

Lex de Lange

CEO Zernike Group.
The Netherlands



TANGIBLE AND INTANGIBLE ASSETS IN A SCIENCE PARK

WORK EXPERIENCE:

- Founder and CEO of a group of 14 companies working in related fields of Research,
- Technology and Innovation in the Netherlands (Zernike Group B.V.) (1992 - present)
- Managing director Venture Capital companies:
 - Tifan (1995 - present, ROF (1997 - present), IMKBIJ (1997 - present)
- President of I.A.S.P. Worldwide (1995 - 1998)
- Founder of Technopark Drachten, Friesland (1995 - 1997)
- Founder of Medipolis, Groningen (1995)
- Managing Director Zernike Development Corporation (1987 - 1995)
- Managing Director Zernike Science Park (1990 - present)
- Managing Director Amsterdam Science Park (1995 - present)
- Founder of Zernike Seed Fund B.V. (1992 - present)
- Founder of HT Ventures (1999 - present)
- Founder of Zernike Business School (1990 - 1994)
- Founder of IDEA Centers (1999 - present)
- Founder of BIC Noord Nederland (1998 - present)
- President of IASP Europe (1989 - 1991)
- Ministry of Finance North Netherlands (1983 - 1987)
- Manager Koninklijke Jaarbeurs Utrecht (1976)

PUBLICATIONS/PAPERS:

- Co-author of more than 50 publications on Innovation/ Technologies/Regional Development
 - Various publications on various topics related to Technology Transfer, Research and Seed Capital Investment f.i.
 - Bridging the gap Universities - S.M.E's - Rio de Janeiro 1995

CONTENTS

INTRODUCTION

Most Science Parks nowadays provide land, office space, funding and some basic services.

The better ones also offer an extensive network of international business connections, which enables their Science Park tenants to beat their competitor to market.

Many Science Parks offer little more than a place to set up shop. These organisations will hardly be able to deliver superior value to start-ups and their investors.

Research done by EU on Academic spin-offs and Zernike (See Figure 1 and 2) showed some interested developments in the European Science Parks and their tenants. Also research done by Morten Hansen, Henry W. Chesbrough, Nitin Nohria and Donald N. Sull from Harvard Business School showed interesting cases about networked incubators (See Harvard Business Review Sept./Oct. 2000).

IDEA CENTRES

Based on the outcomes of many research activities Zernike Group has developed a new incubator model under the name IDEA CENTERS.

In IDEA CENTERS we have developed mechanisms to foster partnerships among start-up teams - start-up companies and successful innovative firms, thus facilitating the flow of knowledge and talent across companies internationally and forging of marketing and technology relationship between them.

Zernike Group focuses with their new model on three main topics:

- 1) Stimulating entrepreneurship.
- 2) Funding: from Zero stage to venture capital.
- 3) Networked incubation.

1 Stimulating Entrepreneurship.

Stimulating Entrepreneurship has been developed and is still ongoing in close co-operation with international universities and higher educational institutes. Most recently (March 2001) the International University of Entrepreneurship has been launched in Amsterdam.

Partner programs with EU-member states are therefore developed and "entrepreneurship" will be part of many EU programs since 2000. IDEA CENTRES will incorporate these awareness programs in their networked incubator program.

2 Funding: from Zero stage to Venture Capital.

Since 1995 the VC industry has become maturer in Europe. Still the interest in zero stage and seed money is not very high. Hands-on management is very much needed in zero stage and the start-up phase.

(See Figure 3)

Source: EVCA/NVP

Beyond hands-on management is the early stage of the life cycle of a company, there are some new trends in the European Venture Capital market.

In 2000, four new trends were recognised:

- The selection process became mature from both sides, the venture capitalists as well as the selected high tech companies. The VC industry invested more money in less companies. (Average VC investment in EU SME's in 2000: Euro 10 Mio) For the selected high tech companies the year 2000 showed also a new trend. Nearly 8% of the selected companies accepted the first offer from the VC. More than 25% of the companies are interested in the expertise of the VC in the specific sector. About 35% of the selected companies see the VC's reputation as the most important factor.

- The trend for an IPO was in 2000 not very

popular anymore, which means that the financing time is longer.

- More important is the trend of corporate venturing. Multinationals acting as venture capitalist are already very popular in the USA. Research showed that companies funded by corporate venturing performed better in comparison with those that were funded by the traditional VC industry. In 2000 the corporate venture deals in Europe were > 100. Siemens, Reuters, Ericsson, France Telecom, KPN, Cisco Systems, Intel Company and Deutsche Post already do corporate venturing.

- The fourth trend in the Venture Capital market is the entree of very experienced managers coming from the industry.

3 Networked Incubation.

With the help of the networked incubator model IDEA CENTERS, start-up's can network to obtain resources and partner with others quickly, allowing them to establish themselves in the market ahead of their competitors.

IDEA CENTERS are properly designed and therefore these networked incubators combine the scale and scope of large, established corporations and the entrepreneurial spirit of small venture-capital firms in Europe.

IDEA CENTERS will be the new asset in the Science Park environment.

Some characteristics:

I. Well-designed centers maintain a spirit of entrepreneurship. Founding teams are allowed to retain significant ownership of their firms (usually > 50%). Tenants are free from the strategic, bureaucratic and organisational impediments that often prevent companies from pursuing risky opportunities.

II. IDEA CENTERS offer preferred rates and terms from top service providers, enabling member companies to enjoy certain economies of scale. Many start-up managers report

spending more than half their time in the first six to nine months setting up the basic infrastructure to run their businesses.

III. Preferential access to a international network of companies. In the networked incubation model Zernike Group leases the office space, (in)directly funds the incubatees and provide basic services f.e. information technology systems, public relations, HRM + recruitment, legal counsel, business planning, insurance, employee benefits, accounting, sales and marketing, access to VC industry and international businesses. In return for all these services the Zernike Group companies take an equity stake in the ventures.

The Science Park model developed by Zernike Group over the years since 1990 was and still is financed via a diversity of methodologies, such as:

- For funding we use a network of revolving funds in which Zernike has taken an equity stake. Zernike Group manages in this way about Euro 75 Mio in the Netherlands. We are planning to set up a network of revolving funds outside the Netherlands in combination with IDEA CENTERS.

- For real estate ventures we have developed a variety of creative solutions. In public private partnerships as well as sale and lease back methodologies, Zernike Group has gained a lot of experience over the years.

- For the rest, the clients are used to pay us for:

- Due diligence.
- Technology assessment and transfer.
- Training.
- Consultancy.
- Marketing and sales.
- Outsourcing.

Demand for Support by Innovative SME's

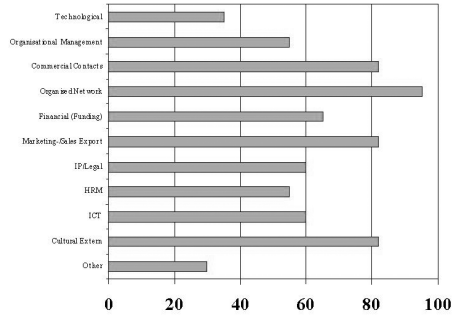


Figure 1

Source: EU Report on European Academic Spin-offs

Support Offered by Science Parks

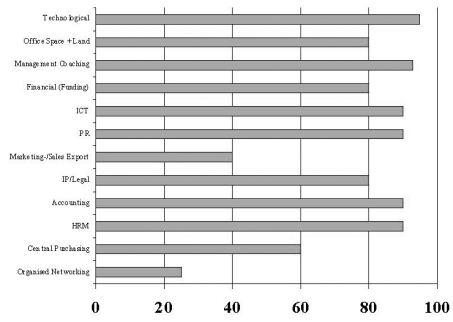


Figure 2

Source: EU Report on European Academic Spin-offs

Bureau Bartels From Invention to Innovation 1997
 Zernike Group BV. Technology Assessment 2000

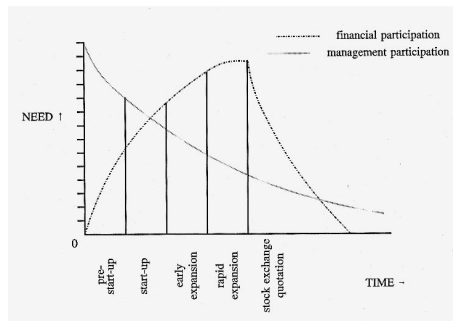


Figure 3