



austria wirtschaftsservice

Startup Funding – Best Practice

aws/Austria

aws - Who we are

- Austria's federal promotional bank - over 60 years of know-how in entrepreneurial, economic and innovation support.
- Our mandate enables us to offer a broad range of company-related investments, assistance programs, consultancy services and financing facilities – ranging from entrepreneurial spirit, pre-seed phase up to the expansion and internationalisation stages.
- In 2016, aws supported approx. 4000 companies with a total financing volume of EUR 815 Mio., thereof approx. 2400 start-ups and young companies (~250 innovative and technology-oriented start-ups) with a total financing volume of EUR 225 Mio.

Owners | Clients

Owners



Clients

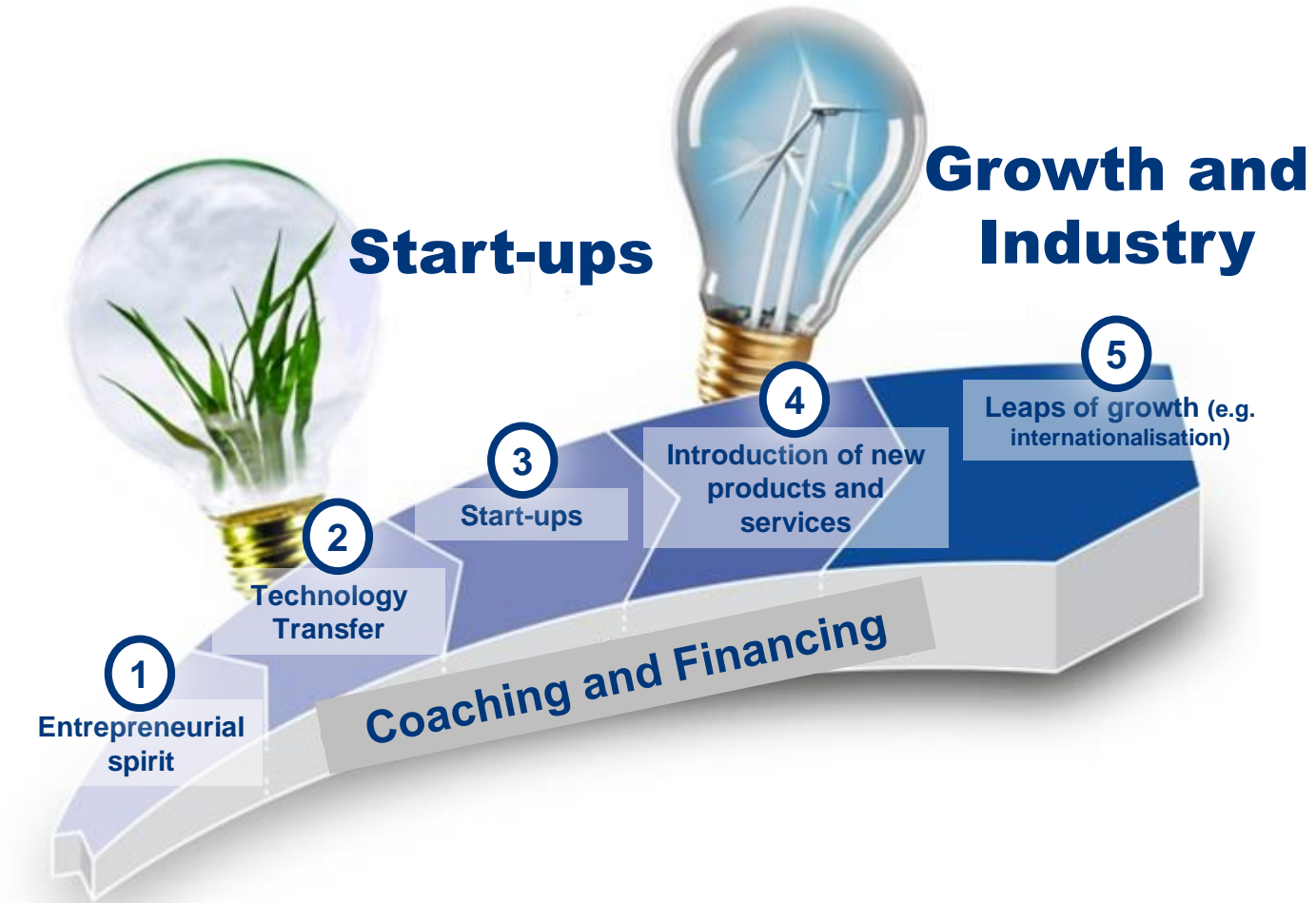


One Mission

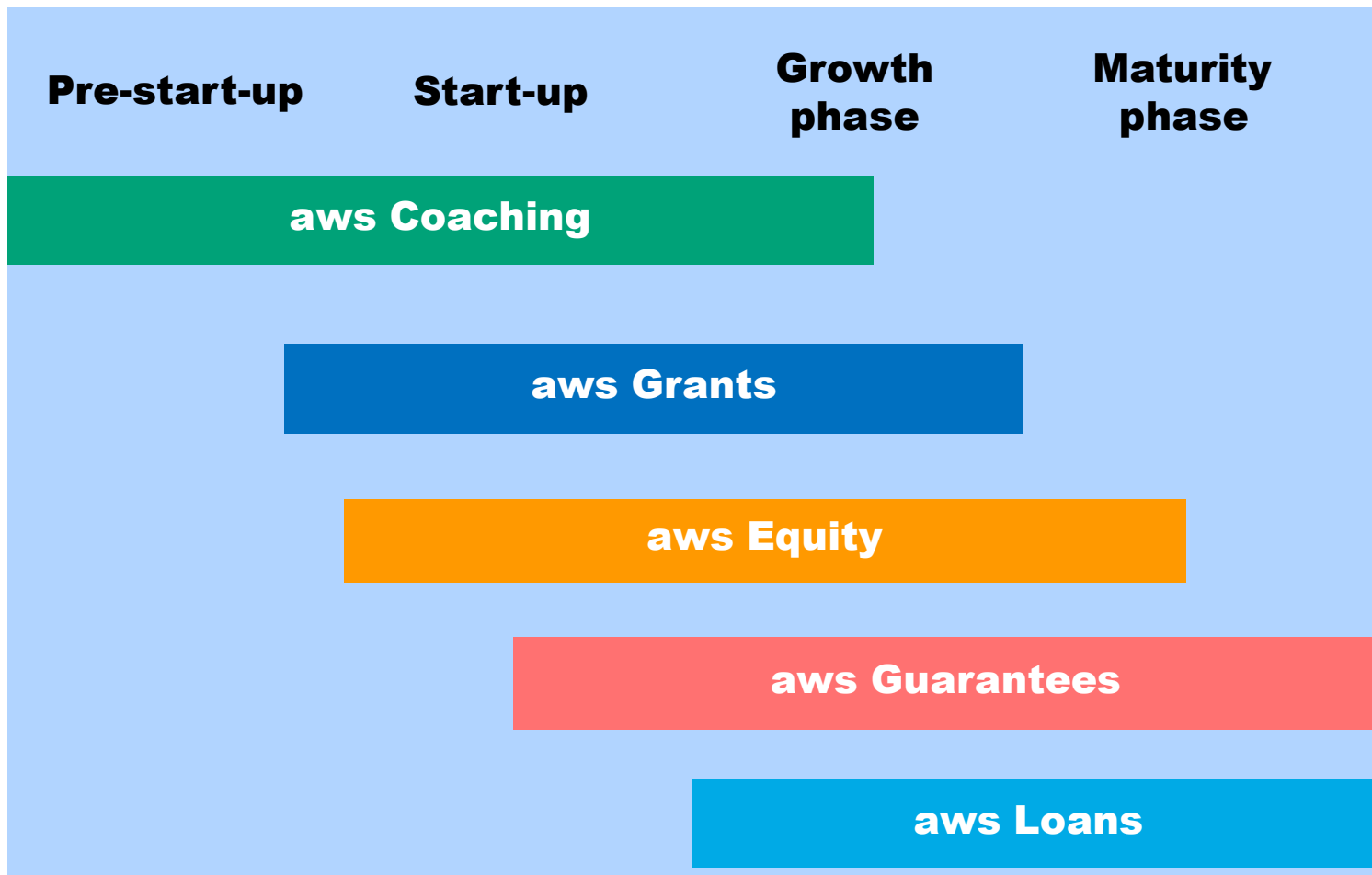
**Consistent
promotion of
growth &
innovation**



Five entrepreneurial challenges



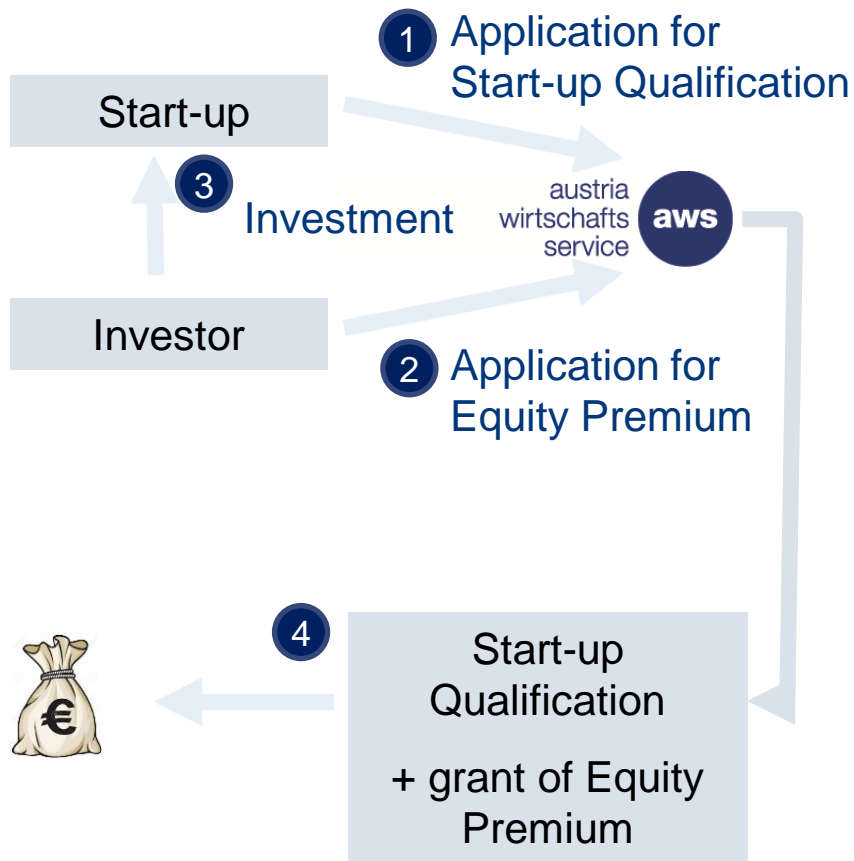
Life cycle of enterprises – allocation of aws instruments



Startup Funding – Best Practice I

Equity Premium Program

aws Equity Premium



Facts & Figures

- 20% grant for investors, investing in innovative and growth-oriented startups located in Austria
- Max. grant EUR 500.000 per investor and year
- Investors from all EU-member states eligible (no VC/PE-funds)
- Two-stage application process
- Started 2017, approx. 500 grants EUR 8m expected

aws Equity Premium

Advantages

- Strong incentive – easy to communicate
- Easy to adopt to specific needs
- Long-term effect on startups & ecosystem

Challenges

- Deadweight effect possible
- State Aid restrictions
- Budget requirements

aws Equity Premium

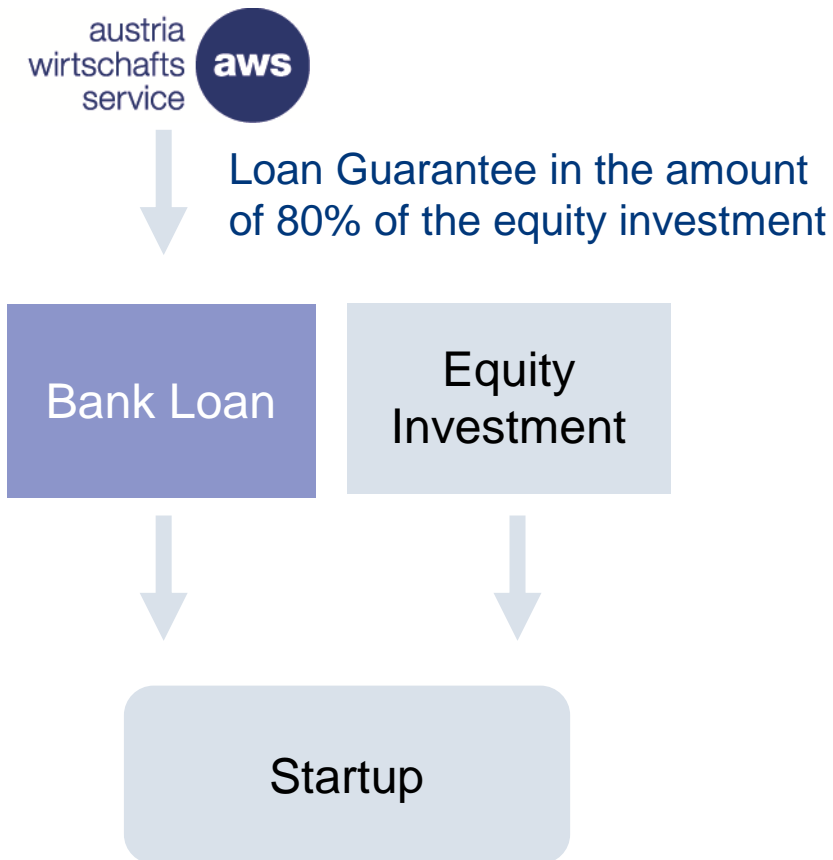
Differences AUT vs. GER – Model

	AUT	GER
Startup	<ul style="list-style-type: none"> • Max. 7 Years after market entry • All industries as long as innovation and growth criteria are met 	<ul style="list-style-type: none"> • Max. 10 years after foundation • Fixed list of industries
Investor	<ul style="list-style-type: none"> • Natural & legal persons from EU-countries, except VC/PE-funds 	<ul style="list-style-type: none"> • Business Angels only, EEA-countries
Equity	<ul style="list-style-type: none"> • Equity & quasi-equity • First and follow-on investments • Min. EUR 5.000 • Max. 250.000 p.a./Investor 	<ul style="list-style-type: none"> • Equity only • No follow-on investments • Min. EUR 10.000 • Max. 500.000 p.a./Investor
Process	<ul style="list-style-type: none"> • Parallel application (Startup-Qualification & premium) • Fully digitised 	<ul style="list-style-type: none"> • Consecutive application • On paper

Startup Funding – Best Practice II

Double Equity Guarantee Program

aws Double Equity Guarantees



Facts & Figures

- Loan guarantee of up to EUR 2m (i.e. 80% of max. loan amount of EUR 2.5m)
- No collateral required for guaranteed portion of loan
- Term: up to 10 years
- Financing of all operational expenses
- 50-60 projects p.a., guaranteed volume EUR 15-20m p.a.

aws Double Equity Guarantees

Advantages

- No deadweight effect
- No restrictions on eligible expenses (esp. current assets)
- High leverage on public funds (1:35)
- Long-term effect on startups & ecosystem (esp. banks)

Challenges

- Indirect incentive – communication via banks
- Requires higher input for program management

aws Double Equity Guarantees

Framework Requirements

- Banking sector active in SME-financing
- Agreement with banks on general terms of the guarantees
- State guarantee compliant to Basle II/III requirements
- Strong network with financing partners (banks, business angels, VC-funds)

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