

# The Danish Environment



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The Aalborg fjord - "Limfjorden"



## The NOVI Presentation

- NOVI A/S
- NOVI Business areas
- Learnings from the NOVI case
- Elements of an innovation strategy for the future



## Sowing time 1988/1989 - NOVI is established



- Loss of 2000 jobs (Aalborg Shipyard and others).
- 100 shareholders contribute 35.5 mill. DKK to the NOVI A/S share capital.
- "The Science Centre" or NOVI 1 of 5,500 sqm. is opened.
- The first seed venture capital of Denmark. Max. 2.5 mill. DKK per project.

## Change of values in the care of crops - Period 1989 to 1998



- 1995: Change of values from "bricks" to focus on commercial possibilities in the cross field between science and industry. Nominally 24 mill. DKK venture capital is injected.
- 1998: Separation of venture activities and innovation activities. NOVI Innovation A/S is established as a legally independent company.

## Ripening of grain - Period 1998 to 2005



### Innovation activities

- More than 80 high tech start ups with a success rate of 50%.

### Science park activities

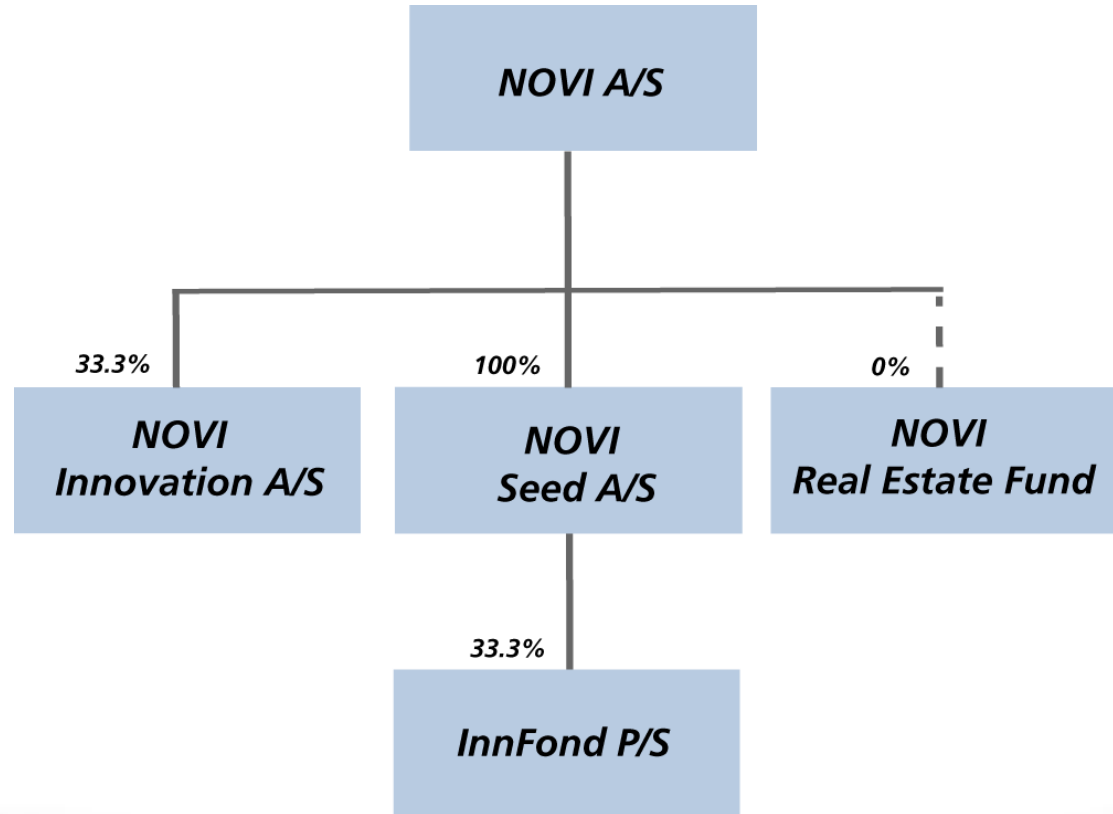
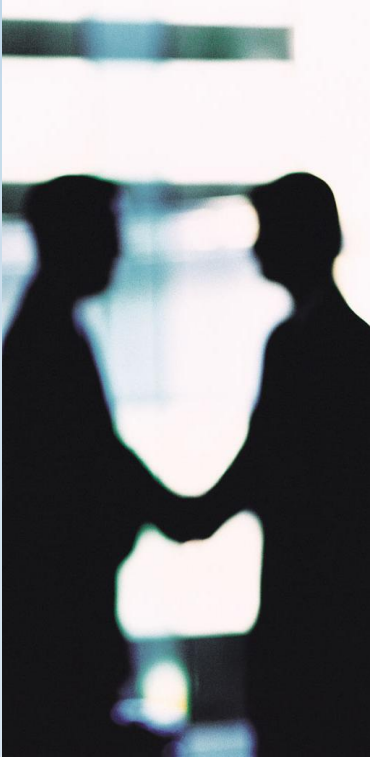
- NOVI 1 (5.000 sqm.) has grown to 40,000 sqm. in NOVI Park (business park) and in the science park. The science park is today home for approx 70 small companies.

# Venture Capital - Results and Activities



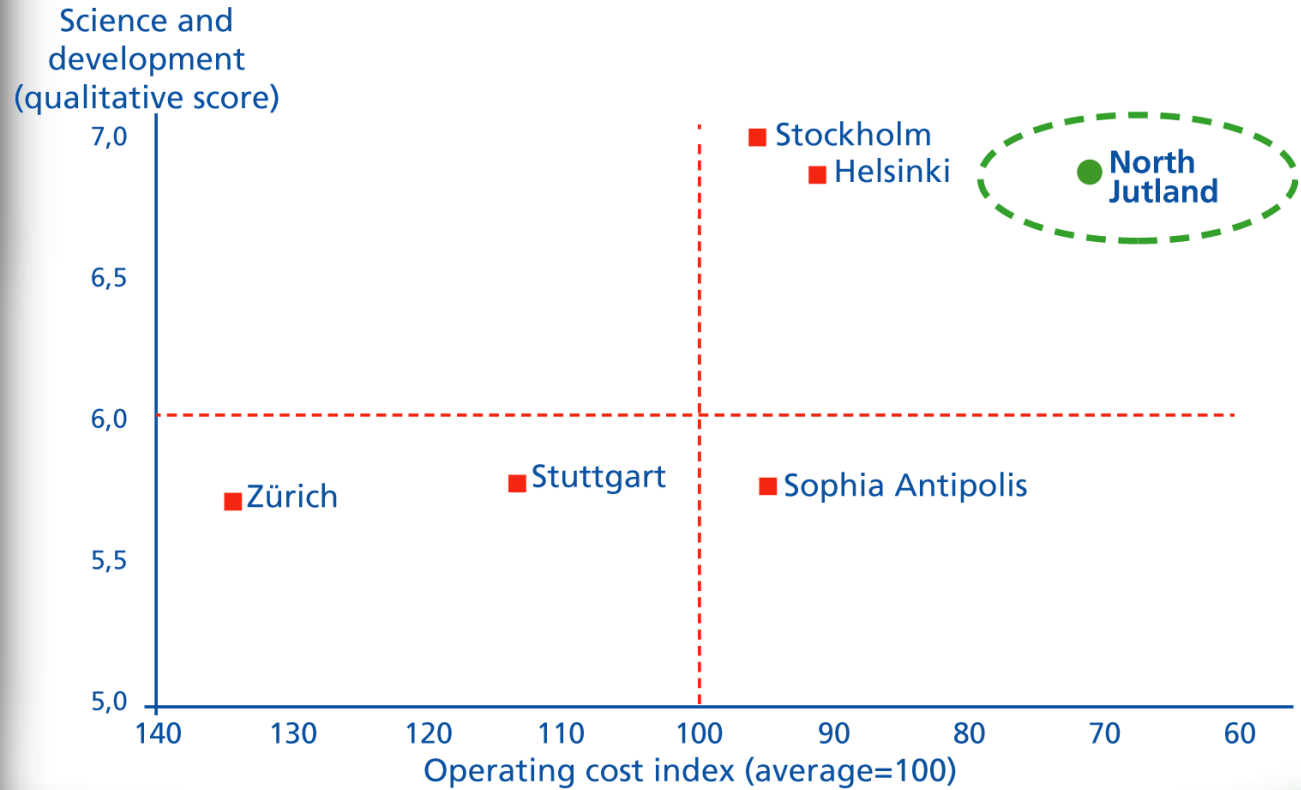
- 16 active investments in high-tech companies
- Invested and syndicated 180 mill. EURO.
- Creation of InnFond P/S (a second venture arm).
- Creation of LicFond (investments in university patent building and sale of patents).
- 3 major exits – NEURODAN, ECO-DAN and BOREAN Pharma.

## The NOVI Company Structure of today





# Wireless Excellence

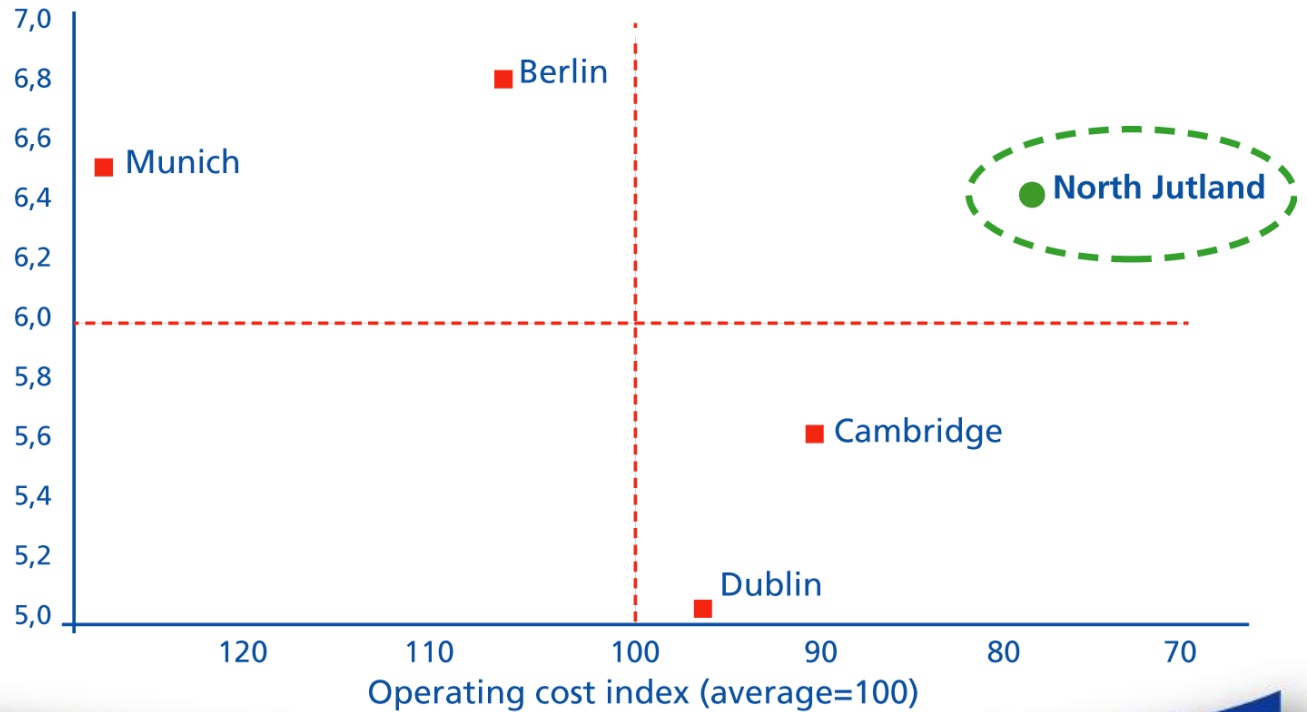


Source: IBM Business Consulting Services



# Medical Technology Excellence

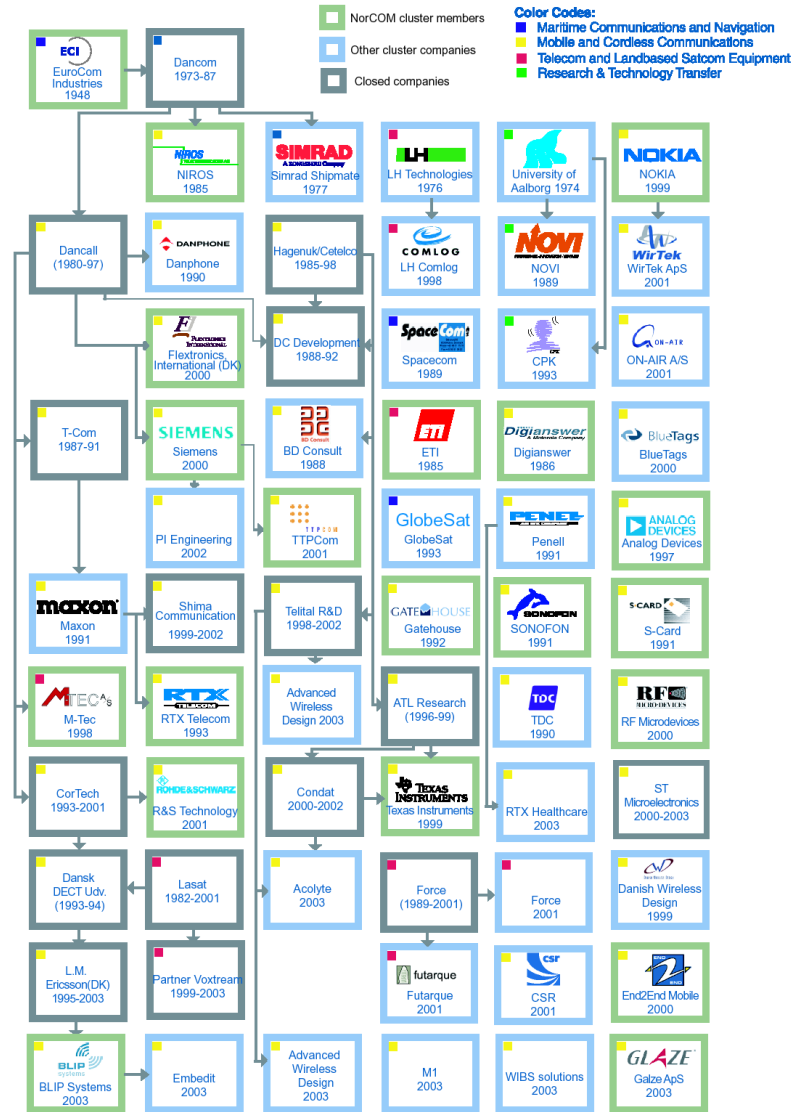
Science and development  
(qualitative score)



Source: IBM Business Consulting Services



# The wireless cluster NorCOM



## Learnings from the NOVI Case



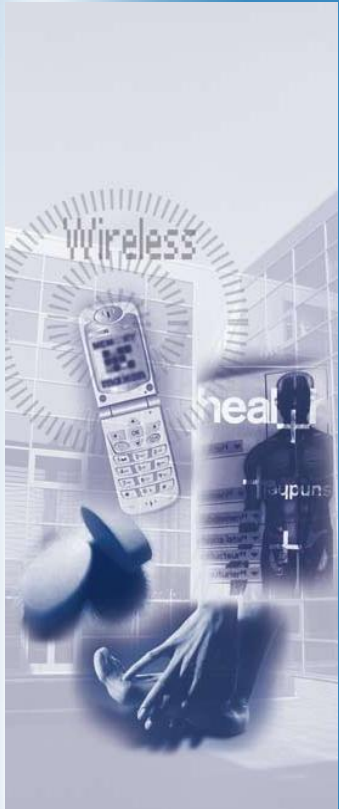
- Reason and motivation
- Strength in mix of partners
- The synergy in having Science Park, Innovation and Venture Activities together
- Active involvement of University
- An active public sector
- "Think Global – Act Local"
- Focus on global leading scientific areas
- But control of locally rooted Venture Capital is the key.

## From Science to Industry - good news



- A lot of focus, seminars, political focus, articles, talks and much more on the agenda in Denmark.
- Invitations to and pressure on universities to commercialize scientific results.
- New complex of laws and regulations to form the background for commercializing the R&D results.
- Increased public financing of university R&D is directed to "syndicated" university/private projects.
- New venture capital tools.
- But there is also bad news.....

## From Science to Industry - bad news



- Lack of venture capital in the very early stages of start-ups (pre-seed and seed).
- The finance gap between publicly financed investments in the pre-seed area and private venture capital focusing at later stages is growing bigger. Latest bad news: The privatization of Vækstfonden.
- A decreasing amount of publicly financed R&D at universities is available as a basis for starting up new potent high-tech companies.
- Public financing of investments in the high-tech pre-seed area of Danish incubators is by the present Danish government announced to only be maintained at the present level of 20 mill. EURO per year until 2008. After 2008 no commitments. One could fear privatization...

## Conclusions – What brings Success in building a young forest of high-tech companies?



- National political committed complex of goals and priorities.
- Long-term political framework for commercialization.
- Long-term commitment of funds.
- Accessibility to scientific results that represents world class.
- University focus on their core strengths – teaching and science.
- Entrepreneurship a part of any higher education.
- Secure know-how and capital at incubator companies
- Using key performance indicators (KPI) at the incubator level.
- Public investment in maturing of ideas.