

FIN-URB-ACT work meeting I, 2009.06.03
Working Group "Support for innovative/high tech projects" - *What tools/structures/partnerships has Aveiro to support innovative businesses*

*Case study **Invicta Angels**
Smart Money for Seed Projects*

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Porto Business Angels Association
(www.invictaangels.pt)

Agenda

- NEW BUSINESSES
- HOW TO FINANCE THEM?
- BA's INVESTMENT CRITERIA
- SOME QUESTIONS
- CONCLUSION

“The human creativity is the ultimate economic resource!”



... Investing on Creativity and Innovation Pays !!!

iPhone



Consumers price: 599\$

Profit: 329\$ - 55%

Memories and processor (Samsung);
Screen (Balda AG), Tactile Screen (Epson,
Sharp, Toshiba e Matsushita), Chips (Infineon e
National Semiconductor), Chip Bluetooth (CSR),
Chip Wi-Fi (Marvell Technology),

150\$ - 25%

Codecs (Wolfson Microelectronics),
software, marketing and other costs

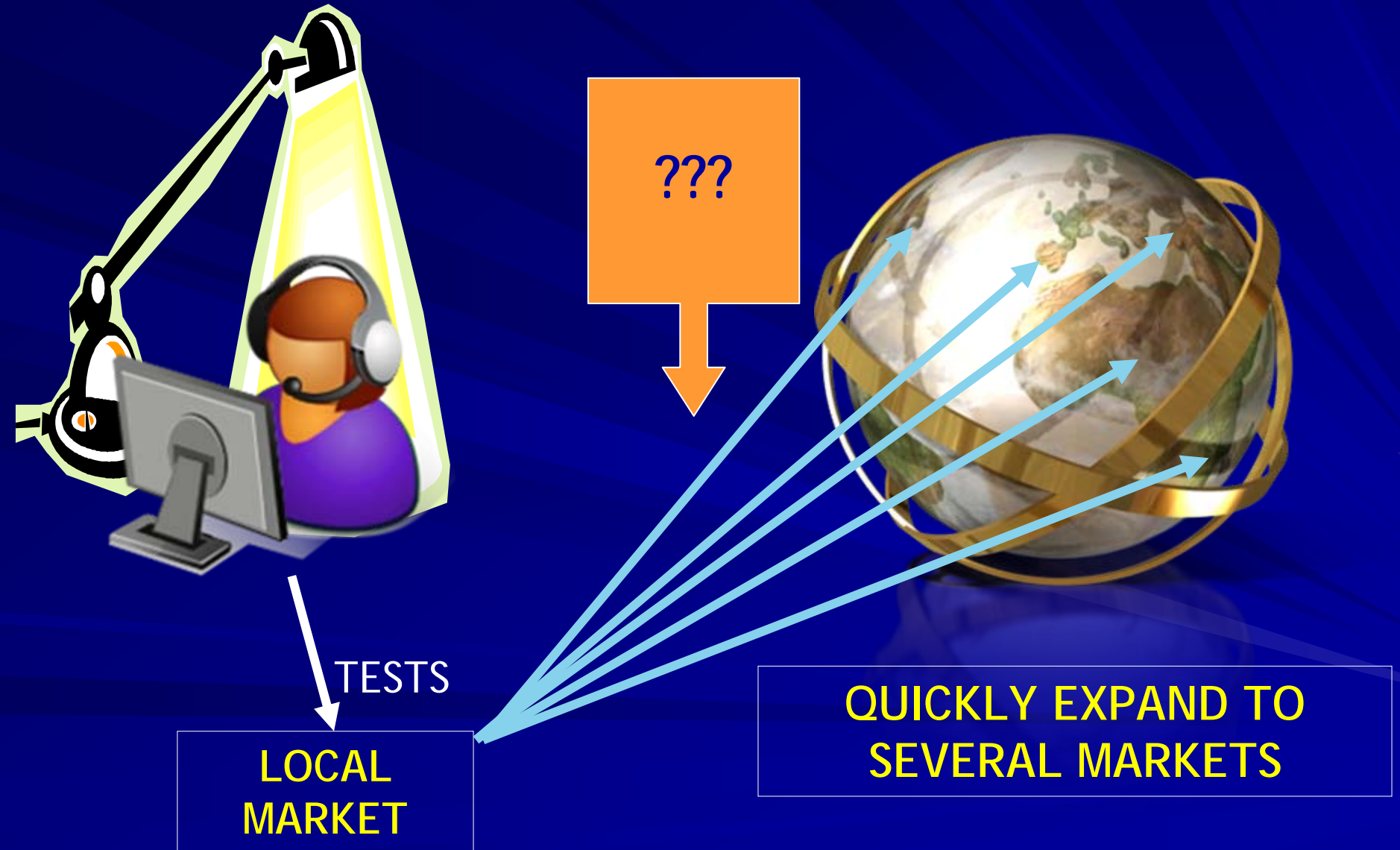
120\$ - 20%

investments on innovation => higher return:

- the highly innovative iPhone profits 55%

Where we want to be?

New small businesses



the question is:

How to transform small businesses into global operations?

Innovative businesses need to expand to several markets, but don't have enough financial nor human resources.

Money and human knowledge
are limitations in start-ups expansion.

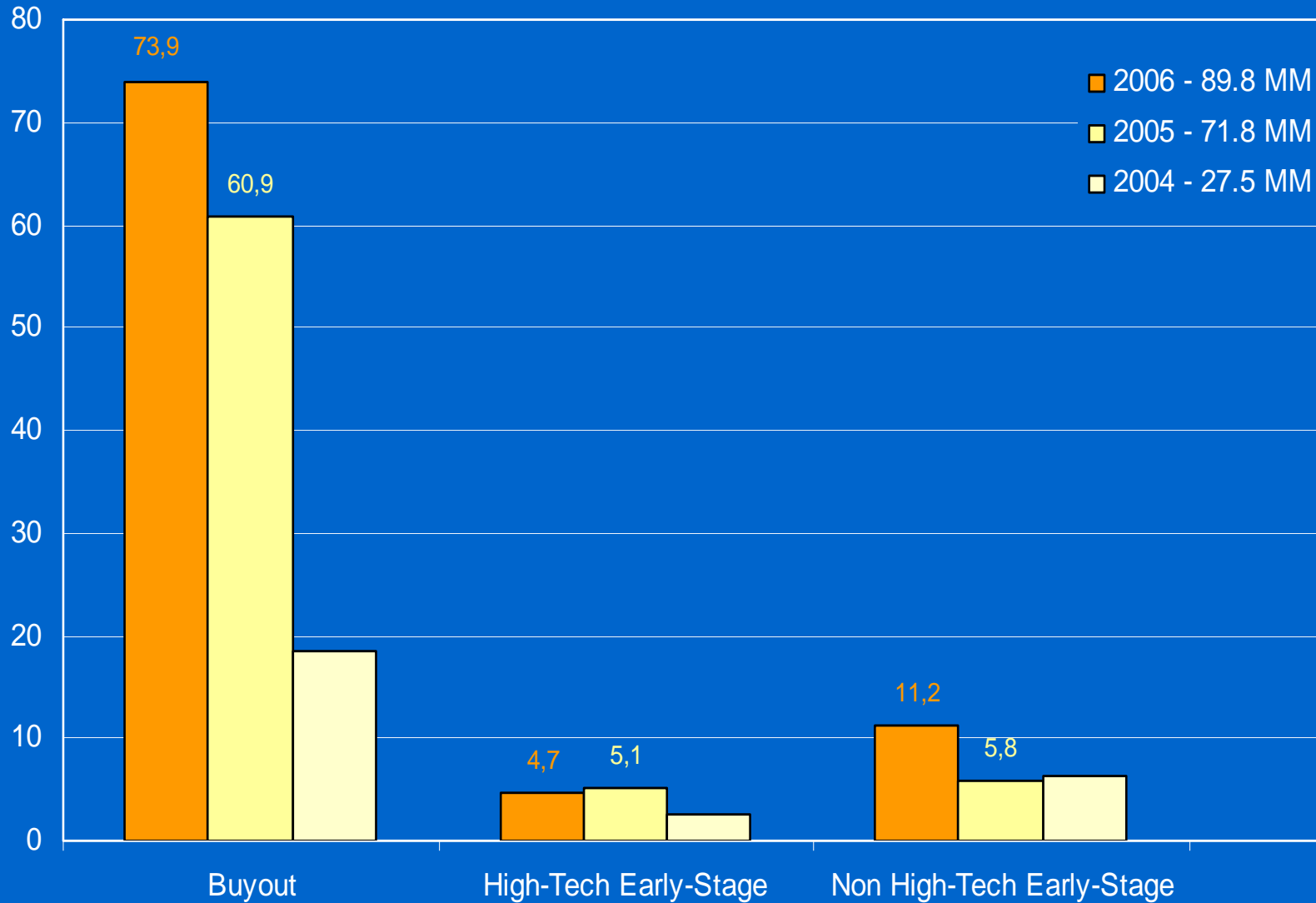
? how to finance them ?

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Venture Capital have other interests...

(Investment Expectations of the Raised Funds in 2006)



» BUSINESS ANGELS

“Individuals that invest professionally in the capital of SMEs with high potential of valorisation”

Business Angels invest “**SMART MONEY**”:
- money, competences, time and network

The Business Angels community

Imagine the “tornado” that seventy five thousand European *Business Angels*, and half a million worldwide, can make if they support creative and innovative businesses?!

Business Angels have been (and will continue) influencing the success of hundreds of companies worldwide.

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❖ BA's Investment Criteria

1. Entrepreneur's enthusiasm
2. Entrepreneur's credibility
3. Sales prospects
4. Entrepreneur's know how
5. Personal feeling of the BA towards the Entrepreneur
6. Market growth potential
7. Product /Service quality
8. Perceived financial return
9. Market niche
10. Entrepreneur's CV

*not the
Business Plan!...*

*...the
entrepreneur's
qualities are the
most important.*

...but... a good BUSINESS PLAN must include

"Management"

The management team is in love, well prepared and full of attitude!

"Market"

There is a big or growing target market, and a solid plan to conquest and keep a solid share.

"Money"

"Cash" possibilities are based on solid and proved assumptions.

"Magic"

There must be an ambition, and the business opportunity must be real.

The Venture Capitalist has to be fully involved in this dream.

A dream that can make the investor smile!

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The American Entrepreneurship Model



How can I convince mom and dad to back my business?

How can I convince grandma to share her secret lemonade recipe with me?

What kind of stand will attract the customers ?

Where is the best place to set up?

I need \$200 for a new bike, how much can I sell a glass of lemonade for?

JUST DO IT !

The European Entrepreneurship Model



Is it allowed for mom and dad to back a minor to start a business?

Does granny have the legal rights to her lemonade recipe?

What EU regulations do I need to comply with selling beverages on the street?

Do I need a permit from the city to set up?

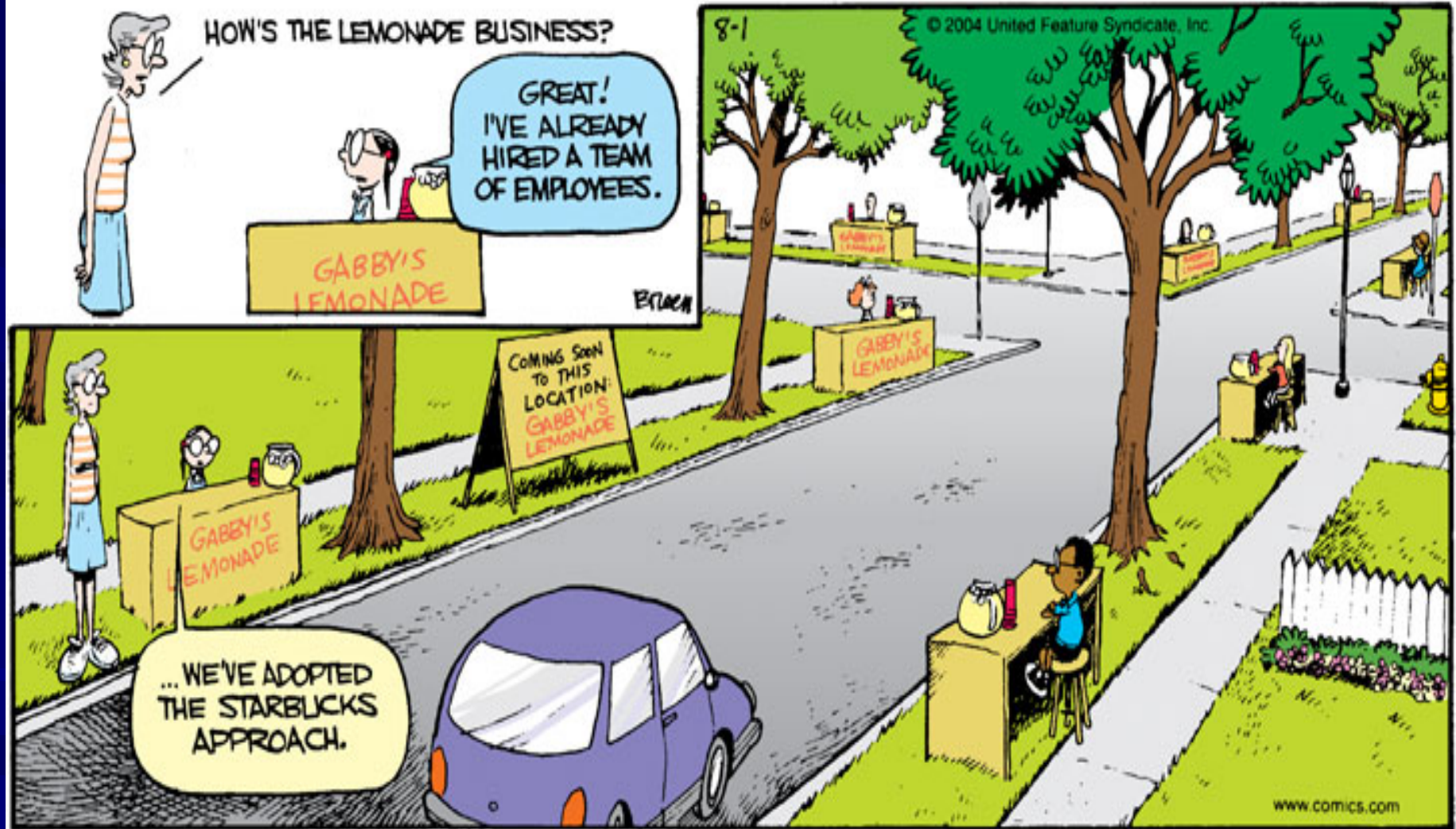
Do I need to collect VAT and...?

MORE RESEARCH!

The Differing Relates to Ambition

GRAND AVENUE

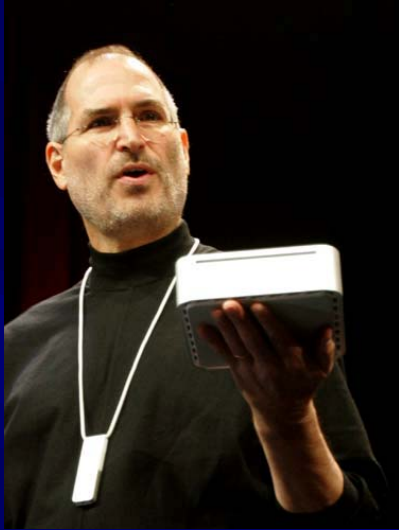
BY STEVE BREEN



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Dr Peter Kelly, Executive Director of Helsinki School of Creative Entrepreneurship

And a JUST DO IT Attitude



“Entrepreneur is someone stupid enough not to know what are getting themselves into.”

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Business Angels are an Option for Growing

TEXCHANGE
elevating innovation

Google[™]



You Tube

**Michelson
Diagnostics**

YAHOO!

**trampoline
systems**

BullionVault.c.....

PRICEMINISTER
l'Achat - Vente Garanti

amazon.com.



Amazon.com ... Fund Raising Evolution



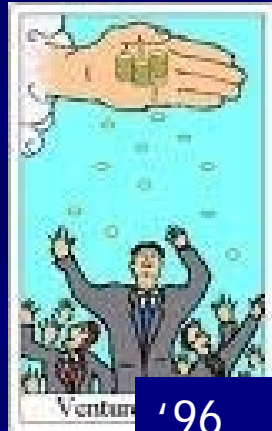
'95

Family and Friends (and Fools) \$245,000



'96

Business Angels Syndicate \$937,000 (\$46,850 each)



'96

Two Venture Capital Funds \$8 Million



'97

3 Million shares on the equity market \$49.1 Million



'94

Start up \$54,000 (\$10,000 Jeff Bezos + \$44,000 Bank Loan)

Let's Bet On **Young Entrepreneurs...**

**"Never underestimate the capacities
of a small group of people.**

They can change the world!"

Margaret Mead , American Anthropologist

NEVER GIVE UP!



❖ FNABA - Members

- » Invicta Angels - Assoc. de Business Angels do Porto
- » Assoc. de Investidores de CRisco da Covilhã
- » Clube de Cascais - Assoc. de Investidores de Cascais
- » Business Angels Club - Assoc. Portuguesa de Investidores em Start-Ups
- » Assoc. de Business Angels do Algarve
- » Vima Angels (Guimarães)
- » Clube de Business Angels do Alentejo
- » Centro Business Angels
- » OPEN Business Angels

Associations being organized:

- » Setúbal
- » Santarém
- » Madeira



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