



# Early stage investment and portfolio management

**Leiv Eiriksson Nyskaping AS**

MSc. Jan Erik Foss

*Investment Manager*

Såkorninvest Midt-Norge AS

Leiv Eiriksson Invest AS

[www.len.no](http://www.len.no)

## Jan Erik Foss, Investment Manager

- MSc. NTNU 1998, Industrial Economy, ICT
- Electrical engineer HiST, Telecom and Radio communication
- Consultant at Getronics AS (ICT).
- Chairman and director at boards of numerous technology companies (New Index AS, Comex AS, Avexxin AS, LingIT AS, Vectron AS)
- Navy officer, Vocational school - electronics
- Post educate courses: Strategic Management, Licensing of IPR, Project Management.

### Positions at LEN:

Present: - Investment Manager at LE-Invest / SIM

- Past:
- Managing Director of CONNECT Trøndelag (2005 – 2008)
  - Business development and commercialization of IPR and growth companies (2000 – 2005)

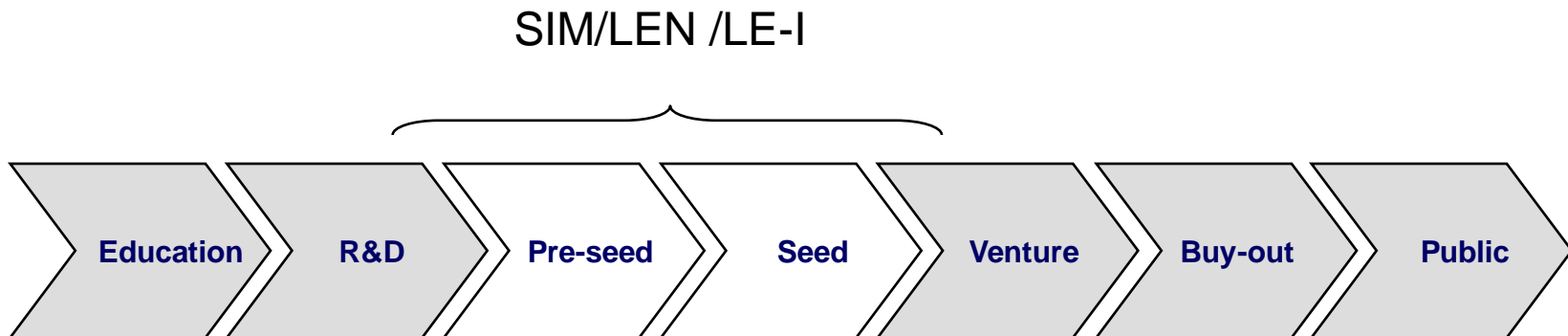
# Leiv Eiriksson Nyskaping AS

Leiv Eiriksson Nyskaping AS is an integrated innovation company that among other business activities manages and owns seed capital investment funds. Our company has been doing early stage investments since 1998 and has founded more than 70 new ventures and licensed some 65 technologies over the years. We are focusing on companies which have a high level of innovative ability and a potential for international growth. We invest in a broad range of industries and hold at the moment a portfolio of about 30 companies.

# Agenda

- Active ownership
- Our experience
- The investment offer
- Portfolio management
- Examples from our portfolio
- (Shareholders Agreement)

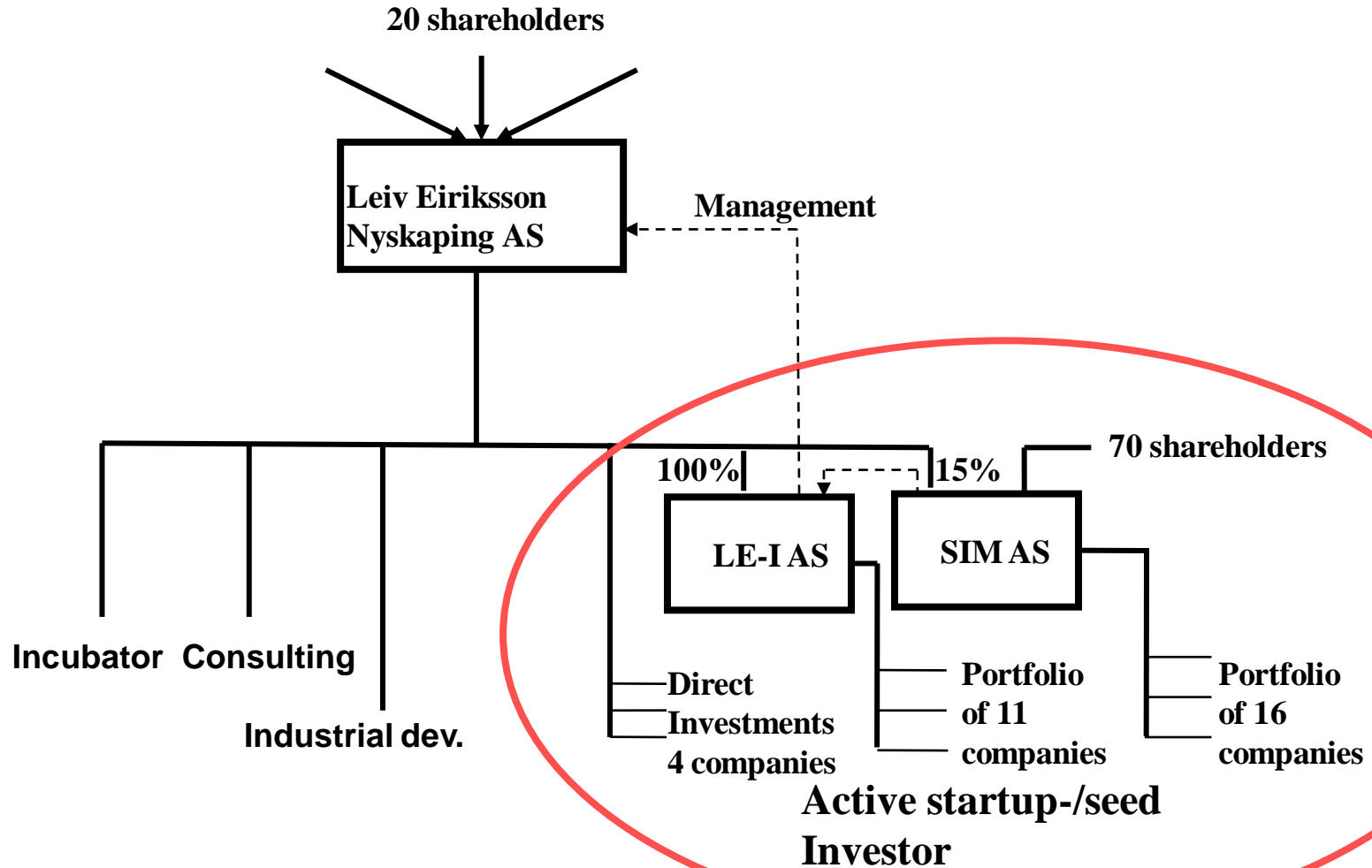
# Active ownership



- Leiv Eiriksson Nyskaping AS  
- pre-seed investments
- Såkorninvest Midt-Norge AS  
- closed fund, following up seed-/venture investments
- Leiv Eiriksson Invest AS  
- following up seed-/venture investments
- Managed by Leiv Eiriksson Nyskaping AS.

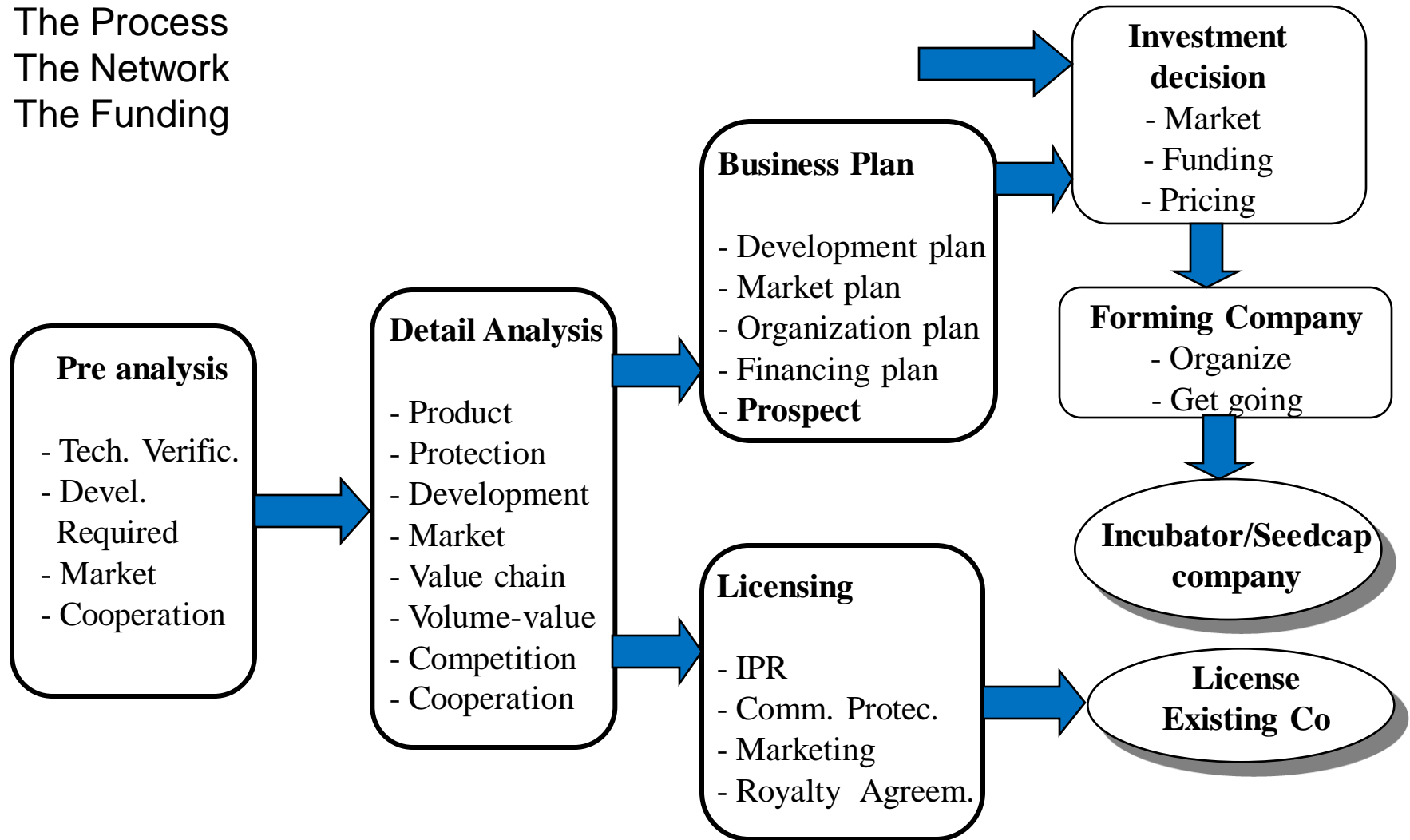


# Structure – LEN



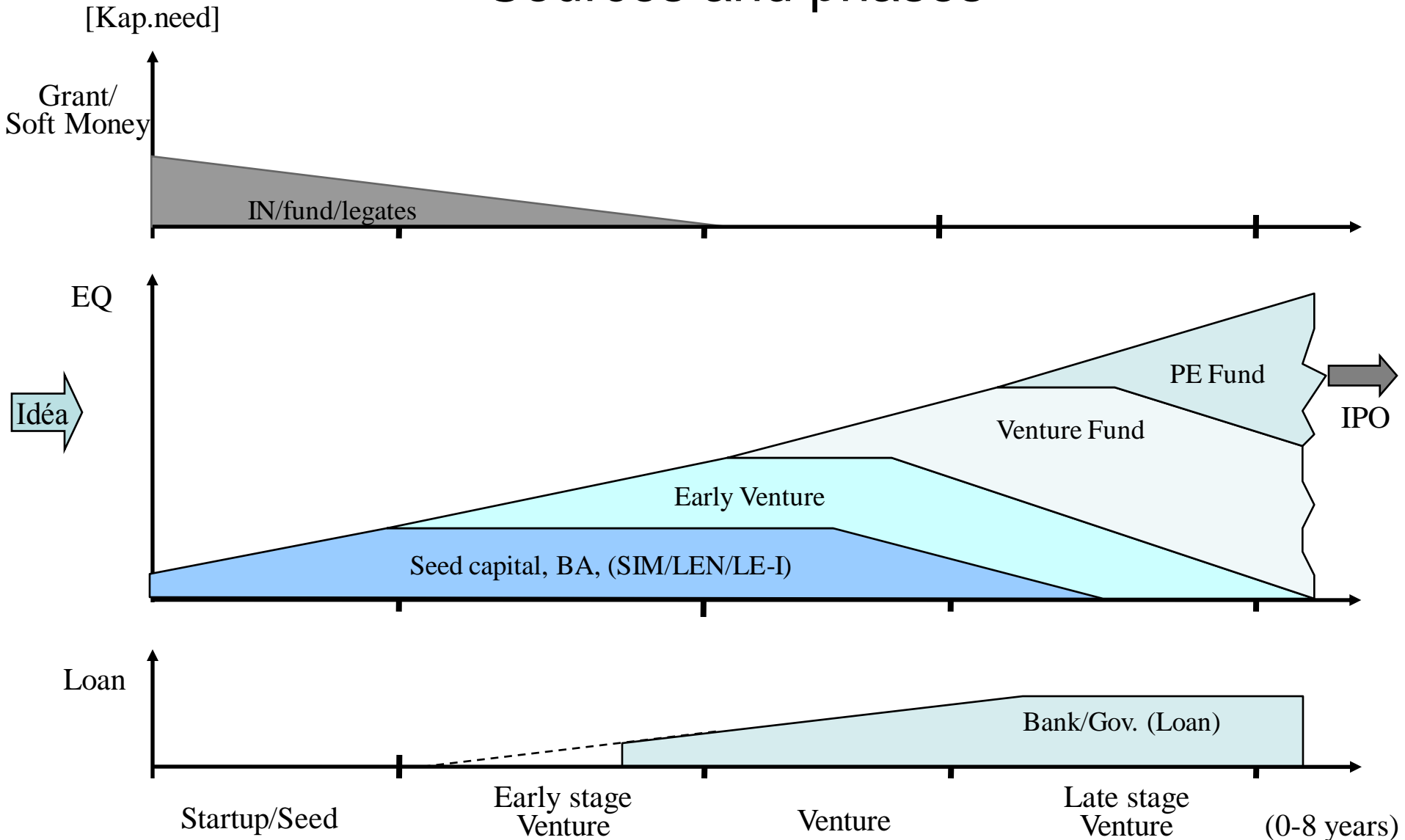
# COMMERCIALIZATION

- The Process
- The Network
- The Funding



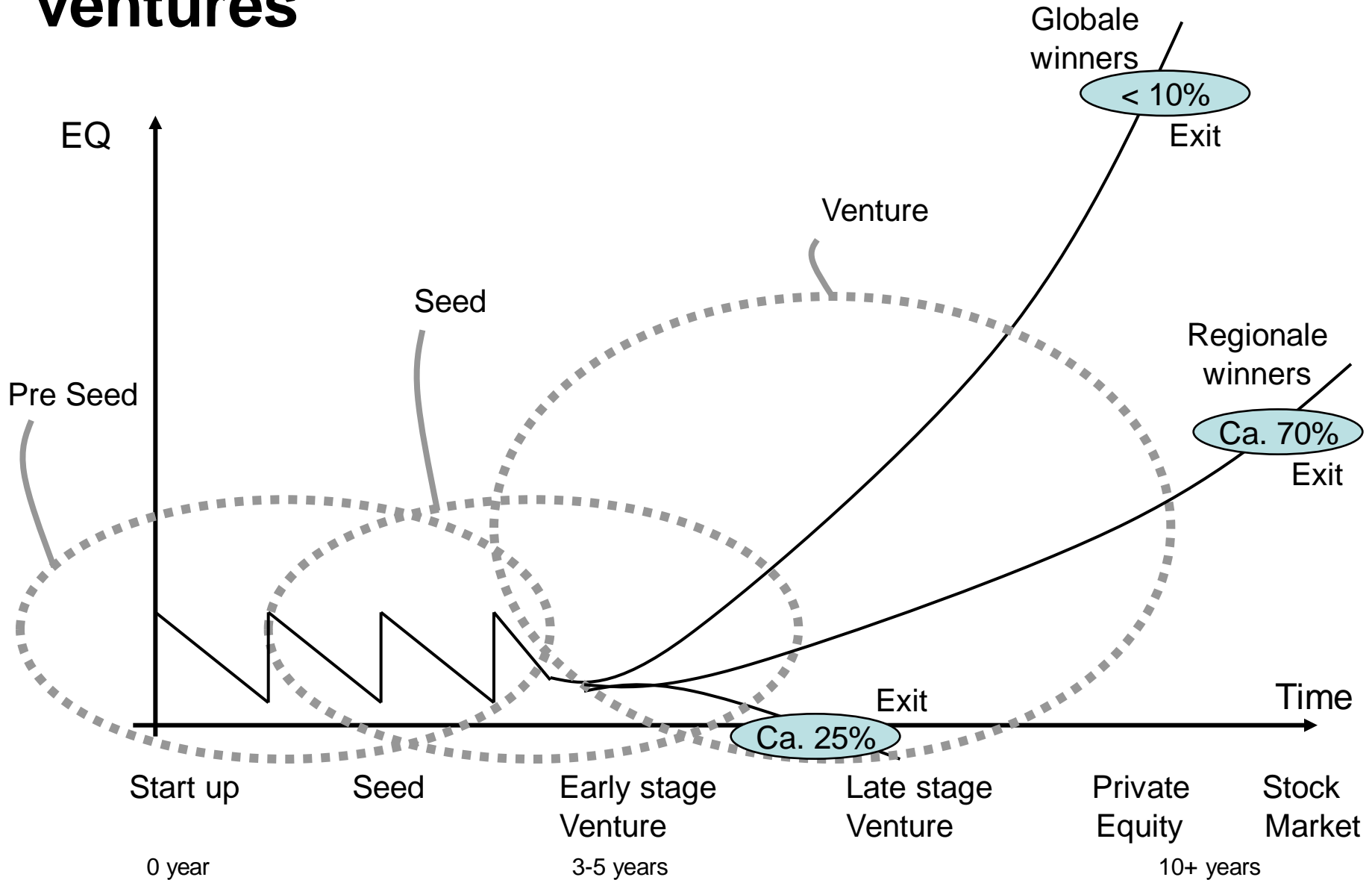
# Financing

## - Sources and phases





# Development of new ventures





# LEN's experience

Been operational since 1994

- Active and competent Seed investor since 1998
- Made 110 new companies operational – active invested in 70
- Currently involved in 30 companies as active shareholder
- Invested more than MNOK 120
- Generated co investors of MNOK 350
- Generated grants and risk loans of MNOK 100
  
- Licensed some 65 technology packages to a broad range of industries
- 17 operational licenses today
- Altogether 300 patents

# Portfolio





# The investment offer

- We represent more than 70 shareholders with a broad business knowledge.
- Our priorities are investments in new ventures within:
  - Information and communication technology
  - Marine, Offshore and Energy- technique
  - Food production industry, Fisheries and Aquaculture.
  - Medical Technique and Health
- Companies which have a high level of innovative ability and a potential for international growth.
- We have invested in 70 new ventures and are at the moment shareholders in 30.



# LEN as investor

- LEN have been doing early stage investments since 1998.
- The team has gained very relevant experience and competence in its business segment through acting as:
  - Advisor for startup companies
  - Active owners
  - Parts in M&A's and fund raising  
(Mergers, Acquisitions, Share issue - fund raising from industrial and financial owners).
  - Board positions
  - Strategy work
  - Exits
- The team has experience going back to 1984.
- Unique experience and competence in pre-seed and seed capital management.



# Early stage investments

- Initial investment

- LEN part of founding team
- Initially the founder as majority share holders
- LEN typically holds 15 - 30 % of the shares
- LEN normally pays a premium for the shares compared to the founders
- Work don by LEN (Sweat money) to be credited when going external
- Shareholders agreement to regulate the partnership
- LEN to appoint directors to the board – from our organization, network or our shareholders
- Supporting the administration in the initial phase

- Follow up investments

- Participate in share issue in the most promising companies
- Search for potential co investors and partners
  - preferably from our own shareholders
- Defining milestones / incentives



# Project evaluation

LEN does a first stage evaluation of all projects appearing to have a interesting business potential. In the evaluation we emphasize:

- The business and the business idea
  - The founder / the management team
  - Unique and scalable business idea that is protectable/patentable
  - Market potential
  - Working prototype - technology some how verified
  - Exit possibilities
- Project maturity
  - Startup phase, LEN part of founding team
  - Participating in establishing the company
  - Latest entering in the first round of external fund raising
- Business/segment.
  - Strong regional advantages, cluster in the region
  - Regional networks, market relations, competitiveness

# Portfolio management

- We support our companies by providing them with services, advising and consulting them in many different ways:







# Portfolio management

- In the early phase of the companies LEN often is the only professional investor among the shareholders. A demanding position for LEN.
- Examples of what we do in the portfolio:
  - Klapp Media AS – Negotiations in the process of selling the company
  - Crusin AS – Establishing strategically industrial partner in Germany
  - InfoFinder AS - Negotiations and execution of MNOK 15 share issue
  - Resonator AS - Negotiations in the process of selling the company
  - Comex AS - Establishing of daughter company in Poland for prod.
  - New Index AS – Negotiations in MNOK 12 share issue in two trances
- The portfolio companies are categorized according to expected potential.
  - We spending resources (time and money) on the companies according to the companies potential.
- We also use partners and external network in the management of the portfolio companies.

## Exits

<u>Company</u>	<u>Year</u>	<u>Buyer</u>
New Index AS	2011	Seiko Epson
Norsk Helseinformatikk AS	2011	Bonnier
Adactus AS	2010	Vizrt
Resonator AS	2007	CG Holding
Systems in Motion AS <sup>(1)</sup> (3D-Holding)	2007	Sense Intellifield Kongsberg Maritime
Market Audit AS	2007	MBO
Klapp Media AS	2006	Local private investor


*(1) plus earn-out*



Selskap
Advanced Biopolymers
AidCom
Aluminium Heating
Bizgames
Avexxin
Boost Communication
Byks
Ceetron
Comex
Complex Flow Design
FIN (Crusin)
Glasur
Dossier Solutions
Fieldbus International
GinTel
Temasi
InfoFinder
PPM
KeraNor
Lingit
Maritime Robotics
Vectron Biosolutions
Ventiq
PPM
SmartMotor
Sonowand
Temasi

# Portfolio

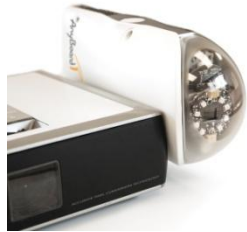


NEW INDEX 

**Short presentation**

# New Index makes any projector into a virtual interactive whiteboard (IWB).

## Solution (product name: AnyBoard)



Regular  
projector

Camera  
unit



Pen

Consists of pen and camera unit

Can be used together with any projector

Camera as separate unit or built into the  
projector

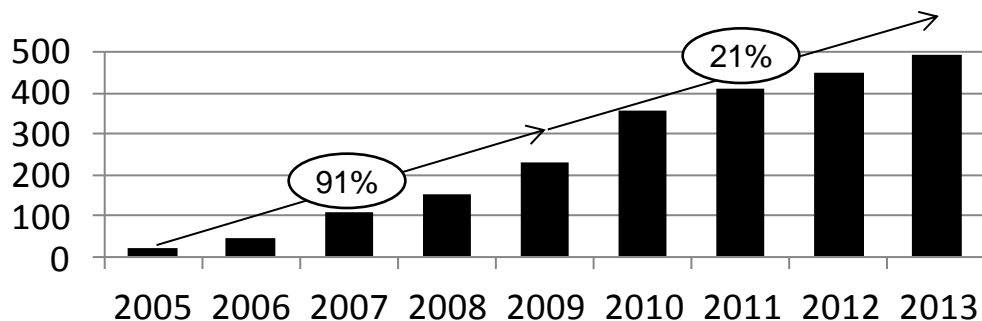
Patented technology

## Advantages vs other IWB solutions

- + No physical whiteboard required
- + It's virtual – write on any wall
- + No hardware installation required
- + No software installation required – push a button on the pen and it's calibrated
- + Intuitive use – no training required
- + High precision and fast tracking

# New Index enables projector OEMs to enter the fast-growing IWB market

IWB market experiences strong growth...  
IWB sales volumes (thousands), EMEA excl UK



New Index gives projectors full IWB functionality

- New Index' camera unit can be built into or bundled with the projector
- Virtual whiteboard with high precision and fast tracking that ensure same quality level as physical boards

...while projector OEMs look for ways to position themselves in the market

- The projector and IWB markets are closely connected
- IWB market dominated by pure play IWB OEMs
- Projector OEMs seek to avoid margin pressure, and IWB integration is a hot topic in the industry



# New Index summer 2011

- **Team**
  - New management team established
- **Product**
  - In production. Ready for sale/shipment
- **Commercialization**
  - 2 step strategy:
    - 1) Direct sales (Nordic region first)
    - 2) *OEM bundle/integration*  
(*Process ongoing*)



# Exit for New Index shareholder Q3-2011

- New Index established by SIM and founder in Q1-2003
- Seiko Epson acquires 100% of the company Q3-2011
- Attractive deal for the shareholders
- ~ 6 mill. EUR invested by old shareholders
- IPR a value driver in the negotiations
  
- New Index team realize integration strategy
- Integrated product launched in the market Q1-2012



Source: New Index



# The Example Avexxin AS

Leiv Eiriksson  
Invest

## Avexxin AS

Trondheim, Norway

[www.avexxin.com](http://www.avexxin.com)

Established 2005

avexxin



Avexxin is a pharmaceutical company focused on developing and commercializing novel small molecule therapeutics for patients with chronic inflammatory conditions. Avexxin's advanced understanding of the biology of the inflammatory process has resulted in a novel therapeutic approach for the treatment of psoriasis and other inflammatory disorders (arthritis). Avexxin's discovery and clinical development expertise is providing disease-modifying drugs addressing inflammatory disorders that are not adequately treated with existing therapies.

fighting inflammation

## Vectron Biosolutions AS

Trondheim

Telefon +47 95027449

[www.vectronbiosolutions.com](http://www.vectronbiosolutions.com)



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Vectron Biosolutions AS har en revolusjonerende ny teknologi, såkalt rekombinant DNA teknologi, som gjør det mulig å produsere proteiner langt mer effektivt og billigere enn i dag. Teknologien anvendes i første rekke til produksjon av terapeutiske proteiner/medisiner blant for behandling av aidsyke, kreftpasienter, blødere og mennesker med osteoporose. Proteinene brukes også i industrien, for eksempel i babymat, i vaskemidler og i linsevæske.

Etablert 2008

## Comex AS

Rud

Telefon +47 67 56 39 37

[www.comex-group.com](http://www.comex-group.com)

Etablert 2003

The logo for Comex, featuring the word "Comex" in a bold, red, sans-serif font.

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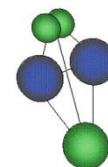
Comex AS utvikler og selger maskinsystemer for fremstilling av fine partikler i mikron størrelse, samt optisk sortering systemer for separasjon og identifisering av større partikler og objekter. Produktene anvendes i prosessindustri og særlig i mineral-, elektronisk-, farmasøytisk- og kjemisk industri. Selskapet utfører også tjenester og annen virksomhet som står i naturlig forhold til dette.

# Crusin AS

Trondheim

Telefon +47 73 59 27 11

Etablert 2003



CruSiN as

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CruSiNs forretningside er å utvikle, og selge et nytt gjenbrukbart smeltingedigel-konsept for produksjon av silisiumwaferer for solcelleformål.

Forretningsideen er unik fordi det ikke finnes slike digler på markedet i dag. I dag brukes smeltingedigler av kvarts. Disse er dyre, kun til engangsbruk og introduserer unødig høye kostnader for brukerne.

Med det nye digelkonseptet skal CruSiN bidra til å realisere en signifikant kostnadsreduksjon for kundene.

# InfoFinder AS

Trondheim

Telefon +47 73 19 05 90

[www.infofinder.no](http://www.infofinder.no)

Etablert 2000



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InfoFinder AS (tidl. Mediaport AS) er et trondheimsbasert programvare-selskap som har utviklet InfoFinder – en komplett bedriftsintern søkemotor for enkel gjenfinning av informasjon. Produktet er spesialtilpasset små og mellomstore bedrifter og er i dag installert hos en rekke kunder i Norge, Sverige og Danmark.

# LingIT AS

Trondheim

Telefon +47 73 55 08 51

[www.lingit.no](http://www.lingit.no)

Etablert 2001



lingIT

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LingIT skal selge teknologi og kompetanse til anvendelser hvor effektiv språklig kommunikasjon mellom menneske og maskin skaper betydelig verdi for bruker og tjenesteyter/tjenesteleverandør. LingIT vil i utgangspunktet gjøre dette basert på tre eksisterende anvendelser: En effektiv stave-kontroll, et system for spørsmål og svar i naturlig språk mot store og komplekse datamengder, samt et system for automatisert håndtering av store dokumentmengder.

## Gintel AS

Trondheim

Telefon +47 9134 4574

[www.gintel.no](http://www.gintel.no)

Etablert 2001



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Firmaet leverer programvare produkter for verdiøkte telefonitjenester som:

- Virtuelle call sentere
- Virtuelle sentralbordfunksjoner.

Produktene leveres til teleoperatører og tjenestetilbydere over hele verden. Disse er typisk mobil, fastnett eller IP nett operatører. Gintels kunder installerer og opererer programvaren i sine telenett og produserer tjenester til abonnenter i forretningssegmentet.

Gintel har sin bakgrunn fra Telenor og er et internasjonalt produktselskap.

# Adactus AS

Trondheim

Telefon +47 911 76 535

[www.adactus.no](http://www.adactus.no)



Adactus AS utvikler og selger en multimedia plattform med fokus på håndholdte terminaler. Plattformen er basert på moderne åpne standarder for video og telekommunikasjon, og er spin- off ifra NTNU.

Adactus leverer programvare til mobiltelefonen, en komplett serverløsning for mobil innholdsleveranse, og integrerer sømløst mot multimedia innholdsproduksjon

Selskapet samarbeider med Vizrt, som er verdens ledende leverandør av 2D- og 3D kringkastingsgrafikk. Dette gir Adactus AS god markedsadgang til et viktig marked.



Etablert 2004



# Ceetron ASA

Trondheim

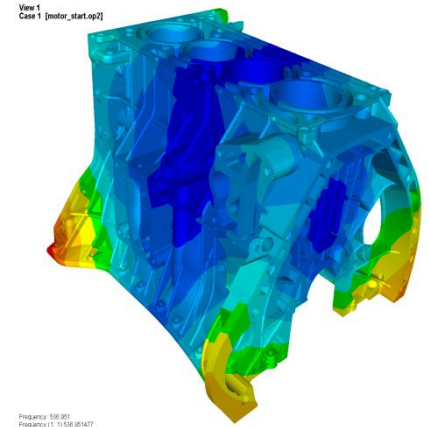
Telefon +47 73 54 61 50

[www.ceetron.com](http://www.ceetron.com)

**ceetron**  
understanding by visualization

Ceetron ASA utvikler og leverer teknologi for avansert 3-dimensjonal (3D) visualisering beregnet for virtuell prototyping og simulering. Produktporteføljen omfatter både programvare for utviklere og sluttbrukerprodukter.

Bedriftens teknologi benyttes av kunder innenfor energi-, marine- og bil-industri over hele verden.



Etablert 1996

## Maritime Robotics AS

Trondheim

Telefon +47 73 40 19 00

[www.maritimerobotics.com](http://www.maritimerobotics.com)



Maritime Robotics develops and delivers Unmanned Surface Vehicle (USV) systems for maritime data acquisition using various customer specific sensors. USV systems are a safe and cost effective support to your maritime operations. The USV has many potential applications, but we are initially focusing on seabed monitoring, hydroacoustic positioning and AUV support for the geophysical industry.

Established 2005

# Shareholders Agreement



- A shareholders agreement is an agreement amongst the shareholders of a company.
- In addition to the constitutional documents of the company.

## Way shareholders agreement:

- a shareholders agreement are normally confidential between the parties.
- generally cheaper and less formal to form, administer, revise or terminate.
- a company's constitutional documents are normally available for public inspection.
- a instrument that seeks to better protect the investors position.
- freedom to chose different country's jurisdiction (law).

# Shareholders Agreement



1. SHARE DISTRIBUTION	
2. PRODUCT RIGHTS	• IPR
3. CONFIDENTIALITY AND COMPETITION	
4. MANGEMENT, LEADERSHIP AND PERSONNEL	• Lock up
5. FURTHER DEVELOPMENT OF OWNERSHIP INTERESTS	• Voting rules
6. TRANSFARE OF SHARES	• Drag-along • Tag-along
7. COMPANY'S BOARD	• Representation
8. BREACH OF AGREEMENT	
9. DURATION OF AGREEMENT	• New shareholders
10. DISPUTES	• Governing law

# Shareholders Agreement



## 1. COMPANY CONCEPT AND MAIN AIMS

## 2. SHARE DISTRIBUTION

Definition of employee shareholder and financial shareholder

## 3. PRODUCT RIGHTS

No employee or other third party has the right to exploit the technology and product concept other than through the company.

Products, patents etc., which are developed, become the property of the company.

## 4. CONFIDENTIALITY AND COMPETITION

The parties agree to safeguard normal commercial confidentiality .....

Investors have a duty to inform should they wish to become involved in the establishment of similar or related business activities.

## 5. MANGEMENT, LEADERSHIP AND PERSONNEL

.....management will continuously be considered in accordance to present requirements.

Non compete clauses – on founders

## 6. FURTHER DEVELOPMENT OF OWNERSHIP INTERESTS

.....not to sell shares during the agreement period unless .....(Lock-up)

Share issue - In the case where shareholders do not wish to acquire further equity from future share issues during the period of the agreement, they undertake to forego their options in favour of new shareholders.

Voting regulations - No single shareholder can vote for more than 33% of the total shareholding at any annual general meeting.

Tag along

Drag along

Price floor

Anti Dilution

# Shareholders Agreement

## 6. FURTHER DEVELOPMENT OF OWNERSHIP INTERESTS

All sale of shares will in other respects be traded at market price and in accordance with the Company's rules and current legislation as defined in Equity and Company Law. (First right of refusal for existing shareholders).

New employees to buy shares.

If a shareholder, who acquire shares in the company by conditions of employment, leaves the company's employment during the agreement period he must sell back 50% of his shares to the company at cost price.

## 7. COMPANY'S BOARD

Each shareholder with more than 10% of the share capital has the right to nominate one board member and shareholders with more than 1/3 of the share capital has the right to nominate two board members.

## 8. BREACH OF AGREEMENT

Should the company be dissolved during the period of the agreement the company's resources shall be divided amongst the shareholders in accordance with their invested capital.

## 9. DURATION OF AGREEMENT

This agreement shall be valid for .....Years or until the partners unanimously agree to something else.  
This agreement is binding for new shareholders.

## 10. DISPUTES

Governing law - arbitration in Trondheim in accordance with Norway's Law on Disputes and Arbitration, chapter 32.