



K Startup GRAND CHALLENGE 2016 CONCEPT PLAN



KIC-Europe ASBL

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INTRODUCTION

In recent years, South Korea has become one of the most innovative countries in the world thanks to its strong and growing commitment to innovation particularly through its current “Creative Economy” initiative, backed by President Park Geun-Hye. It aims to support entrepreneurship and start-up businesses by fostering growth in the Korean start-up ecosystem. Since 2013, the Korean government has been injecting around \$2 billion USD each year into its start-up ecosystem in order to boost entrepreneurship, foster its venture industry and encourage international cooperation. The country has now become a start-up powerhouse and continues to cultivate a freewheeling ecosystem.

The **Korea Startup Grand Challenge** (or **K-Startup Grand Challenge**) is a project conducted and financed by NIPA (National IT Industry Promotion Agency) of South Korea. The ultimate objective of the K-Startup Grand Challenge is to promote the expansion of an open entrepreneurship ecosystem in Asia and to assist in South Korea’s evolution into a prominent start-up business hub in the region.

The driving idea behind this project is to endorse the inflow of promising foreign start-ups interested in the Korean or the broader Asian market through a global start-up acceleration programme. This project gives start-ups the opportunity to expand into the Asian market through Korea, thereby using this country as a foothold for their international cooperation in Asia.

The present concept plan introduces the attractive start-up ecosystem in Korea, provides detailed information of the K- Startup Grand Challenge, delineates the procedures involved, and the course of action that KIC-Europe will take in order to promote and execute this project.



WHY KOREA?

Korea at a Glance



Population

50

2nd

largest capital

South Korea is **conveniently located** in the Eastern Asian region between China and Japan, with Hong Kong and Taiwan to the south. For a small country of 100,210 square kilometres (38,691 square miles), its capital is the **world's second largest metropolitan area** with almost half of all Koreans living in Seoul.

#1

In the world of ideas and technology, South Korea is a global leader. It is the **most innovative country in the world** according to Bloomberg (in 2014, 2015 and 2016) and the Innovation Union Scoreboard (in 2014 and 2015).

The country sets apart the largest amount of its GDP (**4.36%**) for **research and development** in the world, and has the **fastest growing gross domestic expenditure on research and development (GERD)** in the world (9.4%) alongside China. As a result, South Korea is a **leading manufacturer in cutting edge electronics** but is also **one of the biggest consumers of these digital products.**

It is the **world's most connected country** with **95% of the country covered in Wi-Fi**, has the **fastest average internet connection in the world**, and has the **highest number of broadband services per capita**. This type of hyper-connectivity is especially important in a country where **4 out of every 5 people use smartphones**. Furthermore, South Korea's highly advanced technology infrastructure allows for quick consumer consumption of new services.

95%
Covered
in Wi-Fi

Fast
est

4/5
Smartph
one

Korea's Startup Ecosystem

The **South Korean government invests substantially in the domestic start-up ecosystem**. President Park Geun-Hye launched the Creative Economy Initiative in 2013 to tap into the potential within the tech industry. This initiative created the new Ministry of Science, ICT, and Future Planning and allocates a significant amount of resources into fostering the start-up ecosystem and knocking down barriers and restrictions around the venture industry's endeavours.

This long-term and globally oriented vision of South Korea is paying off as it is **attracting the attention of investors, accelerators and incubators from all around the world**. Google, for example, is advancing its start-up community cooperation with Korea by opening its first ever Asian **Google campus in Seoul 2015**.



Currently there are around **40 start-up accelerators** in Korea providing funding for entrepreneurs in diverse sectors.

As the funding of Korean venture capital firms increases and the number of Korean start-ups climbs up, South Korea is poised to become the **start-up hub in Asia**.

Left: South Korean startup ecosystem
Image credit: Startup Alliance

The social, political and economic climate in South Korea is favorable to the growth of the start-up scene. As mentioned earlier, the Korean government is wholeheartedly pushing towards a creative economy. Under the banner of the Creative Economy Initiative, the South Korean government has spent more than **\$2 billion** each year since 2013 and plans to invest nearly **\$3.7 billion** in the start-up industry during the next three years. Accordingly, **per capita government backing is higher in Korea than in any other country.**

\$2_b
n

Tax and law

On top of its aims to change the financing structure of the startup ecosystem from loan-based to investment-centered, South Korea encourages the growth of the start-up scene even further by endorsing **tax breaks and incentives** for angel investors and venture capitalists, **tax benefits** for mergers and acquisitions in the technology and R&D sectors, and improvements in visa regulations for foreign start-ups and entrepreneurs with the introduction of the new OASIS programme.

Additionally, the social climate is fertile for the growth of the start-up ecosystem. Korea's **college graduation rate is the highest among the OECD countries** and its students have one of the best results in mathematics and sciences. Naturally, the country possesses a **large group of skilled developers and engineers** knowledgeable in multiple areas from gaming apps to social media innovation. More and more of these fresh, **college-educated talents** are starting their own businesses instead of walking down the well-worn path of working for one of the chaebols.

Korean talent



A fresh ecosystem

of multiple companies with similar angles.

Unlike the start-up scene in Japan that started with Nintendo, Sony, Honda and many others during the 1940s and has tapered off, Korea's start-up ecosystem is fresh and well-structured. As it is not overly saturated like other well-known hubs such as Silicon Valley or Tel Aviv, it offers an **opportunity for domestic and foreign start-ups to build their brand and a consumer base without the competition**

Pangyo Techno Valley

Pangyo Techno Valley is an innovation park in the southern part of Seoul (Gyeonggi Province) that focuses on information, biotech, cultural and fusion technology. It is Korea's best ICT-based R&D innovation cluster with a total of 5.27 trillion won (around **4.2 billion USD**) invested into it by the South Korean government. It was completed in 2015 and covers an area of about **454,964 square miles** with support facilities such as the Global R&D Centre, Public Support Centre, and the Industry-Academy R&D Centre.



Above: Global R&D Centre

Image credit: Pangyo Techno Valley



Above: Pangyo Techno Valley
Image Credit: Pangyo Techno Valley

The Pangyo Techno Valley is an environment where SMEs and start-ups can mutually exchange information with high-tech technology research institutes and large, global companies. This complex aims to merge different industrial sectors, mostly within the information and communications technology, to create new business opportunities and foster the growth of start-ups. Born2Global reports that Korea's top 60 start-ups and K-Global 300 start-ups are all located in the Pangyo Start-up Campus.

To further support the growth of start-ups, the Korean government has started construction on the Pangyo Creative Economy Valley, an addition to the existing complex, and is scheduled to be completed in 2019. The extension will be a new community especially for start-ups and high-tech firms and will consist of sites for private companies, including venture start-ups, "venture campus" sites for start-ups, "innovation towns" for companies and research institutes, and government organisations that will



provide support for start-ups, innovative technologies, the arts and for other creative industries in the area.

Above: Pangyo Global Start-up Campus in Korea
Image credit: Pangyo Techno Valley

An aerial, long-exposure photograph of a city at night. The image shows a dense urban landscape with numerous skyscrapers and buildings, many of which are brightly lit. The streets are filled with traffic, creating vibrant light trails in red, white, and blue. The overall scene is a bustling, modern cityscape.

K-STARTUP PROJECT

Objectives and Targets



Objectives (NIPA)

- To support the inflow of top foreign startups in the domestic and Asian markets and to transform Korea into a prominent startup hub in Asia
- To get 80 foreign startups on board for the K-Startup Project
- To nominate 20 start-ups and to support them (from both a financial and business point of view) in the establishment of their business in Korea – should they wish to settle down in Korea – and/or in their endeavours in Asia
- To encourage foreign settlement in Korea
- To follow the Creative Economy and long term objectives (employment, GDP, technology capacity, international competitiveness,...)
- To develop Seoul's Pangyo Valley and transform this technology park into an internationally renowned startup hub and to become the new Silicon Valley of the Asian region.



Objectives (KIC-Europe)

- To promote the K-Startup programme in the European continent.
- To select (through auditions) 30 top European start-ups and to send them to Korea in order to proceed with the following stages of this programme.
- To increase image awareness of KIC and Korean innovation ecosystem in Europe.



Targets (KIC-Europe)

- Expected number of received applications: between 250 and 300
- Expected number of accepted applications: 140
- Expected number of accepted startups: 30

Startups: Selection Criteria

Early-stage tech ventures
& scale-ups



European startups
(EU & non-EU countries)



Sectors



Software
Cloud



IoT



Info Security
Smart Devices



5G



5G



UHD



Procedure





PROMOTION & RECEPTION OF APPLICATIONS

March - May

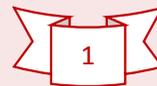
- ☀ Starts from mid-March to May
- ☀ Promotion is conducted with the help of different tools
- ☀ The K-Startup project is open to anyone so long as the candidates meet the requirements
- ☀ **Application deadline: 14 June**
- ➔ Location: regional scale



APPLICATION REVIEW (160 TEAMS)

15 June – 24 June

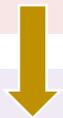
- 📄 All applications will be collected and screened
- 📄 Only 160 of all foreign applications will be kept
- 📄 The remaining 160 start-ups will have to prepare for future auditions
- ➔ Location: regional scale



AUDITIONS & 1ST ELIMINATION ROUND (80 TEAMS)

27 June - 15 July

- ❶ First elimination round through auditions and remote interviews
- ❶ The 160 teams will be narrowed down to 80 teams
- ❶ The remaining 80 teams will be invited to Korea
- ➔ Location: regional scale



PITCHING SESSION (80 TEAMS)

8 August – 15 August

- ⚡ A total of 80 start-ups from all over the world will be selected and invited to Korea to take part in a 1 week-long pitching evaluation, in-depth interviews, observation assessments and intensive screenings
- ⚡ Only one team representative of each of these 80 start-ups will be provided a roundtrip ticket to Korea, accommodation and work facilities
- ⚡ Meanwhile, the foreign start-ups will be able to join local networking events with other Korean entrepreneurs and start-up representatives
- ➔ Location: Pangyo Valley, Seoul (South Korea)



2ND ELIMINATION ROUND (40 TEAMS)

15 August

- ② Second elimination round at the end of the pitching session
- ② The 80 teams will be narrowed down to 40 teams
- ② The 40 teams that have been shortlisted will be allowed to extend their stay in Korea while the others will return to their home countries

→ Location: Pangyo Valley, Seoul (South Korea)



ACCELERATION PROGRAMME (40 TEAMS)

22 August – 18 November

- The remaining 40 teams will be joining a three-month long acceleration programme
- Each start-up will be given 5,000,000 KOR (USD 4,100), which covers housing and living expenses for 3 months
- The 40 teams will be able to use a **project space**, including equipment for product production and service development, **test beds** as well as an **incubating infrastructure**
- **Information sessions** and **coaching** on Korean and Asian business culture, specific business topics (e.g. patents, accounting regulations, tax laws, ...), **pitching lessons** and **one-on-one mentoring** will be provided
- The teams will be able to interact with large conglomerates such as **Samsung, Hyundai, KT Corporation** or **SK Group** through conferences, seminars, workshops, etc
- Meanwhile, **networking** and **matchmaking events** will be organised throughout the programme in order to promote international cooperation between start-ups, local successful entrepreneurs, distinguished researchers and engineers and large company representatives

→ Location: Pangyo Valley, Seoul (South Korea)



DEMODAY (40 TEAMS)

24 November – 25 November

- ★ Final Demoday at the end of the acceleration programme
- ★ Korean and foreign investors will be invited
- ★ The 40 remaining teams will be participating in this event

→ Location: Pangyo Valley, Seoul (South Korea)



FINAL SELECTION & SETTLEMENT PROGRAMME (20 TEAMS)

25 November

- ★ The 20 winning teams receive a **special package** (see next page)
- ★ They then take part in a **6-month** domestic settlement support programme
- ★ See next page for more information on the settlement programme

→ Location: Pangyo Valley, Seoul (South Korea)

Domestic Settlement Programme

What

- At the end of the Demoday, the 20 winning teams will be allowed to extend their stay in Korea for a period of **6 months** during which they will take part in a settlement programme
- Round-trip flight tickets for 2 members per team will be provided
- Financial support:** through a special package (see below)
- Mentoring support:**
 - Support for subsequent projects in order to expand into Korea and Asia
 - Support from local and foreign experts
 - Support from large Korean multinationals (Samsung, Hyundai, NHN, SK, etc.)
- Establishment in Korea is not mandatory** but is encouraged
- Regular **networking and match-making** sessions, **workshops, seminars, conferences** and **close contact with large Korean multinationals**
- Access to startup campuses, innovation centres, ...**

When

- Right at the end of the Demoday, **from November 2016 to May 2017**
- Visa-related issues will be covered by the Korean government

Where

- Startup Campus** in **Pangyo Techno Valley**
- Seoul, South Korea

Package



GRANT FOR ALL 20

ADDITIONAL GRANTS FOR TOP4

CONTACT US

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