

WHAT INVESTORS SHOULD  
EXPECT FROM SKOLKOVO



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## **Skolkovo Foundation is a development agency focused on growing high technology companies in Russia**

- ✓ Focused on building Russian Silicon valley campus and developing start-up community
- ✓ The campus to consist of 3 communities – Skolkovo Institute of Technology (together with MIT), R&D centers of blue-chip corporations (~50) and start-ups (~1,000)
- ✓ Skolkovo campus operating as a tax free economic zone
- ✓ Over 3,300 start-up business plans reviewed in 18 months
- ✓ Preselected over 600 start-ups as residents of the free economic zone
- ✓ 150+ start-ups supported with non-dilutive financing for the total of over \$270 m
- ✓ Over 60 Skolkovo residents are backed by VCs



# Skolkovo technological priorities (clusters)

**Skolkovo Foundation is focused on five verticals – IT, clean tech, biotech, space and nuclear technologies**



## Clean tech

Energy saving, storage, transportation, renewable energy



## IT

IT and software engineering



## Biotech

Biotechnology and medical technology incl. development of medical drugs and equipment



## Space

Space technology in telecommunications and navigation systems



## Nuclear

Nuclear technology and new materials

# KEY ADVANTAGES OF BECOMING A SKOLKOVO RESIDENT\* AND INVESTING IN A SKOLKOVO RESIDENT COMPANY

## 1. Increase your capital efficiency:

- a) Tax benefits (No profit tax, no VAT, 14% Social taxes)
- b) Apply for non-dilutive financing from the Skolkovo Foundation

## 2. Enjoy lower administrative burden:

- a) Quota-free recruitment of foreign employees
- b) No import duties on hi-tech equipment (in progress)

## 3. Obtain better access to markets:

- a) Tight links to global leaders (= information on future technology requirements)
- b) Easier access to purchasing by Russian state-owned companies
- c) Help in accessing international financial markets

## 4. Information and PR support



\* - Skolkovo residents are Russian legal entities which can be located anywhere in Russia. Should relocate to Skolkovo campus after 2014

# GRANT FINANCING GUIDELINES

## Matching funds concept to ensure market terms and alignment of interests

### ✓ Typical non-dilutive financing amounts from Skolkovo

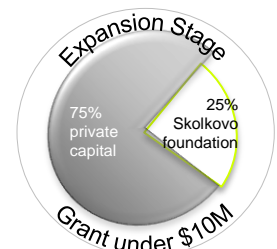
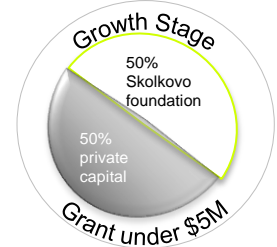
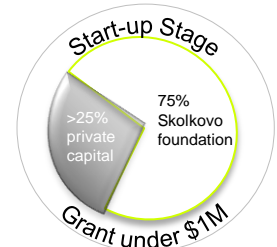
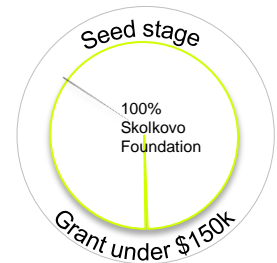
- Start-up stage – up to \$1m
- Growth stage – up to \$5m
- Expansion stage – up to \$10m

### ✓ Co-investment requirements, % of the total project budget

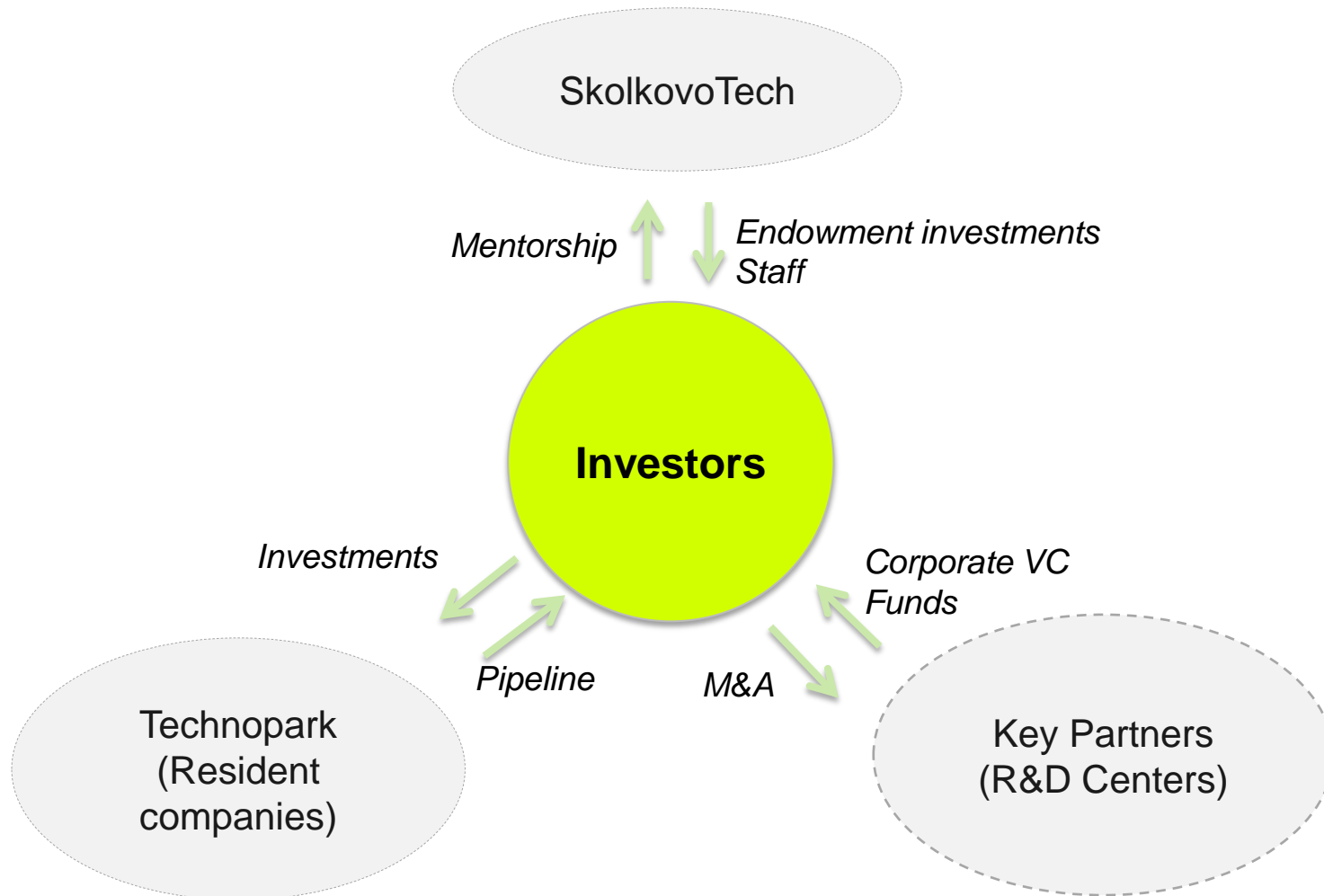
- Start-up stage – at least 25%
- Growth stage – at least 50%
- Expansion stage – at least 75%

### ✓ Co-investment preferences

- Cash co-investment preferred
- Investor's global track record in particular sector



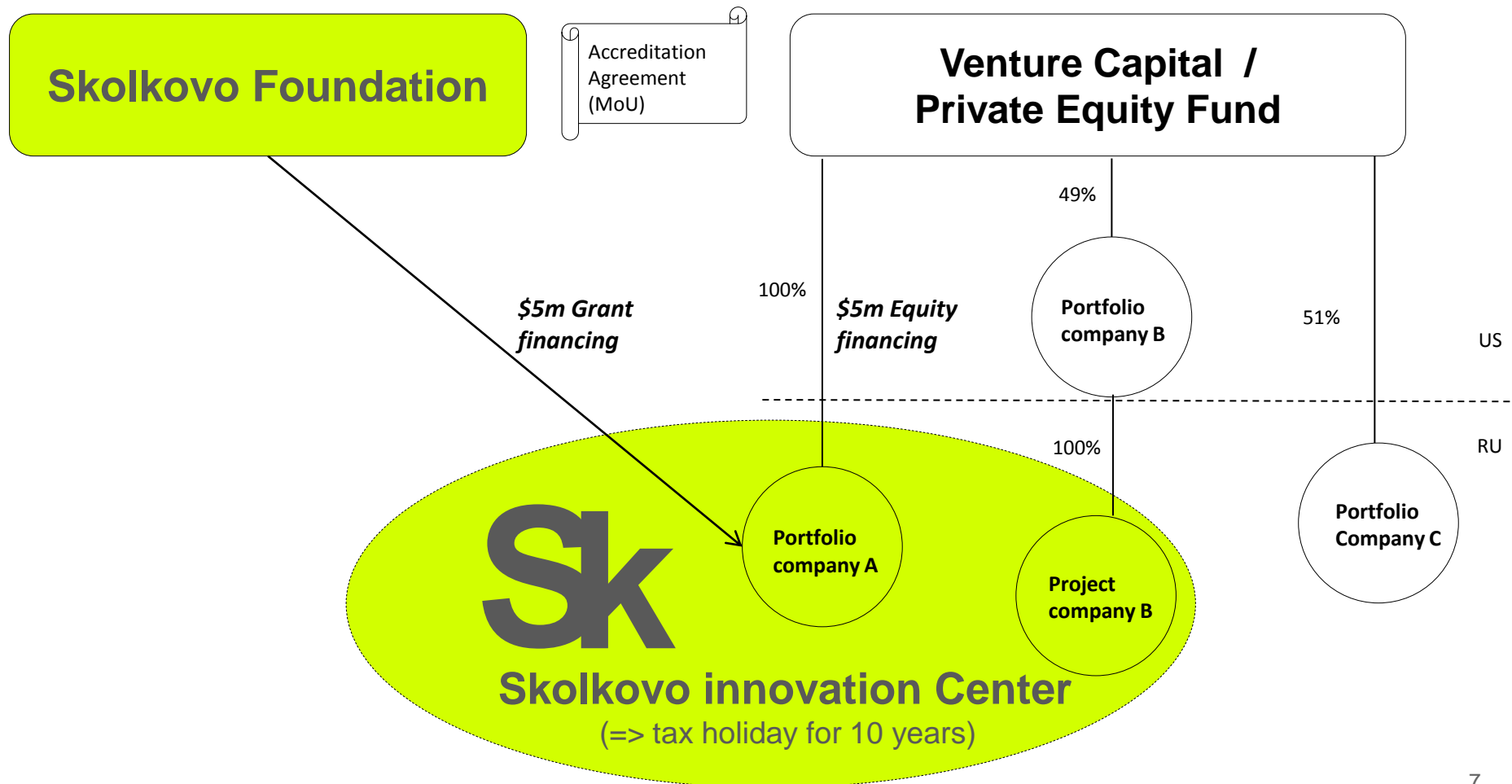
# ROLE OF “SMART MONEY” IN SKOLKOVO ECOSYSTEM



# SKOLKOVO PARTNERSHIP WITH VENTURE CAPITAL AND PRIVATE EQUITY FUNDS

Skolkovo signed MoU s with 45 VCs, with soft investment commitments in excess of \$550m. Skolkovo offers VC-backed companies non-dilutive financing if they choose to locate part of their R&D activity in Russia.

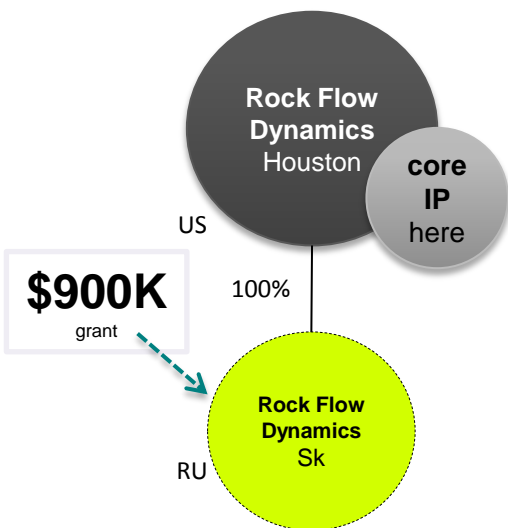
ILLUSTRATIVE



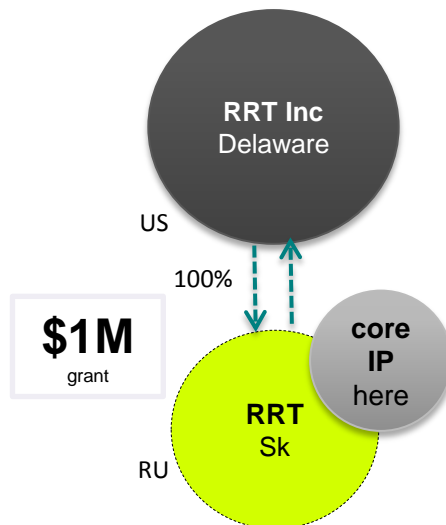
# SKOLKOVO IP POLICY: CASE STUDY

**We do not require the core IP to be located in Russia or owned by Skolkovo resident company. Case study:**

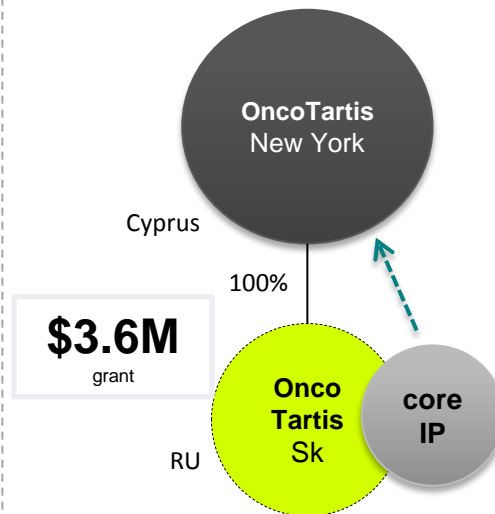
**Rock Flow Dynamics Sk** obtained \$300k grant. Core IP transfer from the parent US company **RFD** wasn't required.



**RRT global** purchased 100% of **RRT Sk** (the core IP holder) after \$1mln grant was obtained by RRT Sk. No approval from Skolkovo was required.



**OncoTartis Sk** got approval from Grant committee to obtain \$1mln grant and to transfer core IP to the parent US company **OncoTartis Inc** after project is completed.

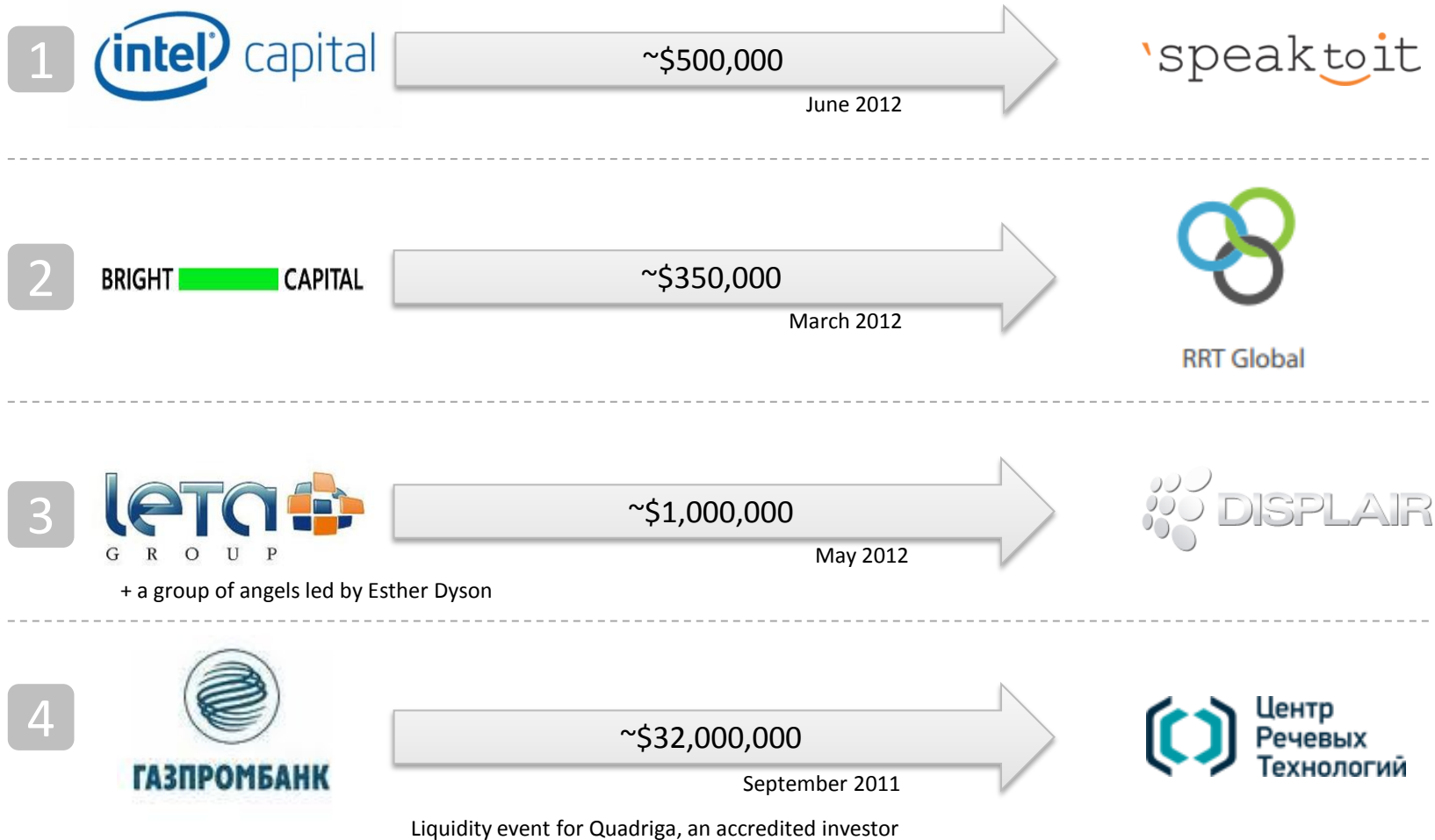


## **Skolkovo principles:**

- no Foundation's stake or IP ownership in Skolkovo residents and grant recipients
- Skolkovo resident company should first register IP in its name if funded by grant
- exclusive licensing and IP transfer should be approved by the Foundation



# SELECT EXAMPLES OF SKOLKOVO PARTNERSHIP WITH VENTURE CAPITAL



# LIST OF SELECTED VCS ACCREDITED WITH SKOLKOVO FOUNDATION

1. Almaz Capital



2. Exigen Capital



3. Bessemer Venture Partners

4. Helix Ventures



5. Runa Capital

6. Alloy Ventures

Helix Ventures

7. Bioprocess Capital



8. VTB Capital

9. I2BF

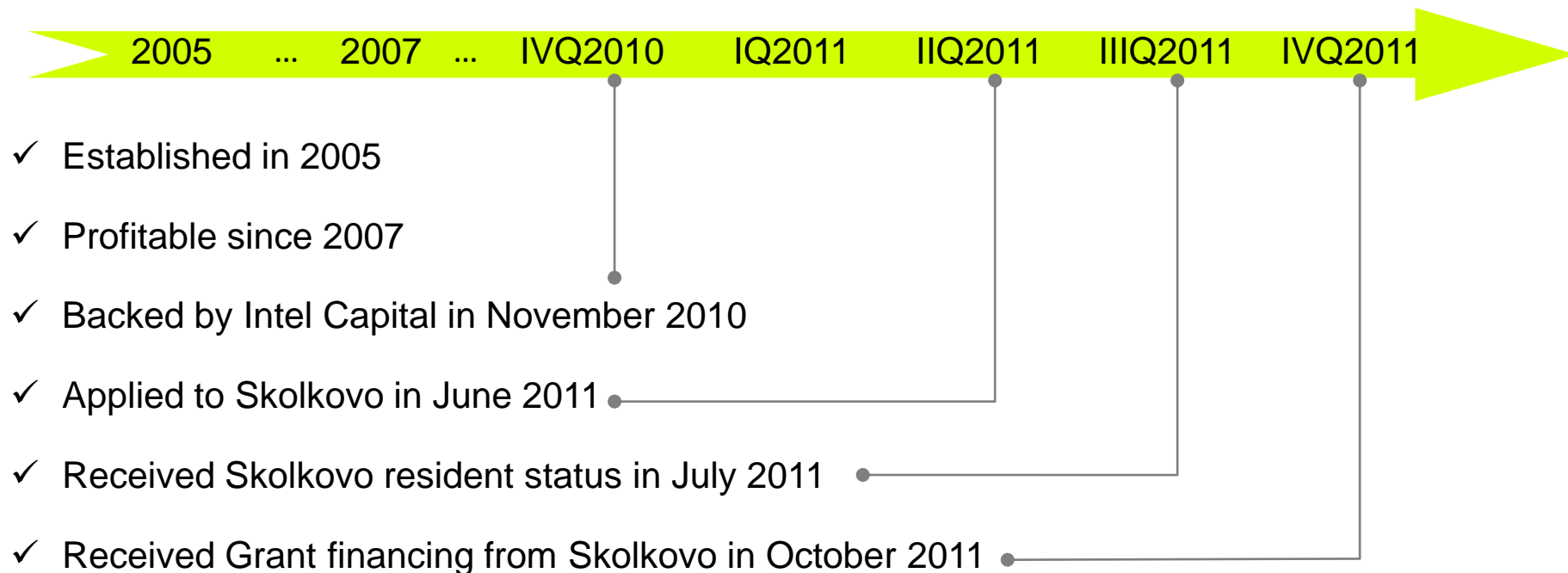


10. Quadriga Capital

## CASE STUDY: ROCK FLOW DYNAMICS

**RockFlow Dynamics, backed by Intel Capital, received grant financing from Skolkovo Foundation.**

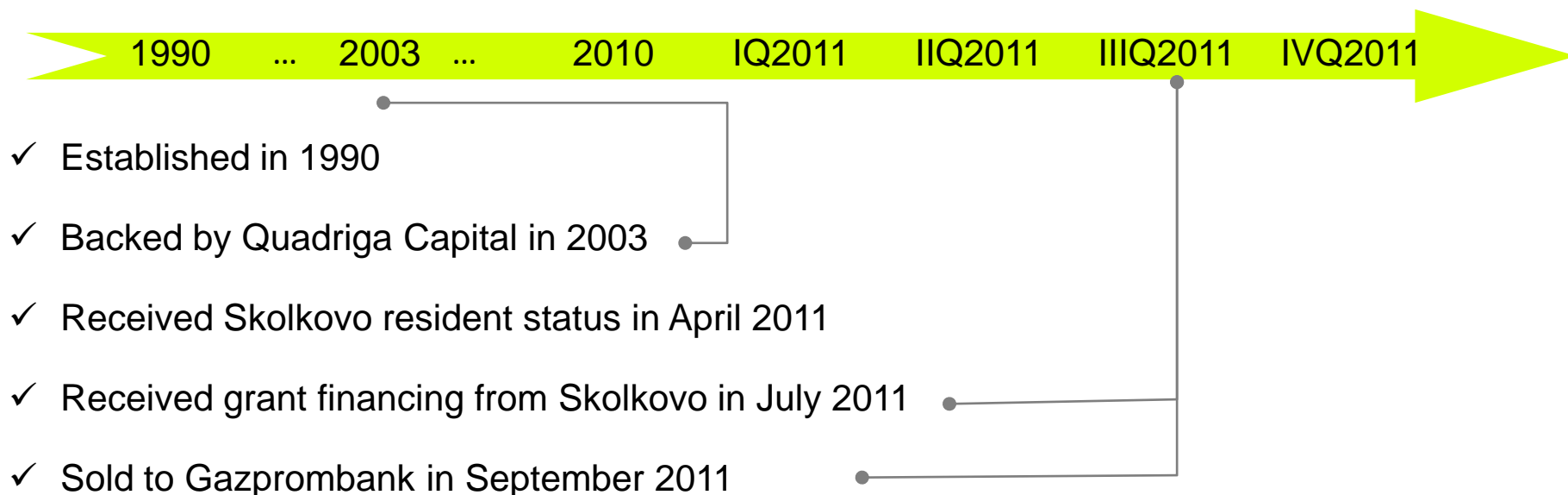
Rock Flow Dynamics (RFD) develops software for the petroleum industry. It offers a wide range of advanced innovative tools for reservoir engineering implemented in tNavigator – the dynamic reservoir simulator developed by the company.



## CASE STUDY: SPEECH TECHNOLOGY CENTER

### **Quadriga Capital successfully exited Speech Technology Center after its R&D affiliate was supported by grant financing from Skolkovo Foundation**

Speech Technology Center (STC) is a leader in cutting-edge voice-based solutions in speech recording, processing and analysis. Headquartered in St. Petersburg, Russia, STC has subsidiaries in the US, Germany, and Mexico. It has a global distribution network of more than 200 resellers and partners, and its products are deployed in over 74 countries.



## CASE STUDY: ALION

**California-based Alion, portfolio company of Sequoia, DAG Ventures, Cleantech Group and Bright Capital applied to Skolkovo and was qualified by Skolkovo expert board to become one of the Skolkovo residents**

Alion is developing solutions for utility scale photovoltaic (solar) power plants. The company was formerly known as sunprint. It is using acoustic printing to pattern cadmium telluride on a substrate.



- ✓ Established in 2008
- ✓ Seed Funding from Sequoia Capital
- ✓ Applied to Skolkovo in July 2011
- ✓ Received Skolkovo expert board in August 2011 and residence in 2012
- ✓ Currently Alion is already working on the grant application



## CONTACT DETAILS

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