



INNOFINANCE

**Innovative web-tool on the financial
evaluation of new projects**



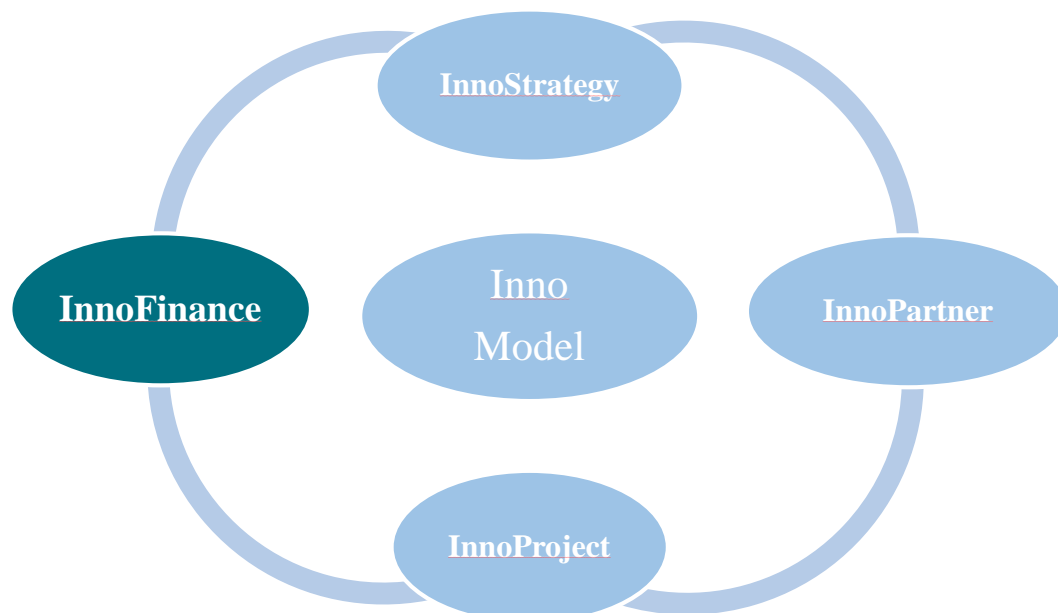
INNOFINANCE

1. Concept of InnoFinance

InnoFinance tool is a know-how on how to approach the financial evaluation and assessment of the company given its business model, and to assess and evaluate its potential innovation projects. The main aim of InnoFinance is to provide a systematic approach in deciding which projects should be pursued given company's development goals.

The main aim of InnoFinance tool is to help the SME evaluate and assess the financial states of the enterprise, its potential innovative projects and the available funding for its innovation activities

The objective of InnoFinance is to cover a **know-how** on how to approach the financial evaluation and assessment of the financial state of the company given its business model, a **know-how** on how to assess and evaluate the potential of its innovative projects, and a **know-where** for identifying available financial sources for funding its innovation activities.



The focus of InnoFinance is to provide a systematic approach in deciding which innovative projects should be chosen given the development goals of the enterprise and its resource base.

2. Elements of InnoFinance

InnoFinance focuses on the systematic approach and financial evaluation of the SME. The company will follow a procedure of steps, providing all the financial information available, such as revenues, costs, investments and funds. The steps consists of:

1. **Revenues & Costs Breakdown,**
2. **Staff Costs,**
3. **Operational Costs,**
4. **Investments**

The analysis of each step / face is detailed explained below.

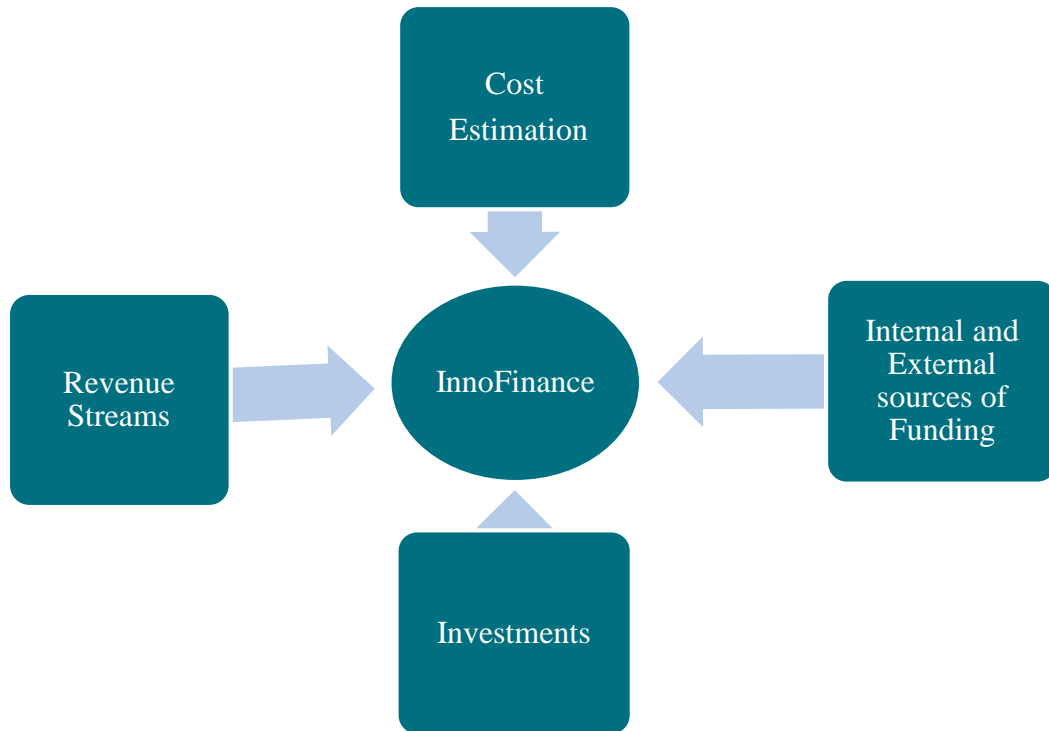
1. **Step 1 – Revenues and Costs Breakdown** includes the:
 - a) Unit sales in 5-year concept,
 - b) Price per Unit in 5-year concept,
 - c) Revenues per stream in 5-year concept,
 - d) Costs per Unit in 5-year concept and
 - e) Total direct cost of products / service in 5-year concept
2. **Step 2 – Staff Costs** includes the aggregation of costs on salaries to the company's employees. Within the InnoFinance tool, the SME can insert these costs, by employee role in a 5 year concept.
3. **Step 3 – Operational Costs** includes the aggregation of costs in a selection of costs categories in a 5 year concept. These categories are:
 - a) Office costs,
 - b) Infrastructure costs,
 - c) Marketing costs,
 - d) Travel costs,
 - e) Bank costs,
 - f) Insurance costs,
 - g) Consulting costs and
 - h) Other External costs

4. **Step 4 – Investments** includes the aggregation of investments in assets in a 5 year concept. The categories of the assets supported are:
- a) Investments in fixed assets,
 - b) Investments in intangible assets and
 - c) Costs of company foundation

The tool also supports the introduction of funding sources. The SME may enter the major sources of funding needed to cover the pre-defined investments. This provides the company an insight into the financial needs in order to keep the business running. The sources of financing can vary from external investors, government funds and bank loans to own private capital. One of the key indicators that external investors look for when deciding to invest in a new venture is how much funding is required to keep the project up and running and successfully secure the next round of investment. The sections covered from the funding category are:

- a) Common Capital Stock,
- b) Private Loans,
- c) Investors,
- d) Crowd Investments,
- e) Bank Loans and
- f) Additional Funding from agencies

Also available is the **Profit & Loss Statement**, which shows the company's revenues during a defined period. It indicates how the SME's revenues are transformed into net income. The **Net Profit Index** is represented in an array view and automatically updates based on the changes made in the pre-mentioned sections.



Source: InnoPlatform Project, (2018)