

# Vækstfonden and the Venture Capital Market



Jesper Roested  
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## Jesper Roested - bio



**Jesper Roested**

### Education

1991 BSc.EE  
1992 MSc Med. Elec. & Physics  
1995 McKinsey Mini MBA

### Key experiences

Devices and pharma  
Business development  
Technical development  
General management  
Exit (as a CEO)  
Board experience

### Professional experience

2011- **Vækstfonden**,  
Investment Director

2009-2011 **MC2 Biotek**,  
VP Bus.Dev.

2004-2009 **Danish Diagnostic Development/  
Orbotech Medical Denmark**,  
Bus.Dev/CEO

1997-2004 **Novo Nordisk**,  
Marketing/ Bus.Dev./ project director  
(pharma, new business and devices)

1995-1997 **McKinsey & Co.**,  
Management consultant

1992-1995 **S&W Medico Teknik**,  
Product Specialist/ Training Manager

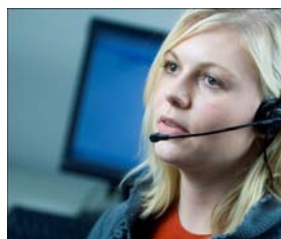
## Agenda

### 1. Vækstfonden overview

2. Current venture market outlook
3. Funding in DK and what investors look for
4. VF Venture process
5. Some examples

## We are a government backed investment fund

Since 1992 we have financed growth in over 4,100 Danish companies for more than DKK 11 billion.



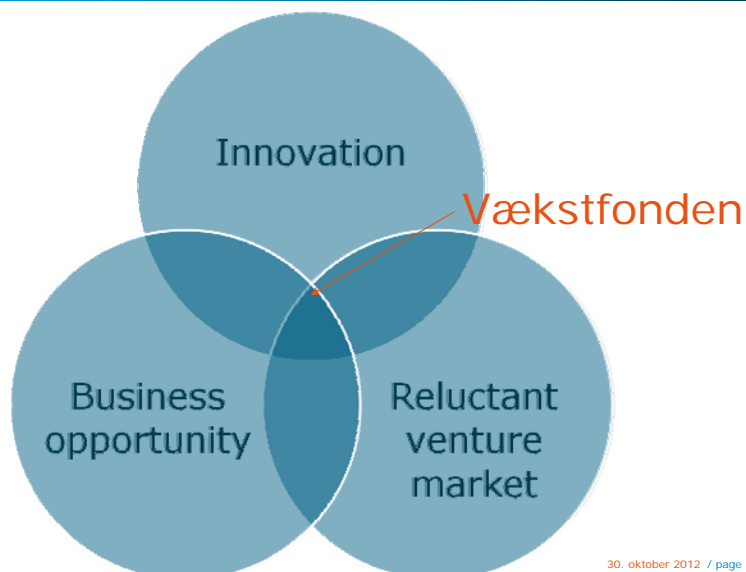
## Vækstfonden's product portfolio

- **VF Venture.** Equity in young companies with significant international growth potential. DKK 5-25m.
- **Vækstkaution.** Loan Guarantee to cover 75/65 % of bank loan. Up to DKK 10/25 mio. Positive CF companies.
- **Kom-i-gang-lån.** Loan Guarantee to cover 75 % of bank loan up to DKK 1 mio. New companies
- **Fondskapital.** Equity. Currently 24 funds.
- **Ansvarlige lån.** Loan without security (equity like) for established companies with healthy business, in need of equity (tbd. Spring 2012).



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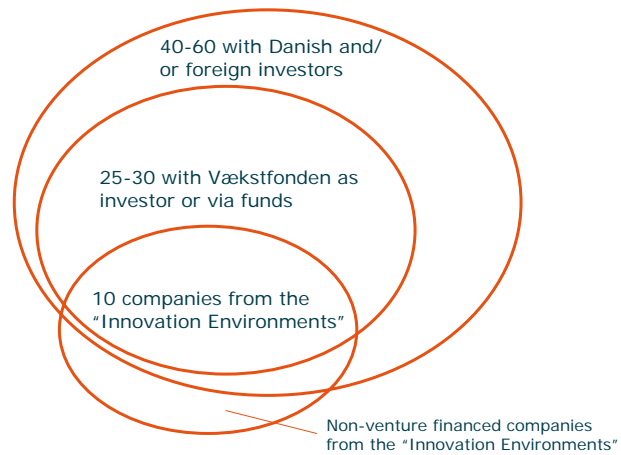
## Vækstfonden - Investment Profile VC



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## Vækstfonden is a significant part of Danish venture capital funding

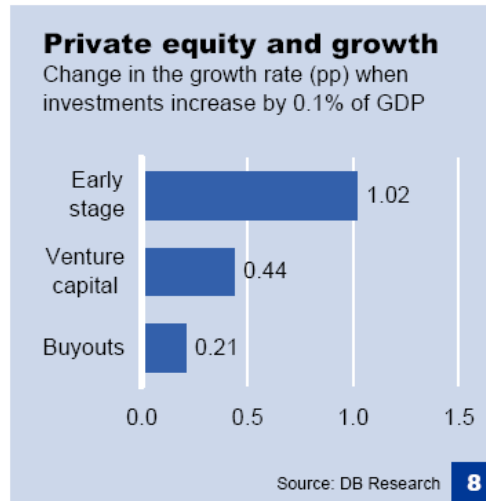
Annual venture capital investments in Danish start-ups



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## Start-up companies drive economy growth



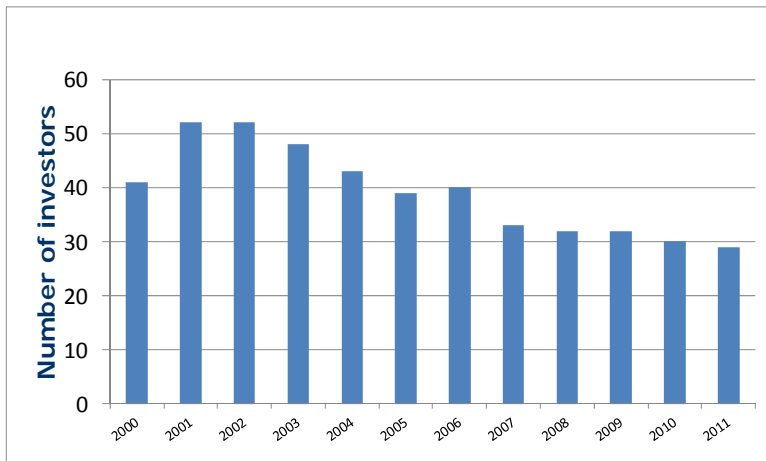
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## The bad news...Getting better

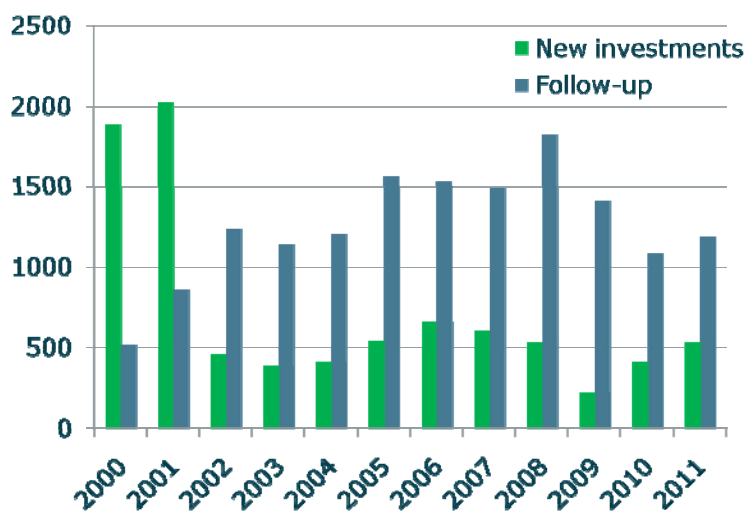


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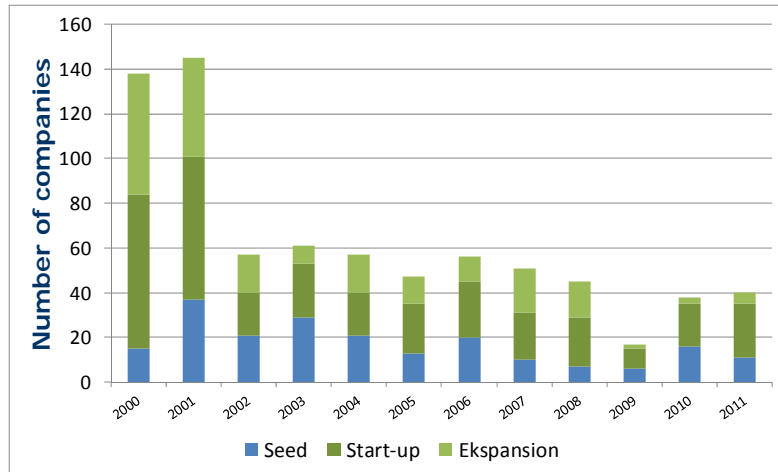
### Number of investors has decreased



### Capital for new investments picking-up



## Number of new investments picking up - slightly



## Venture capital development DK, Europe, US



Kilde: Vækstfonden, PwC MoneyTree (2010) og EVCA (2010).

VC development in Denmark follows the US and is slightly better than rest of Europe

## Tough battle for the capital



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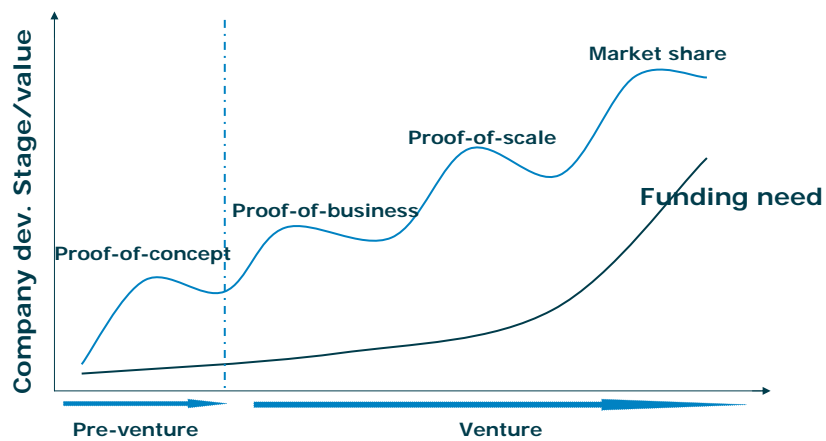
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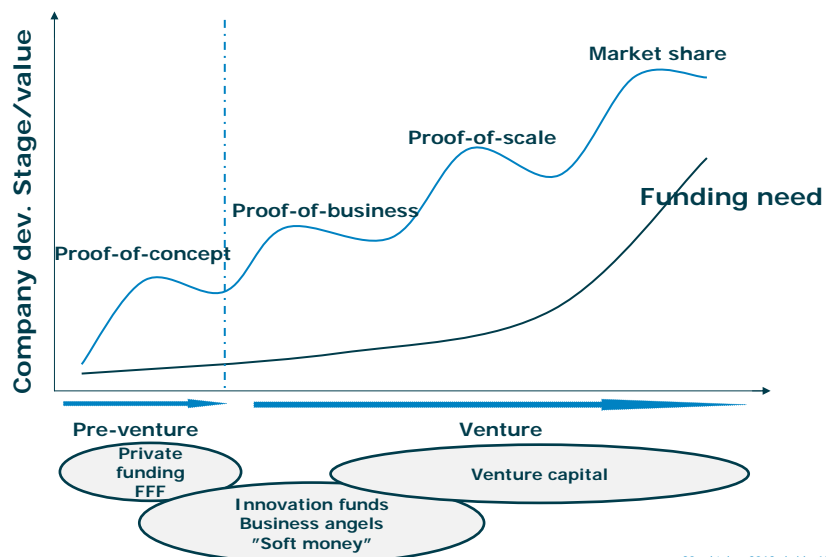
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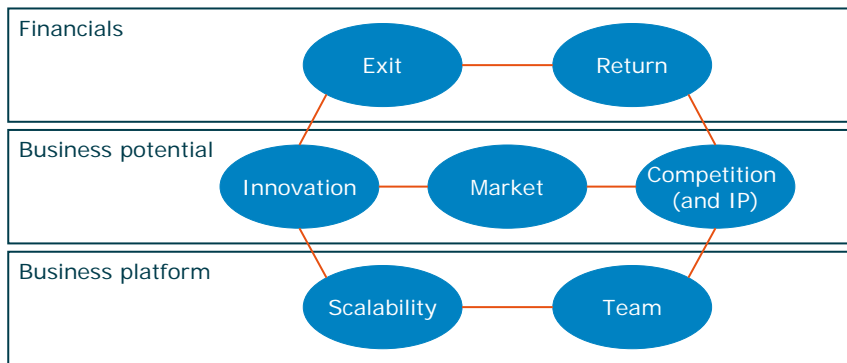
## Typical sources of funding in Denmark



## Typical sources of funding in Denmark



## Investors look for quality opportunities



## The "Elevator Pitch"



Can you explain your company in 50 seconds?

**For**  
(fill in the ideal customer)

**Who**  
(has the following business issue/pain)

**Our product**  
is a solution (fill in the product category)

**That**  
(fill in the key benefit)

**Unlike**  
(fill in the competitor)

**Our product**  
(fill in the key differentiator)

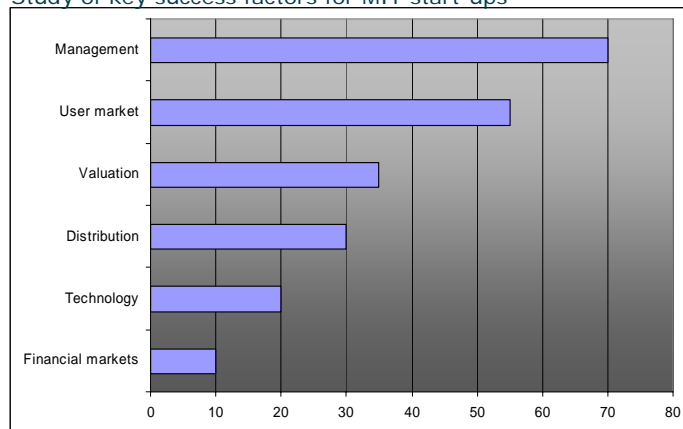
## Consider the exit up-front



- VC funds are structured to create value in the companies over a time frame – not eternally
- Exit is considered from day 1 of contact (who, when, likely buyers etc.)
- The exit partner will buy technology, market or other strategic opportunities

## Management is a key factor!

Study of key success factors for MIT start-ups



Percentage of cases when this factor was one of the top one or two most influential factors in the success

...and so is understanding your market

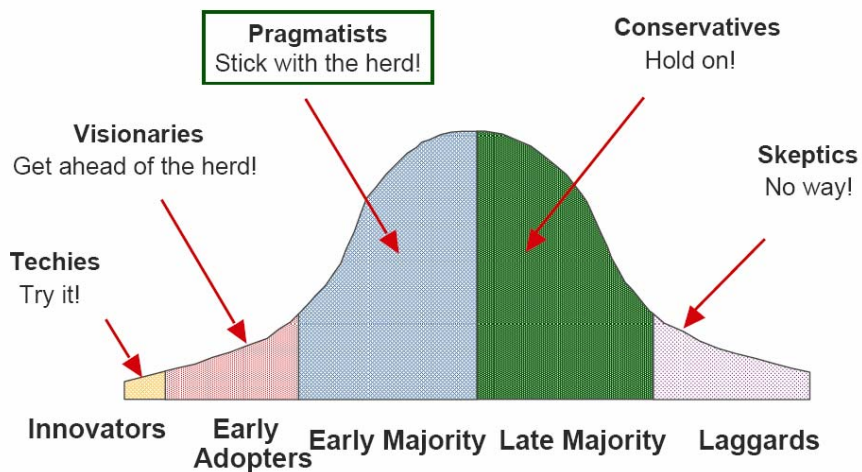
**Why new products fail:**

1. **Wrong estimates of demand size – 45 %**
2. Too high price – 18 %
3. Manufacturing problems – 12 %
4. Product defects – 9 %
5. Competitive response – 7 %
6. Poor marketing & promotion – 5 %
7. Poor market entry timing – 4 %

Source: American Product Development Association

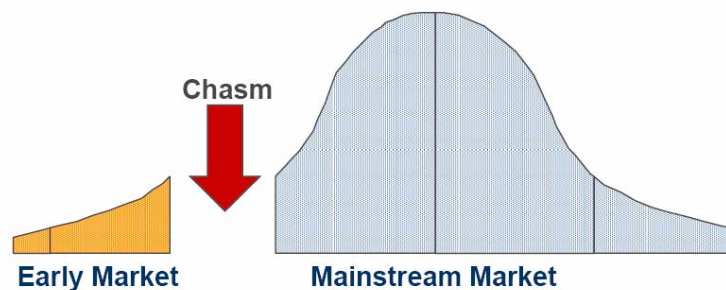
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**Technology Adoption Life Cycle**



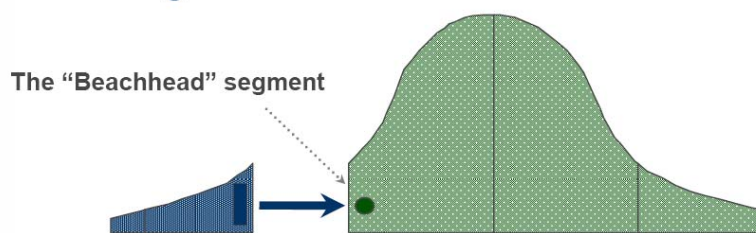
**Pragmatists create the dynamics of high-tech market development.**

## Discovering the Chasm



- **Visionary market saturates; or Visionaries abandon category**
  - Too late to be the first one
  - Too easy for “fast-followers” to catch up
- **Pragmatists see no reason to start yet**
  - Too early for anything to be “in production”
  - No herd of references has yet formed

## Crossing the Chasm



- **The Problem**
  - 80% of many solutions—100% of none
  - Pragmatists won't buy 80% solutions
- **Conventional solution (leading to failure)**
  - Committing to the most common enhancement requests
  - Never *finishing* any one customer's wish-list
- **The Correct solution (leading to success)**
  - Focus on a single customer segment and build whole product for that segment
  - Use experience and product to move to similar segments

## Excellent business planning

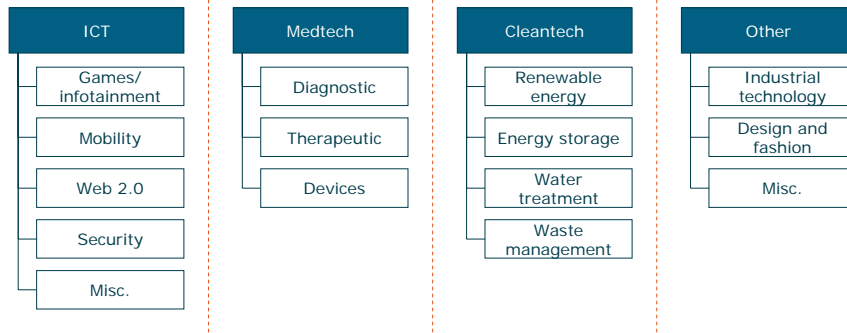
Structure activities to reduce risks and increase value

Risks	Impact	Likelihood	Mitigation /activity
Market risks			
Technical risks			
IP			
Other			

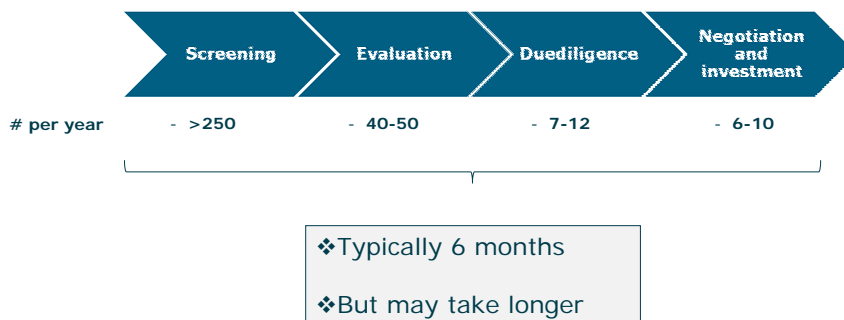
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# We invest across industries...



# Investment process – VF Venture



## VC investment is a long haul



## VF Venture – general investment facts

- Investment in innovative Danish companies within MedTech, ICT and Cleantech with international/global potential
- Equity at market terms, most often in syndicate with other investors
- VF Venture invests generally DKK 5–25 mio. over the lifetime of the individual company
- <50% equity stake (by law)
- Active in the company via the Board of Directors
- Exit horizon of 5-7 years



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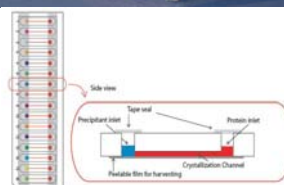
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## Microlytic – tools for protein crystallization

- Has marketed first generation of an innovative disposable product (the Crystal Former) and special media
- Products aim at increasing crystallization success rates – much needed for structural biology work at pharma companies (and academics)
- Founder and CEO Morten Sommer (Prof. at DTU)
- Raised DKK 19 mio. between CAT Science and Vækstfonden for establishing sales, production and further development



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## Proxeon – research in proteins

- Develops and markets technology to the proteomics industry – research in proteins.
- Global supplier of instruments, software for analysis, and equipment to leading university laboratories and the pharmaceutical industry.
- OEM contracts with two large international players.
- Exit: Sold to US-based Thermo Fischer Scientific in April, 2010.



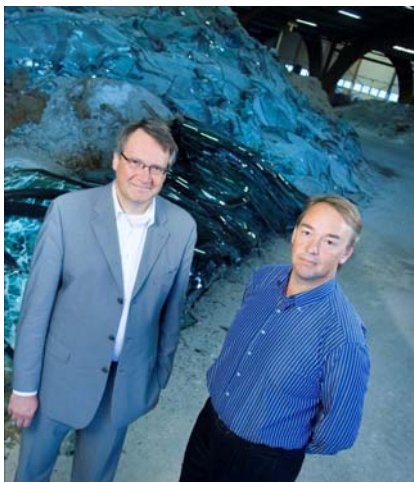
## Sense– measuring blood pressure

- Advanced sensor technology for easy and precise blood pressure measurement.
- Continuously, non-interfering measurement: 24-hours measurement of blood pressure, which enables patients to be monitored in natural situations with negligible discomfort.
- Measurement of vascular compliance as well as arteriosclerosis.
- The sensor patch is disposable and made from environmentally friendly materials.
- First human PoC study completed
- Vækstfonden and Seed Capital have raised DKK 30 mio for the further development



## Shark Solutions– recycling of car glass

- Machines for separation of front windscreens – sales to car breakers and glass recycle companies as well as setup and operation of plant for cleaning PVB.
- Shark is able to reuse over a million tonnes of laminated glass from Europe and North America.
- The glass separation machine is able to handle 20 tonnes of glass per hour.
- Produces 300 kilo PVB per hour.



## Contact

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