

# Finance 4 Growth – Sources of Finance

**Donnchadh Cullinan**  
**13<sup>th</sup> June 2012**

# The Funding Journey

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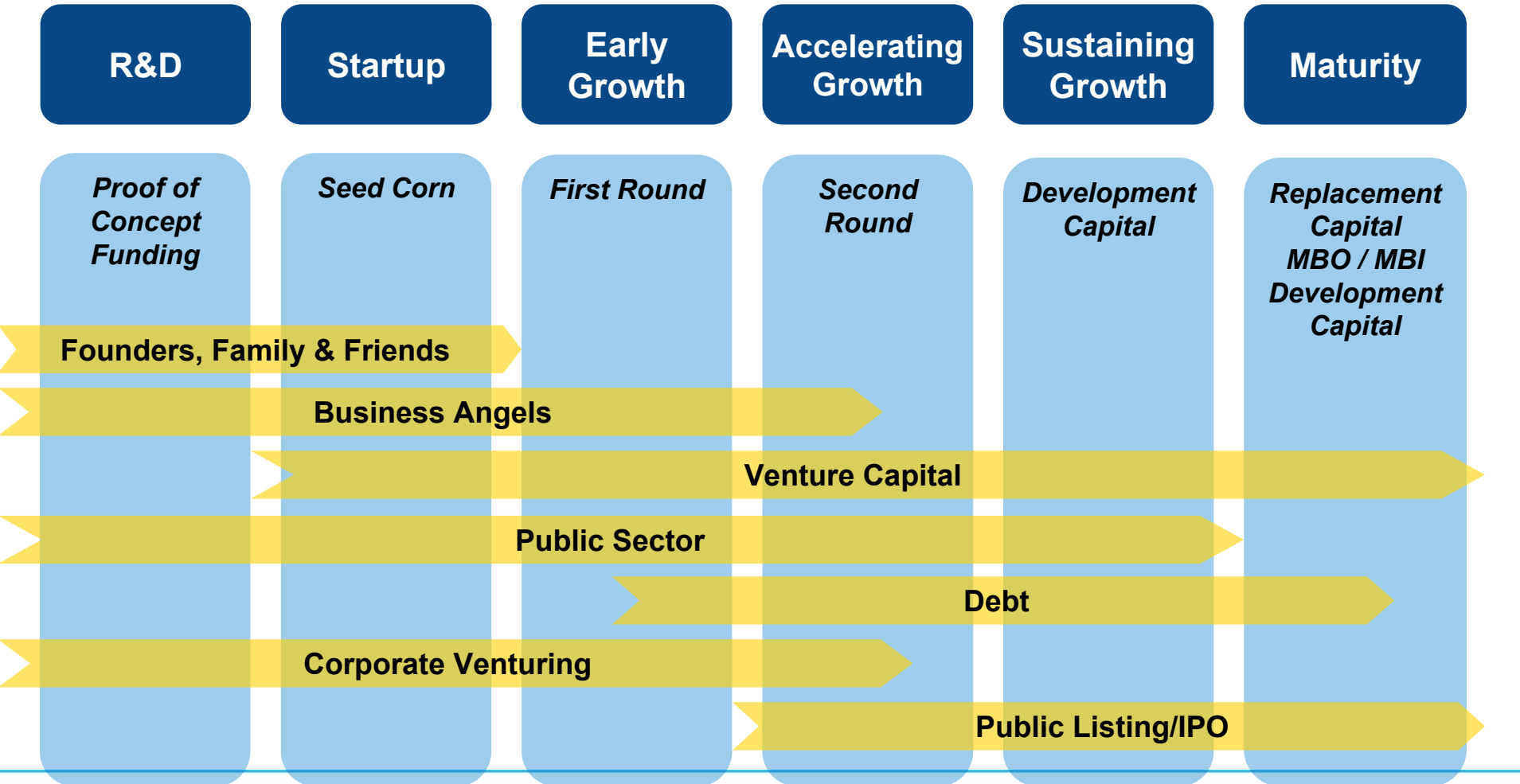
# The Funding Journey

- The Foundations:
  - A well prepared business plan with milestones
  - Financial projections
  - A credible management team
  - A unique product or service
  - Financing strategy

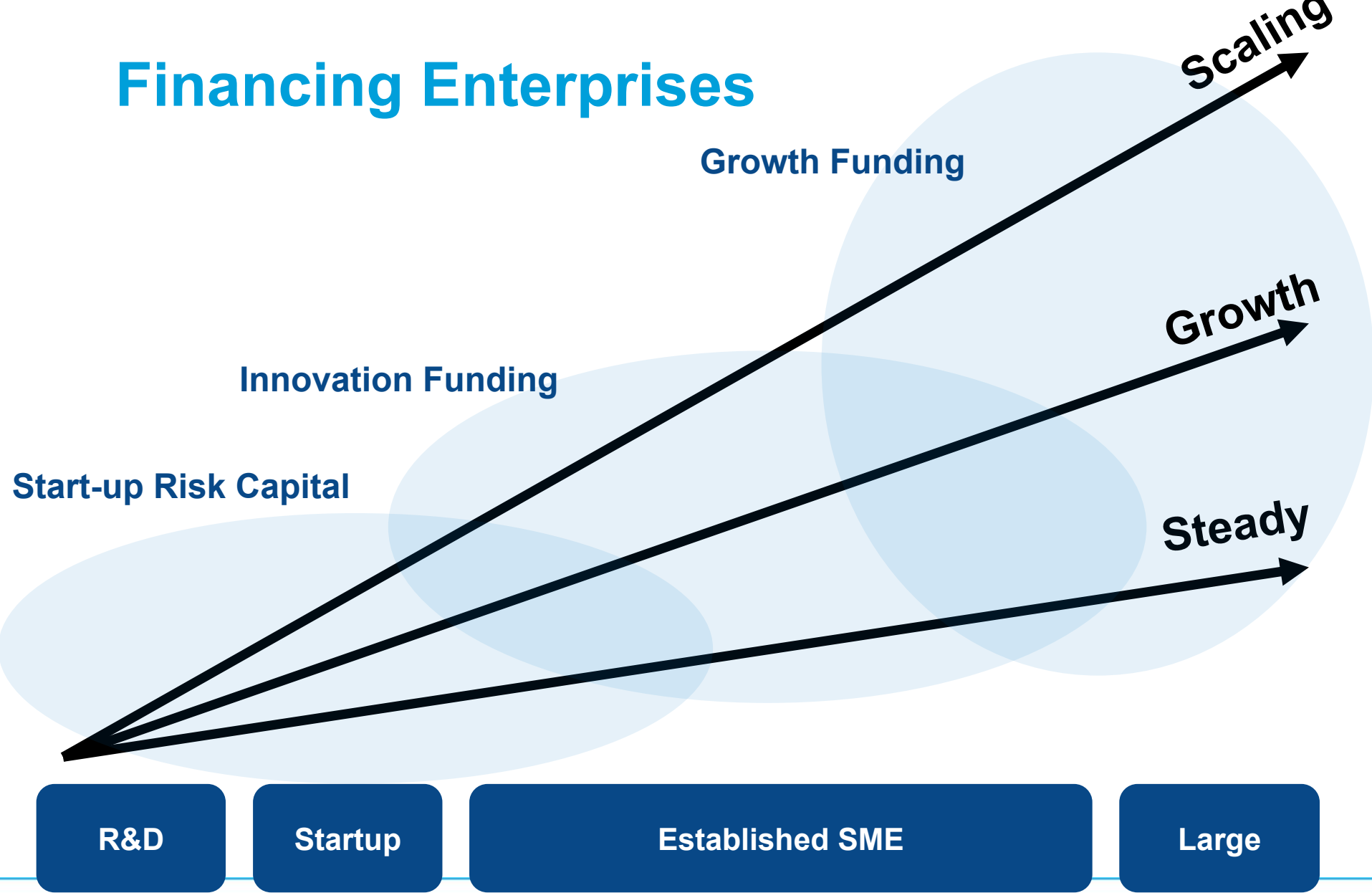
# Things to Consider

- What funding is most appropriate for my stage of development?
- What type of investor would be interested?
- Am I investor ready?
- What is the opportunity cost? i.e. releasing equity or interest payments
- What returns drive investors?
- Is the money smart?
- What is the exit mechanism?
- What source of funding suits my projected cashflow?

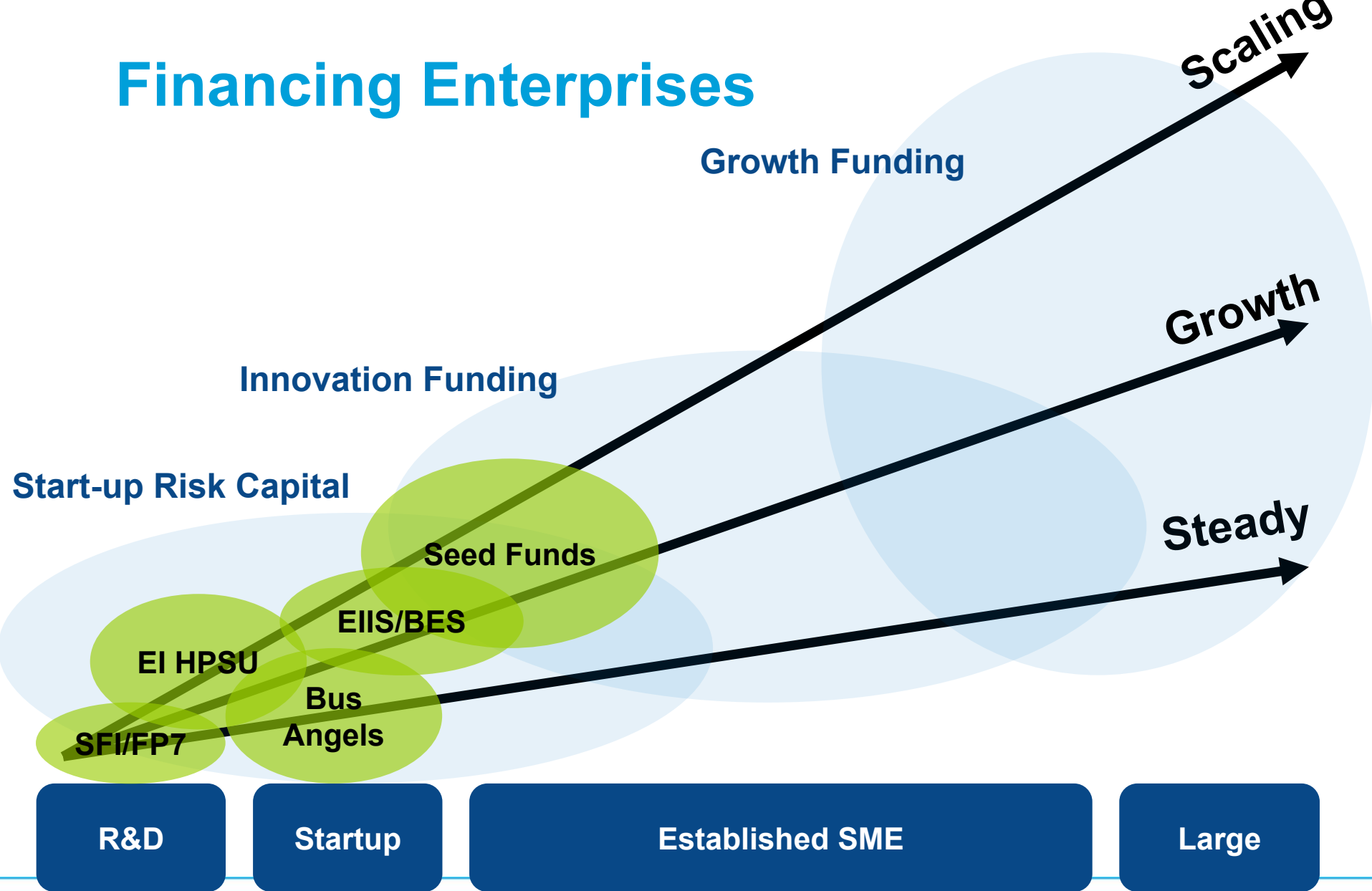
# The Funding Journey



# Financing Enterprises

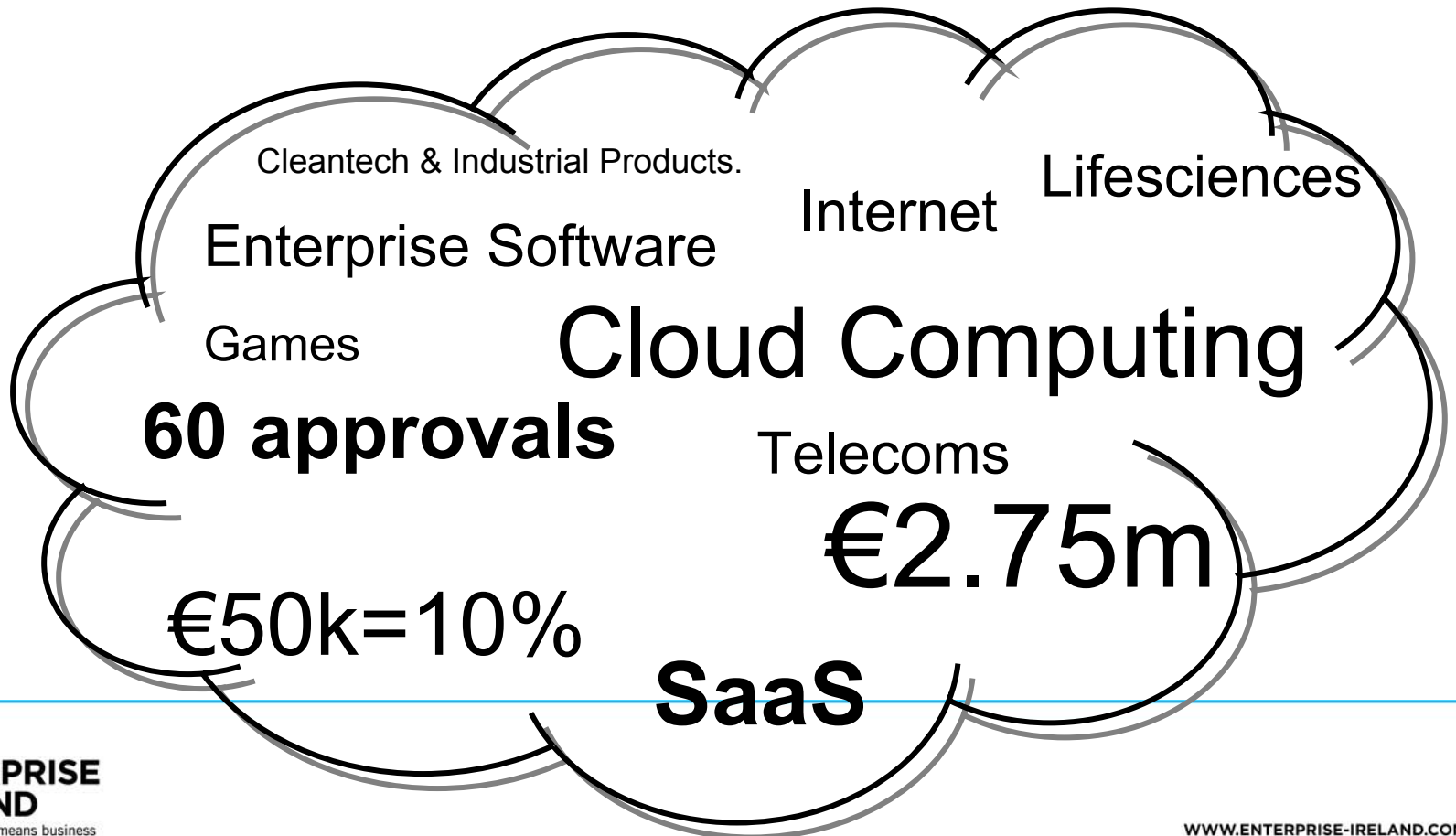


# Financing Enterprises



# Competitive Start Fund

*“Objective of the Fund is to accelerate the growth of start-up companies that have the capability to succeed in global markets”*





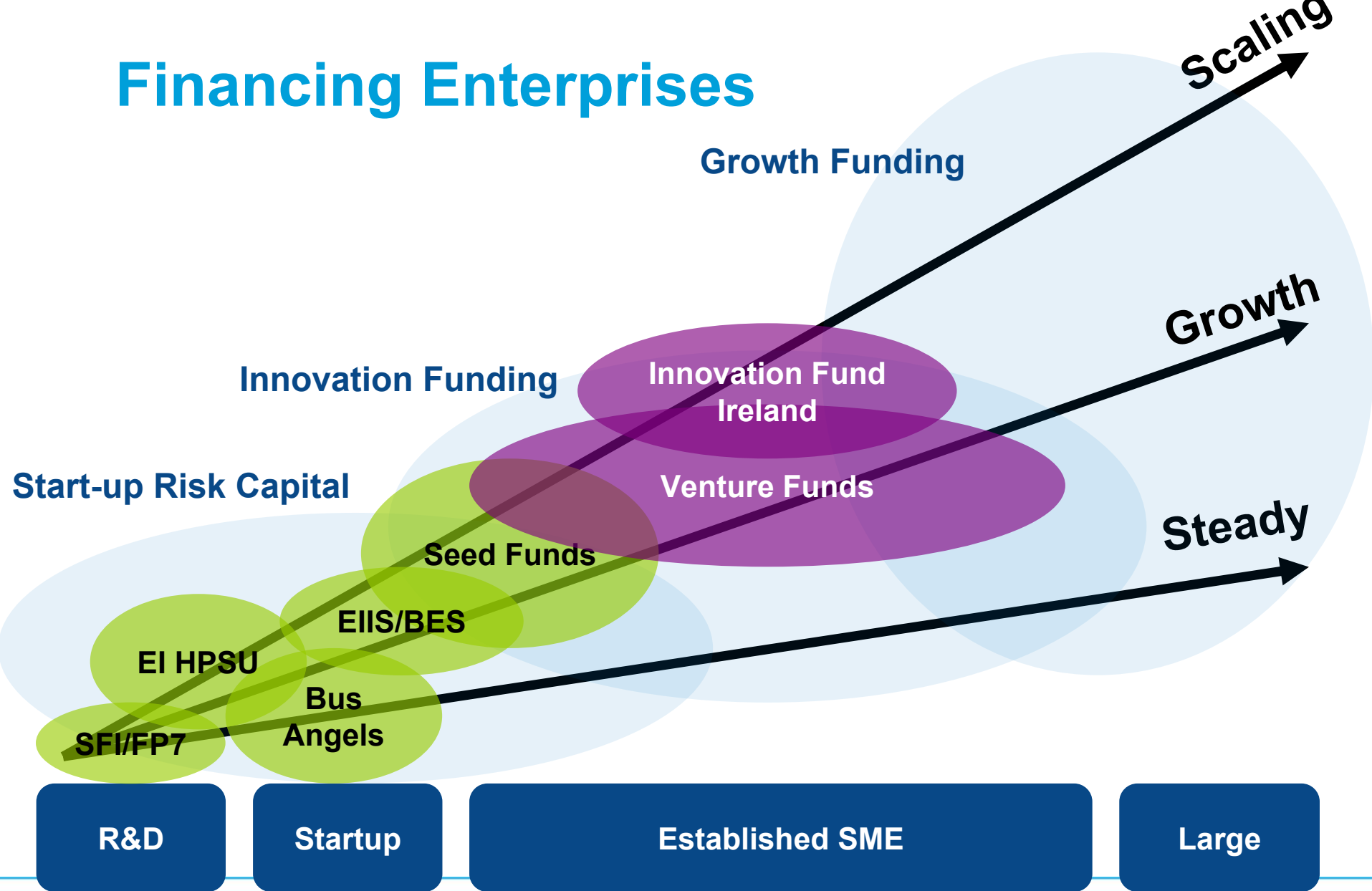
# The Enterprise Ireland Funding Offer

- Innovative HPSU Offer (iHPSU)
  - EI can provide funding towards a business plan
  - Companies are classified as an iHPSU for **3** years
  - Max iHPSU funding; **€1m or €1.25m**
  - Funding will be tranching against set milestones
  - Funding primarily in the form of equity
    - Matching money principle
  - This funding is most appropriate for early stage Enterprise Ireland companies with growth potential

# EIIS

- Replaced BES Scheme 2011
- The Employment Investment Incentive (EII) is a tax relief incentive scheme
  - tax relief for investment in certain corporate trades.
  - replaces the Business Expansion Scheme (BES)
- Company can receive up to €10m in EIIS investment
  - €2.5m in any one year
- All trades except those on the exclusion list
- Contact Revenue directly

# Financing Enterprises

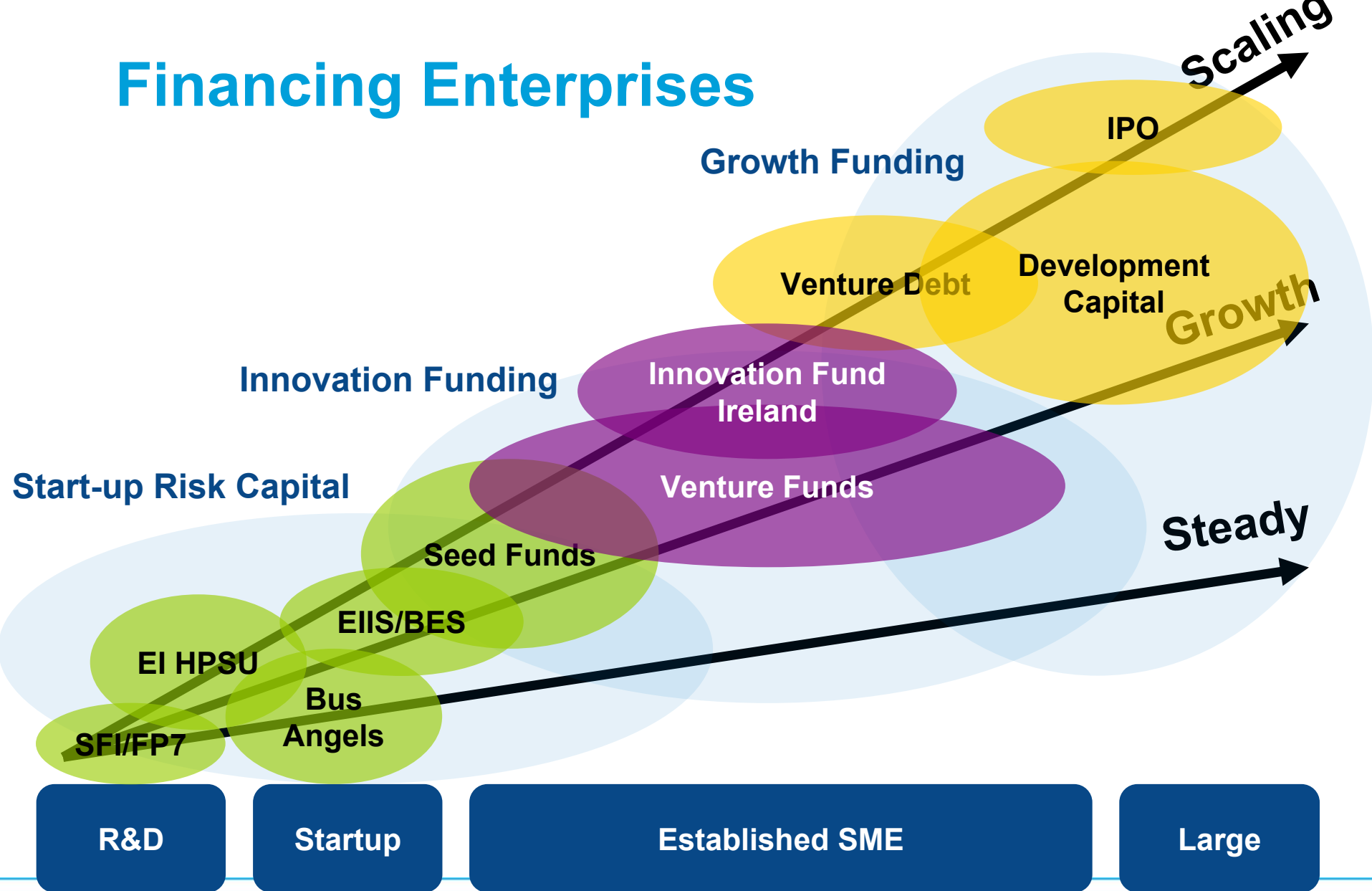


# Innovation Fund Ireland



- Larger End of funding spectrum
- Attract large international VC
- Joint Initiative with NPRF
- NPRF 2 Investments
  - DFJ Esprit
  - Polaris/Dog Patch Labs
- NPRF/EI – Joint investment in Sofinnova Ventures
- Current Call open

# Financing Enterprises

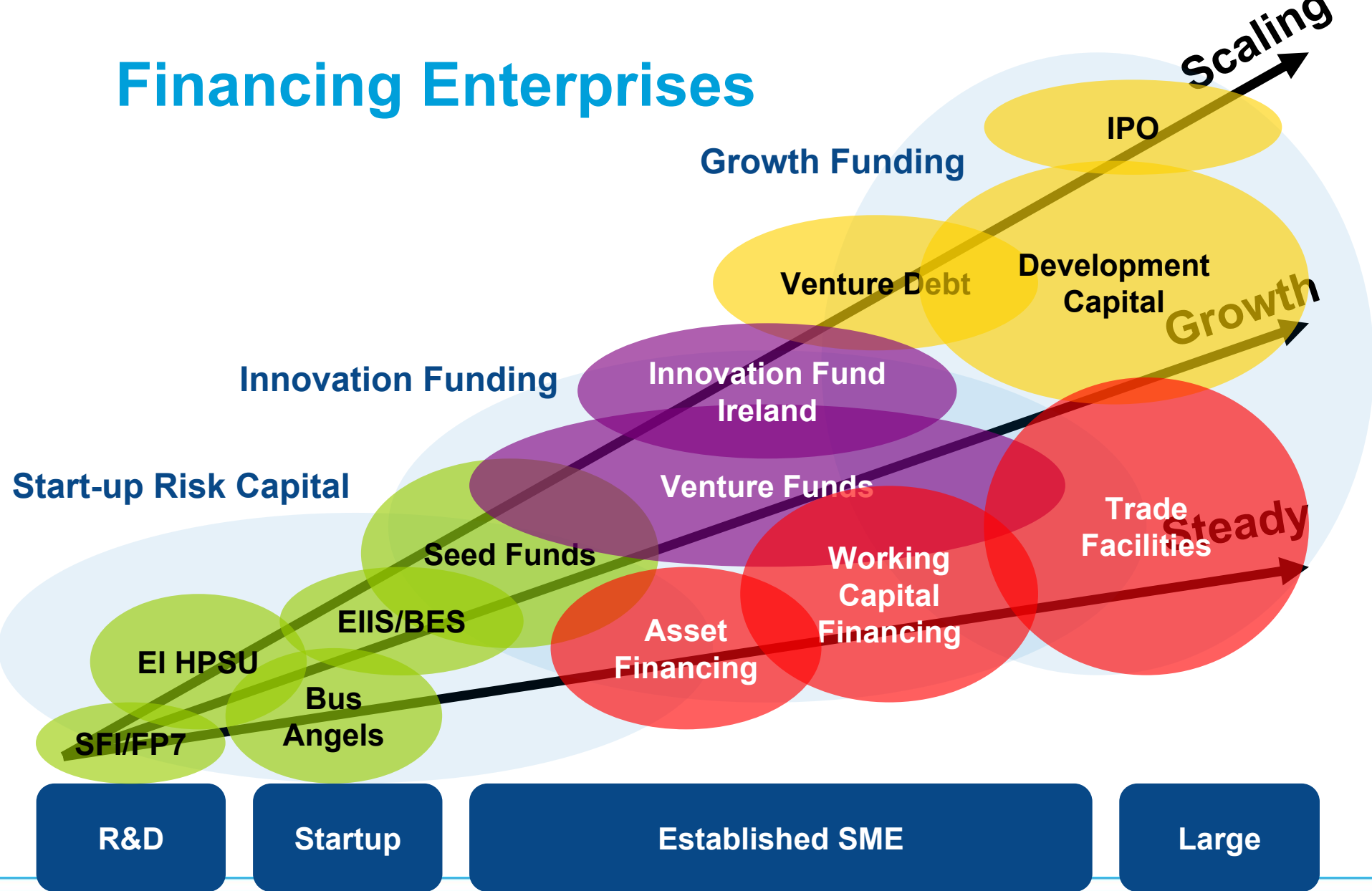


# Development Capital Fund

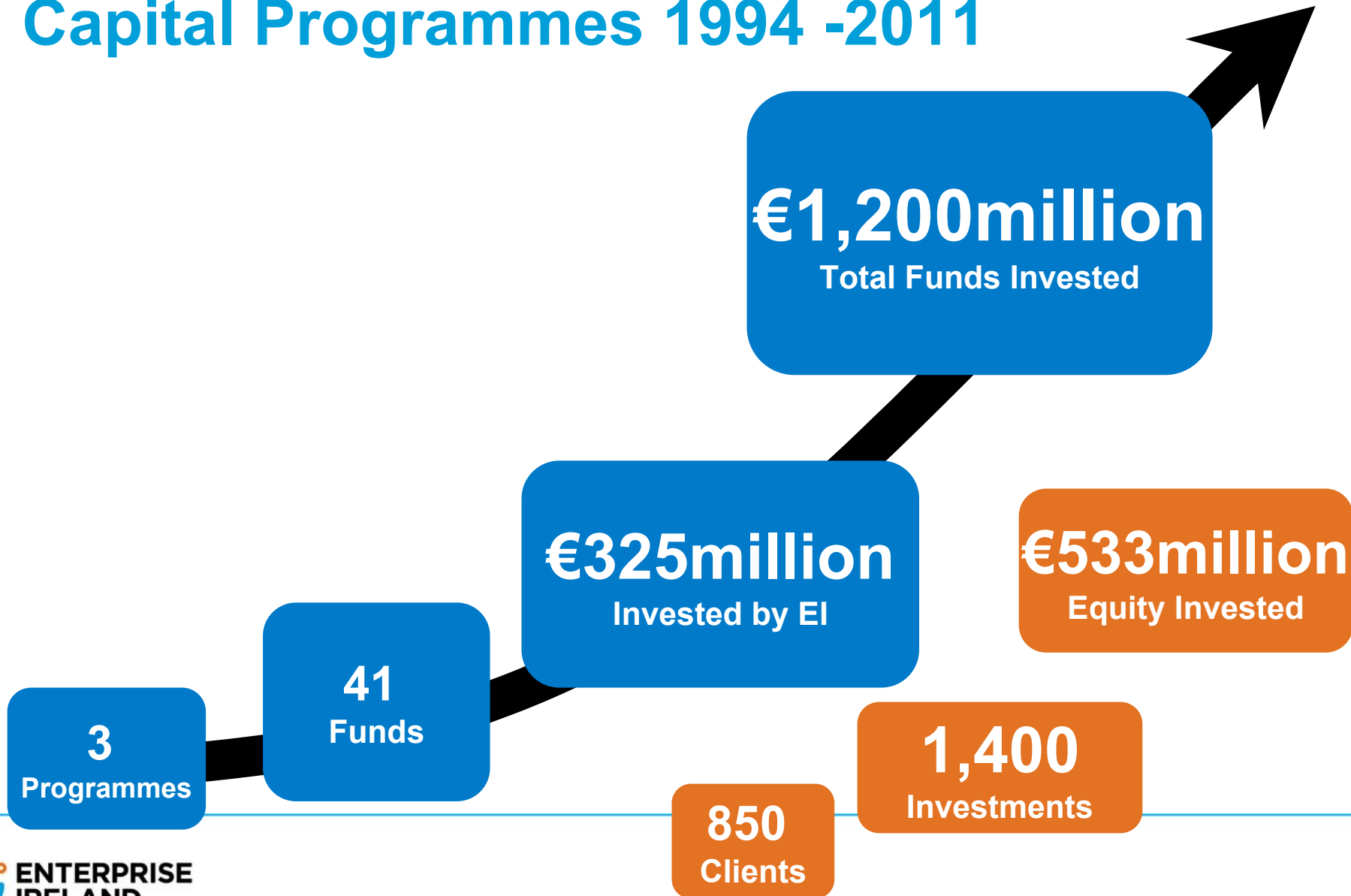


- Part of Action Plan for Jobs 2012
- Enterprise Ireland to commit a total €50m to two Funds/Fund managers
- Investments of €2-10m in companies seeking to develop and expand
- Different cohort of companies than are the traditional focus of the VCs
- Quasi Equity & Equity investments
- Cross Sectoral

# Financing Enterprises



# Enterprise Ireland Seed & Venture Capital Programmes 1994 -2011





# SVC Programme 3 (2007-2012)

## Objectives

Further development of the Irish VC Sector

- Provision of risk capital to SMEs in the seed, start-up and development stages
- Funding for sectors difficult to finance
- Development of internationally oriented Irish companies
- Developing commercially viable Funds
- To leverage Private Sector investment in VC Funds to create a €1bn pool
- Tier 1 & Tier 2 Funds and minimum sizes

# SVC Programme 3 (2007-2012) - Seed Funds

Name	Size	Manager	Start-up Date
AIB Seed Funds 1 & 2	€53m	Enterprise Equity / DBIC	Apr 07/Nov 09
BOI Seed Fund (incl. €10m Medtech Seed Fund)	€32m	Kernel Capital	Nov 09/Dec 10
BOI Start-up & Emerging Sectors Fund	€17m	Delta Partners	Dec 10
AIB Start-up Accelerator Fund	€22m	ACT Venture Capital	Mar 11
<b>Total</b>	<b>€124m</b>		



# SVC Programme 3 (2007-2012) - Venture Funds

VC Funds	Size	Start-up Date
Atlantic Bridge 1	€67m	Nov 06
Atlantic Bridge 2	€75m	Oct 10
BOI Kernel 2	€51m	July 07
Delta Fund 3	€105m	July 07
Fountain Fund 1	€73m	Mar 08
Seroba/Kernel	€75m	Jan 09
Ulster Bank/Diageo	€75m	Oct 08
<b>Total</b>	<b>€521m</b>	



ATLANTIC BRIDGE



DELTA PARTNERS

Seroba Kernel.  
*Life Sciences*

FOUNTAIN  
Healthcare Partners

NCB

# Growth Capital Department

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# Growth Capital Department - Goal

*“To maximise the access of EI clients to growth capital so that they are able to sustain and accelerate their growth”*

# Growth Capital Team Objectives/Roles

- Manage Seed & Venture Capital Programme
  - SVC III (2007-2012)
    - €175m approved
    - €153 committed/7 VC Funds/4 Seed
- Stimulate International Investment
- Business Angels – HALO
- Private Investor List
- Policy Inputs
  - BES & Taxation for Finance

# Business Angel/Private Investor Networks

- Business Angel Networks/Syndicates



- HALO Business Angel Network
  - matches pre-screened investment opportunities with Business Angels
  - Total investment of €6m in 29 companies in 2011

# Growth Capital Services

- Private Investor List
  - Growth Capital Department also facilitates investor/investee matching
  - Total investment of €3.9m in 4 companies in 2011
- Investor Pitch Training
  - Investment focused Mentors
  - Selling Company vs Selling the Product
  - **10:15:15**



# International Investor Forum



- An annual Enterprise Ireland event in London that has run for 4 years
- November 2011, 25 clients 'pitched' for investment and over 90 investors were in attendance
- The objective of the event is to
  - present specific investment opportunities
  - Showcase of Irish talent to International community
- Pitch training is provided to the companies in advance of the event
- **Currently Recruiting for 2012**

## Growth Capital

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