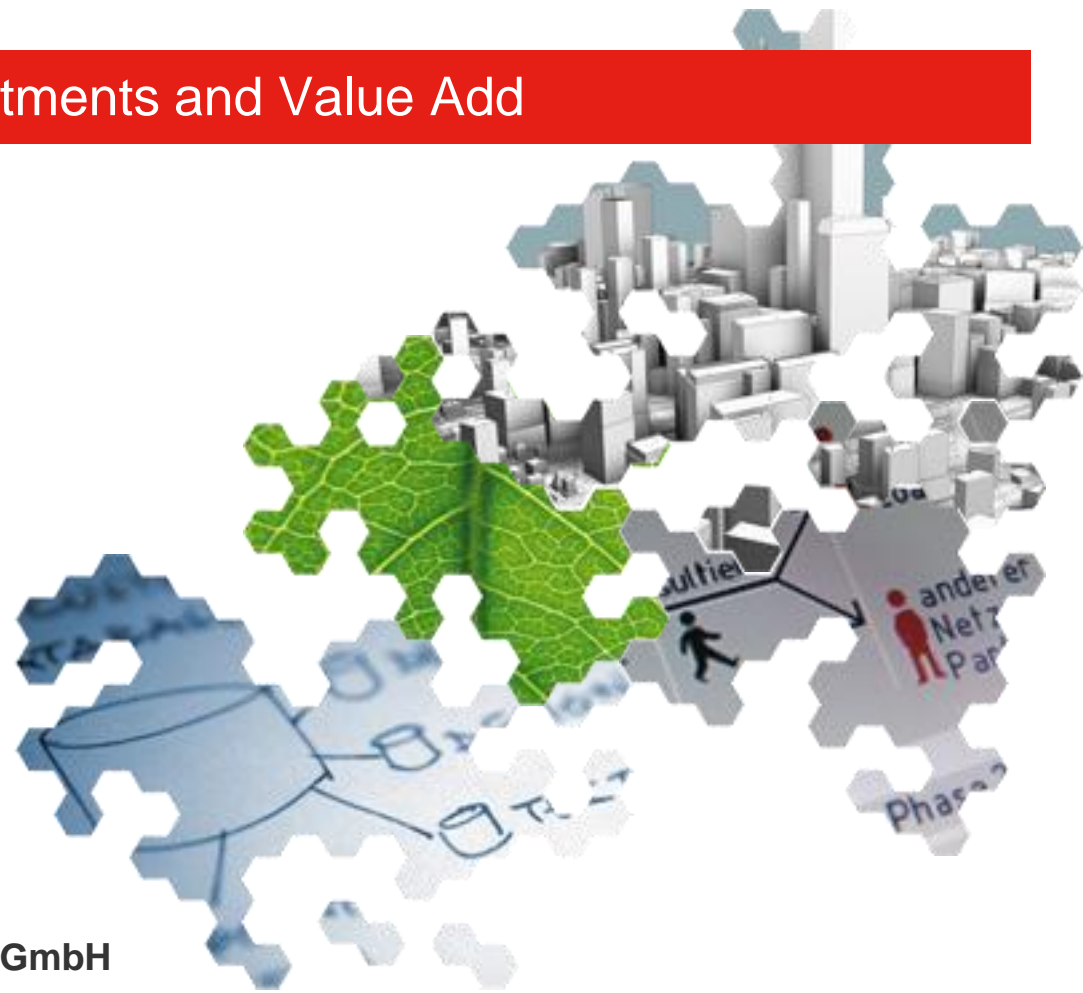


HTGF- 6 ½ years: 279 investments and Value Add



**Venture Capital Stammtisch**  
Munich, April 25, 2012

**High-Tech Gründerfonds Management GmbH**  
Dr. Alex v. Frankenberg

# Agenda

- High-Tech Gründerfonds and its focus
- Value add as key differentiator
- Value add through scale, investors, partners and network
- Biggest mistakes
- Outlook



## When we started in August 2005 (1/2)



- “Venture capital is dead”
- “VC business model is broken”
- “Another government initiative that is wasting money”
- “Spray and pray”
- “Do not take the job”
- “BONN???”
- “Son, don’t leave Siemens”



- “Diese vielen Gartenzwerge, die hier aufs Fließband gestellt werden – unter anderem vom High-Tech Gründerfonds – nimmt niemand mehr vom Fließband runter. Wenn die Anschlussfinanzierungen ausbleiben, wird das Geschrei groß sein.”
  
- Quelle: VC Magazin, 23.11.2007 <http://www.vc-magazin.de/themen/interviews/artikel/vis-a-vis-wir-erleben-eine-zu-starke-staatliche-einflussnahme-in-der-fruehphase.html>



# High-Tech Gründerfonds I and II: Key Facts

	HTGF I	HTGF II
Founded	2005	2011
Volume	272,0 Mio EUR	291 Mio EUR (+5,5)*
Investors		
Planned duration	6 years investment plus 7 years disinvestment period	
Focus	Innovative high-tech companies in the seed phase (start of operations < 1 year)	
Investment type	Up to 2 m € per company, thereof 500 k€ in the seed round	
Value Add	Operational support through local coaches Hands-on and strategic support by investment managers	

\* 5 Mio EUR additionally committed; Second Closing Dec 31<sup>st</sup> 2012



## Main results

- 279 investments
- **420 mil.** follow-on investments in portfolio
- 19 exits
- 30 insolvencies
- > 90 management placements in portfolio
- Many working partnerships
- ca. 55 paper millionaires
- Tons of fun (=work)



# Venture capitalist or public support program?

## „Venture capital“

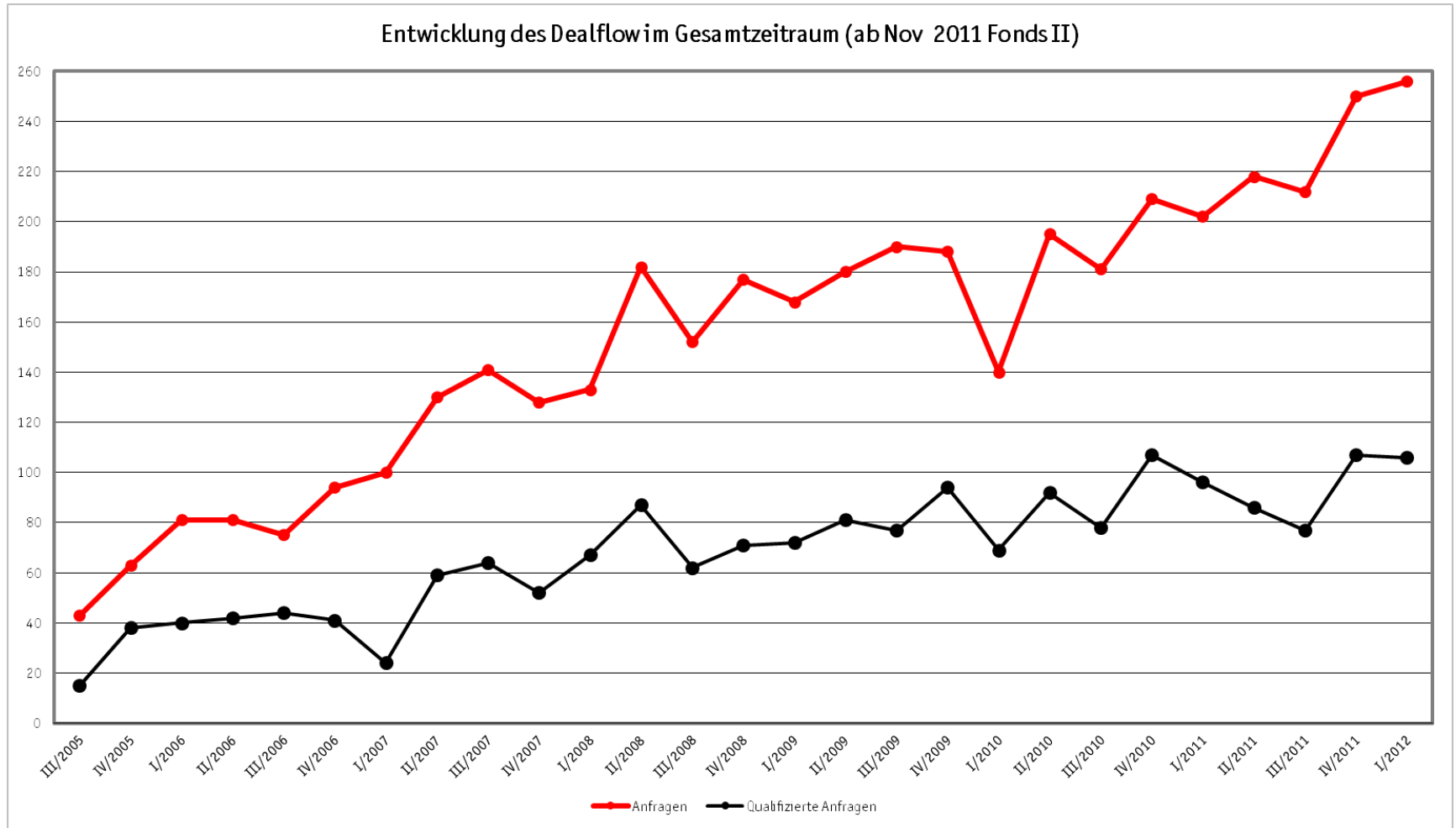
- Venture Capital model:  
HTGF-business model is based on appreciation of shares, exit
- Duration limited to 12 years, investors expect return
- Focus on high-tech and growth companies
- Long-term incentive based on cash back to investors

## „Public support program“

- High number of investments (~250)
- Standardized, attractive conditions:  
1. round: 500 k€ for 15% of the shares plus convertible loan as anti-dilution
- Acceptance of higher risks
- Focus: German high-tech companies younger than 1 year

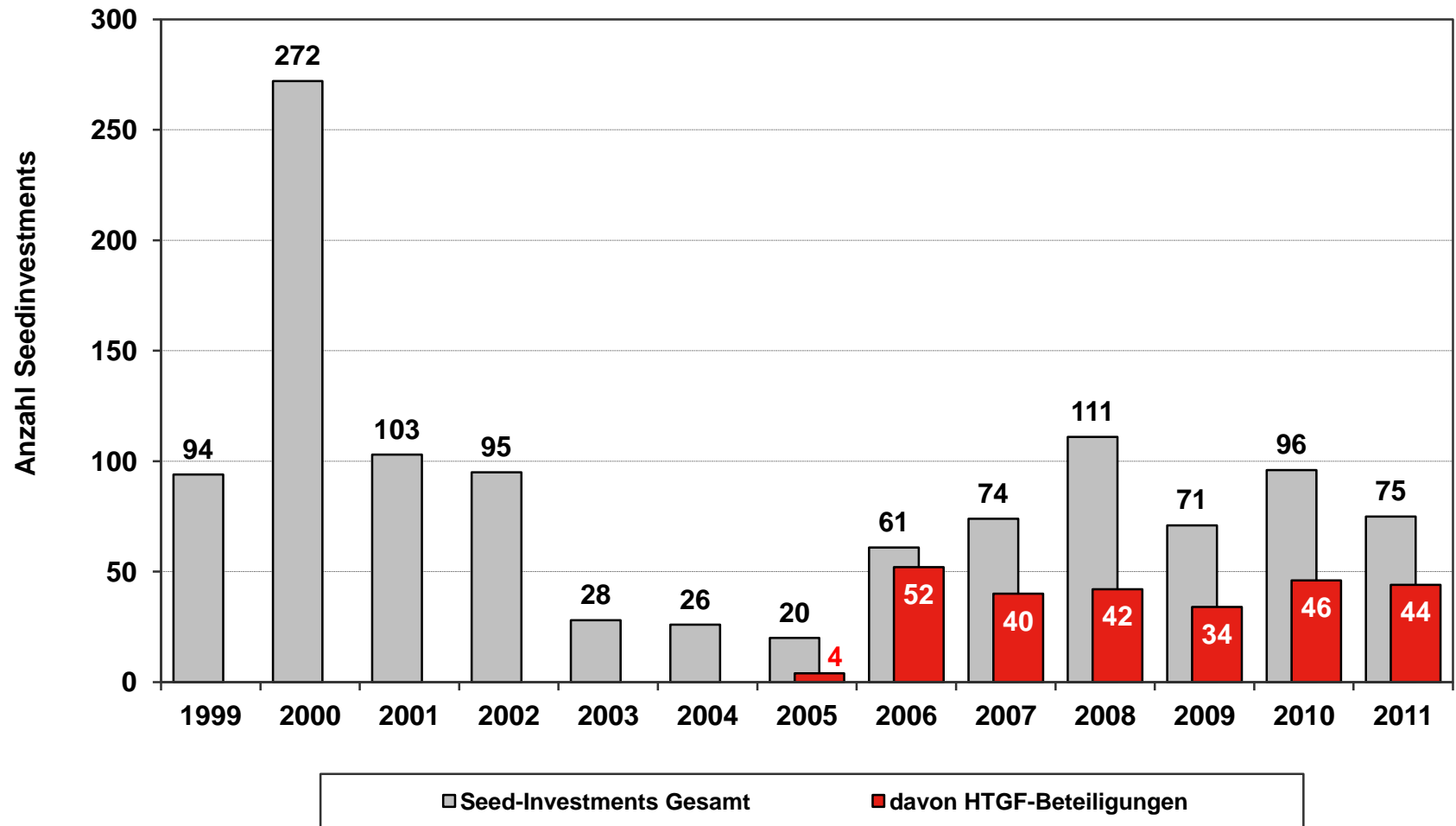


# Development of dealflow





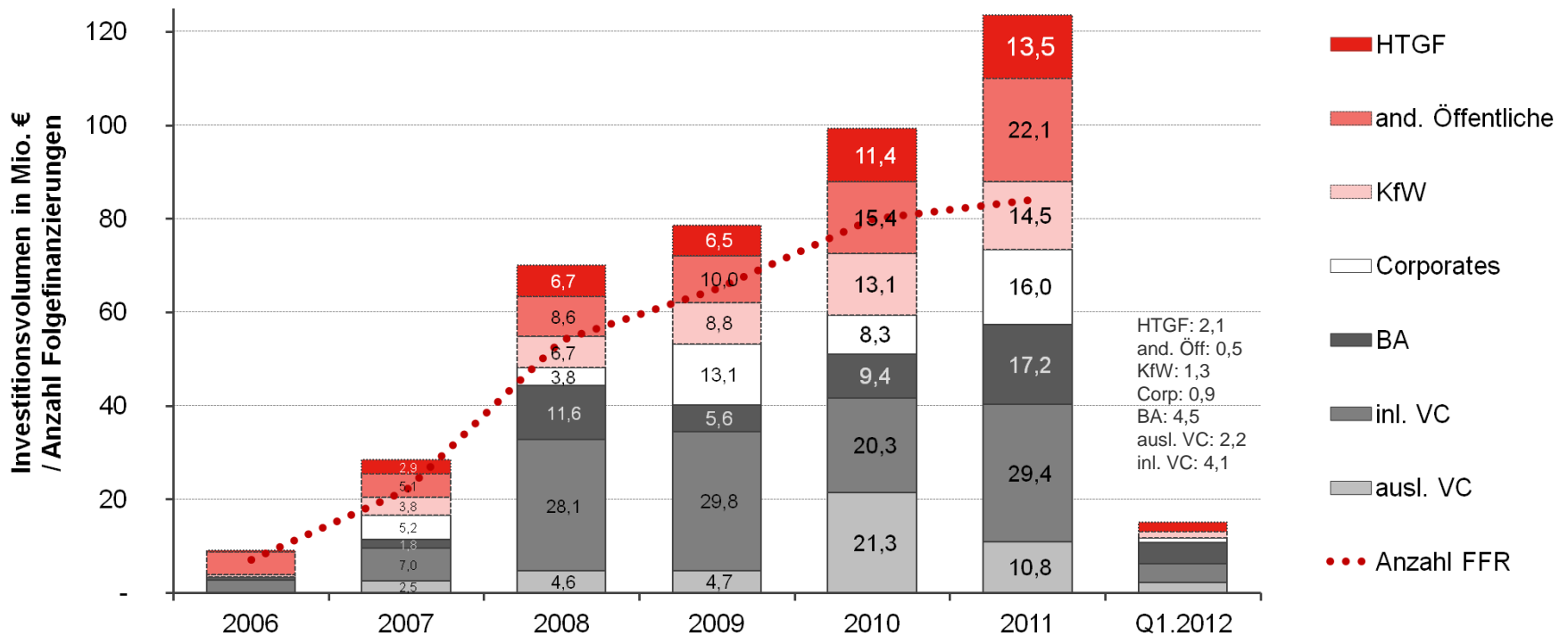
# Development of German seed market



Quelle: BVK Statistik, 2010 Sonderauswertung auf Anfrage  
\* BVK Statistik wertet Tranchenzahlungen



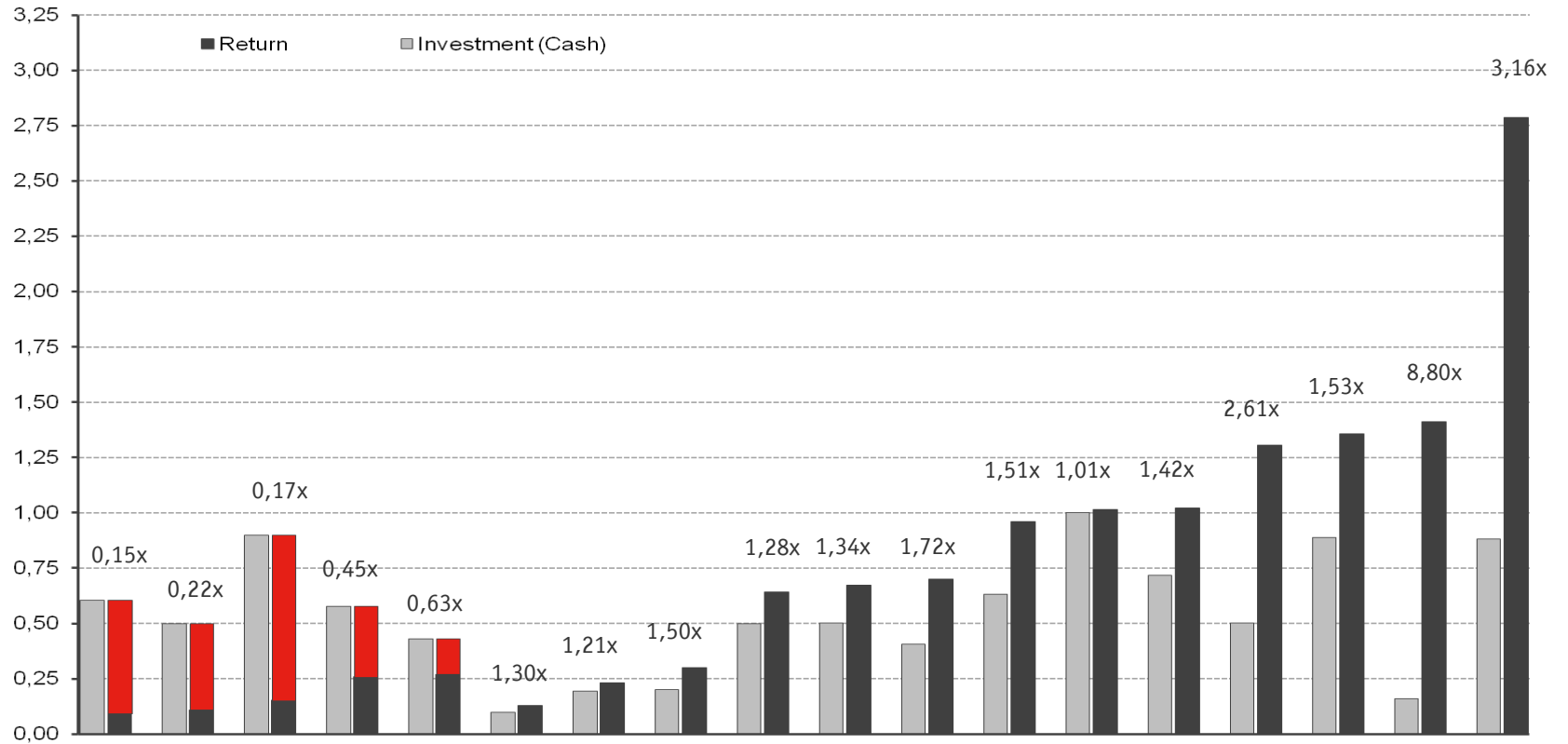
# In Q1/2012 more Business Angel than VC investments



Stand: 31.03.2012

# Realized exits

Mio. €



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We realized at some point investors are waiting in line to be able to make an investment



So, what is needed is everything that gets companies in great shape

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## Value Add

- We listen
- We (really try to) understand
- We build strong relationships with the founders (that are repaired when damaged – hugs included)
- We communicate open and honest
- We add value



## Value add through scale

- Huge experience from a very high number of transactions
- Active handling of “situations” in portfolio – we have seen it
- Large team of investment professionals with very diverse competencies
- “Family day” with 750 participants one of the largest VC events in Germany
- Leading industry network at High-Tech Partnering Conference
- Very large network of high net worth individuals
- Central point of contact for access to German high-tech start-ups
- Maintenance of very large networks
- Cost advantages regarding partner relationships
- Large portfolio





## Value add through investors

- **BMWi:** Close cooperation with EXIST programs, integration in BMWi start-up activities, good connections to other governmental departments
- **KfW:** Close cooperation with ERP-Startfonds
- **Industry:**
  - Quick access to relevant departments / business units
  - Several cooperations (e.g. research)
  - Business development / significant orders from HTGF investors
  - Significant investments in portfolio companies
  - No exit yet



## Value add through partners and network (some examples)

- Coaches
- Technology experts
- Headhunters
- Talent pool
- General industry
- Domestic and foreign Investors
- Business Angel Networks
- Pitching events
- Public support programs (“Förderprogramme”)



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# Biggest Mistakes

- Yelling
- Continuing to finance a mobile messaging company that uses a blackberry
- Getting emotionally attached to a company
- Getting carried away by a success
- Incompatible investors / shareholders
- Unrealistic („un-honest“) views
- Not digging deep enough
- Too much trust – not enough trust



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## What's next

- Exits
- Keeping up the investment pace
- Very systematic access and contact to deal flow sources
- Partnering
- Limited growth of investment team
- Keeping up the good mood



From The Truman Show: “We tend to accept the world the way it is presented to us”

1950



\*)

2010



0,82 €  
1€ = 1,2 l

8,60 €  
1€ = 0,11l



90 Mass

113 Mass

\*) 1 Mass Bier at the Münchener Oktoberfest  
Source: International Equity Gold Report, Erste Sparkasse Österreich, Juli 2011

# ... looking forward to cooperate with you



Dr. Michael Brandkamp  
+49.228. 82300 - 101  
m.brandkamp@...



Dr. Alex von Frankenberg  
+49.228. 82300 - 102  
a.frankenberg@...

## Committee 1: hardware, automation, optical technologies, energy



Benjamin Erhart  
+49.228. 82300 - 114  
b.erhart@...



Klaus Lehmann  
+49.228. 82300 - 115  
k.lehmann@...



Dr. Andreas Olmes  
+49.228. 82300 - 108  
a.olmes@...



Andreas Quauke  
+49.228. 82300 - 131  
a.quauke@...



Michael Strzyz  
+49 228.82300 – 105  
m.strzyz@...



Dr. Guillem Sagué  
+49 228.82300 – 152  
g.sague@...

## Committee 2: life science, material science, med tech



Kay G. Balster  
+49.228. 82300 - 112  
k.balster@...



Dr. Matthias Dill  
+49.228. 82300 - 133  
m.dill@...



Dr. Caroline Fichtner  
+49.228. 82300 - 113  
c.fichtner@...



Dr. Bernd Goergen  
+49.228. 82300 - 136  
b.goergen@...



Dr. Martin Pfister  
+49.228.82300 – 123  
m.pfister@...



Marco Winzer  
+49.228. 82300 - 106  
m.winzer@...

Ron Winkler  
+49.228. 82300 - 144  
r.winkler@...

Dr. Christian Jung  
+49.228. 82300 - 100  
c.jung@...

## Committee 3: telecommunication, media, Software, e-commerce



Clemens von Bergmann  
+49.228. 82300 - 111  
c.bergmann@...



Holger Heinen  
+49.228. 82300 - 118  
h.heinen@...



Markus Kreßmann  
+49.228. 82300 - 132  
m.kressmann@...



Dr. Björn Momsen  
+49.228. 82300 - 134  
b.momsen@...



Simon Schneider  
+49.228. 82300 - 109  
s.schneider@...



Romy Schnelle  
+49.228. 82300 - 135  
r.schnelle@...



Curtis MacDonald  
+49.228. 82300 - 141  
c.macdonald@...



Jan Sessenhausen  
+49.228. 82300 - 142  
j.sessenhausen@...



Christine Schmid  
+49.228. 82300 - 117  
c.schmid@...



Ole Kebbel  
+49 228.82300 – 143  
o.kebbel@...

...@high-tech-gruenderfonds.de

High-Tech Gründerfonds, Ludwig-Erhard-Allee 2, 53175 Bonn





## Happy risk taking

Dr. Alex v. Frankenberg  
Geschäftsführer  
High-Tech Gründerfonds  
Ludwig-Erhard-Allee 2  
53173 Bonn

+49 228 823 00102  
a.frankenberg@htgf.de

<http://www.facebook.com/Seedandspeed>

[https://www.xing.com/profile/Alex\\_vonFrankenberg](https://www.xing.com/profile/Alex_vonFrankenberg)

[http://www.linkedin.com/myprofile?trk=hb\\_side\\_pro](http://www.linkedin.com/myprofile?trk=hb_side_pro)

Twitter: @Justdoitalex

Skype: Justdoitalex

AIM: Seedandspeed

