

## 10<sup>th</sup> VCIT

### WELCOMING SPEECH

Mr. Vice-President of Oeiras' Town Hall,

Mr. Guest Speakers,

Dear Investors and Entrepreneurs,

Ladies and Gentlemen,

As we all know, we live moments of a severe economic and financial world crisis, moments that do not call for optimism.

One of the great challenges that is put to Portugal is to make the economy grow in a negative context. But this growth can only be obtained through **new behaviours** and **new business models**.

So, it's in this context of profound crisis, that makes sense to support solutions in our country polarized around **human capital** – businessmen and entrepreneurs, knowledge, creativity, specialization and innovation.

To have economic growth and competitiveness, the development of business projects with global vocation in industries based in knowledge and applied technology has to be supported, by an universe that is already a reference to researchers, scientists, engineers, managers, with high qualification levels.

**And, Portugal, hasn't been fulfilling his part in the right way.** Let's see why.

In Portugal, the formal venture capital market continues to register contrary results to the investment in seed capital and start-up projects once that there are very few registrations of investments made in seed capital in the last three years.

However, and overcoming this grand gap of investment in the initial stages of the life of business projects, in august 2009, several Contests were launched, under the COMPETE Program, aimed to launch four great Venture Capital Funds to support Entrepreneurship,

with the global provision of 123 million euro, at the level of the stages pre-seed, early stages, corporate venture and business angels.

Let's see what is the result from the Contests, based in the affectation of each VCF, by type of investments, amounts and selected entities:

FCR PRÉ- SEED	FCR EARLY STAGES	FCR CORPORATE VENTURE	BUSINESS ANGELS
Inovcapital ES Ventures Beta	ES Venture Novabase Inovcapital C. Partners ISQ/ASK Universitas	Critical Software Novabase	56 Entidades Veiculo
11 M€	56 M€	13 M€	230 BA 43 M€

Adding to these four Venture Capital Funds to support Entrepreneurship, it was also launched the Innovation/Internationalization Venture Capital Fund with a global provision of 237 million euro, which will be managed by 12 Venture Capital entities.

So, we should glorify the important measures that give us concrete reasons to support a founded hope that Entrepreneurship, in Portugal, will gain a new expression from now on.

As Dr. Nelson de Souza will certainly explain in his intervention tomorrow, the operationalization of these Funds will be started, we expect, next June, and its application will occur, necessarily, in the next three years.

Effectively, these measures are important, I would even say, fundamental to change the path of the events and contradict the unfavourable trend to investment in business projects in its initial stages of life that I showed early in the chart. However, it's mandatory, in equal measure, to have development with the implementation of these Funds of a landscape able to optimize the results and positive impacts resulting from it.

With this I want to say that **Entrepreneurship has to be fomented and supported with coherence and responsibility**. And, it's a **common action strategy** that is mandatory in the operationalization of these Funds, but also in a set of essential measures to strengthen the current entrepreneurial ecosystems, from which I highlight the following:

- It's essential, since the beginning to have **quarterly screening of the global performance of Venture Capital Companies with the shareholder majority of the State**, in a perspective of transparency and accountability, in a way to allow to know the investments made by the respective Funds under management.

- It's, equally, needed to have a **quarterly screening of the four Contests promoted in the scope of COMPETE** to the development of the early stage activity, aiming to specifically evaluate the level of concretization of the set goals and its impact in the entrepreneurial ecosystem.

- It's also essential to have a **positive justification of goods and services by the Public Administration and the Business Sector of the State, near start-ups**, namely the ones financed by venture capital;

- Other essential measure it's the **simplification of the termination of start-ups financed by venture capital that weren't successful**, through the creation of a simplified service (e.g.: "immediate insolvency");

- It's equally important to create the **"Start-up Observatory"** – measure that I have been defending for several years – aimed to understand the features that decide the success or failure of these companies during their formation and development, and provide important and useful information not only so entrepreneurs can evaluate their conduct, as to all the agents closely connected to them, namely Venture Capital Companies, Business Angels Associations, Government Agencies (e.g.: IAPMEI, Adi, etc.), Private Agencies (e.g.: COTEC, APCRI), Incubators, Universities, and others;

- Another important measure, is to make a strong **promotion campaign of mechanisms of financial support** that currently are at the reach of entrepreneurs like the strong communication

campaign launched by SPGM, that was able to divulge, near the business community, and in a very covered way, the advantages resultant of the financial tools they had available;

- Last, I recall the great need to create a **National Plan of Incubators and Technological Parks**, to allow to dynamize and coordinate, in a centralized way, the several Incubators and Tech Parks currently spread by the several Institutes go to the Ministry of Economics, Innovation and Development without any synergy or interconnection, to convert them in true business generator centres.

As example let's talk about Biocant – the only Science and Technology park specifically planed to biotech and life science's activities. In this park there is a study to implement and manage a pilot unit in industrial biotech, through which they aim to overcome the needs of Portugal and even of Europe, of units that allow to simulate industrial processes, but in a small scale, to validate these processes and test their technical and economical visibility to a dimension that allows, with trust, to make investment decisions.

The needed investment to make this pilot unit is 4,4 million euro, from which 1,4 million euro is the financial component of COMPETE, and in this moment there is a total amount of 3,4 million euro. However, the launch of this unit hasn't been done due to this 1 million euro shortage. Well, facing the potential structuring effect that this investment will allow, the only reason that can justify the lack of advancement of this measure is precisely the absence of an action strategy focused in this subject.

Finally, it's necessary to gather all these measures that are essential to the qualitative evolution of the entrepreneurship model that we have today in the country in only one national organism representative of the several entities, programs and measures loose all over. So, it's urgent to create something that I have been defending since the year 2002 – the Ministry of Entrepreneurship – able to implement and operate, at national level (and not only local, regional or sector-based), real measures of support to the responsible, as I said before, for the new business models needed to the growth of the national economy.

And the creation of this organism seems to make sense not only in Portugal. This initiative seems to be also inserted in the current agenda of the presidential elections in Brazil. In the declarations of the pre-candidate to the Presidency by PT, Dilma Rousseff, when questioned about the announcement of the main adversary, José Serra, to create two ministries. She answered that she

doesn't intend to increase nor decrease the current government structure. But evidenced the possibility to create the **Ministry of Entrepreneurship**.

But as I started referring in the beginning of my welcoming message, VCIT has been a space of reflection and critical analysis about the paths yet to go through to the benefit of the national entrepreneurial ecosystem. But is also the ideal space to recognize and applaud the most positive things in this scope.

And it was, definitely, very positive the **registered advances at the level of activity of Business Angels**.

On one hand we got the approval by the responsible of Program COMPETE, IAPMEI, with special merit to Dr. Nelson de Souza and Dr. Luís Filipe Costa, and the State Secretary of Tax Affairs, of a Business Angels Co-Investment Fund, in the amount of 43 million euro, which, as we had opportunity of verifying in the chart presented, will cover 230 Business Angels, inserted in 56 Vehicle Entities. Concurrently, this measure was approved by a tax stimulation correspondent to a 20% deduction of the investments made by Business Angels, to the limitation of 15% of the assessment.

Now it's important to gather efforts so that Business Angels can increasingly affirm themselves as privileged agents in entrepreneurship, in the scope of new business models that can successful face the challenges of the knowledge society.

This space has also been useful to distinguish publicly, through its personal example, the ones that make us believe that our culture has the sources to succeed. In each one of the annual editions of VCIT, we are proud to give the prizes Entrepreneur and Intrapreneur of the year; Entrepreneurial Autarchist and, also, Innovation and Internationalization to people that evidenced themselves in the previous year by contributing to the success of their Organizations and, consequently, to the increase of the Well-Being of the Society where they are inserted. I believe that, also this year, we have good reasons to keep this tradition of delivering prizes once that the people we will distinguish are absolutely deserving of our recognition and admiration.

To end, allow me to share with you the following feeling:

I have been referring, year after year, in this Congress and in many other events dedicated to this theme in which I participate enthusiastically, that entrepreneurship is not obtained by spontaneous generation. And, due to that, I repeat what I said in my initial words of this message: **entrepreneurship has to be fomented and supported with coherence and responsibility in action.**

And I expect action to happen very soon, in the operationalization of the set of measures of the four Venture Capital Funds launched in the scope of the Program COMPETE to the qualified entrepreneurship area in the same manner as the fulfilment of measures that I mentioned in an environment favourable to the launch of creative opportunities of great quality.

**It's with the result of the action that we make the path.**

I know well the thoroughness and tiredness of this path, but I dream and believe, like António Gedeão, in his Philosophical Stone, that the realization of this all is possible to reach if we don't deceive ourselves with incoherent words and actions and focus in a common effort of people, entities and companies **so that Portugal recovers its entity of country rich in traditions and inventions and can be the workshop of innovative and ambitious enterprises.**

So, it's with great honour that I declare open the works of this 10<sup>th</sup> VCIT.

To all, thank you so much.

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