



# Raise Venture Capital



# How can we help?

Our mission is to transform equity raising businesses into first class investor ready companies.

Venture funded companies outperform non-venture backed firms by more than **six times**. However, securing new venture funding can be tough, particularly if your company is early stage.

If you are a young, export-orientated, high potential growth company – we offer a range of equity services to help you:

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You can also find out more about how venture capital and angel finance works by reading our guides:

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# What is Venture Capital?

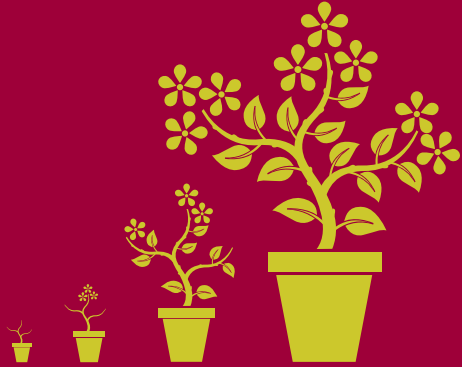
Venture Capital provides long-term, committed share capital, to help companies grow and succeed. However, Venture Capital is very different from raising debt or a loan from a lender, such as a bank. Lenders, who usually seek security such as a charge over the assets of the company, will charge interest on a loan and seek repayment of the capital.

Venture Capital however, is invested in return for a stake in your company and, as shareholders, the investors' returns are dependent on the growth and profitability of your business. The investment is unsecured, fully at risk and usually does not have defined repayment terms. It is this flexibility which makes Venture Capital an attractive and appropriate form of finance for early stage and knowledge-based projects in particular.

## Benefits of Venture Capital

In the current economic climate on the island, most fast growth start-ups are knowledge based. Given that these projects cannot offer tangible security or predictable cash flows, Venture Capital is the obvious source of finance to fill the financing gap.

Research has shown that Venture Capital backed companies grow faster than other types of companies, employ more people and are more profitable when benchmarked against their peers. This is made possible by a combination of capital, Venture Capitalists (identifying and investing in the best investment opportunities) and input from Non-Executive and Executive Directors introduced by the VC investor (a key differentiator from other forms of finance).



## What do investors look for?

High potential businesses can be distinguished from others by their aspirations and potential for growth, rather than by their current size.

Typically, investors look for:

Businesses that can offer the prospect of significant turnover growth within three to five years with:

- Exporting potential
- Barriers to entry from competitors
- An ambitious and experienced management team
- The opportunity to exit
- Potential financial returns equal to the level of risk taken

Venture Capital Funds often have preferred sectors and stages of development so when approaching a Venture Capitalist or a Business Angel, it is important to understand if their investment criteria or preferences match your project.

You can find this out by using our 'Guide to Venture Capital on the island' which can be found at [intertradeireland.com](http://intertradeireland.com).

This practical guide includes a list of all sources of Venture Capital and angel investment across the island North and South.



# Business Angel Finance

For companies seeking to raise new equity capital in the seed and early stages of the company's development, Business Angel Finance may be more suitable than Venture Capital firms.

Business Angels are high net worth individuals who invest on their own, or as part of a syndicate, in high growth businesses. In addition to money, they often make their own skills, experience and contacts available to the company.

The individual amounts invested by Business Angels are usually in the range of €25,000 to €250,000 although syndicated deals (where a group of angels invest together) can be up to €1m. In return for their investment they take an equity stake in your company and usually expect to exit their investment between 3 and 7 years. They are often successful entrepreneurs in their own right and may even work to strengthen your management team.

## Is it right for me?

Business Angel Finance may be right for your company if traditional sources of finance have been exhausted or if they are not available (e.g. bank finance, founder's own capital, government assistance). You may also find that Business Angel Finance could be an option if the amount you are looking to raise is considered to be too small by Venture Capital firms.

- Ideally, your company should have high growth prospects and the ability to exit after a certain time frame is also required
- You may also be required to make an 'investment pitch' to a group of angels and, if they are interested in investing, a series of further meetings will usually take place between the company and the angel(s)
- You must be prepared to share ownership of your company with external Business Angel investors
- To be considered suitable for investment by a Business Angel, you should have a detailed business plan or investment memorandum available

Raising private finance takes time with a lot of discussion and negotiation required before an actual cash investment takes place. It also involves a legal process including due diligence undertaken by the investor and the signing of shareholders' agreements.

You need to be prepared to put the time and resources required into the process before you start.



# How can we help?

## All-island Seedcorn Business Competition

If you are an early stage company based on the island with a new equity funding requirement you can submit your business plan into our annual Seedcorn competition to compete for a share of our €280,000 cash prize fund.

There are nine cash prizes up for grabs and entrepreneurs compete against each other regionally before competing for the all-island Best High Growth and Best Emerging Company titles. Every business plan submitted is reviewed by our investment experts and companies are given individual feedback, upon request. Short listed companies also get a unique opportunity to pitch to investors and business leaders.

### Benefits

- Make valuable contacts and get expert help to become investor-ready
- Accelerate the development of your business idea
- Learn how to pitch your business plan to investors
- Gain exposure with Venture Capitalists and other investors
- Get feedback on your business plan
- Increase the profile of your business

## The Prizes

€100,000



Best High Growth Company

€50,000



Best Emerging Company

€20,000



Regional Winners

€10,000



Special Award Winner

For the best venture stemming from a university spin-out or platform programme

## Am I eligible?

The competition is aimed at:

- Independent ventures incorporated on the island of Ireland (Ireland or Northern Ireland) in the seed, start up or early stages of business development and ideally targeting international markets
- The competition is for individuals or venture teams, who have created, manage and own such ventures
- The promoters/founder entrepreneurs are to have played a major role in conceiving the venture, continuing to have key management roles and to own significant equity
- Ventures which have already raised external equity in excess of €1m (or sterling equivalent) are **not eligible**

## The categories:

### High Growth Company Category

To apply in this category your venture must:

- Have not been in existence for more than five years
- Have a current new equity requirement of at least €500,000 (or sterling equivalent), which is clearly demonstrated in the business plan
- Have substantial sales targets which mean cumulative projected sales in excess of €5m (or sterling equivalent) by Year 3, 4 or 5. These sales targets must be shown in the financial projections

### Emerging Company Category

To apply in this category your venture must:

- Have not been in existence for more than three years
- Have a current new equity requirement of at least €100,000 (or sterling equivalent), which is clearly demonstrated in the business plan
- Have cumulative sales targets of less than €5m (or sterling equivalent) by year 3, 4 or 5. These sales targets must be shown in the financial projections



## How it works

### Step 1:

#### Submit your business plan

The competition aims to recreate the actual investment process. Companies register their interest in the competition at [intertradeireland.com/seedcorn](http://intertradeireland.com/seedcorn) and they are issued with the official competition rules. To apply, companies must then submit their business plans for the relevant category before the competition closing date and time.

To help prepare and develop your business plan you can download the free business planning guide on our website or attend one of the various Seedcorn workshops which will be held throughout the island as part of the competition.

### Step 2:

#### Regional finals: the investment pitch

Business plans submitted are scored and the top plans from each region and category are selected. These entrants are then invited to make their investment pitch to a panel of judges, followed by a question and answer session. After their pitch, regional winners are selected for each of the two categories in each of the four regions.

### Step 3:

#### All-island final: judging and awards ceremony

The eight regional winners are asked to make their pitch again to a separate panel of judges on an all-island basis. The panel select the two overall winners in each category which are then announced at the award ceremony the same evening.

### Step 4:

#### Prizes and payment

Overall winners receive their prize (either €50,000 or €100,000) payable by installments based on achieving the key performance indicators in the business plan to finance the early stages of the venture.

Six regional winners each receive €20,000 to finance the early stages of their ventures. The €10,000 prize is also awarded for the best venture stemming from university spinouts and platform programmes.



# How can we help?

## Business Angel Networks

We offer a range of supports to help you get 'investor ready' and access Business Angel Networks. You may have access to angels through your own personal contacts or you may choose to contact the various Halo Business Angel Networks which are based across the island of Ireland.

We fund and support several angel networks together with Invest NI and Enterprise Ireland which include:

- Halo Business Angel Network (HBAN)
- Halo Business Angel Partnership (HBAP)
- Halo Northern Ireland

## Contact

Tel: +353 (0) 1 665 0420

Email: [info@hban.org](mailto:info@hban.org)

Web: [www.hban.org](http://www.hban.org)

## Halo Business Angel Network (HBAN)

HBAN has primary responsibility for the establishment of business angel syndicates or investment groups. Increasingly business angels are choosing to invest as part of an investment group or syndicate, an approach that allows them to collectively make larger and more frequent investments. More experienced investors tend to prefer such co-investment groups. They usually meet regularly, and deal origination and outside access to the group is typically through one or more of its members.

### How does it work?

#### Step 1:

##### Initial application

First you need to register with the network and they will follow up with an initial call. If they think you have a strong proposition and a valid investment opportunity they will work with you to get you in front of their investor base.

#### Step 2:

##### Preparation and investment pitch

If there is sufficient interest, you will be invited to pitch at one of HBAN's investor group meetings. Prior to your pitch, their advisors will give you some insight as to what investors want. They will also outline the tools to help you create a winning teaser document and investor presentation. In addition you will also get:

- Assistance to complete your documentation and help you prepare
- The opportunity to be profiled on the HBAN website
- Access to the network's investment community. HBAN will also issue your documentation to the registered HBAN Angel Networks throughout Ireland and your matched investors. They will also work with you to seek to arrange follow up meetings

## Contact

Tel: +353 (0) 1 410 0818  
Email: [info@businessangels.ie](mailto:info@businessangels.ie)  
Web: [www.businessangels.ie](http://www.businessangels.ie)

# Halo Business Angel Partnership (HBAP)

The Halo Business Angel Partnership is managed by Dublin Business Incubation Centre with offices in Dublin, Waterford, Cork and Galway. They work by matching private investors with pre-screened investment opportunities in start-up, early stage and developing businesses.

## How does it work?

### Step 1:

#### Business plan submission and application

Initially, you submit your Business plan with a completed company application form. This is a short summary of your business that gives details of the investment opportunity and also profiles the type of investor you are seeking.

### Step 2:

#### Investment matching

Once satisfied that your business plan will stand up to scrutiny they will match your requirements against the investment criteria, and the skills and experience detail that they hold for their investors.

Where they see an immediate 'match', they will contact the investor(s) directly to make them aware of your company and the investment opportunity that exists.

Details of your company are maintained on their website for a minimum of 90 days. They also set up additional opportunities for you to meet investors by hosting seminars on topics of mutual interest.

## Contact

Tel: 028 9073 7814 (048 from Ireland)  
Email: [alan.watts@nisp.co.uk](mailto:alan.watts@nisp.co.uk)  
Web: [www.nisp.co.uk/Halo/home\\_3.aspx](http://www.nisp.co.uk/Halo/home_3.aspx)

# Halo Northern Ireland

Halo Northern Ireland is jointly managed by InterTradeIreland and Invest NI. In general, they take a broad approach to sourcing investment opportunities however the priority is knowledge-based, high-growth potential start-ups and companies which can demonstrate innovation in the more traditional sectors.

## How does it work?

### Step 1:

#### Initial assessment

To apply for the Halo Northern Ireland network, you must first complete a short application form. This is designed to provide only a brief summary of your business and allows Halo to make a quick decision on whether or not they can help you.

### Step 2:

#### Application

Only once Halo has indicated that your business appears to fit the criteria, should you then fill in the full application form which includes further information about your business and the Halo Terms and Conditions which must be agreed to and signed. This information will help with the assessment of your company and will also form the basis of some of the information given to the Halo business angels who may consider investing.

### Step 3:

#### Investment meeting & pitch

Investment meetings are held six times per year and the cut off for applications

to be considered for these meetings is usually one month before the meeting. The companies who will pitch at a given meeting are selected from those who have applied.

### Step 4:

#### Preparation and support

Once selected to pitch there are a number of steps:

- The application form often needs to be updated
- You will meet with Halo staff to assist your preparation
- You will prepare a presentation based around a set of slides provided by Halo
- Your slides are then checked by Halo staff for consistency
- Rehearsal of your presentation to Halo staff at least one week before the event
- On the evening of the event, you will present the pitch and meet the angels
- Follow up with the angels who have expressed interest in your company
- There are often a series of meeting with the angels and their advisers to discuss the opportunity in greater detail
- All negotiations and agreements are directly between you and the angels involved



# How can we help?

## Advice and Events

One of the biggest challenges for equity raising businesses is to become 'investor ready' in order to increase the chances of success when seeking venture finance.

We offer a range of services, advice and events to help you.

### Events

We run a series of **business planning workshops, roundtable events and entrepreneurship master classes** across the island. Visit [intertradeireland.com](http://intertradeireland.com) to find out what events are happening in your area and to register.

Selected companies are also given the opportunity to attend an **intensive investment pitch master class** to help improve their chances of attracting an investor's attention when pitching for investment. You can also register online to attend our annual **Venture Capital Conference** which offers a unique opportunity to meet and network with investors from across the island.

## Contact

InterTradeIreland Equity Team  
Tel: 028 3083 4151 (048 from Ireland)  
Email: [equity@intertradeireland.com](mailto:equity@intertradeireland.com)

## Equity Advice

We offer a **free one-to-one equity advisory service** to early stage high growth companies that plan to raise funds within the incoming 12 months. Selected companies can speak to our equity advisor to increase their chances of success in selecting and targeting venture partners that will add value as well as funding to their business.

## Online Guides

You can also download a copy of our **free step-by-step guide to Venture Capital on the island** from our website. It explains how venture funding works, what investors are looking for as well as a breakdown of all the venture funds on the island and their contact details. Think of it as your own Venture Capital handbook.

Your business plan is the most important document when seeking to raise finance from investors. Find out what investors are looking for in your plan and learn how to make your plan stand out by downloading our free **Business Cube guide** from [intertradeireland.com](http://intertradeireland.com)

# Companies we have helped

Previous finalists of our All-island Seedcorn Business Competition have successfully raised over £100 million in equity since taking part in the competition.



## Barracuda FX

Foreign Exchange trading and risk management software solutions  
Dublin

Barracuda FX was named as the Best High Growth Company at InterTradeIreland's 8th annual All-island Seedcorn Business Competition, the largest business competition on the island which took place in Belfast on 24th November 2010. Dublin-based Barracuda FX won the overall prize of €100,000.

Barracuda FX provides trading and risk management software solutions to leading global banks. Its innovative Foreign Exchange Order Management System gives banks complete control and confidence to significantly transform their Foreign Exchange business by increasing revenues, reducing costs and removing operational risk. The company employs around twenty staff and is based in the International Financial Services Centre, Dublin.

*"Taking part in the Seedcorn process has helped us to refine our business plan. Effectively it helped us to take a step back and re-evaluate all aspects of the business. We are delighted to take home the Best High Growth Company prize. It is a validation of our business and winning will also help to raise our profile. It is a great endorsement for the team and it will definitely help us to attract the highest calibre of staff to our business."*

**Kieran Fitzpatrick,**  
CEO, Barracuda FX



## SOPHIA Search

Semantic search technology  
Belfast, Co. Down

Belfast based SOPHIA Search has developed ground breaking semantic search technology which enables companies and organisations to intelligently search their ever increasing volumes of documents and unstructured information, whether it resides internally or external to the organisation. After winning the Best High Growth Company prize in the 2009 All-island Seedcorn Business Competition,

the company has gone from strength to strength and has since secured the largest ever Business Angel Investment in Northern Ireland worth £800,000 and opened their first offices in the US.

*"The input of some of Ireland's leading business experts throughout all stages of the competition assisted us in the development and promotion of what is a global technology. Whilst a cash prize is always welcome, the biggest benefit of winning was the exposure it provided. This provided connections to both the right funding partners and leading entrepreneurs that will ultimately ensure we are successful in exploiting the massive potential in SOPHIA. Since winning, the company has moved forward dramatically and we have already secured significant investment."*

**Dr. Dave Patterson,**  
Managing Director, SOPHIA Search



## Cathx Ocean

Design and engineering of lighting, lasers and robotic vision systems for divers and underwater vehicles  
Rathangan, Co. Kildare

Kildare based Cathx Ocean were regional winners in the 2009 All-island Seedcorn Business Competition Best Emerging Company category. The innovative firm develops and manufactures advanced lighting, laser and imaging systems for scuba divers and underwater robotic vision systems which are used for deep ocean

research, search and rescue operations and offshore energy installations. Since its success last year the firm has gone on to increase productivity, expand its research and development capabilities, target new markets and raise new equity.

*"Winning the competition probably gave us access to people who we would not otherwise have got to see. We have since released four products aimed at both recreational and working divers including underwater TV and video users. These have been well received across the board and we have shipped product to 12 countries so far. This year we have raised funds from private investors and Enterprise Ireland and are officially an Enterprise Ireland HPSU (high performance start-up) company. The work we did on our business plan during the Seedcorn process certainly helped us to fine tune the proposition we put in front of potential investors."*

**Adrian Boyle,**  
Managing Director, Cathx Ocean

## About us

InterTradeIreland is the only organisation which has been given responsibility by both Governments to boost North/South economic co-operation to the mutual benefit of Northern Ireland and Ireland.

By encouraging better use of our collective resources we help to expedite trade and business growth across the island and create an environment where it is easier to do business.

We support SMEs across the island to identify and develop North/South trade and innovation opportunities. We do this through:

- **Business programmes**
- **Research and statistics**
- **Networks and partnerships**

InterTradeIreland will endeavour to facilitate requests for alternative formats of this publication including Irish Language, Ulster Scots, Braille, disk and audio cassette.

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