

Emerald Ventures

Key figures at a glance

Investing in
industrial
technology
innovation since

2000

Million EUR under
management in 4
funds and 3
mandates

370

57

Portfolio companies in
Europe,
North America and Israel

1200

Business plans p.a.

Global co-
investors

100

Strategic fund
investors

30

Is There a Best Practice in CVC?



A Pattern in Successful CVC Groups

Asking the right questions and answering all in a causal

1. Why corporate venturing?
2. What are our corporate goals we like to achieve?
3. What CVC model do we need to support our goals?
4. What activities and processes does the chosen CVC model require?
5. What skills, experiences and capacity do we need to perform the activities?
6. How do we align and incentivize our professionals?
7. How do we measure our achievements?

Confidential



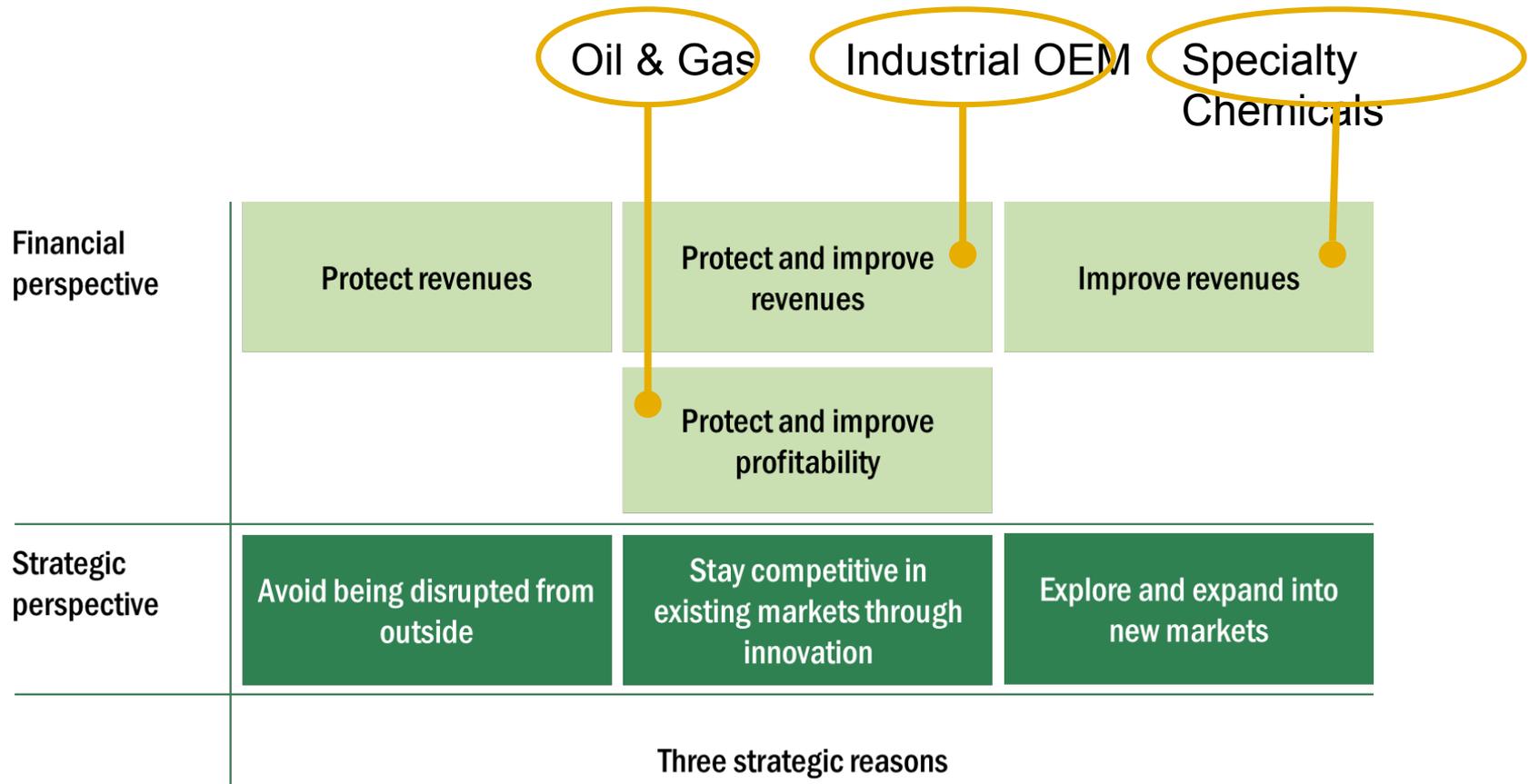
Why Corporate Venturing?

Three general reasons

Financial perspective	Protect revenues	Protect and improve revenues	Improve revenues
		Protect and improve profitability	
Strategic perspective	Avoid being disrupted from outside	Stay competitive in existing markets through innovation	Explore and expand into new markets
	Three reasons		

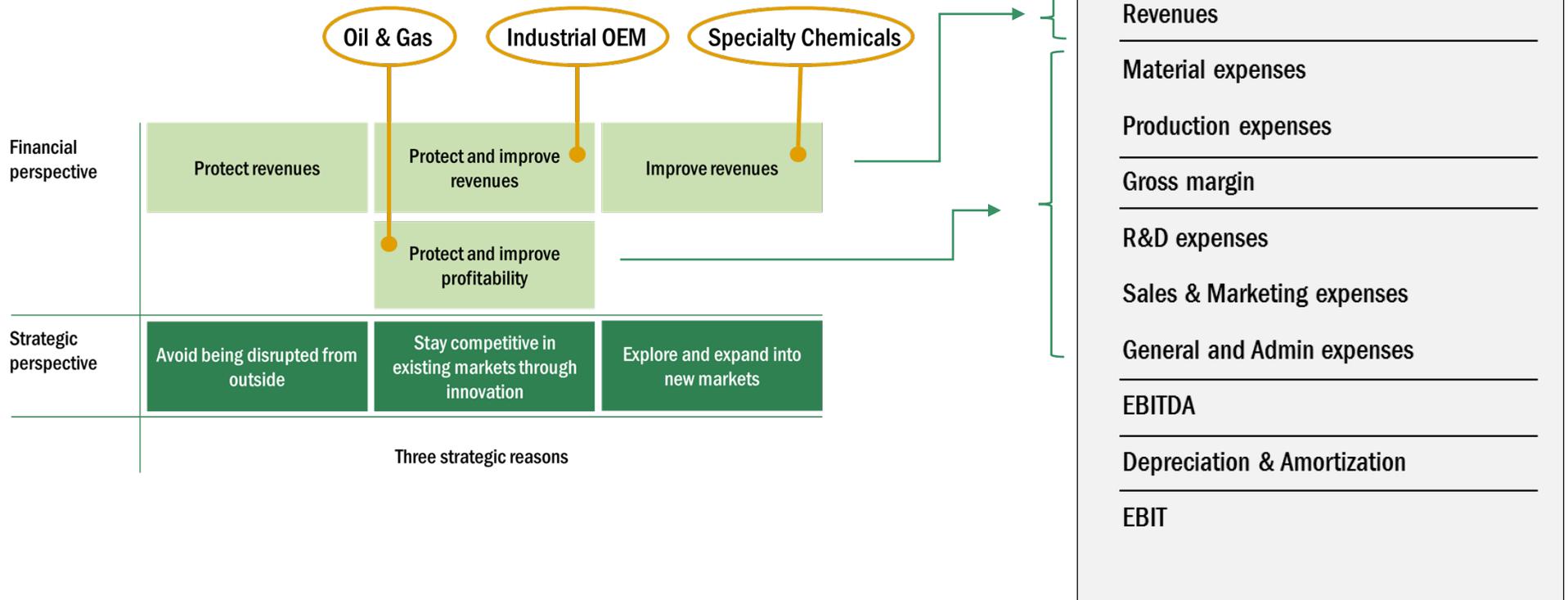
Why Corporate Venturing

Three main reasons – but different financial goals for different individual investors



Goals of Corporate Venturing

They have to generate a top or bottom line impact



Goals of Corporate Venturing

Detailed indications and goals of operational units

P&L Perspective	
Revenues	
Material expenses	
Production expenses	
Gross margin	
R&D expenses	
Sales & Marketing expenses	
General and Admin expenses	
EBITDA	
Depreciation & Amortization	
EBIT	

- 1) Product innovation / new markets / avoid disruption
- 2) Material & component innovation
- 3) Production process innovation
- 4) Business model innovation

① Maintain revenue / new revenue	Importance				BU Goal	CVC Goal
	Not important	Somewhat important	Very important	Extremely important		
Window on new technologies	----- ----- ----- -----					
Window on new markets	----- ----- ----- -----					
Develop new products	----- ----- ----- -----					
Support existing product portfolio	----- ----- ----- -----					
Build new business units	----- ----- ----- -----					
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Choose Your CVC Model

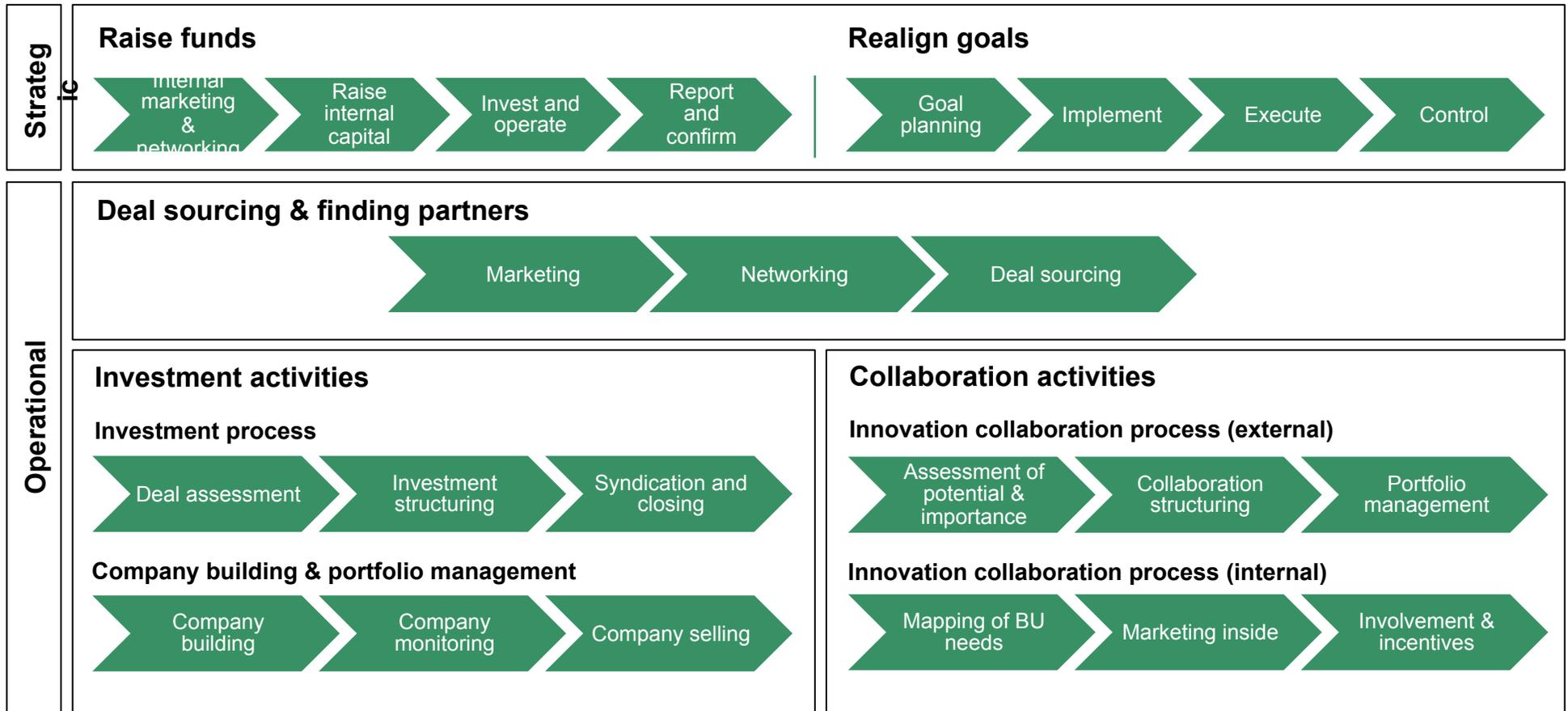
Which CVC model is the best fit to achieve the corporate goals

How to work with deal flow

		Focus on collaboration without direct investment	Focus on collaborations through direct investments
How to generate deal flow	No VC fund leverage	<p>Lean Collaboration</p> <ul style="list-style-type: none"> • Build own deal flow through brand recognition, marketing, events etc. • CVC team focused on collaboration activities only 	<p>CVC Fund</p> <ul style="list-style-type: none"> • Build own deal flow through fund and brand • Build & manage own portfolio • Risk of capacity constraint for collaboration activities
	Leverage operations & deal flow with fund investment	<p>CVC Collaboration</p> <ul style="list-style-type: none"> • Tap into historic and new deal flow from VC fund • CVC team focused on collaboration 	<p>CVC Fund & Collaboration</p> <ul style="list-style-type: none"> • Tap into historic and new deal flow from VC fund • CVC team focused on collaboration • Selected strategic minority stakes

Choose Your Actions

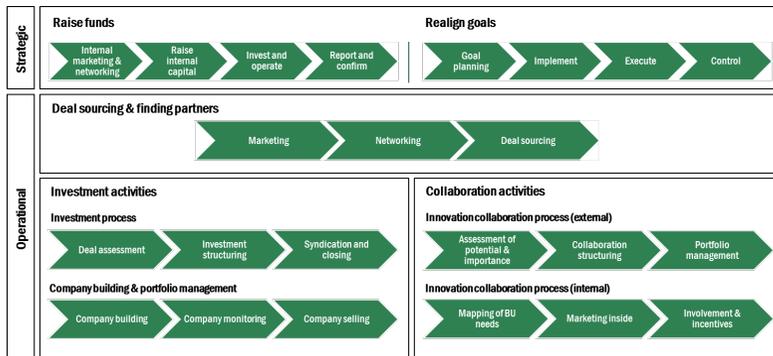
Which processes and activities are required by the chosen CVC model



Choosing Your A-Team

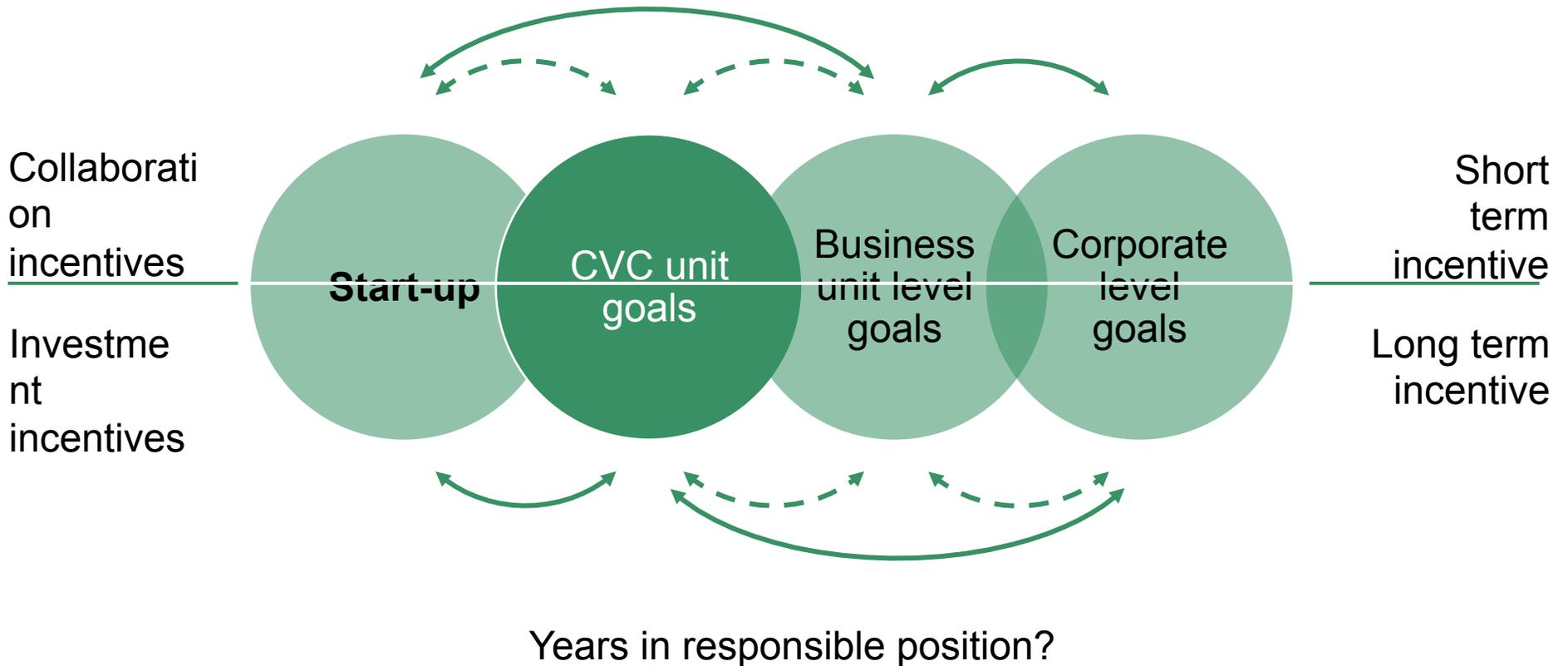
Skills, experiences and capacity to run the activities and achieve the goals

- Investment professionals
- Marketing the CVC unit to the world
- Collaboration and business development
- Internal networking and fundraising



Create Alignments and Choose Incentives

Align through incentives and duration of commitment



Summary

- Innovation keeps our companies competitive
- Not every thing can be developed in-house
- Reaching out and have existing bits and pieces support our innovation makes a lot of sense
- Start-ups are an essential outside source for missing bit and pieces and missing expertise
- CVC units are the right operational teams to connect to start-up innovation
- To make CVC teams successful:
 - They need to fit very carefully into the overall strategy, company goals and BU goals
 - Chose a lean but sufficient CVC model to achieve goals
 - Have all necessary activities covered with the right professionals
 - Have an sound alignment of incentives in place beyond the CVC team
 - Measure and correct

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