



**FINANCING AGENCY FOR**  
*Social* ENTREPRENEURSHIP



# Case Study Social Entrepreneurship: Scale-up of a Social Innovation Business Plan, Social Impact, Financing



„Sign language translations are increasingly needed. A Viennese company has found a cost and time saving way to translate standardized texts with computer animated avatars.“

“If you look at the videos, you will notice no trace of the hard work that was put into the programming. The movements look natural and fluid, capturing the almost lyrical aesthetic inherent in sign language.“

**Die Presse**

Die Presse 27.12.2015

- Summary
- The social problem and the solution
- The social entrepreneurs and their mission
- The distribution model
- The cost advantage
- Competition
- The social impact
- Financing instruments
- The supporters
- Major Insights

**The problem:** There are around **1 million deaf people** in Europe. They do not have access to information in audible form and limited access to written information (80% of the deaf persons are functionally illiterate). Currently, video translations into sign language are produced in film studios with actors performing in sign language. This is a costly and time-consuming process.

**The solution:** The Sign Time GmbH from Vienna produces videos in sign language for the purpose of barrier-free communication with deaf people. Since 2010 the company has been focusing on the **development of the SiMAX system**. SiMAX is a software for **semi-automatic translation into sign language** with avatars (graphical representations of persons).

**Proof of concept:** Already during its development the SiMAX software could be sold to customers such as the City of Vienna, Infoscreen (in subway stations) and the Deutsche Bahn.

**Scaling:** In order to scale the concept across Europe the company has been looking for growth capital. Through a combination of different forms of financing models the initial demanded amount could be exceeded.

# The Social Problem – Barrier-free communication for deaf people

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While barrier-free communication for blind people has been largely established (announcements in passenger elevators, subways, two-channel sound on TV, etc.), sign language as a barrier-free form of communication for deaf people is only emerging although the constitutions of many countries recognize the respective national sign languages as proper languages.

Deaf people do not have access to information in audible form and limited access to written information, which is an abstract form of spoken language. It is generally assumed that about 80% of the deaf persons are functionally illiterate. In times of steadily increasing digital content such as websites, social media, ebooks, e-learning, etc., deaf persons are excluded from all digital content due to the lack of barrier-free communication.

The educational deficit of deaf people is enormous. As a result of the poor school education, deaf people work mainly in low-paid professions. Moreover, the unemployment rate of deaf persons is three times higher than on average.

# The Product

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Currently, video translations are produced in film studios with actors translating the text into sign language. This is a costly and time-consuming process. If one part of a video has to be changed later on, the whole sequence has to be recorded again, which makes this process rather inflexible. In order to render this process less costly and more flexible, the SiMAX software has been developed.



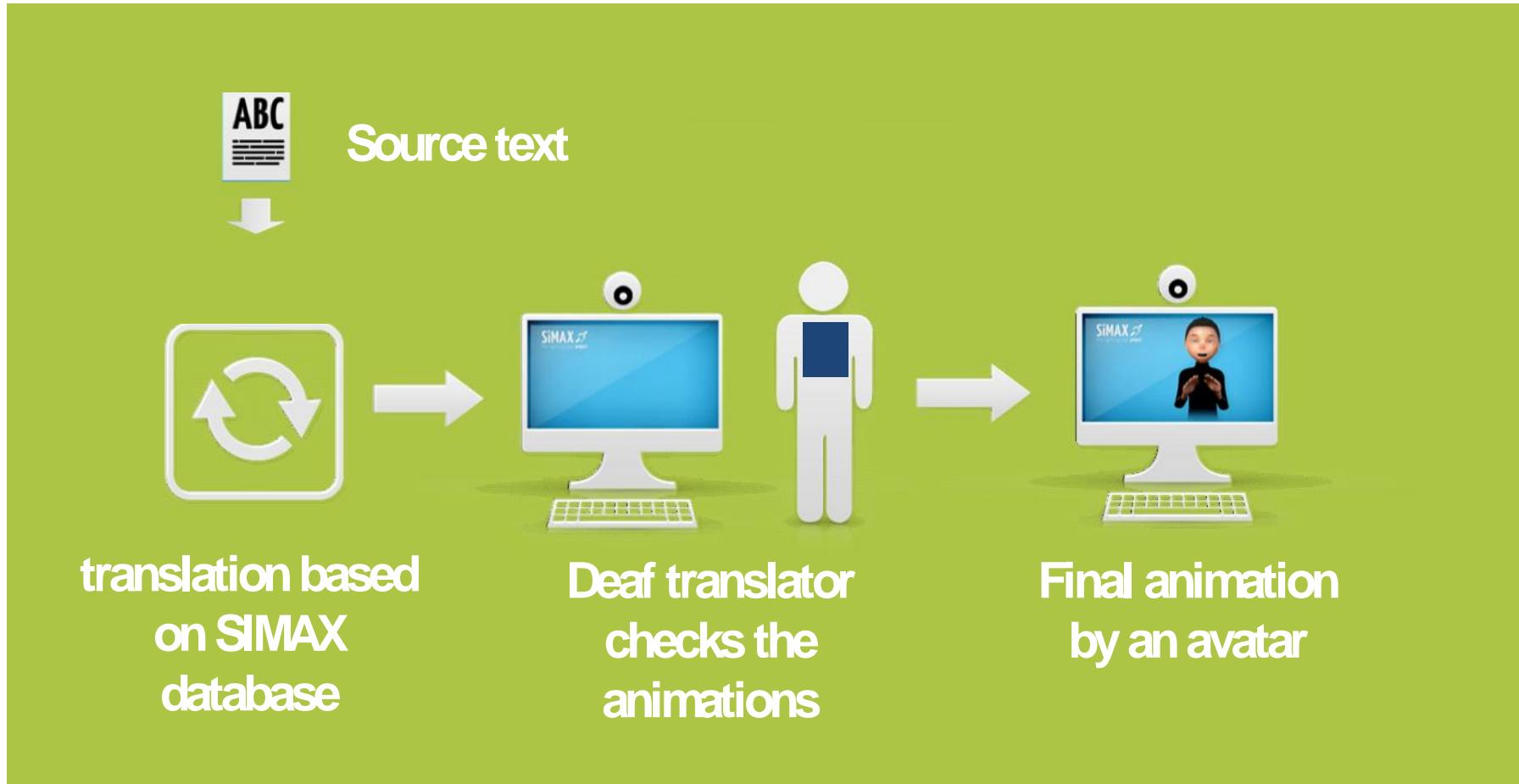
SiMAX is a software for semi-automatic translation into sign language with avatars. The source text is translated by the translation engine based on the vocabulary in the database. A draft translation is generated. A human sign language translator checks the text and makes manual adjustments, if necessary. The final translation is then signed in sign language by an avatar.



# The Translation Process

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The following illustration visualizes the translation process.



# The Social Entrepreneurs and their Mission

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## Georg Tscharre

- PhD in sociology and a business degree in economics from the University of Vienna
- Management consulting experience
- Since 2003 the CEO of Sign Time .

## Monika Haider

- Master's degree for Education from the University of Vienna
- Certified social manageress and expert in the field of accessibility, inclusion and deafness
- Responsible for public relations

Since 2004 the 2 founders work together within the deaf and hard of hearing scene and have gained valuable knowledge and experience within this sector. Now they strive to further make the world barrier-free for deaf people.



## I. Private users

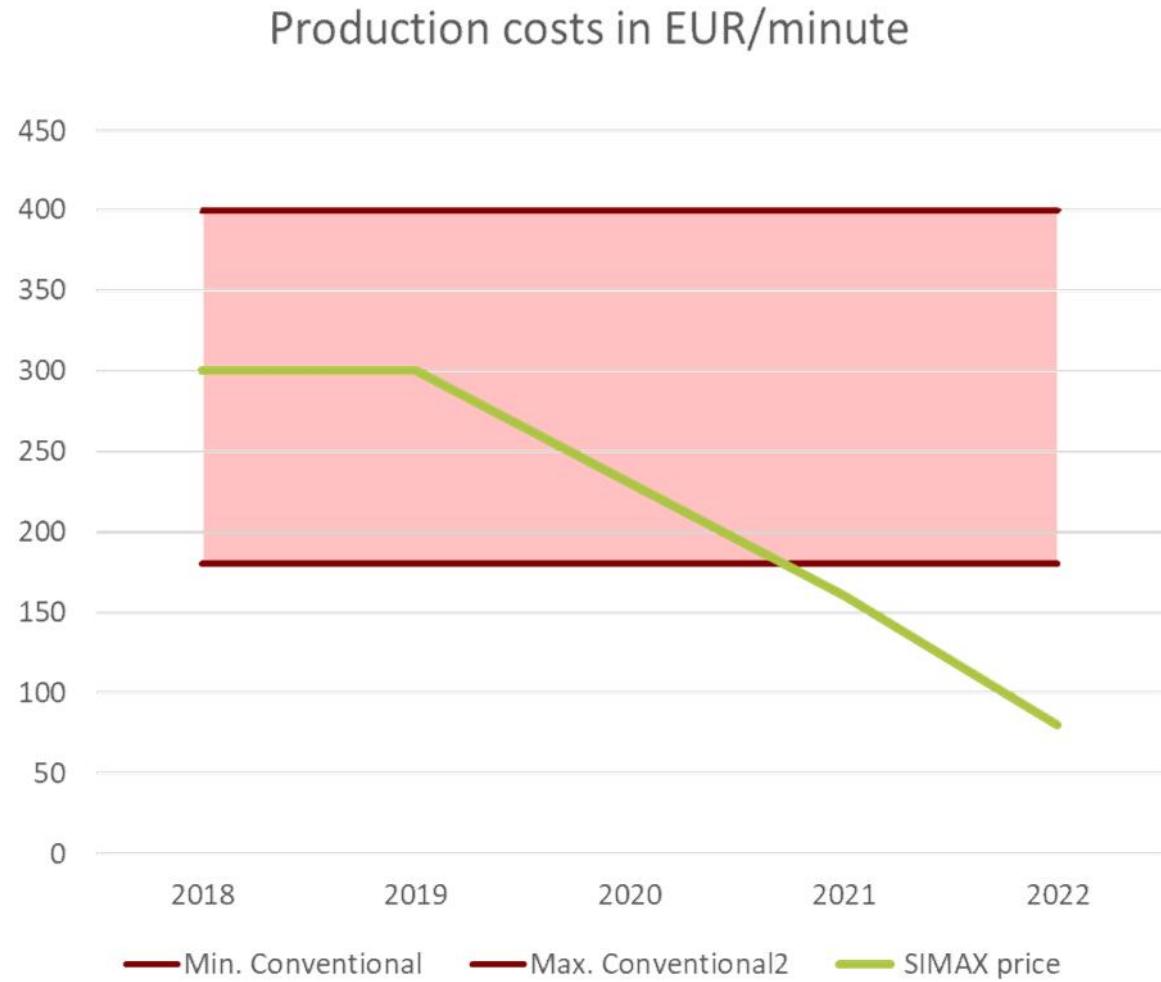
- For free within the range of the available sign vocabulary in the database
  - Users can create their own sign language messages with SiMAX (like Google Translator)
  - SiMAX followers today: > 18.000 on Facebook
  - Aim: expansion of the 'SiMAX community'
- ➔ Use the valuable input from the community to continuously improve the SiMAX system

## II. Business users

- Sales cases:
  - Municipalities: election information material
  - Companies: usage for PR purposes
  - Medicine: translation of package leaflets
  - Museums: content translation
- co-operations with local sign-language video producers to train them on the SiMAX software while using their network

# Cost advantage

- Market price for conventional translation (i.e. human actors performing the translation in sign language) ranges from € 180,- to € 400,- per minute
  - SiMAX prices are still high but will drop significantly after all development processes (system and vocabulary) will have been finished by July 2019
  - SiMAX's machine-learning system, accelerates the translation efficiency with every use
- Translations will be faster and cheaper to produce thus becoming more attractive for potential customers



# Competition

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## I. Avatars from competitors



## II. SIMAX



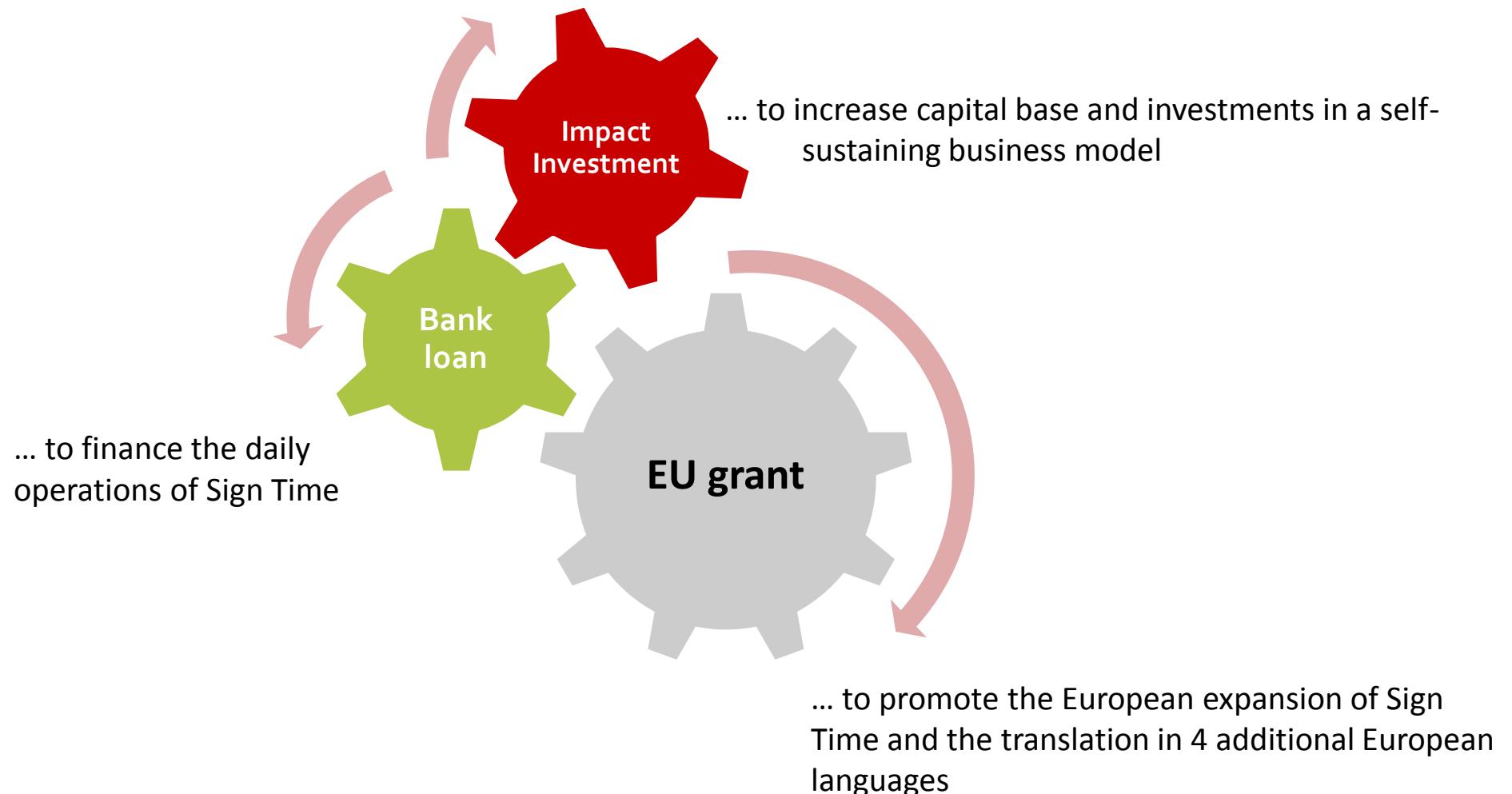
### Advantages:

- Clear mouth picture
- Grammatical facial expressions
- Emotions
- Fluid movements
- 3D view
- Appealing appearance
- Appearance customizable
- Semi-automatic translation

Input	Output	Outcome	Impact
<ul style="list-style-type: none"><li>Will create 10 highly qualified jobs for deaf persons in Austria</li><li>In the long run, hundreds of jobs in the EU by providing its technology to licensees</li></ul>	<ul style="list-style-type: none"><li>Creation and development of the SiMAX avatar for different uses (Web, TV, etc.) and for private communication with and between deaf people</li></ul>	<ul style="list-style-type: none"><li>SiMAX enables the translation of large amounts of content</li><li>60.000 deaf people get sign language translations</li><li>100.000 worldwide send short messages and 500.000 receive them</li></ul>	<ul style="list-style-type: none"><li>SiMAX will transform the life for the deaf community by making the world of information accessible in sign language</li><li>Furthermore they get a tool to communicate with each other in animated sign language</li></ul>

# The Hybrid Financial Structure

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# Conditions of the impact oriented loan (I/II)

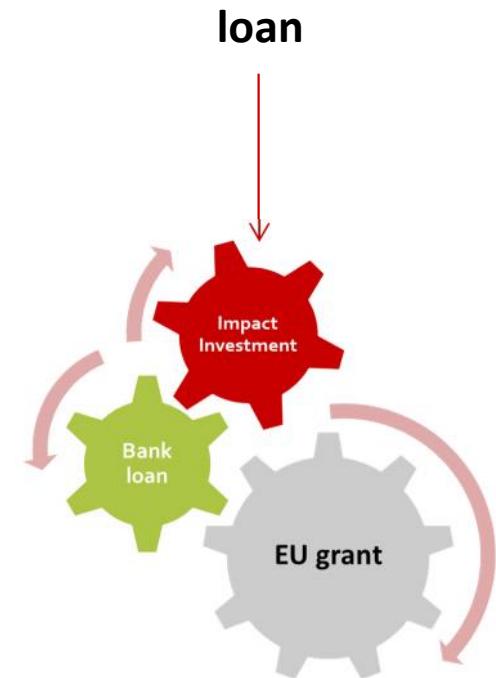
## Financial model supports the social mission

The mezzanine-financing structure with impact targets meets the special demands of the business model, allowing the entrepreneur financial flexibility in early years, when most needed, and allows the investor to financially benefit from the company's impact.

The financial structure – participation rights capital with a qualified subordination clause – amounts to €100k with a duration of 5 years. The annual fixed compensation is limited to 3% of the nominal value, providing the social entrepreneur with the necessary liquidity, especially needed in the first years of its operations.

At the end of the loan period the investor will be compensated, if Sign Time will not reach the previously agreed upon impact targets. When Sign Time reaches these targets no additional payment at the end of the period have to be done.

Hence the chosen financing instrument and structure substantially supports the social mission and the scaling up of the business model.

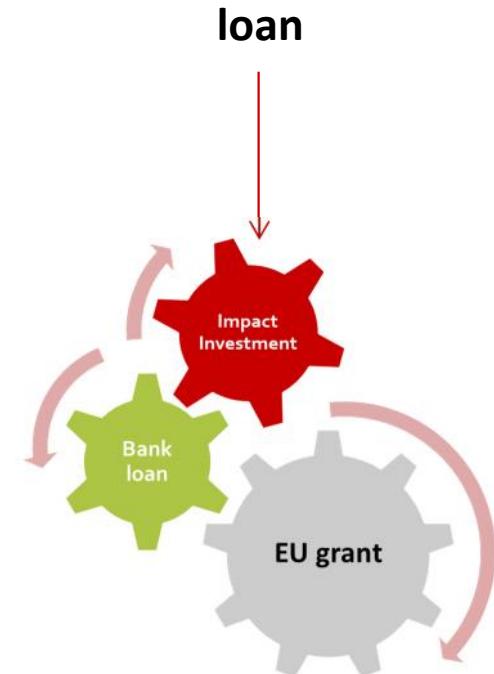


# Conditions of the impact oriented loan (II/II)

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## Mezzanine financing as subordinated loan

Fixed return	<ul style="list-style-type: none"><li>Fixed interest rate at 3% p.a.</li></ul>
Impact dependent return	<ul style="list-style-type: none"><li>Additional payment in % of the nominal value at the end of the loan period:<ul style="list-style-type: none"><li>– 4/4 social objectives reached: 10%</li><li>– 3/4 social objectives reached: 12.5%</li><li>– 2/4 social objectives reached: 15%</li><li>– 1/4 social objectives reached: 17.5%</li><li>– 0/4 social objectives reached: 20%</li></ul></li></ul>
Maturity	<ul style="list-style-type: none"><li>Five year maturity with the option for an early repayment</li></ul>
Investor rights	<ul style="list-style-type: none"><li>Information-, participation-, and approval rights of the investors</li></ul>



- A private Investor from Austria supported Sign Time with the subordinated loan. The investor was especially interested in the impact of Singtime. Thus the attainment of predefined impact KPIs was linked to financial aspects of the loan.
- The Erste Bank from Austria provided Sign Time with an agreed overdraft account in order to cover the working capital of the company.
- The European Commission granted Sign Time the “Horizon 2020 dedicated SME Instrument 2016-2017”. Thus the company received a non-refundable grant amounting to EUR ~1.1 Mio.



# Contact



The Financing Agency for Social Entrepreneurship GmbH (FASE) was launched by Ashoka, to make growth for social enterprises financially viable. FASE allows co-investments by impact investors and philanthropists through an open pipeline of investment ready social entrepreneurs, and develops innovative financing models specifically suitable for social enterprises. The objective is to create an ecosystem for the financing of social enterprises.

## FASE

Financing Agency of Social Entrepreneurship GmbH  
Prinzregentenplatz 10  
81675 Munich  
E-Mail: [info@fa-se.eu](mailto:info@fa-se.eu)  
<http://www.fa-se.eu/?&lang=en>

## Sign Time

Georg Tschare  
Sign Time GmbH  
Schottenring 33  
1010 Vienna  
E-Mail: [georg.tschare@signtime.media](mailto:georg.tschare@signtime.media)  
<http://Sign Time .tv/>