



# Introduction

BY PETER HØJERBACK, MANAGING DIRECTOR & MIKAEL KARLSSON, CHAIRMAN, ØRESUND IT ACADEMY

After the optimistic years around 2000, it has become more difficult for all growing companies to find venture capital. Despite this global trend, venture capital can still be attracted by unique business cases within IT and fuel their growth.

The aim of this publication is to improve the ability of companies in the Øresund IT region to identify and approach potential investors, thereby increasing their chances of attracting national and international venture capital. We have focused particularly on international venture capital, the importance of which is becoming clear as most companies address global markets and needs.

The guide is divided into two parts. Part one describes the financing process from start to finish. Here, you can learn about what will make your company attractive to investors, how to contact them, what should be included in a good company presentation, how to get the greatest benefit from your investors, and how the exit influences you, etc. The overall aim

of part one is to increase the level of understanding of the financing process among the entrepreneurs and management teams of the region's IT companies.

There is also a great deal of sound advice and experience, contained in five articles written by experts in financing and innovation. In four company cases, you can read about the experiences of CEOs in attracting national and international venture capital to Øresund IT companies. The target group for part one consists mainly of non-public companies in the first and second rounds of financing, but more experienced executives will also be able to find inspiration here.

Part two is aimed at all non-public companies seeking financing. After a wide-ranging process of research, we can now present 80 national and international investors in both hardware and software, including significant local and global investors, all of whom will be of interest to companies in the Øresund IT region.

Each investor is presented with accompanying contact information, a brief profile, and key figures.

Øresund IT Academy wishes you the best of luck in your search for financing!



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# Contents

## 3 Introduction

### EIGHT STEPS IN THE FINANCING PROCESS

CHAPTER 1	7	<b>Is your company attractive to investors?</b>
CHAPTER 2	12	<b>Providers of venture capital</b>
CHAPTER 3	20	<b>Identifying investors</b>
CHAPTER 4	26	<b>Approaching investors</b>
CHAPTER 5	31	<b>Meeting the investors</b>
CHAPTER 6	43	<b>Before the agreement</b>
CHAPTER 7	47	<b>Collaborating with investors</b>
CHAPTER 8	50	<b>How to exit?</b>

## 55 80 INVESTORS profiles, contact information, keyfigures

59	Investors in Denmark / Sweden
79	International investors
86	Additional investors

## 87 Glossary / index

### ARTICLES / CASE INTERVIEWS

10	<b>Attracting seed capital</b> Article by Marcus Skärbäck and Adam Schatz, TeknoSeed
16	<b>Venture capital for new, innovative enterprises</b> A conversation with Peter Tøttrup from DTU Innovation, Cathal Mahon from CAT, Jesper Bove-Nielsen from Teknologisk Innovation and Peter Thorlund Haahr from Symbion
18	<b>Building a trust relationship with your investor</b> A case interview with Stefan Andreassen, Kapow Technologies A/S
22	<b>Why and how to attract venture funding from US venture capitalists</b> An article by Linus Lundberg, Vision Capital in California
28	<b>Never underestimate your idea</b> A case interview with Pierre Elzouki, Scalado AB
34	<b>Turning ideas into reality</b> An article by BG Svensson, Connect Skåne
36	<b>Negotiating with a venture capitalist requires preparation</b> An article by Jesper Scharling Sørensen, BankInvest Technology A/S
40	<b>Big in Japan</b> An article by Frederik Willerup, IVS A/S
48	<b>Get rid of the dotcom ghost !</b> A case interview with Roger Larsson, earlier Decuma AB
52	<b>Global ambitions and a successful exit</b> A case interview with Morten Borum, IO Interactive A/S

"Venture Capital is a jet engine, not a parachute" [ Frederik Willerup, Chief Investment Officer, IVS A/S, page 49 ]

".....obtaining venture capital financing is similar to entering into matrimony – the difference being that both parties hope for a divorce..." [ Marcus Skärbäck, Investment Manager, TeknoSeed, page 10 ]

"Do not just go for the first investor you come across – wait for the right one!" [ Morten Borum, VP & CFO, IO Interactive A/S, page 53 ]

"Personal contacts are crucial in gaining access to the venture capital market; it is very much a market of 'introductions'" [ Chapter 4, page 27 ]

EIGHT STEPS IN THE FINANCING PROCESS FOR NON-PUBLIC COMPANIES

1

2

3

4

5

6

7

8 EXIT

OR GO TO

CHAPTER 1

# Is your company attractive to investors?

Each year, investors receive hundreds of business plans, of which 95 to 99 percent are rejected.

When you are seeking financing, it is thus essential that your company really is attractive to investors.

The purpose of this chapter is to help you to evaluate whether your particular company will be able to attract venture capital from potential investors.

The criteria for evaluating potential investment opportunities vary from one investor to the next. Nonetheless, through interviews with investors, we have identified some key determinants of the attractiveness of your company.

If you can answer 'yes' to the following questions, your company is likely to stand a chance in its quest for venture capital:

- Does your company have high prospects for growth?
- Does your company have a unique business case?
- Does your management team have a strong track record?

Additionally, if you have been through one or more financing rounds:

- Does your company have a strong investor base and a clear ownership structure?
- Does your company have high

prospects for growth?

Investors look for business ideas with high growth prospects because their primary objective is to generate financial returns on their investments. In other words, their aim is to make money.

Investors in IT are attracted by companies with high growth and thus high earnings potential. For the same reason, venture capitalists are also willing to take on a considerable degree of risk. In return, they expect an average annual return on their portfolio companies of 25% to 40%.

Since a significant number of ventures fail, the actual requirement for each individual company is, however, much higher. In fact, most venture capitalists will not invest in a company with an expected return of 'just' 25% to 40%.

## Expected market size

The size of a product's or technology's expected market is naturally a crucial parameter for investors. For research-intensive firms, a projected product must have a large expected market or be able to obtain a leadership position within a clearly defined niche market. Within software development, investors look for a product or technology that has an expected market value of several hundred million dollars. For companies within hardware, the expected market potential must be at least one hundred million dollars.

## Time-to-market

Another important parameter for investors is the expected time-to-market for your company's product. The longer or more uncertain the time-to-market for your product, the greater the risk involved in investing in your company. Moreover, a company with five years to the market needs significantly more capital to get there and, given the required annual return, the required exit value becomes very high for long-term investments. Ever since the financial markets came under growing pressure in 2001 and 2002, investors have become increasingly focused on products with a shorter time-to-market, and thus with better exit opportunities for investors.

## Does your company have a unique business case?

Essentially, making your company attractive to potential investors requires you to have a clear business case supported by a precise commercial focus. This is the first and most important message that you will need to convey to your company's potential investors: how they can make money by investing in your particular company, why your business case will generate revenue, the market potential and worth of your technology, how your product can be commercialised, and how your product will reach the market within a foreseeable future.

It is important to identify how your business case sets itself apart from its

competitors. This means you must demonstrate not only that the technology of your company is unique, but also that it has a competitive edge.

### **Do you have a broad technological platform?**

Investors generally prefer a technology with a broad range of potential applications – meaning that it can be applied in a large number of applications – because this will allow you to spread the risk involved in the technological venture, both for the sake of your company and its investors. However, companies with a product or market profile that is too broad will not attract investors, since this leads to a burn rate that is disproportionately high in relation to output.

You can improve your chances of attracting investors through consolidation and the strengthening of your company's technological platform by entering into strategic alliances or engaging in mergers and acquisitions. Another strategy may be to spin-off applications into separate companies.

### **Is your technology well-protected?**

To be attractive, your company must own the rights to the intellectual property that underlies its technology and its business idea (or is able to gain access to these through in-licensing). The stronger your intel-

lectual property rights and the longer their time to expiration are the better. It's important to ensure that your freedom-to-operate is not restrained by dependence upon other patent-holders. This might be the case if, for example, part or your entire final product is covered by intellectual property rights owned by other patent-holders.

If your company is more mature, investors will sometimes look at its ability to conquer territory through aggressive and strategic patent filing. Are there significant areas that are not covered? Can the results from one project be extrapolated to other products and/or markets? A thorough analysis of these points is a strong contributor to the overall attractiveness of your company to potential competitors.

### **Does your management team have a strong track record?**

The most groundbreaking business idea is worthless unless your management team has the necessary expertise to effectuate it. That's why many investors say that they invest in "people, people and people" rather than just companies. A company's life is full of surprises and challenges. Consequently, investors regard an experienced management team – with relevant industry experience and a strong track record in doing business and in bringing products to the market – as a form of 'insurance'. The greater the experience of your

Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Technology Officer (CTO) in various aspects of business development, the better.

Moreover, investors value a management team that has international experience and established ties to the UK and the USA, since such ties can help to increase your company's chances of obtaining further financing, and improve its future exit opportunities. The USA is also the leading market globally.

Finally, many investors feel that a company's board members are often overlooked. It is thus important to ensure that the board consists of members with complementary areas of expertise, which will be able to assist the management team in the development of strategic guidelines, networking and other important activities. If your board members have solid international industry knowledge and established track records, it will create value for your company, reinforcing its credibility and its attractiveness as a potential investment.

### **Does your company have a strong investment base and a clear ownership structure?**

A very important part of developing a company is building the investor base. The more competent and experienced your investors, the better. Strong investors add significant value

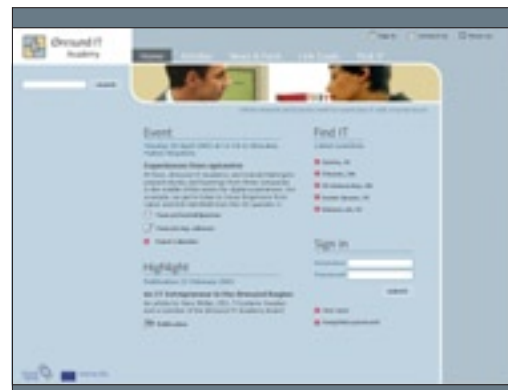
to a company by providing sparring on questions of strategy and other important management issues, and by supplying access to networks (e.g. international contacts with industry investors), and 'deep pockets' (i.e. the financial capability to support the company in the long run).

In Chapter 7, we will discuss the possible roles of investors in greater depth. If you have already completed one or more rounds of financing, your company will be attractive to new investors if your company's investor base consists of experienced and competent local and international investors with impressive track records. These types of investors provide intelligent capital and make your company far more attractive to

potential investors than a company with, say, a local lead investor who has no specific industrial expertise in IT. In Chapter 3, we will discuss how to identify the right investors for your company.

On a related note, most investors consider a large number of owners to be a disadvantage for a venture company, because it is difficult to make fast, dynamic decisions in companies run by a lot of owners. A clear ownership structure, with a few, competent investors, is attractive to most investors. Once your company is about to get listed on a stock exchange, this will change and you will need to expand the ownership structure.

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## Attracting Seed Capital

BY MARCUS SKÄRBÄCK, INVESTMENT MANAGER, AND ADAM SCHATZ, MANAGING DIRECTOR, TEKNOSEED

How should an entrepreneur in need of external financing go about attracting an initial round of venture capital? Stating the obvious, the most important criteria is that the business case holds the possibility of generating a substantial return on investment. But this is far from all.

There are at least two other crucial points when planning a VC financing:

1. to know what venture capital is and
2. to get to know the specific venture capitalist you are about to approach.

Over a number of years, the entrepreneur and the venture capitalist will work closely together, sharing both successes and set-backs. Often, each party will view the collaboration from different perspectives. For the venture capitalist, any given investment is viewed as one of many eggs in a diversified basket of risks. For the entrepreneur, in contrast, success is intimately linked to the single egg. As is often stated, obtaining venture capital financing is similar to entering into matrimony – the difference

being that both parties hope for a divorce when the company is ready to be sold to a larger competitor (trade sale), or when its shares are floated on a stock exchange (IPO).

### **What is it all about from the VC's point of view?**

Deciding to finance a company through seed capital will shape all facets of a company's further development, including future funding rounds. The ultimate goal of every new investment made by a VC is to make a good exit, i.e. to sell the acquired stake with a significant return on investment. In this way, a key part of the due diligence made by the VC will focus on what the most plausible exit-route is; is the company likely to end up in a trade sale, or should it be positioned for an IPO (which would entail building a fully-integrated, independent company).

Consequently, when entering into seed-financing, the entrepreneur has in fact already made a choice, i.e. to position and build the company for an exit (which may include losing management control at a later stage)

rather than building a bread-and-butter family business.

### **Finding the VC's sweet spot!**

VCs differ in investment strategy in at least two respects. They focus on:

1. different development stages – e.g. seed, start-up or expansion stages – and
2. different industries – e.g. Life Sciences / Biotech, IT / ICT and Industrial technology. To find the right investor, entrepreneurs can examine the stated strategies of the VC, but for an even better match, they should look at the actual investments that the VC has made.

It goes without saying that a seed-stage business case is best matched by a seed-stage investor. The closer your business idea is to the VC's sweet spot, the more likely it will be that you get the deal done within a reasonable time frame and on good terms!

### **Getting your message across (because first impressions last)**

So, what are you to expect from a VC and what does the VC expect

from you? The first impression is important to a VC – not least because a strong deal flow forces the VC to prioritise which projects to look into more thoroughly. On a similar note, it is equally important for the entrepreneur to evaluate the VC.

The entrepreneur must demonstrate how well thought-through the business case is by successfully reducing it to its fundamental core. The venture capitalist expects the initial description of the business to highlight the market opportunity, the business model, the uniqueness of the technology, and the team's experience – all in as few words as possible.

There are numerous organisations, such as CONNECT, that provide external help for entrepreneurs, including how to successfully present the business to VCs. CONNECT is a network organisation consisting of skilled and experienced people who facilitate the connection between entrepreneurs and venture capitalists.

### **The substance behind the message**

A seed investor should not expect to meet the perfect team with the perfect idea. That said, it is nevertheless important that the entrepreneur

is prepared to discuss the following points during the first round of more in-depth discussions.

- The founding team, especially focusing on breadth, experience, and drive, as well as describing how complementary skills can be tied to the company. Drive and experience are equally important.
- Market analysis, focusing on the expected size of future markets.
- The product itself and the technology behind it, focusing on uniqueness and barriers to entry for competition.
- Current and expected competition: If there is a clear, unmet market need, it is likely that many companies will be competing to address this need.
- The project plan, including development and market related milestones, as well as capital need and use of funds.
- Financial projections: Although a high degree of uncertainty is embedded in all early-stage projections, a qualified indication of a likely outcome is far better than none at all.

### **The follow-up stage and closing the first VC deal**

After the initial contact, an iterative phase is likely to follow, where

the entrepreneur and the VC get to know each other. The VC has to show sincere interest by committing time and effort to penetrating the business case. This follow-up process is crucial, and is likely to be a good indicator of whether “the marriage” will work or not.

Structuring a deal should be given time. This is the process in which the entrepreneur and the VC mutually decide on key strategic issues, such as prioritising milestones, setting the corporate governance framework through a shareholders' agreement, agreeing on valuation, and ultimately laying the foundation for future financing rounds with later-stage investors. In some cases, even the seed-stage investment process will include more than one investor, which in the short-run may add time and complexity to negotiations, but in the long-run is likely to benefit the company through a stronger financial base and a wider network.

The time required and the nature of the obstacles encountered from initial contact to signing an agreement is hugely dependent on how the follow-up process is carried out, and what the initial expectations of the entrepreneur are. It is highly unusual that a deal is reached within less than 4-6 months from initial contact.

As in all serious relationships, successfully matching an entrepreneur with a VC will require serious commitment and willingness to compromise from both parties. As previously stated, the divorce – whether it ends up a happy one or not – should also be built into the expectations from the outset. For the serial entrepreneur, there is always a chance of a second marriage – sometimes even with the original spouse!

**“Obtaining venture capital financing is similar to entering into matrimony – the difference being that both parties hope for a divorce.....”**

# Providers of venture capital

R&D companies with a new business idea or technology often have no other financing option than to seek venture capital, since banks will usually only finance a new business if it possesses hard assets against which to secure debt. Initially, some companies include consultancy services as a means of financing, but if your idea is strong enough, this may prove too time consuming. There are also other means of financing, including loans and credits, but to rapidly expand a company, most often require external capital. This chapter will thus focus on venture capital: who are the providers of venture capital, where does venture capital initially come from, and how are the individual investment stages defined?

Before identifying and approaching potential investors, we recommend that you familiarise yourself with the basic knowledge of venture capital.

## Private equity as a source of financing

During your quest to raise capital for your company, you will encounter a lot of financial terms, some of which may be a little confusing. One of the most common sources of confusion is to be found in the concept of private equity and its relationship to venture capital.

The term 'private equity' is often used to label the growing area of equity financing for non-public companies. The European Venture Capital

Association defines private equity as the universe of all venture investing, i.e. covering all stages in the lifecycle of a company, and ranging from seed capital to buyout investing and mezzanine investing. The three main sources of venture capital described in this chapter – venture capital firms, corporate venturing units and business angels – are all providers of capital to the private equity market through their investments in companies.

## Venture capital firms

Venture capital is a subset of private equity. It is primarily used to finance high-tech, privately-held companies that can be characterised as high-risk investments with high growth potential, where investors demand a high rate of return in compensation for the risk they take on by investing in such companies. The investment manager working for the venture capital firm, the venture capitalist, acquires an agreed portion of the share capital (i.e. equity) of the company, in return for providing the requisite funding.

The venture capitalist's time horizon for investing in a company typically runs from three to seven years. The venture capital firm does not receive a return on an investment until it has made an exit from the investment. Exit strategies include selling investors' shares to management or to a third party, exiting by means of a trade sale, or exiting by listing the

company on the stock exchange in an initial public offering (IPO). You can read more about 'How to Exit?' in Chapter 8.

Venture capital firms often specialize in providing funding for companies at different stages of development. Some specialise in very early (seed) financing, providing money to build prototypes or to fund further research. An increasing number of venture capital firms around the world focus on later-stage financing, targeted at companies in their initial growth and expansion phases, where research efforts have culminated in a commercial product that still needs to prove its competitive potential.

On page 15, we provide a more detailed description of the various investment stages.

In addition to providing financing, venture capitalists may actively participate in running the firm, offering their experience with previous start-ups and their general management expertise for the benefit of the company. For more details on how a venture capitalist can contribute to your growing business, please see Chapter 7.

Venture capitalists recognize that only about one or two out of every ten ventures will be successful in the long run. To reduce the risk associated with investing in such companies, venture capitalists use a technique

called staging, which involves providing financing to their portfolio companies in stages.

At any given time, enough money is invested to enable the company to reach its next investment phase. In order to achieve this, one or more milestones are planned. There can be many such stages, each representing a key step in the process of developing the company.

Venture capital firms also spread risk by co-investing with other venture capital firms. It is the exception rather than the rule for a venture capitalist to finance a company single-handedly. Typically, a company's first round of financing will involve one lead investor and one or two co-investors. In subsequent financing rounds, the investor base will typically be extended by a couple of follow-on investors and one or two new co-investors.

### **Corporate venturing units**

Corporate venturing is a type of venture capital provided by large corporations, such as the big ICT companies. In Øresund IT, IBM, Nokia and Siemens, amongst others, possess corporate venturing units.

If a corporation cannot achieve its growth goals through further development of existing business segments, it may turn to acquisitions or to corporate venturing as a means of acquiring a stake in high-growth businesses, products or technologies.

The main difference between venture capital firms and corporate venturing units thus lies in the fact that corporate venturing is motivated not just by the desire for financial returns, like private venture capitalism, but also by strategic objectives, such as the desire to strengthen the innova-

tive image of the parent company or to invest in technologies that complement existing business areas. For the same reason, corporate venturing usually focuses on projects and companies that fall within or close to the corporate parent's business areas, which are thus used as a 'strategic filter' for the identification of new portfolio companies. The strategic fit required in corporate venturing makes it possible to benefit from a venture even if it fails, since the output of the venture can be used to extend the strategic activities of the corporate parent.

Generally, the time horizon for corporate venturing investments is slightly shorter than for venture capital firms, since corporate venturing often enters during the later stages of financing.

Like some venture capital firms, corporate venture capitalists provide guidance and support to their portfolio companies on the basis of their knowledge of the industry and business experience. Many corporate investors, for example, seek the same type of board representation as venture capital firms.

### **Business angels**

A business angel is a private individual who has accumulated substantial amounts of capital, and who possesses business expertise and risk capital that he makes available to research projects and companies in the early stages of development, often during the seed stage.

Business angels usually have a background as successful entrepreneurs and businessmen. So in addition to providing capital, they may also provide companies with important management and industry insight. Their knowledge can be helpful in

solving complex strategic problems. In capital-intensive industries, such as many parts of IT, business angels will not generally provide large amounts of capital, but will instead figure as highly dedicated board members, supporting the management team in its strategic planning or networking.

For more information, please see [www.nutek.se/sb/d/204/a/1157](http://www.nutek.se/sb/d/204/a/1157) and [www.dban.dk](http://www.dban.dk)

### **Types of investors**

**LEAD INVESTOR** The investor who leads a group of co-investors in a joint investment, and who is chiefly responsible for contacting, advising and monitoring the investee company. The lead investor is often the investor who owns the largest share in the investee company, although this is not always the case. The lead investor may possess specific expertise which is particularly relevant for the investee company.

**CO-INVESTOR** One of two or more venture capital organisations that agree to jointly invest in a company. This provides more capital for the investee company, and reduces the risk associated with the investment for each individual investor. Each co-investor receives a share of ownership in the investee company proportional to the amount it has invested.

**FOLLOW-ON INVESTOR** An investor who invests funds in a company which has previously received capital. Where does the money come from? Private equity firms, including venture capitalists, raise funds from a number of different sources, which they then invest in your company. Most Danish and Swedish private equity firms raise capital from external sources, mainly from institutional investors such as pension funds, banks

and insurance companies (see figure below). To manage their funds, private equity firms must demonstrate a good track record, for example in the form of successful exits which have produced returns greater than those that could have been achieved with a fixed interest rate, or quoted equity investments from previous investments.

The reason why venture capital firms typically maintain a time horizon of three to seven years on their investments is that many venture capital firms raise their funds through limited partnerships with their investors. Such investment vehicles generally have a fixed lifespan of ten years; by the end of the tenth year, the venture capital firms must return their investors' original funds, plus any additional returns made in the form of quoted shares or through the sale of the portfolio companies invested in by the venture capital firm.

### Investment stages

When seeking capital for your company, you will encounter terms that refer to various investment stages. Below, we have briefly described the

main characteristics of the various stages. Please note, however, that the definitions of these stages can often vary from investor to investor.

#### Stage no. 1: Seed

This stage concerns the research and development of a business idea before it is actually launched. Seed capital is used to allow a business concept to be developed. This includes the development of a business plan, prototypes and additional market research. During this investment stage, the technological and commercial value of the project will be assessed.

#### Stage no. 2: Start-up

The start-up phase requires financing for product development and initial marketing efforts. Companies are often in the process of being set up, and staff is recruited. As in the case of seed investments, neither the product nor the company can be assumed to have proven themselves commercially, and will not, therefore, be generating profit.

#### Stage no. 3: Initial growth / early-stage

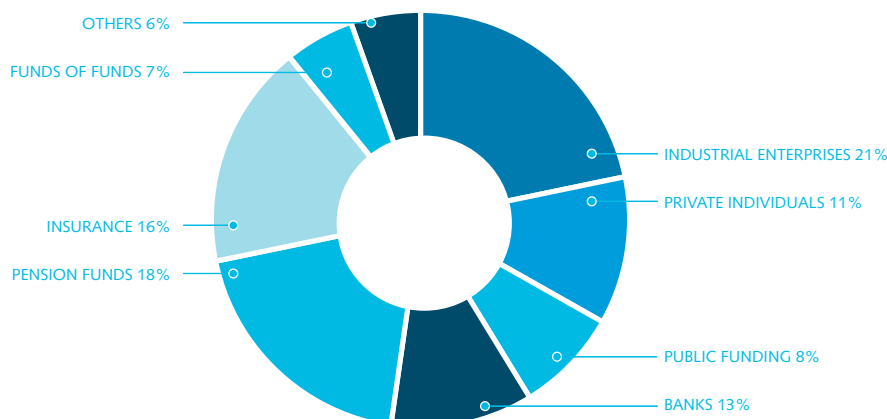
Initial growth capital is used to build up the infrastructure required to develop the business, including its manufacturing, marketing and sales. Although the product or service may already have been launched, it is usually not yet generating profit.

#### Stage no. 4: Expansion

Expansion capital is used to further develop and expand the established company. The company is at least breaking even in financial terms, and may even be profitable. Venture capital funding is used to expand production capacity, recruit additional staff, extend marketing or product development programmes, or acquire additional working capital. Expansion capital is also known as 'development' or 'growth' capital.

#### Stage no. 5: Restructuring

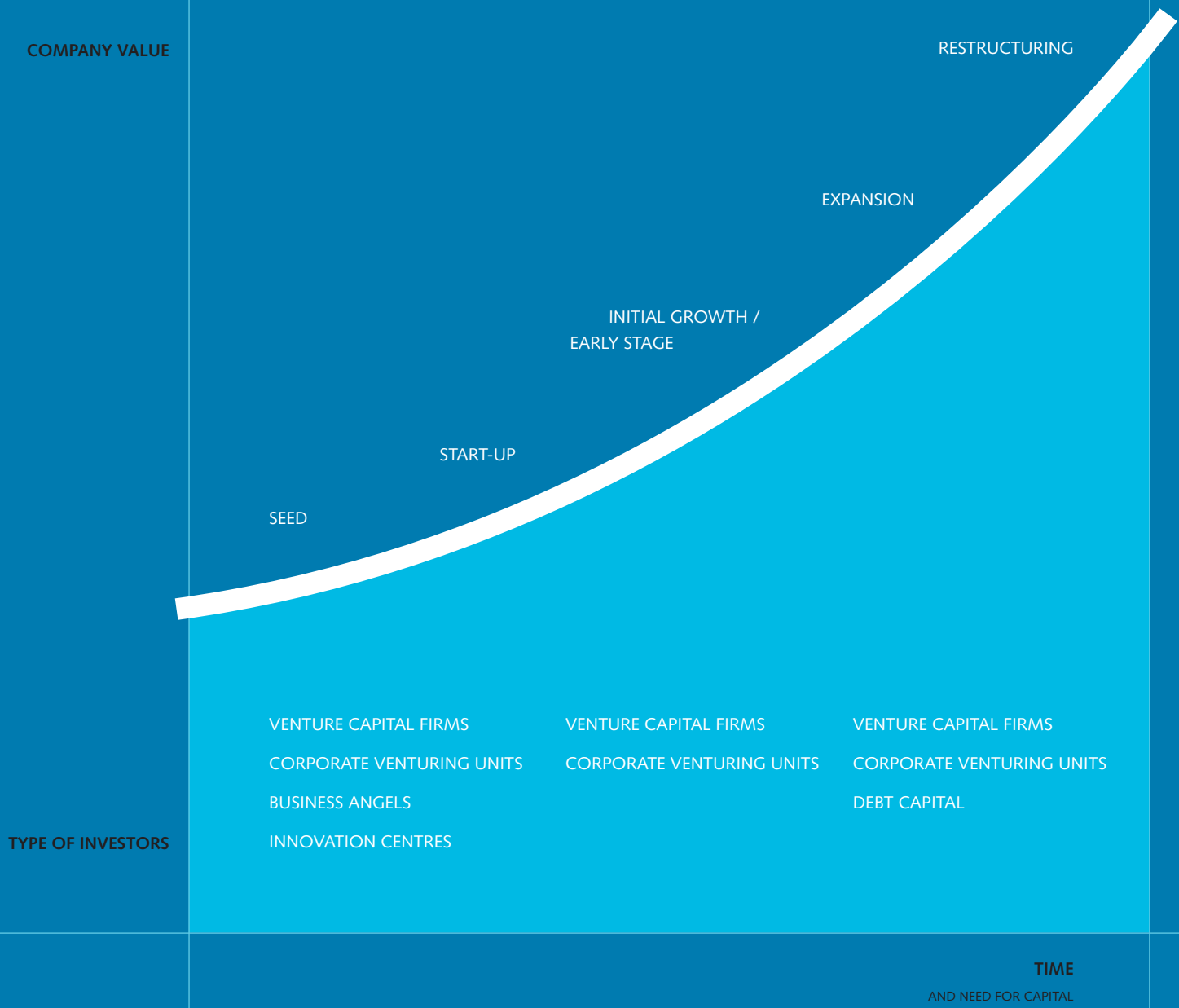
The company is now established in the market, and the capital raised during this stage can be used to diversify into new markets or develop new products. Associated structural changes can have an effect on the company's ownership structure, including preparation for a company's flotation on the stock market.



WHERE DOES VENTURE CAPITAL IN SWEDEN INITIALLY COME FROM?

Source: Swedish Private Equity & Venture Capital Association, 2002

# Investment stages - common types of investors





## Venture capital for new, innovative enterprises

A CONVERSATION WITH PETER TØTTRUP FROM DTU INNOVATION, CATHAL MAHON FROM CAT, JESPER BOVE-NIELSEN FROM TEKNOLOGISK INNOVATION AND PETER THORLUND FROM SYMBION.

In Denmark it is possible for IT businesses to receive capital from investors willing to take risks already at the early stages in the company's development. With the help of capital from the Danish government, innovation venture funds typically inject some DKK 1 million per year into businesses in their early start-up phases. In the capital city area, Symbion, CAT, DTU Innovation and Teknologisk Innovation all invest in IT projects. Øresund IT Academy met these innovation venture funds and asked them what they look for when making investments and what their work with the companies consists of.

Despite the differences between these venture funds, they basically look for the same things when valuing an investment opportunity. 'In appraising an investment project we look especially at market opportunities, the technology and the team. I believe we all have that in common,' says Peter Tøttrup from DTU Innovation.

Teknologisk Innovation differs from the other innovation venture funds.

Whilst Symbion, CAT and DTU have an investment strategy with a scientific focus, Teknologisk Innovation's investment strategy is based on a commercial focus as a consequence of the fact that Teknologisk Innovation is not related to a specific research institute like the other innovation venture funds typically are.

### **A market-oriented approach is essential**

'We are not interested in technologies for which the market has no need. Unique technologies are only interesting when they provide companies with a significant competitive edge in a clear market niche,' explains Peter Thorlund Haahr from Symbion.

But a good technological edge and a strong focus on the market are not enough to secure you investment from an innovation venture fund. 'The team behind a business must also be able to implement its plans in practice,' Cathal Mahon from CAT points out.

Apart from content-related require-

ments, projects must also fulfil a range of formal criteria to be viewed favourably by a venture fund. 'The business must not have been around for more than six months and it must not have received investments of over DKK 50,000. The enterprise must also be based in Denmark, so we cannot immediately invest in businesses that lie on the Swedish side of the Øresund sound,' says Jesper Bove-Nielsen from Teknologisk Innovation.

### **The sooner the better**

In practical terms there are no limits to how early you can turn to an innovation venture fund with your idea. Many projects apply for capital from venture funds before their business plan is fully ready or their team is complete. 'It is often important to work on the business model before a company is ready for investment. We put a lot of resources into developing business models and adjusting strategies,' explains Cathal Mahon from CAT. 'Big changes are often made to business models at this stage; just as it is essential to create the correct focus, the business model is decisive

"Unique technologies are only interesting when they provide companies with a significant competitive edge....."

to a company's success in the early stages,' DTU's Peter Tøttrup adds.

**Capital, not a 'grant'**

A common misconception is that capital investments from innovation venture funds amount to a public grant, as the state is behind the organisation. This is not the case. All innovation funds become shareholders in the companies they invest in, working in general terms in exactly the same ways as other venture funds. 'We try to make our investments as similar to venture capital as possible. This is essential if we wish to make further investments in a company at a later stage,' says Peter Thorlund Haahr from Symbion. There are not many projects that can reach the break-even point with an

investment of DKK 1-2 million. This is why we make a great effort and use our network to help secure further investments for our companies' second financing rounds,' adds Peter Thorlund Haahr.

Even if innovation venture funds participate in companies' lives from a very early stage, they do not exclude the possibility of cooperating with other investors. 'We like to partner with other venture funds and business angles as often as possible. However, it is often difficult to attract other investors to participate at these early stages, so we have to take care of some investments by ourselves,' says Jesper Bove-Nielsen from Teknologisk Innovation.

Investments from innovation venture funds bring not only intelligent capital but also access to a significant network of companies and long-term advice from the investor. 'We often help companies in the long run, and generally speaking there is enough there to keep us busy. Entrepreneurs normally have a good grasp of the technology but need our input in developing the business, attaining a commercial focus and creating contacts with partners and other interest groups,' explains Peter Thorlund Haahr.

For more information on these innovation venture funds, visit:  
[www.catsymbioninnovation.dk](http://www.catsymbioninnovation.dk)  
[www.dtu-innovation.dk](http://www.dtu-innovation.dk)  
[www.tekinno.dk](http://www.tekinno.dk)

"The business model is decisive to a company's success in the early stages"



Kapow

## Building a trust relationship with your investor

AN INTERVIEW WITH STEFAN ANDREASEN, FOUNDER AND CEO, KAPOW TECHNOLOGIES

FOUNDED 1998  
HEADQUARTERS HØRSHOLM, DENMARK  
STAFF 25  
FINANCING ROUNDS 3  
RAISED CAPITAL 35 MILLION SEK  
WEBSITE WWW.KAPOWTECH.COM

### What makes Kapow attractive to investors?

There are several reasons. To begin with, we have a unique product. But we also have substantial market potential, global partners and, finally, we have proven our market worth. We were recently awarded IDA's innovator prize and I think the reason for this is that we succeeded in turning our idea into a healthy business – different from our competitors, we had real commercial value.

### How would you describe the financing rounds that Kapow went through?

We have been through several financing rounds. It is a long process and there are different criteria to take into consideration. Our initial financing round took place in the dot.com era. It is far from certain that we would have been able to attract

the same venture capital today, as investors have suffered considerable financial losses during the last few years, and are therefore no longer prepared to take as high a degree of risk as they did then.

It is not possible to have a final product in the early stages of investment, so I believe that the investors first and foremost estimated our market potential and our technological potential, and particularly, whether or not the technology was unique. It is also necessary to secure your patent rights and intellectual property rights, which we already had done. Further, it is about being able to trust the people involved. But obviously, investors in the initial stages must be willing to take high risks and also be willing to help make the company grow.

The second financing round was the one in which we had to prove our worth. We had to present an actual product, and the business sector not only had to support the product, they also had to have bought and applied it in practice. Characteristi-

cally, the second round is one where initial investors still support and believe in your idea, and due to their continued engagement, are able to create credibility in front of other investors.

Crucial to the third financing round – which we are in at the moment – is that our technology remains unique and cannot be easily copied. Further, it is of the utmost importance that we have proven our market worth. In this connection it is important to emphasise that we have success not only on the Danish market, but also internationally. The investors must be able to see, not only believe, that the market can hold.

### How did you identify your investors?

To begin with, we searched the internet, went to meetings, and studied various reference works, looking for relevant investors. Now, however, we have realized how important it is to find investors with specific trade knowledge, investors who do not only operate within the IT sector

(which in itself is extremely wide), but who operate specifically within the same niche as the one you are in. We have identified investors through our existing investors and their networks, but also through my own participation in a large number of investor days and tech-transfer conferences throughout Europe and in the US.

### **How would you describe the collaborative relationship with your investors?**

In our opinion the collaboration and terms of agreement with the investors are very important. Investors should be regarded as partners, i.e. they should not just invest in your business with an extortionate demand for rights and returns on investment, etc. Rather, investors should be able to provide contacts to clients, markets, employees, other investors, etc. and should be able to actively contribute with something other than just financial power. Of course, investors are profit-oriented and decide to invest in a company in order to achieve the highest possible return on investment. For this reason the relationship with the investors will typically be most intense during the first 2-3 years.

### **What has been important for you when negotiating with investors?**

It has always been important for Kapow never to make agreements that leave us with our backs to the wall, which is why it is crucial to have thought about what kinds of investment you want, and whether or not they can make the company profitable. We have always wanted to be an independent company; if you lose

that focus, and only consider the financial gains, you run the risk of accepting demands from investors, which can be difficult to live with in the future. Experienced consultants and attorneys are therefore extremely important in the initial rounds of negotiation. In the second and third rounds of investment it is also important that existing investors sit on your side of the negotiating table. In other words, it is important to avoid the risk of ending up at cross purposes with them in future rounds of investment.

### **What is Kapow's exit strategy?**

I believe that if you concentrate on running your own business and on being as independent as possible, then the buyers will turn up automatically. If you are too focussed on an exit strategy, especially with a view to only a single potential buyer, then your exit will easily end up being on the buyer's terms, resulting in a bad exit price. Which is why we have a double-edged exit strategy that on the one hand builds and develops a strategic collaboration with influential players on the market, and on the other hand, works towards undertaking an IPO. If we go for an IPO, it will definitely be in the US.

### **Is it necessary to seek international capital?**

The first financing is by no doubt the most difficult to attract and, therefore, easiest to find locally. Knowing the market, and having trust in the business and its people requires local knowledge, which is why I think we rarely see an American investor entering the early investment stages. It is easier for Danish, or other regional/ European investors in e.g.

Sweden, Germany, or England. If the business has international ambitions, and has a product that can compete internationally, then you will definitely need international capital. We have set up an office in the US, and spend a lot of time and energy building relationships with US investors – a natural step when you want to enter the US market. I have noticed that Transatlantic Venture Funds are showing a greater interest in investing and buying European, and especially Scandinavian, start-ups with the intention of bringing both businesses and qualifications to the US where there are better opportunities for a profitable IPO.

### **What is your advice for businesses seeking external capital?**

- If you want success, it is not enough to be an IT-expert. You need to ally yourself with a competent businessman and focus as much on the market and business potential as on the technological side.
- Have a good presentation ready.
- It is fundamental that the relationship with the investors is mutual one, a partnership: »...here is our suggestion for a business plan, let us develop it together.«
- Seek funding well ahead so you avoid standing with your back to the wall. You are always in a better position to negotiate when you have alternatives. It is very important not to get tied down by rights, ownership, etc.
- Find a personal adviser.
- Stay in control of your business and your intellectual property rights.
- Be critical of the investors, their trade knowledge, strategies etc. Is the capital invested on an equivalent level, is it base capital, etc.

# Identifying investors

Most of the time, IT companies that need venture capital are between two rounds of financing. It is not unusual that the process from the initial investor contact to the signing of an agreement with an investor takes six to eight months. It is consequently a good idea to begin to seek financing approximately 12 months before your company will actually need the funds. Getting a late start and running into an acute need for financing can leave you in bad position to negotiate with potential investors, as well in relation to potential licensees and science and technology partners.

The first step is to identify relevant investors. Even if you have three or five investors at the top of your list, you will rarely end up with all of them as your investors. It is thus a good idea to identify and investigate a large number of investors, from which you can then select 10-20 or so investors who best match your company's needs for capital, knowledge, networks, etc.

## Identifying potential investors

In order to ensure that you identify investors whose investment preferences match your company's profile and requirements, you will need to consider the following:

- Do they usually invest in the life cycle or investment stage in which your business currently finds itself?
- Do they usually invest in the industry in which your business oper-

ates?

- Can they offer you the amount of financing that you need?
- Does your company match their geographical preferences?

The information needed to answer these questions can generally be found on the websites of the various venture capital providers.

## In-depth identification of investors

Beyond the immediate screening criteria reviewed in the last section, many other factors will influence the suitability of an investor for a venture company, and vice versa. A more serious and in-depth identification of the potential investors to target would include investigating the following characteristics of each investor.

- How active is the investor?  
Some venture capitalists prefer to be very involved in day-to-day operations and decision-making ('hands-on'), while others are satisfied with monthly status reports ('hands-off'). Which type you prefer depends on your company's needs and preferences, but also on the degree of experience and competence of the potential investor. To learn more about an investor's 'style,' it can be a good idea to contact some of their existing portfolio companies.
- What is the investor's track record?

Does the venture capitalist have a history of making successful investments in similar firms? Has the investor undertaken any successful exits? It is also necessary to ensure that the investment managers currently employed in the investment company have experience in relevant IT investments. Another important question to ask is how well the venture capitalist has dealt with investment situations that did not work out.

- Does the investor possess a good contact network?  
A venture capitalist may be able to help your business by providing introductions to potentially important customers, suppliers or other industry contacts. One way to learn more about investors' networks is to look up the geographical location of their past and current portfolio companies, since this will give you an idea of their likely contacts with international co-investors and their ability to introduce you to possible future collaborative partners.
- When does the investor want to exit?  
As mentioned earlier, a venture capitalist's investment horizon typically spans from three to seven years. A good idea is to check whether the fund from which the investor's capital is raised is at a late stage of its life. If this is the case, you can conclude that the investor is probably looking for a relatively quick exit.

- Does the investor have a lot of portfolio companies? If a venture capitalist has many companies in his portfolio, he also needs to have a large amount of capital available for re-investment. Otherwise, you might end up in a situation in which your investor cannot afford to re-invest in your company.

The answers to the above questions may be obtained from companies who have worked with the investors in the past, or from the investors' websites, or by directly calling the investors.

### **International venture capital**

A few years ago, it was common practice to seek venture capital solely from local investors. This picture is changing, however, and a growing number of IT companies in the Øresund region are now including international investors in their investor base.

There can be several reasons for seeking international capital for your company. Your capital needs may be so large that they cannot be met by the local market, and, most importantly, your company may stand to benefit from the expertise and scientific and financial networks that international investors can offer. Receiving international capital can also function as a 'stamp of approval' for your company, as it will have achieved this in competition with IT companies from many different

countries. Having an international investor within your group of owners will thus strengthen the general attractiveness of your company. An international investor will often enter your investor base as a co-investor in collaboration with a local lead investor.

It is attractive to raise capital from the USA, as it possesses the largest IT in the world. Amongst other things, American investors can help to increase your exit opportunities, for example via a trade sale of your company in the USA. However, you should note that the geographical distance involved can have a negative effect on the interest of American investors in investing in Øresund IT companies. Moreover, in comparison with their American counterparts, companies in Øresund IT are often too small for American venture capitalists to invest in. Your chances of raising American venture capital will thus improve substantially when your company has completed its initial rounds of financing and is headed for, say, its third round of financing.

### **Get help to identify and approach international investors**

In the latter part of this guide, we profile a number of international investors.

It can however be very time-consuming and difficult for companies to approach international investors without previous experience with

such investors, or network contacts with them. In such cases, it can be a good idea to seek help. Having a strong local venture capitalist as an initial investor is the best way to create contacts with international investors, as a venture capitalist often has stronger and more relevant contacts with international venture capitalists than most consultants. However, if you wish to approach international investors who are not part of your own or your investors' networks, consultants can provide useful contacts. Large accounting firms and investment banks will often have departments and networks that can help you to improve your contacts with potential international investors.

The process of selecting the consultants that are best suited to help your company will however also depend on the geographical area in which you intend to seek capital. If you are seeking capital from the UK, you will have to identify consultants with a good foothold and network in the British market; likewise, consultants with good connections in the American market will be qualified to handle your company's interests if you are seeking capital in the USA. It is normal for consultants to charge a basic fee to cover their expenses, as well as a percentage of the capital raised. Please note that you will generally need to seek at least EUR 10-13 million if you wish to involve corporate finance departments or an investment bank.



# Why and how to attract venture funding from US venture capitalists

BY LINUS LUNDBERG, PRINCIPAL AT VISION CAPITAL IN CALIFORNIA

## Why seek financing from a US venture capitalist?

Venture capital firms in Silicon Valley have a magical aura around them. Many of today's leading technology companies were venture backed in their early days. Kleiner Perkins funded Amazon, AOL, Google, Juniper Networks, Netscape, Sun and Xilinx. Sequoia Capital was behind 3Com, Cisco, Oracle, PayPal and Yahoo. Accel's portfolio includes Foundry Networks, Agile Software, Redback, Portal, Real Networks and Veritas. Clearly, these venture capitalists have proven that with the right mix of market opportunity, technology and entrepreneurs, they can finance and build very successful companies (on the other hand, if you visit their websites and look at their portfolio you'll see that they can also fail...).

Getting funding from a premier US VC at the right stage can fuel a tremendous growth of your company. US VCs can help attract top-notch people, build a "buzz" around your company, and open up doors that would otherwise be closed for you.

## What will it mean for you?

However, getting funding from a premier US VC is not just a free ticket to the Promised Land. For a small technology company, it can also mean fundamental changes. It is easy to look at the successes these VCs have created, and forget the consequences for the entrepreneur and founding team.

First and foremost, the VC's money and support does not come for free. Getting VC funding (whether it is from a US, European or Scandinavian VC) inevitably means giving up a large stake in your company. An early stage (pre-revenue) financing typically means around 50% dilution for the founders, and later stage rounds may add another 30% dilution each. So, if we assume that the founding team owns about 70% (remaining 30% owned by a business angel or "friends and family" investors), the first VC financing will bring that down to 35%. In addition, a 20-25% stock option pool will typically be created, which brings the founders down to ~30% or less. Additional

rounds of financing, say 2 more, will add 2x 30% dilution, which in this case brings founders down to ~20% and ~14% respectively. If you are really successful, you may build a company that can be listed on Nasdaq. An IPO typically adds another 20% dilution, which will bring founders down to around 10% ownership.

Venture funding will allow you to invest in the growth of your business at a much faster rate than you otherwise could, but you have to believe that with VC support you can build a company 10 times more valuable than by organic (self-funded) growth alone.

The second consideration would be control. As an entrepreneur who successfully launched a startup you are in full control of every aspect of the business, be it product development, sales, customer relationships or recruitment. A US VC will in 9 out of 10 cases bring in new management (CEO, VP Sales, VP Engineering, VP Marketing) who perhaps may have worked together in other startups

backed by the VC. The founding team will continue to play a crucial role in the company, but will in most cases find themselves reporting to a new management team. Are you ready to hand over control to an American CEO?

There will also be dramatic changes on the board. A typical board of a venture backed US startup consists of 2 VCs, the CEO and 2 outside directors. The new investors will want to create a board that is appropriate for the "next stage" of the company. In most cases it means replacing most of the current board members.

#### **What does a US venture fund look for?**

US VCs see hundreds or even thousands of startups every year seeking funding for their business plans. Typically, only 1 out of 100 startups actually receives funding. Competition for venture capital is fierce and the financial return requirements of venture funds are very high. Ultimately, VCs have to return capital to their Limited Partners, i.e. the pension funds, insurance companies, banks, endowments, etc. who invest in venture funds. Venture capital is a high-risk / high-return asset class and as such the expectation is that

a VC fund should return more than 3 times the invested capital over the 8-10 year fund-life. If you do the math for a venture fund, you will find that it does not make sense for a VC to invest in a company unless they believe the investment can yield 50% IRR (Internal Rate of Return). Another way of looking at it is that the company must increase its value by a factor of 10x in 3 years or 20x in 5 years (taking into account the dilution of later rounds of financing). So this means that unless you can present a credible business plan that generates this level of value growth, most VCs will not be interested.

US VCs (and most other VCs for that matter) mainly look for three things when they validate the return potential of a prospective company:

1. Market size and growth: Does your company operate in a market segment that is big enough and/or is its growth rate high enough to support a large, valuable company?
2. Product fit and uniqueness: Do you have a product that addresses a real need in the market and can you differentiate yourself vis-à-vis competitors?
3. Quality of the team: Do you have a senior team of people who know this market/product and who have

shown that they can build valuable companies?

Once you have caught their attention, there are of course many things, on a more detailed level, that US VCs will look for during the due-diligence process.

#### **Some advice for Scandinavian companies**

Being located in Scandinavia while trying to raise venture funding from US VCs is quite a challenge. In addition to beating competing startups in all the dimensions outlined above, you must overcome the geographical distance in question. There are very few US VCs who will seriously consider an investment unless:

1. A corporate structure is put in place such that the investment can be done in a US entity with 100% control of overseas subsidiaries and intellectual property rights.
2. The CEO and a majority of the senior team are located within 2 hours driving distance from their office. Your CEO, CTO or founder should ideally be known by the VC or people in their network, so that they can get references from sources they trust. Having the engineering group overseas is typically not an issue and is in fact becoming increasingly common with startups putting development resources in low-cost countries such as India.
3. You have emerging commercial success on the US market or other validation that your product/technology can become wildly successful in the US.

We at Vision Capital specialize in investing in European startups who seek funding and support for their expansion into the US market. Located in Silicon Valley, we help our

"Are you ready to hand over control to an American CEO?"

portfolio companies achieve commercial success on the US market as well as building their structure and organization to allow for follow-on funding from more traditional “Sand Hill Road” VCs. In our search for promising European companies we have found some common “do’s and don’ts” for Scandinavian startups:

**Do:**

- Get ready! Make sure you know your business and future plans inside out and can present them well. Don’t begin too early – you have to think through what you need to achieve (product, customers, team, etc.) before you can get a good idea of what your company can become and how much capital it will require.
- Make a target list. Find out which VCs (and which of the VC’s partners) have been successful with companies similar to yours. If they understand the market and business model and have made a lot of money in that field before, they are much more likely to invest again.

Think in terms of stages. What type of investor do you need now versus later? Perhaps you are better served by a local VC who can help you get the product ready, and get initial commercial validation, before you knock on the doors at Sand Hill Road.

- Create a buzz. Plan for some good news (for example, a new customer or partner) during your fundraising period. Create some competition around the deal. There is nothing that motivates a VC more than the risk of losing the deal to someone else!

**Don’t:**

- Use agents or “middlemen” to raise money for you. Direct interaction with the CEO/founder is critical for VCs.
- Try to raise venture funding if your business plan does not support the kind of investment returns that a VC will require.
- Try to sell your product as you would to a customer. The VC really doesn’t care what your product does – what they really care about is what

type of business you can build based on that product.

- Fundraise half-heartedly. Raising venture capital is a full-time job for at least 6 months.
- Be secretive. Requiring the VC to sign an NDA is almost always fatal – very few will do it. When you have created the initial interest among VCs, let them know who else you are talking to.

Although this article paints a challenging picture for Scandinavian startups that want to attract US venture financing, it most certainly is possible to do so. Recent examples are Skype, who received funding from Draper Fischer Jurvetson and Bessemer, and MySQL receiving funding from Benchmark. If your product, team and market opportunity is truly world-class, and you believe that US VCs can help you achieve the success that your company is capable of, then the path towards raising money in the US is the right one to take.

“There is nothing that motivates a VC more than the risk of losing the deal to someone else!”

# Opening the portal to the human-tech region

With Øresund IT, business has never been easier



The Øresund Region's 3.5 million inhabitants share not only similar lifestyles, heritages and cultures but also a vibrant IT and telecom sector.

The Region has more than 100,000 employees in 12,000 IT and telecom companies, and almost 500 full time researchers and 6,700 students at IT and telecom programmes.

Øresund IT opens the portal to the Region for international companies and investors. Through Øresund IT, a shared identity is being built up and

marketed both regionally and globally. The goal is to strengthen Øresund Region's position as one of the world's most attractive regions where IT, telecom and high-tech meet human values to create the human-tech region.

Øresund IT is carried out by Position Skåne, Copenhagen Capacity and Øresund IT Academy.

Learn more about Øresund IT at:

[www.oresundit.com](http://www.oresundit.com)

# Approaching investors

By this time, your company will have received authorisation from the board to go out and contact potential investors. The company's needs and requirements will have been identified, and target investors selected.

## **Be prepared: Conditions for engaging in direct dialogue with your target investors**

The amount of effort required to prepare for a fund-raising process should not be underestimated. Moreover, in addition to presentation material, the company should be ready to undergo more detailed due diligence at a later date (see Chapter 6). The initial material should encompass the business plan, an executive summary, which we will describe in this chapter, and a company presentation (PowerPoint, slides, etc), which will be described in Chapter 5.

Also prepare an 'elevator pitch' around a unique selling point. It shall be so short and to the point that it can be delivered successfully in the time it takes to ride an elevator. This must convey why your particular company is worth investing in. This is the first time that investors will hear about your company, and they must be able to instantly comprehend how your venture differentiates itself from other ventures.

## **The business plan**

Having a complete and accurate business plan is crucial. As men-

tioned earlier, the venture capitalist's objective is to achieve a profitable exit within three to seven years, sometimes less, so the business plan should outline the investment case. It must contain your company's business strategy, operational plans, and technology and milestone schedules. All the incorporated information needs to be well-presented, and must be as accurate as possible. The information should include a market analysis and details on the competitive landscape. Investors must be able to feel confident that the commercial opportunity presented is a viable one and that the company has an in-depth understanding of its competitive environment.

If you have not already completed a SWOT analysis of the Strengths, Weaknesses, Opportunities and Threats facing your business, then do so before you begin contacting investors. Put yourself in the investor's place and generate an objective evaluation of your company's current and future business prospects. The SWOT analysis will help you to identify strengths and weaknesses that you might not have considered beforehand, thereby making you better prepared for the meeting with the investors. On page 32, you will find a list of important issues to cover in your company presentation to the investors. You could potentially use this list as a starting point for your SWOT analysis.

There is a wealth of literature describing how to formulate a good business plan, so we will not deal with this in further detail in this guide.

## **The executive summary**

The executive summary is placed at the front of the business plan. It explains why there is a market for your technology, and how your business can address unmet needs in a way that existing businesses cannot or do not. The executive summary must be no more than two to three pages long. It is vital to devote a significant amount of thought and time to this summary, as it may well determine the amount of consideration the investor gives your proposal.

The contents of the executive summary are determined primarily by the unique characteristics of the company you represent. Make it clear to the reader why there is a market for your technology, what the unmet needs are, and why you can do it better than your competitors and/or the existing products on the market. You must highlight the greatest sources of value for your company, whether these are your technology, your product, your target market or your management team.

If your company is currently developing a product, then present it alongside a description of your R&D efforts. If your company has not yet reached the product development

stage, then emphasise something else, such as your technology or research strengths. Explain why your business has excellent future prospects and emphasise any valuable assets to your company, such as strong protection of your intellectual property or an experienced and skilled management team.

The presentation of the contents of the executive summary must be simple and elegant. Avoid overly technical details, which will clutter the summary and lose the attention of the reader. Bear in mind that the reader you are addressing is not necessarily a scientist or an engineer, but a person with a commercial perspective.

Before you meet the investors, it is a good idea to familiarise yourself with key financial terms.

### **How to make the initial contact with potential investors**

Personal contacts are crucial in gaining access to the venture capital market; it is very much a market of 'introductions'. Venture capitalists rely heavily on informal networks of venture capitalists, lawyers, accountants and bankers to help identify potential investment subjects. Consequently, the best way to get the attention of potential investors is to be introduced to them by someone they know and respect. Business plans or executive summaries sent to an investor without any prior introduction or communication rarely make an impression.

You can use your own contacts or your existing investors (if your company has any yet), as they may know your target investor and could prepare him for your call. Naturally, you will sometimes have to present

your company to an investor with whom you have no prior relationship or means of personal introduction, in which case you will just have to call him up and present your elevator pitch as best you can.

We recommend that you contact the selected group of potential investors within one to two days. It is important to keep the process within this time frame, since investors talk amongst them!

If you have managed to arouse the investor's interest in your business concept over the phone, you must send relevant material to him/her via email while your pitch is still fresh in his/her mind. All your material must therefore be ready for immediate send-off. Some investors will wish to see a business plan, others to see an executive summary; it depends on how familiar they are with the market in question. If the investor is not very familiar with your technology, product or industry, it can be a good idea to give him the executive summary, which provides an overview of the current situation and the future prospects for your company and the market.

If a potential investor shows interest in your business case, contact him/her regularly with added and updated information on your company and its development efforts. This will allow the investor to familiarise himself with your case over time, while observing your operational progress.

It is important to ensure that only one person from your company contacts a potential investor and reports back on status.

Most investors will get back to you within a couple of weeks of sending

your executive summary or business plan. If you have not heard from them within a month, you can follow-up on your enquiry with a phone call, but note that the speed with which investors process new cases can vary greatly.

### **Increase or maintain your investor network**

You can increase or maintain your investor network by presenting your company at 'investors-meet-companies' events. Such partnering events take place in various forms and under various names several times a year in Øresund IT and other IT regions (See also Connect's article on page 34). These provide a good opportunity to achieve exposure for your company in front of several investors, and can help you to obtain important investor contacts before the next financing round. The time allotted for presentations at partnering events is often shorter than for presentations at traditional investor meetings; however, partnering events generally offer opportunities for one-on-one meetings with interested potential investors subsequent to the presentation.

### **Journal**

As your company will be making contact with a number of potential investors; it can be difficult to remember who you spoke to and what you spoke about. As this information may be very valuable, it is a good idea to keep a journal in which you note the names of investors contacted, as well as the date you contacted them and the subject of your conversation.



## Never underestimate your idea

AN INTERVIEW WITH PIERRE ELZOUKI, ONE OF THE FOUNDERS OF SCALADO AB, NOW ACTING AS VP BUSINESS DEVELOPMENT AND INVESTOR RELATIONS

FOUNDED 2000  
HEADQUARTERS LUND, SWEDEN  
STAFF 20 INCREASING  
FINANCING ROUNDS 3  
RAISED CAPITAL >30 M SEK  
WEBSITE WWW.SCALADO.COM

Scalado is a Swedish software technology company that develops, markets and licences digital imaging software for the Mobile Industry. Their technology platform enables creation of advanced and compelling mobile imaging applications for wireless devices. All Scalado products and solutions are based on digital imaging technologies which are patented or patent pending.

It all started when Sami Niemi turned to his friend Pierre Elzouki, both studied electrical engineering in Lund, and asked if he could help him to sell a software application he had developed. Pierre took a look at the application: “-of course you can sell it, but if you add a few things you will get better paid”.

Sami had been working on his application for some time during afternoons and weekends so he priced it according to the amount of hours

he had put in. “– This application is worth more than the amount of time you have spent developing it. How about asking for SEK 100.000 and see if anyone wants to buy it?”. – What, 100.000? Is that possible? “– Well yes, either you are solving someone’s problem or not, if you are, you should charge what that person is willing to pay. This application seems extremely efficient and value adding, maybe you can charge even a million. – One million, are you crazy? “– Don’t call me crazy. I might be able to sell it for 10 million! Pierre analysed the customer value and the benefits of the technology, and concluded that it solved some very concrete problems. And the market could be huge. An idea in itself is nothing if you do nothing with it. A product is nothing if it doesn’t have a functionality that is needed.”

Find out how these friends managed to put their idea in a setting and how the company grew from nothing to an established company with a portfolio of high-tech products and customers such as Macromedia and Sony Ericsson.

### **How did you refine your idea into a concrete business plan?**

We had heard of a business plan competition called Venture Cup. I suggested to Sami that we send in an entry based on our idea. Sami was at home, ill, so he quickly wrote down half an A4 page of text and sent it in the same day. We then continued to work on our entry and ended up short-listed for the final, though we didn’t win the competition. Our business idea was quite simply incomplete, and it was just as well that we didn’t win, because that encouraged us to work harder on the plan.

I turned down an exciting job offer in Stockholm and committed myself during the whole summer of 2000, to what would later become Scalado. We set up a company in July with our own money. At the same time I managed to get the other two co-founders involved. Their competences complemented ours in the company, with Maziar Jahanshahi’s knowledge of law and Fadi Abbas’s competence in computing technology. In our first business plan we identified a need for SEK 4-6 million in capital.

### **How did you work out that this was the amount you needed?**

It was hard to calculate how much it would cost to develop products based on our technology and then to market them. We knew we wanted to build a company that could grow to be something really big that would cater to a global market. To do this we needed time for product development and solid patent protection. While working out these costs we realised that we needed to concentrate on our need for capital. Teknopol helped us a great deal in the initial stages, although we had to write our business plan and make all the calculations ourselves. They kept us on the right track and supported us in the process. That kind of help is priceless for a company like ours, as its future is to a great extent defined through the decisions that are taken at the outset.

We realised that what we were developing was unique. In autumn 2000 we began negotiating with venture capital company TeknoSeed, who advised us to acquire patent protection. Teknopol helped us find an investment of SEK 20,000, which we used to fund our first patent application. Since then, Scalado has applied for several other patents and works in accordance with a clear patent strategy.

We were allowed to use an office at Teknopol, where my two colleagues and I would work when we didn't have to attend lectures or study. Sami had gone to the US for his final year at university but had told me that he'd come straight back if I managed to get funding for our company. I worked hard to get him back home and succeeded.

TeknoSeed invested a total of SEK 1.5 million in our company in winter

and spring 2001. The investment was milestone-based, by which we had to demonstrate that the technology would work according to certain criteria. An innovation study must show that it was possible to protect our innovations. We really needed the money, as until then we had worked for no income, having to pay for all our travel, costs, petrol, computers and other expenses ourselves. Now we had handed in a patent application and several others were on the way. Our business plan took on a whole new form and we decided that we would need a further SEK 20 million to implement our new plans. This was not a happy time for the IT sector, and acquiring funding took much longer than we had expected. We had now built up enough trust to receive a loan from a bank, and at the same time we received help from ALMI, a government funding body that works like a bank but allows itself to take somewhat higher risks.

### **How did the matchmaking process go for you?**

We were new to the process, but we worked hard, making appearances at various events organised by Venture Cup, the Connect Skåne network and other organisations. We were contacted by a number of consultants who offered their services. They showed us their PowerPoint presentations and told us about how good they were at finding investors. But they seemed false and didn't inspire any trust; it felt as if they just wanted to make quick sales without having any deeper understanding of our business. I felt it was best if we did it ourselves. Investors would just have to be patient with us because we were inexperienced at acquiring capital. It was much more important to us that they would feel they could trust us and what we do.

The next investors to take part were the Danish venture capitalists Olicom A/S. That was the first time a Danish VC invested in a Swedish start-up, which was nice. Olicom invested SEK 20 million on a milestone basis. At the same time, TeknoSeed invested a further SEK 2 million. This meant we had succeeded at something most companies could only dream of. We had a relatively large amount of capital and the future looked bright. One week later, on 11 September 2001, chaos broke loose in the world when the World Trade Center in New York was razed.

This affected everyone, not least our start-up company. Many of the market contacts we had previously relied upon became hesitant to cooperate and some pulled out completely. We concentrated our efforts on putting our technology to use in a tool that could animate digital images on the internet. We managed to sell a few, but the most important thing was that we created a partnership with Macromedia, the world's leading producer of web tools. Macromedia now sells our technology all over the world. The market has begun to recover and we are developing our technology to apply to mobile image manipulation. Mobile phone manufacturers and other actors in the market are interested in our technology and the future is looking brighter again.

### **When did you start looking outside the Öresund region for investment?**

We should actually have done that a couple of years ago already, but everything was put off. When you have a start-up company without a track record it's hard to attract international investors. In our case it felt right to start by looking at our own area. International capital will come in at later stages, when we want to expand

and will therefore need more capital. We have seen that international VCs want to invest at least EUR 5-15 million. We have also talked to American investors, but that's a completely different dimension – they are not just on the other side of the Atlantic but also, it seems, at the other end of the galaxy from us. Their mentality is different and you have to be properly established before you try the market there. Find an agent who can act as a consultant, finding contacts over there or travel there with someone who knows about making these kinds of deals in the US. The American market is naturally very interesting to us because it is large and – in comparison with Europe – relatively homogeneous.

**When and how will you make your exit?**

For us as owners in Scalado, there are various exit strategies. We could think about an IPO, but it is more likely that the company will be acquired for instance by a larger software company. I think this could take place in two or three years. We work in mobile imaging, which is a fairly undeveloped sector, so it is hard to predict what shape it will take in the long run. We have seen that there is great interest towards being able to take and send pictures with mobile phones, and the market is growing exponentially. Our technology is also attractive to suppliers of hardware to mobile phones. It increases the processor and memory capacity of

phones, which is essential in order to take and send high-quality pictures.

We have been aware of the potential of our technology for mobile applications from the start, but the market is only now beginning to realise its importance, as it is obvious that we can help solve big problems. When you are a small business that solves large corporations' problems, you have to be careful but not afraid. They can steal your idea if you don't watch out, but they can also give you the big break you're looking for.



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TeknoSeed is one of the leading early-stage venture capital providers in southern Sweden.

Since inception in 1997, TeknoSeed has invested in more than 20 research-based companies, a number of which have been sold to industrial partners or been listed on stock markets.

TeknoSeed helps high-tech start-up companies to grow from early product development to successful businesses.

*Anders Dellson is managing director of Mitrion AB, one of TeknoSeed's portfolio companies. Mitrion develops and markets a processor, based on novel and proprietary technology, for high performance computing.*

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# Meeting the investors

“You only get one chance to present your company.” That is what most investors say. As a result, your first meeting with an investor is extremely important, which places considerable importance on your preparation of the company presentation. This chapter offers some good advice on how to prepare in the best possible way, and tips on what the investor expects to find out at the meeting. As explained below, there is a tendency for companies to provide too much information on their technology and too little on how the technology can be commercialised.

## Preparing the presentation

This will be the first time that you meet your potential investors, and they will not just be looking for great ideas and technology. The meeting will be a lot like a job interview – as mentioned earlier, investors invest in people, so they will be evaluating you.

“Even if you are insecure and need to ask for advice, remember that most probably you are still the expert and are in charge of what you do. Take heed of good advice, but keep in mind that sometimes it is actually you who knows best. There are normally no straightforward right or wrong solutions when it comes to business development. Pioneers follow their own tracks.”  
Pierre Elzouki, one of the founders of Scalado AB.

## Seek constructive feedback

Seek constructive feedback on your presentation before meeting with investors. Since you will normally only get one chance to present your company, it is extremely important that your key messages emerge clearly from your presentation. This will depend not only on your personal style and the graphic presentation, but also on the organisation of the contents of the presentation. Experienced IT executives strongly recommend that you seek help from communication consultants and possibly other IT executives before meeting with investors. An expenditure of 2,000-3,000 for consulting services is a reasonable price to pay to significantly improve your chances of obtaining 3,000,000-15,000,000 in funding. Remember that the more you practice, the better and more professional your presentation is likely to appear to investors.

## Know your audience

It is essential to have the right person presenting your company, to get someone who knows what he is doing to make the pitches. Presenters who are too ‘academic’ typically don’t manage to get through to investors. Prepare yourself for the audience for whom you will be making your presentation. What are the investors’ particular interests, levels of knowledge and investing styles?

## Tell an interesting and credible

## story

Investors like good ideas and great stories. However, any stories you tell about your company must be credible. The really excellent presentations are simple, concise and compelling. Ideally, you should be able to communicate your passion for and belief in your business case while steering clear of clichés, buzzwords and hype in general.

“It is about creating trust in your organisation and the people behind it. They want to invest in an idea and a market, but above all in people. You must make them feel that they are given all the information they need and being made comfortable.”  
Roger Larsson, former CEO of Decuma AB.

When presenting your company, remember that the investors’ primary objective is to earn money. This cannot be stated too often. Just because you have an interesting technology does not necessarily mean that you can turn it into a good business. Many presentations focus too much on the technological details of a venture and too little on its profit potential. Such situations can be avoided by seeking help and constructive feedback while preparing your presentation, as suggested above.

## Contents of the company presentation

The company presentation as a

whole must show that you, as the CEO or CFO, have understood how your company should commercialise its technology in order to allow your investors to obtain a return on their investment that will meet their expectations.

Below you will find a list of elements which may be included in your presentation. This is not an exhaustive list, but should be seen as inspiration.

#### Company

- Company name, activity and history
- Your name and title
- Who is (are) the founder(s) of the company? When was it established?
- Who are the members of the management team? (Present CVs, experience and track records)
- Who are the members of the company's board and scientific advisory board? (Mention any relevant experience and expertise possessed by the members)
- What is your human resource situation? How many employees does your company have?
- Do you have any partnerships/alliances?

#### Technology and market

- Describe your development status, including key products/technology and any proof-of-principle/concept. Present any needs/demands for your product/technology and explain how your company can meet them

- What is the status of and strategy for IPR? Do you have freedom-to-operate? Do you need any in-licensing or cross-licensing of technologies?
- What is the realistic size of the market for your products?
- How is your technology unique, in comparison with competing technologies/companies?
- What does your competitive situation look like? Who are your key competitors and competing/alternative products? Describe both the current status and what you expect the competitive situation to look like some years into the future.

#### Financing and business strategy

- How many financing rounds has the company completed so far, if any?
- When was the last round of financing? How much capital did the company raise? What do your company's current investor base and ownership structure look like?
- What is your current cash position and burn-rate?
- Has your company passed any milestones, and, if so, which?
- How much capital is the company seeking in this round? ('pre-money' and 'post-money')
- What are your future milestones? Using timelines, describe how the company will attain the target position, which resources (financial and human) will be required, what the

risks are and how you intend to avoid them, and which milestones you will need to reach before the next round of financing.

- What is your company's earnings potential? When do you expect to reach break-even? Outline your projected licensing strategy
- What is the company's expected exit strategy?

The presentation of the company's technology must be in layman's terms. A good rule of thumb is that the presentation of the technology should fit onto just one slide, after which you should go on to discuss its potential applications and value. Illustrate your points with easy-to-understand graphics.

#### How should the presentation be organised?

A presentation will typically last between 45 and 60 minutes, during which time it is crucial that you quickly catch the attention of your potential investors. When introducing your unique selling point, you are generally expected to be able to convey your key points at the very beginning of your presentation. If you cannot do this, do not expect to get a second session with a potential investor.

Your presentation should contain between 10 and 20 slides. The ideal structure of a presentation will vary from one business case to the next.

Nonetheless, as inspiration, we have outlined an example of how the many points of a presentation can be prioritised:

#### Agenda for the presentation

- Unique selling point
- Company history, key people, investors
- Vision, mission
- Technology platform
- Development status
- Market needs and competitive position
- Business strategy
- Partnerships, collaborations
- Milestones
- Intellectual property rights
- Risks (specific to this project or

company)

- Valuation and financing needs ('premoney' and 'post-money')
- Exit scenarios

#### Be prepared: Have back-up slides ready

The best presenters anticipate the questions that potential investors might ask, and are well prepared to respond. Have back-up slides ready, which you can use to support your answers. Avoid the situation in which the investor to whom you are making your presentation knows more about the competitive and technological factors affecting your business than you do.



## Turning ideas into reality

BY BG SVENSSON, CEO OF CONNECT SKÅNE

Connect is a non-profit organisation that organizes different activities and forums where entrepreneurs are given opportunities to obtain the advice and support required to start up a new business – primarily in high-tech. This assistance ranges all the way from creating a business plan and establishing the company, through to seeking the necessary finance.

The original Connect was founded in 1985 on the initiative of the University of California in San Diego. Connect organisations now exist in several countries, including Denmark and Sweden.

The day-to-day activities in Sweden are carried out by regional Connect networks situated close to the major universities. Entrepreneurs and growth companies can turn to these networks when they are looking for advice and assistance or want to participate in a Connect activity. There are eight regional networks in operation today. The Skåne network covers Lund, Malmö, Helsingborg and Kristianstad. On the Danish side,

the organisation is divided into three divisions; East (Copenhagen), West (Aalborg) and South (Odense).

Examples of important activities run by Connect are Springboards, Financial/Investment Forums, Partnership Forums and instructional publications. These activities are described in further detail below. I hope that the activities can serve as good opportunities for you, and help turn your ideas into reality.

### Springboards

Springboards are arranged on a regular basis by the regional networks, and their intention is to support the development of growth companies. An expert panel helps an entrepreneur solve problems and identify opportunities, and gives practical advice on what action the entrepreneur should take in order to exploit these opportunities. Springboards are primarily intended for newly started companies, but can also help more mature companies make progress.

Each company goes through a 4-12 week coaching process before

the actual Springboard meeting. At each Springboard, the entrepreneur gives a 15-minute presentation of the company, its business idea, and the problems that need solving to a panel of carefully chosen people. Each presentation is followed by a discussion between the entrepreneur and the members of the panel.

The discussion can cover everything from strategic questions involving the overall business idea to more specific areas such as technology, the market situation, revenue models, capital requirements, customer benefits and company management. The purpose of this feedback is to help the entrepreneur solve problems and exploit the opportunities that the business has. At the end of the meeting, each panel member gives the company one final piece of advice. The presentation and subsequent discussion are recorded on video in order to provide the entrepreneur with documentation of the lessons learned.

Apart from arranging the actual meeting between the entrepreneur and the panel, Connect plays two

key roles. First, preparing and training the entrepreneur for the presentation, and second, appointing a new panel of 8-12 experienced people for each Springboard. The members of each panel are adapted to suit the specific field and needs of the growth company.

A Springboard gives the entrepreneur valuable contacts to experienced panel members and their networks. After the Springboard, it is up to the entrepreneur and the panel members to maintain and develop the contacts that Connect has initiated. About two weeks later, Connect contacts the entrepreneur to find out if the network can be of further assistance.

### **Financial / Investment Forum**

A Financial Forum (in Denmark called an Investment Forum) is a meeting place for growth companies seeking venture capital and venture capitalists looking for suitable investments. Growth companies present their ideas to national and foreign investors in order to obtain venture capital to fund their continued development and expansion.

Connect arranges national or Nordic Financial Forums every year. A one-day forum usually accommodates 20-25 of the most promising growth companies in Sweden/Denmark or the Nordic countries. The entrepreneurs have eight minutes in which to present their business idea, competitive advantages, management, and the value that the company can offer an investor. After the presentations, the investors and the entrepreneurs have the opportunity to meet.

Connect's regional networks have committees who select the growth

companies to attend the Financial Forum. Each selection committee consists of experienced people from e.g. accounting and legal firms, management and marketing consultancies, banks and insurance companies, as well as large companies and major organizations.

Another of the selection committee's important functions is to help each growth company make a good presentation in front of the venture capitalists and business angels. They teach the entrepreneurs how to give well-structured answers to the questions that usually interest investors. During a videotaped rehearsal, the entrepreneur receives constructive criticism from representatives of the selection committee. The video then provides a documented record of both the presentation and the criticism. This training is carried out in accordance with the guidelines given in the Connect brochure "Presentation techniques for venture capital seekers".

The Forums are conducted in English as investors are invited from around the world. Many investors focus their investments on certain technological fields. In order to meet those needs, the Financial Forums will often be organized around various themes or areas of technology.

### **Partnership Forum**

Since 1999, Connect has arranged annual Partnership Forums within the field of biomedicine where new biomedical companies from the Nordic and Baltic countries have presented themselves to representatives from international pharmaceutical companies, large biomedical companies and venture capital firms. Due to the huge success of the forums, Connect

intends to arrange Partnership Forums focusing on other areas, including ICT, in the near future.

During a forum, 25-35 new growth companies present themselves, their business ideas, market potential, and explain what they need from a partner or investor. Additional growth companies are presented by means of display boards. In addition, private meetings can be set up.

Besides being the organiser of the Partnership Forum, Connect has two key roles similar to those mentioned above, i.e. appointing an expert committee who can select the most promising growth companies, and ensuring that the regional network members help the entrepreneurs make professional presentations.

Would you like to know more?

For more information about Connect in Skåne, please visit [www.connectskane.com](http://www.connectskane.com)

For more information about Connect in Denmark, please visit [www.connectdenmark.com](http://www.connectdenmark.com)

Download Connect's Instructional Publications for free at [www.connectsverige.se](http://www.connectsverige.se)



## Negotiating with a venture capitalist requires preparation

BY JESPER SCHARLING SØRENSEN, DIRECTOR OF BANKINVEST TECHNOLOGY A/S, THE VENTURE ARM OF THE BANKINVEST GROUP

The process of raising new funds for your early stage company or your business plan is difficult and requires a lot of preparation and hard work. As venture capitalists we see a very large number of businesses and projects every year. All have the same goal of raising capital based on a unique idea with high potential and tremendous earnings to the investors. However, this in itself is not enough to convince investors.

Investors will also look at you as managers of a business, and evaluate whether you have the right competencies needed to execute your business plan. Moreover, venture capitalists will not participate in a venture project without contributing with their network, know-how and management support in order to meet the demand for strong return on investments for all investors in the business. The venture capitalist will look at the business plans and at the possibilities for making the venture succeed, out of which capital is just one element. The goal for both

you and the venture capitalist is to establish the right prerequisites for making the company as big and as interesting as possible at the time of sale. This is only done by creating a company that is best in class on all parameters – you need to be able to run and develop a successful company.

### Preparation

Before a venture capitalist decides to invest in your company, you will have to go through an investment and negotiation process, which requires thorough preparation.

Your business plan needs to be in place and validated by external sources.

You need to have a business plan. In fact, you need to have the best business plan out of hundreds in order to attract the attention of the venture capital investors. Therefore, make sure you have validation of the figures, business model, market description, competitor analysis etc. You

must be able to put forward reliable proof of your concept. The validation can come from a number of sources, for instance visits to other players in the industry, accounts, universities, and conferences. The stronger your documentation and backup data are, the more convincing the plan will be.

Get straight to the point, make a summary, and remember that you need to make the business proposition very clear if you want to sell your idea to your customers and to the venture capitalist.

Your plan will never cover 100% and take care of all possible pitfalls, but be direct about the ones you see. Suggest actions to minimize risks and ask the venture capitalist for input. This is one of the areas where a strong venture capitalist will support the plan if it matches the investors' expertise. Look at all elements of the plan, including the skills in your team, and match them against the venture you want to commence.

Some entrepreneurs include a risk paragraph in their business plan. But more often, it will be a last minute listing of pitfalls, always mentioned as minor risks – but they never are. Be honest about what the consequences of hitting a pitfall might be.

### **Understand the status of your business. Are you ready to get involved with a VC?**

Get an understanding of the impact and demands that a venture capitalist will have on your company. A venture capitalist will strive towards best in class or business excellence in all investments. This means that demands on your business will increase. Before you begin collaboration with a venture capitalist, you need to be clear about the ambition of the company as well as your personal ambition. If the company ambition is to grow slowly and have a successful business in Denmark or Sweden, it is probably not a venture game. On the other hand, if your ambition is to create a business with international focus and high growth rates, it is more likely that your company is suitable for a venture capitalist. The saying “act local think global” is very true for the venture capitalist industry.

Make it clear to yourself why you are going for external capital at this point in time, and why you are seeking venture capital. Show the investor that you have thought about both the consequences and upsides in having a venture capitalist with you.

Be concrete about what you need from a venture capitalist besides the capital – you do not want a VC who brings in money but no competencies.

The venture capitalist will examine you in every detail and ask for references from your partners and suppliers regarding you as a person, your products, and your customers. You need to examine the venture capitalist as well. Are they in long-term business, do they have the skills and the network to support your business, what other investments are they involved in? Asking these questions, and looking at the needs you have to move your business forward, will give you insight into what the VC can contribute with besides the capital injection. You will discover that many venture capitalist companies will be able to support your business considerably, and help make it even stronger.

### **The first meetings leading to negotiations**

Be honest in your presentation of your business plans and ideas, and be firm on which direction you want to move in. Remember that you are selling a company or a major project, and that you have all the insights.

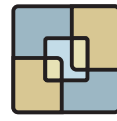
Take the lead on your own case, and show the investors that you can take the business ahead according to plan. Get a good understanding of the investment process used by the investor. Normally there will be a number of key decision points that you need to address. A typical investment process is divided into the following steps:

1. Screening. The venture capitalist decides whether the plan is within the scope of his or her investment area, and whether the proposition is interesting
2. Introductory meetings. The venture capitalist gets an understanding of the business plan

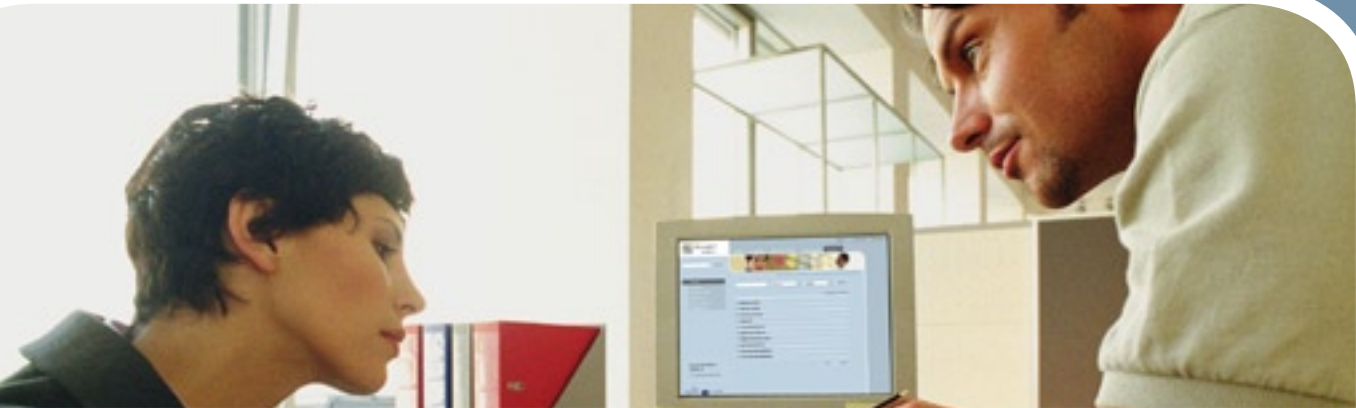
3. Proof of Concept. The venture capitalist makes a pressure check on the proposition, often using references and external validation resources
4. Business plan review. You work together with the venture capitalist on getting a joint plan in place
5. Approval of the investment. Typically, the venture capitalist will have the investment validated by a board
6. Investment decision. A term sheet is signed
7. Legal documents. Legal negotiation getting the shareholders' agreement in place
8. Investment

When moving into the investment process, it is important to get an understanding – at quite an early stage – of your expectations of the value of your business, as well as the venture capitalist's expectations. When it comes to getting a deal in place, this often turns out to be the show-stopper. Together with the potential upsides for both parties, this point is crucial in order to reach an agreement. Therefore be realistic about the valuation of the business, and look at the potential upsides. The value will show itself when you decide to exit the company, not when the venture is starting up.

Remember that the negotiations begin the day you mail your business plan to the venture capitalist – so be honest and dedicated to the plan. Show that you and your team are innovative and have winner mentalities. The final aim is a joint one between you and the venture capitalist, and should be based upon a common understanding of the business.



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## Big in Japan

AN INTERVIEW WITH ROGER LARSSON, FORMER CEO, DECUMA

FOUNDED 1999

HEADQUARTERS LUND, SWEDEN

STAFF 19

FINANCING ROUNDS 3

RAISED CAPITAL 67 MILLION SEK

WEBSITE WWW.DECUMA.COM

Decuma was founded by three researchers at the Centre for Mathematical Studies of Lund Institute of Technology. Their new, patented character-recognition algorithm is unique in that it can interpret handwritten characters in various sizes, degrees of sloping and directions. It is also extremely reliable when it comes to shaky handwriting, which is essential for use in handheld devices. Today, their products are used in devices all over the world. We met former CEO Roger Larsson, who took Decuma through three financing rounds and finally attracted Sony Venture Capital as a financial partner. He explains for example why Øresund IT companies should give priority to the Japanese market, instead of

looking to the US as most companies tend to do.

### **What made Decuma so attractive to investors?**

We had three vital ingredients: a good business idea, a niche market, which may have been difficult to measure but was clearly visible, and an excellent management team early on. They are the three factors that investors look for. We also acquired seed money, a small but important sum, at an early stage. The company's three founders (Sparr, Berthilsson and Åström) lacked a great deal of experience in working with external capital, but were wise enough to see the big picture, looking towards a network of potential investors instead of concentrating on the actual sum of money.

### **When did you become CEO?**

I came into contact with Decuma after the seed money had been

acquired. The investment had as a condition that an experienced entrepreneur must take the post of CEO, and I was given the task of creating an organisation that left room for the original business idea. I had the necessary experience to fall back on and knew what investors wanted. I started by making a clear business plan and employing a marketing person long before the product was ready for sale.

### **How was the business plan created?**

We contacted potential clients, visiting them wherever they were located in the world. The models we showed them were simple, but we made the extent of our competence clear to our audience during the meetings. We knew what we were talking about, so we could build a relationship based on trust. Having seen our lab version, someone like Nokia would say "Yes, we're interested, but in a Chinese product." That would give us the idea of what to do next: "OK, China it is!" We acquired our clients' input at an early stage to avoid building a lot of things unnecessarily, thus saving valuable time.

"If I were in the same situation again, I would go for Japan again"

### **How did you identify your investors for the next stage?**

Our business plan anticipated another three financial stages before self-sufficiency. After creating our organisation we started making lists of ideal companies we would like to have as shareholders. [In 2000] there was still a lot of money about, with many players on the market. After we had started asking around we noticed that word had got round and some companies contacted us directly. We were only looking for companies which had earned their own capital de facto, however. I wanted someone who had built up his own business and made his own money, who knew what it was all about: intelligent capital. They must also be experienced in some sort of global introduction. We got Visionalis on board, which fulfilled all these criteria. This was instrumental in strengthening our management and also – although I didn't fully realise it at the time – gave us know-how about Japan, which would come to mean a lot to us.

### **Scandinavian IT companies as a rule establish a position on the domestic market first, after which they go to London and from there on to the US. Why did you choose Japan?**

We had a small company but understood that we must be global to succeed. We developed products for Europe, the US, China and Japan. Everyone else we talked to went for the US, but in close discussions with the management team we decided to head east instead. We knew that many of the world's largest brands came from Japan and that most of their products were made for export. If we could offer products that would be installed in their devices, we would follow them out to new markets. Our strategy implied build-

ing our brand first in Japan and then marketing ourselves to their clients and partners. We carried out a large road show in Japan and China in cooperation with the Swedish Trade Council. That helped us meet the companies we wanted to meet and put us in an ideal position. Some twenty companies expressed an interest in our product and we found our first client within two months of the road show.

If I were in the same situation again, I would go for Japan again. Tokyo is very interesting for Scandinavians: the market there sees us favourably and has a lot of capital and potential clients. In just a few years, organisations like the Invest in Sweden Agency have built great bridges, and Sony Ericsson has improved relations substantially.

### **How did your second financing round go?**

Stage two brought the participation of the Danish Olicom and Malmö-based Volito. Both had earned their own capital, building up a business, making money and later becoming investors. We knew what we wanted and had many contacts, but the recession put a dampener on our growth. We had a lot of deals in progress, but many projects were cancelled or put on hold and that was a situation we just had to cope with. That was when we started thinking about a third financing round. We had begun generating income, but not enough, so together with our shareholders we drew up a plan for attracting a large, global financing body.

### **How did you find your big partner?**

With the market in the state it was in and looking like it was going to stay that way for a long time, an

IPO didn't seem realistic, though initially we had seen it as an exit. We increasingly began to talk about an industrial partner who could contribute a lot to the company and achieve strategic significance.

We were in Japan to finalise a large contract. During the negotiations I purposely mentioned to a Japanese manager I had become acquainted with that we were looking for a partner for a new financing round. "Interesting," he said. He asked for all our details and promised to make sure that the right person at Sony would see them. No more than six weeks after our return I received a call from Sony Venture Capital in Berlin. They invest in companies that can be of strategic importance to Sony Corporation. They had heard from Tokyo that we might be interested. The process from this initial expression of interest to the actual investment was long, running from January to September. Sony Venture Capital wanted a partner, but our other shareholders had already invested all they wanted and intended to keep hold of their shares. We organised a meeting between Sony and the Swedish Industrial Development Fund who had long been interested us, and they decided to partner in the investment. When this deal was completed I was exceptionally pleased.

### **What is your advice to people who do business with Japan?**

Be clear, and don't be afraid to go into detail. The more you tell them, the more Japanese people will open up to you. My experience is that once you have broken down the barriers, the Japanese are very frank – even the big bosses. We have made deeper contacts with Japanese companies than European ones, which may seem strange. Casio, one

of Decuma's first clients, taught us early on about the importance of detail and quality. It is about creating trust in your organisation and the people behind it. They want to invest in an idea and a market, but above all in people. You must make them feel that they are given all the information they need and being made comfortable.

**What are Decuma's future prospects?**

The company operates in a small niche and competition is tough. The aim is to generate sufficient income. The US is also a primary market, with more to offer now that Decuma has

become well-known through its partnerships with the likes of Sony.

Having built up the business and pointed it in the right direction, I finished as CEO at the beginning of this year. Initial start-up phases take three to four years and I had completed that. My task was to take Decuma through three financing rounds; once I had done this, I handed over the reins to Charlotta Falvin, who has the necessary skills for the next stage. She will now focus more on achieving profitable deals and less on creating growth. I now act as a consultant and coach.

**There are different theories about the problem with today's businesses; some say they lack ideas, others say it is capital. What do you think?**

I think the problem is that those who have ideas are much too shy in trying to implement them. People think that it is so difficult to attract capital these days that they don't even try it. I have come across this attitude and seen that everything that happened after the IT bubble burst has scared entrepreneurs. People sit in their corners and wait for better times. Many good ideas lose their foothold. Investors and entrepreneurs need to start getting together again.



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A leading Danish venture capital company investing in IT projects and companies

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IT widens our horizon  
The challenge is to understand the changes

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# Before the agreement

By now you have met the investors, and they have shown an interest in investing in your company. There is, however, still a long way to go, up to six to eight months, before you have a signed agreement in place. The investors will want to make sure that they obtain a detailed description of your company, which will require several meetings. The investor is going to initiate a due diligence process, valuation must be undertaken, and you must complete negotiations on the nature and form of the transaction. This chapter offers only basic insight into these processes. Please note that most of these processes will occur simultaneously.

## Term sheet

One of the very first documents to be drafted and negotiated will often be the term sheet, or similar documents to that effect and purpose, such as a memorandum of understanding (MoU) or a letter of intent (LOI). This will set out the basic terms of the transaction: the objective of the transaction, the expected time frame, and perhaps also financing, if this is known at this point in time. The term sheet, MoU or LOI may be structured as an offer from one party to another. Some of the material issues to be dealt with may be:

- Confidentiality
- A legally binding and exclusive offer, and the expiry date of the offer
- Necessary approvals (board ap-

provals or other)

- Structure of the transaction
- An overview of the expected costs and expenses in connection with the transaction
- Purchase price/financing
- Completion of the transaction.

## Due diligence

Generally speaking, the investor's main objective in undertaking due diligence is to increase its understanding of your business, to ascertain whether the initial assumptions that it has made about your business case still hold under close scrutiny.

Due diligence carried out by the investor within the field of IT will typically, but not exclusively, attend to the following areas:

- Legal
- Financial
- Commercial
- Technical/scientific
- IPR
- Management/human resources.

The investor will require substantial and documented information on your company on the above mentioned areas - aiming at identifying issues that could influence the investor's decision to either go ahead with the investment, or withdraw from it.

During this process, the investor will challenge the presented business plans and other information that he has received either from you or from

other external, publicly sources.

The due diligence process will often be very disruptive to you and your organisation, and will require your full attention.

The venture capital fund will typically draw upon external advisors in the form of professionals within the individual areas to be covered in the process. Not only will the venture capitalist usually need to obtain an approval of the potential transaction from an internal investment board, but the venture capital fund will also have its own shareholders to answer to. They expect the venture fund to exercise an appropriate degree of caution in its investment process - a crucial aspect of which is the due diligence process.

## Valuation

Valuation is a process whereby financial models are used to estimate the value or monetary worth of your company or an individual project.

A valuation is a subjective toolkit which creates a mutual (vendor/buyer) understanding of value drivers and value creation. It thus establishes a framework that enables the two parties to agree upon a price, which is nonetheless also dependent upon other terms in the sales and purchase agreement.

An example of an important question that you should ask yourself when

raising new capital is: “How large a share of ownership should an investor be offered in return for a given amount of capital?” Or, in other words, “How should future value created by the company be allocated between the founder of the company and the providers of capital?”

As will be described in further detail below, valuation is essential in a number of situations, and as it is a complicated process, you should always consult a financial adviser.

### **Why are investors interested in the valuation of your firm?**

Investors rely on valuation because it helps to turn uncertainty into manageable risk. Young companies are characterised by extensive uncertainty surrounding the company’s technology, management skills, growth and earnings potential, the expected market potential for its products and the time-to-market, etc.

Investors cannot manage uncertainty, since it is intangible and thus cannot be measured. Valuation turns the uncertainty surrounding your company into a form of risk, based on financial figures and calculations, which can be measured, compared and managed by investors.

### **Your approach to valuation**

The valuation of IT companies and projects is a field that demands special skills; some of the larger auditing firms have departments and special-

ists who advise within the areas of valuation and IT.

Nonetheless, it is an advantage for everyone dealing with potential and actual investors to familiarise themselves with the financial terms and the basics of valuation practices in your company. This will not only be useful in negotiations, but will also allow you to critically assess how the investors are valuing your company. This is particularly important, as investors are generally interested in obtaining the lowest possible valuation of your company, while you may be interested in obtaining the highest possible valuation of the future prospects of your business.

### **How accurate is firm valuation?**

Keep in mind that the valuation of a firm will always be ‘noisy’, meaning that it will never be 100% accurate. This is due to the fact that valuation models require a large number of projected and approximated figures, which means that a valuation will always be an estimate of a firm’s or project’s value. Partly due to the ‘noise’ inherent in valuation, many investors rely less on the valuation of individual firms than on the valuation of a firm relative to how comparable firms are valued on the market at that time.

### **Negotiating the deal**

Before you reach the negotiating table, we strongly recommend that your management team retains ex-

ternal legal counsel to assist them in structuring the best possible deal. When forming a syndication, each venture capital firm must retain its own external legal counsel, so as to ensure that their individual interests are best served at all times without having to worry about whether or not their counsel has a conflict of interest in relation to other players, due to representing more than one party at one time.

The following section is intended to introduce you on a general level to some of the documents that your legal counsel may find it useful to draft, in order to ensure that your investment is optimised and secured from a legal point of view. The purpose of this is to provide your management team with a basic understanding of the issues to be negotiated and an idea of what you may reasonably expect from the legal documentation.

Below are a number of documents listed in ‘chronological order’, i.e. in the order that they will normally be drafted and negotiated. Under the heading of each document title, we have raised some general issues that you and your management team should discuss with your legal counsel. Needless to say, this account of the possible documentation to be drafted and negotiated in no way purports to be exhaustive: no two negotiations will be identical and they may differ materially due to, for

ØRESUND  
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## ØRESUND SCIENCE REGION

Øresund Science Region is an alliance between four regional and bi-national network organisations: Medicon Valley Academy, Øresund IT Academy, Øresund Food Network and Øresund Environment Academy.

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[www.oresundscienceregion.org](http://www.oresundscienceregion.org)

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[www.oresundfood.org](http://www.oresundfood.org)

[www.oresund-environment.org](http://www.oresund-environment.org)

example, cultural differences between the parties, the line of business, the financing structure, intellectual property rights, etc.

### **Engagement letter**

Before retaining external legal counsel you may wish to consider obtaining an engagement letter from the legal counsel, setting out the terms on which counsel will be retained. The engagement letter should include the names of law firm employees assigned to assist you, applicable hourly rates, and perhaps an overall estimate of legal costs. Also, you may wish to make sure that the legal counsel is given a certain time frame within which to carry out all tasks to be undertaken.

### **Share purchase agreement**

The next document to be drafted and negotiated will most likely be the document regulating the terms and conditions of the actual transaction.

This might for instance be a share purchase agreement, if the ownership of a company is to be transferred in whole or in part as a result of the transaction. The share pur-

chase agreement may contain the following main points:

- Shares to be sold
- Purchase price
- Closing of the transaction
- Information disclosed to buyer prior to closing
- Representations and warranties of the seller (the main part of the agreement)
- Representations and warranties of the purchaser
- Covenants of the seller
- Covenants of the purchaser
- Conditions precedent to the purchaser's obligations
- Indemnification
- Governing law and venue.

In addition, it may be relevant in relation to a share purchase agreement to draft a disclosure letter, the purpose of which is to specifically disclose matters subject to the relevant representations and warranties of the share purchase agreement.

### **Shareholders' agreement**

If there are other shareholders, these shareholders will normally enter into a shareholders' agreement that regulates the following material issues:

- Main strategies of the company
- Shareholders' meetings
- Financing
- Approval of transfers
- Acquisition of new business
- Pre-emption rights on transfer
- Dilution
- Tag-along/drag-along
- Management of the company
- Directors and chairman
- Realisation of shares
- Pledge of shares
- Default and bankruptcy
- Non-compete obligations.

### **Loan agreement / share pledge agreement**

Most transactions will have an element of third party financing, which will be formalised in the form of a loan agreement and perhaps a share pledge agreement. Such agreements will usually be of a standard nature and will be drafted by the counsel representing the lender/secured party.

# Collaborating with your investors

Now you have secured funding for your company, and are ready to enter into a partnership with your investors.

“Use your investors actively” is a strong recommendation from experienced IT executives. A good, collaborative relationship with your investors can be a valuable asset to your company. Not only will it allow you to benefit from your investors' knowledge and network, it will also allow your investors to closely monitor the progress of your venture. Collaboration between the company and its investors is thus mutually beneficial. Investors can provide useful help, including:

- Developing business strategies
- Experience in recruiting staff for the management team
- Setting up the board of directors
- Monitoring competitors
- Internationalising the company
- Experience in negotiating collaborative arrangements with other companies
- Network relationships with potential collaborative partners
- Network relationships with new, potential investors with a view to further fund-raising
- Planning and executing exit strategies.

## Establishing a dialogue

In many cases the investors will be represented on your company's board, and you will thus establish

a dialogue with them. But it can be advantageous to further intensify this collaborative relationship, e.g. by establishing a dialogue which extends beyond the official contact necessitated by board activities.

Since investors generally have a busy day, you should be selective about which issues to raise. Ensure that you only bring up relevant and important issues.

In addition to receiving good advice, a close dialogue with your investors has another key advantage: when you are between two rounds of financing, it is important for investors to understand why you need to raise capital again.

An ongoing dialogue with investors provides them with better insight into and influence over the operation and development of the business. This can also make them more motivated to invest in the next round of financing or to help you locate new investors.

The intensity of your collaboration with your investors will vary greatly from one case to the next, and from one investment stage to the next. In general, you can expect the most intense contact to occur at the beginning of the relationship and when your company is young. As your company matures, the intensity of your contact with your investors will gradually decrease over time.

## Possible consequences for the management team

As members of a company's board, investors can influence the composition of the management team. As the company grows and matures, it may develop requirements for new sets of management skills. Consequently, the board may wish to recruit a new CEO, making the existing CEO the CTO, which can be a frustrating experience, especially for the entrepreneurial founder of a company. However, similar management changes have taken place in a number of IT companies.

## Reporting requirements

Dialogue with your investors will also take place through formal reporting. We recommend taking a look at the European Venture Capital Association's guidelines for reporting. For more information, see [www.evca.com](http://www.evca.com).

Furthermore, it is important to clear up the reporting demand of your investors. A well-structured reporting practice can also act as useful documentation in the dialogue with potential investors in future financing rounds.



## Get rid of the dotcom ghost

BY FREDERIK WILLERUP, CHIEF INVESTMENT OFFICER, IVS A/S

Entrepreneurs have trouble finding venture capital. Venture capitalists complain they can't find attractive companies in which to invest. Is there a problem with supply, or with demand? Let me offer a view on the current VC market situation in the Øresund region. My vantage point is IVS, a leading Danish VC that invests in software companies in Denmark and the Øresund region.

There was no shortage of willing investors in the "happy days" of the dotcom bubble. Companies based on a half-decent idea could attract millions, even if they were still at the "slideware" stage. Those days are fortunately gone, replaced by sound business sense but unfortunately also by a great deal of hesitation, skepticism and unwillingness to take risks.

IVS was founded in 1999, at the peak of the bubble and probably at the worst time to start investing! We invested in over ten companies within the first year. The following years were hard work: due to a troubled market we had to focus our full attention on helping our portfolio

companies to start making money. Like most other VCs, we spent a few years looking inwards, making the most of what we had. We didn't make a single investment in 2001. Today we are optimistic, with most portfolio companies turning a profit and some of them with significant potential. We have also made a number of promising investments in the last two years.

However, I feel that the dotcom ghost is still haunting the market among VCs and entrepreneurs.

### **Risk-averse VCs**

Most VCs have become risk-averse. They demand unique, patented technology, a finalized product and proof that customers will buy it. Many technology-based companies have had a difficult time finding investors for the pre-revenue stages. Merely demonstrating a few reference customers might not be enough: No, show us some distribution partners as well, to prove that your business is scalable. It seems that entrepreneurs need to go all the way – just short of that final step to world domination –

before investors will take the plunge. However, at this point, investors are most likely not necessary. The window of investment opportunity in a company's life seems to be getting very small.

### **Sitting on the fence**

OK, this is an exaggeration. But many promising companies are unable to attract investors because VCs are sitting on the fence, not willing to take the lead. Only investors with a true sense of current market movements are willing to stick their necks out. Investors with no domain knowledge are waiting for everyone else's moves.

Last year, IVS invested in a company founded by two associate professors at a leading Danish university. They had a great idea and world-class knowledge of the field, but not much else. As soon as we decided to invest, others were keen to follow.

The ghost also haunts entrepreneurs. Many have become skeptical of venture capital. In most IT companies today, there are entrepreneurs who

## "A venture capital investment could mean the difference between stagnation and international success"

helplessly watched their venture-backed companies expand manically during the bubble only to see the suddenly overextended, over promised company fail (and their stock options become worthless). Recently I have seen a number of companies failing to reach their full potential because their management or owners are nervous about attracting investors.

Venture capital is a jet engine, not a parachute. I have seen many examples of companies that have reached the edge of bankruptcy and only then try to find investment, as a last resort. This very rarely attracts interest from investors. Why didn't they come when they were in a position of strength?

There are many healthy and profitable IT companies in our region,

many built by entrepreneurs without venture capital. Some are software consultancies or businesses with other types of project-based models. These companies are typically considered unattractive for investment by VCs.

### **The difference between stagnation or success**

Others have developed unique products, dominate local markets or hold a singular position in a global niche market. These types of companies are interesting to investors but may not be considering venture capital, either because they are not aware of the possibilities or because they are skeptical of VCs. And if the company is profitable, why bother? Because as the market picks up again, things will start to move forward and foreign vendors will begin to expand, displacing local vendors. A venture cap-

ital investment (not only the money but also the experience that comes with it) could mean the difference between stagnation and international success.

I think most investors feel that the market is loosening up. Entrepreneurs with truly unique ideas and very strong backgrounds can now attract early-stage investments from VCs with the right domain knowledge and confidence in the market. Some profitable companies that have until now shown limited growth and been unable to expand internationally could unleash their potential by contacting a VC.

I am looking forward to the period ahead...

## "Venture Capital is a jet engine, not a parachute"

# How to exit?

The ability to make a profitable exit lies at the heart of venture capital investing. Exiting an investment is the final phase of the venture capital cycle, and at this point investors will ideally turn their investment into cash. Most funds are then reinvested in new ventures. Although you may feel that you and your venture capitalists are a team, don't forget that their primary and often sole objective is to generate a financial return on their investment, which implies that they will make their exit as soon as this becomes possible in a timely and profitable manner.

This chapter will outline various options for exiting an investment, namely trade sale, initial public offering (IPO), refinancing, repurchase and involuntary exit. We will round off the chapter by emphasising the importance of considering how your business strategy and the path that you have chosen for your business today may affect your exit possibilities in the future.

The time span from investment to exit can be as little as two years or as much as ten years or more. The two primary forms of exit are trade sales and an IPO on the stock market. In the case of each individual exit, the investor will weigh the possibility of selling the company to a third party against the option of undertaking an IPO.

The likelihood of making a profitable

exit is also influenced by the investors' ability to time their exit. Investors may postpone an exit if market conditions are unfavourable, or exit earlier than anticipated if conditions are favourable.

It is important to keep in mind that venture capitalists have several mechanisms that serve to ensure that firms are exited at times that they perceive to be optimal, and to select the best possible form of exit. E.g. venture capitalists will typically make deals regarding blocking rights or disproportional voting rights over key decisions, such as the sale of the company or the timing of an IPO. Investors will use their board seats and powerful control rights to get their own way. Founders should therefore expect this stage to be a source of debate and discussions, and one that will sometimes lead to problems for the founders of the company.

## Exit options

We will now turn to a brief description of each of the five main exit options. Please note that if you are considering using any of these, you will need the specialist advice of experienced professionals.

### Trade sale

A trade sale involves selling the company's shares to another company. Usually, the acquirer operates in the same industry as the acquired company and hence has a strategic objective in purchasing the company.

For this reason, trade sales often lead to higher sales prices than the company could achieve through an IPO, because the valuation of the company reflects the acquirer's strategic interests in the business.

### Initial public offering (IPO)

An initial public offering or IPO is a popular exit strategy with venture investments, partly because of the visibility and media attention it generates for the company. An initial public offering is the process by which a company is quoted or listed on the stock market, which means that a significant proportion of its shares are sold directly to the public for the first time. It is important to note that investors do not exit on the day the company is listed; they are in a 'lock-up period' for another 6-12 months to prevent sending signals to the stock market that investors want to cash out.

### Refinancing

Refinancing denotes the purchase of the venture capital investors' shares by another investment company. Refinancing is thus an attractive exit strategy when a company's investors wish to exit and the company is unwilling or unable to undertake an IPO or a trade sale.

### Repurchase

A repurchase occurs when the venture capital investors' shares are repurchased by the company and/or its management, placing the business

back under the control of its original founders.

### Involuntary exit

An involuntary exit occurs when a company goes into receivership, or when a failing company's assets and operations are controlled and reorganised by a court-appointed agent, or in the case of liquidation, the final termination of a company's operations.

### Exit strategy considerations

It is important that companies consider their likely future exit possibilities at an early stage of their lifecycle, and that they develop their business strategy accordingly, since the wrong business strategy can destroy even the most appropriate exit strategy. A large IT company might for example choose not to acquire a firm if that firm has a large number

of licensing deals with the potential acquirer's competitors.

One way of determining the most appropriate exit option for your business is to examine your technology. If your company has a technology with a narrow R&D focus, the possibilities of successfully undertaking an IPO are relatively small. In this case, the ideal exit situation might involve the acquisition of your company by a large firm with a view to incorporating your R&D efforts into its existing R&D activities. By contrast, if your company has a broad technological focus, for example in the form of wide applicability in many different areas, or has made efforts to develop a broad range of products, on the basis of which some technologies could be licensed out, then an IPO could be the ideal solution.

In recent years it has become difficult

to exit through an IPO, which has led to an increased interest in exiting through trade sales. Consequently, it is very important to identify potential buyers of your company and to develop a strategy for how to approach them.

The buyer in a trade sale is often a large IT company. The possibilities of a trade sale are greatest in the USA, where most potential buyers are located. Consequently, if you are interested in a trade sale, you should work to develop collaborative partnerships with US-based companies, and make an effort to attract American investors in order to increase your company's visibility for potential buyers. The same strategy holds true for trade sales within Europe, where partnerships and investors based in London, Paris or Amsterdam may prove valuable.

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## Global ambitions and a successful exit

AN INTERVIEW WITH MORTEN BORUM, VICE PRESIDENT AND CFO, IO INTERACTIVE

FOUNDED 1998  
HEADQUARTERS COPENHAGEN, DENMARK  
STAFF 145  
RAISED CAPITAL 256 MILLION DDK  
WEBSITE WWW.IOI.DK

### How was IO Interactive established?

IO Interactive (IOI) was established in September 1998 as a joint venture between Nordisk Film TV and the game developer Reto-Moto. We had neither business plan nor strategy, but our technology was unique. The founders were not ready for venture capital at the time, so they presented the technology to Nordisk Film through contact with, among others, Janos Flösser from DR (the Danish Broadcasting Corporation). Luckily, Nordisk Film had an understanding for the creative processes involved and for the computer games industry as such, and therefore chose to grant 150,000 DKK towards developing a concept. We then went to England and presented the concept to Eidos, one of the world's leading publishers of entertainment software, and in the end, made a predevelopment deal with them - in the computer games industry, a publisher will typically finance the development much

the same way as a book publisher pays royalties in advance.

### What were your plans for further financing?

Subsequently, we planned for at least 20% of our financing to be venture capital, and found a professional consultant to ally ourselves with. We still did not have a product, but did write business plans and identified a large number of investors. Our consultant had a technology division in Silicon Valley who said that our technologies were good, but that there was some doubt in the market as to which technologies would see a break-through and, following from this, whether or not we would be able to deliver to them. So we decided to wait until we had gone one stage further. We began to seek investors ourselves, checking lists of potential investors, sending them business plans, etc. I would probably go about it differently today; I would approach those who have the know-how and specific trade knowledge. In the initial stages, we contacted local networks, and engaged in dialogue with quite a few Danish venture companies.

### What lessons have you learned regarding investors?

The problems we experienced at that time came about because no agreement on an exit strategy could be reached. You will not get a venture capitalist to enter into an agreement if the other investors disagree about the exit strategy. All shareholders in an ownership group must be sure of what they want, when they want to sell/exit, whether or not they are ready for a drag-along clause, etc. You cannot just wait and see. We were almost immediately asked what the other investors wanted, but we could not give a satisfactory answer, so the lesson here is that you should be able to explain your strategy and what the individual investors want.

### What was your exit strategy?

The exit strategy has been clear right from the beginning: we had to move towards either a listing on the stock exchange or a trade sale. We quickly came to the conclusion that the computer games industry is global – a fact that cannot be ignored. It is fine to think on a local and regional level when it comes to education and production, but the product itself

must be global. The entertainment software industry is definitely global, so we have always focused on making sure that our product could be sold internationally. Being a global publisher at the same time ensures maximal marketing effect. If we were to go ahead on our own, either the bank would have had to grant us somewhere in the region of a half to one billion, or we would have had to seek investors, hereby experiencing considerable dilution as well as running a very high risk. The alternative was to sell the company. The shareholders were not interested in risking those amounts of money, so the decision was to sell. We take the view that our product is now marketed worldwide, and it is even something we have been paid for! Going for an IPO in the US, Britain, Germany, France, etc. held too high a risk. The entertainment software industry and media entertainment in general is international, heavily influenced by the US, and extremely profit oriented. To make yourself heard, you need to be among the very best. Once you reach the top, of course, the profit is tremendous. In our industry, production costs are so high that making local or regional computer games and entertainment products is not sustainable. We produce digital products that are published in numerous versions in 47 markets worldwide.

### **What were your key selling points?**

I think that our ambitions were almost too much for some venture capitalists. We were just a small Danish company, and were actually considered a little too arrogant by some. However, I still believe that our key selling points remain the combination of the global market and our unique technology and command of the creative processes. The market and the industry are both growing, which

is very interesting, but not everyone makes a profit.

### **What are the most important lessons you have learned?**

If I had to sum up our experiences with regards to attracting external financing, the first one would be that you have to make absolutely clear what your aim is, and which exit strategies you want to work towards. One thing is the investor and his preferred exit, but what is your preferred exit, and how will you take it when the company is no longer in your hands. Furthermore, in my opinion, there are many venture capitalists whose investments are too diversified. I do not believe it is possible to invest in and have in-depth knowledge of many different markets, segments, and players all at once. Enjoying success in one field does not guarantee success in another, so be sure to find highly specialized venture capitalists whose competencies lie within the market segment you are operating in. Do not just go for the first investor you come across – wait for the right one! It is a time consuming process, and one that takes up a lot of resources. There are alternatives to venture capital. We have to a large extent done without, as our priorities were to work with people who had experience in the entertainment software industry as well as experience with the creative processes this entails.

### **Is it important to have international contacts or branch offices abroad?**

In the beginning, PWC told us that not having an office in the US would be a drawback, but UK and US investors no longer seem so reluctant to come to Europe and Scandinavia. During the past five years, investors and private equities have become more aware of the region, especially

because the levels of education within the IT field are often much higher in Scandinavia than in the US. But of course, having an office in the US is a big advantage. And do not forget, in many cases you need to go abroad in order to find the right investors. The computer games industry is very specific, and one in which you cannot ignore the US. The Scandinavian market share is only 0.75 % of our entire market, so we have to think globally. It is easy to find your customers locally, but the potential is so much bigger globally.

### **What are the consequences for IOI now that you have been bought by Eidos?**

In my opinion, IOI had a successful exit, because we can continue to do what we enjoy, even though we no longer own the company. There are many examples of acquisitions where the company changes completely after a couple of years, but I do not think that will be the case here. Within our company, we have been open about consolidation, strategies, the market, etc. so everyone knew that we were going to be sold. Of course some people still identify strongly with IOI, not Eidos, but that remains people's own business. Eidos does not pay a quarter of a billion for something they know nothing about. We are not going to make any fundamental changes; becoming Eidos is a slow process. I do not think we will realise what it means to have become Eidos before the international marketing sets in. But even though it is a great pleasure to see your own work all over the world, we will probably not escape the feeling of having lost control of the company. We are only partners now. If our exit had been an IPO, all our resources would have gone towards that. Instead, we can now concentrate on what we like doing most of all.



Financing  
Guide

80  
investors



	SEED	START-UP	INITIAL GROWTH	EXPANSION	RESTRUCTURING	PROFILE
3i Nordic (DK)			o	o	o	o
A/S Dansk Erhvervsinvestering (DK)		o	o	o	o	o
AB Novestra (S)	o	o	o	o	o	o
AB Traction (S)				o	o	o
Advent Venture Partners (UK)			o	o	o	o
Aldano AB (S)				o		
Alliance Venture AS (N)		o	o			
Alta Berkeley Venture Partners (UK)						
Apax Partners Ltd (UK)						
Atlas Venture Ltd (UK)						
BancBoston Ventures (US)						
BankInvest Technology IT Venture (DK)		o	o	o	o	o
BrainHeart Capital (S)		o	o	o	o	o
CapMan AB (S)			o	o	o	o
CAT Science Park (DK)	o	o				o
Centrecourt AB (S)	o	o				o
Cognition Management Group (S)	o	o	o		o	o
ComTech Invest A/S (DK)	o	o				
Creandum Advisor AB (S)	o	o				
Crescendo Ventures (UK)		o	o			
Dansk Erhvervsudvikling A/S (DK)				o		
Dansk Kapitalanlæg Aktieselskab (DK)						
Danske Venture Partners (DK)						
Dico A/S (DK)						
Doughty Hanson & Co (S)		o	o			o
DTU Innovation A/S (DK)	o	o				o
Earlybird (D)						
Eqvitec Partners Oy (SF)			o	o		o
Erhvervsinvest Management A/S (DK)				o		o
European Equity Partners (UK)		o	o			o
Four Seasons Venture (N)			o	o	o	o
FöretagsByggarna AB (S)						
Gatenbeck, Zakrisson & Partners AB (S)				o		o
IBM Danmark A/S (DK)						
IDG Ventures Europé (UK)			o	o		o
INCUBA Venture (DK)						
Industrifonden (S)	o	o	o	o		o
InnFond P/S (DK)		o	o	o		o
InnovationsKapital Nordic Advisors AB (S)	o	o	o	o		o
Intel Capital (UK)	o	o	o	o		o

	SEED	START-UP	INITIAL GROWTH	EXPANSION	RESTRUCTURING	PROFILE
Iris Capital Management (F)		o	o	o		o
ISIS Equity Partners plc (UK)						
ITACT AB (S)						
IVS (DK)	o	o	o	o	o	o
J.P. Morgan Partners (UK)						
Kaleido Kapital AB (S)		o	o	o		o
Kennet Venture Partners Ltd (UK)						o
Ledstiernan AB (S)						o
Litorina Kapital (S)						o
LMK Industri AB/Visionalis AB (S)						o
Lumitec (S)						o
Malmöhus Invest AB (S)		o	o	o		o
NKT Holding A/S (DK)						
Nokia Venture Partners (F)		o	o			o
Nordic Wireless AB (S)			o	o		o
Nordstjernan Ventures (S)		o	o	o	o	o
Norsk Vekst Forvaltning AS (N)				o	o	o
Northzone Ventures (DK)	o	o	o	o		o
NOVI A/S (DK)	o	o				o
Olicom A/S (DK)	o	o	o	o		o
Pod Holding (S)			o	o		o
PreVenture A/S (DK)	o	o				o
Quester (UK)		o	o	o		o
Schneider Electric Ventures (F)	o	o	o	o		o
Schroders Private Equity (UK)						
Scope Capital Advisory AB (S)		o	o	o		o
SEB Företagsinvest (S)			o	o	o	o
Siemens Mobile Acceleration (S)	o	o				o
Sony Venture Capital Europe (D)						
Symbion Innovation (DK)	o	o				o
Söderlind & Co AB (S)						
Techno Venture Management (D)						
Teknoinvest Management AS (N)						
Teknologisk Innovation (DK)	o	o				o
TeknoSeed AB (S)	o					o
T-Venture Holding GmbH (D)						
Vækstfonden (DK)Vertex Management Denmark (DK)						
Vision Capital (US)		o	o	o		o
Volito AB (S)		o	o	o		o

## 80 investors

In this part you will find contact information, profiles and key figures for 54 Danish, Swedish and international venture capital firms and local corporate venturing units within the ICT sector + 26 links to additional investors.

The international venture capital firms are located in the following countries: the United Kingdom, the USA, France, Germany, Finland and Norway.

The international investors selected are those who have already invested in Sweden and Denmark, or who

include the Øresund region as part of their geographical area of investment interest.

We have identified these investors through the venture capital associations of the various countries, as well as via IT companies' websites, and through the network of Øresund IT Academy.

Øresund IT Academy wishes you all the best in attracting capital, and thereby turning excellent research and ideas into competitive products and services.



## 3i Nordic

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Kimmo Korpela, [Kimmo\\_Korpela@3i.com](mailto:Kimmo_Korpela@3i.com)

**COMPANY PROFILE** 3i, Europe's leading venture capital and private equity company, brings capital, knowledge and connections to the creation and development of businesses around the world. 3i invests in a wide range of opportunities from start-ups to buy-outs and buy-ins, focusing on businesses with high growth potential and strong management. 3i invests in businesses across three continents through local investment teams in Europe, Asia Pacific and the USA. 3i has offices in Stockholm, Helsinki and Copenhagen.

**INVESTMENT PREFERENCES** Industry: Healthcare, Software, Telecom  
Technology: Bio+IT, e-Solutions, Imaging/Vision, Multimedia/Entertainment, Network/  
Infrastructure, Photonics, Security, Software/Enterprise applications, Wireless

### KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 700 M
CAPITAL INVESTED	EUR 700 M
MINIMUM INVESTMENT	EUR 1 M
MAXIMUM INVESTMENT	EUR 250 M
NO. OF INVESTMENTS MADE	95
IT-RELATED INVESTMENTS MADE	10
NO. OF EMPLOYEES	30

### STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

## AB Novestra

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111 43 Stockholm, Sweden  
Sweden

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CONTACT PERSONS Marcus Söderblom, [soderblom@novestra.com](mailto:soderblom@novestra.com)

ESTABLISHED 1997

**COMPANY PROFILE** Novestra is an independent investment company with a portfolio of small cap private as well as public companies. Novestra focuses on investing in companies with substantial growth or value potential. Novestra's portfolio of companies consists of i.a. Explorica, Inc., IBS AB (publ), inWarehouse AB (publ), JC AB (publ), Lagercrantz Group (publ), MyPublisher, Inc., Netsurvey AB, Pergo (publ), Qbranch AB and Strax Holdings, Inc. as well as the co-investment vehicle Continuum Group Ltd. The Novestra shares are listed on the O List of Stockholmsbörsen (the Stockholm Stock Exchange).

**INVESTMENT PREFERENCES** IT investments in DK/SE: B2 Bredband AB, DCM AB, IBS AB, InWarehouse AB, Lagercrantz Group AB, NetSurvey AB and Qbranch AB  
Industry: Telecom, Media & Entertainment and IT Consulting.  
Technology: e-Solutions, Imaging/Vision, Multimedia/Entertainment, Network/  
Infrastructure, Security, Software/Enterprise applications, Storage, Wireless

### KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 30 M
CAPITAL INVESTED	EUR 20 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 5 M
INVESTMENTS MADE	40
NO. OF IT-RELATED INVESTMENTS MADE	30
NO. OF EMPLOYEES	5

### STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# AB Traction

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103 66 Stockholm (visit Salmätargatan 7, 3 tr.)  
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WEBSITE [www.traction.se](http://www.traction.se)

CONTACT PERSONS Klas Gustafsson, [klas.gustafsson@traction.se](mailto:klas.gustafsson@traction.se)

**COMPANY PROFILE** Our business concept is to invest in companies as an active and long term owner. With the help of our own methodology we assist company managers to develop sustainable and long term growth. We do that by focusing on customer relations, capital flow and risk management.

**INVESTMENT PREFERENCES** Technology: Automation, Multimedia/Entertainment, Network/Infrastructure, Software/Enterprise applications

## KEY FIGURES

CAPITAL INVESTED	SEK 600 M
MINIMUM INVESTMENT	SEK 0,1 M
MAXIMUM INVESTMENT	SEK 50 M
NO. OF INVESTMENTS MADE	24
IT-RELATED INVESTMENTS MADE	12
NO. OF EMPLOYEES	12

## STAGES OF INVESTMENTS

SEED
STARTUP
INITIAL GROWTH
EXPANSION ◦
RESTRUCTURING ◦

# Aldano AB

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WEBSITE [www.aldano.se](http://www.aldano.se)

CONTACT PERSONS Bo Thorsen, CEO, [info@aldano.se](mailto:info@aldano.se)

ESTABLISHED 1999

**COMPANY PROFILE** Aldano is a venture capital- and management company with a unique proficiency inside its investor circle as well among the 31 private investors as in The Swedish Industrial Development Fund. Aldano invests in established companies which have a reliable strong and proven business idea together with competent management.

**INVESTMENT PREFERENCES** IT investments in DK/SE: Arico, Micronic Laser Systems, Swedish Weight Technology, Virtual Genetics Laboratory, Caretech  
Industry: None  
Technology: Bio+IT, Security, Software/Enterprise applications ,Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 13,5 M
CAPITAL INVESTED	EUR 9,9 M
MINIMUM INVESTMENT	EUR 0,3 M
MAXIMUM INVESTMENT	EUR 1,1 M
NO. OF INVESTMENTS MADE	24
IT-RELATED INVESTMENTS MADE	5
NO. OF EMPLOYEES	5

## STAGES OF INVESTMENTS

SEED
STARTUP
INITIAL GROWTH
EXPANSION ◦
RESTRUCTURING

# BankInvest Technology IT Venture

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WEBSITE [www.biventure.com](http://www.biventure.com)

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ESTABLISHED 2000

**COMPANY PROFILE** The BankInvest Group has managed venture funds for several years. Currently, BankInvest manages five funds – three within biotechnology, one within New Energy solutions and one within IT & Telecommunications. Within IT & Telecommunications BankInvest Technology will invest in promising companies with strong and dedicated management. Our focus is to value add in our investment through; setting up a competent board of directors, recruiting new key personnel, developing business strategies, getting new contacts via our industry and venture capital provider's network, internationalizing the company, monitor competitors, buy competing companies, looking for funding at later stages and deciding on and executing the exit strategy.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 5  
Industry: IT and Telecommunications.  
Technology: Bio+IT, e-Solutions, Micro-/Nanotechnology, Network/Infrastructure, Security, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 700 M
CAPITAL INVESTED	EUR 700 M
MINIMUM INVESTMENT	EUR 1 M
MAXIMUM INVESTMENT	EUR 250 M
NO. OF INVESTMENTS MADE	95
IT-RELATED INVESTMENTS MADE	10
NO. OF EMPLOYEES	30

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# BrainHeart Capital

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Ann Keve Isaksson, [ann.keve.isaksson@brainheart.com](mailto:ann.keve.isaksson@brainheart.com)

ESTABLISHED 2000

**COMPANY PROFILE** BrainHeart Capital is a Stockholm-based industrial Venture Capital firm. Founded in 2000, BrainHeart manages the largest fund in Europe dedicated to investments in the wireless industry. Investments are made within three segments; Industrial Applications, Innovative Voice Services and Wi-Fi.

**INVESTMENT PREFERENCES** IT investments in DK/SE 8: CDC, Possio, Wireless Maingate, Spinbox, Mobeon, Service Factory, Åkerströms, Swefour/Spring Mobil  
Industry: Wireless Technologies  
Technology: Wireless (15 investments)

## KEY FIGURES

FUNDS UNDER MANAGEMENT	SEK 1300 M
CAPITAL INVESTED	SEK 934 M
MINIMUM INVESTMENT	SEK 10 M
MAXIMUM INVESTMENT	SEK 100 M
NO. OF INVESTMENTS MADE	15
IT-RELATED INVESTMENTS MADE	15
NO. OF EMPLOYEES	10

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# CapMan AB

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114 87 Stockholm  
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WEBSITE [www.capman.com](http://www.capman.com)

CONTACT PERSONS Lars Hagdahl, [lars.hagdahl@capman.com](mailto:lars.hagdahl@capman.com)

ESTABLISHED 1989

**COMPANY PROFILE** CapMan's operations consist of private equity fund management and advisory services. The former can be considered as CapMan's core business. In practice CapMan collects commitments for the funds from institutional investors through fundraising, searches potential investment objects, participates actively in the portfolio companies' actions, for example through active board work, and exits from the portfolio companies, typically 3–6 years after the initial investment. Trade sales to industrial buyers or IPOs are typical exit methods.

**INVESTMENT PREFERENCES** IT investments in DK/SE: please visit our website for latest update  
Industry: IT and communication  
Technology: Automation, Bio+IT (10 inv. made), e-Solutions (2 inv. made), Imaging/  
Vision (5 inv. made), Micro-/Nanotechnology (2 inv. made), Multimedia/Entertainment  
(4 inv. made), Network/Infrastructure (4 inv. made), Photonics (4 inv. made), Security  
(1 inv. made), Software/Enterprise applications (10 inv. made), Storage (1 inv. made),  
Wireless

# CAT Science Park

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CONTACT PERSONS Kim Ove Olsen, Managing Director, [kim.olsen@catscience.dk](mailto:kim.olsen@catscience.dk)  
Cathal Mahon, Investment Manager for IT and Telecommunication,  
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ESTABLISHED 1988

**COMPANY PROFILE** Cat Science Park invests in early stage (seed), high-tech ventures and is a unique combination of Venture Seed Capital, Incubator and Research Park, all in one. Furthermore, all CAT Science Park's Investment Managers have strong technical and commercial backgrounds from the start up environment and can therefore provide the sparring and coaching needed to transform Research to Revenue.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 10 (Atomistix ApS, Company IT ApS, ConDiDact ApS, Con-  
figIT A/S, Cyper Optics ApS, Deltapix ApS, Easybrick ApS, Hymite A/S, Link Sec A/S,  
Micro Managed Photons A/S)  
Industry: focus areas are IT and Telecommunication, Life Science, Energy and Environ-  
ment, Industrial Innovation  
Technology: Automation, Bio+IT, e-Solutions, Imaging/Vision, Micro-/Nanotechnology,  
Multimedia/Entertainment, Network/Infrastructure, Photonics, Security, Software/  
Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 1155 M
CAPITAL INVESTED	EUR 585 M
MINIMUM INVESTMENT	~EUR 3 M
MAXIMUM INVESTMENT	~EUR15 M
NO. OF INVESTMENTS MADE	139
IT-RELATED INVESTMENTS MADE	29
NO. OF EMPLOYEES	80

## STAGES OF INVESTMENTS

SEED	
STARTUP	
INITIAL GROWTH	◦
EXPANSION	◦
RESTRUCTURING	◦

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 6 M
CAPITAL INVESTED	EUR 4 M
MINIMUM INVESTMENT	EUR 0,1 M
MAXIMUM INVESTMENT	EUR 1 M
NO. OF INVESTMENTS MADE	25
IT-RELATED INVESTMENTS MADE	10
NO. OF EMPLOYEES	10

## STAGES OF INVESTMENTS

SEED	◦
STARTUP	◦
INITIAL GROWTH	
EXPANSION	
RESTRUCTURING	

# Centrecourt AB

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ESTABLISHED 1995

## STAGES OF INVESTMENTS

SEED

STARTUP

INITIAL GROWTH

EXPANSION ◦

RESTRUCTURING ◦

COMPANY PROFILE Focus on early phases in IT/Telecom and Life Science. In addition to capital contributes significant know-how and resources. Examples of earlier engagements include Anoto, Biogaia and Bluetail.

# Cognition Management Group

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ESTABLISHED 1998

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 50 M

CAPITAL INVESTED EUR 40 M

MAXIMUM INVESTMENT EUR 1 M

NO. OF INVESTMENTS MADE 60

NO. OF IT-RELATED INVESTMENTS MADE 55

NO. OF EMPLOYEES 25

## STAGES OF INVESTMENTS

SEED ◦

STARTUP ◦

INITIAL GROWTH ◦

EXPANSION

RESTRUCTURING ◦

COMPANY PROFILE Cognition has the vision, the resources and the infrastructure to exploit growth companies. We believe the combination of financial capital and operational support is far more likely to create value than the mere supply of financial capital.

INVESTMENT PREFERENCES Technology: e-Solutions, Network/Infrastructure, Security, Software/Enterprise applications, Wireless

# ComTech Invest

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ESTABLISHED 1999

**COMPANY PROFILE** We provide you with the most critical business resources needed in a startup over the first 3-6 months pre-seed and seed capital, business model and sales/marketing strategy proof-of-market and proof-of-revenue, 1. round fundraising. Contact to international partners. In other words - when partnering with ComTech Invest you will be in a position to keep focus on developing your unique idea, products and core competencies.

**INVESTMENT PREFERENCES** Investments in SE/DK: 6  
Industry: Telecom  
Technology: Bio+IT, other

## KEY FIGURES

MINIMUM INVESTMENT DKK 0,5 M  
MAXIMUM INVESTMENT DKK 2 M  
NO. OF INVESTMENTS MADE 6  
IT-RELATED INVESTMENTS MADE 6  
NO. OF EMPLOYEES 3

## STAGES OF INVESTMENTS

SEED ◦  
STARTUP ◦  
INITIAL GROWTH  
EXPANSION  
RESTRUCTURING

# Creandum Advisor AB

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WEBSITE [www.creandum.com](http://www.creandum.com)

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ESTABLISHED 2002

**COMPANY PROFILE** Creandum is an early stage Nordic venture capital firm based in Stockholm Sweden, investing in Nordic companies and teams in the technology sectors. We invest in the early stages of a company's life cycle, often defined as seed and startup phases. Our initial investment can be as small as a couple hundreds of thousands of Euros and can go up to EUR5M over the life cycle of a company.

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 40 M  
MINIMUM INVESTMENT EUR 0,1 M  
MAXIMUM INVESTMENT EUR 50 M  
NO. OF INVESTMENTS MADE 2  
IT-RELATED INVESTMENTS MADE 2  
NO. OF EMPLOYEES 6

## STAGES OF INVESTMENTS

SEED  
STARTUP  
INITIAL GROWTH  
EXPANSION ◦  
RESTRUCTURING ◦

# A/S Dansk Erhvervsinvestering

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2100 Copenhagen Ø  
Denmark

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WEBSITE [www.dan-erhv.dk](http://www.dan-erhv.dk)

CONTACT PERSONS Investment Manager Karl E. Lægaard, [kel@dan-erhv.dk](mailto:kel@dan-erhv.dk)  
Vice President Klaus Falkesen, [kf@dan-erhv.dk](mailto:kf@dan-erhv.dk)

ESTABLISHED 1983

COMPANY PROFILE A/S Dansk Erhvervsinvestering is a venture capital company founded in 1983. A/S Dansk Erhvervsinvestering invests in manufacturing companies, IT-companies and biotech and healthcare companies in Denmark. A/S Dansk Erhvervsinvestering manages Dansk Innovationsinvestering P/S, founded in 2000 and owned jointly with VækstFonden.

INVESTMENT PREFERENCES IT investments in DK/SE: 10 (Capres A/S, CaslonSoft A/S, Danlab Electronics A/S, I/F-Com A/S, On-Air A/S, Phase One A/S, PremiTech A/S, Rovsing Dynamics A/S, Synkron A/S, Vidality A/S)  
Industry: Manufacturing, IT/Communication, Healthcare/Biotech  
Technology: Automation, Bio+IT, e-Solutions, Imaging/Vision, Micro-/Nanotechnology, Multimedia/Entertainment, Network/Infrastructure, Photonics, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 125 M
CAPITAL INVESTED	EUR 85 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 4 M
NO. OF INVESTMENTS MADE	> 100
IT-RELATED INVESTMENTS MADE	28
NO. OF EMPLOYEES	10

## STAGES OF INVESTMENTS

SEED	
STARTUP	◦
INITIAL GROWTH	◦
EXPANSION	◦
RESTRUCTURING	◦

# Dansk Erhvervsudvikling A/S

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CONTACT PERSONS Casper Lyngbo Hjort, [clh@d-e.dk](mailto:clh@d-e.dk)

ESTABLISHED 1998

COMPANY PROFILE Dansk Erhvervsudvikling A/S is a private equity investor with focus on competence addition and active involvement in the portfolio companies. The portfolio contains of well established and interest-bearing companies with a turnover from 30 to 150 million DKK within a wide range of areas. Dansk Erhvervsudvikling A/S' owners and management people have knowledge and experiences from the IT sector.

INVESTMENT PREFERENCES IT investments in DK/SE: 1 (Calamus Danmark A/S – Denmark's biggest supplier of audiovisual solutions (video conference, presentation solutions, flat screens, projectors etc.)  
Industry: No preferences, if the other criteria are fulfilled, with an annual result of DKK 3 - 15 M after tax.  
Technology: Multimedia/Entertainment (1 inv. made)

## KEY FIGURES

MINIMUM INVESTMENT	DKK 10 M
MAXIMUM INVESTMENT	DKK 60 M
NO. OF INVESTMENTS MADE	12
IT-RELATED INVESTMENTS MADE	1
NO. OF EMPLOYEES	5

## STAGES OF INVESTMENTS

SEED	
STARTUP	
INITIAL GROWTH	
EXPANSION	◦
RESTRUCTURING	

# Doughty Hanson & Co

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Rikard Brattberger, Private Equity Nordic Region,  
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ESTABLISHED 1986

COMPANY PROFILE Doughty Hanson & Co is one of Europe's largest independent private equity fund managers. Founded in 2000, Doughty Hanson Technology Ventures is an early-stage, venture capital fund with \$272 million under management. Our objective is to help talented entrepreneurs build outstanding technology companies. Operating from London and Munich, the Fund is independently managed by a dedicated team of professionals with substantial experience in both the technology and financial sectors.

INVESTMENT PREFERENCES Industry: Software, Communication technologies, Micro components

## STAGES OF INVESTMENTS

SEED  
STARTUP ◦  
INITIAL GROWTH ◦  
EXPANSION  
RESTRUCTURING

# DTU Innovation A/S

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Danmarks Tekniske Universitet  
2800 Kgs. Lyngby, Denmark

PHONE +45 45 25 61 55

WEBSITE [www.dtu-innovation.dk](http://www.dtu-innovation.dk)

CONTACT PERSONS Peter Tøttrup, Investment Director, [pt@dtu-innovation.dk](mailto:pt@dtu-innovation.dk)  
Frank Knudsen, Investment Manager, [fk@dtu-innovation.dk](mailto:fk@dtu-innovation.dk)

ESTABLISHED 2001

COMPANY PROFILE By providing capital, experience, knowledge and networks, we support scientists in commercialising of the results of their research based business ventures. Our preference is on investments in projects based on intellectual property rights and with substantial market and growth potential. Our aim is to exit our investments within a 3-5 years time frame. Therefore, the companies we invest in should preferably be able to either attract new investors at a later stage or become subjects to trade sales. Most of us are of experienced entrepreneurs with proven track records. With our combined experience from many start-ups, we guide our companies to use methods and formulas in their business and market development. Also, by drawing on the scientific knowledge, market experience and global networks that our partners and network of business angels can provide, we assist our companies in getting to international markets.

INVESTMENT PREFERENCES IT investments in DK/SE: n/a  
Industry: ICT and Life Science/Healthcare  
Technology: Automation, Bio+IT, Imaging/Vision, Micro-/Nanotechnology, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 16 M  
CAPITAL INVESTED n/a  
MINIMUM INVESTMENT EUR 70 000  
MAXIMUM INVESTMENT EUR 0,7 M  
NO. OF INVESTMENTS MADE n/a  
IT-RELATED INVESTMENTS MADE n/a  
NO. OF EMPLOYEES 6

## STAGES OF INVESTMENTS

SEED ◦  
STARTUP ◦  
INITIAL GROWTH  
EXPANSION  
RESTRUCTURING

# Erhvervsinvest Management A/S

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WEBSITE [www.erhvervsinvest.dk](http://www.erhvervsinvest.dk)

CONTACT PERSONS Thomas Marstrand, Senior Partner, [tm@erhvervsinvest.dk](mailto:tm@erhvervsinvest.dk)

COMPANY PROFILE The investment strategy of Erhvervsinvest Management is focused on small- and medium-sized well consolidated Danish companies within different branches, which have the necessity of capital and competences finding themselves in a situation of owner- or generation-change or similar. The companies should present potential for further growth and may very well be catalysts in branch consolidations/-restructurations. Erhvervsinvest Management acts as active co-owners with considerable influence.

INVESTMENT PREFERENCES IT investments in DK/SE: 3 (Saxotech, Futarque, On-Air)  
Industry: None

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 55 M
CAPITAL INVESTED	EUR 17 M
MINIMUM INVESTMENT	EUR 2 M
MAXIMUM INVESTMENT	EUR 20 M
NO. OF INVESTMENTS MADE	16
IT-RELATED INVESTMENTS MADE	3
NO. OF EMPLOYEES	4

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH
- EXPANSION ◦
- RESTRUCTURING

# Gatenbeck, Zakrisson & Partners AB

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ESTABLISHED 1999 and 2002

COMPANY PROFILE H&B Capital and Life Equity Sweden are administrated by H&B Capital AB and Gatenbeck, Zakrisson & Partners AB. The Funds were started in 1999 and 2002 respectively with primarily life science focus.

INVESTMENT PREFERENCES IT investments in DK/SE: Cellavision AB, Gyros AB  
Industry: Healthcare  
Technology: Bio+IT

## KEY FIGURES

FUNDS UNDER MANAGEMENT	SEK 1500 M
CAPITAL INVESTED	SEK 900 M
MINIMUM INVESTMENT	SEK 10 M
MAXIMUM INVESTMENT	SEK 100 M
NO. OF INVESTMENTS MADE	20
IT-RELATED INVESTMENTS MADE	3
NO. OF EMPLOYEES	7

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH
- EXPANSION ◦
- RESTRUCTURING

# Industrifonden

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Lars Persson, [lars.persson@industrifonden.se](mailto:lars.persson@industrifonden.se)

ESTABLISHED 1979

**COMPANY PROFILE** Industrifonden offers growth capital, competence and networks to Swedish companies. With 25 years of experience and investment in hundreds of companies, we are one of the largest and most experienced venture capital organizations in Sweden. Industrifonden invests in most sectors of industry, but only in Swedish companies. We have several types of financing - both loans and equity capital.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 5 in Sweden (Bioett, Decuma, Qliktech, Wespot, Business Security). None in Denmark.

Industry: Broad focus

Technology: Bio+IT, Imaging/Vision, Network/Infrastructure, Security, Software/

Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 3,9 M
CAPITAL INVESTED	EUR 2,1 M
MINIMUM INVESTMENT	EUR 220 000
MAXIMUM INVESTMENT	EUR 5,55 M
NO. OF INVESTMENTS MADE	290
IT-RELATED INVESTMENTS MADE	40
NO. OF EMPLOYEES	45

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# InnFond P/S

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CONTACT PERSONS Claus Melgaard, [cme@innfond.dk](mailto:cme@innfond.dk)

**COMPANY PROFILE** InnFond provides venture capital together with expertise for small, innovative companies which target growth markets. We concentrate in particular, but not exclusively, on companies which combine ICT and innovative mechanics in a way which employs new technologies to bring commercial benefits to established or traditional businesses.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 7 (BlueTags, Dansk Bredbånd, I/F-Com, Medical Insight, Micro Managed Photons, Nanion, Tpack)

Industry: Telecom, Communication, Hardware, Security, Medical devices

Technology: Imaging/Vision, Micro-/Nanotechnology, Network/Infrastructure, Photonics, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 40 M
CAPITAL INVESTED	EUR 15 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 2 M
NO. OF INVESTMENTS MADE	15
IT-RELATED INVESTMENTS MADE	10
NO. OF EMPLOYEES	3

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION
- RESTRUCTURING

# InnovationsKapital Nordic Advisors AB

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CONTACT PERSONS Peder Holm, [ph@innkap.se](mailto:ph@innkap.se)

ESTABLISHED 1994

**COMPANY PROFILE** InnovationsKapital is a leading independent early stage venture capital firm for innovative growth companies in the Nordic region. Years of experience and a strong network within academia and industry enable us to invest in successful science and research based companies. The capital is managed in three funds and is provided by highly reputable Swedish and international institutional investors.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 26 (For ex, Altitun AB, Appium AB, Carmen Systems AB, Corus Technologies AB, Enigma Semiconductors AS/Inc., Formex AB, Hymite A/S, Kreatel Communication AB, Safelogic AB, Spotfire AB/Inc., Virtutech AB/Inc., Visual Wireless AB)

Industry: Information & Communication Technology and Healthcare/Life Sciences

Technology: Bio+IT, Micro-/Nanotechnology (1 inv. made), Network/Infrastructure, Photonics (5 inv. made), Security, Software/Enterprise applications (3 inv. made), Storage, Wireless (3 inv. made)

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 200 M  
MINIMUM INVESTMENT EUR 0,1 M  
MAXIMUM INVESTMENT EUR 10 M  
NO. OF INVESTMENTS MADE 43  
IT-RELATED INVESTMENTS MADE 29  
NO. OF EMPLOYEES 13

## STAGES OF INVESTMENTS

SEED ◦  
STARTUP ◦  
INITIAL GROWTH ◦  
EXPANSION ◦  
RESTRUCTURING

## IVS

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WEBSITE [www.ivs.dk](http://www.ivs.dk)

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Investment proposals contact CIO Frederik Willerup, [projects@ivs.dk](mailto:projects@ivs.dk)

ESTABLISHED 1999

**COMPANY PROFILE** IVS is a venture capital partnership, founded by a group of successful and experienced entrepreneurs. We invest in IT technology companies with an emphasis on software. We work closely with our portfolio companies on all aspects of their business, and have a very strong network in relevant industries, both in Denmark and abroad.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 9 (Ascio Technologies, Kapow Technologies, Octoshape, Instadia, IMS learning, Zapera, Personics)

Industry: IT/Software

Technology: Bio+IT, e-Solutions, Imaging/Vision, Network/Infrastructure, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 35 M  
MINIMUM INVESTMENT EUR 0,1  
MAXIMUM INVESTMENT EUR 3 M  
NO. OF INVESTMENTS MADE 9  
IT-RELATED INVESTMENTS MADE 9  
NO. OF EMPLOYEES 4

## STAGES OF INVESTMENTS

SEED ◦  
STARTUP ◦  
INITIAL GROWTH ◦  
EXPANSION ◦  
RESTRUCTURING ◦

# Kaleido Kapital AB

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ESTABLISHED 2000

COMPANY PROFILE Venture Capital Investments in Scandinavia. Prime focus within Telecom and IT, but technology in general of interest.

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 15 M
CAPITAL INVESTED	EUR 10 M
MAXIMUM INVESTMENT	EUR 1,5 M
NO. OF INVESTMENTS MADE	5
IT-RELATED INVESTMENTS MADE	5
NO. OF EMPLOYEES	3

## STAGES OF INVESTMENTS

SEED
STARTUP ◦
INITIAL GROWTH ◦
EXPANSION ◦
RESTRUCTURING

# Ledstiernan AB

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COMPANY PROFILE Ledstiernan builds leading venture capital companies in the Nordic countries within mobile communication. More than half of the capital is invested in mobile communication solutions and wireless technology. The stock of Ledstiernan is quoted on the Stockholm Stock Exchange O-list. For further information, please visit our web page [www.ledstiernan.se](http://www.ledstiernan.se).

INVESTMENT PREFERENCES IT investments in DK/SE: All except 1, i.e. 13 investments  
Industry: IT & Telecom  
Technology: e-Solutions, Network/Infrastructure, Security, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 120 M
CAPITAL INVESTED	EUR 80 M
MINIMUM INVESTMENT	EUR 0,1 M
MAXIMUM INVESTMENT	EUR 3 M
NO. OF INVESTMENTS MADE	ca 40
IT-RELATED INVESTMENTS MADE	30
NO. OF EMPLOYEES	9

## STAGES OF INVESTMENTS

SEED
STARTUP ◦
INITIAL GROWTH ◦
EXPANSION
RESTRUCTURING

# LMK Industri AB / Visionalis AB

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CONTACT PERSONS Mikael Karlsson, mikael.karlsson@lmkindustri.com  
ESTABLISHED 1995/1999  
COMPANY PROFILE Investing in international growth oriented high tech companies.  
INVESTMENT PREFERENCES IT investments in DK/SE: 15

KEY FIGURES  
FUNDS UNDER MANAGEMENT n/a  
CAPITAL INVESTED n/a  
MINIMUM INVESTMENT n/a  
MAXIMUM INVESTMENT n/a  
NO. OF INVESTMENTS MADE 18  
IT-RELATED INVESTMENTS MADE 15  
NO. OF EMPLOYEES n/a

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# Malmöhus Invest AB (MIAB)

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Christian Ehrenborg, christian.ehrenborg@mhusinvest.se  
ESTABLISHED 1979

COMPANY PROFILE MIAB invests in high-technology companies in their early development and growth phases. The investment horizon is three to seven years and is agreed with the other investors when the investment is made. During the investment period MIAB contributes actively to the company by means of resources and network. Investments are thus primarily made in southern Sweden and the Øresund region.

KEY FIGURES  
FUNDS UNDER MANAGEMENT EUR 25 M  
MINIMUM INVESTMENT EUR 150 000  
MAXIMUM INVESTMENT EUR 3,5 M  
NO. OF INVESTMENTS MADE 14  
NO. OF EMPLOYEES 3

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Nordic Wireless AB

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WEBSITE [www.nordicwireless.se](http://www.nordicwireless.se)

CONTACT PERSONS Magnus Nilsson, [mnilsson@nordicwireless.se](mailto:mnilsson@nordicwireless.se)

ESTABLISHED 2000

COMPANY PROFILE Nordic Wireless AB is a VC-firm focused exclusively on the investment opportunities to be found in the field of wireless communication and wireless Internet in the Nordic region.

INVESTMENT PREFERENCES IT investments in DK/SE 2 (Swe-Dish Wahlberg & Selin AB, Wayfinder Systems AB)

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 3,2 M
CAPITAL INVESTED	EUR 6,3 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 2 M
NO. OF INVESTMENTS MADE	9
IT-RELATED INVESTMENTS MADE	9
NO. OF EMPLOYEES	2

## STAGES OF INVESTMENTS

SEED	
STARTUP	
INITIAL GROWTH	◦
EXPANSION	◦
RESTRUCTURING	

# Nordstjernan Ventures

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ESTABLISHED 2001

COMPANY PROFILE Nordstjernan Ventures invests in high-tech companies with growth potential, across several industries (not only IT). We are very active owners, with special focus on sales development and commercialization. We are impatient, but have a long term perspective.

INVESTMENT PREFERENCES IT investments in DK/SE: 1 (Aptilo Networks AB)  
Industry: Manufacturing industry, Energy, Automotive  
Technology: Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	n/a
CAPITAL INVESTED	EUR 5 M
MINIMUM INVESTMENT	EUR 0, 1 M
MAXIMUM INVESTMENT	EUR 5 M
NO. OF INVESTMENTS MADE	3
IT-RELATED INVESTMENTS MADE	1
NO. OF EMPLOYEES	3

## STAGES OF INVESTMENTS

SEED	
STARTUP	◦
INITIAL GROWTH	◦
EXPANSION	◦
RESTRUCTURING	◦

# Northzone Ventures

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COMPANY PROFILE Northzone Ventures is an early stage venture capital company investing primarily in the Nordic market. Our goal is to give dedicated entrepreneurs a firm grounding in how to build up sustainable companies based on unique technologies and strong business models.

INVESTMENT PREFERENCES IT investments in DK/SE: Billiant, Envoy, Cryptico, Enigma - and more.  
Industry: IT/Telecom.  
Technology: Multimedia/Entertainment, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 160 M  
MINIMUM INVESTMENT EUR 1 M  
NO. OF INVESTMENTS MADE 30  
IT-RELATED INVESTMENTS MADE ca. 30  
NO. OF EMPLOYEES 10

## STAGES OF INVESTMENTS

SEED  
STARTUP ◦  
INITIAL GROWTH ◦  
EXPANSION ◦  
RESTRUCTURING ◦

# Novi A/S

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COMPANY PROFILE NOVI A/S is a privately owned venture company founded in 1989. NOVI A/S's activities focus on the seed and start-up phases and include an active portfolio of 14 companies. NOVI A/S is the co-owner of InnFond P/S which is a seed venture fund investing in engineer-driven, high-tech development of products and development of products and technologies aimed at future growth markets. Under the name of LicFond, NOVI A/S makes focused investments in the development of commercial patents.

INVESTMENT PREFERENCES Industry: IT, Telecom, Biotechnology, Healthcare  
Technology: Bio+IT, Photonics, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 31 M  
CAPITAL INVESTED EUR 20,6 M  
MINIMUM INVESTMENT EUR 0,1 M  
MAXIMUM INVESTMENT EUR 4 M  
NO. OF INVESTMENTS MADE 14  
IT-RELATED INVESTMENTS MADE 5  
NO. OF EMPLOYEES 5

## STAGES OF INVESTMENTS

SEED ◦  
STARTUP ◦  
INITIAL GROWTH  
EXPANSION  
RESTRUCTURING

# Olicom A/S

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ESTABLISHED 2000

**COMPANY PROFILE** Olicom is a venture capital firm focusing on investments in leading edge information and communication technology start-ups. We have offices in Copenhagen, Denmark and in Dallas, Texas, USA. Olicom provides extensive hands-on support to our portfolio companies provided by an experienced management team with background from the high-tech sector. Olicom is listed on the Copenhagen Stock Exchange and in the US the company's stock is traded on Other OTC under the symbol OLCMF.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 8 (Comlog A/S, Danacell A/S, Decuma AB, Hymite A/S, ITE ApS, Scalado AB, Sifira A/S, Tpack A/S)  
Industry: Data communication technologies  
Technology: Automation, Imaging/Vision, Multimedia/Entertainment, Network/Infrastructure, Photonics, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 37 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 5 M
NO. OF INVESTMENTS MADE	13
IT-RELATED INVESTMENTS MADE	13
NO. OF EMPLOYEES	5

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Pod Holding

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ESTABLISHED 2000

**COMPANY PROFILE** Pod Holding is a private equity partner for proven entrepreneurs. Founded in 2000 and headquartered in Boston, MA and Stockholm, Sweden, Pod Holding invests in and fosters growth for companies with either enabling technologies or transformational business models.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 1 (Transmode Systems)  
Industry ICT, focus on security and communications  
Technology: Network/Infrastructure, Security, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 89 M
CAPITAL INVESTED	EUR 35 M
MINIMUM INVESTMENT	EUR 0,9 M
MAXIMUM INVESTMENT	EUR 6,5 M
NO. OF INVESTMENTS MADE	9
IT-RELATED INVESTMENTS MADE	5
NO. OF EMPLOYEES	7

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# PreVenture A/S

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**COMPANY PROFILE** PreVenture aims at making the transformation of ideas into sustainable businesses systematic, knowledge-based, efficient and fun. PreVenture a/s helps create sustainable, knowledge based businesses designed for growth. We team up with entrepreneurs with ideas, competencies and drive. We contribute management, tools, network and money to drive partner companies towards growth and profitability.

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH
- EXPANSION
- RESTRUCTURING

# Scope Capital Advisory AB

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CONTACT PERSONS Jonas Palmquist, [info@scope.se](mailto:info@scope.se)

ESTABLISHED 2001

**COMPANY PROFILE** Scope Venture Capital I is an investment fund with approximately SEK 200 million in capital commitments from Swedish institutions, e.g. life insurance companies and pension funds. Scope is an active investor in early stage companies with a sustainable competitive advantage and high growth potential.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 6 (MySQL, PortWise, Jaczone, Visual Wireless, SiCon)  
Technology: e-Solutions, Network/Infrastructure, Security, Software/Enterprise applications

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 20 M
MINIMUM INVESTMENT	EUR 0,2 M
MAXIMUM INVESTMENT	EUR 2 M
NO. OF INVESTMENTS MADE	6
IT-RELATED INVESTMENTS MADE	6
NO. OF EMPLOYEES	6

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# SEB Företagsinvest

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Ulf Lewander, [ulf.lewander@seb.se](mailto:ulf.lewander@seb.se)

ESTABLISHED 1995

**COMPANY PROFILE** SEB Företagsinvest is the venture capital arm of SEB. Our business concept is to make venture capital investments and add competence and networks to companies with a substantial growth potential, focusing on technology and healthcare. SEB Företagsinvest operates on an independent basis with its own board of directors and a network with representatives from the industry.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 13 (Ascade, Interpeak, HMS, Kreatel, WeSpot, Carmen Systems, Crossroads, Sreg, Time care, Prodacapo, Wavium, Fält Communications)  
Industry: Technology and Healthcare  
Technology: Automation, Bio+IT, e-Solutions Imaging/Vision, Micro-/Nanotechnology  
Multimedia/Entertainment, Network/Infrastructure, Security, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 130 M
CAPITAL INVESTED	SEK 90 M
MINIMUM INVESTMENT	EUR 1,5 M
MAXIMUM INVESTMENT	EUR 10 M
NO. OF INVESTMENTS MADE	62
IT-RELATED INVESTMENTS MADE	20
NO. OF EMPLOYEES	14

## STAGES OF INVESTMENTS

SEED	
STARTUP	
INITIAL GROWTH	◦
EXPANSION	◦
RESTRUCTURING	◦

# Siemens Mobile Acceleration

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SE-111 45 Stockholm  
Sweden

PHONE +46 8 728 1000

WEBSITE [www.siemensmobileacceleration.com](http://www.siemensmobileacceleration.com)

CONTACT PERSONS Jan Backman, [jan.backman@siemens.com](mailto:jan.backman@siemens.com)

Sebastian Wossagk, [sebastian.wossagk@siemens.com](mailto:sebastian.wossagk@siemens.com)

**COMPANY PROFILE** Siemens Mobile Acceleration (SMAC) is a corporate venture capital company within the Siemens Mobile Group supplying extensive start-up services and cash to early stage private companies within the area of wireless enabling technology. More information about SMAC and its Nordic operations you can find at [www.smac.siemens.com](http://www.smac.siemens.com).

**INVESTMENT PREFERENCES** IT investments in DK/SE: Mediabricks AB and The Phone pages of Sweden AB  
Industry: Wireless enabling technology for operators and enterprises.  
Technology: Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 60 M
CAPITAL INVESTED	EUR 20 M
MINIMUM INVESTMENT	EUR 0,3 M
MAXIMUM INVESTMENT	EUR 2M
NO. OF INVESTMENTS MADE	20
IT-RELATED INVESTMENTS MADE	20
NO. OF EMPLOYEES	15

## STAGES OF INVESTMENTS

SEED	◦
STARTUP	◦
INITIAL GROWTH	
EXPANSION	
RESTRUCTURING	

# Symbion Innovation

Fruebjergvej 3  
2100 Copenhagen Ø  
Denmark

PHONE +45 39 17 94 00

WEBSITE [www.symbion.dk](http://www.symbion.dk)

CONTACT PERSONS Peter Thorlund Haahr, [haahr@symbion.dk](mailto:haahr@symbion.dk)

**COMPANY PROFILE** Symbion Innovation provides the first round finance to early stage high tech start-up companies with unique technology, strong market focus and a competent team. We work actively with the portfolio companies in order strengthen the business plan and proactive use our network to attract additional finance from later stage investors.

**INVESTMENT PREFERENCES** IT investments in DK/SE: Symbion Innovation only invests in Denmark. Since 2002 Symbion Innovation have invested in the following companies IT companies Syscs, Luka Optoscope, Nanion, AudioAsics, Atinec, Noise Limit, O-pen, Epista, MOsketeer Software, Gamalocus, Chatfiti Aps, Immediad  
Industry: Symbion Innovation invest in Software, Hardware and Telecom  
Technology: Bio+IT, Micro-/Nanotechnology, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	DKK 15 M pr year
CAPITAL INVESTED	DKK 10 M pr year
MINIMUM INVESTMENT	DKK 0,75 M
MAXIMUM INVESTMENT	DKK 2,5 M
NO. OF INVESTMENTS MADE	50
IT-RELATED INVESTMENTS MADE	30
NO. OF EMPLOYEES	5

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH
- EXPANSION
- RESTRUCTURING

# Teknologisk Innovation

Gregersensvej, Postboks 141  
2630 Taastrup  
Denmark

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WEBSITE [www.tekinno.dk](http://www.tekinno.dk), [www.teknologisk.dk](http://www.teknologisk.dk)

CONTACT PERSONS Michael Frank, Venture Manager, [michael.frank@teknologisk.dk](mailto:michael.frank@teknologisk.dk), [tekinno@teknologisk.dk](mailto:tekinno@teknologisk.dk)

**COMPANY PROFILE** Technology Innovation invests in technology-based ideas with great commercial potential, for instance energy technology, environment, micro- and nanotechnology, hardware, software and wireless. Technology Innovation add value to their portfolio companies by offering coaching and consulting and by giving access to networks of advisers, technical experts, advisory groups, industry, and capital.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 69  
Industry: Industrial technology, IT, Product development.  
Technology: Automation, Bio+IT, e-Solutions, Imaging/Vision, Micro-/Nanotechnology, Multimedia/Entertainment, Network/Infrastructure, Security, Software/Enterprise applications, Storage, Wireless and other

## KEY FIGURES

FUNDS UNDER MANAGEMENT	n/a
CAPITAL INVESTED	n/a
MINIMUM INVESTMENT	none
MAXIMUM INVESTMENT	EUR 350 000
NO. OF INVESTMENTS MADE	125
IT-RELATED INVESTMENTS MADE	69
NO. OF EMPLOYEES	10

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH
- EXPANSION
- RESTRUCTURING

# TeknoSeed AB

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Sweden

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WEBSITE [www.teknoseed.se](http://www.teknoseed.se)

CONTACT PERSONS Marcus Skärbäck, [marcus.skarback@teknoseed.se](mailto:marcus.skarback@teknoseed.se)

ESTABLISHED 1997

**COMPANY PROFILE** TeknoSeed is one of the leading seed capital companies in southern Sweden with a capital base of EURO 12 M. We invest in research based companies with strong IPR and global growth potential. Since inception in 1997 TeknoSeed has made over 20 investments in the areas of ICT, Life Sciences and Industrial Technology.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 6 (Bioett, Cellavision, Luvit, Drivec, Scalado, Mitrion)  
Industry: Telecom, Computer, Healthcare  
Technology: Bio+IT, e-Solutions, Imaging/Vision, Computing

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 12 M
CAPITAL INVESTED	EUR 6 M
MINIMUM INVESTMENT	EUR 0,2 M
MAXIMUM INVESTMENT	EUR 6 M
NO. OF INVESTMENTS MADE	24
IT-RELATED INVESTMENTS MADE	9
NO. OF EMPLOYEES	3

## STAGES OF INVESTMENTS

SEED	0
STARTUP	
INITIAL GROWTH	
EXPANSION	
RESTRUCTURING	

# Volito AB

S. Förstadsgatan 4  
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Sweden

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WEBSITE [www.volito.se](http://www.volito.se)

CONTACT PERSONS Marco Baroni, [marco.baroni@volito.se](mailto:marco.baroni@volito.se)

ESTABLISHED Sven Holmgren, [sven.holmgren@volito.se](mailto:sven.holmgren@volito.se)

**COMPANY PROFILE** Volito AB invests capital and knowledge of business development in projects and companies, mainly within aviation and real estate. Strong cash flow from these businesses gives further possibilities to make financial investments with a more long-term character in other industries, with the aim of creating added value for stock owners and employees.

**INVESTMENT PREFERENCES** IT investments in DK/SE: Decuma, Bokks

## KEY FIGURES

FUNDS UNDER MANAGEMENT	n/a
CAPITAL INVESTED	EUR 7,1 M
MINIMUM INVESTMENT	n/a
MAXIMUM INVESTMENT	n/a
NO. OF INVESTMENTS MADE	8
IT-RELATED INVESTMENTS MADE	4
NO. OF EMPLOYEES	n/a

## STAGES OF INVESTMENTS

SEED	
STARTUP	0
INITIAL GROWTH	0
EXPANSION	0
RESTRUCTURING	



## Advent Venture Partners

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United Kingdom

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WEBSITE [www.adventventures.com](http://www.adventventures.com)

CONTACT PERSONS James McNaught-Davis, General Partner, ICT Team, [info@adventventures.com](mailto:info@adventventures.com)

ESTABLISHED 1981

**COMPANY PROFILE** Advent Venture Partners is one of the most experienced technology venture capital firms in the UK. We invest in Information and Communications Technology and Life Sciences and currently have funds under management of over £450 million. We can invest amounts up to £20 million and specialize in helping develop growth stage businesses. The Investment Partners are experienced individuals with strong industrial backgrounds.

**INVESTMENT PREFERENCES** Industry: Software, Communications, Electronics and Semiconductors.  
Technology: Automation, Bio+IT, Network/Infrastructure, Photonics, Software/  
Enterprise applications, Wireless

### KEY FIGURES

FUNDS UNDER MANAGEMENT	£ 450 M
MINIMUM INVESTMENT	£ 4 M
MAXIMUM INVESTMENT	£ 20 M
NO. OF INVESTMENTS MADE	150
IT-RELATED INVESTMENTS MADE	80
NO. OF EMPLOYEES	30

### STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

## Alliance Venture AS

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Norway

PHONE +47 22944020

WEBSITE [www.allianceventure.com](http://www.allianceventure.com)

CONTACT PERSONS Jan-Erik Hareid, [hareid@allianceventure.com](mailto:hareid@allianceventure.com)

ESTABLISHED 2001

**COMPANY PROFILE** Alliance Venture invests in Scandinavian emerging technology companies at an early stage and supports their global expansion through alliances with leading technology corporations and international venture capital firms. We invest in companies where we can add value with our operational experience and extensive international network, particularly in Silicon Valley and the US.

**INVESTMENT PREFERENCES** IT investments in DK/SE: None  
Industry: IT  
Technology: Bio+IT, e-Solutions, Micro-/Nanotechnology, Network/Infrastructure,  
Software/Enterprise applications, Wireless

### KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 10 M
CAPITAL INVESTED	EUR 3 M
MINIMUM INVESTMENT	EUR 0,2 M
MAXIMUM INVESTMENT	EUR 2 M
NO. OF INVESTMENTS MADE	5
IT-RELATED INVESTMENTS MADE	5
NO. OF EMPLOYEES	5

### STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# Crescendo Ventures

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Ivan Bernad-Brunel, Principal, [ibernadbrunel@crescendoventures.com](mailto:ibernadbrunel@crescendoventures.com)

ESTABLISHED 1993

**COMPANY PROFILE** Crescendo Ventures is a global venture capital firm that provides early-stage funding and growth resources to high-potential companies in the communications and enterprise infrastructure industries. By collaborating with entrepreneurial teams to grow market-leading companies, Crescendo Ventures uses its industry expertise, team-based development model and global network to help high-growth companies achieve their full potential. Crescendo Ventures manages more than \$1 billion from its headquarters in Palo Alto, California and offices in Minneapolis and London.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 1 (Optillion)  
Industry: Communication, IT  
Technology: Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT > EUR 1 000 M  
MINIMUM INVESTMENT \$ 3 M  
MAXIMUM INVESTMENT \$ 15 M  
NO. OF INVESTMENTS MADE >100  
IT-RELATED INVESTMENTS MADE >100  
NO. OF EMPLOYEES 12

## STAGES OF INVESTMENTS

SEED  
STARTUP ◦  
INITIAL GROWTH ◦  
EXPANSION  
RESTRUCTURING

# Eqvitec Partners Oy

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ESTABLISHED 1997

**COMPANY PROFILE** Eqvitec Partners is a leading independent Nordic technology-focused venture capital firm. We have 260 million euro under management in three funds, from which we invest in early and growth stage technology-intensive companies and support them in their development and expansion. Eqvitec Partners has invested in approximately 50 Nordic technology companies with growth potential.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 3 (Smarttrust, Envov, Digiscope)  
Industry: Industrial technology, Software, Telecom & Wireless  
Technology: Automation, e-Solutions, Imaging/Vision, Micro-/Nanotechnology, Multimedia/Entertainment, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT EUR 260 M  
CAPITAL INVESTED EUR 190 M  
MINIMUM INVESTMENT EUR 1 M  
MAXIMUM INVESTMENT EUR 15 M  
NO. OF INVESTMENTS MADE 50  
IT-RELATED INVESTMENTS MADE 30  
NO. OF EMPLOYEES 18

## STAGES OF INVESTMENTS

SEED  
STARTUP  
INITIAL GROWTH ◦  
EXPANSION ◦  
RESTRUCTURING

# European Equity Partners

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WEBSITE [www.eeplp.com](http://www.eeplp.com)

CONTACT PERSONS Hans Blomberg, General Partner, [hans@eeplp.com](mailto:hans@eeplp.com)  
David Kauffmann, General Partner, [david@eeplp.com](mailto:david@eeplp.com)

ESTABLISHED 2000

**COMPANY PROFILE** European Equity Partners provides capital to technology and health science companies in Northern Europe who are seeking their first round of external funding. When we decided to create a private equity fund focusing on growth companies, we wanted to provide not only capital, but also to actively assist our portfolio companies in creating value. Leveraging our network of advisors, with relevant technical, scientific as well as practical business experience and our network of international investors and business contacts, EEP focuses on investing in relatively few companies, resulting in each company getting more input and support from a tailored and dedicated EEP team.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 3 (Transmode Systems AB, Packetfront AB, Prenax AB)  
Industry: Telecommunications & IT, Healthcare  
Technology: Network/Infrastructure (2 inv, made), Other Outsourcing.

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 53 M
CAPITAL INVESTED	EUR 35 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 10 M
NO. OF INVESTMENTS MADE	11
IT-RELATED INVESTMENTS MADE	10
NO. OF EMPLOYEES	4

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION
- RESTRUCTURING

# Four Seasons Venture

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CONTACT PERSONS Lars Thoresen, Knut Frigaard, [info@fsv.no](mailto:info@fsv.no)

ESTABLISHED 1985

**COMPANY PROFILE** The Four Seasons Venture Group is one of the oldest and largest alternative asset management houses in Norway. Four Seasons Venture invests in growth companies within the technology and telecommunication industries. With an extensive investment experience in high growth technology companies, Four Seasons can offer management teams important advice and valuable support in all key areas critical to success in the international marketplace.

**INVESTMENT PREFERENCES** Present IT investments in DK/SE: 2 (CyberCity, Portwise Sweden)  
Industry: Telecom, wireless, software, webservices  
Technology: e-Solutions, Multimedia/Entertainment, Network/Infrastructure, Software/Enterprise applications, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 175 M
MINIMUM INVESTMENT	EUR 1 M
NO. OF INVESTMENTS MADE	60

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# IDG Ventures Europe

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ESTABLISHED 2001

**COMPANY PROFILE** IDG Ventures Europe is a \$100 M London based fund helping entrepreneurs grow innovative companies on a global basis. We are an independent partnership making investments on behalf of our limited partner, International Data Group, the world's largest IT media company. IDG currently has a \$660m network of funds spanning Europe, North America and Asia.

**INVESTMENT PREFERENCES** IT investments in DK/SE: None  
Technology: Multimedia/Entertainment, Network/Infrastructure, Software/Enterprise applications

## KEY FIGURES

FUNDS UNDER MANAGEMENT	\$ 100 M
MINIMUM INVESTMENT	\$ 2 M
MAXIMUM INVESTMENT	\$ 4 M
NO. OF INVESTMENTS MADE	6
IT-RELATED INVESTMENTS MADE	5
NO. OF EMPLOYEES	3

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Intel Capital

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ESTABLISHED 1990

**COMPANY PROFILE** Intel Capital typically invests in private companies. We contribute a portion of the funds required for them to grow from initial stages to successful IPOs or acquisitions. In Europe, our investments concentrate on technologies and products that support, directly or indirectly, the enrichment and expansion of the Internet economy. This includes areas such as Networking and Communications, Wireless and Cellular, high-end computing applications and enterprise software and middleware. Intel Capital is committed to delivering Value Beyond Equity to support the long-term success of our portfolio companies.

**INVESTMENT PREFERENCES** Industry: IT, Telecoms, Wireless comms, Datacomms, Semiconductor manufacturing  
Technology: e-Solutions, Imaging/Vision, Micro-/Nanotechnology, Multimedia/Entertainment, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

MINIMUM INVESTMENT	EUR 0,8 M
MAXIMUM INVESTMENT	EUR 3 M
NO. OF INVESTMENTS MADE	>1000
IT-RELATED INVESTMENTS MADE	>1000
NO. OF EMPLOYEES	~200

## STAGES OF INVESTMENTS

- SEED ◦
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Iris Capital Management

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France

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WEBSITE [www.iriscapital.com](http://www.iriscapital.com)

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ESTABLISHED 1986

**COMPANY PROFILE** Iris Capital (formerly Part'Com) is a leading European investor specialized in media, communications and IT, targeting early stage and expanding companies. Active support from industry experts proposed to portfolio companies.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 1 (Mobilix/Orange Dk)  
Industry: Telecom, Media & Entertainment  
Technology: e-Solutions (11 inv. made), Imaging/Vision (3 inv. made), Multimedia/Entertainment (40 inv. made), Network/Infrastructure (18 inv. made), Security (4 inv. made), Software/Enterprise applications (15 inv. made), Storage (2 inv. made), Wireless (21 inv. made)

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 530 M
CAPITAL INVESTED	EUR 700 M
MINIMUM INVESTMENT	EUR 1,5 M
MAXIMUM INVESTMENT	EUR 20 M
NO. OF INVESTMENTS MADE	180
IT-RELATED INVESTMENTS MADE	50
NO. OF EMPLOYEES	14

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Nokia Venture Partners

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ESTABLISHED 1998

**COMPANY PROFILE** Launched in 1998, Nokia Venture Partners is a private global venture capital firm and a leading investor into the mobile and IP technology space. Backed by numerous value add limited partners, the fund builds partnerships with early stage leading edge mobile technology companies targeting high-growth market opportunities around the world.

Nokia Venture Partners is focused on working with companies looking for early stage financing, with typical investments ranging from \$1 to \$7 million, depending on the stage of development, business model and industry category.

**INVESTMENT PREFERENCES** Industry: Telecom, mobile and IP technology  
Technology: Automation (1 inv. made), e-Solutions (4 inv. made), Network/Infrastructure (3 inv. made), Security (2 inv. made), Software/Enterprise applications (12 inv. made), Wireless (12 inv. made), Other (6 inv. made, semiconductor/CE)

## KEY FIGURES

FUNDS UNDER MANAGEMENT	\$ 650 M
MINIMUM INVESTMENT	\$ 1 M
MAXIMUM INVESTMENT	\$ 7 M
NO. OF INVESTMENTS MADE	40
IT-RELATED INVESTMENTS MADE	40
NO. OF EMPLOYEES	25

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION
- RESTRUCTURING

# Norsk Vekst Forvaltning AS

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PHONE +47 22 01 04 00  
WEBSITE [www.norskvekst.no](http://www.norskvekst.no)  
CONTACT PERSONS Øyvind Aasbø  
ESTABLISHED 1989

**COMPANY PROFILE** Norsk Vekst Forvaltning objective is to be one of the leading investment management environments for risk capital and private equity in the Nordic countries. Acting on behalf of the investment funds which it manages, Norsk Vekst Forvaltning provides capital, expertise and network of contacts for forward-looking companies with development potential that offer the prospect of significant growth.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 2 (Scribona AB, Secode AB)  
Industry: None  
Technology: e-Solutions (1 inv. made), Security (1 inv. made), Software/Enterprise applications (6 inv. made)

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 125 M
CAPITAL INVESTED	EUR 90,2 M
MINIMUM INVESTMENT	EUR 3 M
MAXIMUM INVESTMENT	EUR 15 M
NO. OF INVESTMENTS MADE	18
IT-RELATED INVESTMENTS MADE	11

## STAGES OF INVESTMENTS

- SEED
- STARTUP
- INITIAL GROWTH
- EXPANSION ◦
- RESTRUCTURING ◦

# Quester

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ESTABLISHED Jeremy Milne, Director, [Jeremy.milne@quester.co.uk](mailto:Jeremy.milne@quester.co.uk)

**COMPANY PROFILE** Quester is one of the UK's leading independent venture capital groups specialising in the provision of finance and management support for growth companies at all stages of their life. Our focus is on early stage investments in information and communication technology, healthcare and life science companies.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 1 (Danionics)  
Industry: Enterprise software, services and e-solutions, Semiconductors and related technology and tools, Mobile communications, mobile computing and embedded systems, Telecoms equipment and technology, Materials science including environmental technology, E-health and services - healthcare information technology, bioinformatics and data mining  
Technology: Automation, Bio+IT, e-Solutions, Imaging/Vision, Micro-/Nanotechnology, Multimedia/Entertainment, Network/Infrastructure, Photonics, Security, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 450 M
CAPITAL INVESTED	EUR 290 M
MINIMUM INVESTMENT	EUR 1 M
MAXIMUM INVESTMENT	EUR 6 M
NO. OF INVESTMENTS MADE	69
IT-RELATED INVESTMENTS MADE	58
NO. OF EMPLOYEES	22

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING

# Schneider Electric Ventures

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ESTABLISHED 2000

**COMPANY PROFILE** Schneider Electric Ventures is a Venture Capital company created in 2000 managing a 50 M International Venture Capital Fund focused on emerging technologies and sponsored by Schneider Electric SA. The fund focus is aiming at financing innovative companies from early to development stage in France, Europe and North America and the fields of interest are the technologies in "Emerging Technologies in three main fields" (Communication, Micro-generation of electricity and Sensors), "Enabling Technologies" such as MEMS, Nanotechnologies and Opto-electronics and "New Services and Networking applications" in Building automation, Energy monitoring and Industry.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 1 (ConnectBlue AB)  
Technology: Automation (2 inv. made), Bio+IT (5 inv. made), Imaging/Vision (1 inv. made), Micro-/Nanotechnology (2 inv. made), Network/Infrastructure, Photonics (1 inv. made), Security, Software/Enterprise applications (3 inv. made), Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	EUR 50 M
CAPITAL INVESTED	EUR 19 M
MINIMUM INVESTMENT	EUR 0,5 M
MAXIMUM INVESTMENT	EUR 3 M
NO. OF INVESTMENTS MADE	15
IT-RELATED INVESTMENTS MADE	14
NO. OF EMPLOYEES	4

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING ◦

# Vision Capital

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USA

PHONE +1 650 373 2720

WEBSITE [www.visioncap.com](http://www.visioncap.com)

CONTACT PERSONS Linus Lundberg, [llundberg@visioncap.com](mailto:llundberg@visioncap.com)

ESTABLISHED Ross Bott, [rbott@visioncap.com](mailto:rbott@visioncap.com)

**COMPANY PROFILE** Vision Capital specializes in Trans-Atlantic investments, focusing on information technology companies that are emerging winners and have global potential. Vision's investment is focused on the companies' Trans-Atlantic expansion, and we actively address the challenges these companies face in getting into the US market. Vision have three funds with a combined \$170 million under management.

**INVESTMENT PREFERENCES** IT investments in DK/SE: 3 (Altitun, Visual Wireless, Virtutech)  
Industry: semi-conductors and components, communications hardware and software, enterprise software  
Technology: Bio+IT, e-Solutions, Micro-/Nanotechnology, Network/Infrastructure, Photonics, Software/Enterprise applications, Storage, Wireless

## KEY FIGURES

FUNDS UNDER MANAGEMENT	\$ 170 M
CAPITAL INVESTED	
MINIMUM INVESTMENT	\$ 1 M
MAXIMUM INVESTMENT	\$ 3 M
NO. OF INVESTMENTS MADE	21
IT-RELATED INVESTMENTS MADE	21
NO. OF EMPLOYEES	12

## STAGES OF INVESTMENTS

- SEED
- STARTUP ◦
- INITIAL GROWTH ◦
- EXPANSION ◦
- RESTRUCTURING



## Additional investors

### UNITED KINGDOM

Alta Berkeley Venture Partners  
[www.alta-berkeley.com](http://www.alta-berkeley.com)

J.P. Morgan Partners  
[www.jpmorgan.com](http://www.jpmorgan.com)

Kennet Venture Partners Ltd  
[www.kennetcapital.com](http://www.kennetcapital.com)

ISIS Equity Partners plc  
[www.isisam.com](http://www.isisam.com)

Apax Partners  
[www.apax.com](http://www.apax.com)

Atlas Venture Ltd  
[www.atlasventure.com](http://www.atlasventure.com)

Schroders Private Equity  
[www.schroders.com/privateequity](http://www.schroders.com/privateequity)

### USA

BancBoston Ventures  
[www.bancboscap.com](http://www.bancboscap.com)

### DENMARK

Dansk Kapitalanlæg Aktieselskab  
[www.dankap.dk](http://www.dankap.dk)

Vækstfonden  
[www.vaekstfonden.dk](http://www.vaekstfonden.dk)

Vertex Management Denmark  
[www.vertexmgt.com](http://www.vertexmgt.com)

Danske Venture Partners  
[www.danskebank.com/danskeventurepartners](http://www.danskebank.com/danskeventurepartners)

NKT Holding A/S  
[www.nkt.dk](http://www.nkt.dk)

Dico A/S  
[www.dico.dk](http://www.dico.dk)

IBM Danmark A/S  
[www.ibm.com/venturedevelopment](http://www.ibm.com/venturedevelopment)

INCUBA Venture  
[www.incuba.dk](http://www.incuba.dk)

### GERMANY

Earlybird  
[www.earlybird.com](http://www.earlybird.com)

Techno Venture Management  
[www.tvmvc.com](http://www.tvmvc.com)

Sony Venture Capital Europe  
[www.sonyvc.com](http://www.sonyvc.com)

T-Venture Holding GmbH  
[www.t-venture.de](http://www.t-venture.de)

### SWEDEN

FöretagsByggarna AB  
[www.foretagsbyggarna.se](http://www.foretagsbyggarna.se)

ITACT AB  
[www.itact.se](http://www.itact.se)

Litorina Kapital  
[www.litorina.se](http://www.litorina.se)

Lumitec  
[www.lumitec.se](http://www.lumitec.se)

Söderlind & Co AB  
[www.soderlind.se](http://www.soderlind.se)

### NORWAY

Teknoinvest Management AS  
[www.teknoinvest.com](http://www.teknoinvest.com)

# Glossary / index

**Acquisition** (and merger) p. 13, 53

The amalgamation of two separate companies into one company, done either through an acquisition, in which one partner obtains the majority ownership in another company, or through a merger, the combination of the economic interests of equal partners.

**Blocking rights** p. 50

A shareholder in a company possesses blocking rights if he or she has the right to block decisions regarding the appointment of new members to the company's board, or decisions on matters of company policy.

**Burn rate** p. 8

The rate at which a venture company requires additional cash in order to finance its expenses and maintain operations prior to generating a positive cash flow.

**Business angel** p. 13

**Buyout investing** p.12

An investment strategy (a subset of private equity) that involves purchasing a controlling interest in a venture company.

**Break-even** p. 17, 32

The point at which a company's revenues equals its total expenses.

**CEO** p. 8 (a.o.)

**CFO** p. 8 (a.o.)

**CTO** p. 8 (a.o.)

**Co-investor** p. 13, 20, 21

A partner in a co-investment, i.e. one investor in a group of venture capital organisations who agree to jointly invest in a company.

**Corporate venturing** p. 13

**Debt capital** p. 16, 19

Raising capital by borrowing money through commercial loans, which must be repaid, usually with interest, within a specified period of time. In contrast to equity financing, in which investors acquire shares in a company in return for capital, the lender in Debt capital does not acquire an ownership interest in the borrowing company. Debt capital is appropriate for companies with a low level of risk and assets that can be used as collateral to secure the loan.

**Disproportional voting rights** p. 50

A situation in which particular shareholders in a company possess voting rights greater than that to which they would otherwise be entitled by their shares in the company. When disproportionate voting rights exist, the majority shareholder in a company has disproportionate voting rights in relation to minority shareholders when electing members of the board of directors and in matters of company policy.

**Drag-along** p.46, 52

A right that enables a majority shareholder to force a minority shareholder to join in the sale of a company.

**Due diligence** p. 10, 23 43

**Equity financing** p. 12

Raising capital by offering shares in a company to private, external investors. Equity financing thus trades ownership in the company for money to finance operations, which is not required to be repaid. It is appropriate for ventures with a high level of risk and/or no assets that can be

used as collateral to secure a loan. The principal alternative to equity financing is debt financing, which involves raising capital through commercial loans which must be paid back, usually with interest.

**Executive Summary** p. 26, 27

**Exit** p. 7, 8, 10, 12, 19

**Follow-on investor** p. 13

An investor who makes an investment in a company which has previously received venture capital.

**Freedom-to-operate** p. 8

The freedom to research, develop and commercialise a product or technology without infringing on someone else's intellectual property rights. Freedom-to-operate may be obtained through such methods as in-licensing and cross-licensing, or by 'inventing around' existing patents.

**Fund** p. 43

A pool of capital, raised and held by an investment company.

**Initial public offering (IPO)** p. 10, 12, 19, 22, 30, 41, 50, 51, 53

**Intelligent capital** p. 9, 17, 41

Venture capital that is accompanied by the advice, experience and networks of an investor with expertise in the industry, experience in running young companies and getting products to market, strong domestic or international investor networks, and/or a solid track record in bringing investments in start-up companies to a successful exit.

**Investment company** p. 20, 50

A company, such as a private equity or

venture capital company, that pools a large number of investors' funds and invests them, typically according to specific investment preferences.

**Investment stages** p. 12, 14, 15

**Investor base** p. 7, 8, 13, 21, 32

The collective group of investors with equity stakes in a company.

**IPO** see *Initial public offering*

**IRR** p.23

**Lead investor** p. 9, 13

An investor who leads a group of co-investors in a joint investment, and who is chiefly responsible for contacting, advising and monitoring the investee company. The lead investor is often, but not always, the investor with the largest share in the investee company.

**Limited partner(-ship)** p. 23

The investment vehicle or legal structure used by most private equity/venture capital funds. A limited partnership consists of one or more investment partners with limited liability, i.e. their potential loss is limited to the amount they invest in the partnership.

**Liquidation** p. 51

The process by which a company's operations are terminated. The company's assets are sold, its liabilities are settled, if possible, using its proceeds, and any remaining funds are paid out to the company's shareholders.

**Lock-up** or **lock-up period** p. 50

When venture capitalists exit through an initial public offering (IPO), they do not exit on the day of the IPO. Instead, they become subject to a 'lock-up' provision which prevents them from selling their stake in the venture company at the time of the offering, to avoid sending a signal

to the market that investors want to cash out. The lock-up period typically lasts between 6 and 12 months.

**Mezzanine investment** p. 12

A type of financing (a subset of private equity) that combines debt and equity, and which provides capital for a growing company which is unable to obtain equity financing or which does not wish to dilute its existing shareholdings, e.g. shortly before an expected initial public offering. Mezzanine investment provides the investor with some degree of influence over the operations of the company.

**Milestones** p. 11, 13, 26, 29, 32, 33

Key events or achievements in a company's development which can be used to plan and mark the company's ongoing progress, and in the staging of venture investments.

**Portfolio company** p. 13, 14, 20, 21, 22, 24, 48

A company in which an investment company invests funds.

**Pre-seed** see *Seed*

**Private equity** p. 12, 13

**Receivership** p. 51

A type of bankruptcy in which the assets and operations of a failing company are examined, preserved and restructured by a court-appointed agent called a 'receiver'. The receiver preserves the company's assets for the benefit of affected parties. Unlike liquidation, receivership does not necessarily mean that a company's operations will be terminated.

**Refinancing** p. 50

**Repurchase** p. 50, 51

**Round of financing** p. 7, 11, 17, 23, 27, 29, 30, 33, 39, 41

A company's current financing stage. A venture company will typically engage in three to four rounds of financing, including its chosen exit strategy.

**Seed** p. 10, 11, 12, 13, 14, 15, 40

The first of five investment stages. This stage marks the venture company's preliminary efforts to formulate, evaluate and fine-tune a business idea. Financing during this stage is used to develop the business concept, e.g. through market research, the generation of a business plan or the development of preliminary prototypes. Note that a distinction is sometimes made between the 'pre-seed' and the 'seed' stage of a venture company's development, depending on the extent to which a business idea has been defined.

**Staging** p. 13

A process whereby venture capitalists pro-vide capital to a venture company in multiple instalments, usually prompted by the company's attainment of milestones that were set prior to the investment. Staging thus limits the venture capitalists' potential losses by limiting the amount of funds invested, while the venture company must continually prove its worth and meet planned targets.

**Syndication** p.44, see *Co-investor*

**Tag-along** p.52

A contractual obligation used to protect a minority shareholder. Basically, if a majority shareholder sells their stake, then the minority shareholder has the right to join the transaction and sell their minority stake in the company.

**Trade sale** p. 10, 12, 21, 50, 51, 52

**Valuation** p. 11, 26, 33, 37, 43, 44, 50