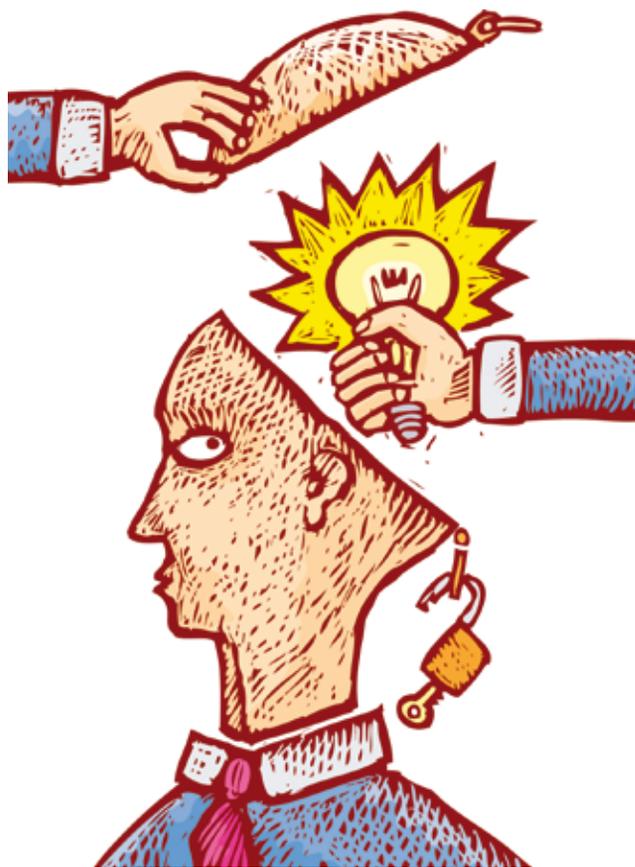


# Bright sparks!

*From a GPS for surgeons, which allows them to better and more quickly position implants during orthopaedic surgery, to a platform similar to Facebook for enterprises, Swiss start-ups are in search of investors*



BY STEFFEN WAGNER\*

Switzerland is famous for globally known brands and corporations in industries such as financial services, life sciences and watches. Its heritage includes a strong pioneering spirit and creativeness. Pioneers like Henri Nestlé, Johann Rudolf Geigy, Alfred Escher, Charles E.L. Brown and Nicolas Hayek laid the foundations for a highly competitive and innovative environment. It is Switzerland's exceptional productivity in creating intellectual property, its outstanding universities and research institutes, the high quality and productivity of its work force, and its high standard of living that stand out and make it an excellent place for innovation.

However, overshadowed by Credit Suisse, Novartis and Swatch, it is often forgotten that 99.6% of Swiss enterprises are small or medium-sized businesses. And only a few people, even amongst Swiss citizens, know that Switzerland hosts a vibrant ecosystem of innovative start-up companies and pioneers that are working on the groundbreaking innovations of tomorrow.

Many of these start-ups are university spin-offs (company founded on the findings of a member or by members of a research group at a university). The number of spin-off companies from Switzerland's universities, in particular from its federal institutes of technology in Lausanne and Zurich are continuously growing. Swiss university spin-offs are among the most solid worldwide, outperforming even MIT in Boston or Oxford. A study by the London School of Economics (LSE) analysing 130 ETH Zurich spin-offs over 10 years suggests that about 90% of these start-ups survived the first five critical years, resulting in an average annual IRR of more than 43%. Recent examples are Esbatech and Glycart, both University Zurich spin-offs that were sold to large corporations for a couple of hundred million dollars.

This potential is clearly recognised by professional venture capital investors: A recent study by Verve Capital Partners reveals that 10% of all venture capital invested in Europe come from Switzerland – a country of only 7 million people. On

the other hand, 24% of European venture capital is invested in Switzerland – confirming an earlier finding by Avenir Suisse calling Switzerland a “net importer of venture capital.”

Looking at various global indexes, Switzerland always ranks among the top countries when it comes to innovation, however this is usually measured primarily by the number of patents filed. But venture capital investors are picky and rarely look at statistics. Therefore, the amount of “VC money” flowing within a country is a telling metric to grasp the start-up attractiveness of a country. Verve Capital Partners' study shows, that the actual volume of venture capital spent confirms the attractiveness of Switzerland's start-up scene.

While the figures above are indeed stunning, there is no reason to rest. Only 27% of the above mentioned 130 ETH Zurich's start-ups managed to obtain venture capital funding in the past. With UK university spin-offs this ratio is 60%. To close this gap, innovative funding approaches are needed.

According to [www.investiere.ch](http://www.investiere.ch), the new start-up investment platform, today, only 3.1% of Swiss private investors (1.4% of the Swiss population) directly or indirectly hold equity in start-ups, small or medium-sized companies. This implies that approximately 97% of Swiss private investors in searching for private sector shares pick from among large exchange-listed corporates only. Whereas 'large corporate' investment opportunities are easily accessible to everyone, the asset class called 'alternative investments', which includes investments in innovative ventures and growing SMEs, is (with some exceptions) mostly available to a few qualified and institutional investors only.

In other words, the potential not only for international investors but also for Switzerland's society to fuel job creation and drive industry development is largely untapped. The start-up financing has become even more challenging as the private equity sector is still struggling after the financial crisis. According to Swiss private equity organisation SECA, annual investment volumes have decreased from CHF 600 million in 2007 to just about CHF 400 million in 2009. This decline is even more dramatic for new ventures if one takes into consideration that the lion's share was used for later stage investments. Only about one third of 2009's venture capital flowed into companies in seed or early stages – down from two thirds in 2007. As a result, lots of ideas and innovations simply could not be commercialised. "For our long-term competitiveness, venture capital is essential", SECA General Secretary Maurice Pedergnana rightfully concluded in an interview in *casb.ch*.

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#### 4 START-UPS IN SEARCH OF FUNDING



##### Naviswiss – GPS for surgeons

**Name:** Naviswiss AG  
**Industry:** MedTech  
**Foundation:** 2007

**IN SHORT:** Naviswiss has developed a new generation of handheld, miniaturised and easy-to-use surgical measurement and navigation systems. These systems are like a GPS for surgeons that allow them to better and more quickly position implants during orthopaedic surgery (e.g. hip and knee replacements). Even the most experienced surgeons need this kind of systems.

##### Uepaa(!!) – We turn your phone into a life saving device

**Name:** Uepaa(!!)  
**Industry:** Mobile Application

**IN SHORT:** Uepaa(!!) is a smart phone-based application to call rescue services through mesh-technology.

1. No lack of equipment: Uepaa(!!)’s key offering is to turn every single smart phone into a rescue, monitoring, alert and security device.
2. No more missing persons: Uepaa(!!)’s observation technology makes it possible to trace and find every person carrying a smart phone.



##### Fontself - Cool fonts for viral social communications

**Name:** Fontself  
**Industry:** Internet and Mobile Messaging  
**Foundation:** 2008

**IN SHORT:** Fontself provides the technology to create and distribute hand-drawn digital fonts. It's about bringing emotions and a personal touch to anything you write online or on your mobile. It allows people to stand out – a bit like ring-tones – but with style. The already 500,000 existing users, tens of thousands of user-generated fonts and partnerships with established players like Yahoo mail speak for themselves.

##### Hyperweek – Build your own social network

**Name:** Hyperweek  
**Industry:** Social Enterprise  
**Foundation:** 2008

**IN SHORT:** Companies don't want to rely only on Facebook to engage clients, and their intranets are often too static. They want a platform that they can control, but that is as addictive to use as platforms people know from their private lives. Hyperweek is like Facebook for businesses – it generates real engagement and connections between people. Companies such as Nestlé, Hublot and Montreux Jazz are already using the platform.