

*“How to bring renewable energy  
research results to the market”*

***Financing RE start-ups and licensing deals –  
The investor’s perspective***

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Alexis FIGEAC  
Axiom Venture Capital

# Routes to commercialisation

## I. Remain in Research

- ❖ **Validate & protect intellectual property (IP)**
  - Package & productise IP for licensing
  - Work with 3rd parties for **licensing deals**
    - Industry, technology transfer offices

## II. Spin-off & create a start-up

- ❖ **Build a business**
- ❖ **Get financing**
- ❖ **Become profitable!**

# Who can finance the gap between research results and commercialisation?

Who will finance spin-offs?

- **Banks ?** ... need regular cash-flows to repay interest on debt
- **Government agencies ?** ... many obligations to fulfill; usually co-financing
- **Industrial corporations ?** ... whose interest are they following?
- **Business angels ?** ... do they have the stamina, the networks and the professionalism ?

=> Venture/Risk Capital ... is the typical actor who is ready to risk some capital for high rewards

# What can venture capital do for you?

- Ask the right (difficult) questions
- Assist in commercialising research (industry contacts)
- Formulate a business strategy and an execution plan
- Be your window to the world
- Secure 3rd party funding
- Be your active partner

# Selection criteria for funding spin-offs

- Strategy
- Market
- Technology
- Team
- Traction
- Financing requirement
- Timing
- Milestones

# Fundable spin-offs II

## Strategy

- Draw up a plausible and coherent strategy (product-market)

## Market

1. Large vs. niche
2. Established vs. new players
3. Regulatory framework
4. Dynamics, timing

# Fundable spin-offs III

## Technology

1. Protected IP
2. Platform vs. „Mono-product“
3. underlying business model
4. Scalability & cost curve

## Traction

- Initial interest, cooperation, tender or pilot with industrial client or commercial partner

# Fundable spin-offs IV

## Team

- Proven team work
- Scientists alone cannot develop a business
- ⇒ **Complement the team with members from the commercial sector** (industry, entrepreneur, MBI)

## Give consideration to **expansion of team**

- Technology/Productisation
- Marketing
- Sales
- Finance
- ⇒ most will be externally recruited
- ⇒ develop an appropriate enterprise culture

# Fundable spin-offs V

## Financing requirement

- Time to break-even (< €10-25 Mio.)
- Phases of product cycles
- ⇒ How many more VC-funding rounds will be necessary?

## Milestones

- VC financiers will expect development + commercial achievements (competitive advantage)
- Commercial objectives have priority over academic objectives

# Find the right VC !

- Is he/she a good sparring partner?
- Does he/she introduce business opportunities?
- Does he/she help resolve conflicts?
- Does he/she find additional funding sources?
- Does he introduce new staff or board advisors?
- Can you imagine dealing with him/her for 5-10 years?

# What makes a spin-off successful?

- Strategy
- Market
- Technology
- Traction
- Team
- Financing
- Timing
- Milestones

**+ a pro-active VC working with you**

# Can Axiom VC be the right investor?



- Investing in technology businesses as risk capital (equity finance)
- Focus is CleanTech (renewable energy, environment and efficiency technologies)
- Run by professional managers and recognised venture capitalists
- “hand-on” approach:
  - **Assist with strategy**
  - **Develop marketing mix**
  - **Implement financial controlling**
  - **Contribute to team-building and corporate social responsibility**



# Axiom VC: the right investor?

- Raising additional capital ...but funding scarce from EU/EIF
- Objective is financial return ... without neglecting sustainability
- Co-investment policy where possible
- Member of ProRETT consortium! ([www.prorett.eu](http://www.prorett.eu))
- Associate member of Cleantech Venture Network ([www.cleantech.com](http://www.cleantech.com)), where alternatives/co-investors to Axiom may also be found

# Coordinates

- **Brussels**

Guus KEDER

[gk@axiomvc.com](mailto:gk@axiomvc.com)

+32 (475) 24 32 48

- **Berlin**

Alexis FIGEAC

[af@axiomvc.com](mailto:af@axiomvc.com)

+49 (170) 851 0902

[www.axiomvc.com](http://www.axiomvc.com)

