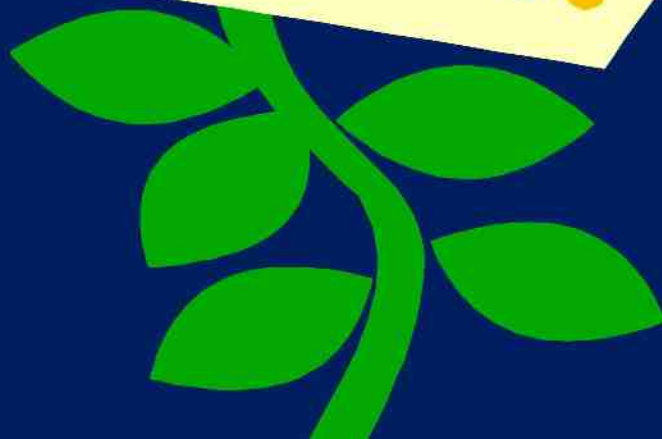
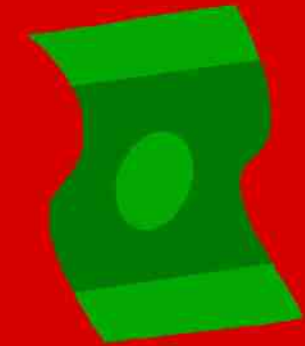


ICT Business Incubation

GSTF – Kidane 1-12-12



Outline

- Prerequisites for Incubation
- Incubation Basics
- Generic Incubation Model
- Best Practices World Wide
 - Silicon Valley (USA)
 - India
 - China
 - Africa (Egypt, Ghana)
- Recommended Approaches
- Call To Action



Prerequisites for Incubation

- Investment in Science and Technology Talent
- Technology centered education and competitive industry skills.
- Industry partnership with academic institutions
- Advancement in Telecom Infrastructure
- Technology user base and exposure
- Sustainable economic development plan with commitment on job creation and wealth creation



Incubation Basics

- Business incubation is a service or program that enables innovative ideas to result in successful firms. It is about helping residents build new businesses from the ground up through business incubators.
- Business incubation programs are uniquely positioned to help entrepreneurs access resources through the incubator, business community, local colleges and universities.
- Incubation is about developing a new generation of entrepreneurs and companies that will create jobs and spark economic growth in the region for years to come. Business incubators help support new ventures that have a greater-than-average chance of success.
- Business Incubation varies depending upon the business verticals, desired product and technologies involved.
- Business Incubation within the ICT Sector should focus on Software Startup i.e. Business Application, Mobile Solutions .



A generic incubation model

- Typical Incubator Organizations

- A business, a Non-Profit, a Technology Institution
- Government Initiative (Federal or Municipal)

- Mission

- Incubate business to fuel business growth, employment and investment opportunities. Possesses business selection process, funding opportunity and spin off.

- Products and Services

- Provide an incubation environment and infrastructure
- Provide a technical incubation program such as proof of technology or proof of concept, solution validation
- Provide entrepreneurial development programs
- Provide a network of resources that provide mentoring, consulting and strategy services
- Teach Startups success factors and failure reasons
- Provide proper selection of tools and architecture
- Provide value added services on demand to the new firms



Silicon Valley (USA)

- Silicon Valley is the birth place of Electronics Technology both HW/SW.
- The valley features rich IT/Tech Talent, hosts leading technology companies.
- New Startup firms emerge on a frequent basis.
- Top schools such as Stanford and UC Berkeley feature strong industry partnership and innovative environment.
- Many example startups exist and can serve as valuable references.



Silicon Valley Model Cont.

- Entrepreneurs or teams with innovative ideas apply for Startup BootCamp.
- Applicants are accepted based on selection criteria and interviews.
- Upon selection Incubators provide in organizational setup as needed
- The startups move to Silicon Valley for 3 months, during which incubators work intensively to get the company into the best possible shape and refine their pitch to investors. Each cycle culminates in Demo Day, when the startups present to a large audience of investors. Incubators as well as the alumni network continue to help founders for the life of their company, and beyond. Over a period of 13 weeks, enrollees hobnob with some of the industry's most powerful investors and innovators as they attempt to turn their embryonic ideas into full-fledged businesses. At the end, they get to participate in Demo Day, a kind of funding free-for-all during which they present their plans to the world's most respected venture capital firms and angel investors.
- Most incubators believe that seed money and mentorship are crucial to for the success of small startups.

India and China

- What is Common
 - Incubation facilities
 - Infrastructure support
 - Prototype development
 - Value Added Services
 - Residency programs
 - Initial product development
 - Assistance in securing funds
 - Business plan and business model support
 - Focus on technology driven business
 - Entrepreneurial Development
 - Diaspora professionals key participation
- What is different
 - India
 - Technology Institution partnership with government and financial institution
 - Use of Science Park
 - Incubators can provide ideas
 - China
 - Broader model beyond startup
 - Incubators look for team based not solo
 - Focus on scalable businesses, rapid growth and impactful ones

Egypt, Kenya & Ghana

•Egypt

- In 2010 started incubation center with partnership of higher academic institution, the USAID and Go's of Denmark

•Ghana

- The Project provides its clients with office space, utilities, internet access and a shared resource centre.
- Clients undergo a comprehensive coaching and mentoring processes, project management, marketing, business plan development.

•Kenya

- In 2011 started incubation center in cooperation with an organization in Norway with a model that features a 48 HR bootcamp



Recommended Approach

- Hybrid incubation model leveraging existing models in India and Silicon Valley designed to incubate innovative technology driven ventures.
- Incubation Centers need to be competitive in terms of standards, staffing and leadership to ensure success.
- The incubation model need to define measured goals in terms of business success and impact to economic growth.
- In addition to the basic product development services, Incubation Centers focus on organization design, operation, competitive business strategy, and business model validation.
- Leverage partnership of key stakeholders (Gov't, Industry , VC, Higher Education, International Organizations)
- The availability of the incubation program need to be advertized
- Patent Laws need to be revisited to address innovation areas



Call To Action

- Suggest a brief study on a competitive incubator model for Ethiopia based on the resources on the ground and auxiliary resources
- Engage Diaspora professional resources, agencies to formulate practical model as part of the above study
- Ensure incubator models suggested are competitive at a global scale.
- Suggest a workshop on incubator formation, operation and processes





Background

Definitions

- **The 7th International Summit of Business Incubation and Science/Technology Park Associations** held in Richmond, Virginia, USA, May 18, 2003 agreed on a
- **Definition of the terms "Business Incubation Program" and "Business Incubator"**
- **A Business Incubation Program** is an economic and social development process designed to advise potential start-up companies, and, through a comprehensive business assistance program, help them to establish, and accelerate their growth and success through a comprehensive business assistance program. The main goal is to produce successful businesses that will leave the program, in a timely manner, financially viable and freestanding. These graduates create jobs, revitalize communities, commercialize new technologies and create wealth for local and national economies.
- **Critical to the success of a Business Incubation Program is:**
 - Management that develops and orchestrates business, marketing and management resources and relationships tailored to the needs of the business clients
 - Shared services, training, technology support and equipment
 - Selection of clients and an acceleration process by which businesses become more independent and progress to graduation
 - Assistance in obtaining the financing necessary for business growth

Definition Cont.

- **10th International Summit of Business Incubation Associations** (Global Summit of the Global Network on Business Incubation) held in New Delhi, India, October 20, 2004 agreed on a simplified definition that can be used additionally:
 - The (wider) **business incubation environment** is the wider context, which should be conducive to the sustainable nurturing of growth potential and the development of enterprises.
 - **Business incubation** is a public and/or private, entrepreneurial, economic and social development process designed to nurture business ideas and start-up companies and, through a comprehensive business support program, help them establish and accelerate their growth and success.
 - The **business incubator** is a physical space or facility that accommodates a business incubation process
 - A) The (wider) business incubation environment
 - B) The business incubation process
 - C) Business Incubator (a business incubation environment)

Definition Cont.

- **Science Park**

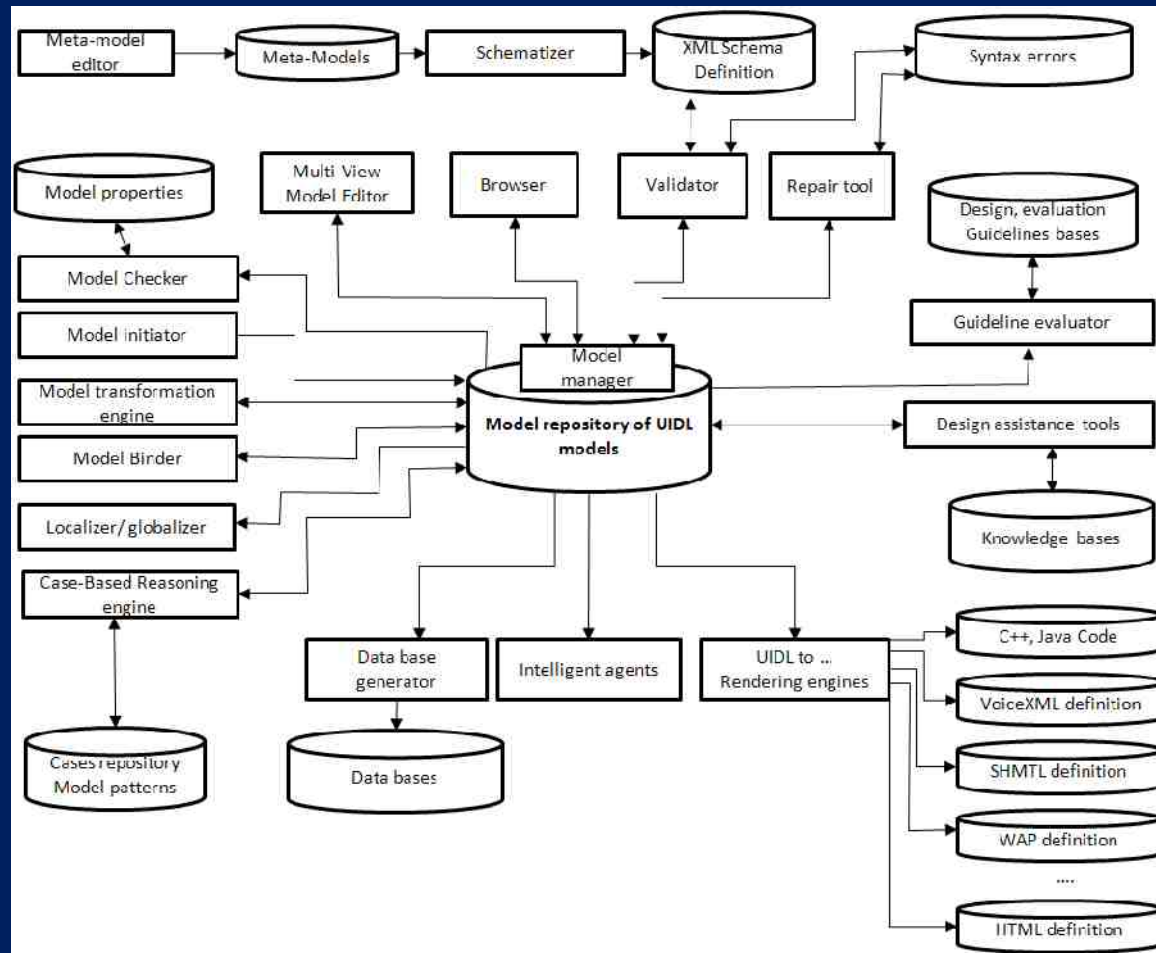
- A **Science Park*** is an organization managed by specialized professionals, whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge-based institutions.

- To enable these goals to be met, a Science Park stimulates and manages the flow of knowledge and technology amongst universities, R&D institutions, companies and markets; it facilitates the creation and growth of innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality space and facilities.

Funding and Startup



Software Startup Tools

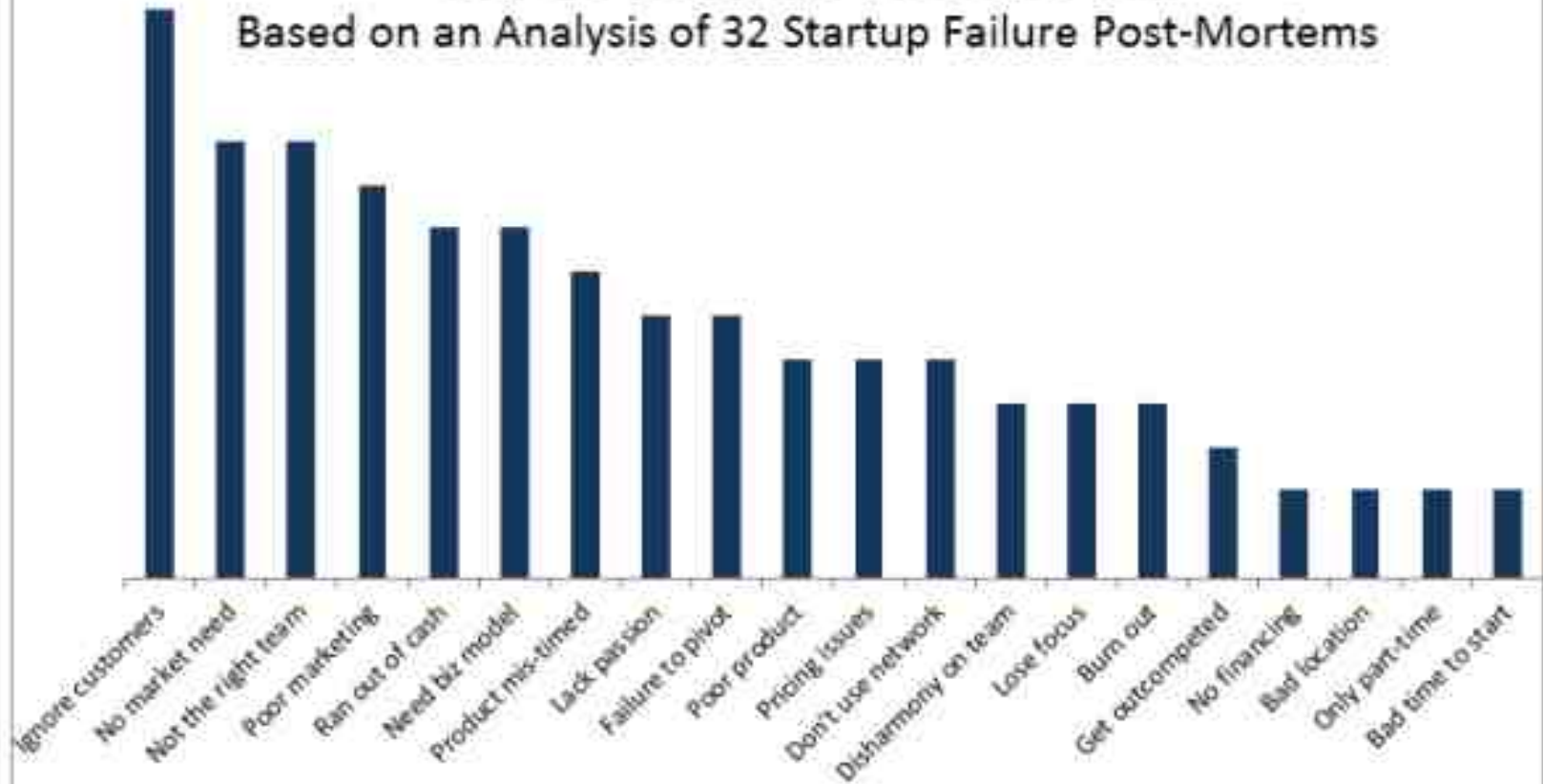


Educate on success factors

- 1** *No business plan survives the first customer contact.*
- 2** *It's the business model, stupid.*
- 3** *Take time to think through alternative possibilities*
- 4** *Your business model idea is just a set of hypotheses.*
- 5** *Don't build your company, until you've verified your Business Model*

Top 20 Reasons Startups Fail

Based on an Analysis of 32 Startup Failure Post-Mortems



Speaker points

- Business Incubation is an Art and requires crafty skills
- The productivity ratio between the average programmer (Mediocre) vs. talented programmer is 10 to 1,
- The same holds for designers and architects, the best architects come up with simple solutions for complex problems
- A business strategy along with a dynamic business model are key to a business



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