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# Venture Valuation

Independent Valuation and Monitoring  
of high growth Companies

Patrik Frei, Partner & CEO

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## Overview

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- Company
- Reasons for a Valuation
- Qualitative Analysis
- Valuation Process
- Conclusion

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## Company

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- Independent, third-party valuation, assessments and monitoring of high growth companies
- Founded in spring 1999
- Offices in Zurich/Switzerland, Toronto/Canada and Munich/Germany
- Track record of over 50 valuated companies

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## Company

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- Not a venture capitalist
- Clients: Companies, Corporate and Venture Capital Investors, Incubators, Universities
  - ⇒ Novartis Venture Fund
- Combination of finance and industry expert
- Systematic / validated approach

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## Reasons for a Valuation

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- Basis for negotiations and decisions
- Periodical valuation of portfolio
- Communication between fund management and fund investors
- Buy or sale (acquisition)
- Merger
- Extraction of key value drivers

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## Valuation

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### Our services:

- Valuation Radar
  - ⇒ for VC, Corporate Investors
- Valuation Report
  - ⇒ for Companies and Investors

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## Valuation Report

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### Fundamentals of the Valuation

- Value = future earnings potential
- Key elements (qualitative analysis)
  - Management
  - Market
  - Science and Technology / Product
  - Company stage

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## Valuation Report

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- Soft factor driven
- Extract key value drivers
- Recommendations on how the company value can be increased (value based management)
- Implications for the future strategy
- Calculation of a value range



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## Qualitative Analysis

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- Management
- Market
- Science and Technology
- Company Stage

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## Management

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- Composition / complementary skills
- Track record / Experience
- Incentive structure / motivation
- Organization / ability to manage structure
- Composition and involvement of Board of Directors and Advisory Board

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## Market

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- Five forces by Michael Porter
  - Substitutes
  - Rivalry among existing competitors
  - Barriers of entry
  - Bargaining power of suppliers
  - Bargaining power of buyers
- Market potential

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## Science & Technology

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- Intellectual Property (IP)
- Stage of technology
- Competitive Advantages
- Technological partnerships & alliances
- Management of future innovation
- Ability to reach technological goals

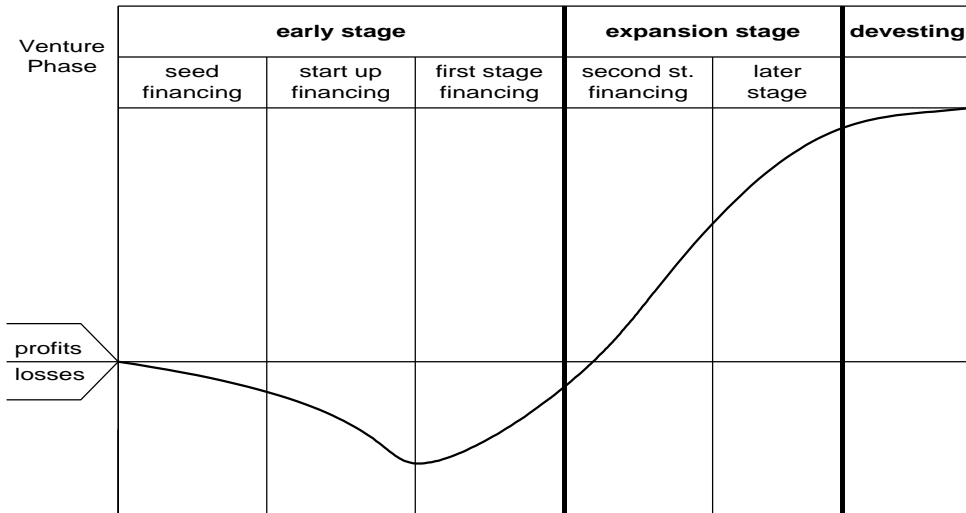
⇒ Cooperation with specialists

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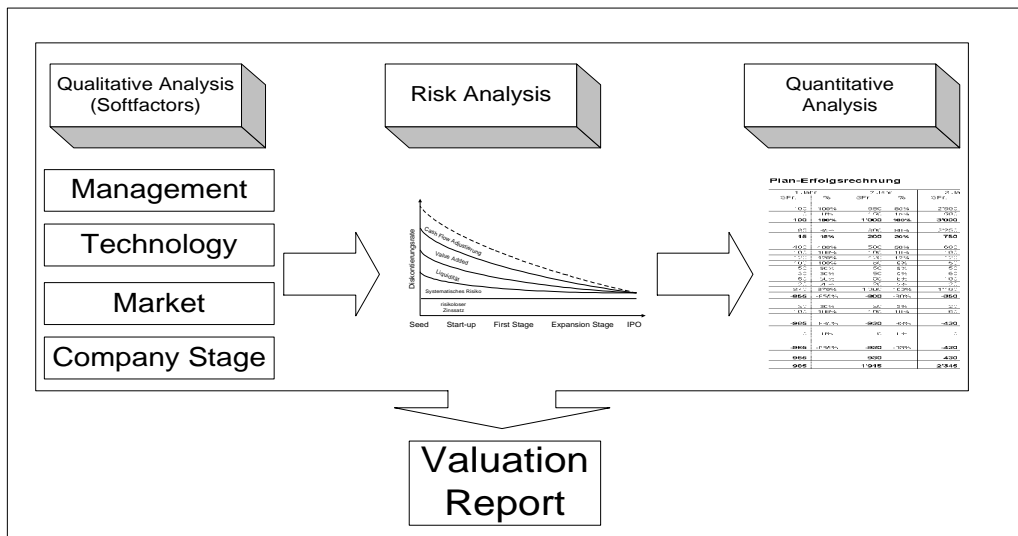
# Company Stage



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# Valuation Process



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## Conclusion

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- Pure objective valuation not possible
- Risk and potential as main components
- Important factors are
  - Management
  - Market
  - Science and Technology
- Funding for basic research not by Venture Capitalist

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## Thank you

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