

FIN-URB-ACT

Thematic Paper III

Summary on Innovative and High Tech Projects in Aachen



FIN-URB-ACT thematic paper III

Support to innovative and high tech projects and businesses in Aachen

Summary of the FIN-URB-ACT Kick-off meeting Aachen (21.-23.01.2009)

Introduction

This paper tries to summarise and reflect the presentation and discussions during the session of Work Group 3 on support to innovative and high-tech projects and businesses in the framework of the kick off meeting in Aachen. It is structured in three main sections:

- Description of the focus and methodology of reflection and analyses for the WG
- Summary of the presentations on the support system for innovative and technology oriented businesses
- Reflection on the presentation and main conclusions and recommendations for the further work of the WG

This is just a first internal draft to be discussed and revised in the further process in order to amend and adapt it more information as well as conclusions and recommendations

I Focus and Methodology of the Work Group 3

The presentations, discussions and reflections of this WG will concentrate on the support to entrepreneurs for providing access to finance for innovative and high tech business projects. In comparison to that, Work Group 2 is dedicated to small scale projects and businesses (also social enterprises and self-employment). As there is quite a difference between the type of support services and especially the suitable financing instruments as well as the organisation of an appropriate local support system, those two separate Working Groups have been established to address the two different target groups of entrepreneurs in a targeted way.

The first session had the intention to discuss how the WG shall operate in the course of the project life time, to define a proper methodology, but also to have a first presentation of the innovative SME support system of the host city of Aachen and to discuss the issues we could address during the next meetings in the other cities.

Due to a limited number of meetings and the limited time for each Work Group during the meetings there is a need to concentrate on specific themes related to the overall issue of FIN-URB-ACT:

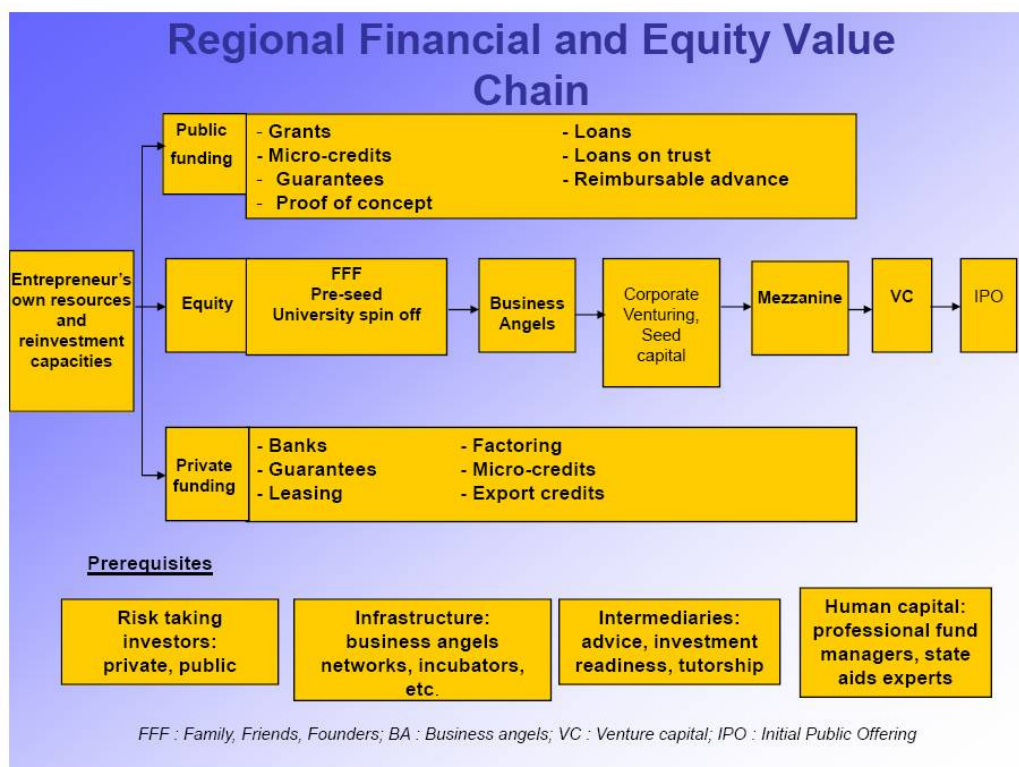
- Improving Access to finance (financial support to SMEs)
- Local partnership and respective systems of cooperative SME support (organisations/institutions and their relationship in a local/regional support structure)
- Involvement and role of cities in those systems (What can they deliver, how can they get active?).

As the focus of FIN-URB-ACT is on easing the access to finance for SMEs, the reflections are concentrated on suitable support systems necessary for providing finance for innovative business projects. A main problem of technology oriented start-ups is exactly the aspect of money and financing. The capital needed for these kind of start ups is comparably high and they have difficulties to get loans, as they can not give any guarantees in this phase. Without the necessary external financing especially innovative projects will not have a chance to develop and due to the innovative character those projects quite often need specific and complex forms of financing (like risk capital). But the specific type and amount of financing also highly differs from one innovative project to another. This, however, does not mean to completely exclude the issue of non-financial support offers, as both components of SME support (financial and non-financial) are closely linked

in a comprehensive system. But they will be addressed as necessary prerequisites/conditions for improving the financing possibilities of SMEs, like specific accompanying services necessary to develop the business project in order to get access to finance.

In general, support structures for innovative and high tech projects and businesses are marked by a complex system of financial instruments, corresponding sources of funding and other support tools and a large number of specialised support institutions with different backgrounds, addressing different types and sectors of enterprises and acting on different levels. According to a study of EURADA (European Association of Regional Development Agencies) not all funding sources and support offers have the same objectives and are also targeted e.g. to different stages of an SME lifecycle. Different types of SMEs also have different needs. That's why SME funding and support suppliers have to act complementary and should link up to a regional/local supply chain. This comprises different sources and types of funding as well as advice, tutoring, links to university and the respective SME support infrastructure (incubators, technology parks, university business interfaces etc.).

For facilitating access to finance, it is important to master funding pathways and/or financial supply chains and to reduce the asymmetry between information available respectively to entrepreneurs and investors / funding organisations and to ensure that most suitable funding resources are available to local/regional SMEs in a given area. Therefore, it is important to group and bundle the diversified support, which can be done according to the EURADA study by one stop shops or first advisory shops. What is important is to organise a sort of local/regional economic governance in form of the famous triple helix approach: integration local and regional players and their activities from the private business sector, administration and the research community for pooling funding and support to innovative SMEs (especially start ups). This requires networking and partnership between fund providers and SME support organisations. However, as another study from EURADA indicates, in many regions additionally to scattered responsibility for public policy development there is a disjointed field of operators and a lack of overall thinking or vision for value chains supporting entrepreneurial innovation, RTD or knowledge development. Thus, in terms of financial support the key question according to the EURADA studies is how to integrate the segmentation of markets for funding into a system of comprehensive support for local SMEs and start ups.



Within this Work Group we will especially concentrate on the financial support systems of the respective host cities of the FIN-URB-ACT meetings, as we have the opportunity to reflect them in more detail during the visits. During these meetings we will present and discuss the important elements of the financial support structures for innovative projects (services offered, available funding sources and organisations) as well as existing interlinkages between different relevant public and private institutions within the local SME support system. Based on this we will try to draft comprehensive pictures of the financial support systems for innovative projects for each city, compare them and draw general conclusions. Based on the experiences and knowledge from the visits of the Lead expert, each host city has interesting support systems with different structures and also different focuses. The Work Group does not intend to elaborate one model or best practice solution for effective financial support systems that just has to be transferred to any city, as there are very diverse institutional, economical and cultural contexts, e.g. different economic structures, different objectives and target groups, different types of organisations and programs/support offers available, different legal framework etc. The objective is rather to showcase the various services and funding sources for innovative, technology oriented entrepreneurs available from all different levels (local / regional / national) and the local organisations and their own support activities – to either provide services and funding on their own or to facilitate the access to finance from other schemes. Moreover, different scenarios of how to structure the different local actors in local partnerships according to the specific local circumstances shall be described.

Due to the complexity of financial support systems for innovative projects, it is important to have a clear and easy grid of analyses for being able to take comparable pictures of the local support systems. It will not be feasible to describe all the systems in their entirety and detailedness, but rather to point out specific aspects. Moreover, it is not satisfying to just describe the single organisations and their offers in a rather descriptive and unreflected way without any grid of analyses.

To set up this grid, the angle of reflection should always come from the perspective of an entrepreneur and his demands towards financial support and funding. In general, the entrepreneur wants to know how he can get finance for his innovative business project (might it be a spin-off from university, any other kind of innovative start-up or an innovative new business project from an existing SME). So he will ask what appropriate support offers and especially what financing schemes are available, what organisation is offering them and how to find the right support (organisations) for the specific business project in an easy way? From this perspective there are the following consecutive questions to be posed and to be reflected during the Work Shop Meetings:

- What are the different effective and suitable support offers and relevant funding sources necessary for providing access to finance for innovative business projects?
- What organisations are offering what kind of specific support services and funding sources for financing local innovative entrepreneurs in the host city?
- Is there a specialisation of certain organisations on specific services and target entrepreneurs or can an entrepreneur just contact any organisation?
- Is there collaboration between the different organisations to jointly provide / organise specific support offers?
- Is there any cooperative and coordinative system linking the different organisations for easily directing the entrepreneurs to the most suitable financing scheme and support service and the respective institution(s) offering it?

To focus and structure its reflections the WG will start from the different basic services for financially supporting innovative business projects and collectively list the range of financial and related non-financial services in a first step (this will be done by the EURADA image). Afterwards it should be answered for each host city, which financial services and funding sources for innovative projects are available and which organisations are offering what.

II Summary of the Presentations on the support structure and services in Aachen

Background

City of Aachen, with a population of nearly 260.000, is situated directly on the border with Belgium and the Netherlands and is Germany's westernmost city. Aachen stakeholders describe the city's infrastructural conditions as "the heart of Europe" thinking of the fact that two third of the Europeans live within a 500 km radius of the city. But: although situated at important main axis (motorway and high speed train connecting Belgium with central Europe), due to its border location, Aachen still suffers from an image of periphery and does not have the visibility which actually would fit to its economic and innovational power.

Historically, the Aachen region used to be strong in steel production and textile industry as the the region had been one of the important coal-mining districts in Europe during centuries. In the 1970s, the first mines closed, and this process held on until the year 1997, when the last mine (coal mine 'Sophia Jacoba') closed and this formerly important industry finally came to an end. Between 1980 and 1997, nearly 15.000 miners and another 5.000 workers in supplier companies lost their jobs. The crisis was accompanied by a considerable loss of turnover and persistent job cutbacks in the manufacturing sector, particularly in the traditional industries.

Development since the 1970s – Successful Regional Cooperation

While the tertiary sector saw an above-average growth at the same time, regional politics had to start taking an early look at how to compensate for the huge loss of jobs: active structure transformation was the motto, new technologies were in demand.

The most important factor for an economic renewal in the region was a feature which is specific for the Aachen region, namely the importance of local R & D institutions the regional research and technology potential has always been Aachen's no. 1 location factor The Aachen region has an outstanding technical and scientific structure, headed by RWTH Excellence University of Aachen, one of West Europe's largest technical universities, together with Aachen University of Applied Sciences and several private and public research institutions, including Juelich Research Centre, the largest interdisciplinary research centre in Germany and three Fraunhofer Institutes of applied research. These institutions provide a research and innovation structure of a density which can be offered by only a few regions in Europe.

At the end of the '70s, the Chambers of Industry in the region started to develop systematically this technology potential for the economy by establishing closer contacts to the university and research institutions in the region. In 1981, the cooperation between Aachen Chamber of Industry and Commerce and Aachen University (RWTH) was put into formal terms in a cooperation agreement, which also included setting up an "Aachen Technology Centre" intended as a "throughput facility" for technologic based start-ups. The regional initiators founded the "Regional Development Agency for the Aachen Region – AGIT mbH" which has been running the centre since 1984.

AGIT - Regional Development Agency of the Aachen Region

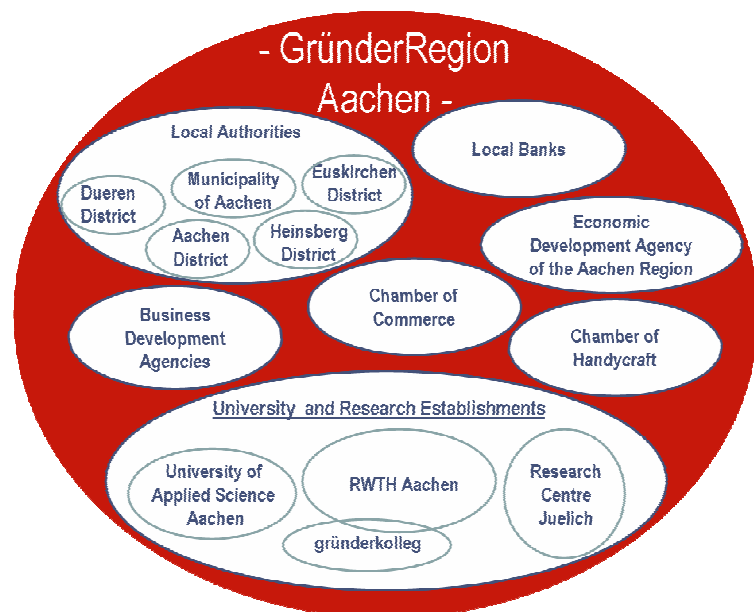
Following the initial signs that coal mining would possibly cease being the main industrial employer in the Aachen area, AGIT took up the function of a technology-oriented regional development agency, as the region's central answer to the situation. AGIT's main activities include advising technology-oriented start-ups and innovative enterprise, advising and assisting international investors, international marketing and regional monitoring of the Technology Region Aachen, support for selected fields of technology and the management of the Technology Centre Aachen and the Medical Technology Centre Aachen, which was founded later on. In over two decades, AGIT has made an important contribution to the structural change in the region and has developed from a technology centre to a regional economic development agency.

A new technology-oriented SME economy developed in the region, not only as the result of successful technology transfer projects and renowned international companies setting up new facilities here, but, above all, thanks to those new businesses which were founded in the early years of structural renewal and which emerged from the endogenous potential of the region and have become well established in their own right, meanwhile.

AGIT supports technology based start ups based on their needs, for instance in the field of financing. Expert knowledge on subsidies and support programs in technological areas as well as matchmaking between young entrepreneurs and business angels are provided by the AGIT, The institution is also coordinating partner of SIGNO (IPR-Support Program of Federal Ministry of Technology and Economics) in the Aachen region. They consult in average Every year, ca. 100 Entrepreneurs (most of them are start ups) benefit from those special consultations, e.g. for patent applications.

GründerRegion Aachen - StartUpRegion Aachen

The GründerRegion Aachen is a regional initiative that was founded in 1999 by the chambers, economic development agencies, savings banks and credit unions, universities and research institutions. In 2003, local authorities entered into the network. Today, almost 40 advisory offices in the city and district of Aachen as well as the districts of Heinsberg, Düren and Euskirchen are gathered together under the umbrella of network GründerRegion. The initiative was set up in 2000 and itself the goal of improving the quality and quantity of start-ups creating valuable synergy effects through coordination and cooperation in support for start-up and implement a start up culture the region Aachen.



The most important project of the GründerRegion Aachen is AC² that was set up in 2003 with a pilot start-up competition. AC² - the start-up competition supports all persons interested in starting a company on their path to entrepreneurship. Within the scope of the AC² start-up competition, persons who want to found a company draw up a business plan together with a mentor. Step by step, the teams learn how to edit their business concept, plan their market launch, establish a financing strategy and to set up a team. The agency and advisory institutions in the GründerRegion accompany the start-ups after the competition phase.

Other activities of GründerRegion are:

- five 'StarterCenters' in the Aachen region build the second essential tool by offering group consulting (Existenzia) as well as individual consulting.
- a growth initiative within AC² supports SMEs with a great growth potential
- Vision – the prize for female entrepreneurs is awarded every two years
- information and consulting about funding programs
- publications (booklet for starters, Starter News etc.), arrangements, fares and public relation activities.

The 'GründerRegion Aachen' has implemented an own monitoring system, which allows a more efficient support for start-ups, as the supporting bodies have access to an inter-institutional database entry on the client. Thus, an efficient knowledge transfer is guaranteed. The database provides an overview on the support which entrepreneurs have already got.



The 'Gründerregion' has developed a consulting network of 200 voluntary consultants with different professions. These experts offer three days of consultancy to the entrepreneur. If the consultant does not provide qualitative support, the 'Gründerregion' can decide to take him out of the pool. Within the whole process of support provision for the future entrepreneurs, the participants benefit from a bunch of advice, including mentoring from professionals, access to expert-knowledge, four independent certifications, several coaching performances like presentations about entrepreneurial or growth topics, advice from consultants, surveyors and contact to investors, branch experts, and industrial partners.

The 'Gründerregion' has been successful in its work during the last years: the region has shown in the last 10 years a rising number of enterprises which produced more than 20% growth. The entrepreneurial activity in the Aachen region is performing clearly above the European average.

gründerkolleg - the Entrepreneurship Centre of the RWTH Aachen

The gründerkolleg Entrepreneurship Centre was founded in 2000 as an initiative of the RWTH Aachen University, the local banks (Sparkassen) of Aachen and Heinsberg as well as the Chamber of Commerce and Industry of Aachen. Ever since, it has been part of the GründerRegion Aachen network. The gründerkolleg is affiliated to the chair "Economics for Engineers and Natural Scientists" of the RWTH Aachen University. The gründerkolleg is the primary contact within the University for persons interested in founding a business. Its objective is to use and expand the university's entrepreneurial potential.

Twice a year, the gründerkolleg hosts a one-week training seminar to teach the fundamentals of entrepreneurship. The training is tailored to the needs of students, research assistants and alumni interested in founding a company. The program is filled with knowledge concerning the most relevant aspects of setting up a new business in a very practical and comprehensive way. Experienced experts and successful entrepreneurs give lectures on financing, marketing, sales, human resource management, insurance management as well as legal aspects of patents, taxes and business law. The training particularly addresses the issue of writing a business plan. The young academics participate in detailed tutorials in order to develop, discuss and present their ideas to potential investors.

In addition to lectures and tutorials, a networking dinner with investors and experts in the field of entrepreneurship takes place to provide the opportunity for establishing own networks of business partners. The young academics are able to meet experts and investors face to face and ask individual questions concerning their business ideas.

Research infrastructure

As already mentioned before, the universities and research institutions play an important role for the growth of the regional economy. Aachen's No. 1 advantage of location is its excellent infrastructure.

The RWTH Aachen is one of the leading technical universities in Europe with the German label of 'University of Excellence' with a specialisation on engineering and technology. The RWTH gathers around 450 professors and 260 institutions for more than 30.000 students, 2.600 graduates and a high level of 650 doctorate degrees per year. This university is especially playing a strong role in attracting science-based institutions to the Aachen region. The University of Applied Science gathers 220 professors and has more than 8.000 students and 850 graduates per year.

A third strong scientific player in the region –in the same time important on national and international levels as well as being also a motor for the attractiveness of the region – is the Juelich Research Centre with 1.300 employees as scientific staff and 4.400 further employees. It started as a centre for nuclear power, has enlarged its research facilities enormously during the last decades, and has gained worldwide attention when its senior professor, physicist Peter Grünberg, received the Nobel Prize in physics, in 2007.

These three engines attracted several institutes and research centres to settle in Aachen:

- Four 'Fraunhofer' institutes (Institute for Production Technology, Institute for Laser Technology, Institute for Applied Information Technology and the Institute for Molecular Biology and Applied Ecology) as well as
- private R&D-centres from Microsoft, Philips, Ericsson, Ford and Denso or
- public research institutes like the German Wool Research Institute, Helmholtz Institute for Biomedical Technology or the Laboratory for Machine Tools and Industrial Organisation

Especially the proximity to well-known university professors, the influences of being alumni with the persisting linkage to the region and the possibility to benefit from existing networks attracted several of these companies. In a climate of good cooperation all different players are engaged in attracting investors to come (back) to Aachen.

Technology Centres and Business Parks

Aachen offers a wide range of suitable locations for entrepreneurs as well as foreign companies in incubators, technology centres and business parks. Due to the fact that start-up companies are looking for small locations with a lot of flexibility and as much convenience as possible, the real estate market in Aachen has developed special products to this needs.

- *Technology Centre Aachen:* The Technology Centre Aachen offers technology-oriented business start-ups an ideal environment to enter the market. The accompanying management consulting services of the AGIT as centre manager are tailored to the needs of technology-oriented companies. Technology-oriented start-ups are granted a subsidised rent of rooms over a period of 5 years and further special terms. The consulting services include assistance in drafting a business plan, arranging venture capital / subsidies and special events.
- *Medical Technology Centre:* As manager of the second technology centre in the city of Aachen, AGIT provides start-ups with a location tailored to medical engineering requirements. The MTZ was opened in 1994 as a start-up centre in the middle of today's Campus Life Sciences Aachen and was extended in 1999 to cope with the great demand. Over 40 Life Sciences enterprises have been set up to date, many of whom have already moved out into the region.
- *Science and Business Park Avantis:* Avantis lies on both sides of the Dutch-German border (60 ha city of Aachen/40 ha city of Heerlen). It's a location for high-quality, technology oriented enterprises and supports its residing customers in international innovation by offering the best opportunities in both countries, such as tax systems.

The technology centres do not only offer inexpensive rooms and a cluster atmosphere, but provide also for individual specialist consulting services, innovation consulting and patenting support or know-how on capital raising. Up till now there are 13 technology and service centres in the region of Aachen, offering office space for more than 515 companies with more than 5.700 employees. In the last year (2008) there was an increase of 16% of space dedicated to start-up companies. With this number of technology centres it became possible to specialise on certain target groups (e.g. founders of new technology-based businesses and services; founders or investors in medical and biotechnology fields or a centre specialised on handicraft) within the single centres.

The general focus when selecting possible tenants is a technology based approach, while entrepreneurs not having this focus have to search for other solutions. The main branches which can be found in the centres are business support services, life sciences, automotive and ICT. The tenants may generally stay for five years.

During the last 25 years, the technology centres supported more than 1.000 technology-based start ups or spin-offs (*offering altogether around 28.500 jobs*); 80% still existed five years after leaving the technology centre. Out of these still existing companies, more than 80% remained within the region.

“RWTH Aachen Campus”

In the upcoming years (2009 – 2013/14), the RWTH Aachen wants to create the “RWTH Aachen Campus”, a new science-park which will become one of the biggest technology oriented campuses in Europe. Well known companies will locate their research departments on 2 different locations within the 2,5 km² big RWTH area. The creation of more than 10.000 new jobs is expected. What is special about this campus is the strong partnership between university institutes and the companies. On the one hand, at least five staff members of every company have to be enrolled at the RWTH and take part in the academic teaching and education. On the other hand, the companies are deeply involved in the research processes and have strong relations to the university institutes and related R&D-institutions. This close cooperation will lead to doctorates with a more practical approach and will create close linkages between aspiring high-potentials who will be already in close contact to companies before they leave the RWTH. In up to 15 clusters – such as production, energy, mobility, ICT, biotechnology or modern materials – the companies will experience various synergetic effects.

With this strategy, the RWTH Aachen develops a new model of cooperation which is based on a well-proven tradition of neighbourhood and close cooperation between university institutes and companies. The model will generate a new dimension of added value for sciences and innovation.

Financial instruments for start-ups

Motives to become an entrepreneur are numerous and diverse: One strong motivation is the will to realise the own entrepreneurial idea (75% of all entrepreneurs), others are striving for independence (50%) but also dissatisfaction with the former job (22%), striving for more money (12%) or a situation of unemployment (5%).

A main problem of technology oriented start-ups is the aspect of money and financing. Nearly half of the entrepreneurs mentioned this as a main problem, as the capital needed for technology oriented start-ups is relatively high, compared to other businesses. R&D-related entrepreneurs have difficulties to get loans, as they can not give any guarantees in the founding phase of their company.

Besides the acquisition of customers (50%) and insufficient consulting (25%), also hiring appropriate employees (25%) is difficult, as a strong need for qualified employees is contradictory to the salary-level which start-ups can afford, in the first years.

One should mention that entrepreneurs often do not see a problem in the management scheme for their business, which is not what you would think looking at start-ups from the outside. But in the

first years of their life-cycle, companies often are able to provide for external expertise in managing. Most entrepreneurs recognise real management problems in the later years when the growth phase starts.

There are several financial instruments supporting enterprises in the different stages of their development:

The **GründerStart Initiative** (start-up initiative) is a first financial support instrument in the early stages of the development of companies. When the GründerStart Initiative was developed, no seed funding was available, but the strong need to transform technological potential into start-ups was already existent. The GründerStart initiative was developed in 2004 by the Chamber of Commerce and the RWTH Aachen to support start-ups/spin-offs from university in the seed phase with funding between 20.000 and 50.000 Euro, for which the initiative gets a share in the founded company. The company pays back the share within a five-years period. Besides the financial support this initiative also provides consultancy (personal strength-weakness profile, business plan support).

In a second phase, the **S-VC** (Savings Banks Venture Capital Fund) is a possible financial source. In an even later period the **S-UBG** (Unternehmensbeteiligungsgesellschaft of the Savings Bank Aachen) might be an interesting option for SMEs to get further funding.

A **seed fund for the region of Aachen**, existing since 2007, is run by the Savings Bank Aachen, the NRW.Bank and a private investor. 4 Million Euro are provided by the savings banks, 4 million by the state of North-Rhine Westphalia and 500.000 Euro by a private investor.

Involvement of Sparkasse Aachen



► Equity and venture capital companies

	UBG AG	S-VC GmbH	Seed Fonds
Founded	05/1988	12/1997	1/2007
Capital	€ 43.9 million	€ 17.5 million	€ 8.5 million
Owners	Savings Banks of Aachen, Düren, Euskirchen, Heinsberg, Krefeld and Mönchengladbach		Sparkasse Aachen NRW.Bank private investor
Sparkasse Aachen's share	€ 14.9 million	€ 6.6 million	€ 4.0 million
Target market	SME	Start-up to exit phase	Seed phase
Investments (from foundation to year-end 2008)	€ 105.7 million	€ 23.6 million	1.0 million €
Number of companies	73	29	6
	www.s-ubg.de		www.seedfonds-aachen.de

► Occasions for investments:

Growth, Ownership change, Bridge financing, Succession arrangement / spin-off, Seed financing / start-up



To hedge the financing of a young company can be difficult as banks and venture capitalists will only come on board once the company has demonstrated a certain level of success. **euBAn, the euregional Business Angels network** aims to provide a solution to this problem in the Euregio Maas-Rhine. Five partner regions in the Euregio have joined forces to form the cross-border business angels network: the Aachen region, Belgian Limburg, Dutch Limburg, the province of Liège, and the German-speaking community of Belgium.

The euBAn coordination office is based at AGIT. The project brings together business angels (private investors with an advisory role) and young innovative companies. In order to facilitate the contacts, regular events are held at various locations throughout the EUREGIO Maas-Rhine at which start-up companies and new ventures can meet interested business angels. The network is intended as an objective, neutral and confidential interface bringing together supply and demand and helping to exploit new potentials fully.

The **'High tech Gründerfonds'** (high tech start-up fund) is a national fund, investing risk capital in young, prospering technology-oriented companies which implement promising research results in a promising entrepreneurial way. The fund provides for the necessary capital for the start-ups and for management support. Partners of the fund are the federal German government, the KfW banking group (public promotional bank) and the industrial enterprises BASF, Deutsche Telekom and Siemens. The fund has a budget of 272 million Euro for five years and usually provides support of 500.000 Euro while obtaining a share of 15% of the company. The entrepreneur has to provide for an own contribution of 100.000/50.000 (old/new 'Länder' in Germany) Euro. The loan agreement runs for seven years. Investment criteria for the 'High Tech Gründerfonds' are the technological

orientation, a comparably high degree of innovation, favourable chance/risk profiles, the personnel qualification of the management staff and the limitation that the company is not older than 18 months.

Parallel to this, the **Rheinland Venture Capital funds (RVC)** and the **Intelligent Venture Capital funds (IVC)** offer comparable financial means.

Cluster initiatives

Several Cluster initiatives in the main fields of regional competences have emerged in the last decade. They join more than 300 companies, university institutes and research institutions as members. Most of these cluster initiatives resulted from a bottom-up process, i.e. they started with a buddy-system of mutually acquainted entrepreneurs and scientists. This goes for LifeTec Aachen-Jülich e.V. (Life Sciences), Regina e.V.(ICT), Car e.V. (automotive) or Intra e.V. (modern materials). The region also has networks like the automotive innovation centre Aachen (aic) and the Aachen Centre of Competence for Medical Technology (AKM), which were created with federal support, i.e. they are examples of a more top-down-orientated approach. While the last-mentioned focus on acquisition of research projects, the other initiatives have different tasks such as bridge-building to sciences and research, common marketing, organisation of events, expositions, information broking and lobbying.

The cluster initiatives are also working together in different projects and market themselves under the common label "Aachen vis-à-vis". Together with regional stakeholders, they are presently getting into deeper contact with other euregional branch initiatives to identify common objectives for the next years.

Cross-border cooperations within the Euregio Meuse-Rhine

Spread out between the countries of Belgium, Germany and Holland, the Euregio Meuse-Rhine (EMR) is home to more than 3.7 million people in a surface area of approx. 10,000 km³. Besides an administrative, linguistic and cultural variety between five provinces, the EMR shows features which demonstrate how much the provinces have in common. All regions of the EMR, e.g., share an economic history which is particularly characteristic for the whole area: the transformation process from a coal and steel region to a dedicated high-tech region. The various parts of this cross-border region used different strategies to cope with this incisive phase of regional economic transformation, revealing many new potential sources for further growth.

The research and technology based regional development strategy of the Aachen region has been successful in the transformation process from a mining and "old industry"- area to a high-technology region. But while this process of change is still persisting it became clear that the contents of the regional development strategy would have to be realigned. Since the end of the '90s, a new challenge has emerged which concerns the dimension and international visibility of what is happening in the region. Now it is a case of daring to take the quantum leap from a mere "technology region" to a "technology expertise region in the European and global context".

Stakeholders in all parts of the cross-border region are aware that the future of the region lies in a context of three national markets. However, given the fact that the globalization and strategical challenges defined by the EU (Lisbon and Gotheburg agenda) have sharpened the standards for international success stories of economic regions, the actual discussion in this cross-border region is about the right scale and the right dimension of an economic region which should be visible world-wide in a competition of regions. Future-oriented, powerful elements in today's economic development are to be found in specialised activities requiring intensive research and development and offering a significant potential for growth. Technological emphasis is placed, therefore, on Life Sciences, automotive and railway engineering, ICT, energy and new materials. On the path towards a knowledge-based society, the regio's outstanding educational infrastructure, including three major universities – RWTH Aachen, Université de Liège and Universiteit Maastricht (each with its own University hospital) – offers considerable potential.

The Aachen region has fostered strong cross-border cooperation since the 60s. in the framework of the EUREGIO Maas-Rhine. As a regional answer to the requirements of the European Lisbon strategy, the area of cooperation and the fields of activities have been enlarged, e.g. by the initiative ELAt (Eindhoven Leuven Aachen triangle), a project which fosters cooperation between the knowledge city-regions Aachen Leuven and Eindhoven to jointly develop innovation strategies, cluster development and company support as well as knowledge exchange, international marketing or the attraction of finances. In 2008, the provinces of the Euregio Maas-Rhine, together with the provinces of Noord-Brabant (Netherlands) and Vlaams-Brabant (Belgium) decided to join forces and to develop a "Top Technology Region" (TTR) which incorporates all players in R&D, clusters and companies, and regional as well as local authorities in an enlarged area of knowledge-economy which covers the Euregio Maas-Rhine as well as the Dutch and Belgian partner regions in ELAt. Hopes are that by this strategical realigning and bundling an internationally visible competitive and successful economic region will emerge.

In the field of business support the cross-border cooperation also includes cooperation not only between municipalities and regional authorities, but also regional development agencies, chambers of commerce and universities. Thus, the emerging cross-border region is committed to the internationally acknowledged principle of "triple-helix" cooperation between local and regional actors

III Reflection on the financial support system in Aachen according to the analyses grid

During the first session of the WG the presentations about the local support system gave a quite broad overview on the different actors / organisations involved in the support for technology oriented businesses as well as their functions and the services they provide. Moreover, some cooperation and coordination structures and processes between the actors were described. Although different forms of financial services and funding sources were also highlighted, the picture does not yet strongly enough concentrate on the main FIN-URB-ACT issue of easing access to finance, but gives a more general idea of the overall support system for innovative businesses. However, for the issue of access to finance there are already numerous interesting aspects to be highlighted in this following reflection part.

To continue and refocus the work of the WG, it might be interesting also for the other partners to try to revise and complete the picture of Aachen in terms of some more specific information on the financial support services and the concrete access to funding sources for technology oriented entrepreneurs. Otherwise it remains a quite general, unspecified and unfocussed description not indicating the crucial aspects and questions for facilitating access to finance. Moreover, for the next sessions in Aveiro the WG should try to take a stronger focus on the issue of access to finance and following the agreed methodology of the first part of this paper.

General financial support offers and funding sources to be reflected within this Work Group (according to the EURADA studies and the first Work Group discussions)

According to the methodology of the WG the reflection starts at the different forms of support services. Coming back to the graph of EURADA a non exhaustive list of respective support services and funding sources for easing the access to finance are:

Financial instruments / Sources of funding

- Public grants
- Loans, micro-credits (provided by public and private financial institutions)
- Guarantees
- Pre-seed capital
- Seed capital
- Venture capital
- Business angels

Prerequisites:

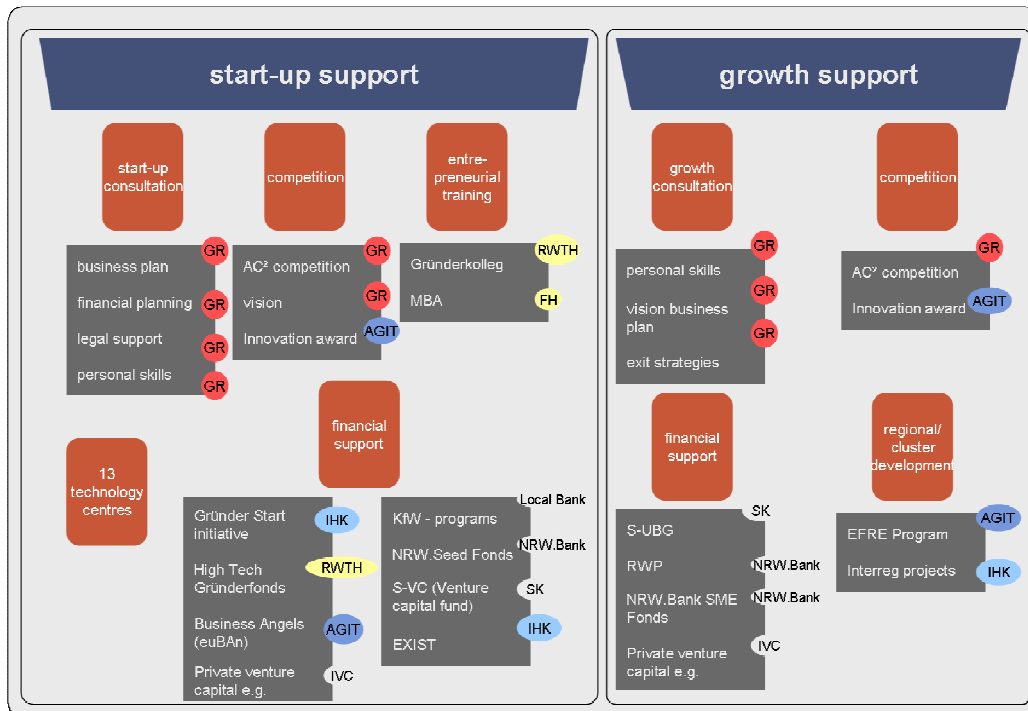
- Incubators
- Business Angels network
- Advice
- Tutorship

Question to the group: Are there any other types of funding sources and/or services important to provide the access to finance?

Support services and funding sources seen / discussed during the presentations in Aachen provided by which local organisation

(non exhaustive and definitive list to be completed and adapted during the further process)

The following picture gives a first overview – based on the information given during the presentations which services are provided and what organisations are providing it.



Introductory consultation:

This offer is provided by the IHK.

Start-up consultation:

Advice in developing a business plan: This support is provided by AGIT and the IHK in the framework of the Gründer Region.

Advice in financial planning: provided in the framework of the GründerRegion.

Legal support: provided in the framework of the GründerRegion.

Support in assessing the personal skills: provided in the framework of the GründerRegion.

Competition:

AC² competition for start up and growth: This support is provided by the Gründerregion

Vision (female entrepreneur competition): This support is provided by the Gründerregion

Entrepreneurial training:

Gründerkolleg: This support is provided by the University of Aachen (RWTH)

Master of Business Administration: This support is provided by the University of Applied Sciences

Support infrastructure:

Technology centres and incubators: This support is provided by the AGIT, single companies,

Funding sources at city-regional level:

Gründer Start Initiative: This support is provided by the IHK and the Technical University of Aachen (RWTH);

S-VC (Venture Capital Company): This support is provided by the Savings bank

S-UBG (Equity Company): This support is provided by the Savings bank

Business Angels network (euBAn): This support is provided by the AGIT

Private Venture Capital: This support is provided by IVC

External funding sources:

The High-Tech Gründerfonds (KfW bank): This support is provided by the local banks

NRW Bank Mittelstandsfonds and Venture Fonds:

Exist Go! Bio and Exist-Seed: This support is provided by the IHK

Role and function of the different organisations

It has been seen that especially the AGIT as regional development agency is specially set up for the promotion of technology-oriented businesses as well as the Chamber of Commerce provide various support services. Also the role of the local Savings Bank in providing additional start up and growth funding – with the C-VC Venture Capital fund and the S-UBG especially set up for providing start up and growth equity – has been addressed as well as to a minor extent the functions of the University (e.g. Gründerkolleg and Gründer Start Initiative).

It might be however interesting to see to what extent especially the Savings bank as well as the Cooperative banks provide special financial support and other funding sources (or the access to external funding, e.g. to the KfW or NRW.Bank products). Moreover, the functions of other organisations, especially the Chamber of Handicraft, are not yet explained.

With the AGIT there has been set up an additional institution for the city-region specialised in the promotion of technology oriented businesses. Rather than each existing business promotion organisation is providing on its own specialised support for this very specific kind of business clientele, the different organisations (Chambers, Savings Bank, City, District) decided to jointly establish the AGIT as new regional development agency that should take over this function in a concerted way. This can be seen as an interesting and promising way, as it seems to be more effective to pool the limited resources for innovative business support of each partner in one joint bigger organisation (the AGIT has 25 employees), than to provide a few specialists for innovative business support at each organisation that has also limited knowledge in the very specific field of technology oriented businesses.

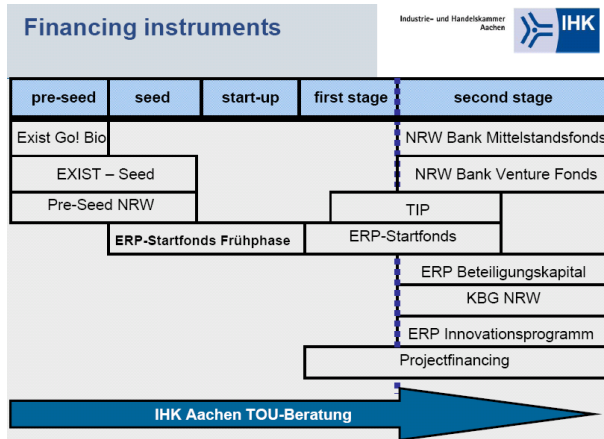
System to interlink and coordinate different offers and organisations to conduct the innovative entrepreneur to the suitable service / funding source

What is interesting in the case of Aachen in terms of access to finance is that on the one hand the different organisations try to assist innovative entrepreneurs, that are looking for suitable funding sources, to match their funding needs with financial offers provided by external financial institutions on regional, national or European level (e.g. NRW.Bank, KfW) or private investors (e.g. EuBan – business angels network) and to assist the entrepreneurs to access these funding sources. On the other hand the local organisations also try to set up additional financial instruments for those financial needs that are not covered by the existing external funding sources. In this case especially the Savings bank with its two recently established seed fund as well as equity and venture capital companies provide additional local funding sources. But also the 'GründerStart initiative' as a joint venture of the IHK and the RWTH providing small scale financing (20.000 – 50.000 Euro) for start ups (together with consultancy, controlling, business-plan advise and networking) is such a complementary financial instrument. However, all local instruments do not only cover the city alone but a wider city-regional area including the neighbouring districts with their respective public district services and financial institutions and in the case of the venture and equity companies also a even wider region including the cities of Mönchengladbach and Krefeld .

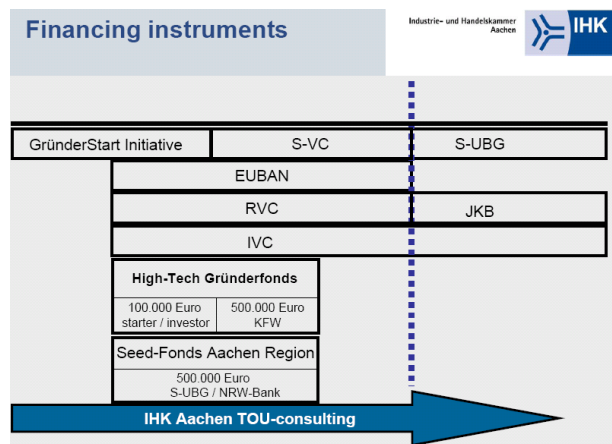
There seems to be quite a lot of different public and private organisations on local and regional level offering a broad range of services. One can ask, if this could not lead to a too complex system and entrepreneurs might have difficulties in finding the right organisation for their needs. An

answer to this is given by the 'Gründerregion' being a structure to bring the different offers together and interlink them and to act in a sort of 'one stop shop' not only providing basic advise and consulting but also redirecting start ups to the specific support organisations and instruments best fitting to their needs. Both is done by using a pool of experts from their partner organisations. Moreover, the Gründerregion has a workflow database – where all actors of the Gründerregion have login to. Within this database there is a file for each entrepreneur and the actors all the support services they have provided for this specific entrepreneur already. The file includes not only the service, but also the provider of the service and the respective date.

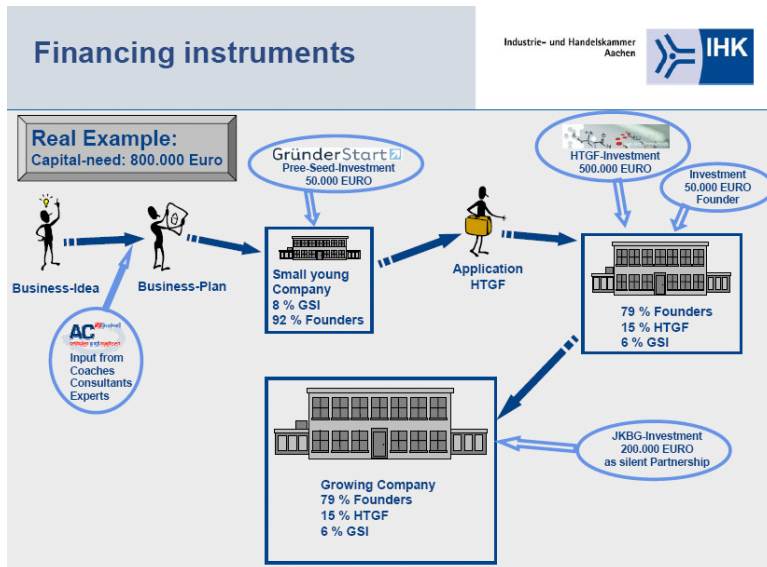
External Funding Sources



Additional Funding Sources within Aachen



For providing access to the right funding sources a sort of life cycle approach is followed looking to accompany an entrepreneur from the business idea to the establishment of a small start up company to the development into a bigger technology oriented enterprise. Therefore also the respective funding and support for each development step needs to be made accessible which shows to be not easy. Therefore a combination of different existing support and funding offers is tried to be organised. still on the agenda and similarly can be considered as another recurrent subject for the next meetings.



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