iDea Framework
Participatory
Entrepreneurial
Assessment, Assistance
& Funding

Detailed description,
iDea Framework a practical guide to revolute Innovation

Evangelos Achillopoulos
iDea Framework Ltd
info@idea.com.gr
Mob. +30 6932834153
**iDea Framework, a practical guide to revolute Innovation**

**iDea**, using open innovation techniques, is a novel Participatory Entrepreneurial Assessment and early stage funding/incubating Framework that can be implemented by Governments and/or Institutions. It creates a Bio-mimetic model of value relationships. The relationships are dynamic and the system evolves naturally as immediate consequence of the interactions taking place. Uncontrollably... Trusting that since interactions and actions happen only to add value, there is no need for control. An organized Anarchy ecosystem artificially created similar to what Markets are. Mitigating the dominance of tangible capital with the substitution of it with intangible values like knowledge, skills, inventiveness and personal effort, ideas are unleashed and entrepreneurs are motivated to create wealth. iDea aims to “Activate Peoples Potential”

### 1.0 Introduction

The problem that the great majority of innovative Start-Ups face accessing funds is well known to almost all actors. Yet none of the measures introduced by Governments and the EU has resulted in a successful massive implementation of European-wide Innovation. A large number of studies available from Kauffman Foundation demonstrate that those innovative Start-Ups are the main Job creators in our societies with a rate of 5 to 1 from all other actors.

This paper will aim to reveal a different view of the problem and ultimately a practical solution will be proposed aiming to deliver a Pan-European revolution of massive innovation with minimum cost to countries that want to implement it.

### 2.0 The problem

Based on experience data, a typical Start-Up needs a capital of 10K€ to 50K€ in the Seed phase and a capital of 80K€ to 600K€ in the Start-Up phase. In the case of Internet or Software only Start-Ups the startup phase capital can be from 50K€ to 200K€. An old Greek saying dictates that ideas are coming from necessity - "Πενία Τέχνας Κατεργάζεται". The correspondent English version states "Necessity is the mother of all invention". So let’s see which part of the EU population fulfills this argument.


![Distribution of incomes with reference to the EU median, 2006](image)

Considering that the median income for the year 2006 was 13.187€, it’s clear from the above chart that almost 95% of the EU population needs at least 15 to 25 years of savings to accumulate a mere 40K€ to 80K€, subtracting the cost of the remaining an individual needs in order to survive, such as food, clothing, transport, house etc.

The amount of capital needed to start a business due to the nature of the expenditure isn’t it defined by the typical purchasing power parities compensation (PPP) assumption typically used, since a notebook computer i.e. everywhere in EU costs almost the same, the same applies to the 90% of the production machinery, software, furniture needed. As a result the problem is even wider in countries with less income available to the lower 80 percentile.

Consequently, 95% of Europeans with a good idea based on research and development or inventiveness, is crowd out by the EU measures, and particularly by the clause which necessitates that a percentage of the investment is financed by the entrepreneurs’ own capital funds. Additionally, a bank loan needs an asset for collateral to be given; such an asset -typically a
house is very difficult to be accumulated by an individual without years of hard work. Furthermore, EU measures demand most of the times at least 25% to derive from savings instead of credit, which makes the access to EU subsidies even harder. Even in the case that the entrepreneur has managed to collect the required personal contribution, he also needs cash availability to finance 100% of the investment. The authorities that subsidize request receipts of payment in order to proceed with the reimbursement of their % contribution as agreed. An entrepreneur needs to fail at least 3 to 4 times in order to succeed, a fact that imposes an additional huge barrier to almost everyone coming from the remaining 95% of EU population.

All EU measures that aim at entrepreneurs, assume a level of wealth from the entrepreneurs’ side that simply doesn’t exist, even if they actually risk all their belongings to an idea. Moreover, the problem expands further due to the widening of the gap between poor and rich and the extremely quick vanishing of the middle class.

2.1 Investors

A question that naturally comes to mind, especially from the side of authorities is “why don’t entrepreneurs find an investor?” The following paragraph investigates this argument and cites the findings.

In a recent EPP event in Brussels it was stated that annual Angels and VC investments in EU27 amount to 7$ per capita, in the US to 72$, in Israel to 142$ and in Silicon Valley to 1800$! That’s a clear sign of risk aversion from EU VC’s and Angels.

On the other hand, as shown with the EVCA analytics the number of investments through the years continues to drop. Furthermore, a drop of investments from early stage to more mature stages occurs. In fact the early stage funding throughout Europe is just a bit more than 500 millions per year, combining VC’s and Angels, and it is quickly declining.

In an Entrepreneurs Commons’ study, findings show that from the inc 500|5000 list of the highest growth start-ups in the year 2009 in US, 87% has reached the point to enter the list and considered high growth financed only by own savings and with no assistance from Angels or VC’s. Most of them had in some point in time requested funding, but they were disqualified. That’s, an additional evidence of how many good ideas with the potential to become opportunities are being lost. Hence, it is reasonable to wonder why investors behave this way.

Investors are behaving like this and Entrepreneurs are devastated because of the Financial System’s ongoing disconnection from the real economy. This was also reiterated by the European Parliament in the preamble of the resolution of March 8, 2011 for Financial Transaction Tax FTT, which states:

“C. whereas the spectacular rise in the volume of financial transactions in the global economy within the last decade – a volume which in 2007 reached a level 73.5 times higher than nominal world GDP, mainly owing to the boom on the derivatives market - illustrates the growing disconnection between financial transactions and the needs of the real economy,”

Investors from all over the world are increasingly seeking lottery level profits from early stage funding, while at the same time trying to get them more predictably even though IRR continuous to be negative as an overall trend. In the end because of the negative IRR trend and extremely high expectations they have, they are financing a tiny fraction of the proposals submitted.

This Phenomenon is closely related to the Financialization of our Economies that’s affecting the real economy with a devastating speed. Investors in the modern financial system have a tremendous range of financial instruments to invest their capital and risk for profits. In a way this is by far easier for them to understand and control than startups are, especially in the pre-product, pre-revenues, pre-breakeven phases of seed-startup investment stage, an investment area that is also called “Valley of Death” with a reason.

It’s clear that for investors, the area between 50K€ to 600K€, is considered as exceptionally high risk.

The words typically used are indicative of the status quo, Friends, Family and Fools is the FFF, “Angels” are called the investors of this area, like they are heaven-sent... the “Valley of Death” is another frequently used phrase...

In reality we keep on trying to push unwilling people to drive our prosperity and create Jobs.
2.2 Lets investigate the issue deeper Analysis of the current status quo

The main issue is directly related to Wealth - People distribution. As illustrated in the following diagram, the problematic area lies where wealth is not available.

Governments and the EU tackle the problem of accessing finance by introducing a set of intervention mechanisms closely related to the essence of wealth balancing. The following diagram graphically illustrates the intervention mechanisms.

A tiny proportion of taxpayer’s money, most of them coming from indirect taxes (VAT, Gas, Cigarettes etc.) is allocated, to investment subsidies in a risk sharing basis, along with investments of wealthy and willing actors that are choosing ideas to invest. Investors are coming from the 5% wealthiest area of the population distribution pyramid. Investors are using Experts - “Fund Managers”, in order to assess ideas and proposals most of which originate from the wealthy side, since their income is much higher than 50K€/year. It is important to highlight that 80% of taxes are coming from the less wealthy side of the graph, which is the 95% of EU population that lives on less than 35K€/year. So, in reality the left side creates the capital needed to fully fund its activities, if ever needed and if we imagine that just a 0.3% is more than enough, with absolutely no need to get an investor contribution. But we need Investors and Experts to trigger and add the risk factor in the process, so both Investors and Experts are essential. The system though has a fundamental issue; the efforts and triggers to fix the problem are concentrated solely in the willingness of the 5% in the right side to help, while the problem itself is lying on the 95% of the left side.
In engineering terms, it is as if a Heat Pump (Air Conditioner) is installed in a room that needs to be heated, but the temperature sensor that controls the system is located in a different room, other than that of the Heat Pump, see below:

That’s a typical automation problem; the heat pump will never start heating because temperature feedback doesn’t come from the problematic room. It seems that we keep on trying to get the wealthy ones to trigger, finance and ultimately fix the problems of the poorer side, while the wealthy side doesn’t have the necessity to do so. Given the fact that funds from taxes already allocated are enough to fix the problem and considering that those taxes are coming from the 80% that suffers from the unemployment and lack of growth side of the graph, it is questionable why we keep doing that. This situation could be defined as a Social Automation flaw. In a real life implementation, the guys in the room that need to be heated will freeze to death… Something similar is happening in real life, in Europe, today…

2.3 The problem conclusion

In the worldwide financial environment uncertainty is dominant. Pressure is exercised despite all signs to push unwilling and not in a stipulation state, wealthy people, to either finance the social prosperity or innovate.

This is the explanation of the lack of necessity to innovate that gets to the root of the problem. Even 2500 years ago, Philosophers have been teaching, "Necessity is the mother of all invention". Paraphrasing that, reads, "Necessity is the mother of all Innovation"… Time demonstrated that it is not common to expect people with hundreds of thousands or even millions of euros in savings to get inspired and start innovating since they don’t have a direct necessity to do so.

On the other hand it is remarkable how we expect that 5% of the population either has all the ideas, wants to start-up, or invests money in risky and unpredictable businesses, while the financial crisis gets uncontrollably huge, jobs are vanishing and trade balances make Europe turn from a leader, to a follower…

In conclusion, it is obvious that the necessity argument only complies with the poorer 95% of the EU population, those willing but unable to innovate... and the brave ones that are trying to start-up but, due to lack of adequate financing, are losing even what they already had and in the end, become examples not to try for all the others.

3.0 The solution

While the problem is expanding, there is a tremendous level of resources available for innovation. Europe is the leader in Research; there are many well structured Universities generating graduates with incredibly high potential all over Europe; there are many resources in North, South, East and West... like Specialty Labs, Production Resources, Consultants, Business Lawyers, Marketing experts, Incubators, lots of Incubators in all sizes public, private and of all possible kinds. In addition to that there are billions of Euros allocated for Innovation from European and national programs. 143 Billion are being allocated by the EU to meet the 2020 target http://bit.ly/IXP1Zj, underlining that funds are not the issue.

Instead the problems as previously described are firstly the capital barrier and secondly the lack of streamlining the innovation process, in a way that will activate all actors in the innovation pyramid to break the Innovation barrier and reach the desired goal.
3.1 Don’t Push Investors, just Pull them…

Yes, it’s that simple, why we keep pushing unwilling investors to help us? If we compare how many are investing today, to how many don’t, it’s a clear sign that Angels are just the exception that proves the rule… So, why keep “Pushing”? Why don’t we just start “Pulling”? How? Let’s create a system that does few simple things...

In order to start “Pulling” capital towards innovation, we first have to start with the fundamentals; we need to allow ideas to become as predictable as possible with financial data available to show for its performance, without spending a fortune and without throwing away money.

3.2 Activate People’s Potential

Activating People’s Potential and Crowd Source expertise while mobilize and making available the use of all Available Resources, the cost of management of thousands of start-ups could be minimized. At the same time equal opportunities could be made possible in a Democratic and transparent manner to all, and innovative entrepreneurship could be generated.

To be more pragmatic, here is an example of how 4 billion Euros can be invested. If we assume that we start with a 4 billion budget we can get that recycled in an 8 to 10-year cycle and by then complete 32,000 startup tries creating 200,000 Jobs, because the funds have been recycled, will continue to create Jobs indefinitely. In order to manage 32,000 startups with fund managers and mentors we need almost 2 Billion euros for management fees and mentoring, while European's Business Angels Network (EBAN) data show that the total number of deals is not passing the mark of 1100/year with -10%/-y downward trend.

3.3 iDea Framework structure

The iDea is based on the utilization of the massive power of People and Internet. Innovation is all about giving opportunities to people. More opportunities will produce better results and a substantial number of attempts could be equivalent to immense innovation output.

iDea Framework is a combination of an Offline and an Online cloud structure. Both parts envisage the creation of an ecosystem, allowing physical as well as electronic interactions, processes and functions.

iDea creates a Bio-mimetic model of value exchanging relationships. The relationships are dynamic and the system evolves naturally as immediate consequence of the interactions taking place – Uncontrollably - trusting that since interactions and actions occur only in order to add value, there is no need for control.

The combination of both levels, Offline and Online is extremely critical because the two worlds are complementary. If we do an Online only action, then we are actually trying to create only intangible value and on the other hand if we try to do an Offline action we do create tangible value but we miss the massive reach and hype of the Online world.

Creating a system that will have both, a physical and a virtual structure, integrated processes and interactions, would effectively allow a chain of value exchanging to form in all levels quadrupling the results.

For instance, in order to give the reader a realistic example, consider all cases where money is spent by innovators to acquire an instrument to test an idea i.e. an electronic microscope. A similar asset is located in a Public R&D lab and is not used during the entire summer season, but nobody is made aware of the asset’s availability or its location.

Another example is the people that are able to work in Business Development but are unemployed or work in a job that’s not fitting their abilities, in Spain, the UK, or Ireland. They don't have a way to reach the people with ideas in Greece, Germany or Austria who are primarily seeking funds and then partners. A barrier here is that both are lacking funds. Additionally do we know how many volunteer Mentors we could mobilize if we set such a system in place? Today they must have capital to assist and risk it to be Angels.

Incubators on the other hand are getting filled with low-level innovation startups. This is a widespread phenomenon and we feel that the next step for incubators is to accommodate hairdressers; a self-employed that creates web pages or an engineer that supplies local markets with green consulting aren’t considered as innovators. On the other hand we can find real innovators that have burned the first 50K€ and while they have created 5 to 6 jobs they are still depressed to a small
incubator room in the same size of the one that the lady who creates web pages uses... This innovator faces the problem of access to capital to expand but no one can help him since he is well within the valley of death.

The aim is to create a “Facebook” kind of innovation platform combined with a cloud based ERP (we call it Innovation Resource Planning IRP), which will have a matching physical level and will be available to everyone all over Europe. Not just another network, but instead a system with everything, including funds and well defined processes to supply them in a transparent and Democratically consistent way, a mechanism with the ability to reach all innovation actors those realizing our slogan “Activate People’s Potential”. A system, which will leverage community available resources, those maximizing effectiveness.

Someone would think that such organizations might already be in place. Yet, they aren’t combined seamlessly. Moreover, they don’t have the basic ingredient which is an integrated Funding System. One of the iDea Framework’s objectives proposes the reorganization of all of them in a more efficient way.

3.4 Organizational structure

Such system can be heavily compromised with management burden and can create a new level of red tape. Our design goal was to get the opposite result. To have a system that allows typical and low expertise process to happen in an institutionally organized manner, while on the other hand innovators to have a protection barrier from bureaucracy in order to let entrepreneurship be freely expressed in context. A context of well quantified aims controlled with many small milestones that can easily assess those creating a well-defined funnel in which people can operate with transparency and freedom:

According to approved business plan cash flows, if we don’t allow funds to innovators but instead to be handled directly by audited accounting departments of accredited incubators, then we can set the quantified aims and supply funds in milestones according to aims reached:

Milestones could be created and used as feedback mechanisms in such a way that, for instance, a fully operational prototype’s presentation could be video recorded in front of a community based judging body and uploaded (with a 2 years time delay) in the system’s web portal in order for everyone to be able to verify that the milestone was reached and vote to assess the judges performance. This is the method that makes the system Democratically transparent and accountable.

Other milestones that would be analytically described and purposefully set are, for instance, a successfully defined exit, a momentum in sales growth, or any other target that could be totally verifiable from the incubator’s accounting department. Entrepreneurs will know their targets exactly and that if they don’t deliver within limits they will face penalties and will not be allowed to take part in the iDea ecosystem.

The management burden could be considerably minimized if within this system actors coming from the community are allowed to create value while at the same time they get cross-assessed:
Following the methodology described in the previous paragraph, iDea is making the creation of an area characterized by absolute Direct Democracy or Libertarianism possible, not disorder and lawlessness. Alternatively defined as an Organized Anarchy space, this is the only state in which entrepreneurship could flourish free from bureaucratic barriers and red tape.

The system should powerfully connect people, use special assessment tools and eliminate/mitigate the risk factors.

The Innovation Dipole Entrepreneurial Assessment, iDea Framework successfully manages a methodology that combines the equivalent of own capital risk in the assessment phase of ideas, with the market and business expertise along with mentorship. It revolutionizes the assessment methods for ideas and startups and offers a mechanism to mix and match people using technology advances and an optimized form of social network culture.

3.5 Innovation Dipole

The following paragraph intends to define the innovation Dipole. Innovation Dipole is referring to the duality of a creative mindset on one side of the dipole and a business mindset on the other side. This dipole has to be in complementary balance and in resonance to reach the desired outcome, to stimulate innovation and hence drive entrepreneurship (“Innovate”).

In more specific terms, the dipole concept supports the notion that there are two key human drivers behind innovation leading to success of business venture: the idea promoter (or entrepreneur) and the business developer.

The entrepreneur is the creative mind or the person that has the new idea, the innovative vision and wishes to attempt a startup of a business venture around his/her idea. The entrepreneur is often an engineer or a researcher while other times it is just a creative or an inventive mind or even an ex end-user that has foreseen the need and envisioned a unique solution. Sometimes it is both an engineer and an end-user.

The business developer is a person that has a more business-oriented mindset, which is primarily in marketing and communication. He/she has business studies, an MBA most probably and typically a long résumé in sales and international marketing. This person has experience on how to position a product or service in the international markets, knows how to reach clients, and knows how to manage a company. It is paramount for his or her effectiveness, to have an entrepreneurial and an engineering background as well as to have had failures and successes in order for a new enterprise to capitalize on this experience.

These two actors (entrepreneur and business developer) are the main enablers of every business venture that aims to the transformation of the idea to opportunity and at last to innovation. In conclusion, they constitute the “Innovation Dipole”.

When the two poles of the Innovation Dipole exist in one person, then we have a natural innovator or a serial entrepreneur.

Clearly, there are other factors that prescribe the possible success or failure of a business venture. Innovation drivers require specific technical or other similar skills, like management, consulting and mentoring. These skills can either be hired or offered for free. The difficulty remains in combining a good and profitable idea, entrepreneurial vision, drive and passion with perception of the markets and core talent. The iDea proposes to set up the Innovation Dipole, defined as the soul of Innovation, to successfully lead to innovation.
3.6 iDea execution in a step-by-step course

iDea as previously explained is designed to function in two levels; the so-called physical (off-line) and the virtual (on-line) as graphically represented in the following diagram. The mechanism of the physical level will be a combination of a state fund, which will also be able to incorporate private capital in a risk sharing basis. This level will act as an early stage funding system, along with business incubating/accelerator infrastructures, either internal or outsourced.

In parallel to the physical, the mechanism of the virtual level will run in a dedicated portal. This portal will have various interfaces to satisfy all the different interests from: the administrators’, entrepreneurs’, business developers’, investors’, ventures’, mentors’, incubators’ and public’s perspective.

Each single interface will have a different function dependant on interest group function on the mechanism, with different tools, data views and access properties.

3.7 Preparation of initial operation

On the physical level the mechanism’s administration will create and run a recursive accreditation procedure that will be a widely advertised campaign in the mass media, with the slogan i.e. “Use your skills, Innovate!!!” which will aim at the business development part of the innovation dipole.

The aim of the procedure used will be to gather a continuously growing pool of experienced business developers that will pass the set criteria and will be “willing and able” to get into a partnership with entrepreneurs.

They can be unemployed or adventurous professionals that want to grow, from all ages starting at 25 years of age minimum. Business Developers will have to sign a contract that will bind them in an NDA framework and in an understanding of the process rules. In addition they will be required to engage in a two day seminar in order to learn about the mechanism’s structure and the rules of conduct concerning all the remaining steps.

At the same time, a recursive accreditation procedure will be performed, which will be widely advertised in the mass media, with a slogan, i.e. “Let’s help our children to Innovate!!!”. The campaign will target volunteer experts (Mentors) preferably well educated, around 60 years old or older, with a tracking record of business achievements and an urge/appetite to mentor start-ups for one day per month.

As soon as an adequate number of Business Developers and Mentors will be gathered in the pools, the mechanism will give them access to the web portal’s Business Developers and Mentors views. It is estimated that the critical mass will be achieved in a six months period in a geographical region of no less than 2 million people population.

The portal’s interface will give them access to a series of specialized tools, like a categorized database, a voting mechanism, a reporting system, a live streaming presentation viewing mechanism with the ability to send messages etc. and enable the interaction.
3.8 Recursive collection of ideas

When the above initial phase will be complete, a second recursive widely advertised campaign in the mass media will be performed with the slogan i.e. "Unleash your ideas!!!". This second campaign will aim at the entrepreneurial aspect of the innovation dipole.

Entrepreneurs will be urged to register and login in the portal freely and submit an elaboration pitch with 1000 words text and a limited number of photos or diagrams and/or a short video.

They will have to choose the target market category of their business proposal from a list. If they propose something new and unique they will also be urged to secure their intellectual property rights before submitting their proposal (this will depend on the respective IP laws).

Furthermore, the mechanism will organize seminars, workshops, training activities and closed group pitch slam events in order to prepare entrepreneurs to improve their proposal submission to the system.

3.9.1 Assessment, first step

During this phase, the proposals will be accessible for voting by the business developers. The voting will take place through the portal. In order to ensure objectivity during the proposals' assessment, they will be posted nameless. The goal is that any proposal will have the potential to pass a threshold set by the business developers that will be willing to create a partnership along with the entrepreneurs. Thus, the aim is to create the proposed startup by utilizing the business idea submitted, together. A positive vote to a proposal will be equivalent to an offer for direct full time employment and partnership along with the entrepreneur.

A business developer will have a limited salary for his services and a percentage of the startup stocks plus a bonus in cash from the second round investment, as a business incentive. All these will be provided subject to the condition that the business venture successfully "graduates" from the mechanism.

The mechanism will close the call for proposals every two to three months and the business ventures that passed the threshold of i.e. 20 interested business developers, will progress to the next phase. At this point entrepreneurs get a limited pre-seed funding. This pre-seed funding is crucial because allows them to hire expertise and be able to formulate the crude idea to a more concrete and feasible project to the trained eye. Additionally this will assist them and give them the opportunity to create a more appealing presentation which will accordingly provide them with more chances for their next step. Pre-seed at this point act as a multiplier to the good and innovative ideas.

3.9.2 Assessment, second step

The successful entrepreneurs will progress to the second phase which consists of live streaming video presentation of the entrepreneurs’ proposals. A two week preparation period is given to prepare a 2 hour in depth presentation of their proposal, which will be uploaded on the on-line system for the business developers. In case of pre-seed they will be provided with a 6 week deadline in order to prepare the presentation.
At this point, the business developers are allowed to interact directly with the entrepreneurs and ask questions that are moderated in order to make sure that their identities will not be disclosed.

The goal of this process is for the business developers to assess the idea, the feasibility of the venture along with the entrepreneurs’ attitude and skills. The proposals that have successfully passed the second threshold, of lets say 6 business developers will advance to the third phase of the selection process.

3.9.3 Assessment, third step

At the third step, a three member advising committee is appointed using a draw, from the pool of voluntarily accredited mentors. The committee will follow the venture all the way from this point onwards, in advising, mentoring, assisting and resolving any potential problems the venture might face.

The entrepreneurs and the business developers will gather in a meeting room and team up aiming to make the executive summary of the venture's business plan within four or five hours. The aim of this exercise is to allow the entrepreneur and the mentoring advising committee to form a firm opinion on which business developer is appropriate to be a partner in the next steps of the startup.

They will need to collaborate and deliver in a strict deadline, as part of the process. The stress will surface any potential character differences and they will effectively reveal which business developer matches better with the entrepreneur. If they fail to deliver within the set limits, the venture will be rejected and everyone will miss the opportunity.

If the team successfully delivers the executive summary, the mentoring advising committee, -which will have the right to apply a veto twice- along with the entrepreneur will determine which business developer is the best match for the venture.

If no agreement is reached the venture is rejected.

3.10 Seed Phase

At the same time while the accreditation process takes place with Business Developers and Mentors, the system administration also performs a recursive communication campaign to gather private service providers that are willing to collaborate and be included in the accredited pool of resources. The pool is will be filled with specific descriptions of services like, Business Consulting or Web page design or Business Legal support etc.

The system could request to census the publicly available resources along with private resources and provide them to the ventures. All resources will have to be validated and a flat fee will be agreed for all equivalent services. The providers will have to sing a Service Level Agreement that will include a protocol for providing services to ventures. All resources will be available to ventures and will be listed through the system’s web portal.

When the matching will take place, the venture is will be prepared to begin the seed phase. In the seed phase the team will receive a set of milestones that will have to be accomplished. The first milestone will be to create a proof of concept and a Business Model within a period of 3 to 6 months.
If proof of the concept is presented to the Mentors’ committee, the presentation will be video recorded and uploaded to the system’s web portal, will be approved and the venture will advance to the next phase where the creation of a Business Plan will be necessary. The venture will be provided with a three month deadline in order to deliver the completed business plan. The business plan will have to comply with specific rules, deadlines, milestones and sales growth in respect to cash burn in the first stages of the startup phase.

From this phase onwards, the team will be assisted by the consulting firm selected from the pool of accredited business consultants listed in the resources of the venture view of the mechanism portal.

Once the business plan is successfully submitted, the company will be incorporated and registered with the Companies House. When the company registers, the seed stage will be accomplished and the venture will be about to enter the startup stage. If the venture has not achieved all the deadlines, then it will be rejected.

3.11 Startup Phase

The startup company will be established in a business incubator that provides accounting, basic front desk services along with security services, furniture, internet, local network and telephones. Physical presence in the incubator will be mandatory, 80% of the legal work time in the first milestone, 40% in the second and 25% in the third during the startup stage, subject to a penalty of venture rejection. The physical presence of the venture’s team members in the incubator will be recorded by a biometric time counter.

There are three basic milestones in the startup stage, one for each side of the innovation dipole:

- [product-service prototype]/[marketing plan]
- [finished product production]/[marketing in full effect]
- [fast client support response/action within 24h]/[sales growth +20% Q to Q]

On each milestone if they fail to deliver the venture seizes. Sales targets can be adjusted to win certain goals like i.e. exports oriented growth.

During the startup stage, mentors will be visiting venture once every month and incubator services will create quarterly reports of the financials and the progress of the venture’s activities. Presentation of the session will be video recorded on every milestone.

In addition the administrative team will provide access to verified investors, (Business Angels, Venture capitals, Equity Funds and others) that have signed a NDA/Non Competition agreement with the iDea mechanism. The non competition agreement aims to prevent investors from conducting business in the same markets with actors of specific startups, in order to avoid compromising the iDea hosted companies’ competiveness and their industrial secrets. While all these will take place at the
physical level of the mechanism, on the same time in the mechanisms web portal, the innovation dipole view through the administrative view of the portal are being updated and few things happening. The business developer, that runs the venture, will be labeled with an “occupied” status in the pool; the business proposal will be transferred from the categorized list to the list with the active business plans. The entrepreneurs that saw their proposals to fail will receive the voting results and will remain on the list for another two rounds unless the entrepreneurs decide to remove them beforehand. New opportunities are given to the failed business developers to return to the pool as active again and try their abilities in their next good idea.

On the iDea’s web portal investors will have access to all authorized startups, quarterly reports and milestones video presentations, as well as business plans and marketing plans that are submitted to the mechanism. This will not be accessible by the startups’ team members; they will only be informed that a certain number of investors are actively tracking them. This shadow operation of the portal will enable investors to have the time to conduct an in depth evaluation of the startups in question, without hesitation.

On the venture interface the startup will access a directory of accredited resources within the mechanism; the resources can be anything from business consulting, patent attorneys, to machine shops, industrial design houses and web designers. The accredited services providers will have an agreement with the mechanism in order to provide the services with profoundly discounted fixed fees. In addition, the mechanism will have access to all public university laboratories. Moreover, the startups will be using the interface in order to announce news and events related to their activities that could be attract the public interest. Startups will be allowed to use other service providers outside of this non-exhaustive list, only after they have exhausted the mechanism’s resources and only subject to the condition that they will receive a special authorization from the mentor advisory committee.

3.12 Exit Phase

The system’s public interface will announce the successful ventures giving the team’s details and short description of their project. All the public announcements, financial and others, throughout the venture’s life are also published by the administrative team on the mechanism’s interface.

Investors that have followed startups so far will have already formed a firm opinion about the ventures. In this phase they will be able, to target the startups when they successfully advance from the mechanism by “bidding” and “investing”.

"Bid", because the graduation process develops through a bidding process for the percentage that the mechanism holds (if it's a state funded mechanism the bidding process is mandatory).

And "invest" for the new cash the company will need as a second round investment in order to continue to operate outside of the mechanism. The percentage that will remain in the mechanism will be around 6% and it will give the long term return on the investment necessary in order to make the system sustainable. The private investor or VC that will invest in this round will take at least a 25%.

4.0 The system’s financial framework

As a practical example, using a mechanism that operates with the iDea framework for four years, of 4 incubators with 20 persons staff each, capable of hosting 25 startups each and a collaborative space for proof of concept, that can facilitate 100 people in each incubator, plus 20 individuals necessary from the mechanism, along with an advertising budget of 1mil-euros/year, it is possible to fund with the entire capital (100%):

- 100 startups with average capital of 300K euro’s each,
- 300 seeds with 40K euro’s each,
- 600 pre-seed with average of 15K euro’s each.

The budget for all the above is just 75Mil euros and this includes ALL costs for four years; apart from physically building the incubators. In the aforementioned example, in order to understand the magnitude of the introduced savings that can take place within the iDea Framework; if we attempt the same amount of ventures "tries" with classic Fund managers and VC’s, we will need to burn for *Just* the Fund Managers "management fees" the sum of about 35Mil euros before we invest even one euro to the ventures... let alone any Incubator costs and other actions that will need to occur in order to achieve such an action.
5.0 What are the aims and the problems the iDea Framework solves?

iDea is a novel Entrepreneurial Assessment and funding framework that can be implemented by Governments and/or Institutions through the use of a funnel filtered Crowd Sourced matching mechanism. iDea totally eliminates the need for unnecessary business plan writing, lengthy proposals and committees of experts during the initial assessment phase. The actors that will materialize the Innovation Dipole are the entrepreneurs (or idea promoters) on one side along with the experienced business developers on the other.

By implementing the Innovation Dipole for the evaluation of all ideas, a massive cross-assessment is promoted, leading to a mutual selection/matching of a pair of partners that will be incorporated for profit. This evaluation ensures that no one wastes time running a business that is based on a bad idea or cooperating with an ineffective partner, without any kind of return. All selected ventures operate within specifically designed incubators allowing strict financial accountability of the flow of funds according to accomplished milestones with the help of a Crowd Sourced judging body that also acts as a Mentoring source.

This simple assessment method leads to a Crowd Sourced web-centric, peer selection process, driven by ideas, profitable targets, market needs, business instinct, talent, motivated work and team chemistry, aiming to produce massive materialized innovation with high success rates implementing economies of scale within the iDea framework.

At the same time all types of investors play a key role in the process by having, total access -through iDea web portal- on the successful venture activities, reports and presentations in order to evaluate risk versus return and decide their potential investments.

A self sustained system, designed to recycle funds in a eight year cycle, a bottom-up alternative proposal, that will democratize access to capital by shifting the driving force from physical assets to intellectual assets, thus allowing everyone to be a part of it, a mechanism that can be specified as Crowdnovation.

Crowdnovation is very different than Crowdfunding since it describes the crowd driven process of leveraging ideas, people and resources that generate innovation and sustainable growth by mitigating from early stage founding rounds the dominance of tangible capital with the substitution of it with intangible values i.e. sweat value, using the internet and taxpayers money.

Therefore, iDea Framework aims to the following simple things:

- **To capture all useful and good ideas**, massively and efficiently, based on the simple assumption that a huge judging body is highly unlikely to miss on a good idea. The openness and the massiveness of the selection method will allow business instinct, common sense and the smell of profit to prevail and to pick the right ideas that are appealing to the market.

- **To democratize access to capital**, although governments and charity foundations around the world are trying to spur innovation with various subsidies or aids, they continuously fail to give the feeling to people that they really control the flow of capital. iDea solves that by allowing people to be self assessed freely and openly in an entirely democratic way that is easily understood and honored. In this way iDea democratizes access to capital.

- **To minimize the cost of failure**, the possible failure or the minor adjustments needed in order to fix a little problem in a big idea takes place fast and early, with the help of mentors and professional consultants, a provision that makes the mechanism more efficient and less risky.

- **To attract entrepreneurs**, by removing the bureaucratically oriented barrier of lengthy and “to be revised” proposals, that need to be filed for evaluation, which often results to just a fraction of the available good ideas to be submitted.

- **To have an effective and viable business plan**, by creating a business plan along with a good business model with the assistance of mentors and business consultants, with a wide range of expertise. Mentors’ applied experience in each case and the prompt execution of the business plan minimizes the risk of errors and misjudgments.

- **To put capital on startups and not on experts**, with the use of Innovation Dipole peer selection process, the need of complex and expensive organizational structures are eliminated allowing more simple organizations to operate the mechanism with limited staff and less expensive expertise.

- **To get investors triggered**, by providing investors with full access, in a shadow mode, to ventures. In this way, the mechanism effectively drags investors back to the realm of the real economy and provides all participants with a better chance to match investment capital to good business opportunities.

- **To get Angel investors inspired**. Mentors are often Angel investors. By allowing mentors to participate in a transparent process, with minimized risk and by actively involving them with the startups, most of them will be incentivized by this closer relation and they will finally invest. This emotional way of involvement will get Angels inspired.

- **To break the “chicken and egg” cycle**, by eliminating obstacles to capital access and by permitting ideas to be realized, tested in the markets and effectively allow innovation to flourish.

- **To create an executives and experts agnostic mechanism**, by allowing ideas and people to mix and match freely without, executives, “experts” and barriers of any kind, getting in between ideas and capital.

- **To be geographically independent**, by extensively using the web, we create a web portal mechanism that reaches huge geographical areas with very small cost of implementation.

- **To capitalize failure**, by allowing failure to take place in a controlled environment, the mechanism gives a chance to participants to better assess potential losses, strengthen their resolve, and learn from previously made mistakes. The mechanism allows feedback to be capitalized from the community, which results in the long run to entrepreneurial excellence.
6.0 Conclusion

The whole mechanism looks like a big funnel with filters in stages, which allows access to everyone and depending on his skills and talent, he is assessed through a peer selection method that allocates the business instinct in the center of the selection process. It utilizes a massive pool of business developers in the selection process making it very difficult for a good idea to be missed. Moreover it allows policy makers to adjust thresholds and rules accordingly and in real time in order to target markets and drive growth towards specific aims like i.e. the green economy.

The following image represents the current intervention mechanisms that Governments and the EU are implementing in order to tackle the problem:

The following diagram demonstrates the market status following the iDea Framework implementation:

iDea simply assumes, that none will waste his time to run a business that is based in a bad idea or cooperate with a person that is not effective without a gain of any kind. That process leads to a very efficient selection method that is based not only in numbers but, in ideas, people, verified talents and ascertainable skills.

iDea claims that, typical early stage funding mechanisms can be standardized and can use the power of new media and be driven, by the people and for the people. The aim of the entire concept is to democratize access to capital and not to create another web based investor/entrepreneur matching service. By reinventing state subsidies and community assistance we are not giving people a fish to eat, but instead we giving them the ability to get the tools they need to catch it, not only today but indefinitely.

*If iDea gets combined with a Financial Transaction Tax, it will create the ultimate wealth balancing tool.*

iDea teaches that innovation is a story about ideas and people and not about capital.

**Evangelos Achillopoulos**
Chief Evangelist

[info@idea.com.gr](mailto:info@idea.com.gr)

[www.idea.com.gr](http://www.idea.com.gr)