



Monthly European Technology Venture Capital Bulletin

April 2008

The Go4Venture Monthly Venture Capital Bulletin is a publication commenting on the latest results from our European Technology VC Headline Transactions Index®.

Go4Venture's European Tech VC Headline Transactions Index is based on the number and value of transactions reported in professional publications. The Index is compiled on a monthly basis as an early indicator of the evolution of the market for venture capital funding for European information technology companies.

For more details please refer to the Methodology Note available at www.go4venture.com/resources/hti.htm

About Go4Venture

Go4Venture is a London-based Consultancy firm focused on providing European technology entrepreneurs and their investors with impartial advice to help them develop and execute growth strategies.

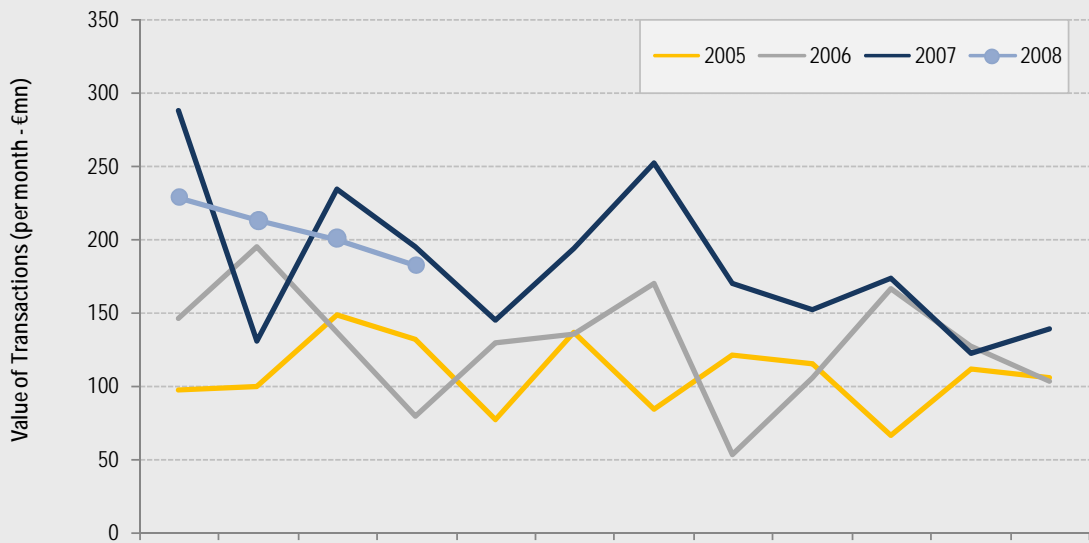
Our services encompass:

- Financing strategies
- Buy and build strategies
- Exit strategies (trade sale and IPO Consultancy)
- Strategic information and valuation

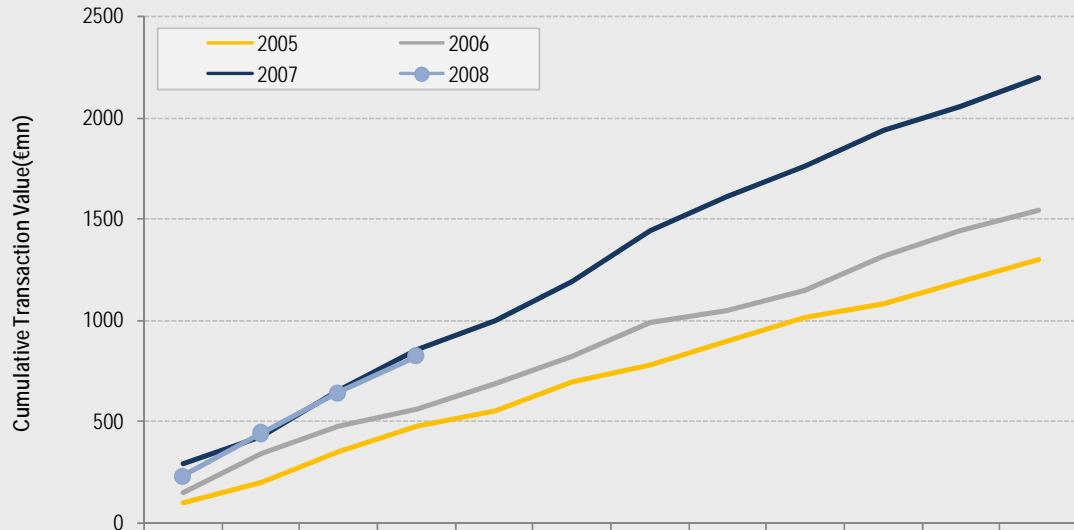
We are particularly well-known for our international equity private placement services, where we have developed a reputation second to none in Europe among international VCs.

Further Go4Venture research is available on our web site at www.go4venture.com/resources/research.htm

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index Cumulative Deal Value



- We tracked 30 investments in April 2008 according to our proprietary Headline Transaction Index (HTI), holding steady as compared to 29 investments in March and slightly up from 25 deals in the same month last year. Total monthly amount invested totalled €182.2mn, down a modest 7% from €195.5mn in April 2007.
- Despite recent market indications of a slowdown or a plateauing in venture activity, we continue to see a trend towards large transactions. There were seven large HTI deals (what we define as \geq €7.5mn, £5mn, or \$10mn) in April 2008, four of which have 'landmark' status (\geq €20mn). These deals included Realtime Worlds (€31mn), MoneyExpert (€31.4mn), Icera (€25.4mn), and Truphone (€20.6mn). This compares to six large and two landmark deals in April last year. There have only been eight instances since the HTI was started in 2002 in which we had three or more landmark deals in a single month.

- Of the large deals we describe in this newsletter, all except Tideway Systems have at least one aspect which makes the deal more complex than straightforward venture financing. These factors include acquisitions (Realtime Worlds, MoneyExpert, Icera, and Truphone), significant ownership restructure/change (MoneyExpert, Nanotron), changes to the senior management suite (Nanotron, Autoquake), or funding from outside traditional VCs (Realtime Worlds, Icera, and Truphone). Although these companies are further along in their lifecycle, this type of activity also indicates to us that accelerating growth (especially in a slowing market) through larger fundraising, M&A, and more experienced executives is the name of the game.
- As 2008 unfolds, the activity appears to be pointing to a rather 'slow' slowdown, rather than the brutal stop that we saw in 2001. As we outlined in our 2007 Round Up, we believe the market will be healthy for large rounds and later stage deals, while early stage and traditional Internet investing will tighten.

Top Headline Transactions

Company Name	Sector	Round	EUR (m)	Description	Investors
Realtime Worlds (UK) www.realtimeworlds.com	Software	B	31.6	Provider of entertainment software	Maverick Capital , New Enterprise Associates and WPP
MoneyExpert (UK) www.moneyexpert.com	Internet Services	Later	31.4	Online financial services aggregator	Technology Crossover Ventures
Icera (UK) www.icerasemi.com	Hardware	Later	25.4	Provider of software defined modem chipsets	Tudor Investment Corporation , 3i, Accel Partners, Amadeus Capital Partners, Atlas Venture, Balderton Capital
Truphone (UK) www.truphone.com	Telecom Services	B	20.6	Provider of free and low-cost mobile calls and SMS over WiFi and the Internet	Private investors , Burda Digital Ventures, Eden Ventures, Independent News & Media, Straub Ventures and Wellington Partners
Tideway Systems (UK) www.tideway.com	Software	C	17.1	Provider of IT intelligence solutions	Scottish Equity Partners , Apax Partners
Nanotron Technologies (Germany) www.nanotron.com	Hardware	Later	11.0	Producer of energy efficient, real time location systems	DEWB , zouk ventures , Danfoss, IBB – VC Fonds Berlin, PolyTechnos, executive management
Autoquake (UK) www.autoquake.com	Internet Services	B	7.5	Online used car retailer	Highland Capital Partners , Accel Partners

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Realtime Worlds (UK) www.realtimeworlds.com	Software	B	31.6	Provider of entertainment software	Maverick Capital, New Enterprise Associates and WPP

- **Realtime Worlds (UK)**, a BAFTA-award winning independent video game developer, has raised €31.6mn (\$50mn) in Series B funding led by **Maverick Capital** along with WPP and existing investor New Enterprise Associates. Founded in 2002 by David Jones, creator of the renowned Grand Theft Auto video game (50mn+ copies sold), and industry veterans Ian Heatherington (co-founder Psygnosis, then Managing Director of Sony Computer Entertainment Europe following its acquisition of Psygnosis) and Tony Harman (ex-Director, Development & Acquisitions, Nintendo), Realtime Worlds has 200+ staff and offices in Dundee, Scotland, Seoul, South Korea and Boulder, Colorado.

Leveraging its success with Grand Theft Auto, Lemmings and Crackdown (a title released in partnership with Microsoft Game Studios that has broken records for demo downloads and sold approximately 1.4mn copies), Realtime is now working on All Points Bulletin (APB), a multiplayer urban action online game which is scheduled to launch this year. The Company plans to use the funds to continue developing new creative properties as well as its presence in the online arena.

We find this deal interesting owing to the size of the investment round as well as the fact that Realtime Worlds is an example of a European company that, despite its cross-Atlantic presence and US investor base, is keeping its headquarters in Europe. This \$50mn Series B follows NEA's considerable \$31mn investment in Realtime in late 2006. As we commented at that time, there are two primary reasons a VC would be comfortable making an investment of this size in a gaming company: (i) Jones and Heatherington have a track record of successfully working together that is hard to beat, and (ii) the rise of online and mobile games lessens risks associated with the long product release and game console cycles associated with this industry.

Realtime Worlds believes that the future of video games lies in online, massively multiplayer gaming. Its newest offering, APB, will allow players to customise characters, vehicles and buildings in a dynamic Web-based environment. A week after the \$50mn Series B was announced, the Company stated it had regained the global distribution rights to APB from Korean online entertainment company Webzen, Inc., which originally partnered with Realtime Worlds to develop the game in 2005. This move will provide Realtime with greater creative independence and the ability to actively manage APB's global distribution strategy.

Continuing the trend for large venture investments made by alternative asset firms, Realtime Worlds' latest round was led by Maverick Capital, a \$10 billion hedge fund with offices in Dallas and New York and one of the longest successful track records in the hedge fund industry. Returning investor New Enterprise Associates (NEA) of the US is a long-time VC player that has backed 550 IT and healthcare companies, including Apple, TiVo, and Juniper, and has \$8.5bn in committed capital. London-based WPP is one of the world's largest communications services groups, with revenues in excess of £6.2bn (2007).

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
MoneyExpert (UK) www.moneyexpert.com	Internet Services	Later	31.4	Online financial services aggregator	Technology Crossover Ventures

- MoneyExpert (UK)**, an online marketplace which allows consumers to compare insurance, credit cards, loans and other financial offerings, has **raised €31.4mn (£25mn) from Technology Crossover Ventures (TCV)**, using a portion of funds to acquire SimplySwitch, an aggregator site for home utilities. TCV acquired 40% of MoneyExpert with the funding. The Company was formed in 2003 after a management buyout of Blays Guides Limited, which provided aggregated financial product information to the financial services industry. MoneyExpert shifted its focus to the consumer market, and allows price, feature and service comparisons on Britain's top 30 finance brands.

MoneyExpert boasts over one million unique users per month, and with the acquisition of SimplySwitch and its announced launch of a new insurance offering, the Company seeks to further secure its place in the aggregator marketplace. In addition to offering frequently updated financial comparison services, MoneyExpert provides credit profiling from Experian and consumer research from Market & Opinion Research International (MORI).

Similar to Realtime Worlds, the money raised in this round is being at least partially used for acquisition purposes. By rounding out its service offerings, MoneyExpert believes it will be better able to compete with the likes of Moneysupermarket, which was started four years earlier than MoneyExpert and went public in July 2007, raising £366mn.

MoneyExpert stepped in to purchase SimplySwitch from DMGT after DMGT announced the closure of the business owing to poor performance in February 2008, only 18 months after acquiring it. In an effort to diversify its revenues, DMGT acquired the company for £22mn from founders Karen Darby and Alistair Tillen, as well as investor Bridges Community Ventures, Sir Ronnie Cohen's socially responsible investment firm. The transaction netted Darby and Tillen a reported £5mn and Bridges £8mn on an initial investment of £354K.

MoneyExpert is chaired by entrepreneur Nigel Warr, who joined in February 2007 and has significantly altered the ownership structure of the Company. Warr previously founded telecommunications firm Eurocall in 1995 and sold it to Your Communications for £42m in 2004. In 1993 he started Gregory Pennington, a debt management business, selling it to management in 2002. In April 2008 Warr bought the shares of MoneyExpert owned by MMC Ventures, whose investment of £3mn+ in the third quarter of 2004 has earned an IRR in excess of 50%. With this round, 40% of MoneyExpert is now owned by new investor TCV (\$7.7bn under management), a primarily late-stage venture capital and private equity investor based in California who has backed companies such as CNET, Expedia, INFONXX (owner of 118 118 directory assistance), Netflix, and Orbitz (owner of ebookers.com).

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Icera (UK) www.icerasemi.com	Hardware	Later	25.4	Provider of software defined modem chipsets	Tudor Investment Corporation, 3i, Accel Partners, Amadeus Capital Partners, Atlas Venture, Balderton Capital

- **Icera (UK)**, a provider of software defined modem chipset technology, **raised €25.4mn (\$40mn) in a fourth round of funding led by Tudor Investment Corporation**, joined by existing investors 3i, Accel Partners, Amadeus Capital Partners, Atlas Venture, and Balderton Capital. Founded in 2002 by experienced semiconductor industry entrepreneurs, the Company is headquartered in the UK with locations in Europe, Asia and North America.

Icera claims to be the only company with a soft baseband modem commercially shipping today, which means that different standards can be consolidated on the same device at no extra silicon cost. Current standards supported include 2.5G (GSM, GPRS, EDGE) and 3G (WCDMA, HSDPA, HSUPA), with HSPA+ and LTE in the works. Icera's product lines include Livanto (wireless soft modem), and Espresso (reference platforms).

Icera is a truly global model: first product shipped in Japan with Softbank, first major deal with leading Belgian card manufacturer Option Wireless, and design and sales offices around the globe. Owing to the fact that its silicon products support multiple wireless standards, the holy grail of the wireless sector, the Company has received many industry accolades because its products allow quicker product adaptations even as standards move.

One of the most heavily funded European start ups, Icera has raised over \$140mn to date. Icera's founder and CEO Stan Boland and co-founder Simon Knowles are alumni of Element 14, which boasted one of the best returns of the European VC industry in 2000 (sold to Broadcom for \$600mn). Funding at this level, as exemplified by Icera and Realtime Worlds (see page 4) is indicative of the increasing value investors are placing on veteran entrepreneur talent. This is potentially crowding out the 'newbies' and is exacerbated by the current economic environment in which seed and Series A investment is slowing owing to general market malaise and longer perceived company development cycles.

Although Icera did not state the use of funds in the press release, the day after its release it announced the acquisition of Sirific Wireless, a Canadian advanced CMOS RF transceivers company, will enable Icera to deliver a more complete chipset solution for the mobile broadband market. This is one of four examples in this month's HTI in which a large investment is coupled with M&A activity, and we are seeing this type of transaction more frequently.

In addition, we again see a large hedge fund behind a landmark-size investment. Tudor Investment Corporation is headquartered out of Greenwich, Connecticut and has over \$14bn under management. This is their sixth investment in Europe as tracked by our HTI in the last 18 months. The existing investors who backed this round also include many of the good and greats of the European VC community: 3i (which recently announced a retreat from early stage investing and a reorganisation in which its venture business will merge with its growth capital unit), Accel, Amadeus, Atlas, and Balderton.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Truphone (UK) www.truphone.com	Telecom Services	B	20.6	Provider of free and low-cost mobile calls and SMS over WiFi and the Internet	Private investors, Burda Digital Ventures, Eden Ventures, Independent News & Media, Straub Ventures and Wellington Partners

- **Truphone (UK)**, a VoIP mobile provider offering free and low-cost calls and messaging over WiFi and the Internet, **raised €20.6mn (£16.5mn) in a Series B funding led by individual private investors**, with existing shareholders Burda Digital Ventures, Eden Ventures, Independent News & Media, Straub Ventures and Wellington Partners participating. A week prior, Truphone announced the purchase of assets from SIM4travel, a provider of lower cost international mobile roaming SIM cards. With the acquisition and its new funding, the company aims to provide 'One World, One SIM' in the words of the CEO, James Tagg: basically a single global SIM card that offers low cost service domestically and abroad as well as free or low-cost Internet calling. Founded by Tagg and serial entrepreneur Alexander Straub of Straub Ventures, the Company has received one prior funding round amounting to £12.5mn in January 2007, believed to be the European technology sector's largest Series A of 2006. Truphone's competitors include Jajah, Gizmo, and Fring.

Truphone's ambition is to kill off roaming schemes using VoIP, but also to be the mobile carrier of choice by offering its customers alternatives beyond the network operator rates. Truphone's growth, however, has been hampered by the fact that its service currently works only on expensive Nokia WiFi-enabled phones and that mobile network carriers have aimed to block their offerings. With the acquisition of SIM4travel's assets, the Company will complete its GSM network offering, extending its services to any phone, globally. Additionally, the law appears to be in Truphone's favour: it recently won its action against T-Mobile (an investor in competitor Jajah) who was blocking calls to Truphone numbers.

The question now remains whether, in light of the current competitive landscape, Truphone can generate the call volume necessary to make it a viable long-term business. The network operators are increasingly lowering their roaming prices owing to European regulatory pressure, compensating by amortising customer acquisition costs over quad-play and multiple-offering discounting, which a mobile-only supplier will find difficult to match. For example, Carphone Warehouse is moving into online broadband and is now forming a joint venture with Best Buy to take advantage of voice + data convergence.

Appearing to be a symptom of the peak of the current venture cycle, Truphone's Series B is unusually led by unnamed high net worth individual investors, who are generally attracted by the calibre of people involved (Truphone has an enviable board led by John McMonigall, a head figure in telecom investment at Apax), but are less able to pass a judgment on investment quality. Truphone's existing investors returned for the round, representing a mixture of UK and German firms: Burda Digital Ventures (venture arm of German company Hubert Burda Media), Eden Ventures (early stage UK VC with approximately €90mn under management), Independent News & Media (UK international newspaper and communications group), Straub Ventures (early stage UK VC) and Wellington Partners (early stage VC with €450mn under management).

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Tideway Systems (UK) www.tideway.com	Software	C	17.1	Provider of IT intelligence solutions	Scottish Equity Partners, Apax Partners

- **Tideway Systems (UK)**, a provider of network monitoring and tuning software, **completed a Series C round of funding worth €17.1mn (\$27mn) led by Scottish Equity Partners (SEP)** with Apax Partners also participating. The funds will be used to expand its customer base, partners, and product development. Founded in 2002, Tideway has 100 employees and offices London, New York, Charlotte, Copenhagen, and Switzerland, as well as satellite offices throughout the United States.

Tideway's product Foundation is an application dependency mapping (ADM) solution which provides a complete picture of IT infrastructure and dynamically updates application and infrastructure relationships, automating processes that IT departments currently execute manually. The Company also offers a community web site for IT professionals called Configipedia. Tideway Systems sells its products to the financial services, government, manufacturing, pharmaceuticals and telecommunications verticals, and customers include BT, Dresdner Kleinwort, Linklaters and Wachovia.

Boding well for Tideway, demand for products that save customers money, especially on support and infrastructure, increase in an economic downturn. In addition, greater M&A activity and the fact that average data centre architecture has become more complex and interdependent increases the need for dynamic management solutions. Virtually all of the Company's competitors (i.e. CA Unicenter, HP OpenView, IBM Tivoli) are part of much larger data management platforms. Tideway maintains its edge owing to its independence and ability to integrate with other technologies in hybrid environments.

The Company was started by Richard Muirhead and Adam Kerrison, former CTO of Micromuse (acquired by IBM in 2005). Richard started Orchestream in the late 1990s with his brother Charlie. Orchestream was a high profile company which floated in 2000 before having multiple problems and eventually being sold to MetaSolv in 2002 for less than \$12mn (<1% of its 2001 \$2.89bn market cap).

Compared to the \$10mn total received so far in the Series A and B, this is a mammoth round, taking the total funds raised to \$37.5mn. Scottish Equity Partners (SEP) is a new investor for Tideway, which was originally funded by members of the management team and Accel Partners under its Entrepreneur-in-Residence programme, and later seeded by business angels and the National Endowment for Science, Technology and the Arts (NESTA), which uses interest on the National Lottery endowment to invest in UK companies. SEP (€808mn under management) has offices in London and Glasgow and has a strong 15 year history of investing in technology companies. Apax has come back to support the Series C after leading the Series A in April 2004 and participating in the Series B 15 months later in December 2005. Tideway is likely one of the last start up investments for Apax, who exited the VC scene in the early 2000s.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Nanotron Technologies (Germany) www.nanotron.com	Hardware	Later	11.0	Producer of energy efficient, real time location systems	DEWB, zoux ventures, Danfoss, IBB – VC Fonds Berlin, PolyTechnos, executive management

- **Nanotron Technologies (Germany)**, a provider of energy efficient, real time location systems (RTLS) for the manufacturing, logistics and healthcare sectors, **raised €11mn in a later round of funding led by DEWB and zoux ventures**, with Danfoss, IBB – VC Fonds Berlin and PolyTechnos participating. The company plans to use the funding to increase international growth.

Founded in 1991 and headquartered in Berlin, the Company produces a range of products based on its patented Chirp Spread Spectrum (CSS) wireless technology. Products include the nanoLOC TRX Transceiver (low power, mixed signal chip), the nanoNET TRX Transceiver (low power, mixed signal chip for battery powered applications), and the nanoLOC AVR module (radio frequency module). In a hospital environment, for example, Nanotron's solution can be used to track doctors or expensive medical equipment between wards without incurring high electromagnetic radiation.

Around since 1991, Nanotron appears to be a lonely pioneer in the world of CSS solutions. Although there is little evidence of real-life deployments on its Web site, there must be customer momentum to warrant this level of investment. The Company does disclose a healthy list of partners, including Panasonic and STMicroelectronics.

Simultaneously with the announcement of the funding, Nanotron stated that it has added two new executives: Dr. Thomas Foerste (former LSI Corp.) as VP of Global Sales, and Axel Jahnke (former Wipro Technology) as VP of Product Development.

Owing to the additions to the executive suite as well as the fact that DEWB and zoux are taking a majority stake in the Company, this round is akin to a mini private equity deal and is somewhat unusual for the venture market. Located in Germany's silicon alley around Dresden, DEWB is a small private equity firm founded in 1997 (€66mn under management), which focuses its investments in photonics and sensor systems in German-speaking countries. UK-based zoux ventures' (€137mn under management) second fund is solely focused on clean tech investments. Returning investors include Danfoss (corporate venture arm of the Danfoss Group focused on clean tech), IBB - VC Fonds Berlin (joint initiative of the Investitionsbank Berlin and the State of Berlin, co-financed by the European Regional Development Fund), and PolyTechnos (€200mn under management), in addition to Nanotron executive management.

Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (m)	Description	Investors
Autoquake (UK) www.autoquake.com	Internet Services	B	7.5	Online used car retailer	Highland Capital Partners, Accel Partners

- **Autoquake (UK)**, an online used car retailer, **raised €7.5mn (£6mn) in a Series B led by Highland Capital Partners** in conjunction with Accel Partners. As part of the financing, Fergal Mullen, General Partner at Highland Capital Partners, will join the Autoquake board. The company plans to use the funds to ramp up UK operations and develop the Autoquake brand. In addition, the Company plans to expand internationally.

Autoquake focuses on selling high quality used cars sourced from large corporate fleet and leasing companies. In this manner, fleet operators receive a portion of the retail margin rather than relying on selling their unwanted cars at wholesale auction to car dealers. As an online platform, Autoquake claims that cars can be processed and sold faster with low overhead, enabling the Company to provide higher discounts to buyers. Car brands sold by the Company include Audi, BMW, Ford, Volvo and others.

In its 'virtual showroom', Autoquake displays over 50 pictures per vehicle as well as detailed information gathered from the 120 point inspection done on each car. There is no haggling on the web site, and Autoquake offers a 7 day, 100% money back guarantee.

This is an example of a sensible internet deal, the type that will continue to get funded during the slowdown in the market. Taxation policies in the 1970s caused a rapid increase in the number of UK corporations offering fleet vehicles to employees as a more tax efficient form of compensation. Although the tax advantages are limited now, many UK companies continue to offer cars to employees as part of their employment package. Autoquake takes direct advantage of this built-in supply of cars and offers fleet operators better valuation in the process.

The Company boasts a solid management team mixing automotive specialists with technology executives. CEO Garry Hobson is a seasoned automotive industry professional, joining Autoquake in November 2007 from Dixons Motor Group Ltd. Natalia Mead, VP of Marketing, hails from MSN UK, and Jag Ram, VP Engineering, is ex-head of product development at Cheap Flight Travel. With the funding, Autoquake announced the appointment of Gary Nicholls as Vice President of Retail Operations and Clement Mazen as Head of Customer Acquisition. Nicholls' background includes over 10 years experience in automotive retailing, and Clement is a search marketing and analytics expert and an alumnus of eSearchVision and Yahoo!

Accel spotted the Company early on and invested £3mn in summer 2006. Located in the Silicon Valley, London and China, Accel has more than \$4bn under management and over 25 years has focused on early stage investment in companies such as Facebook, JBoss, Macromedia, RealNetworks and Veritas. A cross-stage technology investor similar to Warburg Pincus or General Atlantic, Highland Capital Partners has a portfolio of companies which includes AskJeeves, CheckFree, EXACT Sciences, and Odyssey HealthCare. The firm is US-based and just opened a European office in Geneva this year.

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