

# Arteres

**TIPS Project**  
**« Role of Venture Capital in Market Exploitation »**

Jean-François Boisson  
Prague, November 2013, Thursday 28th

# Go to market, a very large set of actions



- ▶ Innovate
- ▶ Handle and protect strategic information
- ▶ Prepare your company to go to markets
- ▶ Prospect

Industrialize and manufacture

Sell and export

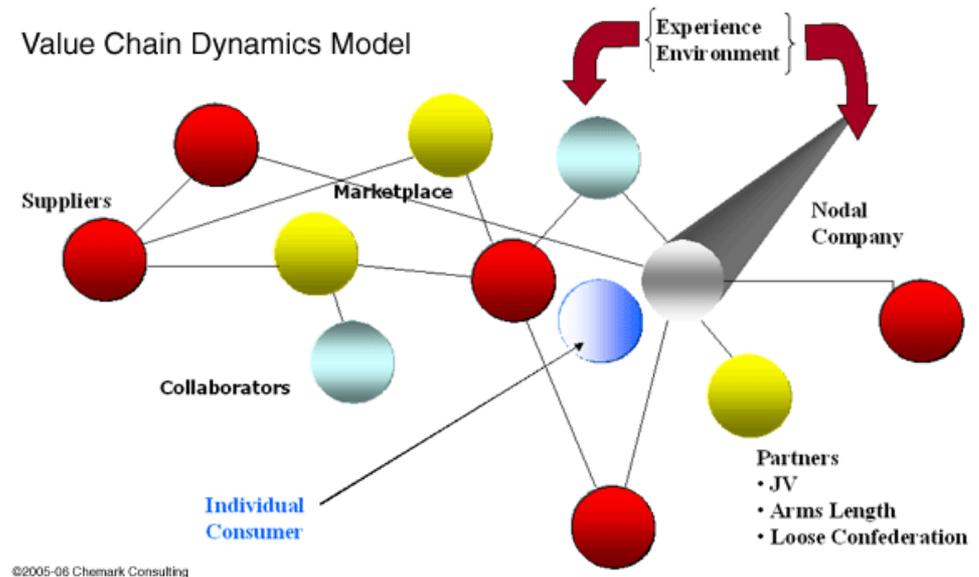
Technical assistance and support

# Industry is ruled by « Value Chain »

- ▶ An innovative technology can be placed in different box of the value chain approach

- ▶ Sell licence
- ▶ Sell techno
- ▶ Sell basic product
- ▶ Sell sophisticated product
- ▶ Sell system
- ▶ Sell solution

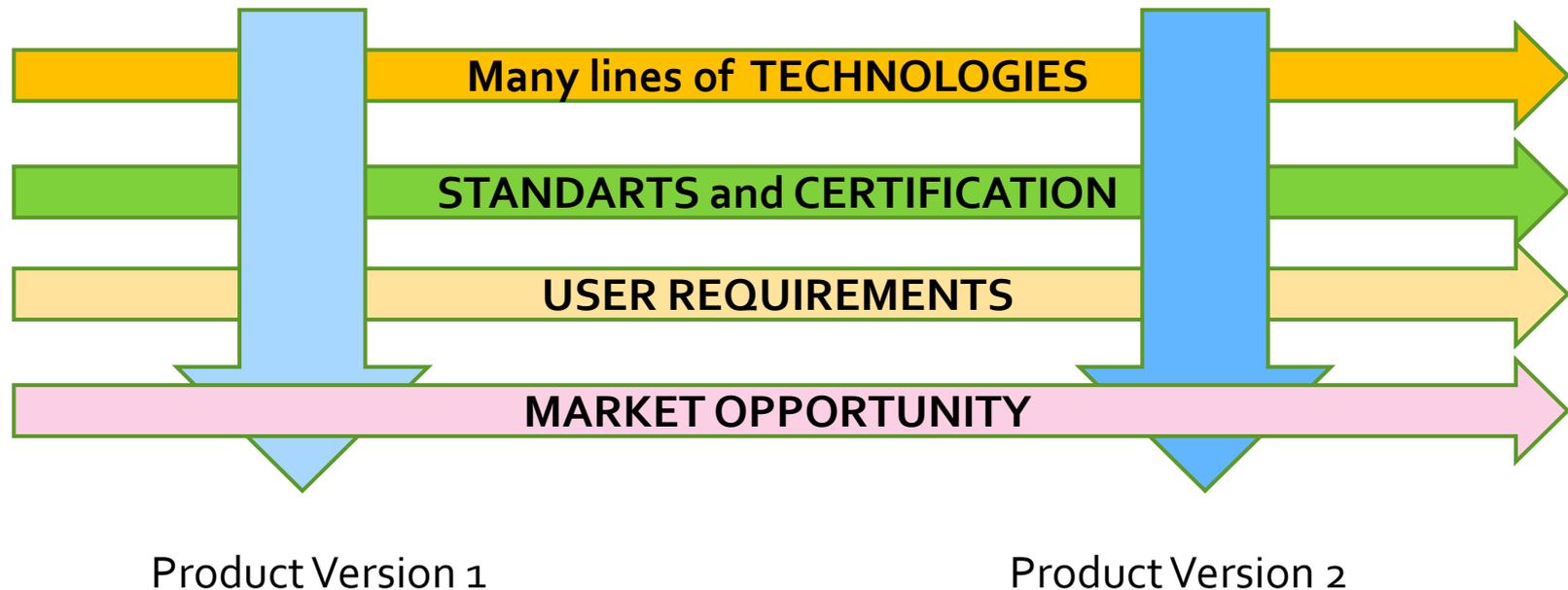
- ▶ HOW final customers or OEM's lead or control the value chain ?



- ▶ Needs in term of : competences/HR, plants, Funding are completely differents
- ▶ What is your strategic positioning ?

# How program managers are specifying products

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It exist continuous flow of innovation, standardisation, requirements but  
A product is an instantiation of all of these at a certain time  
It is uncertain that all R&T enter in products ?

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# Are innovation going to market ?

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- ▶ Most of time Innovative fonctionnalités are going to market
  - ▶ Within a product ? – generally the case of incremental innovation (Kärcher)
  - ▶ Within a gobal solution – ie SIM card part of a telecom operator system and service
  - ▶ Except when you sell technology or licence of technology
- ▶ Innovation is ONE function within a large function set which defines the product
- ▶ Are customers buying innovation ?
  - ▶ They buy « something » which comply with their requirements
  - ▶ They don't like risk and they ask the seller to cover risks



# From Innovation to Product

- ▶ Testing : fonctionnal requirements and robustness
- ▶ Industrialisation and manufacturing
- ▶ Standards and norms
- ▶ Certification for different markets

1121.1  
Форма А-7.1

МЕЖГОСУДАРСТВЕННЫЙ АВИАЦИОННЫЙ КОМИТЕТ  
INTERSTATE AVIATION COMMITTEE

АВИАЦИОННЫЙ РЕГИСТР  
AVIATION REGISTER

**ДОПОЛНЕНИЕ  
К СЕРТИФИКАТУ ТИПА**

SUPPLEMENT TO TYPE CERTIFICATE

№ СТ229-Бе-200ЧС/Д03

ИЗДЕЛИЕ  
PRODUCT  
Самолет Бе-200ЧС  
Модель Бе-200ЧС-Е

ГОСУДАРСТВО РАЗРАБОТЧИКА  
STATE OF DESIGN  
Российская Федерация

НАСТОЯЩЕЕ ДОПОЛНЕНИЕ, ВЫДАННОЕ  
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Российская Федерация

УДОСТОВЕРЯЕТ, ЧТО ТИПОВАЯ КОНСТРУКЦИЯ УКАЗАННОГО ИЗДЕЛИЯ С ГЛАВНЫМ ИЗМЕНЕНИЕМ – Оборудование самолета "англоязычной кабиной" (по заявке Главного конструктора от 31.05.2005г.) - **СООТВЕТСТВУЕТ ТРЕБОВАНИЯМ СЕРТИФИКАЦИОННОГО БАЗИСА.**  
CERTIFIES THAT THE ABOVE-MENTIONED PRODUCT TYPE DESIGN WITH THE MAJOR CHANGE MEETS THE CERTIFICATION BASIS REQUIREMENTS

ОПИСАНИЕ ГЛАВНОГО ИЗМЕНЕНИЯ И НЕОБХОДИМЫЕ ОГРАНИЧЕНИЯ СОДЕРЖАТСЯ В КАРТЕ ДАННЫХ ДОПОЛНЕНИЯ К СЕРТИФИКАТУ ТИПА, КОТОРАЯ ЯВЛЯЕТСЯ НЕОТЪЕМЛЕМОЙ ЧАСТЬЮ НАСТОЯЩЕГО ДОПОЛНЕНИЯ  
THE DESCRIPTION OF THE MAJOR CHANGE AND REQUIRED LIMITATIONS ARE PRESENTED IN THE DATA SHEET WHICH FORMS AN INTEGRAL PART OF THIS SUPPLEMENT TO TYPE CERTIFICATE.

ДАТА И МЕСТО ВЫДАЧИ  
DATE AND PLACE OF ISSUANCE  
25 мая 2010г.  
г. Москва

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SIGNATURE  
С.П. Великанов  
Директор  
по сертификации самолетов  
Авиарегистра МАК

ДОЛЖНОСТЬ  
TITLE

# Venture capital

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- ▶ VC are managing a amount of money (fund) with rules of investments
  - ▶ A fund last about 5 to 7 years and at the end the VC should reimburse investors with profit ?
  - ▶ VC are managing companies and take care of all dimensions: Opex, Growth funding, Mgt, ...
  - ▶ VC manage a portfolio of opportunities : profits generation and risk reduction
  - ▶ It is unfrequent that VC
    - ▶ take majority of shares
    - ▶ Invest single
  - ▶ VC are funding a company and not a product or a project
  - ▶ VC have always an exit strategy, and they will always exit to reimburse investors
- 



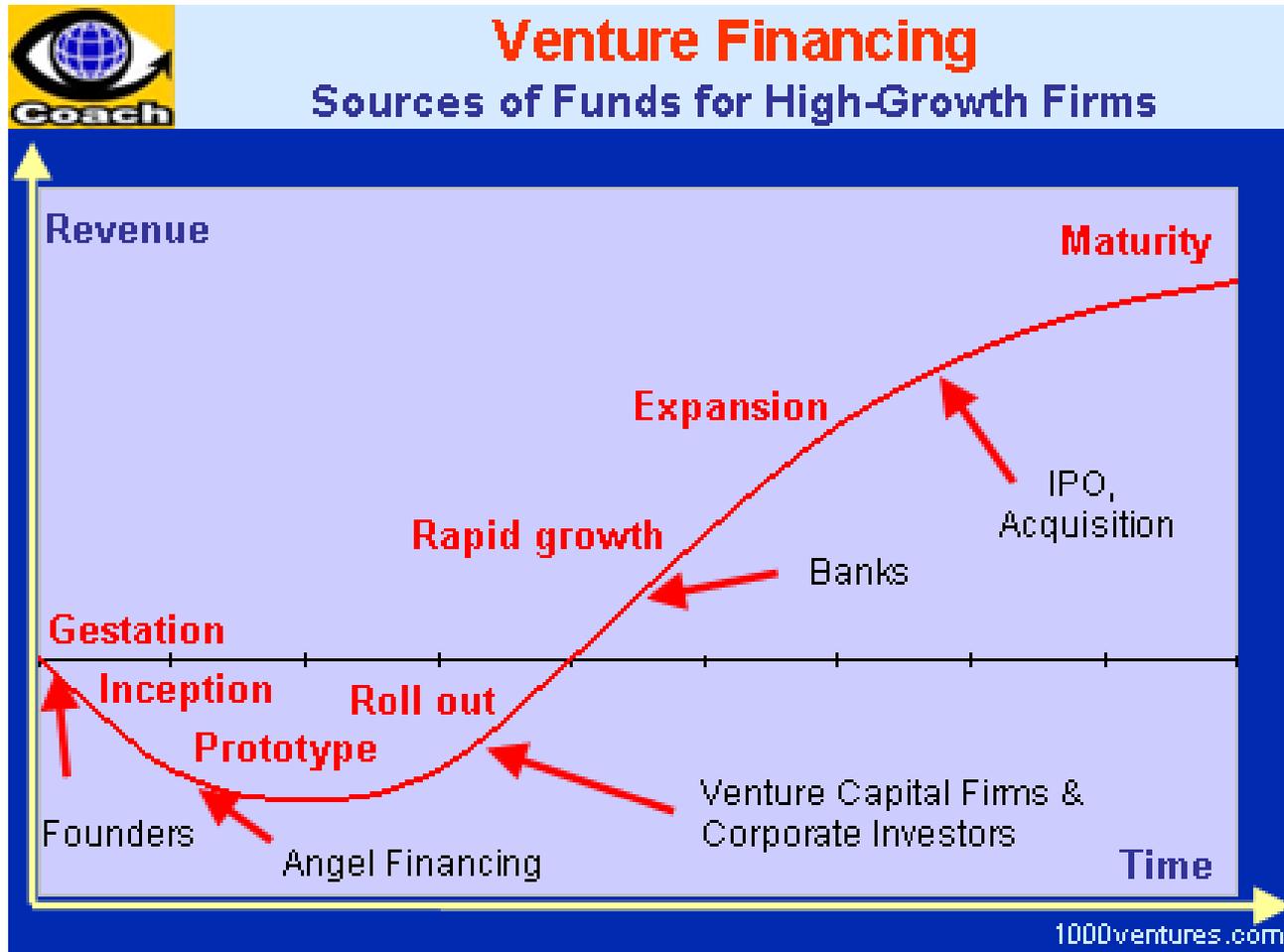
# Venture capital, some comments

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- ▶ Last years, VC are not generating profits, so they take less and less risks
- ▶ Portfolio risk reduction is key for decision
- ▶ Exit strategy is frequently drawn since the beginning
- ▶ It is generally better to have a financial step before being merge by industrial
- ▶ VC requires that Proof of concept and market acceptance was achieved (1M€ turn over ?)
- ▶ Business angels take risk on technology
- ▶ VC have frequently a portfolio of good business relationships
  - ▶ Mainly within the one called « referenced customer »
- ▶ VC are attracted by IT and Biotechs more than manufacturing !
  - ▶ Or renewable energies or clean techs
- ▶ VC are dealing frequently with you, they are here to assist you, they are not dumb money
- ▶ Enterprise has to manage a mix of investors
  
- ▶ Take infos on EVCA, European Venture Capital Association



# Source of funds



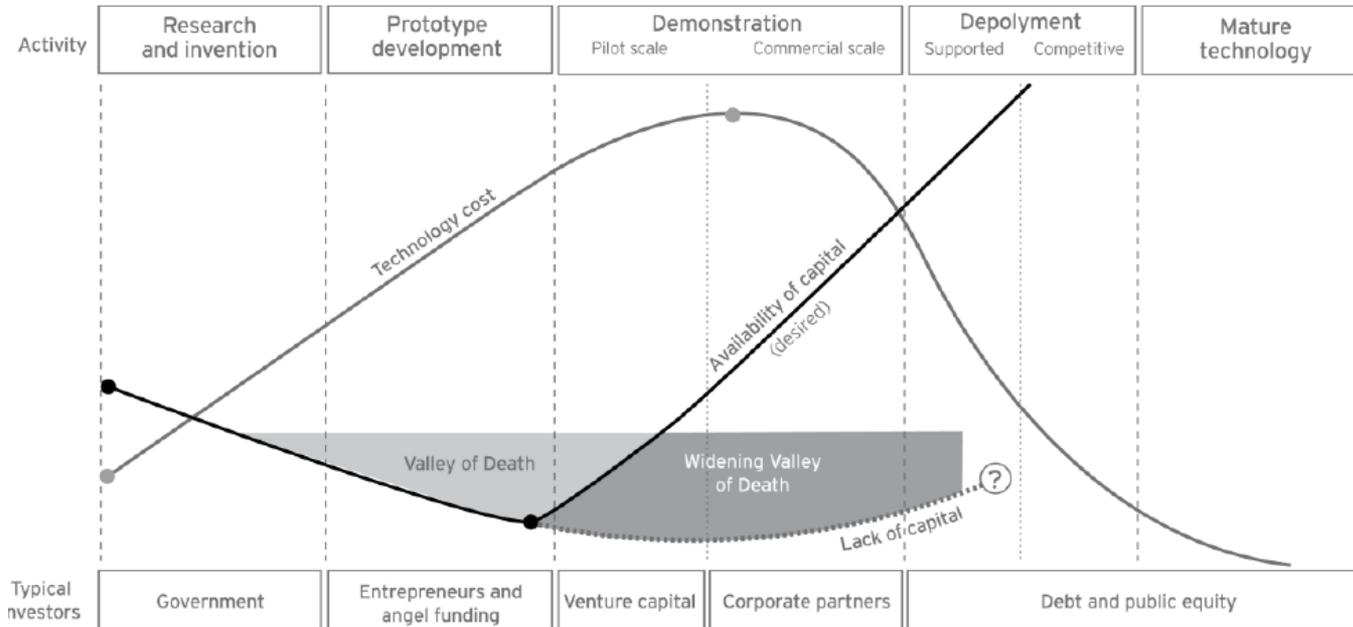
# Don't forget public and EU funds

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- ▶ Each EU states have financial instruments
- ▶ EU has financial instruments
  - ▶ BEI/FEI
  - ▶ JEREMIE



# How to manage « death valley ? »



- ▶ BA could invest before
- ▶ VC are generally investing after when enterprise generate sales
- ▶ FEI/EIB has created a special loan for death valley management
  - ▶ Long term loan with deferred payment
  - ▶ Bonus credit



# Multiple fund raising

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- ▶ Enterprises needs to increase their capital every year depending on the different steps of growth

- ▶ Prototype or demonstrator
- ▶ Manufacturing
- ▶ Market launch
- ▶ Business growth
- ▶ Difficulties, crisis
- ▶ Diversification



- ▶ VC should have the capability to follow growth of enterprise during several years

- ▶ Enough funding capabilities
- ▶ Finding new financial partners



# How to find the most appropriate one ?

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"Simpson, you promised you wouldn't tell anybody  
I turned down Bill Gates!"

- ▶ Find the one which fit with your requirements depending its investment strategy and profile
  - ▶ Find one which has a strong business portfolio or which know customers you target
  - ▶ Generate Buzz on your opportunity
  - ▶ Write a convincing business plan,
    - ▶ how and why you will succeed ?
  - ▶ Anticipate , it take 1 year to raise funds
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# Go to VC, but take advice

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