



Trend Chart on Innovation in Europe

DE 11

General presentation of the measure/scheme/action/regulation

Country

Germany

Geographical coverage, national or regional (state region)

(National)

Title of the measure

tbg Technology Venture Capital Programme

Information Source/Reference

www.tbgbonn.de

Overview (nature, main goals)

The tbg venture capital programme addresses technology-based companies with a maximum of Euro 128 mill. total annual revenues. The tbg, a branch of the DtA bank (Deutsche Ausgleichsbank), offers hidden and open equity investments for three purposes: (a) financing of early stages in company development, (b) financing of innovation, (c) financing for going public at the stock market. The DtA act as second investor in (a) and (b), i.e. there has to be a lead investor or a supporting investor.

Action Plan objective addressed by measure

II.5. Financing
III.2. Strengthening Company Research
III.3. Start-up of technology-based companies

Administering agency

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Name of the manager(s) responsible for the implementation of this measure with address, fax, phone

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Description of Scheme General Information

Reference to legal basis (e.g. act, public document, ...)

sheet of the "Technologie-Beteiligungs-Gesellschaft", March 1, 2000

Does the measure receive central funding or regional funding?

Central

Start date

1990

Expected date of completion

indefinite

Previous measure (name, date, links with the current measure)

no

Reasons for launching/modifying the new measure

Stimulating private VC investment in technology-based companies by providing additional equity investment from public funds and thus reducing risk for the lead investc
Private investment in technology-based companies lacked behind the social desired level because of high uncertainty of technology development and a limited market for VC in

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Germany in the mid 90s. Provision of public VC was expected to create a large and efficient private VC which allows to reduce public investment in the years coming.

Have any of the main features of the measure/scheme/action/regulation changed during its implementation

no, but in 2001, the tbg launched a new programme for financing early stages of start-ups, called "BTU - Early Stage" (DE_66), focussing on pre-seed and seed financing. In contrast to the tbg Venture Capital Programme, the "BTU - Early Stage" programme does not demand a lead investor.

What is the predominant role of the government?

Funding source

Target Group

Who are the target groups of the measure?

Large Companies/Large Industrial Companies
SMEs/Industrial SMEs

Organisation and Implementation

Organisation and Structure

Items of financing:- Stage I (open equity investment): Costs of development of business plan, organizational structure for product and process development in early stages of investment projects- Stage II (hidden equity investment): Costs of Innovation projects that exceed the BTU financing options, costs for R&D and market introduction- Stage III: (open or hidden investment): Costs of Initial Public Offering such as preparing the sale of the firm introduction to the stock market, repurchase of shares, marketing of IPO etc. Application equity investment have to be sent to the Technologie-Beteiligungs-GmbH, a branch of Deutsche Ausgleichsbank (DtA). In Stage I, there must be a lead investor who supports the start-up. Consulting by a technology centre is recommended. The maximum volume investment by tbg is Euro 125.000. In stage II, there must be a lead investor and there must be an equity investment out of the BTU-programme (DE_12) which is not sufficient for further firm development. This already existing investment by tbg will be increased up to maximum of 2.5 mill. Euro. Tbg demands in this stage 8.5 % p.a. on its investment and, in addition, a participation in profits. In stage III, investment is limited at 5 mill. Euro and is provided only to firms which participated in the BTU-programme.

What are the criteria for eligibility?

annual turnover of not more than 128 mill. Euro, technology orientation, existing lead investor, for stages II and III: participation in BTU-programme (DE_12)

What is the mode of delivery of the measure?

For start-ups: open venture capital of max. □ 125.000, investment period max. 10 years
For investment in innovation: hidden venture capital of max. □ 2.5 mill., obligatory interest of 8,5 % per year, additional revenues for profits
For "bridge to Initial Public Offering": flexible arrangements differing from case to case, max. of □ 5 mill.

Financing : Overall budget allocated to the measure

not available

Financing : expenditure per year

In 1999, the total amount of capital provided by the DtA for technology-based firms was 281.5 mill. Euro, in 2000 it raised to 394.3 mill. Euro. In 1999, the tbg made total investment of Euro 388.6 mill. (sum of tbg-programme, tbg-part of BTU-programme and FUTOUR-programme).

Financing : other budgetary sources (additional financing)

BTU-programme (DE_12), equity investment variante of the ERP innovation programme (DE_10). Furthermore, some Länder offer equity investments for technology-based firms
2001, tbg started a new sub-programme, "BTU - Early Stage" (DE_66), offering pre-seed and seed capital without a lead investor. cap

Results

Result Measurement

What are the main indicators for the measurement of the results ?

no indicators mentioned

Where an evaluation has taken place, what were the main results achieved?

no evaluation took place so far.

If no official evaluation has been undertaken, have there been any indicators of success?

Surveys of firms with equity investment by tbg (including firms supported via the BTU- and the FUTOUR-programmes) report that they grow fairly fast, showing in average about 24 employees three years after firm foundation. There is a high share of firms in the sectors software, internet and biotechnology. The tbg reports a number of success stories, but there is no

Observations

Which mechanisms seem to function well in the measure?

not available yet

Which mechanisms seem to be less successful in the measure?

not available yet

Are there any other measures planned or in operation as a follow up to this measure? Direction of the planned measures? Objectives? Target groups?

no

