Hub Israel

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Ecosystem Monetisation for Startup Growth

Opening

Financial sustainability has become an essential requirement for innovation programmes to survive and thrive. Many programmes are realising the importance of maintaining financial sustainability as it enables them to weather economic downturns, invest in growth opportunities and fulfill their long-term missions.

This playbook is designed specifically for organisations with innovation programmes that recognise the importance of financial sustainability and want to develop a plan to achieve it. It provides guidance on how to manage finances effectively, identify monetisation potential and implement strategies to maintain financial stability.

The purpose of this playbook is to provide valuable insights and actionable strategies to help you achieve financial sustainability. With its extensive research and practical advice, it provides a roadmap for organisations to navigate the complexities of the modern economic landscape and achieve long-term financial success.

The Monetisation playbook curated by EIT Hub Israel is the result of extensive exploration of innovation ecosystems and in-depth discussions with global ecosystem experts and other experts in the field.

Table of Contents

How to Play

Welcome to the Playbook, your practical manual for ecosystem monetisation.

How should it be done?

Step 1 — Delve into the mindset shift necessary when moving from offering ‘freemium’ services to ‘premium’ services.

Step 2 — Learn how to present your ecosystem to potential clients, placing yourself at the forefront of the market by highlighting your unique assets and telling your story in the best possible way.

Step 3 — Explore five monetisation models that we have identified as viable ways to ensure the financial sustainability of your ecosystem.

Step 4 — Get practical with expert checklists and step-by-step processes, based on professional industry know-how, that will take you out of the classroom and into the playground.

Hold on tight, and let’s begin.

Definitions

Monetisation

The action or process of earning revenue from an asset or business (Lexico Dictionary)

Ecosystem Monetisation

The commercialisation of ecosystem assets by utilising business models to generate revenue with the goal of enhancing the ecosystem's impact.

Moving From Freemium to Premium

The mental challenge: The broad assumption that has led the market until today, is that services to startups are given for free. Programmes offering these services are often funded by grants, and there is not necessarily a need to ensure financial sustainability. Looking into the near future, it is apparent that this is changing and that the need to move from offering freemium services to premium services at a price is inevitable.

Let's think about it...

What happens when people need to pay for a service?

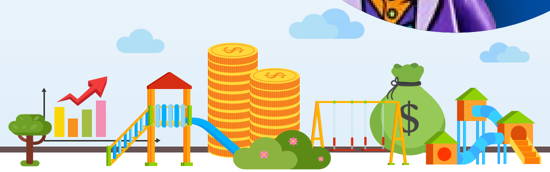
- Appreciative
- Committed
- Performing

Why is that?

A price tag gives your work credibility and a sense of worth that rubs off on the paying client. When you present to the world that your services are worth paying for, you are giving your stamp of approval on what you offer and elevating your brand's equity.

Easier said than done

Being able to approach a partner, and turn them into a client takes a lot of confidence, true belief in your product/service and a **mindset shift.**



Mindset Shift - Your Tool for Moving From Freemium to Premium

For many organisations, the main obstacle when moving from freemium to premium is psychological. How will the ecosystem react? Will people feel that the service I offer is worth it? This feeling is natural. After all, it's not easy to put a price tag on yourself or your work. However, by following these three steps you will quickly see that even psychological obstacles can be overcome.

1 Challenge the obvious

Even if something has been done a certain way until now (for instance, the programme has been offered at no charge), or even if what you are about to suggest is different from the accepted framework, a mindset shift enables critical thinking and the respectful challenging of organizational principles.

2 Embrace uncertainty

If you believe this is the right move and have done your research, take calculated steps into unknown territory and embrace the uncertainty and all that comes with it.

3 Dare to fail

Entrepreneurs expect to take risks and accept failure as they embark on their startups. Bringing this vital principle into the ecosystem will lead by example as you show that failure is not something to be ashamed of.

What have we discovered?

- It is important to recognize the value of your programme and skills and to avoid undervaluing them by offering them for free
- The mindset shift necessary for making this move

The next steps:

- Defining your startup programme assets
- Identifying your unique value proposition that will justify the move to offering premium services at a price

Your Startup Progamme’s ID Card

Name of startup programme: ______________________________

Describe your startup programme: ______________________________

Who are your clients? ______________________________

Who is the end user? ______________________________

Definitions

Client:
The participant in the programme that receives the training

User:
The stakeholders that stand to benefit from the end results of the programme


ASSETS
MARKET AND BRAND
UVP
Unique Value Proposition
REASONS TO BELIEVE

Three Stages in Identifying Your Unique Value Proposition:

Stage 1

Identifying your assets

Stage 2

Identifying your market and brand

Stage 3

Backing everything up with reasons to believe aka “power numbers”

Turn the page to start -->

Stage 1:

Identifying Your Assets

Your UVP will accompany you on your monetisation journey. It should be a major part of your story and should be the cherry on top when you present your startup programme to potential stakeholders.

Ask yourself:

Your programme is part of an active ecosystem. First you need to identify the ecosystem's assets and then your programme's assets.

Ecosystem Assets

1. What is unique to my ecosystem?

____

____

2.What are my ecosystem's strengths?

____

____

3. What is my ecosystem's main area of expertise?

____

____

Your Programme Assets

1. What is unique about my programme?

____

____

2.What do I do better than my competitors/partners?

____

____

3. Name three assets of your programme

____

____

Examples of assets:

- Brand
- Network
- Know-how
- Deal flow
- Talent
- Funds
- Delivery

Asset

Any resource owned by a business that can be used to produce positive economic value.

Stage 2: Identifying Your Market And Brand

It's time to put your ecosystem out there. Let's discuss how to identify your unique assets and how to leverage them to your advantage.

MARKET

Identify your target audience

On page 9 we defined clients and users:

Who are your clients?

____

____

____

Who are your users?

____

____

____

Examples for markets:

Startups, corporates, government institutes, entrepreneurs

BRAND

Define who you are (identity)

How would your competitors describe you? What are your key defining factors?

____

____

____

____

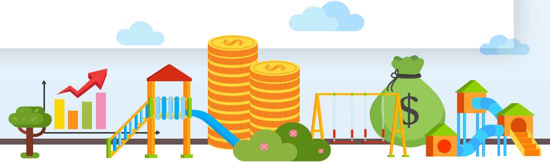
____

____

____

Use words like:

Agile, innovative, traditional, efficient, business oriented, governmental, experienced



Stage 3: Reasons to Believe

Your UVP needs to be believable, and backed by facts that can speak for themselves.

The question you need to ask yourself is - what are the reasons to believe all this?

Stories

Success stories of your programme, such as - an alumni startup of your programme is a unicorn.

Numbers

How many startups supported?
How many years active?
How many applications for your programmes?

Impact

What change did your programme make?

RTB

* Reasons to Believe

Now that we have the mindset and the understanding of our positioning in the broader ecosystem, let’s delve into the five models of monetisation.

* Keep an open mind. No one model fits all. It’s all about adapting the principles to fit your organization and creating a portfolio of options that suit you at any given time.

Ecosystem Monetization Models

B2C

Collect a fee from participants

Membership

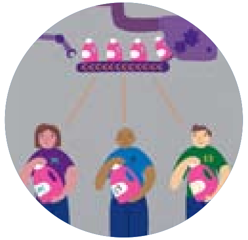
Charge an organization a periodic fee to benefit from an ongoing subscription-based network

Sponsorship

Request financial contributions to your activities

Investments

Generate long-term revenue through investment



White Labeling

Power a programme/ service for a third party

B2C

Selling a product or a service directly to an end user.

B2C

This is the classic retail approach "you pay for what you use". Many innovation programmes have adopted the B2C finance model, by offering their own financial products or services directly to consumers. By using the B2C finance model for their own financial sustainability, innovation programmes can also gain insights into the challenges and opportunities facing B2C finance startups, allowing them to provide even better support and guidance to startups.

Example

Startups pay to participate in a programme

Where to Use It?

Conferences, innovation programmes, tailor made workshops, accelerators

The User

The User = The Customer

Monetized Assets

Know-How | Brand

Pros	Cons
Direct access to end user	High user acquisition cost
Quicker execution	Difficult to scale
Straightforward	Traditionally startups are not paying for the service
Network	

B2C - Let's get practical

The B2C checklist as presented by EIT Hub Israel

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1. Planning

- **WHAT IS YOUR PRODUCT?**
  Identify your UVP, how will it attract potential customers?

- **IDENTIFY YOUR CUSTOMERS:**
  Who are they? What do they need? What is their obstacle? What is their motivation? where are they?

- **WHO IS MY COMPETITION?**
  Who is offering a service that is similar to mine? How am I different then them?

2. Execution

- **WORK WITH THE B2C MARKETING APPROACH:**
  > Create brand awareness and introduce your audience to your product
  > Define the problem of your audience and share content showing how you can solve it.
  > FOMO - create a sense of urgency to use the product; quality and distinction from other products to attract the relevant audience.

- **PREPARE A PAYMENT \ INVOICING PLATFORM:**
  Make sure you have a process set for payments and invoicing that will be convenient for you and for the customers.

3. Customer Retention

- **WHAT IS THE USER EXPERIENCE YOU WANT TO CREATE?**

  Plan & Build a program based on the customer experience you'd like the customers to have (screening process, care package, relevant speakers, cultural immersion, recap emails by the end of every day, exit survey...)

Membership

Customers pay a recurring fee for access to a product or service on an ongoing basis.

Membership

Membership has become increasingly popular in recent years and is now used by many companies across various industries. Innovation programmes are turning to the membership business model to create sustainable revenue streams. Charging a membership fee can generate predictable and reliable income to support operations and growth. By providing value to paying members, innovation programmes can establish strong relationships and foster a sense of community, leading to increased loyalty and retention.

Example

Members of a cluster pay a fee to access benefits.

Where to Use It?

Communities, Networks

Monetized Assets

Network Deal flow

The User

Partner Organization

The Client

Paying Partner

Pros

- Business community
- Network effect
- Diversity

Cons

- Different organizations have different needs
- Maintaining engagement over time
- Requires frequent update of concepts and ideas for members benefit
- Long member acquisition time

Membership - Let's get practical

The membership checklist as presented by EIT Hub Israel

- **DEFINE YOUR PACKAGE FOR YOUR MEMBERS:** What is the added value the members will get from being paying members? What kind of members would fit your activity?
- **WHAT DO YOU OFFER FOR THE LONG TERM?** Why should members pay membership for more than the minimum time? What would they gain in the long term?
- **WHO IS YOUR COMPETITION?** What are they doing? How do you distinguish yourself from them? Why should members join you and not them?
- **DEFINE THE MEMBERSHIP TYPE:** Would the members pay a monthly/ annual/ one-time fee? Will there be a few membership options?
- **PR:** Publish your membership package to the relevant audience.
- **FOMO:** Create a buzz and interest around your membership and a feeling of "be there or miss out".
- **MEMBER RETENTION:** The main challenge of membership is retention. Improve retention by offering valuable benefits, personalising the experience, continuously improving based on feedback, and simplifying the renewal process with multiple payment options.

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Sponsorship

A company or organisation provides financial or other support to another organisation in exchange for different assets.

Sponsorship

Sponsorship benefits both startups and programme managers, with innovation programmes providing opportunities for corporates to support new technologies through exposure, branding, deal flow, and investment options. The sponsorship revenue supports programme growth, providing continued valuable resources for entrepreneurs.

Example

A corporate sponsoring a global event

Where to Use It?

Events, conferences, innovation programmes

The User

Startup

The Client

Paying Organization

Monetize Assets

Deal Flow | Know-how | Brand

Pros

- Increase value for startups
- Collaborative
- Credibility
- Indication of the market need
- Competitive approach
- Opportunity for long term collaboration

Cons

- End user is not the paying client
- Partnership management
- External involvement in the event's management

Sponsorship - Let's get practical

The Sponsorship checklist - as presented by 8200 Impact and IPN:

8200 IMPACT

IPN

1. Planning

- **WHAT ASSETS DO YOU OFFER?**
  Make sure you have a clear message and understanding of what you offer to the sponsor.
- **WHAT ARE YOU ASKING FOR?**
  Define your request from the partner clearly and understand what you want to achieve from this partnership.
- **IDENTIFY YOUR IDEAL PARTNER**:
  Make a list of potential companies/organisations you'd like to partner. What is their interest in this partnership? What would they benefit from it?

2. Execution

- **CREATE THE PARTNERSHIP PACKAGE:** This needs to be designed as a booklet, a deck or a PDF document. Explain the different level of partnership that is optional. Create a compelling presentation that will be shown during the meeting with the partners. Make sure to include all the relevant points that will answer their needs. See the next page for additional information.
- **MAP & APPROACH POTENTIAL PARTNERS:** Try to prioritise potential partners from the same sector and approach them according to your preferences, to avoid a conflict of interest. This will also allow you to ensure exclusivity in this sector.
- **DEFINE THE PARTNERSHIP FEE:** Based on your value proposition: the amount requested, is it a donation or a sponsorship, is it the same value for all partners? Look for a benchmark - what is the acceptable fee in other organisations? Is there an option for non-fee partners that provide in-kind services?
  *not sure how-to price? Go to "The Golder Rules of Pricing" to learn more about pricing strategies.
- **PREPARE LEGAL AGREEMENT, INVOICING & PAYMENT PLATFORM:** Don't forget to prepare for the operations that the partnership requires. Remember - if you're working with different countries, make sure you know what is their VAT and tax policy.

3. Customer Retention

- **PARTNERSHIP AND ACCOUNT MANAGEMENT:** After the partnership has started, make sure the sponsors are becoming an integral part of the content and discussion and that their voice is being heard. A successful collaboration will allow a long-term partnership and future potential sponsorships from this sponsor.

Sponsorship - Let's get practical

The Sponsorship checklist - as presented by 8200 Impact and IPN:

8200 IMPACT

IPN

When you are preparing to reach out to a potential sponsor:

CREATE A PARTNERSHIP PROPOSAL INCLUDING:

- Offer the partner brand recognition **as an incentive.**
- Access to deal flow: **benefiting from an accelerator's marketing power and network to meet new startups.**
- Keep track of the state-of-the-art technologies and trends: **receive insight into the innovation pipeline. Future competitors or potential partners now often come from the startup world.**
- Build an innovative corporate culture: **by assigning executives or technical staff as mentors to engage with the accelerator's team and with the participants.**
- Raise corporate capabilities of entrepreneurship: **by partnering with accelerators, corporations can enter the acceleration business and adopt best practices developed by accelerators over years of experience.**
- Exclusive access **to networking events.**
- Be flexible and consider additional benefits according to specific needs **while having discussions with potential partners.**

Investments

Allocating resources with the expectation of generating profitable returns or achieving long-term financial goals.

Investments

Innovation programmes that use the investment business model are becoming increasingly popular in the tech industry. There are two main ways in which innovation programmes invest in startups:

- **Equity:** require from participating startups in your innovation programme an equity (usually 5-10%) in exchange for funding, mentorship and other resources
- **Investment post participation in the programme:** after accompanying the startups in your innovation programme, while having a close look into their team and work, investing in the startup.

This model can be beneficial for both startups and investors, as it allows startups to access much-needed capital and expertise, while offering investors the potential for high returns on their investment.

Example
Accelerator taking equity from startups in its programmes

Where to Use It?
Programmes for startups

The User
Startup

The Client
Investor

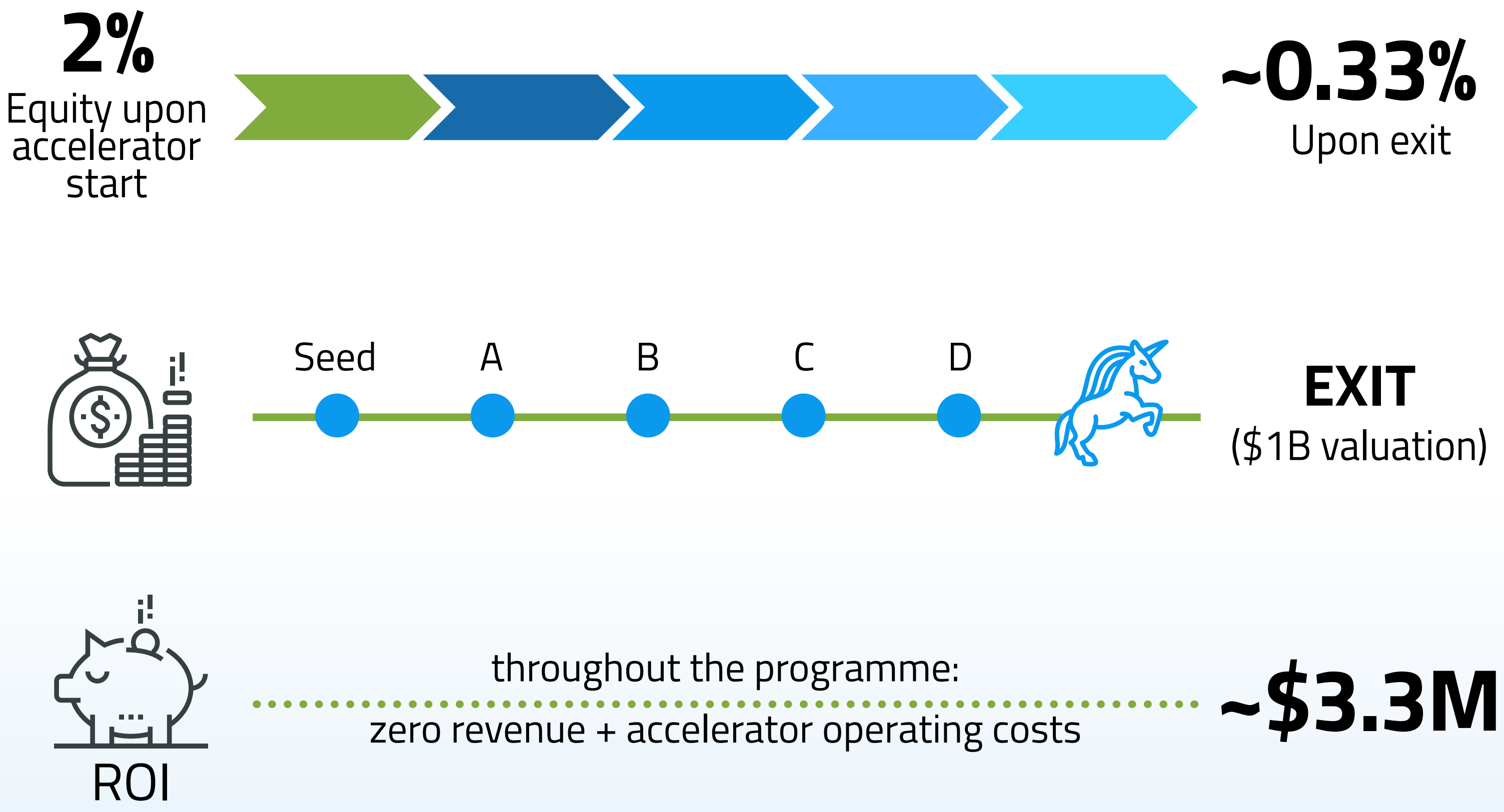
Monetize Assets
Know-how | Deal flow | Funds

Pros
- Long term financial assets
- Creates stronger commitment from startups
- Data driven decision with deep understanding of the startup

Cons
- High Risk
- long term ROI
- Might Limit access to quality founders that aren't interested in giving equity

What's the realistic return of investment when taking equity from startup?

A startup would need an average of 4-5 capital rounds & avg. 5 years to reach an exit



Investments - Let's get practical

The steps to successful investments – as presented by TAU Ventures:

TAUVENTURES

WHO ARE MY STAKEHOLDERS?

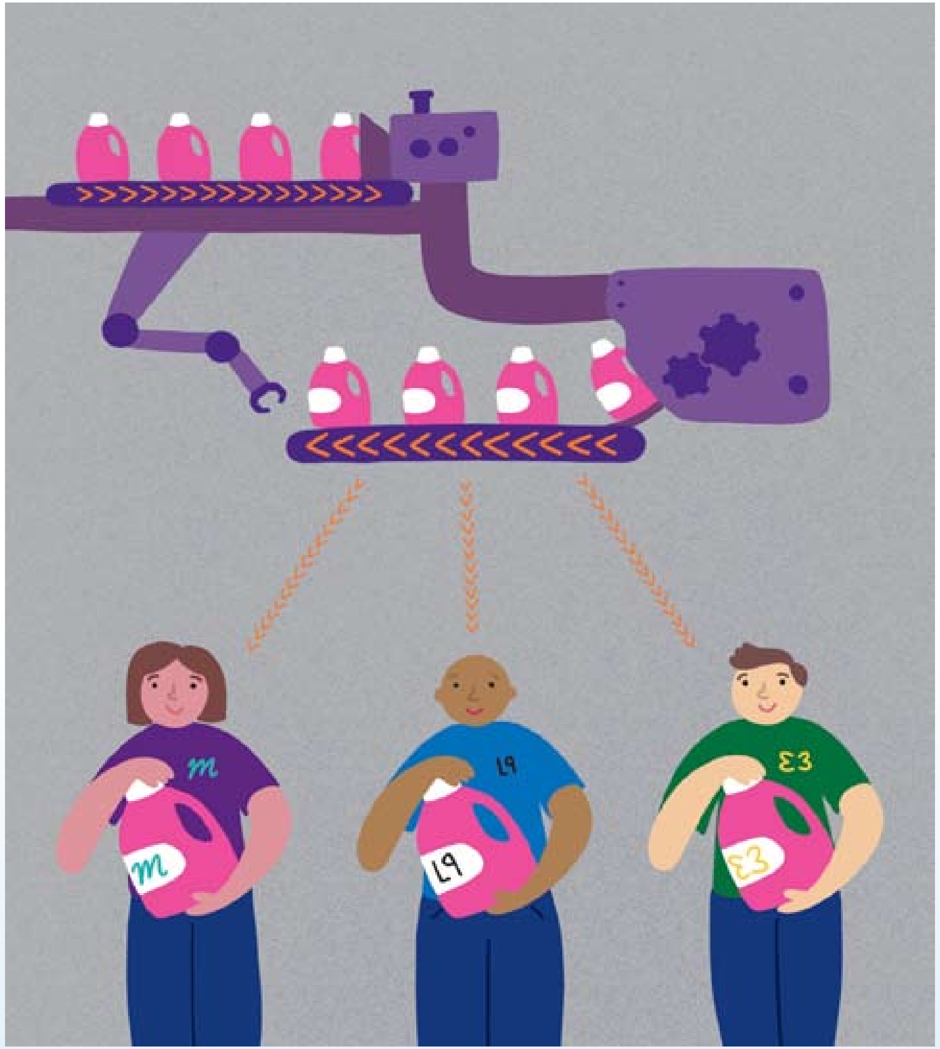
- Investors | Founders
- What do I expect to achieve?
- What are my advantages?
- What are the pain points of the stakeholders?

WHAT IS THE FOUNDER'S POINT OF VIEW?

- Looking for PoC and access to assets - data validation, technological boost
- Main goal to achieve investment/grant - capital to grow the startup
- Brand - industry validation

WHAT IS THE POSSIBILITY FOR ROI?

- Check if ROI is the leading interest of your stakeholders.
- If it is, and you are able to focus on the long term, not just on your short-term plans, then equity is an option for monetisation.



White Labeling

A company provides products or services to another company, which then uses\sells them under their own brand name and logo.

White Labeling

The white labeling business model is widely used across a range of industries, including software, consumer goods and financial services. It utilises the provider's expertise and technology to present a branded solution that satisfies their requirements. White labeling also permits innovation organisations to concentrate on their core competencies whilst entrusting the financial aspects to the provider, enabling them to expand their business more efficiently.

Example

Accelerator creating a service that is sold/used under a different brand name by another company.

Where to Use It?

Innovation Programmes

The User

Startup

The Client

Paying Partner

Monetize Assets

Know-how | Talent | Execution

Pros	Cons
Lower user acquisitions costs	End user is not the paying client
Plug & Play	The IP is exposed
High potential income	Requires additional capacity

White labeling - Let's get practical

The white labeling checklist - as presented by Arieli Capital and Carnet:

ARIELI CAPITAL

CARNET

1 Identify your product

- **WHAT** is the "unique" knowledge that you have?
- **HOW** much effort can you dedicate to your knowledge as a product"?
- **DO** you have the capabilities to market it to its full potential?
- **CAN** it be a side job or part of your portfolio?
- **IS** your "knowledge as a product" going to help your core business grow?
- **CAN** your "knowledge as a product" hurt your business in the long run? Make you less competitive?

White labeling - Let’s get practical

The white labeling checklist - as presented by Arieli Capital and Carnet:

ARIELI CAPITAL

CARNET

2 Identify your market

- **What is the product?**
  (Startup programme, event, webinar, hackathon, matchmaking event, challenge based event...)
- **Who** needs this knowledge that you possess?
- **Are** your prospective clients within your ecosystem or outside of it?
- **Are** they willing to pay and capable of paying?
- **What** are they going to do with the knowledge you will provide them?
- **What** is the best way to offer your knowledge?

White labeling - Let's get practical

The white labeling checklist - as presented by Arieli Capital and Carnet:

ARIELI

CARNET

3 Execution

- **Who** will be involved within the organisation?
- **What** is the time-frame for involvement?
- **What** is the approach you'd like to use - No logo approach? Powered by?

The Golden Rules of Pricing

So you've identified your ecosystem's assets and found the monetisation model that fits your organization. It's now time to put a price tag on it.

Finding the right price:

Real cost - Your price should initially be based on your actual cost. This should take into account salaries, office space, time, design or production fees, and any other costs that may be relevant. Note that at the beginning, you may not be able to cover all of the actual costs, but your business plan should account for this and show an eventual balancing out.

Benchmarking - Research the prices in the market and find out how similar products are priced.

Positioning - Once you understand the range of prices in the market, it's time to decide where you want to position yourself. Are you a premium option that costs more? Are you a more affordable option that prefers to reach a wider market rather than bring in more money?

Brand - The stronger your brand, the higher the price you can request.

Ask around - Before publicising your price, ask trusted colleagues and ecosystem members what they think and if it sounds reasonable.

Range of flexibility -Check if you can offer discounts to specific audiences and if there are any relevant grants that may be able to lower costs.

Gut feeling - Last but not least, and perhaps the most important of all, what do YOU think the most suitable price is? Chances are you have a feeling as to the price that will work the best for your stakeholders. Listen to that feeling and incorporate it into the eventual price.

Pricing 101:

The theory of price is a microeconomic principle that uses the concept of supply and demand to determine the appropriate price point for a given good or service.
The goal is to achieve the equilibrium where the quantity of the goods or services provided matches the demand of the corresponding market and its ability to acquire the good or service.
The concept of price theory allows for price adjustments as market conditions change (Investopedia, 2022)

Worksheet

What is your ecosystem's UVP?

What are your 'reasons to believe'? (number, story, impact)

Which monetisation model do you feel could fit your ecosystem?

What would be the advantages and disadvantages of implementing a new monetisation model in your ecosystem?

Looking six months ahead, what do you think is feasible for your ecosystem in terms of monetisation?

Acknowledgements

- EIT Hub Israel
- Eyal Goldman
- 8200 Impact
- IPN
- TAU ventures
- Arieli Capital
- CARNET

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