

# ETF Group



- Europe based technology venture capital company
- Worldwide reach - Europe, USA, Asia Pacific
- Founded April 1999 through pooling of previous funds; first fund raised 1996
- Evergreen fund; investment proceeds recycled
- Key executives from operating, technology and financial backgrounds
- 13 VC professionals; 5 BD ; 4 Support ; 6 offices

# ETF Group differentiators



## Differentiator

- **Investment strategy:** Pan-Atlantic perspective focused on globalizable technologies and business models
- **Deal sourcing:** Thematic strategy leveraging proprietary network: Team, advisors, board, strategic partners, partner VCs, shareholders & existing portfolio companies
- **Investment selection:** Global analysis for local selection: Leverage in-house, partner and portfolio company expertise
- **Value-addition:** Grow locally => scale globally  
ETF business development team leverages strategic partners & industry contacts
- **Exit:** Access best exit opportunities globally: US, Europe & Asia teams, networks & relationships
- **Results:** Top quartile in peer performance
- **Team:** Multi-local presence, global experience, seasoned financial, operating and technology backgrounds



# The team

## ETF Non-Executive Directors

Reto Braun-Fantastic, *Swiss Post, Unisys*  
 John Dean-Silicon Valley Bank  
 Alfredo Gysi-Generali/BSI  
 Hans-Olaf Henkel-BDI, IBM  
 Matthias Oertle-Lenz and Staehlin  
 Robert Wilson-Rockwell, GE, Memorex  
 Franco Tato-Enel, Fininvest, Olivetti

## Strategic Alliance Partners

IBM, NEC Soft,  
 Heidrick & Struggles,  
 NTT Data,  
 DMR Consulting

## Advisory Committee

Avram Miller-Intel  
 Lou Gerken-Gerken Capital, Prudential  
 Ram Shriram-Netscape, Jungle, Amazon  
 Alfred Mockett-BT, Memorex Telex  
 Mike Connors-AOL, IBM  
 James Moore-Geopartners Research, Author  
 Jean-Louis Alpeyrie - Heidrick & Struggles  
 Mark Hoffman-CommerceOne, Sybase  
 Alain Bravo-Alcatel, Vivendi, France Telecom

Segment Virtual  
 Team Membership

Segment Virtual  
 Team Membership

## ETF Investment/Divestment Committee

Giorgio Ronchi, CEO-Intek, Memorex; IBM  
 Chris Pelly, CFO-Digital, Memorex, PWC  
 Hans Stander, CIO-TCW, CSFB  
 Michael Sheldon, MD-TCW, CSFB, MLFP  
 Olav Ostin, MD-Enskilda  
 Maurice Khawam, MD-APAX, Informix, Oracle  
 Aldo Monteforte, MD-Nomura

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## Switzerland Team

Giorgio Ronchi, CEO  
 Chris Pelly, CFO  
 Anthony Barbieri, General Counsel  
 Phil Haddock, Communications  
 Carlo Gilardi, VP BD-DEC, Olivetti,  
 Nokia  
 Alessandro Stefani, Analyst, Intuit

## Japan Team

Tetsushi Yamada, Regional BD Head-  
 Kanematsu, Memorex  
 Arao Kakuda- DT, Unysis  
 Tsuneaki Mori-Nippon Office  
 Systems (IBM Japan)

## US Team

Michael Sheldon, Country MD  
 Hans Stander, CIO & MD  
 Rob Logan, VP-JH Whitney, Gartner  
 Larry Cline, VP-Buchalter Niemer

## UK Team

Olav Ostin, Country MD  
 Michael Smith, VP-Ernst & Young  
 Lorcan Burke, VP-Firstmark, Nortel  
 Gareth Maclachlan, Associate-PWC

## France Team

Maurice Khawam, Country MD  
 Sven Lung, VP BD-iMediation, Intershop  
 Jean-Yves Quentel, VP-Europeatweb, Atlas

## Italy Team

Aldo Monteforte, Country MD  
 Stefano Devescovi, Country MD-  
 Lehman Brothers, Nomura,  
 Salomon Smith Barney



# ETF Group's vision at work



Investment theme	Intelligent communications	Enterprise software	Outsourced business services	System & network performance
<b>Focus segments</b>	<ul style="list-style-type: none"> <li>-Rich media platforms</li> <li>-Telematics</li> <li>-Financial services</li> <li>-BioInformatics</li> <li>-Wireless applications</li> </ul>	<ul style="list-style-type: none"> <li>-Strategic sourcing</li> <li>-SCM</li> <li>-Procurement</li> <li>-Knowledge management</li> <li>-CRM</li> </ul>	<ul style="list-style-type: none"> <li>-IT services</li> <li>-BPO services</li> <li>-Call center</li> </ul>	<ul style="list-style-type: none"> <li>-Systems management</li> <li>-Middleware</li> <li>-Optical components</li> <li>-Security</li> <li>-Broadband</li> <li>-Storage</li> </ul>
<b>Growth drivers</b>	<ul style="list-style-type: none"> <li>-Mass customization</li> <li>-New customer acquisition</li> <li>-Customer self-service</li> <li>-Targeted messaging</li> <li>-Meta-data analytics</li> <li>-Cost reduction</li> </ul>	<ul style="list-style-type: none"> <li>-Compressed time-to-market</li> <li>-Mass customization</li> <li>-Supply-base reduction</li> <li>-Cost reduction</li> <li>-New manufacturing methods</li> </ul>	<ul style="list-style-type: none"> <li>-Cost reduction</li> <li>-Labor shortages</li> <li>-Shorter labor tenure cycle</li> <li>-Knowledge shortages</li> <li>-Technology future proofing</li> <li>-Scalability</li> </ul>	<ul style="list-style-type: none"> <li>-Increasing number of users</li> <li>-Increasing amount of data</li> <li>-Extended/mobile enterprise</li> <li>-Increasing real-time decisions</li> <li>-Increasing data interdependencies &amp; multiparty linkages</li> </ul>
<b>Pain addressed</b>	<ul style="list-style-type: none"> <li>-Customer dissatisfaction</li> <li>-Low average revenue/user</li> <li>-High customer acquisition costs</li> <li>-Overload of information not being used strategically</li> </ul>	<ul style="list-style-type: none"> <li>-Collaboration bottlenecks</li> <li>-Time-to-market</li> <li>-Weak knowledge to value conversion</li> </ul>	<ul style="list-style-type: none"> <li>-Core competency focus</li> <li>-Capital efficiency</li> <li>-Inflexibility of software and hardware purchases and product cycles</li> </ul>	<ul style="list-style-type: none"> <li>-System overload</li> <li>-Inaccurate diagnostics</li> <li>-Lengthy problem solving</li> <li>-Process errors &amp; delays</li> <li>-Interdependency-driven shutdown</li> <li>-Security</li> </ul>



# ETF Group investment criteria



## Management, Management, Management

### **Predominantly early-stage**

- Euro 5 million commitment, with follow-on capability for up to Euro 12 million total commitment
- 15%-30% of the fully diluted equity; Series A or Series B
- <Euro 25 million pre-money valuation
- Credible product plan & business model
- 3-4 years to liquidity event

### **Strong business opportunity**

- Addressable market greater than Euro 700 million annually, enterprise orientation vs. consumer
- One of first 3 to market—limited competition
- 10x price/performance improvement over substitutes
- Addresses a need not a want
- High leverage in value-chain, high gross margin business
- Clear go-to-market strategy

### **Defensible technological advantage**

- Unique and patented technology IP
- Asset value greater than cash invested for worst case scenario

### **Strong corporate governance role**

- Minimum 1 Board seat, weekly ETF involvement
- Strong co-investors

### **Thought-through deal structure, valuation, and return potential**

- Realistic opportunity of 100% IRR and/or 10x over 3-4 years
- Downside protections (e.g. anti-dilution, liquidation preference)

### **Clear value-addition Impact**

- Synergies with existing portfolio companies, strategic partners, or investors
- Leverage ETF network and business development team

# Case studies - results of direct ETF action

*Hands-on weekly focus on the drivers of value-creation within our portfolio companies*

Company	Strategy guidance	Team building	Strategic alliances	Transformational customers	Exit
<b>Fantastic</b>	Conceived go-to-market plan	Recruited CEO, COO, CTO, VP Sales Europe	IBM, HP, Hitachi, DMR Consulting	DT, BT, Enel, NTT, Reuters, Intel	IPO Neuer Markt
<b>Nexo</b>	Conceived company and business model	Sourced CFO and technical team	IBM	In progress	Potential merger
<b>Minerva</b>	Defined European entry plan	European Director Sales	In progress	In progress	Sourced subsequent round funding
<b>Peramon</b>	Established SE Asian operations	Recruited GM for SE Asia	In progress	In progress	Sourced subsequent round funding
<b>eGovernment Solutions</b>	Conceived company	Sourced all founding partners & CEO	Deloitte, British Telecom	In progress	Expansion
<b>Interbizz</b>	Restructured company through recapitalization	Recruited CEO	In progress	In progress	Sourced subsequent round funding



# Other ETF Group portfolio companies



Systems & network performance

Fabless design company targeting the optical broadband communications market. Develops components and complete all-optical subsystems



Enterprise software

Provides collaborative software tools for Europe's Euro 800 billion construction industry. Revenues from licensing & consulting, transaction and hosting fees



Systems & network performance

MEMS (Micro Electro-Mechanical Systems) based components and design tools for the wireless and optical network component markets worldwide



Systems & network performance

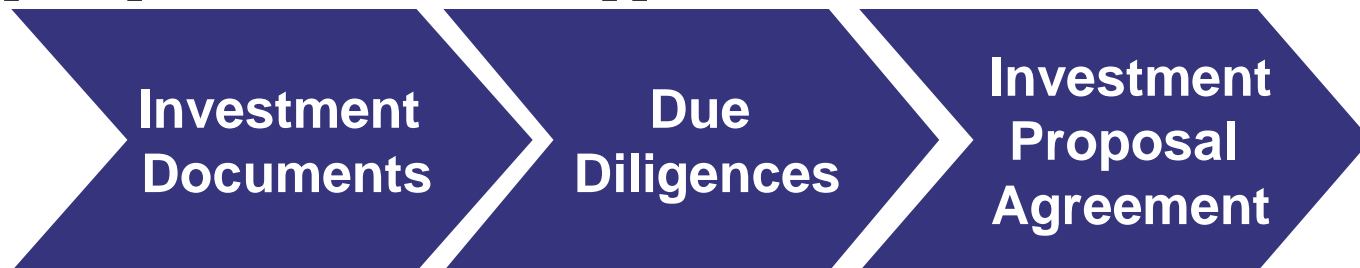
PHS MEMS uses MEMS technology produce innovative components for optical networks and wireless telecoms applications



# Investment process



The complete process from DCM approval to the check transfer can last 4 weeks:



- **Term Sheet**
- **Main Investment Conditions**

- **Market and Management**
- **Technical**
- **Accounting and Finance**
- **Legal**
- **Reference checks**

- **From DCM to IPA**
- **Annexes**

ETF Group has strong relationships with business incubators  
Visit us at [www.etfgroup.com](http://www.etfgroup.com)

