

# High-speed business

USP hosts start-up accelerator program

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In June 2015, the University of São Paulo (USP) hosted the first start-up acceleration program held within the institution. This goal of this type of encouragement of entrepreneurship is to quickly develop ideas that can generate sales and serve as the basis for innovative companies. These start-ups are mostly unstructured, know little about the market and have difficulty selling the technology developed. Start-up acceleration began 10 years ago in the United States and, in Brazil, has been practiced since 2011. There are several types of accelerators: many are companies or other entities maintained by larger organizations, such as Microsoft, for example, universities or non-governmental organizations (NGOs). This approach is different from that of company incubators, which are normally organizations set up by universities, technological parks or research institutes, where new companies develop for two or three years, during which they receive institutional support in the form of technology and management con-

sulting and advice on the commercial format for the company. They leave the incubator when they reach the market and gain financial strength, or perish if they do not.

Acceleration programs can last one weekend or up to six months. At USP, it lasted five weeks and was organized by the accelerator Startup Farm together with the FLOSS Competence Center (CCSL) of the Institute of Mathematics and Statistics (IME) and with support from the Entrepreneurship Center (NEU), both at the university. "Acceleration is an educational program with intensive training that involves classes, lectures and mentoring during a specific period of time, in the morning, afternoon and night. Participants give a five minute presentation once a week to an audience of mentors and professionals on the status of the company at that moment and receive advice," explains Professor Fabio Kon, of CCSL, who brought the acceleration program to the university. Depending on the company's stage of development, the program provides specialized





mentoring teams made up of several professionals who offer the support the start-up needs to grow. Among the 78 mentors, who provide 519 consulting sessions, are businesspeople who have already experienced this phase, industry professionals, consultants and, in the case of USP, university professors. Mentoring is done by volunteers in most accelerators.

“I studied the entrepreneurial environment in Silicon Valley, in the United States, and I was doing research on the innovation ecosystem in Israel. I could see that incubators were giving way to accelerators, which have generated results in a shorter time period. Last year I participated as a Startup Farm mentor in Belo Horizonte, and while there I proposed a partnership with IME in order to contribute to the São Paulo innovation ecosystem and infect the USP community with entrepreneurship,” says Kon. “I have noticed for some years that students graduating from IME are excellent software developers, but the number of entrepreneurs is still very low and,

of those who attempt to start a business, few are successful; entrepreneurial education can help change this.” According to Kon, entrepreneurship in Brazil is strong, but companies do not develop new technologies—they prefer to copy something that already exists abroad. “A small number of our entrepreneurs seek to create innovative technologies. We need to invest in research in start-ups and in companies in order to transform science into innovative businesses,” says Kon.

This is why the USP acceleration program was officially entitled “Disrupt: Transforming science in technology businesses.” The call for event participants was not restricted to USP, and was mainly issued through social networks, targeting start-ups or even people and groups with good ideas and plans to establish a company. Fifteen of the 117 proposals submitted were chosen. Eight had some connection to the university, either students or ex-students or companies in the incubator called the Center for Innovation, Entrepreneurship and Technology (CIETEC), inside the

Nuclear and Energy Research Institute (IPEN) on the main USP campus. USP is a member of IPEN's Strategic Management Board. "Fifteen were selected and 10 got to be finalists because the projects progressed very well and reached a point at which they could be presented publicly. In other editions of the program—this one at USP was the 12th—fewer companies, between five and eight, became finalists. This demonstrates our market's maturity, in that it is generating better structured businesses," says Alan Leite, one of Startup Farm's partners.

"All of them went through a rapid development process to clarify who their clients are, what the product will cost, how much they will sell it for, and what the impact on the market will be," says Leite. Of the 15, three invalidated their business ideas during the program because they realized that they could not build a scalable business model. According to the businessman, within the acceleration program it is common for a company to change its mind, invalidate the proposal or modify its strategies. One of the companies that Startup Farm helped was Easy Taxi, which developed a mobile application to call taxis, and now operates in 40 countries, with an approximate market value of \$1 billion. Easy Taxi took part in the second acceleration group mentored by Startup Farm in 2011, in Rio de Janeiro. The accelerator does not make investments in companies such as those presented at USP, which are still at a very early stage. "We invest in those that have the best performance over a two-year period," says Leite.

In Brazil there are already 50 companies specializing in acceleration that run similar programs. One is Aceleratech, also from São Paulo, in which companies chosen for acceleration undergo a six-month program, are able to receive investments of up to R\$150,000, and may have Aceleratech owners Pedro Waengertner and Mike Ajnsztajn, a Brazilian who lives in the United States, as partners. Since 2012, they have accelerated 47 companies, with three purchased by other business groups. That is when the accelerator makes a profit.

One of its partners is the School of Advertising and Marketing (ESPM), in São Paulo, whose professors assist in mentoring. "We help the company gain access to the market, implement

the project and determine how to sell their products," says Waengertner. Aceleratech also has a partnership with CIETEC. "We have several companies that came from the incubator. Some come to us and, for us, the fact that they have been in the incubator is a positive factor," says Waengertner. "The initial idea is that they spend the acceleration period in our own offices in São Paulo in a co-working arrangement, with the companies working side by side, and then become independent, but we have had cases in which the company wants to go back to CIETEC because there it has its own space and productive networking."

#### THE DEMO DAY PITCH

Part of the acceleration program structure, and a common practice in almost all accelerators, is demo day on the last day. This is when each entrepreneur presents his idea to the market and talks about the business model and the path the start-up intends to follow. This is done through a time-limited pitch in which the business is described. In the audience are investors from venture capital firms, angels (individual investors) and representatives from large companies, such as IBM and Telefónica, who evaluate the start-ups. Then, if they are interested, they invest in the company or even incorporate it. During this demo day a jury made up of repre-

## Each company presents its business model to an audience of possible investors



End of Startup Farm acceleration program together with USP: knowledge of entrepreneurship and new businesses



representatives from industry, investor groups and USP chose the best three companies after the presentations. First place went to Bright Photomedicine, which has been in CIETEC for a year.

The company is developing a small LED-light device for treating pain. There is already equipment on the market for this type of therapy, but it is more expensive and not portable. The start-up developed and filed a patent for a flexible phototherapy device that attaches to the patient's body and can be sold at a low price. "I have been studying this subject for over six years and did a doctorate on the subject at USP and Harvard University. During the doctorate, I developed a new technique for reducing pain, which has already been successfully tested on mice," says physicist Marcelo Sousa, who obtained his undergraduate degree from the Federal University of Ceará (UFC). "We are preparing the first prototype, which is being supported by a PIPE [Program to Support Research in Small Business] grant from FAPESP that allows us to purchase material, components, and equipment and provided me with a research grant," says Sousa, who is seeking to establish partnerships with hospitals such as Sírío Libanês and Einstein for future clinical trials. Regarding the acceleration program, he says it helped define the company's business model. "During the program, I met potential physical therapy clinic clients and got a sense of the market, and even came to the conclusion that we could rent the devices instead of selling them." In relation to mentoring, Sousa says he received about 40 high-level sessions.

Another participant who took advantage of the acceleration program was Rafael Libardi, of Ukkobox. With a degree in Information Systems from the USP Institute of Mathematical and Computer Sciences (ICMC) in São Carlos, Libardi developed a file protection service for the cloud. Files are divided into several pieces,

encrypted, and then distributed to service providers in different countries. In the system developed by Libardi, who has two partners, the entire file can be recovered even without having access to some of the pieces. "Companies are very concerned about data loss, information leaks, and espionage, and we intend to prevent all this," says Libardi.

"The event gave us a better idea of what the company could do because we understand the technology, but not business, and the mentors pointed out several flaws in our plans," recounts Libardi. "For example, we initially intended to sell our software. The problem is that clients do not want to manage and pay several cloud providers. We changed our business model so that the client pays us to access the system and we manage the providers," he says. Libardi will complete his master's thesis on the same topic in July 2015 at USP.

For CIETEC Director Sérgio Risola, accelerators are welcome and there is increasing coexistence between incubators and accelerators. "They seek market scale and do not focus greater attention on the business plan. They want the owner of the start-up to convince them that it is a worthy investment," says Risola. "But that does not apply to all types of business," he says. Accelerators normally seek companies that focus on information technology. "Start-up companies in fields such as nanotechnology, biotechnology and energy require more time to reach the market. These cases are less interesting to accelerators and need an incubator to become strong enough for the market. ■

#### Project

*Analysis of the technical and scientific feasibility of a light treatment for phototherapy (No. 2014/50569-2); Grant Mechanism: Innovative Research in Small Businesses Program (PIPE); Principal investigator: Marcelo Sousa (Bright); Investment: R\$54,045.37 and \$10,233.00 (FAPESP).*