



# Start-up venture creation

## VIT-technology business incubator services

<http://www.vittbi.com>

Vellore Institute of Technology, India

The Technology Business Incubator of Vellore Institute of Technology creates commercially successful high-tech ventures by nurturing them with the resources these ventures need. For example, in the early stage, VIT-TBI will assist the incubatee in assessing the market potential of the business idea by guiding them through the process, which the incubatee has to implement on his own with his resources and some assistance from VIT-TBI.

Such early stage advice and consultancy offered by VIT-TBI will be a free service. When the promoter and VIT-TBI is satisfied with the project idea and its success potential, the incubatee will enter into an agreement with VIT-TBI for availing the services of the TBI on mutually agreed terms and conditions.

TBI would collect a nominal fee for the services and the space and technical support provided. As all the tenant incubatees are sharing these resources from a common pool, the incubatees will benefit from the lower cost of resources in the early stages.

The form of compensation and the payment mode would be tailored to specific needs and based on each individual case. More details on the types of financial arrangement and agreement between VIT-TBI and promoters will be dealt with in the later part of this document.

Broadly, all the activities referred to in the four stages above can be summed up as follows:

### Ideation/Innovation stage

- Concept development/opportunity spotting;
- Market assessment/competition analysis;
- First level business planning/business modelling;
- Founding team formation;
- Intellectual property safeguarding; and
- Seed funding.

### Incubation stage

- Mentoring;
- Advisory board;
- Proof of concept/prototyping;
- Financial assistance;
- Test marketing; and
- Full scale business planning.

### Implementation stage

- Full-scale business planning;
- Pitching for venture funding;
- Scaling up operations; and
- Large-scale commercialization.

### Take-off stage

- Going national/global;
- Initial public offering;
- Exit provisioning for venture capitalists; and
- Full-scale business graduation.

Mature Team Formation VIT-TBI can assist potential and qualifying ventures/incubatees by supporting them from stage A to C, as described above and if needed, can extend the support during stage D too. The role of VIT-TBI will also depend on the individual cases, their strengths, weaknesses and extent of support required by the tenet incubatees.

VIT-TBI can only assist the venture promoters in all these stages, but can never replace entrepreneurship demanded from the promoters for business. Hence, the entrepreneurship of the promoters play a very important role in the success of these ventures. To encourage entrepreneurship, VIT-TBI will train the potential entrepreneurs and guide them through the process of business venturing through interactive workshops and constant nurturing.

VIT-TBI's focus is to create commercially successful high-tech ventures by nurturing them with the resources these ventures need. For example, in the first stage, VIT-TBI will assist the incubatee in assessing the market potential of the business idea by guiding them through the process, which the incubatee has to implement on his own with his resources and some assistance from VIT-TBI.

VIT-TBI assists the incubatees in:

- Enterprise development;
- Providing them access to a network of eminent consultants/academicians;
- Offering flexible affordable working space;
- Shared office/infrastructure services;
- Prototype development/technical assistance;
- Assistance in building management teams;
- Assistance in getting finance; and
- Assistance in marketing. □



# Why insure your venture?

## What you need to consider

<http://www.sme.com.ph>

SME.com.ph, The Philippines

Running or owning a business involves risks both in your venture and your liabilities. That is a fact you cannot deny and the reason why liability insurance deals with possible risks that your business could face.

Your business could be badly hurt if you do not protect it in some way. Consider this, would you have the financial capabilities to replace your assets if they get damaged? What if you consider moving to a new locale and the existing venue is rendered uninhabitable or needs further improvement? What is worst then, if you need to defend a lawsuit that you might possibly run into and need to pay for damages and legal fees?

Those are just a few things you need to consider why you have to insure your business one way or the other. Would you have the financial muscle to replace your assets when it is faced with a disastrous occurrence or you find risks such as mentioned previously? Even if you're a small-medium entrepreneur, the need to consider insuring your business is indeed a big one!

To date, there are 115 companies in the Philippines offering insurance products to corporations and individuals. Philippine insurance companies generally follow international practice but with a few local variants for good measure. The legal system governing the industry is a mixture of Spanish, Islamic and Anglo/American codes so it is wise to read the small print just to be sure you know what you are getting.

### Three compelling reasons to be insured

#### Insurance protects your assets.

Don't disregard the fact that even frivolous claims will cost time and money to just defend yourself. There are insurance programs that are automatically for your company's defense - our company only pays if there is judgment in the plaintiff's favour or a settlement; ensuring that your assets remain to be yours.

#### Your ally: when a claim is brought against you.

If you are a policyholder of a certain insurance company, they'll match a defense attorney who will fight for you and your reputation. There is this Small Firm program that will pay your defense costs up to your policy limit, not to mention the pre-claims assistance to help you come to terms with a problem before it turns into a claim.

#### Some require professional liability coverage.

If you are a professional, there are many projects that would need your services with project liability insurance. If you keep your professional liability coverage, this is a good means of making sure that you're meeting your obligations, which shows that you're eligible for more projects.

### Types of insurance you may want to consider

With its vision to bringing in various new types of insurance, its system has been improved in order to ensure smooth fund flows that will help meet SMEs' needs. The maximum amount of insurance for one enterprise was raised several times. The Japan Small and Medium Enterprises Corp. (Jasmec) offers the following eight types of insurance for indirect finance to CGCs, which are:

- Ordinary insurance to facilitate the borrowing of funds for general purposes;
- No collateral insurance to allow SMEs to borrow money without collateral;
- Special small-sum insurance to give small-scale enterprises with 20 employees or fewer, (in the trade and service industries, five employees or fewer) access to loans without collateral and guarantor;
- Accounts receivable-backed insurance to allow SMEs to borrow money by using their accounts receivable as collateral; and
- Environmental pollution preventive facilities insurance, energy saving facilities insurance, overseas investment financing insurance and new business development insurance to promote the smooth flow of funds for specific projects without difficulties.

*Note: The type of insurance to be applied depends on the nature of the guarantee provided by CGCs.*

### Special treatment of insurance

Based on the government's policy for SMEs, to actively take special measures, there are 32 special treatments, which offer preferential insurance conditions in terms of the maximum insurable amount, coverage and premium rates. For instance, these treatments can be applied to help SMEs damaged by natural disasters, to support SMEs suffering from changes in the economic environment or credit contraction and to promote business start-ups.

A prospective entrepreneur, basically excluded from the conventional credit supplementation system (CSS), is eligible for insurance when he qualifies for one of these special treatments related to business start-ups, for instance.

Somehow, if you have a venture that has assets worth no more than 3 million (micro enterprise), 15 million (small enterprise) and 100 million (medium enterprise) in pesos - these is a lot of money, which you need to take care and secure.

All these are for you to avoid future trouble or even just a minor headache that would also deem to cause disruption to your business. Also, your business is your profession. And projecting such an image, your clients (now and the future) would have great expectations of your work because they would rather seek to work with someone who has taken time to get insured. □