

STARTUPS

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Foreign Direct Investment Department
Italian Trade Agency – Rome

Dubai – 9th November 2016

www.ice.gov.it

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ITALIAN TRADE AGENCY
ICE - Agenzia per la promozione all'estero e
l'internazionalizzazione delle imprese italiane



Ministero dello Sviluppo Economico



Sector Overview



Startup Ecosystem: The European Context

Rank	Country	Adoption rate
1	Netherlands	85%
2	Italy	82%
3	United Kingdom	77%
4	Ireland	72%
5	Portugal	71%
	Belgium	71%
7	Germany	70%
8	France	69%
9	Austria	68%
	Poland	68%
	Romania	68%
12	Spain	63%
	EU Average	60%
13	Estonia	60%
14	Greece	57%
	Malta	57%
16	Finland	56%
	Sweden	56%
18	Slovakia	55%
19	Czech Republic	54%
20	Cyprus	53%
	Denmark	53%
22	Slovenia	52%
23	Luxembourg	48%
24	Hungary	46%
25	Bulgaria	45%
26	Lithuania	44%
	Latvia	44%
28	Croatia	32%

Source: European Digital Forum Crowdsourcing Network



In the year 2013 nine European entrepreneurs, founders and co-founders of eight among the most competitive and innovative startups of the world have drawn up the "**Startup Manifesto**", a roadmap made of 22 actions to promote the digital ecosystem economic growth.

Italy is ranked second in the European scenery, with a rate of adoption of the recommendations of 82%, second only to Holland (85%) and better than the United Kingdom (77%) .

Startup Ecosystem: The opportunities for Italian innovative startups

Benefits



Startup Ecosystem: The opportunities for Italian innovative startups



Startup Visa: directed to non EU entrepreneurs who want to establish an innovative startup in Italy.



Smart&Start Italia:

A subsidised financing scheme for innovative startups based anywhere in Italy.



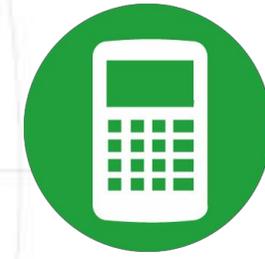
Srl (Ltd.) are made more similar to SpA:

- Possibility to create categories of shares with particular rights
- Possibility to carry out operations on one's share
- Possibility to issue participative financial instruments
- Possibility to offer capital shares to the public



Extension of terms for covering losses:

In the event of systematic losses, the innovative startup benefits from a 1-year grace period to cover losses over 1/3 of the share capital (terms postponed by two financial years)



Easier compensation of VAT credits

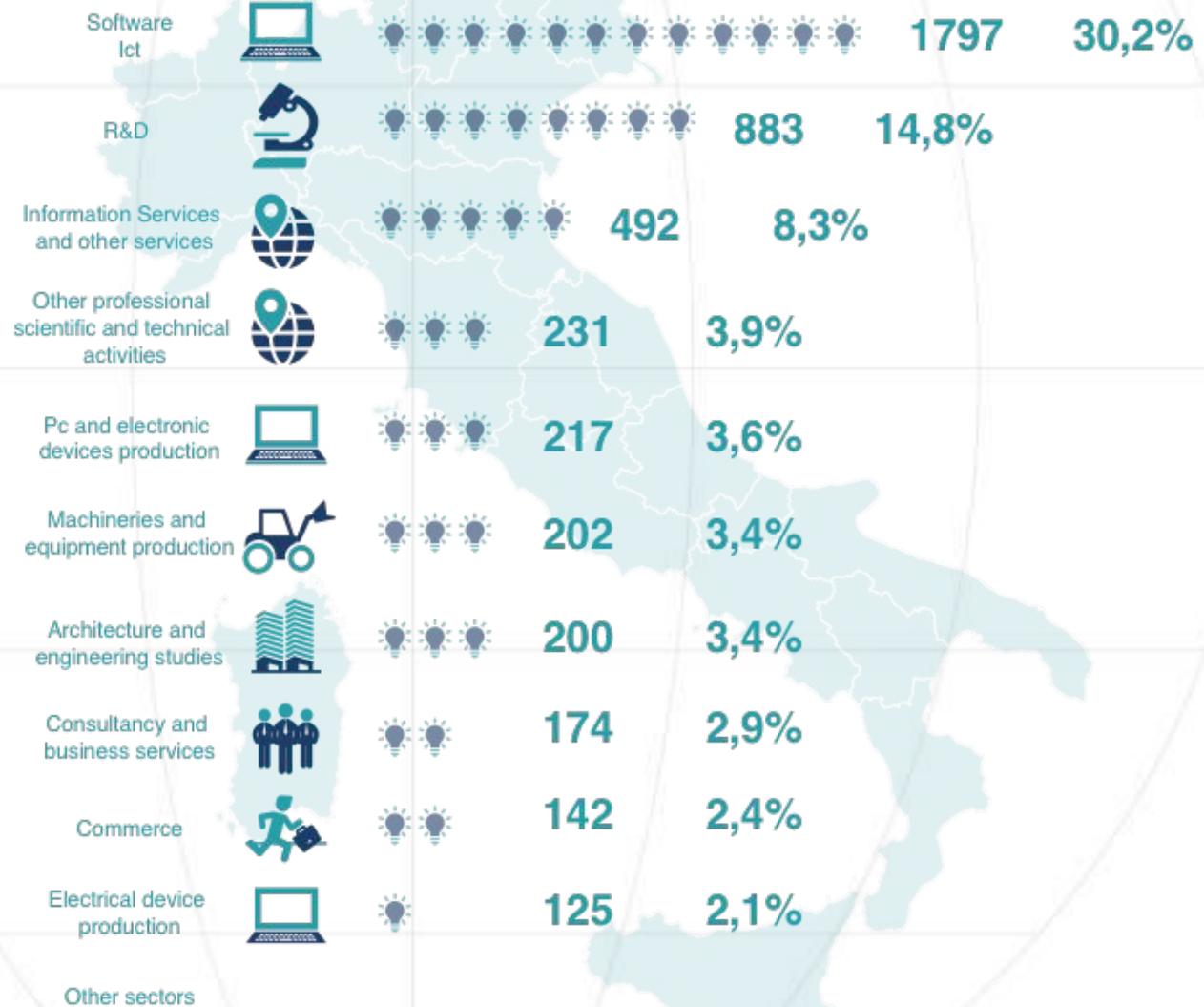
The innovative startup is exempted from the duty to affix a **compliance visa** to compensate VAT credits, for a maximum of €50,000 (regular threshold: €15,000)

Innovative StartUps in Italy

Distribution of innovative startups in Italy at the beginning of September 2016



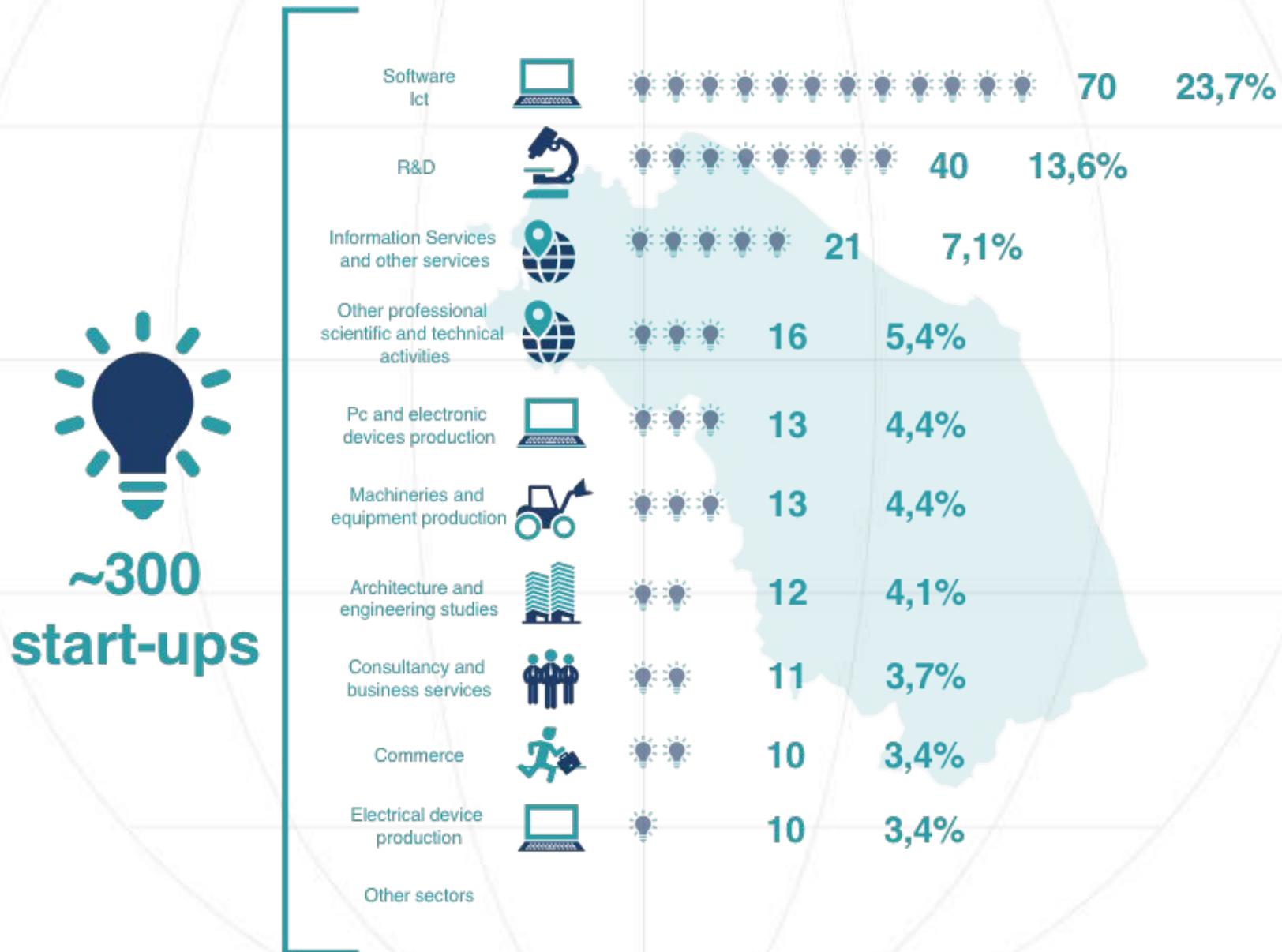
**+6000
start-ups**



Values without Marche Region

Innovative StartUps in Italy-Focus on Marche Region

Distribution of innovative startups in Marche Region at the beginning of September 2016



Innovative StartUps in Italy

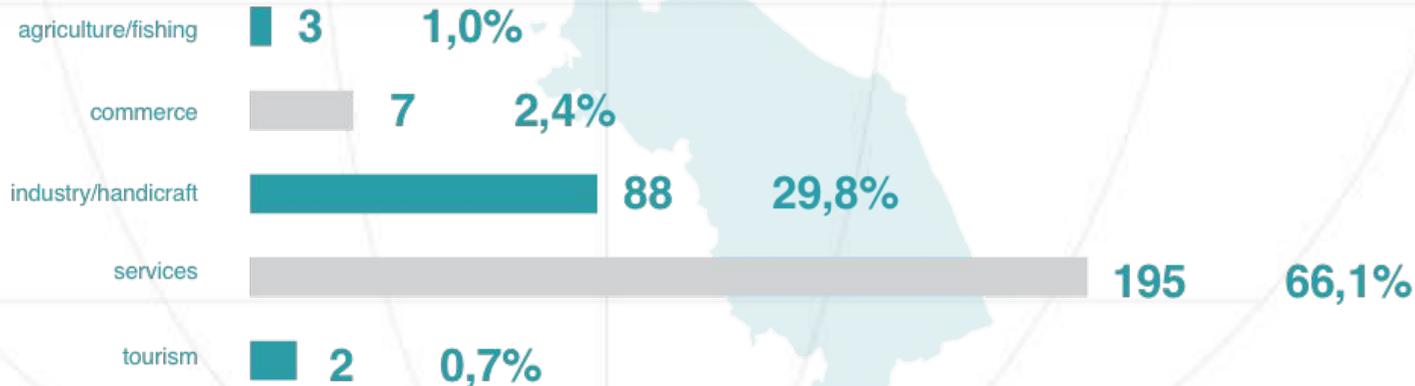
Distribution of innovative startups in Italy for market areas at the beginning of September 2016


**+6000
start-ups**



Values without Marche Region


**~300
start-ups**



Innovative StartUps Definition (Decree 179/2012)

- **new businesses or companies that have been founded for less than 5 years (corporations or cooperatives) not listed** on a regulated market nor on a multilateral negotiation system
- **HQ in Italy** or in another EU country, with at least a production site branch in Italy
- **yearly turnover under €5 mln**
- **do not distribute profits**
- **are not a result of company merger, split-up or selling-off**
- **have a clear character of technological innovation**



A startup is innovative if it meets **at least 1 of the 3 criteria:**

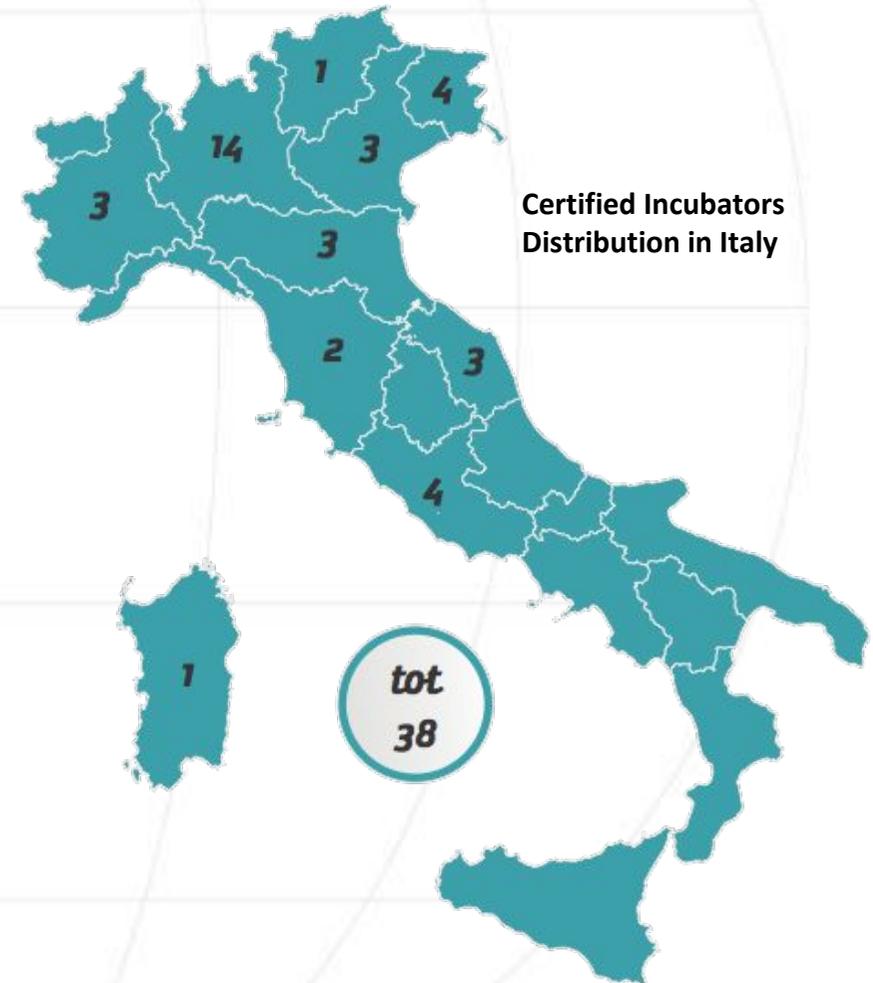
1. **expenses in R&D and innovation** are at least **15%** of *either* its turnover *or* its production value (the largest value is considered)
2. employs **highly qualified staff**
3. is the owner, depositary or licensee of a **registered patent**, or the owner of a **registered software**.

A support to innovative startups: Incubators & Accelerators

An important role for startups has been played by **Incubators and Accelerators** specifically dedicated to support their launch and development.

Requirements for certified incubators:

- A. to have **available facilities** adequate to accommodate innovative startups;
- B. to have adequate **equipment for meeting** the needs of innovative startups;
- C. to be administered or **managed by persons** of recognised competence **in the fields of business and innovation**;
- D. to have ongoing **relationships with universities**, research centres, public institutions and financial partners;
- E. to have adequate and recognised **experience in supporting innovative startups**.

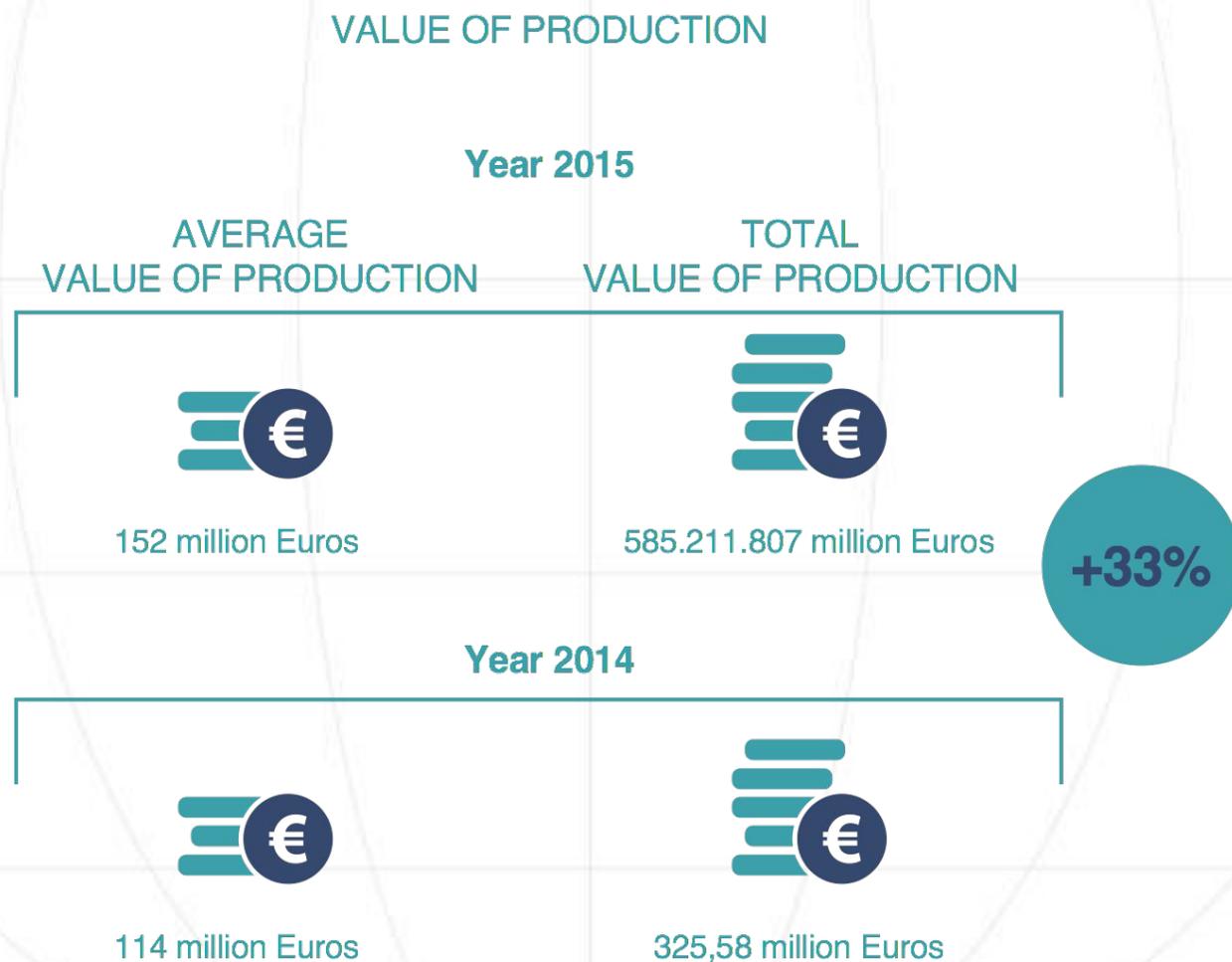


Market trends



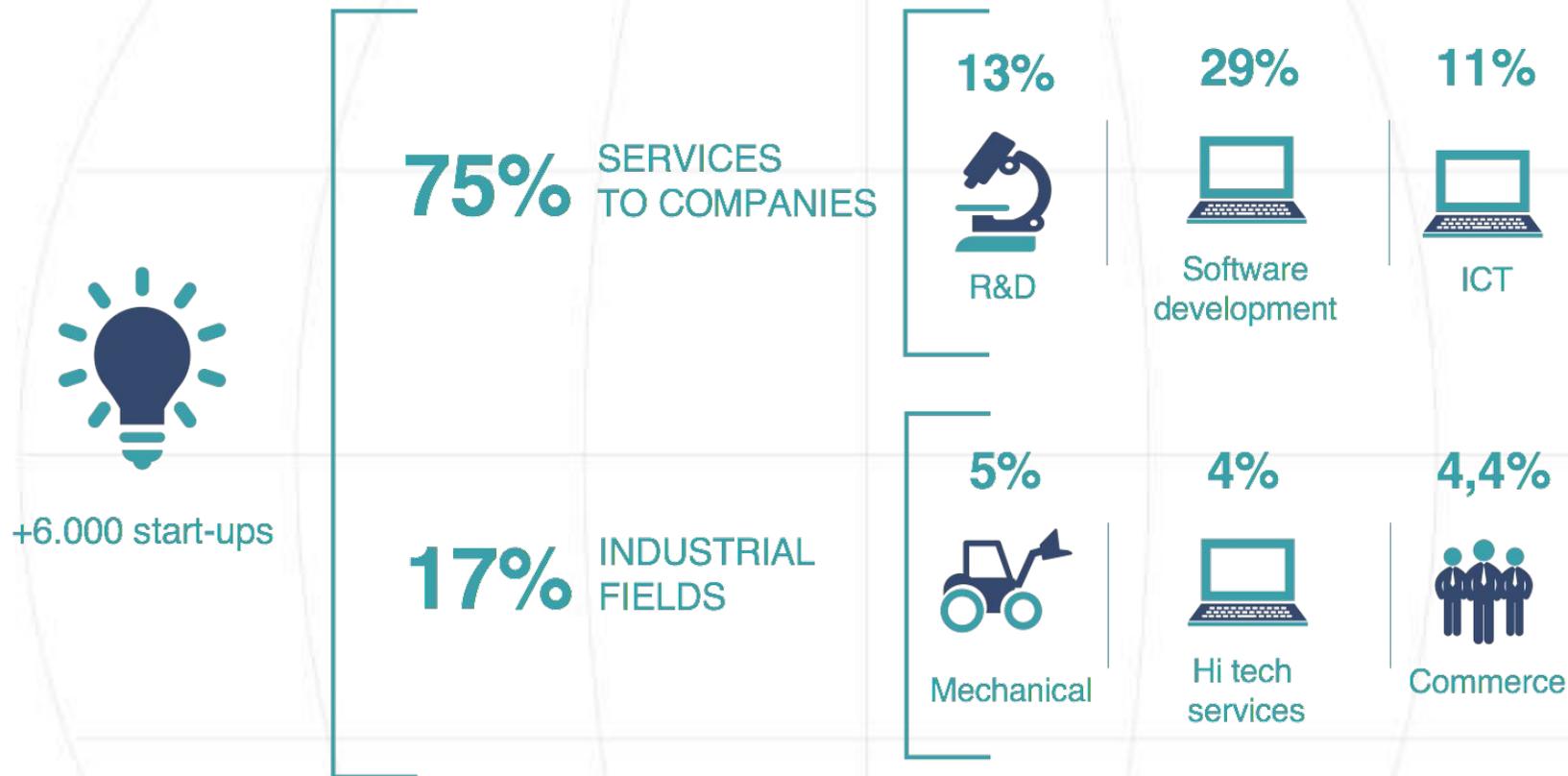
Trend 2016 - Innovative Startups Development

Innovative startups are growing: on September 30th, 2016 the startups registered in the special section of Registry of Businesses are **6.363**, with an increase of **420 units (+7%)** compared with the survey of June 30th.



Innovation in Italy: how is the ecosystem composed?

Software vs. Hardware:



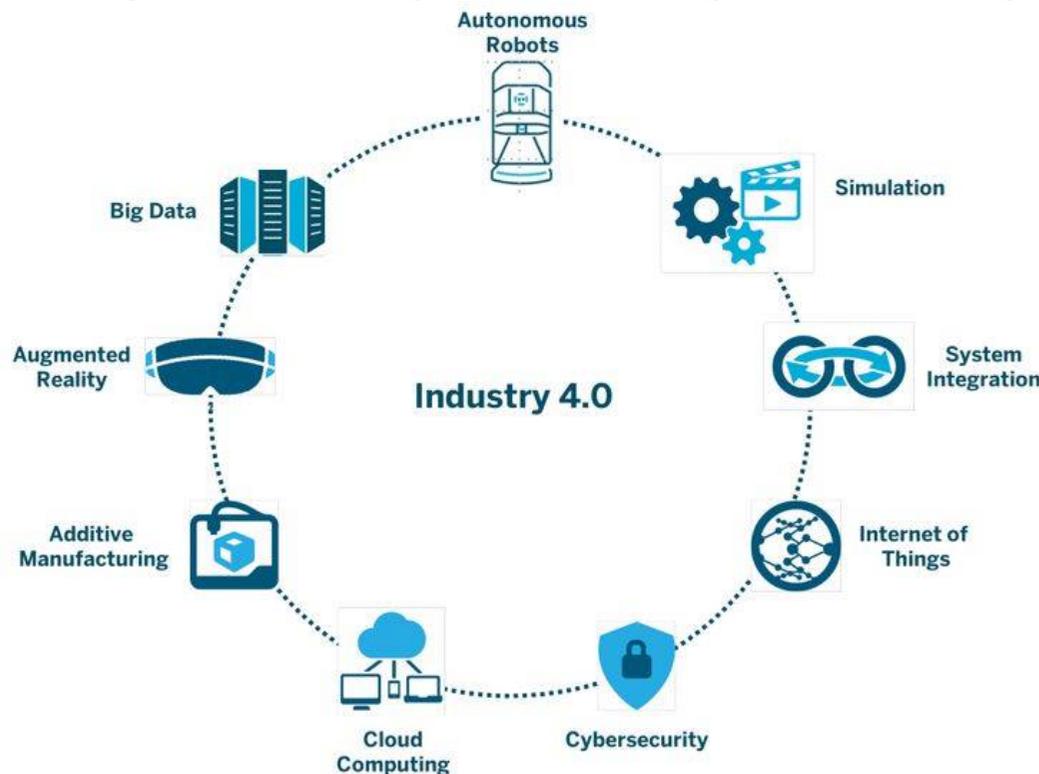
The market is focusing on services and software production, instead of hardware and industrial production: this trend has created a gap between startups ecosystem and the industrial production.

Italian innovative startups are looking at foreign countries as success models.

Startups of Industry 4.0: where are we directed?

In the growing system of a country, startups guarantees a concrete innovation to all industrial sector.

All the companies of the world will be directed in a few years to



CyberPhysic Systems, Internet of Everything and cloud computing, artificial intelligence are part of the manufacturing evolution toward the “smart factory” and they represent some areas of the new ongoing industrial revolution.

Startups of Industry 4.0: where are we directed?

The **amount of funds invested in startups** operating in 4.0 industry **has been quadrupled** all over the world with relevant benefits for the entire economic system.



The challenge for Italy is to **embrace a renovation culture open to those players, like startups, that can generate innovation also for the Italian manufacturing system.**

Investment drivers



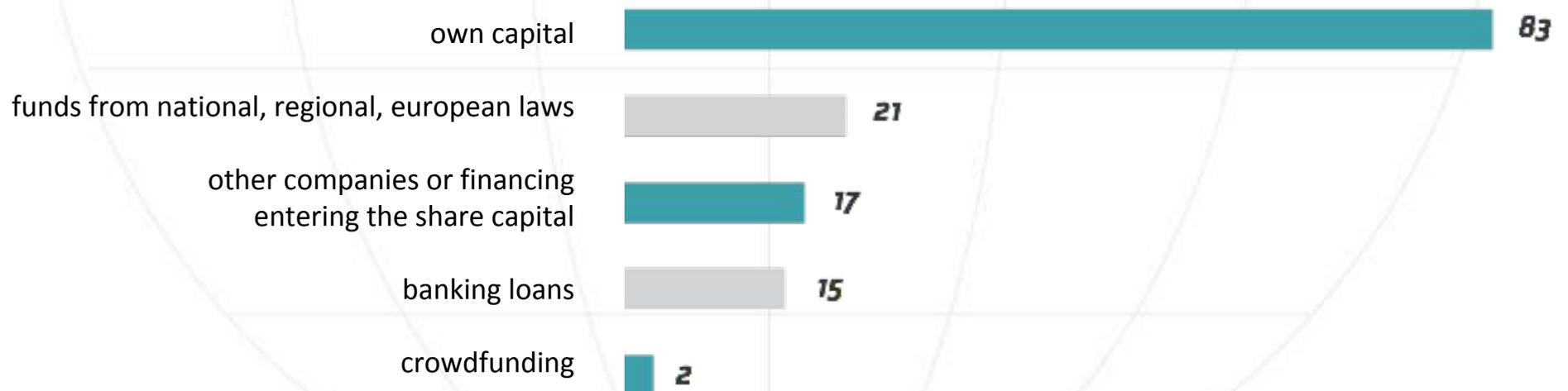
Fund-raising: trends in Italy

The startup capital for the **launch of the startup is generally quite moderate** (in 37% of cases it has been inferior to 10 thousand Euros).

Even if the financial capital brought by founders startups is not particularly huge, it results extremely diffused that the **support to the initial phases of life of an enterprise has arrived in prevalence from the capital of associates** (in more than the 80% of the recorded cases).

Also the **quota of startups** whose company structure has entirely remained in head to founder associates is **82%**.

Financial sources used by Italian innovative startups to do initial investments:



Fund-raising: trends of external investment



External investors generally come into play when the projects already present a **high potential of development** and when the **contribution of capital can accelerate** (and not to produce) the process of value creation.



Information of the last years show that the investments from **non institutional investors (Venture Incubator, Family Office, Club Deal and Business Angels)** are in clear trend of growth, **+32%**, passing from **57 to 75 million euros**.

The investments of institutional subjects are suffering a decreasing trend instead of **-8%**.

2017: what's expected for innovative startups?

The Italian Government relaunches startups with **measures of benefits and refinancing**:

Fiscal deductions up to 30% for investments up to a million euros in innovative startup and SMEs



Absorption from "sponsor" company of the losses of startup for the first 4 years



Fiscal facilitation through **abolition of taxes** of capital gain on middle / long term investments.



Program "accelerators of enterprise" to finance the birth of new enterprises focused on Industry 4.0 with a combination of facilitated tools and institutional actors like Deposits and Loans Desk, Cdp

Funds of investment devoted to the **industrialization of ideas and brevets** with high technological content with the support of Deposits and Loans Desk.

VC funds devoted to startups of Industry 4.0 in co-matching with Deposits and Loans Desk and the involvement of **Invitalia**.

Iper-Depreciation up to 250% for the purchase of goods connected to Industry 4.0

Refinancing of the Central Fund of Guarantee, subsidy from the Economic Development Ministry (Mise) for startups and small and medium enterprises (SMEs): according to this benefit, the Government is guarantor of a quota of the loan (up to 80%) disbursed from banks to the entrepreneurial activities.

Investing in startups: Italian Investors

In Italy 5 thousand companies invest in startups

There are 34.963 people as shareholders in at least one of the 6.466 registered companies

I level	II level	III level	total	
21.044	6.106	7.813	34.963	 Natural person
140	72	101	313	 Partnerships
2.183	1.080	1.446	4.709	 Limited companies
24	14	89	127	 Other legal forms

Investing in startups: Italian Investors

Types of companies that invest:

Over 60% of investors are large corporates, with a turnover of more than **50 million euros**.

	Big companies	2.858	> 50 € million
	Middle companies	301	10-50 million
	Small companies	93	2-10 million
	Micro companies	31	0-2 million
	n.d.	1.426	No turnover, holding

Investing into business startups: the italian investors

Sectors of investments:



77% of partners invest into startup that operates in



Services

according the services there are widespread investments into startups that works in



R&D



Mechanical

61% of partners invest into startup that operates in



Services

according the services there are widespread investments into startups that works in



Informatic & Software



Hi tech Products

76% of partners invest into startup that operates in



Services

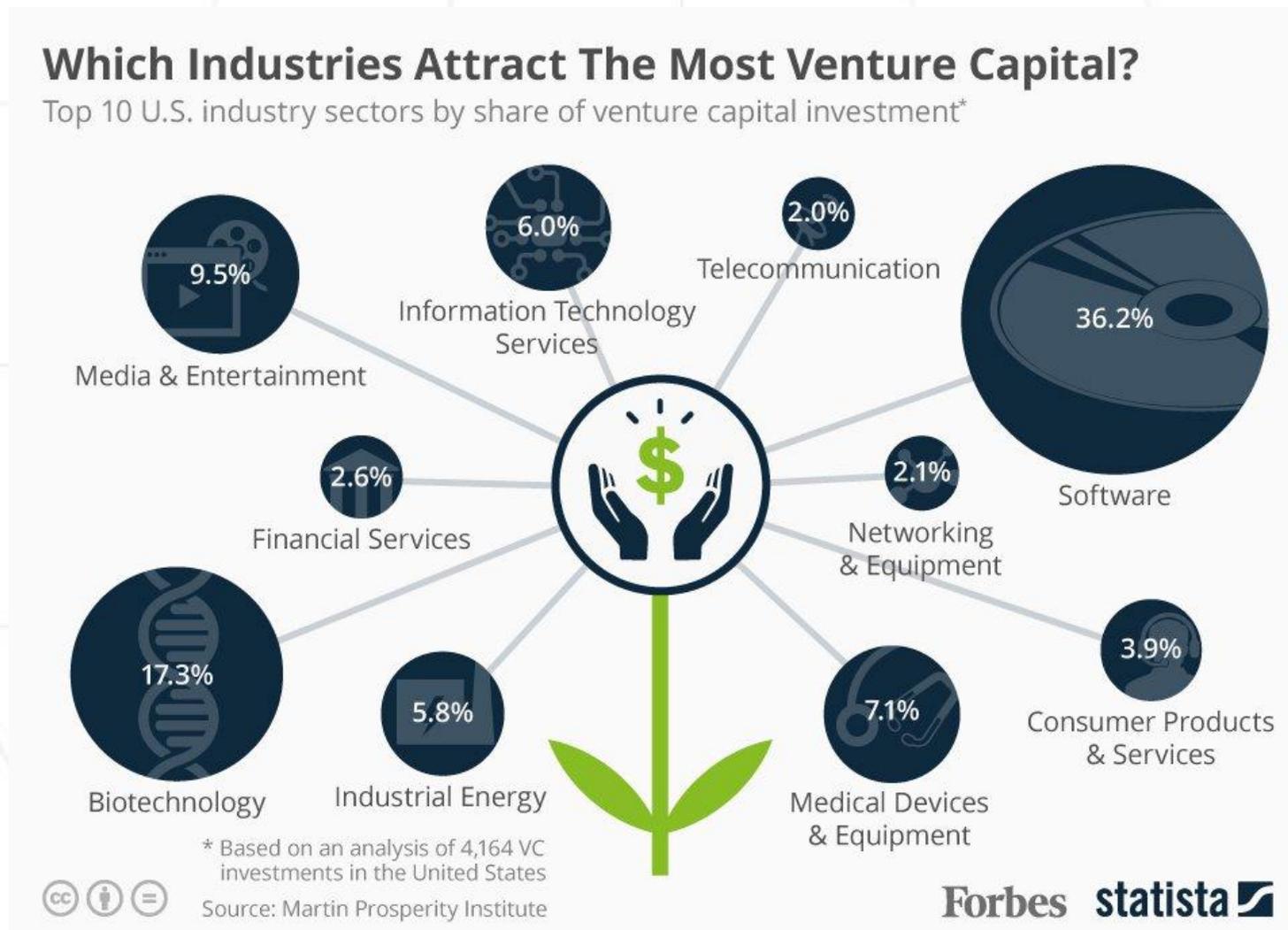
according the services there are widespread investments into startups that works in



Informatic & Software

Investing into business startups: the foreign investors

There is an increase of foreign entrepreneurs that consider Italy like a target for their investments.



Investment Drivers: Success Stories

In Italy, there are different promising business startups, here you can find **3 success stories**:



Leaf Space:

Leaf Space has developed an innovative solution to solve all the difficulties coming from current methods of telecommunication for microsatellites.



Visionar:

Visionar (ARMOTIA) presents DUE X and DUE R, the first two series electric motorcycles with two-wheel drive and electronic distribution of torque.



Synbiofood:

Synbiofood is the answer to growing market demand addressed to the daily consumption of food and beverages with an important content in terms of probiotic microorganisms, important to the health and well-being.

**What are you
waiting for?**

It's time to invest!





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**Thank you for
the attention**