

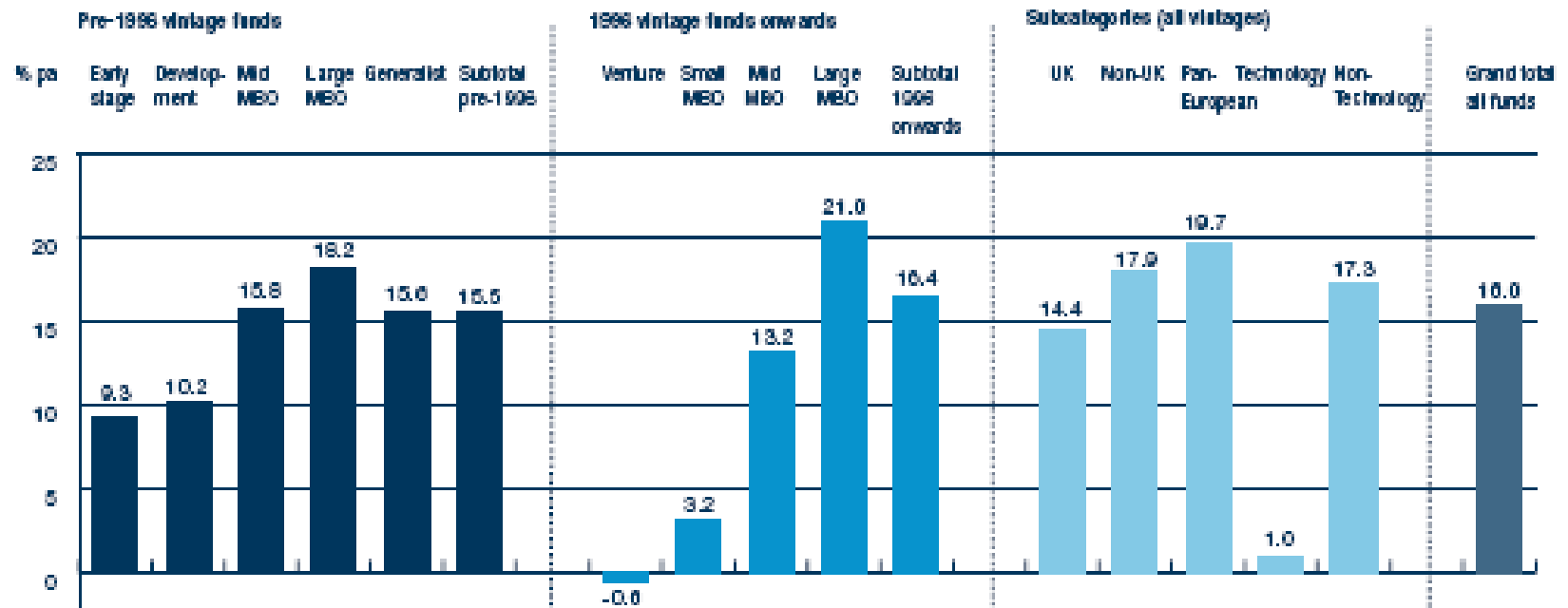
Lessons

- Importance of early engagement with customers
- Value of spin out parent brand
- Dilution
- Switching costs
- In kind investment value
- etc

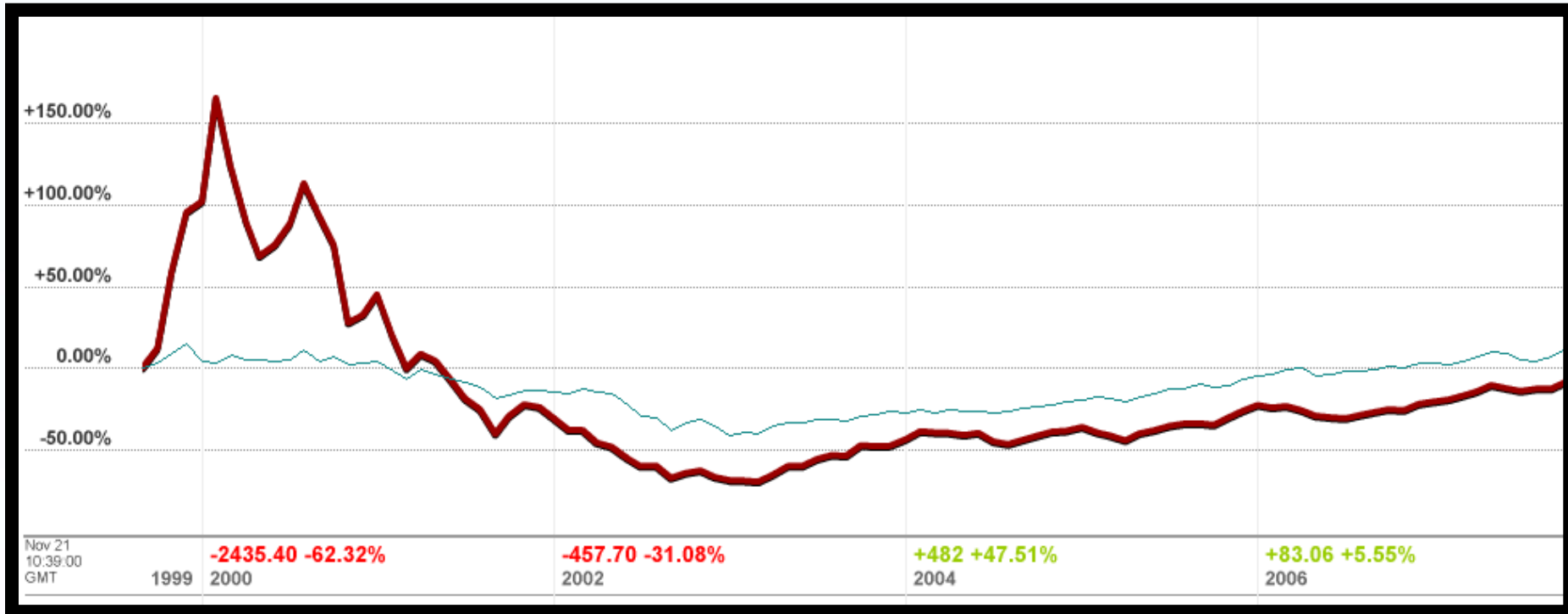


BVCA Private Equity and Venture Capital Performance Measurement Survey 2006

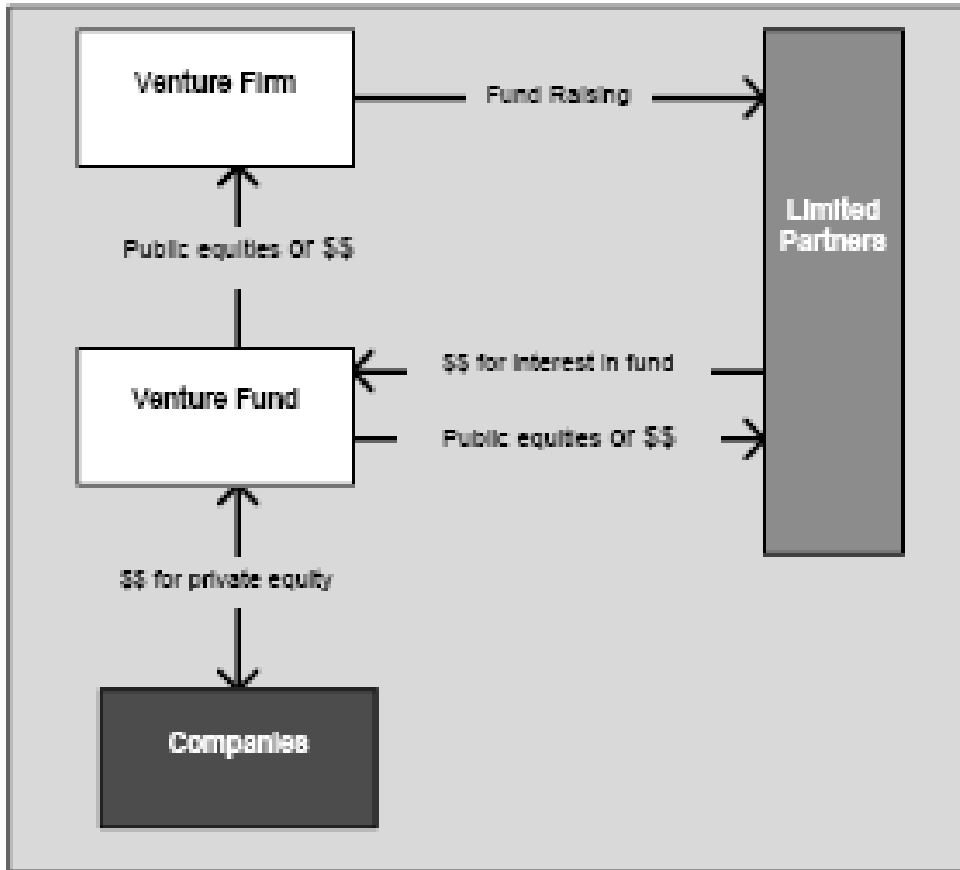
Since Inception Performance by Investment Stage and Subcategories to December 2006



techMARK vs. FTSE100 1999- present



VC business model



- Venture firm raises a fund to invest from Limited Partners
- Venture firms invest money in companies in return for equity (first 5 years)
- The companies reach “liquidity” with an IPO or acquisition
- Public equity or proceeds from sale can then be returned to the LPs (second 5 years)
- VCs make money by sharing in the profits of the funds, after capital is returned to the LPs
- Once a fund is invested, VCs raise another fund to invest, while continuing to manage the previous fund to liquidity



Due diligence on your VC

- Size of fund
- Sector focus
- Track record of returns
- Preferred investment size
- Preferred investment stage
- Fees (monitoring, arrangement, director, “business support”)
- Age of fund (life cycle)
- Geographical constraints
- Other companies in portfolio (competitors or acquirors)
- Preferred investment structures and structural constraints (VCTs, EIS)



London, UK, 29th January 2007 - Abingworth, the international life sciences investment group, today announced the final closing of its £300 million (\$587 million) life sciences fund, Abingworth Bioventures V LP (ABV V). This is Abingworth's 8th life sciences fund and the largest venture fund dedicated to life sciences raised by a firm based in Europe. The fund's target of £250 million was significantly oversubscribed but Abingworth decided to limit the fund size to £300 million.

ABV V will invest in biotechnology and medical companies, both in Europe and the US. The fund will invest broadly across the life sciences field in technologies, therapeutics and medical devices at all stages of development from early-stage private deals to quoted companies. Investment size will generally range from £7.5 million up to £20 million per investment after all private rounds of financing. It is planned to make more than 20 venture investments.

IQ Capital Becomes UK's First GBP25 Million Enterprise Capital Fund

CAMBRIDGE, England, March 23 /PRNewswire/ --

- Gordon Brown Announces GBP16.7m of Government Backing for IQ Capital Fund A new GBP25m investment fund, IQ Capital Fund I LP, aimed at co-investing with expert business angels in seed and early stage companies in high tech as well as more traditional sectors, has been launched by Cambridge based NW Brown Group, in partnership with three of the UK's most prominent angel networks, OION in Oxford, GEIF in Cambridge and SWAIN based in Bristol.



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- **Plastic Logic raises \$100 million to enable the first electronic reader products**
 - New volume manufacturing facility to ramp-up in 2008 [E-mail this](#), advertisement
 - Cambridge, UK - Plastic Logic announced today that it will build the first factory to manufacture plastic electronics on a commercial scale. The facility will produce flexible active-matrix display modules for 'take anywhere, read anywhere' electronic reader products. It will utilize Plastic Logic's unique process to fabricate active-matrix displays that are thin, light and robust; enabling a reading experience closer to paper than any other technology.
 - To fund this comprehensive commercialization program, Plastic Logic has completed a first closing of \$100 million of equity finance led by Oak Investment Partners and Tudor Investment Corporation. Existing investors Amadeus, which led the seed financing of Plastic Logic, Intel Capital, Bank of America, BASF Venture Capital, Quest for Growth and Merifin Capital also participated. The financing is one of the largest in the history of European venture capital.





Always know where you are in the VC process

- Initial appraisal
- Detailed questions
- Term sheet outlining valuation, quantum, structure, preconditions
- Due diligence: technical and commercial
- Negotiation of terms
- Investment committee presentation
- Further negotiation
- Completion
- Cash in bank





Rainbow Seed Fund

- **A venture capital fund dedicated to investing in technologies from its publicly funded research base but independently managed**
- Unique relationship with powerful research base with emerging track record of strong commercial propositions
- Deep understanding of early stage technologies and strong practical experience within high growth companies
- Well networked with other investors and key resources
- Clear investment strategy:
- Strong track record of providing returns to investors to date:
- Backed by strong Advisory Board with a wealth of experience



Rainbow Seed Fund partners

- Annual research budget in excess of £1.0bn
- Over 30 Research Institutes across the country
- Links to key European centres of CERN & ESA





Ideas

- **The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail (Hardcover)**
by [Clayton M. Christensen](#)
- **The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything (Hardcover)**
by [Guy Kawasaki](#)
- **Smarter Ventures: A Survivor's Guide to Venture Capital Through the New Cycle (Paperback)**
by [Katharine Campbell](#)



The VC 11.0

by Robert von Goeben
& Kathryn Siegler

A new business plan.
Looks like a lot of
work went into this.

BUSINESS
PLAN

A complete product
development schedule,
in-depth market research,
detailed financials.
This must have taken
weeks to write.

This will require a
thorough reading.

Knock!
Knock!

Wanna go
to lunch?

Just...
one...
second...
Ok.
Let's go.

New plan?

Yeah. I gave it
a good scrub.
Nothing there.