

## [NeuHaus Partners: Early-Stage VC in Europe \(RWW Interview\)](#)

March 21st, 2009 — [Improve Life](#), [News](#)



For our third VC Interview, we decided to check out the early-stage VC scene in Europe. So we spoke with [Paul Jozefak](#), Partner at [NeuHaus](#) in Germany. We found him via his [excellent blog](#). We wanted his perspective on how the venture scene in Europe differs from the one in the US. We also wanted to see if the surprisingly healthy early-stage financing market that we are seeing in the US is echoing in Europe.

### Listen to the Interview

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### Europe or America?

**Question:** Are there any significant disadvantages for a venture based in Europe as opposed to the US? If so, what do your ventures do to counteract them?

Paul identified two major disadvantages:

1. Europe has a younger venture industry and so has fewer experienced serial entrepreneurs. NeuHaus is 10 years old and has some deals in which it is backing an entrepreneur for the second time, but those are rare. So it has to work harder to bring in experience from the outside. There is a useful trend of Europeans who have earned their stripes in the US returning to Europe, bringing their experience with them.
2. There are no innovation clusters close to Silicon Valley or even Boston and Austin. London and Berlin are the closest, and they are not really in the same league. Again, this is an issue of access to expertise.

I guess Paul is inviting all you experienced entrepreneurs to move to Europe!

Paul went on to point out that NeuHaus looks for global ventures, not just regional champions that plan to sell to a global player. This strategy, sometimes referred to as "concept arbitrage," was popular, and Germany in particular got a reputation for quick-flip copycat ventures. Paul says those days are over. The aim now is to plan for a global venture from day one.

### Health of Early Stage in Europe

**Question:** Despite the economy, and unlike in the tech bust of 2002, we are seeing a healthy level of investment in seed and early-stage deals in the US. What about in Europe?

Early-stage investing in Europe "has gone down a bit but not as much as we expected". Paul said that VCs that worked through the dot-com bubble burst and nuclear winter and emerged on the other side all see the strength of the ventures they invested in during the dark days and wish they had done more. So this time, they are investing through the downturn. (Skip to about 14 minutes into the interview to hear more on this.)

### Other Questions

We also spoke about the difference in the tolerance for risk between the VC and entrepreneur and about the role of strategic investors (Paul used to work at SAP Ventures). Please listen to the interview for these points and for more on the earlier questions.

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## Two Ventures in NeuHaus' Portfolio

**Question:** "Finally, here is a chance to 'talk up your book.' Which one or two ventures do you want to tell our readers about?"

Here are Paul's two choices:

**Choice #1:** [Smava](#) is in the peer-to-peer lending business. Paul did not claim that this was original: many US ventures, such as [Lending Club](#) and [Prosper](#), are in this game. But he did point out that the credit crisis has been a big boost to these ventures. We are hearing this from other sources as well. This business also seems like it will have national champions and not be consolidated by a few global players, because A) trust tends to require proximity; B) local regulation still matters; and C) it is such a massive opportunity that a venture that does well even in only one country could still be very big.

**Choice #2:** [Emporis](#) aims to be "the Bloomberg of the building industry." Its situation is almost the reverse of Smava's: Emporis probably has been negatively impacted by the recession and lower construction activity but is a global opportunity. It is a venture based on user-generated content but one that, unlike a lot of UGC ventures, creates a lot of depth, with as many as 300 variables per industry. Emporis' revenue is from subscriptions.

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## [The Inner Circles of 10 Geek Heroes on Twitter](#)

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Hotshots, rock stars, geek heroes - many of us follow a lot of the same people online. But who do *they* pay the most attention to themselves? The influencers of influencers are of interest for a lot of different reasons, most appropriately because finding them is a good way to dive deeper into niche topics.

[Twitter](#) exposes conversations that can show us who's in anyone's inner circle because conversations there are public and programmatically accessible. In the following post we look at the data and find out who has the most reciprocal conversations on Twitter with 10 geek heroes - from the founders of big sites like Digg, Reddit and StumbleUpon to nonprofit geeks working to challenge injustices.

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There's something a little uncomfortable about being able to see this information. Fact is, though, it's part of the nature of this powerful new system of communication. We expect that data parsing like this is only the beginning.