LUXEMBOURG FUTURE FUND

FUELLING LOCAL GROWTH IN STRATEGIC SECTORS
The Société Nationale de Crédit et d’Investissement (SNCI) and the European Investment Fund (EIF) established the Luxembourg Future Fund in 2015 to support the sustainable development and diversification of the Luxembourgish economy by bringing innovative activity to Luxembourg.

The EUR 150m fund invests in venture capital funds and SMEs in strategic sectors such as FinTech, Cyber-Security and Space. All investments are made on a commercial basis and based on “Luxembourg substance” criteria (the Spillover Criteria).

The fund is a EUR 150 million equity fund and has 2 dedicated sub-funds targeting investments in venture capital funds and co-investments with venture capital funds.

**ELIGIBLE**

**Venture Capital Funds**

- to be established in Luxembourg
- including Luxembourg in the investment focus
- actively engaged in the Luxembourg venture capital ecosystem

**Co-investments**

into companies alongside venture capital funds on an equal footing basis

- into technology-focussed SMEs which bring innovative activity to Luxembourg
- all stages from start-up to growth
When we started in 2012, nobody believed that this sort of thing could be done. So we kept a low profile – also to avoid being ridiculed, you know what I mean?!” says Peter Platzer, CEO of Spire Global. Spire is a data and analytics company that collects data from space to solve problems on earth. Through one of the largest satellite constellations in the world, Spire identifies, tracks, and predicts the movement of the world’s resources and weather systems to help businesses and governments make smarter decisions. This data is useful in a diverse array of areas ranging from weather predictions to the maritime and aviation industries, government and the military, all the way to supply chains and logistics. You can follow everything from a storm to the air traffic over the Pacific or in and out of a harbour.

Everything started in a café in Strasbourg in 2012, when three students of the International Space University – Peter, Joel, and Jeroen – identified significant potential in the space industry and started plotting out their plan. “The human mind tends to think in terms of linear growth most of the time. It’s almost counter-intuitive to think in terms of exponential growth – like in relation to the spread of a disease, or compound interest on a mortgage. But we had identified that growth in the space industry was turning exponential. So we applied ourselves…” Peter explains.

To gather its massive amounts of data and map our earth going on in the world, Spire directly tracks on large satellites with large lenses and sensors. Instead, Spire uses small satellites the size of a loaf of bread, and sensors (broadcasting TV or broadband internet would require high power). Staying in Low Earth Orbit helps Spire take advantage of the number of sensors by passing over each place on earth hundreds of times per day. “Our satellites have software-defined sensors and we constantly upgrade the software, thus improving their performance with time, unlike other satellites that degrade with time. As they are small, we can cost-effectively launch hundreds, ensuring high-resolution global coverage resulting in greater value from our data sets. On top of that, they are exceptionally green – designed to disintegrate in the earth’s atmosphere within a few years, leaving behind no debris,” he adds.

In late 2017, Spire received an equity investment from the Luxembourg Future Fund, advised by the EIF, that allowed the company to focus on product development and move into the next phase of its growth. Setting up in a country that focuses on the space industry is huge plus. Unlike other industries, only countries are authorized to operate in space, so we need to team up with a country that understands the sector, the competition, and can provide an innovative regulatory environment and support for us to achieve our goals. We found that in Luxembourg.” What’s next? “We’ll continue to broaden our data set. Right now, for example, we’re collecting data on soil moisture and surface wind speed, for example,” Peter concludes. “We’ll translate this into growth in the years to come, leaving behind no debris.”
SPOILLOVER CRITERIA

**MEANS TO GENERATE SPILLOVERS:**
- Significant employment creation in Luxembourg
- Creation of key skills (placing people, training) in Luxembourg
- Direct cost reduction (efficiency gain) established in Luxembourg
- Revenue generation by companies established in Luxembourg

**SPILLOVER CRITERIA:**
- Support strategic sectors.
- Activities will be used to attract the best and the brightest investors, educators, innovators and entrepreneurs to Luxembourg.

**EXAMPLES OF POSITIVE SPILLOVER:**
- Significant employment creation in Luxembourg
- Creation of key skills (placing people, training) in Luxembourg
- Direct cost reduction (efficiency gain) established in Luxembourg
- Revenue generation by companies established in Luxembourg

**Revenue generation**
- Creation of key skills
- Incorporation of new business/research entities in Luxembourg
- Creation and/or development of (new) fields
- Formal cooperation with key actors within the Luxembourg innovation system (universities, public research labs, clusters of business)

**Direct cost reduction**
- Direct cost reduction (efficiency gain)
- Significant employment creation in Luxembourg
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**SUPPORT STRATEGIC SECTORS.**
- To bring innovative activities to Luxembourg with the goal to improve the sustainable employment creation in Luxembourg.

**ALL INVESTMENTS ARE SELECTED BASED ON SPILLOVER CRITERIA DESIGNED TO HELP IMPROVE THE SUSTAINABLE EMPLOYMENT CREATION IN LUXEMBOURG.**

**NEEDS TO GENERATE SPILLOVERS:**
- Incorporation of new business/employment creation
- Creation of key skills
- Development of new fields
- Formal cooperation with key actors within the Luxembourg innovation system (universities, public research labs, clusters of business)

**Michael Steed**
FOUNDER OF PALADIN
MANAGING PARTNER AND CO-INVESTMENT LUXEMBOURG FUTURE FUND

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**If the primary asset of your company is oil, gas or minerals, you will probably spend a lot of time on measures on protection of right.** In the geology, politics, the technology, you are taking steps to make it more secure. But what happens if your primary asset is data? I started asking a round and I didn’t take long to see there’s really no standardized approach to protecting “data as an asset.” That was our niche.” -- Michael Steed, Founder of Cyberhedge, a Luxembourg-based start-up focusing on cybersecurity.

“By combining data we’ve gathered on over 5000 companies with their time financial modelling, we can instantly assess your cybersecurity readiness and risk profile.”

“As part of this investment, Paladin, with its worldwide national security and specialised competence experts, will work closely with the Luxembourg government in developing a world-class cyber center to attract the best and the brightest investors, educators, innovators and entrepreneurs to Luxembourg.”

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FOUNDER OF PALADIN
MANAGING PARTNER AND CO-INVESTMENT LUXEMBOURG FUTURE FUND

“Cybersecurity is a very real and immediate risk in today’s business environment. Why? Simply because it’s a risk, but also partly because we are more focused on attacking security as a cost to our business rather than a target for digital transformation, about technology gaining value, and how to spend and save on cybersecurity, digitalisation, and digitisation, but how much can we spend, collectively, on protection? Not enough. It’s very insecure.”

Cyberhedge set up its headquarters in Luxembourg, at the heart of Europe’s financial system. “Europe is leading the way when it comes to cybersecurity and we wanted to be close to the decision-makers, to have a good understanding of the regulatory environment.”

In 2015, Ryan, originally from Oklahoma, was an institutional shareholder in companies where data and software code was the primary source of their value. Frustrated by corporate boards’ visibility to deeply report to fans and other stakeholders on how their executives were managing and protecting their companies’ valuable data, he began creating financial models to help “hedge” out cyber risk. These models were the first step in creating Cyberhedge.

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By combining data we’ve gathered on over 5000 companies with their time financial modelling, we can instantly assess your cybersecurity readiness and risk profile. The result is a financially prioritized action plan to help reduce the amount of cyber risk at risk. This goes beyond just technical recommendations, and we will spell it out in the right way. Management often doesn’t speak cyber, so we speak CFO and translate our cyber recommendations into relevant value metrics in a language that management understands,” he adds.

Michael Steed
FOUNDER OF PALADIN

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**Co-Investment Paladin European Cyber Fund**
**EIF, Luxembourg Future Fund**

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The European Investment Fund’s (EIF) mission is to improve access to finance for SMEs. It does this by designing instruments that remove some of the risk taken by financial institutions when they lend to, or invest in, small businesses.

As part of the European Investment Bank (EIB) Group, the EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties.

The Société Nationale de Crédit et d’Investissement (SNCI) is a public-law banking institution specialised in medium and long term financing of Luxembourg based companies. SNCI’s financing instruments cover investments in fixed assets, innovations and exports. SNCI also grants start-up/transmission loans to newly incorporated or inherited SMEs. It may also finance investments of Luxembourg companies abroad. SNCI may take equity positions, either directly or through affiliated financing companies.

For more information, please visit www.snci.lu.