

TECHNOLOGY



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Luminaries such as Steven H. Simon, theoretical physics professor at Oxford University and former director of Bell Laboratories in the U.S., regularly give lectures at the IST Austria. Here, Simon explains the quantum field theory on December 11, 2019.

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STARTING UP & SPINNING OFF

Inventing something new is one thing. Turning it into a product is quite another. Here's how founders and researchers take ideas to market

by **Jusztina Barna**

However good the idea, turning science into business is a challenge. Design, development patent, prototype – all that inspiration and hard work is just the beginning.

Fortunately in Vienna, leaders have recognized that business founders are more likely to succeed if they are part of a network, and are taking measures to connect startups to laboratories and researchers. As a result, an increasing number of founders are deciding to launch their business ventures here.

Startups are defined as small businesses characterized by an innovative product, service technology, or business model. Whatever the project, the recipes for success have some common ingredients: development capital, team members, office space and facilities, and the guidance of mentors. As with a child, it takes a village to raise a successful startup. And while other European capitals – particularly Berlin and Paris – are already hubs for startups providing resources and networking, Vienna is making a name for itself.

The growing startup ecosystem has several distinctive parts: universities, banks, co-working spaces, federal agencies, accelerators and established corporations. One of the leading institutes of its kind in Europe, the Institute of Science and Technology

Austria (IST) in Klosterneuburg, supports researchers actively in setting up businesses at the IST Center Park, bridging the gap between research and practice.

The park is a co-working office space and laboratory for IST Austria related research facilities, spin-offs and technology-oriented companies, next door to the main institute, and just a half an hour from Vienna. For those who are interested in starting a spin-off, the IST Technology Transfer Office helps commercialize inventions. Their incubator, IST Cube, also at the site, assists tech startups by providing funding, legal, accounting, and computer services, as well as management training.

Evolutionary biologist Harold Vlodavsky was a researcher at IST, and returned in 2015 to develop his idea. "They've been very helpful," he said. "I rented out laboratory space, joined their incubator, had an entrepreneurship crash course, and got mentoring." A grant from the Austrian Development Bank (AWS) allowed him and his partners to kick-start what became Ribbon Biolabs. "We became the first biotechnology company IST invested in."

A HELPING HAND

The public sector is backing small and medium-sized enterprises on different fronts simultaneously. The Austrian Business Agency



(ABA) has been set up to supply small local businesses with consultation, services, and funding, in addition to informing international investors and founders about the opportunities. In the interest of companies the Federal Economic Chamber (WKO) works on reforming economic policies, for example, tax relief and cutting red tape, while the Research Promotion Agency (FFG) funds business-friendly research to increase the innovative potential of companies.

Once a business is launched and growing, corporate partners become key. Almost two-thirds of Austrian startups generate their revenue from business-to-business activity, while only one out of five from sales to individuals.

So founders need to connect with larger companies, both as potential customers and investors. Corporations find small

The IST Austria is an international research institute in natural and mathematical sciences, located in Maria Gugging, 20 km northwest of Vienna. Established in 2009, it now hosts 51 research groups and 127 students. In 2019, IST Austria was ranked third among the world's best research institutions in the Nature Index 2019.

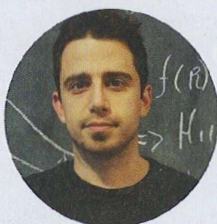
businesses can be a valuable source of innovation, helping them adapt to changing markets and social needs. Accelerators are useful in pairing innovators with established companies, allowing solutions to be presented directly and facilitating partnerships.

A good example is WeXelerate, the largest innovation hub and multicorporate accelerator in Central and Eastern Europe,

that provides office space to the start-ups [ed. METROPOLE currently has its offices in the WeXelerate building]. The accelerator also established an "innovation scouting" service for companies, such as Spar, in search of new solutions. WeXelerate tenants are rarely newbies: "They are mostly advanced startups, scale-ups," said Awi Lifschitz, the CEO of WeXelerate – and thus a prime resource for the big players.

AN OPEN CULTURE

Startup culture prides itself in being communicative, outgoing, and informal. "We have this 'open door mentality' here," said Lifschitz, as he related a recent visit from one of the directors of the Austrian Healthcare System. "We walked around and knocked on five different doors, and they were all welcoming, and happy to tell us what they are working on." This is how partnerships are born, he said. "This is why people want to be here."



"To me the best thing about IST Austria is the interdisciplinary environment, which allows me to learn skills from different disciplines."

Saren Tasciyan, PhD student in microbiology at IST Austria & owner of a small IT business



The startup accelerator weXelerate, based on Vienna's Schwedenplatz, has established an "innovation scouting" service to connect established firms with startups all across Central and Eastern Europe.

Successful businesses also need to be talking to their customers, as Bitpanda, a 2014 startup in Vienna's 2nd district, can attest. A digital financial markets tool, Bitpanda is a platform where users can trade crypto-currencies and invest in digitized assets. Cryptocurrencies are not regulated nationally and have been notoriously unstable, as the Bitcoin drops and rallies have shown. Having said that, Bitpanda has been very successful in gaining new customers, becoming a full-fledged international financial tech company in six years.

The key has been building customer relations – going the extra mile to build a trustworthy connection to their customers. To do this, they committed themselves to building a reliable, user-friendly front-end application, "Even though it was not legally required, we started using a banking-standard account verification system on our website. We were the first ones to do that," said Eric Demuth, a founder and the CEO of Bitpanda.

In 2018 when the crypto-currency bubble burst, they determined to maintain their customer service: "Instead of backing down, we invested even more into customer care. It all worked out; we've built a great reputation by word-of-mouth. We could grow slowly, but sustainably," reported

Demuth. The overall customer experience is further supported by their blog and eLearning platform about financial literacy and crypto-currencies. "We want our users to make informed and effective decisions regarding their finances," Demuth said.

Since the millennium, Vienna has become increasingly a business-oriented city, with a growing infrastructure. This year the city organizes Vienna UP '20 (May 11-17) – workshops, talks and networking events in co-working spaces – for the first time. "The ambition is to bring as much international audience as possible to Vienna," said Gerhard Hirczi, the head of the Vienna Business Agency in an interview for *Trending Topics*.

Experts believe that governments, municipalities, and other supporting organizations make or break aspirations. "Many founders, myself included, have made the mistake of assuming personal effort is what determines success, regardless of location," admitted Eli David, the CEO of StartupBlink, in their global "Startup Ecosystem Rankings 2019" publication. Turning science into business is a team effort in Vienna, achieved by sharing knowledge and mutual support. Luckily, it's a positive sum game, bringing employment, tax revenue, and a boost to the economy of the area. ⁽¹⁾