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South East Europe TCP

Best Practice Report

Sirma Young Spirit (SYS) - Early Stage Financing

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Contact : anna_naydenova@ictalent.org
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Good Practice Report

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0.1	Creation of document	ISI	17.11.2010
0.2	Filled in by Sirma Solutions, Stefan Kiryakov		

Everybody please state revision index and short description of what has been done + partners involved and date.

Final approval	Name	Partner
Reviewer		

1. Best Practice Title

Sirma Young Spirit (Early Stage Financing)

2. Location of Best Practice

Country, region, town

Sofia, Bulgaria

3. Best Practice Executive Summary

Describe briefly (max 10 lines) the GP context (partnership, funding, objectives, approach followed, results)

Sirma Young Spirit (SYS) program is designed to help young entrepreneurs in the field of Information Technologies (IT) and providing them with seed investments, which are the earliest stage in the chain of venture funding. The SYS program is key part of Sirma's strategy to look for new business ideas and to seek, promote and develop innovations.

The main goal of SYS is to help entrepreneurs go through the first phase of development of their business models, which may include attainment of one or more of the following results depending on the specifics of each project:

- Develop an impressive prototype and business plan to attract further investment;
- Develop an initial version of your product;
- Try to reach the market;
- Structure your company in a way that will allow you to make a successful future development.

Sirma Group is the largest private Bulgarian group of IT companies. It was founded in 1992 and now includes 18 subsidiaries and associated companies operating in different areas of IT. During 17 years of successful growth the group has accumulated a substantial capital of unique technologies, goodwill, technical and business expertise. Sirma has always searched for good ideas and our success largely results on the ability to find good ideas and drive them into successful business enterprises. The SYS program is a natural continuation of the company's internal R&D and investment processes.

4. Best Practice Classification

Best Practice Theme

- Research Transformed to Innovative Product*
- Research Transformed to Innovative Service*
- Research Transformed to Innovative Methodology*
- Research Transformed to Innovative Production Process*

X Financial Mechanism for Transformation of Research to Innovation

X Support Mechanism for Transformation of Research to Innovation

- Other (describe)*

Best Practice Research / Application Areas

- Industrial / Manufacturing Systems*
 - Industrial Informatics and Communications*
 - Intelligent Devices*
 - Distributed Control Systems*
 - Flexible Manufacturing Systems*

- Embedded Systems*
 - Industrial Embedded Systems*
 - Nomadic Environments*
 - Private Spaces*
 - Public Infrastructures*

5. Description of Best Practice

5.1 Best Practice Context

Overall background of the Best Practice. Location, socio-economic, technical & policy background of the BP (max 10 lines)

Sirma believes in the creativity of young people and SYS is our way to seek and assist teams who are highly motivated and determined to bring an innovative idea to success - approved projects will receive funding and will be assisted down the hard road of entrepreneurship.

5.1.1 Policy Elements

What are the policy initiatives that have influenced the contextual environment of BP: innovation promotion policies, research funding policies, certification ect as well as relevant tools (max 10 lines)

In SYS we encourage and support initiatives for which the following conditions are met:

- You have an innovative idea in the field of Information Technology;
- A team of 2 to 5 people stands behind the idea;
- The team members are young entrepreneurs, who have already worked together on the idea and have something to show;
- Team members are ready to work overtime and exclusively on the idea for the next 6 to 12 months, without side committed with full dedication;
- If at least one of the team members has some business skills and is willing to deal with the business side of the project, that will be considered an advantage.

5.1.2 Socio-economic & Other factors

Other contextual factors such as customer / target market addressed, international validity, customer density, economic conditions, customer values, research area addressed (max 10 lines)

Sirma SYS initiative supports all kinds of business models and target markets as long as major development and entrepreneurial team is located in Bulgaria.

5.2 Objectives

Aim of the project, specific objectives & strategies to achieve these objectives (max 10 lines)

The main goal of SYS is to help entrepreneurs go through the first phase of development of their business models, which may include attainment of one or more of the following results depending on the specifics of each project:

- Develop an impressive prototype and business plan to attract further investment;
- Develop an initial version of your product;

- Try to reach the market;

Structure your company in a way that will allow you to make a successful future development.

6. Process

Describe the project including key concepts and the overall approach followed. Indicate project end users, target market, main project phases, problems encountered and solutions, problem resolution (max 10 lines)

How the SYS program works:

- Project selection will take place twice a year: end of March and September;
- We will hold preliminary meetings with teams whose ideas are approved for participation in the selection process;
- Pre-negotiate terms of investment. For approved candidates, we will provide seed investment in the first round against minority stake in your company;
- A mentor from Sirma will be assigned for each approved project. The mentor will assist the business development, advise and monitor the progress, as well as carry out the relationship between the new business and technological and business resources at Sirma;
- Within the program, Sirma provides the infrastructure needed to develop the new business;
- The main objective of the investment is to allow the entrepreneurs to focus and devote their efforts completely to project implementation thus bringing it to success;
- Along with the project technological development, the mentor and Sirma's business teams will work with the entrepreneurs on business plan development;
- Sirma will also assist entrepreneurs in meeting future investors and negotiate best terms for second round of investment;
- Entrepreneurs will have access to the international network of Sirma's partners and distributors – thus facilitating meetings with strategic international partners for the developed business model.

Application Process:

- Applicants should visit our website - <http://www.sirma.bg/sys> for more information;
- Download, fill in and submit the Application form. Sirma will contact you if additional information is required;

Candidates will be invited for preliminary meetings for all ideas that are approved for participation in the SYS program.

6.1 Project Design

Project design based on targeted market complete understanding, project structure, policies and procedures, management and implementation actions (max 10 lines)

Our initiative is aimed towards young entrepreneurial-oriented people with a vision and high motivation to get the job done. SYS' procedures on initial project submission, internal rating, series of meetings and interviews of the teams is a complete due diligence process to screen only the applicants matching all major criteria set by Sirma.

6.2 Project Management

Activities relevant to project coordination and management, project documentation and reporting, quality control, validation and verification (max 10 lines)

There are several major roles in SYS program – each coordinating different aspect of the initiative:

- Project Leader – a responsible person coordinating the project internally as well as presenting it to the public in different ways, for example at seminars, interviews for different medias, PR releases;
- Project Board (Jury) – a group of people (approximate 12 people) involved into the initiative with different expertise in IT technologies, finance and entrepreneurship. They meet to analyze, discuss and rate every application, set further steps and assign a person to further communicate with corresponding applicants according to their expertise in the area. This is the decision making entity on the initiative;
- Marketing Assistant – a person responsible on the marketing objectives related to the initiative – in order to ensure proper public presentation (PR, advertising, etc), as well as quality of used materials throughout the complete process.

6.3 Project Implementation

Main elements associated with the project implementation. Realization of new idea, or new technological realization or improvement / novelty to known technology and means to achieve this. Innovation associated with the project realization in terms of new products, services, methodologies. Marketing, advertising and customer service. (max 10 lines)

The project implementation at SYS relies on the following strong principles for each project:

- Strong project management and development team;
- Strong preliminary analysis on the market to assess key product/service requirements;
- Proper planning;
- Adequate financing;
- On-time development;
- Well prepared product/service launch;
- On-going development.

6.4 Project Evaluation

Project feedback mechanisms and evaluation mechanisms. (max 10 lines)

Besides project acceptance evaluation, there's a set of multiple criteria to evaluate project on-going development every month. The most important ones are:

- On-time development – whether set phases and milestones are met in terms of time and quality;
- Market development – how is currently the potential market for the product/service is evolving at the moment, as well as status of marketing activities (tasks) related to project launch and life cycle;
- Team performance and collaboration – individuals and team assessments to ensure overall performance and pleasant working environment.

7. Description of Research team/Institution

Short description of R&D team and institution (max. 10 lines)

Not applicable.

8. Applied Financial Mechanism

Describe financial mechanisms applied in transformation of research into innovation within BP, as well as means of connecting scientific research team and financiers (max. 1000 char.)

Sirma Young Spirit (SYS) is an initiative by Sirma Group (privately owned entity) that has assigned a seed investment fund for tolerating and developing young entrepreneur business ideas. Sirma Group is willing to provide risk capital funding, know-how, infrastructure and business contacts into bringing investments to success.

Program's financial mechanism relies on developing good ideas and assist entrepreneurs receiving next round of investments.

9. Impact and benefits

Describe achieved benefits of R&D team and/or enterprise implemented innovation, as well as impacts on institutional and policy levels. (max. 1000 char.)

It is a Sirma's commitment to promote the development of the Bulgarian IT industry and to make life better every day by using technology. Sirma Young Spirit (SYS) program will impact on the success rate of IT innovations developed within the region.

Benefits:

- Entrepreneurs will be financially and technologically assisted on developing their ideas to a mature stage;

Entrepreneurs will receive business mentoring, financial advisory and assistance on building their business networks.

10. Sustainability

Provide information on sustainability of innovation after financial aid within implemented financial mechanisms, and some multiplier effects as replication and extension of the action performed in BP. Expected use of Best Practice and lifecycle considerations. (max. 1000 char.)

Seed investment provided by Sirma Young Spirit will help entrepreneurs go through the first phase of development of their business models and thus sustain their innovative ideas in order to:

- Develop an impressive prototype and business plan to attract further investment;
- Develop an initial version of your product;
- Try to reach the market;

Structure your company in a way that will allow you to make a successful future development.

11. Repeatability and transferability

Lessons learned from the project implementation team. Repeatability and transferability of the project. (max. 1000 char.)

The initiative is running repeatedly in yearly cycles with individual budgets and 2 periods of project submissions throughout each cycle.

12. Evaluation

Describe reasons and evaluation criteria why the described example is a best practice. (max. 1000 char.)

Sirma Group has 17 years history of bringing innovative ideas to successful business models. All ideas were developed internally and there are 18 already formed entities within the holding group. Looking into new ideas and developing their potential proved to be a successful business strategy over our corporate history. It is a consequence of our success that Sirma clearly spreads and promotes the spirit of investment in young entrepreneurs and their business beliefs.

13. Contact of research team/institution

Name, address, tel., fax, e-mail, URL

Sirma Young Spirit (SYS)

E-mail: sys@sirma.bg

Web: <http://www.sirma.bg/sys>

Sirma Group

135 Tsarigradsko shosse Blvd, Floor 3
1784 Sofia, Bulgaria

14. Contact of financial mechanism facilitator

Name, address, tel., fax, e-mail, URL

Sirma Young Spirit (SYS)

E-mail: sys@sirma.bg

Web: <http://www.sirma.bg/sys>

Sirma Group

135 Tsarigradsko shosse Blvd, Floor 3
1784 Sofia, Bulgaria