

Editorial

Encouraging Growth Funding

Martin Reck

Insufficient availability of venture capital is the most significant weakness of the German innovation system. Compared with international markets, the potential of German venture capital is still far from being fully utilized. While public funding generally covers much of a company's early stage financing needs, there's a lack of venture capital in the growth financing stage. The Deutsche Börse Venture Network contributes to the establishment of a more attractive business environment for the growth financing phase by substantially improving the financing, exit, and IPO channels. The overall objective is to create a comprehensive ecosystem to encourage growth funding and spur innovation. The Venture Network is designed for companies in the growth, late stage, or pre-IPO phase as well as for international venture capital, private equity and fund investors, family offices, and high-net-worth individuals (HNWI). However, this is an invitation-only network. Companies must satisfy proof-of-concept requirements and fulfil three out of six

criteria: (1) already received funding above EUR 10 million plus company value above EUR 20 million, (2) yearly turnover above EUR 10 million, (3) yearly turnover growth above 30%, (4) annual net profit over EUR 500,000, (5) equity above EUR 5 million, (6) nomination by a lead investor.

The focus of the Venture Network is on facilitating matching and networking between investors and companies based on three key elements: First, companies and investors may use the exclusive non-public online platform to communicate with each other and to initiate funding rounds. Companies can provide confidential documents to selected investors by using the protected data room. The online offering is amplified by the two offline elements, events and training, to create trustful personal relationships, exchange ideas, transfer knowledge, and prepare for the capital market. The range of events includes exclusive investor meetings and



Dr. Martin Reck
Managing Director, Cash Market
Deutsche Börse AG

roadshows, granting companies access to growth investors or other supporting facilitators and key people, such as experienced entrepreneurs, mentors, mutual funds, family offices, and politicians. This gives companies the opportunity to present themselves directly to potential investors. The training program has been developed by Deutsche Börse Group's Capital Markets Academy together with Munich's Technical University. The bespoke training program matches with the specific needs of growth companies and imparts valuable know-how in the areas of corporate development, investor relations, and capital markets readiness. The combination of academic knowledge and business practice allows companies to acquire key skills to successfully develop and scale their businesses.

The Venture Network aims at supporting a new spirit for investments and innovation through improved access to a broad pool of

capital, accelerating capital market readiness by progressively familiarizing companies with corporate governance and reporting requirements, and providing an intermediate step paving the way to an IPO if this is the desired exit strategy. Pre-IPO investor communication may enhance mutual trust and lead to better valuations.

A reliable network is an important foundation for a well-established ecosystem. The Venture Network brings talent together with capital by creating a curated community that promotes collaboration and constant exchange of views with investors, peers, and competitors, allows companies to receive feedback and to find mentors, technology partners, clients, and employees. The Venture Network aims at supporting a perfect set-up for innovation, strong ideas, and trustful relationships that encourage and improve growth funding in Europe and help companies to successfully grow their businesses internationally.