

A close-up photograph of a microchip on a circuit board, with various components and traces visible.

# Monthly European Technology Venture Capital Bulletin

**January 2009**

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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](http://www.go4venture.com/resources/hti.htm)

## **About Go4Venture**

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

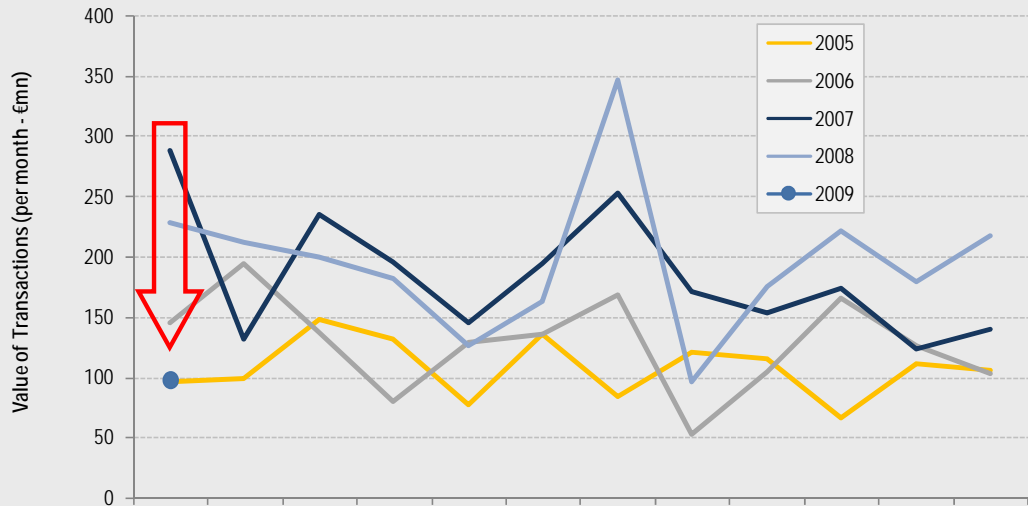
Our services encompass:

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

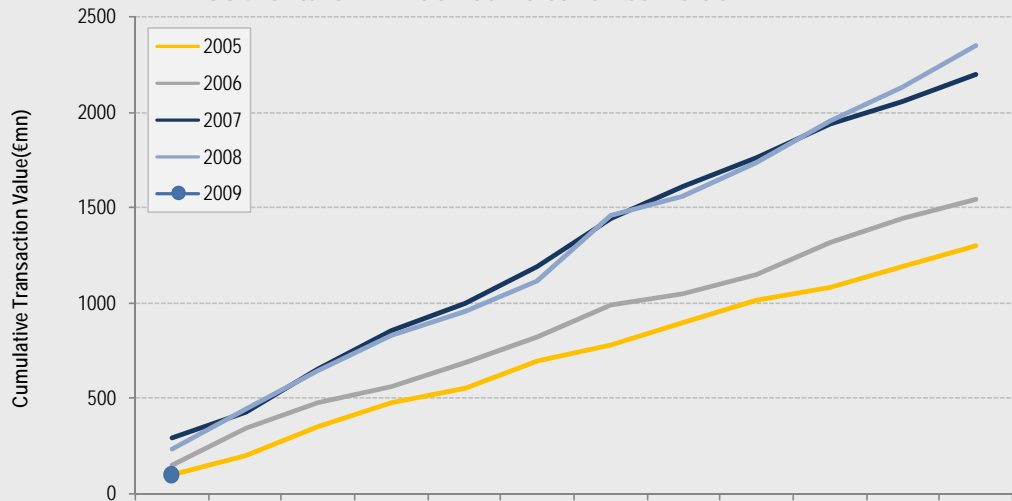
We are particularly well-known for our international equity private placement services, where we have developed a reputation second to none in Europe among international VCs.

Further Go4Venture research is available on our web site at [www.go4venture.com/resources/research.htm](http://www.go4venture.com/resources/research.htm)

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index Cumulative Deal Value



- In January 2009 we tracked 25 investments for a total transaction value of €97.5mn, a drop of 57% from €228.3mn in total investment across 42 deals in January last year. Compared to the previous month, January 2009 investment value was 47% below the €183.9mn recorded in December 2008. As shown in the graphs above, the amount of investment seen in January 2009 according to our HTI largely coincides with the value of investments at the start of 2005.
- After seeing a long continued period of strong activity in 2008, large deal activity dropped off to only six large deals (>= €7.5mn, £5mn, or \$10mn in funding) in January 2009 compared

to ten deals of this size in this month last year. None of the rounds were over €20mn in size, which we term 'landmark' deals. There were two landmark deals in January 2008.

- The large investments profiled in this bulletin are from a broad range of sectors, including not only the traditional sectors of software (open source integration provider Talend, specialist ERP company Tribold) and internet services (insurance price comparison site assurOne), but also medical technology (Forth Photonics) and cleantech (OLED provider Novaled and plastic recycler 2K Manufacturing). The majority of the companies are well-established, having been founded in the early-2000s. The only Series A was for cleantech company 2K Manufacturing.
- While we believe the 60% year-over-year drop in January does not imply a market crash and doomsday scenario, it is obvious the market is slowing down. Assuming public authorities succeed in restoring some level of confidence during the course of the year, most likely there will be a sharp deceleration in venture capital investments in the first part of 2009, followed by a pickup (but probably weaker deal terms) after summer. We expect 2009 total investment to be below, but not catastrophically lower, than 2008.

## Top Headline Transactions

Ordered by decreasing deal size

Company Name	Sector	Round	EUR (mn)	Description	Investors
assurOne (France) www.assurone.com	Internet Services	B	11.5	Online insurance comparison engine	CDC Entreprises, Philippe Louis-Dreyfus and Seventure Partners,
Talend (France) www.talend.com	Software	C	9.0	Provider of open source integration software	<b>Balderton Capital</b> , AGF Private Equity
Novaled (Germany) www.novaled.com	Cleantech	C*	8.5	Fabless provider of OLED products and services	CDC Innovation, CAPE, eCAPITAL, KfW Mittelstandsbank, TechFund Europe Management, TechnoStart, TUDAG
Tribold (UK) www.tribold.com	Software	C	8.3	Provider of telecommunications product management software	<b>Intel Capital</b> , DFJ Esprit, Eden Ventures
Forth Photonics (UK) www.forth-photonics.com	Hardware	B	7.6	Optical molecular imaging technology provider	Albion Ventures, NBGI Ventures, Scottish Enterprise
2K Manufacturing (UK) www.2kmanufacturing.info	Cleantech	A	5.4	Producer of industrial products from recycled plastics	<b>Foresight Group</b>

Source: Go4Venture

\* Internal round

Bold indicates lead investor(s)

**Top Headline Transactions (cont.)**

Company Name	Sector	Round	EUR (mn)	Description	Investors
assurOne (France) www.assurone.com	Internet Services	B	11.5	Online insurance comparison engine	CDC Entreprises, Philippe Louis-Dreyfus and Seventure Partners,

- **assurOne (France)**, an online insurance comparison engine, **has raised €11.5mn in a Series B round funding from its existing investor, Seventure Partners, and from new investors CDC Entreprises and Philippe Louis-Dreyfus, a private French investor.** This round follows a €4.2mn round in December 2006 and brings the total raised to €15.7mn.

Founded in 2004 by Ludovic Dumont, Jérémy Garamond and Hubert Saltiel, assurOne allows users to compare, subscribe and manage contracts for motor, home and credit insurance, and is further expanding into life and health insurance. The Company has partnerships with large insurance companies including AXA, Europ Assistance, GAN, Generali, and La Mondiale and offers their coverage online through exclusive contracts. Funding will be used to finance a multi-channel distribution strategy, including the acquisition of Distind, a broker specialising in the design and distribution of insurance products through a network of agents.

*assurOne was founded by a team with highly complementary experience in both the insurance and digital industries. Co-Founder Dumont was previously responsible for the development of Assuronline (acquired by assurOne in March 2008), and co-Founder Saltiel spent 25 years in the insurance industry, having started and sold Saltiel Assurances to Zurich International in 1991. In 1995, Saltiel then set up Saltiel SA, a company involved in debt recovery and eCommerce logistics. Co-Founder Garamond has experience from media agencies CARAT Multimedia and OMD Interactive.*

*The acquisitions of Assuronline and Distind (which has served as assurOne's back-office partner since its founding), illustrates assurOne's ability to continue to grow effectively through acquisition. assurOne reported 50% year-over-year revenue growth to €8.5mn in 2008, a level of growth which the Company has maintained since it started, and one it expects to replicate in 2009.*

*In the current economic climate, this round for assurOne illustrates the continued strength of the French VC community, which largely benefits from a supportive tax environment. Seventure Partners has €500mn under management and invests in the life science and IT sectors. With 12 funds and 71 portfolio companies, Paris-based CDC Entreprises (€2.5bn under management) is a wholly owned subsidiary of state-owned Caisse des Dépôts bank. The firm can invest €500K to €20mn in any one company and focuses funding on French SMEs.*

*Philippe Louis-Dreyfus is currently General Manager of Louis-Dreyfus SAS, having joined the group in 1996. Louis-Dreyfus was active in the founding and development of wireline services and wireless re-seller company Neuf Telecom, formerly known as LDCOM, which merged with Cegetel to form Neuf Cegetel in 2005.*

Company Name	Sector	Round	EUR (mn)	Description	Investors
Talend (France) www.talend.com	Software	C	9.0	Provider of open source integration software	Balderton Capital, AGF Private Equity

- **Talend (France)**, a provider of open source integration software, has raised **€9mn (\$12mn)** in a **Series C** round from **Balderton Capital**, supported by existing investor AGF Private Equity. The funding will be used for expanding its global operations in the Americas, Asia and EMEA, targeting partners and large enterprises.

Talend's products focus on combining and moving data between systems across the IT infrastructure, with functionality including batch delivery, connectivity adapters, data governance, and Extract, Transform and Load (ETL). The Company's flagship product, Talend Open Studio, has been downloaded more than 3.3 million times and boasts a paying customer base numbering more than 400. In January 2009 the product was recognised as the Best Data Integration Platform at InfoWorld's 2009 Technology of the Year Awards. Founded in France, Talend moved its headquarters to California in 2007.

*By harnessing the resources of the wider IT community, open source is an ideal model for data integration applications to cope with the increasingly complex nature of IT company infrastructure. In the past, large scale and expensive Enterprise Application Integration (EAI) and ETL vendors such as Informatica, Tibco, and WebMethods provided pre-built connectors to link applications, databases and systems together. Others that were not pre-built had to be expensively hand-coded by the customer. As data sources within the typical IT infrastructure continue to proliferate, particularly owing to web services, the traditional EAI/ETL business model becomes increasingly difficult to cost justify as more adapters need to be developed.*

*Open source data integration solves this problem because connectors are built by the community, extending the 'long tail' of data integration. These solutions have now matured to the point where companies both large and small can take advantage of their functionality as well as their lower price points. In addition to Talend, other open source data integration providers include Jitterbit, MuleSource, Pentaho Kettle and SnapLogic.*

*Although now headquartered in California, Talend's French roots are evident since both investors in this round are European. London-based Balderton Capital (€1.5bn under management) was US VC Benchmark Capital's European office before breaking off in June 2007. Balderton's previous open source success story was MySQL, sold to Sun Microsystems for \$1bn. The other investor in this round, Paris-based AGF Private Equity (€385 under management), is a member of the Allianz Group and an original backer of Talend.*

*With this funding, Balderton General Partner Bernard Liautaud joins Talend's board of directors. Liautaud co-founded French business intelligence software company Business Objects and was CEO and Chairman until its sale in October 2007 to SAP for \$6.7bn. Undoubtedly Liautaud's expertise in building a world class software company from France, including conquering the US market, will be very valuable to Talend as it expands its global presence.*

**Top Headline Transactions (cont.)**

Company Name	Sector	Round	EUR (mn)	Description	Investors
Novaled (Germany) www.novaled.com	Cleantech	C	8.5	Fabless provider of OLED products and services	CDC Innovation, CAPE, eCAPITAL, KfW Mittelstandsbank, TechFund Europe Management, TechnoStart, TUDAG

- **Novaled (Germany)**, a fabless provider of OLED products and services, **has closed a Series C internal round of €8.5mn from its existing investors: eCAPITAL, TechnoStart, KfW Mittelstandsbank and TUDAG from Germany, and CDC Innovation, Credit Agricole Private Equity (CAPE) and TechFund Europe Management from France.** This brings the total funding raised by the company to nearly €30mn including debt.

Founded in 2001, Novaled is an organic light emitting diode (OLED) independent specialist, providing chemicals, design services and IP licensing to the largest lighting and flat-panel display (FPD) manufacturers. OLED is a disruptive solid state, light-emitting technology using organic materials rather than traditional, inorganic silicon LEDs. OLEDs dramatically reduce power consumption when compared with existing solutions and are also increasingly cheaper to produce than current technologies.

*Novaled is an impressive company, perhaps unique in Europe: it has a strong scientific and technology background, having been spun out of the Technische Universitaet Dresden in 2001, but it has also successfully made the switch to a commercially-minded organization of approximately €10mn in sales (VentureSource). This fact alone makes Novaled one of the few late-stage cleantech companies in Europe and we reckon there would have been high demand for the deal amongst European VCs, cleantech-focused or not, had the management and investors kept the round open to new investors. Is this the start of a trend where European VCs keep their best portfolio companies to themselves?*

*This is all the more surprising as, aside from CAPE (€1bn under management), CDC Innovation (€415mn under management) and KfW (€1.2bn under management), none of Novaled's investors have huge funds. eCAPITAL (€75mn under management), TechFund (€83mn under management) and TechnoStart (€100mn under management) all manage €100mn or less. TUDAG (undisclosed funds under management) is a group of eight companies who market the knowledge of the Technische Universitaet Dresden. Given the fact every investor is reported to have participated, it would seem all are betting this is Novaled's last venture round before a liquidity event of some sort, and that they did not need the extra dry powder (and perhaps feared the cram-down power) of a new investor.*

*Another notable fact about Novaled is that it is one of a handful of Franco-German start-up companies. Based in Germany, Novaled has a French CEO and French and German investors, an unusual, but in this case highly successful, combination.*

*The Company's location in Dresden is not random. Saxony is Europe's largest centre of expertise in organics electronics (OE), and both Plastic Logic and the Fraunhofer Institute have OE research and manufacturing capabilities nearby. This concentration of knowledge will certainly help the whole region if OE proves to be the boon many semiconductor analysts predict it to become in the next few years.*

## Top Headline Transactions (cont.)

Company Name	Sector	Round	EUR (mn)	Description	Investors
Tribold (UK) www.tribold.com	Software	C	8.3	Provider of telecommunications product management software	Intel Capital, DFJ Esprit, Eden Ventures

- **Tribold (UK)**, a provider of telecommunications product management software, **has received €8.3mn (\$11.0mn) in a Series C round led by Intel Capital**, supported by existing investors DFJ Esprit and Eden Ventures. Founded in 2003 by ex-Accenture executives Catherine Michel and Simon Muderack, Tribold will use this financing round to build its management team, sales and marketing resources, and North American operations.

The latest version of Tribold's Enterprise Product Management (EPM) application, TRIBOLD 3.0, provides a Centralised Product Catalog (CPC) and Design Time Catalog (DTC) to Communication Service Providers (CSPs), offering product management integration to Business & Operational Support Systems (B/OSS), as well as analysis capabilities and product lifecycle control. Tribold customers include over 20 cable, virtual network, wireless and wireline companies such as Telecom New Zealand, Telekom Austria and Telstra.

*In providing product management capabilities specifically to the telecommunications industry, Tribold is tackling a somewhat difficult market owing to the relatively small number of players and lengthy sales cycles. Nevertheless, there is a real need for EPM functionality as telecommunications companies are expanding their product offerings in order to attract and retain customers, and product cycles are accelerating similarly to those of Fast Moving Consumer Goods (FMCG) companies. In addition, the highly complex infrastructures for this industry can cause gaps between order, product activation, billing and fault management. The result: strain on internal systems and controls, longer time-to-market for new products, customer dissatisfaction and churn.*

*Tribold's chairman, veteran telecom industry executive Jonathan McKay, is also chairman of Exony, a UK-based customer interaction/services software company with a strong telecom customer base, where he was previously CEO. Eden Ventures is also an investor in Exony. Tribold's CEO John Rainger and VP of Professional Services Tony Melvin have had an interesting roller-coaster ride in the telecom industry: both were at Kenan Systems, a telecom billing software company, then at Lucent Technologies after Kenan was sold to Lucent in the 1999 tech boom heyday for \$1.5bn. Lucent then sold it three years later to GSC Systems of Denver for \$300mn in 2002. Subsequently, Rainger and Melvin joined Openet as CEO and VP of Professional Services, respectively. Openet focuses on event and transaction management software for CSPs, an adjacent offering to Tribold's.*

*Lead investor Intel Capital (€940mn under management), is the corporate venture arm for Intel Corp. and no stranger to our pages owing to its active investment across the European technology landscape. DFJ Esprit (€560mn under management), who led Tribold's second round, was rebranded after Draper Fisher Jurvetson made a strategic investment in Esprit Capital Partners in 2007. Eden Ventures (€191mn under management) has supported Tribold since its first round, and focuses primarily on early-stage investment in European software companies.*

**Top Headline Transactions (cont.)**

Company Name	Sector	Round	EUR (mn)	Description	Investors
Forth Photonics (UK) www.forth-photonics.com	Hardware	B	7.6	Optical molecular imaging technology provider	Albion Ventures, NGBI Ventures, Scottish Enterprise

- **Forth Photonics (UK)**, a provider of optical molecular imaging technology, **has raised €7.6mn in a Series B round from Albion Ventures, NGBI Ventures, and the Scottish Venture Fund**. The Company will use the funds to commercialise its first product, DySIS (Dynamic Spectral Imaging System), which is approved for Europe and is currently being considered for market clearance by the US Food & Drug Administration (FDA). DySIS uses dynamic, non-invasive spectral imaging technology to assist gynaecologists in the detection and mapping of pre-cancerous and cancerous lesions of the cervix. Forth Photonics estimates that the cervical cancer diagnostic market is worth about €570mn per year.

Forth Photonics was established in 2002 by DySIS inventor Constantinos Balas, an Associate Professor at the Technical University of Crete with more than 20 years experience in biomedical engineering and imaging diagnostics. Balas is now CTO of the Company. Initially headquartered in London, Forth Photonics is now located in Edinburgh after Fiona Lowrie joined as CEO in Jan 2008. Lowrie, an alumnus of Bain & Company, previously established the European operations of Optos, a UK retinal imaging device company.

*Medtech, previously a small niche of VC investing with modest exits, is one of the sectors we believe is going to be quite active in 2009 owing to the recession-proof demand for such technologies. In addition, exits for this sector, while perhaps not multi-billion in size, are at least a real possibility. Forth Photonics began popping up on VCs' radars after the success of its initial clinical trials at Hammersmith and Saint Mary's Hospital in London and at Athens' Alexandra Hospital. Results showed that the Company's DySIS system increased the sensitivity of pre-cancerous lesion detection by as much as 60% over traditional methods.*

*There has been a long gap from this Series B and the Company's initial round of €2.5mn raised in June 2002, and it appears Forth Photonics has more than partially funded itself over the past seven years through sales of its product to several hospitals in Greece, Ireland and the Netherlands. Initial Forth Photonics investor NGB Venture Partners (€112mn under management), is based in Athens and returns for this round of funding. NGB Venture Partners is affiliated with the National Bank of Greece (largest financial institution in Greece) and NGBI Private Equity, and primarily focuses its investments in Greece, Southern Europe and emerging European areas (Balkans, Central and Eastern Europe).*

*New investors joining this Series B round include Albion Ventures (€350mn under management) and the Scottish Venture Fund (SVF). Albion Ventures was just recently formed after the MBO of VCT Close Ventures (€367mn under management) from Close Brothers in January 2009. SVF has been set up by Scottish Enterprise, Scotland's main economic and innovation development agency, and invests £500K to £2mn in businesses that are referred by one of its deal promoting partners (DPPs). Close Ventures is a DPP for SVF along with Amadeus Capital Partners, Emerald Technology Ventures, Herald Ventures, and other VCs.*

**Top Headline Transactions (cont.)**

Company Name	Sector	Round	EUR (mn)	Description	Investors
2K Manufacturing (UK) www.2kmanufacturing.info	Cleantech	A	5.4	Producer of industrial products from recycled plastics	Foresight Group

- **2K Manufacturing (UK)**, a producer of industrial products from recycled plastics, **has raised €5.4mn (£5.0mn) in Series A funding from the Foresight Group**. This first round is part of an overall package provided by Foresight to support the roll out of the Company's manufacturing facilities, starting with an East London production plant in July 2009.

Started in 2007, 2K Manufacturing is initially focusing production on a marine-grade plywood substitute from waste plastic called 'EcoSheet'. Each 8 ft x 4 ft EcoSheet will be available in thicknesses from 10-19mm, and 2K Manufacturing intends to expand its output to four million EcoSheets a year within five years. The boards can be used in construction as well as signage and automotive applications. To produce these boards from recycled plastics, 2K Manufacturing licenses a method called powder impression moulding (PIM) from London-based Environmental Recycling Technologies (ERT) plc. PIM is a low carbon process that treats mixed plastic at low heat and low pressure to form reusable granules. Publicly-listed ERT plc (AIM: ENRT) is a plastic waste recycling technology company that exclusively develops and licenses its intellectual property (IP).

*Recycling continues to be a solid 'green' segment covered in our HTI as investment appears to be moving away from highly capital intensive cleantech business models such as next-generation photovoltaics. In 2008, we profiled investments in multiple recycling companies such as AWS Ecooplastics, Chemrec, Metallkraft, and Recupyl. 2K Manufacturing aims at the opportunity for manufacturing products from recovered waste plastics, which, although plentiful, continue to pose a tough recycling challenge. Plastic products are increasingly made from multiple polymer types which are extremely difficult to segregate and therefore recycle. 2K's PIM process overcomes this hurdle by allowing co-mingled and highly contaminated plastics to be reused.*

*Interestingly, this investment in 2K Manufacturing is a pure financial play since the Company's technology is licensed from a third party, ERT plc. 2K Manufacturing has an exclusive license agreement for ERT's PIM process in Europe, and has first option over other territories.*

*The Foresight Group (€367mn under management), based in Kent, is one of the UK's leading environmental investors since the firm started focusing on this sector in 2001. Foresight's cleantech investments include AWP Environmental (waste energy developer, profiled in our March 2008 HTI), Casella (environmental consultancy), Closed Loop London (PET plastics recycler), Land Energy (biomass manufacturer), Lynwood (recycler), Nanotecture (supercapacitor materials developer), O-Gen (biomass energy firm), and Silvigen (biomass fuel supplier). The firm's funds are structured as venture capital trusts (VCT) and enterprise investment schemes (EIS), UK tax-incentivised funds to support smaller companies. Foresight manages one of the UK's most successful VCTs.*

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