

Technology / Medtech / Internet / Digital Media / Telecoms / Cleantech

Monthly European TMT Private Investments and M&A Transactions Bulletin – March 2012

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About this Bulletin

The Go4Venture Monthly European TMT Private Investments and M&A Transactions Bulletin provides a summary of corporate finance activity among emerging European TMT companies:

- **Private Investments**, i.e. Venture Capital (VC) and Private Equity (PE) financings, including growth equity, financing rounds with single secondaries components (recapitalisations); and
- **M&A Transactions** where the sellers are VC and PE-backed European companies, including all majority transactions with no new investment going into the business (e.g. acquisitions, MBOs and other buyouts).

Investment activity is measured using **Go4Venture's European Tech Headline Transactions Index (HTI)**, which is based on the number and value of transactions reported in professional publications.

M&A activity is measured using data from a combination of external sources, primarily [Capital IQ](#), with complementary reporting from [451 Group](#) and [VentureSource](#).

Europe is defined as Western, Central and Eastern Europe, excluding Israel.

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

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This Month in Brief

Dear Clients and Friends,

Q1 12: European VC Marching Forward!

Welcome to the latest edition of the Go4Venture Monthly European TMT Bulletin, featuring our proprietary Headline Transaction Index (HTI) of investment activity, as well as a quick summary of VC & PE-backed TMT M&A exits of \$50 million or more.

Investment

On the investment front, **we continue to see a softening of the market** as a whole which we started noticing in the Fall last year. **This however, shows structural changes rather than a weakening as such**, with a rush to finance early-stage internet companies (cheap!), combined with a growing number of substantial bets on growth equity companies. The part of the market which is squeezed are the financings in between: if you are not hitting your milestones as a Series B or C company your future is in the balance, and of course hitting milestones in a recessionary macro market is all the more challenging.

In terms of numbers for Q1 '12 compared to the year before, we see an increase in the number of transactions (+10%) and a decrease in the value overall (-17%). If one drills further however, it becomes clear that the value decrease is driven by a notable lack of >€50 million transactions which we had witnessed in Q1 last year (by decreasing size: Privalia, Wonga, Access and Appsense). If we stick to our definition of more than £5 million, €7.5 million or \$10 million, then **for Large Headline Transactions both the number (21 vs.10) and the value (€224 vs. €124 million) have approximately doubled in Q1 '12**. As commented in previous issues, **we see this focus on larger transactions as key to building more meaningful tech companies in Europe**.

These companies will hopefully be the first batch of European companies to consistently generate the sort of positive absolute investment returns which will bring Limited Partners (LPs) back to the European venture market. If we take March 2012 as a sample, we can see some of the forces at work:

- **US investors are moving in** – and with them a level of intent and ambition which most European investors cannot match (partly because they are managing smaller funds). US investors include those who have European offices (usually in London) such as Accel (no less than 3 mentions this month - out of 10 Large Headline Transactions), but also US investors who are flying in (this month: Canaan Partners, Carmel Ventures, Sequoia Capital and Spark Capital);

- **More cross-border investments in general** – For instance Iris Capital leading this month's investment in myThings, a UK company previously backed by Accel, Carmel Ventures and T-Venture. Iris is of course bringing to the deal its relationship with Orange (see below), already a client of myThings; and
- **More newcomers inviting themselves in rounds** – driven in part by Private Equity (PE) companies and pre-IPO investors nibbling at the growth equity end of the market (e.g. this month Hermes GPE, Altima Partners, Artemis Global Energy or F&C Asset Management), and of course new geographies. For instance, there has been a notable surge of Russian opportunities, both on the company side (Russia is now the #1 European internet market by number of users), and on the investor side (with funds such as Almaz Capital, DST Capital, Finam, Runa Capital, Ru-Net, VTB Capital etc. increasingly venturing outside Russia).

So the **European VC market is tuning up rather than retrenching**. As many (not so well positioned) VC management companies die by the wayside, the names of the winners are lining up as VCs announce their new funds. Here are some of the names for March (and April):

- Earlybird (formerly of Hamburg and Munich, now between Munich and Berlin) have announced the first close of their 4th fund at \$100 million, half way through the targeted \$200 million;
- Notion Capital (London, UK), a specialist in SaaS plays (mainly in the UK but surely with wider ambitions), also announced a first closing at \$100 million on their way to \$150 million;
- Orange and Publicis partnered with Iris Capital (in which they took a 49% stake), to add another \$200 million (€150 million) to Iris' most recent fund – which will now be split between OP Ventures Growth, OP Ventures Global and OP Ventures Early-Stage; and
- Index added to its successful track record by closing its 4th Index Life fund with €150 million.

Of course there remains plenty still to do. A few (rather humbling) statistics:

- The size of European funds continues to be pitifully small compared to their US peers. Picking up on the [most recent press release from the \(US\) National Venture Capital Association](#), in Q4 '11 the top three US funds raised were all in excess of \$1 billion (Kholo Ventures, Bessemer Venture Partners and Sequoia Capital);
- Most of European VC investments are still home country investments: for instance, [approximately 85% of German VC investor investments are made in German companies](#) – hardly the sort of DNA to prepare companies (or those investors!) to build global winners; and
- In 2011, [close to 40% of the capital raised by European VCs came from government funds, principally the European Investment Fund \(EIF\)](#), compared to 10% in 2007, which shows the low level of engagement from private LPs (not exactly surprising since European venture has shown negative returns for much of the past decade according to The Economist).

Exits

The overall TMT M&A environment is somewhat subdued but far less depressed than M&A activity as a whole (-23% according to [Thomson Reuters Business Law Advisor](#)). From a European VC & PE-backed TMT M&A market standpoint, 2012 is well ahead of 2011. Partly because VCs are making strenuous efforts to sell off their portfolio companies to support their own fund-raising activities and partly because large PE-backed transactions pop up from time to time (in March NDS sold to Cisco for €3.8 billion).

What is remarkable is the lack of sizeable VC-backed M&A exits, even though we have put our threshold at a relatively low \$50 million. This reflects the nature of the European VC market, but also poor disclosure levels overall: modest exits end up as “deal terms not disclosed”, and a few of the outstanding exits are simply not disclosed because the buyer doesn’t want to admit the price paid or wants to hide its strategic move.

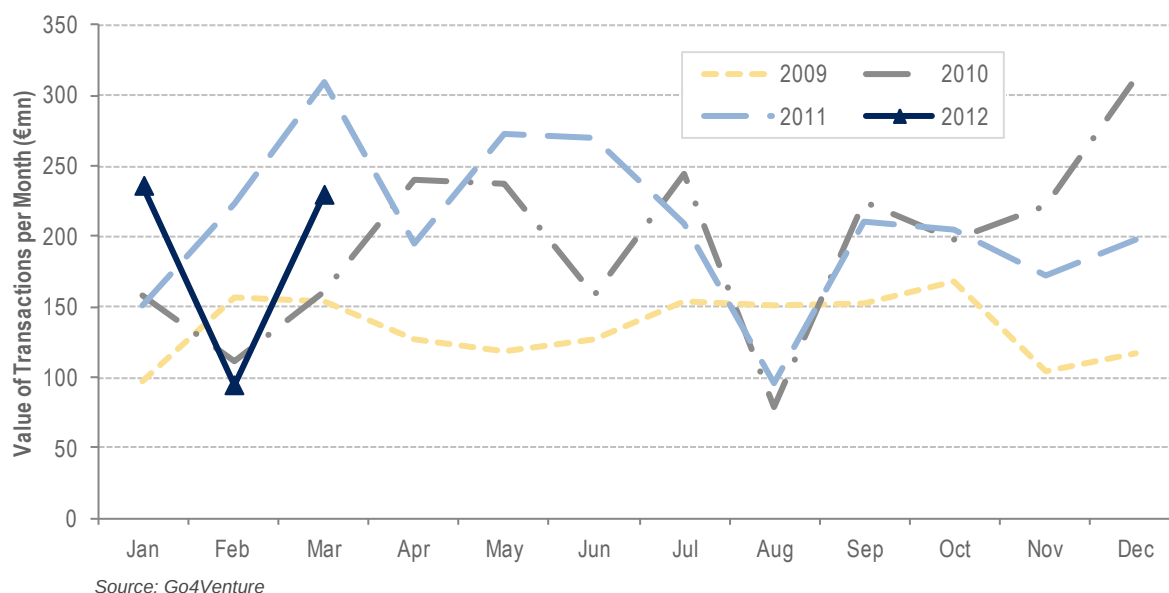
As a matter of fact, Go4Venture Advisers were involved in such transaction in the last month, with a majority stake in one of our clients changing hands unreported as part of a major recapitalisation worth well in excess of \$100 million. Good for the sellers, not so great for our effort to improve the (unfairly poor) image of the European VC industry.

Enjoy the reading. Please direct any questions or comments to g4vbulletin@go4venture.com. If you do not wish to receive future HTI updates from us, please send an email with the title “unsubscribe” to g4vbulletin@go4venture.com.

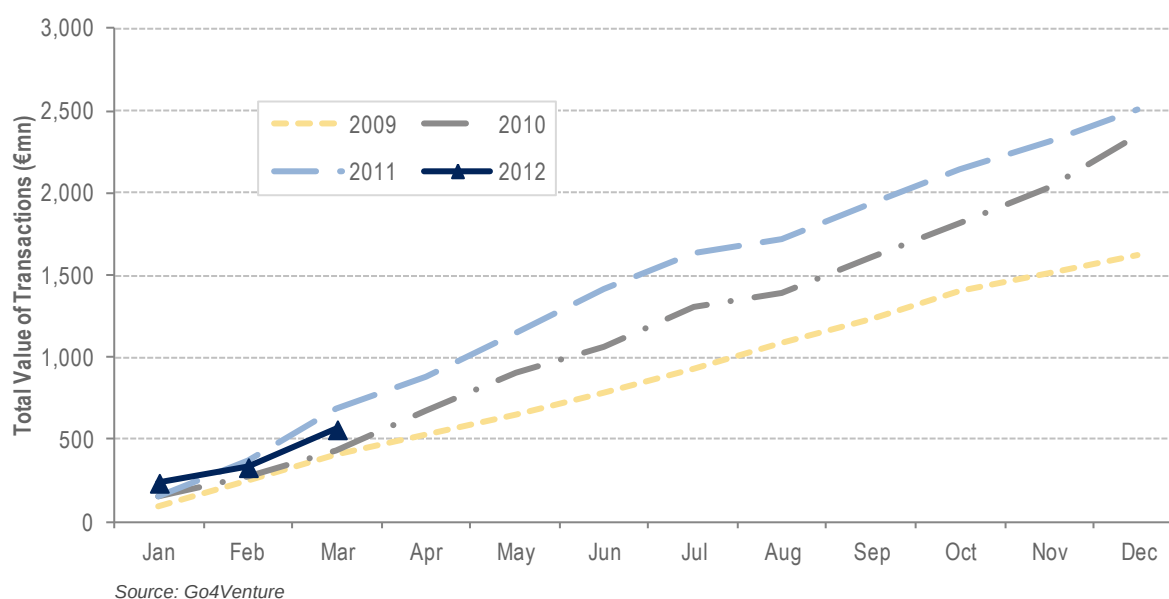
The Go4Venture Team

1.1 - Headline Investment Index (HTI)

Go4Venture HTI Index by Deal Value



Go4Venture HTI Index by Cumulative Deal Value



March		2011	2012
Landmark Deals	#	5	2
	€m	231.6	53.3
Headline Deals	#	3	8
	€m	31.7	85.6
Small Deals	#	20	29
	€m	45.5	91.2
All Deals	#	28	39
	€m	308.7	230.1

Year-to-Date		2011	2012
Landmark Deals	#	7	5
	€m	369.2	143.0
Headline Deals	#	10	21
	€m	123.7	223.9
Small Deals	#	71	70
	€m	189.8	198.3
All Deals	#	88	96
	€m	682.7	565.2

1.2 - Large Headline Investment Summary

(>£5mn / €7.5mn / \$10mn)

Company	Sector	Round	€mn	Description	Investors
Bluewater Bio (UK) www.bluewaterbio.com	Cleantech	B	15.9	Provider of wastewater treatment solutions.	Hermes GPE, Ombu Group.
Intelligent Energy (UK) www.intelligent-energy.com	Cleantech	Late Stage	26.4	Developer of PEM fuel cells.	Altima Partners, Artemis Global Energy, F&C Asset Management, Undisclosed Existing Investors.
Tobii Technology (Sweden) www.tobii.com	Hardware	Late Stage	15.9	Provider of eye tracking solutions for Human Computer Interaction (HCI) and research.	Intel Capital.
Hailo (UK) www.hailocab.com	Telecom Services	B	12.9	Provider of a mobile network for taxi cab drivers and passengers.	Accel Partners , Atomico, Wellington Partners.
MyThings (UK) www.mythings.com	Internet Service	Late Stage	11.4	Specialist in real-time personalised advertising on the web.	Accel Partners, Carmel Ventures, Iris Capital , T-Venture Holding.
SilverRail Technologies (UK) www.silverrailtech.com	Software	B	11.4	Provider of global rail ticketing platform SilverCore.	Accel Partners, Brook Venture, Canaan Partners , Grandbanks Capital, Sutter Hill.
RetailFX (Cyprus) www.etoro.com	Internet Services	Late Stage*	11.4	Provider of a social currency, commodity and index trading platform also known as eToro.	BRM Capital, Individual Investors, Spark Capital.
Okto.ru (Russia) www.okto.ru	Internet Services	B	7.6	Provider of online hotel booking service.	ABRT Fund, Mangrove Capital Partners, Ventech, VTB Asset Management.
Kandou (Switzerland) www.kandou.com	Hardware	A	7.6	Developer of technology that increases the speed of communication between processors, memory and peripherals.	Undisclosed Individual Investors.
Songkick.com (UK) www.songkick.com	Internet Services	D	7.5	Online service allowing fans to track concerts by their favourite bands which makes money through commission on ticket sales.	Index Ventures, Sequoia Capital.

Source: Go4Venture

Key

Bold indicates lead investor(s)

* Internal round

** Led by existing investors

Company	Sector	Round	€mn	Description	Investors
Bluewater Bio (UK) www.bluewaterbio.com	Cleantech	B	15.9	Provider of wastewater treatment solutions.	Hermes GPE, Ombu Group.



Bluewater Bio (UK), a provider of water and wastewater treatment technology, raised **£22.5mn (€15.9mn)** in a **Series B** round from **Hermes GPE** and the **Ombu Group**.

Until recently, wastewater from sewage plants was disposed of in waterways. Bluewater Bio has developed technology called HYBACS (Hybrid Bacillus Activated Sludge) which transforms this effluent into reusable water by improving the removal of nitrogen, phosphorous and other organic pollutants using bacteria.

The advantages of Bluewater's system are:

- 50% reduction in footprint compared to existing technology (enabling retrofitting to existing plants)
- Elimination of the need to remove phosphorous chemically reduces operating costs
- Power requirements 40% lower than existing technologies
- Capital expenditure 20% lower than existing systems on greenfield sites, and 50% lower on brownfield sites

Founded in 2007, Bluewater's European HYBACS pilot was at a treatment plant near Madrid using a grant from the Spanish Environment Ministry in 2009. Bluewater's recent successes include a HYBACS installation in South Africa in June 2011, a £13mn contract with the Ministry of Works in Bahrain in July 2011, a distribution deal with Infilco Degrémont in the US in October 2011 and an order from Severn Trent for its Ashbourne treatment works in Derbyshire in January 2012. Overall, Bluewater already has some 25 plants globally and offices in China, the Middle East, South Africa and the UK as well as partners in South Africa, Spain, Russia and the US.

Bluewater has recently expanded its capabilities with the acquisition of Cranfield University spin-out Water Innovate in 2010 and Scottish filtration company FilterClear in 2011, both for undisclosed amounts. Bluewater's commercial aim is to provide complete end-to-end solutions for the water industry including project finance, design and operation as well as equipment for desalination, water and sludge treatment.

UK investment firm [Hermes GPE](#) (€150mn (2010); AUM €5bn) provides private equity, debt and infrastructure finance. Its private equity business makes both primary and secondary investments in funds as well as direct investments into companies.

The [Ombu Group](#) (€120mn (2011); AUM €120mn) was formed in May 2011 with £100mn in funding from a single undisclosed institutional investor and a handful of other private contributors. It is named after a South American tree which grows fast and is very robust. The firm plans to provide growth capital for roughly six UK-based technology companies all of which are likely to benefit from follow-on funding. The firm is targeting investments of £10-15mn and up to £20mn in any one deal with a preference for either control or a large minority stake. Bluewater is Ombu's third investment – the other two being smart grid RLtech which has developed demand response technology for electrical appliances and liquid repellent nano-technology company P2i.

Company	Sector	Round	€mn	Description	Investors
Intelligent Energy (UK) www.intelligent-energy.com	Cleantech	Late Stage	26.4	Developer of PEM fuel cells.	Altima Partners, Artemis Global Energy, F&C Asset Management, Undisclosed Existing Investors.



**Intelligent
Energy™**

Intelligent Energy (UK), a developer of PEM fuel cells, raised **£22mn (€26.4mn)** in a **Late Stage** round from **Altima Partners, Artemis Global Energy, F&C Asset Management** and undisclosed existing investors.

Intelligent Energy is a developer of hydrogen fuel cell technology which it uses to create bespoke power systems for OEMs in the motive, consumer electronics and stationary power industries. This technology is protected by a portfolio of some 300 patents covering 50 different inventions. The company's business scales by using its partners' volume manufacturing capacity and sales channels. We described the technicalities of Intelligent Energy's business model when the company last featured in our bulletin in [July 2009](#).

The company was founded in 2001 with just under €50mn in backing from Russian oil firm Yukos together with undisclosed corporate, venture and individual investors. Part of this funding was used to buy Advanced Power Sources (APS) – a spin-off from the University of Loughborough – together with a worldwide license to all of the IP from both APS and the original University research group.

Well known clients and partners include:

- LTI Vehicles – the manufacturer and retailer of the iconic London black cab which, together with Lotus Engineering, has developed a fuel cell powered version of the black cab launched in 2010.
- Southern Electric – also a strategic investor which led a €5mn 6th round of corporate investment in Intelligent Energy in November 2010.
- Suzuki – with whom Intelligent Energy signed a deal to develop air-cooled fuel cell systems in February 2012. This will be done through a JV called SMILE FC to be based near Yokohama.

The company claims that it is now moving from being simply a developer of power technologies to a company that is taking products into high volume markets through partnerships with OEMs.

Intelligent Energy planned an IPO on AIM in 2004 which was aborted when potential institutional investors expressed the view that the company's proposed £130mn valuation was too high. In the process, however, the company has attracted a following among public investors. Hence, London-based hedge fund [Altima Partners](#) (AUM €760mn), the global energy fund of independent fund manager [Artemis](#) (AUM €14.1bn) and listed asset manager [F&C Asset Management](#) (AUM €120bn) joined this round.

Prior to this round the firm had already raised €75mn of venture and private equity funding over the course of six different investment rounds from a range of investors, many of whom remain undisclosed. This latest round values the company at £314mn.

In February 2012 the company appointed a new CFO with a 'wealth of Board level experience of listed and unlisted technology rich companies' which may indicate that the firm is hoping to resurrect its IPO plans in the near future.

Company	Sector	Round	€mn	Description	Investors
Tobii Technology (Sweden) www.tobii.com	Hardware	Late Stage	15.9	Provider of eye tracking solutions for Human Computer Interaction (HCI) and research.	Intel Capital.



Tobii Technology (Sweden), a developer of eye-tracking solutions, raised **SEK143mn (€15.9mn)** in a **Late Stage** round from **Intel Capital**. The money will be used to help the company develop mass market applications.

Tobii has developed hardware technology and supporting software which allows computers to track where users are looking. Unlike some systems which require the user to wear some form of glasses, Tobii's technology works by sending out a pattern of infrared light which is reflected by a person's eyes. This works irrespective of the lighting conditions or whether the user is wearing glasses or contact lenses.

Tobii developed the world's first eye-controlled computer in 2006 and a fully integrated eye-tracking component for OEMs – the IS1 – in 2009. Markets for Tobii's technology so far include:

- Control and communications devices for the disabled, including integration with smartphones, social media, word processing and other software.
- Research – primarily in advertising, marketing and interface design. This is not necessarily on-line. Carlsberg, for example, conducted a study of what customers look at in bars before they buy.
- Industrial applications, such as computer control in operating theatres, driver assistance systems and healthcare diagnostic systems in neurology and ophthalmology.

Founded in Sweden in 2001, the company now has 340 employees working in offices in China, Germany, Japan, Norway and the US. It also has a global network of more than 50 resellers. This global presence is reflected in its sales figures with revenues increasing from €11mn in 2007 to over €21mn in 2009. Historically, Tobii's technology has been quite expensive to produce, however, and this is one of the reasons why the company is not yet profitable despite its rapidly growing revenues – it made a \$3.5mn loss in 2010.

The company has recently released the second generation of its gaze-tracking hardware for integration with OEM equipment – the IS2 – which is smaller, uses less power and has embedded processing. Ultimately the company hopes to take its technology to the mass market and that it will have as profound an impact on human computer interaction as the invention of the mouse. In January the company announced that it will release an eye-controlled 'Gaze' interface for Microsoft Windows 8 which it demonstrated at the Consumer Electronics Show (CES) in January 2012.

As one of the world's most prolific VC investors and surely the most global, [Intel Capital](#) (€76mn (2012); AUM €1.6bn), has been something of a regular in our bulletin over the last twelve months. Investments we have featured in 2011 include €7.3mn for Unified Communications company VOSS in [February](#), €8.6mn for network hardware company AltoBridge in [March](#), €9mn for Aldebaran Robotics and €8mn for shoe e-tailer Sapato in [June](#), and €11.4mn for pico-cell hardware company IP.access in [December](#).

This latest round brings total investment in Tobii to roughly €50mn and buys Intel a 10% stake in the company. From Tobii's point of view, Intel is just the sort of strategic partner who could help break into mass consumer markets.

Company	Sector	Round	€mn	Description	Investors
Hailo (UK) www.hailocab.com	Telecom Services	B	12.9	Provider of a mobile network for taxi cab drivers and passengers.	Accel Partners , Atomico, Wellington Partners.



Hailo (UK), a mobile app development company, raised **\$17mn (€12.9mn)** in a **Series B** round led by **Accel Partners** with support from existing investors **Atomico** and **Wellington Partners**. The money will be used to expand into North America as well as support growth in London and Dublin.

Hailo was founded in January 2010 by three London cab drivers and three technology entrepreneurs. Similar to Germany's myTaxi by Intelligent Apps (which we featured in our [January issue](#)), Hailo has developed a mobile application which allows users to hail a cab from their smartphone.

Just as with other smartphone-based cab booking systems in Europe, one of the key drivers is disintermediation – cutting out the radio booking and dispatch system middle man. Unlike some other developers of cab booking systems, however, Hailo was designed by London cabbies and it shows. Specifically, they have integrated credit card billing into the app, do not charge a monthly subscription, record driver statistics so as to replace driver log-books and combine geo-location based driver information with what is effectively a social network for cabbies.

Integrating the knowledge of how cabbies work into their app is probably one of the reasons Hailo has gained market traction so rapidly. Since its launch on November 1st 2011 Hailo has increased the number of licensed London cabbies using its service from the 2,000 beta users up to more than 3,200 drivers – almost 15% of the total market and carried over 100,000 passengers.

Based in one of the serviced offices aboard ships permanently moored on the Thames, Hailo has 45 employees and is currently in beta with cab drivers in Dublin.

Well known transaction leader [Accel Partners](#) (€120mn (2011); AUM €5bn) is having a very busy year. Our HTI index features ten investments by Accel in Q1 compared with only 15 in the whole of 2011. Two more of these – MyThings and SilverRail technologies feature later in this issue. An €8.3mn investment in fashion firm Stylistpick featured in [last month's bulletin](#) and, particularly relevant to this deal, we featured a €7.8mn investment in on-line car-sharing service Comuto in [January](#).

Not only does Accel have relevant expertise at the interface between public and private transport but it has also invested extensively in the mobile sector. Specifically it has backed the global increase in the smartphone market with investments in Rovio (Angry Birds), Admob, Amobee, Lookout, and Hotel Tonight.

Equally well known returning investors Atomico and Wellington put in €2.5mn of Series A funding in April 2011. We last featured [Atomico](#) (€120mn (2010); AUM €200mn) in our [January bulletin](#) with its €8mn investment in social gifting service Wrapp.

Atomico does not shy away from seed or Series A investments and has built a truly global investment footprint (they have offices in Brazil, China and the UK and have made over 50 investments on four continents) despite a relatively small investment team (less than a dozen investment professionals). One of the ways they scout the world for opportunities is with their well known 'open office' programme where every few months the firm visits a new city, often with Zennström (of Skype fame) as a speaker.

Well known stage agnostic life science and technology veteran [Wellington Partners](#) (€260mn (2007); AUM €800mn) is another home-grown rising star of European venture investment. Set up in Munich in the 1990s, the team has successfully transitioned to become a pan-European firm with an office in London and ambitious investments such as Livebookings, Enecsys and eWise in [April](#), [May](#) and [June](#) of last year respectively.

Company	Sector	Round	€mn	Description	Investors
MyThings (UK) www.mythings.com	Internet Services	Late Stage	11.4	Specialist in real-time personalised advertising on the web.	Accel Partners, Carmel Ventures, Iris Capital , T-Venture Holding.



MyThings (UK), an online personalised advertising specialist, raised **\$15mn (€11.4mn)** in a **Late Stage** round led by **Iris Capital** with support from existing investors **Accel Partners**, **Carmel Ventures** and **T-Venture Holding**.

MyThings provides personalised advertising targeting online consumers using four different techniques:

- **Retargeting** – using cookies so that once a user has shown an interest in a product by visiting a particular website the user is retargeted and sees related ads on whatever sites they subsequently visit.
- **Pre-Targeting** – recording a user's searches on, for example travel or price comparison websites in order to display ads relevant to the user's searches.
- **Look-alike Targeting** – ads are presented to users who exhibit similar browsing habits to existing customers.
- **Broadcast** – allowing companies to modify existing banners with new text etc. in real time.

Founded in 2005, myThing has always charged on a CPA basis. The firm delivers over a billion banners a month and claims that it can generate a 150% performance uplift compared to retargeting industry norms. Clients include e-tailers such as SDG Group (Littlewoods and Very), PriceMinister and Zalando as well as telecoms firms Orange, Telecom Italia and Vodafone.

Transaction leader [Iris Capital](#) (€80mn (2009); AUM €350mn), which last featured in our [April 2011 bulletin](#) with another online advertising company, Mediastay, is a veteran TMT investor based in Paris. Since its foundation in 1986, Iris has invested over €840mn in more than 200 companies.

As a way to beat the LP blues, Iris has recently developed a new activity managing the venture funds of telecoms companies. In November 2011 the firm announced that it would manage a \$50mn venture fund for IT and telecoms in the MENA and other markets on behalf of the Saudi Telecom Company. More recently, Iris announced that it would manage a €150mn fund on behalf of telecoms giant France Télécom-Orange and multinational advertising and communications company the Publicis Groupe, with Orange and Publicis each taking 24.5% in Iris' management company. This fund will target both venture investments of up to €15mn per project anywhere in the world and seed and early-stage investments of up to €3mn in France and Europe.

This investment is yet another example of the globalisation of the venture industry, with Paris-based firm Iris venturing in the UK, and moreover joining in with two US venture funds and another telco's corporate venture arm.

Well known global investor [Accel](#) (€120mn (2011); AUM €5bn) led the initial €6.7mn round for myThings in March 2006. The firm understands data intensive industries very well and launched a \$100mn 'Big Data' fund in November 2011, albeit from existing limited partner commitments. The firm is hosting a [dedicated conference](#) on May 9th in Stanford.

Other returning investors are [Carmel Ventures](#) (€180mn (2008); AUM €450mn) and [T-Venture Holding](#) (€50mn (2004); AUM €620mn).

Company	Sector	Round	€mn	Description	Investors
SilverRail Technologies (UK) http://www.silverrailtech.com	Software	B	11.4	Provider of global rail ticketing platform Silvercore.	Accel Partners, Brook Venture, Canaan Partners , GrandBanks Capital, Sutter Hill.



SilverRail Technologies (UK), the developer of an international cross-border ticketing and information platform for rail travel, raised **\$15mn (€11.4mn)** in a **Series B** round led by **Canaan Partners**

with support from **Accel Partners, Brook Venture, GrandBanks Capital and Sutter Hill**. The investment will support the development of its cross-country capability and the sign-up of more train operators.

SilverRail Technologies' goal is to make booking rail travel as easy as buying airline tickets. It wants to revolutionise the currently highly fragmented and confusing rail market, especially for inter-operator and cross-country travel where no unified booking system or even information standard exists. Its SilverCore platform provides a unifying link between rail carriers on one side and ticket resellers, travel agencies and consumers on the other, giving both sides a one-to-one rather than many-to-one relationship.

The platform is well beyond the pure development stage with rail operators in UK, Benelux and North America signed-up. SilverRail's services are used by business to business resellers Orbitz and KDS with the first major consumer service through Ebookers announced this year.

The company cites four main growth drivers for long distance rail travel: high-speed rail trains, greener footprint than air travel, more infrastructure investment and market deregulation. How fast these trends will actually develop remains to be seen, especially considering growing local opposition to new high-speed railways on environmental and social grounds and tighter national budgets.

It is also worth noting that the need for harmonising rail travel information has been recognised by the European Commission which recently issued a new Technical Specification for Interoperability (TSI). This will require data on timetables and ticket prices to be made available to all players in one common standard across all member states. Theoretically this could pose a significant challenge for SilverRail, although, by its own admission, the Commission does not expect the first applications before 2016.

[Canaan Partners](#) (€450mn (2012); AUM €2.6bn), the lead investor, is a US VC fund specialising in Technology (Digital Media, Communications & Mobility, and Enterprise) and Health Care (Biopharmaceuticals, Medical Devices and Diagnostics) with investments in the relatively wide range \$1-20mn. With a 25 year history, the firm boasts more than 250 investments and 135+ exits with offices in India, Israel and the US (but not in Europe). Investments range from HR software company Successfactors (Nasdaq, NYSE and recently acquired by SAP) to online dating site Match.com (acquired by internet publisher IAC).

Returning investors Accel, Brook Venture, Grandbanks Capita and Sutter Hill provided a \$5mn Series A round in April 2011. The lead investor for that round was [PAR Capital](#), a private investment fund specialising in early-stage investments in travel and online media which has not returned for this round.

Well-known firm [Accel Partners](#) (€120mn (2011); AUM €5bn) returns once again to our bulletin with a record three investments in one of our issues. This follows appearances in [February](#) where it supported FGPE's investment in StylistPick and in [January](#) with a Series C round for Comuto – an internet service connecting travellers with drivers with empty car seats.

Founded in 1964, Silicon Valley Based [Sutter Hill](#) (AUM €580mn) previously featured in our bulletin in [May 2010](#) with a late stage investment in telecoms software firm Aepona. Massachusetts based IT and medtech firm [Brook Venture](#) (€76mn (2007); AUM €110mn) targets investments below \$5mn in the US and has not previously appeared in our bulletin.

Company	Sector	Round	€mn	Description	Investors
RetailFX (Cyprus) www.eto.com	Internet Services	Late Stage	11.4	Provider of a social currency, commodity and index trading platform also known as eToro.	BRM Capital, Individual Investors, Spark Capital .



RetailFX (Cyprus), a long established currency trading company founded by a group of Forex risk management professionals 10 years ago, raised **\$15mn (€11.4mn)** to finance eToro, a currency, commodity and index trading platform. In a **Late Stage** round led by **Spark Capital** with participation by **BRM Capital**, both of whom are returning investors. The money will be used for international expansion via hiring from the financial sector and to continue development of the company's trading platform.

Launched in January 2007, eToro is a web and mobile-based platform where retail consumers can trade currencies, commodities and indices. eToro also lets users trade on margin with up to 400x leverage. The company does not charge commission on trades and makes its money primarily on the spreads. It does, however, charge fees for not closing out trading positions over the weekend.

The firm is regulated by the Cypriot Securities & Exchange Commission (CySEC). As Cyprus has been in the EU since 2004, the firm is obligated to comply with the Markets in Financial Instruments Directive (MiFID).

The unusual aspect of this platform is that it has a social aspect. Users can watch what other traders are doing and, if they so wish, automatically copy them using eToro's CopyTrader™ system. In principle users can copy the 'best' traders and improve their returns. eToro claims that users copying the 'best' traders achieve success rates of 80% of which it attributes to the 'wisdom of crowds'.

Whatever the commercial benefits, CopyTrader™ is certainly attractive as it is now used by most of eToro's active traders. eToro has just won the Financial Service Technology (FSTech) 2012 award for 'best use of customer communications and social networking technology' in competition with Deutsche Bank and Lloyds.

The platform has doubled both its user base and trading volumes over the last 12 months to reach 2mn traders in 140 different countries. eToro has already surpassed 100,000 Daily Average Revenue Trades (DARTS) which compares very favourably with competitor eTrade's 150,000.

To sustain this rapid growth, in the last twelve months RetailFX has doubled its workforce and now has 200 employees in Europe, the US, Australia and Israel where its R&D centre is located.

Transaction leader [Spark Capital](#) (€270mn (2010); AUM €760mn) is based in Boston on the East Coast. Unlike some other American investors, Spark has been investing in Europe for some time. Previous Spark transactions we have covered include €22mn for Intune Networks in [October 2009](#) and €10mn for database monitoring company Secerno in [July 2008](#).

Spark's rationale is that, now that broadband penetration has reached critical mass, the next decade will be spent monetising this infrastructure. Spark therefore targets opportunities which are about content, services, applications, platforms or related infrastructure. Completely stage agnostic, the firm has built up a portfolio of over 50 companies. One recent success is the sale of multiplayer gaming firm OMGPOP to Zynga for \$180mn in cash – particularly gratifying for Spark after it had to arrange bridge finance for the company.

The other investor in this internal round is Israeli holding company [BRM Capital](#) (€110mn (2001)), which first invested in 2009 when it put in €5.2mn alongside Cubit Investments. BRM targets IT companies with a connection to Israel, either at the seed and early stages or at pre-IPO stage.

Company	Sector	Round	€mn	Description	Investors
Oktoغو.ru (Russia) www.oktogo.ru	Internet Services	B	7.6	Provider of online hotel booking service.	ABRT Fund, Mangrove Capital Partners, Ventech, VTB Asset Management .



Oktoغو.ru (Russia), an online hotel booking service, raised **\$10mn (€7.6mn)** in a **Series B** round led by **VTB Asset Management**, with participation from existing investors the **ABRT Fund**, **Mangrove Capital Partners** and **Ventech**.

Oktoغو was founded in St. Petersburg in 2010 by Maria Kolesnik – the Harvard Business School and McKinsey alumnus who helped set up iconic Russian internet company Mail.ru. More pertinently, she also helped build DataArt (www.dataart.ru), a software firm specialising in the travel sector in Europe and the US.

Oktoغو's hotel database has over 2,500 hotels in Russia and the CIS compared to about 10,000 hotels in Russia in total. Even though the market for online travel in Russia has been growing at triple digit rates since 2009, most Russian travel is still booked the old-fashioned way – offline. For this reason the online hotel bookings market is expected to more than double in 2012, reaching \$3bn by 2015.

As is so often the case with Russian investments, Oktoغو has to not only build the website but also to catalyse the supporting infrastructure. Unlike Ozon.ru, which featured in our [September 2011 bulletin](#) and had to effectively replace the state run postal service, Oktoغو is helped in this by the fact that Russia is hosting the 2014 Winter Olympics and the 2018 World Cup for which there have been major investments into Russian travel infrastructure.

In some ways Russia is living through the early days of the internet economy in fast forward. It is still landgrab time for Russian e-commerce. Broadband penetration didn't really reach critical mass until 2004-2005 and, just like the US and Western Europe, it has taken half a decade for consumers to get comfortable with buying things online. Now the major e-commerce sectors are developing rapidly. Apart from Oktoغو we featured another significant investment in the Russian travel industry - OCTPOBOK.ru – last [July](#).

In other ways Russia is similar to markets such as Germany which are large but are underserved by entrepreneurs and investors. With over 51mn internet users over the age of 15 it has in fact just surpassed Germany in terms of the number of potential consumers, and a low 13% flat income tax rate means there is a reasonable amount of disposable income in the economy even though GDP per capita is only \$17,000. Just as in Germany, it makes a lot of sense in Russia to transplant proven business models from other jurisdictions.

The transaction was led by [VTB Asset Management](#) (€80mn (2008); AUM €180mn), the direct investment arm of investment bank VTB Capital. In 2011, VTB Capital was ranked first in Dealogic, Bloomberg and Thomson Reuters' league table for the debt and equity capital markets in Russia and the CIS. Operating under the VTB brand since 2006, VTB Asset Management is one of Russia's best known asset managers

Existing investors the [ABRT Fund](#), [Mangrove Capital Partners](#) (€100mn (2006); AUM €350mn) and [Ventech](#) (€150mn (2007); AUM €365mn) were responsible for a €4mn first round in March 2011. Whereas Mangrove and Ventech are well known, Moscow-based VC ABRT is not. Set up by the founders of Aelita Software, which was sold to Quest Software for \$115mn in 2004, stage-agnostic ABRT focusses on software and internet companies based in the CIS. Some of ABRT's best known investments are Acronis and KupiVIP.

Company	Sector	Round	€mn	Description	Investors
Kandou (Switzerland) www.kandou.com	Hardware	A	7.6	Developer of technology that increases the speed of communication between processors, memory and peripherals.	Undisclosed Individual Investors.

KANDOU TECHNOLOGIES

Kandou (Switzerland), a developer of technology which increases the rate of data transmission over serial buses while simultaneously reducing energy consumption, raised **€7.6mn** in a **Series A** round from **undisclosed individual investors**.

Kandou was founded in January 2011 as a spin-out from the École Polytechnique Fédérale de Lausanne (EPFL). One of the two founders – Amin Shokrollahi – is the former Chief Scientist of Digital Fountain – a company backed by well-known US VC Matrix Partners which specialised in the transmission of data over unreliable networks – which was acquired by Qualcomm for an undisclosed sum in 2009.

Kandou's patent pending technology is based on the academic research of Shokrollahi and his co-founder (and past student) Harm Cronie. The problem it solves is that, with CPU power obstinately following Moore's law, as often as not, computer speed is now limited as much by bus-speed, and the rate at which bits can be transmitted over networks as it is by the intrinsic processing power of the machine. In particular, to keep up with ever increasing transistor densities and decreasing physical sizes of silicon chips, the conductors which make up a computer's serial bus must be made ever closer together. This results in signal interference between the wires which make up the bus which in turn limits computing speed.

The conventional approach has been to adopt differential signalling. This involves transmitting any given bit of data over a pair of conductors – once using a positive voltage and once using a negative. Not only does such paired cabling effectively eliminate magnetic interference (as there is no net current), but on arrival at its destination, subtracting one part of the signal from the other effectively doubles the signal strength.

Unfortunately, this doubles the size of the serial bus. Kandou's approach is based on code theory using so-called 'fountain codes'. Any information to be sent over a bus or other network is transmitted as a series of digital droplets from the original file. Any sufficiently large number of these droplets is able to reconstitute the original data in a computationally efficient, and hence very fast way.

Practically this means Kandou's approach to serial link design increases the effective bit rate by about 400%. As these gains are complimentary to existing technology such speed increases will be additive. A side effect is that for any given bandwidth up to 25% less power is required.

According to the EPFL, the world's computers currently consume about 150bn kWh a year – costing several tens of billions of dollars a year. When Kandou's technology makes consumer devices, it will give consumers three features they traditionally want in their devices – being smaller, faster and cheaper.

Kandou is particularly secretive about its investors. All that is known about them publicly is that they are individual business angels rather than institutions or strategic corporate investors. According to the EPFL, Kandou is already in the process of securing more funding.

What is known is the quality of the EPFL's support for spin-outs. Not only does it have a 'Garage' – a building for very early stage start-ups – and what it calls the 'Innovation Square' for more established companies – it also has in house seed funding known as 'Innogrants.'

Early support for Kandou was provided by venture competition [Venture Kick](#), an initiative financed by five foundations : [Gebert Rüf Stiftung](#), [Ernst Göhner Stiftung](#), [Opo-Stiftung](#), [Avina Stiftung](#) and [Fondation 1796](#).

Company	Sector	Round	€mn	Description	Investors
SongKick (UK) www.songkick.com	Internet Services	D	7.5	Online service allowing fans to track concerts by their favourite bands which makes money through commission on ticket sales.	Index Ventures, Sequoia Capital.



Songkick (UK), an online service allowing fans to track concerts by their favourite bands, raised **£6.3mn (€7.5mn)** in a **Series D** round led by **Sequoia Capital** with support from existing investor **Index Ventures**. The

money will be used for new hires and to support the San Francisco office which it set up last year. Public plans also include expansion of the jazz and classical music sections.

One of the early companies around London's Silicon roundabout, Songkick was founded in 2007 to make it easier for music fans to find out when their favourite bands were playing. Previously fans had to subscribe to multiple venue mailing lists, check band websites and read generic newsletters to avoid missing their band playing live. Songkick consolidates all this information for them and pushes out personalised concert diaries.

The firm lists over 100,000 upcoming concerts on its website and has indexed over two million gigs (some of which go back as far as the 1960s) complete with reviews, set lists, videos and photographs. Naturally there is integration with Facebook and the firm also released a free iPhone app which got 100,000 downloads within two weeks when launched in June 2011. Through distribution deals and Songkick's API, users can also benefit from the company's information via Foursquare, MTV, Soundcloud, Spotify, Vevo, Yahoo and YouTube. The combination with iPhone and Spotify allows recommendation of artists playing locally.

Commercially Songkick makes its money from commissions on ticket sales. The company claims that when they start using Songkick, fans typically double the number of concerts they go to – buying twice as many tickets in the process. With five million unique users on its site every month, Songkick is second only to Live Nation Entertainment Inc.'s Ticketmaster which has 15mn. There are obvious parallels with the movie industry's Internet Movie Database (IMDb) which does the same thing for film and television but has over 100mn visitors each month. This shows there is significant growth potential in the concert market.

Transaction leader and Silicon Valley veteran [Sequoia Capital](#) (€1bn (2009); AUM €3.4bn) focusses on stage agnostic investments in energy, financial services, healthcare, internet businesses, mobile, outsourcing and technology investments. Sequoia's early (\$1-10mn) and growth (\$10-100mn) businesses will invest in China, India, Israel and the US. Its seed funding business (\$100k-1mn) will invest in China, Israel and the US but does not yet invest in India. Widely reputed to be one of the most influential firms in the Valley, Sequoia, claims that 19% of the value of the NASDAQ is made up of former portfolio companies

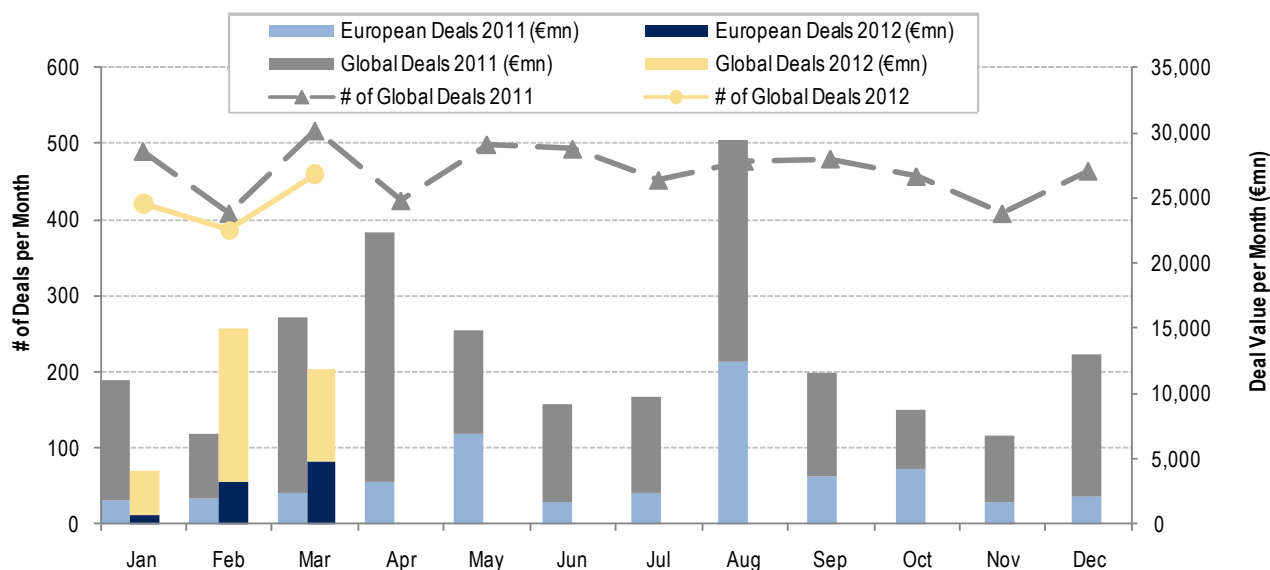
Contrary to what has been reported in the press, Songkick is not the first British investment by Sequoia. For instance Sequoia participated in a €16.6mn Series C round for VoIP company Jajah which we featured in our May 2007 bulletin. Jajah was sold to Telefonica in 2009 for \$207mn.

August names such as Greylock, Kleiner Perkins, Caufield & Byers and Sequoia now regularly investing in Europe, indicate how the European market is maturing. We also see this as a sign of increased globalisation in the VC industry, and of course price arbitrage on the back of Europe's ventures' forced capital efficiency, due to the small size of the indigeneous venture capital base.

For well known technology and life sciences investor [Index Ventures](#) (€500mn (2011); AUM €3.6bn), which led a €3.3mn Series B round for Songpick in December 2008, this is the third investment we have featured this year. The other two were Farfetch in our [January issue](#) and Stylistpick in our [February issue](#).

2.1 - M&A Activity Index

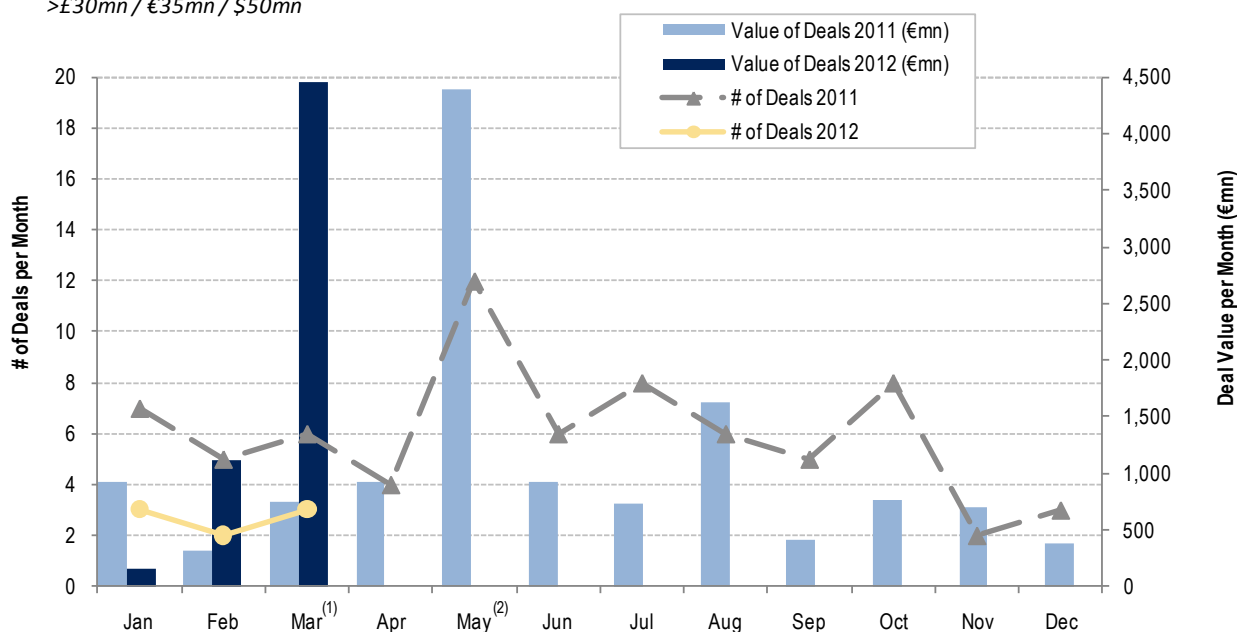
Global & European TMT M&A Transactions



Source: Capital IQ; Go4Venture Analysis

European VC & PE-Backed TMT M&A Transactions

>£30mn / €35mn / \$50mn



Source: Capital IQ, The 451 Group, VentureSource (including transaction value estimates); Go4Venture Analysis

(1) Includes NDS acquisition by Cisco Systems for €3.8bn

(2) Excludes Skype acquisition by Microsoft, but includes Landis+Gyr acquisition by Toshiba for €1.8bn

European VC & PE-Backed TMT M&A Transactions (2012)

> £30mn / €35mn / \$50mn

			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly	Number	#	3	2	3									
	Value	€mn	159	1,117	4,459									
	Median	€mn	54	558	623									
Cum.	Number	#	3	5	8									
	Value	€mn	159	1,275	5,734									
	Median	€mn	54	60	205									

2.2 - Top 5 Global TMT M&A Transactions Summary

Ranked by Price (€mn) in descending order

#	Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Noteworthy Sellers
1	NDS (UK) www.nds.com Cisco Systems (US Nasdaq:CSCO) www.cisco.com <i>NDS, a secure content software solutions provider for pay-TV, computer and mobile was acquired by Cisco Systems, which provides networking hardware and software solutions. The acquisition will increase Cisco's presence in the satellite TV space and provide significant exposure to BRIC and APAC countries.</i>	Application Software	3,800	749	5.1x	Permira Advisers.
2	Quest Software (US Nasdaq:QSFT) www.quest.com Insight Venture Partners (US) www.insightpartners.com <i>Insight Venture Partners is a VC / PE firm specialising in technology investments. In combination with management it took part in a MBO of Quest Software, a provider of enterprise systems management software. This will better suit the company with its modest 10% growth rate, frequent acquisitions and a CEO who owns about a third of the company's equity.</i>	Infrastructure Management	1,647	649	2.5x	Various Public Shareholders.
3	Tudou (China Nasdaq:TUDO) www.tudou.com Youku (China NYSE:YOKU) www.youku.com <i>Video-sharing website provider Youku acquired Tudou which also operates a video-sharing website. The acquisition will establish a dominant leadership position for Youku in China's online video sector with Tudou retaining its brand identity.</i>	Internet Content & Commerce	866	61	14.1x	Capital Today, CITIC, CyberAgent Ventures, GGV Capital, JAFCO Asia, Japan Asia Investment, KTB, Temasek, Venrock.
4	Satyam Computer Services (India BSE:500376) www.satyam.com Tech Mahindra (India BSE:532755) www.techmahindra.com <i>Tech Mahindra provides systems integration and software development services to the telecoms industry. The acquisition of Satyam Computer Services, a provider of IT services including business process outsourcing and systems integration, will allow Tech Mahindra to enter new verticals outside of telecoms such as financial services, healthcare and manufacturing.</i>	IT Services & Distribution	772	886	0.9x	Fidelity Bank, Religare Enterprises.
5	GlobeOp Financial Services (UK LSE:GO) www.globeop.com SS&C Technologies (US Nasdaq:SSNC) www.ssctech.com <i>Investment and financial management software provider SS&C Technologies made an acquisition bid for GlobeOp Financial Services which offers hedge fund management software and services. The benefits to SS&C include additional middle-office offerings to complement its core product portfolio, and climbing from eighth largest hedge fund administrator to third largest.</i>	Financial Software & Services	623	164	3.8x	Sageview Capital, SEB Venture Capital, TA Associates.

Source: Capital IQ, The 451 Group; Go4Venture Analysis

Key

Bold indicates name of Target

Italic indicates name of Acquirer

P/R – Price / Last 12 Months Revenues

2.3 - Headline European VC & PE-Backed M&A Transactions

Where transaction value is available (>£30mn / €35mn / \$50mn)

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
1	NDS (UK) www.nds.com <i>Cisco Systems</i> (US Nasdaq:CSCO) www.cisco.com	Application Software	3,800	749	5.1x	2,063*	1.8x	Permira Advisers.
2	GlobeOp Financial Services (UK LSE:GO) www.globeop.com <i>SS&C Technologies</i> (US Nasdaq:SSNC) www.ssctech.com	Financial Software & Services	623	164	3.8x	N/A	N/A	Sageview Capital, SEB Venture Capital, TA Associates.
3	Aasset Security (France) www.aasset-security.com <i>TKH</i> (Netherlands ENXTAM:TWEKA) www.tkhgroup.com	Technology Distributor	35	35	1.0x	4	8.5x	NextStage.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

Key

Bold indicates name of Target
Italic indicates name of Acquirer

P/R – Price / Last 12 Months Revenues
P/F – Price / Total Funding

P/F>1x indicates an investment where all investors have made a positive return on their investment.

P/F<1x indicates poor returns for some, but early or late investor entrants may still show a positive return on their investment.

*Value of original transaction by PE Fund

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
1	NDS (UK) www.nds.com Cisco Systems (US Nasdaq:CSCO) www.cisco.com	Application Software	3,800	749	5.1x	2,063*	1.8x	Permira Advisers.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

NDS (UK), a secure content software solutions provider for pay-TV, computer and mobile will be acquired by **Cisco Systems (Nasdaq:CSCO)** for \$5,022mn (€3,800mn), including debt and retention-based incentives. The sellers include investors **Permira Advisers** as well as News Corp.



NDS provides software solutions that allow pay-TV operators to securely deliver digital content to TV set-top boxes, digital video recorders, PCs and mobiles. Its VideoGuard product provides conditional access and Digital Rights Management (DRM) technologies deployed in 125mn homes, safeguarding pay-TV service revenues exceeding \$50bn. NDS was acquired by News Corp. in 1992 for \$15mn and went public seven years later in 1999 for \$180mn. A decade later in 2009 it was taken private again by News Corp. and Permira Advisers for a total of \$2,726mn with Permira taking a majority stake of 51%.



Cisco Systems designs, manufactures and sells IP-based networking and other communications and IT solutions. Its products include routers and switches for managing internet traffic, IP video and phones, datacentres and cloud services. Its current offering in content delivery includes Videoscape, a platform that enables service providers to bring together content from pay-TV, online and on-demand sources with the aim of making video more mobile and more interactive across social networks.

The acquisition will give Cisco access to the satellite TV space through customers including BSkyB in the UK and DirectTV in the US. It will also broaden Cisco's geographical reach, which is heavily weighted to the US in cable networks and set-top box hardware, whereas NDS generates almost half its revenue from APAC and BRIC countries. Additionally, Cisco benefits in terms of technology, through software developed by NDS for securing and delivering content to devices other than TVs which will accelerate the delivery of Cisco's Videoscape platform.

Within NDS's product range its DRM solutions alone address a global market which, [according to Global Industry Analysts](#), will cross \$2.4bn by 2015. Media and entertainment is expected to represent the largest product segment, with the US being the largest geographical market; however, the APAC region is the fastest growing market over the period of 2006-15.

[Permira Advisers](#) (€10bn (2006); €20bn AUM) is a private equity firm specialising in financial acquisitions, leveraged buyouts, buyins and growth buyouts. It focuses on the consumer, financial services, healthcare, industrials and TMT sectors seeking to invest in medium to large companies. Founded in 1985, it has made almost 200 investments, and its funds currently own over 20 companies around the world. It typically invests in deal sizes between €500mn and €3bn preferring to make control-stake buyouts with an aim of holding investments for five to seven years.

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
2	GlobeOp Financial Services (UK LSE:GO) www.globeop.com SS&C Technologies (US Nasdaq:SSNC) www.ssctech.com	Financial Software & Services	623	164	3.8x	N/A	N/A	Sageview Capital, SEB Venture Capital, TA Associates.

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

GlobeOp Financial Services (LSE:GO), a provider of hedge fund management software and services, has received an acquisition offer from **SS&C Technologies (Nasdaq:SSNC)** for £521mn (€623mn). The sellers include investors **Sageview Capital**, **SEB Venture Capital** and **TA Associates**.



GlobeOp provides business process outsourcing, financial technology services and analytics to hedge funds and other organisations within the financial sector including insurance companies, pension funds and family wealth offices. The software calculates funds' management and performance fees as well as determining monthly net asset values. It currently has approximately 200 clients with over 1,775 funds with a total of \$187bn asset under administration.



SS&C offers investment and financial management software and business process outsourcing for the financial sector. It delivers solutions for analysis, trading, accounting, reporting and compliance to its clients which manage over \$16tn in assets. SS&C was founded in 1986 before going public in 1996. In November 2005, it was acquired by The Carlyle Group for approximately \$942mn. In 2010 SS&C was returned to the public market with an IPO raising \$160mn (current market cap. c.\$1.9bn), but The Carlyle Group did not sell any

shares in the offering.

SS&C expects GlobeOp's middle-office offerings to complement its core product portfolio. The acquisition would promote SS&C to become the third largest hedge fund administrator from its current position of eighth.

Prior to SS&C's bid for GlobeOp, private equity firm, TPG put in an offer for £508mn at the beginning of February. TPG was originally backed by GlobeOp's shareholders representing nearly 44% of shares; however, after SS&C's higher bid GlobeOp's independent directors shifted their support from TPG to SS&C. TPG decided not to increase their bid which was therefore allowed to lapse. So far 24.9% of GlobeOp's investors have accepted SS&C's offer which has now been extended to May.

Sageview Capital (€605mn (2006); €605mn AUM) is a private equity firm which also invests in public companies. Its focus is on US and Europe-based public companies with market capitalisation between \$500mn and \$3bn. It seeks to hold investments for 3-5 years.

SEB Venture Capital (€255mn AUM) is the venture capital arm of Skandinaviska Enskilda Banken, a Nordic bank providing services for individuals, corporations and financial institutions. SEB Venture Capital focuses on emerging companies within the technology and life sciences sectors, but also invests in growth companies. It prefers to invest SEK 20-100mn (€2-11mn) to gain a significant minority share.

TA Associates (€3bn (2009); €12bn AUM), founded in 1968, is one of the oldest and largest private equity firms in the world. It specialises in MBOs, PIPEs, growth capital and subordinated debt and invests in a wide range of sectors with typical investments in the range of \$60-500mn in equity.

#	Target & Acquirer	Target Sector	Price (€mn)	LTM Rev. (€mn)	P/R	Funding (€mn)	P/F	Noteworthy Sellers
3	Aasset Security (France) www.aasset-security.com	Technology Distributor	35	35	1.0x	4	8.5x	NextStage.
	TKH (Netherlands ENXTAM:TWEKA) www.tkhgroup.com							

Source: Capital IQ, The 451 Group, VentureSource; Go4Venture Analysis

Aasset Security (France), a distributor of CCTV products and security equipment, was sold to **TKH (ENXTAM:TWEKA)** for €35mn. The sellers include investor **NextStage** as well as about 10 members of company management.



Aasset Security manufactures and distributes CCTV products and security equipment in France, Germany, Italy and the UK. It also provides CCTV system implementation services to create efficient solutions which take into account the environment and potential threats, as well as national and international regulations. Through strategic partnerships it offers products from the brands Grundig, HIKvision and Samsung, but can also provide custom-made products for its customers where necessary. Its revenues have grown from €26mn in

2006 to €35mn in 2011 with 2012 revenues expected to reach nearly €42mn, [according to company management](#).



TKH develops and supplies systems and networks for telecom, electrotechnical engineering and industrial production. Its Telecom Solutions segment offers a range of products, from optical fibre network systems to IPTV-software solutions. Security systems including CCTV and energy-saving light systems are offered by its Building Solutions segment. Finally, the Industrial Solutions segment provides speciality cables and modules as well as manufacturing systems. Founded in 1930, it operates in 20 countries including the US, Brazil,

China and across Europe.

Aasset will be integrated into TKH's security systems sub-segment which is part of its Building Solutions. The acquisition is in line with TKH's strategy to increase its security systems turnover to 20% of total turnover. TKH will also gain a strong market position in both France and Germany where Aasset has a top three position in CCTV distribution.

The global CCTV market will reach \$23.5bn by the end of 2014, growing at a CAGR of about 20.5% from 2012, [estimates RNCOS](#). Asia and the Middle East will gain significant market share, reaching roughly 25% by 2014 driven by India and China due to their huge populations. The report also suggests that while analogue cameras currently dominate the CCTV market, there will be a shift by the end of 2014 with network IP emerging as the leading technology.

[NextStage](#) (€60mn (2008); €270mn AUM) is a venture capital and private equity firm specialising in seed and growth capital for Small and Medium Enterprises (SMEs). It typically invests €2-10mn in portfolio companies in France and the rest of Europe. It currently has a portfolio of 40 companies and prefers to invest in a limited number of companies to provide entrepreneurs with expertise, and strong operational experience.

NextStage has been the lead and sole investor in Aasset since its initial investment in July 2007 of €3.9mn for a 39% stake. This exit results in a 3.6x return on NextStage's investment for a 23% internal rate of return.

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