



Ανάπτυξη Νέων Επιχειρήσεων

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Developing New Ventures

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# Resizing the financial crisis

*Prof. Nikolas Haritakis*

# Where we stood last year

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- A wrong perception about the potential and the objectives of a VC and private equity firm in Greece
- 120 m Euros searching for matching funds from the private sector to back equity financing on Greek SMEs
- A global financial turmoil
- Some of us, including professional with long experience with the Private Equity market, expressed serious doubts on the potential of our initiative

# The financial crisis and TANEQ last year

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*“This is the winter of our discontent”*

*Richard III, 1591  
By William Shakespeare*



# Why we are proud

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🌐 In the post crisis era Governments have a crucial role, as **trustees** rather than **sponsors** :

- We managed to explain to our partners that public funding and public guarantee is a public investment with return requirements comparable to the private sector. Public investment through TANEQ is a recyclable product and not a grant

🌐 In the post crisis era Private investors should be attracted by safer options **Loss aversion > Gain regret:**

- We created an active fund of funds targeted to small and medium size enterprises and not to SME entrepreneurs

🌐 In the post crisis era new **E.U Regulation Rules** will apply to **actions** and **processes** rather than **entities**:

- Rather than asking for public support and expanded protectionism we formed financial institutions and management teams with transparency and purely economic concerns well in advance from the currently discussed to be implemented European regulatory framework.

# Riding on the storm

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🌐 “It is not the most intelligent species that will survive, nor the strongest, but the most adaptable” (*Charles Darwin*)

🌐 *It was our responsibility to demonstrate to our partners that the era of financial engineering with unlimited liability has passed. Prudence in our approach is to align our interest with those of our partners, public and private.*

*‘We don’t take risks for them that we are not prepared to take for ourselves’*

# Our cornerstones

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- We re-established trust
- We implemented coordination, effective management and objectivity on all levels
- We diffused transparent information in order to create competitive edges and strategic collaborations among Greek SMEs
- We attacked and changed completely old and unrealistic beliefs on “innovation” and value added in Greece
- We developed effective mentoring schemes for the underdogs of the VC market

# Steering a Steady Course

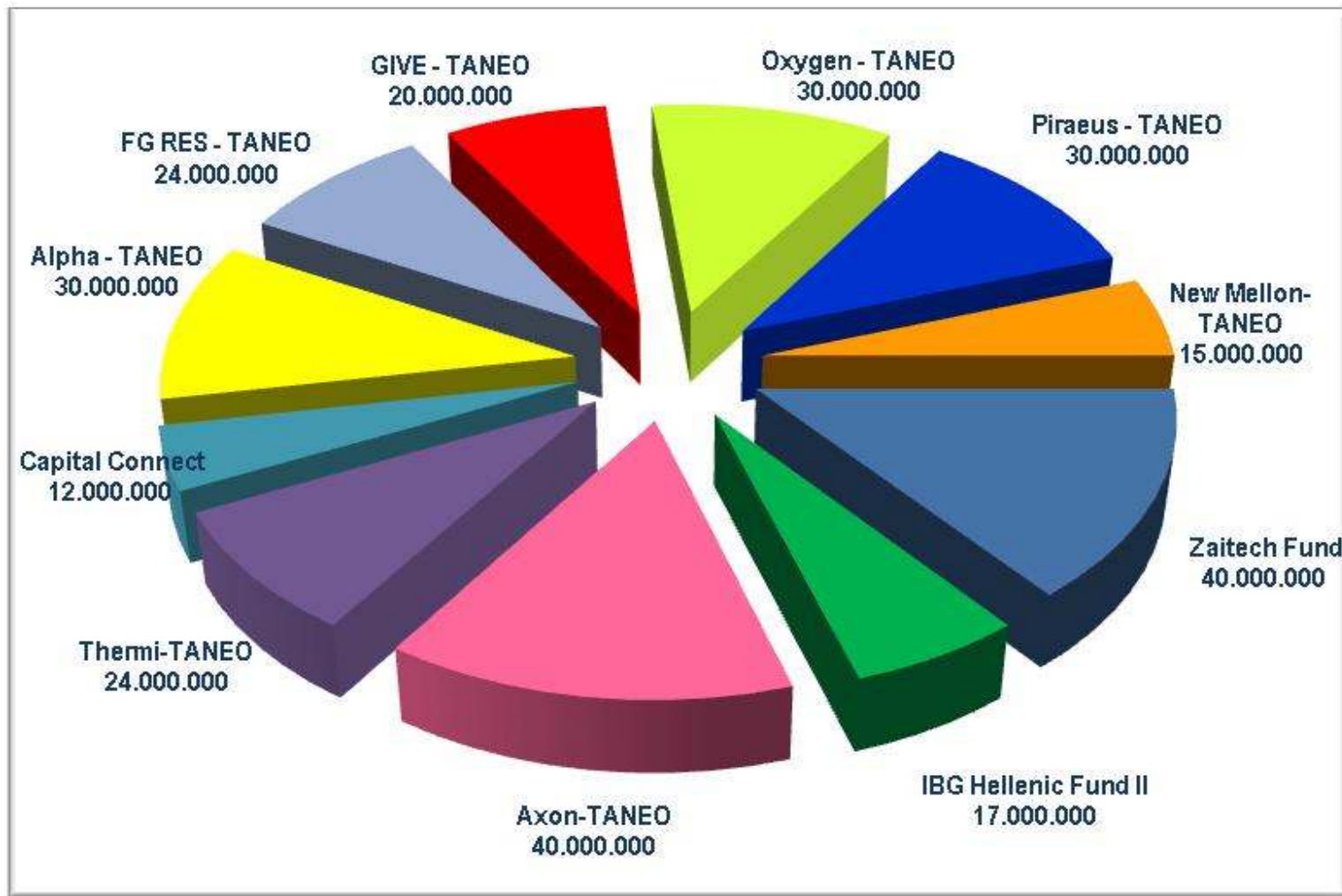
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It is our responsibility to demonstrate that we are dealing with the crisis the way porcupines make love.....

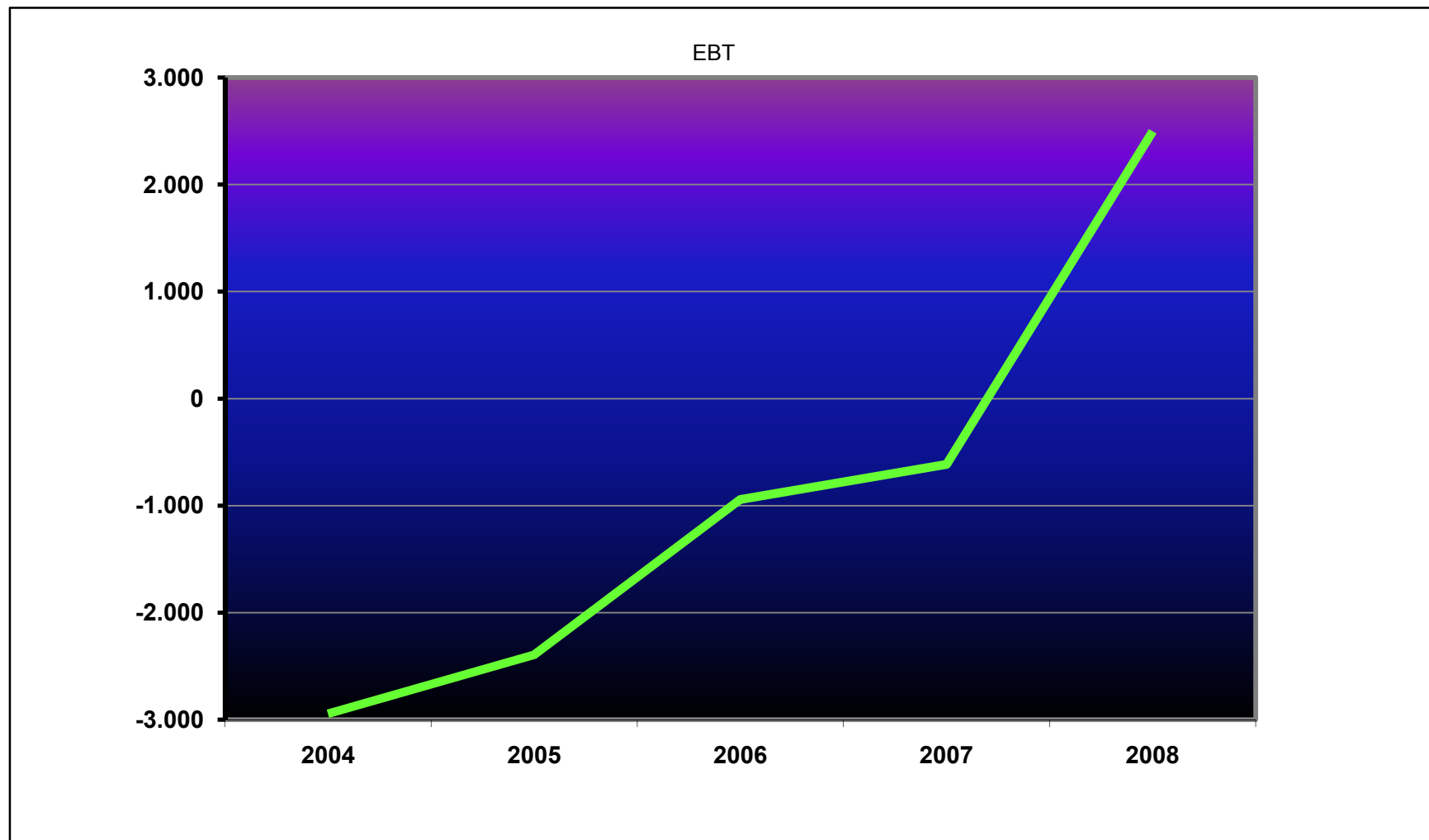
**VERY CAREFULLY**



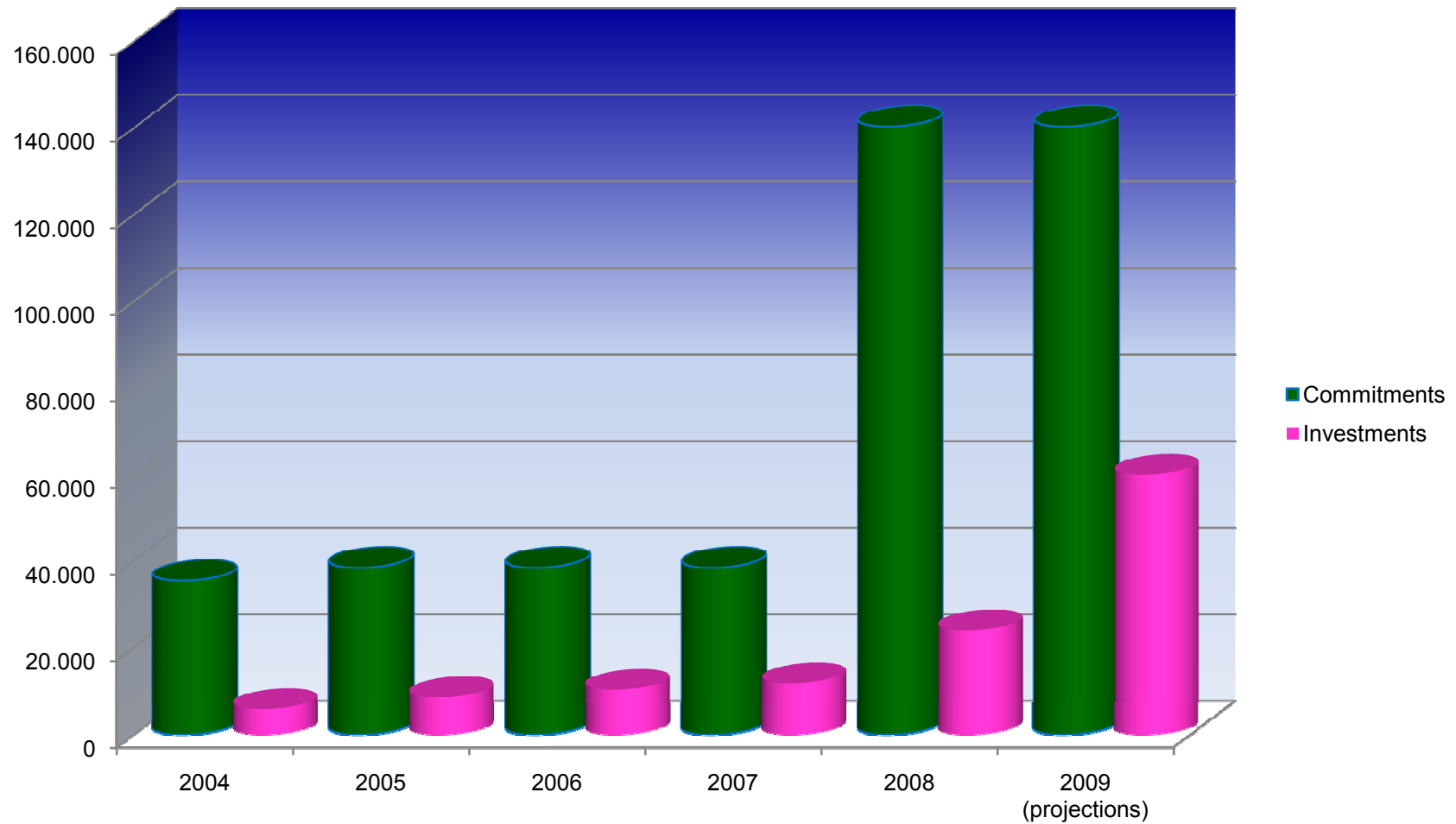
# TANEO VC FUNDS



# TANEO: EBT performance



# TANEO: Investment Activity

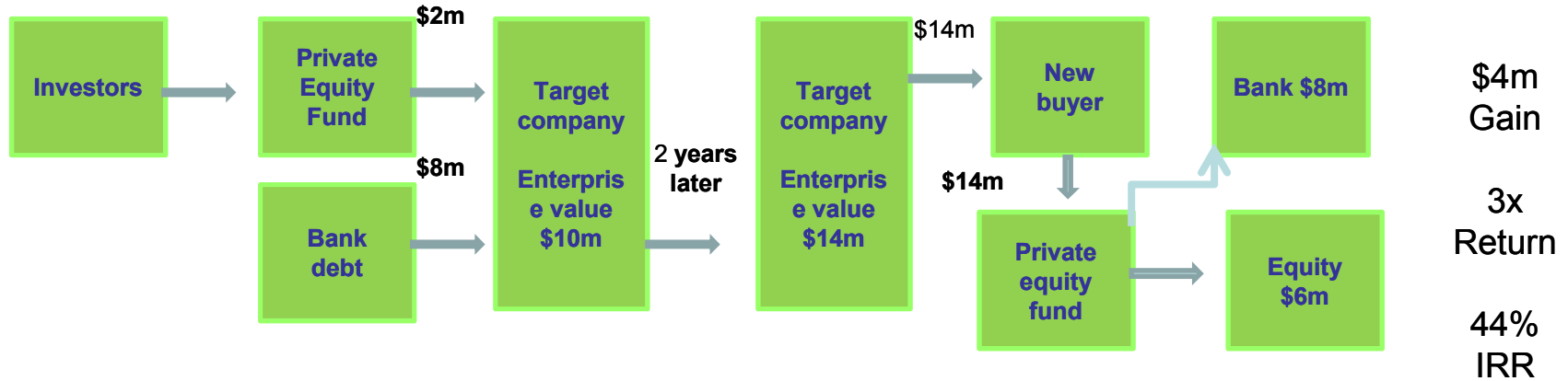


## Looking Ahead: Shape the opportunities

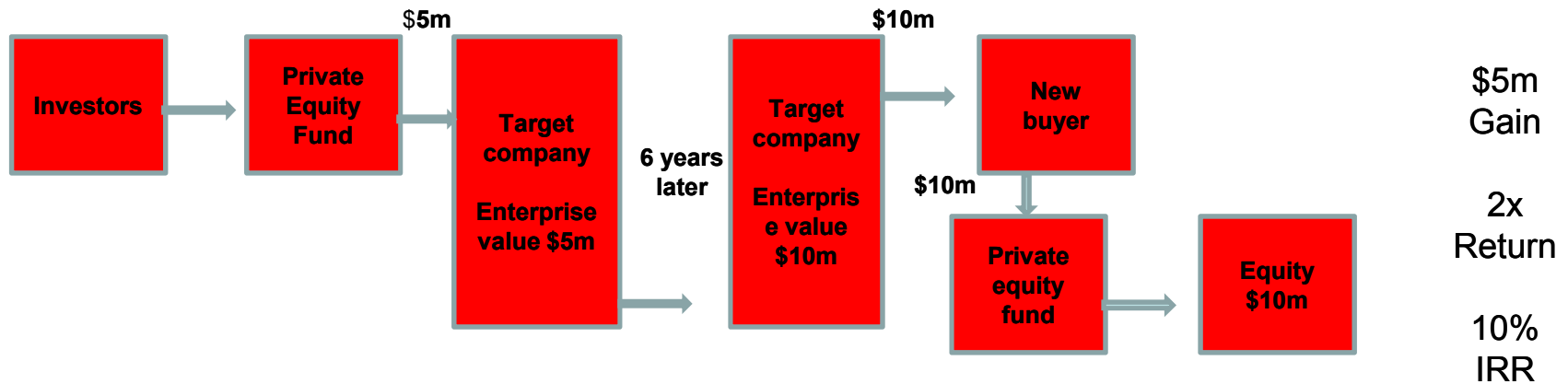
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- 🌐 Not as massive as we originally thought internationally
- 🌐 Not as destructive as we originally expected for our economy
- 🌐 But with an effective change on the financial model of SME (equity capital vs loanable fund)
- 🌐 But with an increased flexibility on existing E.U. regulatory restrictions
- 🌐 With the worst excess of irrational investments behind us

## BULL MARKET MODEL



## CREDIT CRUNCH MODEL



# Some interesting facts about SMEs

Total Liabilities / Equity (2007)					
		Turnover			New established
	€ 0-5 m.	€ 5-15 m.	€ 15+ m.		
<i>Average</i>	3x	4x	8x	5x	
<i>Median</i>	1x	3x	4x	1x	

# A safe haven in turbulent times

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- ❑ Venture capital & Private Equity

*Has never been part of the crisis, instead can be part of the solution either for expanding or re-evaluation and re-engineering*

- ❑ Start ups real innovative

*Open forum for mentoring financing and efficient support*

- ❑ Infrastructure and alternative energy projects

*Rising opportunities in the field due to the failure of alternative financing modes*

- ❑ Co-investments

*Broad investment opportunities derived by current portfolio of 11 joint VC funds*

# Towards the new endeavors

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## *We have...*

- ④ Learnt lessons
- ④ Built-on experience
- ④ Established brand

## *and we will...*

- ④ Capitalize on current achievements
- ④ Leverage synergies
- ④ Satisfy market needs
- ④ Raise opportunities
- ④ Invest in real values



# “Do more with less”

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- 🌐 Optimized use for public funds
- 🌐 No distinctions in the level of SMEs
- 🌐 Identification of the gaps and the opportunities
- 🌐 Focus on companies with hidden values
- 🌐 With many valuations well below normal, levels there are opportunities

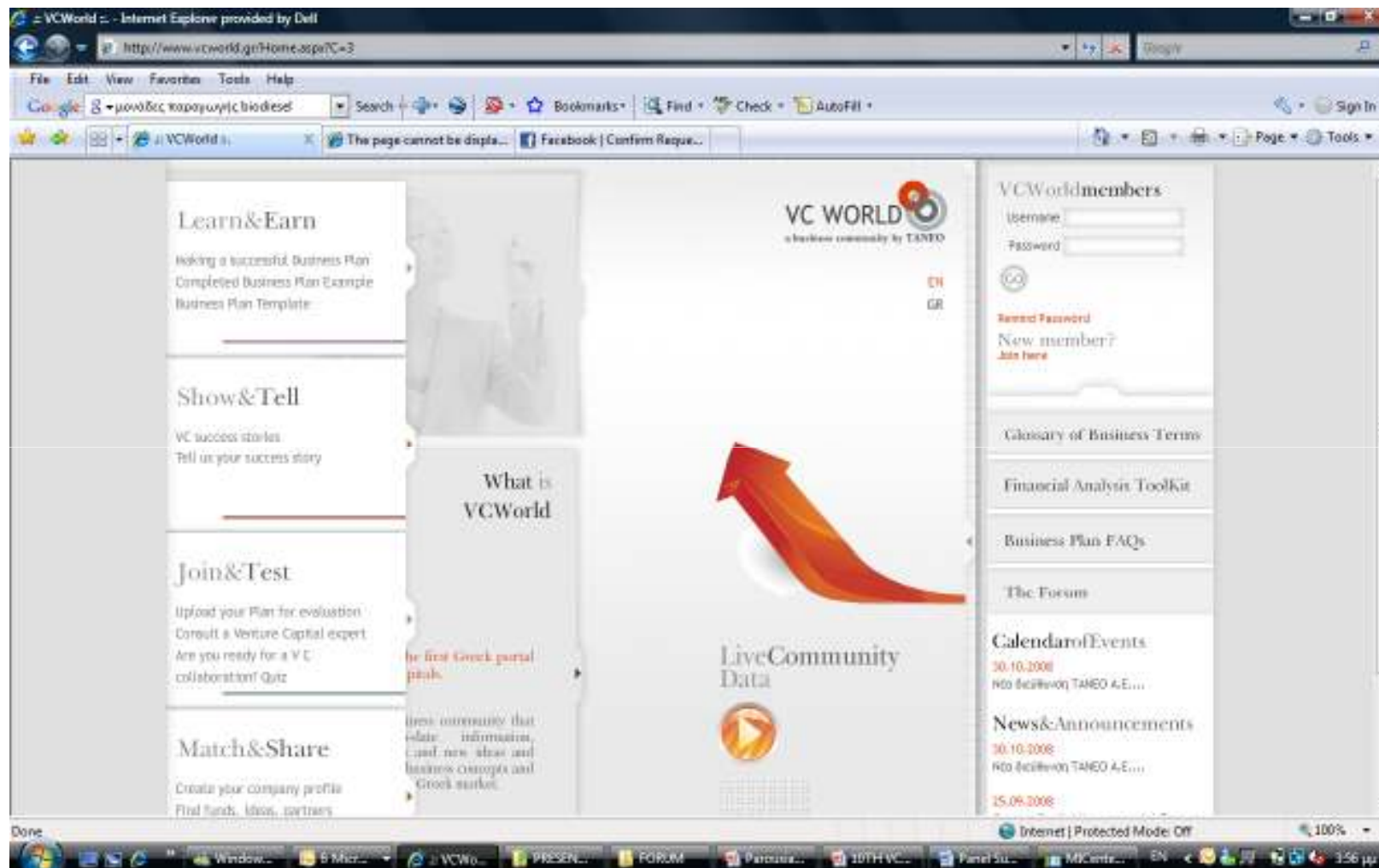
# Riding out the Storm

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🌐 *Above all, we invest in a productive machine that demonstrates high growth rates (average 2,7%) the last 20 years:*  
***The Greek economy***

🌐 *Economic growth will return – it always has - only now on sounder and stronger footing*

# [www.vcworld.gr](http://www.vcworld.gr)



[www.taneo.gr](http://www.taneo.gr)