Monthly European Technology Venture Capital Bulletin October 2011

The Go4Venture Monthly Venture Capital Bulletin is a publication commenting on the latest results from our European Technology VC Headline Transactions Index®.

Go4Venture's European Tech VC Headline Transactions Index is based on the number and value of transactions reported in professional publications. The Index is compiled on a monthly basis as an early indicator of the evolution of the market for venture capital funding for European technology companies.

For more details please refer to the Methodology Note available at www.go4venture.com/research/hti.htm.

About Go4Venture

Go4Venture Advisers LLP is a London-based corporate finance advisory firm focussed on providing European technology entrepreneurs and their investors with impartial advice to help them develop and execute growth strategies.

Our services encompass:

- Financing strategies
- Buy and build strategies
- Exit strategies (trade sale and IPO advisory)
- Strategic advisory and valuation

We are particularly well-known for our international equity private placement services, where we have developed a reputation second to none in Europe among international VCs.

Further information is available at www.go4venture.com.

Go4Venture Advisers LLP is authorised and regulated by the Financial Services Authority (FSA).

Dear Clients and Friends,

Please find attached the October 2011 edition of Go4Venture's Monthly European Technology VC Bulletin, including the latest results from our proprietary Headline Transaction Index (HTI), which tracks technology private financing deals as reported in the press.

When German government bonds are seen as a risky bet, where does this leave VC investment?

Although October is still ahead of the equivalent month last year, this is by a small margin: in short, **the softening of the environment that we highlighted in September is continuing in October**. Given the August crisis and turbulent times at macro level, this is to be expected. How bad and how long are going to be the two questions agitating us for the coming months, until (and if!) Europe sorts outs its Eurozone self-inflicted problem.

How bad this will turn out to be is anybody's guess. **In the small world of venture financing (c. €5bn a year at European level), the tail effects of changes in market sentiment can have comparably strong effects**, either positively or negatively. Clearly the overall crisis of confidence is slowing decisions (and this is increasingly spreading to all economic participants), while the more stringent banking regulatory requirements are cutting off a large source of financing for venture funds which still represent the majority of venture financing. Then again, the search for alpha in a world of market risks all around (see the growing Euro government bond crisis – with even Germany failing to place its paper) is bringing technology investment back to the fore.

Against this darkening environment, market data and anecdotal evidence from our advisory work suggest that **for the right deals, there is plenty of money around**. What the "right deals" means is essentially:

- Super scalable internet play where the risk is worth taking - and by derivation SaaS companies and internet infrastructure technology suppliers (cloud);
- Late-stage growth equity investments - for which large VC funds and smaller mid-market/tech private equity players compete heavily.

Interestingly cleantech is not as hot as before, partly because many of these technologies take a long time to get deployed at scale, and in part because of dwindling public subsidies (which used to prop up the whole sector).

As investors become more conservative, the burden of proof is increasing on internet plays – so you better have metrics to conduct a successful financing. On the other hand, **the interest in late-stage continues unabated, which is creating a growing number of private equity-type transactions** (i.e. large secondary investments in established companies and/or majority transactions). October had its share of such transactions:

- 1C.ru, an established Russian ERP supplier serving the local market needs, raised $200mn (at a $2bn pre-money valuation) from Baring Vostok Capital Partners (BVCP), a local investment fund. According to media sources, the company had revenues of $600mn in 2010, whilst predicting 20% growth in 2011.
- Belgian company Trustteam sold a majority stake to GIMV (for an unreported amount). Trustteam provides solutions for software, security and network infrastructure, and had revenues of just over €10mn in 2010.
- More recently, private equity firm Oakley Capital has taken a 51% stake in Intergenia, a provider of hosting services, for €30mn in equity and €10mn in debt.

In fact, one would argue that our largest HTI transaction this month, Six Degrees Technology, a buy and build in corporate computing and networking infrastructure, could belong to the PE rather than VC world. This shows how difficult it can be to draw up clear lines between the two, as VCs gravitate towards growth equity and private equity players jump on the bandwagon of technology's fast growth using their depth of financial resources.

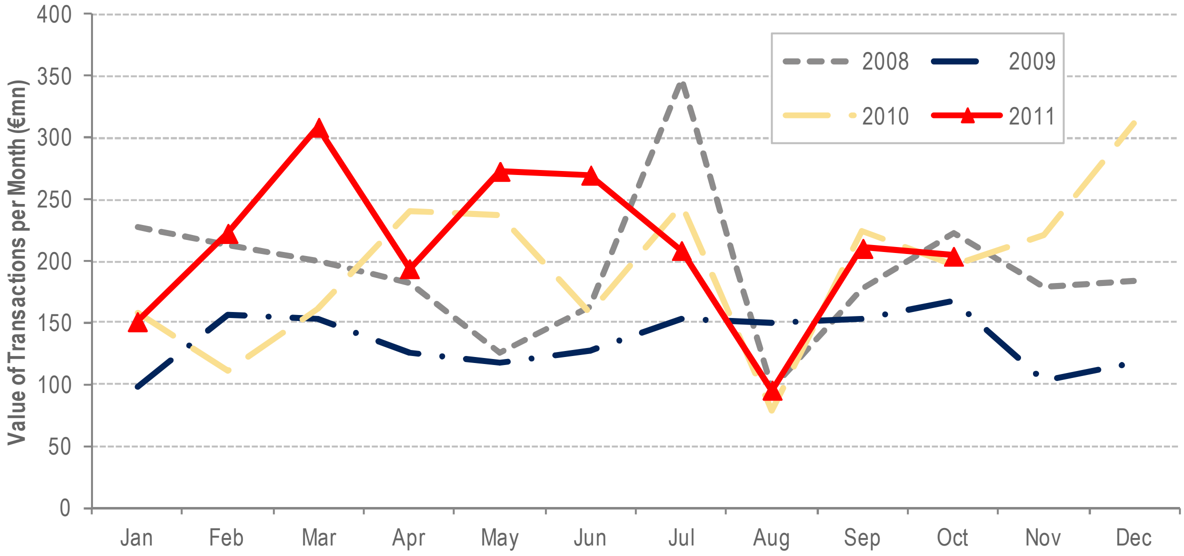
From our point of view, all these developments are showing that the European venture market is coming of age: **growing pressure to deliver can only contribute to growing a Silicon Valley type mentality**, i.e. the venture game is not about starting yet another start-up, but instead growing a comparatively small number of significant companies which create sizeable value for their shareholders.

Enjoy the reading. Please direct any questions or comments to vcbulletin@go4venture.com. If you do not wish to receive future HTI updates from us, please send an email with the title "unsubscribe" to vcbulletin@go4venture.com.

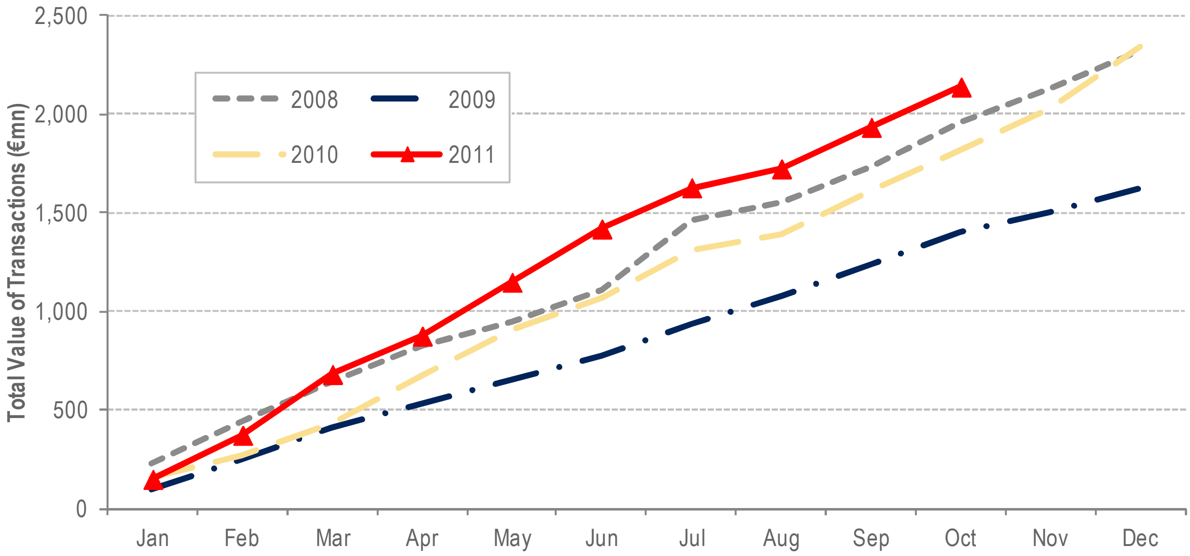
The Go4Venture Team

Investment Summary

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index by Cumulative Deal Value



October		2010	2011
Landmark Deals	#	1	1
	€m	68.4	68.9
Headline Deals	#	4	6
	€m	46.1	61.3
Small Deals	#	26	21
	€m	82.8	74.0
All Deals	#	31	28
	€m	197.3	204.2

Year-to-Date		2010	2011
Landmark Deals	#	13	22
	€m	442.4	965.3
Headline Deals	#	55	51
	€m	631.3	572.9
Small Deals	#	234	203
	€m	738.0	600.6
All Deals	#	302	276
	€m	1,811.6	2,138.8

Large Headline Transactions Summary

(> £5mn / €7.5mn / $10mn)

Company	Sector	Round	€mn	Description	Investors
Six Degrees Technology (UK) www.6dg.co.uk	Internet Services	Late Stage	68.9	Provider of managed data services.	**Penta Capital.**
Tradeshift (Denmark) www.tradeshift.com	Software	C	12.4	B2B social networking and e-invoicing company.	**Kite Ventures**, Notion Capital, **ru-Net**.
Lysanda (UK) www.lysanda.com	Cleantech	Late Stage	11.5	Provider of emissions management software for motor vehicles.	**Disruptive Capital Finance**, Individual Investors.
Displaylink (UK) www.displaylink.com	Hardware	Late Stage	10.9	Developer of integrated circuits and software that connect computers to displays using USB interfaces.	Atlas Venture, Balderton Capital, **Cipio Partners**, **DFJ Esprit**, Duff Ackerman & Goodrich.
Curetis (Germany) curetis.com	Medical Technology	B	9.6	Developer of tools for diagnosing severe infectious diseases.	**CD-Venture, Forbion Capital Partners**, Management, Roche Venture Fund.
Mendix (Netherlands) www.mendix.com	Software	A	9.3	Developer of a platform for the development of enterprise software applications - sold as PaaS.	HENQ Invest, **Prime Technology Venture**.
Vestiairedecopines.com (France) www.vestiairedecopines.com	Internet Services	B	7.5	Social shopping site.	**Balderton Capital**, Ventech.
madvertise (Germany) www.madvertise.com	Digital Media	B	7.3	Advertising network operating on mobile devices.	Blumberg Capital, Earlybird Venture Capital.
Plaxica (UK) www.plaxica.com	Cleantech	C*	5.7	Developer of environmentally friendly plastics made from renewable resources rather than oil.	**Imperial Innovations**, **Invesco**, NESTA.

Source: Go4Venture

Key
Bold indicates lead investor(s)
* Internal round
** Led by existing investors

Company	Sector	Round	€mn	Description	Investors
Six Degrees Technology (UK) www.6dg.co.uk	Internet Services	Late Stage	68.9	Provider of managed data services.	**Penta Capital**.

Six Degrees Technology Group (**UK**), a provider of managed data services, raised **£60mn (€68.9mn)** in a **Late Stage** round from **Penta Capital**. The money will be used to support the growth by acquisition.

The rationale for Six Degrees' name is that, with only the proverbial six degrees of separation between any two people on the planet, businesses will demand integrated managed data services to link their people, places and data. In particular, Six Degrees will target the 90,000 mid-market companies in the UK with between 50 and 1,000 staff and provide them with a range of cloud computing, data centre, connectivity and voice solutions.

Founded in December 2010, Six Degrees has grown by the acquisition of three companies over the summer – data centre provider UKSolutions, internet connectivity firm NetworkFlow and managed voice services provider Protel. This gives the firm a range of products for applications such as business continuity, compliance, flexible working and information security. Six Degrees will pursue the same strategy of acquisitive growth through M&A and organic growth from cross-selling. To this end it has appointed former Vodafone board director Peter Bamford, who also has a track record of leading acquisitive growth, as non-executive Chairman.

This means that the group already has over 100 staff and 1,200 clients, including not just SMEs but also well known companies such as ICAP, Linklaters and GAB Robins. Officially launched as a group in October, Six Degrees claims to be growing at over 20% year-on-year organically.

One aspect of its services that Six Degrees is particularly promoting is the option to 'Bring Your Own Device' (BYOD). Whereas providing a mobile phone or laptop to employees used to be thought of as a perk, Six Degrees claims that many people now think their own technology superior to the low-cost technology provided by their employers. Even allowing for increased support costs, permitting employees to use their own technology to connect to corporate networks could result in significant cost savings.

Details of Six Degrees' acquisitions were not disclosed although there is speculation that the total for the first three deals was about £30mn. This funding was provided by UK private equity firm Penta Capital (€230mn (2005); AUM €340mn) which is best known for investments in eSure and EAT.

Founded in 1999, Penta funds buy-outs, buy-ins and growth-for-equity investments of £5-200mn. Its preferred sectors are support services, financial services, consumer businesses, telecoms and telecoms infrastructure companies and the leisure industry. It is unusual for Penta to invest in a technology business.

It is also unusual for Penta to invest in a start-up. The reason they have made an exception in this case is that they have backed Six Degrees' founder and CEO, Alistair Mills, before. Penta invested in Mr. Mills' previous venture – SpiriTel. A provider of voice and data services and infrastructure, Mills grew SpiriTel by acquisition before selling it to AIM-listed telecommunications reseller Daisy Group for £27mn in November 2010 – 1.5x turnover and almost 9x EBITDA.

Company	Sector	Round	€mn	Description	Investors
Tradeshift (Denmark) www.tradeshift.com	Software	C	12.4	B2B social networking and e-invoicing company.	**Kite Ventures**, Notion Capital and **ru-Net**.

Tradeshift (**Denmark**), which provides browser-based invoicing tools on a cloud platform, raised **€12.4mn** in a **Series C** round co-led by **Kite Ventures** and **ru-Net**, with participation by existing investor **Notion Capital**. The money will be used to expand into new regions, most importantly North America via its San Francisco office, as well as to enhance the company's product by developing new and complementary functionality.

Tradeshift last featured in our bulletin in October 2010 with a €12mn Series B investment from PayPal. It is now being used by 60,000 companies all over the world.

One of the new pieces of complementary functionality to be added by Tradeshift is a form of invoice factoring called Instant Payments. This service will give Tradeshift users instant access to invoiced funds without having to wait for standard payment terms. It is unclear whether Tradeshift intends to structure this as a conventional factoring business or simply provide a treasury function by pooling its portfolio of customers.

Currently, 84% of invoicing is still on paper with the rest done almost exclusively through antiquated Electronic Data Interchange (EDI) systems which are prohibitively expensive for most SMEs. It is not surprising that the number of businesses registered with Tradeshift has been growing at 60% per month.

This latest round brings total investment (excluding seed capital) in Tradeshift to roughly €30mn. According to Tradeshift's press release, it also values the company at almost $140mn (€105mn).

Moscow-based technology and internet investor Kite Ventures was founded in 2008. Since then it has made half a dozen investments across Europe and Russia. Notable examples include German advert-based payment systems provider SponsorPay and Russian social games publisher Pixonic.

We described ru-Net (AUM €500mn) in our September issue when we covered its €73mn investment in Ozon.ru. At the time, ru-Net had only invested in Russia but Tradeshift is not ru-Net's only foray outside of Russia in the last months. In September it was involved in a $60mn deal with IDG Ventures and Rebate Networks to create a Vietnamese e-commerce platform – one of Vietnam's largest ever internet investments.

More importantly, ru-Net has established a New York office with up to $100mn in funding and led by software entrepreneur and former Greycroft Partners technology investor Kirill Sheynkman. The US operation is known as RTP Ventures and will focus on early stage opportunities in software, cloud computing, e-commerce and the internet. It has already made two investments; one in web-site security firm Tinfoil and cloud development environment provider Kodingen.

By expanding into the US ru-Net is, in some ways, following in the footsteps of Yuri Milner and his Moscow-based Digital Sky Technologies investment company (DST Global). DST has made a number of high profile American investments including Facebook, Zynga, Airbnb and Groupon and is currently seeking an IPO.

Specialist internet services investor Notion Capital (€35mn (2008)) led, and funded in its entirety, a €6mn Series B round in May 2011. Investing almost exclusively in Europe, Notion prefers to be the first institutional investor and has a sweet spot of £0.25-5mn. It currently has a portfolio of eight companies.

Company	Sector	Round	€mn	Description	Investors
Lysanda (UK) www.lysanda.com	Cleantech	Late Stage	11.5*	Provider of emissions management software for motor vehicles.	**Disruptive Capital Finance**, Individual Investors.

Lysanda (**UK**), a provider of emissions management software for motor vehicles, raised **£10mn (€11.5mn)** in a **Late Stage** round led by **Disruptive Capital Finance** with participation by a number of undisclosed individual investors.

Monitoring driver behaviour and vehicle emissions with Lysanda's Eco-Log™ provides:

- Fuel savings of 15-20% with a concomitant reduction in carbon footprint. There are obvious benefits for corporate customers running fleets of vehicles.
- Improvements in insurance pricing. Whereas premiums are currently based on age, sex and driving experience, from 2012, insurers will be banned from discriminating by gender. Lysanda's technology enables tracking of how a driver actually behaves and should therefore make insurance pricing fairer.
- Reductions in insurance claim costs through the provision of an objective 'black box' record of any incident thus eliminating fraud and reducing forensic costs.
- Immediate notification of the emergency services in the event of an accident. From 2014, such an eCall system will be mandatory for all new cars in the EU.
- Improved breakdown service. At the moment 61% of breakdowns are not fixed at the roadside owing to the difficulty of remotely diagnosing the cause. In principle, if notified by Lysanda's monitoring system, roadside recovery team could arrive with the correct parts.

There are obvious applications in fleet management.

Disruptive Capital Finance (AUM €230mn), originally known as Curzon Park Capital, was also the sole investor in Lysanda's previous round – a €1.9mn Series C investment – in September 2009.

Curzon was set up by the Truell brothers in 2009 by buying the £20mn Sustainable Technology Fund from technology investor E-Synergy. After this time, however, apart from managing the Sustainable Technology Fund, Curzon invested only on a deal-by-deal basis and did not raise further funds. An example would be an early investment in Eco Plastics, whose more recent round featured in our July issue.

The brothers are well known. One of them – Danny Truell – is a former Managing Director of Goldman Sachs and now the Chief Investment Officer of the Wellcome Trust. The other – Edmund Truell – led the buyout of Hambro European Ventures to form Duke Street Capital, which he exited in 2005.

The money for the acquisition of the Sustainable Technology Fund came from the brothers' charitable foundation – the Truell Charitable Foundation – which they established in 2005 and which aims to create a charitable endowment of £100mn by investing the donations and loans it receives in innovative financial services managers. Its best known investment is pension insurance specialist Pension Corporation.

Over the summer, Curzon changed its name to Disruptive Capital Finance and announced that it was raising a £200mn venture capital and private equity fund scheduled to close in Q1 2012. According to Disruptive partner Cédriane de Boucaud, who originally joined from E-Synergy, this will be the firm's first formal fund and will focus on European cleantech deals with equity commitments of €5-50mn. It will have a particular interest in resource efficiency companies and rolling out proven technology. In addition to direct investment, Disruptive will look at secondary investments, buying up distressed cleantech assets from banks and consolidating companies in clean industries.

Company	Sector	Round	€mn	Description	Investors
DisplayLink (UK) www.displaylink.com	Hardware	Late Stage	10.9	Developer of integrated circuits and software that connect computers to displays using USB interfaces.	Atlas Venture, Balderton Capital, **Cipio Partners**, **DFJ Esprit**, Duff Ackerman & Goodrich.

DisplayLink (**UK**), a developer of integrated circuits and software that connect computers to displays using USB interfaces, raised **$15mn** (**€10.9mn**) in a **Late Stage** round co-led by new investor **Cipio Partners** and existing investor **DFJ Esprit,** with support from previous investors **Atlas Venture**, **Balderton Capital** and **Duff, Ackerman & Goodrich**.

DisplayLink develops Application Specific Integrated Circuits (ASICS) and software that get around the bandwidth limitations of USB interfaces in order to connect monitors and other display equipment to laptops and PCs with the 'plug and display' simplicity of USB. Examples of common applications include:

- Providing a simple way to connect multiple monitors to a single PC, achieving the productivity increase of multiple monitors without increasing power consumption using multiple graphics cards.
- Universal docking stations where laptops connect via a USB link. This obviates the need for proprietary docking stations for each brand of laptop.
- USB projectors where the laptop can operate both its own screen and the projector simultaneously.

Via a network of distributors and representatives, this technology ends up in a variety of OEM equipment.

Originally based in the UK, DisplayLink has now moved its headquarters to California and has offices in Japan, Poland and Taiwan. It counts Acer, HP, Kensington, Lenovo, LG, Targus and Toshiba as customers and was recently ranked as the fourth fastest-growing EMEA company by Deloitte.

New investor Cipio Partners (€140mn (2008)) features infrequently in our bulletin as it is a secondaries firm rather than a VC and buys out pre-existing investments in both single companies and portfolios of companies. Securities purchased can include debt and mezzanine instruments as well as equity. Concentrating primarily on the IT, communications and media industries, Cipio will consider investments of anywhere between a few million to $100mn in Europe, North America or Asia. Since it was founded in 2003, Cipio has built up a portfolio of some 50 companies with notable portfolio acquisitions including 3i's media, e-commerce and cleantech portfolio in 2009 and Rothschild's software and media portfolio in 2008. In January 2011, Cipio closed its latest fund at €137m, below its original target of €200m.

Co-lead and well-known European technology VC DFJ Esprit (€100mn (2008); AUM €470mn) has been involved with DisplayLink since it led a €20mn third round of investment in November 2007. In addition to direct investment, DFJ also does secondary transactions through a vehicle called Encore Ventures. Like Cipio, DFJ also bought up some of 3i's assets in 2009, acquiring a portfolio of 22 companies for £170mn in a transaction backed by secondaries firms Coller Capital and HarbourVest. Rather than levy the conventional 2% management fee, Encore Ventures took an £8mn loan from Investec in early 2010.

Atlas Venture (€210mn (2009); AUM €2.5bn) and Balderton Capital (€360mn (2008); AUM €1.4bn) are both well known to our readers. Duff, Ackerman & Goodrich (€380mn (2011); AUM €1bn), which led a €7mn fourth round alongside Atlas, Balderton and DFJ in August 2009, has both a venture and private equity arm. Based in California, it started out in the 1980s investing in the cable TV, infrastructure, media and wireless industries. Investing any time after seed stage, the venture arm now does life science, IT and energy deals and has an investment portfolio of some 140 companies.

Company	Sector	Round	€mn	Description	Investors
Curetis (Germany) www.curetis.com	Medical Technology	B	9.6	Developer of tools for diagnosing severe infectious diseases.	Aeris Capital, BioMed Partners, **CD-Venture, Forbion Capital Partner**s, Life Science Partners, Management, Roche Venture Fund.

Curetis (**Germany**), a developer of molecular diagnostic technologies, raised €9.6mn in an extended **Series B** round led by **CD-Venture** and **Forbion Capital**, with participation by the **Roche Venture Fund** and the **management team**. The money is intended for clinical trials of Curetis' Unyvero™ diagnostic platform in the EU and US.

Founded in 2007, Curetis has developed Unyvero™ - a molecular diagnostics platform which automates testing for infectious diseases. Simple to use, Curetis' Unyvero system is designed to be used by ordinary clinical staff at the point of need, giving results much more rapidly than sending samples off to be cultured in pathology labs by highly trained biochemists. This reduces diagnosis times to hours rather than days. Eliminating the need for laboratory testing not only reduces costs, but more rapid diagnosis also improves patient outcomes.

With the global incidence of pneumonia at over 25mn cases per annum and exacerbated by the increasing prevalence of antibiotic resistance, the company has chosen this as its first therapeutic area. If clinical trials go to plan, the company expects a commercial launch with the first CE marked cartridge for the diagnosis of pneumonia and antibiotic resistance in 2012 in Europe, with FDA filing and clearance in 2012-13. To this end, Curetis has recently opened a manufacturing floor at its site in Bodelshausen, in southwest Germany.

Diagnostics is often seen by investors as a way to get exposure to healthcare returns without the larger scale clinical trials and regulatory approval required for pharmaceuticals. Curetis' product is particularly attractive as it caters directly to the need of governments and healthcare insurers to control healthcare costs. This round is an extension of an investment which we tracked in May. The additional €9.6mn brings the round up to €34.1mn and total investment to €36.6mn.

CD-Venture, which led the first part of the round, is a life science specialist based in Germany and started in 2003. One of its founders is Christoph Boehringer – a board member of well known pharmaceutical firm Boehringer Ingelheim. Investing both directly and in funds of funds, CD-Venture focuses on the German-speaking part of Europe.

Fellow life science specialist Forbion Capital Partners (€140mn (2010); AUM €350mn) led the extension. Initially formed as a spin-out from ABN AMRO's life sciences investment team in 2006, the firm concentrates on late stage pre-clinical or early stage clinical investments. It has built up a portfolio of 24 drug and medical device companies on both sides of the Atlantic.

Other investors include Swiss-based Aeris Capital, an early stage venture firm and family office initially funded by Klaus Tschira, co-founder of SAP. Aeris led the €2.6mn Series A round in October 2008. Alongside Aeris were two VC firms - Dutch Life Science Partners (LSP) (AUM €400mn) and Swiss BioMed Partners (AUM CHF250mn). Founded in the 1980s, LSP is now one of Europe's largest healthcare and biotech funds with offices in Amsterdam, Munich and Boston. Completely stage agnostic, LSP will invest in anything from start-ups to public companies. Recent LSP investments we have featured include Mendor in June 2011 and Nexstim in January 2011. Basel-based BioMed Partners provides both equity and mezzanine finance for early and mid-stage healthcare companies. Over the five years it has been operating, BioMed has made over 30 investments. These VCs were joined by strategic investor the Roche Venture Fund.

Company	Sector	Round	€mn	Description	Investors
Mendix (Netherlands) www.mendix.com	Software	A	9.3	Developer of a platform for the development of enterprise software applications.	HENQ Invest, **Prime Technology Venture**.

Mendix (**Netherlands**), the developer of a platform for the development of enterprise software applications, raised **$12.8mn** (**€9.3mn)** in a **Series A** round led by **Prime Technology Venture** with support from **HENQ Invest**. The money will be used for a global sales effort based on Mendix's partner network.

Founded in 2005, Mendix is a spin-out from the Technical University Delft and the Erasmus University of Rotterdam. It has developed a platform which enables companies to develop new business applications for their enterprise, deploy them in the cloud and then manage things such as licenses, versioning and security. In other words, Mendix has built a visual Interactive Development Environment (IDE) coupled with a requirements capture tool called Sprintr, an enterprise level platform for cloud deployment and a 20,000 strong quasi open source user community which is able to share templates and widgets for Mendix apps.

In some ways, the difference between using conventional business application development and Mendix is analogous to the difference between SQL and Access. Whereas users of SQL generally require significant programming expertise to build sophisticated applications, users of Access need relatively little skill and can build simple database applications with only mouse-clicks.

Mendix claims that its platform halves development costs and enables companies to develop applications six times faster than writing custom code. Moreover, as well as the obvious intrinsic features of a platform for developing business applications – version control, form building, reporting and compatibility with mobile devices – Mendix applications can be integrated with most common enterprise software systems. Corporations can combine Mendix applications with, for example, ERP and CRM systems based on SAP.

Selling its product in the form of a Platform-as-a-Service (PaaS), Mendix has been profitable since it launched in 2007 and shown triple digit revenue growth year-on-year. Customers include GE, Genzyme, RBS and TNT. This growth has been accomplished through Mendix's offices in the Netherlands, South Africa, the USA and the UK as well as Mendix's dedicated distributors in Thailand and the Middle-East.

The round was led by stage agnostic Dutch technology investor Prime Technology Ventures (€140mn (2007); AUM €275mn). Now known as Prime Ventures, the firm targets European companies with investments of €0.5-15mn initially and up to €25mn over the lifetime of a deal. Prime has built up an active portfolio of almost 30 companies, many of which have featured in our bulletin. Recent examples include augmented reality mobile phone application developer Layar in November 2010, online market research panel provider Cint in September 2010 and gaming company Eutechnix in May 2010.

In line with its normal modus operandi, fellow Dutch VC firm HENQ Invest (€8mn (2008)) provided an undisclosed amount of seed capital to Mendix back in December 2006. HENQ is an early stage investor focussing on communications, new media, mobile, software and IT and, as such, this is the first time it has featured in our bulletin. HENQ's portfolio of a dozen companies includes SaaS e-commerce platform SEOshop, mobile CRM company CWR Mobility, and mobile advertising company MADS. HENQ has also just become an investor in Seedcamp.

Company	Sector	Round	€mn	Description	Investors
Vestiairedecopines.com (France) www.vestiairedecopines.com	Internet Services	B	7.5	Social shopping site.	**Balderton Capital**, Ventech.

Vestiaire de Copines (**France**), a marketplace for second hand fashion, raised **€7.5mn** in a **Series B** round led by **Balderton** with support from existing investor **Ventech**. The funding will be used for expansion in the UK and Germany.

Founded in 2009, Vestiaire de Copines is a sort of hybrid between eBay, Facebook and a conventional fashion e-tailer. Free to join, Vestiaire de Copines's site provides a portal through which members can buy and sell their nearly new designer fashion. The rationale is that lovers of fashion can use the site to renovate their wardrobe much more cheaply than by simply binning rarely worn items and buying new.

Catering for men, women and children, Vestiaire has nearly 600,000 members selling over 30,000 items from more than 300 brands. The site is integrated with Facebook, lending a social aspect to fashion shopping. Unlike eBay, however, all items for sale are scrutinised by Vestiaire's eight staff, which should enable the company to maintain its premium fashion ethos. 2010 turnover reached €819k.

After a flurry of investments in fashion e-tailers in 2010 (see below for investments which featured in our bulletin, 2011 has been relatively quiet. Vestiare de Copines, however, is a new variation on this theme.

Well known transaction leader Balderton (€360mn (2008); AUM €1.4bn) already has experience in this sector with investments in the HUT Group and My-wardrobe. Equally well known Ventech (€150mn (2007); AUM €370mn) does not have any recent experience with other fashion e-tailers, but it did lead the €1.5mn Series A round in June 2010 with support from strategic investor Zadig & Voltaire.

Month	Company	Sector	Round	€mn	Description	Investors
Nov	The Hut Group (UK) www.thehutgroup.com	Internet Services	B*	21.6	Multi-sector e-tailer and provider of an online retail platform.	Artemis, Balderton Capital, William Currie Group
Oct	Privalia (Spain) www.privalia.com	Internet Services	Late Stage	70.0	Private shopping club.	General Atlantic, Highland Capital Partners and Index Ventures
Sep	Netretail Holding (Netherlands) www.nrholding.com	Internet Services	B	11.0	E-commerce group selling consumer goods in Eastern and Central Europe.	Individuals**, Intel Capital, MCI**
Sep	Private Outlet (France) www.privateoutlet.com	Internet Services	B	9.0	Vente Privée clone	**BayTech Venture Capital, Gimv,** GP Bullhound, Management**, Turenne Capital Partenaires**
Aug	Notonthehighstreet.com (UK) www.notonthehighstreet.com	Internet Services	C	9.1	Online retailer providing a single storefront for over 1600 specialist vendors.	Greylock Partners, **Index Ventures**
Jul	My-wardrobe (UK) www.my-wardrobe.com	Internet Service	A	7.0	Designer clothing e-tailer.	**Balderton Capital**, Individual Investors
Apr	The Hut Group (UK) www.thehutgroup.com	Internet Services	A	16.0	E-tailer and provider of a white-labelled online retail platform for consumer goods.	Artemis, Balderton Capital, Management LLP, Individuals, William Currie Group
Jan	Spartoo (France) www.spartoo.com	Internet Services	B	12.3	Online footwear retailer	A Plus Finance, CM-CIC Capital Prive, **Endeavour Vision, Highland Capital Partners**

Source: Go4Venture

Company	Sector	Round	€mn	Description	Investors
madvertise (Germany) www.madvertise.com	Digital Media	B	7.3	Advertising network operating on mobile devices.	Blumberg Capital, Earlybird Venture Capital.

madvertise (**Germany**), an advertising network operating on mobile devices rather than over the internet, raised **$10mn** (**€7.3mn**) in a **Series B** round from **Blumberg Capital** and existing investor **Earlybird Venture Capital**. The money will be used to further expand across Europe.

Berlin-based madvertise is an advertising network operating on smart phones and tablets rather than the more traditional web-based network. Publishers of smartphone apps or mobile web-sites are able to generate revenues from their content by offering advertising space to madvertise.

madvertise currently offers advertisers access to 1.4bn page impressions per month – roughly a third of which are from the UK. Advertisers may target their desired audience by age, gender, theme, device, time and operator. The company also offers advertising based on audience location, offering advertisers the possibility of targeting people within 50mtrs of a specified location. The company claims that such fine-grained and precise targeting allows it to achieve some of the highest Cost-per-Click (CPC) and Cost-per-Thousand (CPT) rates in the industry. Although it claims to be the market leader in the German-speaking world, 35% of the company's revenues are generated outside of Germany. madvertise has therefore set up offices in Barcelona, Madrid, Milan and, most important strategically, in London. Having grown to a staff of 50 since it was founded in 2008, turnover grew by more than 300% in the first half of 2011.

Founded in 1991, new investor Blumberg Capital (€70mn (2011)) is an early stage venture firm based in San Francisco. The firm targets investments of anywhere between $100k and several million in software, mobile and consumer internet and digital and social media. Until now, Blumberg has focussed on Silicon Valley and Israel and has a portfolio of some 50 investments. With this deal, however, Blumberg is another example of the trend we have highlighted for American investors to start doing deals in Europe.

By contrast, existing investor Earlybird Venture Capital (€130mn (2009); AUM €430mn) is thoroughly European with offices in Germany and Italy. Founded in 1997, Earlybird has made investments in over 70 technology and health technology companies, typically providing €1-5mn per round. Particularly strong in the German-speaking countries, which provide over 70% of its deal flow, Earlybird is now screening almost 2,000 deals per year. Since 2005, Earlybird has made nine trade sales and six IPOs. Recent investments we have featured include Simfy and Light Blue Optics.

Founded in 2008 by a team of four young entrepreneurs with strong software, telecoms and the internet, madvertise was initially nurtured by Berlin-based incubator Team Europe. Team Europe also participated in madvertise's March 2010 Series A round alongside Earlybird. An incubator of internet companies, Team Europe was founded in 2008 by Lukasz Gadowski and Kolja Hebenstreit. Gadowski is best known as the founder of social network StudiVZ which was sold to Holtzbrinck in 2007 in one of the first €100mn Web 2.0 acquisitions in Europe. With both of its founders having been angel investors, Team Europe enabled them to combine their existing portfolios as well as make new investments. Team Europe has built up a portfolio of nine scalable companies and a further five of what it calls 'eco-system' companies. Notably, it has made ten exits, including Brands4Friends and KupiVIP, both of which have featured in our bulletin.

Company	Sector	Round	€mn	Description	Investors
Plaxica (UK) www.plaxica.com	Cleantech	C*	5.7	Developer of environmentally friendly plastics made from renewable resources rather than oil.	**Imperial Innovations**, **Invesco**, NESTA.

Plaxica (**UK**), a developer of environmentally friendly plastics, raised **£5mn** (**€5.7mn**) in a **Series C** round co-led by **Imperial Innovations** and **Invesco** with support from **NESTA**. The money will be used for further development of Plaxica's intellectual property portfolio.

Plaxica was founded in 2008 as a spin-out from the Department of Chemistry at Imperial College London. It has developed and grown an IP portfolio relating to the production of plastics based on polylactic acid (PLA). Unlike conventional plastics such as nylon, PET, polystyrene and PVC, which are produced from oil, Plaxica's biopolymers are produced from renewable resources such as sugarcane, cereals and cellulose.

In principle, Plaxica's technology could provide an environmentally friendly alternative to conventional plastics which are ubiquitous in packaging, drinks bottles and clothing. This market is worth roughly $400bn and is growing at 3.5% a year. By contrast, the current market for bioplastics is worth only $2bn but is growing at 10% per annum. The reason for this relatively low market share is that, historically, most biopolymers have been costly to produce and their physical properties were inferior to conventional plastics.

Plaxica used a £3mn Series B round last year to build a plant in Teeside and demonstrate the technology it claims solves many of these problems. Moreover, as oil stocks decrease and consequently conventional plastics increase in price, any market traction that Plaxica can gain will be geared not just through the IP-licensing structure it envisions for commercialisation but also by exploiting its cost advantage.

Naturally there are competitors who are also trying to reduce the carbon footprint of plastics. For example, fellow polymer developer Novel Polymer Solutions (NPS) which we featured in our May 2008 bulletin and recycling firm ECO Plastics which featured in our July bulletin. However, Plaxica is unusual in that it attacks the cause of the problem – a dependence on oil – rather than treating the symptoms through recycling or reducing side effects such as the presence of Volatile Organic Compounds (VOCs).

This latest round was co-led by Imperial Innovations (AIM: IVO – £300mn market ca) and its reference investor Invesco Perpetual (part of global NYSE listed investment manager Invesco). It brings total equity investment in Plaxica up to about £13mn. Contrary to much of the press coverage and its listing in Venture Source, this is actually an internal round. Invesco Perpetual is not a new investor but joined the Q4 2009 Series A round in a second close in early November 2009. Neither is this the first internal round. The company received £3mn in a little reported Series B round with participation by all of the existing investors in August 2010. Plaxica has also received small grants from the UK's Technology Strategy Board.

Plaxica is the second instance we have seen of Innovations and Invesco collaborating on a cleantech deal and is another example of what seems to be quite a close relationship. In our August issue we described both investors in some detail and how they collaborated on rechargeable Li-ion battery developer Nexeon. Just as with Plaxica, early stage technology investor Innovations had supported the early stages, with heavyweight investment manager and later stage investor Invesco picking up the baton in subsequent rounds.

Supporting investor NESTA (National Endowment for Science, Technology & the Arts) is a QUANGO (Quasi-Autonomous Non-Governmental Organisation) established under the last Labour government with a £300mn endowment and a mandate to 'make the UK more innovative'. Its future is currently uncertain.

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48 Charles Street
Berkeley Square
London
W1J 5EN

+44 (0)20 7529 5400
vcbulletin@go4venture.com

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This report has been compiled by Jean-Michel Deligny, Managing Director – for and on behalf of Go4Venture.