

Siemens Venture Capital

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**K.E.Y.
PLATFORM
2014** April 23 – 24, 2014
Conrad Seoul, Korea





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Siemens Venture Capital Quick Facts

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SVC Quick Facts:

- Return oriented, strategic investor
- In operation since 1999
- Invested over Euro 900m
- Portfolio of
 - 150 start-up companies
 - 40 VC funds
- Geographic focus: North America, Europe, Israel and Asia
- SVC also manages the Private Equity (PE) allocation of the Siemens Pension Trust
- Team of 35 worldwide;
9 partners making direct VC investments
- Offices in Munich, Boston, Palo Alto and Beijing

Investment Focus:

- **Energy and Power Generation**
 - Emissions control
 - Renewable energies
 - Oil & gas exploration
- **Public Infrastructure and Cities**
 - Energy efficiency
 - Smart grid
 - Clean transportation
- **Industrial**
 - Engineering and manufacturing SW
 - Motor and drive technologies
 - Industrial automation
- **Healthcare**
 - Imaging technologies
 - Clinical diagnostics
 - Healthcare IT



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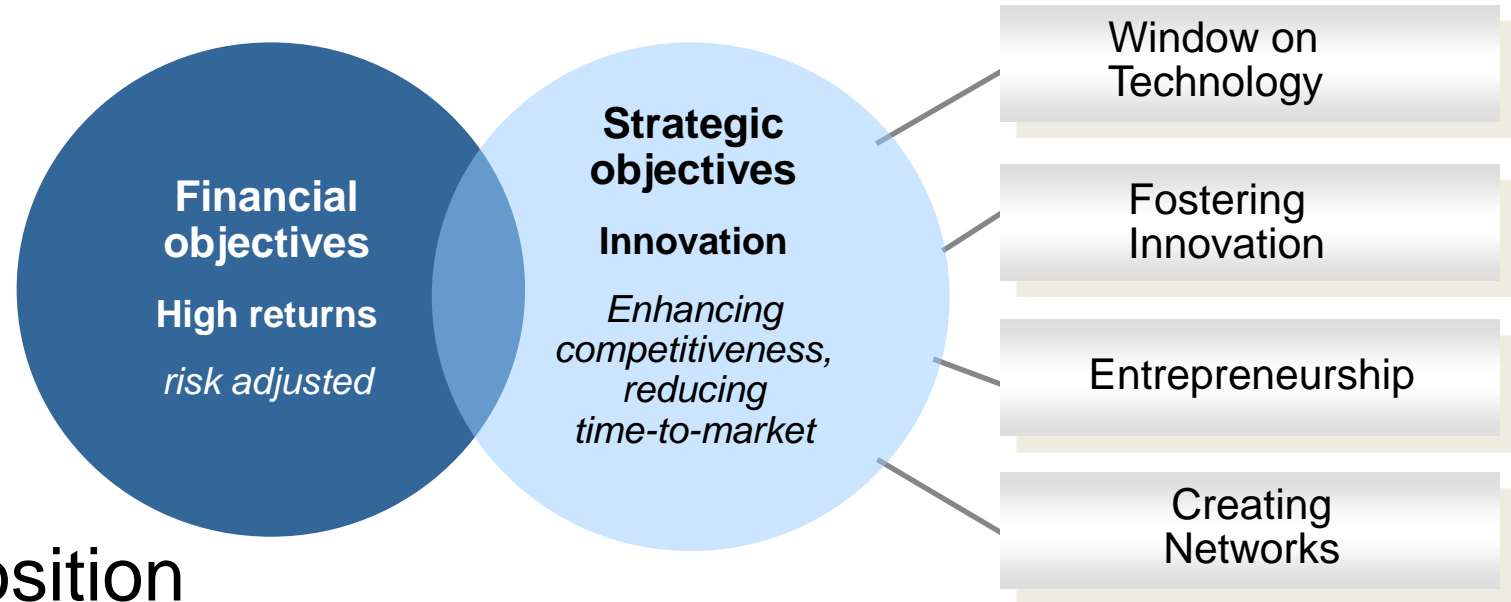
Siemens Venture Capital - Why Do We Do It?

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We invest in startup companies

- to enhance access to innovative technologies
- who complement internal development and
- thereby enhance the company's competitive position

- and not to forget: to achieve attractive financial returns!





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Siemens Venture Capital Investment Criteria

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- Market potential exceeds EUR 500m
- Likely to become a leader in this market segment
- Proprietary technology defended by significant barriers to entry
- Products solve a significant customer problem, with a clear ROI
- Achieved “proof of concept” for product or service; initial revenue traction
- Experienced and committed management team
- High quality investment syndicate; SVC as lead investor or follower
- Investment amount typically \$1.5 – 7.5m per financing round; 5-20% ownership
- Board seat or board observer rights
- IPO or trade sale with multiple potential acquirers achievable



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VC Considerations

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- Evolution vs. disruption
- Technology vs. capacity
- Price elasticity in the market
- Competition and barriers to entry
- Incentives and subsidies (non-dilutive funding)
- Capital requirement
- Holding period
- Where does the exit come from?
- Valuation metrics?
- How many success stories?

Risk

Reward

Ratio



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Survive the Valley of Death: Business Plan and Strategy

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- Prepare a detailed written business plan
... and realize that it will change
- Which are the key assumptions in your plan?
 - Technical milestones
 - Pricing
 - Cost
- What are the critical sensitivities in your plan?
 - If assumptions change, what is the impact?
- Which parts of the value chain do you need to cover?
 - Do it yourself vs. outsourcing
- When is the right time to launch your product?



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Survive the Valley of Death: Go-To Market

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- Why will customers buy your product?
 - Value proposition: need to have vs. nice to have
 - ROI
- How long is the sales cycle?
- Who makes the buying decision?
- How will customers buy your product?
 - Direct sales
 - Channel partners
- Smart marketing:
 - Customer references
 - Industry analysts
 - Media coverage
- How does your sales organization scale?



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Survive the Valley of Death: Financing Strategy

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- Pick the right investment syndicate and set expectations right: opex, revenue ramp, capital requirement, time to exit ...
- Smart money vs. just money
- Big piece of a small pie vs. small piece of a big pie
- Align interests to ensure all are in the same boat: management, employees, investors, board members
- Don't over-promise but over-deliver
- The Board of Directors is your partner...
... but get the right people on your board
- Share the good news right away...
... and the bad news even faster



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Benefits of Corporate Partnerships

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Start-ups offer ...

- Innovation strength
- Creativity - "Great ideas"
- Flexibility
- New technology
- Fast communication and coordination
- Entrepreneurship
- Cost advantages in R&D
- Good networking contacts in their environment

Strategic Partnership

Siemens offers...

- Sales channels
- Lead customer role, customer base
- Access to internal and external Siemens network
- Availability of resources - labs, technology and IPRs
- Value-add integration
- Manufacturing capacity
- Buying power
- Service network
- Standard setting committees



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A Win-Win-Win for Start-Up, Corporation and CVC

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Benefits for Start-Ups

- Introduction to Siemens business units
- SVC support in dealing with corporate partners
- Operational and strategic advice
- Our financial investment and our reputation

Benefits for Siemens Groups

- Partners strengthened by an equity investment
- A complementary view on emerging markets and technologies

Benefits for Siemens Venture Capital

- Enhanced value creation in portfolio company via strategic partnership
- Attractive financial returns on equity investment



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