Promotion of spin-off activities through VTT Ltd and VTT Ventures Ltd Finland

The case study provides a practitioner's perspective on VTT's accelerator for deep tech spin-offs – VTT Ventures Ltd, including the accelerator's key factors of success, its challenges, and impacts.

**Topics covered**

Deep tech start-ups, accelerator, international investors, business support, interaction with national policy instruments for start-ups

**VTT Ventures Ltd – the spin-off accelerator**

- Since 2010, VTT Ventures Ltd is VTT’s in-house accelerator for deep tech spin-offs
- **Mission**: Develop commercialisation ready prototypes from the most promising technologies
- It develops early stage deep tech spin-offs for international markets

**Factors of success**

- Co-investment in spin-offs with private investors
- Good network of national and international VC's
- Access to a pool of serial entrepreneurs for business and entrepreneurial talent
- VTT Ventures ownership is between 10-25%
- VTT allows researcher to take a one-year leave of absence to create spin-offs

**Examples of successful spin-offs**

- **TactoTek (IoT & electronics)**: World leader in injection moulded structural electronics
- **Paptic (new materials and advanced manufacturing)**: Develops new fibre product with plastic-like properties; estimated revenues in 2020: EUR 200 million
- **FocalSpec (imaging and optics)**: High-resolution 3D imaging
- **MinimaProcessor (IoT & electronics)**: World record holder in energy efficient chips; estimated revenues 2020: EUR 100 million
- **Spectral Engines (sensing and diagnostic)**: high-performance spectral measurement instrumentation; received EUR 2.4 million EU Horizon 2020 grant
- **Spinnova (new materials and advanced manufacturing)**: Develops sustainable alternative to cotton and oil based yarns; post money evaluation of EUR 28 million

**Selection criteria for spin-offs at VTT Ventures**

- Technological and commercial innovation
- Team competencies
- International potential

**Main challenges**

- **Setting-up spin-offs drains** on the best talent from VTT, reduces its capacity to attract new contract research
- **Danger of high expectations**: Valuation of technology should not be too high
- **Finding the right business and entrepreneurial people** (often the CEO and CFO)

**Impact**

- **2010-2018**: 22 spin-offs, out of which 19 survived
- **2010-2018**: 275 jobs
- **2017**: EUR 5.4 million turnover
- **2010-2018**: EUR 82 million capital raised by spin-offs
- **2010-2018**: EUR 65 million (80%) came from external investors

**Interaction with national policy instruments for start-ups**

- “New business from research ideas programme” (TUTLI programme) of Business Finland
- VTT co-finances 30% of TUTLI projects