

Monthly European Technology Venture Capital Bulletin September 2010

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 technology companies.

For more details please refer to the Methodology Note available at <http://www.go4venture.com/research/hti.htm>.

About Go4Venture

Go4Venture Advisers LLP is a London-based corporate finance advisory 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 advisory)
- Strategic advisory 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 information is available at <http://www.go4venture.com/>.

Go4Venture Advisers LLP is authorised and regulated by the Financial Services Authority (FSA).

Dear Clients and Friends,

Please find attached the September 2010 edition of Go4Venture's Monthly European Technology VC Bulletin, including the latest results from our proprietary Headline Transaction Index (HTI) which tracks technology private financing deals as reported in the press.

September proved to be **another strong month, with overall activity level for the year-to-date close to the 2007-8 period** – quite a remarkable achievement after the sharp drop of 2009.

However, these numbers need to be looked at with the usual caveat: **venture capital is now firmly focused on later stage financing**, with the frontiers between VC and (small-size) private equity definitely blurring. In September, no less than six out of the 10 large HTI transactions profiled (more than £5mn, €7.5mn or \$10mn) are categorised as later stage financings (typically companies at or within reach of break-even), including one to finance a major acquisition (CommentCaMarche), one to finance the expansion of an IP-rich engineering business (TAG Energy Solutions) and one involving a secondary direct transaction, with a listed fund (Gimv) mixing VC and buyout activities to acquire existing VC positions (OneDirect).

Part of the VC activity moving to private equity is actually good news for European venture capital:

- The ability to push VC investment holdings longer before exit should result – eventually – in larger exits, finally putting European VC on the map. An illustrative example of this is Betfair, which was able to wait 10 years for a successful IPO thanks to a refinancing in 2006 (which came from Softbank of Japan rather than a traditional VC).
- Therefore we can expect better returns from some European VC funds going forward - with bigger absolute returns, larger amounts of money deployed and generally a behaviour which will earn the respect of LPs. In short, VCs will come across less as unpredictable techno geeks and more as reliable investment managers. Performance and attitude will eventually bring the LPs back to the European venture market.
- Later stage activity is also driving some of the private equity players to take a closer look, and we are starting to see a trickle of transactions where buyout players acquire stakes from existing VCs (e.g. OneDirect), thus providing new exit options for VCs.

Of course, **this move to later stage investing is creating pressure at the early stage**. However, since nature abhors a vacuum, other market participants are stepping in to fill the void, with two categories of investors particularly shining:

- Super angel funds, an evolution from the traditional loose business angel networks with a key difference: they are often led by former entrepreneurs who have made money in their own right and are now committing their personal capital to a fund that they lead. Examples include Atomico, Notion Capital and ProFounders in the UK; ISAI, Jaina Ventures and Kima Ventures in France; European Founders Fund and Team Europe Ventures in Germany, etc...
- Corporates are also making a strong push in financing European start-ups. Examples this month include Belgacom investing in In3Depth Systems and Nokia Siemens Networks funding Opencloud. Of course concerns remain (how to reconcile the differing valuation expectations of corporates and VCs, whether corporate involvement will limit exit options etc.), but corporates are now willing to commit to a venture earlier than VCs, and may help reduce the amount of money required by bringing their brand credibility, distribution network and even complementary technology skill.

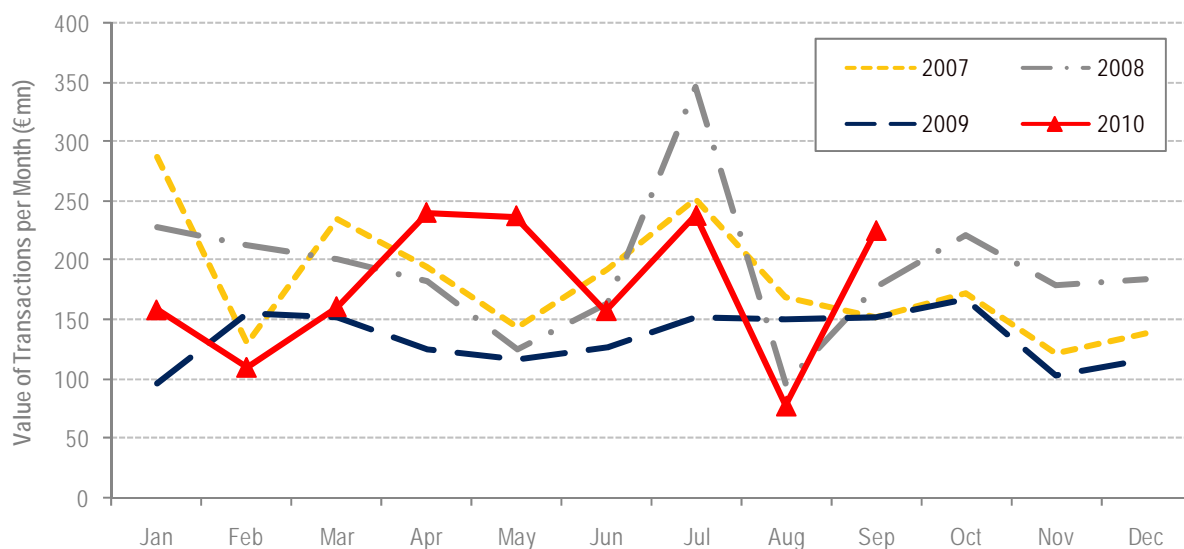
Overall, as we have defended it before in this Bulletin, we believe **the venture cycle is on a strong rebound**, with an ecosystem which is quickly maturing. A final touch to our optimism: while we were away on holiday something awesome happened – **tech M&A prices reached a level that we haven't seen for 10 years**, since the internet bubble explosion. One cannot stress enough the importance of this fundamental shift. Examples included Dell purchasing 3P at 10x revenues, HP buying ArcSight at 6.7x projected sales, Intel snapping McAfee at a 60% premium to its share price. Even more impressive, the conservative Financial Times applauded - noting the need for large corporates to buy R&D, defend against commoditisation and pointing out that holding cash these days does not provide attractive returns for shareholders. Clearly these M&A transactions concern companies which have substantial revenues. This means that, more than ever, **VCs will need to build and hold the purse strings much longer, but in the process will have the opportunity to hold equity in much more valuable companies**. Hence perhaps why Andreessen Horowitz is now launching a second \$650 million fund for what is effectively a cross-stage investing strategy – way to go!

Enjoy the reading. Please direct any questions or comments to vcbulletin@go4venture.com. If you do not wish to receive future HTI updates from us, please send an email with the title "unsubscribe" to vcbulletin@go4venture.com.

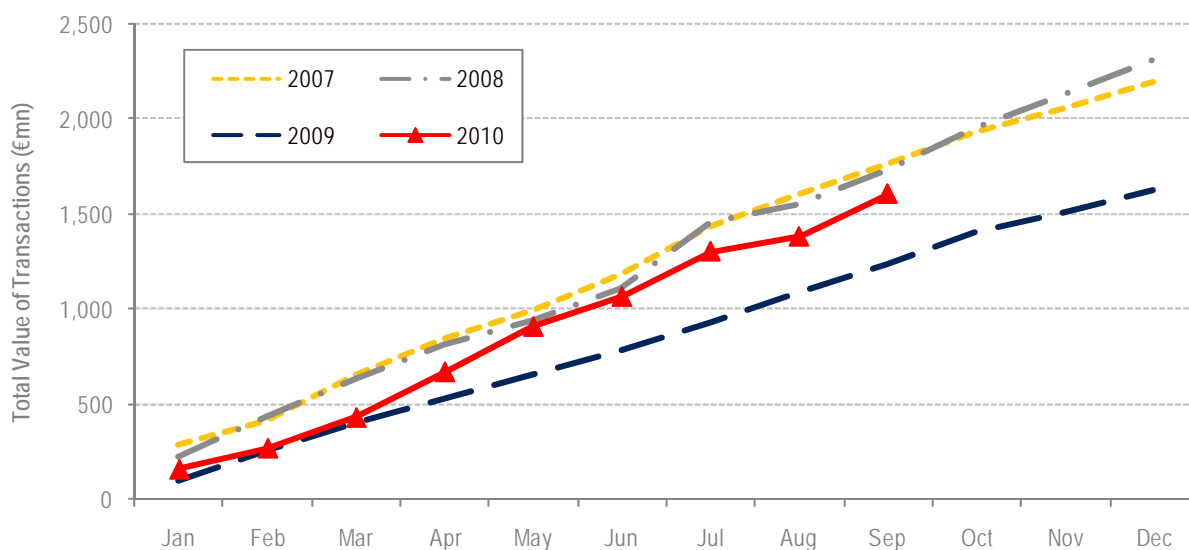
The Go4Venture Team

Investment Summary

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index by Cumulative Deal Value



| September | | 2009 | 2010 |
|----------------|----|-------|-------|
| Landmark Deals | # | 1 | 2 |
| | €m | 33.7 | 50.8 |
| Headline Deals | # | 5 | 7 |
| | €m | 57.9 | 88.4 |
| Small Deals | # | 24 | 29 |
| | €m | 60.8 | 85.7 |
| All Deals | # | 30 | 38 |
| | €m | 152.4 | 225.0 |

| Year-to-Date | | 2009 | 2010 |
|----------------|----|--------|---------|
| Landmark Deals | # | 5 | 12 |
| | €m | 179.3 | 374.0 |
| Headline Deals | # | 46 | 51 |
| | €m | 488.8 | 585.2 |
| Small Deals | # | 194 | 209 |
| | €m | 567.2 | 648.1 |
| All Deals | # | 245 | 272 |
| | €m | 1235.3 | 1,607.3 |

Large Headline Transactions Summary

(> £5mn / €7.5mn / \$10mn)

| Company | Sector | Round | €mn | Description | Investors |
|---|-------------------|------------|------|---|---|
| CommentCaMarche (France) www.commentcamarche.net | Internet Services | Late Stage | 27.0 | Content publisher. | IdInvest, R Capital Management , TIME Equity |
| TAG Energy Solutions (UK) www.tagenergysolutions.com | Cleantech | Late Stage | 23.8 | Manufacturer of tubular foundation structures for offshore wind turbines. | Environmental Technologies Fund, Platina Partners |
| Glo (Sweden) www.glo.se | Hardware | Later | 18.4 | Nanowire UHB LEDs. | Agder Energi Venture, Hafslund Venture, Provider Venture Partners, Teknoinvest, VantagePoint Venture Partners, Wellington Partners |
| Blyk (Finland) www.blyk.com | Telecom Services | Late Stage | 17.0 | Mobile advertising platform for telecoms carriers. | Nexit Ventures , Individual Investors |
| OneDirect (France) www.onedirect.eu | Internet Services | Late Stage | 15.0 | E-tailer of telephones and other electronic equipment for businesses. | Gimv |
| Netretail Holding (Netherlands) www.nrholding.com | Internet Services | B | 11.0 | E-commerce group selling consumer goods in Eastern and Central Europe. | Individuals, Intel Capital , MCI |
| Cint (Sweden) www.cint.com | Internet Services | Late Stage | 10.0 | Online exchange for buying and selling access to market research panels coupled with SaaS management tools. | Creandum, Prime Technology Ventures |
| Private Outlet (France) www.privateoutlet.com | Internet Services | B | 9.0 | Vente Privée clone. | BayTech Venture Capital , Gimv , Management, Turenne Capital Partenaires |
| In3Depth (Belgium) www.in3depth.com | Hardware | B | 8.0 | Developer of 3D gesture-based solutions for both business and consumer applications. | Belgacom , SRIW |
| Elonics (UK) www.elonics.com | Hardware | B | 7.3 | Fabless semiconductor company developing of multi-band radio frequency (RF) integrated circuit (IC) products. | Braveheart Ventures, Octopus Ventures , Scottish Equity Partners , Individual Investors |
| Opencloud (UK) www.opencloud.com | Telecom Services | C | 6.0 | Provider of application server software for telecoms carriers. | Advent Venture Partners, No 8 Ventures, Nokia Siemens Networks |

Source: Go4Venture

Key

Bold indicates lead investor(s)

* Internal round

** Led by existing investors

| Company | Sector | Round | €mn | Description | Investors |
|--|-------------------|------------|------|--------------------|---|
| Comment Ca Marche (France) www.commentcamarche.net | Internet Services | Late Stage | 27.0 | Content publisher. | IdInvest, R Capital Management, TIME Equity |



Comment ça marche (France), a site providing user-generated 'how-to' content on-line, raised €27mn in a transaction led by **R Capital Partners**, and **TIME Equity** participating. The money has financed the acquisition of the Benchmark Group with a view to further international expansion and additional services.

Created in 1999, Comment ça marche started out as a provider of user-generated 'how-to' content for IT and technology with revenues generated from advertising. Since 2008, it has expanded to cater for 38 million unique visitors per month in technology, health, food, the law and personal finance. It also carries job and classified advertisements and is translated into English, German, Italian, Portuguese and Spanish.

Founded slightly earlier, in 1996, the Benchmark group is France's largest independent internet media group and publishes Le Journal du Net (IT and business), Le Journal des Femmes (a magazine targeted at women), L'Internaute (Leisure & General interest), Emploi Center (an employment site), Copains d'avant (a combined Friends Reunited and Facebook for French-speakers) and JDN Réseau (a French version of LinkedIn). In its press release, the Group claims 15 million unique visitors per day (Médiamétrie/Nielsen).

The combined group will have over 50 million unique visitors per month and cover more than 40 countries in 6 languages. It will employ some 175 people and be directed by Comment ça marche's CEO, Benoît Sillard. Naturally, the group will be particularly strong in France with over 20 million visitors per month and ranking as France's fifth most visited site after Google, Microsoft, Facebook and Orange.

Lead Investor R Capital Management – the growth equity firm sponsored by Rothschild and specializing in technology, healthcare and energy – has already featured in our bulletin three times this year with investments in picoChip, Octo Telematics and Biospace (see the April and June issues). In recent years it has firmly repositioned itself at the late stage end of the market, focusing on profitable companies with revenues of more than €10mn.

TIME Equity Partners was set up in February 2009 by French real estate and private equity investor Yam Invest. It provides venture capital for Telecoms, Internet, Media and Entertainment businesses which are mostly French owned.

IdInvest Partners – formerly AGF Private Equity before its acquisition by listed investment company IDI Group (EPA:IDIP) in May 2010 – makes both direct and fund of funds investments. For direct VC investments it concentrates on first or second round IT life sciences deals. IdInvest last featured in our May 2010 bulletin with its late stage €8mn investment in RAM producer Crocus Technologies, but has made regular appearances in the HTI.

In addition to the equity, the acquisition was financed by €23mn of syndicated debt from BNP Paribas and ABN Amro. This makes this transaction almost a paradigm for one of the trends we have been highlighting.

The combined audience of the new group is roughly twice that of the French blogging platform Overblog and Luxembourg-based news portal Wikio, which joined forces earlier this month. It seems that the French online media market is consolidating.

| Company | Sector | Round | €mn | Description | Investors |
|---|-----------|------------|------|---|---|
| TAG Energy Solutions (UK) www.tagenergysolutions.com | Cleantech | Late Stage | 23.8 | Manufacturer of tubular foundation structures for offshore wind turbines. | Environmental Technologies Fund, Platina Partners |



TAG Energy Solutions (UK), a manufacturer of tubular foundation structures for offshore wind turbines, raised **€23.8mn** in a **Late Stage** round of funding led by **Platina Partners** and supported by **ETF**.

Although in many ways an old industry company doing the heavy engineering to manufacture oil rig and related submarine components, TAG was only founded in 2006. Since then it has spent £4mn refurbishing what was the Haverton Hill shipyard on the river Tees in the north of England. This yard and TAG's other nearby deep water facilities provide first class access to the North Sea.

Although the management team's experience was primarily in the oil and gas industry, in November 2009 TAG entered into an agreement with American firm Clipper Wind Energy to develop the tower and substructure of Crown's 10MW Britannia wind turbine – one of the largest wind turbines in the world. The team followed this by an alliance with offshore wind specialists MPI Consultants to develop an integrated substructure package for offshore wind farms.

Two key obstacles to the commercial success of North Sea wind power are the need to reduce costs and the lack of local capacity for critical components. According to Patrick Sheehan, ETF Partner, "Currently, 80% of the materials and services involved in constructing an offshore wind farm are imported." With direct access to the North Sea, an initial capacity of 84,000 tonnes of steel per annum and an unusual pricing model, TAG seeks to address both the capacity and cost issues and looks set to capture a substantial proportion of the £100bn of known projects in British waters.

TAG is yet another example of the ways in which venture capital is evolving, with more emphasis on later stage, and less risky investments but of more substantial size – ensuring a much clearer path to exit. In the case of TAG, this is essentially a service business with solid growth prospects on the back of quite a unique know-how and design IP.

Environmental Technologies Fund (ETF) last featured in our bulletin with a €12mn investment in engineered sustainable timber specialist Kebony in November 2009. Backed by institutional investors, ETF invests €5-15mn over the lifetime of a portfolio company. Including TAG, it now has a portfolio of nine companies. ETF claims to be different from other cleantech investors in concentrating on technologies that enable existing resources – natural resources as well as energy – to be used more efficiently rather than following the herd and investing in alternative energy technologies that may require huge investment to bring to fruition.

Established in 2002, Platina Partners invests in small cap buyouts and renewable energy. On the buy-out side Platina invests €5-20mn for controlling stakes in business services and manufacturing companies with enterprise values up to €50mn in the UK and France. In the renewable energy sector, the company invests at all stages, primarily in wind, biomass and solar companies. Typical deal sizes range from €1-3mn for early stage investments up to €50mn for the construction and operation of renewable energy assets.

Worth noting in this transaction is the alliance of two funds with different background, ETF with its venture capital heritage, and Platina, a small buyout firm with project finance expertise.

| Company | Sector | Round | €mn | Description | Investors |
|--|----------|-------|------|--------------------|--|
| Glo (Sweden) www.glo.se | Hardware | Later | 18.4 | Nanowire UHB LEDs. | Agder Energi Venture, Hafslund Venture, Provider Venture Partners, Teknoinvest, VantagePoint Venture Partners, Wellington Partners |



Glo (Sweden), a developer of Ultra-High Brightness (UHB) LEDs, raised **SKr170mn (€18.6mn)** in **Late Stage** funding from existing investors **Agder Energi Venture, Hafslund Venture, Provider Venture Partners, Teknoinvest** and **VantagePoint Venture** in a transaction led by new investor **Wellington Partners**. The money will be used to support Glo's new presence in California and commercialise the product.

Glo was founded in 2005 as a spin-off from Lund University's Nanometer Structure Consortium – a 20 year old interdisciplinary research centre with over 100 nano-scientists. Other spin-outs include nano-scale semiconductor company QuNano (www.qunano.com) and nano-wire solar cell company Sol Voltaics (www.solvoltaics.com).

Glo's patent portfolio relates to nanowire-based UHB-LEDs bright enough for use as lighting. With lighting accounting for almost a quarter of the world's electricity usage and conventional lighting being so inefficient, the EU has recently adopted mandatory targets for reducing energy use in general and inefficient lighting in particular. To date, market penetration by LED lighting has been limited by high production costs, but Glo claims that its nanowire technology is much cheaper to make than existing UHB-LEDs.

Establishing a presence in eco-enthusiastic California in addition to its 20 employees in Denmark and Sweden is part of the commercialisation process.

As part of the deal, Fariba Danesh, until recently Senior Vice President of Avago Technologies (NASDAQ: AVGO) where her responsibilities included LEDs and laser devices, has been appointed as CEO with Dr Bo Pedersen initially continuing as Deputy Managing Director in Europe. Danesh has also been CEO of Genoa, and COO of Finisar in addition to experience at Maxtor and Seagate Technology.

With its portfolio of over 100 investments and €800mn under management lead investor Wellington is well-known to our readers. It last appeared in our Bulletin in December 2009 when it led an €8mn investment in self-powered wireless technology company EnOcean. Silicon Valley based VantagePoint, with 70 investments and \$4.5bn in committed capital, is equally well-known and last appeared in our June 2009 issue with a €9.3mn investment in AlertMe.com.

Hafslund, the venture arm of the listed Norwegian company of the same name will be familiar to readers from its €11mn investment in Chapdrive which featured in our April 2010 bulletin. Agder Energi Venture, which invests in early stage energy and IT businesses, is similar in that it is the venture arm of Norwegian hydroelectric company Agder Energi.

Technology and life science investor Teknoinvest, which appeared in our July issue with a €10mn investment in Nanoradio, was Norway's first VC fund. Interestingly, Teknoinvest also participated in a €4.8mn Series B investment in Glo's sister company and fellow spin-out QuNano in 2006.

Provider has over €300mn under management, investing in early-stage and expansion capital for Nordic technology companies.

| Company | Sector | Round | €mn | Description | Investors |
|--|------------------|-------|------|--|--------------------------------------|
| Blyk (Finland) www.blyk.com | Telecom Services | Later | 17.0 | Mobile advertising platform for telecoms carriers. | Nexit Ventures, Individual Investors |



Blyk (Finland), raised €17mn in a **Series D** round led by **Nexit Ventures** with support from **existing investors**. The money will be used to expand, particularly through accelerating Blyk's strategic partnering with mobile operators.

Former Nokia President Pekka Ala-Pietilä and experienced advertising executive and successful entrepreneur Antti Öhrling founded Blyk in 2006 as a mobile service funded by advertising rather than solely by subscriptions. With mobile advertising lagging behind online, the idea was to create a Mobile Virtual Network Operator (MVNO) generating revenues from mobile advertising as well as from telecoms. Blyk launched its operations in the UK in 2007, buying bandwidth wholesale from existing mobile operators and targeting 16-24 year olds. Blyk easily exceeded its targets for signing up users and generated response rates of 25% which attracted many advertisers, but ultimately advertising revenues didn't cover the costs of bandwidth.

Despite raising €40mn in 2008 from new investors Goldman Sachs and the Kuwait-based Industrial and Financial Investments Company (IFIC) who joined existing shareholder Sofinnova (**Disclosure: Go4Venture Advisers supported this fund-raising**) and hoping to ride out the recession, Blyk had to withdraw its UK service over the summer of 2009 and shelved plans to launch a similar service in Belgium and Holland.

Blyk revised its business model, to become a platform for mobile advertising and signed partnership deals with Orange in the UK and Vodafone in the Netherlands. This combined the part of Blyk that worked – the advertising – but replaced Blyk's audience of thousands with Orange's audience of millions.

Since that time, Orange has launched a mobile advertising service called Shots where rates of 20-40% are common and click-through to mobile websites is typically 5-10%. O2 has launched a similar service – giffgaff. With offices in Helsinki, London, Amsterdam and Delhi, Blyk has several more operator partnerships in the pipeline for the next twelve months and a commercial launch in India in the near future.

Nexit Ventures invests in mobile and wireless communication companies – anything from components through middleware to applications and services. Founded in 1999, Nexit has €150mn under management from two funds – Nexit Infocom 2000 (€66.7mn) and Nexit Infocom II (€85.0mn). Of its 18 portfolio companies, five have been acquired by (mostly) blue chip names such as HP and NVIDIA.

With offices in Helsinki, Stockholm and Silicon Valley, Nexit invests primarily in Nordic and US-based companies and emphasises what it calls its "bridge" – the ability to help its portfolio customers cross the Atlantic and into Asia.

| Company | Sector | Round | €mn | Description | Investors |
|--|-------------------|------------|------|---|-----------|
| OneDirect (France) www.onedirect.eu | Internet Services | Late Stage | 15.0 | E-tailer of telephones and other electronic equipment for businesses. | Gimv |



OneDirect (France), an e-tailer of telephones and other electronic equipment for businesses, raised **€15mn** in a **Late Stage** investment from **Gimv**. The money was used to buy out existing investors and part of the founders' stake.

Onedirect sells telephones, walkie-talkies, mobile phones, teleconference hardware, fax machines and related equipment directly to businesses – particularly SMEs. Originally known as 01 direct, the company was formed in 1999 by two couples - Emmanuel and Amélie Stern and Hervé and Frédérique Lafont.

Over the next eight years they grew the business organically – entering Spain in 2001, Italy and Portugal in 2006 – until they were serving 50,000 customers per year, with 25% revenue growth year-on-year and a profit margin in double figures. In June 2007, the company raised €3mn in a Series A round from two funds – SIPAREX Midcap managed by SIPAREX and SES Iberian Fund managed jointly by SIPAREX and Portuguese firm Espirito Santo Capital. These funds were to be used for the staff and IT necessary to enter new European markets. In 2008 they launched in Germany and reached a turnover of almost €25mn.

The sales strategy is multi-channel - Onedirect now has 75 staff (40 dedicated to sales), branches in Milan and Barcelona, attracts 350,000 unique visitors to its websites per month and distributes more than one million catalogues a year.

The management team behind this buy-out is led by new CEO Jean-Louis Coustenoble who was previously CEO of Kalamazoo in Spain as well as two French subsidiaries of Staples – Bernard and JPG. Exact financial details were not disclosed but Gimv (ENXTBR: GIMB) and the management team together acquired 70% of the equity from the founders and previous investors SIPAREX and Espirito Santo Capital. SIPAREX and Espirito Santo Capital have now completely exited the investment. Coustenoble himself increased his stake from 20% to 25% while the founders reduced their stake from 80% to 25% but retain a significant interest in the company. The senior debt was arranged by BNP Paribas, CIC, SG and CE Languedoc-Roussillon.

According to Arnaud Leclercq, head of Gimv's buyout and growth operations in France "Online purchase of telephone products is a growing market segment which should benefit from technological innovations and a further switch to internet. We want to accompany Onedirect in this new phase of its development. Together with management and in due time, we will look at further opportunities for both external growth as well as further international expansion."

Again this transaction demonstrates the trend we are seeing for VCs to do later stage investments and growth equity – including small MBOs. In the case of Gimv (just like for SIPAREX incidentally), there is a proactive strategy of participating in both VC and buyout transactions, with dedicated teams. Indeed, this is the fourth MBO that Gimv has completed in France, the others being Leyton & Associés, Made in Design and Easyvoyage. The €4.5mn investment in designer furniture e-tailer, Made in Design, was included in the HTI index in September 2009 and the larger €8mn investment in price-comparison travel site Easyvoyage was written up in our October 2009 issue.

| Company | Sector | Round | €mn | Description | Investors |
|---|-------------------|-------|------|--|--|
| Netretail Holding (Netherlands) www.nrholding.com | Internet Services | B | 11.0 | E-commerce group selling consumer goods in Eastern and Central Europe. | Individuals, Intel Capital , MCI |



Netretail Holding (Netherlands), owner and operator of consumer goods e-commerce portals in Eastern and Central Europe, raised **€11mn** in **Series B** funding in a transaction co-led by **Intel Capital** and **MCI Management**. Individual investor Ondra Tomek also participated. The money will be used for further expansion in Central and Eastern Europe.

Netretail Holdings sells some 600 categories of consumer goods through e-commerce portals in the Czech Republic, Slovakia, Poland, Hungary and Germany. The company has more than a million registered customers and more than 100,000 unique visitors per day resulting in 2009 turnover of approximately €80mn. This is particularly impressive given 2008 revenues were only slightly over €50mn.

Netretail was founded in 2000 by entrepreneur Ondrej Fryc who had just sold his market research company and is now CEO. Initially selling kitchen appliances through www.bilezbozi.cz, which is now part of mall.cz and still Netretail's biggest revenue generator, the company expanded into Slovakia and Hungary in 2005, Poland in 2006 and Germany in 2007. According to Fryc, the reason for Netretail's ability to enter new markets and rapidly become one of the leading players is that, "Since 2000 we have pioneered a new approach to internet retailing, investing heavily in customer services, infrastructure and large logistics warehouses."

According to Marcin Hejka, Managing Director of Intel Capital Eastern Europe, Middle East and Africa, "Netretail Holding is one of the leading e-commerce companies in Eastern Europe and achieved strong growth in the last year despite tough economic conditions in the region and negative GDP growth."

Continuing the recent spate of e-commerce deals, returning investor Intel Capital and new investor MCI Management put in €5mn each, with Czech entrepreneur Ondra Tomek – founder of Czech web portal NetCentrum – contributing an additional €1mn.

This is Intel Capital's second investment in Netretail following a €28m Series A co-investment alongside 3TS Capital Partners in 2008. Appearing regularly in our bulletins, most recently with investments in semiconductor firms picoChip and Mirics in June and July 2010 respectively, Intel has \$2.1bn under management and made \$327mn of investment across 107 projects in 2009 – an average deal size of \$3.1mn.

Created in 1999, MCI Management now has €142mn under management across five funds encompassing seed funding, venture capital, growth capital and a hedge fund. Listed on the Warsaw Stock Exchange since 2001, the Group has so far made 39 investments with 17 full exits and six partial exits yielding an IRR on the managed portfolio of over 20%. Investing primarily in Eastern Europe, MCI covers a broad range of sectors encompassing TMT, financial services, the internet and e-commerce, life sciences and cleantech. MCI has featured in our HTI Index twice before – both times for investments in another e-commerce company – BuyVIP.

Ondra Tomek founded Czech web portal NetCentrum with Oldrich Bajer and grew it to a valuation rumoured to be as much as €100mn before selling the majority of their interest to Warburg Pincus in 2007. Intel was also an early investor in NetCentrum.

| Company | Sector | Round | €mn | Description | Investors |
|---|-------------------|-------|------|---|--|
| Cint (Sweden) www.cint.com | Internet Services | Later | 10.0 | Online exchange for buying and selling access to market research panels coupled with SaaS management tools. | Creandum, Prime Technology Ventures |



Cint (Sweden), a portal for buying and selling access to market research participants, raised **\$13mn (€10mn)** in a round of **Late Stage** funding led by **Prime Technology Ventures** with **Creandum** participating. The money will be used for expansion.

Cint provides a marketplace for buying and selling access to groups of individuals prepared to take part in market research – panels in the jargon ‘sliced and diced’ by demographic. This is delivered on a SaaS platform which automates the project management aspect of market research and therefore reduces costs.

The company’s name - ‘Cint’ - is a contraction of ‘Consumer INTelligence’, although it is pronounced ‘sint’ – which means ‘angry’ in the Jaemtska dialect of Swedish spoken by founder and CEO Bo Mattson. When poor service from an airline forced Mattson to spend 24 hours in an airport in 1999, he got angry with the lack of information and having no way to communicate his opinions to the airline. Hence Cint.

With €2mn of investment from Banco Fonder, I Teknisk Partner Invest, Ohman Holding and individuals over four rounds, the company managed to become profitable, but revenues only just exceeded €0.5mn and at that time many market research companies viewed information obtained over the web as unreliable.

This changed in 2003-4 when Mattson came on board as CEO full-time, reduced the number of employees and changed the business model so that instead of selling survey results they sold access to survey participants. It was at this time that the company launched its Cint Panel Exchange (CPX) product, a marketplace for survey participants. Mattson may have been influenced by his former role as head of Swedbank Securities where he founded NetTrade – the first online stock-trading service in Europe.

When revenues broke the €1mn barrier in 2007, Cint raised €2.1mn from Creandum and over the next three years expanded into the US, Canada, Spain, Denmark, Russia, the UK, Germany and the Netherlands. Cint now has four million profiled individuals in 40 countries and consistently delivers response rates averaging 30% while remaining fully compliant with industry standards. It has also recently launched Cint Direct – an automated API to Cint’s global panel base.

The rationale for the deal is the unusual combination of a vast market with a very scalable technology – very little additional manpower will be needed as Cint expands globally.

Investing committed funds of €275mn at any stage from seed to growth, Netherlands based Prime Technology Ventures (PTV) has built up a portfolio of more than 20 companies in the Benelux countries, the UK, France, Finland and Sweden in software, semiconductors, mobile computing, communications, infrastructure services, clean technology and BPO. PTV has been quite active already this year with investments in mobile phone applications company Layar, racing game developer Eutechnyx (see our May issue) and screen technology company Liquavista but with a preferred initial investment size of €0.5-5mn PTV’s investments are rarely written up in our bulletin. As is typical of PTV, they acted as lead investor in this round.

Creandum, which last featured in our July 2010 issue with a €10mn investment in Swedish semiconductor company Nanoradio, will be well known to our readers.

| Company | Sector | Round | €mn | Description | Investors |
|---|-------------------|-------|-----|---------------------|--|
| Private Outlet (France) www.privateoutlet.com | Internet Services | B | 9.0 | Vente Privée clone. | BayTech Venture Capital, Gimv, Management, Turenne Capital Partenaires |



Private Outlet (France), an online shopping club for designer apparel, raised **€9mn** in **Series B** financing in a round co-led by **Gimv** and **Turenne Capital Partenaires** with **Baytech Venture Capital** and management participating. The money will be used for further international expansion.

Another Vente Privée clone, Private Outlet offers roughly 150 luxury brands to its 1.8 million members in France, Germany, Italy, Spain and the UK. Private Outlet offers similar levels of discount - up to 70% - as other private sales sites but is unusual in that non-members can see what is on sale. Launched in 2007 by fashion wholesalers the Andrino Group, in September 2008 Private Outlet raised €7.3mn in Series A funding from BayTech Venture Capital and venture debt provider Kreos.

Founded in 1999 and having almost €300mn under management, Turenne Capital Partenaires has not attracted much press coverage and hence only rarely featured in our bulletin. However, Turenne's 18 investment professionals have expertise in healthcare, cleantech, distribution, services, IT and other technologies and have made over fifty investments in French companies. Their preference is for businesses with a turnover of €5-100mn which are either profitable or near to break-even.

Gimv, which contributed €4.9mn to this round, has made three other French e-commerce deals so far this year (Made in Design, EasyVoyage and OneDirect) and now has a French portfolio valued at over €100mn.

As readers will be aware, Private Outlet is only one of many fashion e-tailing deals this year. We have discussed this trend in detail in earlier issues ([August](#)) but readers may appreciate the summary below.

| Month | Company | Round | €mn | Description | Investors |
|-----------|---|-------|------|---|---|
| August | Showroomprive (France) www.showroomprive.com | A | 37.0 | Social shopping e-tailer of designer clothing. | Accel Partners |
| April | The Hut Group (UK) www.thehutgroup.com | A | 16.0 | Provider of an online retail platform for consumer goods. | Balderton Capital Management, The William Currie Group, Artemis, Individual investors |
| January | Spartoo (France) www.spartoo.com | B | 12.3 | E-tailer of shoes, handbags and fashion. | A Plus Finance, CM-CIC Capital Privé, Endeavour Vision, Highland Capital Partners |
| August | Notonthehighstreet.com (UK) www.notonthehighstreet.com | C | 9.1 | Online retailer providing a single storefront for over 1600 specialist vendors. | Greylock Partners, Index Ventures |
| July | My-wardrobe (UK) www.my-wardrobe.com | A | 7.0 | Designer clothing e-tailer. | Balderton Capital, Individual Investors |
| September | Private Outlet (France) www.privateoutlet.com | B | 9.0 | Private shopping club - a Vente Privée clone | BayTech Venture Capital, Gimv, Management, Turenne Capital Partenaires |
| March | Markafoni (Turkey) www.markafoni.com | A | 5.2 | Private shopping club - a Vente Privée clone | Trayas Investments |
| July | Farfetch (UK) www.farfetch.com | A | 3.5 | Suppliers of fashion items to independent boutiques | Advent Venture Partners, Balderton Capital |
| June | Frontline (Germany) www.frontlineshop.com | UND | UND | Online retailer of street-wear and fashion | Acton Capital Partners |

| Company | Sector | Round | €mn | Description | Investors |
|--|----------|-------|-----|--|-----------------------|
| In3Depth (Belgium) www.in3depth.com | Hardware | B | 8.0 | Developer of 3D gesture-based solutions for both business and consumer applications. | Belgacom, SRIW Techno |

in3Depth In3Depth Systems (Belgium), a developer of 3D motion capture solutions for set top boxes, TVs and game consoles, raised €8mn in a **Series B** round led by Belgacom and SRIW Techno, and is still open to new investors. **(Disclosure: Go4Venture Advisers acted for In3Depth in the transaction).**

In3Depth is the result of the merger of three companies, which together make In3Depth the only company in the world to offer a full solution to implement 3D motion capture on low computing power platforms:

- Optima – A fabless semiconductor company spun out from the Vrij Universiteit in Brussels which offers its low cost patented Time-of-Flight (TOF) DepthSense™ imaging sensor to power 3D cameras, including its own OptriCam™ offering.
- Softkinetic – Develops middleware – including its patent-pending iisu™ gesture-recognition software development kit (SDK) which supports all major brands of 3D cameras.
- Softkinetic Studios – Established in September 2009 to develop 3D video games and interactive content.

The technology is used to develop gesture-based user interfaces (think of Tom Cruise in ‘The Minority Report’), casual games (a wii-like experience without the accessory, just using your hands) and video conference calling applications with background removal (so that you can call from your living room without sharing the clutter behind you). Thus far professional solutions have been developed for niche vertical applications, such as interactive digital advertising, but the technology is now being installed in consumer electronics devices – a market which is many times larger.

With 45 staff located in the US and Asia, In3Depth has been shipping product since 2009. Customers and partners include TI, Belgacom, IPTV platform provider Metrological, Texas Instruments and Panasonic.

An early deal in what is likely to become a hot sector, this transaction is a partnership between a strategic investor and a regional development fund without a traditional VC. As a listed national telecoms operator with revenues of €6bn, Belgacom (Euronext: BELG) has deeper pockets than many VCs. Believing strongly that there is no sustainable growth without innovation, this deal continues Belgacom’s track record of innovation and investing in promising companies with products that can enrich its customers’ experience. Other recent investments are OnLive (US – an online streaming game service) and Jinni (Israel - a search and recommendation engine for TV and film). Repeat investor SRIW Techno, which invested in Softkinetic Studios in 2009, is the technology fund of SRIW (Société Régionale d’Investissement de Wallonie) – a regional development fund for the Walloon Region with €0.9bn under management.

An €8mn Series B round is a large transaction for a software and media transaction at such an early-stage. This may be indicative of the value the investors see in the deal. While there are competitors (e.g. Primesense which sold its camera technology to Microsoft for use in Kinect - Microsoft’s new hands-free motion control accessory for the xbox) none of them have an end-to-end solution from gesture capture to applications just like In3Depth has. At such an emerging stage of the market (the first product, Kinect, will be released in November 2010), this may be a key advantage in helping customers implement motion capture solutions.

| Company | Sector | Round | €mn | Description | Investors |
|--|----------|-------|-----|---|---|
| Elonics (UK) www.elonics.com | Hardware | B | 7.3 | Fabless semiconductor company developing of multi-band radio frequency (RF) integrated circuit (IC) products. | Braveheart Ventures, Octopus Ventures, Scottish Equity Partners, Individual Investors |



Elonics (UK), a fabless semiconductor company developing multi-band radio frequency integrated circuit products, raised **£6.1mn (€7.3mn)** in a **Series B** round co-led by **Octopus Ventures and SEP**. The money will be used to open offices in Taiwan and China and expand its overseas sales team.

Elonics started in 2003 as a consulting firm offering custom silicon design services and Application Specific Integrated Circuit (ASIC) development. This allowed the company to bootstrap its own R&D effort and develop DigitalTune™ - a technology that allows a single RF tuner chip to support multiple radio and television broadcast standards. Elonics chips consume only 2% of the power of conventional solutions.

The market for Elonics' flexible silicon RF tuners is experiencing growth fuelled by:-

- The switch from analogue to digital
- Adoption of silicon tuners rather than 'metal can technology' due to lower cost and power consumption
- The advent of new markets such as mobile television

According to Stuart Paterson, partner at SEP, the global tuner market is worth more than \$700mn p.a.

After achieving proof of concept, Elonics raised finance from a Government grant and then from Braveheart Ventures and Scottish Enterprise and started shipping product in 2007. David Milne, founder of Wolfson Microelectronics plc which floated in 2003, joined the board as non-executive Chairman in August 2008.

Elonics' first product family – the E4000 series of silicon tuners for digital TV and radio receivers – allows manufacturers to replace multiple radio tuners with a single re-configurable RF IC.

SEP used to go by its full name of Scottish Equity Partners but now prefers the shorter moniker SEP, reflecting its broader UK and European investment remit. SEP is now a well established venture capital fund and has a track record of semiconductor deals – the most recent being participation in the €16.4mn picoChip deal covered in our June 2010 issue. It is interesting to note that SEP was also an early investor in the Chairman's former company Wolfson Microelectronics.

Octopus Ventures (www.octopusventures.com) is the Venture Capital division of Octopus Investments (www.octopusinvestments.com) – an asset manager and provider of tax efficient products for the UK market which has been voted 'VCT Provider of the Year' every year since 2007. Octopus Ventures is sector agnostic – backing teams rather than sectors. With £250mn under management and £150mn to invest over the next three years, Octopus' preferred deal size is £0.25 - 5mn. The firm has already invested in some 60 British businesses.

Braveheart Ventures, which has stayed with Elonics since its first investment round in February 2008, was also an investor in Wolfson Microelectronics. Started as a business angel consortium to fund university spin-outs, the company gradually became a conventional investment management company, becoming FSA authorised in 2004 and listing on AIM in 2007. Braveheart now has a portfolio of 45 companies and has completed over 90 deals in its 14 year history. Apart from Wolfson, notable successes have included medical devices company Optos and touch screen interface company Eleksen – both of which trade on AIM.

| Company | Sector | Round | €mn | Description | Investors |
|--|------------------|-------|-----|--|--|
| OpenCloud (UK) www.opencloud.com | Telecom Services | C | 6.0 | Provider of application server software for telecoms carriers. | Advent Venture Partners, No 8 Ventures, Nokia Siemens Networks |



OpenCloud (UK), a provider of application server software for telcos, raised **£5mn** (**€6mn**) in **Series C** funding from **Advent Venture Partners, No 8 Ventures** and new investor **Nokia Siemens Networks**. The funding will be used for international expansion.

Formed in 2000 in New Zealand, OpenCloud is now headquartered in Cambridge, UK with R&D, engineering and support in New Zealand and Spain, and branch offices in Singapore and Jakarta.

The company's products address a problem common to all carriers. Margins are shrinking as carriers using VoIP compete with traditional carriers. Telcos therefore become bit-pipe providers in an increasingly commoditised market. To survive they must reduce the cost of providing the convergence of different services demanded by their customers as well as increasing turnover by offering valuable additional services, applications and content.

OpenCloud's Rhino product suite helps to do both of these and is comprised of:-

- An application server for Java-based telecoms compliant with the JSLEE standard.
- A service interaction server with a graphical user interface which can control services on networks using both IP and SS7 (Signaling System 7) protocols.
- A charging system that provides 'in call' control by, for example, authorising the call, metering the session, playing announcements and monitoring call credit.

The company's products use commercial-off-the-shelf (COTS) hardware and proprietary software.

OpenCloud's revenues have tripled year-on-year and its customer base now includes over 30 mobile and fixed network telecom operators. Working with Nokia Siemens Networks (NSN) for the past two years, the company has secured 13 joint customers - including BT, Vodafone and T Mobile – in the last twelve months.

Just like Belgacom's investment in In3Depth Systems, this transaction is a typical example of a strategic investment by a corporate making a financial investment in a company whose technology they are or are planning to use. Not only has Nokia System Networks (NSN) made a £4mn investment in OpenCloud with the possibility of a future return, but OpenCloud's technology will also be integrated into NSN's product suite.

Existing investors Advent Venture Partners (www.adventventures.com - not to be confused with buyout fund Advent International) and No 8 Ventures have put in an additional £1mn between them. Veteran technology and life sciences investor Advent, with over £500mn in commitments under management and £130mn in its current fund, is well known. No 8, however, is quite a novelty for the HTI as it usually invests in New Zealand ICT, cleantech, biotech and other technology companies. Founded in 1999 No 8 runs closed end 10 year funds and aims to exit through a flotation. No 8 has a portfolio of 14 businesses.

Earlier investors included Motorola, for whom OpenCloud chairman and CEO Jeff Gordon used to head up the EMEA infrastructure business, and Silicon Valley Bank who provided a working capital facility. This previous investment round was covered in our July 2008 bulletin.

Go4Venture Advisers LLP

48 Charles Street
Berkeley Square
London
W1J 5EN

+44 (0)20 7529 5400
vcbulletin@go4venture.com

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This report has been compiled by Jean-Michel Deligny, Managing Director – for and on behalf of Go4Venture.

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