

Slowdown seen in VC funding

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European technology entrepreneurs are facing a much more demanding environment because of a slowdown in venture-capital funding, according to the compilers of a new monthly index on VC transactions. Go4Venture, a London-based corporate finance boutique specialising in technology firms, says its European Tech VC Headline Transactions Monthly Index reveals a volatile climate for companies seeking investments.

The index, which is launched today, indicates a relative slowdown of activity since May compared with the year before, although this was partly compensated for by a pick-up in September.

Jean-Michel Deligny, Go4Venture managing director, says: "Although market sentiment is getting better, this is more driven by recent successful exits."

The European VC market did not contract to the same extent as did the US in the downturn after the dotcom bubble, but neither is it returning to health as rapidly.

VCs are showing extra care in deploying money in Europe, resulting in slow decision-making and due diligence.

Finally, a number of VCs are running out of money, having been unable to raise another fund during the past few years.

Go4Venture predicts a recovery in 2005.