

## **BICT - Sirma Young Spirit (SYS) -Early Stage Financing**

Sirma Young Spirit program is a natural continuation of the internal R&D activities of the Bulgarian company Sirma Group. It is designed to help young entrepreneurs developing their business models in the field of Information Technologies (IT) and providing them with seed investments, which are the earliest stage in the chain of venture funding. The program is key part of Sirma's strategy to look for new business ideas and to seek, promote and develop innovations. The program encourages and supports innovative idea in the field of Information Technology if a team of 2 to 5 young entrepreneurs stands behind the idea and they are ready to work overtime and exclusively on the idea for the next 6 to 12 months without any side committed with full dedication. The main goal of the program is to help young entrepreneurs go through the first phase of development of their business models: develop an impressive prototype and business plan to attract further investment, develop an initial version of their product or try to reach the market. The implementation of each project within the program is based on the principles: strong project management and development team, strong preliminary analysis of the market to assess key product/service requirements, proper planning, adequate financing, on-time development, well prepared product/service launch, and on-going development.

<http://www.sirma.bg/sys>

### **SWOT ANALYSIS**

#### **Strengths:**

- Innovative financial mechanism;
- Could be implemented in every bigger company lacking innovation or having the need of some “fresh air” in its future development;
- The main objective of the SYS seed investment is to allow the entrepreneurs to focus and devote their efforts completely to project implementation thus bringing it to success; Along with the project technological development, the mentor and Sirma’s business teams will work with the entrepreneurs on business plan development;
- SYS will also assist entrepreneurs in meeting future investors and negotiate best terms for second round of investment; Entrepreneurs will have access to the international network of Sirma’s partners and distributors – thus facilitating meetings with strategic international partners for the developed business model;
- Sirma Group is the largest private Bulgarian group of IT companies (founded in 1992) and now includes 18 subsidiaries and associated companies operating in different areas of IT. During 17 years of successful growth the group has accumulated a substantial capital of unique technologies, goodwill, technical and business expertise;
- One of the few programs in Bulgaria that give an opportunity to people to develop work and promote to the market their ideas.

### **Weaknesses:**

- Missing list of successful examples;
- Lack of cooperation with universities and other research institutions;
- Lack of information about the patent rights of the sponsored ideas/products;
- It is mentioned that the R&D facilities depend on time-limited funding schemes, which last for 3 to 10 Years, depending on the individual funding program;
- Only within Bulgaria – would transnational Project / Co-operations be funded?
- The culture of the funding / mother organization has to be highly innovation-friendly and facilitating which is not always easy to provide. – How is this obtained?
- How is IP- rights managed? Does SIRMA require a certain share of return once the product or service is profitable at a certain point of its lifecycle? What about the contracting procedures? Is the topic of IP-rights regulated with patents or trademarks?

### **Opportunities:**

- Shall be promoted also outside Bulgaria. The SEE region for example will be a good start;
- Good opportunities due to the “Investment” of SYS in young active entrepreneurs in the field of Information Technologies (IT) and their initial support with the necessary seed fund;
- SYS helps a new company (established by young entrepreneurs) in a way that will allow it to make a successful future development;
- Probability to expand this Early Stage Financing to other fields.

### **Threats:**

- It is not 100% clear what happens with the legal entity that will be assembled between SIRMA and the people with ideas;
- The seed funding probably will be affected by the financial crisis;
- How is the newly built entity managed? Is it incorporated into SIRMA or a separate legal entity?