



Bundesverband Deutscher  
Kapitalbeteiligungsgesellschaften

## Case Studies

### Cardfactory AG: Reshuffling the cards

A quick glance into your wallet will prove: There's less hard cash around, but the number of plastic cards is on the rise. These may be simple identity cards with no further functionality, swipe cards with a magnetic strip (such as the "BahnCard") or cards with an additional chip (such as EC / Maestro cash cards). In future, we will see cards with even more sophisticated technologies ending up in everyone's purse, such as proximity cards based on RFID tags (Radio Frequency Identification), or identity cards featuring biometrics. Cardfactory AG from Oldenburg, Germany, has positioned itself in the market for such advanced card technologies. **Business angels sold their shares**

The company was founded back in 2000. "However, its origins can be traced back to Novacard Informationssysteme GmbH, which was established in 1985 – a company that started out in the world of print but then evolved into an innovative manufacturer of smart cards", Jörg Zilligen, CEO of Cardfactory AG, adds. Up to 2006, Cardfactory AG was jointly owned by its management and a consortium led by two business angels, Dr. Cornelius Boersch and Friedrich von Diest. However, when management no longer saw any benefit in the continuing involvement of their business angels, they began to search for alternative concepts. They found what they were looking for when they came across Ventizz Capital Partners Advisory AG, who proceeded to take over the business angel's company shares.

The complexity of such an undertaking is not to be underestimated: "Entrepreneurs selling their business to an investor should not only be accompanied by their trusted and long-time lawyer, but also by an advocate familiar with this particular type of transaction and someone able to legally prepare their company for the deal.", Dr. Nikolaus von Jacobs recommends (Dr. Nikolaus von Jacobs is a partner with Frankfurt based company Ashurst and was in charge of legally counselling Ventizz).

#### Smart cards for all fields of application

"Being a mid-sized European manufacturer, we tend to focus on technologically more sophisticated products, such as RFID cards, which we will produce quickly and to any required number: If a stadium operator, for example, needs to change the look of his RFID cards because of a new marketing campaign initiated by the main sponsor, then we will deliver within the shortest time possible. Above all, we are able to handle all stages in the supply chain, from consulting to fulfilment. Which might be some customisation in appearance and technical design, or an individual shipment to end customers", Zilligen explains. Willi Mannheims, Managing Partner at Ventizz, adds: "We were particularly impressed by Cardfactory's innovative power: In the shape of the Squeeze-card, for example, they have developed an RFID card which will only transmit a signal for as long as a switch on the card is kept depressed – this eliminates any qualms data protection specialists might have, with regard to hackers accessing personal data on identity cards."

The involvement of Ventizz made it possible for Cardfactory to take over PPC Card Systems GmbH (a company certified by - amongst others - Mastercard and Visa), in 2006. Both Cardfactory subsidiaries, Novacard and PPC, have since then operated in separate business segments: Novacard has primarily focussed on proximity cards for the use in public services and event management, whereas PPC is first and foremost concentrating on the banking business and companies offering loyalty cards, such as pay-TV operators.