

TAKING
COOPERATION
FORWARD

**CE-Connector ebook,
the guide**

for

**Business Angels
and Public Providers**

Chapter 1 GENERAL INFORMATION

Introduction.....	04
The mission.....	05
What is our role?.....	06

Chapter 2 IMPORTANCE OF PUBLIC LEVERAGE

Public provider's role.....	12
The benefits for public providers.....	14

Chapter 3 THE OFFER

USP for Bussiness Angels.....	18
USP for Start-ups.....	20

Chapter 4 THE INVESTMENT PROCESS

Investment process in a nutshell.....	24
What are our investment criteria?.....	32

Chapter 5 PARTNERS & CONTACTS

List of partners.....	42
-----------------------	----

Introduction

The CE-Connector project consists partners from 6 countries: Croatia, Germany, Hungary, Poland, Slovenia and the Czech Republic.

Young start-ups can count on help and assistance from an experienced team of experts who will accompany them on the road from idea to reality.



The mission

The mission of the project is to connect start-ups with business angels, in the same time giving them a better awareness of how to mix them with public instruments.

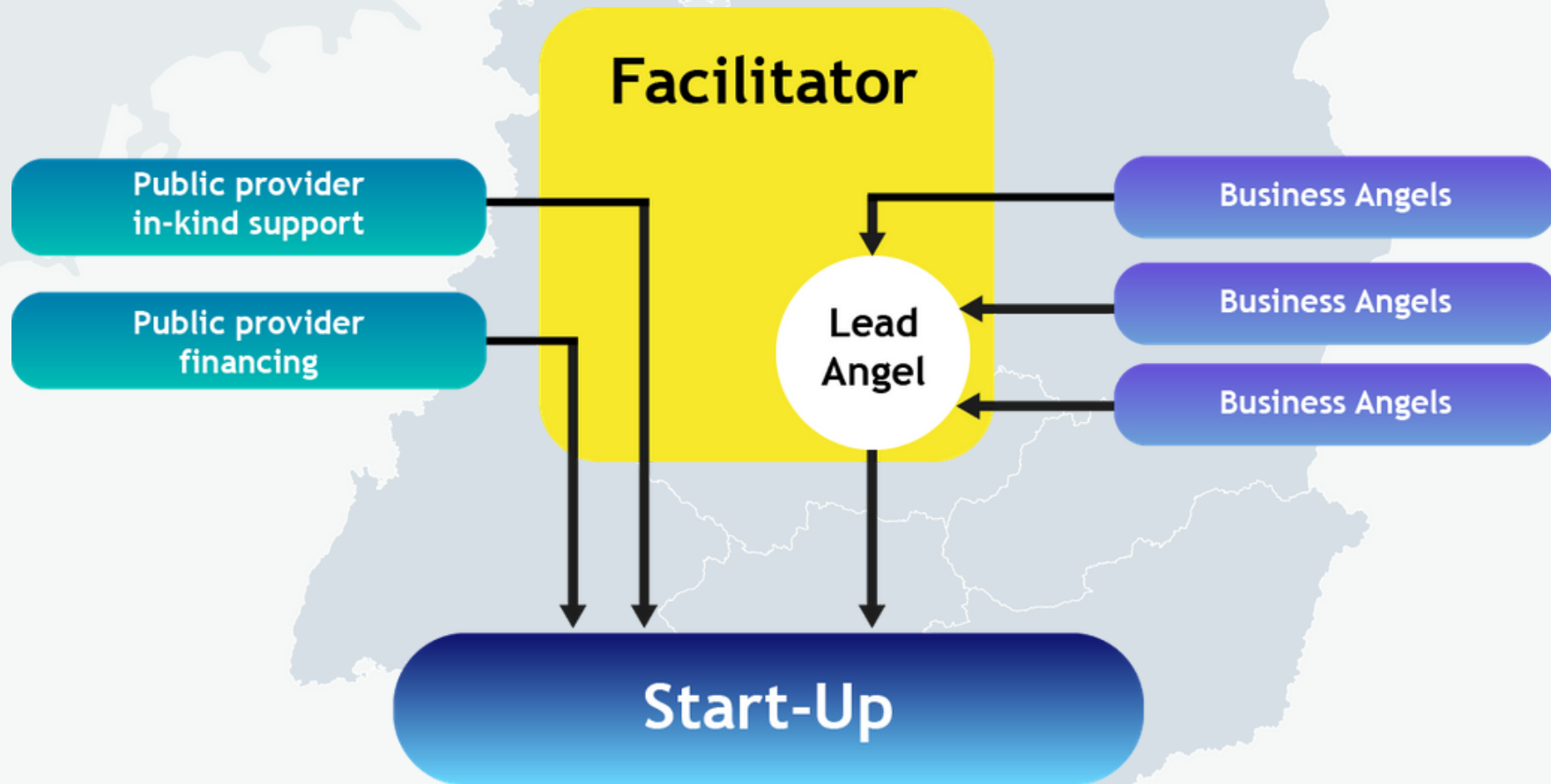
The goal is to lower the entry bar for young projects, as well as bridge the gap between fresh start-ups and venture capital.



What is our role?



CE-CONNECTOR ACIF STRUCTURE



Angel Co-investment funds (ACIFs) are specific financial schemes of governmentally led public co-investment funds, which have a dedicated legal structure.

They are most commonly established as investment Special Purpose Vehicles (SPV), where only shareholder is most often a public body, fully controlling the fund's operations and also providing 100% of public financing in the fund.



“

Business Angels invest in ad-hoc principles as co-investors. Usually, the group of Angels is led by Lead Business Angel. Legally, the deal is structured as a co-investment agreement for investment to the specific Startup among Business Angels, while Lead Angel represents the group. The contract usually covers only one specific investment.




- Michael Štefan, DEX Innovation

”

Then the co-investment contract between Lead Angel and ACIF is signed, most often in the form of an ad-hoc contract, which also covers only one joint investment to one asset (start-up / scale-up).

Angel Co-investment Funds are usually not raising money on the market. They operate with public funds and therefore follow the principles (with various extent) of public financing.





Importance of the providers of public leverage

PUBLIC PROVIDER'S ROLE

The Public provider's role in the ecosystem is to support startup ideas in early stages, who are not ready or not ideal for private investors by either providing early-stage funding, incubation services or other suitable support to encourage new investments or leverage the current ones.



In the CE-Connector project, the startups can use the standard offering in every region available from the local public providers, be it either grants, loans, or incubation/acceleration funding, to in-kind support like mentoring and coaching, legal, accounting, or other services.



THE BENEFITS FOR PUBLIC PROVIDERS

- Creation of a flexible model of support for the development and competitiveness of SME in scope of the offered financing instruments.



- Diagnosis of the present state (determining the financing instruments accessible to SME and the effectiveness of their use) of the present regional policy for all the partners - and the appropriate exchange of experience in this field.
- Informational campaign defining the actions undertaken within the program and the directions for the changes in the future.



Public institutions implement long-term strategies and policies adequate for their countries, regions, and assets. Innovation is an important part of regional strategies. By participating in the CE-Connector project, the public providers supports the development strategies of regions.

What can We offer?



New business opportunities

Scouting for Start-ups is a demanding and time-consuming process. Investors are always in search of businesses from the growing markets and sectors they are interested in, or in which they have experience.

Investment Support Services

Full investment life cycle support services that will include expert consulting, analytics, financial predictions, valuation of Intellectual Property and know-how, legal support and due diligence.



BUSINESS ANGELS

UNIQUE SELLING POINTS

Co-investment, community and network

The project will give Business Angels the opportunity to grow their network. They will have a chance to invest as a group of angels, thus improving their investment potential as well as reducing the risk. Synergy is everything.

Access to public support schemes

Direct access to public support schemes in all 6 partner countries: Germany, Poland, Slovenia, Hungary, Croatia, Czech Republic.

Up to 1.000.000 EUR of investment

Building linkages across territorial ecosystems to close the financial gap between 3F (Founders, Family and Friends) and Venture Capital investment for early stage Start-ups.

Providing access to industry experts

We introduce expert support in the fields of ICT (Information and Communication Technology), health and environmental technologies, renewable energies, smart cities and more.



START-UPS

UNIQUE SELLING POINTS

Leverage with public instruments

We help others tap into public instruments like financial help, grants, coworking space and public services - all in order to maximize opportunities / utilize all possible assets.

Matching Business Angels and Start-ups

Our approach is to find a leading Business Angel who will invest in a group of local and international investors, providing smart money for Start-up growth.

How to apply?

The application form is available on the website.

FOR START-UPS:

<http://ceconnector.eu/startups>

FOR BUSINESS ANGELS:

<http://ceconnector.eu/businessangels>





Investment process in a nutshell

The investment process

The investment process is the process of completing the deal between a selected start-up (that has passed due diligence) and the Business Angels, that have stated their interest for investing in it.

In this process, potential corrective measures and adjustments to the proposed investment deal can be negotiated and implemented by the start-up or the BAs.



Start-up can decide on how to implement the corrective measures and evaluate if the ACIF deal can be concluded.

Finally, the confirmation of public contribution to the deal needs to be agreed with the Provider of public leverage by the start-up by signing Public co-investment agreement.



INVESTMENT STEPS

1

All applicants need to submit their application with basic data through the single-entry point - a short questionnaire also used to inform them about key terms and conditions.

Initial screening and the completeness check make sure that all the applications provide a unified information.



INVESTMENT STEPS

2

All new entries in the database are reviewed on a regular (monthly) basis by the facilitator's group. It designates them as an ACTIVE or PASSIVE for ACIF investment.

ACTIVE investments are appointed a Principal from the facilitator's group.

PASSIVE investments remain in the database for a potential future interest by the Business Angels.

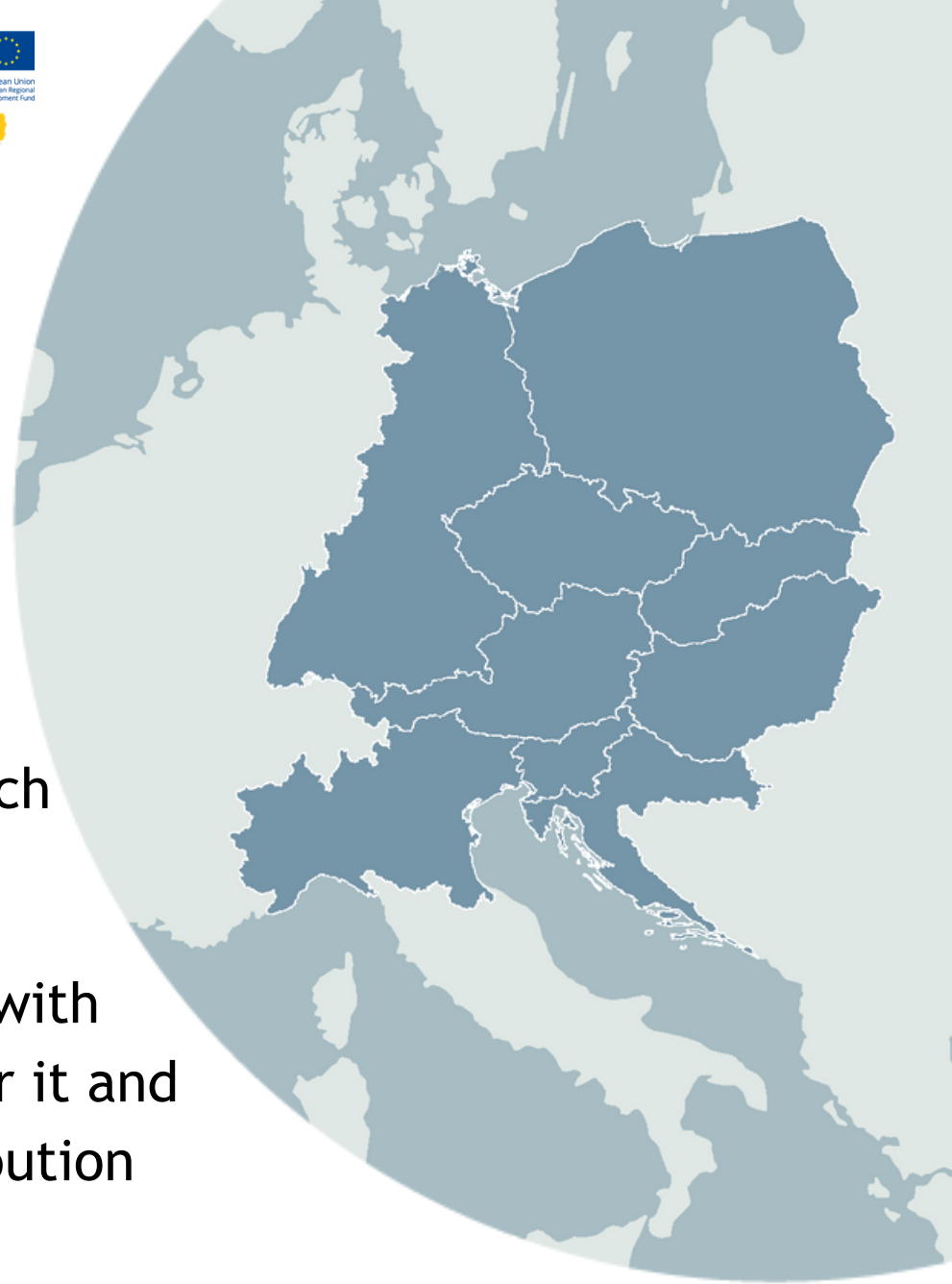
INVESTMENT STEPS

3

For ACTIVE investments,
Principal gathers more
information from the
start-up to perform basic

due diligence and also gathers interest
from Business Angels to evaluate if a match
can be found.

The Principal manages the due diligence with
the templates and the documentation for it and
prepares a proposal for the public contribution
available for the start-up.



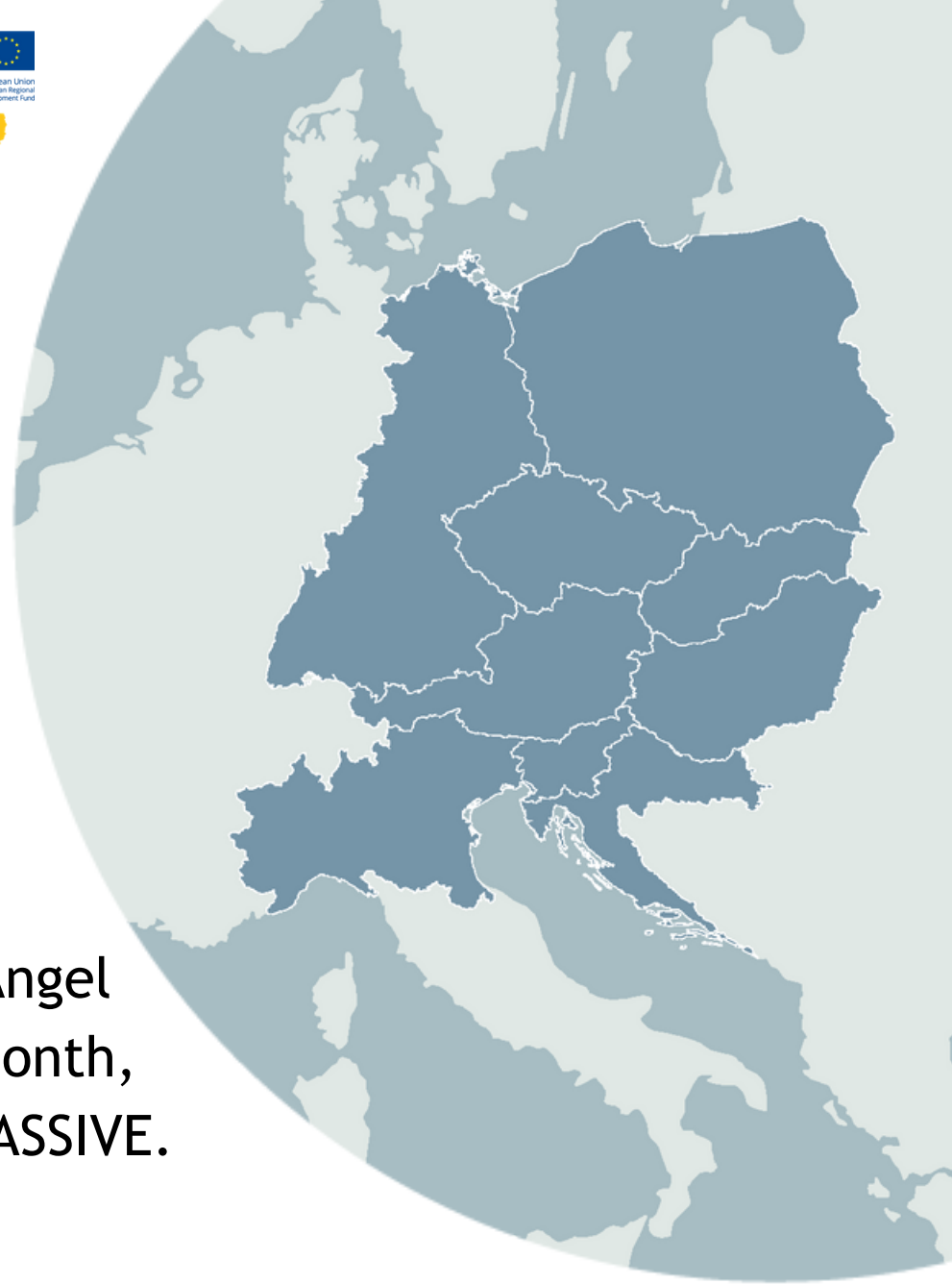
INVESTMENT STEPS

4

The Principal facilitates the connection between Lead Business Angels and the start-up.

When such interest is established, the Investment Memorandum is signed.

If no connection between Lead Business Angel and the start-up is established within 1 month, the status of the start-up is changed to PASSIVE.

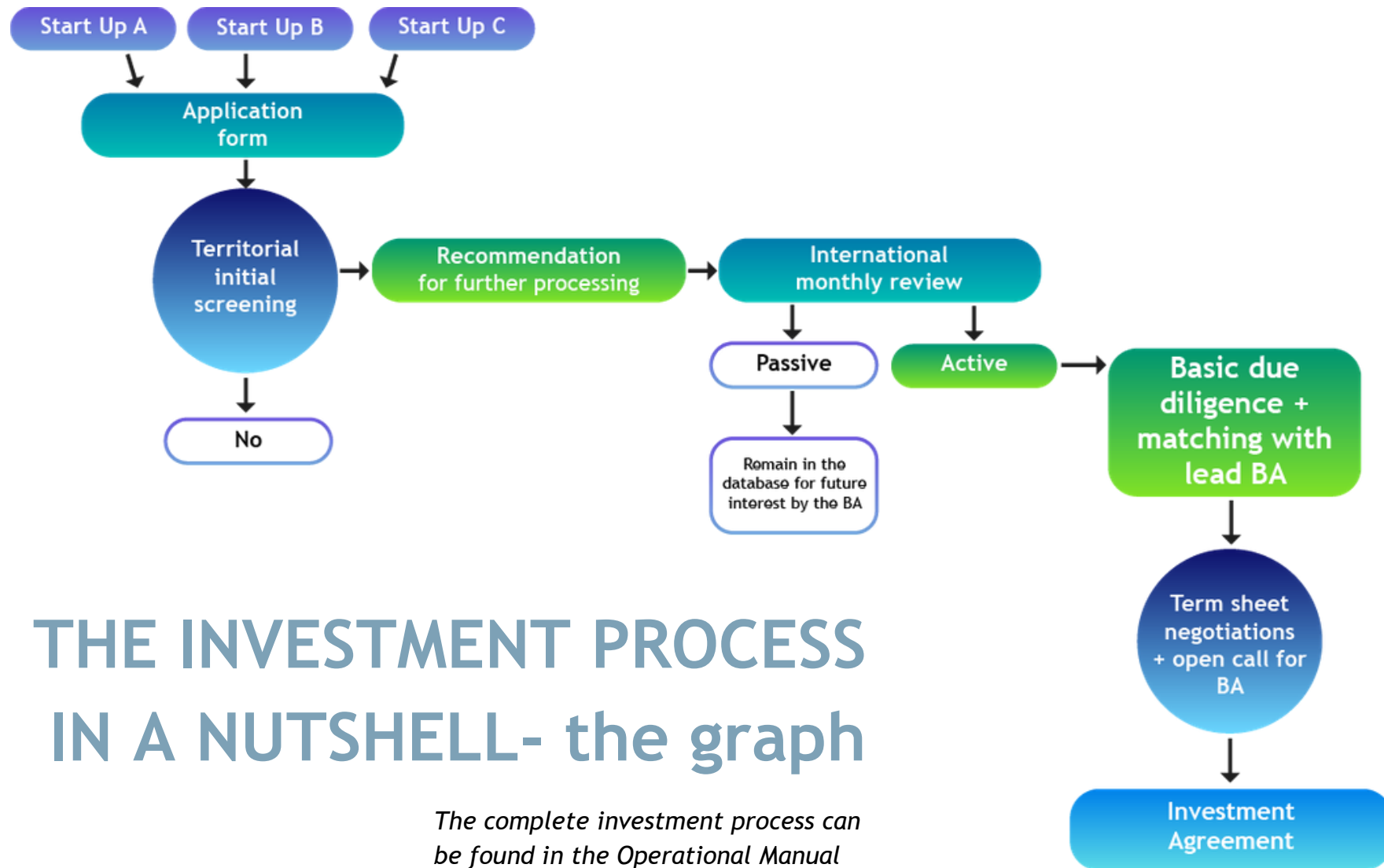


INVESTMENT STEPS

5

Following the signing of the Letter of Intent (Investment Memorandum), the Lead Business Angel negotiates with the start-up and presents a Term-Sheet.





THE INVESTMENT PROCESS IN A NUTSHELL- the graph

The complete investment process can be found in the Operational Manual



What
are
the
Investment Criteria?

Meeting the Investment Criteria

In all cases, a target investment must meet in the same time the investment eligibility criteria on transregional level, as well as the territorial level Investment criteria and the business criteria. This is a gating item in the due diligence process for selection or further steps towards investment.

Investment criteria for co-investment through CE-Connector ACIF are defined on two levels.



Some investment criteria will be fixed for all national/regional Facilitators on the transregional level, whereas others (e.g. industry focus) can be based on the focus of the given territory, especially ones taking into account the Provider of Public Leverage limitations and their focus.

Investment criteria will also include exclusion criteria for investments. These are ones, who are mandatory for all ACIF investment.

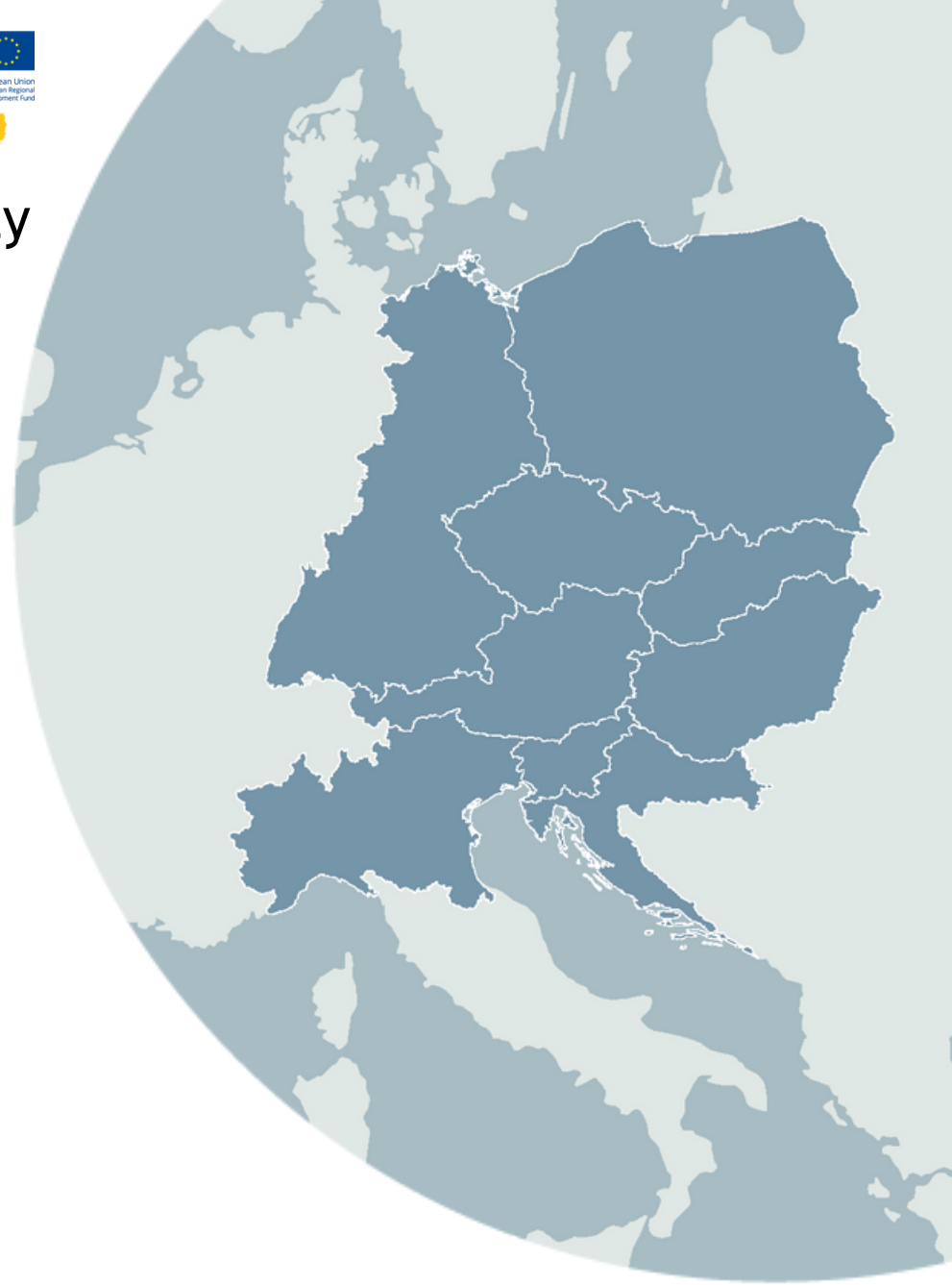


INVESTMENT CRITERIA ON TRANSREGIONAL LEVEL

- Start-up is registered in CE-Connector territory at the time of the investment;
- Startup is in early-stage of development (before venture capital investment);
- investment size needed is:
75 000 - 1 000 000 EUR (including both public leverage and private BA investments);



- exclusion of the industries (specifically defined in the Annex);
- all have the potential for high demand and scalability (market size is big enough and growing);
- all sectors that have experienced at least one high-value (EUR 100M or higher) exit in the last 5 years.

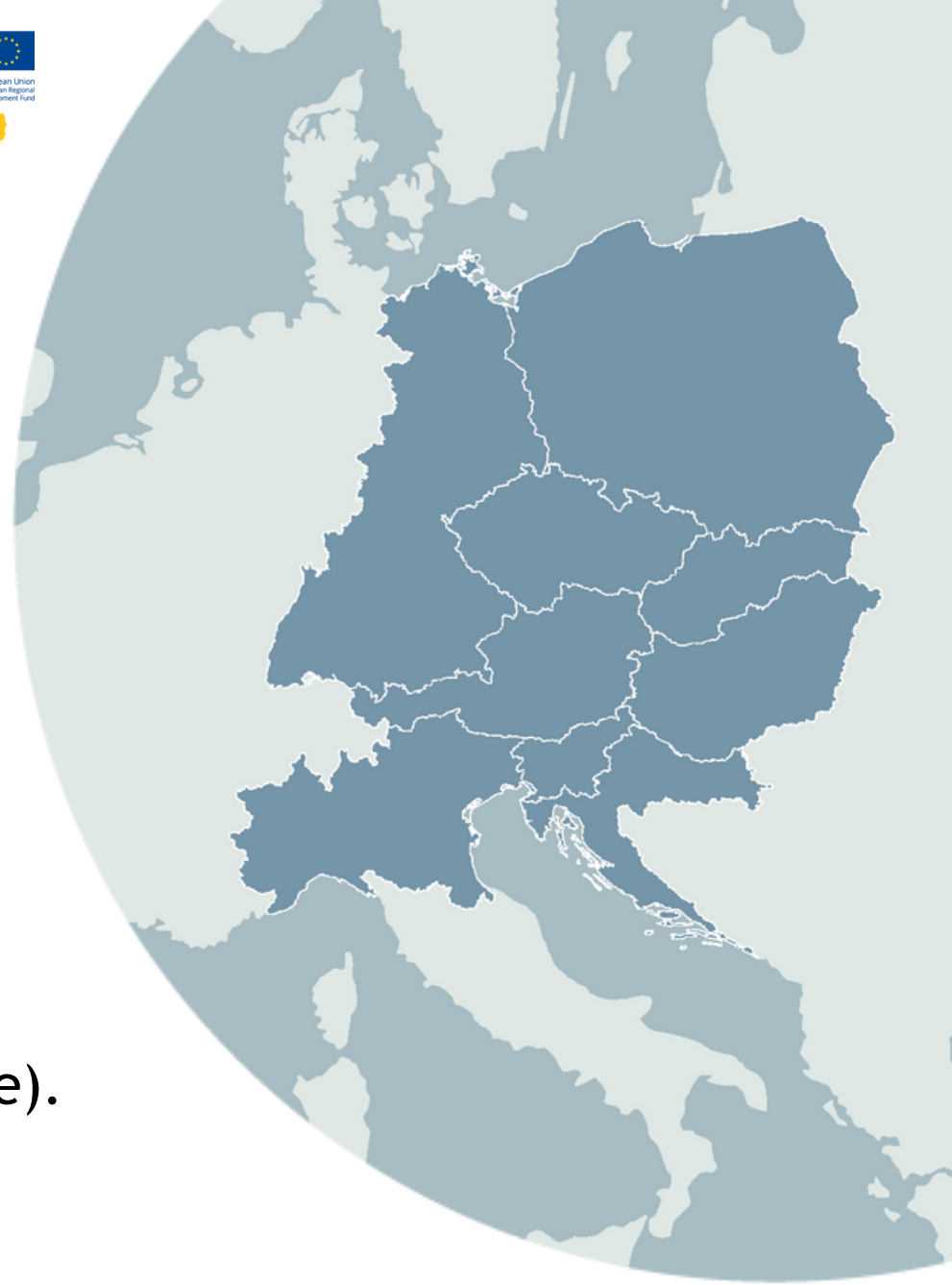


INVESTMENT CRITERIA ON TERRITORIAL LEVEL

- the industry focus of start-up on selected RIS3 segment per Territory;
- territorial relevance of the start-up for the given territory of the Provider of Public Leverage (e.g. registration and physical / virtual office in the given territory, major impact at the territory in terms of employment: new jobs likely to be created);



- agreed co-investment from public sources by given Provider of Public Leverage in the needed value of at least 25 % of the total investment;
- formed interested Business Angel Group with minimum 3 Business Angels including 1 lead investor;
- passed basic and advanced due diligence (Due Diligence Questionnaire).



BUSINESS CRITERIA

Initially, the primary factor of selection is to look at exit potential in terms of the available mechanisms:

- to strategic buyers, if appropriate;
- the potential for the investment to meet the required exit multiple that will achieve the Business Angels target internal rate of return (IRR).

To achieve the required exit multiple, reasonable entry valuation of the business is necessary.



A key element of the regional strategy adopted by facilitators is that valuations are currently significantly lower compared to more developed VC markets, e.g. London, Silicon Valley.

In particular, this means that targeted valuations will be a multiple of sales or profit that will be lower than in these markets (for example, a proposed valuation by ACIF will be 10-15x of the start-up's recurring annual revenue).

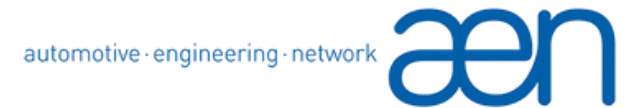




Partners
and
Contact
Information



Optimizacija
Startup Investor





CE-CONNECTOR

About us:

<http://www.ceconnector.eu/>

<https://www.interreg-central.eu/Content.Node/CE-Connector.html>