



svs Capital Partners – the strategy and corporate
finance advisor to ambitious start-up teams and SMEs

Berlin, March 22, 2018

svs CapitalPartners – leading edge in fundraising



Sven v. Schilling

- 12+ years CFO and CEO of listed tech companies
- 4 years Mngt Consultant (CSC Index, McKinsey)
- Founder/CEO of Germany's second SPAC
- Kellogg MBA

Capital markets (330+m EUR)

- 3 plain vanilla IPOs
- 1 deSPACing „IPO“
- 1 segment change / quasi IPO
- Various secondaries

VC & Business Angels (20m EUR)

- Various fundings ranging from 0.3m EUR to 3m EUR

Crowdfunding (3+m EUR)

- i.a. two of Germany's largest six projects (Volocopter, Freygeist)

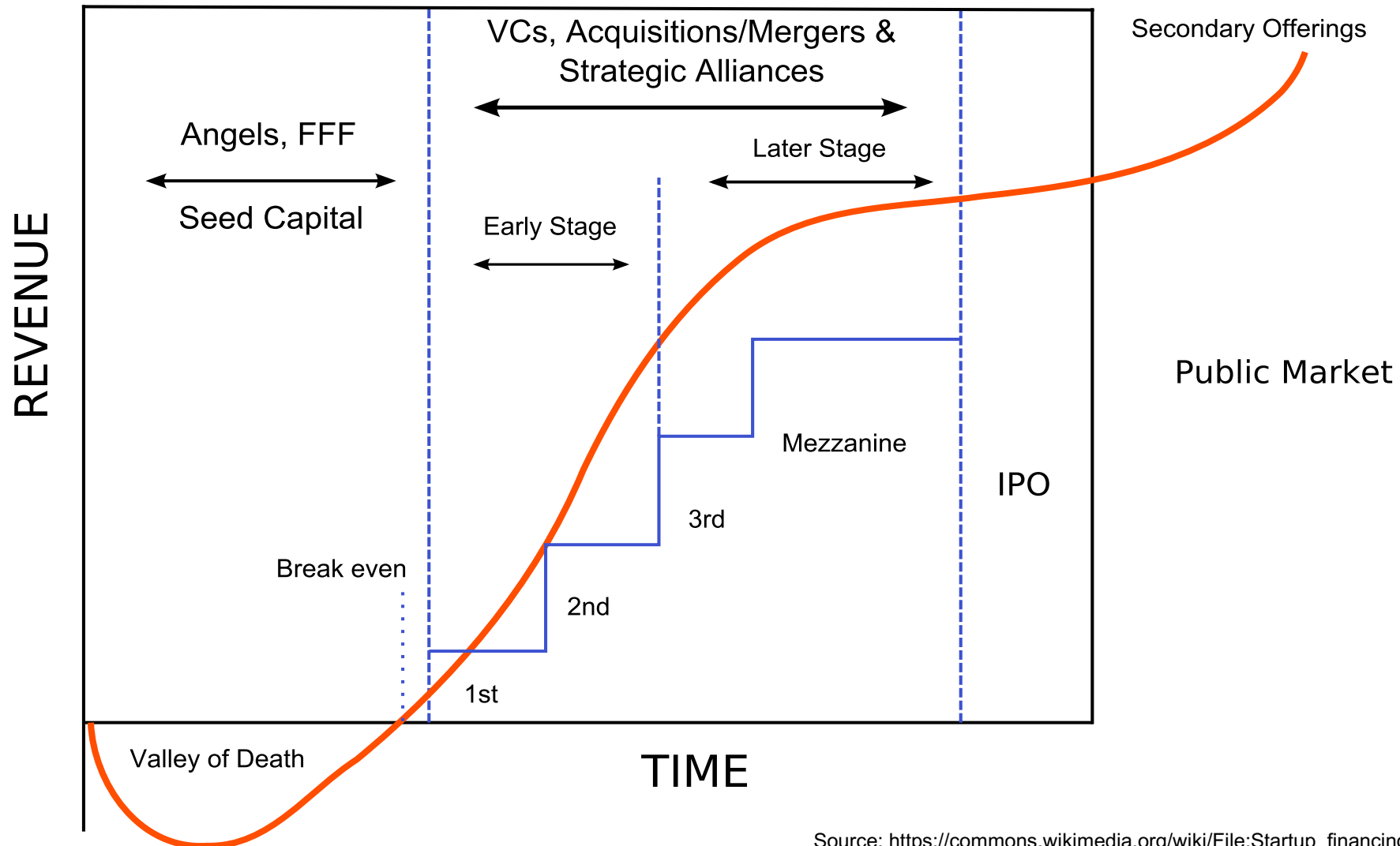
ICO – two projects in progress, several in the pipeline



Ruben Bach

- 7 years Director of a VC fund
- 11 years as advisor to ambitious tech companies
- 2009 - 2013 senior innovation policy advisor to the EU and EIT MA in philosophy (Constance, Oxford, Bologna)

The traditional way to fund start-ups ...



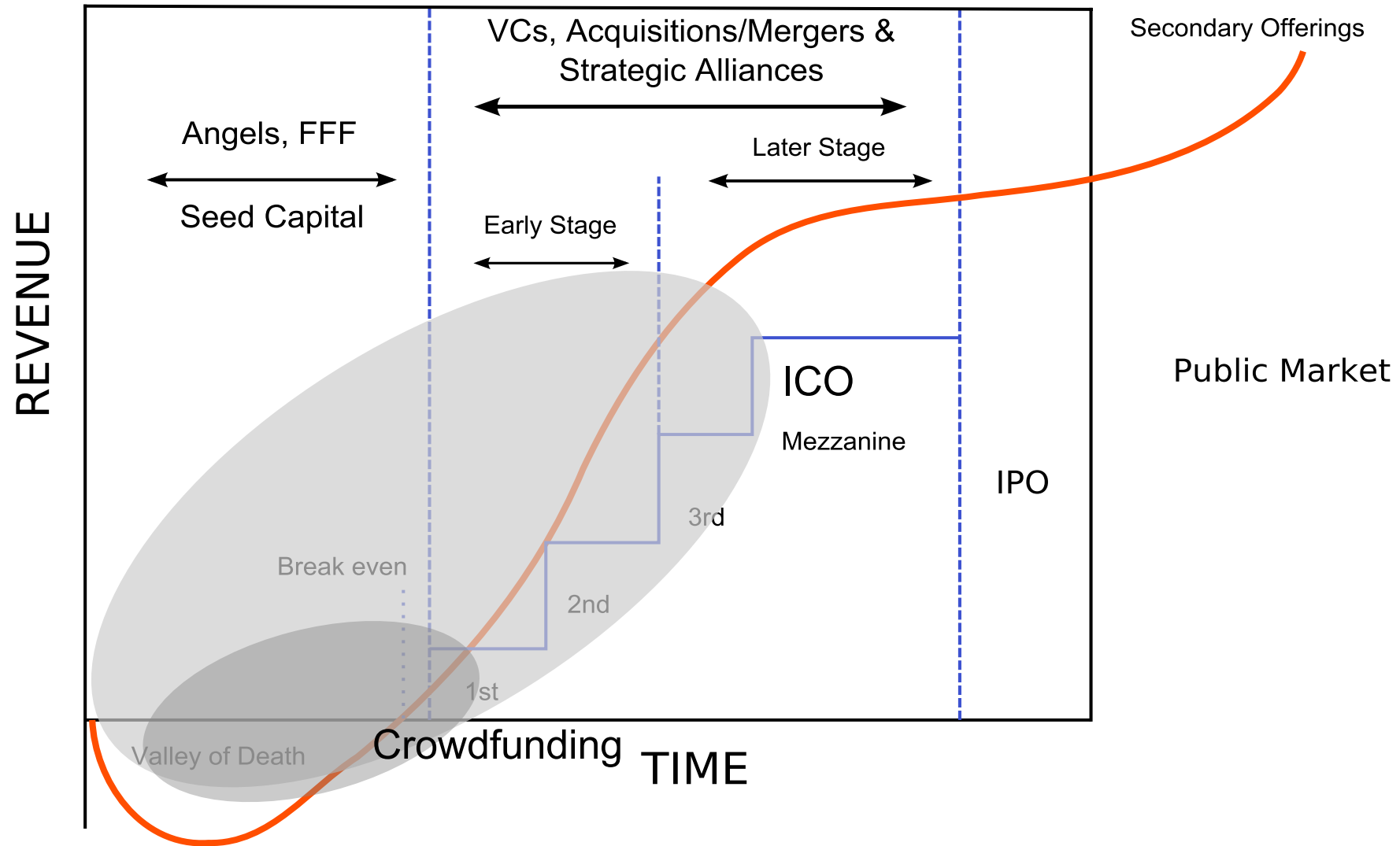
Source: https://commons.wikimedia.org/wiki/File:Startup_financing_cycle.svg

... was disrupted by Crowdfunding



Show me the money!

So, what happened to start-up funding?

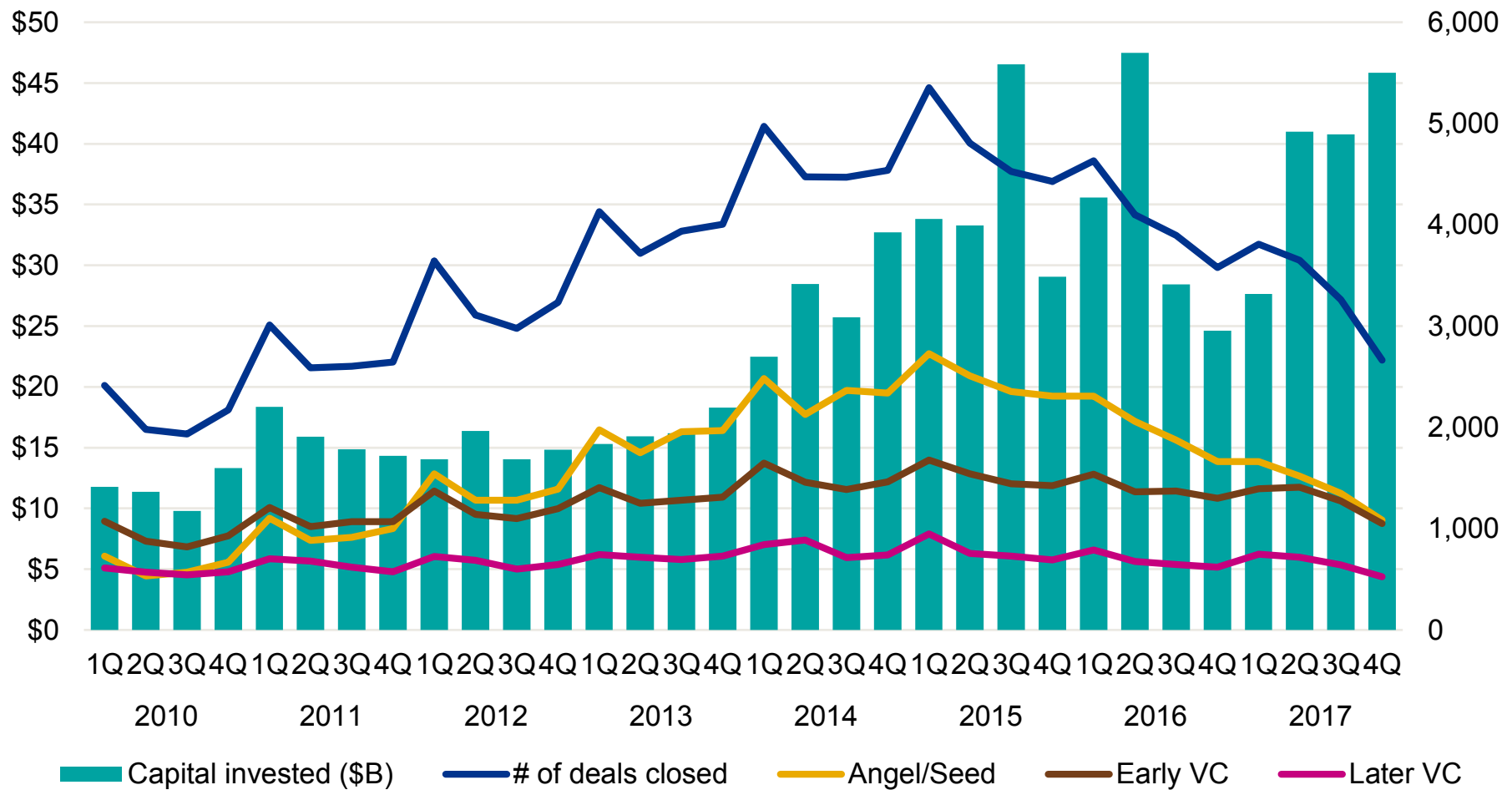


Source: https://commons.wikimedia.org/wiki/File:Startup_financing_cycle.svg

VC funding – diverging volume and \$ invested

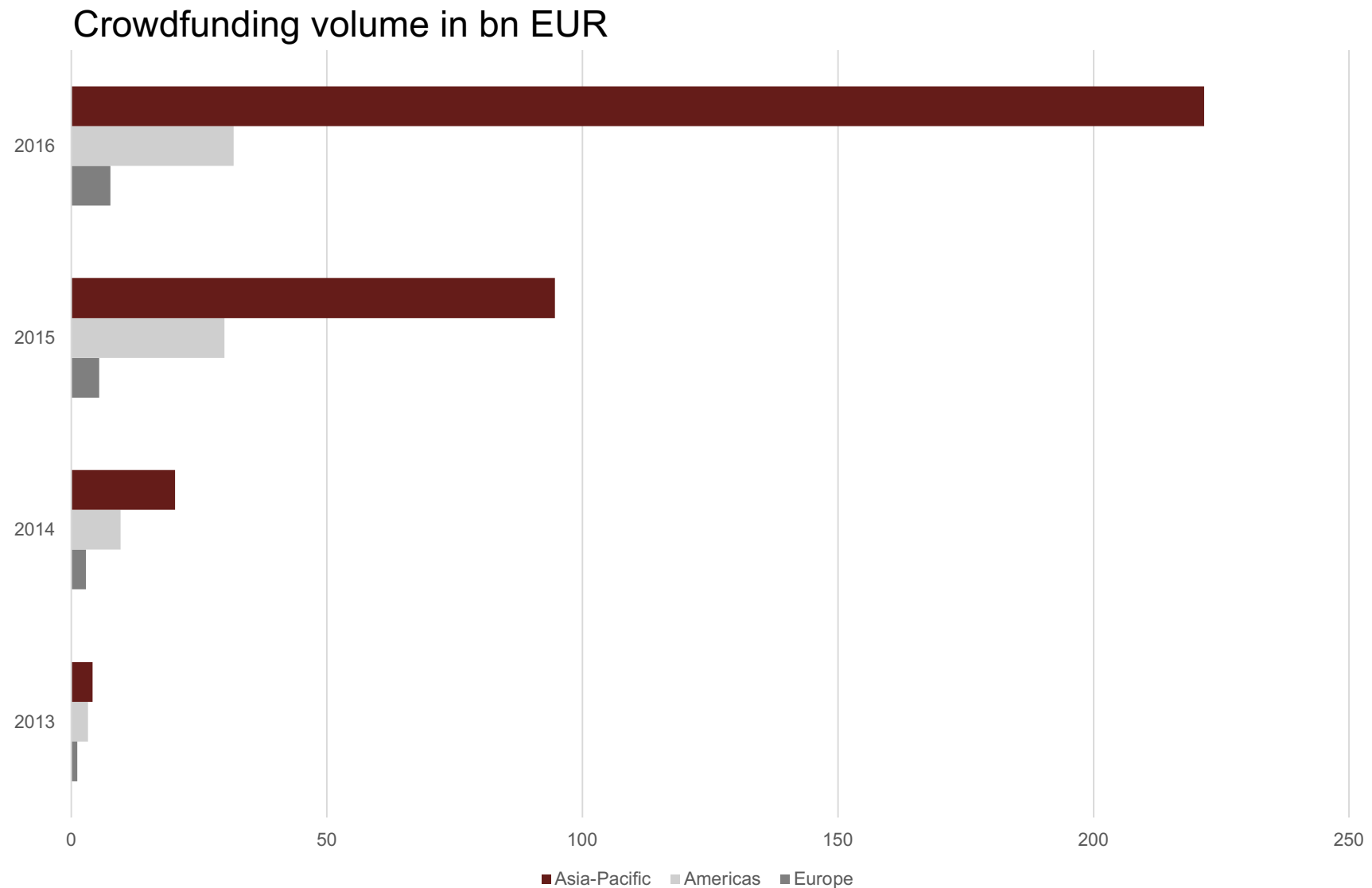
Global venture financing by stage

2010 — Q4'17



Source: Venture Pulse, Q4'17. Global Analysis of Venture Funding, KPMG Enterpriser

Crowdfunding* – growing tremendously



* Includes all forms of crowdfunding

Source: The 3rd European Alternative Finance Industry Report, Cambridge Center of Alternative Finance

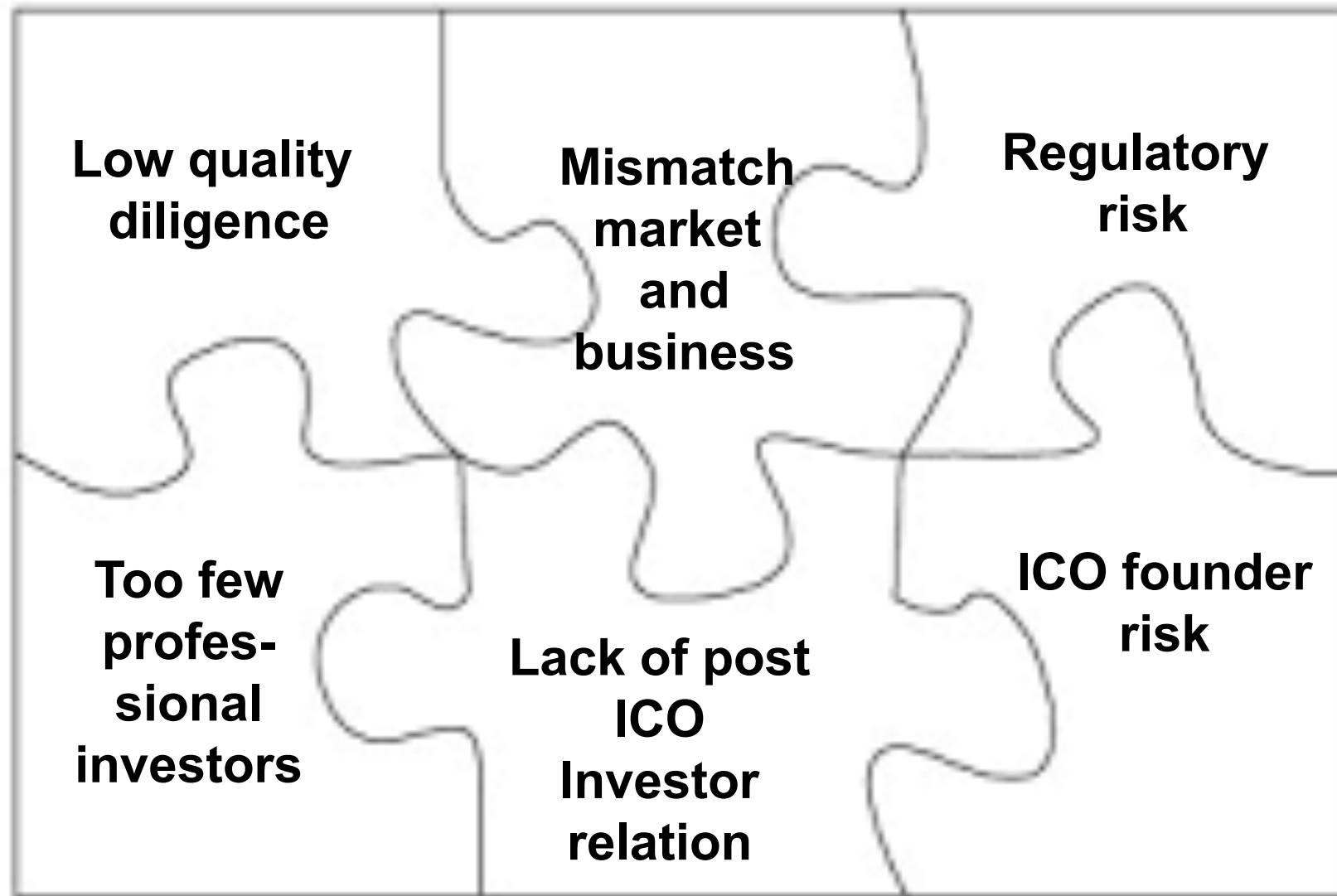
ICOs – very strong growth in 2017, but ...

Link to video:

<https://elementus.io/blog/token-sales-visualization/>

Source: <https://elementus.io/blog/token-sales-visualization/>

... ICOs still come with big risks!

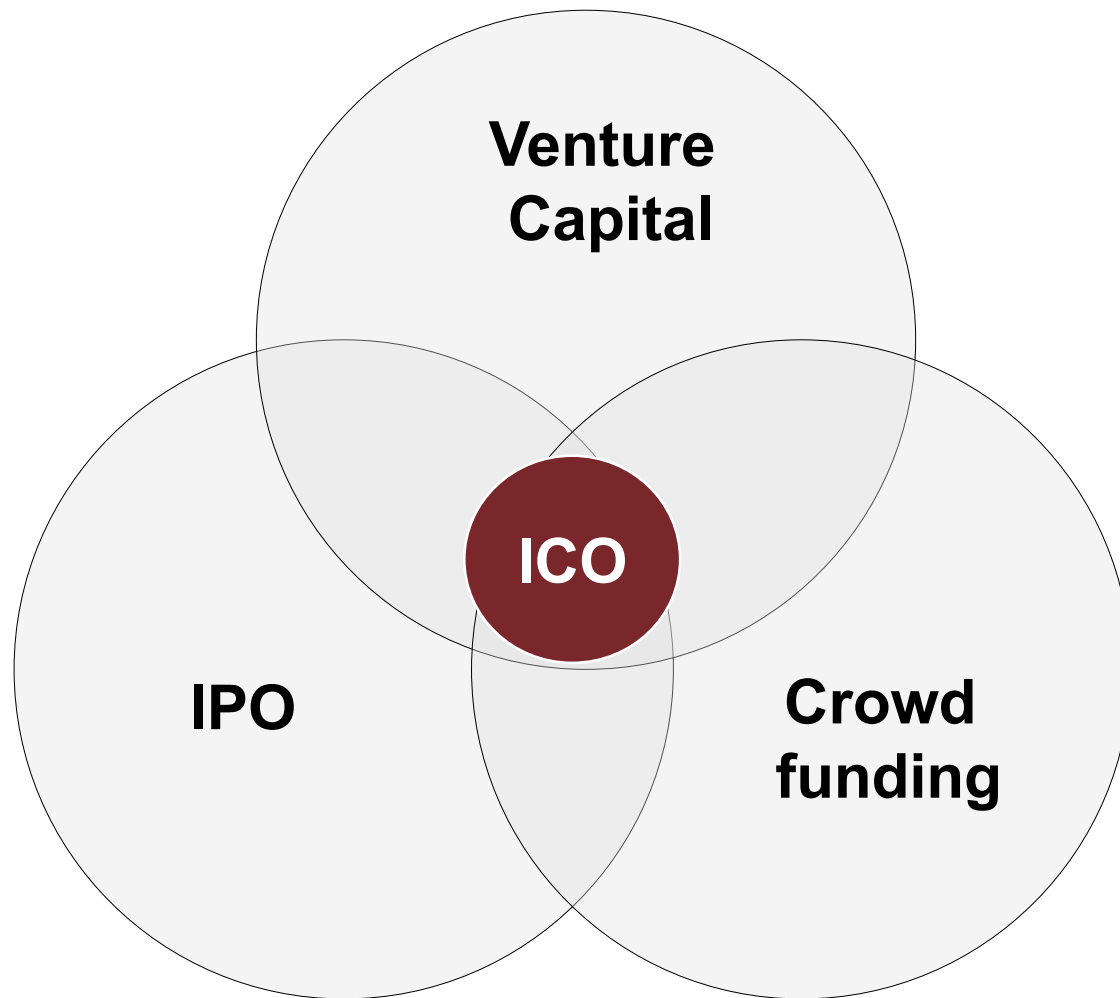


Some recent findings on ICOs ...

- 87% - no information on their regulatory status
- 76% - no financial plan nor intended use of proceeds
- 69% - no information about the applicable laws
- 69% - no information at all about the initiators
- 52% - no post-ICO information on the actual subscriptions (i.e. on how much money participants invested in the project/company)
- 48% - no mentioning of the name of the initiator(s) nor any background information on them (such as the address)
- 33% - differing names for the author of the white paper and the issuer resp. initiator
- 32% - no information on the issuing entity's or promoter's geographic origin

source: „The ICO Gold Rush – It's a Scam, It's a Bubble, It's a Super Challenge for Regulators“
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3072298

ICOs – best of old and new world



Why are ICOs so popular?

Democratization of
access to
capital/investments

„riding the next wave“

No middle men

Liquidity/trading

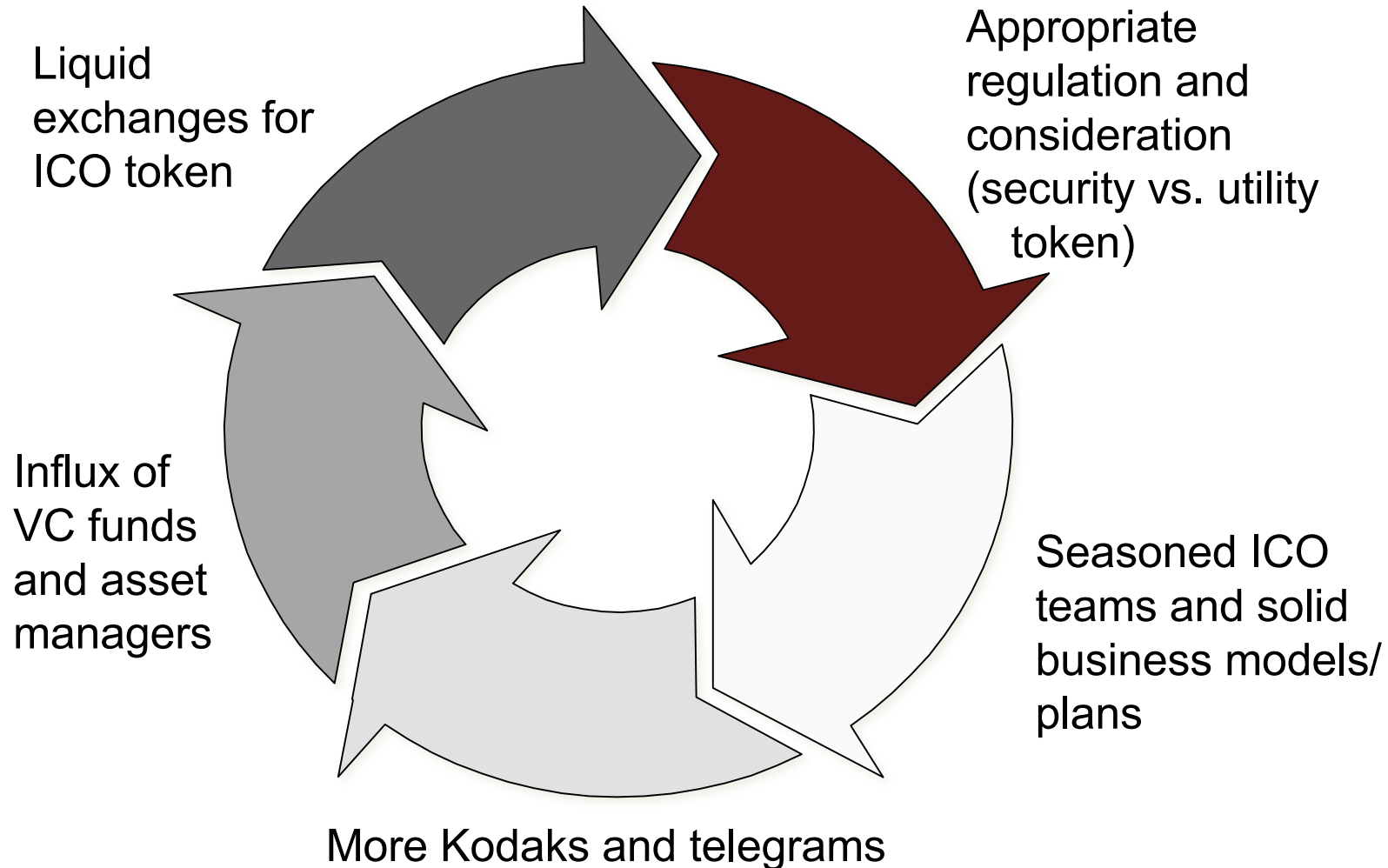
Comparison of fundraising methods

	ICO	Venture Capital	Crowd-funding	IPO
Company life cycle	seed / early stage	seed – late stage	seed / early stage	late stage / established
Consideration	extremely flexible	equity	equity, debt, product	equity
Regulation	starting	only to LPs	partly	strict
Investors	darknet to institutional investors	Institutional investors	supporters	Institutional investors, retail
Access to money	relatively easy	difficult	relatively easy	difficult
Liquidity	medium	low	low	high

How do ICOs compare to late stage VC or Private Equity expansion financing?

	ICO	VC / PE
Investors	unlimited international pool	limited pool, frequently US-based
Management/ Corporate Governance	no dilution, no new shareholder, maintain entrepreneurial spirit	active, demanding shareholder, comprehensive reporting, professionalization of companies
Transaction cost / security	correlation marketing spend and ICO success	significant upfront cost, little transaction security
„side benefits“	utilize campaign for PR & marketing purposes, build customer base and/or platform strategy	leverage network and experience of VC or PE („smart money“)

What does it take for ICOs to become a viable and sustainable fundraising method?



Thank you for your Attention!

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