

**Economic Development for Physicists from
Developing Countries**

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VC PERSPECTIVES

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TTP VENTURES

INSTITUTE OF PHYSICS

ECONOMIC DEVELOPMENT FOR PHYSICISTS FROM DEVELOPING COUNTRIES

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TTP VENTURES

- Based in Cambridge – Europe’s leading technology cluster
- Early stage technology investor focused on
 - strong, entrepreneurial teams in the UK
 - differentiated solutions to valuable problems using protectable technology
 - credible prospect of profitable exit in 3 years
- Where our technical and/or market insight helps us add value
 - rapid and informed due diligence and decisions
 - finding customers, building the team, developing products, strategy
- Typically the first institutional investor in a company
 - occasional seeds to nurture entrepreneurs and create proprietary dealflow
 - significant reserves to maintain positions in subsequent rounds



TTP VENTURES

TTP GROUP

- Founded 1988: broad based European “innovation” company
 - product and technology development under contract
 - building product businesses based on own IP
 - venture capital fund management
- 300+ engineers with broad range of expertise covering
 - engineering and the physical sciences
 - product concept through to production
 - instrumentation, printing, wireless devices
- Customers are predominantly major manufacturing companies based in Europe, North America and the Far East
- Gives us and our portfolio companies access to a broad range of contacts, experience and expertise
- But we are financial investors with funds from independent LPs: not a TTP strategic investor



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TTP GROUP PLC a private company



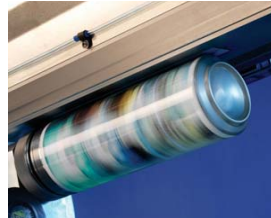
T T P

Contract product development

Technology consulting

Proprietary IP exploitation

Wholly owned by TTP Group



Tonejet high quality imaging



Vista low cost printing



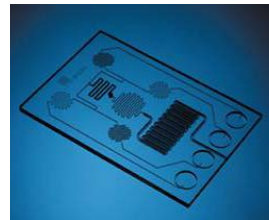
BT Movio mobile TV



Dymo electronic label printer



DAB modules



Microfluidic lab-on-chip



Matrix low cost wireless comms



T T P L A B T E C H

Laboratory instrumentation

Wholly owned by TTP Group



Explorer µplate cytometer



comPOUND storage system



Mosquito nanolitre dispenser



T T P V E N T U R E S

EXITS



T T P C O M

Mobile terminal technology

IPO London Stock Exchange

October 2000



Automated chemical synthesis

Acquired by Mettler-Toledo

December 1998



Pharma manufacture systems

Demerged

August 1998



WAVEDRIVER

Automotive power electronics

Acquired by PowerGen

1997

THE VC FINANCIAL MODEL; WHAT OUR INVESTORS LOOK FOR

- Superior financial returns
- First, for investors for whom VC is high risk
- Second, for team who share in carried interest
- 10 year structures focus on creation and exit in 5 to 7 years
- High failure rate means successes must deliver high returns
- IRR key component of rewards and performance figures so timing is important as well as multiple
- Drives VC to certain sorts of business model



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WHAT VCS LOOK FOR IN AN INVESTMENT PROPOSITION

- Management
- Understanding of value chain and position in it
- Size of opportunity, market customers
- Is it 'disruptive'
- Viable financial model, including high gross margins
- Capital requirement and financing risk
- Product pipeline
- Competition
- Sustainability
- Intellectual property issues
- Exit opportunity
- Also 'soft v hard' and IP business

HOW TTP VENTURES WORKS WITH EARLY STAGE PROPOSITIONS

- Part of large technology group
- Leverage that group's technical expertise and commercial understanding
- Seed or 'A' round opportunity
- Very early stage so hands on but don't manage or incubate
- Can work with team to clarify, strengthen proposition before investing
- Preparing management for transition
- Quantify technology and competition risks
- Introduce customers, partners and management
- Strengthen strategic thinking and focus on exit

A VC DEAL; PROCESS AND KEY TERMS

- Submitting proposal and getting attention
- First meetings; further meetings; term sheet; due diligence and closing
- Timescales
- Valuations
- Financial terms: liquidation preferences, dividends, ratchets and price adjustment
- Voting and consent rights
- Appointment rights
- Other terms
- Management equity/options