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SPRING SEEDS Capital sets aside S\$100 million to groom startups in emerging sectors with co-investment partners

The Call for Partners (CFP) will be open from 18 July to 25 August 2017

1. **SPRING SEEDS Capital Pte Ltd (SSC)**, the investment arm of SPRING Singapore, has committed up to S\$100 million to groom high potential startups and is calling for co-investment partners.
2. Together with SSC, these partners will identify and co-invest in Singapore-based deep technology (deep tech) startups¹ in **Advanced Manufacturing & Engineering (AME)**, **Health & Biomedical Sciences (HBMS)**, and **Urban Solutions & Sustainability (USS)** which are domain areas under the Research, Innovation and Enterprise 2020 (RIE2020) plan (please refer to **Annex A** for more details). The amount set aside by SSC will be matched by private capital raised by these partners. Interested partners are invited to attend briefings on 19 and 21 July 2017, and should submit their proposals by 25 August 2017, 1700h to cfp_sse@spring.gov.sg.

¹ "Deep technology startups" refers to startups whose business models are built critically around proprietary technologies, research or hardware, and for which significant developmental efforts (e.g. product design and prototyping, product testing, clinical trials etc.) are needed before their products are ready for sale.

Examples of traits exhibited by deep technology startups include:

- Building products around unique, differentiated, often protected or hard to reproduce technological or scientific advances;
- Having high barriers to entry and high cost of bringing ideas or products to market; and
- Needing a long commercialisation period (typically more than 3 years).

3. The sectors identified have high potential for growth and offer many opportunities for startups. They also generate significant economic and social impact, such as productivity improvement through the use of innovative and disruptive technologies.
4. As companies in deep tech sectors may need a longer runway for development and commercialisation, SPRING and the new co-investment partners will support and catalyse smart financing options for early-stage startups in these sectors. Besides funding support, these partners must take a hands-on approach in helping early-stage startups fast-track commercialisation through mentorship and connect them to potential clients through their networks.
5. This CFP is an initiative under Startup SG Equity. To stimulate more private-sector investments in deep tech areas, SPRING has enhanced funding support under this scheme by increasing the funding ratio of government co-investment for early-stage startups and existing investment caps for promising startups in deep tech sectors. SPRING now provides a co-matching of 7:3 (up from 1:1 previously) for the first S\$500,000 of co-investment amount, and, for matching partners, up to S\$4 million per deep tech startup (please refer to **Annex C**).
6. Since the previous appointment of accelerators in May 2016, some of SSC's investee companies have successfully raised more funding, including [Structo](#) and [Whizpace](#) (both in AME) and [AWAK Technologies](#) (in HBMS). In the area of USS, SSC has recently completed an investment in [Packet Greens](#).
7. Ted Tan, Chairman of SPRING SEEDS Capital and Deputy Chief Executive of SPRING Singapore, said, "With the support of our partners, we will co-invest in Singapore-based startups that are innovative and capable of scaling up across global markets. These partners will accelerate their growth and multiply the impact of our continuous efforts to groom more successful startups in emerging and deep technology sectors."

Eligibility and evaluation criteria:

8. The CFP is open to local and foreign parties with operations based in Singapore. Applicants² will need to demonstrate financial commitment, resources, domain expertise and experience to nurture Singapore-based innovative startups. They will be selected based on criteria including the capability and experience of the team, adequacy of facilities and resources, and fund management processes (please refer to **Annex B**). They must also have a strong track record of nurturing and investing in early-stage tech startups and access to investment capital and follow-on investors.
9. Applicants may concurrently apply for SPRING's **Section 13H Tax Incentive (S13H)**³, a tax incentive for approved venture capital and private equity funds, and **Fund Management Incentive (FMI)**⁴, a tax incentive for fund management companies.

Briefings:

10. SPRING will be conducting two briefings for interested parties on 19 July 2017 (3:30PM to 5:30PM) and 21 July 2017 (9:30AM to 11:30AM) at Ideation Centre⁵. Those who are interested can sign up [online](#)⁶. More information about the scope, criteria, application and evaluation process can be found [here](#).

² Co-investment partners that are currently supported by SSC need to demonstrate the ability to deliver beyond existing targets committed to SSC.

³ S13H is a tax incentive for approved venture capital and private equity funds which allows an approved fund a zero-rated tax relief for a period of up to 10 years in respect of:

- a) gains arising from the divestment of approved portfolio holdings;
- b) dividend income from approved foreign portfolio companies; and
- c) interest income arising from approved foreign convertible loan stock.

⁴ FMI is a tax incentive for fund management companies which allows an approved fund management company a 5% tax concession relief for a period of up to 10 years in respect of:

- d) management fees derived from an approved venture capital fund; and
- e) performance bonus received from the said approved venture capital fund

⁵ Ideation Centre is located at Blk 79 Ayer Rajah Crescent, #01-13/14, Launchpad @one-north, S139955.

⁶ Interested attendees can register for briefings here: <https://www.eventbrite.sg/e/public-briefing-call-for-proposal-2017-tickets-351662130090>. Registration is open until 20 July 2017 1700h.

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About SPRING Singapore

SPRING Singapore is an agency under the Ministry of Trade and Industry responsible for helping Singapore enterprises grow and building trust in Singapore products and services. As the enterprise development agency, SPRING works with partners to help enterprises in financing, capability and management development, technology and innovation, and access to markets. As the national standards and accreditation body, SPRING develops and promotes an internationally-recognised standards and quality assurance infrastructure. SPRING also oversees the safety of general consumer goods in Singapore. Please visit www.spring.gov.sg for more information and news about SPRING Singapore.

About SPRING SEEDS Capital Pte Ltd (SSC)

SPRING SEEDS Capital (SSC), an investment arm of SPRING Singapore, co-invests with independent investor(s) in high potential Singapore-based startups with innovative and strong intellectual content that are scalable across international markets. It also manages co-investment funds administered under Startup SG Equity, a scheme which catalyses private-sector investment for startups through government equity co-investment. Under Startup SG Equity, SSC supports early-stage startups across a wide range of technology and industry domain areas. For more information on the funding programmes, please visit www.spring.gov.sg and www.startupsg.net.

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ANNEX A: SECTORS OF INTEREST

Advanced Manufacturing & Engineering (“AME”)

This sector involves advanced technologies to support the growth and competitiveness of the manufacturing and engineering sector. Its focus areas include: i) advanced manufacturing, ii) advanced materials & process engineering, and iii) the Internet of Things (IoT). Some of its sub-sectors are additive manufacturing (also known as “3D printing”), robotics, biomaterials, agri-technology, nanotechnology, lightweight and novel materials, intelligent systems or products, and technologies that can enable IoT adoption.

Health & Biomedical Sciences (“HBMS”)

This sector involves the development of technologies that monitor, diagnose, treat, and/or improve medical conditions. It has five therapeutic focus areas, including: i) cancers; ii) cardiovascular diseases; iii) diabetes mellitus & other metabolic/endocrine conditions; iv) infectious diseases; and v) neurological & sense disorders. Its sub-sectors include medical devices, in-vitro diagnostics, diagnostic imaging, life-science research tools, surgical robotics, endoscopy and digital health technologies.

Urban Solutions and Sustainability (“USS”)

This sector involves technologies which focus on enhancing our living environment and address our resource constraints in a sustainable manner which reduces carbon emissions and efficiently uses natural resources. This includes areas such as renewable energy, water, environment, urban mobility and liveable spaces. Its sub-sectors include renewable energy generation, storage and energy management, smart grids, waste and water monitoring, treatment, recycling and management, urban mobility, land and liveability, as well as agri-technology.

ANNEX B: ELIGIBILITY AND EVALUATION CRITERIA

1. Eligibility

1.1 The call for partners is open to all interested local and foreign parties with operations based in Singapore who are able to demonstrate financial commitment, resources, domain expertise and experience to nurture Singapore based innovative startups.

1.2 Applicants⁷ can be investors with established track records. Corporates and consortia formed by groups of partners with expertise in the various functions of identifying, financing and growing startups are also welcome.

1.3 To be eligible for S13H and FMI, the venture capital/private equity funds and fund management companies should fulfil the following basic conditions:

- a. The funds should be incorporated and based in Singapore and;
- b. The fund management companies should be incorporated and based in Singapore. They should also have obtained the necessary approvals and licenses (e.g. Capital Markets Services License, Registered Fund Management Company) from the Monetary Authority of Singapore for their proposed activities.

Award is subject to other conditions which the incentive team will discuss with the short-listed candidates.

2. Evaluation criteria

2.1 Co-investment partners will be selected based on the following general criteria:

- a. Capability of team

⁷ Co-Investment Partners that are current supported by SSC need to demonstrate the ability to deliver beyond existing targets committed to SSC.

- i. Familiarity and knowledge of the local startup ecosystem for the sectors identified
 - ii. Track record in working with startups in the relevant sectors
 - iii. Ability and commitment to adopt a hands-on approach with the startups' operations
- b. Adequacy of facilities and resources
- i. Access to deal flow predominantly built around proprietary technologies, research or hardware
 - ii. Access to distribution channels / markets
 - iii. Access to expert advisors - business and technical development, quality system compliance
 - iv. Access to other functions – prototyping & pilot manufacturing facilities, legal, and accounting
- c. Decision-making and fund management process
- i. Due diligence process
 - ii. Investment approval process

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2.2 Apart from the general criteria above, applicants need to demonstrate the following:

- Track record of nurturing and investing in tech startups from early stage through first-round and follow-on financing
- Access to investment capital and follow-on investors

Please refer to the [specifications document](#) for details on criteria and conditions.

ANNEX C: INFORMATION ON STARTUP SG EQUITY

Under Startup SG Equity, government co-investment in startups has been enhanced to support growth in deep technology (deep tech) areas such as medical technology, clean technology and advanced manufacturing and engineering. As startups in these areas often require higher capital expenditure and longer commercialisation runways, SPRING has enhanced funding support by increasing the funding ratio of government co-investment for early-stage startups and increasing the existing investment caps for promising startups in deep tech sectors.

A comparison of the previous and new investment parameters is shown in the table below:

	<i>Previous Investment Parameters</i> ⁸	New Investment Parameters	
	None	Deep tech	General tech
Investment Cap	\$2M	\$4M	\$2M
Co-investment ratio	1:1	7:3 up to \$500K, 1:1 thereafter up to \$4M	7:3 up to \$250K, 1:1 thereafter up to \$2M

⁸ This includes the Startup Enterprise Development Scheme (SEEDS), Business Angels Scheme (BAS) and Sector Specific Accelerator (SSA) scheme.