

KOTEC Newsletter

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Korea Technology Finance Corporation (KOTEC) celebrates its 28th anniversary

- "Industry 4.0 FIRST Guarantee" released in support of Fourth Industrial Revolution -

On Monday, April 3, the Korea Technology Finance Corporation (Chairman and President Kim Kyu-ok, hereinafter referred to as "KOTEC") held a ceremony to celebrate the 28th anniversary of its founding. The event was held at the Head Office in Busan and was attended by executives and staff members, including Chairman and President Kim Kyu-ok. In his speech, Chairman and President Kim expressed his gratitude to the executives and staff members who have made every effort for KOTEC to grow into a 28-year-old institution that maintains its youthful spirit, while also asking for preparations for a new future.

KOTEC pioneered a new paradigm of technology finance by combining technology evaluation and finance and, based on this, decided to lead the era of the Fourth Industrial Revolution. An official from KOTEC stated at the anniversary event that each department presented various opinions, including 'The case in support of the Fourth Industrial Revolution,' 'Technology evaluation linked to big data,' and 'The strategic plan for work process intelligence,' under the theme of 「**The Fourth Industrial Revolution, what will KOTEC do?**」. He also said that an internal consensus had been spread through these efforts.

In particular, KOTEC launched a new product that supports technologies and industries slated to lead the Fourth Industrial Revolution, such as the Internet of things and artificial intelligence. The product's name is 'Industry 4.0 FIRST guarantee,' with 'FIRST' standing for the **Fourth Industrial Revolution and Significant Transformation**.

KOTEC decided to select companies related to the Fourth Industrial Revolution and intensively support them. Technologies related to the Fourth Industrial Revolution refer to the "New Growth Common Standard" announced by the government at the beginning of this year, and they include the main technologies connected to automation technology, robots, autonomous navigation, 3D printing, bio, big data, and artificial intelligence. KOTEC will support companies that engage in technologies related to the Fourth Industrial Revolution and meeting the KOTEC criteria, such as super connectives (network connections between humans and other humans, humans and objects, objects and objects), super intelligence (related to artificial intelligence and big data), convergence (ICT convergence), creation of new businesses, new markets, and synergies.

KOTEC is planning to run a program that **intensively supports these companies with an annual amount of up to one trillion won by alleviating the application process and conditions**. KOTEC will classify companies into core companies with high ratings (BBB or above for excellent technology companies) and general companies with average ratings (B or above). Additionally, the core companies will be given various incentives, such as recommendations for investments linked to guarantees, guarantee ratios, and guarantee fees, etc.

Meanwhile, on the 28th anniversary of its founding, KOTEC announced its intentions to become the platform of Korea by dramatically expanding its support for founding businesses from 5 trillion won to 10 trillion won annually, focusing on industries related to the Fourth Industrial Revolution.

KOTEC-analyzed high-growth companies receiving technology finance contribute to high job creation

According to the Korea Technology Finance Corporation (Chairman and President Kim Kyu-ok, hereinafter referred to as "KOTEC"), high-growth companies and gazelle companies supported by technology finance have created strong sustainable jobs and vitality for the Korean economy. This analysis was carried out by the Korea Productivity Center (KPC) upon request from KOTEC. This study compared 1,414 high-growth firms that received technology finance in 2013 with 5,602 high-growth firms provided by Korea Enterprise Data (KED). It was performed to analyze the business performance and job creation of high-growth companies and gazelle companies through KOTEC's support and to empirically verify the effects.

High-growth companies are companies that have increased their sales or the number of regular employees by more than 20% over the past three years. About 22.6% of the high-growth companies that received KOTEC's support continued to show rapid growth after two years of support, and this ratio is much higher than for unsupported firms (13.9%).

According to the analysis, the sustainable high growth of these companies receiving technology finance support was attributed to increased sales of 69.1% and increased employment of 70.7%. Meanwhile, the high growth of firms not supported through technology finance was mainly due to increased sales rather than job creation. This result shows that high-growth companies that were supported by technology finance created jobs in the process of increasing sales. The result was similar for gazelle companies that were less than five years old.

In this era of the new normal of three low phenomena (low growth, low consumption, and low investment), policies should focus on companies that create jobs to overcome such problems.

A KOTEC official said, "Policy on funding that fits the characteristics of each company, such as technology finance, contributes greatly to the sustainable growth and job creation of high-growth companies and gazelle companies. As a result, it leads to activating the economy. KOTEC plans to continue to expand its support based on technology to these companies to overcome the era of the new normal and respond to the Fourth Industrial Revolution."

KOTEC providing KRW 2.1 trillion in support of technology commercialization for universities (over three years)

- Signed the "U-TECH Valley" agreement with nine regional universities –

On Monday, April 24, at the KOREANA Hotel in Seoul, the Korea Technology Finance Corporation (Chairman and President Kim Kyu-ok, hereinafter referred to as "KOTEC") signed the "agreement for building a platform to support technology commercialization for universities (U-TECH Valley)" with nine national universities in various provinces across Korea including Kangwon National University, Gyeongbuk National University, Gyeongsang National University, Pusan National University, Jeonnam National University, Jeonbuk National University, Jeju National University, Chungnam National University, and Chungbuk National University.

This agreement follows a pilot agreement with five other universities, including Seoul National University, Yonsei University, Korea University, KAIST, and POSTECH, signed in December of last year. This agreement aims to build a foundation for excellent researchers at each university to challenge technology start-ups to operate without fear of failure. KOTEC announced a total amount of KRW 2.1 trillion in financial support, providing KRW 1.2 trillion to nine national universities over the course of three years (KRW 400 billion a year), to go with the KRW 900 billion already budgeted to the existing five universities (also over three years).

KOTEC's support applies to companies founded by professors of science and engineering and researchers, and recommended by universities as start-up companies within these universities. KOTEC will set a preliminary limit of up to KRW 3 billion for these companies and will provide step-by-step support for start-up, R&D, and commercialization funds. Moreover, KOTEC will waive joint guarantees for founders.

KOTEC will additionally provide consulting support for companies that have applied through this agreement to participate in an IPO through KOSDAQ's "Special Listing Rules for technology companies." In addition to this funding, KOTEC plans to assist companies to start businesses successfully by providing responsible and close support through long-term road maps like Silicon Valley's accelerators.

Universities are places where technology, ideas, and enthusiasm—all necessary resources for start-ups—are concentrated, and universities' research powers lie at the center of technological innovation. However, there is a lack of success stories to match those of star venture companies. U-TECH Valley is expected to become a platform to induce and support start-ups involving excellent technical personnel, such as professors, researchers, and scholars who make up the entrepreneurial infrastructures of these universities.

"Through this agreement, professionals at the university will be able to move forward with sufficient funding without having to worry about joint guarantees. KOTEC will take the lead in helping universities contribute to the growth of the national economy in the era of the Fourth Industrial Revolution," said KOTEC Chairman and President Kim Kyu-ok.

KOTEC – PPS concluded agreement on supporting markets for venture and start-up enterprises

- Leads to buying the products of venture and start-up companies through public procurement market –

On June 4 at the KOTEC's Head Office in Busan, the Korea Technology Finance Corporation (Chairman and President Kim Kyu-ok, hereinafter referred to as "KOTEC") and the Public Procurement Service (Administrator Chung Yangho, hereinafter referred to as "PPS") concluded a business agreement for venture and start-up companies. Through this agreement, start-up companies showing weak market competitiveness can enter the public procurement market and establish a foundation for growth, such as through experience and delivery performance.

Through the agreement, KOTEC will recommend start-up and venture companies demonstrating excellent technologies to PPS, and PPS will support the construction of public procurement channels by registering the recommended companies in "Venture Land." (**Venture Land: online mall dedicated to venture and start-up companies, established and operated by PPS**)

The recommendation applies to companies with a grade of "BB" or higher in KOTEC's technology evaluation level among venture and start-up companies that produce finished products. The PPS will designate the recommended company's product as a "venture and start-up innovation procurement product" through a quality evaluation and public procurement suitability examination. The PPS will provide various forms of support, such as by registering the product in "Venture Land" and granting a certification mark, etc.

KOTEC will register more than 100 enterprises per year in "Venture Land," and will provide preferential guarantees for these companies while reducing guarantee fees by 0.2%.

As a result of this agreement, KOTEC has been designated as a recommendation institution for the innovative procurement of venture and start-up commodities by PPS, marking a first for a public institution. This allows KOTEC to expand its support areas from funding and consulting to additional market supports, while PPS can vitalize "Venture Land" by diversifying recommendation agencies.

Kim Kyu-ok, the Chairman and President of KOTEC stated, "We hope that the two institutions will contribute to the establishment of a stable base for growth by jointly supporting venture and start-up companies. And KOTEC will reinforce its position as an institution supporting venture and start-up enterprises by cooperating with other related agencies."