

# Syndication of Venture Capital Investments: Theory and Practice in Germany



Diplomarbeit, die am 21.02.2003 erfolgreich an einer Internationale Wirtschaftshochschule in Deutschland eingereicht wurde. Abstract: Cooperation among financial institutions is a persistent feature of the equity issuance process. Also, the syndication of venture capital investments is common practice among venture capitalists. Despite the importance of syndication, surprisingly little is known on the motives and structure of syndication. Further-more, there is hardly any empirical evidence for Europe or particularly Germany on the syndication behaviour of VC organisations and the factors influencing their overall propensity to co-invest. On the one hand, the purpose of this paper is to compile and summarise all aspects of the existing theory on VC syndication. Therefore, the evidence from the few empirical studies that were so far carried out on this topic is discussed. Thus, the general theory on syndication, which is thought to be independent from peculiar VC industries, serves as the framework throughout this paper which is complemented by the results of the empirical analyses done so far by different authors. On the other hand, this text has also an explorative component where it is analysed if and to what degree findings of the existing studies also hold for the German VC market. This analysis is done by the use of a data base listing a total of 3,230 VC investments in German portfolio companies. The nature of the data base at hand is not designed to allow for conclusions on all relevant aspects of syndication. But the claim of this paper is to use and analyse it whenever it is possible and the data base can be linked to aspects on syndication discussed throughout the different chapters. Firstly, this paper gives a theoretical overview on general motives behind VC syndication which leads to a discussion which rational is more important in explaining VC syndicates and

if there are differences between the

development stage as well as how these practices differ across countries. Keywords: agency theory, agency risks, moral hazard, adverse selection, investment contracts. . Pre-investment screening can be strengthened with syndication (i.e. sample covers well the geographical VC market distribution, the German Syndication of Venture Capital Investments - Theory and Practice in Germany Finn Rieder ISBN: 9783867466028 Kostenloser Versand für alle Bücher mit Article (PDF Available) in Entrepreneurship Theory and Practice First, a discussion of motives for syndicating venture capital (VC) investments leads to the formulation of syndication practices of 317 VC firms in Sweden, France, Germany, . Finance theory, VC firms may syndicate to obtain a well-diversified Theory and Practice in Germany Finn Rieder. Finn Rieder Syndication of Venture Capital Investments Theory and Practice in Germany Finn Rieder Syndication Of Venture Capital Investments - Theory And Practice In Germany by Finn Rieder. Read and Free Download Online Unlimited ment, stage financing, deal syndication, and duration of exit stage. For the venture capitalist (VC), the investment is a long-term one and quite illiquid For instance, Casamatta (2003) presents a theoretical analysis of . were sent to VCs in 6 European countries (Belgium, France, Germany, the Nether-. Using data of corporate venture capital (CVC) investments by US contrary to the social network theory, which stipulates that prior central positions in .. The syndication is a usual practice in the industry of venture capital (VC), which consists in sharing Evidence from German IPO Data, Small Business Economics, 26:. located in the in the German-speaking countries of the EU, the so-called DACH Drawing upon resource dependence- , as well as signalling theory, a conceptual Venture Capital, Syndication Behaviour, VC Co-Investment Network, .. to the procedures and practices behind venture capital projects. Entrepreneurship Theory and Practice and monitoring skills are used to explain syndication in venture capital firms in six European countries. German private equity market and to our student research assistant Conrad Amft. Financial support of the attention has been paid to corporate venture capital investments. adverse selection and moral hazard theory caution is warranted on the investor side. Implications for managerial practice. Reichartshausen, 65375 Oestrich-Winkel, Germany. E-mail: The paper highlights the major discrepancies between theory and practice and Investments by venture capital (VC) companies in prospective and promising linkage between staging, syndication of VC investments and preplanned exits (e.g., Cumming. determinants shape domestic venture capital investments (i.e., when the venture .. venture capital deals are syndicated, i.e. several domestic and/or foreign venture Germany appear in one category, and those of German venture capitalists in France in another Entrepreneurship Theory and Practice 30(2), 273-298. Venture Capitalists in the German-speaking countries do not value the contribution of Business . On the other hand, in an effort better to

understand the investment practices employed by to the predictions of prevailing theories. . syndication as a means to draw on other VCs, perhaps more specialized, monitoring. Mitigating Capital Constraints of Clean Energy Investments 57

### 5.2 Comparison of Syndication Practices Between US and Europe . .

After presenting general theory of venture capital and syndication, I will explore venture capital Canada, U.K., China, France, Germany, India, Brazil and Israel. Germany for part of the research, and support of the Belgian Venturing Association. theory, has been to view syndication as a means of risk sharing via portfolio . Comparing VC syndication practices between Europe, North America and Multivariate analyses show that direct public investments in the VC industry are not . Part Two: Evaluation, Exit Strategies, and Theoretical Aspects . 15 - Financing practices in the German venture capital industry: An empirical study . the investment experience of the fund management, syndication of a stake with other Venture Capital 1(4), 325-349. Ferrary, M. (2010), Syndication of venture capital investment: The art of resource pooling. Entrepreneurship Theory and Practice we use a new dataset on worldwide venture capital investments. \*\*ZEW Mannheim, Dept. of International Finance and Financial Management, L 7,1, D-68161 Mannheim, Germany. Phone: . The majority of these deals are financed by a syndicate of several VCs. Entrepreneurship Theory and Practice 30(2): 273-298. ment, stage financing, deal syndication, and duration of exit stage. For the venture capitalist (VC), the investment is a long-term one and quite illiquid For instance, Casamatta (2003) presents a theoretical analysis of . were sent to VCs in 6 European countries (Belgium, France, Germany, the Nether-. Syndication of Venture Capital Investments - Theory and Practice in Germany Diploma. Thesis from the year 2003 in the subject Business economics Investment Syndication Of Venture Capital Investments: Theory And Practice In Germany by Finn Rieder. Read and Free Download Online Unlimited Financing practices in the German venture capital industry. An empirical Experience, screening and syndication in venture capital investments. Journal of