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

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

Published by Go4Venture Research, the Equity Research unit of Go4Venture Advisers LLP.

About Go4Venture Advisers

Providing innovative, fast-growing companies and their investors with independent corporate finance advice to help them evaluate, develop and execute growth strategies

Equity Capital Markets (ECM)

- Equity private placements
- Growth equity financings and secondaries
- Pre-IPO advisory

Mergers & Acquisitions (M&A)

- Sellside
- Buyside / Buy and build
- Valuation services

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

Contents

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.

This Month in Brief

Dear Clients and Friends,

You will notice that for its first 2012 edition, Go4Venture's Monthly Bulletin has changed its title to **Go4Venture Monthly European TMT Private Investments and M&A Transactions Bulletin** to better reflect its actual coverage and expanded its **content to include M&A exits** involving privately funded TMT companies.

In short:

- **Not Just Technology but TMT** – Technology has of course become all pervasive:
  - TMT (defined as technology, medtech, internet/digital media, alternative telecoms, and cleantech) is a better reflection of where the market is at: entire industries being disrupted by technologies and technology-led services.
- **All Private Investments rather than just Venture Capital (VC)** – Investors are looking to fund later-stage companies, because:
  - Investment returns have historically been poor in European VC – although European VC is now changing dramatically for the better, partly fuelled by the (mobile) internet tsunami where Europe's inherent geographic dispersion disadvantage is much less important.
  - Attractive later-stage investments have now become available – due to lacklustre IPO opportunities and corporates having, by and large, remained very disciplined on the buyside.
  - New investors such as Private Equity (PE) funds and family offices are looking for growth and are plunging back into technology, starting with growth equity where metrics are more understandable and financial firepower can be a competitive advantage vs. smaller specialist VC funds (e.g. for buy-and-build strategies).
- **M&A as well as Investments** – because:
  - European VCs have been proactively winding down their portfolios – in order to show returns and raise new funds.
  - Corporates are seeking investments which they can easily turn into acquisition targets – they have realised that in many cases, buying into innovation is cheaper than building internally.
  - M&A is everyone's obsession when confronted with the dearth of IPO opportunities.

This reflects how the European market has evolved – and our corporate finance advisory business has followed:

- **TMT** – Although Go4Venture has a tremendous track record of working with hardcore tech companies (see for instance, Aldebaran Robotics's €9mn Series C round in June 2011, or our current work with RF MEMS world leader DelfMEMS), we are increasingly involved with tech-enabled innovative business models, companies such as:
  - Breathable Foods, the developer of a patented airborne delivery system for functional food nutrients and drugs, or
  - ChartsNow, a radically different approach to digital music focusing on mass market mobile customers rather than superfans.

- **Later Stage Investments** – Even though we have made our mark working on international Series B financings for companies initially backed by VCs in their home countries, we have a growing deal-flow of growth equity opportunities:
    - An example of such a transaction is the €30mn growth equity and recapitalisation for Amplitude which is covered in the current Bulletin. In our view, this shows the appetite investors have for such later stage investment opportunities and therefore the opportunity to get liquidity to existing shareholders (with the option of raising money for a business).
    - Since then, we have closed another large transaction (which will remain confidential until September) – a $100mn recapitalisation with a strategic investor from Japan for one of our longest established clients.
- **M&A** – Tech corporates are increasingly following big pharma's steps, i.e. buying into innovation and focus on distributing it. The other side of the mirror is that financial investors have realised that a way to reduce capital intensity and mitigate execution risks is to involve corporate investors. In turn this leads to more opportunities for technology M&A as an alternative to another round of funding, often in the form of dual track assignments in which both fund-raising and M&A options are explored. A recent example of such a transaction is the sale of ADD Semiconductors to Atmel on which we advised in October 2011.

We will let our readers discover the new format for themselves, but suffice to say that **the first section on Private Investments remains pretty much the same**. It is worth pointing out that Late Stage investments are highlighted more systematically: so not only does it concern companies subject to a fourth or later round of financing, but also any company with substantial revenues (more than €5mn) and profitable or close to profitability (even if this may in fact be technically their first round of external financing ever). Actually, some argue that companies with double digit revenues and profitable should be in a category of their own, namely "growth equity", but we are currently not drawing such a distinction which may be confusing for our American readers. It is worth noting that four of this month's thirteen profiled transactions fit our definition of "Late Stage".

The new section on M&A Transactions covers:

- A review of overall TMT M&A activity, both in the context of Global and European public and private companies as well as a focus on exits of more than €35mn ($50mn) for European VC and PE-backed companies.
- A quick highlight of the Top 5 Global TMT M&A transactions (whether public or private) as a reminder of the movers and shakers of the month.
- A list of TMT M&A transactions involving a European VC and PE-backed company with disclosed or estimated transaction value of more than €35mn ($50mn). **Clearly the paucity of disclosed valuations makes this section a grossly underestimated tally of VC or PE-backed exits and we can only encourage our readers to send us their data** (which will remain anonymised if required).
- And a write-up on each of these larger private M&A transactions, trying to capture, just like in the case of investments, the way in which these transactions help shape the European VC industry.

As the first 2012 issue, the Bulletin starts on a rather positive note – but probably reflects market seasonality:

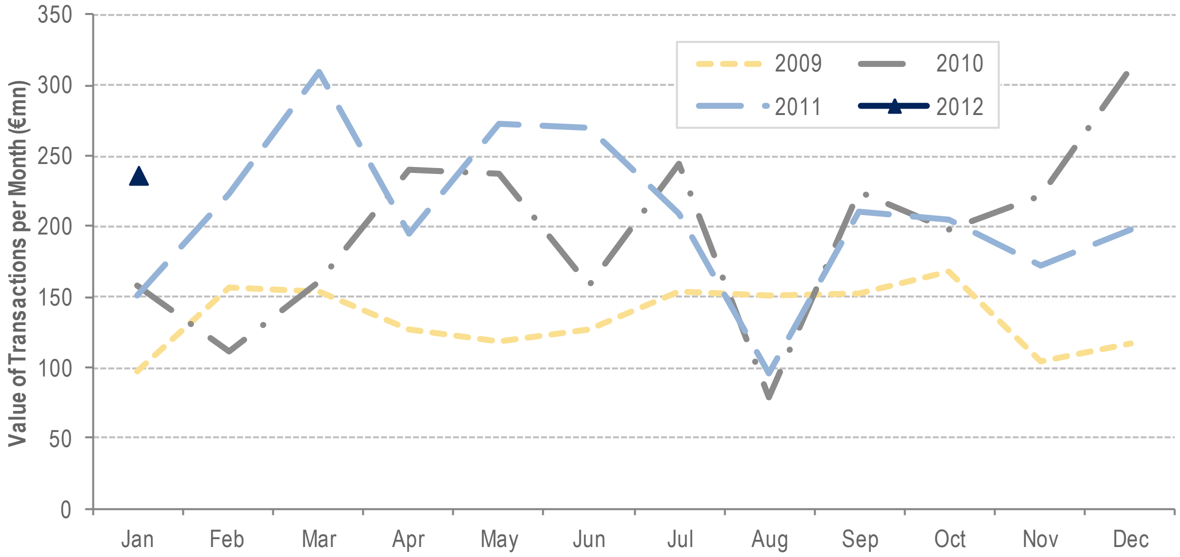
- **Private investments start on a high** compared to the same month last year. This probably has more to do with 2011 transactions taking a bit longer than expected, rather than a true jump in activity levels. However, we see a recurring theme: same number of transactions, but larger amount transacted, reflecting larger individual investments driven by later stage investments.
- **M&A is rather subdued**, especially compared to the same period last year – which probably reflects the uncertain times the world economy is going through. Interestingly, of the two published VC/PE transactions highlighted, one is a great success in terms of multiples of money invested (close to 5x) but with a somewhat modest absolute outcome (€44mn). However, the other returns only about half of the amounts invested but was at least an ambitious attempt at creating a world leader in an emerging space. The good news is that Europe (in fact the UK) still has two other well-funded startups in the space – both of which have been recently refinanced. **This is the sort of strategic intent and determination in funding ambitious plays which is making European venture a growing success** despite its slow going in the 2000s.

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

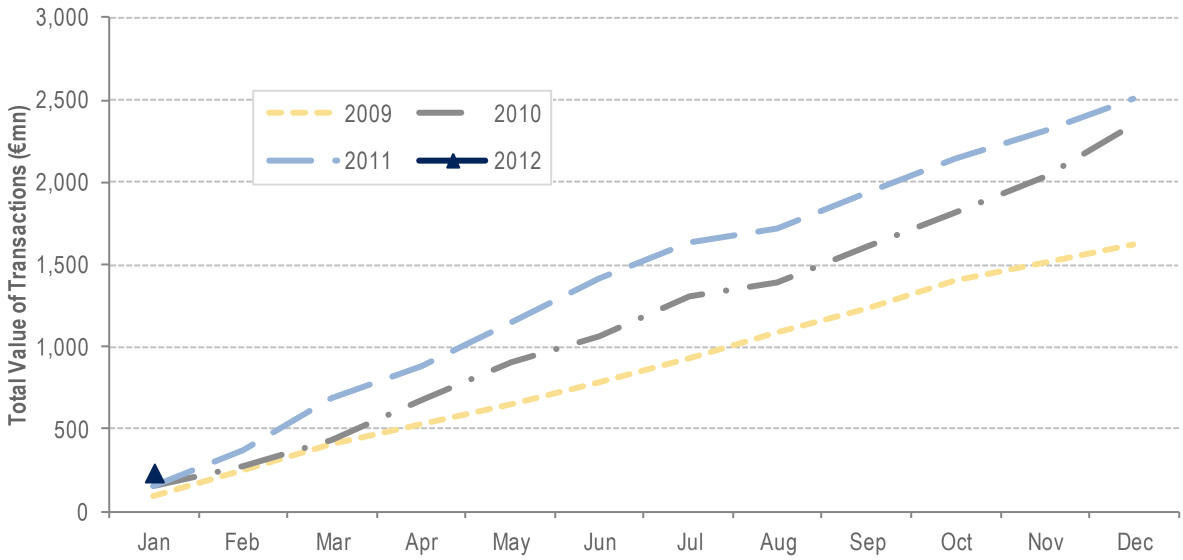
1.1 - Headline Investment Index (HTI)

Go4Venture HTI Index by Deal Value



Source: Go4Venture

Go4Venture HTI Index by Cumulative Deal Value



Source: Go4Venture

January		2011	2012
Landmark Deals	#	-	3
	€m	-	89.7
Headline Deals	#	5	8
	€m	65.5	89.9
Small Deals	#	28	19
	€m	85.7	57.3
All Deals	#	33	30
	€m	151.2	236.9

Year-to-Date		2011	2012
Landmark Deals	#	-	3
	€m	-	89.7
Headline Deals	#	5	8
	€m	65.5	89.9
Small Deals	#	28	19
	€m	85.7	57.3
All Deals	#	33	30
	€m	151.2	236.9

1.2 - Large Headline Investment Summary

(>£5mn / €7.5mn / $10mn)

Company	Sector	Round	€mn	Description	Investors
SoundCloud (Germany) www.soundcloud.com	Internet Services	C	38.8	Social music and audio platform.	GGV Capital, **Kleiner Perkins Caufield & Byers.**
Amplitude Systèmes (France) *** www.amplitude-systemes.com	Hardware	Late Stage	30.0	Developer and manufacturer of ultrafast solid-state lasers for industrial, research and medical use.	Auriga Partners, **Cathay Capital**, CDC, Merieux Développement.
Neolane (France) www.neolane.com	Software	Late Stage	20.9	Marketing process automation software vendor. Their product offering is a three-tiered system, with a marketing database at the bottom, a platform above that, and at the top, purpose-driven applications.	Auriga Partners, **Battery Ventures**, Management, XAnge Capital.
Unruly Media (UK) www.unrulymedia.com	Digital Media	Late Stage	19.4	Operator of a media and technology platform for running social video marketing campaigns.	Amadeus Capital Partners, Business Growth Fund, Van den Ende & Deitmers.
Farfetch (UK) www.Farfetch	Internet Services	B	14.0	Online marketplace for independent fashion boutiques in Europe and North America.	Advent Venture Partners, eVenture Capital Partners, Index Ventures.
Takeaway.com (Netherlands) www.takeaway.com	Internet Services	Late Stage	13.0	Online food ordering website similar to Just-Eat.	**Prime Ventures.**
Intelligent Apps (Germany) www.mytaxi.net	Telecom Services	B	10.0	Smartphone app developer responsible for mobile taxi application myTaxi.	**car2go**, KfW, Lars Hinrichs, T-Venture Holding.
Maxymiser (UK) www.maxymiser.com	IT Services	B	9.3	Provider of website testing and optimisation services for online brands.	**Investor Growth Capital**, Pentech Ventures.
glySure (UK) www.glysure.com	Medical Technology	C	8.4	Provider of a continuous glucose monitoring device.	Amadeus Capital Partners, Chester Investments, Delta Partners, Morningside Group.
Comuto (France) www.comuto.com	Internet Services	C	7.8	Operator of a website that connects any driver who has empty seats with paying passengers in the UK, France, and Spain.	**Accel**, Cabiedes & Partners, ISAI.
Wrapp (Sweden) www.wrapp.com	Internet Services	A	8.1	Social gifting service.	**Atomico Investments**, Creandum, Greylock.
Made.com (UK) www.made.com	Internet Services	B	7.2	On-line factory outlet for designer furniture for retail consumers.	**Level Equity**, PROfounders Capital.
Toumaz Microsystems (UK) www.toumaz.com	Hardware	A	6.0	Fabless developer of integrated circuits for low power wireless communication.	Imagination.

Source: Go4Venture

Key
Bold indicates lead investor(s)
* Internal round
** Led by existing investors
*** Client of Go4Venture Advisers

Company	Sector	Round	€mn	Description	Investors
SoundCloud (Germany) www.soundcloud.com	Internet Services	C	38.8	Social music and audio platform.	GGV Capital, **Kleiner Perkins Caufield & Byers.**

SoundCloud (**Germany**), a social music platform, raised **$50mn** (**€38.8mn)** in a **Series C** round led by **Kleiner Perkins Caufield and Byers** with support from **GGV Capital**. The money will be used for expansion, particularly in the US.

SoundCloud was founded in Stockholm in summer 2007 by sound designer Alex Ljung and web entrepreneur Eric Wahlforss. Originally conceived as a sort of Flickr for high-quality audio which would allow music professionals to send, receive and distribute music, SoundCloud has now morphed into something rather more general encompassing all forms of audio – including journalism, comedy, lectures and audio books.

SoundCloud is often described as hoping to do for sound what YouTube did for video but its business model is different. Whereas Google's $1.65bn acquisition of YouTube in November 2006 was predicated on YouTube generating revenues from advertising, SoundCloud makes its money from subscriptions using the now ubiquitous freemium model. When it started out, the company bootstrapped its user base by hosting a two day rooftop party where its coolest users played sets. In 2011, however, the company increased its user base by 7mn users, taking the total number to over 10mn.

Digital music is an industry where it is notoriously difficult to make money and stay on the right side of the law. Unlike the peer-to-peer file-sharing services which have been the bane of the record labels, however, SoundCloud is very much artist rather than fan-centric. It provides audio tools, mobile apps, support for podcasting, Facebook integration and widgets for artists' own sites. Moreover, SoundCloud aims to be inclusive with users including studios, publishers and DJ's as well as musicians and fans.

According to Crunchbase, this latest round of investment values the company at $200mn pre-money. The size of the investment, following on as it does from an undisclosed Series B round (albeit of unknown size) by Index Ventures and Union Square in December 2010, means that SoundCloud is now much better financed than its British competitor audioBoo which received a €1.1mn Series A investment in June 2010.

Well known US firm Kleiner Perkins, Caufield & Byers (KPCB) (€1.0bn (2011); AUM €2.7bn) invests at any stage from seed to growth. It divides its activities between digital technologies and internet services, cleantech and the life sciences. KPCB is also an early mover in the Chinese market, having established its Chinese partnership in 2007.

Another example of big-name US investors seeking opportunities in Europe, KPCB has featured in our bulletin twice over the last twelve months – both times for music-related investments with a social element. The first was a €22mn investment in music recognition service Shazam in June 2011; the second a €69mn investment in music-as-a-service streaming company Spotify in July 2011. KPCB has also been in the news with its portfolio company Zynga – a social games developer whose $1bn IPO was reported in the Wall Street Journal as the third largest US internet IPO ever.

Growth stage firm GGV Capital (€600mn (2008); AUM €1bn) typically invests $5-25mn across a range of industries – consumer, healthcare, infrastructure, internet and digital media, software and services. In common with KPCB the firm has a Sino-American focus with offices in Shanghai and Beijing as well as on the West Coast.

Company	Sector	Round	€mn	Description	Investors
Amplitude Systèmes (France) www.amplitude-systemes.com	Hardware	Late Stage	30.0	Developer and manufacturer of ultrafast solid-state lasers for industrial, research & medical use.	Auriga Partners, **Cathay Capital**, CDC, Merieux Developpement.

Amplitude (**France**), a developer of ultrafast solid state lasers for research and industrial applications, raised **€30mn** in a **Growth Equity** round led by **Cathay Capital** with support from **Auriga Partners**, **CDC** and **Mérieux Developpement**. Apart from continued R&D, the money will be used to support international expansion.

Founded in 2001, Amplitude offers a full range of ultrafast lasers for medical, industrial and research use via two subsidiaries – Amplitude Systèmes (medical and industrial applications) and Amplitude Technologies (research). Amplitude has developed new alternatives to the Ti:Sapphire lasing material traditionally used for ultrafast lasers. Unlike Ti:Sapphire, these materials are suitable for diode-pumping which leads to size reductions, reliability improvements and cost savings. Amplitude is the only company in the market to offer both crystal and fibre-based lasers and can also provide traditional Ti:Sapphire lasers.

Amplitude Technologies offers the world's most powerful ultrafast lasers used for nuclear physics research. They are also working with the CNRS, CEA and the Curie Institute with a view to using its high power laser for medical imaging products and as particle generators for proton-based cancer therapy.

The company is headquartered south of Paris and opened a new 3,000m^2 facility in the 'Cité de la Photonique' – a specialist laser business park near Bordeaux. Revenues are roughly €25mn and the company claims profits in excess of €10mn.

As well as providing new capital, this deal is also a buy-out of existing investors, CM-CIC Capital Privé (CM-CIC CP), the private equity arm of Groupe Crédit Mutuel-CIC (France's second largest retail bank), and Aquitaine Création Investissement (ACI), a regional seed fund. These two funds invested €3mn in 2006.

Transaction leader Cathay Capital (€125mn (2011); AUM €195mn) was founded in 2006 by Chinese entrepreneur Mingpo Cai and French Private Equity expert Edouard Moinet. The company provides growth capital to both French and Chinese businesses with revenues of €15-250mn. Cathay's first fund of €70mn made 18 investments over a period of four years. Its second, which had a first closing at €125mn in May 2011, has so far made three investments apart from Amplitude – electrical heating and cooling firm Vulcanics, Italian luxury goods firm Moncler and chemicals company Minakem.

Cathay Capital brought with them strategic investor Mérieux Developpement (AUM €70mn), which is also one of their Limited Partners. Merieux Developpement is the investment arm of French healthcare conglomerate Institut Mérieux (10,000 employees worldwide and subsidiaries including Mérieux Nutrisciences, Transgene and ABL Inc.). Mérieux Developpement plans to invest €70mn by 2013.

Fellow new investor Auriga Partners (€155mn (2006); AUM €330mn) is a life sciences and technology specialist making private equity investments in Europe, North America and Israel. With its investments regularly included in our HTI, Auriga last featured in our bulletin with an €8mn Series B round for open source software company Bonitasoft. Auriga is joined by well-known French development fund CDC Entreprises (€150mn (2005); AUM €415mn) which manages a variety of funds supporting French SMEs in both hi-tech and traditional industries. CDC Entreprises invested via the Fonds de Co-Investissement Direct (FCID), a new facility which is part of FSI France Investissement, France's strategic industries investment initiative. CDC Entreprises is not to be confused with CDC Innovation, now an independent fund, whose recent investments include €9mn for Aldebaran Robotics in June 2011 (for which Go4 Venture was an advisor), as well as a €38mn round for MRAM developer Crocus Technology in May 2011.

Company	Sector	Round	€mn	Description	Investors
Neolane (France) www.neolane.com	Software	Late Stage	20.9	Marketing process automation software vendor. Their product offering is a three-tiered system, with a marketing database at the bottom, a platform above that, and at the top, purpose-driven applications.	Auriga Partners, **Battery Ventures**, Management, XAnge Capital.

Neolane (**France**), a developer of enterprise marketing automation software, raised **$27mn** (**€20.9mn**) in a **Late Stage** round led by **Battery Ventures** with participation by existing investors **Auriga Partners** and **XAnge**. The money will be used to push sales and product development in North America.

Founded in 2001, Neolane has developed an enterprise platform that tracks and manages marketing activity across the full range of channels – including social media such as Facebook. This enables companies to target their marketing messages based on evidence of customer behaviour. Over the past twelve months, Neolane has been pushing its ability to deliver real time interactive marketing and its integration with social media. Equally suitable for B2B and B2C marketing, the company's software can be deployed either on the customer's own infrastructure on a license basis or as a cloud-based application on a subscription basis.

The company targets upper mid-market companies with revenues of $100-5,000mn, large volumes of customers and significant direct customer interaction. Clients therefore tend to be in industries such as travel and tourism, e-commerce, entertainment, financial services, telecoms services or the media. Specific examples include Alcatel-Lucent, Barnes & Noble, Orange and Sony Music. Neolane's pricing is normally based on the size of a company's CRM database and typically works out at $300-400k per annum.

Neolane now has 250 employees spread across France, the UK and the Nordic region. Since 2007 it has had a presence in North America through an office in Boston. On the basis of some 140 installations on customer sites and roughly 400 customers the company reported revenues of $30mn in 2010. In 2011 this increased 50% to $44mn on which the company broke even.

Although a pure-play marketing automation business, targeting the bottom end of the enterprise marketing solutions market puts Neolane in competition with firms such as IBM, Oracle, SAS and Teradata. Such firms can leverage the old 'one-stop-shop' argument but have chosen to buy their marketing automation products rather than build them in house. IBM bought Unica for $480mn in 2010. SAS has joined its BI tools with Veridiem which it bought in 2006. Teradata bought Aprimo for $525mn in 2010 in order to add marketing tools to its BI suite. Oracle has bought a variety of companies including Siebel, RightNow and Endeca.

The transaction was led by veteran US private equity and VC investor Battery Ventures ("BV") (€580mn (2010); AUM €4bn). With a VC arm investing at all stages and able to commit up to $50mn for late stage deals, BV is now investing its $750mn ninth fund. Apart from its high profile investment in Groupon, BV has developed quite a track record for investments in this data management and marketing software. Recent investments include ExactTarget, Bazaarvoice, Lotame and BlueKai. Most significantly, in November last year BV led a $50mn Series F round for a similar company - pure-play marketing automation firm Marketo. Although Marketo claims more customers than Neolane (roughly 1,500) its revenues were comparable at around $30mn in 2011.

BV was supported by well-known existing Paris-based investors Auriga Partners (€155mn (2006); AUM €330mn), for whom this is the second investment this month and XAnge (€65mn (2003); AUM €65mn).

Company	Sector	Round	€mn	Description	Investors
Unruly Media (UK) www.unrulymedia.com	Digital Media	Late Stage	19.4	Operator of a media and technology platform for running social video marketing campaigns.	Amadeus Capital Partners, Business Growth Fund, Van den Ende & Deitmers.

Unruly Media (**UK**), provider of a platform for running social video marketing campaigns, raised **$25mn** (**€19.4mn)** in a **Growth Equity** round from **Amadeus Capital Partners**, **Business Growth Fund**, **Van den Ende & Deitmers**. The company plans to double in size over the next twelve months and will use the money for new hires, to expand its US business and to establish an office in Asia.

Founded in 2006, Unruly provides video placement for marketing campaigns. Specifically, it has developed a platform which converts videos into a variety of formats, sends them to more than 11,000 video partners and then tracks performance / conversations on social sites such as YouTube, Facebook and Twitter.

Unruly is a niche player in one of the fastest growing sectors of online advertising. Online advertising revenues in general are expected to exceed $100bn in the next year or so, thereby accounting for 20% of global advertising revenues. Unruly, which has 100-120 content campaigns live at any one time, and claims to reach 725mn unique users each month, is well positioned to take advantage of this growth. Its best known campaigns are Evian's 'Roller Babies' and T-Mobile's 'Life's for Sharing'.

Unruly's 100 employees in Amsterdam, Berlin, London, New York, Paris, San Francisco, Stockholm and Sydney generate a turnover of $50mn. According to the company it has been profitable for three years. While there has been some recent controversy over paid links being used to advertise Google's Chrome which violated Google's own rules, technical investigations suggest that this was an accident rather than intentional. The upside to the unfortunate timing and adverse publicity is that Unruly is likely to tighten up and improve its policies and procedures and liaison with publishers as a result.

This is Amadeus' second transaction this month (see glySure). Since we started tracking European technology investments in 2002, well known British venture veteran Amadeus Capital Partners (€ 12mn (2006); AUM €565mn) has consistently made a median of eight investments per year. By Amadeus' standards, last year was relatively quiet with only four investments – a seed round for TrialReach plus three larger investments which featured in our bulletin – Nyx Security, Nujira and IP.access. The firm made no less than five successful exits during the year:-

- *Sale of Forth Dimension Displays (formerly known as CRLO Displays) for $11mn*
- *Sale of 35% of its stake in networking company Transmode Holdings in an $85mn IPO in Stockholm which gave Transmode a market capitalisation of $230mn.*
- *Sale of Icera to NVIDIA for $367mn (€256mn) in cash. We had tracked €200mn of investment in Icera since 2003, with Amadeus having participated in €150mn of this.*
- *Sale of Amadeus stake in security company Clearswift in a secondary transaction to British mid-market growth investor Lyceum Capital.*
- *A secondary sale of its stake in Swedish web content management software company EpiServer to IK Investment Partners.*

Van den Ende & Deitmers (€50mn (2006); AUM €150mn) was founded in 2006 by the executives behind television manufacturer Endemol. Focusing on content, platforms, e-commerce and IT services in Western Europe the firm typically invests €3-8mn for substantial minority stakes although it can stretch from €0.5mn seed funding to €20mn for later stage deals.

Business Growth Fund (BGF) is a £2.5bn regional development fund set up by five of the UK's largest banks (Barclays, HSBC, Lloyds, RBS and Standard Chartered) and the British Bankers Association (BBA) in 2010. It makes equity investments of £2-10mn in SMEs.

Company	Sector	Round	€mn	Description	Investors
Farfetch (UK) www.Farfetch	Internet Services	B	14.0	Online marketplace for independent fashion boutiques in Europe and North America.	Advent Venture Partners, eVenture Capital Partners, Index Ventures.

FARFETCH.COM

Farfetch (**UK**), an online market-place for fashion items from independent boutiques in Europe and North America, raised **$18mn** (**€14mn**) in a **Series B** round from existing investor **Advent Venture Partners** and new investors **eVenture Capital Partners** and **Index Ventures**. Some of the money will be used to open an office in New York to mirror that in Los Angeles. The company also plans to work on its branding and expand into Brazil and Asia.

Rather than social buying – which has been a hot sector for some time – in some ways Farfetch's business model is a form of social selling. Farfetch operates an online marketplace selling designer fashion on behalf of some 200 independent boutiques in a dozen different countries. Importantly, while Farfetch does not have the costs of warehousing physical stock, it does have a team of buyers who select what will appear on its site. Farfetch is positioning itself for the fashion cognoscenti rather than as a fashion supermarket.

The company was founded in London in 2008 by serial fashion entrepreneur José Neves. He had the idea while running one of his other businesses – SIX London which operates two retail stores and wholesales its own brands and licenses worldwide. He noticed that while small boutiques often had talented buyers they could not afford to use the internet to reach a larger market.

Selling to only a relatively small proportion of the population, such high end boutiques will by necessity always be small. Farfetch offers them the opportunity to sell to a global audience without the unsustainable commercial overheads inherent in becoming e-tailers on their own account. In some ways this is a kind of e-franchising. Importantly, however, the physical boutiques such as Pollyanna (UK), Satine (US), L'Eclaireur (France) and Penelope (Italy) are able to maintain their own brand.

Farfetch now offers over 35,000 products to 56,000 customers in 100 countries. While 110 of the participating boutiques are in Europe and the US, some 60 are in Brazil and 50% of sales are delivered to emerging markets. Revenue growth is currently running at over 200% year-on-year.

London-based life sciences and technology investor Advent Venture Partners (€90mn (2010); AUM €730mn) was the sole contributor to Farfetch's €3.5mn Series A round in July 2010. Its technology business focuses on growth equity but is flexible as to the form this might take and will consider anything from small minority positions through to full buyouts. We last saw Advent with a €9.6mn investment in British e-tailing platform WorldStores in our July 2011 bulletin.

eVenture Capital Partners, which is known as BV Capital in the US, is an early stage internet investor running two geographically dedicated funds. BV Capital III invests in North America and is run out of the firm's West Coast office. eVenture I focuses on Europe in the broadest sense – it includes Russia and the Ukraine – and is run from the firm's Hamburg office. The firm prefers to come in as a first venture investor and is content to make small investments if a company has no significant capital needs.

Well known technology and life sciences investor Index Ventures (€500mn (2011); AUM €3.6bn) will be well known to our readers. The firm is currently investing from three funds – Index Ventures Seed Fund (2010), Index Ventures Fund V (€350mn, 2009) and the Index Ventures Growth I fund (€400mn, 2008). In contrast with the number of US investors we saw investing in Europe last autumn, Index has recently opened an office in Silicon Valley, although its technology team is still almost entirely in London.

Company	Sector	Round	€mn	Description	Investors
Takeaway.com (Netherlands) www.takeaway.com	Internet Services	Late Stage	13.0	Online food ordering website similar to Just-Eat.	**Prime Ventures.**

Takeaway.com (**Netherlands**), a portal for ordering takeaway food, raised **€13mn** in a **Late Stage** round from **Prime Ventures**. The money will be used to expand into new countries.

Founded in the Netherlands, Takeaway.com allows customers to order and pay for takeaway food online from a selection of local restaurants. This allows small restaurants, which could never afford their own online ordering system and might perhaps struggle to raise awareness of their food locally, to access a much larger target audience.

Currently present in ten European countries under a variety of brands including Thuisbezorgd.nl, Pizza.be, Lieferservice.de and Lieferservice.at, Takeaway.com claims to be the dominant player in Holland and Belgium and in a strong competitive position in Germany and Austria.

Interestingly, it is not simply a clone of Just-Eat which we featured in our July 2009 and March 2011 issues. Takeaway.com was founded entirely independently in the Netherlands in 2001 at roughly the same time that Just-Eat was being set up in Denmark. It acquired its first competitor (Pizzaweb.nl) in 2005. The company started launching international sites in 2007. It was the first online food ordering company to develop a mobile ordering app and has won awards for its Food Tracker™ system.

Company	Takeaway.com	Just-Eat
Founded	2001	2000
Turnover	$130mn	$500mn
# Restaurants	9,000	20,000
# Countries	10	15
Total Investment	$17mn	$65mn

Notwithstanding its independence, Takeaway.com is still much smaller than its rival Just-Eat as shown in the table. Significantly, Just-Eat has just signed a deal with Alloresto.fr – the market leader in France. Under the terms of this agreement Alloresto will initially be run as a JV with Just-Eat putting in €20mn and acquiring the business over a period of three years. Other competitors include Berlin-based Leferheld and Delivery Hero which raised €8mn last November in rounds led by Ru.net and Kite Ventures with participation by Team Europe and Point Nine Capital.

Just like the investment in Farfetch, this deal highlights investors' appetite for local internet services. Without such marketplaces, local businesses such as niche fashion boutiques or small takeaway restaurants are effectively invisible on the web.

Benelux-focused Prime Ventures (€150mn (2009); AUM €275mn), until recently known as Prime Technology Ventures, last featured in our bulletin in November 2010 with a €10mn investment in telecoms software company Layar. With offices in Amsterdam, Cambridge and Eindhoven, Prime has invested in the Benelux countries, France, Finland, Sweden and the UK and is willing to invest anywhere in Europe. Stage agnostic, Prime typically invests €0.5-15mn per round and up to €25mn per company in total and has a preference for being lead investor. Of the almost 30 investments it has made, Prime has exited 10.

Apart from the size of the companies, another way in which the Takeaway.com and Just-Eat deals differ is in their geographical focus. While Just-Eat has expanded outside of Europe, particularly since taking on American investors last year, Takeaway.com is purely European and has focused on consolidating its position in North West Europe.

Company	Sector	Round	€mn	Description	Investors
Intelligent Apps (Germany) www.mytaxi.net	Telecom Services	B	10.0	Smart phone app developer responsible for mobile taxi application myTaxi.	**car2go**, KfW, Lars Hinrichs, T-Venture Holding.

Intelligent Apps (**Germany**), a developer of mobile apps in general and successful taxi-ordering app **myTaxi** in particular, raised **€10mn** in a **Series B** round led by **car2go** together with **KfW** and existing investor **T-Venture Holdings**. The money will be used for expansion in Holland, Spain and the UK.

Founded in 2009, Intelligent Apps is a developer of mobile apps. By far its most successful app to date is myTaxi. Launched in March 2010 in Hamburg, myTaxi allows people to book and pay for taxis using a free smartphone app available for both iOS and Android platforms. Commercially this is classic internet disintermediation targeting the €4,000 a year that European cab drivers currently pay for dispatch services. Not only does this reduce costs, but GPS customer location and cab tracking mean that the service is better.

According to myTaxi, its app has been downloaded some 800,000 times, gives access to some 7,000 taxi drivers and is available in over 30 cities in Austria, Germany, Switzerland and most recently Spain. There are 50,000 taxis providing 400mn trips in Germany alone – a market estimated to be worth €3.7bn a year. Throughout Europe as a whole there are believed to be some 600,000 taxis and, in capital cities such as London, there are over 23,000 cabs accounting for almost £1bn in fares every year.

Outdated radio booking and dispatch systems are in use throughout most of the world. One advantage of starting up in Europe, however, is that the taxi industry is comprised largely of freelance drivers who, unlike in the US, are not significantly unionised. With no unions and, in many cases, no form of contract exclusivity, cabbies can even use smartphone booking alongside their existing dispatch system.

Unsurprisingly with such a relatively small barrier to entry there are several competitors including GetTaxi, (which is live in Israel, Russia and the UK and is rolling out in France, Spain and New York), Uber (which has one of the most advanced cab allocation algorithms but operates primarily in the US and in Europe is only available in Paris), and London-based Hailo. In December, US-based Uber raised $32mn from investors including Goldman Sachs, Jeff Bezos and Menlo Ventures. Before that in September, Hailo had raised £2mn from Atomico and Wellington Partners to expand to Dublin.

This deal was led by car2go – a Daimler subsidiary which runs a car-sharing scheme in France. With Daimler manufacturing over 60% of all taxis in Germany the strategic interest is obvious. Moreover, the firm sees car-sharing services and cab-booking services as complementary rather than competitive. It is believed to have taken a 15% stake.

Fellow new investor KfW is a regional development fund backed by the German government. Founded as the Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute) as part of the Marshal Plan, KfW has a long track record. Rather than equity, KfW provides loans at advantageous rates sustained by its ability to raise funds in the capital markets using government-backed bonds without having to provide a return to its government shareholders.

Existing investor T-Venture Holdings is the venture arm of Deutsche Telekom and typically contributes €0.5-5mn in return for a minority stake. Naturally its investments mirror the strategic interests of Deutsche Telekom – broadband and network infrastructure, mobile communications and corporate telecoms. T-Venture has just made an undisclosed investment in 9flats (which we featured in our May 2011 issue).

Lars Hinrichs, founder of networking website XING, also supported the round.

Company	Sector	Round	€mn	Description	Investors
Maxymiser (UK) www.maxymiser.com	IT Services	B	9.3	Provider of website testing and optimisation services for online brands.	**Investor Growth Capital**, Pentech Ventures.

Maxymiser (**UK**), a provider of website testing, personalisation and customer experience optimisation tools and services, raised **$12mn** (**€9.3mn**) in a **Series B** round led by **Investor Growth Capital** with support from existing investor **Pentech Ventures**. The money will be used to support growth, particularly in the US.

In the early days of e-commerce, e-tailers would change the appearance and functionality of their web-site based on little more than a hunch. More recently companies such as Maxymiser have used web analytics and other data to understand the many variables which influence what users do on a website. This in turn leads to better customer engagement, improved conversion rates and higher revenues.

Founded in 2006, Maxymiser was one of the first companies to offer such multi-variate analysis. What is particularly unusual about Maxymiser's approach is that it has developed analysis systems which can be deployed with the addition of only a single line of script per web-page. This patented technology allows a company to decouple the analysis required by marketing from the phased development required by IT. It also allows smaller companies who outsource their website to run sophisticated marketing studies.

One of the nice things about this from both a customer and investor perspective is that Maxymiser's value add can be easily quantified. Examples include easyCar generating an 11% increase in bookings and bmibaby.com achieving a 2.5% in conversions to flight bookings.

Most of Maxymiser's clients are in retail, travel, financial services, media or online gaming. Having expanded to the US in 2010, the company now has offices in London, New York and the Ukraine. Not only did it win an award as 'Online Technology Vendor of the Year' but according to its investors it signed a significant number of clients in the last two quarters.

Until recently, transaction leader Investor Growth Capital (IGC) (€300mn (2011); AUM €1.2bn) was a business unit within industrial holding company Investor AB – the largest industrial holding company in Northern Europe with $20bn in assets. In September 2011 IGC span out with a portfolio of 100 companies worldwide worth $1.3bn. Investor AB, which remains the sole limited partner, contributed an additional $300mn of capital to IGC's sixth fund.

IGC Fund VI is structured to allow IGC to share profits with Investor AB, thus providing a source of capital for future investments and making the fund evergreen. The firm says that it intends to continue its 15-year track record of investment in expansion-stage technology and healthcare companies focusing on the US and China. Its investment preference is for $8-15mn over the life-time of an investment with a holding horizon of 3-6 years. It will operate from offices in Beijing, California, New York and Stockholm.

Technology specialist Pentech Ventures (€55mn (2008); AUM €100mn) participated in Maxymiser's £2mn (€2.9mn) first round in January 2009 alongside Scottish Enterprise's Scottish Co-Investment Fund (SCF). This Series A investment was intended to support the firm's European growth – something in which it was obviously successful given that it managed to open offices in the US and the Ukraine prior to this most recent round.

Although Pentech is stage agnostic with a target of £0.5-4mn over the life of an investment, the majority of its deals tend to be early stage. We last saw Pentech in 2009 with an investment in Go On Media (Goomradio).

Company	Sector	Round	€mn	Description	Investors
glySure (UK) www.glysure.com	Medical Technology	C	8.4	Provider of a continuous glucose monitoring device.	Amadeus Capital Partners, Chester Investments, Delta Partners, Morningside Group.

glySure (**UK**), a developer of continuous glucose monitoring systems for hospital use raised **£7.0mn** (**€8.4mn**) in a **Series C** round from **Amadeus Capital Partners**, **Chester Investments**, **Delta Partners**, and new investor the **Morningside Group.** This funding will be used for clinical trials as a precursor to gaining regulatory approval in the US and Europe.

With diabetes affecting 6.4% of the world's adult population, *non-invasive* glucose monitoring for diabetics have long been of interest to medtech investors. Recent transactions include C8 MediSensors which raised $24mn from GE in December with a view to a commercial launch in Europe later this year. While attractive, the trials and regulatory approval necessary for medical devices often mean that substantial investment can be required before achieving commercial success. Well known device manufacturer Dexcom required VC-backing of €190mn before its €260mn IPO in 2005 and is now a $700mn market cap company (NASDAQ:DXCM).

glySure is different in that it is *invasive*, i.e. it is not targeted at diabetics and it is instead intended for use in Intensive Care Units (ICUs). Since 2001, it has been known that tight control of blood sugar levels – so-called Tight Glycaemic Control (TGC) – in intensive care patients improves outcomes by reducing both comorbidity and mortality rates. glySure's technology, which consists of a fibre-optic fluorescence detector that can be inserted into a patient's existing IV line (without impeding its use for drug administration or fluid replacement) together with a calibration module, has been proved to function without nursing intervention for at least 70 hours which is longer than the average length of stay in ICU. With manual blood sugar monitoring taking up to two hours a day per patient this results in a significant additional cost saving.

The global market for glySure's product is estimated to be $2bn for use on roughly 8mn patients per annum. Founded in Oxfordshire in 2006, glySure's 16 employees have completed initial human trials on 90 ICU patients. This round of investment will be used for additional trials with a view to gaining regulatory approval.

This round of investment brings total investment in glySure, excluding an undisclosed internal round from Delta Partners in 2009, up to just over €14mn. As with a number of healthcare technology ventures, initial development can be done on a relatively tight budget but much more money is required to take a product through clinical trials.

We described Amadeus Capital Partners' (€12mn (2006); AUM €565mn) recent activity and investment in Unruly earlier. Technology, MedTech and Healthcare investor Delta Partners (€105mn (2007); AUM €250mn) invests in early stage companies anywhere in the EU but primarily in Ireland and the UK. For Delta's primary fund the investment preference is €0.5-3mn initially and up to €5mn overall. Delta also has a seed fund which invests up to €500k. As Delta makes small early stage investments this is the first time it has featured in our bulletin but it has been a regular contributor to our proprietary HTI index since 2003.

The Morningside Group (€190mn (2011)) was set up in 1986 as the family office of the Chan family of Hong Kong. The group invests in both private equity and VC deals worldwide. Its sector preferences are very broad and include machinery, manufacturing, technology, media, telecoms, life sciences, education and cleantech.

Company	Sector	Round	€mn	Description	Investors
Comuto (France) www.comuto.com	Internet Services	C	7.8	Operator of a website that connects any driver who has empty seats with paying passengers in the UK, France, and Spain.	**Accel**, Cabiedes & Partners, ISAI.

Comuto (**France**), the developer and operator of a site that connects drivers who have empty seats in their cars with paying passengers, raised **$10mn** (**€7.8mn**) in a **Series C** round led by **Accel** with participation from **Cabiedes & Partners** and existing investor **ISAI SAS.** The money will be used to support growth in France, Spain and the UK.

Comuto is a peer-to-peer marketplace for car sharing enabling drivers to reduce their cost of motoring and giving passengers an alternative to coaches, trains and planes. The majority of the use is for trips of more than 100 miles where passengers achieve average cost-savings of 70% compared to trains or planes.

The company was founded as covoiturage.fr in 2004 by Stanford graduate Frederic Mazzella inspired by the car-pooling lanes and entrepreneurial spirit he had seen in the San Francisco Bay area. Like many social businesses Comuto is dependent on scale for its success. There has to be a minimum number of passengers and drivers to give enough liquidity to the market.

Comuto now has 1.6mn users, some 400,000 of whom are drivers, and carries more than 350,000 passengers per month in France, Spain and the UK. Moreover the business is now growing rapidly – over half of the 8mn passengers who have used the service did so in the last twelve months.

The transaction was led by well known global industry veteran Accel Partners (€120mn (2011); AUM €5bn). Fellow new investor Cabiedes & Partners is a business angel network founded in 2009 by well known Spanish angel Luis Martin Cabiedes. Mr. Cabiedes is best known for being the CEO of European Press but has also been involved with MyAlert, Privalia and Trovit. As well as money from the Cabiedes family, Cabiedes & Partners invests a mix of private and public money from Bertelsmann Digital Media Investments, Corpfin Capital, the Europa Press Group, the FESpyme fund (managed by Axis), Itzarri EPSV and Neotec Capital Riesgo. Designed to plug the seed funding gap in Spain, Cabiedes & Partners is a €25mn early-stage fund based in Madrid. It intends to make ten investments a year, primarily in Spanish technology companies.

In some ways, existing investor ISAI (€35mn (2010); AUM €35mn) is a French version of Cabiedes. Established was founded in 2008 by a mixture of successful French internet entrepreneurs and industry executives from 3i and TechCrunch – most notably Pierre Kosciusko-Morizet, who sold his Priceminister website to Rakuten for €200mn. ISAI targets French SMEs with revenues under €10mn in the internet sector. Unlike Cabiedes, all of ISAI's backers are individual investors, albeit from a wide variety of backgrounds. ISAI's investment preference is for equity investments of €0.5-1.5mn with a seat on the board. When Isai took part in Comuto's first round in June 2010, it was the maiden investment for the fund.

Company	Sector	Round	€mn	Description	Investors
Wrapp (Sweden) www.wrapp.com	Internet Services	A	8.1	Social gifting service.	**Atomico Investments**, Creandum, Greylock.

Wrapp (**Sweden**), a social gift-certificate service, raised **$10.5mn (€8.1mn)** in a **Series A** round led by **Atomico Investments** with participation by **Creandum** and **Greylock Partners**. The money will be used to launch the service in the UK and the US.

Wrapp (initially known as Bohemian Wrappsody) allows consumers to send gift certificates from well known brands either on the web or by using their phone. Integration with Facebook and Twitter allows users to see each others' birthdays and facilitates group gift-giving. Not only can gift certificates be bought using Android or iPhones, but the gift certificates are delivered as bar codes to the same phones – much more convenient for the recipient than having to remember to carry a gift certificate.

Brands view this as a way to acquire new customers. With a customer's friends choosing a store for them this is a highly targeted form of marketing and possibly a cost-effective form of customer acquisition. Some brands even provide free gift certificates.

Launched in Sweden in the middle of November 2011, Wrapp is used by brands such as LoveFilm, Staples and La Redoute. The firm claims growth of 30% a week and sent over a quarter of a million gift cards in December 2011. The capability of giving a gift at the last minute caters for a natural human tendency.

Being entirely digital, with no stock and limited fixed costs (even the gift certificates are delivered in the form of a bar code sent to the recipient's smart phone) this business is extremely scalable. It is this scalability which has made it possible for the business to go from seed funding in Spring 2011 to a North American launch and European expansion less than a year later.

Investors are also backing the track record of the management team. This includes Swedish serial entrepreneur Hjalmar Wimbladh, who founded the first mobile email provider SendIt (sold to Microsoft for $125mn in 1999) as well as the world's largest VoIP provider Rebtel, and Spotify's first CTO Andreas Ehn.

Atomico Investments (€120mn (2010); AUM €200mn) actually started this round last November when it agreed to put in the first $5.5mn alongside Creandum. Readers will remember Atomico from its investments in Fon, Rovio (Angry Birds) and Ostrovok.ru which featured in our bulletin last February, March and July respectively. In the present context the fact that Atomico is run by Skype Founder Niklas Zennström is as significant as the equity injection. Wrapp has managed to attract a stellar array of supporting consultants including Carl Fritjofsson (founder of ad network AdProfit and former advisor to Groupon.se) and Aage Reerslev (founder of mobile browser developer Squace) on the technical front, and clothing chain founder Eddie Bauer and Fabian Mansson (former global CEO of H&M) for their brand expertise.

Similarly Greylock Partners (€125mn (2011); AUM €1.5bn), which last featured in our bulletin with a €34mn investment in Just-Eat in our March 2011 bulletin brings far more than the remaining $5mn. In particular, Reid Hoffman, a partner at Greylock and founder of the social network LinkedIn, joins the board of Wrappto support Wrapp's American expansion plans.

Although relatively quiet last year with only a €10mn investment in financial services firm iZettle being written up in our bulletin, Nordic technology investor Creandum (€80mn (2007); AUM €120mn) provided the seed funding for Wrapp in the spring.

Company	Sector	Round	€mn	Description	Investors
Made.com (UK) www.made.com	Internet Services	B	7.2	On-line factory outlet for designer furniture for retail consumers.	**Level Equity**, PROfounders Capital.

MADE.COM

Made.com (**UK**), an e-tailer of designer furniture, raised **£6mn** (**€7.2mn**) in a **Series B** round led by **Level Equity** with participation by **PROfounders Capital**. The funding will be used to relocate the company's HQ, develop the web site to facilitate international orders and grow to the company's brand.

Made.com is a classic internet disintermediation play which exploits the web to let customers buy furniture from designers based all over the world, manufactured in China. The company claims that by eliminating warehousing and showroom costs its high-end furniture works out some 30-60% cheaper than that available in high end British stores. Made.com also benefits from aggregating customer orders rather than having to ship them individually.

Launched in April 2010, the company is relocating its headquarters to trendy Notting Hill in London, but has a local office in Shanghai to deal with manufacturing. Designers it has worked with include the Chapman Brothers, Damien Hirst, Steuart Padwick and John Stephanidis. In less than two years the firm has signed up more than 100,000 customers and grown from a staff of 3-45.

This deal is a very interesting example of the cloning of good business ideas in new markets. Its founders are internet entrepreneurs Brent Hoberman (who famously co-founded LastMinute.com) and Ning Li. Mr. Li grew up in a medium-sized Chinese town which just happened to be a centre of furniture manufacturing. After studying in France and spending some time in banking with Rothschild & Co., Li co-founded a Paris-based company called myfab.com at the age of 25. Myfab.com is a Paris-based business selling designer furniture into the French and German markets which also has an office in Shanghai.

Mr Li was CEO until July 2009. At this point he says he realised that he didn't have the management skills to run a company of this size and took a year off to go back-packing round the world. When Li got to London during his round-the-world gap year he met Brent Hoberman who encouraged him to start up with the same business model but this time targeting the British market.

Li and Hoberman's choice of industry is supported by one of Europe's best exponents of the copy-cat business strategy Oliver Samwer. In a widely reported e-mail to colleagues in his Rocket Internet investment vehicle Mr. Samwer said that "There are only three areas in e-commerce to build a billion dollar business: Amazon, Zappos and furniture."

New York based growth equity investor Level Equity (€130mn (2011); AUM €130mn) invests in software, media and internet businesses. It had a final closing of its €130mn debut fund (Level Equity Partners I) in September 2011. While the fund is new, its founders certainly are not. Co-CEOs Benjamin Levin and George McCulloch left Insight Venture Partners almost three years ago with the aim of setting up their own venture firm. Made.com is Level Equity's second investment – the first being a $20mn investment in CampusBookRentals.com which it completed just before the final close of its fund. As yet there is no indication how active Level Equity will be in Europe but it claims to "invest in its target industries worldwide".

Existing investor PROfounders Capital backs early-stage digital media and technology companies with initial investments of £0.5-2.5mn. It provided a €2.8mn Series A round in March 2010 and has Brent Hoberman as one of its partners.

Company	Sector	Round	€mn	Description	Investors
Toumaz Microsystems (UK) www.toumaz.com	Hardware	A	6.0	Fabless developer of integrated circuits for low power wireless communication.	Imagination.

Toumaz Microsystems (**UK**), a fabless semiconductor company focusing on low power wireless technology, raised **£5mn** (**€6mn**) in a **Series A** round from **Imagination Technologies** and its parent company **Toumaz Ltd**..

Toumaz Microsystems is a fabless semiconductor firm designing and developing ICs and systems for wireless connectivity. Target markets include home and enterprise automation, healthcare, smart power and security systems.

Toumaz has been an active participant in the IEEE committee specifying the new 802.15.6 standard for Body Area Networks (BANs). BANs are networks connecting devices worn on the body such as fitness monitors, wireless healthcare devices and wearable computer gaming controllers. Existing protocols such as Bluetooth and Zigbee are considered too power hungry for wearable devices and lack the reliability required for medical technology.

The new standard was confirmed ahead of schedule at the start of February. Toumaz therefore has a strategic opportunity to develop the first chip incorporating the new standard alongside existing low power standards.

While the business opportunity in this deal is clear, the mechanics of the investment were slightly unusual. The two investors were Imagination Technologies (LSE:IMG) and Toumaz Microsystem's parent company AIM-listed Toumaz Ltd. (AIM:TMZ).

Strategic investor Imagination develops and licenses System-on-a-Chip (SoC) IP. Some readers may remember it as VideoLogic – the name under which it was founded in 1985. Imagination has two divisions – a technology division which deals with IP development and licensing and a division called 'PURE' which develops consumer products such as DAB radios to showcase the firm's technology. Its turnover for the last year was just under £100mn. Both Apple and Intel have significant minority shareholdings.

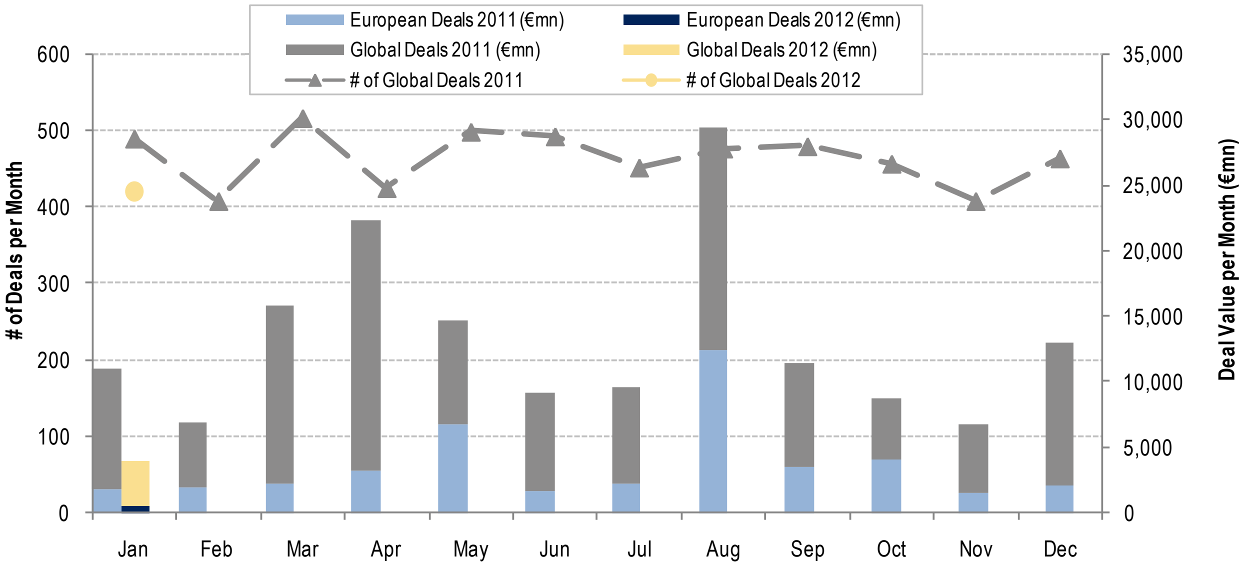
AIM-listed Toumaz Ltd. (AIM:TMZ) is a semiconductor IP company focused on the healthcare and consumer electronics market. Originally founded by Professor Chris Toumazou in 2000 as a spin-out from Imperial College, Toumaz gained its AIM listing in a reverse takeover of listed nanotechnology investment vehicle Nanoscience Inc. in 2005. This vehicle had significant funding. Toumaz' other interests are in Surface Acoustic Wave (SAW) technology for applications such as blood pressure monitoring.

Toumaz Ltd. Raised £11.2mn through a placement of new shares as agreed at the company's AGM last May. It incorporated Toumaz Microsystems as a subsidiary in October 2011 and has transferred a number of assets into it including its silicon IC design team and the IP for its well known Telran chip for sensor networks. Toumaz will end up owning 75% of Toumaz Microsystems.

Imagination is contributing a combination of cash, licenses to some of its hardware and software technologies as well as supporting engineering resources in return for a 25% stake.

2.1 - M&A Activity Index

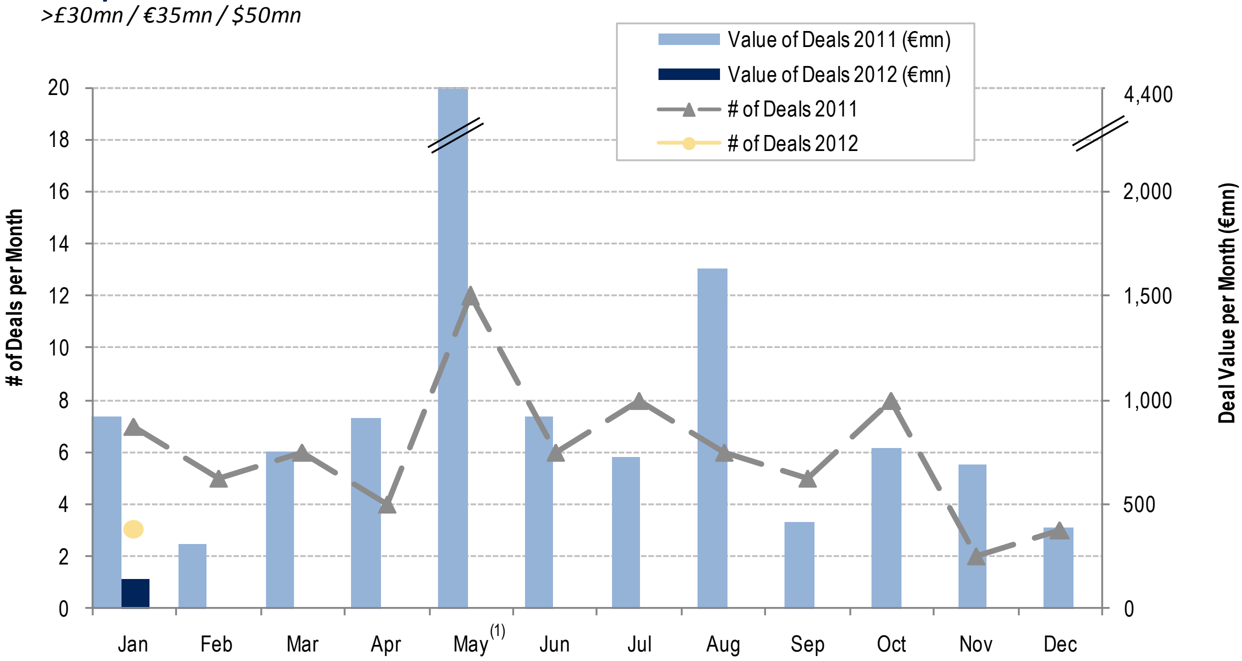
Global & European TMT M&A Deals



Source: Capital IQ; Go4Venture Analysis

European VC & PE-Backed TMT M&A Deals

>£30mn / €35mn / $50mn



Source: Capital IQ, The 451 Group, VentureSource (including transaction value estimates); Go4Venture Analysis
(1) Excludes Skype acquisition by Microsoft, but includes Landis+Gyr acquisition by Toshiba for €1.8bn

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

> £30mn / €35mn / $50mn

			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly	Number	#	3											
	Value	€mn	139											
	Median	€mn	52											
Cum.	Number	#	3											
	Value	€mn	139											
	Median	€mn	52											

2.2 - Top 5 Global M&A Transactions Summary

Ranked by Price (€mn) in descending order

Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Sellers
Gennum (Germany TSX:GND) www.gennum.com *Semtech* (US NasdaqGS:SMTC) www.semtech.com	Semiconductors	386.6	103.7	3.7x	Beutel Goodman & Company, QV Investors
By acquiring another semiconductor manufacturer, Semtech is extending its portfolio of network-focused products and provide its OEM customers with more ways to differentiate their high-speed voice, video and data transmission products.					
RuggedCom (Canada TSX:RCM) www.ruggedcom.com *Siemens* (Germany DB:SIE) www.siemens.com	Communication Services	386.1	84.4	4.6x	Caisse de Depot et Placement du Quebec, CIBC Asset Management, Covington Capital Corporation, EPCOR Power Development, GCIC, Quantum Leap Asset Management
RuggedCom offers routers and ethernet cables for harsh environments (e.g. electric power substations and smartgrids). Its acquisition improves Siemens' portfolio of industrial ethernet products and gives the Company greater access to markets in North America and the Asia-Pacific region.					
Double Down Interactive (US) www.doubledowninteractive.com *International Game Tech* (US NYSE:IGT) www.igt.com	Internet Content & Commerce	320.5	N/A	N/A	-
The casino gaming systems maker, International Game Technology (IGT), acquired Double Down Interactive, which provides online casino simulation videogame for Facebook users. The acquisition will enable IGT to grow outside the physical casino space by building its presence online and reach players through Facebook.					
Convio (US NasdaqGS:CNVO) www.convio.com *Blackbaud* (US NasdaqGS:BLKB) www.blackbaud.com	Application Software	252.0	60.8	4.1x	Adams Street Partners, Adobe Systems, ATEL Ventures, Austin Ventures, Discovery Group Holding, El Dorado Ventures, Granite Ventures, Horizon Technology Finance Management, Pacific Partners, Rembrandt Venture Partners
As Blackbaud acquires another CRM SaaS provider for non-profit organisations, it enhances its product portfolio and adds scale, thus pre-empting the competition that may emerge if CRM software developers like Microsoft, Oracle and salesforce.com start targeting the non-profit sector.					
Numara Software (US) www.numarasoftware.com *BMC Software* (US NasdaqGS:BMC) www.bmc.com	Application Software	231.7	N/A	N/A	TA Associates
BMC provides IT management software for enterprises. By acquiring Numara, it extends its solutions to small and medium businesses (SMBs), obtaining more than 13,000 of those customers and a 9-figure revenue stream. It will also use Numara's sales and marketing personnel to pursue its own SMB initiatives.					

Source: Go4Venture, Capital IQ

Key
Bold indicates name of Target
Italic indicates name of Acquirer
P/R – Price / Last 12 Months Revenues

2.3 - Large Headline M&A Transactions Summary

(>£30mn / €35mn / $50mn)

Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Funding (€mn)	P/F	Sellers
Picochip (UK) www.picochip.com *Mindspeed* (US NasdaqGS:MSPD) www.mindspeed.com	Semiconductors	60.0	N/A	N/A	120.8	0.5x	Atlas Venture, Highland Capital, Intel Capital, Pond Ventures, R Capital Management, Samsung Ventures, SEP.
Miyowa (France) www.miyowa.fr *Synchronoss* (US NasdaqGS:SNCR) www.synchronoss.com	Mobility	44.2	9.7	4.6x	9.3	4.8x	CAPE, Sophia Euro Lab, Techfund Europe Management.
Autologic Diagnostics (UK) www.autologic.com *ISIS Equity Partners* (UK) www.isisep.com	Application Software	54.3	17.1	3.2x	8.5	6.4x	Foresight Group, Octopus Investments, Management and other Shareholders.

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

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

Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Funding (€mn)	P/F	Sellers
Picochip (UK) www.picochip.com *Mindspeed* (NasdaqGS:MSPD - US) www.mindspeed.com	Semiconductors	60.0	N/A	N/A	120.8	0.5x	Atlas Venture, Highland Capital, Intel Capital, Pond Ventures, R Capital Management, Samsung Ventures, SEP.

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

Picochip (UK), a supplier of integrated system-on-chip (SoC) solutions for small cell base stations, was sold to **Mindspeed Technologies (NasdaqGS:MSPD)** for €60mn, including an earnout of €18.9mn based on meeting undisclosed financial milestones. The sellers include VCs and strategic investors **Atlas Venture**, **Highland Capital**, **Intel Capital, Pond Ventures, R Capital Management, Samsung Ventures,** and **SEP**.

Picochip offers 3G femtocells SoCs, which are used in low-cost cellular base stations that carriers give/sell to their customers to improve their coverage and provide additional 3G/4G capacity by allowing the customers to connect to the carrier's network via their home or office broadband. It sells primarily to network operators and their OEM/ODM suppliers.

Mindspeed provides semiconductors for communications applications in enterprise, fixed and mobile broadband access, metropolitan, and wide-area networks (WAN). Mindspeed's range includes SoC products to drive video, voice and data applications in fibre-optic networks and enable advanced processing for 3G and Long Term Evolution (LTE) mobile networks.

The acquisition is driven by Mindspeed's objective to become a global leader in wireless infrastructure semiconductor solutions for next generation mobile broadband communications. It results in Mindspeed offering the industry's broadest range of small cell products, as well as improving the overall product performance by joining the two companies' respective 3G/4G technologies.

The femtocells market has been slow to take off because phone companies have deployed femtocells in smaller numbers than expected, mainly to customers who have poor reception in their homes; as the smartphone gained popularity, Wi-Fi has become a much cheaper and easier way to offload mobile data and voice traffic. This may justify Picochip's relatively modest valuation of €60mn compared to the €121mn it has raised from investors in its 11-year journey as an independent company (Price/Funding ratio of 0.5x).

As the femtocells market has matured and become more diversified, Picochip is facing growing competition from mainstream semiconductor manufacturers. Rivals include Broadcom (NASDAQ: BRCM), who entered the femtocells market via the acquisition of Percello (backed by Granite Ventures, T-Venture Holding, and Vertex Venture Capital) for €74.0mn in October 2010, RadiSys Corporation (NASDAQ: RSYS) who acquired Continuous Computing Corporation (backed by Intel and TCV) for €94.1mn in July 2011, and Qualcomm, who have also become active and have backed ip.access in two rounds of funding.

This leaves two remaining high profile independent femtocells suppliers: ip.access and Ubiquisys, both from the UK. Both recently raised funds, €11.3mn in December 2011 and €10.6mn in July 2010 respectively, suggesting that investors expect other chips manufacturers to buy their way into the femtocells market.

Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Funding (€mn)	P/F	Sellers
Miyowa (France) www.miyowa.fr *Synchronoss* (NasdaqGS:SNCR - US) www.synchronoss.com	Mobility	44.2	9.7	4.6x	9.3	4.8x	CAPE, Sophia Euro Lab, Techfund Europe Management.

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

Miyowa (France), a mobile content aggregation software in the cloud, was sold to **Synchronoss Technologies (NasdaqGS: SNCR)** for €44.2mn, including €10mn as earnout based on Miyowa achieving certain performance targets over the next year. The sellers include investors **CAPE**, **Sophia Euro Lab**, and **Techfund Europe Management**.

Miyowa provides mobile software that aggregates users' email, IM and social networking contacts into a single mobile phone address sold to wireless telecom service providers and mobile device manufacturers. It was founded in 2003 and raised a total of €9.3mn from investors since 2006.

Synchronoss Technologies provides network management and service delivery Open Source Software (OSS) as a service for telecom service providers. Its platforms enable customers to automate subscriber activation, order management, service provisioning, and connectivity and content management from any channel to any communication service across any device type and content transfer.

In particular, Synchronoss Technologies offers ConvergenceNow® Plus+, a platform that enables devices to connect, sync and activate an expanding array of services from any device. The acquisition of Miyowa enhances the platform's social networking device capabilities and cloud-based sharing amongst connected devices. It thus helps Service Providers and OEM customers to improve the social experience that a device can offer by unifying all elements of social media at the device.

This transaction highlights the importance of cloud-based apps for telecom operators, as demonstrated by the recent Telefonica/Mozilla announcement.

In July 2010, Synchronoss Technologies had already made a move in the mobile phone backup services space by acquiring FusionOne for €56.5mn at a P/R ratio of 5.0x, which is close to the multiple at which they bought Miyowa. This transaction followed similar acquisitions by carriers, OEMs and platform providers to lock in customers and generate incremental services revenues. For example, Research in Motion (RIM) acquired New Bay (backed by Balderton, Fidelity, Kreos Capital, and Volition Capital) for €75.3mn in October 2011 at a P/R ratio of 3.7x, Acer acquired IGware for €297.3mn in July 2011, and Motorola acquired Zecter (backed by Pinnacle Ventures, Sherpalo, and Y Combinator) for €30.1mn in December 2010.

The challenge is to provide far more compelling applications that allow mobile subscribers aggregated access to cloud-based apps. Another company that is building a diversified model for providing apps (in the mobile messaging space) is Synchronica, which acquired certain assets of Colibria in March 2010 for €4mn, and bought NeuStar's Next Generation Messaging (NGM) for the low sum of €188,900 in February 2011.

Target & Acquirer	Target Sector	Price (€mn)	Rev. (€mn)	P/R	Funding (€mn)	P/F	Sellers
Autologic Diagnostics (UK) www.autologic.com *ISIS Equity Partners* (UK) www.isisep.com	Application Software	54.3	17.1	3.2x	8.5	6.4x	Foresight Group, Octopus Investments, Management and other Shareholders

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

Autologic Diagnostics, a software engineering company, announced a €54.3mn management buyout funded by **ISIS Equity Partners**. **Foresight Group** sold just over 50% of its stake and will realise part of its investment but will also roll over some of its stake, whereas **Octopus Investments** exited in full.

Autologic Diagnostics offers vehicle diagnostic software solutions to enable independent garages to provide servicing for vehicles in their own workshops without relying on the manufacturers' dealers. It has a network of distributors in Europe as well as globally. It was founded in 1999 and was known as Diagnos.co.uk until 2009, when it was acquired in a Buy-In Management Buy-Out (BIMBO) by Foresight Group and Octopus Investments for €8.5mn.

ISIS Equity Partners (€330mn (2007); AUM €750mn) is a private equity firm that specialises in replacement capital, management buy-outs, secondary buy-outs, and management buy-ins. It invests in UK-based growth companies, typically valued from €6-85mn. In 2011, it invested in six new companies, including DigiCo UK, The Onyx Group, Hurley Palmer Flatt, and Valldata Services.

Following the acquisition of its US master distributor in June 2010, Autologic Diagnostics will continue to expand overseas with the help of the new investment by ISIS Equity Partners. The business will also continue to develop its brands, products and translation options.

The acquisition by ISIS allows some of Autologic's original shareholders to realise their holdings. In particular, the two financial investors who acquired the company in a BIMBO for €8.5mn in 2009, exited at least in part.

Foresight Group (€85mn (2011); €680mn AUM) will roll over part of its stake. As a private equity and venture capital firm, it focuses primarily on investments in unquoted UK and European companies, and typically invests between €1-6mn, with a preference to exit from its investments between 4-6 years. It usually structures deals by providing a mix of equity, loans or mezzanine finance, and also syndicates with equity and debt partners where required for larger transactions.

Octopus Investments (€40mn (2007); €2.4bn AUM) exited Autologic Diagnostics in full. The privately owned investment management firm manages mutual funds and customised fund portfolios, and also Venture Capital Trusts (VCT) and Enterprise Investment Schemes (EIS). Through VCTs, it seeks to make investments in unlisted or alternative investment markets companies, as well as in development and expansion stages in small and medium sized companies in the UK.

Go4Venture Advisers LLP

48 Charles Street
Berkeley Square
London
W1J 5EN

+44 (0)20 7529 5400
g4vbulletin@go4venture.com

Disclaimer

This report has been prepared and issued by Go4Venture Advisers LLP who are authorised and regulated by the Financial Services Authority.

All information used in the publication of this report, has been compiled from publicly available sources that are believed to be reliable, however no representation, warranty, or undertaking, express or limited is given as to the accuracy or completeness of the information or opinions contained in this report. Opinions contained in this report represent those of Go4Venture Advisers LLP at the time of publication. This research is non-objective. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment. Furthermore, as the information contained in this document is strictly confidential it may not be reproduced or further distributed.

The value of investments and any income generated may go down as well as up. Past performance is not necessarily a guide to future performance. Investors may not get back the amount invested. This publication is not intended to be relied upon in making any specific investment or other decisions. Appropriate independent advice should be obtained before making any such decision.

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