owned by ALMI, SLU Holding (Swedish University of Agricultural Sciences), STUNS (a foundation that promotes cooperation between Uppsala University, the business community and society), and Uppsala University's development company.

While in the incubator, each company is assigned a business coach who tracks its progress. These are experienced business leaders who understand the commercialization process and have a grasp of the industry in which the incubator is involved.

Upon completing the incubator program, a company must have progressed to the point where it is ready to introduce its product or service to the market, or to obtain financing in the case of projects that require a longer take-off to go commercial. Uppsala Innovation Center can accommodate a total of 45 companies in its incubator programs each year.

About the Companies in UIC/2006

- 33 companies
- 68% from the university
- 59% in life sciences
- Sales: MSEK 87
- Number of employees: 117
- Profit/loss: MSEK -23
- Taxes and government fees paid: MSEK 37
- Public investments reaped a return of better than 7.9
- 29 full-time jobs created

UIC Offers Five Different Programs

• *Business Start*

Intended for prospective entrepreneurs who have not yet gotten underway or who are unsure of the commercial viability of their ideas. The aim is to inspire and prepare. Accepts two companies per year.

• *Business Lab*

Intended to strengthen pre-existing business development processes in projects that are on their way to becoming companies, or in companies that have already been started up. The aim is to assess and refine. Accepts three companies per year, maximum of seven projects at a time.

• *Business Accelerator*

Intended for startups that are close to introducing a product or service on the market. Offers a nurturing environment with resources such as business coaching and consulting, financing, seminars to support the company's business development process, networks and well-equipped physical space. Here companies will take their first step into an international market.

• *Alumni*

Intended for companies that have graduated from UIC Business Lab and/or UIC Business Accelerator. UIC Alumni promotes experience exchanges between companies within UIC.

• *Growth*

A growth program for companies that need business development to achieve better growth.

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Find your Incubator

- *Acusticum*, Piteå: Music, media and new technology
- *Aurorum Business Incubator*, Luleå: Projects with heavy knowledge content and high growth potential
- *Aurorum Science Park*, Luleå: 600 people in 100 companies, located next to Luleå Institute of Technology
- *Blekinge Business Incubator*, Ronneby: Active in all Blekinge municipalities, integrated with the virtual incubator Hibex
- *Business Incubator Östersund*: Engages in interdisciplinary projects near Mid-Sweden University
- *Chalmers Innovation*, Göteborg: Supports technology-based business ideas and companies from the university, private persons and corporate spin-offs
- *Espira Inkubator*, Borås: Newly started, active in technical textiles, resource-efficient production, logistics and trade. Sales-oriented.
- *Faxepark*, Söderhamn: Science park with 25 companies and 280 people
- *Framtidens Företag*, Göteborg: Entrepreneurs from a variety of backgrounds come together to create new knowledge companies
- *Gothia Science Park*, Skövde: An environment for expanding, knowledge-intensive companies near Skövde College. Emphasis on computer technology, the natural sciences, engineering, economics and human sciences.
- *Gotland Interactive Park*, Visby: Focus on game development, tourism and government services
- *Idéon Innovation*, Lund: The city's first incubator, which has now been joined by several others. One of Europe's leading incubators, Idéon annually generates 15 growth companies.
- *Idéon Science Park*, Lund: A large science park that includes the incubator
- *Idélab*, Eskilstuna: Operates near Mälardalen College. Brings together engineers, economists, behavioral scientists, people from the liberal arts, etc.
- *Innovatum*, Trollhättan: Focus on high technology, film and the media
- *Inova*, Karlstad: Incubator for all of Värmland
- *Kalmar Science Park*, Kalmar: Knowledge-intensive companies and ideas in the Kalmar region
- *Karolinska Institute Science Park*, Solna: Companies with roots in academic research at the Institute
- *Kista Science City*, Kista: Major business park with some of the world's leading companies in IT and communication technology
- *Krinova Science Park*, Kristianstad: Investments in food, biosphere/environment and human resources
- *Lindholmen Science Park*, Göteborg: Technology-based companies derived from local universities or spun off from industrial companies
- *Liveum*, Skara: Affiliated with SLU (Swedish University of Agricultural Sciences)
- *Medeon Science Park*, Malmö: Focuses on medicine and healthcare in the Öresund region
- *Minc*, Malmö: Various industries, ostensibly Sweden's largest incubator
- *Mjärdevi Business Incubator*, Linköping: Focus on new technology, now part of LEAD
- *Mjärdevi Science Park*, Linköping: Large science park with 220 companies and 4,500 employees, now part of LEAD. Neighbor to Linköping University.
- *Munktell Science Park*, Eskilstuna: Home of the Idélab incubator. Emphasis on interdisciplinary cooperation
- *Norrköping Science Park*: Emphasizes four areas: future media technology, printed electronics, new healthcare tools, and profitable logistics, now part of LEAD
- *Sahlgrenska Science Park*, Göteborg: Funds research-based business concepts and companies with a medical orientation
- *Science Park Jönköping*: Electronics and financing are two areas of emphasis
- *SSE Business Lab*, Stockholm: Subsidiary of the Swedish School of Economics and Business Administration
- *Start*, Kalmar: Supports both students/researchers and individuals with innovative business ideas
- *Stiftelsen Teknikdalen*, Borlänge: Shipping and communication, liquid crystals and materials processing are areas of emphasis
- *Sting*, Kista: Helps bring forth technically innovative products and services
- *SU Innovation*, Stockholm: A newly started initiative for undergraduate and graduate students
- *Teknikbyn*, Västerås: Emphasis on electronics, computer sciences, energy and environmental technology, high-tech humanities and healthcare