

# Niche business models - Silver lining for every Grid?

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- Thank you: EGI\_DS for this interesting opportunity!
- Disclaimer: the opinions in this presentation:
  - are occasionally intentionally provocative
  - do not represent opinions of clients or projects ETL works with
  - are based on ongoing ETL internal discussions and thus subject to evolution

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# Audiences & products

- Or: what I am trying to sell to whom
  - Technology transfer departments, incubators: how to go beyond IPR-based commercialisation models
  - Projects, research groups: advice on exploitation
  - Governments: contributing to the development of innovation strategies

## Audiences & products 2

- What about startups and people considering starting one?
  - Hard market - difficult to compete with free services
  - But: emergence of “ETL like” startups benefits us, so we have an interest to help
    - Especially if it can lead to a contract with one of the groups mentioned earlier...

# Data Sources

- Own experience
  - 4,5 years as an entrepreneur, ETL active for 3+ years
  - Many years in commercial and/or academic R&D
- Multiple efforts to develop an organic “virtual business incubator” business
  - Conclusion so far: it can either be organic or business - but not both
- Contacts with other startups, tech transfer departments, sparring with MBA students and teachers etc.

# Theories 0

- Why Grid has been hard to commercialise?
  - Major reasons:
    - Academic business case different from commercial ones
    - Especially when dealing with cross-organisational business processes
  - Minor
    - “Old Alfa-Romeo” syndrome
    - Missing couple of obvious opportunities: “pay as you go” and implications of Reed’s law
- On other hand, were the expectations realistic?
  - “Research -> development -> product” pipeline is often slow even within a single company
  - More so for mission critical products

# Theories 1

- Grid projects have created teams that have rare, valuable skills that have high commercial value
  - Consulting and services (independent from the IPR generated) offer massive number of niches
- Viable teams are genuinely Pan-European
  - Great value for customers, serious headache for current innovation support models
- The specialities of these teams do not fit easily to commercial “slots”
  - Partly diamond in a rough issue: mapping “certain *je ne sais quoi*” to a budget line
  - Partly assumption by clients the skills cannot be found in small organisations

# Theories 2

- Aspects of niche business models
  - Fit into several “standard service” categories
  - Immaterial, service-oriented (“Cloud ready”?)
  - The actual core offering/USP hard to express, evolving
- Structure options
  - “Single cell” - one person company
  - “Exoskeleton” - legal entity, everyone a partner
  - “Endoskeleton” - partners + subcontractors/employees
  - Special case: “Coral reef” - legal entity to own a brand, several single cells trade under it
- Growing pains:
  - New markets to target, new partners
  - Most importantly: change of structure
  - Markets and structure are connected

# About entrepreneurship

- Checklist:
  - Do you work with ICT infrastructure in an organisation whose core purpose is not ICT?
  - Need project funding to maintain current activity levels?
  - Are neither tenured nor own major parts of equity in the organisation you work for?

## If you said “yes”

- ..to any of the questions, your medium-to long-term risk is probably higher than for an entrepreneur
- The rest of this presentation is looking into what can be done about the short-term risk

# Practice: thinking of starting up?

- Start today!
  - Ensure that you're allowed to by your employer
    - If not, start looking for another job
  - Study legal frameworks
    - Look beyond the country you live in
  - Pilot projects
    - As a “single cell”, while working
  - Build the team
    - Plan for attrition - at least 50% team will drop out
    - Do not be democratic - either lead or follow
      - Lead means you are CEO, follow means high degree of trust
  - Network with other startups
    - Potential synergies outweigh potential risks

# Practice: things watch out

- Timeline to full-time entrepreneurship
  - Not too fast, not too slow
  - Realistic analysis of part-time options
- Understanding overheads
  - Consulting rule of thumb:
    - hourly billing rate == 4\*your personal minimum hourly income
- Plan for personal sustainability
  - Burning out: better done as an employee
  - Reserves for structural changes
  - Life happens

# Practice: tech transfer departments

- Review processes and mandates
  - If necessary, renegotiate to allow support for non-local service ventures
- Become broker for startup services?
  - Better quality of service from company formation agents, banks etc.
    - “virtual volume customer”
- Develop models to predict socioeconomic benefits of Pan-European startups
  - Scientific basis for protecting startups against political short-term, populist initiatives

# Practice: NGI, Grid project partner

- Start hosting MBA students
  - The exact tasks less important than close contact with Grid Practitioners and users
- Start alumni networks
  - National/regional scope optimal
  - Needs long-term commitment
- Study outsourcing opportunities
  - Services for an NGI could act as the first customer for “RedHat of the Grid”

# Practice: funding agencies

- Review financial rules
  - Do they take into account shift goods -> services
  - Lead-times: submission to decision, decision to start of work, cashflow issues...
- Revisit the subcontracting rules?
  - There are challenges, but project partnership is a challenge for a new company
- Complement “exploitation of IPR after the project”
  - “Maintenance of social capital” to drive people to alumni networks

# Final thoughts

- Work, social security, taxation are all going to undergo fundamental changes in Europe.
- “Organic Pan-European startups” are both an indicator and driver of this change
- The high-level goals of the European Research Area should be mirrored in the “European Entrepreneurship Area”

# Thank you!

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