

07 EBAN Congress & 2nd Award Ceremony

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7th EBAN Congress

FINAL REPORT

DAY 1

Welcome and opening addresses

Anthony Clarke, President of EBAN

At the opening Anthony Clarke was very enthusiastic with the Congress as it was the largest one organized by EBAN since its creation, with more than 300 delegates attending from 28 countries.

He was very pleased with the conditions provided for the Congress and with the creation of FNABA - The Portuguese Federation representing several business angel networks.

He invited the Secretary of State, António Castro Guerra, to stimulate the BA market in Portugal through tax incentives – tax breaks.

He thanked all sponsors and the European Commission representative for their support, as well as the presence of participants from the US, Guatemala and Brazil.

He indicated the importance of business angels for achieving the goals set in the Lisbon Agenda and wished the Portuguese presidency of the EU will contribute to support the development of the BA market in the next semester.

He stated that EBAN will continue its work by developing the activity of business angels and business angel networks, especially with regards to the promotion of fiscal incentives for investors, but also by stimulating the creation of co-investment funds across Europe.

He wished everyone a fruitful congress and Awards Ceremony dinner where outstanding initiatives were to be presented.

Jaime Andrez, President of IAPMEI

Jaime Andrez referred the need to link universities and companies, streamlining and speeding up technological transfers. In this respect, the contribution of business angels is crucial.

He talked about IAPMEI's role on both the demand and the supply side. Especially, he focused on access to finance within the FINICIA Programme. Notably, the programme managed to bridge the gap in the finance market for emerging businesses, innovative projects and micro-enterprises. Also, Andrez referred to the new venture capital fund for investments that, with up to 250 thousand euros, works as a co-investment fund for Portuguese business angels.

Francisco Banha, President of Gesventure and FNABA

In his opening speech at the EBAN Congress, Francisco Banha outlined the evolution of risk capital and business angels activities in Portugal. A first step in this direction has been to raise awareness of the lack of support to start-up enterprises in the county. Mentioning his own involvement as a recognised proponent and precursor of business angel activity in Portugal, Francisco Banha mentioned the problems that business angels faced in the country in their primary phase. Founded by him in 1999, the Business Angels Club, had to overcome various difficulties, notably linked to the dot.com crash and to the lack of a tax and legal framework. The creation of the National Federation of Business Angels Associations (FNABA) and the synergy that followed, such as the collaboration with IAPMEI and APCRI, can be considered as the first real achievements of his work. The organisation of the EBAN Congress in Lisbon is the last successful result of the promotion of BA activities in Portugal.

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António d'Orey Capucho, Municipality of Cascais

The President of Cascais Municipality highlighted of the initiatives in favour of entrepreneurship and innovation in the municipality, namely through the Cascais Business Angels Club created in 2006, as an example of essential measures to fight the risk and initiative aversion still strong Portugal toward BA. António d'Orey Capucho referred to the need for business angels, as investors that take opportunities in changing environments and competitive forces in the country. The importance of their role is also enhanced by the time of great instability in which we live today. He also mentioned the relevance of such a congress taking place in a place as Estoril, an excellent tourist destination looking forward to re-achieve the prestige and glamour it of its past.

António Castro Guerra, Secretary of State, Assistant to the Ministry for Industry and Innovation

Antonio Castro Guerra said there had recently been a campaign directed to SMEs, aimed to provide information on the need to focus on innovation and to use access to finance instruments. In the framework of the INOFIN initiative, new financial instruments have been created such as venture capital and bank credits backed by mutual guarantee to finance new and innovative businesses and to modernize micro and small operations.

The Government, which has recently taken part in the Business Angels Week in Portugal, is determined to address the development of the business angels sector in the country, reserving this type of investor a special place on the agenda of the upcoming Portuguese presidency of the EU.

1. The relationship between angels and entrepreneurs

Maria Nilsson, SVCA

The goal of this session was to stress the importance of the mutual dialogue between entrepreneurs and angels. Ultimately the most important features are the deal structures and the personal chemistry between the two parties which are value added for the business.

Joan Carles Martines and Pere Font, INSPECTA

In 2003, **Mr. Martines's** company was created as a spin-off from the University of Barcelona thanks to the EU support provided through the 5th Framework Programme. The company received local financial support and angel investment.

Pere Font declared that he is an investor in three companies, and became an angel after being a Financial Director and a Human Resources manager. He is looking after a certain type of investment. "It is not all about money, he says, it is also about management, dedication and commitment of the entrepreneur. It is a common agreement between the angel and the entrepreneur".

Miguel Henriques, Lena Business

Grupo Lena is a family business, with growing revenues over 500 million of euros and 2000 employees. During his speech at the EBAN Conference, Henriques highlighted the importance of the diversification in services and the relation between angels and entrepreneurs. Entrepreneurs go after money, and sell part of the business. Therefore, a shareholder's agreement and an entrepreneur's selection are necessary notwithstanding the source of funding. Grupo Lena also works with institutional investors.

Lena Business is going to focus increasingly on University students. There are 30 universities in Portugal. 15% of the shares of the company go to the entrepreneurs and in fact Grupo Lena members are often the first clients. The people behind the projects help to find projects, create value and find the best exits.

Trust remains one of the most powerful elements of the whole process.

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Hans Bertram, Business Angel

In the 90's, he was himself an entrepreneur with an angel on board his company. He encountered conflicts at the exit time with the investors. Five years ago, he decided to become an angel himself. He has made three exits so far. His goals are to recreate labour, and give pleasure in working. Timing is a very important factor in the process of seeking finance, and his investments mainly focus on manufacturing

Hans Bertram was voted business angel of the year by this year's jury on the occasion of the Second EBAN Annual Award Ceremony.

Filipe Santos, from INSEAD, added that a clear definition of the market is necessary. Business angels are not part of a homogeneous group. Instead, they represent a very diverse community. To analyse the relationship between angels and entrepreneurs, it is crucial, to start on clear grounds with respect to customer needs. Exit times can be extremely conflicted periods and require a very well structured business plan.

2. Business angel activity in Portugal: from shadow to light

Miguel Athayde Marques, EURONEXT

Mr Marques promoted the advantages of listing a company on EURONEXT for investors.

A company in the Stock Exchange earns the following: notoriety, marketing and visibility. There is a clear international exposure. It represents a great advantage to face other companies.

If « -----VC----- » X « -----listed shares----- » then X is the gap to fill.

In the case of Alternext: Only 2 years of operations are necessary for the company to join in, and no profits are compulsory. 2.5 million € is a minimum to float on the market. 84 companies have joined so far. The creation of a broad marketplace is targeted.

NYSE/EURONEXT had merged 15 days prior to the Congress which gave further strength to the stock exchange.

Luís Filipe Costa, InovCapital

As more and more networks are created, a closer collaboration between angels and VCs can be noticed. Notably, good ideas lead to good businesses. It is a two-way street, where partners are necessary. Indeed, BA and VC are not rivals. They are two sides of the same coin. Results can be seen in the long run.

InovCapital resulted from a merger of PME Investimentos 61 million € and PME Capital 29 million €. While previous funds had a regional focus, now the new fund has also a national scope. The two portfolios have merged as well as the capital. Thus, new liquidity is available.

InovCapital will align its investment focus on the objectives of the National Technological Plan. It will focus also on micro-venture and University graduates.

António Neto da Silva, Duarte Simões de Carvalho, Paul Andrez and Ricardo Luz (round table):

Intellectual Property is a main issue in Portugal. 10 million euros are spent on patents per year. The fear to lose copyright from entrepreneurs is a big risk in the country. The transformation of intellectual property into a possible market value is at stake, and

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Universities and Technological Centres support this effort.

Moreover, encouraging a positive fiscal and legal framework for businesses and investors is vital.

As far as the exit routes are concerned, Alternext seemed to be a recognised as a very interesting solution. The lack of liquidity and market players/makers can be solved thanks to Alternext. Surely, listing is not the end of the story. A listing sponsor can help with the valuation of the company.

The public sector has been described as paternalist and attention must be paid that interventions are not disruptive for BA activities.

Finally, Mr. da Silva stressed that, at the moment, companies that deal with sustainable development are highly valued.

3. Parallel session 1: Best practice initiatives: the role of trade bodies

Claude Rameau, France Angels

Mr Rameau explained the role of France Angels and the enormous potential of BA in France. They support entrepreneurs and value creation. By 2009, 10.000 angels will be active in France and by 2012; the target is to reach 20.000. A huge increase can be planned. Agencies and techno-poles are developing.

In 5 days and 5 cities, France Angels managed to gather 1.600 participants at the Business Angels' Week (La Semaine des Business Angels). It reached a 90% satisfaction rate, great media coverage and it surely increased the number of demand from potential angels and from entrepreneurs. Also, it greatly helps to identify success stories (85 in the database of France Angels now).

By the end of 2007, it is expected that a total of 50 networks will be operating in France.

A new edition of the BA Week is planned for 2007 (November 12 to 17), and the experience has been duplicated in Portugal in March 2007.

Ute Günther, BAND

BAND was created in 1998; it was the first federation of BA networks in Europe. From 1998 to 2001, BAND was founded and launched by the Federal Minister of Technology as a pioneer organisation. Then from 2001 to 2004 it was the consolidation phase, an increase from 1 to 40 networks was noted. And then in 2005, its work was transparent and showed the diversity of the market.

The main tools developed are mostly studies and statistics. BAND publishes a quarterly survey of 50 BA, series of interrogations and inquiries. The latest figures showed that there is a decrease of support from the public sector, underlined the relationship with angel networks, and found that 102 deals were done in 2006, with an average of 113.500 euros per deal. The BA panel takes a realistic look at the situation as they were similar to the BAND findings.

BAN Managers and BA are not on the same level of satisfaction. Indeed, BAN managers are largely discouraged while BA are positive towards the future. In Germany, the number of BANs has diminished from 40 to 33. As a consequence, the informal character is disappearing.

BANs are successful in representing one type of BA mostly. Business angels that are part of a BAN want to get more amounts invested per deal.

There is a second generation of networks that need to support the current needs of angel so that they do not disappear. Networks still need public support to survive. BAND needs to attract individual angels without competing with networks to understand them better. All the results from the survey will be accounted for at the German Business Angels Day in Halle, on October 8, 2007.

According to France Angels' figures, in 2006 2.100 angels invested through 41 networks. 152 projects were invested in 2006, representing an amount of 27.3 million euros. Dilution of enthusiasm is also a problem in France. Business Angel Academies can be one of the solutions to this decreasing enthusiasm.

Roger Piqué, CIDEM

CIDEM is an autonomous body of the Catalan Government's Ministry of Employment and Industry. It provided services to BANs from 2001 to 2004. In 2001 it created a first network until the creation of a federation of networks for the Catalan region in 2004. It helped set up 12 networks. It gathers 350 active investors with an investment capacity of 40 to 60 million euros. BA academies are organised in

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order to promote and educate potential BA in the field, containing 3 courses of 25 hours each and has had 115 attendants so far. They also aim at gathering new angels. 7 out of 12 are economically supported by CIDEM. The creation of UniBA was the result of a merger of 4 University networks in 2006. Events such as the CIDEM Investment Forum concretise the relationship between companies and investors. Furthermore, the monthly meetings between BA, VC managers and advisors represent a crucial meeting point of discussion. In the past 4 months, 3 BA schools have been set up. They are the main impetus.

Claude Rameau underlined the difference between the decentralised Business Angel Week (5 cities in 5 days) and the centralised business angel day in Germany.

Questions to the audience

Who should train the audience? The federations of networks or the business angel networks?

The results were that roughly 50% of the audience thought that the role of a trade body (federation of networks with no match-making services) is to organise one event a year.

It was suggested that one European BA day could be organised in several countries on the same date.

Comments

-What is a trade body? A trade body is a federation of networks, with no match-making services.

Spain has a TV program on angel investing

-Marketing and media attention was great during the BA week, France Angels have also a hired a communication officer to improve the awareness raising in France and the marketing effort.

4. Parallel session 2: PRO-INNO initiative: a learning opportunity for innovation financing professionals and perspectives on trans-national investment projects for angels

Alex Talacchi, European Commission

The three pillars of the CIP structure were presented: Entrepreneurship and Innovation (EIP); Intelligent Energy Europe (IEE); ICT Policy (ICT). The EIP projects represent 2.166 million euros, the IEE 727 million euros and the ICT 728 million euros. The architecture of the Europe INNOVA Initiative is composed of 8 Innovation Panels, 11 Cluster Networks, 10 Innovation Finance Networks. Moreover Europe Innova is engaged in a Cluster Mapping. They work is undertaken by Inno Panels. They include academics, experts, policy-makers, and their experience concern various sectors of activity, such as Biotechnology, ICT, and energy.

PRO INNO Europe focuses on Policy Analysis, Policy Learning and Policy Development. The current innovation policy analysis and benchmarking as performed under the TrendChart will be fully integrated into the PRO INNO Europe initiative. In May 2007, DG Enterprise will launch a call for proposals entitled "Knowledge intense service platform" aiming at accessing research needs and establishing links with the research and science base; coaching and training in market and investment readiness; and facilitating access to clusters.

The return distribution mechanism used by the Ester project in Slovakia, Estonia and Latvia is calculated as follows: the original capital invested by private investors is refunded, 25% of what the state invested must be paid back, and when a first 6% of return is cashed in, it goes to the private investor. Then, the remaining 75% if the state has invested capital has to be reimbursed. A hurdle rate return of 6% on the state's investment is expected, and in case there is a remaining profit, it goes to the private investors and Fund Management Company.

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Jenny Tooth, EASY Project

The fragmentation of the access to finance for SMEs' European market has made it necessary to create a project aimed at strengthening cooperation between early stage capital players. The lack of cross-border tools has increased the interest for such a project. The lack of tax incentives or co-investment funds in many Member States has been revealed as an important factor for such investments. The EASY project is based on 17 partners from 11 countries and has thus a broad overview.

It is a two-year project, which started last September. It uses various tools to implement its objectives; such as investment readiness, screening of companies, valuation models, common due diligence, support to trans-national syndication and deal structuring. So far one out of 6 events has been organised. The members of the project will contribute to the tax summit in May 2008 that will take place in Slovenia and will stress best practice among its themes.

Helge Hardacker, Quantum board

Mr Hardacker explained that the issue of the promotion of trans-national investments is at stake for the future. It is the purpose of the investment that counts, not the place where it is located.

Quantum board focuses on different activities, from Material to Nanotechnology.

By estimating a potential spin-off, the Quantum board evaluates an exit route before entering the investment process. By doing this, it avoids participants to get into conflicts.

Human relationships are the corner stones of investments. Socializing and networking are great assets to conclude a deal, and to do so, tools such as one-to-one or annual meetings are valorised. This is largely influenced by the US, as Mr Hardacker insists.

It does benefit the BA and the BAN as well. It creates quality deal flow, syndication, expertise exchange, exit evaluation but also increases the notoriety of the BAN the BA is part of. It is a mutual work.

Angels will do cross-border investment is possible if, and only if, quality deal flow overcomes tax, administrative and legal issues. A clear, visible and understandable plan must be defined. Angels syndicate if valuable expertise can arise. Trust is the key word.

5. Technology Support for Business Angel Networks

David Rose, Angelsoft

Mr Rose presented the Angelsoft tool. Thanks to a complex software, simple ways of communication help make deals. Advices, private spheres of conversation, deals can be searched for, analysed and tracked down. Angelsoft has already 75 members, through which 400 deals are processed annually and 25 million dollars are invested each year. It is a tool that largely increased the quality of deals. It already concerns 140 Angel networks, 15 countries on 6 continents.

6. Capacity building for angel investors

Jean-Claude Ettinger, Solvay Business School

Mr Ettinger has put in place a scheme to train angels to become coaches for companies. Only high level professional training angels are part of the school. Experts, head hunters, lawyers are admitted, but no academics would be able to join to school. Practice is essential. It is based on a 5 days and 4 afternoons per month programme, where the participants are able to exchange know-how, best practice and potential collaboration. Topics like entrepreneur assessment, coaching of growth or intellectual property are proposed. Subjects are carefully chosen according to the market needs.

Over 36 participants, 83% have gone from virgin angels to become active angels.

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Brigitte Baumann, Go Beyond Ltd

Go Beyond Ltd. is a trans-national training programme. It is aimed at first time investors or for new investments in unknown sectors. It is extremely flexible and offers virtual classes as it considers that investors are busy during the day. It covers the entire investment process. Furthermore, it is also dedicated to coaching and investment sessions.

Sally Goodsell, Ready for Equity project

Power of investing was funded by the Regional Development Agency for the South East of England (SEEDA). There are 30 Universities in this region, from Oxford to Southampton. It raises awareness by educating, training and providing information to angels. Seminars, workshops and clubs are organised to coordinate all this. It is expected to increase by 1.000 the number of angels by 2011. Surely results will come with time.

The investing programme helps to fill in the equity gap, while the UK market is doing quite well, only 5% of the investors are women, and even less minority investors. There is therefore a need to replenish the investor base. At present, 30 to 40% of angels are active. The Ready for Equity project has 9 partners who will seek to develop common training programme for entrepreneurs and investors on the equity funding market. These curricula will also be tested.

www.eban.org/ready_for_equity.php.

Questions/comments

- Young Presidents Organisation: experienced managers who often need and want training to become angels.
- Inter-relation between peers is important. Between new and experienced investors.
- Why subsidise training for rich individuals?
- Good value for money
- Advertising
- Closing equity gap is the goal: a public goal.

7. The changing scene of business angel investing in the US

John May, Angel Capital Association

"Every business needs an Angel"

ACA has a reciprocal relationship with EBAN. To have a high growth company a lot of funding is needed, and the gap following FFF's and own investments needs to be filled in. Entrepreneurs require different communities to adapt its will. Funding sources, service providers, mentors, innovation sources, entrepreneurship centres and of course some talented people. He/she must also expect to have 3 to 5 years ahead without results. In 2004, \$346 million were invested in Venture Capital (1.5%), in 2005, \$452 million (1.9%), while in 2006 \$1.159 (5%) which leads us to state that seed/start-up has incurred the largest increase of all categories (early stage and expansion). Angel organisations seem to be the solution to fill the Capital Gap. In the US, in some states, a 25% tax credit while to date no federal tax apply, which can be a great help and obviously encourages entrepreneurship.

The ACA has 110 members, and, as an average, the members have been operating for 4.6 years. On a survey on 116 members groups, there was an average of 44 investors per group. Another survey was done on where, geographically speaking, groups invest. It was revealed that it is commonly in the region (roughly 2 hours drive from home) that they like to invest. 72% of investments are co-investments with VCs. Networks help structure the deal which attracts institutional investors. In May 2007, a Summit was organised by ACA in Chicago.

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An educational section gives full day, half day seminars and workshops as part of ACA (Power of Angel investing). Concerning statistics, ACA relies on the same method as EBAN that is information provided by networks:

- Self-reporting is an issue
- Network reporting activity is only 5% of the market
- Cross validation is necessary

Moreover, the Angel Capital Education Foundation provides research and data tools such as investment best practices and group demographics.

DAY 2

1. Co-investment models

Bob Barnsley, Advantage Business Angels

Mr Barnsley noted that 75% of deals are syndicated in the UK. Various funds exist and represent a total of £12.77 million of investment. Funds invest from £250,000 to much higher amounts (several million pounds). He mentioned that in the UK, a typical investment would gather 5 BA, 3 funds and 2 private investors. The Seraphim Fund is a £30 million Enterprise Capital Fund, it includes 10 partners, 1/3 Angels, 2/3 from the Government. A fixed return is assured to the Government while 87.5% of profits go to Angels. One deal has been made so far.

In the future, Mr Barnsley mentioned that niches will be addressed, such as Concept Funds; Rescue Fund and Invest BX, based on the local Stock Exchange of the Midlands.

Risto Kalske, SITRA

All is not about money. SITRA has a 10 year-history behind. Along with time and socio-economic needs, SITRA was able to adapt itself. The evolution of professionalism and the diversification of services to entrepreneurs have created a real environment for SITRA to grow in. In 2004, a co-investment fund of 50 million euros has been launched by the Finnish Industry Investment Ltd. Then in 2005 another 50 million euros were provided to a co-investment fund set up by Finnvera plc. Therefore, SITRA, Finnvera and the Finnish Industry Investment are working on the same market and a consolidation between the three is a requirement. It is necessary to point that 50% of Finnvera's liquidities are coming from BAs. From 2007, a special public effort with regards to tax breaks is being considered. SITRA innovates with a new structure of BAN.

Mr Kalske then took the example of the gas industry in Russia. To him, it is a successful example of what can work as a cross-border investment. Benefits for the EU and for Russia have been noticed and mutual satisfaction was the result. As such, the EASY project represents the best cross-border investment project to implement.

Jacques Sciberras, Malta BAN

Malta BAN is cooperating with Go Beyond Ltd. and Angelsoft. Mr Sciberras described the Techno Venture Fund. The structure of this fund is as follows: It is a co-investment fund, its core value amounts 24 million euros, among which 10% are private money and 90% public. 30% of tax credit is offered after 3 years of investment in the fund.

The main ambition of the fund is to float on the Stock Exchange. The pros of this fund are the fiscal incentives of the scheme, its visibility and the BA activity in it. The cons are the large public part it represents, and thus the lack of ambition that goes with it. It will increase best practice, and raise awareness on the topic, as well as facilitate the BAN knowledge transfer.

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Luigi Amati, META Group

Mr Amati underlined the importance of the seed funds potential. The collaboration between BA and seed fund is crucial, as there is a market need to be filled. In Europe in 2005, 97 million euros were invested in seed funds, which is a loss of 34% compared with 2004. There are 200 seed funds in the EU and 200 more are coming with the new member states. The cooperation between BAs and seed funds must be informal, occasional and more focused on individual BAs. Indeed, a common due diligence should be applied to the operational aspect of the cooperation. Moreover, a better follow up and mentoring need to be implemented as it will contribute to the cooperation between the two types of investors. He pointed that there are 600 to 700 potential shareholders for seed funds. His aim is to clarify the EU seed fund sector, and to create a communication platform for seed fund managers and BAN managers, bearing in mind that the ultimate goal is to broaden the seed fund market and improve the deal flow.

Comments

It was added later on that a clear definition of what is a seed fund is necessary. Is it an investment up to 2 million euros? What characteristics does it include? It is a very young instrument and some record/tracking is still difficult to do. As far as cross-border investments are concerned, they very much depend on the market on the country targeted, and thus a lot of new knowledge needs to be acquired before thinking about investing.

Under-utilised University Research Institutes in Europe.
Public-private partnerships are important.

2. International perspective on angel financing

Ernesto Weber, Gávea Angels

Gávea Angels is the first Brazilian BA group formally organised. It finds its origin in a Catholic University of Rio de Janeiro's alumni association. It applies a strict selection process for newcomers. Since its creation, they have evaluated 65 investment proposals; introduced 23 companies thanks to eight Angel Forums three of them have already found funding (up to 200.000 euros) through the organisation. In Brazil, markets are well organised, there is a good stock exchange and good funds. The main issue is the lack of organised investors. Support from the government can be found, but mostly for marketing or local seed fund purposes.

Hugo Diaz, BANAC

Knowledge transfer; awareness, informal activities of angels and Intellectual Property are principal themes evoked by BANAC. As Mr Diaz explained, the gap between rich and poor is huge in Guatemala, and data protection is a key theme. The free trade agreement with the US has helped developing the business, and a future one with the EU will also be a great benefit. BANAC serves as a matching point between investors and entrepreneurs. BANAC has 20 investors at the moment. 30 entrepreneurs' projects and 4 deals in negotiation phase.

Thus many efforts must be put in the promotion of what is a Business Angel in Guatemala. Conservatism in Latin America is rampant, it remains difficult to encourage risk taking. BANAC works with the Inter-American Development Bank which has set up a co-investment fund. Deal flow quality is a problem but BANAC hopes to solve this with investment readiness issues. The main threats to the development of these points are the privacy related issues, the lack of good projects and talents, the regulatory environment and the difficulty to find proper exit routes, but profitability rate is very high.

Judith Iglehart, Keiretsu Forum

Mrs Iglehart became an Angel by accident, she says. The Keiretsu Forum was founded in 2000. In 2007, it counted more than 500 members (investors) worldwide, by invitation only. A new approach to investment needs to be underlined with the Keiretsu Forum. The

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members' profits contribute to charitable organisations. The Kereitsu Forum proposes free training classes, and other various free events that could interest its members. Members pay a yearly fee of \$3.000 to join in. The Kereitsu Forum is managed at 80% from membership's costs, 10% from events, and 10% from marketing. It includes diverse sectors of activity 'chapters', such as IT, HealthCare, Real Estate (equals 30% of total invested), Media... It concentrates on early stage and funds, but excludes seed fund. Each chapter is limited to 150 members as it preserves an intimate group of exchange. The Forum collaborates with VCs.

3. Legal and fiscal framework for Portuguese BA

Rui Pedras, CMVM

Rui Pedras' presentation was mainly focused on the Stock Market Commission (CMVM) proposal to give the Portuguese Venture Capital market a fiscal and juridical framework. The Commission proposal highlights the need to internationalize, provide further flexibility, simplify and, most importantly, modernize this sector, namely through the creation of the Business Angel juridical personality. The connection between Business Angels, venture capital and private equity was referred as essential to give the Portuguese market a superior competitiveness in this field.

There is a personal income tax up to 10% in Portugal. Qualified Investments Funds are opposed to Public Placement Funds, which complicates the entire chain of investment, from willingness to exit routes. A huge bureaucratic environment is criticized, and work must be concentrated on the simplification of processes.

Further ideas were launched with regards to potential future achievements, such as a European Angel Week on the same pattern as the French and Portuguese ones. Further efforts should be put on education of entrepreneurs. Tax breaks are still at the centre of many discussions. Co-investment funds are crucial and also need a special highlight.

Conclusions given by Anthony Clarke:

The EBAN Congress is an opportunity to benchmark best practices. The business angel week for example seems to be an idea to share and duplicate. An angel week or day could be put in place in the future. Some of the key elements of discussion included:

- Promoting education near entrepreneurs is important: addressing the supply side.
- EC as a catalyst to support BA activities
 - Cross-border investment;
 - Investment readiness;
 - Tax breaks and incentives should be supported; Portugal, Spain, Finland and Sweden are looking at front-end tax breaks.
- Co-investment schemes:
 - Syndication as a back bone for important and successful deals.