

6th international congress of venture capital

Opening speech – Dr. Francisco Banha
Gesventure's CEO

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Ladies and gentlemen,

Good morning to you all.

It is with simplicity and great joy that I turn to you to thank your interest, support and enthusiasm of all who accepted to participate in this initiative and made it possible in this moment.

Allow me to start by distinguishing, with pride, PME Investimentos's administration and in particular, its president, Mr. Dr. João Vicente Ribeiro, present here today, for the given support to the organization from both financial and institutional points of view, associating himself, once more to Gesventure as a speaker in this congress.

I would like, equally, to state my profound gratitude to the president of SPGM – Sociedade Portuguesa de Garantia Mútua, engineer José António Ferreira de Barros and the CEO of that same company Dr José Fernando Figueiredo, for the financial support given to the 6th VCIT and for accepting to become associated to this initiative approaching the theme Mutual Guarantee as an opportunity to Portuguese Start-ups.

I would like, also, to give a special word of appreciation to API Capital, represented by Jorge Costa, for the support given shown by the association, once more, to this initiative as official sponsor of the congress.

My sincere acknowledgement to Abreu, Cardigos & Associados, for the support given in the contacts made to some of the international speakers that will be present here, and to whom I wish my best so that in a near future, can reinforce the partnership with Gesventure from which has resulted important initiatives from which I evidence the contest of university works in the entrepreneurship and venture capital area.

And, finally, my gratitude and a special salutation to APCRI, for the institutional support given to the 6th VCIT, and to the joint initiatives developed with Gesventure and yet allowing Gesventure to integrate their Statistics Committee, a fact that honoured us a lot.

Beginning this sixth annual edition of the International Congress of Venture Capital organized by Gesventure, and considering the several international specialists that honoured us with their presence, it is important to evidence the importance that this congress has been reflecting, since 6 years ago, from the action of bringing to Portugal some of the knowledge of **other lands**. However, that importance will assume higher proportions by managing to obtain the inverse, i.e., take to other countries. Through international speakers that have followed us, some news of the best that has been made in the national venture capital sector as a potential support to the solid growth of the Portuguese companies and of the best existing in our start-ups that increasingly show strong evidence a high potential of growth and valorisation.

In Gesventure, we are aware of the important role that these initiatives produce, as a professional space of critic that allows to truly operate as a conscience of the national venture capital sector, where we recognize the progresses, the suspensions and the delays and, at the same time, a space that works as a lasting and methodical transfusion of knowledge and thinking of foreigner nations about a financial tool unfortunately much more dynamic and effective in other European and world countries.

When it comes down to it, our pretension is translated in rising, among the discussion of the most emerging themes, a higher place, which allows us to create an awareness of what has been made in a sector that strengths the solid growth of the companies, and assimilate everything that can advance and innovate, taking advantage, mainly, of the resultant experience of the close communion with those that with us accept sharing their “best practices.”

Those are the goals of Gesventure. And we dare to say they are ambitious!

Ambitious because we deposit in it a profound hope in the future of this sector, that we want to be increasingly performing and favourable to the companies of the 21st century.

Ambitious because we are guided by the strong wish to be able to contribute to a country that we want to be more competitive at world level and more favourable to the business initiative.

It is being based in this strong ambition that Gesventure continues, with a strong perseverance spirit, winning new challenges and discovering new paths of effective support to entrepreneurship.

And this ambition has been producing objective and measurable results:

- during last year, Gesventure supported the realization of eight raising capital operations which allowed to their promoters obtaining near 15 million euros;

- since January 2000, Gesventure has been dynamizing the first Portuguese Business Angels club, associated to EBAN (European Business Angels Network), having the enormous honour of being selected by this entity to, jointly with PME Investimentos and with the important institutional support of IAPMEI and of the city hall of Cascais, proceed with the organization in Portugal of the **7th European Congress of Business Angels** that takes place in Centros de Congressos do Estoril at April 16th and 17th 2007.
- Gesventure has been giving a committed contribute in actions of **Social Entrepreneurship**, through entrepreneurship education as a way to produce important results in the change and in the social and economic development of the citizens, giving opportunities to a well successful future, which can go through the creation of self-employment, and thus identify and instil, mainly near the more unfavourable citizens, new opportunities to improve the life of these people and to proportionate to them a purpose, or more concretely, a life goal.

At this level it is important to remember the actions made in Madeira island in which there are involved more than 700 young people, under the coordination of CEIM – Centro de Empresas e Inovação da Madeira, in Santa Casa da Misericórdia de Lisboa, in Direcção Geral dos Serviços Prisionais [General Direction of Prison Services] in Marinha Grande’s OPEN and more recently in the city hall of Cascais where we have been supporting the implementation of an stimulating ecosystem of entrepreneurial activity, this way making true ideas and concepts that, in more than ten years, we decided to bring to our country.

These are only a few examples of what Gesventure have been doing to create a stimulating environment to entrepreneurship and to the business efficiency of Portuguese SMEs.

However, just like entrepreneurship, venture capital – we know it well – does not exist: we do it!

And this last year is a notorious example of what I just said.

To that we can see the strong bet of PME Investimentos, in Qualified Entrepreneurship, which anchored its investment strategy, mainly at seed and Start-up stages, producing a spectacular demonstrating effect in the national venture capital industry – and that I would even call **“Ketchup” effect** – due to the number of operations that managed to

realize in such a short time, thanks to its pro-activity in the search for operations and with an innovative and creative posture in the relations maintained with entrepreneurs.

Ladies and gentlemen,

Yet with the purpose of continuing to transmit, even though in a brief way, some more ideas resulting of our own reflection about the framework of the themes that will be discussed in these two days of congress, I would start referring to a concept that is used as a way to define paths to success: **Innovation**.

At this purpose, we will have the opportunity to reflect about this important concept, in its most different approaches – namely in the energy and environment sectors and in the areas of health care, biotechnology, mobility and information technologies – as an answer to many challenges that the world faces today.

However, the same way that there is many ways to get to the top of the mountain, there will also be numerous ways to innovation with success. We talk today of innovation as a way of gradual improvement of the existing technologies and to make them more available or as a way to find a new way to solve an existing problem, we talk about architectural innovation and radical innovation.

Then, you will ask yourself:

Which are the more important innovators?

The progress has demonstrated that all innovators perform an important role. There is no right or wrong way to innovate, what matters is that people remain doing it!

So, it is important to develop the financing capacity of the creation of companies that have an ambitious project in terms of innovation and potential of growth, mainly the technological based, capable of renewing the business structure and qualify economic growth.

To this we will have the opportunity to talk about some of the public instruments created to do that – like the program FINICIA – essentially determined to finance who initiates a business activity, i.e. capable to support the creation and start-up of companies, and I hope very sincerely come to obtain visible results once we know that nothing – or near nothing – has been made at investment of seed capital level in Portugal, except rare exceptions as it is the case of PME Investimentos reference earlier. As to business financing, we will have, equally, opportunity to assist the presentation by Euronext Lisboa, by its president Professor Miguel Athaide Marques, of the initiatives that are in motion having the objective to allowing the access of these companies, with small and medium capitalization, to the capital market, thus, a window of opportunities,

for one hand, to the Portuguese companies oriented to growth and internationalization and, on the other hand, to the investors offering them a more diversified supply of mobile values.

I face these initiatives, very assured, as an excellent opportunity to in the future attribute a bigger dimension to the national capital market, which, since long time ago, has been practically unaltered.

This is the fact so or more important when we recognize that we are assisting, in Portugal, to a strong mobilizing dynamic of innovation and entrepreneurial spirit, introduced by several entities, through the creation, across the entire country, of favourable ecosystems to entrepreneurship development – fact that I can't let pass by without applauding.

Since long time ago that Gesventure has a considerable background at this level, namely through the realization of national and international congresses, writing books and publishing tens of texts and opinion articles in the specialized press – preparing now to, as a candidate to the “listing sponsor” function, support and associated to an eventual launching, in Portugal, of an alternative market once we continue to believe in the existence of favourable conditions to the implementation of this market, as a way to give to the small and medium capitalization companies of a higher growth, visibility, credibility and possibility of a resource to sources of a more diversified capital.

As to the insufficient supply of Venture Capital Operators in seed and start-up stages, it is equally important to bring into debate a theme that has been assuming itself as an serious alternative capable to overcome a gap left by the inefficiency of public actions – I refer to the informal investment through “business angels.”

This because it is priority the creation of a true ecosystem in the venture capital market in Portugal, in which the financing through informal investors, like active business angels networks, may perform a determinant role, mostly in development stages of the projects.

It is based in this reality that Gesventure will, mostly on the second day of the congress, make you know about the practical reality of what is made in Europe, like Spain, France, England, Germany, Sweden and Hungary.

I'm sure that the interventions made here will largely demonstrate how the intervention of business angels as a financial leverage and business counselling to young businessmen reveals itself as a necessity in need to be fulfilled in Portugal just like it is happening in several European countries and mostly in the USA.

It is right that although the main intervenient in the venture capital sector always state the importance of the existence, in our country, of business angels activity there isn't much being done to make that a reality.

Let's hope that the policies institutionalized by the present Portuguese government, which show a strong will to produce to introduce, in 2007, an attractive legal and tax framework to the acting of this important investors community, with favourable implications in projects' financing that are in early stages of development like seed and start-up so that they are no more only a common place.

Another theme with special evidence and that will be addressed in the second day of the congress, are the more favourable conditions that were created by the Mutual Guarantee to Portuguese start-ups through the bet in the consolidation of Sistema Nacional de Garantia Mútua [National System of Mutual Guarantee], namely through the reinforce of their distribution network and, mostly, giving guarantees which facilitate the access to credit, by SMEs, in term and price conditions more close to the obtained by companies of higher dimension, fact that must be faced as an important stimulus to start-up stages of business activities.

Obviously that all these themes would not assume its purposes if there wasn't for the lighting of **the entrepreneurs**, as a stimulant of vitality in growing economies and as the backbone of this congress - the only value capable of rejuvenate the structure of a society and qualify the economy growth through the job creations and the increase of prosperity.

That is why, aware of the important role entrepreneurs can perform, that in the growth of the national economy, Gesventure has managed to, through the initiative called "Elevator pitch" – that will take place again in this two days of congress – support 12 entrepreneurs to raise capital to their projects in a total of 9,4€ million.

I've just approached some of the constraints that still exist in the Portuguese economy at the level of creation of conditions to facilitate and support entrepreneurs and businessmen that apply to strategic objectives of transforming knowledge in business ideas, however, it's important not to forget that, although there are obstacles, there will always be a lot of opportunities waiting for young people with knowledge and ideas, as long as there is always preoccupation of constantly improve their competences from them.

And these opportunities do not appear to special young people like Cristiano Ronaldo or Ronaldinho Gaúcho or to specialized professionals like lawyers or neurosurgeons.

The success can also be reached by someone who is simply “good” – electrician, plumber, nurse, a chef, carpenter, mechanic – or, yet, simply “adaptable” through the constant acquisition of new competences, knowledge and skills that can allow to create value in a permanent way.

In short, it is needed something more than an undifferentiated.

For the government, concretely by the responsible entities of public investment policies, it is needed that, once and for all, awareness arises that help creating an entrepreneur is giving the chance of creating several jobs. And that’s why there is no better investment return than this!

I would remember- Professor Larry Farrel-, about this subject, an intervention of Charles Millard, president of New York City’s Economic Development Corp. that when referring to entrepreneurship stated that the agents responsible for the economic development shall be self-aware that creating entrepreneurship is not more than contributing to an economic and political victory. When referring to the first venture capital fund financed by the city and its costs, stated there is no need of a great brain to see that investing \$15000 to help a citizen starting a business that creates jobs is a more adequate bet than maintaining a family on welfare for \$20000 per year or pay \$30000 to maintain a youth in prison for a year.

As to Portugal, we can’t deny that that the country situation demands for a more accelerated and qualified economic growth, and this passes necessarily for a strong financial support in entrepreneurship, innovation and competitiveness.

That is why it is important to finish the waste of ideas and entrepreneurs in Portugal!

Conclusion:

After presenting the objectives of this congress, and the program to be realized during these two days of debate – that we hope to be intense and, above all, productive – the only thing I have left to wish is that they can be further practised.

Whatever noble that the objectives of this congress and whatever the capacity of this organization, surely that they will remain sterile, like a seed planted in a rock, if there isn’t a further practical concretization.

That is why I hope that the important message of this congress may be converted in the vitality and value that is expected, as a positive contribute to efficiency of a sector that wants to be mobilizing innovation and entrepreneurial spirit.

And, even if that does not happen, at least we lighted a candle, as someone once said: **it is better to light a candle than to slander darkness!**

So let's continue to concentrate in the future – **mainly in the concrete preparation of the more than 1,3 million Portuguese students that are in basic school and in high school** – once it is only it that will bring us change and progress so that we do not continue copying the errors of the past!

To you all my acknowledgement,

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