

From idea to success



How to turn ideas into business successes?

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Who am I?



After nearly ten years in Dutch private equity companies (ING Group) I have been coaching entrepreneurs since 1999 to raise finance, first through LIFT and from mid 2002 as an independent financial consultant (private equity consultant for entrepreneurs and business angels, finance manager)

Agenda



1. Some successful companies
2. Entrepreneurship
3. How to do it

Successful companies



- ▣ Securewave (Luxembourg)
- ▣ S.O.I. TEC (France)
- ▣ Skype Technologies (Estonia)

Securewave (Luxembourg)



- Client/server security
- Founded 1996 by Marco Peretti (early 20s) as Digitalwave
- Mangrove invested € 1,5m in 2001 + 2002
- 2003: founder left the company
- Extraordinary: VC became CEO
- Index Ventures invested € 3,9m in 2005
- 2007 acquired by Patchlink into Limension

Key success factors



Investor Mangrove:

- Eagerness, flexibility of young founder
- Large and empty market

S.O.I. TEC (France)



- Silicon on insulator technologies
- Founded in '92 after 20 years research by 2 scientists (basis was exclusive license)
- 1994: Banexi and Innovacom invested
- VC's chaperoned scientists
- '95: new financing round
- '96: production started and orders came
- '97: Strategic partner found (Japan)
- Turnover 02/03: > € 100m
- 02/99: IPO (€ 46m), value 01/11: € 754m

Key success factors



Investors:

- Immense competitive advantages of the technology
- Technological breakthrough
- Quality of strategic backer and partner

Skype (Luxembourg/Estonia)



- VOIP based on P2P software
- founded 2003 by four Estonian engineers and two Scandinavian entrepreneurs
- DraperFJ invested before product launch
- Started with help of DFJ, Mangrove, Bessemer, Index
- 2005 acquired by Ebay for \$ 2,6bn (!)
- PE investors bought 70% for \$ 1,9bn
- 2008: turnover \$ 500m, 2 years profit
- Announcing IPO in 2010

Key success factors



Investor Mangrove:

- considerable opportunities (worldwide telephony)
- track record (founded KaZaA and sold it to Sharman Networks)
- quality of the management team: shown that they understood their clients

Common denominator?



What made them successful?

- ▣ Product? or
- ▣ Market? or
- ▣ Organisation? or
- ▣ People? or
- ▣

Why were they successful?



Business idea and technology that
guarantees competitive advantage

AND

Commitment and skills of management to
convince partners

OR

Entrepreneurship



- Vision
- Sales driven
- Committed
- Tenacity
- Perseverance
- Focus
-

Entrepreneurship



“Committed to achieving success
against all odds”

How to do it?



Preparation, preparation, preparation:

1. Assess your venture
2. Understand potential partners
3. Winning business plan
4. Effective approach

1. Assess your venture



Are you ready for outside assistance?

- ☐ Market (potential)?
- ☐ Commercial?
- ☐ Team?
- ☐ Partnerships (and requirements)?
- ☐ IPR?
- ☐ Financial requirements?

2. Understand partners



- ☐ commercial and business partners
 - sales
 - distribution channels
 - sponsors
- ☐ financial partners
 - public sector
 - founder, friends, family
 - sponsors
 - banks
 - equity investors:
 - ✓ business angels
 - ✓ corporate investors
 - ✓ venture capitalists

2. Equity investors:

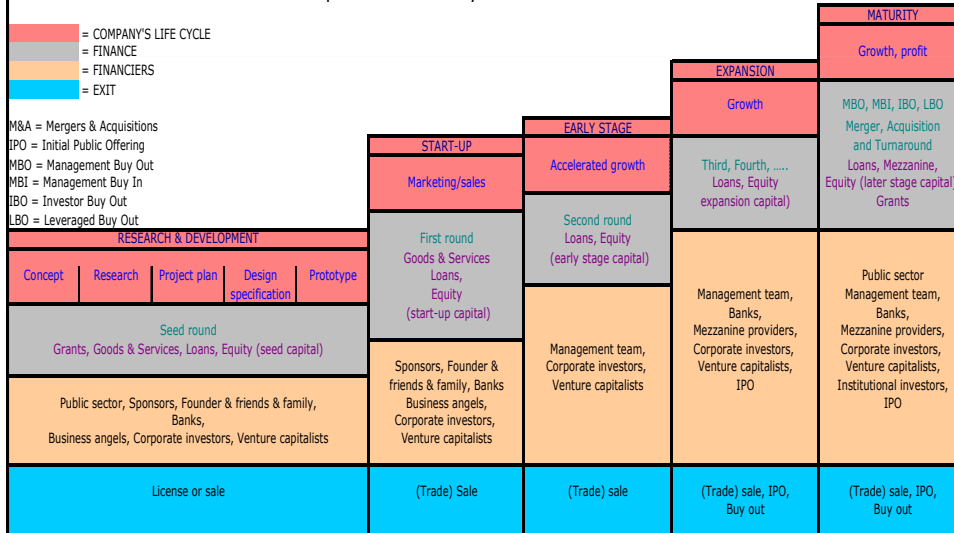


- ☐ BAs: fun, local / sector network, operations, involved, lower amounts, longer term
- ☐ CIs: strategic and fun, sector network, operations, involved, lower and higher amounts, longer term
- ☐ VCs: professionals, diversified network, financial, detached, higher amounts, shorter term

2. Stairway to maturity



Where to look? - depends on where you are



Life cycle/finance/financiers



Life Cycle	Finance	Financiers
Research	Grants	Founder, friends, family
Start-up	Equity	Sponsors
Early stage	Seed capital	Public sector
Expansion	Venture capital	Banks
Buy-out/in	Private equity	Business angels
Turnaround	Mezzanine	Corporate venturers
	Loans	Venture capitalists

3. Winning business plan



Executive summary

- Market
 - Product
 - Management
 - Marketing
 - Cashflow: history and forecasts
 - Investor
- Annexes

3. Some do's and don'ts (I)



Content:

- Fully written by you (and your team)
- Practical: focus on doing
- Your "brain", your vision and not reality
- No Q&A
- Logical story and no bullets
- Minimise use of graphics
- No repetition
- Concise and easy to understand language
- Attention: grammar, jargon and typing

3. Some do's and don'ts (II)



Presentation:

- Separate documents (ES, BP, Annex)
- Maximum 20-25 pages (ex. annexes)
- Send in hardcopy
- No NDA (except to prevent sending it on)

3. Challenge



Put your vision on paper in such a way
that you convince an outsider that
there is money to be made by
investing in your company

AND

3. Selling yourself



A business plan is a document in which you sell you, your team, your company and your product in such a way that you get an appointment with a financier

4. Effective approach



to potential partners:

- ▣ initial contact direct or indirect
- ▣ individual or collective

My preference for the investor world is the indirect individual approach. Select 3 to 4 persons, get to know people who know them and send your business plan via them

How to go about it? (I)



The more steps you complete the easier it becomes to raise finance:

1. Find entrepreneur (yourself?)
2. Found company (own money, house)
3. Finalise your product (grants)
4. Find business partners (sponsors)
5. Find customers and sell (auto-finance)

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How to go about it? (II)



continued from the previous slide

6. Preparation for raising equity finance:

- 1. Research financial world
 - ✓ EVCA/local VCAs (www.evca.com, www.lpea.lu)
 - ✓ Business Angel Networks (BANs, www.lban.lu)
 - ✓ On-line and off-line networking (LinkedIn, 123GO)
- 2. Prepare business plan/presentation/pitch
 - ✓ With help of dedicated professionals?

7. Approach chosen potential investors

- ✓ With help of dedicated professionals?

Ties Corporate Finance



Coach for
entrepreneurs and business angels
in private equity investments +
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Contact details



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