

# INNOVATION CENTER DENMARK

SILICON VALLEY



Innovation Center Denmark, Silicon Valley  
DABF Raising Capital in the US – August 2011



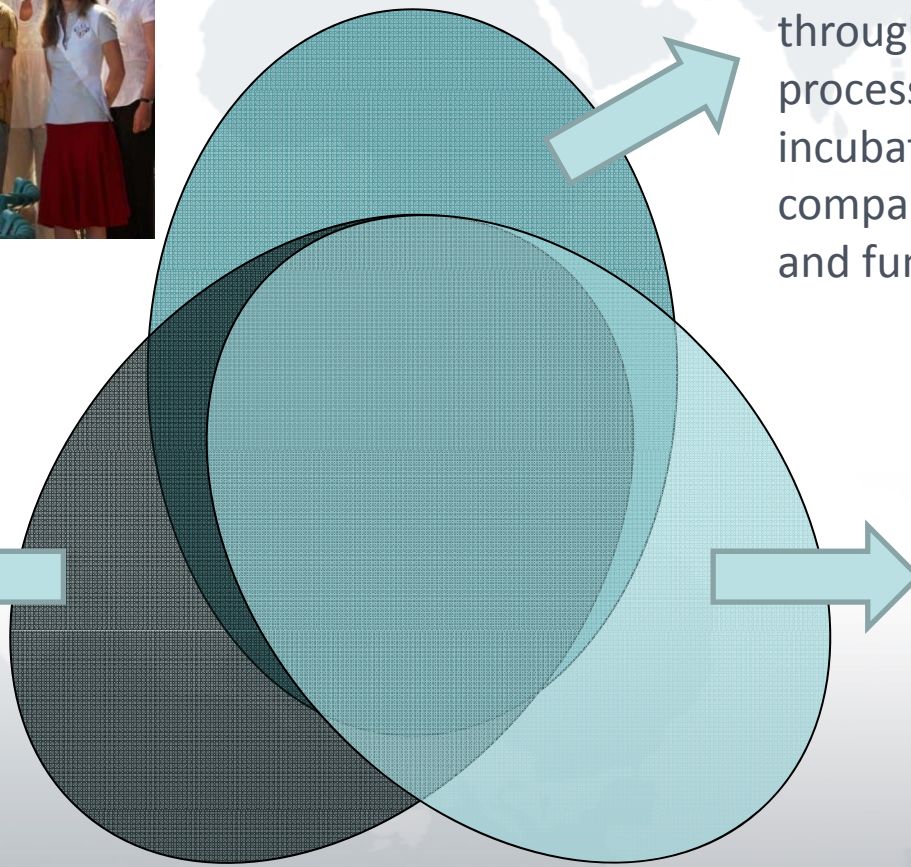
# Innovation Center Denmark Silicon Valley

- **Globalization Strategy of 2006:** Ministry of Foreign Affairs (Trade Council) & Ministry of Science Technology and Innovation
- A new type of representation placed in **international "hot spots"** **Silicon Valley (June 2006)**, Shanghai (September 2007), Munich (June 2008) and Hong Kong (2012)
- The centers facilitate access to **international sources of innovation** such as capital, networks, knowledge, technology, partnerships and markets
- Work with large companies, startups/entrepreneurs, researchers, etc.





# ICDK: Who?



## **Innovation**

Support Danish companies through open innovation processes, match-making, incubation and advise companies on market entry and funding strategy.

## **Increased investments**

Create jobs in DK by attracting US investments to DK

## **Research, development and Higher Education**

Matchmaking between Danish and Silicon Valley research communities







## Innovation Services

- **Capital Connections** – working with companies to create and execute a fundraising strategy
- **Matchmaking for business development and market entry** – with strategic partners, technology companies, research institutions, investors, service providers etc...
- **Silicon Valley Platform** – Incubator Services
- **Technology Scouting** – Staying up to date on the latest technology and market developments coming out of The Valley
- **Radical Innovation for large Danish companies** – comprehensive services related to technology scouting, matchmaking and open innovation processes
- **Inspiration in Silicon Valley** – Introducing companies and groups to the unique Silicon Valley entrepreneurial mentality and taking it home to their Danish organizations



## ScaleIT Accelerator Program

Step 1/4 	Step 2/4 	Step 3/4 	Step 4/4 
100-200 entrepreneurs	30 aspiring entrepreneurs	10 companies with established teams (5-10 employees)	Scale companies from Denmark
Every 6 months, experienced Silicon Valley people will do a 2 day workshop in Denmark	1 week introduction to Silicon Valley	1-2 executives, 3 months in Silicon Valley with heavy focus on advisory, risk capital and scalability	Build on existing relations with Silicon Valley advisors and visit here every 3-4 months
<b>INSPIRE</b>	<b>TEACH</b>	<b>PROOF</b>	<b>SCALE</b>

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## Overview

- Sources of Risk Capital
  - Angel/Seed Capital
  - Venture Capital
  - Other Private Equity
  - Project Finance
  - Venture Debt
- VC in the US
- Where to find capital
- Resources for entrepreneurs



### Angel and Seed Capital

- Private, wealthy individuals
- \$50,000 up to \$1.5 million
- Simple terms and fast decision making
- Generally no board seat taken and differing levels of involvement
- Bridge the gaps between ideation, building the initial prototype/product and setting up the company
- Grey area
  - Super Angels
  - Angel groups – Keiretsu Forum, Angel List
  - Seed funds



### Is Venture Capital for you?

- What VCs are looking for in an investment opportunity
  - Large Market Opportunity - \$1 billion USD Markets
  - Scalability – poised for rapid growth and large returns 10X
  - Clear path to exit via acquisition or IPO within 5-7 years
  - An ambitious, cohesive and feasible plan
  - A crack team that can carry out the vision
- VCs invest in companies, not;
  - Science experiments – proven or close to proven technology (Gov. R&D)
  - IP & technology – needs a market application, a product, a team etc...(Seed or Angel)



### Venture Capital

- Typically invest in 1 out of every 400 deals or more. Might look at 1000 deals in a year and invest in just a handful.
- Successful fund
  - 1 in ten will succeed big time, a few will even out and many will fail.
- Venture capital investors in general are interested in being able to make decisions about the direction of the company once the product or service has proven itself to be profitable.
- VCs mostly invest in local teams
  - Access to the management team
  - Ability to be an asset to the company

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## More than just capital

- Access to large amounts of capital and a gateway to future rounds of funding if needed
- Hands-on, operational experience
- Links to very senior executives such as an experienced head of manufacturing or sales
- Contacts to early adopter customers and strategic partners



### Types of VCs

- **Generalist Funds** – With generalist funds it is important to examine how serious they are about your sector. Draper Fisher Jurvetson, Kleiner Perkins, Sequoia etc...
- **Specialist Funds** – dedicated resources within a specific technology/industry area – Vantage Point Capital Partners, Khosla Ventures, Burrill & Company etc...
- **Strategic investors** – come in all shapes and sizes. Potential customer, potential acquirer, path to market, big stamp of approval for financial investors – Chevron Technology Ventures, GE Capital, Novo Ventures, Siemens Technology to Business (TTB).



### VC vs Seed Funding – a question of stage

- **Angel/Seed** (\$50k – \$1.5Mil)
  - small team building a product with the hope of “seeing if it takes”
  - no need for a board or a lot of money to get to proof of concept
  - use of proceeds to develop the team, product, market application etc...
- **Venture** (\$1 mil+)
  - strong belief in your product or your product idea
  - a race against time to take the market
  - benefit from both the extra capital and extra support that comes with a serious and large commitment from your investors.



### Other sources of risk capital

- **Private Equity**
  - Includes Venture Capital, but also many other types of investments
    - Leveraged buyouts
    - Distressed assets
    - Infrastructure
- **Venture Debt**
  - Leveraging equity investment with debt financing
  - Most appropriate for growth stage companies



### Other sources of risk capital

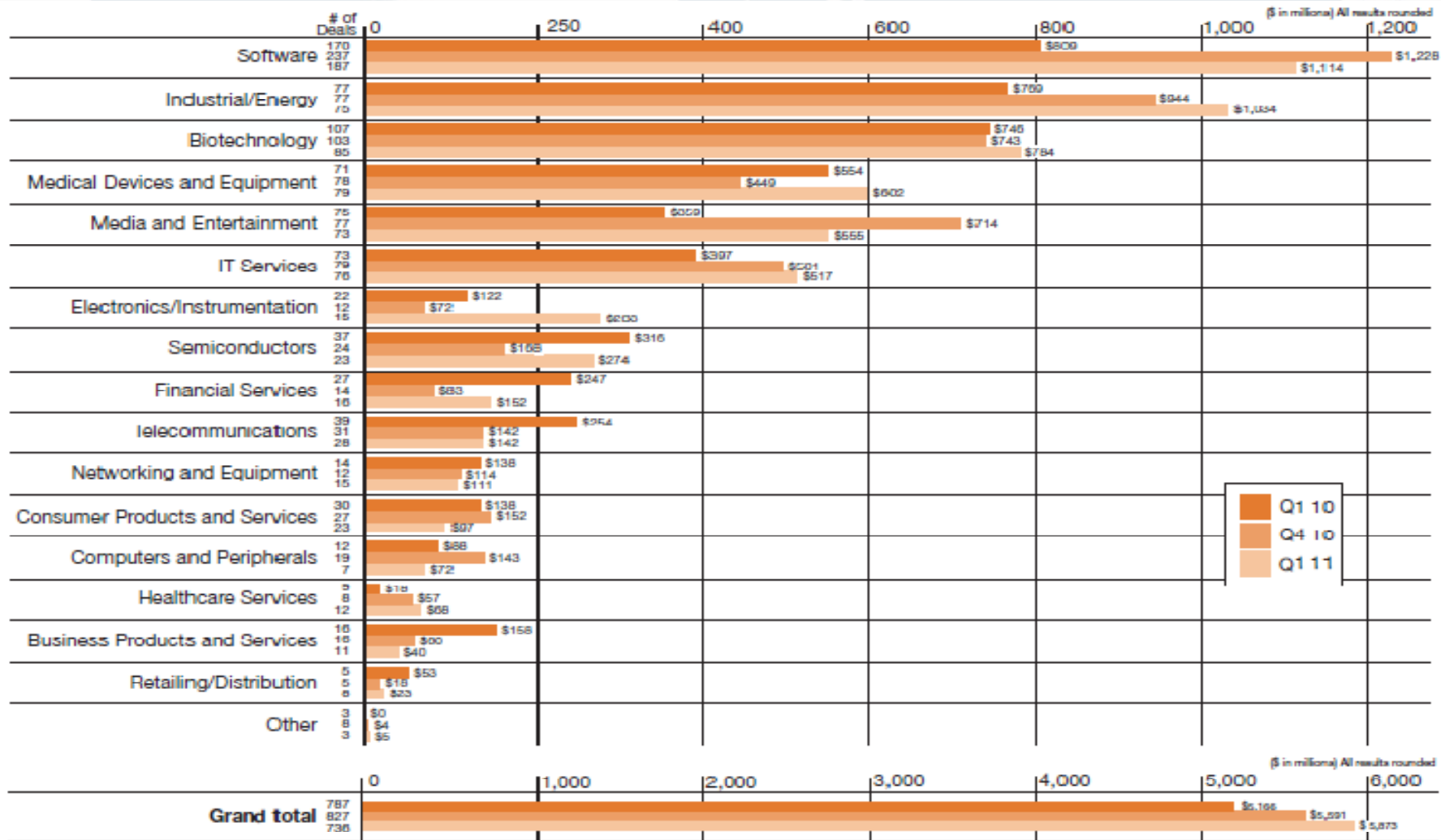
- **Project Finance**
  - No technology risk
  - A mix of equity and debt
  - Project company has no assets other than the project
  - Fixed expected return for investors
    - Wind and solar developers
    - Infrastructure
- **Public Finance** (generally non diluting)
  - Compliment to PE and Project Finance - Loan guarantees to absorb technology risk
  - Early R&D Money

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### US Venture Investing by Industry



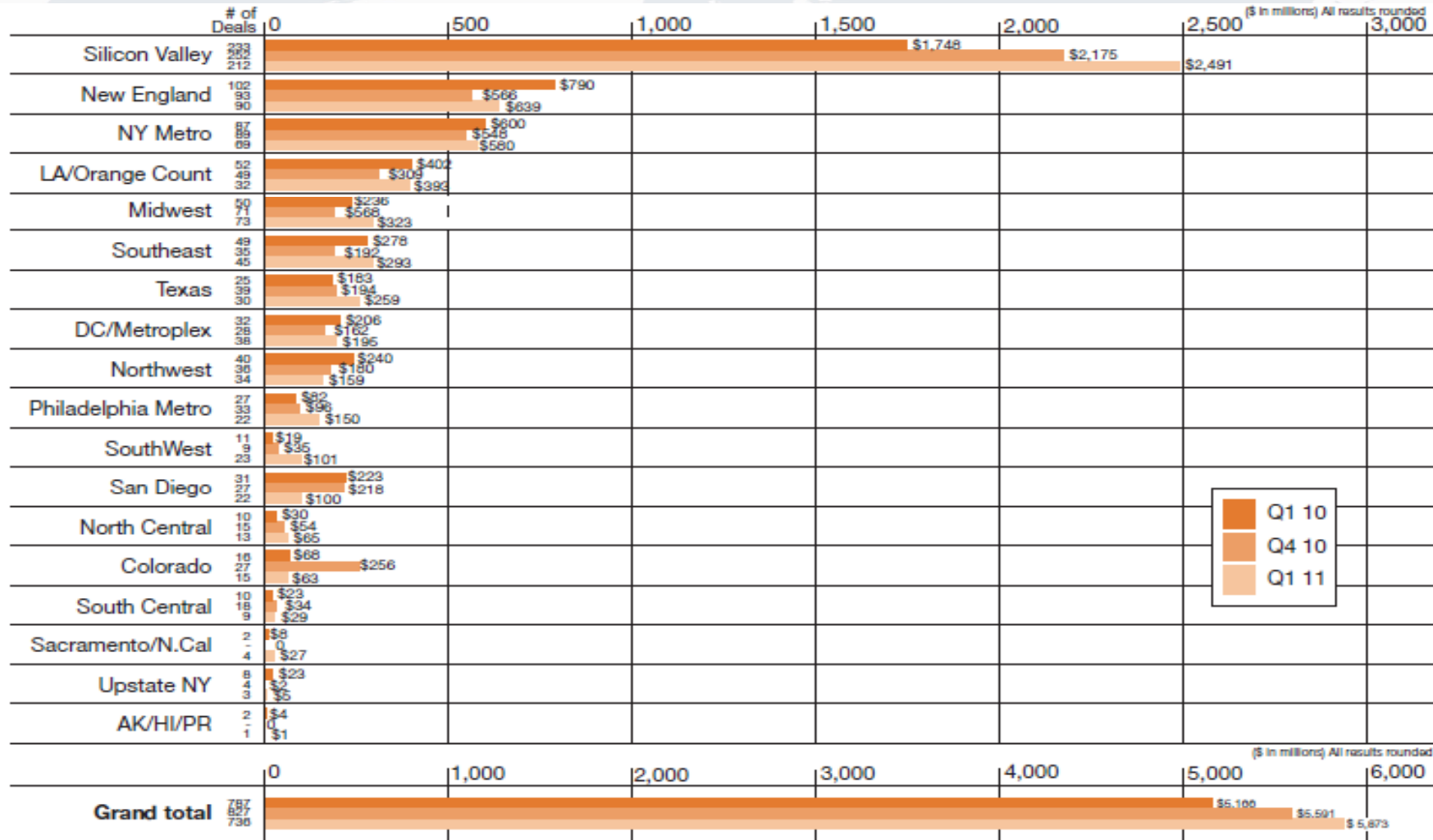
Definitions of the Industry categories can be found on the MoneyTree™ Report web site at [www.pwcmoneytree.com](http://www.pwcmoneytree.com)

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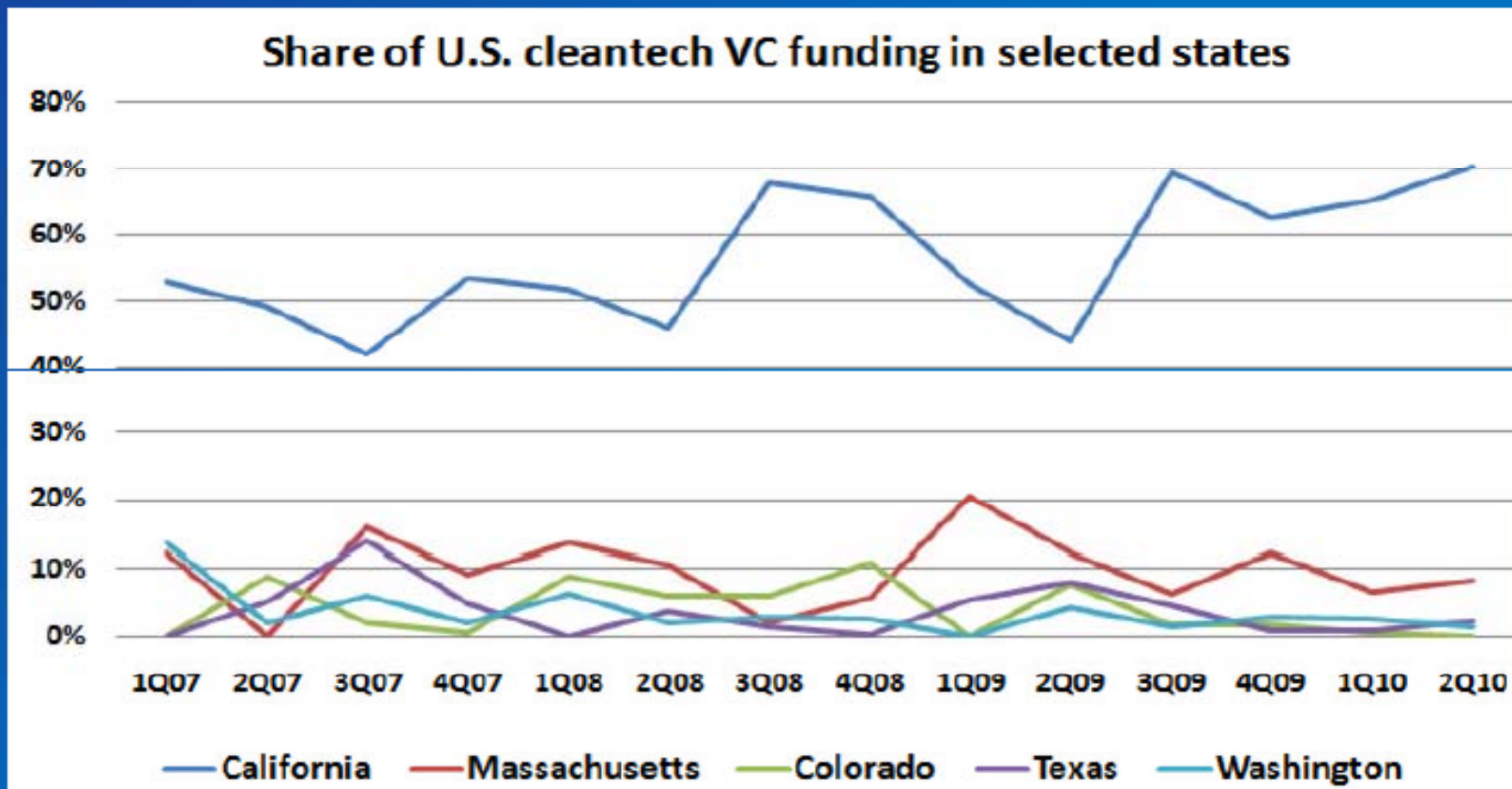
### US Venture Investing by Geography



Unknown region totals not included



### California's Dominance in Clean Technology Investment



Source: Cleantech Group



### Which investor is right for me?

- Stage
- Industry focus and expertise
- Strong industry relationships
- Successful exits to potential acquirers?
- Money for a follow on round
- Are they investing in my competitors?
- What do the companies who have received capital from them say?  
(see [thefunded.com](http://thefunded.com))



### Essential pre-funding steps to be taken

- Create a US legal entity
- Protect your IP
- Clean up your cap table with existing investors
- Put together the management team and anticipate future additions
- Create your 2 page executive summary
- Put together the business plan and pitch deck
- Create a pool of targeted investors



### Approaching VCs



- Get to know them directly
- Current investors as a gateway to future investors
- Direct Introduction from a trusted source such as service providers
- Mutual contact
- Forums, competitions and conferences
- LinkedIn
- Hiring fundraising consultants
- Cold call or email



## Resources for entrepreneurs

- **Fundraising resources**

- <http://www.bothsidesofthetable.com/pitching-a-vc/>
- <http://thefunded.com/>
- <http://www.founderinstitute.com/>
- <http://venturehacks.com/>
- <http://www.markpeterdavis.com/getventure/entrepreneurs-guide-to-ra.html>

- **VC Deal Flow Reports**

- PWC Money Tree (US only) [www.pwcmoneytree.com](http://www.pwcmoneytree.com)
- Cleantech Group [www.cleantech.com](http://www.cleantech.com)

# Thank You for Your Attention!

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The screenshot shows the website for Innovation Center Denmark Silicon Valley. The header includes the organization's name, a search bar, and navigation links for Calendar, News, Site Map, Contact, and Gallery. Below the header is a menu with links for About Us, Services, About Silicon Valley, Partners, Innovation Projects, and Publications. The main content area features a large image of the Golden Gate Bridge and a 'NEWS' section. The featured article is titled 'HEALTH CAREVAN 2010' and describes a healthcare innovation event. It mentions dates from October 24-29 and lists sponsors like IBM. Other sections include 'EVENTS' with details about a 'Boot & Innovation Camp' in Copenhagen and Silicon Valley, 'TESTIMONIALS' from Evolva and Grundfos, and 'INFORMATION' about the center's role as a bridge between Silicon Valley and Denmark. There are also links to the blog, Twitter, and Facebook, and a sign-up for a monthly newsletter.