

KOTEC Newsletter

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KOTEC Introduces Singapore to Systems for Better Work-Family Balance

On March 15 in Seoul, KOTEC, led by Kim, Hanchul, received a delegation from Singapore's NPTD (National Population and Talent Division), led by Mrs. Josephine Teo, the Senior Minister of State for the Ministry of Foreign Affairs, and introduced its systems for establishing a better work-family balance.

The delegation included high-ranking officials from the NPTD, along with Singapore's Ambassador to Korea, Yip, Wei Kiat, and the event was also attended by reporters from The Straits Times and Channel News Asia(CNA).

On World Population Day in 2015, the Korean government recognized KOTEC for its efforts to help employees balance their career and family, and also granted a Presidential Award. In 2014, KOTEC was also awarded by the Korean Ministry of Gender Equality and Family for its family-friendly practices. The delegation from Singapore had researched on about how Korea has pushed to establish a better work-family balance in society and chose KOTEC to learn more, in a real case, about its flexible working hours and systems designed to support maternal and child care programs.

KOTEC has put in place various systems in coordination with its labor union to help employees advance their career as well as enrich a family life. It is also trying to develop a corporate culture based on "smart work," which puts more focus on "completing jobs within a set timeline" than "simply spending more time," and strives to change the working culture rooted in long hours, instead encouraging employees to maintain flexible work schedules. KOTEC will use the delegation's visit as an opportunity to study best practices in advanced countries and apply them to its own systems.



[Mr. Hanchul Kim(left) and Mrs. Josephine Teo(center)]

KOTEC Works with KIC-Europe to Support Global Business for Technology-based SMEs

On April 7, KOTEC and the KIC-Europe (Korea Innovation Center), headed by On, Ki-won, signed an agreement at KOTEC's Busan Headquarters to promote overseas business for technology-based SMEs. Located in Brussels, Belgium, the KIC-Europe was created by the Korean Ministry of Science, ICT and Future Planning in order to provide cooperative support between Korea and the EU in science technology and ICT, and for the global business goals of high-performing Korean companies.

The agreement was made between the two organizations as they shared an understanding of the importance of putting in place a system to coordinate



support for the business of technology-oriented SMEs in Europe, which are the major drivers of growth in a creative economy. The EU is Korea's 3rd largest trading partner and a critical market for major Korean exports, including ships, auto parts, petrochemical products, and wireless communication devices. It recorded USD 114 billion in total trading volume for 2014.

Under the agreement, the two organizations will build an organized coordination system to support the growth of excellent technology-based SMEs and their business in Europe. Major aspects of the agreement include: KOTEC identifying well-performing SMEs using its technology evaluation system; the KIC-Europe providing support for the companies identified by KOTEC to conduct business and R&D activities in Europe; KOTEC conducting technology evaluations on companies recommended by the KIC-Europe and providing technology-based financing; and the two parties building a collaborative system to take advantage of overseas infrastructure and networks.

KOTEC and the KIC-Europe will be able to establish numerous support measures based on the agreement, from identifying prospective technology-oriented companies to helping with R&D projects in Europe. These efforts are expected to contribute to the development of the national economy by helping Korean SMEs grow into globally recognized companies.



KOTEC's Technology-based Financing has Great Effects in Policy Financing

The technology-based financing offered by KOTEC, funded by the Korean government, was found to have brought various beneficial effects in policy financing, including more jobs and R&D investment for SMEs. According to a recent analysis, companies that received technology-based financial support were found to have outperformed those that did not. Growth in R&D investment and job creation was more than twice as high in benefiting companies than in companies that did not receive financing.

The analysis was conducted based on 2012 data by the Korea Productivity Center, and at the request of KOTEC. It was done through a comparative analysis of companies with similar natures to measure the net effects of policy financing.

It was notable that, among the several technology-based financing products offered by KOTEC, Guarantees for Creative Economy^{*} and Guarantees for 4 Major Areas^{**} had greater impacts than the others.

* Guarantees for Creative Economy: Guarantees offered for the costs needed to realize creative and imaginative ideas into technology innovation activities, such as R&D, company establishment, and commercialization

** Guarantees for 4 Major Areas: Technology-based financing for best-performing technology companies, "green growth" companies, export-oriented SMEs, and venture start-ups, all of which have the potential to drive future growth in the national economy

As for Guarantees for Creative Economy, the job growth rates for companies that received technology-based financial support surged from 15.3% to 29.9% after the financing was offered, while companies that did not receive financial

support had growth numbers that changed from 1.9% to 1.2%. This shows the net effects of policy financing. Similarly, companies that benefited from Guarantees for 4 Major Areas showed significant increases in rates for job growth, rising from 10.3% to 31.7%, while similar companies without financing recorded a decrease from 2.8% to 0.4%.

The net effects of technology-based financing were clear to not only affect job growth rates but also R&D investment growth. The analysis showed that companies receiving technology-based financing demonstrated substantially improved performance in business (R&D investment, job creation, etc.) and outperformed those that did not receive financing, proving the net effects of technology-based financing. Based on these results, KOTEC will actively run its guarantee systems and continue to develop effective products to expand policy financing funding.

Key to the Success of NEW, Creator of 'Descendants of the Sun', was KOTEC's Guarantee-linked Investment IPO (KOSDAQ), stock sales, and income growth expanding fivefold: a win-win situation for both NEW and KOTEC

[The Herald Business | Kim, Jae Hyeon] The strong relationship between Next Entertainment World (NEW) and the Korea Technology Finance Corporation (KOTEC) is drawing increased attention. NEW is the creator of 'Descendants of the Sun', a mega-hit Korean TV drama.

In December 2012, KOTEC recognized the value of NEW when the company was just over four years old. It was a home-grown venture firm that had already recorded KRW 43.2 billion in revenue (5.1 billion in net income).

KOTEC saw the potential and future value of NEW, as it had a good eye for quality movies and created excellent content, and decided to invest KRW 2 billion on top of the guarantee support delivered in line with the government policy for nurturing cultural content industries.

Since then, NEW has delivered big successes with its movies, notably Miracle in Cell No. 7, New World, Cold Eyes, and The Attorney, growing into a company with KRW 122.1 billion in revenue (12 billion in net income) in 2013. In December 2014, it went to IPO on the KOSDAQ market.

KOTEC then sold its shares in NEW, which it had received in exchange for the investment, and generated an additional KRW 9.2 billion in income, which consolidated its financial conditions. As for NEW, KOTEC's investment was of great help during the company's cash-strapped early years, and it is now experiencing tremendous success with its first TV drama, Descendants of the Sun.

An official with KOTEC said, "the guarantee-linked investment is our flagship product, providing investments after technology appraisal, and we made such an

investment back then when the government was driving Creative Economy policies by supporting cultural content businesses along with technology venture enterprises,” and “the investment paid off and provided us with greater investment resources for other SMEs.”

