



European Private Equity & Venture Capital

**International Conference “Investing in
Innovation”**

**United Nations Economic Commission
for Europe**

Geneva, 10 April 2008

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Agenda



- About EVCA
- EVCA's Venture Capital Platform Action Plan
- Entrepreneurship & Innovation – Policy issues

EVCA Venture Capital Platform



ACTION PLAN

September 2007 – December 2008

Venture Capital Platform



Industry Structure & EVCA's Market Share



Industry Structure

- VC Industry Structure – EVCA Market Share
- Total VC Funds active in Europe 565
- Of which doing more than 4 deals per year 141 (25%)
- EVCA Full VC Members (strictu sensu Early Stage) 183
- Assets under Management by EVCA VCs €35bn
- Top 10 36% Funds > €1bn #8
- Top 20 55% Funds > €500m #12
- Top 50 80% Funds over €100m #74
- Funds < €100m #83

(of Assets under Management)

Key Markets: UK 20%, Germany 19%, France 17%, Benelux 15%, Scandinavia 14%

EVCA's Market Share vs. NVCA



Market Share Snapshot

Base: 2006 Source: EVCA & VentureOne

	Europe	USA	US/EUR	EVCA	NVCA
Total number of VC Funds active	565	1,418	2.5		
- Doing > 4 deals a year	141	490	3.5	25%	35%
- Doing < 4 deals a year	424	928	2.2	75%	65%
Number of VC full members (strictu sensu)	183	470	2.6		
= % of Total Funds				32%	33%
= % of Funds doing > 4 deals per year				130%	96%

European PE/VC Industry in terms of activities by segment



7-Year Investment activity (transactions) 2001-2007

<u>Segment</u>	<u>Number of transactions</u>	<u>Value</u>
Venture	55.000 = 79%	€82bn = 27%
Buyout	15.000 = 21% (*)	€223bn = 73%

(*) included 111 transactions with EV over €1bn 2005-2007

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EVCA Venture Platform – Action Plan



Articulated mainly around:

1. Support for fundraising
2. Support for Exits
3. Public Affairs
4. EVCA Venture Forum
5. Member services & involvement
6. Research
7. Communication

Venture Capital Platform – Action Plan (1) – First 100 Days



Actions derived from the 18 months action plan

1. Biotech Roundtable – Chairman’s initiative (done 30 August 2007 & 7 February 2008 – 2 additional meetings in 2008)
2. Reach out to members: Workshop with members and academics from LBS/CEFS in Munich, London, Paris - Meeting with key media on VC at the occasion of the 3 workshops
3. Case for European VC
 - LP’s: Workshops and visits in Europe, Australia, Asia
 - Lobby: Meeting with the relevant DG’s of EC – Public Procurement for small & medium sized companies- YICS
5. Prepare Message grid and communication plan for the VCP
6. Recompose the representation of the VCP

Venture Capital Platform – Action Plan (2) – Plan for 2008



Main goals:

1. Case for European VC:

1.1. Fundraising support

- LP Workshops in the mid-East, Europe, North America, Asia, Australia
- Presentations @ Family office conferences
- VC Panel in Geneva Investor Forum
- Integrate VC in all IRC initiatives

1.2. Public Affairs

- Develop & Execute action plan for Biotech
- Push EC for Public Procurement system for technology firms
- Co-operate with EC on ICT, Biotech, Tax & Legal Benchmark, Regulatory issues and EC Action Plan for SME's

Venture Capital Platform – Action Plan (3) – Plan for 2008



Main goals:

2. Events

- VCP Workshops in Barcelona, Stockholm, CEE countries, Cleantech Workshop September 2008, Dublin (fall 2008), Benelux (with EBAN) fall 2008, Zurich (November 2008)
- CVC Workshop (8 April 2008)
- Seed/Cluster/Spin-off Workshop
- Further increase quality and status of the VC Forum
- Co-operate with EC on the ICT event 25-28 November 2008
- Support EC DG ENTERPRISE on 27 SME Events until 2009

3. Member support

- Desk research on Serial Entrepreneurs networks
- Launch a new academic research based on member's feedback

Venture Capital Platform – Action Plan (4) – Plan for 2008



Main goals:

4. Communication

- Exploit LBS Study
- Engage dialogue with media raising awareness of economic & societal benefits of VC
- Re-compose data for communications with stakeholders

5. Representativity of the VCP

- Create a strong VC community within EVCA
- Increase market share where appropriate

6. Other

- Monitor trends for PS (VC4S, CSR, SRI, etc.) with PSC
- Increase visibility for VCP through non-EVCA conferences & speakers pool
- Maintain & extend Academic Network
- Build relationship with other markets: NVCA, BRIC countries, etc.

Venture Capital Platform – Action Plan (4) – Potential additional actions for 2008



Other actions ongoing:

- Academic Research & PhD candidates support
- Workshop/Roundtable with the top TTO's/Seed Funds European Research Institutes (how VC can enhance transformation of Innovation into businesses?)
- Exit initiative (IPO and M&A) (how to enhance liquidity for VC-backed companies?)
- EVCA/Business Angels initiative (how to improve interactions between VC's & SE(s?))
- Other co-operations: TechTour, EBAN, Copenmind, etc.

Venture Capital Platform - Challenges



- ❑ **Five big challenges:**
- ❑ Succeed new VCP representation
- ❑ Get active members support for creating buoyant VC community and execution of the action plan
- ❑ Increase data coverage
- ❑ Position VCP as THE European market-& meeting place for VC and the legitimate representation of European VC
- ❑ Develop a 5 year strategic plan for the VCP with VCP representatives

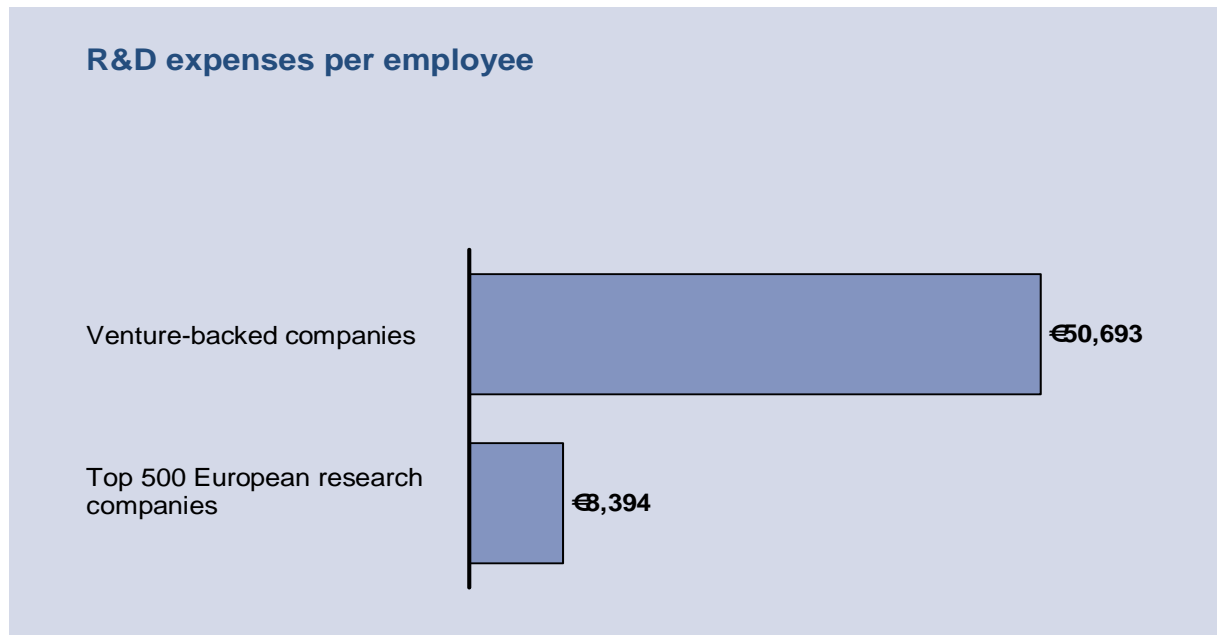


A few words about Innovation



PE/VC support to R&D and Innovation:

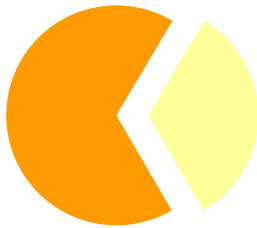
- Venture-backed companies spend on average 45% of their total expenses on research and development (R&D), also corresponding to €3.4 million per year
- Venture-backed companies invest on average €50,500 per employee per year in R&D – six times more than the R&D expenditure per employee of the 500 companies in the EU 25 with the highest R&D spending





PE/VC support to R&D and Innovation

- Every third employee in venture-backed companies works in R&D – 13% holding a PhD or equivalent degree



→ 26% are researchers and engineers

→ 13% hold a PhD or equivalent

One employee can work as researcher or engineer and hold a PhD at the same time

Conclusions – How to boost innovation in Europe - Ingredients?



- High quality education on all levels and in particular through excellent & attractive academic institutions because we need more smart young entrepreneurial brains prone to high growth (also from abroad!) See USA: Strong correlation between performance of top universities and technological leadership
- Boost service sector by reducing fragmentation = strong drivers of growth vs. manufacturing
- Openness by companies to integrate and build on ideas developed by others and cooperate with them
- Innovative organisational; product/service and marketing developments are equally important than formal R&D
- Within the Ecosystem we have a lot of innovation and we need to build the infrastructure to turn it into businesses



Thank you very much!

For more information

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