

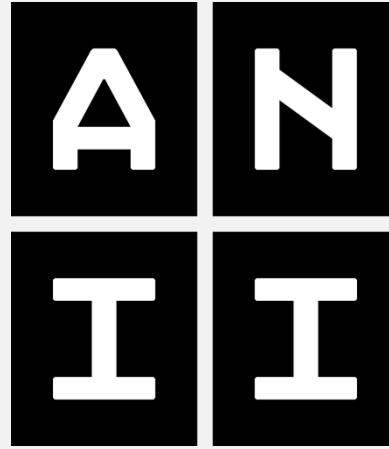
Seed Capital evaluation

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National Research and Innovation Agency

INTERNATIONAL WORKSHOP 2019 – Campinas / Brazil



FOUNDED IN 2006 AS A KEY PLAYER TO FOSTER AND SUPPORT RESEARCH AND INNOVATION.



**FIRST 10
YEARS**

OBJECTIVES:

1. PREPARE AND IMPLEMENT STI INSTRUMENTS AND PROGRAMS.
2. PROMOTE ARTICULATION AND COORDINATION.
3. CONTRIBUTE TO THE DEVELOPMENT OF AN EFFECTIVE MONITORING AND EVALUATION OF PROGRAM SYSTEM.

- MORE THAN 12.000 PROPOSALS RECEIVED
- MORE THAN 5.000 PROPOSALS SUPPORTED
- USD 280 MILL. FINANCED

WITHIN THE STRUCTURE OF THE AGENCY, THE E&M UNIT WAS CREATED WITH THE FOLLOWING COMPETENCIES:

1. Monitor the instruments of the Agency and evaluate their results and impacts
2. Design control mechanisms of programs and instruments executed by ANII.
3. Develop national indicators on Science, Technology and Innovation.

Our Team

Ximena Usher: Manager of the E&M Unit

PhD c. Daniel Bukstein:
Econometric Specialist

MSc. Elisa Hernandez:
Specialist in quantitative
methods

PhD. Lucia Monteiro:
Specialist in mixed methods,
qualitative evaluations

Clara Reyes: Experience in
database management and
Innovation Surveys.

Martín Peralta: Experience
in monitoring and indicators
of STI



ANII SEED CAPITAL PROGRAM

✓ USD 25.000 / 1 YEAR

✓ DEVELOPMENT OF INNOVATIVE PRODUCTS OR SERVICES

✓ ACCOMPANIMENT OF INCUBATORS, NONPROFIT ORGANIZATIONS OR UNIVERSITIES

✓ 1 ENTREPRENEUR FULL TIME DEDICATED

✓ OPTIONAL 2º ROUND OF SUPPORT

2008-2016

✓ 426 APPLICATIONS

✓ 218 STARTUPS SUPPORTED

✓ MORE THAN USD 5 MILLION FINANCED

➤ IN 2014 AN IMPORTANT PLAN IS IMPLEMENTED TO STRENGTHEN THE ENTIRE LOCAL ECOSYSTEM, INCLUDING SUPPORT FOR ENTREPRENEURS AND INSTITUTIONS.



STARTUPS DEVELOPMENT PHASES AD HOC CLASSIFICATION

IDEATION & CONCEPTING



SEED CAPITAL & FIRST OPERATIONS



SITUATION OF THE
COMPANY AT THE
MOMENT OF THIS
EVALUATION



A N I I

TECHNICAL DATA

TECHNIQUES

IDEATION &
CONCEPTING



Expost survey
Semi-structured interview

SEED
CAPITAL &
FIRST
OPERATION
S



Expost survey
Semi-structured interview

SITUATION
OF THE
COMPANY
AT THE
MOMENT OF
THIS
EVALUATION



Expost survey
Semi-structured interview
Impact evaluation
Cost-benefit analysis

RESPONSE RATE

STARTUPS

n: 103

Response rate: 88%

ENTREPRENEURS

n: 209

Response rate: 89%

15 interviews with
different performance
entrepreneurs

ENTREPRENEURS

- Profile
- Background
- Income
- Skills
- Motivations
- First idea

- Team and partners (human capital)
- FFF (friends, family & fools)
- Business model adjustment

- Skills and learning
- Other startups

IDEATION & CONCEPTING



SEED CAPITAL & FIRST OPERATIONS



SITUATION OF THE COMPANY AT THE EVALUATION

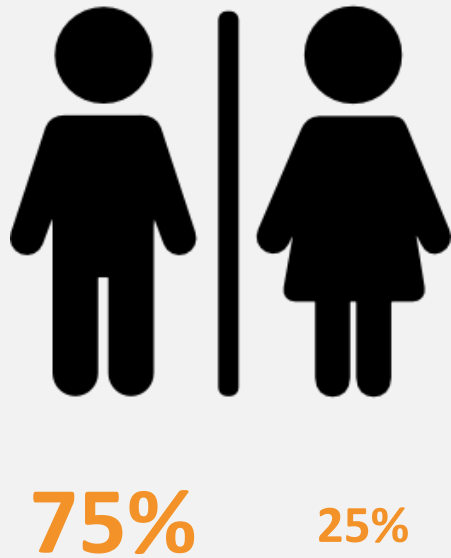


STARTUPS

- Financing access
- Obstacles and barriers
- Strategic partners
- Protecting innovation

- Sales
- Exports
- Employment
- Innovation activities
- Commercial results
- Situation of the company

ENTREPRENEURS PROFILE



- 59% were less than 30 years old when they applied
- 78% live in Montevideo, mainly in coastal neighborhoods (upper-middle-class)
- 94% with a complete technical, university or higher education
- 47% studied at a private university (24% country level)
- 34% graduated from engineering careers (25% system or computer engineering)
- 83% had no children when they applied

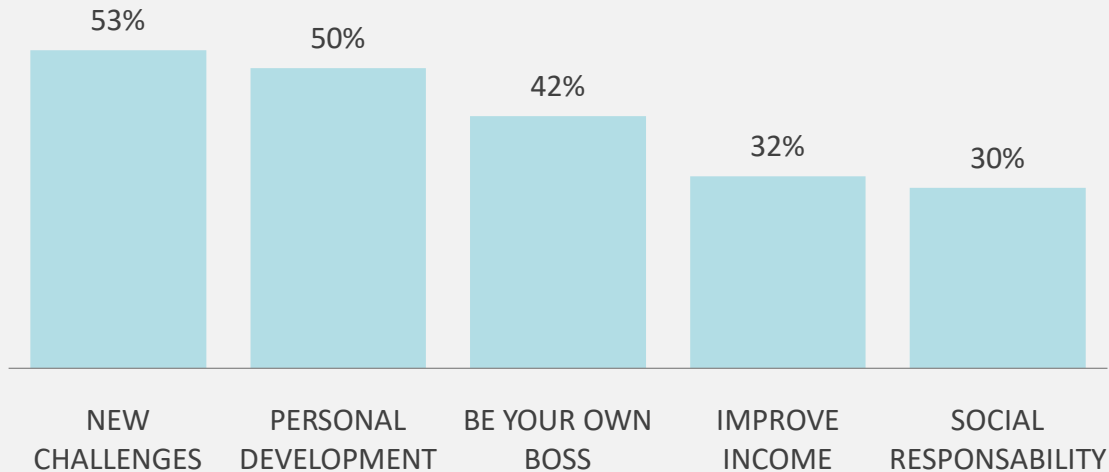
ENTREPRENEURS PROFILE II

80% WERE WORKING



< USD 2000/month: **72%**

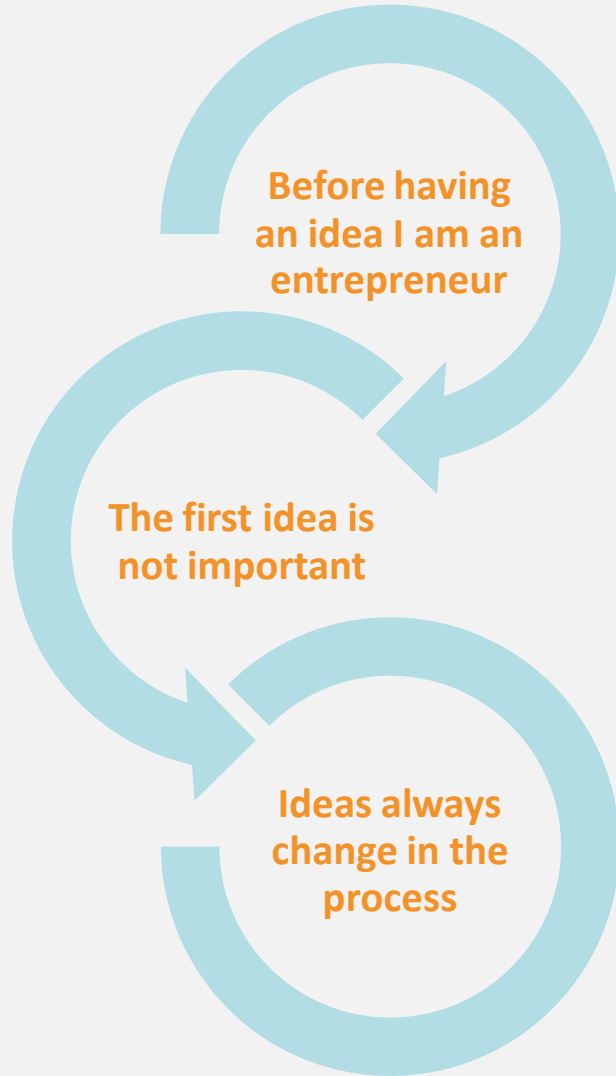
34% SIMILAR TASK OR SECTOR THAN STARTUP



ROLE MODEL

43% of the entrepreneurs had a entrepreneurial reference in the family (businessman, executive or manager)

ENTREPRENEURS PROFILE III



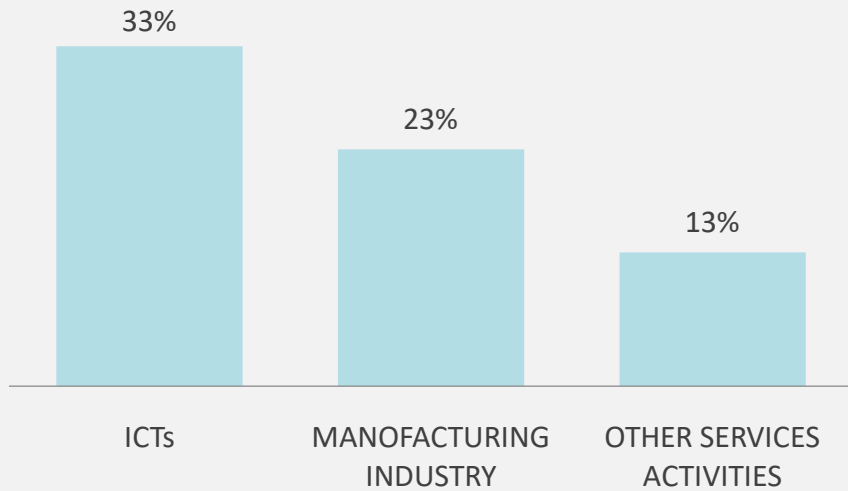
96% of the founders used **PERSONAL SAVINGS** as founding source

32% friends and family

WHY DON'T USE EXTERNAL FOUNDING SOURCES?

1. I preferred to avoid the use of external financing (e.g. to keep the business under my control; borrowing increases risk, lack of confidence in institutions).
2. It was not necessary or relevant to have additional capital.
3. External financing was not suited to my needs (high interest rate, too many information requirements)

STARTUPS PROFILE & PERFORMANCE (2016)



75% less than
USD 200.000 sales

90% less than 10 employees



USD 1,6 mill.
total

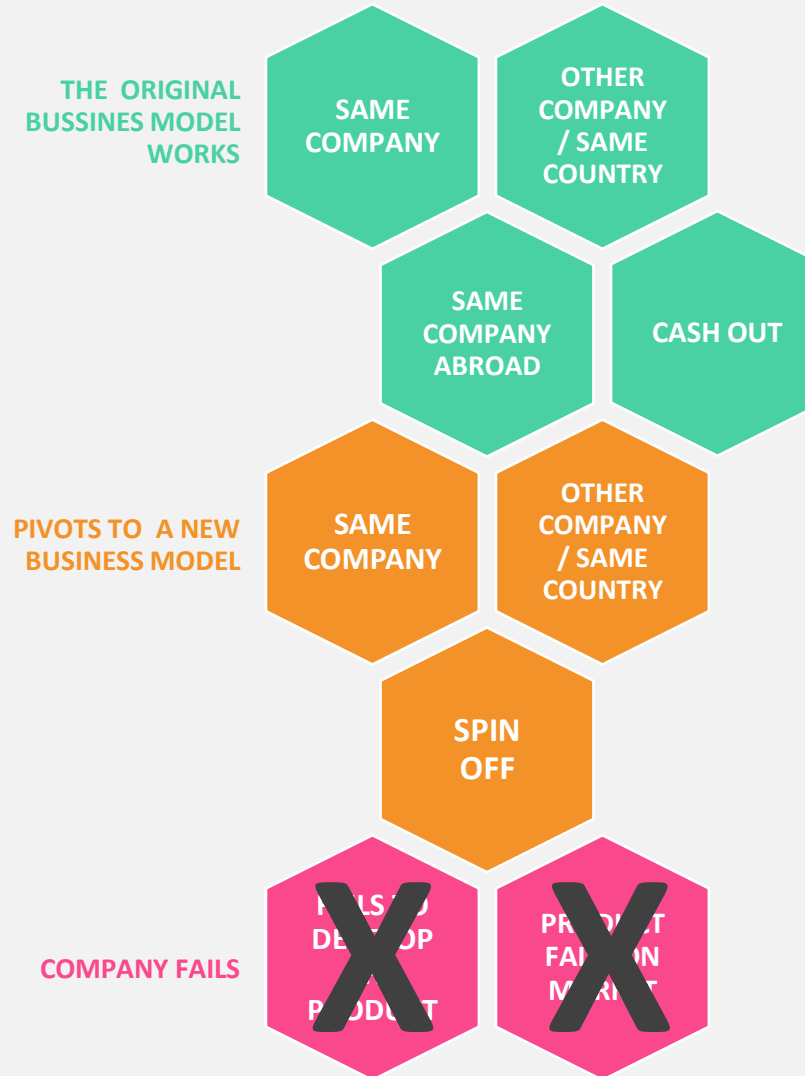
STARTUPS... SUCCESS?

WHEN A STARTUPS IS SUCCESSFUL?

AD HOC CLASSIFICATION CREATED BY STAKEHOLDERS

SUCCESS RATE:

$$36\% + 23\% = 59\%$$



STARTUPS PERFORMANCE II

PROBIT MODEL

- The probability to survive increases 19% per year of the firm's life
- Having a second ANII's support increases the probability of surviving almost 61%

IMPACT ANALYSIS

- ANII's startups invest on innovation activities a **400%** more than similar companies not supported by ANII

COST-BENEFIT ANALYSIS (USD)

- **19 x 1** (Including 3 outliers firms)
- **2,4 x 1** (Excluding)
- **ON BOTH CASE, THE GOVERNMENT PROGRAM IS SELF-SUSTAINABLE**

OBSTACLES FOUND

- **DIFFICULTY IN DEFINING THE STUDY OBJECT:**
 - **ENTREPRENEUR / MANAGER**
 - **IDEA / STARTUP / COMPANY**
- **SIZE OF CONTROL AND TREATMENT GROUPS**
- **ISOLATE THE EFFECTS OF A SINGLE PUBLIC SUPPORT INTO TREATMENT GROUPS**
- **SOURCES OF INFORMATION (WE WERE UNABLE TO ACCESS PERSONAL DATA FROM OTHER PUBLIC INSTITUTIONS THAT WOULD ALLOW US TO MAKE AN IMPACT)**
- **RESULTS TRANSLATION FOR THE STAKEHOLDERS**

LEASSONS LEARNED

1. It is important to **plan for impact**.

- Encourage the development of an explicit Theory of Change.
- Ensure that key variables for evaluation are collected.
- Ensure the quality of the information.

2. ANII's **information systems** need further refinements to maximize the use of **administrative data and statistics**.

- Balance between quantity and quality of information requested.

3. Quantitative and qualitative assessments are desirable to improve policy recommendations (mixed methods).

LEASSONS LEARNED

4. Pay attention to **communication of the results**

- Main challenge: Adjust format to audience
- We have different end users of the reports (technicians, policy makers, researchers, and the public in general) and we need to create appropriate products (different language) for each of them.

5. Focus on producing **inputs for design and redesign program.**

- Main challenge: Use findings creatively to *improved impact* of impact evaluations!

Thank you for your attention.

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