



Proof of Concept Fund

**EEDA grant scheme helps East of England companies
bring new products to market**

Summary

EEDA's Proof of Concept fund helps small to medium-sized enterprises (SMEs) find out if their new products and ideas are likely to make money. The fund is proving invaluable to SMEs working hard to transform original thinking into commercial success.

County:	Essex (and region-wide)
Programme:	Business Support
Date:	February 2008

Main messages

- EEDA funding helps SMEs to find out if new products will sell
- Channels funding directly into market testing of new products and ideas
- Helps companies identify the best and quickest ways to reach customers
- Attracts applications from entrepreneurs across the East of England.

Case study

Seeking out market opportunities

Simon Harris, co-founder of engineering company Lysanda, is a strong believer that EEDA's Proof of Concept fund can help businesses turn original thinking into commercial success. The company has been awarded an EEDA grant to fund market research for Eco-Log – a new system for monitoring and controlling vehicle emissions.

Simon and his team wanted to find out if there was a market for Eco-Log, and how best to sell it, but had no funds to spare from testing and perfecting the prototype. "We knew we

were on to something potentially big, but any funds we had were needed to prove that the technology could be made to work,” said Simon. “For evidence of market interest and how to get to market, we had to rely on a mixture of anecdote, hunch and assertion, as we didn’t have the resources to explore these issues further.”

Lysanda used its £25,000 grant from EEDA to commission a leading European consultant to research the market for Eco-Log in the UK and Europe. His report, produced within a month of the EEDA award, identified potential first customers, and companies that Lysanda could partner with to sell Eco-Log. “Armed with this report, we were able to get out and start talking to these prospects, even before our prototype was completed,” said Simon.

EEDA’s funding also helped Simon and his colleagues pay for attendance at several industry events, including a series organised in Gothenburg, Sweden, where they met important industry contacts. “We established that Sweden is likely to be a market highly receptive to our products, as it has a culture of road safety and environmental responsibility across all sectors of society.” Lysanda has now appointed a representative in Gothenburg.

Helping concepts become reality

EEDA launched its Proof of Concept fund in June 2006, and allocated a total of £1.2 million in funding to 50 companies in its first year. Grants ranged from the minimum of £5,000 to the maximum of £40,000. EEDA had expected between 100 and 120 individuals and businesses to apply, but actually received 177 applications by the August deadline, reinforcing the region’s reputation for innovation and R&D (the East of England is the only UK region in the EU top 10 ranked by R&D spend as a proportion of GDP: 3.64 per cent).

Innovation takes many forms. Another successful applicant in 2006 was KIS founder Ray Pitman, who sought funding to help develop a new design of bra fastener. Whatever the technology, each application was assessed on criteria such as:

- Project background, including any R&D to date
- Commercial prospects and potential markets
- Level of innovation in new products and concepts
- Status of associated patents and trademarks
- Abilities of the project and management teams.

“Individuals and smaller companies are often lost for want of a little investment to see whether a product will work and whether there is a market for it,” said Edward Bowie, access to finance manager at EEDA. “Now these companies can take the next step forward and hopefully see their dreams become a reality.”

The success of the programme, since its launch in 2006, means that total funding available for innovative businesses applying to the Proof of Concept fund in 2008 has increased to £1.5 million.

Conclusion

EEDA's Proof of Concept fund is helping SMEs such as Lysanda to realise their commercial potential. Grants are enabling companies across the East of England to discover if their new products will sell, and to identify the quickest and best ways to reach customers.

Extra quotes

Edward Bowie, access to finance manager, EEDA

"Translating ideas into profitable businesses not only requires vision; it needs careful nurturing. The Proof of Concept fund gives entrepreneurs the opportunity to thoroughly test the commercial environment confronting their businesses prior to launch."

Ray Pitman, founder of start-up company KIS

"Being awarded this grant through the Proof of Concept fund could prove critical in helping me to get this product to market, and I am already receiving invaluable feedback on my design."

Additional information

For more information about the Proof of Concept fund, please visit

www.eeda.org.uk/proofofconcept

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