

## PRESS RELEASE

25 August 2009

### **NRF SEEKS TECHNOLOGY INCUBATORS THAT COULD INVEST IN AND NURTURE HIGH TECH START-UPS**

- *Incubators willing to invest in and having capabilities to provide systematic nurturing for start-ups during their early stage development being invited to set up in Singapore*
- *Technology Incubation Scheme open to local and foreign incubator operators*

1. Technology incubators willing to invest in early stage high tech start-up companies and nurture their growth in Singapore can now tap on a S\$50 million fund set up by the National Research Foundation (NRF). The NRF has issued a call for proposals under its Technology Incubation Scheme (TIS) to invite such technology incubator investors, local or foreign to set up in Singapore. The TIS Scheme is an initiative under the \$360 million National Framework for Innovation and Enterprise<sup>1</sup> (NFIE) announced by the Prime Minister in March 2008. The NFIE is a comprehensive national programme to strengthen innovation and entrepreneurship in Singapore, especially through the formation of start-up companies to commercialise technologies arising from R&D. The Call for Proposal is attached as **Annex A**.

2. Modelled after the successful Technological Incubator Programme of Israel,<sup>2</sup> this scheme will provide up to 85% co-funding in each start-up company in the incubator, up to a maximum of S\$500,000. The incubator will be required to invest the remaining amount of at least 15%. As an added incentive, the incubator will be given an option to buy out NRF's share in the start-up within 3 years of investment by paying a nominal interest of 5% p.a. on NRF's investment amount.

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<sup>1</sup> For more information on the National Framework for Innovation and Enterprise, refer to: [http://www.nrf.gov.sg/nrf/uploadedFiles/News\\_and\\_Events/RIEC%20Press%20Release%20%20\(FINAL\).pdf](http://www.nrf.gov.sg/nrf/uploadedFiles/News_and_Events/RIEC%20Press%20Release%20%20(FINAL).pdf)

<sup>2</sup> The Technological Incubators Programme started in Israel in 1991. The government supports up to 85% of each incubatee's budget under this programme, with the rest provided by the incubator and other investors.

3. Dr Francis Yeoh, Chief Executive Officer of NRF, said: “Experienced mentors are very helpful to high-tech start-up entrepreneurs to guide them in the early and most risky stage of their companies’ development. Such systematic mentoring support is essential, particularly for first-time entrepreneurs, to help them manage the great complexity of starting a technology business. The TIS Scheme aligns the interests of the incubator with that of the start-up. The start-up company receives funding and essential guidance while the incubator leverages on government funding to manage his risks while retaining the upside of his investment. Both are rewarded only if the start-ups succeed.”

4. An expert panel will be formed by the NRF to evaluate proposals received and select the incubators that will be part of this scheme. The number of incubators to be selected depends on the quality and suitability of the proposals received.

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### **The National Research Foundation (NRF)**

The National Research Foundation (NRF), set up on 1 January 2006, is a department within the Prime Minister's Office.

The NRF sets the national direction for research and development (R&D) by developing policies, plans and strategies for research, innovation and enterprise, funds strategic initiatives, builds up R&D capabilities and capacities through nurturing our own and attracting foreign talent, and coordinates the research agenda of different agencies to transform Singapore into a knowledge-intensive, innovative and entrepreneurial economy. It provides secretariat support to the Research, Innovation and Enterprise Council (RIEC), chaired by the Prime Minister. A five-year budget of S\$5 billion has been allocated to the NRF in 2006 to achieve this mission.

The NRF aims to:

- Transform Singapore into a vibrant R&D hub that contributes towards a knowledge-intensive, innovative and entrepreneurial economy; and
- Make Singapore a talent magnet for scientific and innovation excellence.

For more information, please visit [www.nrf.gov.sg](http://www.nrf.gov.sg).

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#### **For media queries, please contact:**

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**Call for Proposal**

**Technology Incubation Scheme**

1. The National Framework for Innovation & Enterprise (NFIE) aims to drive innovation and entrepreneurship in Singapore through new initiatives that would spur the growth of technology commercialisation. The Technology Incubation Scheme (TIS) is one of the schemes approved under NFIE where the National Research Foundation (NRF) will co-invest in Singapore-based high-tech start-ups accommodated in a number of selected technology incubators. An option will be given to the incubators to buy out NRF's equity share. Details of the scheme are given in **Annex B**.

2. NRF invites suitable parties to submit proposals for the management and operation of such technology incubators. These incubators should have the mechanisms to select high-quality start-ups, the resources to invest in them, physical space to house them, and provide them with the necessary support (mentoring, access to customers, assistance to secure follow-on funding etc) during the period of incubation.

**Proposal Submission**

3. Interested parties are invited to submit a proposal to NRF providing the following details (a template for proposal submission is given in **Annex C**):

- a. Description of Incubator:** Organisation structure, operations, staffing
- b. Incubator Managers:** Bio-data and track record of incubator managers
- c. Description of Incubation Process:** Process for selection and nurturing of start-up companies in the incubator; plans for helping incubatees to secure follow-on funding after graduating from the incubator.
- d. Funding:** Proposed mechanism to fund the set-up and operation of the incubator.

4. All proposals should be submitted by email to [nrf\\_contact@nrf.gov.sg](mailto:nrf_contact@nrf.gov.sg). Please title your email as follows: "Technology Incubation Scheme - <Incubator Name>". Three hardcopies of the proposal should be sent to NRF at the following address:

Director (Projects)  
National Research Foundation  
100 High Street, #03-02, The Treasury  
Singapore 179434

Republic of Singapore

5. All email proposals must reach NRF no later than 17:00 hrs on 30 Sept 2009. The accompanying hardcopy submission should reach NRF no later than 17:00 hrs on 2 Oct 2009.

**Eligibility**

6. All interested parties with experience in start-up incubation, venture funding or high-tech entrepreneurship may apply.

7. A briefing will be held on 28 Aug 2009, 4:30pm. Please RSVP your attendance for the briefing to Ms Sabrina Tai (email: [sabrina\\_tai@nrf.gov.sg](mailto:sabrina_tai@nrf.gov.sg), tel: +65 63329147). We will then provide further information on the venue for the briefing. Queries may also be sent to Mr Lee Seong Per (email: [lee\\_seong\\_per@nrf.gov.sg](mailto:lee_seong_per@nrf.gov.sg), tel: +65 63329008).

DR FRANCIS YEOH  
CEO, NRF

**Terms of the Technology Incubation Scheme**

<b>Co-Investment Terms</b>	
<b>Funding Quantum</b>	Co-funding of up to 85% of total investment into each company, up to a maximum of \$500,000 per investment. The incubator manager provides the remaining 15% of investment.
<b>Eligible Investee Companies</b>	High-tech, start-up companies based in Singapore.
<b>Equity Stake</b>	NRF and the incubator manager will take equity in the investee company corresponding to their investments. NRF's equity will be in the form of a convertible bond.
<b>Maximum Share of Investee Company<sup>3</sup></b>	As a general rule, the investment in the investee company should not dilute the founders' share of the company to less than 50%.
<b>Buyout Option</b>	NRF will offer an option for its share in the investee company to be bought out, at a price of 1.1 times capital in the first 2 years, and 1.15 times capital in the third year.
<b>Requirements of Incubators</b>	
<b>Incubator Manager</b>	There should be at least one full-time incubator manager to provide active mentoring to investee companies.
<b>Link to Institutes of Higher Learning (IHL)</b>	Incubators need to demonstrate some linkage to the IHLs (e.g. located in an IHL, informal collaboration ties with 1 or more IHLs or their TTOs, etc)
<b>Physical Space</b>	The incubator should provide suitable physical space to house the investee companies.

<sup>3</sup> This is to ensure that the founders remain committed to the success of the investee company. As this is likely to be the venture investment into the investee company, it would not be advisable to dilute the company founders' share excessively. Doing so may result in dis-incentivising the founders as they would see their share in the company (and conversely their share of the potential upside from the company's success) reduced rapidly.

<b>Operating Expenses</b>	Operating expenses will not be funded by the scheme.
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### **Selection Process**

NRF will select the incubators that will qualify for co-funding under the TIS scheme based on the quality of proposals submitted as assessed by a panel of experts.

**Proposal Submission for Technology Incubation Scheme**

<b>Incubator Name</b>	
<b>Incubator Managers</b>	<Please give the names of incubator managers here. Detailed CVs and/or biographies should be attached to the submission. Details of the managers' start-up related experience should be highlighted in the CVs/biographies.>

**Organisation Structure**

Please describe the incubator's organisation structure and include linkages to external parties that are relevant to the incubator operation.

**Incubator Operation and Staffing**

Please describe the incubator operation in detail. Provide details of the role played by the incubator managers and other staff, as well as other external partners that the incubator may engage. Please provide the bio-data of individuals who would be involved in the incubator operation and state the time commitment of each person.

**Incubation Process**

Please describe the process for selecting suitable incubatees, the nurture and support that these companies would be given and the mechanisms to help them secure follow-on funding.

**Funding**

Please describe how the start-up and operating costs of the incubator would be supported. Indicate clearly the source (whether from the incubator's own capital or from 3<sup>rd</sup> party investors) and the quantum of funding that the incubator would be able to access. Provide details of investors in the incubator operation

**Performance Indicators**

Please propose suitable performance indicators for the operation of the incubator. E.g. number of companies incubated, number of incubatees securing follow-on funding.