

8th VCIT

OPENING SPEECH

Mr. Mayor of Oeiras' Town Hall,

Mr. Guest Speakers,

Dear Investors and entrepreneurs here,

Ladies and gentlemen,

First, some welcome and thanking words.

Welcome and thank you to INOVCAPITAL – reference operator of the Ministry of Economy and Innovation to the national venture capital sector – and in particular to its president, Dr. Luís Filipe Costa, to whom I thank publicly for all the support given both at financial and institutional levels, by associating themselves, once again, to Gesventure in the execution of this 8th edition of the VCIT.

I equally welcome the SOCIEDADE PORTUGUESA DE GARANTIA MÚTUA, represented by its CEO Dr. José Fernando Figueiredo, to whom I thank for the several participations as part of initiatives developed by Gesventure in the last years, in the same manner as for the financial support given to the execution of this event.

I equally thank to AICEP Capital Global, represented by the President of its Executive Commission, Dr. Abel Cubal de Almeida, for the ongoing institutional support given in the execution of the Events promoted by Gesventure.

A high value word also for the Sociedade Gestora de Fundos de Capital de Risco QUADRANTIS, S.A., led by Dr. João Vicente Ribeiro, to whom I seize the opportunity to wish publicly my success votes in the continuation of this new and

important Project, and thank his participation as a speaker in this Congress, in the same manner as the institutional support given to us.

Thank you very much to Oeiras' Town Hall, represented by its President Dr. Isaltino Morais, to whom I thank for giving us the honour of making the opening of this Event and, above all, by the remarkable contribute that this Town Hall has been evidencing in the creation of a new venture capital ecosystem much more entrepreneurship-friendly.

I also want to thank very much to the President of TagusPark, Dr. Américo Thomati, to whom I thank for giving us the honour of participating as a speaker in this Event, in the same manner as for the logistic support given to Gesventure by making available the Main Auditory of TagusPark to the execution of the 8th VCIT.

I also welcome our partners - ABREU ADVOGADOS and APCRI – for once again wanting to associate themselves to Gesventure in this initiative.

I end my thanks giving a friendly regard to all investors, promoters and all the interested in following this 8th annual edition of the VCIT.

Ladies and gentlemen,

The idea launched almost a decade ago by Gesventure to promote an international congress, which has as main objective to offer a potential financing environment to dawning companies – priority to any country which wants to be successful and competitive – has been an ambitious initiative, but needed because it is originator of complementarities and synergies of the main agents that act in a sector that the country needs to be increasingly capable to react to the changes brought by the new economy of knowledge-intensive.

Well, this idea born, developed, grew, gained fans, has collaboration and supports and became a reality. Became a reality essentially because all the participants that attended, for the number but mainly for the quality of them, have been transforming this idea in a great project of mobilization of the national venture capital sector on behalf of new business models and dawning companies that, increasingly, all over the world, state themselves as the new business success premises. After all, today there aren't any doubts

that the great innovations emerge outside the large companies, and, because of that, like the American anthropologist Margaret Mead says **“You should never underestimate the ability of a small group of people. They can change the world”**.

This is the reason why we need today, in Portugal, a stronger Venture Capital Industry. It has to be stronger not only to answer to the desires of the entrepreneurs, but also to promote the unusual and valuable impulse that it can reflect in the growth of the national economic tissue job generator.

And when I say stronger, I mean the need to start, once and for all, converting the increasing image of programs, reforms and detached initiatives to promote entrepreneurship, in part resultant from government policies (conceptually perfect but in practice of little efficacy) in an unique and concentrated action capable of gathering all the real infrastructure of support to entrepreneurship – Technology Parks, Incubators, Innovation Agencies, Venture Capital Companies, Mutual Guarantee Companies and other Organizations – and establish an effective approximation between who has the ideas and who has the money to invest.

We can't deny that the government policies have allowed to create incentives to the venture capital industry and to encourage investments in innovating SMEs. But, being that condition needed but not enough. It is necessary to go further. There is no need to have advanced or ambitious policies if they not transform themselves in real acts which fulfil the great empty spaces that still exist in the national entrepreneurial ecosystem. An unison performance which expresses the effort and the collective will of all agents involved, less oriented by the sure and right results – and, so, less expressive – and more willing to assume the own risks that the dawning companies establish in exchange to an unique opportunity of success and the levels of return unreachable by the companies in more developed life cycles.

So, it is fundamental to go from the conceptual plan of entrepreneurship-friendly policies to empirical reality where the small innovating companies are. For that, from the agents we expect an attitude less selfish and based in a spirit of inter-connection between all, with more positive consequences in the creation and development of these small companies because they are the ones that have revealed higher potential to create new

jobs and develop new technologies. A recent study by EVCA, disclosed that the European Union's companies financed by private equity and venture capital created 1 million jobs, from 2000 to 2004, and over 60 percent of these jobs were created by companies backed by venture capital and grew nearly 30 percent per year.

That is why, even if I'm repeating myself countless times, I talk again about the need of making operational, with a broad perspective and not myopic, as has been happening, several actions and activities that we still don't have. I refer to, for example, the creation of a **National Competition of Business Plans** to all the community of Portuguese entrepreneurs, the creation of **University Venture Capital Funds** which connect the knowledge and the competitive global market; the implementation of a **policy of fiscal incentives which allows Business Angels to act** or VCI – Venture Capital Investors, as named by the new juridical regime applicable to the venture capital activity in Portugal; the creation of a **National Plan of Incubators and Technology Parks** and the implementation of a sustained growth strategy of **Corporate Ventures** at national level (like Siemens, Acer, Intel, Nokia, Shell or BP), based in an investment policy in "seed" and "start-up" innovative, based in technology and commercially attractive projects. Other aspect that I consider equally crucial is translated in the need of State Organisms to create mechanisms favourable to the **adjudication of services to start-ups** financed by venture capital. Let's see, for example, that the government of the USA, through the Programme SBIR – Small Business Innovation Research, affected, in 2006, more than \$60 billions of the budget in contracting SMEs, since they have the advantage of being more flexible and competitive than the large companies.

And, that is why, when we look to the reality of this sector in Portugal, and focus in the effects produced by policies and programmes in force, like Programme FINICIA, which was launched two years ago with the aim to make possible the creation of 1300 emerging businesses of small dimension (being given to them public resources near 64 million Euros) but that, until now, only supported near 200 businesses with those characteristics, we are led to believe that what happens is not growth. It's retrocession.

And that retrocession it is also not adjustable with the quality and the potential of projects that daily come to Gesventure for appreciation. During last year, we received in

Gesventure near 400 projects, from which only two – I repeat only two – got financing through venture capital, but probably they will be capable to take to the market an unique business opportunity, and even, who knows, an opportunity to transform or create a new industry, stunt that, in the words of John Doerr, one of the most successful risk investors in the world and responsible by the initial funds of companies like Amazon, Google and Sun Microsystems, can be at the reach of true entrepreneurs.

The fluency and dynamics of the projects which are make known, daily, in Gesventure, can't be put in a drawer and simply ignored, especially when the argument used is the absence of the needed requirements because it is analysed in a perspective for Private Equity operations. That is neither possible nor tolerable, if we want to go further, reinforce and develop an entrepreneurship model in Portugal which holds a decisive spot in the economic development and in the social progress.

And that is what they expect from us, entrepreneurs, whom we represent here.

Well, all that I said until now, is not more than a efficacy balance of the measures implemented until now in the subject of national Entrepreneurship and Venture Capital.

But this balance is, in my opinion, crucial, because it has the advantage of making us look to the path passed through and measure the fairness of the path followed. It is based on what is done now that we can set the broad dimension of challenges and potentialities in the future of this sector in Portugal.

Besides, the execution of this 8th VCIT – as many previous others – has as main objective to gather the realities of the present in a new dynamic which allows to correct insufficiencies, shake national inactivity and create new aims, stimulating, for that, a spirit of ideas exchange and good practices brought by speakers, national and international, willing to reflect and share with us which are the paths to follow to enjoy quantifying, in practice, the creation of new businesses of strong growth and knowledge-intensive, and, at the same time, not loose the rhythm of progress once that it leaves behind the ones who ignore it or delay to take a stand.

And that important exchange will produce effects in this two-day congress, in the scope of which there will be space to the richness of dialogue about the themes which will be approached here, and about which I will limit myself, for lack of time, to a reference.

Since the beginning there will be approached the **trends** seen at the investment level of Private Equity and Venture Capital, in the same manner as new business areas and opportunities.

In the scope of this theme, and deserving special reference, we will have the precious presence of Dr. Paulo Teixeira Pinto, consultant of Abreu & Associados to approach the theme "Globalization and Challenges". It really is about a theme of higher importance taking into account that the strength and velocity of the globalization imposed to Portugal speed in assuming the needed reforms which allow to be transformed in a society prepared to this new global world.

Another theme deserving special evidence, and that will be focused in the first day of congress is **Entrepreneurship**. And, in this domain we will have the privilege of counting with the presence of remarkable speakers, among which Engineer Ozires Silva, which I particularly welcome with much appreciation for his rich experience as an entrepreneur that managed to go from dream to reality in several challenges which he decided to accept in his life, and for making his experiences valuable lessons to entrepreneur candidates.

Not separable from this theme, I can't not refer the new aims announced by the venture capital operator – State, at the level of the dynamics of the entrepreneurial activity, mainly the creation, during the first half of 2008, new venture capital funds, namely the first seed capital fund within the initiative "Integrated Solutions for Modernization" from Ministry of Economy, with 50 million euros, to facilitate the transfer of knowledge of research centres to the business reality.

At that level, let's also refer the initiative recently announced by the Government of building a venture capital fund, in the amount of 370 millions euros, which will have as objective to support the birth and start-up of companies.

So, it only leaves for us to wait that these new aims convert themselves in more expressive results than the reached until now of financing the number of emerging businesses of small dimension and that have been contradicting the announced policies.

We have to see that in the second half of last year, and contradicting the reality, in France took place the highest investments made in early stage since 2000, having covered a total of 147 companies, from which 38 in seed capital stage. Let's refer that, at this level a total of 563 million euros invested by the venture capital companies acting in France 65% of that total, i.e., 197 million euros, translate in early stage financing.

Also in last year, and contradicting, once again, what happened in Portugal, there were invested, in the USA, more than \$2 billions in small businesses, from which \$600 millions were directly applied in start-up companies.

Observant to the obstacles pointed out, obviously that the **early stage financing** will be, doubtlessly, a theme to which it will be attributed a very special focus on the second day of this Congress.

Another of the main debate themes that will be discussed in the second day of Congress, is about the **legal and fiscal framework of Business Angels in Portugal**. Effectively, it is crucial in the Portuguese juridical arrangement to encourage business angels to invest in innovative SMEs so that they can fulfil their important role in the early stage of transposition from the idea to the market.

That is why I recommend, special attention to the intervention that Dr. Silva Jorge, from Mazars & Associados, SROC, will make about this theme, mostly in the empirical exemplification that he will bring to us and that will allow to evidence, clearly, the deficiencies that still exist in the Portuguese fiscal system.

Finally, I don't want to end this brief presentation of the themes that will be analysed in these two days of Congress without referring to an important theme concerned to the role of **Venture Capital Funds Management Companies** in the dynamics of the entrepreneurial activity.

Closing this Congress, we will proceed to the usual delivery of **GESVENTURE PRIZES**, so to distinguish the exceptional conduct of 5 personalities in the following domains:

1. Entrepreneur of the Year;

2. Intrapreneur
3. Autarchist entrepreneur
4. Innovation
5. Internationalization

To end, it remains for me to state that I will continue looking for the future with hope and optimism, convinced, legitimately, that the determined answer to the main problems which darken our daily entrepreneurial activity – by the lack of results that are not superficial or mere demonstration effect – goes through, inevitably, by the creation of an Organism which assumes the attributions of Entrepreneurship.

And that Organism – why not the Ministry of Entrepreneurship? – shall be catalyst and centralist of all initiatives, public and private, and all the infrastructure already existent of support to the entrepreneurial activity, acting with cross policies to other Organisms, like the Ministry of Economy and Innovation, but with specific responsibilities in the domain of Entrepreneurship and Venture Capital.

Obviously that this Organism, with specialized competences, will be much more capable to act in the sense of improving the financing economic environment of the new SMEs and, in general, the set of existent obstacles, of legal nature or not, that in the daily business activity operate like an impediment to its growth.

I don't believe – and I state it firmly – that there is another structural option more adapted not only to solve the present problems but to face, in a structured and consistent manner, the challenges of the future. It will all depend of the will to act in that sense and of not delegating in the long term what is an immediate need.

To end, and as usual, a last word to those who believe that it is possible to make something remarkable and innovative. **Something that can change radically, not only their lives, but also the world!**

Those who look to the world not to day **"why?"** but to say **"why not?"**.

And, this year, seizing the presence of who already managed to make real the dream of “flying”, it couldn’t be more suitable to end with a true message of trust taken from the following quoting from Ozires Silva: **“My dear entrepreneur, arm yourself with love in your heart and with a smile on your face and be a winner”**.

To you all thank you very much.

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