Chapter XIII

Hatching Tech Companies for a Living: Trade Secrets We Don’t Mind Telling

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Abstract

We describe a proven process to foster the creation of technology-based services, products, and companies. We start by explaining how various stakeholders—a university, an innovation and technology transfer institute, and private and public client organizations—acting in concert, create multiple opportunities for the application of technology to real-world problems, and how some of those projects originate spin-offs. We then present a real-life example of one such company that develops software for mobile applications. It spun-off from a project with a big cellular phone service provider in 2001, incubated for three years at the institute, and moved out in 2004. Its revenues continue to grow at a rate of 30% each year. We draw on our experience in assisting the creation of 70 technology-based start-ups to provide practical recommendations and point out key success factors.
Background

We share our 15 year old experience in the systematic identification and transformation of innovative technology-based ideas into new products, new services, and also new companies. We provide practical recommendations and point out key success factors when creating high-technology start-ups.

Our instrument is an innovation institute, positioned in Michael Porter’s value chain (Porter, 1985), between upstream universities and downstream private companies and public institutions. Its model is acknowledged as very effective by national policy makers and by international partners. We describe its internal organization and how it relates to the other stakeholders. We further illustrate how it works by presenting the case of one of its spin-offs.

In the next section we describe how the institute came to be and how it has worked in a sustainable way since 1991. We describe the context in which new ideas can flourish and become innovative services, products, or companies. We then move on to the case of one of its spin-offs—a software development company working in the area of mobile business—to provide additional context to understand the recommendations and critical success factors presented in the last section.

Setting the Stage

Founded in the late 13th century, in 1290, our university is one of the oldest in Europe. Its population of around 22,000 students is spread throughout eight schools, 55 undergrad courses, and about 500 graduation programs, including post-grad courses, MBAs, MScs and PhDs.

In 1991, the Science and Technology School championed the creation of the innovation and technology transfer institute. The aim was to leverage the scientific knowledge held by the University in helping existing companies become more innovative, and in fostering the creation of new ones that made use of technologies that otherwise would not have been commercially exploited. The Institute was designed as a non-profit association, engaging other associates such as the city council, regional and national industrial and entrepreneurial associations, the national office for support of small- and medium-sized enterprises (SME), other higher-education schools and research labs, the national employment agency, knowledge-promotion and cooperation foundations, banks, and private companies.

The governance structure consists of a board of directors and a general assembly. Two directors—the president and vice president—are professors appointed by the University and have executive management responsibilities. The other three board
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