

The following interview was taken during the INNEON advisory board session with selected Business Angels in Madrid on 15th March 2016. The participants were Andrei Tabarcea (Romania), Jenny Tooth (UK), Guus Keder (Belgium), Kenneth Larsen (Denmark) and Paco Negre (Spain).

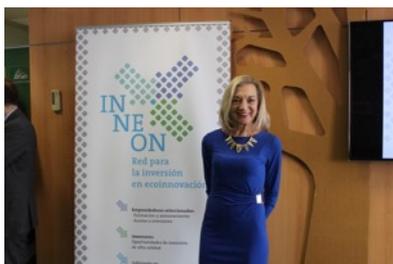


Business Angels together with the INNEON team during the advisory board session in Madrid on March 15th 2016

INNEON: What do you think about INNEON activities and initiatives such as this project?

Andrei Tabarcea: I believe that INNEON facilitates a very important role in the future of eco-innovation - helping great ideas that may shape our own future finding financing. Traditionally, angel investment is the best way to finance innovation at initial stages so an advisory board of business angels can yield valuable input for the network.

Jenny Tooth: INNEON provides a valuable opportunity to focus on entrepreneurs with exciting projects in eco-Innovation and which can benefit from expert support to enable these businesses to increase their potential for successful commercialisation and notably to increase their potential to access relevant investment to take the business through to the next stage growth. INNEON also offers an opportunity to increase awareness among investors of the opportunities for backing eco-innovation businesses and notably to enable them to access opportunities beyond their own country with a view to offering potential for cross-border investment.



Guus Keder: I also agree that, in principle, INNEON could serve a good purpose for both investors as well as entrepreneurs, though these services are also useful for projects that can not be classified as eco-projects. On the other hand I have to say that from my experience I have learned that investors are generally not familiar enough with the complexity of eco-projects and I am not sure whether the INNEON initiative will actually remove that barrier for investors.

Keneth Larsen: It is very positive to push for cross boarder investments! In early stage the important thing is to get “cross boarder competences” on board, later the funding itself is important. It is also difficult to get cross boarder investments going in the early stages, due to increasing complexity (cultural, legal, distance, etc.) which can be hard to handle in the early stages. We have only seen a few new business angel deals relevant for Danish angels. To get attention it is important to create a strong dealflow to each type of investor segment.



Paco Negre: I also think that such an initiative can help to stabilize contact with other Business Angels focusing in the same eco-innovation field, eventually learning best practices and exchanging expertise from the most advanced ecosystems.

INNEON: What are your expectations about the future of eco-innovation future?

Jenny: Eco-innovation is very broad based and thus offers a wide range of industry applications across multiple sectors. It therefore offers a useful horizontal focus to pull together a significant number of businesses with both b2b and b2c opportunities. This makes it especially interesting to investors who can identify multiple opportunities for market access and growth potential. Nevertheless this terminology is not widely recognised among investors and it is important to reference the industry and market applications rather than the concept of eco-innovation when addressing the investment community. There is also a need for more industry case studies of growth and successful exits in this sector in order to raise awareness of the concept of eco-innovation to investors.

Guus: In principle I believe there is a very important market opportunity for eco-innovation but I am not sure whether the initial market growth will happen in Europe. I believe it may actually happen in China and this may give China an important advantage and will force Europe to buy eco-innovative products and processes in the future. The problem with Europe is that we already have solutions for most of our problems and we don't realise we need to innovate.



Paco: I am convinced that eco-innovation is one of the main important drivers. With an open and wide range of opportunities practically all the industrial projects included some considerations or a specific topic as key point.

INNEON: What are the conditions that an eco-innovation project requires to attract investment?

Paco: Obviously a crucial factor is that the risks are limited. And the business model is validated, viable and scalable.

Jenny: The conditions to attract investors are the same as for all investment opportunities:

The team - Do they have experience and competence to take the business through to successful commercialisation and achieve high growth?

Scalability - Can the team demonstrate how the project can effectively scale-up the project, not only nationally but across Europe and internationally?

Defensible competitive position - The innovation needs to establish its defensible competitive position and notably in a European context in the market: Does the team understand the competition both at home and internationally? How do they differentiate and surpass the competition? How are they disrupting the existing industry/market solutions?

Andrei: To this I would like to add, that first of all I believe that an eco-innovation project has to spark ones imagination. After this we can discuss return and risk. Further than that I agree with Jenny that the team behind the project is crucial and needs a significant experience in their fields of expertise.

Guus: I also agree with Jenny that in principle the same rules apply as for conventional investment opportunities. However, eco-innovative projects may benefit from a triple-bottom-line approach.



Kenneth: Further than what my colleagues said, I think it is also of high importance that the team builds a strong personal network to investment "gate keepers" in its specific investment category. Also when looking for investors, focus on getting the right competences on board from investors, instead of looking for funding. In this context, I would also suggest to focus on Business Angels OR on Venture Capital, not on both.

INNEON: In your opinion, what is the role of eco-innovation in boosting competitiveness of the European economy?

Andrei: I first came in contact with INNEON when they sponsored our conference – Investment Opportunities for Emerging Markets, Bucharest 2015. My first thought was how eco-innovation and investment opportunities come together? After I analysed the activity of INNEON, I understood how important it is to look towards the future and not only at near profits.



Jenny: Eco-innovation as a broad based area of activity has the potential to offer multiple applications both at B2b and B2C areas , responding to many of the growth challenges for Europe. Eco-innovation is thus one of the most significant areas for the development of new businesses across Europe and likely to attract considerable investment.

Paco: I also agree that eco-innovation is one of our key strenghts in which Europe is a worldwide leader.

Guus: I think Europe is not ready and it will still take time. Other countries, like China, will probably out-compete Europe. This has actually already been going on for some time in the USA. USA and China will lead. Europe will follow.

Kenneth: I think that eco-innovation can serve to the competitiveness of the European economy in three different ways: In filling a networking role between investors and entrepreneurs within eco-innovation focus. An educational role for investors and entrepreneurs. And by creating a strong deal flow.

INNEON: *From your point of view, which are the most interesting eco-innovative areas and those with greater opportunities to last in the future?*

Andrei: I think the most interesting areas are the *storage of renewable energy at low cost* and the development of *low-cost, long-range electric vehicles*.

Jenny: In view of the significant growth in investment in *Internet of Things*, there are significant opportunities among businesses in relation to such area as *Smart Homes* and *Smart Cities*. In additionl areas focused on *Wearables* which can be used to provide sensors and monitoring data on personal and business usage of energy; also projects offering ability to bring analytics of energy usage using *Big Data*.

Guus: I would like to mention *decentralised energy production* and *decentralised waste-to-energy*. We need to look beyond wind, water and current generation solar energy production.

Paco: In my opinion the most interesting fields are *complete water cycles and re-use mechanisms, recycling* and *valorization of raw materials*.

INNEON: *Thank you very much for sharing these very interesting insights with us!*



The Business Angels interviewed (left to right): Andrei Tabaco (Romania), Jenny Tooth (UK), Guus Keder (Belgium), Kenneth Larsen (Denmark) and Paco Negre (Spain).