

# EnterpriseHelsinki NewCo Factory

## Key Learnings 2013-2014

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# NewCo Factory

- "PKS-muutos"-project started in March 2013. Four Business Advisors with extensive private sector experience. Marketing Planner joined the team in April.
- Objective was to create services for early phase growth companies and accelerate development of new, potential growth companies in Helsinki.
- NewCo Factory provides business coaching and various support services for early phase growth companies and persons interested in starting a "born global" company (shareholders' agreement workshops, sales pitching coaching, recruitment events, access to funding etc.)

EnterpriseHelsinki NewCo Factory



# NewCo Factory in Brief

In 18 months, NewCo Factory has created an active startup community in the heart of Helsinki

- NewCo Factory was rewarded **Finland's Best Service Provider for Startups 2014** by Nordic Startup Awards
- **45** startups in NewCo Factory Business Acceleration Program
- **5** foreign startup companies moved to Helsinki
- **200+** persons work in NewCo Factory startups
- **70** persons working in NewCo Factory co-working space
- **202** startup events organised – 1500+ persons attended
- **140+** persons coached for sales or investor pitching
- **902** person profiles in Statup Commons web community
- **10+** top partner companies offer services to NewCo Factory startups Pro Bono
- Startups raised **4+ MEur** early stage external funding
- Clear impact on growth in Yrityshelsinki customer flow ( **+32 %**, 2014)

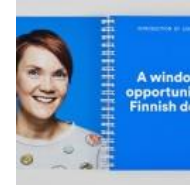
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# Startup publicity



## 13 Startups on stage

- Pitching competition
- The first live crowdfunding event
- 260 participants
- 1000+ viewers



## THE FASHIONISTO



## FRENN Clothing Oy

- The Fashionisto magazine
- Vogue Italia magazine
- Finnish Design Year Book 2014-2015



## BornLocal Oy

- 2nd price for Open Data Applications



## Avansera Oy, Invesdor Oy, Tespack Oy and YouLapse Oy

- 4 candidates on TOP 100 Europe list
- Invesdor and Tespack Winners on Red Herring TOP100

**IBM**  
Innovator of  
the Year -prize

**CODE**  
**\_n**

## Analytics Cloud Oy

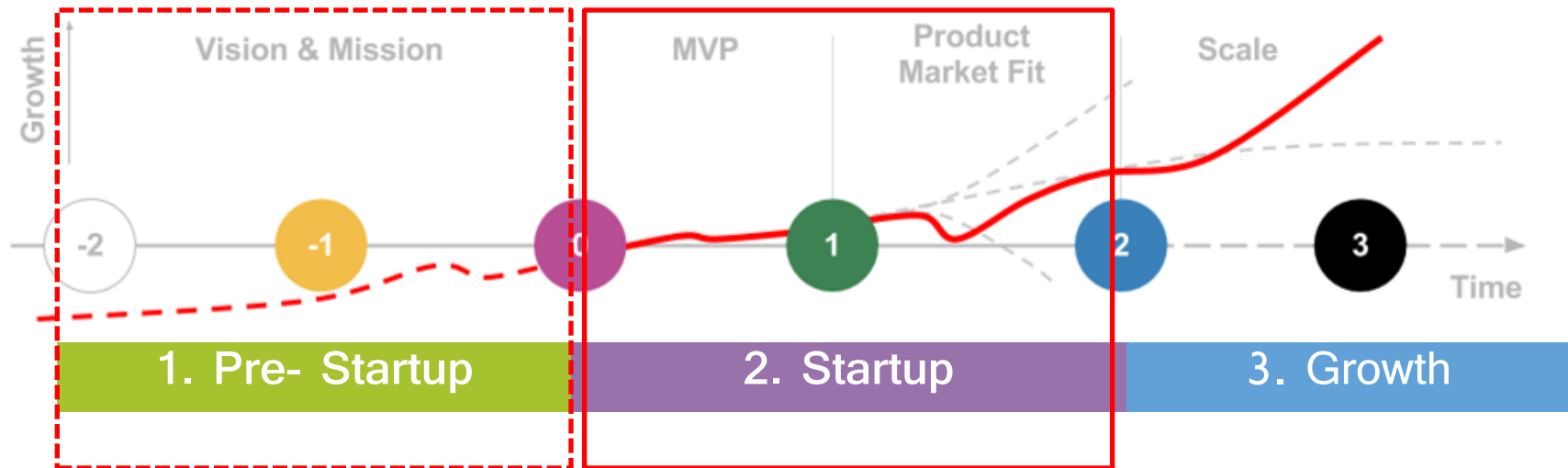
## Avansera Oy

- Code\_n finalist in CEBIT, Germany

# Key Learnings

- NewCo Factory pilots new innovative ways to support entrepreneurship & accelerate startups with growth potential. Agility and responsiveness are essential in order to have success in public-private co-operation.
- NewCo Factory has a role to accelerate startups and build private-public partnerships. Generally, there isn't support for startups at early phase, since the development phase considered too risky. NewCo Factory has an important role in creation of strong, committed startup core teams that are able to build sustainable business and pivot fast if needed.
- Next step is to move from piloting to scaling and productizing NewCo Factory services and operations. Business acceleration > more professional focus on biz development needed for accelerating growth teams through the first development phases.
- Early phase funding is an essential acceleration tool for helping entrepreneurs to start a new potential growth company. NewCo Factory needs a funding instrument in order to provide attractive acceleration services.
- NewCo Factory has also piloted mechanisms to employ professional, unemployed persons to new startups. These pilots have generated new permanent jobs. Therefore, suggesting scaling up activity during 2015-16.
- NewCo Factory sees that Helsinki is a very attractive location for foreign startups and we should become more organized in attracting growth startups from Russia and Europe to Helsinki.

# Startup Development Phases



## Ideation

Potential scalable product/service idea for big enough target market. Some initial revenue models for how it would make money. One person OR only vague team; no confirmed commitment and/or no right skills balance in the team structure yet

## Concepting

Having clear and meaningful target with clear direction for min. 3 years with milestones to get there, -> 3, 6, 12, 24, 36 months... Having team of two or three core founding people with balanced ownership. Can also already have some extended team with lighter commitment (stock options and/or cash compensation)

## Commitment

Committed & skills balanced founding team. Able to develop the product/service (Minimum Viable Product) without dependency of uncommitted external resources OR already have initial product/service developed. Have signed shareholder agreement between founders, with milestones, committed time and money usage, for min. 2+ years with vesting etc.

## Validation

Can already show some user growth and/or revenue (initial traction). AND/OR continue to attract additional resources (money or sweat equity) for equity or future revenues. Looking for clear market validation (Product Market Fit), to be able to move into scaling.

## Scaling

Showing clear, growing and measurable user/market traction in big or rapidly growing target market. Can and want to scale fast. AND/OR is able to attract significant funding.

## Establishing

Achieved great growth, that can expected to continue strong. No longer need to "try" get resources and can get those easily. Continue to grow and often wants to culturally continue behaving like a "startup" for as long as possible. Founders make exit or continue biz as usual.



# 1. Pre-Startup Phase



NewCo Factory Activity	Achievements	Learnings	Recommendations
<b>EVENTS</b>			
<b>Growth Company Info Session</b>	<ul style="list-style-type: none"> <li>Educating entrepreneurs on building a growth company</li> </ul>	<ul style="list-style-type: none"> <li>Essential to educate and motivate CEO's to develop and seek for growth on international markets.</li> </ul>	<b>CONTINUE 2015-2016 (YritysHelsinki, Kasvutiimi)</b>
<b>Shareholder Agreement workshops</b>	<ul style="list-style-type: none"> <li>Objective to help CEO's to build a solid core team for the company</li> <li>80 persons attended</li> </ul>	<ul style="list-style-type: none"> <li>Provides an excellent basis for the startup team</li> </ul>	<b>CONTINUE 2015-2016 (YritysHelsinki, Kasvutiimi)</b>
<b>In Search of Team Members</b>	<ul style="list-style-type: none"> <li>6 events, 240 participants</li> <li>63 positions open &amp; 25% filled</li> <li>Each job catalog ca 3 300 clicks. (All time high 6 000 clicks)</li> </ul>	<ul style="list-style-type: none"> <li>The biggest startup recruitment event in Helsinki region</li> <li>In future: divide event focusing on 1) Junior experts &amp; 2) Professionals</li> </ul>	<b>CONTINUE 2015-2016 (YritysHelsinki, Kasvutiimi)</b> Focus event. E.g. Junior experts & 2) Professionals or 1) Tech and 2) Sales & marketing
<b>NEWCO FACTORY NETWORK</b>			
<b>Startup-community actors in Helsinki region</b>	<ul style="list-style-type: none"> <li>Excellent co-operation with other actors (Aalto Startup Center, Spinno, Makery Oy)</li> <li>Sharing event invitations</li> </ul>	<ul style="list-style-type: none"> <li>Feeding in startup teams to NewCo Factory</li> <li>Public-private co-operation (Founder Institute, Lean Startup, Tekes, Nokia Bridge etc.)</li> <li>Should strengthen relationship with Kaato ry, Innovation Mill</li> </ul>	<b>CONTINUE 2015-2016 (NewCo Factory)</b>
<b>Service provider partners</b>	<ul style="list-style-type: none"> <li>Active co-operation with key professionals (Borenus, Fondia, Actire, Idean etc.)</li> <li>Real partnership pro bono –model benefits the startup community</li> </ul>	<ul style="list-style-type: none"> <li>Excellent service providers that want to work on pro-bono basis exist</li> <li>Active relationship for building business at later stage</li> </ul>	<b>CONTINUE 2015-2016 (NewCo Factory)</b>
<b>"From research to business" with Helsinki University</b>	<ul style="list-style-type: none"> <li>Identify unrealised potential for developing research results to commercial applications with business potential</li> <li>Enabling cross-functional expertise to meet for realising business potential</li> </ul>	<ul style="list-style-type: none"> <li>Cross-functional actor needed for catalyzing commercialization of research innovations/results</li> </ul>	<b>CONTINUE 2015-2016 (NewCo Factory, development projects)</b>

# 1. Pre-Startup Phase



NewCo Factory Activity	Achievements	Learning's	Recommendations
<b>COMMUNITY COMMUNICATIONS</b>			
<b>Startup Commons (IT tool)</b>	<ul style="list-style-type: none"> <li>4650 member profiles</li> <li>136 startup profiles</li> <li>2 managed community groups</li> </ul>	<ul style="list-style-type: none"> <li>Efficient tool for informing startup community about events. Otherwise not competent compared to other available tools.</li> <li>A lot of untapped potential for future! Essential to implement community features in a customer oriented way and significantly improve user experience (UX).</li> </ul>	<b>Open.</b> <b>Needs a proper owner and roadmap!!!</b>
<b>Marketing &amp; PR (Web, Newsletter &amp; Social Media Channels)</b>	<ul style="list-style-type: none"> <li>Established active marketing and communications channels</li> <li>Website: 2000 monthly visitors (1. Fin, 2. USA)</li> <li>Newsletter: 2280 persons</li> <li>Facebook: 500 followers</li> <li>Twitter: 600 followers</li> <li>LinkedIn group: 92 members</li> </ul>	<ul style="list-style-type: none"> <li>PR coverage important for promoting startups and community activities</li> <li>Investors actively looking for good startups</li> <li>Active community management essential for running startup community</li> </ul>	<b>CONTINUE 2015-2016.</b> <ul style="list-style-type: none"> <li>Focus on providing marketing and PR visibility to NewCo Factory . Essential to build credibility among startups and partners.</li> </ul>



# 2. Startup Phase



NewCo Factory Activity	Achievements	Learning's	Recommendations
<b>BUSINESS DEVELOPMENT SERVICES</b>			
<b>Business Acceleration Program</b>	<ul style="list-style-type: none"> <li>29 active startups in the program</li> <li>Growing teams</li> <li>Startups received pre-seed and seed funding</li> <li>Partnerships and deals</li> <li>Attracting active angel investors</li> </ul>	<ul style="list-style-type: none"> <li>Public-private co-operation enabling bringing the latest knowledge to startups</li> <li>Differentiation factors: <ul style="list-style-type: none"> <li>Accelerating startup building between 0-2</li> <li>Personal, dedicated business development coach</li> <li>Coaching in English language</li> <li>Thematic workshops for teams</li> </ul> </li> </ul>	<b>CONTINUE 2015-16 (NewCo Factory 2.0)</b>
<b>MVP Workshops</b>	<ul style="list-style-type: none"> <li>Deepening understanding on MVP and setting metrics for a project</li> </ul>	<ul style="list-style-type: none"> <li>Highly beneficial for teams in Phase 0-1</li> <li>Supporting Acceleration program and a way to scale NewCo efforts</li> </ul>	<b>CONTINUE 2015-16</b>
<b>Pitching Coaching</b>	<ul style="list-style-type: none"> <li>Monday Pitches for training sales and investor coaching</li> <li>95 persons coached</li> <li>Offered widely to starting entrepreneurs and startups, not just NewCo customers</li> </ul>	<ul style="list-style-type: none"> <li>Highly valuable</li> <li>Specialize and market more externally</li> </ul>	<b>CONTINUE 2015-16</b> <ul style="list-style-type: none"> <li>Specialize</li> <li><b>YritysHelsinki (Kasvutiimi)</b></li> </ul>
<b>Going international -projects</b>	<ul style="list-style-type: none"> <li>Pilot project with 3 startups and growAdvisors</li> <li>Other possible future partners e.g. NEST New York, XX</li> </ul>	<ul style="list-style-type: none"> <li>Hands-on approach rather than making market analysis studies</li> <li>Startups should have an int plan and enough resources</li> <li>Integrating Kasvuvalmennus</li> </ul>	<b>CONTINUE 2015-16 (NewCo Factory 2.0)</b>
<b>Startup funding</b>	<ul style="list-style-type: none"> <li>Efficient use of early phase funding instruments</li> <li>Public: ELY "Käynnistysavustus" and "Valmistelurahoitus", Tekes funding, Finnvera "Siltarahoitus".</li> <li>Private: business angel investments and various forms of sweat equity</li> </ul>	<ul style="list-style-type: none"> <li>Funding (10-15 000 eur) fundamental in startup phase for testing the idea on market. Would help acceleration program enormously.</li> <li>Private funding not available for early stage startups.</li> <li>Current models don't support sustainable team formation in startups</li> </ul>	<b>CONTINUE 2015-16 (NewCo Factory 2.0)</b>
<b>MVO Helsinki Co-working space (Aleksanterinkatu 16-18)</b>	<ul style="list-style-type: none"> <li>67 event organized</li> <li>71 persons working in co-working space (10.3.2014)</li> </ul>	<ul style="list-style-type: none"> <li>Important role as a peer-to-peer community</li> <li>Supporting each other</li> <li>Partners that support startup's</li> <li>Facilitator role essential in order to create and manage an active startup community</li> </ul>	<b>CONTINUE 2015-16</b> <ul style="list-style-type: none"> <li>Move to Ensi Linja 1</li> </ul>

# 2. Startup Phase



NewCo Factory Activity	Achievements	Learning's	Recommendations
<b>MARKETING AND PROMOTION</b>			
<b>PitchHelsinki pitching event</b>	<ul style="list-style-type: none"> <li>First in world live crowdfunding pitch event</li> <li>69 startups applied, 25 startups attended, 13 pitched on stage</li> <li>260 attendants</li> <li>Over 1 000 persons viewed live stream (Finland, the UK, India &amp; USA)</li> </ul>	<ul style="list-style-type: none"> <li>Optimal for Helsinki region ecosystem partners to organize</li> <li>Leverage PR value in order to promote startups internationally</li> </ul>	<b>CONTINUE 2015-2016</b> <ul style="list-style-type: none"> <li>YritysHelsinki</li> </ul>
<b>Funding Bridge</b>	<ul style="list-style-type: none"> <li>5 events organised with Invesdor Oy &amp; FiBAN</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity to present promising startups well prepared to angel investors in a right phase.</li> <li>Lot of future potential !!</li> </ul>	<b>CONTINUE 2015-2016 (NewCo Factory 2.0)</b>
<b>RECRUITMENT &amp; TEAM BUILDING</b>			
<b>In Search of Team Members</b>	<ul style="list-style-type: none"> <li>6 events, 240 participants</li> <li>63 positions open &amp; 25% filled</li> </ul>	<ul style="list-style-type: none"> <li>Alternative ways to engage team members in phase 1 is lowering pressure for finding external funding.</li> <li>Urgent demand for various developer roles</li> </ul>	<b>CONTINUE 2015-2016 (YritysHelsinki, Kasvutiimi)</b>
<b>Partner pop-up sessions</b>	<ul style="list-style-type: none"> <li>55 sessions by partners</li> </ul>	<ul style="list-style-type: none"> <li>True partnerships with companies on pro-bono work basis</li> <li>Learning for both parties ☺</li> </ul>	<b>CONTINUE 2015-2016 (NewCo Factory 2.0)</b>
<b>Employment support to startups</b>	<ul style="list-style-type: none"> <li>Pilots since Dec 2013: 27 open positions in 20 startups. 17 positions filled for 3 months each. So far, 2 persons hired after pilot period.</li> </ul>	<ul style="list-style-type: none"> <li>Startups interested in hiring persons that are classified into group 3 in TE-office (expatriates, young persons lacking education, but having practical skills, esp. social media marketing, community manager)</li> </ul>	<b>CONTINUE 2015-2016 (YritysHelsinki, Kasvutiimi)</b>

# Attracting Foreign Companies to Finland

## Challenge & Opportunity

- Competition of good startups in Europe
- EU countries headhunting startups from Finland with clearly defined programs (the UK, Denmark, Germany). Expecting HQ to move to the new country.
- Challenging to find good enough, potential business ideas from Finland
- Finland has many advantages, but need a determined way to market Helsinki region to foreign companies
- Inbuilt attitude to serve business customers.
- Co-operation between various ecosystem actors in Helsinki.

## Activities 2013-14

- Assisting Russian tech companies to establish business in Finland
- Organized 2 Bootcamps with Helsinki Ventures; 3/8 teams will establish company to Helsinki
- NewCo Factory has advised companies from Germany, Lithuania, Italy, Spain, the USA, Canada, Russia
  - German startup Nintu Oy established company in Finland
  - Italian Celly Group sPA established Celly Nordics Oy subsidiary in Helsinki as result of NewCo Factory advisory
  - 29 companies from Canada, Alberta searching for Finnish partners

## Recommendations

- Currently Helsinki is not able serve foreign small companies interested in setting business here.
- Helsinki Contact Point for businesses ("account manager") needed for foreign company inquires
- Productized services for companies/businesses interested in Helsinki
- Current marketing activities in Russia via Greater Helsinki Promotions (GHP) & Invest in Finland. Concrete programs.
- Russians also interested in buying existing companies in Finland. Service in English or Russian needed.