

## **BUTTERFLY VENTURE FUND III STARTS INVESTING, TWO NEW AMERICAN PARTNERS JOIN IN**

Butterfly Ventures starts investing today from the new Butterfly Venture Fund III. The target size of the fund is 24 million euro. The fund focuses on hardware and deep tech companies whose business is built around unique, often protected and hard to reproduce technology. Butterfly Ventures is joining forces with US and Sweden based Capital A Partners (CAP A) for the new fund.

One of the focus areas of the fund is research based innovation and co-operation with universities that Butterfly Ventures has established relationships with. The fund is particularly interested in seed stage companies with high growth potential. While most of the target companies will be from Finland, the fund will also invest elsewhere in the Nordics and the Baltics.

The expansion of operations brings into the new fund two American partners from CAP A, Tanya Marvin-Horowitz, based in Stockholm, and David Mendez, based in the United States. One of portfolio companies in CAP A's Fund I, Svenska Aerogel, listed in December 2016 to the Stockholm First North. CAP A is also a co-investor alongside Butterfly Ventures in portfolio company, Conexbird.

*“We are so excited to be working with such a successful and experienced Butterfly team as we embark on our first Nordic-based fund. CAP A has made investments in the Nordics since 2013; however, our partnership with Butterfly establishes a more substantial presence here and provides more resources to help build our portfolio companies into successful global enterprises.”* states Tanya Marvin-Horowitz, Managing Partner at CAP A.

With the new fund, the Butterfly Ventures team will have nearly 40 million euro under management. To date, Butterfly Ventures has invested in 40 portfolio companies and in the light of Finnish Venture Capital Association (FVCA) statistics it has had roughly 15% - 20% market share of all the early stage first time investment rounds invested by venture capital

funds in Finland. In addition, CAP A has invested in 18 portfolio companies, 7 of which are Nordic based.

*“Butterfly Ventures was the first VC we spoke with. The co-operation started a year and half before the seed investment round. When we needed the funding, everything worked out really fast. It was particularly important for us, that in addition to funding, we got on board a VC who we trusted and with whom the co-operation was working really well.”*, noted Toni Linden, the CEO of KNL Networks.

*“The help we’ve gotten, particularly immediately after the first investment round has been invaluable. The co-operation with Butterfly Ventures has always been fruitful, constructive and such that it supports the entrepreneur. Whenever I have asked, they have helped us. Therefore, it’s very easy to recommend Butterfly Ventures to my fellow entrepreneurs.”*, says Aki Soudunsaari, the CEO of Naava.

A significant portion of Butterfly Ventures’ current portfolio companies deal with deep tech and hardware, such as KNL Networks, Optiwatti, Naava, Valossa, Sarokal Test Systems, Conexbird, Sapotech and Asmo Solutions.

*”Of our existing portfolio, those companies who have had a hardware component have developed faster than others. This can be seen both in their revenues as well as valuation. Furthermore, many of our most interesting companies, for instance KNL Networks and Valossa, have research based roots. It’s natural that the focus of the new fund is steered towards this direction.”*, states Juho Risku, Partner of Butterfly Ventures.

*”The fact that Finland has very good hardware knowledge explains part of it. During the last few years, hardware development has become easier and more cost efficient. We also believe that one of our key success factors has been the very conscious, open and constructive co-operation with our portfolio companies. We have a good reputation and we get plenty of leads through the entrepreneurs of our existing portfolio companies.”*, adds Ville Heikkinen, Partner of Butterfly Ventures.

Initial investors of Butterfly Venture Fund III include Tekes Venture Capital Ltd, Elo Mutual Pension Insurance Company, Fennia Mutual Insurance Company, Tradeka-invest Ltd, AI-

Partners Ltd, LocalTapiola Pohjoinen Mutual Insurance Company and Gerako Ltd. The fund may accept additional investors until the final closing.

*”We haven’t invested in such an early stage venture funds before, but the focus area of the new Butterfly Ventures’ fund along with the versatility of the team and the success of their earlier investments convinced us. We have researched several funds and this was suitable for Fennia’s investment portfolio.”*, says Eero Eriksson, Deputy Managing Director of Fennia.

This first closing of the fund is nearly 13 million euro. The final closing of the fund will be done during 2017 and the size will be capped at 24 million euro.

*”The rapid start with professional investors who have plenty of experience of investing into venture capital funds tells that we’re trusted. Naturally, the significant commitments of large institutional investors and Tekes Venture Capital are a good sign.”*, explains the CEO of Butterfly Ventures, Matti Kanninen, *“The success of our portfolio companies has helped also; for example, KNL Networks’ 9 million Series A round, which was one of the largest A rounds in 2016 in Scandinavia, and crowd funding of Asmo Solutions, which was closed just in two days, faster than any other over million crowd funding campaign in Finland. The fresh triple victory of Optiwatti at the nationwide Kasvu Open could also be mentioned.”*

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### **About Butterfly Venture Fund III**

Butterfly Venture Fund III is deep technology and hardware focused early stage venture capital fund. The size of the fund is capped at 24 million euro, and the investors of the fund include Tekes Venture Capital Ltd, Elo Mutual Pension Insurance Company, Fennia Mutual Insurance Company, Tradeka-invest Ltd, AI-Partners Ltd, LocalTapiola Pohjoinen Mutual Insurance Company and Gerako Ltd.

### **About Butterfly Ventures**

Butterfly Ventures is an early stage focused startup development and venture fund management company. Behind the company are Matti Kanninen, Ville Heikkinen and Juho Risku. Butterfly Ventures has offices in Oulu and Helsinki.

Web: <http://butterfly.vc>

### **About CAP A**

CAP A is an early stage venture capital fund based between Charleston, SC, New York, NY, USA and Stockholm, Sweden. The fund invests primarily in early stage B2B technology-based businesses in the United States and across the Nordics. Behind the fund management company is Tanya Marvin-Horowitz and David Mendez.

Web: <http://www.capitalpartners.com>