Financing the development of an intelligent surgical knife
An innovation that can save lives

The Company was founded in 2008 as a Semmelweis University related start-up to develop a new surgical device called iKnife and conduct research and development work based on the invention of a Hungarian scientist Dr. Zoltán Takáts. Initial steps were financed by the founders of the technology the company had to collect data in order to build a robust database as well as to seek top level support from both the academic and medical application fields. Testing, registration and authorisation processes required significant industrial support and cooperation. Founders sought financing for these activities from different sources, but given the early stage of the opportunity application of debt financing was not an option and the opportunity was considered very high risk even for an equity investment. Early stage venture capital financing seemed the only way to continue with the project.

and later by a business angel, but the development required significant additional financial resources. On one hand the innovation utilizes a mass spectrometer – an expensive equipment - which needs both software and hardware modifications and developments in order to be fitted for the application and for the requirements of a sterile operation room. In addition to the development

The investment contributed to tripling the size of the research team and attract global attention.

iKnife

MediMass Kft. develops the iKnife („Intelligent Knife”), a device in the conceptual stages of development that could in the future potentially be used for real-time diagnostics in surgery. This solution provides an immediate feedback for a surgeon whether the tissue they are operating is e.g. cancerous or not. The enabling technology for the device is REIMS (Rapid Evaporative Ionization Mass Spectrometry).
Developments funded by Euroventures
HUF 132m equity investment into the company in 2011 & 2012

Euroventures IV Venture Capital Fund invested HUF 132 million into the company (HUF 189 million together with its co-investors) gaining 22.37% quota of the company (32.03% together with its co-investors). First investment was made in November, 2011. The capital was committed against development milestones to be achieved by the company and used mainly for the development of the product. During the holding period the number of highly skilled employees increased significantly. The company could purchase new spectrometers from different vendors in order to improve the technology and accelerate data collection at multiple locations in Europe. The successful dissemination of the novel technology raised the profile of the company, attracting attention from the highest academic and industrial level. The development resulted in the Founder being invited into a senior full time position at Imperial College, London, taking development to the next level. The association of the project with one of the top R&D institutes of the world enabled the company to fund development further by a significant additional EU grant. Strategic co-operations were initiated among others with a global leader and innovator in mass spectrometry, the Massachusetts based Waters Corporation (WAT: NYSE), a strategic industrial partner of Imperial College.

The successful co-operation resulted in Waters acquiring MediMass’ REIMS technology in 2014 with an aim to turn REIMS into an actual product of the future. As part of the acquisition Waters Corporation took over all employees of MediMass and committed to continue further product development with the continuously increasing team in Budapest, turning it into a new European R&D center of the US Company. It is planning to increase its employment while completing a product to be launched within two years.
Holotype HLA, HLA Twin, Target HLA & others

Omixon Biocomputing Kft.

Development in genome sequencing

Omixon Biocomputing Kft. develops and markets genome sequence analyzing software together with a kit analyzing HLA genes that are responsible for the Immune system. Genome sequencing is the process of reading individual nucleotide (which is the element of DNA, the human genome - A, C, G or T) in the genome or in a section of the genome. Genomic information is increasingly important in understanding diseases and discovering new treatments. An insight into the human genome could lead to the proliferation of personalized medicine but it is also regularly applied in a number of fields (forensics or paternity testing). Since the early 2000s DNA sequencing based R&D activities have been growing, which contributed to the boost of generated data. Therefore recently, there has been a solid growth in the demand for data analyzing software and kits as well.

The company was founded by Attila Bérces in 2011 to commercialize the know-how and software that had been developed by his team. The company needed capital for development and expansion. In order to keep pace with the continuously growing competition on the market, more money was needed. Since the company was in its early stage with high risk, only a VC financing seemed realistic.

The investment contributes to better understand human genome, thus ensures developments in several healthcare related area.

Omixon uses NGS (Next-Generation Sequencing) technology for its flagship HLA typing products. HLA (Human leukocyte antigen) is an antigen determining the immune system, which is essential by organ transplantation.

The company’s HLA typing product is a kit which provides analytic solutions to hospitals and clinical labs. The kit’s technology is licensed from CHOP (Children’s Hospital of Philadelphia) that is bundled with Omixon’s software.
Developments funded by Euroventures

Euroventures invested close to HUF 1bn of early stage investment in several financing rounds into the company during the last four years.

Euroventures IV Venture Capital Fund has invested HUF 601.6 million into the company (HUF 859.5 million together with its co-investors) in several tranches since 2012. Therefore, the Fund currently owns 52.96% quota in Omixon Biocomputing Kft. (75.92% together with its co-investors). In addition to the equity investment, the Fund has provided a loan of HUF 321.65 million (HUF 459.5 million together with its co-investors) to the company in several rounds since 2014 to date.

The invested capital has been committed against development milestones to be achieved by the company. In 2013 Omixon’s product reached the market ready phase. The company started to focus on the HLA market which is expected to be the first growth market in genetics. HLA typing with NGS technology is carried out before bone marrow transplantations to find the matching donors. In such cases accuracy of the result is a crucial factor in which the company outperforms its competitors. Since on the HLA market potential users look for a kit rather than buying the software and products separately, the company provides a kit bundling CHOP’s technology with Omixon’s software.

The number of highly skilled employees increased significantly since the investment. The company has currently 37 paying institutions as customers, which have enrolled for the beta test of the kit. The aim is to convert the early adopters into long term annual order customers.

Omixon recently won on the tender of the French National Blood Services to supply HLA kits for the next 5 years. In addition, a large consortium of Canadian labs selected Omixon as sole supplier.

The exit is expected through trade sale to a sequencer or laboratory equipment manufacturer or solution provider.
SequenceIQ Hungary Kft.

Euroventures IV Venture Capital Fund

Case study

Financing Big Data
Development in analyzing Big Data which can support companies to grow

The Company was founded in 2014 by two young talented men, János Mátyás and Lajos Papp who previously worked for EPAM, a leading provider of software development services, and a previous Euroventures investee. The founders’ plan to launch their revolutionary big data applications came in 2013 when they began researching the issues.

These days computers, telephones, sensors, cameras and other wired devices are creating enormous amounts of digital data. One of the major technological challenges of today is how to access and analyze this "big data", a problem far beyond the scope of traditional computing and database management. SequenceIQ was developing cost-effective and innovative products in the Hadoop environment to dramatically increase the speed and decrease the cost of organizing huge amounts of data over different platforms and to process that data to provide actionable insights to all parts of a business.

SequenceIQ needed capital to boost its development and hiring more staff but given the early stage of the project (zero revenues) and the high risk only an early stage venture capital financing seemed realistic.

SequenceIQ’s first released products were Cloudbreak and Periscope: The former a tool for provisioning Hadoop (organising vast amounts of data so it can be analysed), the latter a tool to automatize regulation of the clusters into which the data is organised.

The investment contributed to multiply the size of the company and develop tools which can effect companies’ growth and even people’s everyday life.
Developments funded by Euroventures
HUF 67.9m equity investment into the company in 2014

Euroventures invested HUF 67.9 million into the company (HUF 97 million together with its co-investors) in September, 2014 gaining 13.56% quota of the company (19.37% together with its co-investors). The capital was used mainly for the development of the products launched in beta versions following Euroventures’ investment: Cloudbreak and Periscope (see box above). A later release of Cloudbreak enabled integration of the two products, though they could also run independently. Cloudbreak attracted considerable attention – SIQ’s blog announcing the release had 65,000 views in a week, almost all from San Francisco’s Bay Area (Silicon Valley) – and by publishing it as open source SIQ maximised the visibility and demonstrated “thought leadership” in their field.

One measure of the success of this was that they were soon approached by the IT departments of a number of large corporations asking for help organising their big data. As SIQ had no client-facing delivery capacity they shared these projects with leading Hadoop big data company Hortonworks (“HDP” which listed on the NASDAQ stock exchange on 12 December 2014) and embarked on a joint project to arrange the clients’ data so that it was in a form that could be analysed. In big data jargon, this arrangement of data is “provisioning Hadoop”, or more accurately, using Hadoop to split large files into blocks and distributing them among the nodes that go to make up a Hadoop cluster.

HDP’s early 2015 significant offer to acquire 100% of SIQ was considerably (years) before an exit had been planned or expected, but in light of the management founders’ keenness for the deal Euroventures supported it, both in terms of giving the necessary consents and in supporting the extensive and very legalistic negotiations required by a US-listed purchaser.

As part of the acquisition Hortonworks took over all employees of SequenceIQ and committed to continue further product development with the continuously growing team in Budapest.
Financing secure cloud storage & file-sharing
Development in encrypted cloud-based file-sharing

By the internet boom cloud-based technologies have been flourishing. Cloud storage provides among others, the benefit of greater accessibility of data and strong protection for data backup. It has also huge potential when it comes to storing, sharing and exchanging files. However, security has been always a major issue in this field. If data stored in the cloud is not encrypted properly, all private data could be accessible by outsiders, too. This security problem is what the company targets with its novel product.

The company was founded in 2011 by four young talented university students: István Lám, Szilveszter Szebeni, György Szilágyi and Levente Buttyán. The core of the product, the patented cryptographic algorithm and process had been developed at the Budapest University of Technology and Economics in the frame of a research project. The founders wanted to implement the technology as a software, develop its services and expand further for which capital was needed. Due to the recent escalated competition on the market, the company had to raise significant financing not to fall behind. Since the company was in its early stage of development with very high risk, VC equity financing seemed to be the only way to support them in reaching their goals.

With the product, people encrypt files on their computer and the only people able to see the content are the ones you expressly give permission to.
Developments funded by Euroventures
Close to HUF 1bn of early stage investment in several financing rounds into the company during the last three years

Euroventures IV Venture Capital Fund and its co-investors invested close to HUF 1bn in several tranches between 2012 and 2014 into the company. The Fund and their co-investors currently own the majority of Tresorit Kft. as a result. In addition to the equity investment, the investors provided a more flexible quasi equity funding to the company in May, 2015 as well.

The invested capital was committed against development milestones to be achieved by the company. The first public beta product was released after the first investment at the end of 2012. In early 2013 Tresorit gained publicity with a successful PR campaign challenging their own security. The company offered a USD 10,000 reward to any hacker who can bust their encryption. The challenge is still running while nobody has ever succeeded to hack the software since. The bounty was even increased to USD 50,000. The publicity contributed to its fast growing user base. Since the launch the company has reached 160k active users, both individual as well as business customers mostly from US and EU. The conversion rate of paying users has been rising since as well, especially since Wuala, a major Swiss player in the encrypted data sharing business decided to transfer its client base to the company.

Tresorit is available now on Windows, Mac, Android, iOS, Windows Phone and Blackberry devices.

Due to the favorable regulatory environment along with the security and confidentiality to the image of the country, the company established a subsidiary in Switzerland in 2014 to front the sales effort. The entity invoices the customers who can sign up to the company’s Pro and Enterprise versions.

The timing of the Fund’s exit will depend on the development as well as the additional financing need of this fast growing business.

For more information please visit the links or contact us via email below

Tresorit Kft.
www.tresorit.com
www.facebook.com/tresorit
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AutoHop (former name: Zivi, current name: BlaBlaCar) is a trusted community marketplace that connects drivers with empty seats to passengers looking for a ride. Carpooling, by having more people using one vehicle is an environmentally friendly and sustainable way to travel while it reduces each person’s travel costs.

Financing car-pooling
Development in ride-sharing which can save costs while also ensures sustainability

Car-sharing has a long history in Hungary and also in the region – started in the World War II when people were encouraged to use car-pooling system due to the shortage of oil supply. However, this kind of transportation was forgotten by the time but just until the last decade. As sustainability has become an important issue in the world and also the increasing cost of using cars this way of transportation has started to flourish again.

The Company was founded by two young brothers, István and Balázs Haidekker in mid 2012 who believed in this increasing trend. More and more people travel every day hundreds of kilometers to work, home or just for travel experiences. The blooming online world helped its boom though too. AutoHop is a web portal, an online community marketplace that connects drivers with passengers. The founders wanted to expand operations in Romania and Hungary as well as to roll-out operations to other neighboring countries, but they needed capital to do so. Since the company was in its early stage of development with high risk, losses and no collateral available, VC equity financing was the only way to support them in reaching their goals.

The developer and operator of the Autohop car-pooling online system is The Trust Worx Kft.

The investment contributed to an economically and environmentally friendly way to travel, helping a better future.
Developments funded by Euroventures
HUF 73.5m equity investment into the company in 2014

Euroventures IV Venture Capital Fund invested HUF 73.5 million into the company (HUF 105 million together with its co-investors) in April, 2014 gaining 16.10% quota of the company (23.01% together with its co-investors).

The capital was committed against development milestones to be achieved by the company and used mainly for expansion. During the holding period the operation was extended to Serbia (autohop.rs), Croatia (autohop.hr) and Romania (Autohop.ro), where additional country managers were hired. The investment contributed to fund the continuously rising marketing costs as well as those emerging from the growing competition on the car-pooling market. It encouraged the increase of the number of registered users in the target markets. By the end of 2014 the site had more than 200k registered users. Nevertheless the number of employees rose significantly as well during that time.

As recently car-pooling has been more and more popular all over Europe the big European players managed to raise significant equity funding such as BlaBlaCar, a French car-pooling online system provider that set to use its capital to expand its operation to CEE. As a result in December, 2014 BlaBlaCar acquired AutoHop and Euroventures successfully exited from the company.

As part of the acquisition AutoHop has continued its operations under the name of BlaBlaCar with a state of the art web and mobile platform, and a fast-growing community of users. The company’s employees have been taken over by the big European player while it is also planning to increase further its employment. As an appreciation of their great achievement to date the new owner gave the responsibility of the further expansion in the CEE region to the two young founders based in Budapest.

The company’s continuing efforts in enhancing car-pooling as a way of traveling it further helps sustainability too by decrease conjunction and pollution all over CEE.
**Investment into a web portal operator**

Development in website operation

Bankmonitor Kft. is the operator of the web portal called www.bankmonitor.hu, where users can access up-to-date information and compare banks’ offerings concerning various financial products.

The company was founded by an experienced, talented business man, Balázs Sándorfi and three friends of him at the end of 2011. The service was launched in 2012.

With the continuously increasing internet access of bank clients, it has been becoming evident that comparing offers of different banks via the internet plays a significant role in clients’ decision making process.

Bankmonitor turned this trend to good use and set out to become the most authentic independent comparison site in the Hungarian market.

Revenues are generated in a subsidiary from banks that pay for sales leads (i.e. users who clicked through a certain listed product from the website to a bank’s website with the aim to transact).

The company planned to diversify its services to cover an increasing number of banking products. Since it was in its startup stage with high risk, only a VC financing seemed realistic.

By using the website, to compare the various services of financial institutions, clients can make conscious decision. The service saves their time and money.
Developments funded by Euroventures
HUF 174 million investment into the company during the last three years

Euroventures IV Venture Capital Fund invested HUF 98 million as equity in two tranches into the website operator Bankmonitor Kft. (HUF 140 million together with its co-investor) during the last three years, gaining 34.29% stake (48.98% together with its co-investor). In addition, the fund provided a loan of HUF 24 million (HUF 34.3 million together with its co-investor) to the company during this period.

From the initial investment the company has built a strong team, entered new media partnerships with online news portals and has deepened its cooperation with domestic banks. Additionally, it also contributed to develop capabilities to track and cover nearly all the consumer products and services offered by the banks. Products such as personal loan, home savings account, credit card, personal finances advisory, SME advisory, deposits, current account, SME accounts, government bonds, mortgage loans, investment funds, growth loan program have been already covered.

To secure a market leader position the company needed further capital. The loan was used to enhance user experience, push marketing & branding and for organizational development.

The enhanced user experience has contributed to the growing number of registered leads, which currently stands at 3000/week. Looking at the number of unique visitors, being now 300k/month it shows us a flourishing trend in the site’s conversion rate, as well. Leads are important since commissions are paid by the banks after the site delivered sales leads. The value of the commission depends on the type of product. Besides commissions of the subsidiary, the company gains direct revenue from marketing sponsorships and other sources (consulting, database services).

The number of highly skilled employees have grown significantly as well.

Exit is expected via a strategic sale.
Fürgefutár (in the region known as Allpacka) is a price comparison website that makes premium parcel delivery affordable for individuals and SMEs. Colin Snead, a British citizen, founded the company as a spin-off from his bus parts trading company in 2010. He realized that his suppliers were willing to pay a fee if they were allowed to piggyback on his account at parcel companies as he received significant volume discount.

Due to the large shipping volume Fürgefutár.HU Kft. receives significant discounts from top courier companies which it resells to customers through the website with a margin. Customers will be well informed of the available parcel delivery options and have more affordable solutions than contracting directly with the delivery agents.

The investment contributes to make affordable premium parcel delivery for SMEs and individuals in Hungary and in the region.
Developments funded by Euroventures
HUF 259 million investment into the company since mid-2015

Initially, Euroventures IV Venture Capital Fund invested HUF 95 million as equity into the company (HUF 136 million together with its co-investor) in the second half of 2015. The fund received a 15% quota (25% together with its co-investors) in the company. In addition to the equity investment, the fund also provided a loan of HUF 86 million (HUF 123 million together with its co-investors) to Fürgefutár during the same period.

From the investment, highly skilled employees were hired in several departments. The company brought IT staff in-house, as it is considered one of the core functions of Fürgefutár. A professional CFO was also hired and additional members were added to the customer service centre. These were important steps in order to lay down the foundations for the ambitious growth plan the company aims to execute. On the organisational development front management is looking to strengthen the marketing department to improve the performance of on-line marketing.

The investment contributed to the launch of operation in Romania (allpacka.ro), Slovakia (allpacka.sk) and in the Czech Republic (allpacka.cz). Currently the company focuses on strengthening its position on its new markets, while still considering entry to new countries in the future.

The international expansion required an international brand name. Allpacka is being used on foreign markets, but the Hungarian operation is going to be rebranded as well.

The Hungarian operation has continued its impressive growth, currently receiving cca. 5 500 orders and adding a few hundred registered users to the existing client base per month. While Hungary is over performing, traction on new markets has been slower than anticipated. Strategic hires made early this year are expected to boost growth on new markets.

Exit is expected via a strategic sale.