

## Swiss Ventures

A finance and technology reporter based in Switzerland posts entries here about the Swiss venture capital and private equity scene... Yes, there is one!

### Skype not European VC's only "homerun"



In this month's *European Technology Venture Capital Bulletin*, published by [Go4Venture](#), a company helps Euro startups raise capital, Jean-Michel Deligny, notes that Skype is not the first European \$1 billion venture-backed exit, or homerun, if one includes IPOs valued at \$1+ billion.

The other homerun would be Cambridge Silicon Radio, a deal led by 3i and Amadeus in the UK in 1999, which is now a \$1.5+ billion company on a P/E of 24, achieved less than 6 years after start-up, he writes.

Deligny qualifies that by pointing out that at the time of the IPO, CSR market cap was not quite a billion.

His conclusion: "Europe is starting to score successes on a US scale more often, if not yet regularly."

Homeruns are important, say some VCs here, but return multiples are also to be considered. There have been some ventures, particularly in France, sold in trade sales for multiples of greater than 10 times the money invested.

"Don't tell me that this is not a big deal. I can tell you that when even a US VC gets a 10 times multiple, there is French champagne flowing!" said Jean Schmitt, of the Paris-based VC firm, Sofinnova Partners, speaking on a panel at the CEFI Summit in Paris this week.

Later in the day, John Hess of Altius Associates, a fund advisor, scoffed at another panelist who ventured that it might be time to start investing in European VC given that the private equity sector is flooded with capital, which will probably put a downward pressure on returns.

"Europe has had two homeruns in 10 years, yeah it's worth it," said Hess.

A homerun is when the value of a company crests a billion dollars, I guess. But having one or two players that can hit homeruns is not why some baseball teams are better than others. It is something that Michael Lewis writes (very entertainingly) about in [Moneyball: the art of winning an unfair game](#)

# posted by Valerie Thompson @ Friday, November 11, 2005 0 comments [links to this post](#)