

Combined
Instruments

Young innovative companies (NIY)

DETAILS

COUNTRY: Finland**REGION:** National**TITLE:** Young innovative companies**LINK:** <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/young-innovative-company-funding>GOALS, RECIPIENTS,
BENEFICIARIES

The Young Innovative Companies (YIC) program by Business Finland is specifically designed to accelerate the global growth of the most ambitious and rapidly growing startups in Finland.

Objectives: the YIC program aims to support young Finnish companies in scaling up their business models internationally. It focuses on helping these companies achieve rapid growth through comprehensive business development, including enhancing their international business activities. The program seeks to promote innovation and a competitive edge in global markets.

Target Organizations: the program targets startups and small businesses that are under five years old and have potential for rapid international growth. These companies should be independent, with significant intellectual property rights, and aiming to scale up operations globally. The program is particularly designed for companies with a robust and target-driven internationalization strategy.

Intermediary Organizations: Business Finland directly manages the YIC program without involving financial intermediaries or banks in its administration. This state organization facilitates the program itself, providing both funding and advisory services directly to the qualifying companies.

Source of Funding and Investment: the YIC program is financed through national funds allocated by the Finnish government, specifically through Business Finland. This includes a structured funding approach divided into three phases, with grants amounting up to 1 million euros per company, contingent on achieving set milestones and targets. The funding for each phase is provided retrospectively based on the successful completion of defined objectives.

Geographical Coverage: The YIC program is strictly national and focuses on supporting companies based in Finland. It aims to position these companies for success on the global stage but does not extend its financial support beyond Finnish borders.

ELIGIBLE PROJECTS / EXPENSES

Supported Projects and Activities

- **Startup and Growth Initiatives:** The YIC program primarily supports projects aimed at developing and scaling up innovative business models. It focuses on helping startups establish a significant market position internationally.
- **Research and Development (R&D):** The program encourages activities related to innovation, particularly those that will lead to the development of new products, services, or enhancements in existing offerings.

Eligible Cost Categories

- **Labor Costs:** Includes salaries of key personnel who must hold a significant ownership interest in the company and be employed full-time to drive growth.
- **Operational Costs:** Related to the day-to-day functioning of the business, including but not limited to office space, utilities, and essential services.
- **Marketing and Sales:** Costs associated with promoting the business and entering new international markets.
- **R&D Expenses:** Expenses related to research and development activities, provided they align with the company's growth strategy and potential for innovation.
- **Equipment and Machinery:** While not explicitly mentioned, costs typically associated with scaling a business like purchasing new equipment or technology may be covered under operational costs if they are essential for achieving the program's growth targets.

Obligations and Constraints for Beneficiaries

- **Innovation Requirement:** Companies must demonstrate a commitment to innovation, either through the development of new products or services or by enhancing existing ones.
- **Growth and Internationalization:** Beneficiaries are expected to have a clear and executable strategy for rapid growth and international expansion.
- **Financial and Operational Health:** Companies must maintain good financial standing and operational health, evidenced by timely financial reporting and adherence to Business Finland's guidelines.
- **Employment:** Although not explicitly listed as a requirement, supporting local employment through business expansion could be an implied goal given the focus on significant business growth and development.
- **Empowerment and Diversification:** While specific details are not provided, programs like YIC typically encourage broader economic benefits such as empowerment through job creation and business diversification.

SUPPORT

The YIC program offers funding in three distinct phases, each aimed at different stages of company growth and development:

Along with financial assistance, companies in the YIC program receive extensive mentoring and advisory services. This support includes strategic advice, market entry strategies, and operational improvements, helping firms effectively utilize the financial aid they receive.

Quantification and Description of the Support

- **Grant Amounts:** The total funding can be up to €1 million per company across all phases, but the specific amount for each phase is contingent upon meeting set milestones and performance criteria.
- **Funding Terms:** The grants cover up to 75% of the project costs, significantly reducing the financial burden on the companies. This funding is provided retrospectively based on the achievement of predefined goals set for each phase.
- **Non-Dilutive Funding:** Unlike some other programs that may require equity stakes in return for funding, the YIC program primarily offers grants. This approach ensures that entrepreneurs retain full control of their businesses while still receiving substantial financial support.

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PROCEDURE

Involved Actors and Commitment:

- **Business Finland:** As the primary actor, Business Finland administers the YIC program. It is responsible for setting up the program guidelines, managing the application process, and disbursing funds.
- **Finnish Government:** Provides the funding and strategic oversight, ensuring that the program aligns with national economic and innovation goals.

Steps and Authorizations:

- **Program Design:** Initially, Business Finland designs the program structure, including funding phases, criteria, and expected outcomes.
- **Approval:** The program design is typically approved at the governmental level, ensuring compliance with national economic strategies and regulations.
- **Implementation:** Business Finland implements the program, including marketing to potential applicants and managing the application and evaluation processes.

Preparation Costs:

Costs involved in setting up the YIC program include administrative expenses, resources for program promotion, and the development of evaluation frameworks. These costs are covered by Business Finland and the Finnish government as part of their investment in national innovation.

Procedures for Beneficiaries to Access the YIC Program

Application Procedures: Prospective companies apply through Business Finland's online service platform. Applicants must submit a detailed business plan, financial statements, and a description of their innovation and growth strategy.

Selection Criteria:

- **Innovation Potential:** The degree of innovation and the potential impact of the product or service.
- **Growth Ambition:** Clear and feasible plans for rapid scaling, particularly in international markets.
- **Team Capability:** Competence of the management team and their ability to execute the growth plan.

Evaluation Process:

Applications are reviewed by a panel comprising experts from Business Finland and external advisors from relevant industries. This panel evaluates the applications based on the program's criteria.

The process may include interviews or pitches, where applicants must demonstrate their innovation and business model.

Timing: The application process for the YIC program is open at various times throughout the year with specific cut-off dates for funding rounds. Feedback and decisions are typically provided within a few months after the application deadline, depending on the volume of applications and the complexity of the evaluations.

These structured procedures ensure that the YIC program is accessible to startups with the highest potential for international growth and innovation impact, supporting Finland's broader economic development objectives.

Status / Results:

YIC) program by Business Finland has shown significant progress and achieved notable results since its inception. Since 2008, the YIC program has selected 525 Finnish startups, with 180 of these companies successfully completing all three phases of the funding process as of August 2023. This indicates a strong track record of supporting companies through to achieving their growth and development targets. The program's focus is on helping startups develop into competitive entities in international markets. The supported companies have shown potential through increased R&D activities, expansion into new markets, and the development of innovative products and services.

Remarks:

Setting up a support scheme like YIC program and ensuring its replicability involves several critical steps and considerations:

1. Clear Objectives and Targeting
2. Structured Phased Funding
3. Comprehensive Support Services
4. Rigorous Selection and Evaluation Process
5. Public and Private Collaboration
6. Sustainability and Scalability
7. Monitoring and Impact Assessment

Replicability Considerations:

- **Adaptability:** The scheme should be adaptable to different regional economic contexts and industries. What works well in Finland might need adjustments in another country depending on the local economic structure, industry focus, and entrepreneurial culture.
- **Stakeholder Engagement:** Engage local stakeholders early in the process to tailor the program to local needs and ensure broad support.
- **Policy Environment:** Ensure that the program is supported by conducive policies and a regulatory environment that fosters innovation and startup growth.

By following these recommendations, regions or countries looking to implement a similar scheme can increase their chances of success and make a significant impact on their innovation landscape and economic development.

CONTACTS

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