



YL VENTURES

Innovation Thursday Presentation
February 2008

Yoav Andrew Leitersdorf

What I Have Done



- n Founded, grew and successfully sold 3 tech businesses
 - n **Movota** (London) – Cofounder, MD and CEO
 - § Identified opportunity & conceived mobile product
 - § Sourced, negotiated & closed equity & debt capital in 3 rounds; signed up top 5 customers in Europe
 - § Negotiated a multi-million € exit to Bertelsmann AG
 - n **ExchangePath** (New York) – Cofounder and CTO
 - § Invented, patented & productized payment service
 - § Partnered with content providers and MasterCard
 - § Completed a €25MM trade sale to CMGI (NASDAQ)
- n VC Associate at **Draper Fisher Jurvetson**
 - § Sourced wireless deals in New York region and Israel
 - § Evaluated hundreds of companies & assisted portfolio cos.
- n 15 yrs coding, engineering & telecom experience
 - § Networking, database, financial and multimedia software development
 - § 3 registered international patents: 2 in authentication, 1 in mobile apps
- n MBA (**Columbia University**); studied at **IMD**, Switzerland

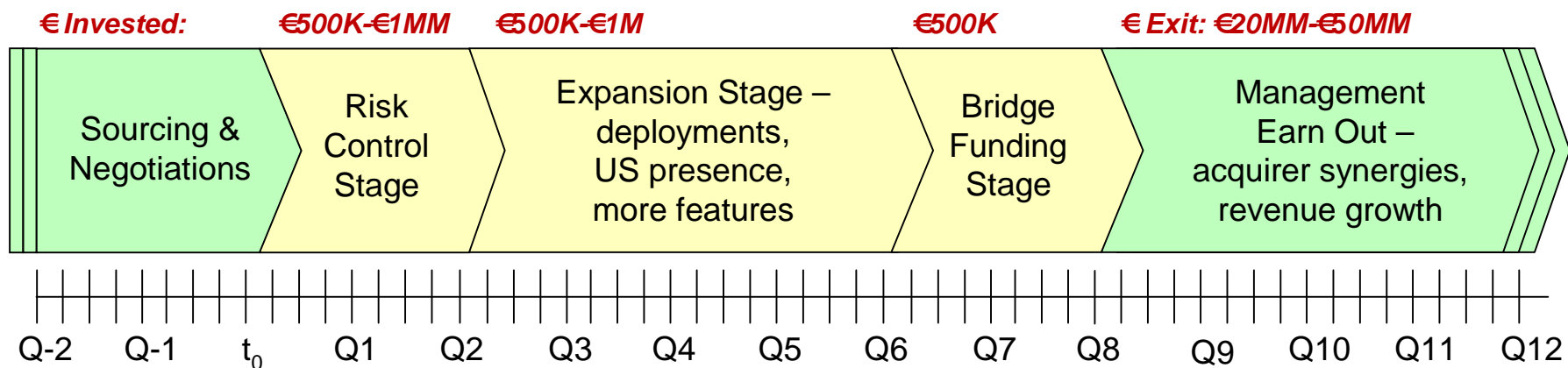


YL Ventures

What I Am Doing Now



YL Ventures is a value-oriented venture capital fund with unique and differentiated deal flow that invests in European and Israeli Internet, telecom and digital media software companies, accelerates their evolution via value-added governance and business development, and arranges their rapid acquisitions based on exit strategies conceived prior to investment, while reserving capital for 'home run' scenarios.



What Are Innovative Businesses?



n YL Ventures perspective

- n Creative entrepreneurs who strive to win no matter what
- n Deep technology in the form of proprietary software
- n Differentiated products or services
- n Efficient use of capital – bootstrapped operations / low burn-rate
- n The fund can establish a clear exit route within 2 years

n The broader view

- n IT, healthcare, clean-tech, and everything under the sun
- n Better mousetrap; evolutionary / revolutionary
- n Change the world – the bigger picture

n How have these businesses been innovative?





- n 'Entrepreneur is a hero' mentality
- n Abundant role models
- n Ecosystem for innovation
 - n Serial entrepreneurs, experienced venture capitalists
 - n Lawyers, accountants, intermediaries, press, blogs, events
- n Excellent academic institutions
- n Government support – the way it all begins
 - n Direct investments in small to medium size businesses
 - n Leverage to venture capitalists in the form of debt
 - n Tax incentives in underserved regions and to multinationals
 - n Stock option legislation
 - n Investment in education
 - n Relaxed labour laws
 - n Multinational funds and treaties

What Innovation Can Do to a Small Country



- n In proportion to its population, Israel has the **largest number of startups** in the world. In absolute terms, Israel has the largest number of startups than any other country in the world, except the US (**3,500 hi-tech companies**).
- n Outside the United States and Canada, Israel has the largest number of **NASDAQ listed companies**.
- n Israel is ranked **#2** in the world for **venture capital funds** right behind the US. Israel has the **third highest rate of entrepreneurship** in the world.
- n **Motorola's** commercial cell phone was developed in Israel.
- n **Intel** has four major development centers in Israel.
- n **Microsoft** has one of its three "strategic development centers" outside the US in Israel. **It is based on several startup** companies that Microsoft has acquired in Israel, which are now part of this development center.
- n **SAP AG**, the enterprise software leader, has its larger development center outside Germany in Israel – also **based on startup acquisitions**.
- n **IBM, Kodak, Cisco, HP, Google, Novell, AOL** and many others, also have large scale research and development centers in Israel.

European Challenges and Opportunities



- n Cultural stigma attached to failure
- n Low allure for stock options (avg. EU allocation: 5%)
- n Only 897 start-ups funded in 2007 (lowest # since 1999)
- n Weak local market for IPOs and M&A deals
 - n 2007 European IPOs: 38 (in 2006: 89)
 - n 2007 M&A deals: 136, lowest figure this decade (in 2006: 219)
- n Positive European trends
 - n Increasing Internet penetration and high mobile usage
 - n Companies require less capital and fewer employees
 - n Rational going-in valuations (on average 70% lower than U.S.)
 - n Central and Eastern Europe – fertile and growing!
 - n Rapid, U.S.-centric exit approaches such as YL Ventures'

Sources: VentureSource, BusinessWeek

Innovation Building To-Do List



- n Respect the entrepreneurs; they grow the economy
- n Encourage risk taking – reduced taxes, stock options
- n Invest in education; especially engineering
- n Make it easy to find, deploy and dismiss talent
- n Allocate state budget to SMB investments & loans
- n Boost foreign investment: tax breaks, treaties, bridges
- n Open borders to skilled immigration
- n Seek exit opportunities in the U.S. via M&A

Contact

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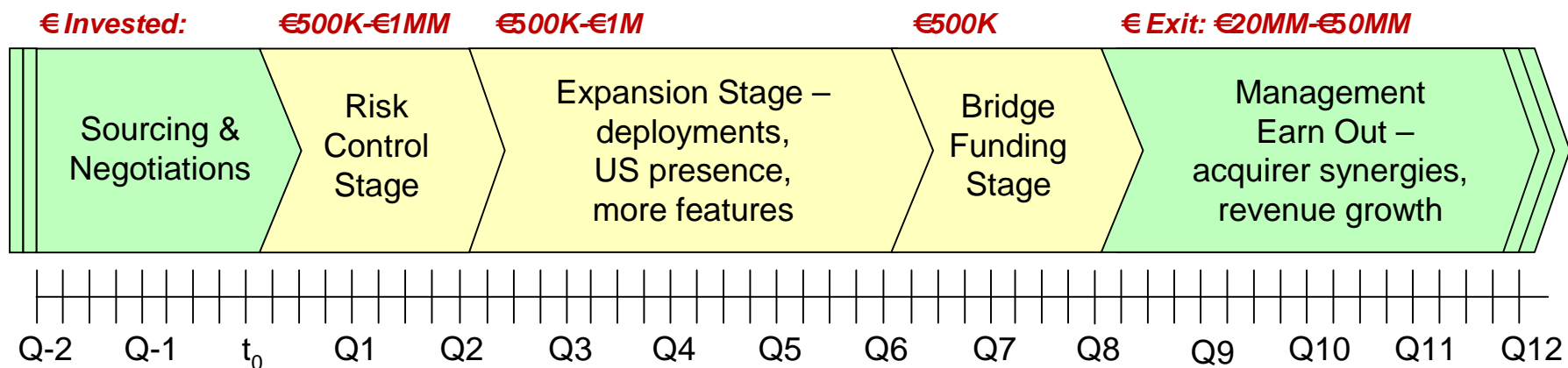


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