

ANGEL INVESTOR

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IN THIS ISSUE:

V4 SYNERGY
FOR EU STABILITY

TRANSITIONING
FROM CEO TO
ANGEL INVESTOR

FIGURING OUT
FINTECH FUTURE
FOUR

HIGH-IMPACT
MICRO-ANGELS
BRIDGING GAPS

QUEEN MÁXIMA

OF THE NETHERLANDS PROMOTES
GLOBAL FINANCIAL INCLUSION AS
A SPECIAL ADVOCATE FOR THE UNITED
NATIONS SECRETARY GENERAL





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The Year for Angel Investment

The 2018 edition of Angel Investor contains valuable insights and the latest news linked to Angel Investing around the world. Chairman of WBAF, Baybars Altuntas, kicks off this year's publication by taking a look at the 6 reasons why 2018 is the year for Angel Investment to reach new heights.

Angel Investment is far from a new concept. Yet, it is only in recent years that the number of Angel Investments taking place has grown exponentially, now reaching a point where many world leaders recognise it as an essential ingredient in strengthening the global economy. Notably, G20 leaders announced their focus on Angel Investment in 2017, stating that such forms of investment would be central to the development and stabilisation of the global economy. Here is why 2018 is THE year for the Angel Investment community.

1. FAMILY OFFICES AND WEALTH MANAGEMENT INSTITUTIONS ARE BOOMING GLOBALLY

Statistics reveal that there are over 10,000 active single-family offices in the world, at least 50% of which were launched in the last fifteen years. Families tend to be valued at between USD \$100m and \$500m in order for a single-family office to be deemed financially viable. On the other hand, multi-family offices offer affordable management services for families with assets in the region of USD \$50m. Over the next three decades, North America

alone is projected to see approximately USD \$30tn worth of assets being transferred from the baby boomer generation to their various beneficiaries.

2. THE NEW RULES OF WEALTH MANAGEMENT

Families who make use of wealth management services have a dual responsibility. Firstly, to know where their money is going; and secondly, to know their relationship to it. But until recently, there have been almost no family office portfolios that have included early-stage investments.

"Over the coming year we will see more Angel-backed investments in diversified family office portfolios."

This means that networks and communication between family office portfolio managers and early-stage equity market players - such as Angel Investors and Accelerators - must increase. Over the coming year we will see more Angel-backed investments in diversified family office portfolios.

3. THE RISE OF THE SECONDARY MARKET

The world's capital markets are faced with exponentially growing secondary markets. Because of the vast expense and time sacrifice involved to reach liquidity through IPOs, developed countries are seeing a considerable surge in alternative approaches. The majority of these solutions involve regulated and unregulated secondary markets. We are set to see more global challenges and opportunities in regulated and unregulated secondary markets, easing access to finance for startups, scale-ups, high-growth businesses and SMEs.

4. ANGEL INVESTMENT AS A NEW INVESTMENT INSTRUMENT FOR ISLAMIC FINANCE

By the end of this year, it is projected that Islamic financial assets will amount to USD \$2.7tn, which will constitute 2% of the world's total assets. On top of the local and worldwide figures in capital markets, Islamic banks are due to see gains as a result of this growth. An examination of Islamic investment portfolios and assets shows that, similar to the world's family offices, there is little trace of early-stage investments. Angel



Investment has the advantage of being completely in keeping with Islamic investment principles, but curiously, has yet to be recognised by the Islamic finance ecosystem. One of the reasons Angel Investing is predicted reach a market size of USD \$50bn in 2020 is because the Islamic finance ecosystem is expected to take more interest.

5. THE G20 AGENDA ON ANGEL INVESTMENT AND EARLY STAGE INVESTMENT MARKETS

In order to advocate for innovation and sustainable industrialisation, accessible financial services and investment are crucial. It has been estimated by the IFC that there are between 360 million

and 440 million MESMEs (micro, small and medium enterprises), both formal and informal, in the world. World Bank Enterprise Surveys found that the majority of such companies said that a lack of access to financing was one of the primary factors contributing to their stunted expansion. Furthermore, the proposals passed by G20 leaders in Hamburg last year referred to the importance of Angel Investment as an accessible finance source that would support the entrepreneurship ecosystem and economic stability.

6. REGIONAL FOCUS: THE V4 EARLY STAGE INVESTMENT MARKET AND CONNECTING THE INTERNATIONAL VISEGRAD FUND WITH GLOBAL CAPITAL MARKETS

Hungary currently holds the rotating presidency of Visegrad Group. The group's motto 'V4 Connects' represents the ways in which it unites its four member nations (Hungary, Poland, the Czech Republic, and Slovakia) economically, politically, and culturally. They focus on issues of connectivity, such as enhancing energy and transport links and developing an innovative and united region that is prepared for the digital age. V4's presidency also aims to develop stronger relationships between the V4 and its other partners, both in and outside of the EU. It advocates for the functioning of the International Visegrad Fund, and is expected to prompt the renewal of schemes that award mobility scholarships - all of which provide opportunities for startups and researchers.

2018 will be a significant chapter for Angel Investing, adding to the many success stories throughout the history of Angel Investing that have already been achieved.

Baybars Altuntas

BAYBARS ALTUNTAS

CHAIRMAN OF THE WORLD BUSINESS ANGEL INVESTMENT FORUM

Financial Inclusivity Unlocks the Potential for Innovation

Queen Máxima of the Netherlands advocates for financial inclusivity as a vital tool for global economic development, powerfully positioning the WBAF Annual Congress 2018 as a catalyst for meaningful developmental advancement.

For all the challenges facing today's world, there has never been a time with as many opportunities for innovative development. The world may be plagued with inequality, threatened by looming environmental disaster, and left vulnerable by diminishing natural resources; but it is also a time where more people are better educated than ever before, and creative new technologies and financial mechanisms are being developed to solve the problems we face.

Around the world, public figures regularly commit themselves to the acceleration of economic development in their respective regions. After all, economic development is not a phenomenon that simply transpires; it is a product of small, significant steps forward in equality, job creation, access to finance, and entrepreneurial support, which all aggregate to help nations flourish. Her Majesty Queen Máxima of the Netherlands stands out as a public figure who is at the forefront of improving the economic prospects of many. In Her Majesty's role as the UN Secretary General's Special Advocate for Inclusive Finance for Development (UNSGSA), she has travelled the globe promoting

innovation and infrastructure development for greater financial inclusion.

For Angel Investors this is welcome news; HM Queen Máxima's work is building a more robust financial ecosystem, unlocking entrepreneurial talent and creating opportunities for Angel Investing to grow in developing markets. Homegrown solutions for localised issues often achieve greater success – and more homegrown solutions are possible as local Angel Investment ecosystems mature. The symbiotic relationship between developing financial inclusion and growing Angel Investing is valuable for all economies.

“Homegrown solutions for localised issues often achieve greater success – and more homegrown solutions are possible as local Angel Investment ecosystems mature.”

With a background in investment banking, Her Majesty's profound interest in development is evidenced in the myriad of roles she has embraced over the years. Among them, serving as an honorary patron of the G20's Global Partnership for Financial Inclusion; a member of the Netherlands Committee for Entrepreneurship and Finance; and serving as a Global Agenda Trustee for the World Economic Forum's Global Challenge Initiative on the Future of the Global Financial System.

In alignment with the WBAF global agenda, Queen Máxima emphasises the importance of global partners working together to raise awareness, forge collaborations, break down barriers, and build agendas to achieve meaningful global economic development.

She advocates on the global stage that inclusive and accessible finance transforms lives - a reality that has been observed in a great number of instances across the globe.

Perhaps the most impressive example is that of Kenya, where access to mobile money has lifted 2% of Kenyan households out of poverty since 2008; and has empowered over 185,000 women to leave subsistence farming to start their own businesses.

In addition to advocating within the conventional parameters of financial >



Queen Máxima of the Netherlands,
the UN Secretary General's Special
Advocate for Inclusive Finance for
Development.



Queen Máxima, the UN Secretary General's Special Advocate for Inclusive Finance for Development, visits the UNHQ.

services, Her Majesty is also a public supporter of the early-stage investment market; citing entrepreneurship, social justice, and FinTech innovation as key mechanisms for economic development. She comments, “we know that SMEs are the drivers of growth, innovation, and job creation. The growth and success of SMEs is of utmost importance to combating unemployment and exclusion. To give you just one example: In the Netherlands, more than 570,000 people have a job at a small or medium sized company that didn't exist five years ago. That is 15% of total employment due to the creation and growth of SMEs. But for SMEs to spread their wings, they need an environment that enables them to grow.”

In particular, Queen Máxima recognises the value of non-institutional sources of funding, and of investors that can provide non-financial support in the form of mentoring and networks access - both fundamental pillars of the Angel Investor role.

“In Europe, banks still provide some 85% of SME funding and many starting

entrepreneurs find it difficult to get the financing they need in order to grow and create jobs”, she observes, further highlighting that “an experienced coach helps you to make the most of your opportunities and broaden your horizons; and will provide you with a useful network.” Although not an active Angel Investor herself, Queen Máxima conveys the investing wisdom of an experienced Business Angel: “Based on our work on startups and SMEs, we are seeing a recipe for

she regularly takes to the global stage; including her involvement at the G20 Women20 Summit in 2017, where she contributed to a panel discussion on scaling up women's entrepreneurship. Here she shared the stage with German Chancellor Angela Merkel, IMF Managing Director Christine Lagarde, and Businesswoman Ivanka Trump, among others.

The WBAF Annual Congress 2018 brings together a variety of stakeholder groups to collaborate, network, and

“In the Netherlands, more than 570,000 people have a job at a small or medium sized company that didn't exist five years ago. That is 15% of total employment due to the creation and growth of SMEs”

growth emerge. The key is that we take the needs and perception of the entrepreneurs themselves as our point of reference.”

Queen Máxima's entrepreneurial advocacy also often wears a second hat, taking on the challenge of social and gender-based justice. To this end,

shape the global early-stage investment agenda. To that end, WBAF is hosting a summit that speaks directly to another of Queen Máxima's areas of interest and focus; the WBAF FinTech Summit 2018.

2 billion people are excluded from the financial system, the great majority of them poor. FinTech innovations,

as observed by Queen Máxima and addressed at WBAF, are among the most powerful mechanisms for including this vast excluded body of people into the financial system - to the benefit of all involved. Speaking at the Singapore FinTech Festival in late 2017, the Queen asserted that “no business sector is better positioned to reach these 2 billion people than FinTech” and “FinTech is uniquely positioned to create transformative opportunities for millions of people.”

Queen Máxima astutely recognises the developmental potential that innovative FinTech products hold. As such, her resolve to raise awareness around the good that can come from inclusive FinTech is steadfast, and has been at the core of her work as UNSGSA for nearly a decade. Her Majesty is deliberate in clarifying that financial inclusion is a two step process, where access to financial services is the first, but where the second crucial step is catalysing the use of these services - access without use is ineffective. As such, she maintains that FinTech firms should seek to address issues that specifically dissect both of these two key steps, and that they should design their products accordingly. In Her Majesty's words, “financial access is fine as a first step, but without active usage we will have zero impact on people's ability to improve their lives. One of the key solutions here is customer-centricity. Therefore, we need a better understanding of customers' wants, needs, and experiences, so that we can provide them with genuinely useful services.”

As quick as she is to motivate for FinTech development, Queen Máxima is careful to point out caveats around the need for responsible and secure development of these technologies; illustrating the potential for reckless FinTech innovation to have unintended negative effects. “We should also recognise the danger of leaving people behind. If the technology gap widens between the rich and the poor, men and women, the urban and the rural - so



Queen Máxima visits the Network for Action and Youth Volunteer organization, Rotterdam.



Queen Máxima at the opening of the Singularity University, Eindhoven.

too does the gap in opportunity and equality.” Her Majesty actively seeks to create opportunities for collaboration between governments and the private sector. In so doing, she seeks to facilitate the creation of regulatory approaches that support innovation.

Queen Máxima is also an advocate for ensuring the right infrastructure is in place for FinTech to promote financial inclusion. To this end, she has worked with key stakeholders to identify nine infrastructural prerequisites needed to ensure that FinTech thrives in a truly inclusive manner: data privacy,

cyber security, digital literacy, financial literacy, digital IDs, connectivity, interoperability, fair competition, and physical infrastructure. At the WBAF FinTech Summit 2018 we look forward to addressing these issues and creating new frontiers for a bright FinTech future.

WBAF salutes Queen Máxima, the UN Secretary General's Special Advocate for Inclusive Finance for Development, for her considerable contribution to the economic development of the world. Entrepreneurs, SMEs, and Early Stage Investors all around the world are better off for the work she is championing. 

Sweating Over Small Business Finance

Matthew Gamser talks about the growing capacity of the finance industry to finance SMEs, and the role that the G20 SME Finance Forum is playing to accelerate growth for small businesses.

MATTHEW GAMSER CEO, G20 SME Finance Forum

Why must we do better in financing small business?

It's probably not necessary to tell this readership group that we really should care about small businesses. Not because there's anything especially great about being small, but because they are engines of job creation and economic growth. We want them to grow! 9 out of 10 new jobs worldwide are created by small businesses, and we need 600 million jobs by 2030 to absorb the growing workforce. Finance, in particular, is a critical component of growth; yet, nearly half of the small businesses worldwide do not have the financing they need to grow and create jobs.

Closing the financing gap for small businesses has become a policy priority around the world. The World Bank Group has taken on an ambitious goal of universal financial inclusion by 2020. The UN Sustainable Development Goals adopted by 193 member states calls for ensuring access to finance for small businesses. The G20 leaders have also recognised the importance of financing SMEs as a critical piece of economic development. That's why the SME Finance Forum was created in 2012.

Banks find it particularly challenging to lend to small businesses given the

high cost and high risk, what are successful banks doing to make SME finance profitable?

When it comes to small business lending today, the good news is that banks are not only competing with other banks, but also with new players from telecom and FinTech companies; peer-to-peer lending platforms; and technological giants such as Apple, Google, or Amazon. Business Angels are also playing a more and more important role - particularly for young firms and very small firms with ambitious growth plans. The classical banker's approach to lending - based on consumer or corporate methodology - is too fixed on collateral and doesn't work well for SMEs - particularly as it is practiced in the larger banks.



No matter how much we like Business Angels and other alternative financiers, we need banks to do a better job. The good news is, some banks are starting to do better. They are challenging the old methods and finding new ways to make SMEs more “bankable”. For example, a small but growing vanguard of banks is leveraging data mining technologies to lower cost and risk in small business lending. Wells Fargo has demonstrated the potential of such a data-driven approach for over 25 years; having mined its own transactional data as it morphed from a regional institution into a national one. Each time small businesses and their customers use cloud-based services; conduct banking transactions; make or accept digital payments; browse the Internet; use their mobile phones; engage in social media; get rated online; buy or sell electronically; ship packages; or manage their receivables, payables, and record-keeping online, they create and deepen the digital footprints they leave behind. A rapidly growing group of technology-focused banks



but are acquiring or partnering with established FinTech firms to leverage the best financing innovations.

While the use of data creates new opportunities in small business lending, it also brings new challenges. There are new issues of what to use, how to use it, and how to do this responsibly — while also respecting customer privacy and ensuring data security.

of other non-bank lenders. We also have development banks and FinTech firms as part of our membership - both alternative financier and more service provider (SAAS) types. Our growing network currently counts over 130 organizations from more than 50 countries. We help members to learn from each other, link to new business opportunities, and lead the industry's policy dialogue; with key decision makers in the G20, APEC, the OECD, the World Economic Forum, and other important international bodies.

We don't have any individual Business Angels as members yet; and I don't expect many will find it sensible to pay \$5,000/year to join us, when that money could be used in their next investments.

However, our members' dues support many public domain services, such as our website (www.smefinanceforum.org) and our LinkedIn group. Here, Business Angels can find a wealth of free documents, data and dialogue; and they can share their experiences with our large international audience. Non-members can also attend our public meetings, such as the annual Global SME Finance Forum - which takes place in Madrid this year, 4-6 November.

All the latest information and registration instructions can be found at: www.smefinanceforum.org. 

“Nearly half of the small businesses worldwide do not have the financing they need to grow and create jobs.”

are using these new sources of digital data to make credit and underwriting decisions; and by doing so can offer more tailored solutions for their small business clients. The small business segment consistently ranks among Wells Fargo's highest-margin client segments.

Even the most successful smaller and emerging market banks are now going well beyond their own community relationships. Many banks are also not only relying on their own IT departments,

How is the SME Finance Forum working to accelerate financing for small businesses worldwide?

Created by the G20 and managed by the International Finance Corporation, the SME Finance Forum works to expand access to finance for small and medium businesses by improving the capacity of the finance industry. We have a global membership network that brings together a wide range of financial institutions, technology companies and development finance institutions. Our membership includes small, medium and large-sized banks; as well as many types of non-bank financial institutions, such as leasing companies; crowd-funders; P2P lenders; and a range



Taking Ownership of National Progress

Motivated by an unrelenting hunger to develop a world-leading knowledge based economy, Qatar's early-stage ecosystem development is impressive. Where elsewhere there may be competition, in Qatar there is collaboration.

“Every great company starts with an idea, but they need nurturing and support to flourish. This is why we, at QDB, are highly keen on fostering creative ideas and enabling individuals to turn their ambitions into real projects.”

The ambitions that Qatar Development Bank's (QDB) CEO Abdulaziz bin Nasser Al-Khalifa carries for Qatar's small businesses is an encouraging sign for the country's growing entrepreneurial population. With Qatar more serious than ever in its bid to shed the “oil and gas nation” tag, and given its fierce focus on creating a knowledge-based economy, the time is also ripe for Al-Khalifa and the large portfolio of organisations he's associated with to turn their ambitions for Qatar into reality.

Besides helping grow SMEs in Qatar's key industry sectors in his role as the CEO of QDB, Al-Khalifa is also

a Member of the Supreme Council for Economic Affairs & Investment and a Board member at Silatech and Qatar Science Technology Park. He also serves as the Chairman of Qatar Business Incubator Center (QBIC) and the Bedaya Center for Entrepreneurship and Career Development; two organisations at the forefront of the growth of Qatar's startup ecosystem. It is no surprise then that supporting SMEs and new-age businesses is one of Al-Khalifa's key priorities. “As a Qatari institution, we hold firmly that it is our responsibility to contribute to the ongoing efforts of diversifying our sources of national income and creating a knowledge-based economy,” Al-Khalifa says. “We always knew that, in order to chart the type of progressive economic and social path envisioned by our State, we need to become imaginative and proactive in our approach for our future generations. Thus, we realised that the best way to empower our future generations was

to simplify the path to entry for new participants. Today, we support our local entrepreneurs, startups, and SMEs through both financial and non-financial methods until they can achieve the capacity to sustain themselves.”

How has QDB evolved over the last 20 years and how has the SME landscape developed in that time?

QDB was established in 1997 as the Qatar Industrial Development Bank (QIDB) in a fundamental step to expand Qatar's indigenous industrial infrastructure. The aim of the newly-created 100% government-owned developmental organisation was to develop local industries. In 2007, as a reflection of the government's trust and confidence in the bank's capabilities, our mandate was expanded and the bank was transformed to Qatar Development Bank. Since then our portfolio has also significantly expanded. In 2008, our authorised working capital grew from

QAR 200m to QAR 10b. In 2010, we launched the Al Dhameen Programme, our indirect loan facility scheme, in partnership with 13 banks in Qatar, to help improve access to finance, making it more readily available to entrepreneurs.

In 2011, we launched our dedicated export programme, Tasdeer, with the aim of promoting Brand Qatar locally, regionally, and internationally. Between 2012 and 2015, we worked towards offering Islamic financing products as well as online banking services for the benefit of local entrepreneurs. It was also during this time that we invested in our joint ventures—the Bedaya Center and Qatar Business Incubation Center—in order to develop and empower youth entrepreneurship. In 2015, we merged with Enterprise Qatar and launched an SME development strategy for 2015 to 2019.

Today, QDB is a centrepiece to achieving the Qatar National Vision for 2030. The truth is that traditional models only work for traditional times. This is an extraordinarily fast-paced, tech-savvy era. Today the definition of entrepreneurship has changed, as has the SME landscape. Owning a business holds cultural consequence and is easily achievable by anybody who has identified a societal need and thinks they know how to satisfy it. So in essence, society has become more integral to solving its own problems. >



ABDULAZIZ BIN NASSER AL-KHALIFA
CEO of the Qatar Development Bank

“It is this very propensity of our nation to constantly rise to challenges that makes me feel proud.”

In what ways has an entrepreneurial ecosystem and mindset developed in Qatar, and how can international partners support this?

The SME ecosystem is rapidly taking root and developing across Qatar, evident not only in the growing number of SMEs catering to this growth, but also organisations specialising in entrepreneurial development. For example, SMEs may now make use of the resources offered through the Qatar Business Incubation Centre and the Bedaya centre (both subsidiaries of QDB), as well as Qatar Science and Technology Park. For our part, we cooperate continuously with various partner organisations in order to cultivate an environment conducive to SME growth. Our efforts stem from the belief that we must harness our collective resources to achieve extraordinary successes for SMEs in the country.

How do you differentiate yourself from competitors?

Since 1997, we have adopted a holistic approach to develop Qatar's indigenous industrial infrastructure and it is this multifaceted approach to industrial development that sets us apart from other development organisations. To this end, we lend extensive support to all of the eight different industries identified as top priority in the country's diversification push, including the manufacturing, healthcare, education, tourism, agriculture, livestock, fishing, and services sectors.

All the same, we are strong advocates of all organisations that promise and deliver development to entrepreneurs and SMEs. This is because at QDB we understand that delivering upon a promise of entrepreneurial support is not the exclusive domain of any single organisation—it is a common obligation shared by all relevant Qatari organisations. Here, I would like to highlight the example of His Highness the Emir Sheikh Tamim bin Hamad Al-Thani for instilling this cooperative attitude among the country's



“Our efforts stem from the belief that we must harness our collective resources to achieve extraordinary successes for SMEs in the country.”

organisations by reminding us that taking ownership of our national progress is important.

Thus, I would like to dismiss the notion of having “competitors” – because all relevant Qatari and Qatar-based organisations that deliver similar entrepreneurial development and SME-friendly services are in fact our partners. For example, entrepreneurs and SMEs may now avail the support of resources like Qatar Business Incubation Center (QBIC), Enterprise Qatar (EQ), Qatar Science and Technology Park (QSTP). So far, we have already cooperated with the abovementioned local organisations involved in the common interest of the development and empowerment of our youth and local businesses.

Furthermore, we have also

cooperated with international companies based in Qatar, such as Qatar Shell – an organisation that since 2013 has contracted 14 Qatari SMEs to become part of their supply chain. Similarly, in 2017, we partnered with the globally-renowned entrepreneurship institution, Babson College, to launch our first edition of “Entrepreneur’s Boot Camp” in Qatar.

In conclusion, I would like to add that as a development bank, we are not in a business of market share but rather in a business of market gap. In so being, we develop products and services to address the issues that are being neglected by other market players. Hence, we see ourselves and our partner organisations as complementing each other.

What makes you most proud of Qatar?

The ability of the country, its leadership, its citizens, and its residents to accomplish so much in such a relatively short period of time is truly astounding. It is this very propensity of our nation to constantly rise to challenges that makes me feel proud. To build on the legacy of our successes, we must remember the message of His Highness the Emir of Qatar, Sheikh Tamim bin Hamad Al-Thani, when he taught us that taking ownership of our national progress is important. It is not enough to simply say that “Qatar deserves the best”, you must complete that saying by adding “Qatar deserves the best from its sons.”

What makes you most proud of QDB?

In 2016 we were the only MENA organisation nominated at the 2016 Trade Promotion Organisation Awards to recognise excellence in trade support services. We learnt something important then. We learnt that the dream of sustainable economic development doesn't just belong to one region, it's universal. We are proud to have become the beacon of best developmental practices to our friends and partners in the region. 



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Shredding the Conventions of Scale-Up & Exit

Experienced entrepreneur, investor and best selling author, **Callum Laing** discusses his unconventional approach to marrying capital with small business owners.

From the penthouse overlooking Singapore's incredible Marina Bay, this short interview takes a fresh look both at small business, inefficient capital markets and a wider opportunity to do significant good in the world. It may challenge some perceptions you have, but read on, there is an opportunity to download a copy of his book on the topic at the end...

Before we start the interview, you have been known to make some pretty controversial statements about 'Startups' and Angel Investing. Care to outline what your issue is? Fundamentally, everything I do on a day to day basis is done with the intention of helping good entrepreneurs to scale and deliver more value in the world. Entrepreneurs are the change makers, they get stuff done and they create real value for their clients and for the teams they hire.

However, over the past decade, in my opinion, the word entrepreneur has been diminished. Being unemployed with a business idea does not make you an entrepreneur. Yet entrepreneurs are the new rockstars, and the world has become startup obsessed. Media and governments have glamorised starting your own business. Too many people seem to have forgotten the part about solving real problems and are just obsessed with fundraising. Otherwise, sensible people are being 'taught' by Silicon Valley that you should come up with an idea and then get funding. On the other side of the equation you have this explosion of Angels with no entrepreneurial or investing experience, that are also buying into this hype and throwing good money after bad. This perpetuates the money-go-round which is incredibly detrimental. Angels are getting burned and entrepreneurs think

all their issues are funding issues, so are not even asking the right questions to build their business sustainably.

Meanwhile, 'grown-up' businesses have already figured out the problem they're solving, have built a team to do it, and have steady clients. The SME's of

"Being unemployed with a business idea does not make you an entrepreneur."

the world are left completely neglected. They make up 50% of GDP in most countries, often account for 90%+ of private sector employment, yet are ignored by banks and investors alike. If a company has already figured out how to make \$2m in revenue and you can help it scale to \$20m, it will typically have to hire another 100+ employees. That has a far bigger impact on the economy than some 18 year old coming up with the next Flappy Birds app, yet the media and governments still obsess about Startups.

On the plus side, it does leave this huge market of great, well run businesses pretty much untapped for us to work with.

And now I've insulted most of your readers, shall we proceed?

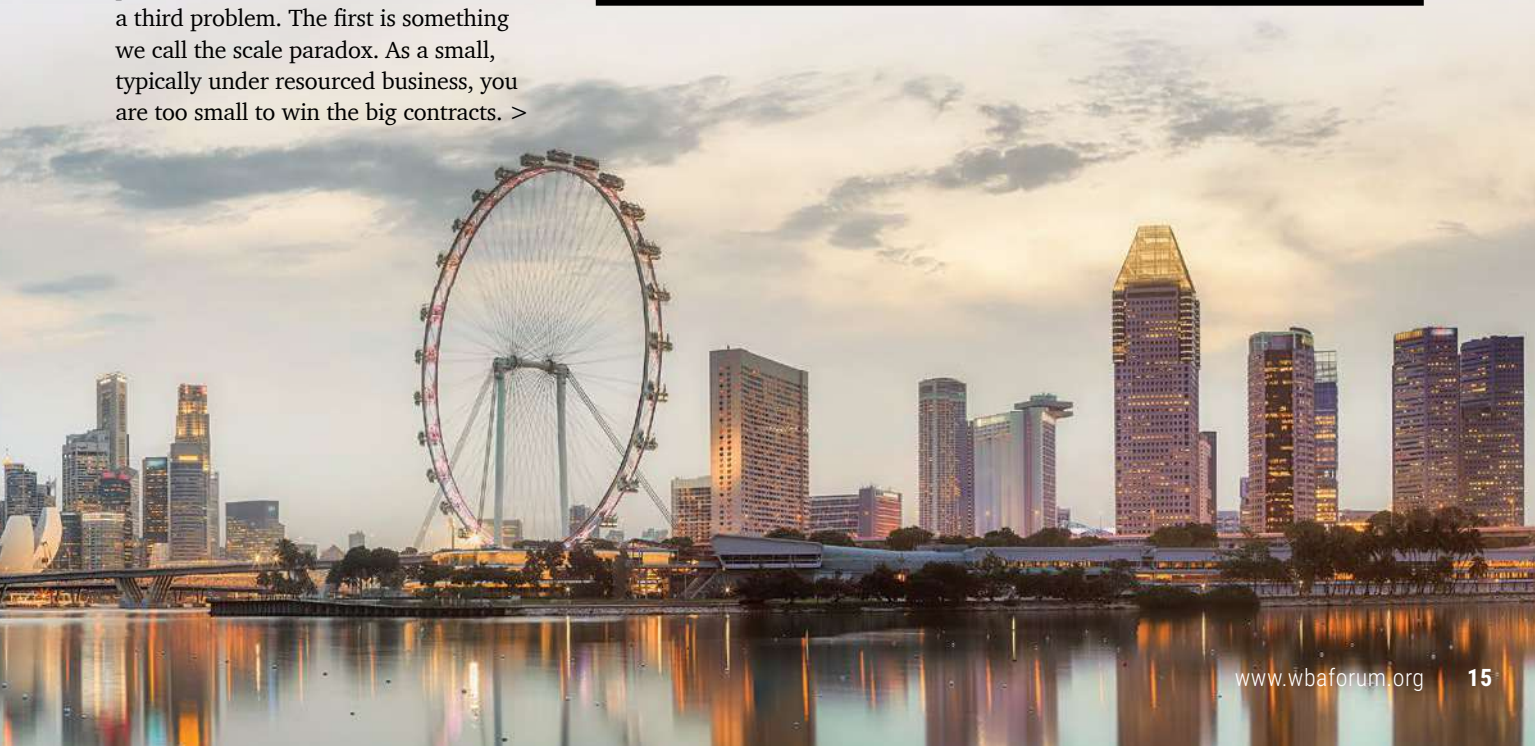
So what is the problem you are solving for small business owners and how can it help those Angel investors that are bored of getting 'burned' by typical startups?

First and foremost we built a solution to a big problem we saw with SME's; but in the process we also designed a solution that is incredibly attractive to investors, allowing them enormous returns and full liquidity so they can get in and out quickly.

Small business owners face two major problems, which often tend to lead to a third problem. The first is something we call the scale paradox. As a small, typically under resourced business, you are too small to win the big contracts. >



CALLUM LAING
Partner, Unity Group Private Equity





others that all seem to be doing very well out of the fact that you choose to get up and go to work in the morning. Yet, as the founder and majority owner, often you are the last to get paid.

More often than not, these two frustrations lead to entrepreneurs wanting to sell up; but, enter problem number 3, there are very few exit potentials for small businesses. The most common is to get acquired by a big player in your industry, but those deals are very much rigged against the entrepreneur. Most deals are structured as a 3 or 5 year earn out, yet very few entrepreneurs can even survive a year in that environment (we generally make terrible employees!); and so the acquirer ends up with the company, and the

"This is a great way to support small business; but have a guaranteed exit in weeks rather than years."

Because you can't win the big contracts you remain a small business. All the things you need to become a big business, finance, senior employees, etc. won't join you because you are too small.

The second problem is wealth creation. Entrepreneurs have a habit of throwing everything back into their business to support the growth, but because of the Scale Paradox they eventually reach a point where the business plateaus. Plateauing for an entrepreneur feels like going backwards, and so the frustration mounts. It can often feel like everyone is making money from your business but you. Your clients are clearly getting great value, and your team is getting value from being there. In fact, there is a whole eco-system of suppliers, landlords, partners and

entrepreneur ends up with a fraction of the deal value.

Our solution to this problem is something called Agglomeration. In a nutshell it allows good, well run, debt free and profitable businesses to swap their private stock for public stock. The business owner gets to keep their brand and full control of their business, but they get all of the advantages of a big PLC.

How do investors benefit from this?

Our first priority is protecting the value of the entrepreneur's shares, and our second priority is growing that value. You can think of us like a Berkshire Hathaway, but for small businesses. We find good, well run businesses. We make sure there is a lot of diversity, both geographically and within industries, and then we

grow very quickly, because we are not confined by the usual M&A problems of trying to integrate systems and merge cultures. All issues that typically lead to 'indigestion' and the high failure rate of traditional takeovers.

Investors can buy stock on the open market, but we also have opportunities for investors to get involved behind the scenes. We can use their capital to actually invest in the businesses before we bring them into a group. This is a great way to support small business; but have a guaranteed exit in weeks rather than years.

How can entrepreneurs and investors find out more about this?

In conjunction with WBAF I am offering a free copy of our best selling book on the model 'Agglomerate - Idea to IPO in 12 months'.

I will also be speaking at WBAF 2018 in Istanbul in February.

Finally, people can get hold of me in the following ways.

- @laingcallum
- linkedin.com/in/callumlaing
- cl@unity-group.com

Link to book:

www.callumlaing.com/wbaf 





“Design the Technology”

Incubation Program
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Training and Consultancy Services
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Open-Office Space
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Go to Market Supports
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Investor Meetings
Accelerator Programs (CAP)
Cluster Programs
International Business Development Activities

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Joining the Dots

Bostjan Skalar paints a picture of the interconnected system in which IPAs, entrepreneurs, and Angel Investors co-operate for ecosystem prosperity.



BOSTJAN SKALAR
CEO of World Association of Investment
Promotion Agencies (WAIPA)

What is the role of Investment Promotion Agencies and WAIPA?

Usually IPAs are the faces of governments or regions. In short, they play various important roles in attracting foreign direct investments but also in promoting a country or a region. We as WAIPA are their umbrella organisation, advocating for them, making their voice heard to policy makers and global institutions. Therefore, we are happy to have such a strong Consultative Committee consisting of UNCTAD, UNIDO, ILO, ICC, IEDC, OECD and the World Bank. But we also work with a number of strategic partners such as WBAF and the World Economic Forum, to truly collect as many voices as possible for the benefit of our 170 member agencies from 130 countries.

Where is the connection between FDI and entrepreneurship?

In fact, there is a strong correlation. When we look at the Global Value Chain or technical spill overs that can result through FDI, then we see that local enterprises can benefit enormously. The linkages and growth created through these investments can leapfrog countries forward. Consider industry 4.0 for example, there are huge opportunities. FDI is not only affecting MNEs but of course SMEs and even startups.

How can IPAs work together with startups and Angel Investors?

Our world is globalizing. Especially for the younger generation this feels natural already. They have the vision to create products for today's world.



FDI as a driving force for sustainable development

Whether it is a tech startup or any other kind of startup, they need support that on the one hand creates a structured and long-term plan, which is IPAs; and on the other hand they need mentoring and people who can discover them and who put their trust in them, these are the Angel Investors. Needless to say, the better an IPA is functioning, the more they can assist in overcoming issues and blockages.

So, for us as WAIPA it is crucial to work with WBAF to be closely in touch with entrepreneurs and Angel Investors to understand the changing dynamics at play in early stage investing. We want to ensure we enable IPAs to be more creative, to stand out and offer new investment opportunities; and we already see that a lot is being done. For example, I can highlight the recently established partnership between WAIPA Vice President, the Dubai FDI, and the Boston-based non-profit startup accelerator MassChallenge. This partnership will grow projects that attract startups and investments to

“For us as WAIPA it is crucial to be closely in touch with entrepreneurs and Angel Investors.”

Dubai and the UAE.

Dubai FDI are utilizing their cross-sector network to identify potential startups suited for Dubai. A good example of visionary IPAs who realise the need to work with startups and Angel Investors, but there is a lot of room for improvement by many IPAs.

What is your advice for IPAs and startups?

First, IPAs have to be open and flexible; they should ideally be empowered and have a clear division of roles and responsibilities. Our role is partly also to provide IPAs with the necessary skills in an ever changing and dynamic

field to empower them. They need to have the right skill set; for this constant capacity building is essential. For this we have our Training Center in our headquarters in Istanbul and a wide variety of training sessions throughout the year, and there needs to be more of a private sector mindset in these agencies. At the same time startups and their investors should know, and I am sure that many of them are already aware, that many IPAs put a huge focus on startups. An IPA can (and should) be the ideal partner. Saying this, a lot has been done in recent times, but there needs to be an increased focus on new types of investments to create more linkages, more spillovers and more growth.

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info@waipa.org

Don't Take the Bull by the Horns

Angel Investor extraordinaire and experienced tech entrepreneur, **Ari Korhonen**, shares his methodology for making good investment decisions.

ARI KORHONEN

Co-Founder of the Finnish Business Angels Network



EU-Startups recently had the chance to interview Ari Korhonen. He is among Europe's most successful Angel Investors and venture capitalists, and is the founder of Lagoon Capital Investment Company. Ari is based in Helsinki and has been a successful technology entrepreneur for 20 years, as well as a Business Angel for over 10 years. So far he has made Angel Investments in over 30 companies, with some 100 investment rounds in total. These include MariaDB, DealDash, Surveypal, Sympa, Miradore, In4mo, FlashNode, Thirdpresence, and 360 Cities. From these, he has already had four successful exits; including Severa, Paytrail, and The Switch.

From entrepreneur to investor. How did you get involved with Angel Investing?

As a tech entrepreneur, I was leading

Komartek, an Energy & Utilities software company, which I turned into an international success story and made an exit in 2004. Soon after, I started to invest in equity and share my expertise with seed and early-stage innovative companies. In no time I transitioned to an Angel Investor working in global markets.

Your portfolio is impressive - 107 Angel investments into 34 startups with four successful exits! You have also invested in nine venture capital funds and you've had one great exit from there too! What is your investing philosophy?

- Do not put all your eggs in one basket, create a portfolio.
- Be agile and plan smartly, constantly track your own finance and adjust where necessary.
- Reserve a certain percentage of your capital for investments in follow-on rounds, or for buying secondary

shares to avoid being diluted.

- Treat everyone as an equal. Always respect entrepreneurs and give constructive feedback. In turn, they will put in a good word for you.
- The startup business trends evolve constantly, so be well informed. Keep up to date and avoid losing momentum.
- You need great deal flow, good reputation, hard work, and good luck to be successful.

What do you look at in a startup as you evaluate it for a potential investment?

- Innovativeness. Can the business model be replicated and does it have global scope?
- Scalability. Is there a ready market for the business and is it scalable?
- Team. The professional backgrounds of the founders. Do these match the expertise requirements of the undertaking? An A-Team with a

B-product is better than a B-Team with an A-product!

- Is it a growth-oriented startup? The business idea is not so important, because it will change anyway. What is important is whether or not there is market for it. If the market is not large then it should be in high growth. Is the business model scalable?
- Market size and growth, as well as how well you know it.
- Competition.
- Barriers to entry for competitors.
- Business model.
- What the company does, how, and for whom.
- How much money the company is seeking and where it is intended to take the company.
- Path to exit.

Besides providing capital, what else do you do with the companies you back?

I will give my knowledge and networks to the benefit of the company and its founders.

What do you want to see in an investor pitch?

The most important thing is the team behind the company and whether their professional backgrounds match the required expertise level and skill set. I also look at a several other factors:

- Team skills and their track record.
- The uniqueness of a product or service and the pain that it is solving.
- Market size and growth.
- Revenue model and market validation, traction, and scalability.
- Competition.
- Barriers to entry for competitors.
- Intellectual Property.
- Funding plan.
- Path to exit.

The entrepreneur-investor relationship is quite complex. What should an entrepreneur look for in an Angel Investor?

A good match to what a company needs:

- Competence in the company's business sector.
- Networks in the company's business sector.
- Good chemistry with founders and other investors.
- Time to work with the company. It is better to have a money poor and time rich Angel Investor than a money rich and time poor Angel Investor.
- Capital to participate in, and preferably lead, follow-on rounds.

"It is better to have a money poor and time rich Angel Investor than a money rich and time poor Angel Investor."

As a co-founder of the Finnish Business Angels Network (FiBAN) how supportive do you think it is to the Finnish startup ecosystem?

FiBAN provides a platform to share my experience in the Nordic and European startup ecosphere as an entrepreneur and investor. It facilitates syndicated investments and matches Angel Investors and entrepreneurs. It has also increased funding possibilities for startups and created jobs, thus boosting the country's economy.

Please tell us more about your investment firm, Lagoon Capital, and its investment focus?

Lagoon Capital is my investment company. I conduct my investment activities both as a private person and from Lagoon Capital. My firm invests in technology companies: Software, SaaS, FinTech, AdTech, e-Commerce, AI, IoT, VR/AR, Content, Games.

What other services do you offer to the companies that you invest in?

Typically I serve on company boards as a member or chairman, or act as a senior adviser to the company. Sometimes I help with fundraising through my contacts, or am very active in the exit phase.

As a winner of the Lifetime Achievement Award by EBAN and Business Angel of the Year in Finland in 2014, what would your advice be to anyone who is considering becoming an Angel Investor?

Go slow, but sure. Don't take the bull by the horns. Small ticket sizes. Build a portfolio. Co-invest with others, syndicate. Learn from others' mistakes rather than your own. Always make your own investment decisions, do not follow others' decisions. Be prepared to roll up your sleeves and get your hands dirty. Always be ready and prepared to rescue your house from fire.

I recommend networking with other Angels - and especially across borders - to increase syndication and to learn from each other. Through EBAN I have expanded my expertise within the Nordic, European, and global investment ecosystems. I am an official member of four different Business Angel Networks, from which the benefits are huge. As an Angel Investor you should definitely be a member of your local Business Angel Network. 



The editor thanks EU-Startups and Ms Bojana Trajkovska for granting the rights to publish this interview. The original article is available at www.eu-startups.com.

Peppers & Rogers:

TRANSFORMING THE CUSTOMER EXPERIENCE

MBAN President, **Dr Abdul Malek Al Jabaar** profiles leading management consulting firm Peppers & Rogers, who is leading the way in the innovation of the global customer experience.

Could you give us some background about Peppers & Rogers Group?

Peppers & Rogers Group is a management consulting company, recognised as the world's leading thought leader on customer experience (CX) strategies and underlying business initiatives. Founded in 1993 by Don Peppers and Martha Rogers PhD, Peppers & Rogers Group invented the term 1to1 marketing® to illustrate the importance of 'Treating Different Customers Differently'; and has transformed the concepts into practical methodologies driving bottom line results.

Which regions, industries and business functions are you working with?

Peppers & Rogers Group provides services with strong experience in the US, Europe, Middle East, and Africa. It places emphasis on financial services, telecommunications, public services, retail, e-commerce, automotive, airlines, and transportation; among others, typically around marketing, sales, and service functions.

What are your areas of focus? How do you help clients improve their business?

As products and services are standardising and simplifying, the effect of CX increases and is going to continue as the main differentiator leading to profitability. Companies



**DR ABDUL MALEK
AL JABAAR**

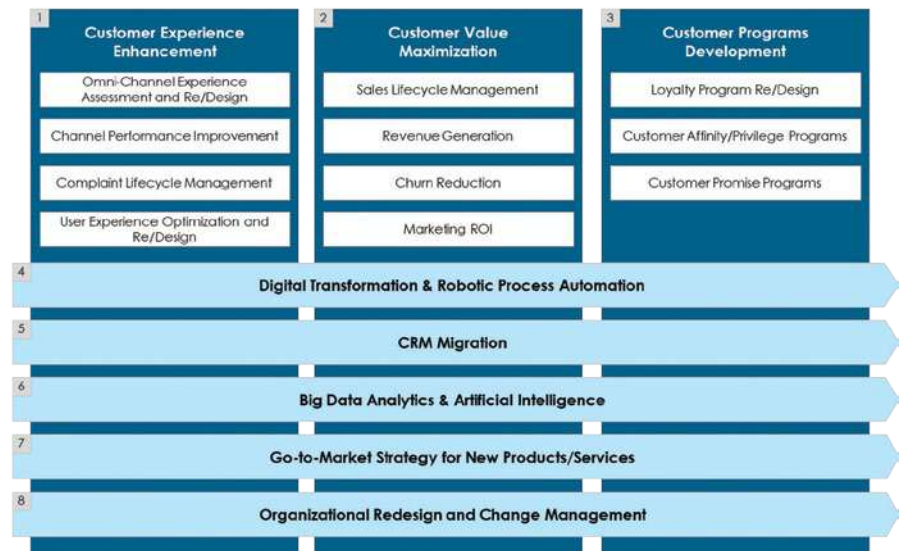
President of the Middle
East Trade Association for
Business Angels

need to invest wisely in the right kind of resources if they want to provide a high-level of experience to customers across various touch points. Our company helps clients catch up with the recent trends in the customer strategy and CX domain, quantifying the impact of CX investments for improved decision making and best ROI. We also help our clients to optimise and automate their business processes via innovative methods such as Robotic Process Automation; which cuts costs, increases operational efficiency, and helps our clients meet KPIs while improving CX.

“Our company helps clients catch up with the recent trends in the customer strategy and CX domain, quantifying the impact of CX investments for improved decision making and best ROI.”

Peppers & Rogers Group (PRG) supports organisations on 3 key areas, supported by 5 capability developers with a total of 8 focus areas, in order to provide integrated and end-to-end solutions:

1 CX Enhancement: PRG measures and uplifts organisations CX management maturity through assessing and redesigning the omni-channel capabilities, identifying and improving customer journeys across the full lifecycle, and improving user experience. A good example is a project we delivered to a global airline company, where the customer experience maturity was measured and the drivers affecting experience were evaluated, along with the development of a new strategy and roadmap.



2 Customer Value Maximisation: Available and relevant customer data is analysed to find actionable customer segments; and customised marketing/sales activities are designed and measured in a learning cycle to get the best responses. This value management methodology has brought successful results; including 5% revenue growth for a telecommunications operator, and 20% revenue growth for an e-commerce company.

3 Customer Programmes Development: PRG has been developing loyalty and digital programmes for credit cards, telecom companies, transportation, etc.; as well as customer synergy programmes for big conglomerates operating in multiple industries. PRG worked in the strategy formation, programme development and launch of the recent digital customer programmes in Turkey.

4 Digital Transformation: The company has been helping organisations to assess the current state of digitalisation based on structured frameworks and identifying the improvement opportunities as concrete initiatives. PRG also supports the implementation, including robotic process automation.

5 CRM Migration: We help organisations identify the CRM strategy and requirements; and implement CRM solutions that are customised according to the industry's needs.

6 Big Data Analytics & Artificial Intelligence: We help clients make their valuable big data accessible, and convert this to solid insights to bring value. We use reporting, visual dashboards and analytical models; extending into artificial intelligence through learning models and automation.

7 Go-to-Market Strategy for New Products/Services: A good example project included an evaluation we completed on market size and attractiveness for a big personal care company. We also monitored due diligence activity and prepared for the launch of the electronic retailer MVNO.

8 Organisational Redesign and Change Management: We help banks, telcos, retailers and other clients manage their organisational design and change management, to ensure that their transformation efforts are diffused into every level in the organisation through appropriate tools. 

QATAR DEVELOPMENT BANK 2017 ACHIEVEMENTS

FINANCING SERVICES DIRECT LENDING

8B
BILLION QAR
QAR
**OUTSTANDING
LOANS**
1.174B
BILLION QAR
**GROSS
DISBURSEMENT**

FINANCING SERVICES AL DHAMEEN PROGRAMME

VOLUME OF APPROVED GUARANTEES
1.507B
BILLION QAR
**VOLUME OF APPROVED
GUARANTEES (IN 2017)**
303M
MILLION QAR
**AL DHAMEEN
PORTFOLIO
PROGRAMME
GROWTH** **17.4%**
47 SMEs ISSUED
GUARANTEES
IN 2017
300 SMEs HAVE BENEFITED FROM
AL DHAMEEN PROGRAMME

EXPORT FINANCE

FROM 2013 TO 2017

507M
MILLION QAR
**VOLUME OF
UNDERWRITTEN
COVER POLICIES**
40.29M
MILLION QAR
**AMOUNT OF BILL
DISCOUNTS DISBURSED**
20.63
NUMBER OF UNDERWRITTEN COVER POLICIES

TASDEER PROMOTION & DEVELOPMENT



10
Trade
Exhibitions



8
Match-
making
events



155M
MILLION QAR
Volume of deals
match-
making



185
Exporters
participated
in export
trade
exhibitions

EXPORTERS PARTICIPATED IN INTERNATIONAL ACTIVITIES

185 Exhibitions
(Matchmaking during the exhibitions)
+
19 Trade Missions
+
6 B2B

= 210

AWARDS & TROPHIES



GLOBAL
ENTREPRENEURSHIP
INDEX RANK (2018)

**22 GLOBAL
1ST**
IN GCC & MENA



TASDEER

**TPO AWARD
2ND
POSITION**
IN DEVELOPING
COUNTRY CATEGORY

**'SMEs
CONNECT'
ONLINE
LOYALTY
PROGRAMME**

140

MEMBERS
ENROLLED
ONLINE

75

MERCHANTS
REGISTERED

350

DISCOUNT
OFFERS
AVAILABLE
TO MEMBERS



- OPENING LOCAL OPPORTUNITY
BUY LOCAL 1, 2, 3
- PROJECT FINANCING
ENGINEERING PROJECTS
- CONFERENCES AND EVENTS

- TASDEER
(Romania, Brazil, Germany):
EXPORT OF LOCAL
PRODUCTS
- IDENTIFYING AND
SOURCING MATERIAL
FOR NEW SUPPLIERS

- MARKET OUTSIDE THE
BLOCKADE-IMPOSING
COUNTRIES
- TEMPORARY WAREHOUSE
STORAGE SOLUTIONS
FOR SMEs

**SINCE JUNE 5TH, QDB HAS SIGNIFICANTLY
ACCELERATED ITS CONTRIBUTIONS TO
QATAR'S ECONOMY BY CREATING BUSINESS
OPPORTUNITIES EXCEEDING QAR 5.5 BILLION
FOR QATARI COMPANIES.**

Luxembourg's Rocketing Space Business Industry

To some, outer space is an unexplored frontier. To others, it's a whole new world of opportunity. Luxembourg is driving the globe's space business industry.

On a visit to California in 2012, Luxembourg's Minister of the Economy, Étienne Schneider, met Dr Simon Worden, then Director of NASA's Ames Research Center. They spoke about space resources and space mining. Originally sceptical, Minister Schneider realised the opportunity in space resources and the surrounding business. In March 2015, Minister Schneider then organised a conference in Luxembourg, which was a success, and convinced him to develop space business in Luxembourg. The government since developed the SpaceResources.lu initiative.

Mining resources and space travel are not Luxembourg's first involvement in space. In 1985, a public-private partnership effort launched Société Européenne des Satellites, today known as global satellite operator SES.

Luxembourg's proactive approach has made it home to an increasing number of companies developing products and systems in the space and ground segments, and delivering services and downstream applications. Among them are recently established startups from the space mining industry that have set up European operations in Luxembourg with the support of the government.

What is behind the SpaceResources.lu initiative?

Of course, the long-term view of this initiative, as with any economic development, is to earn money and ensure that our economy will be successful in the future.

We are all aware of the eventual scarcity of certain resources on Earth. The SpaceResources.lu initiative provides the legal, regulatory, and business environment that will allow private investors and companies to explore and utilise the resources in space.

"Space resources is a good fit for Luxembourg, a country that has had to reinvent itself over and over again for most of its existence."

At the same time, Luxembourg was looking for ways to diversify its economy and explore new sectoral avenues. So space resources is a good fit for Luxembourg, a country that has

had to reinvent itself over and over again for most of its existence.

For example, when the steel industry collapsed in the 1970s, that was when you first saw the real rise of the finance industry here. We had to invent something new. At that time, we only had a small number of banks, and few people believed that we would become a financial centre. Then in 1990, we started to really succeed in the fund industry, and look where we are now. Luxembourg is the second largest investment fund center in the world after the US and the premier private banking center in the Eurozone. It was the same when we launched our SES initiative.

Can you give us some background?

In 1985, a public-private partnership effort launched the Société Européenne des Satellites, today known as global satellite operator SES. SES operates a network of satellites that delivers TV and radio, internet connections, data, and voice to homes and workplaces around the world.

I was recently reading the discussions from the 1980s when we first launched that initiative. At that time, we had to go to parliament in order to give a guarantee because no insurance company would underwrite

this strategy, meaning that the government had to do it to the tune of 5% of their total budget. Now that was a huge risk. The plan was for SES to launch the Astra satellite network. At that time people were asking, “Why do we need satellite TV? We have TV. We have our antennas on the roof.” Some people even said that the plan was dangerous, because the satellites would fall down from space, damaging Earth and putting people at risk.

And the result?

The government launched it with enormous success. Today SES is the biggest satellite operator in the world. Space business now accounts for 1.8% of our GDP. This is the biggest percentage of space business to GDP for any country in the EU. Perhaps it sounds like nothing, but actually this is huge. That is EUR €1bn every year.

What is the ultimate goal for Luxembourg?

The long-term goal, of course, is to earn money, to assure that people will have good jobs, and to develop research activity. I want Luxembourg to become a hub for space-related research and business. This is why we call it space ‘resources’, because it encapsulates everything that you can do with space.

What can Luxembourg offer that another country cannot?

The commitment of the government. I think that is the most important thing. When I am speaking with various players, entrepreneurs, engineers, etc.; sometimes it is not instantly obvious that they have such a thrilling idea. But what they need is someone who listens and believes in them and in their initiatives; and that is exactly what they get in Luxembourg, someone who listens and offers a clear commitment. That is why so many companies are looking at us, and not just from the US,>



ÉTIENNE SCHNEIDER
Deputy Prime Minister & Minister
of the Economy, Luxembourg



but from many other countries as well. When I compare the SPACE (Spurring Private Aerospace Competitiveness and Entrepreneurship) Act of 2015 to our Space Resources Law of July 2017, which was voted in this summer, there is one huge difference. In the US, in order to be covered by the SPACE Act, the capital of your company has to be more than 50% American money. Many space-related startups are working with USD \$10m, \$15m, \$50m, and it is relatively easy for them to find this money. But once they launch their first initiatives on the market they will need huge amounts of money, and if they don't find American money, they might not be able to continue. We don't impose this kind of limitation for companies who want their headquarters in Europe. The other advantage is that, being in Europe, they can work for and/or with the European Space Agency (ESA). They are not limited to NASA. What makes us really interesting is our LuxIMPULSE programme, which can

provide funding to help companies bring innovative ideas to market. Every Euro we spend on ESA has to be reinvested into Luxembourg projects. Our problem is that we often do not have enough projects to put the money back, so there is relatively easy access to this funding.

What other advantages can Luxembourg offer?

Of course, there is the legal framework and the fact that the government invests directly in companies. For this investment, we decide by two criteria. First is the idea in itself. Do we think that this is an idea that can really fly? Secondly, who are the other shareholders? Is it of interest for us to be at the same table with them? This is exactly what we did with Planetary Resources, an asteroid mining company. This direct investment is good for us and good for the companies. When companies are looking for new money, they can say that the Luxembourg government

is a shareholder. That gives them credibility. Then, of course, there is our research budget, because we are in the Horizon 2020 programme from the European Commission. We committed ourselves to spending 2.3-2.6% of our GDP on R&D, so we need to increase that spending.

Can you tell us more about the national space agency project?

This is another advantage. Maybe our most important idea is to launch a space agency in Luxembourg with a public-private partnership, where the government and private investors alike can take a share. This PPP fund will decide which companies we will invest in and which we will not. We are in early discussions with the investment fund industry, and there is already a great deal of interest. This will be a unique space agency in that it will not focus on space exploration, but on space business; and when you focus on business, investors are interested. **AN**



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THE GLOBAL DEVELOPMENT OF CHINESE ENTREPRENEURS



Insights from one of China's top entrepreneurs on the country's growing

culture of entrepreneurship, domestically and abroad.

WANG HUI

Director, International Department of Macro-Euro China Entrepreneurs' Club

In the past five years, Chinese companies, chambers and associations, and the Chinese government have all experienced much greater challenges than ever before. They have faced new and complex situations head on, without a tried and tested road map for a new way forward. Anti-globalization, climate change, increasing pollution, slowing economic growth, and energy reform have all intensified pressure they now face. Meanwhile, China is facing new opportunities through globalization and digitalization.

Now, more than ever, reform and development is the key to a promising future.

In particular, the Chinese private sector, SMEs, chambers and associations could really contribute more together with their global partners.

From China's Reform and Opening-up policy to the Belt & Road Initiative, Chinese SME entrepreneurs have vast experience. They have tried, succeeded, sometimes failed; but generally they have progressed, with traditional characteristics of diligence, seriousness, hospitality and adventure.

Yet, Chinese SME entrepreneurs continue to experience difficulties both at home and abroad. Nationally, Chinese SME entrepreneurs tend to lack a clear vision and business development plan for their enterprises; lack trust and communication with local chambers and associations; and lack a precise understanding and application of national policies. Furthermore, internationally they tend to lack a sufficient understanding of foreign investment policies; chamber and SME cooperation plans; and the investment and financial support structures available for cooperation projects.

To better support its home-grown entrepreneurs in a free and mobile world, the Chinese government has published significant long-term national policies to encourage and support Chinese SMEs to go abroad, as well as to continue growing their business in China. This is exemplified by the Belt and Road Initiative, proposed by President Xi Jinping; Public Entrepreneurship and Peoples Innovation, proposed by Premier Li Keqiang, and Made-in China 2025, supported strongly by MIIT. China plays a more and more important role in taking global leadership and making contributions. By participating in and organizing more international chamber and association events, Chinese SMEs can gain additional international professional guidance and support in investment, technology, alliance-building and policy formation. This is significant for Chinese SMEs, especially start-ups, economic institutions, branches, local chambers, and international industry, commerce and trade associations. They are lucky to operate in a favorable economic climate with global partners for co-development, especially in the digital and shared economy era. Through investigation, investment, communication and cooperation, Chinese SMEs are making global contributions in many ways, as well as enjoying mutually beneficial achievements.

Entrepreneurship is the precious

treasure of society, which creates boundless value for the world. Entrepreneurship means exploring and discovering. It starts with inspiration, grows in imagination, and is energized by ambition. It is a course for both enterprises and entrepreneurs to be born, to experience, to grow

“Entrepreneurship means exploring and discovering. It starts with inspiration, grows in imagination, and is energized by ambition.”

up, to achieve and to contribute to society. In modern China, this entrepreneurial journey starts with design and reform. Professional support from international governments, chambers and associations are indeed the driving engines for Chinese and international SMEs and entrepreneurs. It will keep them innovating; developing; forming new business models; and

accelerating internationalisation, intellectualisation, and digitalisation.

With a humble attitude, it requires far less effort to grow as an entrepreneur. Be a pioneer as well as a leader. Explore and create the future, instead of waiting for someone else. As a global elite of great mind and heart, entrepreneurs can inspire and help each other to create value that will serve the world. It's a course of realising one's dreams, whilst taking a simultaneous step forward for society.

Building deeper partner relationships; winning more trust after communication; and conducting better research and discussion will lead us to open our horizons and foresee the future. With this picture in mind, we will be more confident and optimistic.; and with innovative power and practical collaboration being strengthened, the support and contribution of the private sector will continuously be enhanced. It will definitely mark a new stage in the global contribution and self-development of SMEs and chambers. We just need to take dynamic action, and the compass of a brilliant future will be our mind and hand. 





Prime Minister of India Narendra Modi and President of United States Donald Trump.

GLOBAL ENTREPRENEURSHIP SUMMIT 2017

PRESIDENT TRUMP CHOOSES INDIA



India's first **Global Entrepreneurship Summit** sets the scene for movers and shakers in 2018.

DR NIKHIL AGARWAL
Convener of IndiaGlobal

November 2017 saw the first Global Entrepreneurship Summit (GES) hosted by the Trump administration find a new home in Hyderabad, India; a vibrant tech town with hundreds of years of history.

GES is organised annually, and is jointly hosted by the US State Department alongside a different host country each year. It gathers thousands

of emerging entrepreneurs, investors, and supporters from around the world. The first GES took place in Washington DC in 2010. Since then, the summit has inhabited six different major cities around the world - namely Istanbul (2011), Dubai (2012), Kuala Lumpur (2013), Marrakech (2014), Nairobi (2015), and Silicon Valley (2016); making GES 2017 the first one ever held in South Asia.

GES 2017 focused on four key industry sectors: Energy & Infrastructure, Healthcare & Life Sciences, Financial Technology & Digital Economy, and Media & Entertainment. The central theme for GES Hyderabad was “Women First, Prosperity of All”. Considering the subject, President Donald Trump sent his daughter, and advisor to the US President, Ivanka Trump to participate in the event. Whilst Ivanka Trump is an advisor to the US President, and the first daughter, she is also a very successful businesswoman. As per an official posting - Ivanka Trump is an American television personality, fashion designer, author and businesswoman who is an advisor to the President of the United States. Ivanka is using her celebrity status to push women’s economic empowerment and entrepreneurship. She was instrumental in the We-Fi initiative (Women Entrepreneurs Finance Initiative) launched by the World Bank in July 2017.

Getting back to the Summit, it would be inexcusable not to talk about the venue - Hyderabad. The town is known for its pearl industry, also fondly called “City of Pearls and Palaces”. Hyderabad was long ruled by the Nizams (King) of Hyderabad. The Nizam of Hyderabad was considered to be the sixth richest person to have ever lived. According to a new inflation-adjusted list of the world’s wealthiest people of all time, the Nizam (1886-1967) was worth USD \$236b. After independence from the British, the princely state of Hyderabad was merged with India. Other than pearls, palaces, and Nizams, Hyderabad’s delicious Biryani is well



known among food lovers around the world. Hyderabad is also considered to be one of the biggest tech-hubs of South East Asia. It is a second home to global giants such as Microsoft, Google and Uber; and is home to one of India’s biggest tech incubators, T-Hub. The state of the art Hyderabad International Convention Centre (HICC) in the heart of ‘Cyberabad’ was the venue for the Summit.

“The Summit aimed to spread the spirit of entrepreneurship among women across the world.”

The Summit converged focus on the importance of women participation in entrepreneurship around the globe. The current Indian Prime Minister is a strong proponent of gender equality rights. One of his most visible schemes, focusing on the well-being of girls, is called ‘Beti Bachao, Beti Padhao’ (BBBP) (Save a girl, Educate a girl). According to the census data in 2011, the ratio of the birth of girls to boys has dropped to an alarming level of 918 girls for every 1000 boys in India. Similarly, the trends in female education are not very encouraging. Social campaigns such as BBBP aim to generate awareness and improve the efficiency of welfare services

intended for girls. In business, woman participation does not have heartening numbers either. As per Indian corporate law, every listed company has to appoint one female director on the board. Due to historically slack female access to education, many companies struggle to find qualified women to appoint - although this is slowly changing for the better.

The Summit aimed to spread the spirit of entrepreneurship among women across the world. The grouping of the conference was quite impressive. Around 400 entrepreneurs were invited from both the US and India, plus a further 400 entrepreneurs from the rest of the world were also involved - totalling some 1200 entrepreneurs overall. In the run-up to the Summit, many industry bodies - such as CII and FICCI - and public institutions organised ‘Road to GES’ events in their respective cities. Considering that not everyone has the opportunity to participate in the GES, the ‘Road to GES’ series engages entrepreneurs across India and abroad to spread the message among thousands of non-attending entrepreneurs.

After a few years of sluggish growth in startup sector, 2018 is poised for a breakthrough. The Global Entrepreneurship Summit is cementing the relationship between the biggest democracy and the strongest democracy in the world. It is good news for Angel Investors and the investment community. 



HIGH-IMPACT MICRO-ANGELS BRIDGING GAPS

The time is ripe for new vehicles that can increase the impact of micro-investing, where small investors can reap large gains.

Prof Ketikidis and **Adriane Thrash** explain.



**PROF. PANAYIOTIS
H. KETIKIDIS**
Chairman, South
East European
Research Centre



ADRIANE THRASH
Co-Founder,
Innovation Farm

In more advanced ecosystems, Angel Investors are a well-developed link in the startup finance chain. But in early-stage ecosystems, where the conditions are more challenging, Angel Investing is still in the formative phase. In such ecosystems, 3F funding resources are typically weak, and these investments are often undertaken as matters of obligation or favor rather than for entrepreneurial reasons.

Support structures for startups such as acceleration programs and incubators may offer funding and mentoring, but this is limited in scope and duration. Venture capitalists can cherry-pick the best teams to invest in, yet there are many worthy startups left behind.

The resulting gap in the investment landscape provides an opportunity for small investors to reap large gains - think 'micro-Angels' writing average cheques of €10,000 to €50,000. Very-early stage company valuations are by necessity quite low, and 'first money in' Angel Investors can leverage this to their advantage - taking a larger amount of equity at a lower price, along with other advantages, such as discounted follow-on, preferred options, and non-dilution terms.

Given this opportunity, why hasn't micro-Angel Investing grown as fast as it could have in early-stage ecosystems? Looking at the landscape, we have identified three impediments:

1. Deal-flow

Identifying, contacting, and reviewing promising cases requires a great deal of time and energy, especially for startups whose product falls outside of an investor's sector experience, ultimately requiring further research to assess the market opportunity.

2. Dilution

Organised funding schemes - when available - lead to prohibitive dilution for small investors; while co-investment or syndicate schemes are not widely available in early-stage ecosystems.

3. Diversity

Achieving spread of risk requires an investor to be involved in several startups, thus needing even more time to source attractive opportunities.

For micro-Angels who do invest, the process is both exciting and complicated; and while they may enter an investment with great enthusiasm, they can lose their appetite if returns are less than expected. This attrition rate resembles

the classic startup lifecycle, where Angel Investors get discouraged after losses and experience their own "Valley of Death." Those who are new to investing and have limited initial resources can greatly benefit from mechanisms and networks that help them to make better decisions; thereby leveraging their investment muscle as much as possible to increase success rates.

**"As Business Angels,
our investment
philosophy is simple:
go for the exit, but be
ready for the curve."**

In addition, anecdotal and statistical evidence suggests that non-financial support is equally as important as cash for the majority of early-stage teams; and, while most Angels expect to contribute mentoring and networking along with their investment, they may not have the time or experience to take on an active operational role in a portfolio company.

The time is ripe for new vehicles that can increase the impact of micro-investing for the benefit of Angels

and Startups. Consider mechanisms that could combine advising services with investment equity stakes to ease shortages of 3F resources. This would produce a chilling effect on the very-early stage growth of companies, investors, and ecosystems. Alternatively, curated portfolios can enable faster deal-flow; better IRR and spread of risk; and lower dilution. Ultimately, these efforts can serve as multipliers by providing co-investment opportunities to further enhance IRR and speed growth, either with other syndicates or VC funds.

As Business Angels, our investment philosophy is simple: go for the exit, but be ready for the curve; and our investment decisions are governed by a combination of knowledge, experience and instinct that comes from repeated deals (some good and some not). We believe that early-stage focused initiatives are needed to address the fundamental needs of both micro-Angels and startups; thus filling a critical gap in the funding landscape and increasing the numbers of companies and investors who make it out of the 'Valley of Death'. New mechanisms, combined with strong global networks, such as the WBAF, provide vital opportunities for synergies that further enhance our momentum as a crucial link in the investment chain. 





FINANCIAL ADVICE R-EVOLUTION



FinTech
author
**Paolo
Sironi**
discusses
how

technology and
regulation will team
up to radically change
banks' business models.

PAOLO SIRONI
FinTech Thought Leader for IBM
Watson Financial Services

Regulation is a fundamental engine for innovation in Financial Services. Regulation not only creates the incentive for traditional institutions to invest and transform their business model through technology, but it also creates the necessary playing field for new technologies to be adopted and deployed within a clear legal and regulatory framework - technologies like blockchain for instance. European regulators seem to be making a self-defeating attempt to change the business model of Financial Services. Since clients must take centre stage, their data should be

used openly (PSD2), but must be protected (GDPR); and banks and FinTech compensation should be free of conflicts of interest (MIFID2), while manufacturers language should be clearer (PRIIPS).

Disruption has been distilled into the industry since the global financial crisis. This is due to a progressive squeeze of intermediation margins as a consequence of low interest rates; higher cost of capital forcing banks to restructure their credit portfolios towards less risky, and thus less remunerative exposures; and sky rocketing costs of compliance which are caused by the deepness

of the asymmetry of information. Banks started to adapt to this uneasy landscape by reducing investment banking operations and proprietary trading; and by deleveraging credit risk taking and focusing on wealth management (investment and insurance). The consequence has been to turn commission based revenues into the biggest contribution of their profitability. Unfortunately, however, even these revenues are not a safe haven because of the rise of passive investing at a time when clients have become more informed and price conscious. Furthermore, digital solutions (eg, Robo-Advisors) are accelerating a process of potential disintermediation, which opens the door for technology giants like Amazon and Facebook; while MiFID2 regulation, which fosters transparency on all costs and charges, targets the asymmetry of information between banks and private clients.

Banks are left with a strategic choice to survive. One option is to accept disruptive innovation. In this case banks will become volume businesses through M&A and digital enablement; they will accept current level of conflicts of interest and high compliance costs; they will be forced to simplify their products on offer; and they will reduce the distance between manufacturers (eg, asset managers) and distributors (eg, retail and private banks) to cut costs. The alternative option is to search for sustaining innovation. In this scenario, banks can change their business model in order to transform from transactions (in which money comes from distributing products with embedded fees) to services (in which money comes from packaging products into a mechanism called financial advice, which investors are willing to pay for transparently).

“European regulators seem to be making a self-defeating attempt to change the business model of Financial Services.”

This transformation would be truly r-evolutionary, and it is the heart and soul of my latest book “Financial Advice R-Evolution”, which extends on the content of my recent bestseller “FinTech Innovation”. For the first time, clients would take real centre stage of the investment relationship, steering the discussion away from payoffs and financial market

trends (so called in-boarding of the investment solution) and granting much higher relevance to the activities of clients’ on-boarding, which focus on the analysis of risk profiles, goals, preferences, tax implications, and life events. This evolution of the banking model, towards an Amazon Prime type of mechanism, would be truly r-evolutionary and cannot be achieved successfully without the use of FinTech innovation. Only technology can institutionalise all banking relationships with households and SME clients. It will augment bankers to explain the added value of their services, and help clients to understand the new language through a digitally enabled customer experience.

Human beings will take centre stage in banking, and technology will empower them. **AI**





CAPITAL CARNIVAL

AS BRAZILIAN ANGEL INVESTMENT FLOURISHES

Cassio Spina takes us on a guided tour through the promising and dynamic Brazilian Angel Investment landscape.

CASSIO SPINA Founder and President, Anjos do Brasil

Despite Brazil suffering a political and economic crisis in the past several years, marked by the impeachment of a president and negative GDP, Angel Investment still keeps growing. 2016 saw the Brazilian Angel ecosystem break through the USD \$250m annual investment threshold by the hand of some 7,000 Angel Investors. Although still far behind the ecosystems of the USA and Europe, the progress is more than encouraging as compared to 2011, when total Angel Investment was measured at USD \$142m - representing a growth of over 75% in last 5 years. Cause for further optimism is that Brazilian Angel Investment is showing no signs of slowing, and promises to keep its pace for the years to come.

It is important to observe that this investment surge into startups in Brazil can be attributed to a combination of external and internal factors. On one side, the international expansion of the innovative entrepreneurship culture has noticeably influenced Brazilian entrepreneurs. Domestically, the last decade of strong economic growth has created a more capital flush environment for new companies, who

have further benefited from a push by many non-profit organisations to foster startups.

As part of this ecosystem, Anjos do Brasil has been promoting the creation of various Angel networks spread over Brazil, as well as educating entrepreneurs and investors alike

“Brazilian Angel Investment is showing no signs of slowing, and promises to keep its pace for the years to come.”

to prepare them for doing business together. Anjos do Brasil has also been working with the Brazilian government and congress, co-operating to create policies that enable more investors and entrepreneurs to enter into the marketplace. Among the several notable milestones, a law was successfully passed effective 1 Jan 2017 that supports legal security for

Angel Investors, as well as preserving tax breaks for startups. While this is expected to continue to help grow the community, there remain important issues for attention, like the taxation of capital gains. Using references such as the United Kingdom's EIS and SEIS tax break policies, Anjos do Brasil is pushing the government to create similar incentives for further stimulating our economy, especially as it begins to recover from the crisis.

Brazilian government agencies such as Finep (A primary research finance agency) and BNDES (Brazil's development bank) have also created new programs focused on investment in startups. BNDES has already launched three investment funds, called Criatec 1, 2, & 3; and is in the process of launching a co-investment fund for Angel Investors which is expected to boost Angels' coverage. Finep has also launched a program for co-investment with Angels in startups, committing up to USD \$300,000 for eligible promising companies.

Turning attention to the startups themselves - the benefactors of Angel Investment - a handful of huge success stories have demanded attention. Taxi-

hailing app 99taxi is one such example, which recently received a USD \$200m investment from Chinese giant Didi and Japan's largest VC, Softbank. Nubank, a fintech startup has also received over USD \$100m from different Brazilian and American VCs. Some startups are already expanding to international markets. Mobile, for example, with its wildly popular PlayKids app, has already established a USA subsidiary. In terms of sectors, many opportunities are arising in agritech, fintech, edtech and healthtech areas, where Brazil's 200 million strong population stimulates great ongoing demand.

Large corporations, seeing the rapid growth of Brazilian startups, have also sprung to action to create their corporate venture initiatives; ranging from basic activities like startup competitions and the funding of co-working spaces, to creating their own fully-fledged investment funds. Bradesco, for example, one of the top Brazilian private banks, has created four programs called inovaBra startups,

hub, ventures and habitat; and now is launching its international initiative establishing a USA branch for scouting the USA fintech market. Another example is Positivo Tecnologia, Brazil's largest tech manufacturer, which has started investing into startups from its own balance sheet. Included in the companies portfolio are some real success stories; including Hi Technologies - an innovative HealthTech startup.

With the rapid growth of the Brazilian startup ecosystem, opportunities for international collaboration with other Business Angel groups appear likely; both for catalysing the international expansion of Brazilian companies, as well as bringing foreign startups to the Brazilian market. Being aware that reaching international markets is a

hard task which demands intimate knowledge of local regulations, networks, and culture; the role of Angel Investors in foreign startups launching domestically is especially pivotal in as far as supporting not only with capital, but with experience and relationships. Further, the culture of investing for an exit continues to grow, with notable Brazilian startups - such as Netshoes - pioneering the previously uncharted waters of international IPOs.

Seeing as Brazil is so large geographically (making up almost an entire continent by itself), it has received immigration from almost all parts of the world. As a result, the country has many different cultural origins from one region to the next. In light of this eclectic, Brazilians are typically very receptive to international partners. That being said, it is important to understand that being local in each region is vital. As such, Anjo do Brasil has driven the creation of different Angel groups spread around all parts of the culturally diverse country, better tailoring investor experience to startup needs.

In 2018, you can expect Brazilian Angel Investment and its entrepreneurial ecosystem to continue to expand rapidly. Thereafter, the upcoming 2019 presidential election holds the promise of a refreshed political model, which is expected to sustain further innovation-driven economic growth for the country. 





Tokyo, Japan



SPREAD YOUR WINGS IN **ASIA!**



Experienced Angel Investor, **Andrew Work**, reviews John Y. Lo's recent release: "Angel Financing in Asia Pacific: A Guidebook for Investors and Entrepreneurs"

ANDREW WORK

Head Content Strategist (Asia Pacific), NexChange

A *ngel Financing in Asia Pacific* is the first book to take a telescope, and then a microscope, to Angel investing in Asia. Author John Y. Lo, an experienced Hong Kong lawyer and Angel Investor, looks at Asia Pacific and its place in the global Angel Investing scene, and then looks at major markets in the region. His Asia stretches from

Japan in the north east, south to New Zealand and west to India. Mr Lo's prose dominates the text, but he pens only the Hong Kong and China country specific chapters, with in-market experts contributing for their regions. His 'collaborators' - editors and co-writers on some elements of the book - are Patrick Mooney (Accelerating Commercialisation and Impact Tech

Ventures, Australia) and Professor Po Chi Wu of The Hong Kong University of Science and Technology.

The books aims to serve practitioners - all practitioners. This includes experienced Angel Investors seeking to spread their wings in the region, as well as those with funds looking to earn their wings as Angels. There is even something for policy makers



Thailand



Tokyo, Japan

seeking to improve the likelihood of having more Angels walk among us, generating jobs and spurring innovation at home.

The book is clearly delineated into four parts, making it easy for readers to quickly structure their reading to suit their needs - a sign of thoughtful editing and structuring. The opening overview of regional themes is short and should be read by all. The challenges of traditional thinking; the immaturity of legal and regulatory environments; multiple jurisdiction holdings across small, varied markets; and a lack of exit vehicles all sound daunting. However, the scene is improving rapidly in many markets, suggesting that it may be time to start paddling into the wave - building to surf into a profitable Angel Investing future in Asia.

FOCUS: HONG KONG

John Y. Lo has been in the Hong Kong business scene for over 20 years, and is well placed to evaluate the Angel ecosystem in both Hong Kong and China. First, Mr Lo correctly identifies the relative ease of becoming

COUNTRY CHAPTERS IN ANGEL INVESTING IN ASIA PACIFIC

Hong Kong
Singapore
China
Indonesia
Korea
Australia

Japan
New Zealand
Taiwan
India
Thailand
Malaysia

established in the city. While the 'Angel culture' is fairly undeveloped, Hong Kongers are making up for lost time with a bewildering of private and public networks springing up. Many have formed independently, while others are coalescing around accelerators or are in partnership with government bodies and quangos who are enthusiastically backing events, fostering tech startup 'ecosystems' and co-investing with approved investors. A strong rule of law; a sophisticated, entrepreneurial business and professional class with access to a free flow of people (working visas take less than six weeks to approve normally);

and an abundance of capital means that international Angel Investors can connect easily to the local scene. Lacking a major consumer market, however, the underlying investment opportunities may not produce many home runs (to use American parlance) - unless they use Hong Kong as a fundraising base while their product or service targets bigger markets. Furthermore, another quirk of Hong Kong which distinguishes it from its Asian neighbours is that equity crowd-funding is verboten, with no likelihood of regulators opening this door to source economic growth.

THE WORLD'S SECOND BIGGEST ECONOMY: CHINA

Anyone reading the China chapter is well served with a surprisingly concise and relevant economic history of China, which segues naturally into its Angel Investment development and unusually vibrant scene. Those entering the market will have a good overview of the current state of play and how they can - and cannot - plug into it. The chapter does not shy away from the many challenges of China for the >



Hong Kong, China



Chiang Mai, Thailand

outside investor looking in. Some of the challenges are those faced by any investor - trust issues being at the top of the list. However, the mutability and complexity of regulations poses an extra challenge to Angel Investors - where determining an appropriate investment structure, compliance and the necessary due diligence can become extreme given the size of investments involved. While rewards may be high in the developing market, challenges for those coming in fresh may be daunting for Angel Investors lacking trusted partners with the inside China edge. Angel Investors of this ilk do exist, but most have been in-country for many years - decades even.

OTHER REGIONS

Other chapters do bear the distinctive styles of writing that differentiate them from the main author and his collaborators. **Korea** is noted for its more insular nature, but it is tempered by the opportunity to partner with returnees and global players (like Google and Facebook) attracted by the advanced level of technology and consumer adoption. A destination

where investors can “glimpse a future where the most ambitious dreams of Silicon Valley have already been realised.” Incubators, like Gangnam’s D.CAMP for example, connect thousands of startups with investment and have several programmes to connect to international investment.

“Why Asia? The answer? Change, growth, scale, resources (people), momentum, global markets and wealth - specifically Asian wealth and where it will go.”

Japan seems especially hard to plug in, given a traditional, secretive culture and reliance on debt financing that make Angel Investing hard to connect to. Only a small handful of incubators seem to offer any chance to connect to a small pool of innovative entrepreneurs (rendered small by an ageing demographic).

Taiwan’s nascent Angel groups are often connected to universities. In fact, being an alumni is often a requirement to join.

Indian authors show a characteristic optimism in the face of considerable challenges, noting funds raised by startups in 2015 surpassed that in the previous five years, and claiming “India is on the cusp of becoming the startup capital of the world!” Potential indeed.

In Southeast Asia, **Indonesia**,

Thailand and **Malaysia** likewise are developing their Angel Investment communities through new networks and government support. **Singapore** shares many of Hong Kong’s virtues and challenges, but isn’t as tightly tied to China and its investment communities.

Australia has a comparatively mature Angel Investing community that is easy for international players to connect to; if only for the English language and maturity of the



Auckland, New Zealand

economic and legal environment and English language (like Hong Kong, Singapore and New Zealand). It is unusual in that the focus of the authors isn't just on internet startups, but considers investments in life sciences, clean technology, construction, mining, web software and IT to be worthy of equal consideration.

JUST DO IT, DO IT, DO IT - BUT DO IT RIGHT

The third part of the book serves as an excellent reference for anyone considering investing or raising funds, anywhere. What is welcome is reading a text that doesn't automatically state its data from an American perspective in every instance - as if it is the only country in the world. Angel Investor demographics show the variety around the region. For example, in Singapore, a much higher proportion of Angel Investors are younger than their Western counterparts, and more are women - up to 22%. Angel Investors in The Philippines are almost exclusively university degree holders and often holders of multiple degrees.

Finding and picking your targets, diversifying your portfolio, valuation and negotiation, structuring and exits are all covered in detail. IP across the region is examined and worth a read. Details about documentation and structuring deals are fairly detailed and useful for medium to experienced investors, as well as those new to the game. Even entrepreneurs have their own chapter about attracting Angel Investment and how to give up equity.

GOVERNMENTS - THAT MEANS YOU TOO

There is a short but punchy chapter on how policy can impact Angel Investment. It starts a little academic in style, but sharpens up as it develops. It identifies that well-meaning policy can divert resources and attention from productive ventures, but should still be considered. It looks at today's informal investors, as they will be tomorrow's Angel Investors as the global economy matures. It highlights the variety of government support across the region; ranging from Hong Kong's physical and community

support networks like Cyberport, to government co-investment popular in places like Singapore and Australia. China, at all levels of government, ticks the 'All of the Above' box for government support. Bizarrely, Hong Kong, as previously mentioned, is the only jurisdiction whose entrepreneurs cannot access equity crowdfunding due to regulatory constraints.

The authors do acknowledge that many of the barriers to Angel Investing, or connecting international Angel Investors to markets, arises from cultural considerations outside of government control. Sometimes, the people just have to want it before it will happen.

Finally, Professor Po Chi Wu makes a pithy case for 'Why Asia'? The answer? Change, Growth, Scale, Resources (people), Momentum, Global Markets and Wealth - specifically Asian wealth and where it will go. Mr Lo and his contributors from across the region are bullish on Asia and their local markets. With this book as a starting point, Angel Investors now have an excellent base from which they can spread their own wings in Asia, and take off on a profitable journey. 

HUMAN UNITED MISSION: DEVELOPING INDIA THROUGH RURAL ENTREPRENEURSHIP



A glimpse of the entrepreneurial development agenda being driven by **HUM**; catalysing a paradigm shift in India's rural midset.

ZAKIR HUSSAIN

Chairman and Founder of USense Innovative Solutions

India has a population of over 1.35 billion people of whom some 70% wholly depend on the agricultural sector or allied activities. The poor population is predominantly settled in the remote villages where they carry out subsistence agricultural practices to sustain their basic livelihood.

Opposingly, having fixed and reliable sources of income, the urban population lead a comparatively more comfortable lifestyle. Due to a steep lack of resources and underdeveloped conditions of the rural areas, those living below the poverty line face several challenges.



As a result, there has been a distinguishable imbalance in the economic structure of the country. The rich are getting richer, while the poor are hardly able to meet their day-to-day demands. Exacerbating this hardship, social issues such as ill-treatment of women, lack of education, improper infrastructure, and poor investment activities, have further added to the woes of rural development.

RURAL DEVELOPMENT - NEED OF THE HOUR

The Government of India has introduced several rural development programs to improve the quality of life and economic well-being of the rural population. However, only a handful of them have been truly effective as vehicles for upliftment of the people.

Under the Ministry of Rural Development, programs such as the National Rural Employment Scheme, Pradhan Mantri Gramin Awaas Yojana, the National Rural Livelihood Mission, and the National Social Assistance Scheme have been launched.

The unifying problem faced by the above programs is the struggle for sustainability. Often enjoying early momentum, most similar programs battle to achieve prolonged results.

The result of this underwhelming development success is that many interior regions of the country remain confronted with issues such as prolific unemployment, absence of schools and learning centres, irregular water supply, lack of proper sanitation, and other related structural or systemic challenges. This has brought rural development to the fore, making it the need of the hour.

RURAL DEVELOPMENT THROUGH HUM

In a bid to fill the rural development void and bring about positive change to



“The idea is to shift the paradigm and promote self-initiated rural development by way of entrepreneurship.”

society, we launched our philanthropic arm called the Human United Mission (HUM) in April 2016. We aim to fulfil the following objectives:

- To rebuild the rural community and recognize their efforts.
- To evoke a sense of self-sufficiency and self-dependency.
- To alleviate poverty through a systematic investment approach.
- To rectify India's dissonant economic structure.
- To slow the growing gap between the rich and the poor.

Through the above agenda, HUM takes the lead to transform the traditional rural mind-set by introducing “Rural Entrepreneurship” programs. The idea is to shift the paradigm and promote self-initiated rural development by way of entrepreneurship. This in turn, will not only generate various employment opportunities, but also acknowledge talented and skilled individuals.

We seek to be the Angel Investors for the poor, helping weaker sections of society by pooling our funds together. Along with monetary benefits, HUM looks to provide training and guidance to build a chain of rural entrepreneurs. The program focuses predominantly on rural women, farmers, and small and medium-sized enterprises that are looking for a launchpad to showcase their talents.

THE ROLE OF HUM IN RURAL ENTREPRENEURSHIP

HUM intricately understands the challenges that come with promoting rural entrepreneurship in India. Foremost to our challenges is a social inertia in respect to entrepreneurship. Fear, slim exposure, lack of opportunity, and improper guidance often make people weary of departing from their norm. For example, even a farmer taking on basic and small scale agricultural activities is an entrepreneur at heart, but unfortunately, such efforts fail to get noticed and recognised, and are stunted by a lack of proper training and guidance. In this way, the country loses out on another promising entrepreneur.

However, there is a striking difference when it comes to HUM, which strives >



to play a pivotal role as far as guiding such individuals. HUM provides comprehensive mentorship, and imparts all the appropriate knowledge and skills in order to support the rural entrepreneurs.

HUM strives to empower the poor so that they are not exploited due to illiteracy or ignorance, but enabled in their ability to bring about significant change to their lives and the world around them.

HUM OFFERINGS FOR RURAL ENTREPRENEURSHIP

HUM invests in the best interests of rural entrepreneurs so that they can take ownership and move in the right direction. HUM supports rural entrepreneurs in the following ways: Support in producing functional and premium quality goods.

- Assists with strategic planning to increase revenue with minimum expenditure.
- Guidance in identifying the right market.
- Creation of brand identity and application of proper marketing techniques.
- Supply chain design and assembly.

Further to these, HUM brings together innovation, leadership, mentorship, finance, and product development to build an ideal business network for rural entrepreneurs.

INVESTMENTS THROUGH HUM

The HUM model relies on investments from the stronger sections of the society. To this end, we have successfully established Janaseva, a credit development society under the laws of Islamic Banking. We also collaborate with the Islamic Chamber of Commerce for better utilization of public money.

We invite healthy investments in the form of share applications from those interested stakeholders. HUM adopts an investment only approach rather than encouraging entrepreneurs to take out loans externally. In return, stakeholders receive regular dividends once the locking period is completed.

Raised capital is used for funding training, raw material procurement, education, market development, and branding for our rural entrepreneurs.

As a result of our efforts to date, HUM has successfully opened a garment factory in a remote village of

Maharashtra, generating employment to around 25 individuals. Similarly, in cities and urban townships, we are promoting consumption and production of organic foods, helping more than 100 entrepreneurs to start their business in this growing market.

Moreover, we have also begun with multiple household productions, empowering women entrepreneurs' growth and supplementing their earnings with similar business models. To support them, HUM has also rolled out learning and incubation centres to carry out research and development and a build technological chain to manage and control the entire system.

PLANS FOR THE UPCOMING YEARS

We believe ground level work has been successfully completed. As far as future plans are concerned, through increased public investment and support, HUM aims for a 2018 turnover of around USD \$5m for HUM empowered entrepreneurs. HUM has also set its sights on establishing 400 learning centres this year, and helping more than 1000 individual entrepreneurs into action. **AI**



TEB ÖZEL
BNP PARIBAS JOINT VENTURE

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TEN TRUTHS

ABOUT ENTREPRENEURIAL ECOSYSTEMS



Norris Krueger distills the early-stage ecosystem down into ten research-backed takeaways; and outlines their implications for Angel Investors.

NORRIS KRUEGER

PhD, Senior Subject Matter Expert at OECD/EU

1 PRACTITIONER RESEARCH is ahead of academics in many ways (not just Kauffman, think Brad Feld). Two of my go-to gurus - Erik Paves and Don Macke - both have hoards of good research and tools.

Implication: We must cast our net widely when doing our homework.

Implication: Communities that connect outside their region do better. How can we fight the 'Not Invented Here' syndrome? How can we stay in touch? It seems the global nature of WBAF opens the door to learning so much from each other. Let us not miss those opportunities!

2 BRAD FELD'S KEY POINT is supported by research: No doubt, bottom-up matters.

Implication: In everything you do, keep a laser focus on how to keep it bottom-up; entrepreneur led!

2a) Unfortunately, the dominant thinking among policy makers is top-down. The Triple Helix argues that all you need is to bring together academe, government and industry groups; and then... Magic happens? Most cluster studies assume that it is the institutional players that matter most, despite all the evidence to the contrary.

Implication: Focus on how to get even your most powerful institutions listening and hearing what the entrepreneurs are really saying. WBAF members and Commissioners are uniquely positioned to do exactly that!

2b) Brad's 2nd point, "be inclusive of the whole stack", holds as well. Best payoffs aren't gap-filling, but help multiple industries, types of venture, life cycle stages, etc.

Implication: How can we craft 'rising tide' strategies? Avoid overly targeted strategies? Again, we can learn so much from each other via WBAF.

3 KNOW THAT TRUE ECONOMIC DEVELOPMENT IS DISRUPTIVE

When most ecosystems take off, the 'good old boy network' gets disrupted, even subverted. But revolutions always have serious inside help.

Implication: They will fight back, but you can always find pro-disruption 'double agents'. These people might be us, at WBAF!



4 ECOSYSTEMS ARE ABOUT PEOPLE

That means focus on trust.

Where communities get the right people on the bus (the trustworthy) and the wrong people off the bus (the untrustworthy, no matter how highly placed), then things move.

Implication: Be ruthless about starting with the deeply trustworthy. The 'big tent' is a mirage. Part of the genius of WBAF is we are starting with trustworthy people.

5 FOCUS ON THE CONNECTORS

More importantly, focus on the super-connectors, the liaison-animateurs who are proactive and great at connecting the connectors.

Implication: Understand the connectivity and find the selfless connectors. WBAF members should be very good at finding (and being) great connectors, and connectors of connectors.

6 GOOD NEWS: MAPPING IS VERY GOOD

(and roadmapping) according to research. Bad news: Most communities are terrible at it.

Implication: You need to check out Sourcelink and Rail. Also, when we talk, ask me about "Google mapping." We need to get the great tools we already have into the hands of communities back home.

7 ECOSYSTEMS ARE NETWORKS (plural).

It appears impossible for a community to move forward under one big umbrella (indeed, research is clear that the 'big tent' is a mirage). Think networks of networks that are connected and overlap to varying degrees; you have a financing ecosystem, a learning ecosystem, different industries, etc.

Implication: Encourage the view that superconnectors really help,

"Focus on building strengths, especially if sustainable. Identify who is best at various key ecosystem roles, even if painful."

figure out how to help them, and how to grow more. Connectors are people, not organizations. By the way, students could be your secret weapon!

8 ALIGN RESOURCES BY DISTINCTIVE COMPETENCIES

Research argues two counterintuitive things.

First, focusing on strengths (e.g., Asset-Based Community Development) works much better than trying to remediate weaknesses. Not politically popular, but it does work.

Second, distinctive competencies not core competencies. That is, ecosystem participants can't focus on what they are best at (or what they prefer to do), but where they add the most value (just like in the marketplace).

Implication: Focus on building strengths, especially if sustainable. Identify who is best at various key ecosystem roles, even if painful (on that note: Universities are rarely, if ever, the best spots for entrepreneurial training).

9 METRICS MATTER

So, get them right... for you. You do get what you measure, so get good at measuring the right things, not the easy things. Focus on the dynamics; focus on the connectivity.

Implication: Check out the pros at this like Startup Genome and Sourcelink [p.s. and of course the Ewing Marion Kauffman Foundation]. WBAF needs them at our elbow.

10 KEY DRIVERS of Entrepreneurial Economies, per the Global Entrepreneurship Monitor, are:

(a) How broad and deep is the understanding of the entrepreneurial mindset in prospective entrepreneurs? What about in the media, institutions, government, your mother?

(b) Entrepreneurial culture. How much of entrepreneurship and innovation is in the water? Usually, this means the ecosystem is healthy and growing. The first is human capital, the second is social capital. You need both.

Implication: How do you move all these pieces forward? Find synergies between human and social capital. How do we advance both?

Why does number 10 matter? The 2017 Kauffman State of Entrepreneurship Address emphasized three key foci: Entrepreneurship education, growing ecosystems, and zero barriers. Sounds like WBAF! Great minds think alike?

I would be remiss if I did not credit the recent ESHIP global summit on ecosystem-building, hosted by the Ewing Marion Kauffman Foundation for inspiring (and informing) this. Many of you reading this should consider applying to attend the 2018 event (and the Growing Entrepreneurial Communities event, hosted by the Federal Reserve Bank and Sourcelink in Kansas City). I would cherish your thoughts, criticisms, and additions.

Entrepreneur Up!

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DEVELOPING ENTREPRENEURS WHO WILL CHANGE THE WORLD

UNIDO-ITPO Bahrain Head, **Dr Hashim S Hussein** explains how his organisation plans to help produce the world's next generation of high-impact entrepreneurs.

The UNIDO ITPO Bahrain Office was established in 1996 to enhance industrial partnerships and cooperation - between enterprises in the Kingdom and other nations - by facilitating the mobilisation of foreign and domestic investments.

As industries throughout the world confront the growing challenges of international competition, investment

and technology are proving two essential components to success in the global market. However, many developing nations and countries with economies in transition face enormous difficulties in attracting investors, and are challenged in gaining access to technology and markets.

Through the UNIDO ITPO Network of 8 countries (Bahrain, China, Italy,

Japan, Korea, Nigeria, and the Russian Federation), ITPO Bahrain provides a wide spectrum of services to Investors/ Entrepreneurs - ranging from Business Counseling to the setting up of joint ventures. In so doing, ITPO Bahrain provides a unique combination of value-add services to client institutions and entrepreneurs who want to forge new alliances in the international industrial investment and technology transfer.



Drawing on these links, ITPO Bahrain is redressing the industrial development imbalance by animating investment and routing the latest technology to Bahrain. At the same time, the ITPO is opening up new opportunities for investors and technology suppliers to find potential partners, by providing services tailored to each step of the investment life-cycle; namely: opportunity identification, preparation, appraisal, validation, and implementation.

The promotion of foreign direct investments and its positive correlation to domestic investment - coupled with a growing youth population, both locally and globally - represents a major challenge for governments to create desperately needed jobs. As a result, ITPO Bahrain and the Bahrain Government have resolved to explore initiatives, programmes, and methodologies that represent potential solutions to this challenge. This has been done by looking at best practices available for the Ministries of SMEs and Entrepreneurship Development in three countries; namely: Italy, Turkey, and India. In 2001, under the banner of South-South Cooperation, the Bahraini and Indian Governments, and in affiliation with UNIDO, established the Arab Regional Center for Entrepreneurship & Investment Training (ARCEIT) under ITPO Bahrain. From the inception of ARCEIT in 2001, it was immediately evident that entrepreneurial development was a key factor in addressing job creation and economic sustainability for the prosperity of nations. Hence, ARCEIT initiated and embarked on the development of what is known today as the Bahrain Model for Enterprise Development & Investment Promotion Programme (EDIP), which has undergone a continuous evolutionary process of advancement and progress.

The EDIP takes a holistic approach of integrating financial and non-financial services to stimulate prospective entrepreneurs in transforming their business ideas and dreams into existing businesses; taking up a mandate of new enterprise creation. EDIP's mandate



DR HASHIM S. HUSSEIN
Head, The United Nations
Industrial Development
Organization - ITPO, UNIDO

“It is the well-supported entrepreneur that holds the key to shaping their society.”

also extends to serving as an enterprise development mechanism, assisting existing businesses to grow by providing added value services at different stages of the project life cycle.

The EDIP model is a comprehensively structured Incubation System which encompasses pre-incubation, incubation, and post-incubation services. Among which, one can expect to find preparation and empowerment; business counseling; and technology tie-ups leading to joint ventures; financial linkages; virtual and in-house incubation; and finally, growth programmes.

Today, the EDIP Programme has become an international model, by developing the capacities of 4,500 experts from 60 countries; and by doing so, has touched the lives of millions of entrepreneurs around the world. These achievements have led to the transformation of ARCEIT from a regional center in 2013, to the Arab International Center for Entrepreneurship & Investment in 2018.

With the global adoption of the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs), it is evident that a key underlying component to achieving the SDGs is entrepreneurship. It is the entrepreneur who can autonomously achieve economic upliftment for themselves and their families. It is the entrepreneur who can create an impact with a positive multiplier effect on their community. It is the well-supported entrepreneur that holds to the key to shaping their society; to injecting their economy. 



REALITIES OF FEMALE ENTREPRENEURSHIP IN NORTH AFRICA



A frank, powerful canvassing of the reality of being a North African woman entrepreneur; plus some poignant remedial solutions.

DOUJA GHARBI

President, Entrepreneurship Center and Endogenous Development

Women represent a considerable pool of untapped potential for North African economies. Whilst comprising over 50% of the population and some 47% of the education enrollment figures, women make up only 24% of the labor force - the lowest for any region in the world.

In addition to that, the number of women entrepreneurs in the region is very low; and those that do exist mostly lead micro-enterprises, have

undertakings in the informal sector, or contribute toward traditional sectors like agriculture, handicraft, and textile industries.

Considering the high unemployment rate in many North African countries, only one in three youths are economically active. Notwithstanding, only one young woman in five is economically active, and young women are two to three times more likely to be unemployed than young men. Among this dark picture,

entrepreneurship shines as a bright, beaming light; promising to be a key driver of economic growth and enhanced competitiveness. It follows then that women's increased participation in entrepreneurial activity is a prospective source of advancement, with the growth in numbers of women entrepreneurs being a long overdue solution.

However, women's entrepreneurship in North Africa is faced with a deep absence of an entrepreneurial culture,

and strong social barriers to overcome where women are traditionally expected to play the role of mother and housewife - even if they are educated graduates. At the same time, those women that are able to overcome these barriers to entry are also facing many other challenges; such as a lack of access to information, a non-supply of training and skills development, limited access to market, little access to opportunities and networking, and a vast chasm between idea generation and access to finance.

Further complicating the matter is the fact that - due to cultural conditioning - North African women are often relatively lacking in relevant soft skills, such as self-confidence and leadership; and they frequently demonstrate an inculcated perception that they are not capable of starting their own businesses, that they are afraid of failure, and that they are highly risk-averse - even if entrepreneurship is seen as a good career choice.

Several studies have shown that North Africa's few existing women entrepreneurs have a significant positive impact on their local ecosystem and on the economy, as they tend to be creative, demonstrate natural innovativeness, are more likely to employ women, are perceived as good-natured managers, and are more likely to pay back loans. Taking this into consideration, empowering women entrepreneurs - and constructing spaces that can be cohabited by women, innovation, and capital - will lay the foundations for powerful, inclusive changes and sustainable economic growth.

Encouragingly, there are several recommendations that have been drafted and proposed to governments in North African countries, which have pledged their commitments to gender equality through their constitutions. It is therefore pertinent to highlight the proposals that are poised as the most important, quick-win solutions.

Governments must adopt women targeted policy as well as effective

women entrepreneurship strategies. A fine example is the case of Tunisia, where the Ministry of Women Affairs - with the support of international institutions such as the EU, ILO, UNDP and UNIDO - set up a national strategy for women's entrepreneurship in 2016. Thereafter, they immediately began implementing effective activities at a macro, meso, and micro level, supporting different actors of the entrepreneurial ecosystem in order to make the business environment more friendly to women entrepreneurs. They also went about supporting the women themselves by providing training, coaching, and other non-financial services aiming to empower women entrepreneurs. Finally they implemented a credit line dedicated exclusively to women entrepreneurs.

“Empowering women entrepreneurs will lay the foundations for powerful, inclusive changes and sustainable economic growth.”

Access to finance is likely the most challenging barrier to women's entrepreneurship, and is regarded as the number one reason for women moving towards the informal sector. It must be stressed here that traditional banks have demonstrated their limits when it comes to financing developing economies; and that, as a result, the need to see the emergence of new and adapted financial products in North African countries is as marked as ever. Whilst there is ample activity in the alternative finance space, these offerings need to be properly promoted, and adapted regulations have to be implemented to cater for them. This is where venture capital, private equity, Angel Investors, and

crowdfunding platforms come in.

Improving access to non-financial services is also among the recommendations that should be acted upon quickly. Several studies have concluded that women are more likely to ask for support and advice from family and friends. This is indicative of the importance of access to skills training, coaching, mentoring, counseling, and networking; and should be considered a top priority in invigorating women entrepreneurship. Furthermore, whilst awareness of formalised Business Development Services (BDS) is not prevalent among women in North Africa, there are a number of women associations and public institutions trying to provide BDS. However, to be effective, these organisations need to be centrally coordinated and empowered, so as to not overlap or detract from one another. Mentoring and networking programs should also be promoted, as they present strong opportunities for women to share information, to learn from each other, and to secure mutual beneficial business arrangements. Successful networking and promotion thereof also has a big role to play in reducing the fear of failure, building self-confidence, and opening minds to new opportunities.

Beyond skills and finance, access to market is also an area where women need effective practical support. Women-led businesses need to get more information about markets; they need to be assisted to develop and prepare their products, processes, and enterprises to thrive in new markets and to respond to special demands.

Finally, it is paramount to empowering women - and promoting women's entrepreneurship - that there exists a nuanced understanding of the significant social and cultural forces in play that compromise women in unignorable ways. Special programs for families and local communities can go toward redressing these forces, and can craft situations in which women entrepreneurs are better supported within these close environments. 



The Davos of the Global Early-Stage Investment Community

Revered ecosystem thought-leader and President of the European Trade Association for Business Angels (EBAN), **Candace Johnson**, reflects on WBAF's successful journey since 2015, and looks toward a bright future for this global Angel Investor community.

As we prepare to come to this year's WBAF World Congress 2018, I think back to all of the wonderful Forums from the last three years. This year we will have a full two and a half days of excellent, insightful presentations, and discussions on the most important topics and issues informing our early stage investment ecosystem.

Already in 2015, the first WBAF was ahead of the curve; defined by its very innovative proposition to provide a forum where Business Angels could come together from all over the world; discover what other Angels were doing; exchange best practices; and learn from not only their peers in their own sector, but also from those in government, corporations, financial and educational institutions, chambers of commerce, etc.

Be it the Deputy Prime Minister of Turkey, Deputy Prime Minister of Macedonia, the UK Minister of Trade, Ministers from Albania, Kosovo, Zambia, Bahrain, leaders of some of the largest corporations in the world - not to mention the presidents of Stock Exchanges, Chambers of Commerce and large investment funds; over the years, WBAF has hosted them all. We have all benefited from their counsel, their predictions, and their insights, just as they have

benefited from our Business Angel investing perspective, needs, and recommendations. WBAF has been a true forum in the best sense of the word; with not only great speeches, discussions, workshops, pitching, and mentoring, but also plenty of time scheduled for networking, brainstorming, and taking in the fabulous heritage of Istanbul.

"Each of these topics has inspired all of us to look at our early-stage investment ecosystem in a new light, and to grow and learn as a result."

Alongside the geographical focus from the first years and the luminaries addressing the Forum, each year has had a specific topic. In the inaugural 2015 forum, the topic was Easing Access to Finance from Start-up to Scale-up to Early Exit. This was followed by Developing Public-Private Partnerships to Empower Angel Investments and Partnering

with Corporate Ventures for More Innovation in 2016 and 2017. These have all lead to this year's topic on Connecting Angel Investors with Wealth Management Institutions. Each of these topics has inspired all of us to look at our early-stage investment ecosystem in a new light, and to grow and learn as a result.

Whereas most people would say that Baybars Altuntas, the Chairman of WBAF is a master promoter and genius marketer, it is at the WBAF where his true passion and gift as an educator comes to the fore. The meticulous documentation, the training sessions, the topics, the speeches, the speakers — all have been done with a plan to bring about systematic growth in early-stage investing throughout the world.

Many organisations have tried to put in place global infrastructures around the promotion and dissemination of early-stage investing and Angels Investing. The only one that has truly succeeded in making an impact, and bringing about a paradigm shift in the appreciation and importance of Business Angels - and the Smart Finance they bring across the world stage, is the World Business Angels Investment Forum. The European Trade Association for Business Angels and Early Stage Markets (EBAN) is very proud to be partners with this seminal event. 

EXECUTIVE CERTIFICATE PROGRAMMES FOR POTENTIAL BUSINESS ANGELS

Qualified Business Angel Certification Programme - QBAC

PROVIDING THE OPPORTUNITY FOR BUSINESS LEADERS TO BECOME ANGEL INVESTORS

For anyone new to Angel investing, this is an invaluable training session covering the basics of investing, aiming to help investors avoid the pitfalls new Business Angels often encounter.

This course introduces the Angel Investment system to those considering investing in start-ups, SMEs or high-growth companies, using their own money and contributing their own know-how. The basic principles of Angel Investment are discussed, along with practical advice for investing as a qualified Angel Investor. In 2015, more than 300,000 Angel Investors invested more than \$25 billion in startups in the US & Canada, and more than 310,000 Angel Investors invested more than 6 billion Euro in Europe. The estimated total global market size of Angel Investment is over \$50 billion every year. Angel Investors support entrepreneurs in starting up, and they support SMEs as they scale up their businesses, creating hundreds of thousands of new jobs worldwide every year.

WHY ATTEND?

For anyone new to Angel Investing, this is an invaluable training session covering the basics of investing, aiming to help investors avoid the pitfalls new Business Angels often encounter.

Certification

Participants will take a final exam at the end of the course. Certificates will be awarded in line with final exam scores:

- 0 – 70: Certificate of Attendance
- 71 – 89: Success Certificate: Business Angel
- 90 – 100: Success Certificate: Qualified Business Angel

Time: 2 Days

Registration fee: 1250 EUR





WHO SHOULD ATTEND?

This is an ideal course for professionals from listed companies who can invest a minimum of 5,000 EUR per year, CEOs of companies who can invest a minimum of 5,000 EUR per year, anyone with an entrepreneurial background who can invest a minimum of 5,000 EUR per year.

The basics of Angel Investing

why the returns are attractive;
the importance of portfolio theory;
the financial life cycle of a start-up.

Identifying a suitable deal flow

sourcing potential deals; investing in individuals rather than businesses; ensuring that a deal fits the investor's portfolio.

Best practice for structuring, managing and exiting an investment

assessing valuations and closing the deal;
establishing a win-win relationship with the entrepreneur; ensuring a return on the investment.

Understanding your place in the world of angels

assessing valuations and closing the deal;
establishing a win-win relationship with the entrepreneur; ensuring a return on the investment.

DATES

10 – 11 April 2018

TIME

10am – 5pm

PLACE

London Stock Exchange Group
10 Paternoster Square
London
EC4M 7LS
UK

WBAF

World Business Angels
Investment Forum



CROWDFUNDING: SEEING OVER THE CROWD

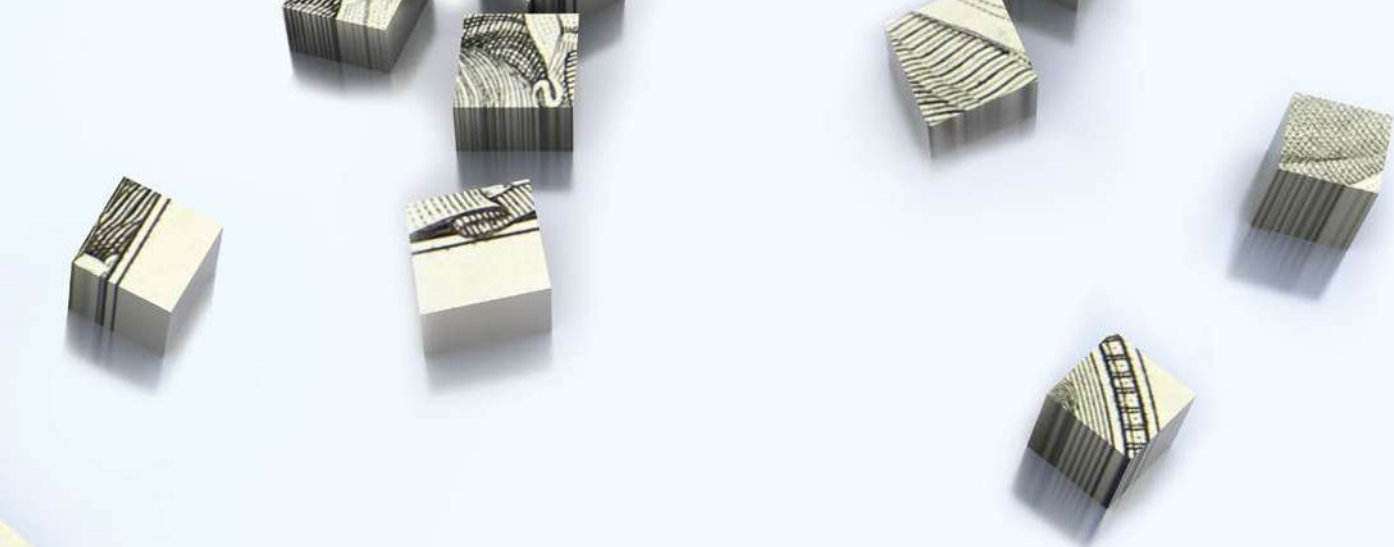


Charles Sidman reviews the salient success of Crowdfunding to date, and explores some of its remaining uncertainties, risks, and opportunities for improvement.

CHARLES SIDMAN (MBA, PHD)

Managing Partner of ECS Capital Partners and Angels

Crowdfunding - which is based on new sets of rules in various countries, and allows entrepreneurial companies to raise funds from a larger number and/or expanded set of participating investors - is alive and flourishing in 2018. In its various forms, it has undoubtedly been beneficial for certain entrepreneurs and their startups. While impactful, the jury is still out on its ultimate benefit to the newly



enfranchised or involved investors. From the entrepreneur's point of view, Crowdfunding has provided a number of significant advantages. Whether fundraising from the historically more privileged Accredited Investor (under some forms of Crowdfunding), or from each and every individual as a potential investor (under other forms), the vastly increased exposure and communication now allowed through internet use has led to markedly greater deal exposure and participation. When done by young companies without substantial financial resources, or by larger companies seeking greater ease and economy in essentially public offerings, Crowdfunding has allowed companies of many sizes to effectively raise funds that would have been difficult or impossible to access previously. Finally, some forms of Crowdfunding have brought consumer market intelligence and sentiment to bear directly on the investment process for certain companies. All of these aspects are innovative and positive from the entrepreneur or fundraiser perspective, as compared to the earlier pre-Crowdfunding world.

The picture is decidedly more questionable from the Crowdfunding investor perspective. On the one hand everyone, not only the wealthier elite, now has access to and can support the entrepreneurial endeavor, and participate in its associated financial returns - both of which would appear as positive developments. On the

other hand, it has yet to be shown that the full range of quality investment opportunities and outcomes are available for Crowdfunding investors, as opposed to only the more traditional and restricted investors. Many are of the opinion that they are not, for the following several reasons.

First, apart from certain classes of companies where user, consumer, or local sentiment plays a large and atypical role in company attractiveness or prospects going forward, many companies using different forms of Crowdfunding are those that have not been successful, for whatever reasons, in more traditional modes of investment fundraising. Operationally, they may thus constitute a second tier of companies deemed less attractive and unlikely to provide comparable investment returns compared with those able to succeed and prosper in the older (non-Crowdfunding) forms of fundraising.

Second, the rules associated with non-restricted Crowdfunding-for-all, designed to "protect" the generally less experienced and financially well off from the risks inevitably associated with early stage investing, actually themselves present significant barriers to further rounds of company development and fundraising, and hinder the continuing participation and returns to initial Crowdfunding investors. Hopefully we will see examples in the not-too-distant future of Crowdfunding investors (especially

of the open-to-all variety) actually reaping financial returns comparable to those of non-Crowdfunding investors and asset classes. Even with some positive examples, however, it is unlikely that Crowdfunding returns will compare favorably with non-Crowdfunding ones for a long time, if ever. In that case, investor justification for Crowdfunding will have to be from the participation rather than the financial return dimensions - comparable to much of Impact Investing or frank gambling.

"From the entrepreneur's point of view, Crowdfunding has provided a number of significant advantages."

In closing, various forms of Crowdfunding show multi-billion dollar levels of activity per year, and are likely to remain part of our entrepreneurial finance ecosystem for the indefinite future. Clear benefits have been derived, and some of the problems referenced above may be ameliorated by future regulatory changes. Stay tuned in and aware; as Crowdfunding is part of our world, and is here to stay. 

FROM IDEA TO ICO IN SIX MONTHS

There are few dinner tables in the world that haven't yet been abuzz with conversation of cryptocurrency. Beyond the buzz, this new world of blockchain is empowering entrepreneurs with ground-breaking new means of raising capital.

By now, most of us have heard of an Initial Coin Offering (ICO) and its appeal to SMEs all over the world.

Although ICOs are still a relatively new mechanism, and we are yet to discover all the associated benefits and dangers, one cannot deny that the phenomenon both grabs and demands attention.

An ICO is an abundant tool that can be custom crafted by almost anyone who is ready to commit the time and effort to create their own; and therein lies its power. People can choose either to exploit it or to develop it into something incredibly beneficial.

At this early stage, China and South Korea have decided to ban ICOs, seemingly confirming the perception that ICOs are a threat to our current payment system. An ICO is powerful because it can get out of control.



VIKTOR ROMANIUK WANLI
CEO, Kinguin.net

On a positive note, however, it gives us freedom of creative expression and freedom to raise funds without the requirement of offering company shares to the public, as in the case of the Initial Public Offering (IPO) mechanism. ICOs have become the reality of our progressive 21st century, and a valuable alternative for hundreds of startups worldwide.

It is worth mentioning at this point that in 2017 over USD \$600m in startup capital was raised through ICOs; a clear indication that there are plenty of people willing to invest in new projects through alternative financing methods.

Some investors, however, still do prefer to invest in IPOs, despite the fact that setting up an IPO is somewhat time-consuming. This, of course, is fine; because everyone is free to choose whatever works best for their business needs.

As mentioned, one of the key ICO benefits when compared to an IPO offering is the fact that companies raising capital through an ICO do not have to share any equity with the public. As a result, they remain private.

Whether you are deciding between ICO or IPO, it is worth mentioning that both an IPO and an ICO (given that they are legitimate) are equally risky from an investment point of view. Yet, if we as a human species were not willing to risk the unusual, we would have probably been extinct by now. Humans are naturally a curious species, and their desire to explore the unknown is deep-rooted.

The distinction between ICO and IPO is essential for our subject knowledge, but so is the understanding of blockchain. ICOs wouldn't exist were it not for blockchain technology. The blockchain is a game-changer for many businesses and industries, including my business. By utilising the established Ethereum blockchain and smart contract infrastructure, we were able to create our Ethereum sub-token. Blockchain allows companies to create tokens which can be converted into custom crafted cryptocurrencies, which in turn can be made available and tradable through specialised crypto exchanges. This offers a means for earning a profit to both the seller and the buyer. 

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the first and the only national payment method of Turkey.





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GROWING WINGS:

TRANSITIONING FROM CEO TO ANGEL INVESTOR



CEOs are exceptionally well positioned to become influential Angel Investors in their retirement. **Paul Doany** explores the benefits and considerations of making the transition.

PAUL DOANY

Chairman, WBAF Global CEO Alliance Club

World leaders, and the global business community at large, are united in acknowledging the role that Angel Investment can play in economic development. In 2017, G20 leaders announced this as a priority, drawing attention to the need for more Angel Investors. Public policy gives much focus to aiding the 'supporters of entrepreneurs', and the expertise and networking that Angel Investors can offer to startups. Even in retirement, CEOs that turn to Angel investment to support startups can be instrumental in providing more jobs, wealth for economies, and social justice.

RETIREMENT RELOAD

There is nothing new about Angel investment, but at this point in time, it is emerging as a crucial asset. Angel investment in early-stage equity markets is an essential component of short and long term economic health. More than financial assistance, startups need the knowhow CEOs can provide to fill in gaps in entrepreneurs' skill-sets. Many CEOs have wide networks and plenty of experience over the years in overcoming challenges in business, but they tend to retire after achieving successful careers, missing out on the chance to help fledgling businesses generate revenue and add to their portfolios.

When retired, CEOs have more

time to dedicate to mentoring entrepreneurs, and can offer access to both finance and key industry networks. The one essential they may not have is a working knowledge of the principles of startup investment and growing a business from scratch. On the other hand, the missing ingredients for entrepreneurs are the mentoring, the finance, and the network that investors can provide.

DUE DILIGENCE

It is all too easy for Angel Investors to fall into the trap of investing in the jockey and not the horse. The decision to invest should not be a quick one, as there are many important points to consider. How important is the investor's personality and background, and how do they prefer to learn about the entrepreneur? Should third party input be sought? With so many considerations necessary when starting out in Angel investment, CEOs can benefit from seeking their own mentoring from their network of industry experts. Principles of Angel investment, and the ways that they apply in real-life situations, is crucial knowledge for those contemplating becoming investors. Learning through the experiences of established investors is an important link in the chain of mentorship, on which Angel investment is centred.

MORE THAN JUST MONEY

Many investors consider themselves 'value-added investors', with the satisfaction of making a difference to an entrepreneur ranking as important as the capital they bring to the table. Among the value-added advantages they contribute are: industry experience, creative ideas, contacts, and the ability to mentor. When an Angel is valued for more than the money they contribute, their involvement is likely to be more multifaceted.

To conclude, CEOs contribute human power built up of management skills and business networks, while entrepreneurs contribute human power in the form of creativity and independence. Angel investment unites these two power sources through a common goal of growing a business and making it a success. The transition from CEO to Angel Investor is an exciting and fulfilling one to those who dare. 





6 KEYS TO UNLOCKING



BAYBARS ALTUNTAS
Chairman of WBAF

ANGEL INVESTING SUCCESS

WBAF Chairman, **Baybars Altuntas**, shares his six fundamental principles of Angel Investing to help guide you to investment success.

Governments around the world agree that Angel Investment is an important factor in boosting economies; and as a result many have incentivised this kind of investment. In 2017, G20 leaders announced a focus on Angel investment as a necessary measure to stabilise economies, and pointed out that there is still a shortage of investors. If you are considering making the transition to Angel investing, experienced investor and chairman of the World Business Angel Investment Forum, Baybars Altuntas, offers his six key principles.

1 UNDERSTAND WHAT AND WHO YOU ARE INVESTING IN

There is much more to the investment evaluation process than a quick binary choice of 'yes' or 'no'; and there are several approaches to considering teams that have been tried and tested in real-life business situations by experienced investors. Investors should consider the proposal from different angles. How much importance does the entrepreneur place on the investor's background and

character? How much due diligence should go into evaluating the startup's team? Should third-party corroboration be sought, and how much?

2 UNDERSTAND THE DIFFERENCE BETWEEN STARTUPS AND SCALE-UPS

Statistics from the OECD reveal that a mere 1.2% of startup businesses manage to attain Angel Investment;

and that only one in ten scale-up projects that gain investment actually make a successful business out of it. So what can prospective investors take away from these facts to apply in their own careers? Would it be wiser to invest small amounts and deal only with startups that achieve lower success rates, or to take the risk of putting up more money for scale-ups which have higher chances of success? It can often be a case of deciding on investing less with more attached risk, or investing more with less attached risk.

3 KNOW WHAT YOU BRING TO THE TABLE

The fact that Angels often consider themselves 'value-added investors' means that they frequently find being involved in getting a new business off the ground just as satisfying as they find helping it financially. A significant portion of Angel Investors are previous business owners themselves, and have a good understanding of what goes into making a company work. Angels add value in several ways, often including industry experience, entrepreneurial knowhow, creative thinking, mentoring, and industry contacts. When entrepreneurs value investors for more than the finances they bring to the table, they enable Angel Investors to support their business in more meaningful and impactful ways.

4 DON'T UNDERESTIMATE THE VALUE OF MENTORING

Recognise that a significant part of the job that an investor does for

entrepreneurs is mentoring. That said, it is common for investors to neglect seeking their own mentor, a shortfall that should be avoided. Having a thorough understanding of the principles of investment, and how exactly they are relevant to businesses of different kinds and ages, is crucial for a strong investment partnership. Becoming familiar with the experiences of investors who aren't new to the game is a great way of honing this understanding. Placing an experienced investor at the top of a mentorship chain that Angel Investment inevitably involves is a wise move for newcomers.

"Investing in the right startups - that's how you win. It is so much more important than anything else."

5 BE AWARE OF EXIT EXPECTATIONS

Many startups expect the involvement of an Angel Investor to speed up the exit process, but the impact of an investor on exit - and exits in general - tend to be misunderstood. Much emphasis is placed on the formation and growth of business relationships, and often business exit strategies are aimed at those approaching retirement. Awareness and training on exit transactions for venture capitalists (VCs) has become more common in recent times, which is well worthwhile, as the majority of venture capital agreements give VCs full discretion over the outcome - if any - received by shareholders. However, exit strategies have transformed significantly in

recent times. More companies than ever are being sold without ever having received investment from an Angel, and this is happening sooner in a company's lifetime than it used to. Many modern exit transactions are worth less than \$30 million, and these usually take place a mere two or three years after the businesses startup.

6 SEE THE BIGGER PICTURE

A former CEO who went on to be an experienced Angel Investor explained: "It turns out to be much easier than I expected, and also more interesting. The part I thought would be hard, the mechanics of investing, really isn't. You give a startup money and they give you stock. But it really doesn't matter, don't spend much time worrying about the details of deal terms, especially when you first start Angel Investing. That's not how you win at this game. When you hear people talking about a successful Angel Investor, they're not saying, 'He got a 4x liquidation preference'. They're saying, 'He invested in Google'. That's how you win - by investing in the right startups. That is so much more important than anything else." 



UNDERSTANDING THE **AFRICAN** **OPPORTUNITY**



TOMI DAVIES

President of the African
Business Angels Network

'Africa' and 'opportunity' are increasingly synonymous terms. ABAN President, **Tomi Davies** outlines the African opportunity, and offers some pro-tips for Angel Investing in Africa.

Africa has developed from a continent once viewed as a lost cause, to a land of vibrant opportunity - particularly when it comes to Business Angel Investments.

While many countries today are facing the dilemma of an ageing population, the majority of the 1.2 billion Africans living on the continent are young, ambitious, and entrepreneurial. Entrepreneurs are a critical driver of innovation and development, and there is a growing consensus that the future of African development will depend on the success of entrepreneurs that are able to build scalable companies. Fortunately, the spirit is alive in Africa, with an increasing number of startups in ICT, Agribusiness, e-Commerce, Fintech,

Edutech, eHealth, Renewables, and Education. These are youthful entrepreneurs who have been reshaping the face and future of a continent where over 50% of the population is under 20 years old.

Globally, the shift in the technology sector - moving from relatively stationary devices like desktop and laptop computers, to fully mobile devices like smartphones, tablets, and wearables - continues unabated; and newly emerging technologies such as drones, green energy, and cryptocurrencies are



all expected to grow exponentially in the coming years. Africa's technology adoption rate is also rising, and steadily catching up with the rest of the world - particularly with its use of mobile digital technologies increasing, as well as the skills and technical knowledge-base of the population advancing.

More than half a billion people in Africa are now subscribed to mobile services, and over 150 million smartphones are in use across the continent. With about half of the African population having mobile phones, internet usage has spiked to over 300 million users as of June 2017. The global Information Technology industry has been estimated to be worth USD \$3.8tn and the African landscape is ripe for development, filled with startups in need of financial support and guidance. These are entrepreneurs building companies that are providing jobs to Africans and tax revenue to their national governments.

In an effort to connect these entrepreneurs to much needed capital, there has been a growth in Angel investment groups starting up in several cities and countries across the continent; including: the Lagos Angels Network in Nigeria, the Cameroon Angels Network, the Viktoria Business Angels in Kenya, the South African Business Angels Network, Cairo Angels in Egypt, the Kampala Angel Investment Network in Uganda, Angel Investors of Mauritius, and some fifty more. These individuals and groups provide small amounts of seed capital which, when aggregated, are quite meaningful. However, the most valuable investment contribution that these groups make to the startups is the access they give to their business networks, along with the mentoring they provide to the entrepreneurs.

According to a report from Disrupt Africa, funding for African startups (of which over 70% are generating revenues) jumped by 51% - to USD \$195m in 2017 - as a direct result of these Angel groups and associated Venture Capital firms. Countries leading

the way in Angel Investments are South Africa, Nigeria, Kenya, Ghana, Egypt and Tanzania.

As an Angel Investor myself, may I offer the following tips when it comes to Angel Investment in Africa:

- Educate yourself professionally. From the basics of Angel Investing - such as evaluating entrepreneurs and assessing pitches, carrying out due diligence, valuation, setting your expectations for an investment round, term sheets and deal negotiations - all the way through to managing your startup portfolio and exiting. There's a lot to learn. The good news is that

"Africa has gazelles that yield 20% month on month growth, year after year - not Unicorns."

there's a lot of learning material available out there, as there are people more than willing to teach (including yours truly).

- Non-traditional investments into sectors like technology are still new areas of exploration on the continent; so, it's important to be sure that you are fully informed about the opportunities for the specific sector in the specific African city where your investment is located.
- Don't spend too much time analysing a deal, as it will lead to indecision, and you may miss out on a fantastic prospect. Your focus should be on how comfortable you are with the startup's leadership team and their ability to deliver the results you expect. Studies continually show that the top three keys to startup success are team, team, team!
- There's not much help from government for early-stage ventures in Africa, and most startups do not rely on them for support - so

don't let that deter you. Rather, government support is usually made available once the company has some measurable level of success. A key aspect of Angel Investing in Africa is accepting responsibility for this gap in support, and providing it to your startups when and where required.

- When investing, consider the long-term and start with the end in mind. Invest with the long-term horizon in view, knowing exits are still rare with revenue share being a more common investment return mechanism. Africa has gazelles that yield 20% month on month growth, year after year - not Unicorns. However, do not underestimate the amount of follow-up and future capital your startup will need. Always be thinking about the next round.
- Whatever you do, don't do it alone! Look for other local co-investors (especially those who belong to groups, syndicates, or networks) as investment collaborators. They can provide you with guidance on where to find good venture opportunities, and will help you monitor and evaluate post-funding. Join a group, syndicate, or network yourself - hunting in packs is always much better, as you alone can't hear, see, or know it all.

Building Africa is a team effort, and Angel Investors are moving to the heart of the continent's future alongside others in development. Being an Angel Investor is about giving back to society; leveraging your experience and expertise; making money; and, of course, having fun in the process. With the continued growth of the African early-stage ecosystem unlikely to slow down anytime soon, the opportunity for Angel Investors - and the startups they support - to help Africa meet her full potential as an economic powerhouse, is limitless. If you have Africa in your heart, and the means to do so, regardless of where you're from or where you live, now is the time to invest in Africa! **A**



REGIONAL FOCUS

VISEGRÁD GROUP

The Visegrád Group (V4) is a cultural and political alliance of four Central European nations – the Czech Republic, Hungary, Poland and Slovakia, that are members of the European Union (EU) – for the purposes of advancing military, cultural, economic and energy cooperation with one another along with furthering their integration in the EU.

A colourful evening view of parliament and chain bridge in Budapest.



V4 SYNERGY FOR EU STABILITY

The Hungarian V4 Presidency remains committed to enhancing intra and extra-regional connectivity, serving as a stabilising presence in a European and Global context.

From July 2017 to June 2018, Hungary is holding the rotating Presidency of the Visegrad Group for the fifth time. Since its founding in 1991, the V4 has been guided by the principles of mutual trust, flexibility, and a focus on common traditions, values and interests. As a testament to the success of this approach, the importance of the Visegrad Cooperation has been growing in recent times. Over the last 26 years the Visegrad Group has been actively representing regional interests, operating within the European Union since 2004. It contributes to the prosperity and stability of the continent through regional economic performance; cooperation aimed at facilitating connectivity; support towards the neighbouring Western Balkans and Eastern Partnership regions; as well as a responsible approach to the unprecedented migration crisis.

The V4 countries constitute stability and growth in the European Union, and have the legitimate intention to contribute substantially and as equal partners toward the dialogue on the future of the EU.

Efficient regional cooperation in the V4 and V4+ framework remains essential, especially in light of the changes and challenges affecting our region, and the continent at large. Under the Hungarian Presidency, crucial issues continue to require constant V4 coordination and proactive presentation of common positions. Such issues include the



Heroes' Square, Budapest

United Kingdom's withdrawal from the European Union; the ongoing debate on the future of the EU, including the social dimension which significantly impacts European competitiveness; and discussions on the EU's post-2020 Multiannual Financial Framework, Cohesion Policy, and Common Agricultural Policy. Meanwhile, the Presidency will strive to grow the Visegrad Group as a stabilising presence in the midst of external challenges; such as the migration crisis and the volatile security environment in our southern and eastern neighbourhood.

In this context, the Hungarian Presidency focuses on areas in which the Visegrad Cooperation can deliver tangible results and added value based on specific common objectives



“The Hungarian Presidency focuses on areas in which the Visegrad Cooperation can deliver tangible results and added value based on specific common objectives.”

in fields ranging from EU policies to global issues. It takes the following thematic structure:

1. European Visegrad
2. Regional Visegrad
3. Digital Visegrad
4. Global Visegrad

The Hungarian Presidency builds on the goals and achievements of previous V4 Presidencies. The priorities also reflect a proper balance, as necessitated by current political developments and actual needs, between tasks related to the V4's common voice in the EU. It preserves the importance of traditional policies (Cohesion Policy and Common Agricultural Policy), cooperation with other European countries, and V4 activities related to global partners, global issues, and the further strengthening of the V4 brand.

The motto of the Hungarian Presidency - 'V4 Connects' - reflects the significant positive impact of the Visegrad Cooperation in connecting its four member countries in terms of politics, economy, and culture. It also alludes to the Presidency's focus on its tasks relating to connectivity: improving energy and transport links in our broader region, and working on a well-connected, innovative region that is ready for the digital age. Equally important is the V4 Presidency's commitment to further improving dialogue, trust, and cooperation between the V4 and other partners within the EU and global context. The V4 connects countries, governments, people, ideas, and values in an inclusive and open manner. The V4 is determined to harness the power of connectivity in the broadest possible sense in order to find common

solutions to challenges affecting the Visegrad Group as part of the broader European community.

The ability to renew and adapt to new realities while preserving the basic V4 principles has always been a strength of the V4 Member States, as well as a strength of the V4 format itself. Accordingly, along with planned joint actions, the Hungarian Presidency stands ready to swiftly coordinate adequate joint V4 responses to unexpected developments.

The Hungarian Presidency supports the successful functioning of the International Visegrad Fund - the V4's common institution working for strengthening relationships in the V4 region. The Presidency has initiated the renewal of the Fund's mobility scholarship schemes, including providing possibilities for researchers and startups. The Presidency encourages result-oriented projects related to entrepreneurship and innovation. Another goal of the Presidency is to stimulate the creation of V4 expert networks and enhance strengthening relations between business actors and associations, based also on the experiences of the Think Visegrad – V4 Think Tank Platform. 

Startup Campus V4 Global Tour



The main objective of the Startup Campus V4 Global Tour program is to boost the discoverability of the V4 regional startup ecosystem on a global scale by introducing them to international markets. The mission of the series of 10 cities and venues is also to highlight the economic and innovation potential of the V4 countries, including Hungary, Poland, Slovakia and the Czech Republic. The longterm innovation ecosystem of the region can only be achieved through global market collaboration.

The Startup Campus V4 Global Tour includes conferences, exhibitions and events worldwide, combining key startup ecosystem operators in the relative continents and regions.



The main purpose of these events is to connect startups with important investors and to create necessary environment with various interactive workshops, conferences and round table discussions. The V4 members can act as a political startup at these events, thereby strengthening international relations and further exploring the region.



The Visegrad Cooperation (i.e Visegrád countries, Visegrád fours or V4's) is a regional organization including the Czech Republic, Poland, Hungary and Slovakia. The aim of this cooperation is to jointly represent the economic, diplomatic and political interests of these Central European countries and to coordinate their potential future plans. For the last 26 years, the V4's have actively and effectively represented regional interests, and the same is true for the time period since Hungary's 2004 accession to the EU. Visegrad Group (V4) for the fifth time between July 1st, 2017 and June 30th, 2018, whereafter Slovakia will take over the presidency from July 1st, 2018.

The Startup Campus

V4 Global Tour Destinations:

City	Event	Date
 Istanbul	WBAF	February 19-20, 2018
 Berlin	Startup Camp Berlin	April 12-13, 2018
 New York	TECHSPO NYC TECHDAY NYC	May 10-11, 2018 May 10, 2018
 Vienna	Pioneers	May 24-25, 2018
 London	London Tech Week	June 13-15, 2018
 Hong Kong	RISE	July 9-12, 2018
 Tel Aviv	DLD	September 3-4, 2018
 Dubai	GITEX	October 14-18, 2018
 Los Angeles	Summit LA	November 2-5, 2018
 Budapest	Stargate	November 29-30, 2018



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AN APPETITE FOR FOREIGN INVESTMENT

Hungary has proven itself to be an attractive destination for foreign investment in both the V4 and the European context. Meanwhile, HIPA continues to advance and support substantial investment opportunities to the benefit of all countries in the V4 region.

The Hungarian Investment Promotion Agency (HIPA) is a national investment promotion organisation governed by the Hungarian Ministry. Their cooperation is built around three main pillars: investment promotion, supplier development, and seeking financial investors for Hungarian investment projects. Once a project is completed, they offer after-care services to investors, remaining open to their feedback and mediating between investors and government officials.

An important condition in attracting new investors is a sufficiency in both quantity and quality of local suppliers. HIPA promotes cooperation between Hungarian SMEs and international companies by operating online supplier databases, organising

supplier training free of charge, and providing professional consultancy and intermediation. In the course of training these sessions - developed collaboratively with corporations - R&D and high added value activities remain the focus, while serial production is also covered.

In addition to promoting Foreign Direct Investment (FDI), HIPA considers it a priority to encourage business development and attract domestic and foreign financial investors to back Hungarian projects. The Investment Projects Department manages the Hungarian Investment Project (HIP) portfolio, which contains certified projects from five sectors that are awaiting foreign capital input; namely: agriculture and food, green energy, innovation, manufacturing, real estate and tourism. Based on new

"HIPA considers it a priority to encourage business development and attract domestic and foreign financial investors to back Hungarian projects."

investor requests and negotiations with companies already present in Hungary, we can conclude that investors have high confidence in Hungary. The elements of the investment incentive package (for example Hungary's 9% corporate tax, mobility and housing tax allowances - the lowest in Europe), the reduction of social contribution tax, and the dual training system, positively influence the investment climate.

In early 2017, a significantly positive decision was made with the support of HIPA in relation to 47 investment projects, of which 34 are reinvestments

and 13 are new investments. These investments represent an FDI inflow of EUR €1.37bn, and will create 8,500 new jobs.

Based on this data, we can state that HIPA is at the forefront of V4 countries. The Hungarian agency performed best among the investment promotion agencies in the V4 countries in 2017. It also attracted the highest amount of FDI in the V4 region in 2017 for a second year running. As far as the number of jobs is concerned, HIPA's performance is also outstanding, especially when viewed proportionally to the different V4 countries' population sizes. **AI**



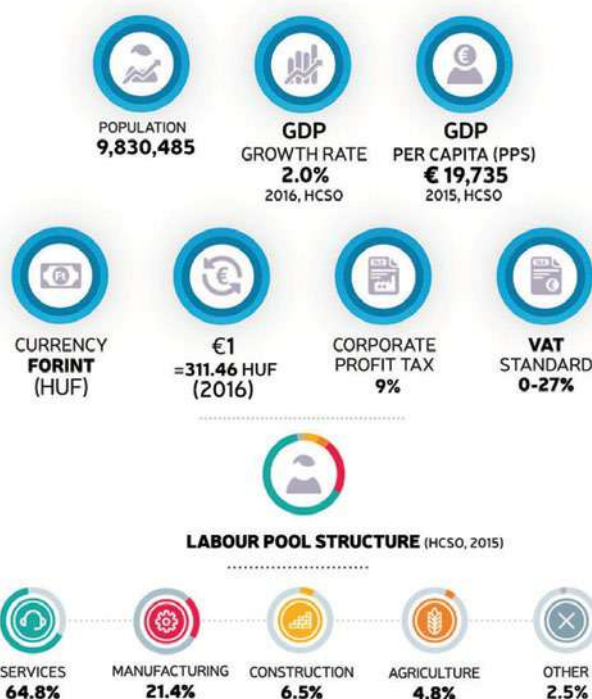
GLOBAL BEST TO INVEST

Total projects:

1. Hungary
2. Czech Republic
3. Poland
4. Slovak Republic
5. Greece
6. Romania
7. Macedonia
8. Serbia
9. Bulgaria
10. Croatia

Per capita:

1. Hungary
2. Czech Republic
3. Macedonia
4. Slovak Republic
5. Lichtenstein
6. Greece
7. Poland
8. Serbia
9. Latvia
10. Bulgaria





SMART LEARNING: The Intelligent Choice



As the EdTech sector booms with opportunity and interest, so too does the technological innovation that drives it. EdTech startup, **FLOWL**, plans to bring their ground-breaking product to life and to market, changing the way we learn.

DR ISTVAN CSATARI
Co-Founder, FLOWL

Dr Istvan Csatari is an environmental scientist and research enthusiast who is passionate about developing concepts that have meaningful application within society. With over 10 years of experience working on multidisciplinary projects, Istvan has a track-record of achieving great results for academies, large corporations (including Fortune 500), startup businesses through R&D, and business presentation initiatives. He is the author of several SCI indexed publications, and co-founded FLOWL - an early-stage EdTech startup dedicated to educating and connecting

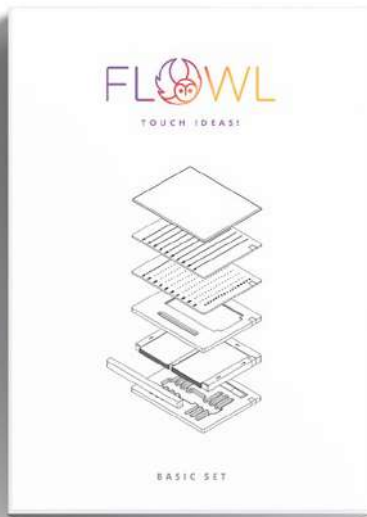
generations through a unique gaming experience. Recently he settled in Turkey, and now manages his projects as a member of Istanbul University.

FLOWL ICT tool is an original patent-pending creative concept model, which is dedicated to combining mobile learning environments with traditional analog (experiential) activities. Its purpose is to encourage users to deeply engage with educational content, both in a classroom and in home environments. FLOWLs aim is to provide a well-functioning educational tool and methodology that is scientifically tested for effectiveness and reliability.

The FLOWL basic set is supplemented with educational content, instructions, and exercises integrated into a mobile application. Supplementary games (FLOWL Games) include both experiential (analog) and digital aspects. The experiential aspect of the games involves the accompanying sets of 3D Models, Play Cards, and Drawings on Mini Whiteboards.

Is EdTech the next FinTech?

EdTech is poised to be the biggest, and possibly most profitable, digitalised sector yet. The rise of a new world of education and learning has been marked by aggressive investment in the



“Despite today’s digital advancement, many experts have noted the rapidly growing popularity of traditional analog activities.”

EdTech industry, set to reach USD \$250bn globally by 2020.

Enjoyable, constructivist learning environments (e.g. gamified, project-based, problem-based), and family social processes within education are recently favoured fields of scientific research. Several articles have been published in recent years on the efforts taken towards the development of new educational methods and the evaluation of their effectiveness. Despite today’s digital advancement, many experts have noted the rapidly growing popularity of traditional analog activities.

Coding education in early ages has already adopted experiential methods. The development of similar methods for other science fields is strongly suggested by experts. Among others, compelling evidence of the commercial viability of this trend is reflected in the

boom of the global board game-play cards market, which is expected to exhibit incremental growth in sales in coming years, with sales projections of USD \$4.92bn by 2021.

Maker Movement is another important stream of the EdTech revolution. Prominent funding agencies support research efforts related to the Maker Movement. Making is simply defined as building or adapting objects by hand for the simple personal pleasure.

Why is FLOWL different?

FLOWL introduces a solution of how ICT could be used in future education, while also preserving traditional values and fulfilling people’s demands for analog creative pursuits and experiential learning. The team provides not only a device, but a methodology and a scientifically tested framework that could potentially gain wide adoption in the education sector.

SCIENTIFICALLY TESTED

To create a motivating experience, a goal should be in agreement with the player skill set, and should stretch a player’s existing ability. This criterion is in place to pursue a state described by as flow, which means an intense and focused concentration on one’s activity in the present moment. The algorithm used by the FLOWL Mobile Application is planned to optimize the level of challenges according to demography and real-time player performance.

Traditional methods in flow measurement rely on survey; however, the FLOWL team is expert in a newly emerging field called Social Signal Processing, where computational approaches are used for analysis of social signals during human-human or human-machine interactions. Recording a video during the game interaction makes it possible to analyze a very rich set of signals, including the facial affect, gaze and attention, body posture,

interaction geometry, vocal affect, body movement-based arousal, valence estimation, and even content-based affective analysis.

Due to the truly multidisciplinary nature of the project, successful execution requires a highly qualified research consortium, which is the main reason why Dr Istvan Csatari initiated a bilateral collaboration between Istanbul University, Bogazici University (Turkey), Debrecen University (Hungary), and Szeged University (Hungary).

The consortium has been formed with the participation of 7 academics who are expected to manage the work of 13 scholars, and who are prominent contributors to their research fields; namely: Sustainable Development, Environmental Science, Instructional Design, Technology in Education, Software Engineering, Machine Learning, and the latest Social Signal Processing Technologies used for engagement evaluation. Istvan and co-founder Attila Gyori are managing the project with other non-academic team members and advisers.

The product will be positioned as an entertaining and educational game. It presents a great opportunity to bring people together in an effort to widen their knowledge, meanwhile providing them with the chance to strengthen their social connections. The team welcomes investors or sponsors for the premier game set. 



HUNGARIAN BANK BOLSTERS EXPORTS FOR GROWTH

Hungary's **Eximbank** invigorates employment growth, job retention, and enterprise expansion through exports and investor coordination. In late 2017, Exim co-created the East West VC Fund, set to boost SMEs over the next 8 years.

The objective of the Hungarian Export-Import Bank Plc. (Eximbank) and the Hungarian Export Credit Insurance Plc. (MEHIB) is to serve Hungarian exporters through the provision of effective financing facilities, insurance facilities, and foreign investors. Acting as a tool for providing economic-policy incentive, the united mission of Eximbank and MEHIB is to support Hungarian exporting enterprises in facilitating the retention of jobs, growth in employment, and an expansion of Hungary's export capacities. The state-owned Eximbank and MEHIB perform the tasks of Hungary's export credit agency, which is regulated by the legislative frameworks of the OECD and the EU, with the basic objective of facilitating the sale of Hungarian goods and services in foreign markets. The Bank and the

Insurer, which operate within an integrated framework, carry out their duties with a shared organisation and corporate identity under the name of EXIM.

As part of Eximbank's activities, it has made several investments in private equity and venture capital funds in Hungary and abroad, which typically invest in more established companies.

In November 2017, Eximbank, together with other leading Hungarian and Portuguese institutional investors, contributed to the creation of the East West European Venture Capital Fund (East West VC Fund). The EUR €20m fund will, over the next 8 years, invest in Hungarian and Portuguese SMEs with high growth potential; primarily those that develop digital transformation solutions for the public and private sectors. The fund managers will help entrepreneurs and their teams achieve success on an international

scale. Startups will be able to establish a new, valuable network of contacts based on that of the investors, and will receive direct professional support to reach their business development goals. The fund is managed by Alpac Capital, an asset management firm regulated by the Portuguese Market Exchange Commission, and operates under the European Venture Capital Fund directive.

The representative office of the Hungarian EXIM in Istanbul has been active since 2015. The objective of EXIM's representative office is to support export-import transactions and activities. Turkey is one of the significant markets for Hungary. The Istanbul representative office also aims to attract Turkish corporations to invest in Hungary using EXIM's short to medium-term finance product range, with very competitive interest rates for those having plans to invest abroad. **AI**

Budapest



ITUARI TEKNOKENT

BRIGHTER
TOGETHER

ISTANBUL TECHNICAL UNIVERSITY
TECHNOLOGY PARK

ENTREPRENEURS

ITU GİNOVA

ITU ARI TEKNOKENT

ITU ÇEKİRDEK

ISTANBUL TECHNICAL UNIVERSITY

ITUNOVA TTO

ITU MAGNET

ACADEMICS

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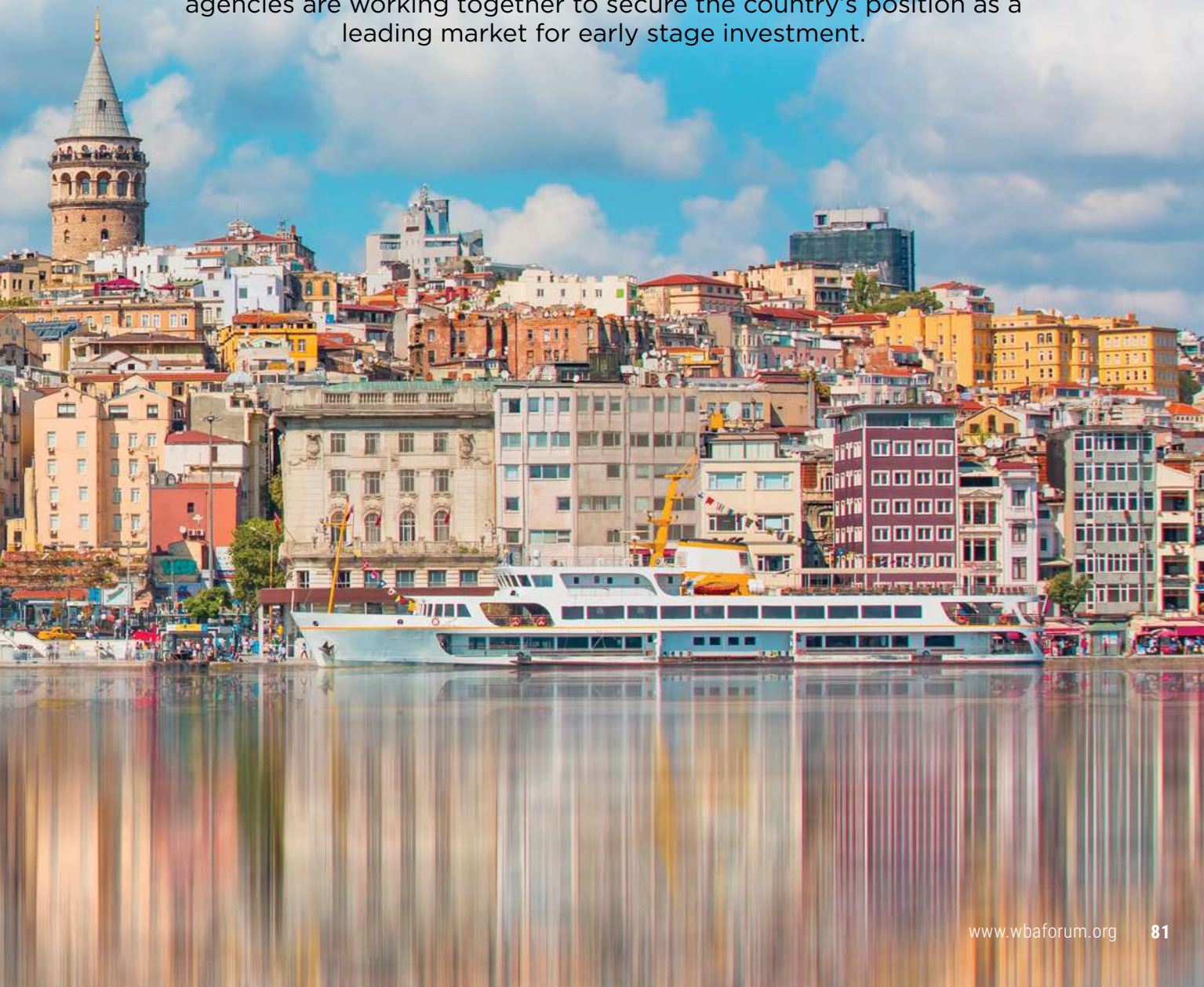
Hot air balloons flying over
the Galata Tower in Istanbul.



COUNTRY FOCUS

TURKEY

Turkey is strategically placed between key markets in Europe, Russia, Central Asia and the Middle East. Its start-up scene is quickly maturing, due to the young educated workforce and a supporting government eager to further develop the eco-system. In this issue of Angel Investor, we look at how Turkey's private sector, banking sector and government agencies are working together to secure the country's position as a leading market for early stage investment.





INVEST IN ISTANBUL OPENS FOR BUSINESS

Learn all about this innovative Investment Promotion Agency and how they are taking Istanbul to the world, and the world to Istanbul.

Over the past 15 years, Istanbul's economy has experienced rapid structural change. Istanbul's defining economic role has evolved from a service center to a dynamic urban center with strong, multi-faceted international connections that have strengthened dramatically with the rise of Turkey's broad vision.

BIG AMBITIONS IN ISTANBUL

Turkey is emerging as a high-growth market for many businesses. Istanbul is the locomotive of this fascinating economy, offering vast opportunities. Istanbul enriches its foreign direct investment (FDI) portfolio toward new horizons, while many cities struggle to recover from the recent global crisis.

According to Brookings Institution, Istanbul is Turkey's center of gravity and has a thriving \$449 billion economy. The city is committed to strengthening its trade and commerce - worth \$192 billion in 2016 - across the

globe, and rapidly transforming into a regional finance hub in the mid-run.

The economy is now highly diversified thanks to strengths in many new areas, including significant clusters in knowledge-based sectors. The rise of high-tech industries in Istanbul has paved the way for globally competitive companies selecting Istanbul as their headquarters.

A SMART CITY WITH SMART IDEAS

No wonder Istanbul is a magnet for intelligent, talented people from all around the world. Creative, entrepreneurial citizens make Istanbul an innovation incubator - a place where new ideas, products and services flourish.

Entrepreneurial activity is a crucial measure for Turkey as the country aims to transition from an efficiency-driven economy, to an innovation-driven economy. Istanbul is, without question, an appealing market for entrepreneurship. There is an absolutely

charming entrepreneurial ecosystem in the city, thanks to its young, educated, and risk taking workforce.

TURKEY HAS EUROPE'S 5TH LARGEST ANGEL INVESTMENT MARKET SIZE!

According to Istanbul Chamber of Commerce, there are more than 400 thousand companies actively operating in the city. Since last year, 41 thousand startups have been founded, which proves the vibrancy of the entrepreneurship ecosystem in the city.

The startups are supported by Angel investment networks and the government. The latest regulations passed in the parliament paved the way for entrepreneurs and Angel Investors to reach their goals with fewer obstacles. In 2017, the European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN) announced that Turkey has Europe's 5th largest Angel Investment market size.

ÖZGÜL ÖZKAN YAVUZ
Secretary General,
Istanbul Development
Agency



THE “INVEST IN ISTANBUL” COMES TRUE

Istanbul is a world class city of opportunities, competing successfully as one of the World’s top investment destinations. In this respect, Invest in Istanbul has been founded as an official organisation, whose specific goal is to consolidate investment support and promotion services in Istanbul. The platform is coordinated by Istanbul Development Agency in partnership with the Governorship of Istanbul, Istanbul Metropolitan Municipality, Istanbul Chamber of Commerce and Istanbul Chamber of Industry. It aims to promote Istanbul’s investment opportunities, and assist international investors throughout all bureaucratic steps necessary for starting up their businesses in Istanbul.

On June 21st 2017, Turkey’s Prime Minister, Binali Yıldırım and Governor of Istanbul, Vasip Sahin officially opened Invest in Istanbul’s new office, located in Beyoğlu - the historic district of commerce in Istanbul.

A REAL ONE STOP SHOP STRIVING FOR YOUR BUSINESS

Operating on full confidentiality, this brand new organisation’s services embrace not only the consultation and business facilitation practices, but also handling all the processes

“Are you kidding me? I have acquired a residence permit in just 10 minutes! Invest in Istanbul, where all the bureaucratic steps are handled directly via a single office without stopping by another place, is completely different than other Investment Promotion Agencies (IPAs).”

Vicente Balbin

Chief Representative of Banco Sabadell (Spain)

of starting a business via a single office. The handling of bureaucratic steps, accompanied by direct submission of official documents, distinguishes this brand new organisation from all other Investment Promotion Agencies. These services are covered by Invest in Istanbul officials on behalf of international investors, as a free of charge service!

A GATEWAY FOR INNOVATIVE IDEAS

With complexity and sophistication, it has turned out to be particularly difficult for business leaders to understand whether they are taking the right operational decisions to foster enterprise growth and profitability. Innovative ideas and technology are not the only players in an entrepreneurship ecosystem anymore.

The financial world has changed tremendously in recent years, and is currently - without question - one of the most challenged sectors. >

ORGANISATION CHART OF INVEST IN ISTANBUL

Coordinating Institution	Istanbul Development Agency
Partners	Governorship of Istanbul
	Istanbul Metropolitan Municipality
	Istanbul Chamber of Commerce
	Istanbul Chamber of Industry
Supporting Institutions	Investment Support and Promotion Agency of Turkey
	Provincial Directorate of Migration Management
	Istanbul Tax Office
	Provincial Directorate of Social Security Institution
	Provincial Directorate of Turkish Labor Agency

"This is an organisation I have never heard of before. Setting up a business via a single office is a great idea. Moreover, Russian investors that contact us will be directed to Invest in Istanbul. Since Invest in Istanbul is a governmental initiative, it is a great advantage for us and for the investors, especially in terms of creditworthiness."

Dmitry Evdokimov

Deputy Consul General of Russia in Istanbul (Russia)

smart money and certified investors. Smart money will no doubt yield a professional working environment in a startup, and imposes the tools for greater productivity and efficiency.

IN BRIEF...

In addition to promoting Istanbul as a destination for foreign investments, the free-to-use, one stop, investment agency also helps international business operating in Istanbul to sidestep notorious layers of bureaucracy. Invest in Istanbul is easing the burden of international investors to obtain licenses and necessary permissions from public authorities.

These legal procedures involve assistance with establishing business operations, work and resident permit applications, incentive applications, environmental impact assessment processes, and other relevant licenses. Every phase is handled with a result-oriented approach aimed at facilitating and accelerating bureaucratic procedures from the beginning to the end.

Moreover, the dedicated and

"Residence permit, tax registry, trade registry and so on. All is done in 2 days! By the way their website (invest.istanbul) is so simple and user-friendly. Every single step of setting up your business in Istanbul is elaborated."

Zahir Shah Bahadory

Owner of KWL Inc., (Afghanistan)

Increasing the productivity of workers and keeping data secure are vital if startups are to improve their efficiency, enhance their business effectiveness and provide timely and consistent service.

Nowadays we hear the term "smart finance" frequently. Smart finance is cost effective - leveraging technologies to transform the finance department, which drives down operating costs.

As stated in a paper outlined by the Association of Chartered Certified Accountants, smart finance brings deeper levels of stewardship and control to bear - ensuring that the enterprise has the appropriate platform; a solid foundation to support growth; and that they demonstrate real progress in providing the information and data insights needed by the enterprise to chart a path to growth.

Invest in Istanbul can be a gateway for innovative ideas. Entrepreneurs can enjoy not only the facilitation of bureaucratic steps, but also networking, matchmaking, access to

talented team at Invest in Istanbul plays a strategic role in Istanbul business. Startups are welcome to this unique office not only for company establishment, but also sector specific information, networking, matchmaking and access to smart money. This brand new service center shows great prospects, helping startups to meet Angel Investors with outstanding networks. 

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INNOVATIVE TECHNOLOGY.

GLOBAL ACCESS. LOCAL RESULTS.

With a broad global network of innovation centers in place, **Cisco** plans to open its latest Innovation Center in the heart of Istanbul. Mixing together the powerful early-stage ingredients, Cisco envisions a world where intelligent networks bring about a safer, more sustainable, and better connected world.

Cisco has Innovation Centers worldwide. The technology giant helps startups, entrepreneurs, developers, researchers, and students accelerate their ideas and solutions by providing access to labs and facilities for experimentation. Cisco Innovation Centers support co-innovation through mentorship, expertise, and powerful networks that grant access to global markets, new customers, and the right investors.

Cisco prioritises innovations that advance country digitisation and Internet of Things development. These projects span several industries, including transportation, manufacturing, energy, smart & connected communities, financial services, education, healthcare, and retail.

The objective is to create an environment where early-stage

ecosystem players and the venture community can come together to create ground-breaking technology and innovative solutions for the future.

Cisco Innovation Centers start and end with innovation. Our offering to all startups includes:

- Facilities, technology, and expertise usage
- Cisco partners and customers access
- Investor community immersion

Looking for disruptive technologies or business models that harness the power of the intelligent networks, Cisco wants innovations for a safer, more sustainable, and better connected world.

Cisco Innovation Centers accelerate opportunities, deepen relationships, and foster innovation. Our Innovation Centers are strategically placed around the world, and each serves as a hub to:

- Showcase possibilities in digital

transformation and the Internet of Things

- Build solutions with partners and startups, and engage in rapid prototyping
- Invest in and partner with startups, accelerators, and universities

Innovation Centers engage with partners and customers to build products and solutions that will be great, not just for them, but for the broader marketplace.

A new Cisco® Innovation Center is scheduled to open in the heart of Istanbul in the second quarter of 2018, joining the global network of Cisco Innovation Centers, and is poised to accelerate the pace of digital innovation in Turkey.

The Cisco Innovation Center Istanbul is a collaboration with government organisations, Cisco customers, partners, and suppliers; as well as local startups, accelerators, universities, and industry collaborators. The new Center is located in İTÜ ARI Teknokent, a leading Turkish technology park affiliated with the Istanbul Technical University - among the world's oldest technical universities.

The main focus of the Center will be to use innovation and technology advancements to tackle the most pressing real-world challenges aligned with Turkey's priorities. These include fostering innovation and developing solutions to support Turkey's public and private partnerships, and investments in the areas of logistics, transportation, and manufacturing. Cisco will use its expansive technology portfolio to work with local partners, including academia, on co-developing applications that range from asset management, to port utilisation and efficiency, to paperless warehousing, hyperlocation, and virtual wearables.

The Cisco Innovation Center Istanbul is the culmination of a longstanding collaboration between Cisco and many Turkish government entities. The Center complements the company's



John Kern



Cenk Kivilcim

"The main focus of the Center will be to use innovation and technology advancements to tackle the most pressing real-world challenges aligned with Turkey's priorities."

ongoing commitment to innovation, as well as technological and economic development in the Republic.

Whilst the Innovation Center prepares to open, Cisco is already playing an active role in accelerating the next phase of digitisation in Turkey by supporting skills development, job

creation, and digital transformation across industries. This is expected to drive positive effects in Turkey's economy and global competitiveness. With more than 100 Cisco Networking Academies and more than 60,000 students trained in Turkey, Cisco supports local talent development through programmes that train and enable the Turkish workforce to compete and thrive in the current and future job market.

John Kern, Cisco Supply Chain Operations Senior VP and Turkey Executive Sponsor comments: "Cisco has a long history of fostering innovation, experimentation, and technology breakthroughs. We are pleased to work alongside Turkey to develop logistics, transportation, and energy management solutions for today and tomorrow. Our aim is to merge the strengths of the Turkish economy, Turkish talent, and Cisco technology. The Cisco Innovation Center is a sign of our commitment to Turkey and our local partners. We intend to be the company that helps transform Turkey in the digital era."

Cenk Kivilcim, Cisco Turkey General Manager adds: "Cisco Innovation Centers offer a place for creative, enterprising minds to come together to create ground-breaking solutions for the future. Our decision to establish Cisco's Innovation Center in Istanbul is a testament not only to its strategic status as a dynamic metropolis and a bridge between Asia and Europe, but also to our confidence in the immense potential that the Turkish technology landscape holds. The Center will offer Turkey's brightest and most talented people an opportunity to be bold with their ideas, and a viable route to bring them from concept to reality. So do you have a disruptive technology or business model that harnesses the power of the intelligent network? Let's talk. Not sure if your idea is a good fit? Visit our innovation center and see what's already been co-developed using the rapid prototyping processes." 

Blazing a Trail for Turkish Entrepreneurship



KENAN ÇOLPAN
CEO of İTÜ ARI Teknokent

As İTÜ ARI Teknokent continues to drive the early-stage tech ecosystem in Turkey, learn more about some of their biggest successes and exciting plans for the future.

Could you tell us about İTÜ ARI Teknokent and its activities?

İTÜ ARI Teknokent is among the first Technology Parks ever established in Turkey. We create significant synergy among all our units, physical buildings, and knowledge of İTÜ that comes from the past. In this way, we provide the most convenient environment and facilities for technology companies and entrepreneurs to best develop their technology, and commercialise their businesses.

As a Technology Park (Technopark), advocating for the development of technology-routed ideas is one of our fundamental objectives. Accordingly, we design programmes to empower the entrepreneurs who wish to grow their startups into scaled commercialized products and services. We fund all of our entrepreneurs, from the ideation phase right through to the incorporation phase, with the İTÜ Çekirdek Early Stage Incubation Centre, which is deemed to be one of the most successful incubation centres in Europe.

Through the İTÜ Magnet Advanced Stage Entrepreneurship Centre, which we launched last year, we finance startups and entrepreneurs who have completed the incorporation stage and are looking to build their ideas into products to take a step further.

We also support expansion of companies into foreign markets with the INNOGATE International Start-Up Acceleration Programme, incorporating Boğaziçi Teknopark, Teknopark İstanbul, and Yıldız Teknopark, which we put into practice with the ISTKA fund.

As İTÜ ARI Teknokent, we are going to continue to be the focal point of R&D, innovation activities and support; and improve the synergies that arise from the mergers of R&D companies, whilst directing them to the correct channels.

How many companies are there within the body of İTÜ ARI Teknokent? How many people does it employ?

As İTÜ ARI Teknokent, we are located in İTÜ Ayazağa Campus - where we operate from a total of 10 buildings in a closed space of 180 000m². We are at the core of technology, innovation, and entrepreneurship in Turkey - with some 2500 live projects, featuring 148 patents from 250 technology companies, and over 6 500 employees.

What distinguishes you from other technoparks?

As İTÜ ARI Technopark, we run projects that support start-ups - as is the norm; however, we also support companies that have already reached a significantly sizable operation. In this regard, we take a different position from the average Technopark. We make crucial investments with the purpose of being the centre of entrepreneurship. The projects that result from these investments often turn into exemplary works for our country. For example, our ITU Gate project - which was initiated 3 years ago in Turkey, and has now opened Chicago and San Francisco offices - has inspired the



INNOGATE programme, which we are now conducting with the cooperation of İSTKA.

Could you briefly give us information about some of the most significant projects that İTÜ ARI Teknokent has run to date?

As İTÜ ARI Teknokent, we cover the cost of all of our investment. We have materialised the ITU Gate Project which evolved into INNOGATE; we have created the İTÜ Magnet centres for advanced startups; and we built the İTÜ Çekirdek for young startups.

“Our member companies have provided employment for over 500 people and are collectively valued at TRY 415m (USD \$110m).”

Our current objective is to complete the “Automotive and Mobility Thematic Building” after an Energy Teknokent building, which focuses on the energy sector and supports automotive-related technologies further.

Has there been any businesses which began in İTÜ ARI Teknokent as startups and came to the forefront with its success?

Having hosted such companies as Pozitron (Monitise) and SESTEK - which began as startups - and having supported them on the path to becoming large-scale companies, İTÜ ARI Teknokent fulfills its mission to help companies expand.

Many companies originating from İTÜ Çekirdek have gone on to achieve commercial success. Most of them have established international relationships and started to support national exports.

Many of our companies, such as Acrome - which was founded in order to develop robotic and mechatronic systems to be used in industrial and academic fields; and Bunsar - which works on enhanced reality - have established important partnerships with several prominent companies in Turkey. The enhanced reality application, Pandora - which was developed as an alternative to the models used in the construction and architecture sectors - has also been a great success. Pubinno, which produces smart beverage vending machines has impressed; and there have dozens of other companies of ours which have been performing impressively with their international sales. The company SBS Bilimsel Bio Çözümler - which intends to provide support for the development and sustainability of the apiculture sector in Turkey, and endeavours to be an internationally recognised and respectable company - was the first Turkish business to receive



an award from the Fancy Food Show in the United States for its “BEE’O” product, which was produced last year in İTÜ ARI Teknokent. İTÜ Çekirdek’s Automotive Technologies Category entrepreneurship IUGO, Enwair, Garajyeri, RePG, and Parkkolay have received investment worth a total of TRY 5m.

The 175 companies that have completed the incorporation stage in İTÜ Çekirdek make a combined turnover of around TRY 55m. Our member companies have provided employment for over 500 people and are collectively valued at TRY 415m (USD \$110m).

Can you tell us about the content of your programmes, such as İTÜ Çekirdek, Magnet, etc.?

İTÜ Çekirdek provides any kind of support possible to entrepreneurs who have a commercialized startup,

“İTÜ MAGNET fills an important gap in the Turkish early-stage ecosystem.”

enabling them to establish fully-fledged technology companies and develop. Entrepreneurs that would like to be a part of İTÜ Çekirdek are admitted to the process called “pre-incubation”, where they can use every facility of İTÜ Çekirdek free of charge once the pre-qualification is carried out. During this period, they receive basic business management training from academicians and professionals, all the while trying to put their projects into practice on the side. The İTÜ Çekirdek process ends with an award ceremony called Big Bang. Qualifying teams get

entitled to a share from the award pool of TRY 17m, as well as benefiting free of charge from all the facilities provided by the Incubation Centre for one year.

On the other hand, İTÜ MAGNET also aims to support startups which have left the foundation period behind, and are on the path to growing to a scale where they can compete on the international market. With this function, İTÜ MAGNET fills an important gap in the Turkish early-stage ecosystem. Advanced Stage Entrepreneurship Centre İTÜ MAGNET brings together high-potential technology entrepreneurs that have earned a place in the market, and offers a solidarity and sharing environment that is achieved by entrepreneurs together. The entrepreneurs in this environment can improve their relationships with the important stakeholders in the entrepreneurship ecosystem, as well



as each other, in their own work environment. Furthermore, İTÜ MAGNET is a total entrepreneurship base with a spacious work area, convention rooms, a conference hall, and a presentation stage. The centre will also be open for the use of international startups that begin operating in Turkey. İTÜ MAGNET entrepreneurs will also be able work with said immigrating entrepreneurs, partner with them, and enjoy mutual growth and success as a result.

What is the significance of technoparks for exports, and what role do they play in this regard?

Teknoparks emerged in our country in accordance with the Law on Technology Development Areas, enacted some 15 years ago. While the Ministry of Science, Industry and Technology permits around 64 technology development areas, only 52 of them provide active service today.

Today, Turkish teknoparks host over 4 thousand companies, making considerable contributions to the gross domestic product, technology entrepreneurship, university-industry cooperation, and employment. Furthermore, technokents provide support for many startup companies that have the potential to turn into global firms operating out of Turkey.

By global standards, countries which allocate more than 3% of national income to R&D are considered developed. This figure for our state was in essence 0% before teknoparks came to be. These numbers have since risen steadily, and we are in fact on the verge of 1% of national income allocated to R&D. It stands to reason then that teknoparks are extremely valuable to the country. As İTÜ ARI Teknokent, we are working to provide support to technology startups that will turn them into international brands. The contribution made by our successful companies last year was a big source of pride for us. In 2016, we continued to support the national economy by growing İTÜ ARI Teknokent's R&D export 11% year over year.

What are your targets for the periods ahead?

We are going to continue our works so that İTÜ Çekirdek, İTÜ Magnet and INNOGATE processes are concluded in the most efficient manner. Furthermore, we also aim to continue thematic teknokent set-ups that are focused on the industries most pertinent to our economy, such as Automotive and Mobility Thematic Building, which we will put into practice very soon.

How do you evaluate the Big Bang 2017, organised last November?

Big Bang Startup Challenge, which is organised by İTÜ Çekirdek, was ranked among the top three 'entrepreneurship contests providing the most funding for entrepreneurs' in the world. The 20

finalists gleaned from a starting pool of 11 thousand applicant startups, who presented their ideas and work in the final event in UNIQ Istanbul, along with some semi-finalist groups who also attracted the attention of investors. Winners earned their share of TRY 17m (USD \$4.5) worth of grants and investments, together with the İTÜ Çekirdek startups that received second tour investments. The 20 startups that made it to the finals were: 3DRubber, Axolotbio, Bikoshu, B-Preg, Compocket, Ecogear, Eyedius, GmPly, Hagelson, Hootsumo, Meta-lol, Nanomik, Physhome, Porima, Rofoods Micro Market, Scoutium, Simularge, Sports&Merits, Telegrapher Labs, and TrakTS. The podium-finishing startups that received the highest number of investments were Eyedius, Nanomik, and Scoutium. Over 40 funders (Notably, the Elginkan Foundation, İstanbul Chamber of Industry, Uludağ, Otomotive Industry Exporters Union, Enerjisa, Turkish Technology Development Foundation, ING Bank, Pegasus, TurkcellArikovani, Cisco, Borsa İstanbul, Hepsiburada, Cardtek, Monitise, IBM, and Microsoft), 14 investor companies, and 10 individual investors joined İTÜ Çekirdek in providing investment and award support for the entrepreneurs.

The quality and plentitude of investments, awards, and stakeholders clearly served as testament to the success we have achieved in the last 6 years. Big Bang Startup Challenge 2017 was a culmination of the 6 years of success we have enjoyed. In 2017, more startups applied than ever before, and those startups that will truly affect the future (in parallel with the theme we had designated) competed fiercely. We will continue to support entrepreneurship and bring successful startups together with the right investors in 2018 and beyond. We have already started receiving our 2018 applications via İTÜ Çekirdek, and we incorporate new entrepreneurs into our body every Thursday with our jury. 

TROY Brightens the Future of Turkish Payments

Learn how BKM uses **TROY**, their home-grown payment scheme, to drive Turkey's rapid payments development, preparing the economy to create and embrace a digitalised world.

With its pivotal role in the Turkish payments sector, BKM (Interbank Card Center) has pioneered innovation in the global payments industry. Thanks to BKM, Turkish issuers have rolled out best-in-class payment products well ahead of other advanced markets. TROY, Turkey's first and only national payment scheme is the most recent example.

Having only been launched in May 2017, TROY branded cards have reached the 2 million mark in less than a year. In coming years, we will likely witness TROY not only grow but also drive digital transformation in Turkey's payments ecosystem.

To better understand the role TROY and its Innovation Center play in this ecosystem, Angel Investor Magazine sat down with Dr Soner Canko, CEO of BKM.

Our readers may not be familiar with the payments industry in Turkey. Can you provide an overview of the market? What are the key issues and trends?

Turkey, an emerging economy, is classified as a developed market as far as payments are concerned, with its

strong infrastructure and innovative products and services. In a couple of decades, Turkey has become the largest European payments market with its 194 million cards and 2.4 million point-of-sales (POS) machines.

There has been a marked shift from cash payments towards digital payment systems and the proportion of payments made by card for

"CEOs should build their strategies not just to allow for digitalisation, but to fully expect and embrace it."

household consumption reached 40%, more than quadrupling in under a decade. Encouragingly, the market has even further growth potential, especially considering the size of the unbanked population. According to the World Bank's estimates, over 20 million people are still unbanked or underbanked in Turkey.

BKM launched TROY, a local card scheme. What was the rationale behind the creation of this scheme? What is the role of TROY in such a saturated market?

The Turkish payments sector has developed rapidly and there has been a growing need for alternative solutions that can meet local requirements better and faster. Given their size, global card issuers typically respond to local needs less promptly. Many local alternative payment methods around the world successfully serve their home markets because of their adaptability and responsiveness. When we evaluated these examples and the requirements of the Turkish market, we concluded that a local solution would bring the efficiency and the economies that are required for innovation in Turkey's fast-moving and highly competitive payments market.

For TROY, our main focus is to help the sector grow in a sustainable way by improving product development capabilities and cost effectiveness. Leveraging the advantage of being local and building on advanced payments technologies, secure infrastructure, and know-how, we can develop faster solutions that are

better aligned with the needs of the Turkish market. TROY already provides a wide range of products and services that have been created specifically for the benefit of the Turkish consumer, merchant, and issuer.

The TROY Innovation Center, which was established to develop and test new cards and terminals, spearheads TROY's development of new solutions. Leveraging the Innovation Center, TROY plans to launch more innovative products in the coming years. Thus, TROY will pave the way for innovation and inspire Turkish FinTechs to create global brands, which is another strategic target for us.

What future trends do you think will impact the positioning and success of TROY?

First and foremost, the global push for digitalisation will not only transform everyday life but will drive the future of payments as well. Turkey, with a young and tech-savvy population, is not an exception - almost 50% of the population is under the age of 30. Speed and practicality are very important for users in today's digitalised world. Therefore, payments must be seamless and complementary for the consumer's shopping experience.

Hence, I strongly believe that digitalisation will be the engine for the growth in payments, and especially for TROY, with mobile payments being the most critical element of digital payments. To this end, I am proud to say that the TROY Innovation Center has just introduced our mobile payments solution, which is live as of January 2018.

Besides digitalisation, regulatory changes, disruptive technologies, and concepts such as cryptocurrencies are the other trends that, we think, will affect the payments industry as well as the remainder of the financial sector, as these trends can fundamentally change the way of doing business. The Turkish banking sector and payments industry have been very good at adapting to the



DR SONER CANKÖ
CEO of BKM

ever-evolving regulatory environment and technologies.

You just mentioned digitalisation and its role in TROY's growth. In your opinion, what does digitalisation mean for CEOs?

At BKM, our mission is to lead the digital transformation of the payments ecosystem in Turkey, and hence, contribute to the digitalisation of our whole economy. We have built our strategy and action plan around this

mission, and are more than happy to collaborate with key stakeholders in all sectors; from financial services, to industry, to retail; who share our aspirations for digital transformation. We believe digitalisation should be the number one priority for Turkey, and therefore for CEOs in any sector. CEOs should build their strategies not just to allow for digitalisation, but to fully expect and embrace it in order to prepare their companies for the next wave of technological advancements. 

SEBAHITTIN KORKMAZ
President of the Turkish
Standards Institution



Setting the Standards for Standard Setting

Discover how standardisation is not just setting the benchmark for global innovation, but actively driving it forward.

Does standardisation have an effect on innovation? What are your views on innovation and entrepreneurship as the Turkish Standards Institution (TSE)? Standards build the basic infrastructure of innovation. The standardisation process creates a measurable definition of what a specific product or service is. This means that when a new or unique product is compared to the established definition, the distinction between reproduction and innovation can be made empirically. Also, when the baseline technical properties of the product are known - in terms of size, mass, function, materials, etc. - the standard product can be used

as an input material for new product development, further accelerating the formation of innovation. As a result of these powerful implications, standards and standardisation are entrenching themselves as part of everyday language in international technology and marketing; and they are becoming one of the most important basic tools of innovation. Certification demonstrates that the product or service is produced with a “technical common language” - meaning no further control is required.

The Turkish Standards Institution (TSE) is a huge supporter of innovation and entrepreneurship through standardisation activities, conformity assessments, and certification services that industry needs and expects in all sectors of our country.

Through our extensive service network throughout the country, our growing influence in the global arena, our international accreditation, and our conformity assessment services at highly technical levels, the TSE supports entrepreneurship and builds

“We will carry out tests of land vehicles and parts in order to establish an infrastructure in Turkey for tests that can currently only be conducted abroad.”

platforms for the production of innovative goods or services.

The project, named “Development, Application, and Expansion of Fast, Economical, and Practical Detection Methods for Gelatin, Glutamate, and L-Cysteine in the Halal Food Inspection”, which we have conducted over the past year in cooperation with TUBITAK Marmara Research Center Food Institute, is one of the best examples of our work on innovation. As the first concrete output of the project we registered

a reference gelatin material method, in compliance with Islam, which can now be used by testing and certification bodies conducting conformity assessments with Islamic Criteria in Turkey and other SMIIC country laboratories. The reference gelatin material method, which is the output of this study, is the first laboratory product developed in the Turkish-Islamic geography, and now serves as an innovative resource for testing new products within SMIIC and other Islamic countries.

Another example pertains to Turkey’s goals for domestic automobile production. The TSE has been carrying out a Land Vehicle Testing Centre project, in collaboration with the Undersecretariat for Defense Industries, which will play a critical role in achieving Turkey’s domestic auto production target. With the test tracks, laboratories, and techno parks in the Land Vehicles Testing Centre, we will carry out tests of land vehicles and parts in order to establish an infrastructure in Turkey for tests that can currently only be conducted abroad. This supports the creation of an automotive industry structure with advanced R&D capability; and will open the door to innovation in this area, shedding light on progressing new technologies.

On the other hand, the International Conformity Assessment Service (ICAS) - established by our Institute in 2014 with its own capital - is a shining example of Turkish entrepreneurship. Through ICAS, the TSE cooperates with institutions in various regions, carrying out conformity assessment training activities in our global service areas, thus enabling fast service delivery as well as providing cost advantages. The ultimate goal for ICAS is to have a significant stake not only in Islamic countries, but in the global conformity assessment market, which is a USD \$200bn industry. 



Opening the Doors to Turkish Venture Capital

Angel Investor Magazine investigates Turkey's VC ecosystem and learns of TÜBİTAK's new 1514 VC Funding Programme.

The Scientific and Technological Research Council of Turkey (TÜBİTAK) offers research entities in Turkey a rich variety of grant-based support mechanisms, which are adapted based on the differing needs of researchers in the private and public sectors, entrepreneurs, and scholars. These support mechanisms are designed to augment the thriving R&D, innovation, and entrepreneurship ecosystem in the country.

The R&D, innovation and entrepreneurship ecosystem of Turkey is currently working to meet key targets for the year 2023. These targets include both quantitative goals, such as to raise gross expenditure on R&D (GERD) to 3% of GDP, and qualitative ones for national flagship projects. The private sector is expected to play the leading role in attaining these targets. In this regard, TÜBİTAK plays a key part in building greater developmental efforts, especially as they pertain to helping the private sector upgrade and develop depth through R&D capabilities in order to stay competitive. This effort is supported by a combination of R&D schemes including grants to R&D consortium-composed companies, end users, and

universities; support for entrepreneurs; and establishments that support the formation of critical intermediaries. Within the scope of industry support mechanisms, TÜBİTAK has given a total of USD \$ 1.91bn in grants to the private sector for over 14,000 projects between 1995 and 2017.

“TÜBİTAK has given a total of USD \$1.91bn in grants to the private sector for over 14,000 projects.”

What do you think about the venture capital ecosystem in Turkey?

Turkey is an attractive market for venture capital investors thanks to its prime location, its well educated and youthful workforce, and the depth of Turkish entrepreneurial culture. However, notwithstanding that the number of investors and frequency of investments have been increasing since the early 2000s, when compared with developed countries, the proportion

of national income represented by venture capital investments is still very low. In fact, according to the Global Competitiveness Report for 2017-2018 produced by the World Economic Forum, venture capital availability is one of Turkey's worst ranking indicators.

Acknowledging this, Turkey needs an investor community specifically focused on startups. Put differently, there is enormous opportunity for early-stage investors in Turkey. It is also important for Turkey's startup scene to have successful exits. The public sector needs to allow Turkey's nascent venture capital community to develop and implement programmes to promote seed and early-stage technology investments. The public sector should draft policies that provide incentives for SME investment and should represent business interests rather than counteract them. In this vein, TÜBİTAK decided to initiate the new 1514 Venture Capital Funding Programme in 2018.

What was the motivation behind the new 1514 Venture Capital Funding Programme?

As is the case in most successful examples world-over, technology based



**PROFESSOR DR AHMET
ARIF ERGIN**

President, Scientific and
Technological Research Council
of Turkey

early-stage initiatives come primarily from university TTOs, technoparks, and research infrastructures, and these initiatives are backed by funds especially ring-fenced by these institutions for this purpose. In Turkey, there are two main issues that make it difficult for university TTOs, technoparks, and research infrastructures to participate in venture capital funds. The first reason is a lack of capital accumulation and the second is the lack of experience in the venture capital space.

In order to bridge this divide in the system, TÜBİTAK plans to revise its 1514 Programme in order

to encourage and enable wider stakeholder participation in the early-stage venture capital funds by granting them the capital to do so.

**With whom did the 1514
Programme revision studies take
place?**

TÜBİTAK cooperated with the Undersecretariat of Treasury, the Council of Higher Education, the Ministry of Development, various university TTOs, several technoparks, and a number of venture capital fund managers. Studies have been carried out that include the opinions of all significant ecosystem stakeholders.

**What are the targets of the
1514 Programme?**

The objectives of the Programme are summarised as follows:

- To establish a sustainable venture capital ecosystem in Turkey by forming venture capital funds which will invest in seed and early-stage technology-based entrepreneurs, aiming to commercialise research results and innovation;
- To increase the number of actors and extent of venture capital resources in the ecosystem in order to encourage the commercialisation of technology intensive research and technology based entrepreneurship in Turkey; >



Ankara, Turkey

- To develop stronger relationships between university TTOs, technoparks, R&D infrastructures, and venture capital fund managers;
- To provide experience in the fields of venture capital, equity investments, commercialization of innovation, and research results;
- To accumulate funds in TTOs, technoparks, and qualified research infrastructures for equity investments into early-stage, innovative, technology-based startups.

What will the structures of these Venture Capital Funds look like?

It was agreed that the Undersecretariat of Treasury will be a limited partner (LP) for a maximum of 40% of the Venture Capital Fund in order to ensure that the funds formed are strong. Up to another 40% will be taken up by TTOs, technoparks, and qualified research infrastructures, also as limited partners (LP). Finally, an independent fund manager will be sourced from private investors, and hold at least 20% of the fund.

50% of the partnership shares

“TÜBİTAK plans to revise its 1514 Programme in order to encourage and enable wider stakeholder participation in the early-stage venture capital funds by granting them the capital to do so.”

belonging to TTOs, technoparks, and qualified research infrastructures will be supported by TÜBİTAK grants. These venture capital funds will invest in seed and early-stage technology-based enterprises that are resident in Turkey, and which focus on the commercialisation of innovation and research results.

It is foreseen that the fund will be established by a General Partner (GP), whom has no public shares in Turkey or abroad. Funds will then be

independently managed by the General Partner (GP). Investment decisions will be taken by an investment committee, independently of their limited partners. The public sector's involvement as a Limited Partner (LP) is beneficial in terms of facilitating the independent management of the fund and the provision of resources outside the public sector. It is anticipated that the fund term will be 12 years, with the investment period lasting for the first five years, and the remaining years serving as the exit period. It is planned that this fund will be established with professional management.

When will the revised 1514 Programme be launched and when will The Call come out?

Once the revision studies have taken place the Principles of Implementation will be finalized and then brought to the agenda of the Science Board, in line with the opinions of the Office of Legal Affairs. Should the Science Board make the decision to implement the programme, the Call Out will be set to take place in the first half of 2018. **■**



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- Renewable Energy Resources



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Figuring Out Fintech Future Four

A bank that funds FinTechs, supports them with Business Angels, and then becomes their first customer? **Gokhan Mendi** of Türk Ekonomi Bankası explains.

As one of only three bank-backed Angel Investment platforms in the world (and the only one in Turkey), you launched your own Fintech incubation and acceleration programme last year. Could you share your experiences with the world's Business Angel investment community?

Our unique programme, named Fintech Future Four, aims to support FinTechs while engaging in a solid collaboration commitment with the bank. In that sense, it has distinctive features from the consensus models. The programme offers FinTechs the benefit of our infrastructure and experience; the necessary financial support for their first project - as a grant along with Angel Investment advisory services; and we even become their first customer.

As Türk Ekonomi Bankası (TEB), we believe that the vision for the future of our industry will be possible only through an innovation model where banks and startups work together. We placed this vision into the center of the project, so it is a deliberate and exact win-win situation.

I would like to go one step back to elaborate on the progressions that lead the Bank to design such an original project without receiving

any support from third parties? How did that happen?

Thanks to our experience with the Angel Investor community and players in the innovation ecosystem, we eventually reached a point where we were ready and adequately resourced to design our own programme. What happened was that we became cognitive; as you know a cognitive bank is a bank that really thinks. Every day, financial institutions collect massive volumes of data, but

"With cognitive computing, banks can gather deeper insights that will help them make smarter, faster, better informed decisions."

much of it is unstructured, making it invisible to current systems. Banking professionals need technology that not only analyses all of this data, but reasons and learns from it to continuously improve. With cognitive computing, banks can gather deeper insights that will help them make smarter, faster, better informed decisions. We dream to find, learn

and integrate those agile technologies that will enable us to stay in the new world, where change is fast and opportunities are enormous.

Especially interesting is the programme outcome and the detailed story behind it, as this might be useful for institutions seeking alternative startup collaboration models and innovation programmes. How can we learn more about the programme?

We wrote a white paper about the programme, the full story and rationale behind it, as well as real testimonials from our finalists. This is just to share our experience, not to try outsmart anyone. We can see many successful examples in the industry and around the world. This is our story with its own good insights. The report will be distributed at the WBAF Summit 2018.

I believe the second batch of the programme is beginning soon.

Is there anything different this time? Yes, based on the first year of experience, we decided that this kind of programme should not be designed with money rewards for a specific period of time. The FinTech's best outcome will be to convince the bank to be their first customer, so we have enriched the model to include more internal collaboration efforts from

A professional portrait of Gokhan Mendi, a middle-aged man with short, graying hair, smiling at the camera. He is wearing a dark pinstriped suit jacket over a white shirt and a red tie with a small white pattern. The background is a soft-focus office setting with a framed certificate visible on the right.

GOKHAN MENDI

Senior Assistant General
Manager of Retail and
Private Banking Group
at Türk Ekonomi Bankası

related departments; and this year, instead of setting challenges, we have defined our four main themes as: PresenceLess; CashLess; BoundLess and PaperLess.

In order to add an international flavour to it, we also cooperate and partner with a Nordic global FinTech accelerator, Nestholma. This is with

the idea of opening up new markets and potential customers for successful Turkish FinTechs; while, as TEB, we will be scouting out new technology and monitoring what is cooking elsewhere in the world. Finally, this year the programme will also be open all year, with quarterly assessments by a team of experts selected within the

bank. We hope to find the products or services that would add value to the industry through our sustainable collaboration model. We invite FinTechs that share the same vision with us to apply to our Fintech Future Four programmes in the future, with our 2018 programme kicking-off in January 2018. 

FIGHTING FINANCIAL CRIME WITH FINEKSUS



As money laundering and financial crime becomes more widespread, and banks struggle to keep up with resultant regulations, regulatory tech companies have begun to play an especially interesting role.

AHMET DINÇER
General Manager of Fineksus

Since 2009 alone, regulators in the United States and Europe have imposed USD \$342bn of fines on banks for violations of anti-money laundering rules. This being the case, Know-your-customer (KYC) and Anti-Money Laundering (AML) processes are rapidly becoming a key focus around the world; especially given that predictions indicate fines of this sort will amount to over USD \$400bn by 2020.

According to the latest research, the market size for Anti-Money Laundering

software grew from USD \$750m in 2013, to USD \$920m in 2016. Analysts believe that by 2021, the market size for Anti-Money Laundering software will grow to reach USD \$1.5bn per annum.

As the market is continuing to grow, RegTech (Regulatory Technology) companies all over world are starting to invest themselves more deeply; and each day new software is released to the market in the ongoing attempt to quell AML and KYC related sanctions. However, increasing legal and regulatory complexity is becoming a big challenge for RegTech companies.

To navigate the increasingly demanding landscape, they have started to use new technologies; such as processing big data on the fly, predictive modelling, and behavioral profiling.



As Fineksus, we are taking calculated steps in analyzing worldwide AML trends and RegTech behaviour. We think that the next level of Anti-Money Laundering software should address compliance as a part of risk-managed business, and that it should offer an integrated data processor for timely risk-based analysis and decision making. To this end, we are investing in artificial intelligence (AI) and machine-learning technologies to make our products smarter and better equipped to help our customers focus on their work. Through the good work of our researchers, our customers will be able to easily monitor transactions for suspicious activities.

"We are investing in artificial intelligence (AI) and machine-learning technologies to make our products smarter and better equipped to help our customers focus on their work."

Another trending, flashpoint topic is cryptocurrencies. Cryptocurrencies have become increasingly popular as an alternative form of fiat currency, so much so that the trend is unignorable. Currently, all financial money transfer systems such as SWIFT, Western Union, PayPal etc. must comply with the frameworks set out by various regulatory bodies. These bodies

put in place the rules that serve to protect the financial ecosystems against crime. Many of the significant cryptocurrency world players entered into the crypto ecosystem in the first place because of investment and privacy concerns brought about by centralised regulation. The other edge of this sword, however, is that the largely unregulated, secure, and decentralised nature of cryptocurrency transacting has positioned it as a powerful tool for financing criminal activity. One solution is to totally decline cryptocurrency by excluding people and organisations that move in this virtual financial system. But is that the wise option? One can try to resist the change, but natural selection shows us that adapting and adopting is a proven route to sustainability and power. The technology behind cryptocurrencies - blockchain - keeps a ledger of all transactions in order to help prevent money laundering. Fineksus is therefore keeping abreast of blockchain technology to be well-

prepared for the potentiality of this tech in the near future.

This year, Fineksus will be releasing our new KYC Solution to complement our existing platform. By adding this tool, our solutions will wholesomely cover everything from initial onboarding to end-to-end customer transactions with a risk-based approach. As the market leader in the AML Sector in Turkey, Fineksus is taking responsibility to help the Turkish AML community by working closely with customers and regulators to provide better solutions against money laundering. We believe our client-centric approach helps us keep refreshed and committed.

In the future, software vendors should deliver more powerful tools, with integrated approaches to address any kind of AML requirement in a risk-smart way. This will empower institutional customers in their battle against financial criminals. 





TURKISH CYBERPARK MAKES GLOBAL WAVES

Bilkent CYBERPARK continued to thrive in 2017, with one prominent project being internationally voted the Most Inspiring Solution of 2017. So, what is it that they're getting so right? Find out here.

How would you describe Bilkent CYBERPARK? Bilkent CYBERPARK, Turkey's first private Science and Technology Park, was established in 2002. Beyond providing office space for promising tech entrepreneurs that is conducive to achieving brilliance, the value-added services provided are the most powerful facet of CYBERPARK's operations. As a result, CYBERPARK holds a significant position in Turkey's technology-based entrepreneurship ecosystem.

What are CYBERPARK's greatest strengths, and what do you mean by "value added services"?

As Bilkent CYBERPARK, our fundamental purpose is to help small new enterprises deal with the many difficulties that come in the early-stage phase; and then to foster our more mature companies' business development activities to scale meaningfully in both local and foreign markets. In efforts to fulfill this purpose, we consistently provide value-added services that have proven their success

in a range of markets. When we talk about value-added services, we refer to a spectrum of supports to startups and entrepreneurs that include info days, seminars, trade delegations, pre-incubation and incubation services, clustering activities, accelerators, and more. In 2017, we organised more than 150 events to add value to our businesses - that works out to about 3 events per week! All these activities empower new entrepreneurs and support startup growth.

I need to emphasise that CYBERPARK

was awarded first-place as a worldwide prize by IASP (International Association of Science Parks) for one of its projects that capacitates companies to go global.

How many companies are located in Bilkent CYBERPARK?

We host 250 high-tech companies, including 60 startups and 6 Research Centers.

In addition, every year we take in over 100 candidate entrepreneurs - most of whom are students - as part of our pre-incubation programme, providing them with entrepreneurship mentoring.

What kind of programmes do you provide for entrepreneurs and their companies?

We have several distinct programmes designed for different levels of entrepreneurs. I will describe the foremost of these programmes.

Our Pre-incubation Programme serves simply to convert students' and academics' business ideas into successful business plans. This is an inception phase support.

The CYBERPARK Accelerator Programme (CAP) is a collaborative project between Bilkent CYBERPARK and Plug&Play in Silicon Valley. CAP is a 16 week long, mentorship based, customised business development programme for ICT companies that specifically intend to enter the US market. In 2015 it was recognised by the International Association Science Parks in its 'Most Innovative Solutions' contest.

In addition to CAP, Bilkent CYBERPARK has recently launched a tailored local-focused accelerator programme named DOPING. The priorities of DOPING are to identify the commercialisation and growth obstacles faced by entrepreneurs, and to overcome or remove them.

For the purpose of internationalising our companies, we established the BIL-TEL Cluster - one of Turkey's prestigious business clusters that is lauded for its significant contribution to Turkey's Information and Telecommunication

"The programme was selected as the Most Inspiring Solution of 2017 after a vote by some 400 IASP members from 76 countries."

sector. BIL-TEL activities are funded by the Turkish Ministry of Economics. To date, BIL-TEL ICT Cluster members have attended many international B2B networking events, organised by Bilkent CYBERPARK to commercialise members' products internationally.

You mentioned that Bilkent CYBERPARK was awarded a first-place prize by the International Association of Science Parks (IASP).

Which project was it that was recognised by this award?

The project was our B2B Matching Methodology, which is a business development programme that facilitates the creation of international partnerships. Given the means to attend the Ethiopia Business Forum, the Silicon Valley Trade Delegation, the Malaysia-Kuala Lumpur Business Forum, and the London Business Forum; companies are given a strong chance to meet prospective customers and partners.

The programme was selected as the Most Inspiring Solution of 2017 after a vote by some 400 IASP members from 76 countries. We are incredibly proud of bringing this prize to Turkey. The award is a demonstration of the value created by Turkish technoparks in the international arena; and is a welcome response to all of our hard work. **AI**



FARUK INALTEKIN
CEO, Bilkent Cyberpark

A World Where Startups Come Alive

Workinton CEO, **Pinar Massena** describes Turkey's early-stage ecosystem, illustrates where her organisation fits into this picture, and explains what makes Workinton different.

The prevalence of incubation centers has increased rapidly in the last few years. These centers typically host technology based startups - hallmarks of a new economic era - in order to help them establish a clear vision for their projects, and to help them achieve sustainable growth. In order to develop this new economy, Angel Investors focus on incubation centers, specifically diverting energy and capital toward the promising startups contained within. To get deeper insight on this relationship between Angel Investors and incubation centers, Angel Investor Magazine met up with the CEO of Workinton incubation Center, Pinar Massena.

Tell us about incubation centers, investors, and the startup ecosystem in Turkey?

In Turkey we have between 5800 and 6000 startups, and the number is increasing every day. Generally, these startups take residence in one of the 39 incubation centers or accelerator programmes in our ecosystem. 300 certified corporate investors and 47 technoparks also play a role in this ecosystem. Thanks to the activities of all these players, the USD \$70m of investment attracted in 2016 was a figure that was comfortably exceeded in 2017. Examining the characteristics

of individual investments, one observes surprisingly small figures. More than 90% of these investments are for the early-stage, indicating a clear focus on providing our startups with resources to enable them to take a chance in the global market.

"We bring together mentors, startups, and investors; concocting powerful synergies between ideas, experience, and funding."

What role does Workinton play in this ecosystem?

Startups that need to commercialise their concepts - and require the support of experienced mentors - make use of Workinton and its specialist networking support. We have 14 different co-working spaces. Moreover, in the Workinton Incubation Center we bring together mentors, startups, and investors; concocting powerful synergies between ideas, experience, and funding. We have a 3-stage system through which

startups are supported. Through a process of pre-incubation, incubation, and finally, accelerator programmes, entrepreneurs are helped to scale their operations significantly. More specifically, the process often gives entrepreneurs a chance to open up to the global market.

What solutions do you provide for the startups that work with Workinton?

First and foremost, we make every effort to inspire the entrepreneurs in the Workinton Incubation Center, as well as those in the Lonca Entrepreneurship Center - which we co-founded with KuveytTurk Bank. We believe that the more entrepreneurs we reach, and the more motivated and empowered they are, the more attention we gain from investors.

The number of Angel Investment networks, incubation centers, and entrepreneurship programmes is increasing every single day. As Workincubation, we provide systematic development and mentorship programmes for the startups, before bringing them into contact with investors. We also regularly organise demo days to help entrepreneurs develop their presentation skills in order to thrive at these occasions. Workincubation also



PINAR MASSENA
CEO of Workinton
Incubation Center

provides a platform for international pitching organisations, such as House of Geneous and Betapitch.

What does Workinton expect from its startups and investors?

Entrepreneurship is gaining increasing social traction in Turkey. However, if we want to improve the quality of entrepreneurs, there is a clear need for more incubation centers and investment networks.

Our entrepreneurs are expected to not only focus on their startups and getting investment, but also to make use of experienced strategic consultants who will enrich their operations. Angel Investors and incubation centers can invest in startups both financially, and also by providing their expertise

through management consulting.

A healthy portion of Angel Investors in Turkey have excellent knowledge and experience. However, what we tend to see is that they only invest in - and focus on - operations within their own specific field of expertise. This can cause problems. In my point of view, an Angel Investor should provide not only financial support, nor only technical field-specific knowledge, but should impart wisdom and serve as reputational assets to companies. Incubation centers are the right places for Angel Investors to do this.

Why should startups choose Workinton Incubation Center?

We keep a meticulous record of every one of our startups in order to identify

and monitor the phases through which they progress. This supplements a large and powerful information pool for investors to consider. When the mystery around a startup disappears and investors can see exactly where a startup is in the process of growth, evaluating investment opportunities becomes much easier for them. Workinton is also attractive to investors because it reduces uncertainty. There are hundreds of imitation startups in countries like Turkey, where the young population is large and growing, and this situation poses a real risk to investors. However, startups that earn their place at the Workinton Incubation Center assure investors of their legitimacy, and are therefore much more attractive to investors. **AI**

A HOME AWAY FROM HOME FOR GLOBAL INVESTORS

Turkey's sustained economic growth rates have been amongst the highest across the globe over the past decade, making it one of the world's most attractive destinations for investment.

The Investment Support and Promotion Agency of Turkey

Turkey has emerged as a country that piques the interest of global investors, thanks to its impressive growth rates and structural reforms over the last decade. Even still, there remains an enormous well of untapped potential for international companies looking to

invest in Turkey.

Turkey presents a number of enticing investment advantages. Between its diversified economy which maintains a record growth rate, a young population of whom half are under the age of 30, an early-stage ecosystem supported by reforms, and its strategic location

providing lucrative export opportunities; Turkey really does stand out as an attractive investment destination. For investors looking to step up their direct commitments abroad and to grow their business operations both in Turkey and surrounding regions, the advantages are numerous and significant.

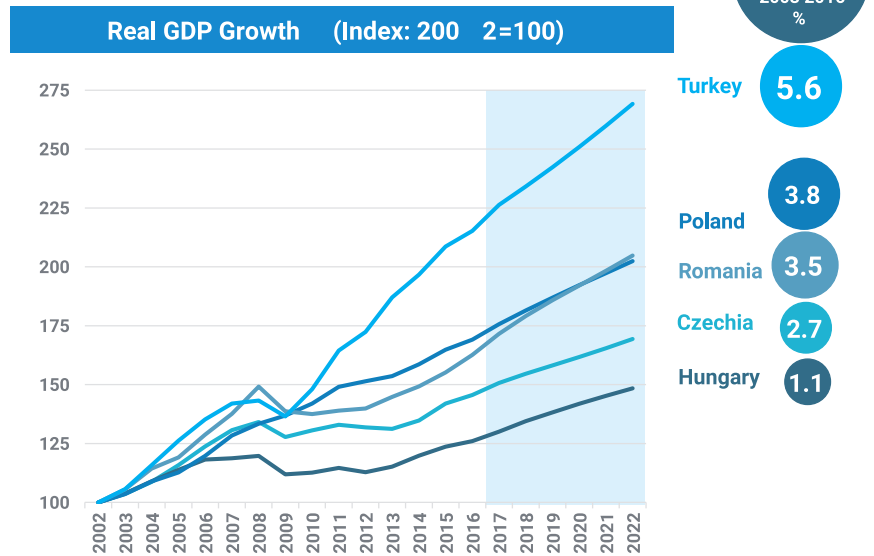


Turkey is the 13th largest economy in the world according to GDP at PPP, having grown robustly with an annual growth rate of nearly 6% over the past 14 years. This earned Turkey the distinction of being the fastest growing economy in Europe, and among the fastest growing in the world. This remarkable growth performance continued into 2017, with a rate of 7.4% over the first nine months of 2017, and a third quarter growth rate of 11.1%. Turkey is further expected to maintain this momentum into the future, with projected growth rates of 5.5% every year through to 2020.

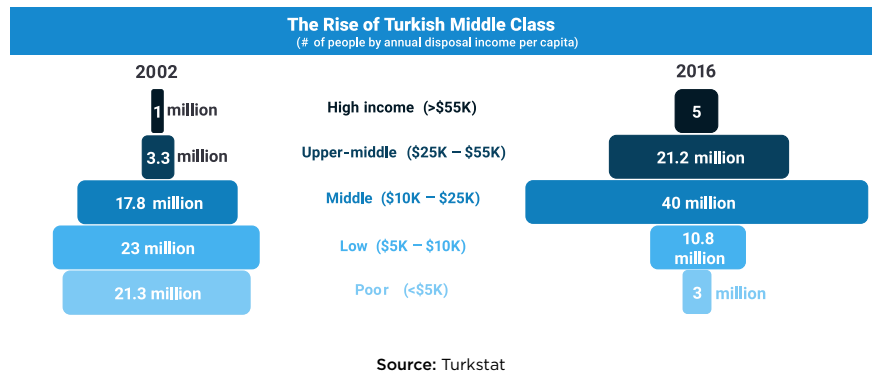
“More than half of the world’s trade takes place within a four-hour flight radius of Turkey.”

This economic activity has been driven mainly by a vibrant domestic market, lucrative export opportunities, diversified sectors with promising growth, and an entrepreneurial spirit of a private sector that has invested substantially in the Turkish economy. Turkey’s favourable demographic structure has also been a key driver of economic growth. With half of its population under the age of 30, Turkey stands out as the country with the largest youth population in Europe. This translates into a ready availability of a skilled labour force with an industrious working culture and cost-competitive edge - yet another reason to invest in Turkey.

Economic growth over the last decade has paved the way for the emergence of a sizeable Turkish middle class with increasing purchasing power. The domestic market is further supported by emerging urban centers across Turkey, now reaching more than 20 such centers with populations of over 1 million.



Source: Turkstat, OECD, World Bank, IMF, PPP: Purchasing Power Parity

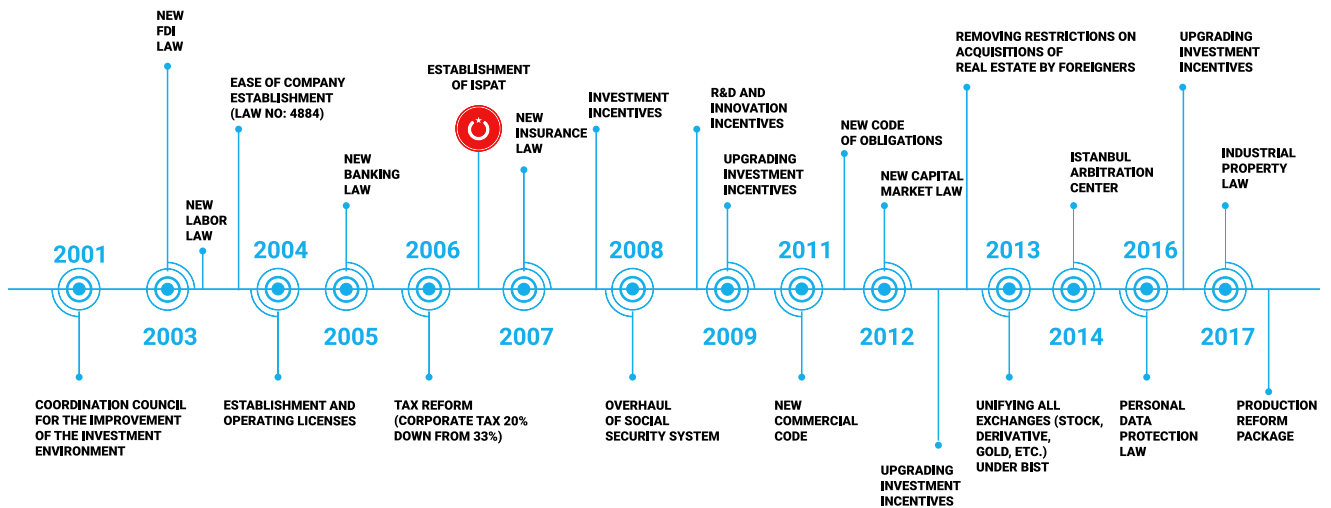


Turkey’s location - at the crossroads of Europe, Central Asia, and the Middle East - provides easy access to the European, Middle Eastern, North African, Central Asian, and Gulf markets; which comprise of more than 1.6 billion people and a combined GDP of USD \$28tn. More than half of the world’s trade takes place within a four-hour flight radius of Turkey – a key reason why many multinational companies have chosen Turkey as a strategic regional hub for their operations. Companies such as Siemens, Nestle, and Deutsche Bank have been operating in Turkey for more than a hundred years. An

increasing number of companies from across the world looking for expansion into new markets are finding a second home in Turkey to manufacture, as well as design and engineer.

Taking cues from the strong foundation that it built to attract international investments, Turkey put into practice several successful economic reforms to support its internal investment environment. Structural reforms over the last decade have ensured that all international businesses have the same rights and abide by the same regulations as domestic companies, providing a secure environment for >

MAJOR REFORMS IN TURKEY



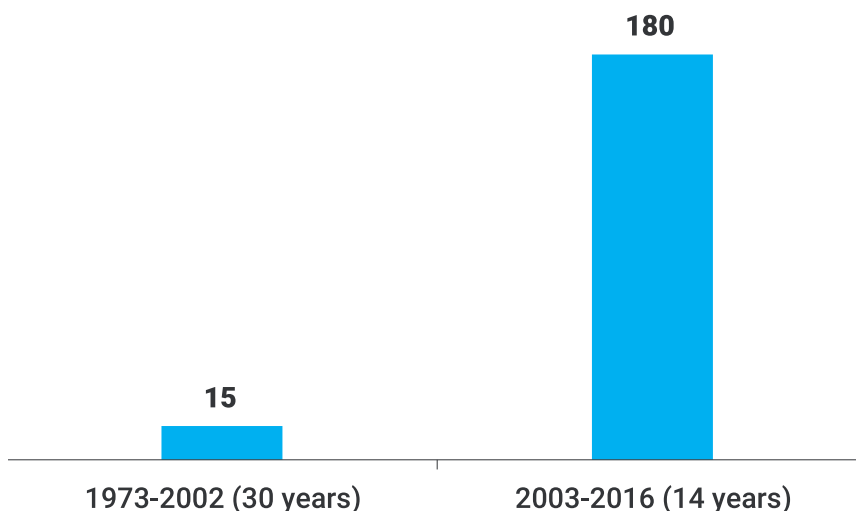
international investors. Some of the reforms and incentives introduced for the improvement of the investment climate include R&D and tax reforms, regional and sectoral incentives, and a general incentives scheme; all of which provide attractive opportunities for investors looking at Turkey.

As a result of these reforms, Turkey has briskly climbed in the World Bank's Ease of Doing Business

ranking, and has become a global economy with a rising level of inward investment flows. As of the first half of 2017, the number of companies with foreign capital in Turkey exceeded 55,000, up from 5,600 in 2002. Until 2002, total FDI into Turkey stood at USD \$15bn; but in stark illustration of Turkey's booming growth thereafter, from 2003 to December 2016 Turkey attracted more than USD \$180bn of FDI.

Moreover, investments in Turkey are strongly protected by both domestic and international laws. On top of Foreign Direct Investment Law, enshrining equal treatment for foreign and domestic investors, foreign investments in Turkey are also protected by more than 75 bilateral investment promotion and protection treaties. Turkey has also signed bilateral tax treaties with 81 countries to prevent double-taxation

FDI Inflows (\$ Billion)



ABOUT ISPAT

Established in 2006, the Investment Support and Promotion Agency of Turkey (ISPAT) is the official organisation for promoting Turkey's investment opportunities to the global business community and for providing assistance to investors before, during, and after their entry into Turkey. ISPAT supports high-technology, value-added, and employment-generating investments with its facilitation and follow-up services throughout the process of relevant investments. The Agency offers an extensive range of services to investors through a one-stop-shop approach, ensuring that they obtain optimal results from their investments in Turkey.

ABUNDANT SECTOR OPPORTUNITIES IN **TURKEY**



FINANCIAL SERVICES

- Robust, double-digit growth
- Growing interest in Islamic finance
- Istanbul Financial Center
- Undersaturated insurance sector
- Strong presence of foreign investors



RETAIL

- Increasing per capita income
- Tourism driving retail sales in medium & high price range segments
- Growing affluence for luxury retailers



CONSTRUCTION

- Market of USD 93 billion with a CAGR of 10% (2006-2015)
- Annual average number of new dwelling units: >800K in past 5 years
- Infrastructure projects (PPP)



PUBLIC-PRIVATE PARTNERSHIP

- Around USD 150 billion in PPP Investments (2003-2016)
- USD 325 billion in PPP investments expected (2017-2023)
- Transportation
- Healthcare
- Energy



PRIVATE EQUITY

- Growth companies with track record; need financing for full potential
- Lucrative export opportunities put companies on fast track to international growth
- Diversified sectors with promising growth
- Successful family-owned companies looking to take next step
- Strong international PE presence
- Entrepreneurial business culture



REAL ESTATE

- Turkish citizenship for property buyers
- No reciprocity requirement
- Residential and commercial opportunities
- Strong demand for malls & grade A retail units
- Sustainable yields

Source: TurkStat, Ministry of Science, Technology and Industry, CAGR: 2006-2015, markets as of 2015, exports as of 2016

INVEST IN TURKEY

ABUNDANT SECTOR OPPORTUNITIES IN **TURKEY**



ENERGY

- Market of USD 70 billion (CAGR: 8%)
- Growing demand
- Energy corridor with proximity to 70% of world's proven primary energy sources
- Untapped renewable sources
- Government support for renewables



METALS

- 8th largest steel producer globally
- 2nd largest steel producer in EU
- Production of USD 55 billion (CAGR: 7%)
- Exports of USD 25 billion (CAGR: 8.5%)
- Imports of USD 31 billion (CAGR: 5.8%)



AGROFOOD & BEVERAGE

- Market of USD 70 billion (CAGR: 8%)
- Exports of USD 17 billion
- Nearly 1,800 types of agricultural products shipped to 190 countries



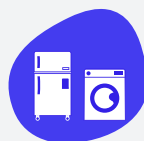
AUTOMOTIVE

- 14th largest auto producer globally
- 2nd largest auto supplier to EU
- Over 1 million units produced per year
- Market of USD 25 billion (CAGR: 6%)
- Exports of USD 20 billion
- Well-developed supplier base



AEROSPACE & DEFENSE

- Defense spending of USD 15 billion
- Market of over USD 5 billion (CAGR: 12%)
- Exports of USD 1.7 billion (CAGR: 13%)
- A civil aviation hub
- Civilian fleet size of 540 aircrafts
- 174 million passengers annually
- Well-developed clusters
- Strong support for JVs with foreign companies



MACHINERY & ELECTRICAL EQUIPMENT

- Largest TV & white goods producer in Europe
- Market of USD 40 billion (CAGR: 6%)
- Exports of USD 21 billion

Source: Turkstat, Ministry of Science, Technology and Industry, CAGR: 2006-2015, markets as of 2015, exports as of 2016

INVEST IN TURKEY

WHAT ISPAT OFFERS

- General and customised business information, sectoral analysis, and reports;
- Site selection support;
- Facilitation of meeting arrangement with governmental bodies and other stakeholders;
- Facilitation of your investment at all stages;
- Matchmaking with local partners and establishing business linkages; and,
- Project launch services

BANKS TO EMBRACE THE MODERN CULTURE OF INNOVATION

Albaraka Türk General Manager, **Meliksah Utku** traces today's early-stage financing instruments back to Islamic finance, and calls on Islamic Banks to embrace the modern culture of innovation.

Change occurs in the form of innovations, and they are disruptive in all sectors. In this context, production-based growth is not sufficient for countries. Accordingly, the concept of growth based on innovation, R&D and entrepreneurship has become more important. Unfortunately, however, innovative entrepreneurs and SMEs are suffering due to poor access to funding sources.

To overcome the difficulties in accessing financial resources, the finance sector develops many instruments and new business models - such as Angel Investment, microfinance, crowdfunding and so on. Although it is claimed that these solutions are new, when approaching and analysing Islamic finance, the instruments favouring partnerships - like 'Mudarabah' and 'Musharakah' - fit closely to the structure of an Angel Investment, and have been practiced for many years.

Furthermore, historians articulate that 'Commenda' - which is the early version of Venture Capital - originated from 'Mudarabah'. Mudarabah is defined as a capital-labor partnership contract between the owner of the capital and the work provider, or the trader. In a Mudarabah arrangement, the profit of the Islamic-financed business/project is distributed between the investor and entrepreneur, according to a specific pre-determined distribution ratio. In

Musharakah - which is another equity financing instrument arrangement, all the parties contribute funding to a project or a business.

Mudarabah based Angel Investment is widely regarded as the most suitable means of funding for startup companies; and as such, it should be a model that Islamic banks consider when raising funds from customers. Islamic finance also favours risk sharing, instead of the risk transferring, which is another characteristic that it shares with the Angel Investment model.

“Mudarabah based Angel Investment is widely regarded as the most suitable means of funding for startup companies.”

Hopefully, both in Turkey and across the globe, we observe Islamic Banks increasing their focus on equity based financing, like Angel Investment and seed capital investment. I believe that Islamic Angel Investments have huge potential if the entrepreneurial ecosystem - especially the regulatory arrangements - is improved in Islamic countries.

As for Albaraka Türk, we are proud



Meliksah Utku

of being the first Islamic Bank that founded an acceleration center for startups - Albaraka Garage. Thanks to Albaraka Garage, we have an important opportunity to bring entrepreneurs together with our customers, who have great potential in becoming Angel Investors. In that respect, we aim to be an effective acceleration center that is attractive to entrepreneurs, especially in the MENA region where our banking group is active.

Transforming corporate culture to support venture capital investments will be a decisive determinant not only for the adoption of these instruments, but also for the adoption of equity financing as a business model in Islamic Banks. In Albaraka Türk, we have developed an 'entrepreneurial' programme that encourages an innovative spirit among our employees, in order to change our culture towards innovation.

As the biggest performer of equity based financing among Islamic Banks, Albaraka Türk plans to intensify its focus on all the forms of the equity based financing models. **A**

More than 57,000 companies have INVESTED IN **TURKEY**



how about you?

average annual real
GDP growth rate

5.6%

2003-2016

13th largest
economy in
the world

GDP at PPP prices, 2016

University graduates

800,000

per year

average annual real GDP
growth rate forecast in OECD

4.9%

2015-2025

\$863 billion
of GDP at
current prices

Population

79.8 million

with half under the age of 31



V4 CONNECTS

#**European**Visegrad

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