CONFERENCE REPORT ON THE RISK CAPITAL SUMMIT 2005:

Investing for Growth and Competitiveness in Europe

UK PRESIDENCY OF THE EU 2005

European Commission

Contents

Foreword by Sir David Cooksey

Dear Colleague,

It is with great pleasure that I publish the findings and conclusions of the Risk Capital Summit 2005. I know that everyone who attended the Summit, from Business Angels, Venture Capitalists, policy makers and, of course, small businesses, agreed that it was an important step in helping to deliver the competitive and innovative Europe that will increase growth, productivity and employment for all of Europe's citizens.

Recent research released by the European Venture Capital Association showed that companies financed by venture capital have created 630,000 new jobs across Europe between 2000 and 2004 and that the average Research & Development expenditure per employee was six times the average R&D expenditure of companies in the EU. Research undertaken by the European Commission and London Stock Exchange, released at the Risk Capital Conference, also showed the economic impact of risk capital supported companies in creating jobs and wealth across Europe. I am pleased that the policy debate has matured, and is no longer about whether Member States and the European Commission should be supporting risk capital, but how policy makers can work best with markets to stimulate the provision of risk capital for businesses with high growth potential. If Europe is to compete globally with the US and Asia, we need more companies like SKYPE, Kelkoo, Cambridge Silicon Radio and Avanti Screenmedia.

The Risk Capital Conference debated a number of key issues on how risk capital can support Europe as a leader in innovation, growth and enterprise, and included a number of workshops on specific themes that had been identified as underpinning the Lisbon Agenda. Further details of the workshops are contained within the report and summary. In addition to the discussions concerning the provision of risk capital, a number of cross cutting issues were raised by delegates that have an impact on Europe's ability to compete globally:

Enterprise and entrepreneurship: evidence shows that countries with high performing economies have a high propensity for entrepreneurial activity. Across Europe there is a vast difference in rates of entrepreneurial activity, but even the highest placed Member States in Europe lag behind the USA, New Zealand and Singapore. It is critical for Europe to build a culture of entrepreneurship across all Member States and the recent announcement by the European Commission of the 'European Enterprise Awards' to recognise excellence in promoting entrepreneurship is an important step in developing role models for all of the regions of Europe.

Regulation: the weight of the regulatory framework in which Europe's small businesses operate is a key factor in their competitiveness, growth and employment performance. Regulation should only be used when absolutely necessary, where the impact on competitiveness has been properly tested and the burdens they impose on small businesses are proportionate to their aims. Europe's policy makers should always 'Think Small First' and ensure that the regulatory environment is appropriate, simple, high quality, and does not place Europe's small businesses at a competitive disadvantage with their global competitors.

I would like to thank all the speakers and delegates for their hard work, support and lively debate, which made the Conference such a great success, and I would particularly like to thank Maria Borelius for her excellent facilitation. I would also like to thank the Chancellor of the Exchequer for his keynote speech to the Conference, Chris Gibson-Smith of the London Stock Exchange for his announcement about the development of AIM as a pan-European exchange, and finally Alun Michael, Minister for Industry and the Regions and Heinz Zourek of the European Commission for their participation and joint funding of the Summit.

Key Conclusions and Recommendations

Despite considerable advances over the last ten years, European risk capital markets are functioning below their potential. This reflects long-standing market failure in seed and early-stage equity finance due to problems, both in the supply of, and in the demand for, risk capital. As a result, potential innovations are not being fully exploited; Europe is losing out on jobs and growth; and very few European early stage companies exploiting innovative technologies have grown into world-class companies. Yet the role of risk capital in creating high quality jobs in the knowledge economy has been demonstrated. It is clear that more such activity is needed to enable Europe to meet the goals of the Lisbon agenda.

The Risk Capital Summit 2005 brought together a wide range of expert opinion to make recommendations on how to improve the situation. It identified the following main areas for action.

Fund size is a critical success factor for risk capital investment in early stage, high-technology businesses. Without it, risk capital backed companies will be unable to weather their difficult initial period.

Investment readiness and financial literacy are the key issues on the demand side. More needs to be done to help entrepreneurs understand the concerns of venture capitalists and so become 'investment ready'.

Europe's 50,000-100,000 Business angels provide much-needed risk capital to businesses with high-growth potential, at a stage where venture capital funds do not yet get involved. However, the business angel sector is fragmented and business angel networks need greater visibility. Closer cooperation between business angels and venture capitalists could further improve the provision of risk capital.

Private risk capital funds have had considerable difficulty raising funds from investment institutions over the last 4 years since the peak of the technology cycle. The private sector market must be stimulated to provide more risk capital for SMEs. This is particularly important where markets are less developed. An active local investor base, supported by a consistent policy environment and regulation conducive to risk capital investment, is crucial for the development of the sector.

Clear state-aid rules and public-private partnerships that work with the market could harness the potential of venture capital in promoting economic development, enterprise and innovation in disadvantaged communities and regions.

Quasi-equity and mezzanine instruments offer new innovative approaches to risk capital finance. Quasi-equity products offer flexibility and alternative financing opportunities in support of innovative and high-growth companies. Combined with securitisation they may facilitate indirect access of SMEs to capital markets.

Europe suffers from fragmented risk capital markets. A truly European risk capital market is needed to provide adequate funding for technology and high-growth companies. Different legal requirements across the Member States inhibit cross-border investments.

Mutual recognition of legal structures for cross-border investments would help venture capital funds avoid multiple taxation and reduce the complexity of managing funds in many countries. A European trading platform for growth stocks could provide the necessary liquidity for technology and high-growth companies, thereby creating the exits that would allow the venture capital industry to fund new investments.

The conference discussions led to the following recommendations for policy makers, finance markets and SME's.

Financing early stage, high-technology businesses:
- Pan-European early stage technology funds are needed. Only they can offer the economies of scale and scope of successful US technology funds. The European Investment Fund has been a vital cornerstone investor for such funds. Its activity should be expanded to reinforce the sector but excessively small funds should be avoided.

As regards investment readiness and other demand side issues:
- Entrepreneurship education should start at school through youth entrepreneurship programmes and continue through university business start-ups and beyond.

- Risk capital providers should be encouraged to provide investment readiness programmes.

- Good practice should be identified and promoted among 'investment readiness' programmes.

Business angels should be encouraged by:
- The public sector investing in co-investment funds that are available to Business Angels;

- Fiscal incentives that encourage early stage investment;

- A supportive regulatory environment; and

- Reduction of obstacles to cross-border investment.

- Raising awareness of angel finance and stimulating the demand for risk capital. The European and National Business Angel Associations should play a greater role.

- More co-operation with venture capitalists. This would be of mutual benefit and would improve access to risk capital for high-growth companies throughout their financing cycle.

To stimulate private risk capital markets:
- Fiscal incentives that encourage investment in venture capital, can be used to build a domestic investor base.

- Public participation should be channelled through a fund of funds structure to leverage private sector investment capability.

- State aid rules must protect competition and provide a level playing field, while being flexible enough to allow measures that address recognised market failures in a timely fashion.

- Public sector procurement can play a positive role in supporting new and growing businesses.

To support economic development:

- Public sector programmes should not exist without clear market failure rationale and should work in partnership with the private sector, otherwise they will lead to market distortion as they displace private sector activity.

- Coaching, education and investment readiness programmes should accompany any financial measures.

As regards innovative approaches to risk capital finance:

- Public authorities should work with the private sector to identify and understand quasi-equity markets and whether there are any market failures that are inhibiting the development of private sector markets.

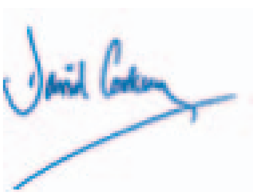
- Policy makers should exploit good practice in the provision of quasi-equity instruments.

To encourage pan-European markets:

- Mutual recognition of legal structures for risk capital and improved access to growth stock markets is needed.

- EVCA and national associations should take a proactive role in promoting equity as an asset class to investors.

- The financial sector and non-European based investors should be included in the proposed working group to look at the European regulatory and fiscal framework.



Sir David Cooksey

Introduction

As part of the UK's Presidency of the Council of the European Union between 1 July and 31 December 2005, the United Kingdom and the European Commission jointly held a major conference to discuss and make recommendations on how risk capital can support the establishment of Europe as a leader in innovation, growth and enterprise.

The Conference addressed specific issues identified as being important to the Lisbon Agenda and the 2005 Spring European Council "Working together for growth and jobs", and focussed on sharing international good practice and innovative approaches to improve access to risk capital for innovative and growing SMEs. The Conference took place in London in October with over 250 policy makers, SME representatives and members of the risk capital sector attending, from across Europe as well as the USA and Asia.

The Conference focussed on the following key areas:

- The European policy context and the challenges facing Europe;
- The importance of public markets for venture capital and private equity investment;
- The importance of high growth SMEs and their role in delivering a competitive Europe. It differentiated between the needs of such companies and SMEs more generally;
- The global risk capital market;
- Identifying existing good practice and the implications for policy makers and the risk capital sector.

<u>**The European Policy Context**</u>

Alun Michael, MP, Minister for Industry and The Regions: Mr Michael identified the global nature of competition, and that barriers to world trade are coming down. In 1980 less than one tenth of manufacturing came from the developing world, in 2005 it is almost 30% and in 2025 it will be 50%.

Wages in China are 5% of those in Europe, but China and India are no longer focussing purely on low cost, low pay industries. They have aspirations to be at the cutting edge of new technologies, high technology and high wage manufacturing. Mr Michael also stressed that innovation, growth and competitiveness are not just about technology-based companies, but apply across all European businesses.

Mr Michael stressed the need for an effective partnership between the public and private sector, to harness resources that ensure the efficient financing of high growth, wealth creating businesses that form the basis of Europe's future, and that will create prosperity and employment for all of Europe's citizens.

Heinz Zourek, Director General, Enterprise and Industry, European Commission: Revealed the results of research undertaken by the European Commission on the financing of Europe's Small and Medium sized Enterprises (SMEs). The survey covered over 3,000 small businesses in the 15 EU Member States of the old community. The key findings were:

- 75% of SMEs surveyed have sufficient finance to fund their growth;

- 5-6 million European SMEs experience difficulties in accessing finance;
- The biggest barriers to growth identified by SMEs were the complexity of social and fiscal regulations and compliance with these regulations;
- Leasing, renting and bank finance continues to be the most typical mode of SME financing with venture capital being rare;
- Only 8% of those surveyed had direct experience of venture capital.

Mr Zourek identified that Europe must do more to increase the availability of risk capital, including stimulating the demand for risk capital. He also identified the wide differences across Europe, both in financial markets and entrepreneurial culture, and the challenges this poses in developing European-wide measures to improve the availability of risk capital.

Mr Zourek highlighted the important role of the European Investment Fund in stimulating risk capital markets by working with the private sector. He also highlighted a new instrument of the proposed Competitiveness and Innovation Programme (CIP) that will stimulate risk capital markets. The Growth and Innovation Facility 1 (GIF1) will invest in businesses with high growth potential who are seeking investment of between 200,000 and 2.5 million euros.

Sir David Cooksey, Advent Venture Partners and Chairman of the European Private Equity and Venture Capital Association (EVCA): Sir David highlighted the economic importance of Private Equity and Venture Capital backed companies across Europe. Research undertaken by EVCA released at the Conference showed that:

- Between 2000-2004 the private equity and venture capital sector invested 150 billion euros in 44,000 companies across Europe, with 75% of the companies receiving venture capital and the remaining 25% financed as management buy outs;
- However, 70% of the financial resource has gone into the buy-out sector and 30% of the resource into the venture capital sector;
- Over one million new jobs have been created by these investments with the private equity sector creating 420,000 new jobs and the venture capital sector creating 630,000.
- The private equity and venture capital sector now account for 6.5 million jobs or 3% of total employment across Europe.
- Employment in companies backed by private equity has grown by 2.4% per annum, but the venture capital backed companies are showing employment growth of 30.5% per annum. The annual rate of employment growth in the EU-25 is 0.7%.
- Venture capital backed companies now employ a total of 330,000 who are engaged in Research and Development (R&D) activities with an average spending of 50,000 euros per annum per employee on R&D. This compares to an average spending across EU companies of only 8,000 euros.

Sir David highlighted the other challenges facing Europe in developing an efficient and viable risk capital market. These included:

- Developing a single fund structure that can operate across Europe. Until this happens, Europe will not have fully functioning risk capital markets that will be able to compete with the US;
- Reducing the amount of red tape and administrative barriers that prevent growing small businesses from reaching their full potential;
- Greater transparency of tax treatment across Europe and ensuring that investors have equitable treatment across Europe; and

- The importance of having a high growth stock market that will allow Europe to compete with NASDAQ by providing a platform that offers an exit route for private equity and venture capital financiers, enabling resources to be re-circulated back to investors and growing small businesses.

Sir David Cooksey also highlighted the importance of policy makers working with the markets to increase the amount of risk capital for growing SMEs. It is important to build on the success of the EIF model, and introduce measures that do not distort or displace private sector market activity.

The Importance of Public Markets for Venture Capital and Private Equity Investment

Chris Gibson-Smith, Chairman, London Stock Exchange: Informed the Conference of the London Stock Exchange's announcement that London's Alternative Investment Market (AIM) will become a truly pan-European stock market for high growth and technology companies. Research released by the London Stock Exchange has identified that a pan-European platform could have a positive impact on EU GDP of around 0.5%, which would raise an additional 50 billion euros for Europe's economies each year.

Mr Gibson-Smith told the audience that AIM was now the second largest stock market in Europe by the number of companies quoted after the London Stock Exchange, and already has a combined market value of £50 billion, with 1,315 companies now listed. Across Europe the financial services sector was calling for a pan-European market that can compete with NASDAQ and provide the liquidity that private equity and venture capitalists need to offer to investors as an appropriate exit mechanism. To date, 37 non-UK EU companies have listed on AIM with a German company listing on AIM for the first time in September. Mr Gibson-Smith informed the Conference that AIM had already begun discussions with investors, advisors and intermediaries around Europe to begin the process of creating a Pan-European Market. Local Nominated Advisors (NOMADS) will be put in place across Europe and will act as the pipeline for companies listing on AIM. He also commented that it was important that the European Commission, Member States and regulators work together to develop a regulatory framework that is proportionate for small growing companies.

The importance of SMEs and their role in delivering a Competitive Europe

Hugh Morgan-Williams, CBI SME Council and SME UNICE: Identified the difficulties in raising risk capital from 300,000 to 3 million euros, and how this was exacerbated in some of the regions of Europe who were often seen as peripheral to the main financial centres of Europe.

David White, Director of Innovation Policy, DG Enterprise and Industry, European Commission: Highlighted the importance of SMEs to Europe's economies, and the market failures that can act as a barrier to high growth companies securing the risk capital they need to finance their growth. Mr White also highlighted the lack of a European single market in risk capital and the measures that the Commission already have in place to promote the exchange of good practice across Europe.

Francis Carpenter, Chief Executive, European Investment Fund: Highlighted the role of supporting companies with high growth potential using the resources of the European Commission, and investing off the balance sheet of the European Investment Bank. To date EIF has had an impact on over 500,000 European SMEs and are focussed on early stage investment.

Michael Jackson, Director of Operations, SKYPE: Informed the Conference of the background to SKYPE and how they had used the funding from the European Investment Fund / European Commission to finance the growth of SKYPE. This has resulted in Ebay, one of America's largest Internet companies, making an offer of $2.6 billion. Mr Jackson explained how this was in part due to the early stage investment from EIF.

The Global Risk Capital Market

Mario Cardullo: Counsellor for Technology and Entrepreneurship, International Trade Administration, US Department of Commerce: Highlighted the strengths and weaknesses of the US venture capital industry. Mr Cardullo highlighted that between 1992 and 2004 $270 billion has been invested by US venture capitalists in 11,600 companies. Almost $49 billion has been lost, half of it pension fund money, which the US government now guarantees. Mr Cardullo stated that the industry claimed to show an internal rate of return of 24% for 10 years, but based on his figures it is between -1.8% and 3%.

Mr Cardullo credited the European Venture Capital Association for promulgating a uniform method for valuation, and that many of the venture capital associations worldwide, including the Asian venture capital association, have accepted it. Mr Cardullo highlighted the work of the US / European Union Venture Capital Working Group of which he headed the US delegation. The key recommendations of the Group were:

Global policy co-ordination on venture capital. In recognition of the evidence that the venture capital and private equity sector is a global industry, it is important that policy makers consider the global context when developing interventions, and learn from best practice around the globe;
Develop a Policy Makers Venture Capital handbook that recognises the cyclical nature of the VC industry and enables consistent long-term policy development;
Global Venture Capital Policies Resource Centre that will enable the development of a global internet based resource that will cover country-by country rules, regulations and documentation.

David Quysner, Abingworth Management Limited & Chairman, Capital for Enterprise Board: Presented a different view to Mr Cardullo's assessment of the financial performance of the US venture capital industry, explaining that he has experience of working at the higher end of the venture capital markets, and has offices in the US and in the UK. Abingworth manage about $700 million, which is a large amount of money for some members of the venture capital industry. Mr Quysner stressed that he has produced returns for investors,which made them want to come back for more, and he believes that is very widely spread. Mr Quysner stated that he was personally a limited partner in a number of the US venture firms who produce consistently high returns, with the exception of one short period around 2000/3. He stressed that, for the most part, the US model is able to deliver investor value through the venture capital process.

David McGlue, Director of Financial Market Operations, Directorate General for Economic and Financial Affairs, European Commission: Mr McGlue was very interested in further analysis of the data presented by Mr Cardullo, because these were not the conventional figures that are seen on US market performance. Mr McGlue stated that even leaving aside the US data, it is still very clear that the European VC markets have, on average, been very unprofitable over the last 20 to 25 years.

Mr McGlue said that on average, returns did not match the returns available from investing in stock markets, which are seen as much less risky investments. But within the overall VC data there is a group, the top 25% of funds, which are performing very well. The key question is how to increase the 25% or how to get a larger number of people in to the 25% growth group.

Shuji Kobayakawa, Organisation for Economic Co-operation and Development (OECD): Provided a short presentation concerning risk capital markets in Asia. He identified that venture capital has been on a rising trend in most of the eastern countries as everyone knows. Looking at Asian economies however the picture is somewhat mixed. While in Japan the market is surprisingly minimal, Korea seems to attract quite a lot of risk capital successfully and is one of the top performing countries among the OECD. Korean venture capital has grown significantly, which is very much related to government initiatives, including setting up a government venture capital fund, providing general tax incentives and even providing government guarantees on some investment. China is also attracting significant amounts of venture capital investment with VC investment recorded at $1.3 billion in 2004. It is clearly behind the leading OECD members but venture capital is increasingly attracted by the huge potential of the Chinese market.

As these economies offer global investors attractive alternatives, it is difficult for developed countries such as Europe and Japan to provide equally attractive investment opportunities compared to these new emerging economic giants.

Europe might be able to challenge these emerging economies by sharpening its competitive edge, by providing a better market place, by a more advanced marketing infrastructure and more effective legal or regulatory underpinnings.

These issues are not solely about risk capital markets, but by addressing market failures and by removing barriers in financial markets you provide a better environment for SMEs as well. Mr Kobayakawa identified some other measures that OECD member countries had taken including:

- The streamlining of bankruptcy proceedings which tend to be very long and painful, and where there is significant room for improvement;
- Measures that protect shareholders rights could also help improve the entrepreneurial culture.

Day Two – Keynote Speech

The Rt Hon. Gordon Brown MP, Chancellor of the Exchequer: The Chancellor stated that in a world of advanced industrial economies, creativity and inventiveness were becoming even more important and were at the heart of Europe's future competitive success. No economy could insulate itself from global economic forces; the European Union needed to change, and the policies of the European Union needed to respond to that changing environment. To meet global competition, Europe could not afford to be inward looking but needed to reform and modernise and be competitive.

Venture capital was ever more critical, as the vital support that young companies needed to grow was the key to unlocking a future that is global and intensely competitive. In 2004, European venture capital investments reached a record level of £25 billion. Yet less than 0.1% of European GDP was invested as early stage venture capital, which was half the level of the United States of America. If the European Union countries had the same level of venture capital as United States, there would be at least £6 billion more venture capital each year, twice what is now available across Europe, to invest in small growing and expanding businesses, creating potential growth, jobs and prosperity.

The Chancellor focussed on the actions for Member States, stating that national governments needed to focus on what they did well and get out of what they were doing badly. They needed to invest in science, skills and infrastructure and listen at every stage to the concerns of business and seek to remove all barriers that were holding enterprise back. The Chancellor welcomed the efforts made by many member states in cutting through red-tape and stated that this needed to be matched by a clear and sustained commitment within Europe to reduce the administrative burdens imposed by unnecessary European regulations.

Modernising the approach of the European Union would enhance flexibility with a risk-based approach; meaning in practice there would be no inspection, form filling, or information requirements, without justification. Europe also needed to ensure that its funds were used in a way that enhanced the market, supporting high growth businesses in their early stages and fostering cooperation between companies, business angels and venture capitalists. Additionally, the Commission needed to complete the revision of the state aid guidelines, and ensure that member states were allowed to introduce policies that effectively targeted those market failures that have been inhibiting risk capital investment, as well as the state failures.

The challenge was not just for government, but for the market as well, for investors and entrepreneurs to help create a dynamic, innovative and entrepreneurial Europe.

Identifying existing good practice and the implications for Policy Makers and the Risk Capital sector

Workshop 1 - FINANCING EARLY STAGE, TECHNOLOGY COMPANIES
Summary of Presentations and Key Findings from the Discussions

Anne Glover (Chair)
CEO Amadeus Capital Partners
Rolf Dienst
Founder and Partner Wellington Partners
Dominique Vidal
Vice-President Yahoo Europe

Frits van der Have
Life Science Partners Dutch VCA TechnoPartner
Prof Gordon Murray
University of Exeter
Dr Johannes Velling
Ministry of Economics (Germany)

The **Chair** opened with a presentation setting the question "Can a European-based Venture Capital firm deliver globally competitive returns?" The presentation demonstrated the significant difference in scale between US and EU venture financings (an average of 26.1m euros cumulative investment per company in IT companies in the US, compared to 7.5m euros in Europe in 2005), the greater reliance in Europe of "insider rounds", and the higher volume of seed and later stage finance available in the USA. The presentation proposed that the European market, whilst maturing and producing funds of viable size, still had some way to go to enable sufficient capital to be provided to companies in order to maximise their value at exit. The presentation concluded that Europe could deliver competitive returns, if and when it can fund the development of globally competitive companies. That would need funds of scale managed by experienced General Partners.

Dominique Vidal set out some of the issues impacting on the relationship between VCs and entrepreneurial businesses. He felt that VCs need a greater sense of how to run a small business and how to support entrepreneurs. He identified the need for a greater understanding between entrepreneurs and their VC backers, particularly at the time of exit, when very different objectives could exist. He recommended that entrepreneurs should select carefully their VC partners and that VCs should take care in selecting their investing partners.

Rolf Dienst questioned why Europe could not generate globally competitive returns when world class technology was developed there. He suggested that: entrepreneurship should be a greater part of school and university learning, that better support of business angels and seed investors was needed, that there needed to be a clear structure for the taxation of VC funds and entrepreneurs, that the early-stage VC industry needed to rebuild after the "internet storm" (and that EIF was helping with this); that more support be given to "close to market" research and that pension funds and insurance companies should be required to invest in private equity.

Frits van der Have identified some challenges and bottlenecks in the financing of biotechnology. He identified a lack of entrepreneurial scientists and experienced pharma and bio executives, underdeveloped technology transfer functions at universities, and an equity gap.

In examining the issue of the equity gap, he suggested that public intervention is only appropriate where there is a market or system failure, that any interventions should be market-oriented and market-led, should cover the range of the innovation process and should ideally be pan-European in order to generate scale.

Professor Murray pointed out that investing institutions were very sceptical of investing in European venture funds as opposed to US funds. He noted that European VCs were becoming more risk-averse. Research suggested that successful US funds were increasingly specialist, large in size, syndicated early in each deal, had expert managers and made larger investments per investee enterprise. By contrast, EU funds tend to have insufficient funds under management to properly support investee companies, inexperienced managers, and rely too often on soft public money. He identified that Governments often support small, under-managed funds and had been known to exert political influence on their investment criteria. In looking at the level of seed investments, it was striking to note that US funds of over $1 billion had over 20% by number of their investments at seed stage. Professor Murray also noted that the most successful investment model was "first in, last out" - only that way could returns be maximised. He noted that economies of scale and scope were very important in VC investing, and that public policy needed to recognise that investors need to ruthlessly identify the very best, irrespective of region or sector.

Dr Velling presented the German experience of public intervention and the lessons learned from it. He identified the moral hazard associated with public sector intervention and that it was often not best placed to make investment decisions. He recommended that investment should be market-led with the Government setting the framework and giving funds for investment to professional managers. He set out the detail of the new German interventions, operating through the EIF, co-investing on equal terms with business angels and VC firms, and providing resources for seed investment, an area the private market was currently not serving.

<u>Key Findings</u>

Policy Makers need to:

- Recognise that **scale** is vital to successful VC investing as
- portfolio companies need to be adequately funded;
- returns can only be maximised by funding from start up to exit;
- scale will generate and build experienced fund managers;
- Scale cannot be generated by many small funds, dissipating management skills and foregoing economies of scale and scope;
- Understand that the VC industry's move to later stage is probably necessary in order that fund managers can generate the returns which will allow them to raise the larger funds they need in future;
- Recognise that not every decision not to invest is a market failure. VC is not necessarily an instrument to achieve a broad variety of public policy desires;
- Accept that the market makes the best investment decisions and needs support during difficult times in order to achieve sustainability. Understand the need to work with markets, not to compete with them or to distort them.

Workshop 2 - BUSINESS ANGELS FINANCE

Summary of Presentations and Key Findings from the Discussions

Brigitte Baumann (Chair)
Founder and CEO, Go Beyond Ltd
Anthony Clarke
President of EBAN
Andrew Stevenson

Leo Billion
Private Business Angel, Belgium
Paulo Anselmo
Managing Director, Centro Sviluppo spa
E-synergy

The **Chair** opened with a reminder of the importance of angel finance. There are estimated to be between 50,000 and 100,000 angels active in Europe, investing several billion Euros into SMEs. The sector could be more efficient, a lot of angel activity goes unrecorded and networks need greater visibility and accountability.

Andrew Stevenson explained how E-synergy operates as a hybrid between a business angel network and a VC fund. He outlined the three risks faced in early stage investing: Technology risk – would the product work? Market risk – would it sell? And Management risk – were the managers sufficiently skilled and committed? The right business angels could help with all three of these risks.

Leo Billion identified that supply and demand in the sector was not well matched. Most VC and bank finance have moved away from pre-start and seed investment. VC has moved towards buyouts, and banks have de skilled at branch level. Angels too are recovering, having lost money at this end of the market. Policy makers need to understand that angels are all different (unlike banks and VCs) but characterised by their optimism. The lesson is, that SMEs always require more funding than they initially ask for, and exits always take longer than planned.

Paulo Anselmo identified that the demand side was important. This had been recognised across the EU as contributing to high transaction costs with a resulting reduction in investment. There is a need to increase the investment readiness of entrepreneurs – to make the businesses more ready to receive angel investment. There is also the continuing problem of equity aversion where an entrepreneur would be reluctant to give up part of their business, even though that would give them the chance to own a more valuable part of a much larger business.

How can policy makers stimulate business angel activity without distorting or duplicating private sector activity?

- Tax incentives were felt to be an important stimulus to increasing investment levels. The UK's Enterprise Investment Scheme was felt to work well. This would be an action for taking forward at National level.
- The number of cross border angel investments was not great but some angels invest in particular narrow sectors and these would operate across borders. At an international level it would be better if tax systems interacted in such a way that it was easier to avoid having to pay tax in two jurisdictions and claim it back from one.
- Better information would help highlight the importance of angels in areas where other investors were not active. Action at National and EU level should be taken to improve the amount of information available, which could then inform future policy initiatives.

- There was reluctant agreement that central funding of more angel networks was not the way forward. Good networks should develop on the basis of the service they provide customers (investors). Support for networks should be on the basis of specific service provision such as management of an investor/investment readiness programme or a co-investment fund.
- Co-investment funds in the UK were felt to have provided a boost to the number and quality of angel deals done. It was recommended that more money be available for such programmes but that they should only invest pari-passu with angels and not contain subsidy. It was also felt that care should be taken in selecting the best managers for these funds.
- The rules on public sector procurement should be looked at to make it easier for public authorities to encourage SMEs to bid for high technology projects; particularly where these projects were piloting or testing new products.

What measures are required to ensure that business angels and venture capitalists can work collaboratively and avoid investment conflicts?

It was agreed that the impetus for improving angel and VC relationships would have to come from practitioners and not governments.

- The problem was worst where angels had initially overpaid for investments. This left no option for future VCs but to dilute the angel. It was partly an education issue, angels needed to pay close attention to cash and cash burn rates – once the cash in a company had run out VCs would only buy at a discount.
- It was wrong to assume that percentage share ownership equalled power. Angels were vulnerable where they could not follow investments with new money. Early syndication could help.
- Angels should seek to get VC partners in earlier; some VCs would be easier to work with than others.
- Angels could make themselves more attractive, for example by doing more structured due diligence and demonstrating the other benefits they bring such as strengthening the management.
- Trade associations should seek to improve their working relationships and then provide information to members that would enable them to work better together.

How can business angels increase their presence and activity with SMEs across Europe?

Measures to stimulate activity and improved information flows would raise the profile of angels.

- Trade associations had a role in providing information and maintaining the visibility of angels. Practical examples would be a directory of networks along with press notices and other events to promote public awareness.
- There should be scope for increased cross-border co-operation – particularly where regions were economically linked.

Workshop 3 – DEMAND SIDE ISSUES – INVESTMENT READINESS

Summary of Presentations and Key Findings from the Discussions

Martin Wyn Griffith (Chair)
Chief Executive, Small Business Service
Christophe Guisset
Business Angels Matching Services
Alberto Trombetta
Finlombarda SpA

Jean-Bernard Schmidt
Managing Partner & Chairman, Sofinnova
Uffe Bundgaard-Joergensen
Chief Executive, I.TecNet

The **Chair** opened the workshop by stating that there appeared to be a demand side gap, and quoted the figure used by Alun Michael that suggested that only 8% of SMEs in Europe were using venture capital, but that 25 % of SMEs wanted to grow. The public sector can play an important role in pump priming activity, but the VC sector could do more to raise awareness of risk capital. SMEs could also do more to understand the requirements of external investors. In the UK a number of activities have taken place to improve the demand for external finance including the publication of 'No-Nonsense' guides to finance, advice on access to finance issues through the businesslink.gov website, work with the accountancy profession to improve the advice being given to small businesses seeking risk capital and a number of 'investment readiness' projects.

Alberto Trombetta set out the experience of Finlombarda operating in the Lombardy region of Italy. There was a significant misunderstanding of venture capital by small businesses and academics, who often thought it was some form of grant / soft loan. Initiatives undertaken by Finlombarda included a voucher scheme that could be used by SMEs with venture capitalists and lawyers, and engagement with local universities to stimulate spin out activity. Alberto highlighted the need to have more success stories such as SKYPE that would catch the attention of entrepreneurs and publicise the benefits of risk capital.

Jean-Bernard Schmidt stressed that venture capitalists were keen to build and grow businesses, but entrepreneurs must be willing to create wealth and value in the business, and be prepared to share that wealth with investors. Investors not only provide funding, but are also key partners in the business and need to be involved in management decisions. However, one of the main issues for entrepreneurs is that of control. If they are willing to take on external investment and share the risks, then entrepreneurs must also share control and report to external partners. If entrepreneurs want to control the businesses then it was unlikely that they will fulfill their growth potential. Jean-Bernard also stressed that the industry needed to do more to stimulate demand including being more proactive in publicising the benefits of risk capital and the economic contribution it makes to society.

Uffe Bungaard-Jorgensen highlighted that there are a lot of misconceptions about risk capital by entrepreneurs, as they often do not understand the requirements of investors, and believe that investors undervalue the business. For their part, investors often assume that SMEs fully understand the intricacies of risk capital and have an advanced level of financial management skills. I.TecNet have developed an online self-assessment tool, Investor Net, which helps entrepreneurs become 'investment ready'.

Key Findings and Conclusions:

Entrepreneurship education is vital if Europe is going to change cultural attitudes to enterprise. This must start at the age of 5 and go through to the age of 50; EVCA / EBAN and national associations must play a greater role in highlighting the economic role of risk capital and should raise awareness amongst Europe's SMEs through meaningful examples and case studies such as SKYPE;

Supply and demand for risk capital are equally important and there are some good examples from across Europe such as Investor Net and 'No Nonsense' Guides to finance. However, it is important not to re-invent the wheel, but to learn from existing good practice;

Providers of risk capital have a close interest in successful support programmes such as investment readiness. Member States and the European Commission should consider making stronger links between investment readiness and risk capital funds.

Workshop 4 - DEVELOPING RISK CAPITAL MARKETS – GOOD PUBLIC SECTOR PRACTICES
Summary of Presentations and Key Findings from the Discussions

George Kintis (Chair)
CEO, TANEO
Jouni Hakala
European Investment Fund
Julian Tzvetkov
President Hungarian Venture Capital Association
Robert Manz
President Polish Private Equity Association
Ardo Reinslau
CEO, Docobo
Sylvia Gansser-Potts
Senior Banker, EBRD

The Chair set out that the problem was to create a venture capital industry where none existed. He cited an example: a convertible bond of 100m euros was auctioned, where the minimum return was set at the figure that the investors in VC wanted the government to guarantee. The lessons from this experience were: (1) governments should stay away from directly managing equity funds; (2) private sector involvement is needed; (3) simplify the EU state aid clearance process.

Ardo Reinslau explained that from the SME viewpoint, the protection of intellectual property rights is extremely expensive. The funding of research is problematic when you do not have your own funds to invest. The EU framework programme projects are too big, with 20-30 partners that do not have a common interest, which lowers their usefulness.

Robert Manz identified that almost all venture capital is imported from outside Poland, as there are no domestic investors. This adds complexity to VC operations. There are no seed investments as successful managers move towards more profitable later-stage deals. At the supply side, there is a lack of entrepreneurship.

Julian Tzvetkov explained that investors are based outside Hungary. The banking sector is reducing its VC investments because of the new capital requirements. The state aid notification process is long and difficult. The state aid definitions are too narrow and are not practical in Central Europe. The lesson is that there should be flexibility to allow the markets to take the necessary actions according to their level of development.

Sylvia Gansser-Potts stated that creating a sustainable industry requires: (1) measures that are appealing for investors; (2) policy that is consistent over time; (3) investing counter cyclically; (4) a domestic investor base. A single European market would help both entrepreneurs and investors.

Discussion:
In general, to build a venture capital market, many countries would need to build a domestic investor base; to find ways to make the economics of early-stage investment work; promote entrepreneurship; create a working European fund structure; and create incentives to invest.
The use of the fund-of-funds structure was advocated, leveraging private investments made by quality teams. It is important not to distort the emerging VC market. Smart money was needed for investment, something that the public sector cannot provide. In this context, angel investors are extremely interesting.

The questions for the group were:
1. How to stimulate risk capital markets?
2. What can be learned from Member State experiences?
3. What is the single most important thing the policy makers could do?

Key Findings

- No silver bullet for policy-makers, but a series of things that should be done:
- Create a domestic investor base with incentives to encourage successful investment.
- Use private funds and a fund-of-funds structure.
- Simplify the state aid notification process.

Day 2

Workshop 1 – THE ROLE OF RISK CAPITAL IN ECONOMIC DEVELOPMENT

Summary of Presentations and Key Findings from the Discussions

Guy Rigaud (Chair)
Vice President, UNICE
José Figueiredo
IAPMEI/ UFIVE
Johann Sollgruber
DG REGIO, European Commission

Denis Marnane
Enterprise Ireland
Volker Zulegar
DG COMP, European Commission
Karen Darby
CEO, SimplySwitch

As indicated during the opening session by Mr Morgan Williams, CBI, it is easier to find an investor when an entrepreneur has an idea in London or Cambridge than in North East England, it is even more difficult in Western Spain, Northern Greece or Southern Estonia.

The general market failure is even more evident in less developed areas of the EU. There are supply and demand side reasons for this market failure. On the supply side: in less developed regions very often there is not enough deal flow to establish a fund. There is less risk capital investment in companies at their early stage in these regions. At the same time, the supply of excessively small amounts of risk capital is not profitable for funds.

On the demand side: entrepreneurs do not always understand what risk capital is. They need to know that it is not soft money. Moreover entrepreneurs are often not investment-ready with their projects.

The role of governments and the Structural Funds is to establish the appropriate framework for risk capital to flow into these regions. Public risk capital programmes must not distort emerging private sector markets. Public sector participation should be channelled through a fund of funds structure to leverage private sector investment capability. Public-private partnerships are recognised as a proven model.

Enterprise Ireland was mentioned as an example of good practice:
- it uses the pari passu approach to promote commercial discipline, but
- it follows its own agenda (innovation, growth, employment).

At the same time there was no consensus on the pari passu approach. A minority expressed the opinion that a more subordinated approach than pari passu is sometimes necessary to get things started. This is also the view of the Directorate General for Regional Policy of the European Commission.

It was highlighted that coaching, education and investment readiness programmes should accompany any financial measures.

It was mentioned that State aid rules need revision. State aid rules must protect competition and provide a level playing field, while being flexible enough to allow measures that address recognised market failures in a timely fashion. Access to state aids for emerging markets of the 10 new Member States should be simplified.

Currently the next set of State aid rules on risk capital is under discussion.

Workshop 2 – NEW APPROACHES TO RISK CAPITAL FINANCE – INCLUDING QUASI EQUITY AND MEZZANINE FINANCE

Summary of Presentations and Key Findings from the Discussions

Stephan Opitz (Chair)
KFW
Ray Perman
Chair, Small Business Investment Taskforce
Petri Laine
Partner, Veraventure
Paul Currie
Natural Café

Poul Bukbjerg
Investment Director, Vaekstfonden
Christian Stein
Austria Wirtsschaftsservice
Arnaud Caudoux
Sofaris

There is no exact definition of mezzanine finance. It is a hybrid of equity and loan. But there are a broad variety of instruments: some near equity and other nearer to classical loans. Mezzanine finance and quasi equity products are used for a range of transactions, and can also be of interest for innovative SMEs. They can offer flexibility and alternative financing opportunities in support of innovative and high-growth companies. It has to be noted though that mezzanine finance products are not soft loans and come at a higher price.

Mezzanine finance could contribute to remedying some European cultural characteristics, such as risk aversion and reluctance of entrepreneurs to share control of their business. It can also be very useful for SMEs that do not have collateral and/or need to strengthen their equity base. Combined with securitisation, mezzanine finance may facilitate indirect access of SMEs to capital markets.

Public institutions can play an important role in facilitating access to mezzanine finance products for SMEs (examples include Finland, France, Austria, Germany). Programmes are however relatively recent and there is ample room for expansion: the EU currently has a 4 to 6 billion euro market to be compared with 38 billion $ in USA. It was highlighted by the participants that public authorities should work with the private sector to expand the quasi-equity market. This is crucial to secure the sustainability of programmes and to provide a commercial basis.

Participants stressed the need for an exchange of good practices in the field. They added that policy makers should make use of these good practices in the provision of quasi-equity instruments.

The next Competitiveness and Innovation Programme intends to support mezzanine finance at European level. It will mainly target innovative SMEs and transfer of businesses.

Workshop 3 – ENCOURAGING PAN EUROPEAN MARKETS

Summary of Presentations and Key Findings from the Discussions

Martin Graham (Chair)
Director of Market Services and Head of AIM
London Stock Exchange
Javier Echarri
Secretary General
European Venture Capital Association
Andrew Price
Policy Analyst, Enterprise Team, HM Treasury
Avanti Screen Media Group
Professor Christoph Kaserer
Munich University of Technology
Financial Services Policy and Financial Markets

Stephen Schweich
Managing Director
Mooreland Partners LLC
Pascal Lagarde
Chief Executive, CDC Enterprises
David Williams
Chief Executive
David Wright
Director
DG MARKT, European Commission

The **Chair** set out the findings of independent research undertaken on behalf of the London Stock Exchange, which showed that there is an urgent need to develop a pan-European Growth Stock Market that can provide a liquid market for technology and high growth companies. The announcement by the London Stock Exchange about the development of AIM as a pan-European market was an important step in helping to develop an equity culture and enabling Europe to have a secondary market that could compete with NASDAQ.

Stephen Schweich agreed that Europe must have a high growth market to enable technology and high growth companies to achieve an IPO. Europe has suffered from fragmentation of rules and regulations. It was also important that Europe is able to develop more sector based research for investors which could allow comparisons to be made on a European and global basis.

Christoph Kaserer identified a number of key challenges in developing a pan-European Market including the fragmentation of markets and the size and scale of secondary markets. While this may not be an issue for the UK, it is clearly a problem for other parts of Europe, where the percentage of GDP covered by companies listed on public markets is less than half of that in the US and UK. It was also identified that domestic bias continues to be an issue for investors, as they tend to invest locally. Regulation and culture were also cited as other reasons why European markets are fragmented.

David Williams explained the background to Avanti Screenmedia and how they had initially received investment from a Regional Venture Capital Fund backed by the UK Government. This has enabled the company to grow rapidly and then list on AIM, which enabled the business to secure further investment from private and retail investors.

David Wright stated that the role of policy makers is to create the right environment and regulatory conditions for markets to flourish, that there is appropriate investor protection and financial stability. It is not for policy makers to state whether there should be one single pan-European market or several, but Europe has suffered in the past from too many small and inefficient markets.

Pascal Lagarde stated that he did not believe that Europe had effective growth stock markets, but believed there was now a greater recognition that this was important if Europe was going to compete globally. A recent development in France concerning the regulation of IPOs was very promising.

Legal Structures

Javier Echarri introduced the discussion on European Legal Structures and identified that to invest across Europe, risk capital funds currently need to comply with 25 different sets of legal requirements. This is a significant barrier to encouraging a single market in risk capital investment.

Pascal Lagarde talked about the difficulties CDC had experienced in establishing a joint French and German expansion capital fund. Despite exploring various legal structures in France, Germany, Luxembourg and Italy for two years, the Fund was never launched.

David Wright explained that the Commission was acutely aware of the difficulties in developing a single fund structure. There were a number of Commission activities that could impact on investment activity including Directives on Pensions, Insurance, Real Estate and UCITS. The Commission would establish a working group that would look at the difficulties caused by a fragmented legal framework and would also explore the scope for mutual recognition and the impact of different tax regimes. This issue needs to be addressed, but will not be resolved quickly.

Conclusions and Recommendations

- The risk capital industry, EVCA / National Venture Capital Associations must actively promote equity as an asset class to investors. It is important that this investment model finances SMEs as well as listed companies.
- The European Commission and Member States must develop a truly single market in the provision of risk capital if Europe is to compete with the US and Asia. This includes an appropriate regulatory and legal framework that builds on existing best practice, is fit for purpose and takes a 'light touch' in approach. Consideration should be given to mutual recognition of legal structures for risk capital. There must be a level playing field in regulation across Member States. However, policy makers and industry representatives have differing perspectives on what the priorities should be with policy makers focussed on appropriate corporate governance arrangements and robust, transparent standards. Industry wants fairer competition and simpler legal and taxation regimes.
- It is important for policy makers not to distort emerging private markets. The announcement by the London Stock Exchange concerning a pan-European AIM is important, but there is no role for policy makers other than to create the right environment and regulatory framework.
- The European Commission should ensure that Member States, the financial sector and non-European based investors are all included in the proposed working group that will look at the European regulatory and fiscal framework.

Speakers at the Risk Capital Conference Plenary Sessions

- **Rt. Hon Gordon Brown MP**
  Chancellor of the Exchequer
- **Mario Cardullo**
  Counsellor for Technology and Entrepreneurship, ITA, US Dept of Commerce
- **Francis Carpenter**
  Chief Executive, European Investment Fund
- **Sir David Cooksey (Conference Chair)**
  Chairman, European Venture Capital Association
- **Barry Gardiner MP**
  Parliamentary Under Secretary of State for Competitiveness
- **Chris Gibson-Smith**
  Chairman, London Stock Exchange
- **Michael Jackson**
  Director of Operations, SKYPE
- **Shuji Kobayakawa**
  The Organisation for Economic Co-operation and Development
- **David McGlue**
  Director, Financial Market Operations, DG ECFIN, European Commission
- **Alun Michael MP**
  Minister for Industry and the Regions
- **Hugh Morgan Williams**
  Chairman, CBI SME Council, and Vice Chair, SME Committee, UNICE
- **David Quysner**
  Chairman, Capital for Enterprise Board
- **Michael Snyder**
  Chairman of the Policy and Resources Committee, Corporation of London
- **David White**
  Director of Innovation Policy, DG ENT, European Commission
- **Martin Wyn Griffith**
  Chief Executive, Small Business Service
- **Heinz Zourek**
  Director General ad interim, DG ENT, European Commission

Delegates attending the Risk Capital Conference

Bob	Pegler	Minister-Counsellor (Industry, Tourism and Resources)	Government of Australia
Erich Austrian	Kühnelt	Referent	Wirtschaftskammer Österreich - Federal Economic Chamber
Martin	Winkler	Economic Policy Department	Bundesministerium für Wirtschaft und Arbeit (Federal Ministry for Economic Affairs and Labour)
Frederic	Beguin		Belgium
Michael	Berendt	Senior Policy Adviser	Fleishman-Hillard Europe, Belgium
Mark	De Colvenaer	CEO	Brabo Ventures, Belgium
Virginie	Goupy	Consultant	Vigiecom Europe, Belgium
Anna	Krzyzanowska	Policy Officer	European Commission
Christian	Lossgott	Head of Brussels Office	Austria Wirtschaftsservice/ERP-Fonds
Charlotte	Stausholm	Chairman	Brabo Ventures, Belgium
Lei	Shen	Managing Director/Shanghai	Dow Jones & Company, China
Jasminka	Dinic	Minister Counsellor	Embassy of Croatia
Kresimir	Dragic	Assistant Minister	Ministry of Finance, Republic of Croatia
Roberta	Poza		Taxation and Customs Union DG, European Commission
Jean-Philippe	Burcklen	Head Of Division, Venture Capital	European Investment Fund
Edward	Claessen	Venture Capital Officer	European Investment Fund
Philippe	Defreyn	COO	EVCA
Emma	Fau Sebastian	Public Affairs Coordinator	EVCA
John	Holloway	Director, Operations	European Investment Fund
Anna	Jarosz-Friis	Administrator	Enterprise and Industry DG, European Commission
Patrice Baule	Lefeu	Executive Director	World Investment Conference La
Claire	Munck	Project Manager	European Business Angel Network - EBAN
Georges	Noël	Director Research, Public Affairs & Development	EVCA
Nathalie	Oghlian	Administrator	European Commission
Peter	Parlasca	Principal Administrator Commission	DG ECFIN, European
Marie Annick	Peninon	Consultant	EVCA
Justin	Perrettson	Public Affairs and Strategy	EVCA
David	Reed	Asset Management	European Commission
Christian	Saublens	Director of the Secretariat	European Business Angel Network - EBAN
Amy	Spenlove-Brown	Press Officer	EVCA
John	Thompson	Financial Counsellor	OECD

David	Walburn	President	European Association of Development Agencies - EURADA
David	Walker	Head Of Division, Venture Capital	European Investment Fund
Petra	Kursova	Head of Section	CzechInvest
Tea	Danilov	Head of Technology and Innovation Division	Ministry of Economic Affairs and Communications of Estonia
Pirko	Konsa	Head of Enterprise Division	Ministry of Economic Affairs and Communications of Estonia
Viljar	Lubi	Economic Counsellor	Estonian Embassy
Marika	Popp	Executive Officer	Ministry of Economic Affairs and Communications of Estonia
Andrus	Treier	CEO	KredEx, Estonia
Pirjo	Toivanen	Trade Commissioner	Finpro, Embassy of Finland
Nadia	Bouzebra		France
Miya	Pellissard-Yadan		France
Thomas	Demmel	Attorney-at-Law / CEO of SME´s	Buse Heberer Fromm / European Legal Alliance, Germany
Peter	Gombert	Chief Financial Officer Germany	Dr. Neuhaus Techno GmbH,
Ute	Guenther	Vorstand Netzwerk Deutschland e.V. (BAND)	Business Angels Agentur Ruhr e.V. (BAAR) und Business Angels
Roland	Kirchhof	Vorstand	Business Angels Netzwerk Deutschland BAND
Karsten W.	Parchmann	COO	Prime Invest Consult OÜ, P & P International, Germany
Guido	Wünschmann	Market Policy	Deutsche Börse AG
Werner	Zoellner	General Partner	SEED, Germany
Nick	Ehrhart	Economic Researcher	KfW Bankengruppe, Germany
Charalampos	Pappas	Finance Director	New Economy Development Fund SA, Greece
Viktor	Deri	Chairman of Board of Directors	SME Development Fund, Hungary
Andras	Hirschler	Trade Commissioner	Hungarian Embassy. Trade Commission
Zoltán	Lex	Deputy CEO	Hungarian Development Bank
Csaba	Palicskó	Head of Brussels Representative Office	Hungarian Development Bank
Zsuzsanna	Lakatos Lukács	Counsellor	Ministry of Economy and Transport, Hungary
Ildikó	Leskó Kecskés	Counsellor	Ministry of Economy and Transport, Hungary
Gerard	O' Brien	Economist	Enterprise Ireland
Feargal	Ó Móráin	Director - Corporate & Investment Service, Policy, Applied Research & Commercialisation	Enterprise Ireland
Alessandra	Bechi	Tax & Legal Responsible	AIFI, Italy
Roberto	Del Giudice	Head of Research & Study	AIFI, Italy
Daniela	Fiori	Government Officer	Ministry Industry and Trade, Italy
Anna	Gervasoni	General Manager	AIFI, Italy

Romani	Lamberto	Dirigente	Ministero dell'Economia e delle Finanze, Italy
Dairis	Calitis	Chairman	Latvian Venture Capital and Private Equity Association
Martins	Jansons	Head of the Structural Funds Programming and Evaluation Unit	Ministry of Economics of Latvia
Aleksejs	Sviridenkovs	Executive Director	Union of SME of the Riga Region, Latvia
Zita	Gurauskiene	Director General	INVEGA, Investiciju ir verslo garantijos, Lithuania
Inga	Beiliuniene	Chief Officer of Small and Medium Business Division	Ministry of Economy of the Republic of Lithuania
Peter James	Sant	Senior Economics Officer EU Affairs	Bank of Valletta plc, Malta
María de Lourdes	Dieck Assad	Ambassador	Embassy of Mexico
Charles	Harding	Director Corporate Finance & Advisory Division	Invest Northern Ireland
Trevor	Cooper	Head of EU and Finance Division	DETI, Northern Ireland
Gillian	McKenna	Corporate Appraisal and Advisory Division	Invest Northern Ireland
Johan	Bjorkevoll	Senior Adviser	Innovation Norway
Stein	Jodal	Special Adviser	Innovation Norway
Karl George	Johannesen	Adviser	Ministry of Trade and Industry, Norway
Erik	Welle-Watne	Director	Innovation Norway
Pawel	Bienkowski	Chief Specialist	Ministry of Economic Affairs and Labour, Poland
Bartosz	Drabikowski	Director of Financial Institutions Dept.	Ministry of Finance, Poland
Krzysztof	Gulda	Director of the Department of Innovation	Ministry of Economic Affairs and Labour, Poland
Boena	Kujawa	Head of the Division Poland	Ministry of Economic Affairs and Labour,
Barbara	Nowakowska	Secretary General	Polish Private Equity Association
Michal	Olszewski	Director	Lewiatan Business Angels, Poland
Piotr	Slawski	Junior Specialist/ Financial Institutions Unit	Polish Agency for Enterprise Development
Krzysztof	Trepczynski	Minister Counsellor (Polish Embassy in London, Economic and Commercial Department)	Ministry of Economy Affairs and Labour, Poland
Aneta	Wilmanska	Deputy Director	Ministry of Economic Affairs and Labour, Poland
João Carlos Mendes Reis	Arantes e Oliveira	Managing Director	Espírito Santo Capital - Sociedade de Capital de Risco SA, Portugal
Helder	Beça	Network Manager	NBB National Business Brokers, Portugal
José	Furtado	Vice-Chairman of the Board	IAPMEI - Portuguese SME Agency
Margarida	Matos Rosa	Adviser	Unidade de Coordenação do Plano Tecnológico, Portugal
João	Vicente Ribeiro	President &CEO	PME Investimentos, SA, Portugal
Dana	Gheorghe	Director	Ministry of Education and Research, Romania

Mihaela	Petre	Economist	Ministry of Education and Research, Romania
Udovít	Balco		National Agency for Development of Small and Medium Enterprises, Slovak Republic
Katarina	Kohutikova	Director of Social Policy Institute	Ministry of Labour, Social Affairs and Family of the Slovak Republic
Michal	Krajcovic	Deputy General Director	SZRB,a.s., Slovak Republic
Miriam	Obdrzalkova	Chief State Counsellor	Ministry of Economy of the Slovak Republic
Juraj	Poledna	Advisor	National Agency for Development of SMEs, Slovak Republic
Monika	·Imová	State Mentor	Ministry of Economy of the Slovak Republic
Jorge	Aranzabe Spain	Financial Director	Gestion De Capital Riesgo Pais Vasco,
Jordi	Campàs Velasco	Economist	Freelance, Spain
Marc	Casellas	Chief Financial Officer	BCN Empren SCR, Spain
Rodríguez Duarte	M. Luzdivina		Spain
Victor	Portillo	Head of Unit	Spanish Treasury
Oriol	Sans	Project Manager	Catalan Government - CIDEM
González Marroquín	Víctor Manuel		Spain
Eva	Pando	Manager Director Innovación (CEEI), Spain	Centro Europeo de Empresas e
Magnus	Aronsson	Managing Director Business Research Institute, Sweden	ESBRI - Entrepreneurship and Small
Göran	Lättman	Special Adviser business funding	Nutek, Swedish Agency for Economic and Regional Growth
Johanna	Orth	Deputy Director	Ministry of Finance, Sweden
Marco	Zatta	Scientific Collaborator	State Secretariat for Economic Affairs (seco), Switzerland
Lutz-Peter	Berg	Science & Technology Attache	Swiss Embassy London
Karen	Wilson	Founder	GV Partners, Switzerland
Davy	Berghmans	Policy Advisor	Ministry of Economic Affairs, The Netherlands
Richard	De Rooy	Chairman	Stichting Primus Lapis, The Netherlands
Jan	Dexel	Programme Manager / Senior Policy Advisor	Ministry of Economic Affairs, The Netherlands
Dinand	Maas	Project Leader	Ministry of Economic Affairs, The Netherlands
Mira	Stol-Trip	Senior Policy Advisor	Ministry of Economic Affairs, The Netherlands
Martin F.	Stutterheim	Director TechnoPartner	Ministry of Economic Affairs, The Netherlands
Fenrir	Van Koert	Project Adviser	Technopartner, The Netherlands
Richard	Al-Saffar	Economist	HM Revenue and Customs
Rolande	Anderson (Ms)	Deputy Director General	DTI
Sheila	Bailey	Chair	Prya UK Capital plc

Robert (Bob)	Barnsley	Investment Director	Advantage Business Angels
Shaun	Beaney	Development Manager	Corporate Finance Faculty
Daniel	Brown	Adviser	HM Treasury
Ian	Callaghan	Executive Director	Morgan Stanley
Martin	Carr	Finance Specialist	Exemplas Ltd
Reginald	Clark	Director	Enterprise Private Equity
Peter	Claydon	Group Commercial Director	YFM Group Ltd
Paul	Constant	Commercial Manager	Bio Life Technical LLP
Ken	Cooper	Deputy Director, Investment and Portfolio Management	Small Business Service
Alain	Duchesne	Partner	Bio Life Technical LLP
Geoffrey	Edge	Chairman	W M Enterprise
James	Edwards	Deputy Chief Executive	Finance South East Limited
Lawrence	Fenelon	Chief Executive	Beauchamp Technology
Lucy	Findlay	Head, Enterprise Group	CBI
Patrick	Frederick	Chief Executive	Aimex International
James	Gardner	Seed Fund & Ventures Director	Advanced Technology Institute UniS
Peter	Garnham	Managing Director	YFM Venture Finance Ltd
Bob	George	Assistant Director European Structural Funds Implementation	DTI
Sally	Goodsell	Chief Executive	Finance South East Limited
Tim	Goodship	Deputy Director, EU Innovation	Department of Trade and Industry
David	Grahame	Executive Director	LINC Scotland
Robin	Grimston	Investor Relations Consultant	Connect Midlands
Mark	Hambly	Head of SFLG	Small Business Service
Richard	Harrison	Dixons Professor of Entrepreneurship and Innovation	University of Edinburgh
Paul	Harrod	Member	Small Business Council
Malcolm	Hayday	Chief Executive	The Charity Bank Limited
Tim	Heath	Chief Executive	East London Small Business Centre
Jo	Heggarty	Project Coordinator	Small Business Service
Hanne	Hoeck	Technical Team Leader	Government Office West Midlands
Nigel	Horne	Director	Foresight Technology VCT plc
Chris	Hubbard	Head of ERDF Division - venture funds	Office of the Deputy Prime Minister
Alan	Hughes	Director, Centre for Business Research	University of Cambridge
Peter	Ibbetson	Member of the Small Business Investment Taskforce	DTI
Barbara	James	Managing Director	African Venture Capital Association
David	Jeffrey	Managing Director	BancBoston Capital
Nazmul	Khan	Head of New Business Development	WM Enterprise
Alexander	Korda	Self Employed	Self Employed
Mei Sim	Lai OBE	Consultant	Pridie Brewster
Kenny	Legg	Business Finance Administrator	South West of England Regional Development Agency
Peter	Linthwaite	Chief Executive	BVCA

John	Mackie		BVCA
Robert	Marris	Fund Manager - North East Equity Matching Fund (SBS Early Growth Fund)	Entrust
Kevin	McNally	Business Development Manager	TMRM Ltd
Julie	McWilliams	Senior Project Manager - Europe	Coventry University Enterprises Ltd
Nick	Moon	Strategy Manager	Finance Wales plc
Lawrence	Newland	Economic Adviser	HM Revenue and Customs
Vincent	O'Brien	Chairman	British Venture Capital Association
Jennifer	O'Neil	Member	UK Small Business Investment Taskforce
Patrick	Palmer	Head of Access to Finance	Advantage West Midlands
Craig	Pickering	Chief Executive	Money On-Line Education
Andrew	Price	Policy Analyst	HM Treasury
Norman	Price	Chair of the West Midlands Regional Finance Forum	Advantage West Midlands
Richard	Price	Adviser	HM Treasury
Modwenna	Rees-Mogg	MD	TMRM Ltd
Claudio	Rojas	Managing Director	Capital Partners Group Ltd
Neale	Ryan	Business Investment Appraisal Manager	East Midlands Development Agency
James	Sassoon	Managing Director of Finance, Regulation and Industry Directorate	HM Treasury
Andrew	Stevenson	Business Development Manager (Incubation)	University of Lincoln
Pat	Sutton	Director Business Angels	Advantage Business Angels/Women
Jenny	Tooth	Business Development Manager	London Business Angels
Vivienne	Upcott Gill	Head of Business Finance Agency	Northwest Regional Development
Steve	Walker	Chief Executive	ART (Aston Reinvestment Trust)
Delyse	Webster	Policy Adviser	Small Business Service
Malcolm	White	Venture Capital Scheme Policy Advisor	HM Revenue & Customs
Mark	White	Invention and Innovation Director	NESTA
John	Yeomans	Director	FirstCapital
Jim	Glasgow	Policy Executive	Scottish Executive
Ian	Howie	Division Head, Business Growth & Innovation	Scottish Executive
Valerie	Jolliffe	Chief Executive	Javelin Ventures Limited
Gerard	Kelly	Director of Investment	Scottish Enterprise
Jane	Kirby	Assistant Director	Department of Trade and Industry
Martin	Large	Chief Executive	Greater London Enterprise
Victoria	Pannett	Senior Policy Advisor	DTI
Jon	Sherman	Assistant Director	HM Revenue & Customs
Aubrey	Brocklebank	Chairman	Aubrey Brocklebank & Associates
Wolfgang	Rapp	Managing Director	W. Rapp & Company, INC, USA

Small Business Service
Access to finance directorate
Level 2 St Mary's House, London Road, Sheffield, S2 4LA
Telephone +44 (0)114 279 4387
Email Carolyn.Bunce@sbs.gsi.gov.uk

Enterprise & Industry Directorate-General Financing SMEs,
entrepreneurs & innovators
European Commission
B-1049
Brussels
Fax +32 2 295 21 54
E-mail: entr-finance-smes-entr-innov@cec.eu.int