



Summary note – Key results of EBAN Congress 2009 And list of award recipients of the 4th Annual EBAN European Award ceremony

Close to 300 representatives from the business angel and early stage investment attend EBAN's 9th Annual Congress "Celebrating risk taking – the contribution of business angels and early stage investors". Participants leave with one key message – Business angels are still investing, and we need to work together to seize opportunities created by the recent crisis.

The 9th edition of the Annual Congress of EBAN (www.eban.org) was held in Madrid on 27/28 April 2009. EBAN, trade association based in Brussels and representing the interests of business angels and BA groups in Europe since 1999, has rebranded as the **European Association of Business Angels, Seed Funds and other early stage market players**. It has opened its membership late 2008 to early stage venture capital funds in an effort to represent all the actors involved in bridging the equity gap in Europe (investing less than 3 million€ per company per round). The event, hosted this year by **ESBAN, Spanish Federation for Business Angel Networks** (www.esban.com), was a resounding success with little less than 300 participants from over 30 countries attending the event.

This event was sponsored by the Spanish Ministry of Industry, Tourism and Commerce; Genoma Espana; Comunidad de Madrid; Madrid Emprende.

Our media partners included Real Deals, Informilo, the Frank Peters Show, Angel News, Web Capital Riesgo, and Revista Espanola de Capital Riesgo.

EBAN is proudly sponsored by: Microsoft and BDO, and counts on the support of its European partners Greater London Enterprise and Intramezzo.

The EBAN Congress is the only European event dedicated on an annual basis to topics addressed to the business angel and early stage investment market. It provides an opportunity to discuss latest market facts and trends as well as network with peers. Investors, practitioners and experts from all over the world gathered in Madrid to celebrate the importance of accelerating early stage investment during a time of crisis but also great opportunities to support Europe's most promising companies.

During this 2-day event, participants had the opportunity to share their view on the impact of the financial and economic crisis on the activity of early stage investors in Europe but also in the US, Canada, Australia, etc.

The first day of the event was moderated by Jennifer Schenker, a high-profile journalist having set up a new technology media business, Informilo (www.informilo.com). The key messages delivered on the first day of the event were the following:

*Business angels are still investing! The level of investment varies region to region and country to country, but in general business angels are opportunistic investors and see the current period as one of great market opportunities for lower valuations.

*The level of activity of venture capital funds in the early stage across Europe is down by half

*Venture capitalists have moved up the value chain for good

*This increases the importance of angels and the role of angels is even greater in a crisis

*There are big opportunities to invest cheaply over the next 18 months however the biggest challenge in the coming years will be exit opportunities.

*Life science is challenging sector of interest for early stage investors. There is a chronic equity gap for biotechs however with fascinating businesses. Strategic partnerships are key to building a successful early stage biotech company.

*Media-tech is back in favour

*Companies raising money from angels but should look for backers who can link them with late stage investors

*There is a need to improve relations between business angels and venture capitalists. They need each other for the financial supply chain to function properly again. More early stage and late stage VCs should attend the EBAN event in the future to stimulate discussions in this regard.

*Cross border investing is still nascent but will be important to the growth of European companies

Following a superb EBAN Awards Ceremony on that evening at the Casino de Madrid; delegates gathered on the morning of 28th April for day two of the 9th Congress.

The international audience were involved in a morning of interactive sessions, chaired by Modwenna Rees-Mogg (www.angelnews.co.uk) and Frank Peters (www.thefrankpetersshow.com) discussing three topics of major importance to the European early stage investment market.

What are the rates of return for business angels in the US and compared to the United Kingdom? The results appeared to show similar overall patterns to investment performance in each country with some noticeable themes

- returns are improved by doing greater due diligence and by having a regular mentoring or board position at the company
- they are also improved by having expertise in the industries in which your portfolio companies operate
- angels need to invest patient capital as the best investments can take six or more years to mature and exits successfully
- statistically, the volume of investments required to get a winner which returns more than 30x your investment is 30 or more
- but a significant amount of angels do not make money on their investments
- and VC involvement can significantly decrease the chances of an angel investor making a good return on his own investment.

The statistics provoked a lively debate around what statistics really tell us, particularly as each business angel's experience tends to be very personal to themselves. For every angel who felt that elements of the research reflected their own experiences, there was another outcome which did not.

The second session of the day, moderated by Frank Peters, revolved around the fundraising stories of entrepreneurs from Switzerland, Spain and Slovenia. It highlighted a clear disconnect between the aspirations and perceptions of the entrepreneurs and the reality of early stage venture capital investment.

The final session of the Congress was appropriately forward looking and identified future trends in angel investing.

- Angel investment is certain to become more international and this will require angels to co-operate to a far greater degree than in the past when many angels invested alone and locally. The leaders in this move may well be led by government initiatives to stimulate activity by giving tax breaks to investors. France is leading this trend.
- Other trends will be away from very capital intensive sectors as the funding chain becomes more challenging. Unless the private/institutional investor relationship can change significantly, the Congress participants tended to agree that angels will increasingly be expected to fund companies for longer and in larger amounts. This will affect which companies are suitable for finance.
- Lastly, the main sectors angels are likely to target will be those that matter most to people today – parts of the environmental sector will be very popular and there is also likely to be an increasing interest in businesses with a social enterprise angle. Medical technology which assists humanity to live healthily and comfortably for longer will also be highly attractive in the medium to long term.

The organization of the EBAN Congress in any one country provides a positive stimulus to public authorities to establish a favourable environment to business angel investors. In the framework of this year's event, **the Spanish government announced its intention to create fiscal incentives for business angels, with a goal to increasing by 100% angel investments over the next 2 years!**

During the Statutory meetings organized on Day 2 of the event, EBAN members elected a **new Chairman for EBAN, Mrs. Brigitte Baumann from Go Beyond**, a transnational business angel network. Brigitte has been involved as Vice-President for the association since April 2008 and a member of the Executive Committee for the last 5 years. She is a business angel herself and serves on a number of selection committees across Europe. Prior to Go Beyond, she was CEO of iWG, a global mobile content provider (VC backed), Senior Vice President at American Express for B2B internet businesses, President of Gemplus (now Gemalto) North America and Senior Manager at McKinsey. She is a member and Board Member of the World President's Organization (15,000 CEOs in 120 countries) and Chairs its global Angel Investing group.

Save the dates!

- The next EBAN Winter University will be hosted by the Swedish Venture Capital Association in Stockholm on 9/10 November 2009.

- The next EBAN Congress will be hosted by Metutech and take place in Istanbul on 15/16 April 2010.

Results of the 4th EBAN European Award Ceremony



The EBAN annual award ceremony is the opportunity to celebrate outstanding achievements by individuals and organizations, who have contributed to the strengthening of the early stage investment market.

This year, the jury appointed to select the winners of the awards was the following:

- Frank Peters, Past Chairman of Tech Coast Angels and animator of the FrankPeterShow (USA)
- Sergio Sanchez, from the law firm Garrigues (E)
- Colin Mason, Professor at the University of Strathclyde (UK)
- Antoni Abad, President of ESBAN (E)
- Philippe Gluntz, Paris Business Angels and Truffle Capital (F)

Business angel of the year: Dr. Cornelius Boersch



Dr. Cornelius Boersch receives the award for Business Angel of the year from Dr. Antoni Abad, President of ESBAN

Dr. Boersch is a serial business angel and has invested into more than 200 companies in different industries since his first angel investment in 1996. His investment style is to be fast, intuitive and opportunistic and he believes in portfolio theory. His deal-flow is very high with an average of about 4 deals per day and he never invests alone in a deal, but always with further business angels. Moreover, he is closely connected to all major VCs, PEs, banks and industry leaders in Europe. His recent investments include many high performing companies, like Secusmart GmbH (www.secusmart.de), Yasni GmbH (www.yasni.de) or BuyVIP (www.buyvip.com).

Best angel-backed company: Aventiv

The award for the Best business-angel backed company” was given to AVENTIV, the early-stage company that promotes NomaDesk®, a file sharing software for business professionals who work without an office and that enables easy and secure access to documents from anywhere. Unlike web-based file sharing tools, NomaDesk automatically synchronizes files across any shared computer, making it possible to access documents even if the Internet is not available.



Ricard Garriga (Hit Barcelona) giving out the award to Herman Verstrepen, angel member of BAN Vlaanderen, network responsible for the successful matching.

Best early stage venture capital manager/team of the year: Guy Rigaud

The award for “Best early stage venture capital fund manager” was attributed to Guy Rigaud to recognize his outstanding carrier in this market for the last 25 years. He created and still manages Rhône Alpes Creation (RAC) in Lyon. He is one of the founders of UNICer (the national association of early stage regional funds in France) and he took part as partner in the EASY project concerned with the stimulation of cross-border financing by business angels and other early stage investors.

RAC has invested 35M€ in 180 new innovative companies during 19 years and has became one of the major actors involved in the regional “ecosystem”: research, technology transfer, start up creation, first stage financing.



José Luís Jorcana (Genoma Espana) gives the award to Mr. Rigaud

Best cross-border deal: BUY VIP and LOUISE Enterprise

For the first time in the history of the EBAN Awards, jury members were unable to attribute this award to one single nominee, as they felt two very different companies deserved to win this prize. There was a tie between Buy VIP and Louise.

Buy VIP is a fashion and lifestyle eCommerce Community which raised in its early stage (2006) money from circa 45 angel investors from 3 different countries with the Help of IESE Business Angels Forum. By bringing on board investors from Spain, Germany and Italy, the company was able to launch almost simultaneously in the three countries. BuyVIP is the largest pan European shopping community with more than 3.5M members and investors such as 3i, Kennet Capital Partners, Active Venture Partners and Bertelsmann.



Sergio Sanchez (Garrigues) gives the award to one of the founders of BUY VIP

The other award recipient, Louise Entreprises, develops innovative products in the perfume, cosmetic and luxury sectors under the brand Crazy Libellule. The company was founded and is run by a woman (still representing only 5% of company owners in Europe and fewer than 5% of angel investors across Europe). It has accessed funding via Go Beyond Ltd., one of the few Business Angel Networks with a European coverage and with a strong female investor membership. It met the company at a Femmes Business Angels presentation in France.



Investors in the company Louise (Béatrice Nicolas-Meunier and Bethann Kassmann) as well as CEO of GO Beyond Brigitte Baumann received the award on behalf of the entrepreneur.

Best lobbying action: IBAN for the new fiscal framework for angels in Italy

The award for “Best lobbying action” was attributed to IBAN – Italian Business Angel Network, for their work carried out in 2008 in collaboration with AIFI (Italian venture Capital association) in favour of a favourable fiscal environment for business angels. The new disposition approved foresees that capital gains realised on both qualified and not qualified participations by private individual investors (i.e. Business Angels), not in a business capacity, are tax-exempt starting from 1 January 2009, if:

- Participations have been owned at least for three years;
- Participations owned in companies which are at maximum seven years old;
- Participations owned in companies which have realised “industrial/productive” investments;
- Capital gains must be reinvested into “start-up” companies within 2 years the gain accrued.

This kind of disposition, already in force in a few European countries although with some local differences, has a clear potential for replicability across Europe, especially in less mature angel market and countries, such as the Eastern and Southern Mediterranean countries.



Dr .Estela Gallego, General Director of the Spanish Directorate General of SMEs Policy, Ministry of Industry, Tourism and Trade gives the award to the Secretary General of IBAN Tomaso Marzotto Caotorta

Business angel network of the year: Paris Business Angels

Last but not least, the award for “Business angel network of the year” was attributed to Paris Business Angels (PBA). PBA has experienced an important growth since its creation in 2004 to reach 124 members to date, investing in 2008 in 18 companies for more than 2 million euros. During 2008 PBA received 650 Business Plans, 13% more than in 2007, and twice the 2006 number. These 650 BPs belonged to all Industry sectors, of which a little less than 50% come from NTIC sectors, and a growing number in CleanTech and Health sectors. In October 2008, 47 out of the 124 members of PBA became the first members of the PAC (PBA Fund), and invested 3M€ in it. The strategy of this BA Fund is first to co-invest with individual members, in one of the 40 companies selected through the PBA process, and thus to increase the size of the first round.

As a result, the total investment in 2008 in 11 new start-ups has already been doubled the PBA amount invested (i.e. 3.3M€).



Dr. Antonio Beteta from the Comunidad de Madrid giving out the prize to Chairman Emeritus Philippe Gluntz and new President of PBA Tanguy de la Fouchardière.

For more information about this event, please visit <http://congress2009.eban.org/>

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