

Vækstfonden and the Venture Capital Market



Jesper Roested
March 19th, 2012

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

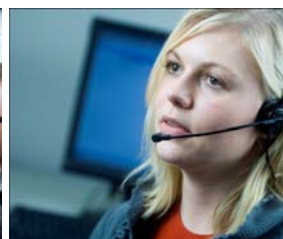
Agenda

1. Vækstfonden overview

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

We are government backed investment fund

Since 1992 we have financed growth in over 4,200 Danish companies for more than DKK 10 billions.



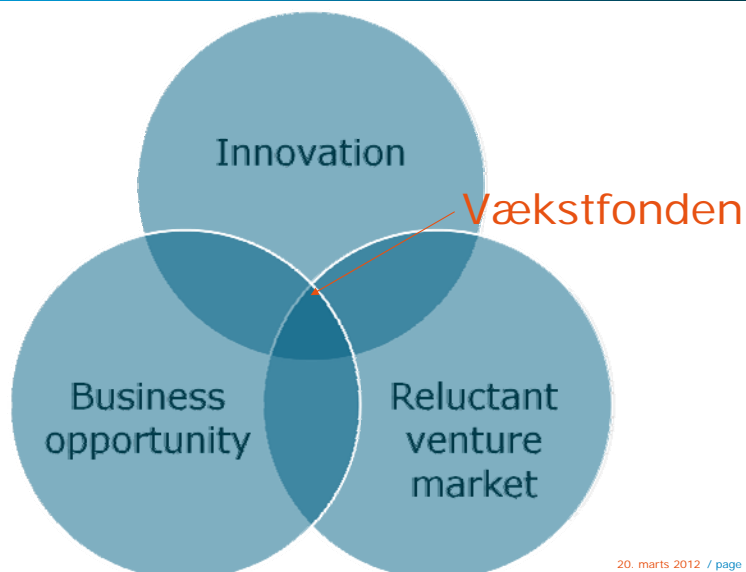
Vækstfonden's product portfolio

- **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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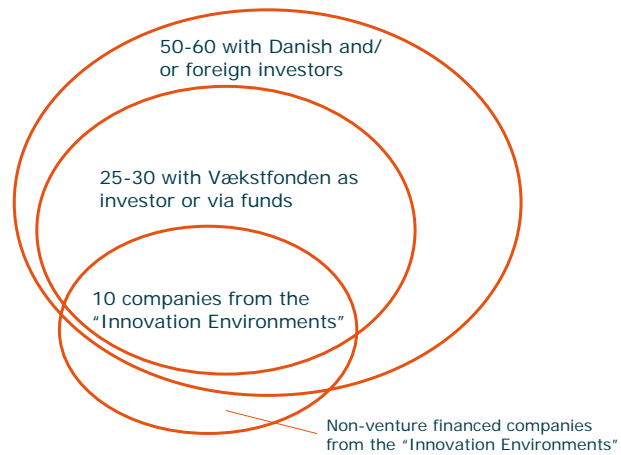
Vækstfonden - Investment Profile VC



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Vækstfonden is a significant part of Danish venture capital funding

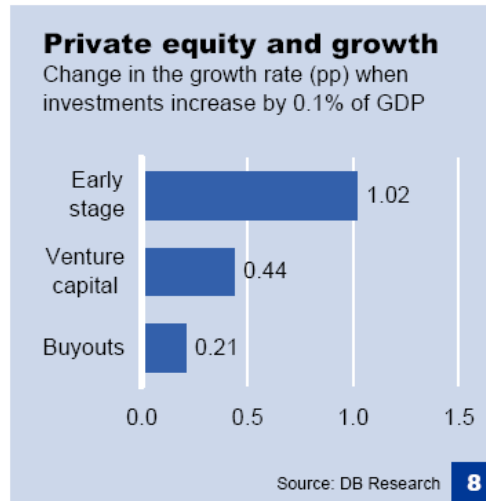
Annual venture capital investments in Danish start-ups



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Start-up companies drive economy growth



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The bad news...



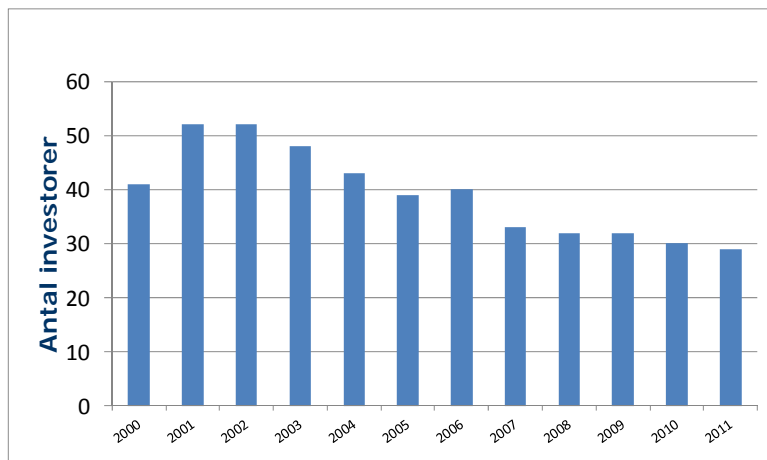
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Less capital for new investments – Denmark



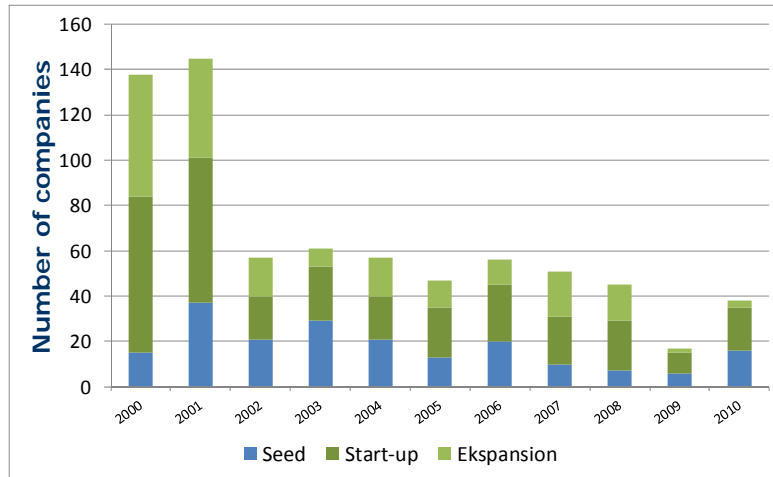
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Number of investors has decreased



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Number of new investments has decreased



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



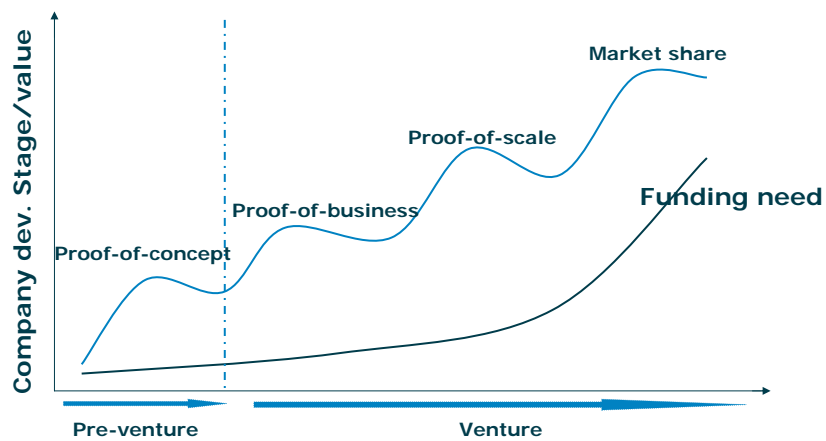
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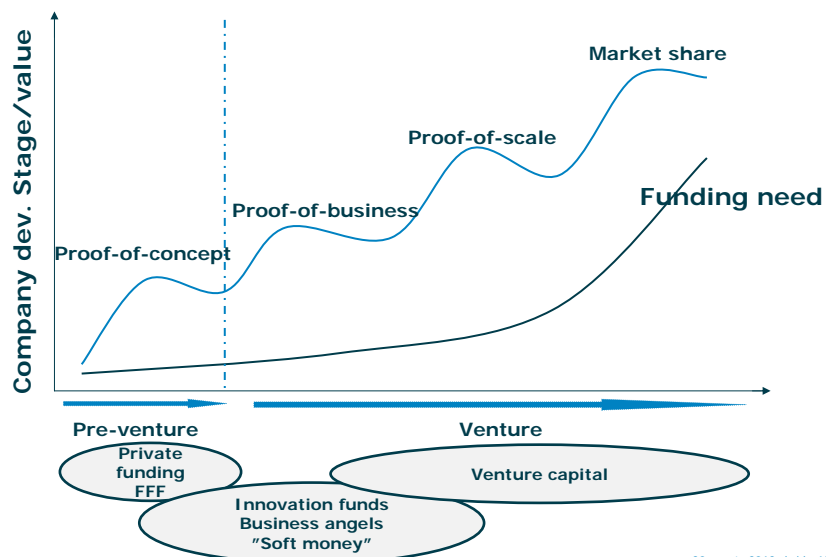
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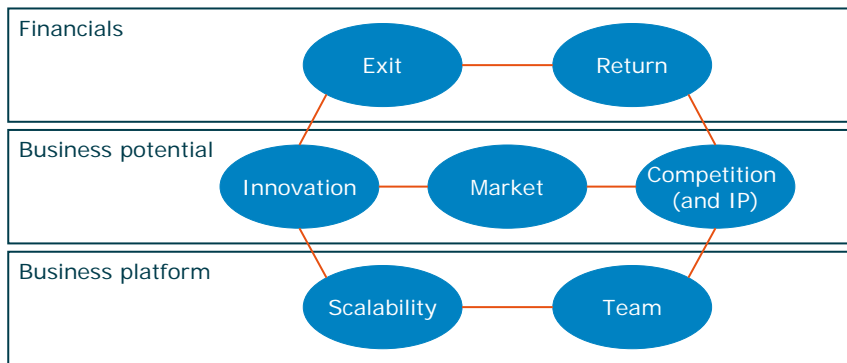
Typical sources of funding in Denmark



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)

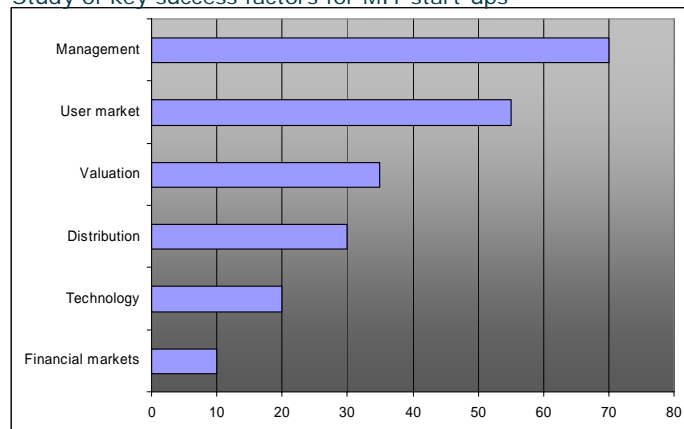
Consider the exit up-front



- 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

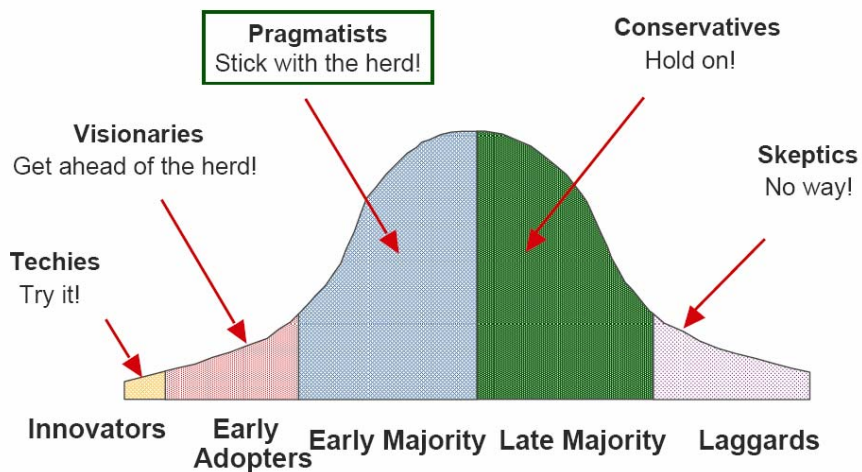
Why new products fail:

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

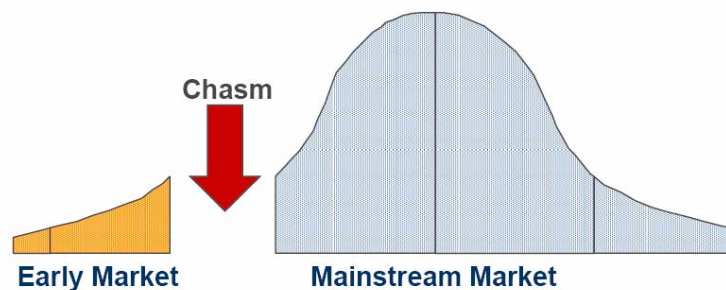
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Technology Adoption Life Cycle



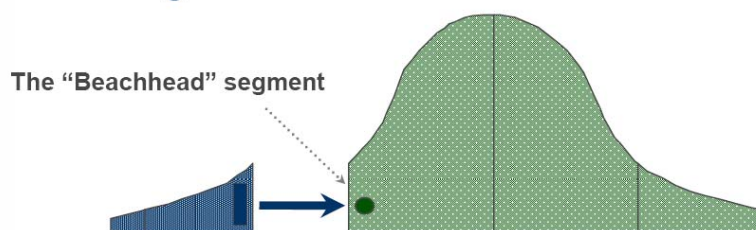
Pragmatists create the dynamics of high-tech market development.

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

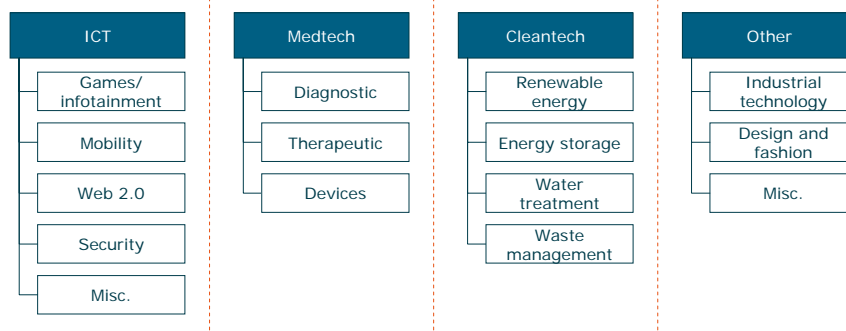


- **The Problem**
 - 80% of many solutions—100% of none
 - Pragmatists won't buy 80% solutions
- **Conventional solution (leading to failure)**
 - Committing to the most common enhancement requests
 - Never *finishing* any one customer's wish-list
- **The Correct solution (leading to success)**
 - Focus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

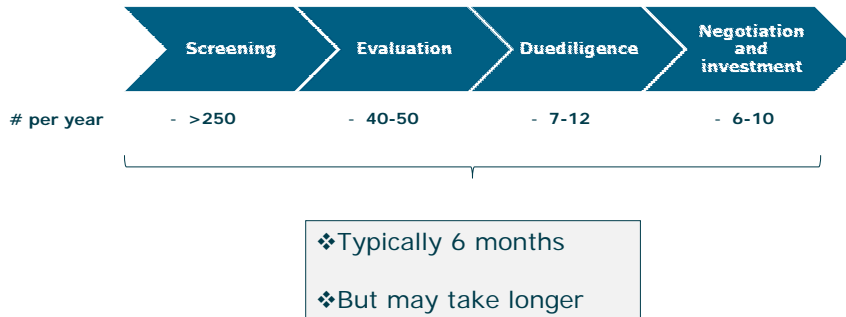
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We invest across industries...



Investment process – VF Venture



VC investment is a long haul

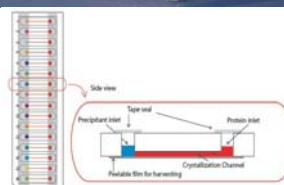


VF Venture – general investment facts

- 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

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



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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