

What Catches Robert Bosch Venture's Eye

by Malia Spencer

The latest installment of the [Pittsburgh Technology Council's Venture In series](#) highlighted what is likely the popular opinion of the local tech community.

"Pittsburgh might be quite [underrated in the venture community](#)," said Investment Principal **Jan Westerhus**, of the Frankfurt, Germany, office of Robert Bosch Venture Capital (RBVC).

But it's a fact not lost on RBVC, which is the venture arm of German conglomerate Robert Bosch GmbH. The firm [invested \\$5 million](#) in robotics company [Aethon](#) in 2010 and continues to look around the Pittsburgh region. Its parent company Robert Bosch has a research and development center here as well.

As a private company Bosch looks for places to invest its revenue. One of them is investment in technology that has some kind of strategic fit to the larger Bosch organization. The firm is working from a pool of 200 million euros (\$277.1 million).

Where RBVC does invest it takes a minority stake in companies, he said, and usually participates in a first or second round with stakes between \$1 million or \$4 million. They do not do seed-stage or angel round investing. Once RBVC gets involved it acts as any other venture investor. The firm typically stays in a company four to five years and exits through a sale, either to Bosch or the highest bidder, Westerhus said.

Bosch has three main business lines: automotive, industrial technology and consumer goods, like appliances and tools.

A potential investment doesn't necessarily have to be in one of these lines but the technology should be attractive to one of those lines. For instance, RBVC is interested in automation and controls, or technology that makes mechanical systems more intelligent; energy; and what it calls "enabling technology" like software or network communications.

"We love to have companies that are interesting for Bosch but have short-term revenue," he said. That means the company can come in and keep a company going until its technology reaches a level where it can be used by Bosch.

As an example, Westerhus said the firm recently invested in an augmented reality gaming company. Now, Bosch isn't going to get into the gaming business, but, the technology behind it could at some point be used for windshield displays on cars, he said.

Startups that would be attractive to RBVC have:

- patents and defensible intellectual property.
- a working prototype. (No investments based solely on an idea, no matter how slick the Powerpoint presentation looks.)
- a solution to an existing problem.
- a plan to scale in four years and a financial model.
- a team that understands the industry.
- a reasonable valuation. (The firm isn't jumping in on any \$90 million or \$100 million valuations for companies that haven't sold anything.)