

Appetite for risk

On the financing of innovative firms

Cilian Jansen Verplanke
Rabobank International

20th September 2007

Synopsis

- Introduction: the importance of innovation
- The Dutch innovation climate
- Finance gap?
 - Bottle necks
 - Solutions
- Rabobank innovation
- Conclusion: appetite for risk

Introduction

Innovation

=

Important pillar supporting
prosperity and wellbeing

The Dutch innovation climate

- Strong in fundamental scientific research
- Excellent access to ICT
- Highly educated workforce
- Attractive climate for establishing a business

However

- Marketing of knowledge sometimes inadequate
- Better education-labour market match needed

The Dutch innovation climate

- Government policy bearing fruit
 - Technological Top Institutes (TTI's)
 - Knowledge valorization
 - Greater focus on quality education
 - Wide range of financing facilities
 - Preference for government-backed loans over subsidies
 - Pre-assessment rather than post-assessment
 - Innovation vouchers

And the business sector combines its forces...

Finance gap? Bottlenecks



Is there a 'finance gap'
in the Netherlands?

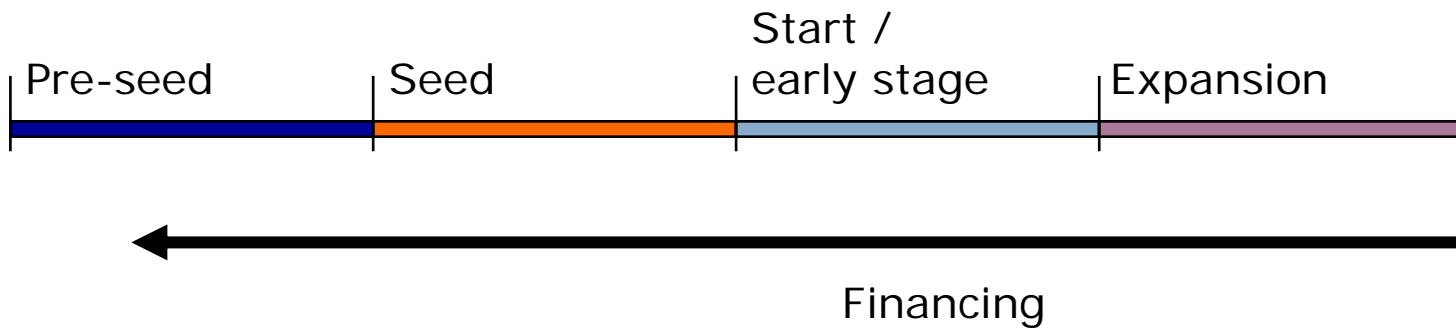
Bottlenecks

- Dutch businesses
 - 85% aim for sustainable growth
 - 15% aspire towards above-sustainable growth
- No, there is no finance gap for existing companies!
- Yes, there are financing bottlenecks for...

Bottlenecks

- Young companies without a credit history
- Techno- startups
- Other
 - Too many companies have a sustainable growth path (less dynamic SMEs)

Bottlenecks



Finance gap? Solutions



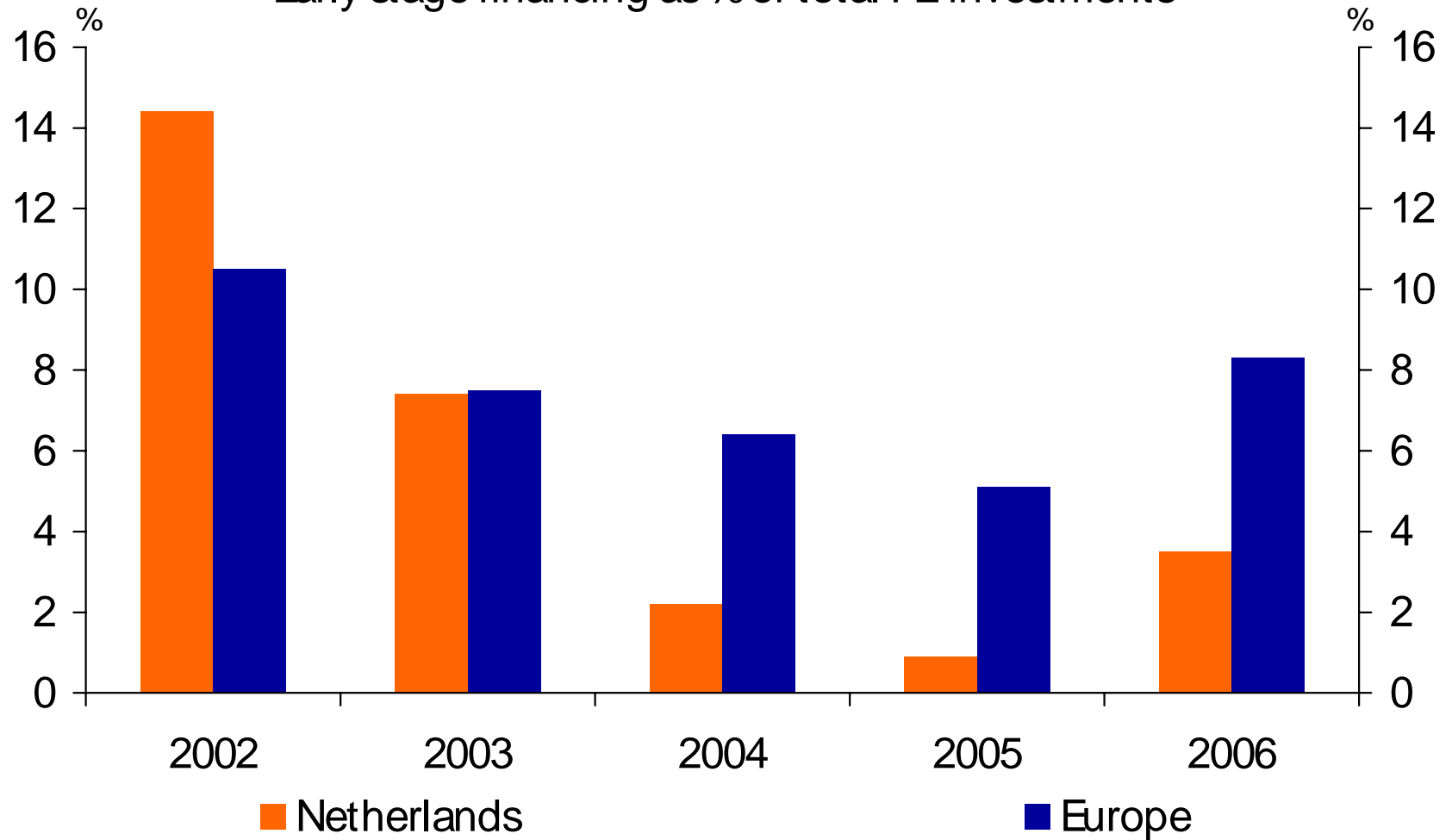
- Financing techno-startups
 - Pooling competences and facilities
 - Encouraging Business Angels
 - Improving focus Venture Capitalists
 - ...



Rabobank

Solutions

Early stage financing as % of total PE-investments



Solutions (continued)

- Financing techno startups
 - Packaging hybrid assets
 - Facilitating by the government

And...

creating an enterprising culture

Solutions

- Towards an enterprising culture: two-pronged approach
 - Risk sharing and cooperation: open innovation
 - Social Innovation

Letting go of existing ideas and assumptions

Rabobank and innovation

- Moving from risk avoidance to risk awareness
- A product for every phase on the road to innovation
- Initiatives e.g. national innovation award, mediation between informals and companies
- Own Venture Capital Company
- Innovations by Rabobank

Rabobank and innovation

- Technological innovation
- Social innovation
- Socially responsible enterprise

To conclude

- Innovation = contributing to prosperity and wellbeing
- This demands appetite for risk from
 - companies (especially in Europe)
 - governments
 - and last but not least ...
 - the financial sector!



Appetite for risk = staying close to the edge!