

# Turning research into business

In the future, some of the applicants within the PSO-system will be invited to provide business plans for their projects. The goal of this initiative is to make sure that fewer projects end up gathering dust on the shelves but are in fact supported all the way and turned into business opportunities.

*By Torben Skøtt*

Every year, Energinet.dk grants DKK 130 million to research and development measures within the area of environmentally friendly electricity production. In order to enhance the commercial payoff from these PSO-funds in the up-coming application process, Energinet.dk wants to strengthen its effort to reach the markets available to those projects possessing the right potential.

– We allow the applicants to explain their strategy with regards to reaching the full potential of their project. Afterwards, we will support them through the possibility of obtaining PSO-funds with a view to draw up detailed business plans as part of the project, says programme coordinator Lise Nielson from Energinet.dk.

By adding business plans and commercial goals to the technical content of the applications, Energinet.dk expects that fewer projects will end up gathering dust on the shelves instead of being supported all the way and turned into a business opportunity. One of the goals is to foster more new companies and spin-offs from universities and companies, another is to attract other types of financial support, e.g. venture capital. Energinet.dk will ask the applicants behind those projects involving commercial goals to outline the type of products or services that the technological development is expected to provide and furthermore, customers and markets for this particular project must be defined. The applicants will also be asked to perform a SWOT analysis of the potential road to commercial success.



*Søren Houmøller from 1st Mile.*

## 1st Mile

Søren Houmøller from the company 1st Mile has helped Energinet.dk to implement commercial criteria for the future supply. Formerly CEO at the venture company EGJ Udvikling (EGJ Development), he has, amongst other things, carried out investments into the company Stirling that produces CHP-plants running on biomasses.

– In order to create a commercial success, it is of utmost importance that commercial and technological developments are considered simultaneously. Therefore, the first step is to ask the applicants to outline the expected commercial developments, explains Søren Houmøller.

Energinet.dk places great emphasis on the applicants perceiving this initiative as a helping hand on their way to reaching their goal of creating a business. For this reason, Energinet.dk has also asked Søren Houmøller to create a business plan framework.

### 1st Mile

1st Mile links research and development within new energy and environmental technologies to capital. Founded by Søren Houmøller, this company identifies business cases for investors, looks for capital for start-up companies, and assists research programmes in securing its business success based on technology.

[www.1stMile.dk](http://www.1stMile.dk)  
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– You may use our framework or your own. A lot of applicants have already prepared their business plans and obviously, we do not want to impose our format onto those people, says Lise Nielson who, by the way, does not see business plan confidentiality as a problem because Energinet.dk and the applicant are able to set up separate publication agreements.

Not all projects are linked to commercial goals: When it comes to fundamental research, solutions for plant-specific problems or standardisation procedures, business plans do not fit into the picture.

To Søren Houmøller it is of utmost importance that the Danes improve their ability to link technology and business.

– It is often said that we need to create a new windmill adventure based on other, new technologies, however, the model used back then either does not fit the current market situation or cannot be copied directly onto other types of technology. The rules of the game have changed, says Søren Houmøller, pointing out that just in the third quarter of 2006, investors in Silicon Valley invested US\$ 300 million of venture capital into energy and environmental technology. During that same period, the Danes invested no more than DKK 50 million or 3 – 4 % of the investment scope in Silicon Valley.

– If Denmark wants to foster new export adventures and identify the winning technology of the future for the benefit of the environment and the security of supply, we simply have to improve our innovation skills and find better ways to attract external capital, e.g. from venture capital companies. Financing technical research and development is insufficient. Other countries are hitching up many horses and it would be totally naive to believe that we will be able to maintain our current leading position if we do not improve our ability to shift focus from technology to product and switch the organisational format from project to organisation. Technological considerations are no longer sufficient; we need to consider market, economy and management as well, says Søren Houmøller. ■