

12th VCIT
19/06/2012

WELCOMING SPEECH

Mr President of IAPMEI,

Mr President of Banco Popular,

Mr President of SPGM,

Mr President of CIP,

Mr President of Executive Commission of COMPETE,

Dear Guest Speakers,

Investors and Entrepreneurs attending,

Ladies and Gentlemen,

Today we celebrate 12 years of work and service, rendered not only to the Entrepreneurial Community but also to investors, both institutional and from the Business Angels Community, expanding greatly in the several associations throughout the country.

And this congress has that feature of being, simultaneously, a focus of several centralities, gathering entrepreneurship, innovation and financing in a sole venue gathering ideas and sharing knowledge and good practices.

Acknowledgments

Dr. Luís Filipe Costa – President **IAPMEI**

Dr. Rui Semedo - President **BANCO POPULAR**

Dr. José Fernando Figueiredo – President **SOCIEDADE PORTUGUESA DE GARANTIA MÚTUA**

Sr. António Saraiva - President **CIP – Confederação Empresarial de Portugal**

ABREU ADVOGADOS

APCRI

Agência Municipal DNA Cascais

Ladies and Gentlemen,

One of the great starting points of this congress is to challenge everyone that is here today, to look at the present with **creativity** and rethinking the current models, setting aside any bias that can show a reductive vision to overcoming the crisis.

Creativity is the entrepreneur's basic essence and, so, human beings are entrepreneurs because their wish to create is inherent to their DNA.

However, this does not justify the way as we speak about, and as we face today, entrepreneurship as if it was a simple escape measure to unemployment or, more than that, an automatic solution to economic recovery.

Entrepreneurship can be faced as a long term bet that should be initiated in the basic teaching curricula and go through the several teaching levels, allowing that children and young people, since early years, try out and are challenged to develop entrepreneurial features.

Besides that, and as I stated several times when I speak about entrepreneurs: "**the strength of an idea is measured by its reach and acceptance, but also by the support actions' efficacy to those ideas aiming to making it real**".

The creation of a **State Secretary to Entrepreneurship** is, without any doubt, a sign that Portugal is in the right track. Another good sign is the extensive set of actors that have emerged to influence and support Entrepreneurship in Portugal– each one in its way and with its resources – Entrepreneurs.

Throughout the country we see Municipalities, Universities, **Business Angels Associations – whose members have a co-investment fund with 42 million euro to invest until June 2013** in

new companies – Business Incubators, accelerators, Crowdfunding Platforms, among many others, that provide support offices, specialized training, free consulting or greater access to capital, which shows to be effectively in a good path to a more complete and healthier Ecosystem.

We can't forget that it's absolutely indispensable to "oil" well this Entrepreneurial Ecosystem if we want it to assume it as a **true engine of change to give us back trust in the future**.

Getting back to the focus of this Congress – **Creativity** – we have to have in mind that creativity is to question reality and seek new solutions to overcome problems and challenges, it's to try new ways to search capital, new ways of investing and co-investing, new business models and new management methods.

It's important to evidence that, in crisis periods, we search for investment alternates as **mezzanine operations** in which joins the debt and equity capital features, frequently assuming the way of subordinated loan or convertible in capital or to **quasi-equity** in which equity is joined with income from sales.

Resorting to capital market, via **Alternext**, is surely another alternate financing source to Portuguese start-ups, allowing them the access to a financial community that can contribute to reinforce equity capital, shares liquidity and captivate new investors.

In this context, it's extremely important to create a fund to liquidity of the quoted SMEs which was announced in the Great Operations of the Plan to 2010-2013, in the scope of a partnership between IAPMEI and NYSE Euronext – Alternext Lisbon, promoting thus a smaller dependency of bank financing and reinforcing the capital structure to SMEs.

Another alternate that can be interesting to Portuguese start-ups is resorting to **Service Financing** (example: computing and software), in renting regime, allowing to the company to seize the return that its investment can generate in sales, paying for the service in a dissolved manner.

There are also some other initiatives directed to **job creation** aimed mostly to unemployed and young people that intend to create their own job and that believe in their skills. I remember

particularly of the protocol line between CGD, Mutual Guarantee Societies (SGM) and Investment Society (SPGM) which allow rewarded financings of 7 years up to 100.000€ (Microinvest e Invest+).

However, I believe that among the several financing alternates to start-ups, **Business Angels** are the ones taking most investments as excellence in new business financing. To prove this, we have **40 investments** made in **34 companies**, amounting **7.3 million euro**, in the scope of the Business Angels Co-Financing Program promoted by COMPETE, that reached a total of 43 million euro of available funds and an involvement of over 200 Business Angels and 54 Vehicle Entities.

Comparing these data to the ones available about **investments made by Venture Capital Companies**, the difference is evidenced, once although the companies have more money to invest (with a total of **187 million euro Available Funds**) they are making it a lot less than Business Angels (**10 projects** amounting **5 million euro**), privileging **investments in the more advanced development stages of the companies** and not betting in seed and start-up capital.

I also hope that the Strategic Program **+E+I and the recent approval to set up the National Council to Entrepreneurship and Innovation**, can contribute to implement in our country three of the driving forces of an entrepreneurial culture: introducing methods in the education system that potentiate the sharing of entrepreneurial skills; the development of differentiating individual capacities; betting in creativity and in new manners to make things in any activity sector.

So I believe that the strategic perspective underlying to this program will be reflected in the start-up of new companies, sustaining a lot of dynamic businessmen and realizing that teaching systems imprint, in education and in the way of living of young people, the value of entrepreneurial feeling.

I also hope that the Public Venture Capital Reform, inserted in the package of economy financing measures, can be translated in an effective support to projects with “good teams and that are well thought through”.

However, and before all of this – initiatives, strategic programs, business models – there is a previous requirement to verification, without it any of this works.

First, it's important to any of us **reflect their own competences** and know which kind of "entrepreneurship" to adopt: create a company? Reconvert professionally? Renegotiate your job with the company management? Move away from where you live?

This condition is essential so that our option is much more than a bet in a viable business around an idea and that is, above all, a source of motivation and personal fulfilment, needed to overcome every challenge that will appear.

I think that this Congress wouldn't be better to **reflect**. That's why debate and sharing are so important!

To all of you, thank you so much.

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