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EXECUTIVE SUMMARY

The Bhutan Innovation and Technology Centre, located at the Thimphu TechPark in Babesa, Thimphu, Bhutan, is the first of its kind in Bhutan. It is an initiative financed by the World Bank/International Finance Corporation through its Bhutan Private Sector Development Project. The Department of Information Technology & Telecom, a department established under the Ministry of Information and Communications, Royal Government of Bhutan, has leased the management of the BITC through a public-private partnership (design-build-operate-transfer) model to Thimphu TechPark Private Limited for a period of five years.

The BITC comprises three pillars: a business incubator, a Shared Technology Centre and a data centre. The BITC will contribute to the economic and social development of Bhutan by supporting and facilitating high potential individuals and SMEs to grow into successful businesses.

The business incubator provides rental space, business services, mentoring, networking and access to financing for incubatee firms at a financially sustainable cost. As a mixed-use incubator, there is no sectoral requirement for incubated firms however each applicant will be submitted to rigorous and accountable evaluation process before acceptance into the incubator.

The Shared Technology Centre offers comprehensive facilities to all businesses and entrepreneurs in Bhutan including meeting and conference rooms, various courses, networking events and product launches. In the near future, the Shared Technology Centre will also include an e-Incubation service, which will provide business advisory and information services online for the use of small business owners and entrepreneurs located in remote areas.

The Data Centre provides data storage and management services for government, for occupants of Thimphu TechPark and for third party commercial users. It will be designed and built to Tier II Data Centre specs as classified by Uptime Institute (upgradable to Tier III, based on demand for such services) but full operationality will depend on the tenants providing detailed specifications.

The Bhutan Innovation and Technology Centre marks an important step forward in the private sector development efforts of the Bhutanese government. It serves as a hub for entrepreneurship, innovation and enterprise creation in Bhutan; a vital ingredient in future, sustainable economic growth and job creation in the country.
1. OVERVIEW OF THE BHUTAN INNOVATION AND TECHNOLOGY CENTRE

This section gives a brief overview of the BITC including its vision, mission, values and objectives. It concludes with the structure of the BITC.

Vision

To become a key development institution for SMEs and entrepreneurship in Bhutan.

Mission

Contribute to the economic and social development of Bhutan by supporting and facilitating high potential individuals and SMEs to grow into successful businesses. BITC will help entrepreneurs and small, start-up businesses overcome the obstacles to business growth and in this way, contribute to sustainable economic growth, job creation and regional development.

Values

In line with four pillars principles of Gross National Happiness (GNH), the BITC will embody and promote the following values:

- Cultural Promotion
- Equitable economic development
- Good governance
- Environmental conservation – sustainable development, and environmental care

Objectives

To achieve its mission, BITC will pursue the following objectives:

- To facilitate the creation of sustainable and high-growth start-up ventures and entrepreneurs or FDI-partnerships, leading to increased job creation and regional economic growth.
- Increase the survival rate and success of incubated firms through:
  - Access to a network of quality business service providers including marketing, operations, human resources, legal, accounting and training.
  - Links between incubatees and potential funders, angel investors and other potential business partners.
  - Collaboration with the private sector, academia and government using partnerships with universities, colleges, leading business schools, institutions, associations, trade bodies and the larger business community.
- To develop linkages with institutions running training programmes in entrepreneurship and management to develop the future entrepreneurs and business creators of Bhutan.
Locality

Located off the Babesa-Thimphu Expressway, the BITC is placed in an ideal setting just outside of the capital city of Bhutan, Thimphu. The potential for networking and linkages to be built between the BITC and other institutions (government, NGOs, local business service providers, etc) are enhanced by the centre’s proximity to the city.

The structure of BITC

The BITC consists of three pillars:

- **Business Incubation Centre (BIC):** The incubator allows pre-qualified entrepreneurs, microenterprises and innovators to receive high-class support, training and facilities to develop and commercialise their ideas. The BITC incubator provides a creative, stimulating and supportive working environment to the incubatees/tenants with plug and play infrastructure, meeting rooms, training rooms and services.

  As a mixed-use business incubator, businesses operating in any industry or sector are eligible for application to the BITC incubator. Applicants are submitted to rigorous and accountable evaluation process before acceptance into the incubator.

  Preference is given to start-up and early-stage enterprises. In this way, incubatees will have the most to gain from the preferential rate rents and business services provided by BITC and also represent the best candidates for turnover and job growth within a three-year timeframe. This is also to maximise coordination and minimise duplication with other entrepreneurship-related programmes in Bhutan.

- **Shared Technology Centre (STC):** This centre houses terminals to provide access to cloud computing with software available on demand, software testing tools etc. on pay per use basis or otherwise. It provides conference rooms, video conferencing centre, a business centre and a Cyber Café. These elements come together to make a dynamic and vibrant environment to attract youth and business people alike to the BITC, allowing them to network and collaborate in the development of their commercial ventures.

- **Data Centre (DC):** The Data Centre provides data storage and management services for government (1000 sq ft), for occupants of Thimphu TechPark and for third party commercial users. It is designed and built to Tier II Data Centre specs as classified by Uptime Institute (upgradable to Tier III, based on demand for such services) but full operationality depends on the tenants providing detailed specifications. Hardware (servers and networking) and software will be provided only after the tenant contracts are defined and signed, and paid for by the customers.

2. **BUSINESS MODEL**

In this section, the services to be offered by each pillar are outlined and the revenue streams derived from each pillar. It explains the strategy to reach the desired market for the BITC’s services and the different
stakeholders that will be engaged to make BITC the ‘hub’ of entrepreneurship and innovation in Bhutan. It concludes with the key milestones for the first year of operation.

Scope of services to be provided

BITC Incubator

The BITC incubator provides value to incubatees through a combination of:

- **Rental office space**
  Quality office space is provided to incubatees initially at a below market rate. This rate will periodically increase to ensure that businesses are appropriately developed to meet the market rate and to provide an incentive to exit the incubator once financially independent.

- **Business services**
  Incubatees are provided with access to a variety of secretarial and administrative services including: secretarial support, telephone answering services, cafeteria services, conference facilities, photocopiers, internet connectivity, etc.
  In addition to these, access to several business services are also provided on a flexible basis and a preferential rate, depending on the periodic needs of the incubatees. These include: assistance in generating business ideas, business planning, legal, human resources, accounts/book-keeping, corporate finance, marketing/media relations and intellectual property right management among other services.
  To the extent to which it is feasible, the most important of these business services to incubatees are provided internally. However, external service providers are commonly engaged depending on the availability, quality and suitability of these services-providers in Thimphu.

- **Access to finance**
  One of the most important constraints that firms face at the start-up and early stages is access to bank financing. This is due to the typical collateral requirements of banks and the lack of a track record most small, young businesses possess.
  The BITC will help to bridge the information gap between the incubatees firms and finance providers (banks, international organisations, equity funds) by building strong linkages with these institutions and through capacity building of incubatees (business plan development and assistance pitching to investors). One such finance provider could be the credit guarantee scheme run by the Department of Employment.
  For firms at early-stage and later stages of the business life cycle, equity financing becomes more relevant. BITC will explore ways to fill this financing gap through participation in an equity fund for SMEs *(to be negotiated with Druk Holdings and Investments and World Bank)*, which will invest in companies with high-growth potential.

- **External alliances and Mentoring**
  The BITC acts as a hub for local and national networking between the different stakeholders in enterprise and entrepreneurship development. The first of these networks is comprised of the external business service providers detailed above. The second comprises finance providers such as banks, equity funds, business angels, etc. Finally, a local and international network of
universities, other business incubators, private companies, NGOs, etc rounds out the different stakeholders who are engaged by the BITC. These networks are leveraged to provide mentors to incubatees who help guide the development and growth of the incubated businesses.

**Box 1. What is business incubation?**

According to the EU Centre for Strategy & Evaluation Services: —A business incubator is an organisation that accelerates and systematizes the process of creating successful enterprises by providing them with a comprehensive and integrated range of support, including: incubator space, business support services, and clustering and networking opportunities.

**Figure 1. The Process of Business Incubation**

In general, a business incubator will focus on a range of services for clients that are designed to help them launch well managed businesses. This mix of services is generally drawn from: administrative services (photocopying, bookkeeping, etc); business advice services (coaching, counseling, mentoring, training), technical services (technical advice, access to expensive equipment, etc), finance raising, and networking opportunities (between clients, links to wider business community). Other services (loan & venture capital funds, lobbying for special services/bureaucratic treatment, etc.) are sometimes developed to help clients overcome specific problems in the given business environment.

While lengths of time vary across different countries, business incubators typically host a start-up or micro-enterprise for a period of one-to-three years. Once the business has grown past the initial stages and demonstrates financial and commercial sustainability, it graduates from the incubator and begins operating on its own. This ensures that the benefits of the incubator’s services are maximised as only firms with a genuine need for them are hosted at the incubator.

*Source: InfoDev (2010), Global Practice in Incubation Policy Development and Implementation.*
Shared Technology Centre

The Shared Technology Centre provides numerous services, open to all interested parties, including:

- Hosting of entrepreneurship development programmes through the development of linkages with universities, colleges, leading business schools, institutions, associations, trade bodies and the business community.
- Facilities to test software on a pay per use basis.
- A cyber-café for networking, collaboration and exchange of business ideas.
- Video-conferencing facilities, meeting rooms.
- Introduction into entrepreneurship sessions for < 25 youth
- An e-incubation platform will be launched in the future, in collaboration with the International Finance Corporation's SME Toolkit.

Data Centre

A Data Centre is a key supporting element for IT, necessary to provide better operations and management control, minimise the overall cost of data management, IT management and deployment and provide greater reliability, availability and serviceability.

The Data Centre is a key element in e-Government initiatives and businesses for delivering services to the citizens with greater reliability, availability and serviceability. Hosting services/applications on a common infrastructure leads to ease of integration and efficient management, ensuring that computing resources and the support connectivity infrastructure is adequately and optimally used.

The Data Centre is equipped to host/co-locate systems (e.g. Web Servers, Application Servers, Database Servers, SAN, and NAS etc.) to host applications and to use the centralised computing power. The Data Centre has a centralised authenticating system to authenticate the users to access their respective systems depending on the authentication matrix.

The Data Centre facility comprises a Data Centre for Government, for occupants of Thimphu TechPark and third party commercial users, and is designed and built to a Tier II Data Centre as classified by Uptime Institute (upgradable to Tier III, based on demand for such services).

BITC’s Revenue Streams

As a privately-run and for-profit business centre, the BITC will generate revenues through the provision of the following goods/services:

- Incubator
  - **Rent**: below market rates will be charged to start-up firms but gradually increase as the incubation period progresses. The goal is to lighten the load of overheads in the critical, early stages of the enterprise and as the firm grows, increase rates so as to provide an incentive for the firm to exit the incubator once sufficiently developed.
Shared services: incubated firms will be charged a flat rate for the administrative/secretarial services provided by BITC including telephone, fax and internet usage, photocopying, book-keeping, secretarial work and conference rooms.

Provision of business services and training: businesses services are primarily provided by external service providers. For access to this network, a small service fee is levied depending on the service required. It is hoped that preferential rates can be negotiated with service providers as no service will be provided to incubatees at an above-market rate (including the service fee).

Equity investment (under negotiation): there is scope for a seed capital fund to be launched in conjunction with the DHI or the World Bank, pending regulatory matters. This fund would invest in start-up businesses housed at the BITC and make an equity investment of 5-20% in incubated firms, depending on the risk profile, capital requirements and growth potential of the company.

Sponsor organisation funding: a number of organisations and government-funded initiatives exist in Bhutan for private sector development. Where appropriate, these sources of funding may be applied for.

• Shared Technology Centre
  o Membership: a number of workstations and other facilities are provided for use for those that are members of the BITC. Membership is open to the general public. A membership fee is necessary to ensure that facilities are not over-used and their upkeep.
  o Café: the Cyber Café provides a modest revenue stream through the sales of its food and other products.
  o Events/training: a number of events, hosted solely by BITC or jointly-organised with other stakeholders, provide a source of revenue derived from a fee for attendance (the level of the fee will differ depending on the event). Training sessions are also organised and a fee for attendance is charged.

• Data Centre
  o Payment for services: the rate charged for use of Data Centre facilities will differ according to the contractually negotiated terms for each user.

Marketing and the Target market

The BITC will be aimed at entrepreneurs or business people with:

  a. Demonstrated experience or potential to start or run a business. This person will possess ‘entrepreneurial’ skills such as: sale and marketing, financial knowhow, self-motivation, strategic thinking, time management, leadership, risk management, interpersonal and communication skills, etc.

  b. Willingness to conduct business in an open, collaborative and cooperative fashion including meeting the coaching and consulting requirements of the incubator.
c. Preparedness to accept the rules and support of the BITC Business Incubator including mentoring by incubator staff, periodic monitoring of performance and use of selected business development services.

e. The company must be a start-up or early-stage business. The company may be a joint-venture or partnership with a foreign-based enterprise or multinational.

Potential incubatees will be contacted and engaged primarily through a dedicated website, information on the Shared Technology Centre’s events, social networks, brochures/pamphlets, tenant/graduate referral and other informal external networks that participants in BITC possess. These mediums will be used to clearly explain what the benefits are to firms in joining the incubator, what services they will be provided and the cost of the services.

Numerous other, existing institutions and organisations will be leveraged to spread the word regarding BITC. Stakeholders include universities, colleges, government departments, international organisations, chambers of commerce, multinational enterprises, etc. Some target partners already identified include: Druk Holdings and Investment, Loden Foundation, FM Scouts, Youth Development Fund, MoLHR, Bhutanese Banks, Royal University of Bhutan, and Royal Thimphu College.

**Partners in Entrepreneurship Development in Bhutan**

As the first business incubation centre in Bhutan, the BITC will be a hub for entrepreneurship and private sector development-related activities in the country. At present, numerous individual programmes to improve entrepreneurial skills and opportunities are operated by an equally diverse range of institutions and organisations in Bhutan. BITC will attempt to link all these groups together so as to provide the best and most cost-effective assistance to potential entrepreneurs.

- **Druk Holding and Investments’ (DHI) Entrepreneurship Development Programme**: this programme focuses on 3 key elements: a Training Programme, a Seed Fund and Mentoring. It will be for: Start-ups (express interest & growth potential), Existing small businesses (growth potential) and New subsidiaries of existing companies. The expenses for the Programme will be supported by DHI. DHI will not fund the trainee during the training.

  Possible areas of collaboration between DHI and BITC would look into the possibility of integrating the Entrepreneurship Development Programme with BITC, the possibility of partnering in an equity capital with BITC and also the availability of incubation space at BITC for the entrepreneurs who have undergone DHI EDP, if required.

- **Department of Employment Entrepreneurship Promotion Division**: running two entrepreneur skill development courses (Basic and Comprehensive) that target unemployed youth. Participants take the course then submit a business proposal to the department, which then screens and scrutinises the proposal before selecting those that are viable in the local market. The programmes focus primarily on the manufacturing and services sectors.

  To pursue collaboration in this area, BITC proposes to collaborate in the areas of provision of basic entrepreneurship skills courses, linking up of financing support with their credit guarantee fund, referral of potential incubatees to BITC, joint-holding of capacity building events, locating of mentors and finally, collaboration in the setting up of the Department’s own business incubator programme.
• **Entrepreneurship Promotion Centre:** to date, only one other institution could be seen as similar to BITC in Thimphu and is called the Entrepreneurship Promotion Centre. Opened in 1990, this centre’s mandate is to serve as the focal point for all entrepreneurship and small business promotion activities. These activities fall under three headings: 1) Entrepreneurship Development (including the flagship programme, the Comprehensive Entrepreneurship Course), 2) Cottage industry development and 3) Skills development.

The only meaningful difference between BITC and the Entrepreneurship Promotion Centre is that the latter is primarily a training and skills provider whereas BITC will provide office space, access to business services and finance providers in addition to occasional training and seminars. Avenues of co-operation and collaboration will be sought between BITC and the Entrepreneurship Promotion Centre in the provision of training and entrepreneurship courses.

• **The Royal Thimphu College:** offers 3-4 year courses related to business: a Bachelor in Commerce and a Bachelor in Business Administration. These courses offer a range of business, IT, maths, economics and finance modules.

The Royal University of Bhutan runs entrepreneurship training and is planning to run a Business Competition. It is running an entrepreneurship development curriculum at 5 of its affiliated colleges and it is overseen by their Entrepreneurship Development Centre. These centres offer courses in areas such as agro-business, engineering, general science courses and business courses. The University has also developed an entrepreneurship module. Collaboration with BITC could be foreseen in the research programmes of the university and joint-hosting of courses or events. BITC could serve as a platform for the graduates of the university’s entrepreneurship development centres.

**Key Milestones in the conception and opening stages**

**November 2011:**
- Inauguration of the Thimphu TechPark
- Opening of selection process for potential incubatees

**December 2011:**
- Fit-out of BITC facilities
- Selection process to determine potential incubatees

**January 2012:**
- Opening of the BITC
- Incubatee firms begin moving into BITC

**February 2012:**
- E-incubation service begins, using International Finance Corporation’s SME Toolkit
- First events held at BITC

**June 2012:**
- 6-month evaluation of BITC progress

**December 2012**
- Annual Report released
3. Business Environment Analysis

This section provides an analysis of the local and macro-economic environment in Bhutan that give rise to the need for BITC and its services.

The business environment in Bhutan is relatively underdeveloped. Regulations and legislation make it difficult for businesses to open up and there is a dearth in the provision of important business services for operating firms. The Bhutanese Government and various international organisations have been making a large effort in recent years to increase economic activity and reduce of costs and risks of business operations however progress to date has been limited.

The International Bank for Reconstruction and Development (BRD) and International Finance Corporation (IFC) undertake an analysis of the business environment of Bhutan each year in their ‘Doing Business’ Series. In 2011, Bhutan was ranked 142 out of 183 countries in terms of the ease of doing business. This figure is based on an analysis of the following business environment indicators, for each the relative rank of Bhutan vs. the other 183 countries is also given:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Rank 2011 (183)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting a business</td>
<td>84</td>
</tr>
<tr>
<td>Dealing with construction permits</td>
<td>123</td>
</tr>
<tr>
<td>Registering property</td>
<td>48</td>
</tr>
<tr>
<td>Getting credit</td>
<td>176</td>
</tr>
<tr>
<td>Protecting investors</td>
<td>132</td>
</tr>
<tr>
<td>Paying taxes</td>
<td>94</td>
</tr>
<tr>
<td>Trading across borders</td>
<td>161</td>
</tr>
<tr>
<td>Enforcing contracts</td>
<td>33</td>
</tr>
<tr>
<td>Closing a business</td>
<td>183</td>
</tr>
</tbody>
</table>

Source: EBRD & IFC

Of these indicators, the most relevant for BITC’s consideration are those that involve the starting, operation or closing of a business.

**Starting a business**: according to the analysis, starting a business in Bhutan takes on average 46 days and involves 8 different procedures. Clearly determining what each of these steps is and putting in place the means to speed up this process will be an important service BITC can offer its client businesses.

**Getting credit**: ranked 176 out of 183, Bhutan lies right at the very bottom of the world scale in terms of access to credit for businesses. This low ranking is due to the non-existence of any credit information database for banks to use when evaluating a business’ loan application and the absence of any kind of public or private registry. This represents an opportunity for BITC to clearly record and make available the financial accounts of incubated businesses to banks to ease the loan application and granting process. It also opens the door to BITC taking a more proactive approach in the provision of finance to incubated companies through a partnership with the World Bank in a seed capital fund.
Trading across borders: increasing the number of exporting firms in Bhutan is one of the goals of the BITC. The fact that Bhutan ranks so low on the world scale for trading across borders, due to the high cost in dollar terms and in terms of time both to import and export, means that this represents a prime area for BITC to provide assistance to incubated firms attempting to import or export goods.

Closing a business: an important deterrent to someone considering starting a business is the difficulty of closing that business. If the process of declaring bankruptcy and liquidating assets is one that takes years, it serves as a strong disincentive to citizens to start a business in the first place. The Doing Business report cites 'no practice' in the criteria on time taken to close a business or the cost incurred during this process. This area warrants further investigation by the BITC to determine what bankruptcy legislation exists and the steps involved in filing for bankruptcy so as to remove this strong disincentive to enterprise creation.

In addition to the ‘Doing Business’ report, there are two limited enquiries into the Bhutanese business environment and the obstacles to SME growth. The two studies are


The findings of these two reports are summarised in the SWOT analysis below:

<table>
<thead>
<tr>
<th>SWOT analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths:</strong></td>
</tr>
<tr>
<td>- There are already schemes being run in Bhutan to develop business and entrepreneurship</td>
</tr>
<tr>
<td>- 98% of the private sector is SME’s</td>
</tr>
<tr>
<td>- Large numbers of educated, qualified people</td>
</tr>
<tr>
<td>- Investment/funding available</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>- BITC services</td>
</tr>
<tr>
<td>- Government and World bank support</td>
</tr>
<tr>
<td>- Innovative new businesses to drive Bhutan’s IT development</td>
</tr>
<tr>
<td>- Potential to create jobs</td>
</tr>
<tr>
<td>- Partnering with external businesses to provide expertise</td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>- Current schemes not coordinated</td>
</tr>
<tr>
<td>- Availability of internet, communication and technology – poor infrastructure</td>
</tr>
<tr>
<td>- Regionally unbalanced</td>
</tr>
<tr>
<td>- Mismatch in Governments supporting policy and the needs of SME’s</td>
</tr>
<tr>
<td>- Lack of standardisation and repeatability in production</td>
</tr>
<tr>
<td>- Lack of demand</td>
</tr>
<tr>
<td>- Lack of competitiveness</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>- Geography of Bhutan, many mountainous remote areas difficult to get to</td>
</tr>
<tr>
<td>- Young person’s views on self employment and blue collar jobs.</td>
</tr>
<tr>
<td>- Lack of skilled and unskilled labour to cope with the potential increase in demand for labour</td>
</tr>
<tr>
<td>- Ability of organizations to recruit and retain the required key staff and management expertise.</td>
</tr>
</tbody>
</table>
From this SWOT analysis, the following key points emerge:

- While there are a number of donor-led efforts to fund and develop small businesses in Bhutan, these efforts remain disorganised. The Shared Technology Centre at BITC would be an ideal setting to bring together these disparate efforts, coordinate them and in this way bring about better outcomes from the limited funds available.
- There is a mismatch between the needs of small businesses and the current regulatory and legislative regime in place in Bhutan. The BITC can serve as a strong platform for lobbying to bring about a more friendly business environment for enterprises in Bhutan through the collection of empirical data on businesses that are incubated and presentation of these facts to the Bhutanese government.
- While there is a large number of educated and qualified people in Bhutan, they lack the entrepreneurial drive and a positive attitude towards starting their own business. BITC can act as an institution to encourage youth and young professionals to start their own business, and thereby create jobs, rather than all competing for limited positions in the government bureaucracy.

There is a clear need for a business incubator in Bhutan to assist promising firms in Bhutan to overcome the barriers to business development and growth. The BITC incubator will address these challenges by providing access to business services to companies in order to assist them to overcome the regulatory and other business environment barriers that impede enterprise creation and growth. There is also a need for a hub of entrepreneurship and innovation in Bhutan to centralise and coordinate the various efforts on the part of the government, international organisations and NGOs to develop the private sector. Through greater coordination, significant benefits can be derived from the removal of overlapping efforts and from the economies of scale due to joint-funding and joint-effort.
4. OPERATIONAL PLAN:

In this section, the procedures for reaching the BITC’s objectives will be outlined including the daily tasks to be rendered within the three pillars of BITC, their flow diagrams and the members of the BITC team.

Facilities Offered

Figure 2. BITC Floorplan

Incubator Entry Process

A selection process will ensure that firms with high growth potential and a real need for the services of the business incubator are admitted. This process will follow 5 stages:

1. Online application: entrepreneurs and existing small businesses apply online by filling out the application form on the BITC website. In addition to filling out the application form, they will be required to provide a business plan and CVs for the team members.
2. Review and contact: the Incubator Manager will examine all complete applications and, if the concept looks promising, contact the relevant applicant that their file is under consideration and ask them to come to BITC for a preliminary interview. These interviews are designed to:
   a. The business’ and entrepreneur’s potential;
   b. Whether the entrepreneur’s needs can be met by BITC;
   c. Suitability of the entrepreneur for the BITC incubator;
   d. Personal characteristics of the entrepreneur.

3. If accepted, the applicant signs a Memorandum of Understanding with BITC to begin a Business proposal development period. This is a capacity building and mentoring period of 4-6 weeks to:
   a. Provide a due diligence opportunity;
   b. Provide guidance to the applicant on business plan and proposal development for the Selection Committee;
   c. Assess the entrepreneur’s skills and motivations;
   d. Determine and prepare for the exact needs of the entrepreneur at BITC.

4. Selection Committee: applications are presented to an expert Selection Committee comprising 4-5 members representing the BITC, the private sector, government and other important stakeholders. The Incubator Manager will serve as Secretary to this group. Proposals are evaluated according to the following criteria:
   a. Projected viability of the business
   b. Compatibility of the business to incubator principals and objectives
   c. Suitability of the entrepreneur or business
   d. Completion of the application package
   e. Demonstrated need for the BITC services and facilities

5. Contract drafting and signing: those applicants that are accepted are contacted to inform them of the outcome and prepare them for the contract signing and incubation process. All accepted applicants come for a meeting to ensure they fully understand their responsibilities as a part of the incubator. The meeting concludes with a contract signing.
Scheduled meetings

All incubated businesses are required to meet with the Incubator Manager on a fortnightly or monthly basis. This face-to-face contact allows the manager to identify any needs of the incubatee ahead of time and to monitor the progress of the incubatee’s business.

**Incubator Exit Process**

Just as firms must meet criteria for acceptance into the incubator, so too must they meet criteria to graduate from the incubator. In principle, a business incubator is designed for the short-term support of growing businesses and allows them to graduate once they show independence in terms of business strategy but also financially.

An important part of determining when a business is ready to leave the incubator is the close, periodic monitoring of the performance of the business. BITC will require monthly reporting on the progress and financial accounts of each business as well as fortnightly meetings with the incubator manager to determine their progress.
At a certain point, this monitoring will lead to one of the following three conclusions to be drawn, each one leading to the business leaving the incubator:

1. **Business success**: if a firm is paying market rents and market rates for the services it uses then it is likely to be ready for graduation. Only in instances where occupancy of the incubator is below 85% should continuation of the lease be considered.

2. **Business closure**: whether voluntary or involuntary, if the business is not viable over an extended period of time it will be required to leave the incubator.

3. **Latent business**: businesses that appear, through their monthly monitoring, to be continually changing course due to continual setbacks and lack of development will need to have additional attention given by the incubator manager to determine what the best course of action is even if that implies leaving the incubator.

Incubated firms will sign annual leases and be required each year to demonstrate their continued need for the incubator’s services and an acceptable rate of development over the previous year. This will ensure that underperforming firms are not locked into the incubator and likewise, high-performing firms are not contractually obliged to use incubator services they no longer require.

By international standards, total incubation time can range anywhere from 3 to 5 years. For this reason, no fixed limit will be set on the total time allowed for businesses to be in the incubator. Rather, a case-by-case approach will be adopted to ensure firms that do graduate are suitably prepared while underperforming firms with little prospect of success do not remain a drain on resources.

Successful firms that do graduate will continue to be engaged in BITC’s activities by answering an annual survey (to track their performance) attending meetings, workshops, events with current incubatees.

**Management Advisory Board of BITC**

To ensure that the BITC effectively engages with the local business establishment, chamber of commerce, government departments, international organisations, etc, an Advisory Board will be established to bring all of these diverse stakeholders together on a quarterly basis. At present, the following institutions are envisioned to have a representative on this advisory committee:

1. Royal University of Bhutan (RUB)
2. Druk Holdings and Investment
3. Bhutan Chamber of Commerce & Industry (BCCI)
4. Royal Monetary Authority or other financial sector representative
5. NGO representative
6. International Finance Corporation
7. Ministry of Information and Communications
8. Ministry of Economic Affairs (Department of Industry)
9. Ministry of Labour and Human Resources (Department of Employment)

**Selection committee for Incubatees**

The selection of businesses for the business incubator will be carried out by an expert committee comprising representatives from various stakeholders including: industry, academia, international organisations and government departments.
The members of this committee, as of November 2011, include:

- Valerie D’Costa (InfoDev)
- Mike Holland (Thimphu Tech Park Ltd.)
- Prof. Douglas Schofield (Royal Bhutan College)
- Karma S. Dorji (DHI)
- Anjali Gulati (BITC)

The BITC Team: Management

Michael Holland - Chief Executive Officer

Mike Holland is CEO of Thimphu Tech Park Ltd (TTPL), the owners and managers of TTPL and the party responsible for conceptualization, design, delivery and operations of the Bhutan Innovation & Technology Centre (BITC). He has over twenty years of business experience USA, UK, Singapore, China and India. Prior to joining Assetz, Mike was Corporate Services Director for Microsoft, responsible for both procurement & real estate functions across Asia Pacific including India and China. He has held roles as Managing Director and Country Manager for Jones Lang LaSalle India and he is a Chartered Surveyor and a member of the Investment Committee for Prudential/ICICI India Real Estate Fund.

Business Incubator and Shared Technology Centre Team
Anjali Gulati - Consultant

Anjali Gulati, an expert on Intellectual Property Rights, Biotechnology and Agriculture, will be the incubator manager of BITC. She started her professional career as an entrepreneur and founding Director at Natura Agroconsultants Pvt. Ltd, India in 2001. The company was actively involved in providing advisory services on agribusiness and applied biotechnology to organizations like FAO of UN, IFAD Rome, IDRC Canada, ICIMOD Nepal, SNV Netherlands Development Organization, Private Sector Companies, NGO’s, farmer federations, state and national governments. Her expertise lies in project planning, implementation, monitoring and evaluation by incorporating modern management tools. Also, she has worked with Fox Mandal Legal Circle one of the leading law firms in India on Innovations and Patents.

Since 2009, she is based in Bhutan and has been advising the Intellectual Property Division of the Ministry of Economic Affairs of Royal Government of Bhutan on Intellectual Property Rights, Patent Law, capacity building and organizational development.

Benjamin Dean - Consultant

Benjamin Dean, based in Paris, is a Policy Analyst in the Centre for Entrepreneurship, Small and Medium-sized Enterprises (SMEs) and Local Development of the Organisation for Economic Co-operation and Development (OECD). His specialises in policies to promote entrepreneurship finance (debt and equity), high growth enterprise development, effective intellectual asset management and also government policy evaluation. Mr. Dean has worked at the OECD since 2009.

An Australian national, he has previously undertaken projects in China and India. He graduated with honours from the University of Sydney in 2005 with a degree in Economics and Social Sciences. His thesis was written on the issues facing public-private partnerships for infrastructure development in India.

Data Centre Team

Tashi Tsherig – CEO of New Edge Technologies Pvt. Ltd.

Tashi Tsherig – Tashi Tsherig is the CEO of New Edge Technologies Pvt. Ltd., an IT company based in Thimphu, Bhutan. In his two years at New Edge, he grew the startup system integration business into one of the leading IT companies in Bhutan. His work experience includes the management of construction projects and serving on the boards of Lhaki Group and Bhutan Tourism Corporation Ltd.. With New Edge he learned firsthand the many challenges faced by startups and also gained clear insights into the IT sector in Bhutan. He started his career in the public sector, serving in the foreign service of the Royal Government. He is a graduate from the University of California at Berkeley, USA, in the field of Environmental Resources.
Biju Jacob John - TTP Data Center Sales team

Biju Jacob John works with the TTP Data Center Sales team. He has experience in the installation and maintenance of Power Line Carrier Communication equipment for BPL Systems and Projects, and for the installation of Analogue and Digital PBXs and has worked with leading technology companies in India including Tata Telecom, Siemens, Delhi Police-100 project, Usha-Tadiran Technologies etc. He has been marketing one of the largest Tier 3+ Data Centers in Bangalore for the sales of Data Center related services. He is a Certified Data Center Professional and brings his DC sales experience to TTP DC.

Richard Vass

Richard Vass, based in UK, is a serial entrepreneur with a global reputation for innovation in the area of power distribution for offices, trading floors and data centres. He is an expert in product development to overcome specific issues related to power and cable management with several patents to his name. Richard’s career working in this field started in 1993 when he set up his own business in the UK with his electrical, cooling and data centre products now utilised and installed in Hong Kong, Singapore, China, India and across Europe. Richard has set up three businesses and sold two. His expertise will prove invaluable in contributing his wealth of experience to ensure that the TITP provides world class technology environment, and will also bring his entrepreneurial energy to the BITC project as a whole.
ANNEX 1. SELECTION CRITERIA FOR INCUBATEES

The Mission of the BITC is to contribute to economic and social development by supporting and facilitating high potential individuals and SME’s to grow into successful businesses. BITC helps entrepreneurs and small, start-up businesses overcome the obstacles to business growth in Bhutan and in this way, contribute to sustainable economic growth, job creation and regional development.

Firms will be admitted to the BITC Incubator according to their ability to meet the following criteria:

1. PROJECTED VIABILITY OF THE BUSINESS
   a. Potential for employment creation within a three year period
   b. Potential for profitability within a three year period
   c. Projected growth potential of the business (on a one-year, three-year and five year basis)
   d. Ability to finance its operation for the first year
   e. Potential to export goods/services

2. COMPATIBILITY OF THE BUSINESS TO INCUBATOR PRINCIPALS AND OBJECTIVES
   a. Alignment with GNH principles and Pillars
      i. Cultural Promotion
      ii. Equitable economic development
      iii. Good governance
      iv. Environmental conservation – sustainable development, and environmental care

3. SUITABILITY OF THE ENTREPRENEUR OR BUSINESS
   a. Demonstrated experience or potential to start or run a business. Applicant possesses ‘entrepreneurial’ skills such as: sale and marketing, financial knowhow, self-motivation, strategic thinking, time management, leadership, risk management, interpersonal and communication skills, etc.

   b. Willingness to conduct business in an open, collaborative and cooperative fashion including meeting the coaching and consulting requirements of the incubator.

   c. Preparedness to accept the rules and support of the BITC Business Incubator including mentoring by incubator staff, periodic monitoring of performance and use of selected business development services.

   e. The company must be a start-up or early-stage business. The company may be a joint-venture or partnership with a foreign-based enterprise or multinational.

4. COMPLETION OF THE APPLICATION PACKAGE
   a. A full and complete business plan including:
· Description of the business
· Description of product/service to be provided.
· Discussion of marketing strategy and product/service distribution method.
· Resume of Owners and key personnel
· Projected financial statements (3 years).
· Identification of equity and borrowing requirements and ability to obtain required financing.
· Indication of potential for growth.
· Indication of number of employees and employment classifications (i.e., skilled, unskilled and managerial.

b. An application form filled-out

5. DEMONSTRATED NEED FOR THE BITC SERVICES AND FACILITIES

a. The company should be able to clearly identify and justify its need to be housed at the BITC business incubator based on the services that are provided.